

Comprehensive Annual Financial Report

of the



City of Waco, Texas

Prepared by the
Finance Department
Year Ended September 30, 2016

City of Waco, Texas
Comprehensive Annual Financial Report
Year Ended September 30, 2016

MAYOR

Kyle Deaver

CITY COUNCIL

Dillon Meek, Mayor Pro Tem
Alice Rodriguez
John Kinnaird
Wilbert Austin
Jim Holmes

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Dale A. Fisseler, P.E.

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Wiley Stem, III

ASSISTANT CITY MANAGERS

Jack Harper, II
Cynthia Garcia
Deidra Emerson

DIRECTOR OF FINANCE

Janice Andrews, CPA



City of Waco, Texas

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January 31, 2017

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, 2016, 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, 2016. 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, or the U. S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Nonprofit Organizations*, as applicable; and the *Uniform Grant Management Standards* of the State of Texas. As a part of the City's single audit, tests are made to determine the adequacy of the internal control structure, including that portion related to federal and state

award programs, as well as to determine that the City has complied with applicable laws and regulations. The independent auditor's reports related specifically to the single audit are included in separate single audit reports.

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

PROFILE OF WACO

Today, the Waco area is rich in Texana. Waco is the 25th largest city in Texas and the county seat of McLennan County, which has an area of more than 1,000 square miles. Historically, the City has been a trade and agricultural center for the Central Texas region. Efforts by the community's leadership over the past several years have led to diversification in the regional economy, a major factor contributing to significant improvement in growth and development.

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

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

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

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

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

FACTORS AFFECTING FINANCIAL CONDITION

Local Economy

Waco is the approximate geographic center of Texas' population and is often referred to as the "Heart of Texas." At the confluence of the Bosque River and the 890-mile Brazos River, Waco lies between the three largest cities in the state: 90 miles south of Dallas, 200 miles northwest of Houston and 180 miles northeast of San Antonio. It is less than 100 miles from the state capital of Austin. The City sits on the rich southern agricultural Blackland Prairie on the east and cattle country of the rolling Grand Prairie on the west.

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

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

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

The educational sector contributes significantly to the City's economic stability. Waco is the home of Baylor University, a private university with a student enrollment of approximately 16,900. Baylor offers 142 undergraduate degree programs, 75 master's degree programs and 42 doctoral programs. McLennan Community College (MCC) is a public, two-year college with an enrollment of over 8,300 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 4,000, Texas State Technical College offers associates degrees and certificates in 49 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 96 square miles, including 12 square miles of water, within the Waco corporate limits. The average Waco MSA labor force grew 0.5% from 120,430 in 2009 to 121,083 by September 2016. Total employment at the beginning of fiscal year 2016 – 2017 was 116,614 while the unemployment rate was 3.9%.

Long-term Financial Planning

Unassigned fund balance in the general fund (18.97 percent of fiscal year 2017 budgeted revenues) falls within the financial management policy guidelines set by the City Council. In response to the implementation of Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* (GASB No. 54) in fiscal year 2011, the City Council established a new guideline designed to protect the City's creditworthiness as well as its financial position from unforeseeable emergencies.

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

Relevant Financial Policies

In addition to the general fund balance financial policy mentioned above, the City also strives to maintain a positive unrestricted net assets position in the City's water, wastewater and solid waste funds to provide sufficient reserves for emergencies and revenue shortfalls. In addition, the minimum working capital shall be 30% of annual revenues. The working capital percentages at September 30, 2016, for the water, wastewater and solid waste funds were 51.2%, 59.5% and 93.8%, respectively. These working capital percentages were calculated after removing funds set aside for cash Capital Improvement Program funding.

Major Initiatives

In 2007, voters approved a \$63 million bond election to provide for improvements to many City facilities. These projects, which included the Convention Center, police headquarters, libraries, fire stations, park improvements and renovations at the Texas Ranger Museum, among others, are all complete. Improvements to the East Library, which were initiated with the savings from the Central and West Library projects were completed in the fall of 2016.

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

Several projects have been initiated to expand capacity improvements associated with the wastewater collection system and water distribution system. These improvements will complement the recent expansions of the water and wastewater plants. 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.

In an effort to revitalize the downtown area, community leaders and stakeholders have developed and completed the Greater Downtown Master Plan. As a result of this effort, the establishment of a downtown development corporation is complete. The City's comprehensive plan was updated and adopted by the City Council in September 2016 and will be supported by new water, wastewater, storm water and solid waste master plans.

The master plans for water and wastewater, completed in 2015, include projects of \$75.6 million and \$106.8 million, respectively, in the five-year capital improvements program. Both the water and wastewater master plans have identified new infrastructure required to support growth as well as existing infrastructure rehabilitation/replacement projects. Additionally, numerous ongoing minor distribution system pipeline projects will continue to be identified and executed as part of the City's capital improvement program. The solid waste master plan is ongoing and includes a study for new or alternate disposal capacity.

The City is currently updating its 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 fiscal year 2017.

Riverfront development has been greatly enhanced with the completion of the \$260 million McLane Stadium at Baylor University located on the banks of the Brazos River. Efforts have continued on the development of available property in the downtown and river corridor. Expected development is planned for mixed use, multi-phase development with focus on connections to the river, downtown and Baylor University. The Council authorized a development agreement for the Brazos Riverfront development in December 2016, with total investment estimated to be \$100 million, including \$12.2 million of public infrastructure improvements.

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, 2015. This was the 34th 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.

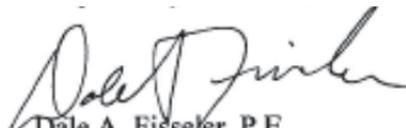
The City has also received GFOA's Popular Annual Financial Reporting Award for the fiscal year ended September 30, 2015 and the Distinguished Budget Presentation Award for its annual budget document for the fiscal year beginning October 1, 2015. To qualify for the Distinguished Budget Presentation Award, the City's budget document had to be judged proficient as a policy document, a financial plan, an operations guide and a communications device.

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

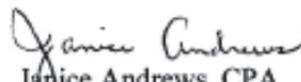
We also acknowledge the thorough, professional, and courteous manner in which our independent auditors, Jaynes, Reitmeier, Boyd & Therrell, P.C., conducted the audit.

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

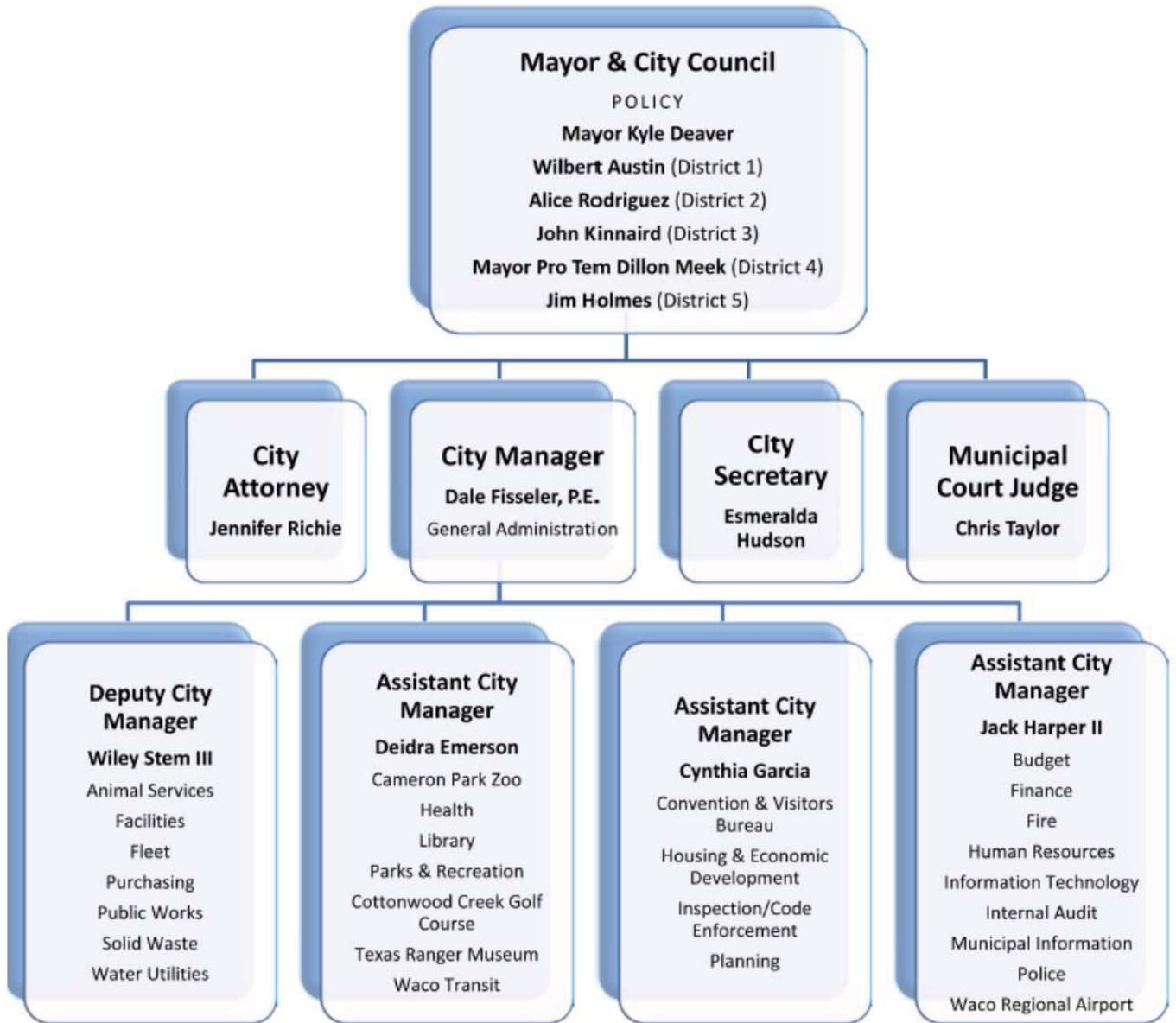
Respectfully submitted,



Dale A. Fisseler, P.E.
City Manager



Janice Andrews, CPA
Director of Finance



As of September 2016



Government Finance Officers Association

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

Presented to

**City of Waco
Texas**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

September 30, 2015

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, 2016, 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 of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor

considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of 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, 2016, 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 21 and the other required supplementary information on pages 97 and 98 (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 31, 2017, on our consideration of the City of Waco, Texas' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Waco, Texas' internal control over financial reporting and compliance.

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

January 31, 2017



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, 2016. 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 xvi of this report.

FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of resources of the City exceeded its liabilities as of September 30, 2016 by \$536,323,357 (net position). Of this amount, \$98,163,170 (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 \$23,798,884.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$97,266,242. The fund balance components are nonspendable - \$1,436,906, restricted - \$27,752,537, committed - \$24,562,773, assigned - \$19,735,792 and unassigned - \$23,778,234. The City Council approves the amounts reported as committed and assigned.
- As of September 30, 2016, unassigned fund balance for the General Fund was \$23,778,234 or 18.97% of the 2017 budgeted general fund revenues.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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

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

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

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

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

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

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

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

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

Internal service funds are an accounting device used to accumulate and allocate costs internally among the City's various functions. The City uses its internal service funds to account for its risk management, health insurance, engineering, and fleet services. These internal service functions have been included within governmental activities in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The basic proprietary fund financial statements which begin on page 42 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 47 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 49 through 93 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 and related pension contributions. Required supplementary information can be found on pages 97 and 98 of this report. The combining and individual fund statements and schedules are presented immediately following the required supplementary information beginning on page 103 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of the government's financial position. In the case of the City of Waco, assets and deferred outflows of resources exceeded liabilities by \$536,323,357 as of September 30, 2016.

The largest portion of the City's net position (\$414,235,550) reflects its net investment in capital assets (e.g., land, building, equipment, improvements, construction in progress, infrastructure and water rights), less any outstanding debt used to acquire those assets. The City uses these capital assets to provide service to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

City of Waco Net Position

	Governmental Activities		Business-type Activities		Totals	
	2016	2015	2016	2015	2016	2015
Current and other assets	\$ 122,294,368	121,123,199	193,308,922	120,123,252	315,603,290	241,246,451
Capital assets	<u>272,946,431</u>	<u>257,114,410</u>	<u>417,314,597</u>	<u>407,928,548</u>	<u>690,261,028</u>	<u>665,042,958</u>
Total assets	<u>395,240,799</u>	<u>378,237,609</u>	<u>610,623,519</u>	<u>528,051,800</u>	<u>1,005,864,318</u>	<u>906,289,409</u>
Total deferred outflows of resources	<u>34,366,412</u>	<u>13,331,139</u>	<u>9,501,611</u>	<u>5,546,556</u>	<u>43,868,023</u>	<u>18,877,695</u>
Long-term liabilities	149,150,429	126,338,359	300,556,637	225,531,409	449,707,066	351,869,768
Other liabilities	<u>31,368,368</u>	<u>30,938,591</u>	<u>31,450,654</u>	<u>28,547,752</u>	<u>62,819,022</u>	<u>59,486,343</u>
Total liabilities	<u>180,518,797</u>	<u>157,276,950</u>	<u>332,007,291</u>	<u>254,079,161</u>	<u>512,526,088</u>	<u>411,356,111</u>
Total deferred inflows of resources	<u>759,293</u>	-	<u>123,603</u>	-	<u>882,896</u>	-
Net position:						
Net investment in capital assets	195,340,533	183,090,881	218,895,017	214,329,030	414,235,550	397,419,911
Restricted	23,224,157	20,655,062	700,480	1,370,154	23,924,637	22,025,216
Unrestricted	<u>29,764,431</u>	<u>30,545,855</u>	<u>68,398,739</u>	<u>63,820,011</u>	<u>98,163,170</u>	<u>94,365,866</u>
Total net position	<u>\$ 248,329,121</u>	<u>234,291,798</u>	<u>287,994,236</u>	<u>279,519,195</u>	<u>536,323,357</u>	<u>513,810,993</u>

A portion of the City's net position (\$23,924,637) represents resources that are subject to external restriction on how they may be used. The remaining balance (\$98,163,170) 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, 2016, 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 \$23,798,884 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, 2016. Governmental activities increased the City's net position by \$14,037,323 and represented 59% of the total. Business-type activities increased the City's net position by \$9,761,561 and represented 41% of the total increase.

City of Waco Changes in Net Position

	Year Ended September 30,					
	2016			2015		
	Governmental Activities	Business-type Activities	Total	Governmental Activities	Business-type Activities	Total
Revenues:						
Program revenues:						
Charges for services	\$ 8,745,470	92,706,376	101,451,846	8,058,360	86,110,263	94,168,623
Operating grants and contributions	9,550,112	3,734,120	13,284,232	9,564,905	3,566,046	13,130,951
Capital grants and contributions	7,269,459	6,998,128	14,267,587	6,952,118	3,459,180	10,411,298
General revenues:						
Ad valorem taxes	66,177,875	-	66,177,875	61,324,981	-	61,324,981
Sales taxes	37,371,461	-	37,371,461	35,813,531	-	35,813,531
Franchise taxes	13,734,655	-	13,734,655	13,762,575	-	13,762,575
Hotel/motel taxes	-	3,204,122	3,204,122	-	2,707,056	2,707,056
Other taxes	910,456	-	910,456	871,076	-	871,076
Investment earnings	855,366	378,946	1,234,312	476,804	289,580	766,384
Miscellaneous	1,450,460	-	1,450,460	1,214,952	-	1,214,952
Total revenues	<u>146,065,314</u>	<u>107,021,692</u>	<u>253,087,006</u>	<u>138,039,302</u>	<u>96,132,125</u>	<u>234,171,427</u>
Expenses:						
General government	17,591,625	-	17,591,625	15,012,962	-	15,012,962
Public works	12,385,381	-	12,385,381	12,767,308	-	12,767,308
Public safety	71,900,506	-	71,900,506	64,796,679	-	64,796,679
Culture and recreation	17,575,724	-	17,575,724	16,510,993	-	16,510,993
Public health	7,853,838	-	7,853,838	7,269,988	-	7,269,988
Housing and community development	2,421,277	-	2,421,277	2,704,824	-	2,704,824
Interest on long-term debt	2,784,644	-	2,784,644	3,155,598	-	3,155,598
Water	-	34,485,785	34,485,785	-	32,457,155	32,457,155
Wastewater	-	22,024,527	22,024,527	-	18,964,527	18,964,527
Solid waste	-	15,458,545	15,458,545	-	15,223,615	15,223,615
Airport	-	3,821,305	3,821,305	-	3,496,581	3,496,581
Convention services	-	4,301,096	4,301,096	-	4,074,149	4,074,149
Ranger Hall of Fame	-	1,444,823	1,444,823	-	1,333,639	1,333,639
Cameron Park Zoo	-	4,777,181	4,777,181	-	4,595,845	4,595,845
Transit services	-	8,640,336	8,640,336	-	8,188,525	8,188,525
Cottonwood Creek Golf Course	-	1,821,529	1,821,529	-	1,707,982	1,707,982
Total expenses	<u>132,512,995</u>	<u>96,775,127</u>	<u>229,288,122</u>	<u>122,218,352</u>	<u>90,042,018</u>	<u>212,260,370</u>
Increase in net position before transfers	13,552,319	10,246,565	23,798,884	15,820,950	6,090,107	21,911,057
Transfers	485,004	(485,004)	-	2,537,789	(2,537,789)	-
Increase in net position	<u>14,037,323</u>	<u>9,761,561</u>	<u>23,798,884</u>	<u>18,358,739</u>	<u>3,552,318</u>	<u>21,911,057</u>
Net position, beginning of year as previously reported	234,291,798	279,519,195	513,810,993	215,933,059	275,966,877	491,899,936
Prior period adjustment	-	(1,286,520)	(1,286,520)	-	-	-
Net position, beginning of year as restated	<u>234,291,798</u>	<u>278,232,675</u>	<u>512,524,473</u>	<u>215,933,059</u>	<u>275,966,877</u>	<u>491,899,936</u>
Net position, end of year	<u>\$ 248,329,121</u>	<u>287,994,236</u>	<u>536,323,357</u>	<u>234,291,798</u>	<u>279,519,195</u>	<u>513,810,993</u>

City of Waco
Changes in Net Position
(Continued)

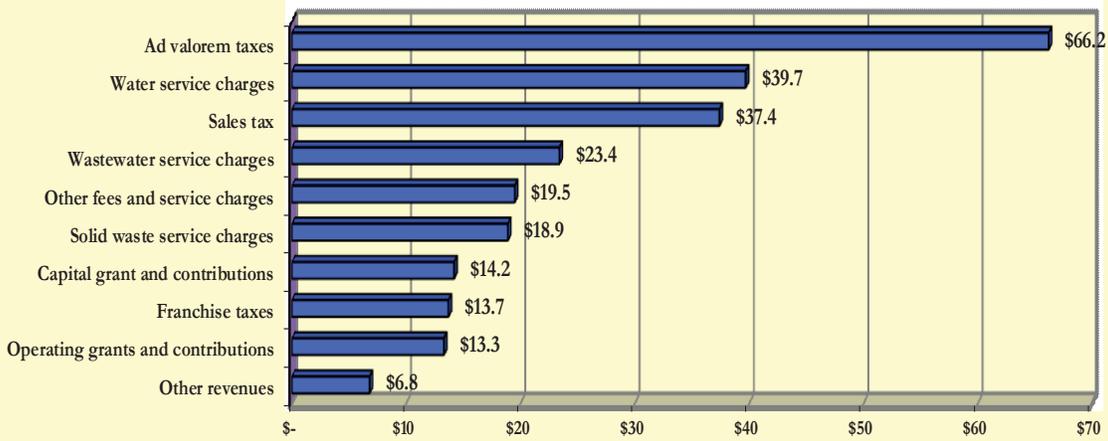
Governmental activities – Key elements of the change in governmental net position include:

- Overall, governmental revenues increased \$8,026,012 (5.81%). Ad valorem taxes reflected an increase of \$4.8 million (7.91%), primarily as a result of growth in property tax base including an increase of \$220 million in new construction assessments. Sales taxes reflected an increase of \$1.6 million (4.35%).
- Overall, governmental expenses increased \$10,294,643 (8.42%). A 2% salary increase as well as job class step increases for some civil services employees based on rank and service time were approved in the budget. In addition, phase one of a city-wide compensation and classification study was implemented during the year. The fiscal impact for these salary increases, including benefits was approximately \$2 million. The City Council also approved increased funding for health insurance benefits for employees which increased governmental expenses by almost \$1 million. An increase of almost \$6.6 million for pension expense was due to changes in assumptions and actual investment returns that were less than expected. After the adoption of GASB 68, significant fluctuations in pension expense may occur in response to changes in fair value of plan assets and the total pension liability.

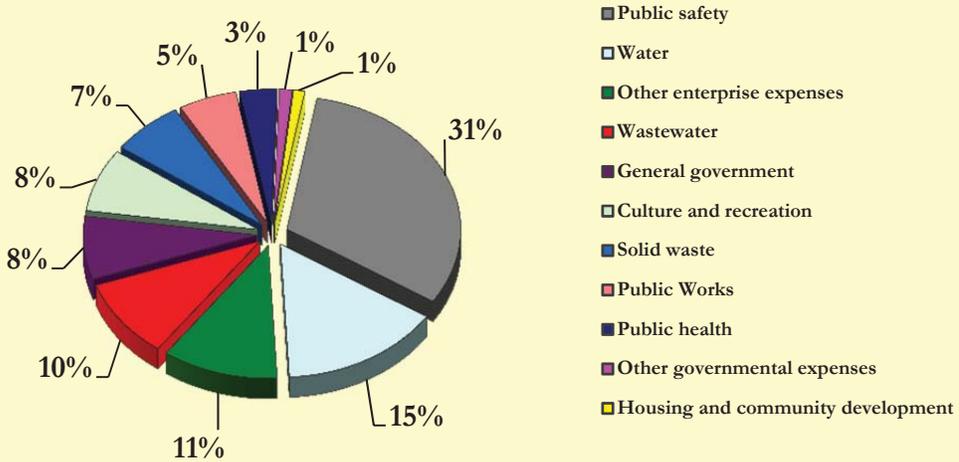
Business-type activities – Key elements of the increase in business-type net position include:

- Total revenues increased \$10,889,567 (11.33%). Charges for services increased by almost \$6.6 million as compared to prior year primarily due to water (\$1.8 million), wastewater (\$2.5 million), and solid waste (\$1.2 million). These increases were due to rate increases and growth in service activity. Effective January 1, 2016, the water and wastewater base monthly service rates increased \$1.08 and \$1.59, respectively, along with volumetric rate increases. Infrastructure needs, identified in master plans for water and wastewater completed in 2015, were a significant factor contributing to changes in rates. Although solid waste rates remained the same for fiscal year 2016, residential, commercial, and landfill revenues all reported increases as compared to prior year. Capital grants and contributions increased over \$3.5 million primarily due to an increase of almost \$2.8 million for airport capital projects.
- Total expenses increased \$6.7 million (7.5%). Employee benefits increased \$1.3 million, with pension expense accounting for \$1 million of the increase due to changes in assumptions and actual investment returns that were less than expected and additional funding for health insurance benefits accounting for \$300,000. Maintenance expenses increased \$1.3 million primarily for water and wastewater plants, mains, equipment, and utility cuts. Other expenses increased almost \$1 million primarily for increased franchise fees and indirect costs. Expenses related to bond costs also increased \$2.3 million - \$1.5 million for bond issuance costs and \$0.8 million for additional interest expense. Over \$78 million of new bonds were issued in fiscal year 2016 for water and wastewater projects.

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 \$97,266,242. Approximately 1.5% (\$1,436,906) 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 28.5% (\$27,752,537) 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 25.3% (\$24,562,773) 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 20.3% (\$19,735,792) 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 \$23,778,234 (24.4%) is reported as unassigned. Refer to pages 57 and 58 of this report for a more detailed presentation of governmental fund balances.

The City's Financial Management Policy Statements provide for general fund unassigned fund balance to be maintained at 18% of current year revenues. Unassigned general fund balance at the end of the current fiscal year is 18.97% of 2017 budgeted revenues. The fund balance of the general fund at the end of the current year reported an increase of \$1,758,846. Total revenues in the general fund increased \$6,018,784 as compared to the prior year and were \$7,284,485 more than the final budget. Key factors in general fund revenue are as follows:

- Increases of approximately \$3.3 million in property tax revenues resulted primarily from growth in net taxable assessed property valuation of over 6%. The distribution of the tax rate allocated to the General Fund increased slightly also due to the Council's initiatives to increase cash funding for capital projects. Property taxes represented approximately 41% 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 \$4.8 million. Increased economic activity, lower unemployment rates, and lower fuel prices all contributed to this revenue growth. This revenue source represents over 31% of total general fund revenues.
- Gross receipts fees, which had been budgeted very conservatively, decreased \$79,749 as compared to prior year, but actual amounts exceeded the amount originally budgeted for the fiscal year by approximately \$144,000. Approximately 11% of total general fund revenues came from gross receipts fees.

Proprietary funds - The City's proprietary fund statements beginning on page 42 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 - \$33,775,613, Wastewater - \$19,876,437, and Solid Waste - \$12,367,292. These funds experienced increases in total net position during 2016 as follows: Water - \$3,226,854, Wastewater - \$1,128,943, and Solid Waste - \$3,086,316.

General Fund budgetary highlights – Differences between the original budget and the final amended budget for appropriations were \$5,665,839. The primary differences can be briefly summarized as follows:

- \$1,474,417 increase for the animal shelter project
- \$616,861 increase for fire engines
- \$493,642 increase for services related to the stormwater master plan
- \$382,331 increase for salary and benefit expenses resulting from the implementation of the City's classification and compensation plan
- \$352,180 increase for pavement assessment services
- \$334,600 increase for various services related to the Riverfront Development project
- \$254,504 increase for the library parking lot project
- \$227,708 increase for funds allocated to the Texas Ranger Hall of Fame grounds and facilities projects
- \$212,300 increase for services related to the enterprise resource planning (ERP) implementation project
- \$171,772 increase for library furniture purchase and installation
- \$140,708 increase for cemetery management services
- \$136,738 increase for a technical assistance memorandum of understanding
- \$120,856 increase for the City's municipal information cable channel equipment
- \$100,714 increase for mold remediation services at the West Waco Library and Genealogy Center
- \$90,350 increase for a temporary kennel area at the animal shelter
- \$68,236 increase for various services related to Brazos Riverwalk projects
- \$67,282 increase for administrative services and police supplies

- \$65,000 increase for various demolition projects
- \$62,638 increase for staff transferred to information technology
- \$44,000 increase for professional veterinary services for the animal shelter
- \$31,344 increase for professional architectural services for the Tenth Court of Appeals needs assessment
- \$30,492 increase for economic development website development and design services
- \$30,000 increase for library security cameras and installation
- \$28,527 increase for service provider contracts
- \$27,245 increase for professional services for operations of the parks and the Mammoth Site
- \$25,619 increase for the replacement of signs at the Texas Ranger Hall of Fame and Museum
- \$25,000 increase for lead abatement services at the police firing range
- \$19,661 increase for contracted services to target recidivism with the Heart of Texas Region Mental Health Mental Retardation Center
- \$18,114 increase for a generator fleet audit and analysis
- \$13,000 increase for consulting services for the human resources department.

Of this increase, \$2,908,930 was from fund balance assigned for capital improvements, \$938,522 from fund balance assigned for economic development, \$352,180 from fund balance assigned for public works, \$113,773 from fund balance assigned for other, \$101,868 from fund balance restricted for culture and recreation, \$38,788 from fund balance assigned for public safety, \$136,738 from fund balance assigned for housing and community development, \$127,959 from fund balance assigned for culture and recreation, \$657,389 from increases in sales tax, \$18,114 from increases in miscellaneous revenues, \$120,856 from increases in franchise fees, \$70,000 from increases in contribution revenues, and \$80,722 from increases in transfers.

Refer to the General Fund Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual on pages 31 to 40 of this report for a detailed presentation of the actual General Fund operations compared to both the original and final budget for fiscal year 2016.

CAPITAL ASSETS

The City of Waco's investment in capital assets for its governmental and business-type activities as of September 30, 2016, amounts to \$690,261,028 (net of accumulated depreciation). This investment in capital assets includes land, building, machinery and equipment, improvements other than buildings, infrastructure and construction work in progress. Major capital asset events occurring during the current fiscal year included the following:

- Capitalized approximately \$12.1 million on various water and wastewater systems projects.
- Capitalized \$11.4 million in street and drainage expenditures and contributions.
- Capitalized approximately \$2.9 million for solid waste equipment and landfill cell.
- Capitalized \$3.2 million on various park facility improvements expenditures.
- Capitalized \$1.5 million on library projects.
- Capitalized \$2.2 million for fire trucks and equipment.

City of Waco Capital Assets

	Governmental Activities		Business-type Activities		Totals	
	2016	2015	2016	2015	2016	2015
Land	\$ 48,750,962	46,633,937	6,551,892	6,522,237	55,302,854	53,156,174
Buildings	74,674,139	69,773,893	82,194,623	81,227,473	156,868,762	151,001,366
Improvements other than buildings	62,560,580	62,015,317	500,873,939	491,348,606	563,434,519	553,363,923
Machinery and equipment	54,263,125	49,671,247	51,147,711	47,053,387	105,410,836	96,724,634
Museum collections	-	-	2,224,424	2,206,424	2,224,424	2,206,424
Infrastructure	280,762,640	270,033,626	-	-	280,762,640	270,033,626
Construction work in progress	17,255,893	8,705,453	33,153,723	18,151,956	50,409,616	26,857,409
Water rights	-	-	32,482,879	32,482,879	32,482,879	32,482,879
Less: accumulated depreciation	<u>(265,320,908)</u>	<u>(249,719,063)</u>	<u>(291,314,594)</u>	<u>(271,064,414)</u>	<u>(556,635,502)</u>	<u>(520,783,477)</u>
Total capital assets	<u>272,946,431</u>	<u>257,114,410</u>	<u>417,314,597</u>	<u>407,928,548</u>	<u>690,261,028</u>	<u>665,042,958</u>

Additional information on the City's capital assets can be found in Note IV on pages 68 - 70 of this report.

DEBT ADMINISTRATION

At the end of the current fiscal year, the City of Waco had total bonded debt, loans and notes payable of \$382,006,523. Of this amount, \$379,449,308 represents bonded debt backed by the full faith and credit of the government. The \$2,557,215 notes payable are for highway improvement right of way contributions and for purchase of pump station and water transmission lines.

City of Waco Bonds, Notes and Capitalized Obligations Payable

	Governmental Activities		Business-type Activities		Totals	
	2016	2015	2016	2015	2016	2015
General obligation certificates	\$ 84,123,284	86,691,896	295,326,024	223,050,091	379,449,308	309,741,987
Notes payable	<u>807,110</u>	<u>968,532</u>	<u>1,750,105</u>	<u>1,825,882</u>	<u>2,557,215</u>	<u>2,794,414</u>
	<u>\$ 84,930,394</u>	<u>87,660,428</u>	<u>297,076,129</u>	<u>224,875,973</u>	<u>382,006,523</u>	<u>312,536,401</u>

During the 2016 fiscal year, the City issued \$82,690,000 in general obligation certificates of obligation. The proceeds will be used for various general City improvements including expansion and improvements to city administration and services buildings, City Hall, police department facilities, convention center facilities, zoo facilities and health facilities, traffic control systems, streets, street lighting and drainage, sidewalks, vehicles, fire-fighting equipment, radio equipment, stormwater drainage facilities, water, and wastewater improvements. The City also issued \$29,470,000 of general obligation refunding bonds which were used to refund general obligation bonds. This advance refunding was undertaken to reduce total debt service payments over the next twenty-one years by \$5,449,323 and resulted in an economic gain of \$4,202,322. The City's combination tax and revenue certificates of obligation bond ratings are listed below:

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

Additional information on the City of Waco's long-term debt can be found in Note IV on pages 73 to 78 of this report.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The general fund budget (including transfers in) for fiscal year 2017 is based on an increase in revenues of 1.6% over last year's adopted budget, due mainly to the increase from ad valorem taxes and sales taxes. No ad valorem tax rate adjustment is included for 2017. The fiscal year 2017 budget includes a \$2.1 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, 2016.

Approximately 27% of general fund revenues come from sales taxes. The City ended 2016 with sales tax revenue considerably over the original adopted budget. Sales taxes for 2017 were budgeted with a 5% increase over the fiscal year 2016 adopted budget, but still less than actual receipts for 2016. 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 2017 budget includes a 2.75% salary increase for employees and increases for certain civil service employees who are eligible for step pay increases. The TMRS benefit provisions of the City's plan were reviewed during the fiscal year 2012 budget process and as a result, the City Council approved a plan change to turn off annually repeating annuity increases. Effective January 1, 2017, the City's contribution rate is 13.96%. The City's budget for fiscal year 2017 included approximately \$11.3 million for TMRS contributions.

Fiscal year 2017 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 and roll-off rates will remain the same for fiscal year 2017. However, fee changes are included for commercial collection and the landfill.

REQUEST FOR INFORMATION

The financial report is designed to provide our citizens, customers, investors and creditors with a general overview of the City's finances. If you have questions about this report or need any additional information, contact Janice Andrews, Finance Director, 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, 2016

	Primary Government			Component Units		
	Governmental Activities	Business-type Activities	Total	Baylor Waco Stadium Authority	Central Waco Development Corporation	Waco Health Facilities Development Corporation
Assets						
Cash and investments	\$ 99,093,024	77,015,104	176,108,128	64,142	6,223	30,222
Receivables (net of allowances for uncollectibles):						
Accounts	4,225,886	11,038,930	15,264,816	93,494	-	-
Special assessments	3,122	-	3,122	-	-	-
Taxes	8,935,089	-	8,935,089	-	-	-
Intergovernmental receivable	1,725,656	8,057,841	9,783,497	-	-	-
Accrued interest receivable	-	2,785	2,785	-	-	-
Internal balances	4,683,775	(4,683,775)	-	-	-	-
Due from others as fiscal agent	192,217	-	192,217	-	-	-
Inventories	1,271,247	1,198,108	2,469,355	8,243	-	-
Restricted cash and investments	-	100,222,246	100,222,246	-	-	-
Notes receivable	2,113,325	457,683	2,571,008	-	-	-
Real estate held for resale	51,027	-	51,027	-	-	-
Capital assets not being depreciated:						
Land	48,750,962	6,551,892	55,302,854	-	-	-
Museum collections	-	2,224,424	2,224,424	-	-	-
Construction in progress	17,255,893	33,153,723	50,409,616	-	-	-
Capital assets, net of accumulated depreciation:						
Buildings	51,908,513	44,576,447	96,484,960	-	-	-
Machinery and equipment	16,974,814	15,887,664	32,862,478	-	-	-
Improvements other than buildings	30,549,657	293,127,735	323,677,392	-	-	-
Infrastructure	107,506,592	-	107,506,592	-	-	-
Water rights	-	21,792,712	21,792,712	-	-	-
Total assets	395,240,799	610,623,519	1,005,864,318	165,879	6,223	30,222
Deferred Outflows of Resources						
Deferred outflows of resources:						
Deferred losses on refundings of debt	2,458,628	4,307,326	6,765,954	-	-	-
Deferred outflows on pension liability	31,907,784	5,194,285	37,102,069	-	-	-
Total deferred outflows of resources	34,366,412	9,501,611	43,868,023	-	-	-
Liabilities						
Accounts payable	1,983,787	2,727,175	4,710,962	32,249	-	-
Accrued liabilities	8,069,135	3,570,352	11,639,487	51,061	-	-
Accrued interest payable	611,094	3,085,906	3,697,000	-	-	-
Unearned revenue	11,376	162,315	173,691	23,318	-	-
Escrow funds	323,237	-	323,237	-	-	-
Customer deposits	583,741	-	583,741	-	-	-
Advanced deposits from Baylor University	-	-	-	59,251	-	-
Liabilities payable from restricted assets	-	4,288,706	4,288,706	-	-	-
Noncurrent liabilities:						
Due within one year	19,785,998	17,616,200	37,402,198	-	-	-
Due in more than one year	149,150,429	300,556,637	449,707,066	-	-	-
Total liabilities	180,518,797	332,007,291	512,526,088	165,879	-	-
Deferred inflows of resources						
Deferred inflows on pension liability	759,293	123,603	882,896	-	-	-
Total deferred inflows of resources	759,293	123,603	882,896	-	-	-
Net Position						
Net investment in capital assets	195,340,533	218,895,017	414,235,550	-	-	-
Restricted for:						
Tax increment financing/public improvement district	17,646,151	-	17,646,151	-	-	-
Housing and community development	1,992,150	-	1,992,150	-	-	-
Culture and recreation	713,188	-	713,188	-	-	-
Public safety	1,224,262	-	1,224,262	-	-	-
Municipal information	971,345	-	971,345	-	-	-
Debt service	310,501	-	310,501	-	-	-
Parks and cemetery care - nonexpendable	366,560	-	366,560	-	-	-
Capital projects	-	700,480	700,480	-	-	-
Unrestricted	29,764,431	68,398,739	98,163,170	-	6,223	30,222
Total net position	\$ 248,329,121	287,994,236	536,323,357	-	6,223	30,222

See accompanying notes to financial statements.

City of Waco, Texas

Statement of Activities

September 30, 2016

Functions/Programs	Expenses	Program Revenues	
		Charges for Services	Operating Grants and Contributions
Primary Government:			
Governmental activities:			
General government	\$ (17,591,625)	271,051	1,197,759
Public works	(12,385,381)	2,057	26,353
Public safety	(71,900,506)	5,995,911	1,624,991
Culture and recreation	(17,575,724)	1,294,784	1,158,249
Public health	(7,853,838)	1,181,667	3,725,471
Housing and community development	(2,421,277)	-	1,817,289
Interest on long-term debt	(2,784,644)	-	-
Total governmental activities	<u>(132,512,995)</u>	<u>8,745,470</u>	<u>9,550,112</u>
Business-type activities:			
Water	(34,485,785)	39,693,677	37,456
Wastewater	(22,024,527)	23,376,856	-
Solid waste	(15,458,545)	18,860,966	25,000
Airport	(3,821,305)	1,118,487	93,725
Convention services	(4,301,096)	1,402,912	-
Ranger Hall of Fame	(1,444,823)	559,262	132,001
Cameron Park Zoo	(4,777,181)	1,963,610	-
Transit services	(8,640,336)	4,112,010	3,445,938
Cottonwood Creek Golf Course	(1,821,529)	1,618,596	-
Total business-type activities	<u>(96,775,127)</u>	<u>92,706,376</u>	<u>3,734,120</u>
Total primary government	\$ <u>(229,288,122)</u>	<u>101,451,846</u>	<u>13,284,232</u>
Component Units:			
Baylor Waco Stadium Authority	\$ (2,767,688)	598,043	2,169,645
Central Waco Development Corporation	(80)	-	-
Waco Health Facilities Development Corporation	(80)	-	-
Total component units	\$ <u>(2,767,848)</u>	<u>598,043</u>	<u>2,169,645</u>
General revenues:			
Taxes:			
Property			
Property tax increment financing			
Sales			
Franchise			
Hotel/motel			
Other			
Unrestricted investment earnings			
Miscellaneous			
Transfers			
Total general revenues and transfers			
Change in net position			
Net position, beginning of year, as restated			
Net position, end of year			

See accompanying notes to financial statements.

Net Revenues (Expenses) and Changes in Net Position						
Capital Grants and Contributions	Primary Government			Component Units		
	Governmental Activities	Business-type Activities	Total	Baylor Waco Stadium Authority	Central Waco Development Corporation	Waco Health Facilities Development Corporation
-	(16,122,815)	-	(16,122,815)			
6,704,432	(5,652,539)	-	(5,652,539)			
534,332	(63,745,272)	-	(63,745,272)			
30,695	(15,091,996)	-	(15,091,996)			
-	(2,946,700)	-	(2,946,700)			
-	(603,988)	-	(603,988)			
-	(2,784,644)	-	(2,784,644)			
<u>7,269,459</u>	<u>(106,947,954)</u>	<u>-</u>	<u>(106,947,954)</u>			
1,048,273	-	6,293,621	6,293,621			
432,070	-	1,784,399	1,784,399			
-	-	3,427,421	3,427,421			
5,499,785	-	2,890,692	2,890,692			
-	-	(2,898,184)	(2,898,184)			
18,000	-	(735,560)	(735,560)			
-	-	(2,813,571)	(2,813,571)			
-	-	(1,082,388)	(1,082,388)			
-	-	(202,933)	(202,933)			
<u>6,998,128</u>	<u>-</u>	<u>6,663,497</u>	<u>6,663,497</u>			
<u>14,267,587</u>	<u>(106,947,954)</u>	<u>6,663,497</u>	<u>(100,284,457)</u>			
-				-	-	-
-				-	(80)	-
-				-	-	(80)
-				-	(80)	(80)
\$	58,427,545	-	58,427,545	-	-	-
	7,750,330	-	7,750,330	-	-	-
	37,371,461	-	37,371,461	-	-	-
	13,734,655	-	13,734,655	-	-	-
	-	3,204,122	3,204,122	-	-	-
	910,456	-	910,456	-	-	-
	855,366	378,946	1,234,312	-	17	84
	1,450,460	-	1,450,460	-	-	-
	485,004	(485,004)	-	-	-	-
	<u>120,985,277</u>	<u>3,098,064</u>	<u>124,083,341</u>	<u>-</u>	<u>17</u>	<u>84</u>
	14,037,323	9,761,561	23,798,884	-	(63)	4
	<u>234,291,798</u>	<u>278,232,675</u>	<u>512,524,473</u>	<u>-</u>	<u>6,286</u>	<u>30,218</u>
\$	<u>248,329,121</u>	<u>287,994,236</u>	<u>536,323,357</u>	<u>-</u>	<u>6,223</u>	<u>30,222</u>

City of Waco, Texas
Balance Sheet
Governmental Funds
September 30, 2016

	General	Other Governmental Funds	Total Governmental Funds
Assets			
Assets:			
Cash and investments	\$ 55,210,674	32,451,818	87,662,492
Receivables, net of allowances:			
Accounts	3,805,616	417,646	4,223,262
Special assessments	-	3,122	3,122
Taxes	8,524,133	410,956	8,935,089
Notes receivable	-	2,113,325	2,113,325
Due from other funds	5,092,334	9,677,148	14,769,482
Advances to other funds	-	168,368	168,368
Intergovernmental receivable	289,910	1,435,746	1,725,656
Inventories	925,826	138,360	1,064,186
Real estate held for resale	6,160	44,867	51,027
	<u>\$ 73,854,653</u>	<u>46,861,356</u>	<u>120,716,009</u>
Liabilities			
Liabilities:			
Accounts payable	\$ 949,161	936,401	1,885,562
Accrued liabilities	4,797,157	2,835,339	7,632,496
Unearned revenue	10,166	1,210	11,376
Due to other funds	8,977,387	1,485,600	10,462,987
Deposits	583,741	-	583,741
Escrow funds	306,328	16,371	322,699
Total liabilities	<u>15,623,940</u>	<u>5,274,921</u>	<u>20,898,861</u>
Deferred Inflows of Resources			
Deferred inflows of resources:			
Unavailable revenue:			
Property taxes	1,507,090	389,001	1,896,091
Court fines	651,693	-	651,693
Other	-	3,122	3,122
Total deferred inflows of resources	<u>2,158,783</u>	<u>392,123</u>	<u>2,550,906</u>
Fund Balances			
Fund balances:			
Nonspendable	931,986	504,920	1,436,906
Restricted	1,337,245	26,415,292	27,752,537
Committed	10,288,673	14,274,100	24,562,773
Assigned	19,735,792	-	19,735,792
Unassigned	23,778,234	-	23,778,234
Total fund balances	<u>56,071,930</u>	<u>41,194,312</u>	<u>97,266,242</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 73,854,653</u>	<u>46,861,356</u>	
Amounts reported for governmental activities in the statement of net position are different because:			
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.			272,018,973
Other long-term assets are not available to pay for current-period expenditures and, therefore, deferred in the funds.			2,550,906
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.			9,816,749
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.			(133,323,749)
			<u>\$ 248,329,121</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, 2016

	<u>General</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues:			
Taxes	\$ 86,615,298	17,365,477	103,980,775
Business and occupation fees	13,734,655	-	13,734,655
Permits, licenses and fees	1,742,898	996,124	2,739,022
Fines	2,257,245	312,072	2,569,317
Charges for services	1,834,544	-	1,834,544
Investment earnings	213,552	612,243	825,795
Contributions	784,013	635,632	1,419,645
Intergovernmental	2,049,784	7,126,191	9,175,975
Program income	-	298,107	298,107
Other	<u>10,621,613</u>	<u>616,635</u>	<u>11,238,248</u>
Total revenues	<u>119,853,602</u>	<u>27,962,481</u>	<u>147,816,083</u>
Expenditures:			
Current:			
General government	19,656,551	5,954,758	25,611,309
Public works	1,879,964	-	1,879,964
Public safety	65,696,613	1,475,687	67,172,300
Culture and recreation	13,226,337	201,130	13,427,467
Housing and community development	484,625	1,885,472	2,370,097
Public health	-	7,533,938	7,533,938
Capital outlay	-	26,453,338	26,453,338
Debt service:			
Principal	-	5,895,000	5,895,000
Interest and fiscal charges	-	3,283,750	3,283,750
Bond issuance costs	-	99,402	99,402
Total expenditures	<u>100,944,090</u>	<u>52,782,475</u>	<u>153,726,565</u>
Excess (deficiency) of revenues over (under) expenditures	<u>18,909,512</u>	<u>(24,819,994)</u>	<u>(5,910,482)</u>
Other financing sources (uses):			
Refunding bonds issued	-	1,945,000	1,945,000
Payment to refunded bond escrow agent	-	(2,055,353)	(2,055,353)
Premium on refunding bonds	-	136,375	136,375
General obligation bonds issued	-	3,805,000	3,805,000
Premium on general obligation bonds	-	334,219	334,219
Transfers in	4,588,096	19,089,884	23,677,980
Transfers out	<u>(21,738,762)</u>	<u>(298,479)</u>	<u>(22,037,241)</u>
Total other financing sources (uses)	<u>(17,150,666)</u>	<u>22,956,646</u>	<u>5,805,980</u>
Net change in fund balances	1,758,846	(1,863,348)	(104,502)
Fund balances, beginning of year	<u>54,313,084</u>	<u>43,057,660</u>	<u>97,370,744</u>
Fund balances, end of year	<u>\$ 56,071,930</u>	<u>41,194,312</u>	<u>97,266,242</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, 2016

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

Net change in fund balances - total governmental funds (page 29)	\$ (104,502)
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.	9,947,417
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, transfers, trade-ins, and donations) is to increase net position.	5,813,935
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	(99,064)
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.	1,891,181
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.	(4,835,690)
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>1,424,046</u>
Change in net position of governmental activities (pages 26 - 27)	\$ <u>14,037,323</u>

See accompanying notes to financial statements.

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

Year Ended September 30, 2016

(With Comparative Actual Amounts for the Year Ended September 30, 2015)

	Budgeted Amounts		2016	Variance with	2015
	Original	Final	Actual Amounts	Final Budget	Actual Amounts
Revenues					
Taxes:					
Sales tax income	\$ 32,557,060	33,214,449	37,371,461	4,157,012	35,813,531
Property taxes	48,274,613	48,274,613	48,804,522	529,909	45,454,311
Interest and penalty on taxes	450,000	450,000	439,315	(10,685)	440,161
Total taxes	<u>81,281,673</u>	<u>81,939,062</u>	<u>86,615,298</u>	<u>4,676,236</u>	<u>81,708,003</u>
Business and occupation fees:					
Occupation fees	100,000	100,000	97,574	(2,426)	45,745
Gross receipts fees	13,493,416	13,614,272	13,637,081	22,809	13,716,830
Total business and occupation fees	<u>13,593,416</u>	<u>13,714,272</u>	<u>13,734,655</u>	<u>20,383</u>	<u>13,762,575</u>
Permits, licenses and fees:					
Building permits	500,000	500,000	788,519	288,519	632,029
Plumbing permits	150,000	150,000	265,225	115,225	232,899
Electrical permits	265,742	265,742	390,127	124,385	383,446
Heating and air conditioning licenses	90,000	90,000	158,168	68,168	119,406
Fire inspection fees	40,023	40,023	57,173	17,150	57,023
Cab permits	-	-	700	700	-
House moving permits	-	-	112	112	560
Open air/street vending	5,000	5,000	6,330	1,330	6,400
Sign permits	26,080	26,080	37,047	10,967	39,531
Subdivision fees	30,336	30,336	39,497	9,161	33,472
Total permits, licenses and fees	<u>1,107,181</u>	<u>1,107,181</u>	<u>1,742,898</u>	<u>635,717</u>	<u>1,504,766</u>
Fines:					
Court fines	2,007,112	2,007,112	2,111,806	104,694	1,984,823
Auto impound fees	146,447	146,447	145,439	(1,008)	150,519
Total fines	<u>2,153,559</u>	<u>2,153,559</u>	<u>2,257,245</u>	<u>103,686</u>	<u>2,135,342</u>
Charges for services:					
Recreation	786,829	786,829	765,041	(21,788)	763,137
Weed mowing	63,592	63,592	104,275	40,683	76,433
Library fees	103,756	103,756	122,903	19,147	114,780
Animal pick up	12,524	12,524	9,620	(2,904)	15,155
Animal shelter fees	281,073	281,073	330,539	49,466	291,177
Grounds maintenance	53,622	53,622	53,622	-	52,571
Graphics	74,661	74,661	65,764	(8,897)	69,867
Police security services	30,226	30,226	40,525	10,299	22,770
Airport security services	317,200	317,200	342,255	25,055	343,800
Total charges for services	<u>1,723,483</u>	<u>1,723,483</u>	<u>1,834,544</u>	<u>111,061</u>	<u>1,749,690</u>
Investment earnings	<u>75,000</u>	<u>75,000</u>	<u>213,552</u>	<u>138,552</u>	<u>238,410</u>
Contributions	<u>617,000</u>	<u>687,000</u>	<u>784,013</u>	<u>97,013</u>	<u>716,371</u>
Intergovernmental	<u>1,670,620</u>	<u>1,670,620</u>	<u>2,049,784</u>	<u>379,164</u>	<u>1,694,924</u>

(Continued)

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

Year Ended September 30, 2016

(With Comparative Actual Amounts for the Year Ended September 30, 2015)

	Budgeted Amounts		2016	Variance with Final Budget	2015
	Original	Final	Actual Amounts		Actual Amounts
Revenues (continued)					
Other:					
Indirect expense reimbursements	7,439,513	7,439,513	7,494,575	55,062	6,930,145
False alarm fines	8,000	8,000	15,250	7,250	14,550
BSC civil penalties	-	-	-	-	1,500
Rents from real estate	133,046	133,046	223,461	90,415	154,420
Miscellaneous revenue	1,186,582	1,204,696	1,797,530	592,834	2,222,199
Sale of real estate	-	-	220,877	220,877	171,016
Sale of other scrap	10,100	10,100	12,026	1,926	15,988
Zoning applications	11,456	11,456	24,060	12,604	12,965
Commission from sale of mixed drinks	475,000	475,000	555,555	80,555	548,989
Commission on municipal court fines	84,621	84,621	90,116	5,495	84,656
Commission on concessions	113,783	113,783	165,116	51,333	143,141
Garage sale permits	18,725	18,725	20,990	2,265	21,980
Special assessments	-	-	2,057	2,057	3,188
Total other	<u>9,480,826</u>	<u>9,498,940</u>	<u>10,621,613</u>	<u>1,122,673</u>	<u>10,324,737</u>
Total revenues	<u>111,702,758</u>	<u>112,569,117</u>	<u>119,853,602</u>	<u>7,284,485</u>	<u>113,834,818</u>
Expenditures					
General Government					
Administrative services:					
Salaries and wages	1,492,354	1,396,354	1,415,797	(19,443)	1,476,970
Employee benefits	417,196	417,196	414,322	2,874	413,332
Purchased professional/technical services	36,814	177,594	133,906	43,688	191,558
Purchased property services	33,769	33,769	33,715	54	30,259
Maintenance	2,000	2,000	-	2,000	-
Other purchased services	297,513	297,513	234,546	62,967	137,344
Supplies	92,160	102,570	113,742	(11,172)	124,564
Capital expenditures	-	18,000	17,821	179	-
Other expenses	280,000	348,928	111,895	237,033	76,701
Total administrative services	<u>2,651,806</u>	<u>2,793,924</u>	<u>2,475,744</u>	<u>318,180</u>	<u>2,450,728</u>
City secretary:					
Salaries and wages	318,543	293,719	283,736	9,983	293,217
Employee benefits	119,434	119,569	109,581	9,988	97,438
Purchased professional/technical services	81,100	60,842	60,045	797	57,187
Maintenance	12,294	23,925	21,405	2,520	11,175
Other purchased service	19,004	26,651	26,876	(225)	25,949
Supplies	22,208	47,877	44,460	3,417	18,819
Total city secretary	<u>572,583</u>	<u>572,583</u>	<u>546,103</u>	<u>26,480</u>	<u>503,785</u>

(Continued)

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

Year Ended September 30, 2016

(With Comparative Actual Amounts for the Year Ended September 30, 2015)

	Budgeted Amounts		2016	Variance with	2015
	Original	Final	Actual	Final Budget	Actual
Expenditures (continued)					
General Government (continued)					
Finance services:					
Salaries and wages	\$ 1,032,037	1,032,037	1,012,541	19,496	946,909
Employee benefits	336,576	336,576	324,797	11,779	299,422
Purchased professional/technical services	102,020	102,020	92,811	9,209	84,544
Maintenance	424	424	1,144	(720)	416
Other purchased service	25,684	25,684	25,602	82	19,112
Supplies	26,824	26,824	33,425	(6,601)	38,902
Other expenses	8,521	8,521	10,646	(2,125)	8,214
Total finance services	<u>1,532,086</u>	<u>1,532,086</u>	<u>1,500,966</u>	<u>31,120</u>	<u>1,397,519</u>
Legal services:					
Salaries and wages	865,704	865,704	834,018	31,686	808,669
Employee benefits	255,650	255,994	245,179	10,815	233,221
Purchased professional/technical services	6,850	6,150	(733)	6,883	3,611
Maintenance	300	300	109	191	-
Other purchased service	29,449	29,805	26,678	3,127	17,492
Supplies	31,574	31,574	28,140	3,434	32,314
Total legal services	<u>1,189,527</u>	<u>1,189,527</u>	<u>1,133,391</u>	<u>56,136</u>	<u>1,095,307</u>
Planning services:					
Salaries and wages	460,559	460,559	437,666	22,893	443,663
Employee benefits	163,119	163,119	146,386	16,733	142,230
Purchased professional/technical services	20,685	49,800	45,397	4,403	23,339
Purchased property services	68,408	68,408	65,837	2,571	64,325
Maintenance	1,010	1,010	2,465	(1,455)	854
Other purchased service	20,570	20,570	18,990	1,580	13,492
Supplies	27,322	29,551	31,349	(1,798)	33,363
Total planning services	<u>761,673</u>	<u>793,017</u>	<u>748,090</u>	<u>44,927</u>	<u>721,266</u>
Human resources:					
Salaries and wages	608,310	608,310	595,719	12,591	547,186
Employee benefits	202,165	202,165	196,174	5,991	179,209
Purchased professional/technical services	13,400	29,892	23,503	6,389	143,023
Purchased property services	-	-	-	-	1,385
Maintenance	2,122	1,698	1,635	63	1,588
Other purchased services	41,722	32,787	32,655	132	31,195
Supplies	8,857	14,724	15,088	(364)	12,684
Total human resources	<u>876,576</u>	<u>889,576</u>	<u>864,774</u>	<u>24,802</u>	<u>916,270</u>

(Continued)

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

Year Ended September 30, 2016

(With Comparative Actual Amounts for the Year Ended September 30, 2015)

	Budgeted Amounts		2016	Variance with	2015
	Original	Final	Actual Amounts	Final Budget	Actual Amounts
Expenditures (continued)					
General Government (continued)					
Municipal information:					
Salaries and wages	\$ 460,411	460,411	472,596	(12,185)	449,951
Employee benefits	165,314	165,314	165,613	(299)	154,875
Purchased professional/technical services	12,005	53,734	45,044	8,690	82,794
Maintenance	24,817	51,718	43,326	8,392	15,026
Other purchased services	22,444	21,244	18,461	2,783	21,717
Supplies	19,995	65,921	61,811	4,110	78,725
Other expenses	19,248	19,248	23,708	(4,460)	20,561
Capital expenditures	-	37,992	37,992	-	123,337
Total municipal information	<u>724,234</u>	<u>875,582</u>	<u>868,551</u>	<u>7,031</u>	<u>946,986</u>
Information technology services:					
Salaries and wages	1,077,092	1,268,708	1,074,968	193,740	838,113
Employee benefits	359,938	430,663	376,112	54,551	276,771
Purchased professional/technical services	178,037	178,037	137,544	40,493	89,721
Maintenance	880,064	880,064	743,609	136,455	413,340
Other purchased service	365,390	365,390	428,353	(62,963)	312,368
Supplies	75,371	75,371	66,658	8,713	77,325
Capital expenditures	324,000	324,000	194,635	129,365	16,528
Other expenses	(117,820)	(117,820)	(117,820)	-	-
Total information technology services	<u>3,142,072</u>	<u>3,404,413</u>	<u>2,904,059</u>	<u>500,354</u>	<u>2,024,166</u>
Purchasing services:					
Salaries and wages	374,914	374,914	385,244	(10,330)	308,590
Employee benefits	132,044	132,044	131,313	731	103,274
Purchased professional/technical services	400	18,514	18,261	253	87
Maintenance	300	300	376	(76)	340
Other purchased service	14,582	14,582	15,859	(1,277)	12,653
Supplies	11,318	11,318	8,225	3,093	9,759
Total purchasing services	<u>533,558</u>	<u>551,672</u>	<u>559,278</u>	<u>(7,606)</u>	<u>434,703</u>
Facilities:					
Salaries and wages	1,040,822	1,040,822	981,268	59,554	1,048,876
Employee benefits	500,131	500,131	476,792	23,339	470,629
Purchased professional/technical services	320,550	410,550	437,253	(26,703)	387,327
Purchased property services	10,685	10,685	8,003	2,682	6,912
Maintenance	1,299,366	1,209,366	1,235,357	(25,991)	1,224,267
Other purchased service	61,571	61,571	44,977	16,594	60,805
Supplies	253,150	253,150	261,484	(8,334)	281,796
Capital expenditures	-	-	-	-	220,138
Total facilities	<u>3,486,275</u>	<u>3,486,275</u>	<u>3,445,134</u>	<u>41,141</u>	<u>3,700,750</u>

(Continued)

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

Year Ended September 30, 2016

(With Comparative Actual Amounts for the Year Ended September 30, 2015)

	Budgeted Amounts		2016	Variance with	2015
	Original	Final	Actual Amounts	Final Budget	Actual Amounts
Expenditures (continued)					
General Government (continued)					
Economic development:					
Salaries and wages	\$ 160,509	160,509	162,371	(1,862)	4,848
Employee benefits	50,494	50,494	48,611	1,883	1,488
Purchased professional/technical services	7,500	342,100	339,610	2,490	4,200
Other purchased services	18,092	18,092	8,550	9,542	-
Supplies	10,200	10,200	2,922	7,278	-
Total economic development	<u>246,795</u>	<u>581,395</u>	<u>562,064</u>	<u>19,331</u>	<u>10,536</u>
Economic development incentive:					
Purchased professional/technical services	-	1,500,000	965,500	534,500	1,099,919
Total economic development incentive	<u>-</u>	<u>1,500,000</u>	<u>965,500</u>	<u>534,500</u>	<u>1,099,919</u>
Contributions:					
McLennan County	136,907	139,557	139,556	1	129,890
Greenwood Cemetery	-	-	-	-	500
Rosemound Cemetery	-	140,708	140,708	-	30,000
Peoples Cemetery Association	-	19,661	19,661	-	-
H.O.T. Council of Governments	11,344	10,094	9,842	252	9,842
The Advocacy Center	91,645	91,645	91,645	-	91,645
Greater Waco Chamber of Commerce	136,500	136,500	136,500	-	142,946
Cen-Tex African American Chamber of Commerce	68,000	68,000	62,333	5,667	68,000
Cen-Tex Hispanic Chamber of Commerce	68,000	68,000	68,000	-	68,000
Downtown River Corridor	280,000	280,000	280,000	-	300,000
Economic Development Grants	632,000	632,000	536,059	95,941	368,988
McLennan County Appraisal District	636,173	641,033	641,033	-	731,150
YMCA Multi-Purpose Center	55,000	83,527	3,769	79,758	26,473
Senior Ministries	28,000	28,000	28,000	-	28,000
Greater Waco Impact Initiative	500,000	500,000	100,000	400,000	135,200
Greater Waco Sports Commission	50,000	50,000	50,000	-	-
Arts-Historic Agencies	150,000	143,740	142,000	1,740	142,000
Total contributions	<u>2,843,569</u>	<u>3,032,465</u>	<u>2,449,106</u>	<u>583,359</u>	<u>2,272,634</u>
Miscellaneous:					
Salaries and wages	-	257,535	-	257,535	-
Employee benefits	80,000	141,308	56,847	84,461	22,120
Purchase professional/technical services	226,000	226,000	198,380	27,620	186,888
Maintenance	3,000	3,000	4,907	(1,907)	5,471
Other purchased service	100,000	100,000	336	99,664	-
Supplies	3,872	3,872	3,502	370	2,798
Other expenses	409,325	409,325	369,819	39,506	352,183
Total miscellaneous	<u>822,197</u>	<u>1,141,040</u>	<u>633,791</u>	<u>507,249</u>	<u>569,460</u>
Total General Government	<u>19,382,951</u>	<u>22,343,555</u>	<u>19,656,551</u>	<u>2,687,004</u>	<u>18,144,029</u>

(Continued)

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

Year Ended September 30, 2016

(With Comparative Actual Amounts for the Year Ended September 30, 2015)

	Budgeted Amounts		2016	Variance with	2015
	Original	Final	Actual Amounts	Final Budget	Actual Amounts
Expenditures (continued)					
Public Works					
Streets and drainage services:					
Salaries and wages	\$ 547,219	417,698	318,029	99,669	419,134
Employee benefits	338,103	338,103	269,142	68,961	271,280
Purchased professional/technical services	527,500	1,047,613	506,128	541,485	205,022
Purchased property services	36,056	36,056	22,753	13,303	19,244
Maintenance	693,726	578,726	382,612	196,114	519,160
Other purchased service	114,164	114,164	55,554	58,610	65,979
Supplies	293,527	370,115	235,613	134,502	140,800
Other expenses	338,608	338,608	90,133	248,475	(234,807)
Total streets and drainage services	<u>2,888,903</u>	<u>3,241,083</u>	<u>1,879,964</u>	<u>1,361,119</u>	<u>1,405,812</u>
Total Public Works	<u>2,888,903</u>	<u>3,241,083</u>	<u>1,879,964</u>	<u>1,361,119</u>	<u>1,405,812</u>
Public Safety					
Municipal court:					
Salaries and wages	789,987	789,987	727,345	62,642	743,746
Employee benefits	278,020	278,020	260,633	17,387	250,340
Purchased professional/technical services	117,100	134,540	141,389	(6,849)	25,894
Maintenance	1,075	1,075	511	564	576
Other purchased service	33,162	26,722	26,007	715	25,134
Supplies	90,691	79,691	70,025	9,666	81,423
Other expenses	14,134	14,134	14,601	(467)	13,240
Total municipal court	<u>1,324,169</u>	<u>1,324,169</u>	<u>1,240,511</u>	<u>83,658</u>	<u>1,140,353</u>
Inspection services:					
Salaries and wages	981,561	981,561	979,985	1,576	942,294
Employee benefits	380,134	380,134	366,833	13,301	351,106
Purchased professional/technical services	195,000	195,000	164,092	30,908	157,995
Purchased property services	69,892	69,892	65,090	4,802	69,614
Maintenance	47,629	47,629	44,277	3,352	46,673
Other purchased service	58,013	58,013	58,332	(319)	62,353
Supplies	70,086	70,086	41,315	28,771	66,690
Other expenses	26,762	26,762	22,753	4,009	25,067
Total inspection services	<u>1,829,077</u>	<u>1,829,077</u>	<u>1,742,677</u>	<u>86,400</u>	<u>1,721,792</u>
Emergency management services:					
Salaries and wages	276,911	276,911	273,855	3,056	265,647
Employee benefits	107,933	107,933	103,293	4,640	98,693
Purchased professional/technical services	31,974	31,974	30,672	1,302	14,974
Purchased property services	2,576	2,576	1,300	1,276	3,219
Maintenance	305,318	304,733	251,146	53,587	167,439
Other purchased service	29,990	28,978	24,846	4,132	22,087
Supplies	35,627	37,224	31,288	5,936	482,333
Capital expenditures	409,700	409,700	403,240	6,460	-
Other expenses	156,986	156,986	165,609	(8,623)	132,767
Total emergency management services	<u>1,357,015</u>	<u>1,357,015</u>	<u>1,285,249</u>	<u>71,766</u>	<u>1,187,159</u>

(Continued)

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

Year Ended September 30, 2016

(With Comparative Actual Amounts for the Year Ended September 30, 2015)

	Budgeted Amounts		2016	Variance with	2015
	Original	Final	Actual Amounts	Final Budget	Actual Amounts
Expenditures (continued)					
Public Safety (continued)					
Fire services:					
Salaries and wages	\$ 15,103,603	15,103,603	15,063,233	40,370	15,075,817
Employee benefits	5,112,016	5,112,016	5,209,735	(97,719)	4,838,347
Purchased professional/technical services	72,271	70,771	85,209	(14,438)	88,705
Purchased property services	58,164	58,164	47,452	10,712	51,280
Maintenance	484,747	470,229	595,013	(124,784)	532,852
Other purchased service	427,615	427,615	433,783	(6,168)	427,586
Supplies	661,184	671,209	489,680	181,529	566,022
Capital expenditures	1,023,757	1,646,611	1,651,498	(4,887)	6,650
Total fire services	<u>22,943,357</u>	<u>23,560,218</u>	<u>23,575,603</u>	<u>(15,385)</u>	<u>21,587,259</u>
Police services:					
Salaries and wages	21,947,501	21,846,645	22,717,059	(870,414)	22,048,753
Employee benefits	7,755,562	7,719,296	7,849,236	(129,940)	7,382,414
Purchased professional/technical services	549,477	662,275	533,386	128,889	428,086
Purchased property services	45,698	45,698	42,190	3,508	40,350
Maintenance	924,957	962,597	845,498	117,099	772,444
Other purchased service	1,009,373	999,225	923,919	75,306	897,661
Supplies	2,040,023	1,974,796	1,423,204	551,592	1,311,894
Capital expenditures	57,500	64,309	61,365	2,944	42,750
Other expenses	909	909	833	76	842
Total police services	<u>34,331,000</u>	<u>34,275,750</u>	<u>34,396,690</u>	<u>(120,940)</u>	<u>32,925,194</u>
Traffic services:					
Salaries and wages	781,417	520,698	427,215	93,483	529,495
Employee benefits	343,816	343,816	257,686	86,130	264,503
Purchased professional/technical services	100,000	360,719	89,376	271,343	33,308
Purchased property services	3,568	3,568	2,145	1,423	1,675
Maintenance	562,500	643,120	578,644	64,476	317,199
Other purchased service	49,081	49,081	48,796	285	44,501
Supplies	765,896	671,376	606,396	64,980	684,875
Capital expenditures	282,650	296,550	268,381	28,169	16,078
Total traffic services	<u>2,888,928</u>	<u>2,888,928</u>	<u>2,278,639</u>	<u>610,289</u>	<u>1,891,634</u>
Animal services:					
Salaries and wages	392,913	392,913	412,204	(19,291)	352,827
Employee benefits	199,492	199,492	195,152	4,340	163,157
Purchased professional/technical services	121,750	165,750	291,765	(126,015)	178,949
Purchased property services	8,840	8,840	9,212	(372)	7,753
Maintenance	20,455	15,455	2,428	13,027	25,115
Other purchased service	39,593	129,943	43,042	86,901	38,809
Supplies	223,224	188,674	183,604	5,070	135,776
Capital expenditures	-	39,550	39,550	-	5,965
Other expenses	1,030	1,030	-	1,030	965
Total animal services	<u>1,007,297</u>	<u>1,141,647</u>	<u>1,176,957</u>	<u>(35,310)</u>	<u>909,316</u>

(Continued)

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

Year Ended September 30, 2016

(With Comparative Actual Amounts for the Year Ended September 30, 2015)

	Budgeted Amounts		2016	Variance with	2015
	Original	Final	Actual Amounts	Final Budget	Actual Amounts
Expenditures (continued)					
Public Safety (continued)					
Contributions:					
Animal shelter	\$ 287	287	287	-	287
Total contributions	287	287	287	-	287
Total Public Safety	65,681,130	66,377,091	65,696,613	680,478	61,362,994
Culture and Recreation					
Library services:					
Salaries and wages	1,871,941	1,809,446	1,746,566	62,880	1,651,752
Employee benefits	649,811	632,587	611,293	21,294	565,473
Purchased professional/technical services	140,085	265,162	255,844	9,318	135,277
Purchased property services	20,730	20,230	16,174	4,056	14,160
Maintenance	135,537	115,537	100,757	14,780	91,302
Other purchased service	204,118	187,110	177,893	9,217	156,639
Supplies	544,864	575,147	555,164	19,983	569,282
Capital expenditures	-	284,504	297,021	(12,517)	17,237
Other expenses	160,220	160,220	159,950	270	156,995
Total library services	3,727,306	4,049,943	3,920,662	129,281	3,358,117
Parks:					
Salaries and wages	\$ 3,541,709	3,491,709	3,216,005	275,704	3,296,456
Employee benefits	1,642,974	1,642,974	1,547,760	95,214	1,456,505
Purchased professional/technical services	392,835	480,480	403,253	77,227	274,943
Purchased property services	715,076	746,021	708,461	37,560	605,793
Maintenance	551,580	569,180	573,612	(4,432)	523,599
Other purchased service	235,208	235,208	226,306	8,902	227,595
Supplies	799,377	704,977	527,895	177,082	561,616
Capital expenditures	135,930	142,625	159,864	(17,239)	6,165
Other expenses	26,416	26,416	64,579	(38,163)	37,770
Total parks	8,041,105	8,039,590	7,427,735	611,855	6,990,442
Recreation services:					
Salaries and wages	875,674	875,674	789,607	86,067	835,811
Employee benefits	272,232	272,232	251,713	20,519	249,268
Purchased professional/technical services	505,615	505,615	470,039	35,576	500,008
Maintenance	14,108	14,108	13,932	176	7,325
Other purchased service	139,456	139,456	96,813	42,643	125,809
Supplies	284,752	284,752	218,694	66,058	197,030
Capital expenditures	22,780	51,540	28,760	22,780	-
Other expenses	16,240	16,240	8,382	7,858	16,328
Total recreation services	2,130,857	2,159,617	1,877,940	281,677	1,931,579
Total Culture and Recreation	13,899,268	14,249,150	13,226,337	1,022,813	12,280,138

(Continued)

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

Year Ended September 30, 2016

(With Comparative Actual Amounts for the Year Ended September 30, 2015)

	Budgeted Amounts		2016	Variance with	2015
	Original	Final	Actual Amounts	Final Budget	Actual Amounts
Expenditures (continued)					
Housing and Community Development					
Housing services:					
Salaries and wages	\$ 262,928	262,928	250,912	12,016	192,597
Employee benefits	83,142	83,142	79,180	3,962	57,899
Purchased professional/technical services	1,000	137,738	134,916	2,822	325
Other purchased services	15,460	15,460	16,068	(608)	14,258
Supplies	2,864	2,864	3,549	(685)	4,019
Other expenses	-	-	-	-	19,620
Total housing services	<u>365,394</u>	<u>502,132</u>	<u>484,625</u>	<u>17,507</u>	<u>288,718</u>
Total Housing and Community Development	<u>365,394</u>	<u>502,132</u>	<u>484,625</u>	<u>17,507</u>	<u>288,718</u>
Total expenditures	<u>102,217,646</u>	<u>106,713,011</u>	<u>100,944,090</u>	<u>5,768,921</u>	<u>93,481,691</u>
Excess of revenues over expenditures	<u>9,485,112</u>	<u>5,856,106</u>	<u>18,909,512</u>	<u>13,053,406</u>	<u>20,353,127</u>
Transfers in:					
Abandoned motor vehicles	50,000	68,084	68,084	-	50,000
Court security	82,992	82,992	88,168	5,176	80,236
Sanitation	-	62,638	62,638	-	-
Revenue in lieu of property taxes	4,369,206	4,369,206	4,369,206	-	4,273,952
Total transfers in	<u>4,502,198</u>	<u>4,582,920</u>	<u>4,588,096</u>	<u>5,176</u>	<u>4,404,188</u>
Transfers out:					
Street Improvements:					
Street reconstruction	(3,885,972)	(3,891,888)	(3,885,972)	5,916	(3,885,972)
Street Cash CIP	(4,671,181)	(3,171,181)	(3,171,181)	-	(3,461,679)
Capital Improvements:					
Facilities Cash CIP	(1,490,103)	(1,490,103)	(1,490,103)	-	-
Animal Shelter Cash CIP	(200,000)	(1,674,417)	(1,674,417)	-	(500,000)
Parks Cash CIP	(685,000)	(685,000)	(685,000)	-	(4,249,440)
Library Cash CIP	-	(171,772)	(171,772)	-	(340,244)
Information Technology Cash CIP	-	(212,300)	(212,300)	-	(2,354,253)
Bond Interest CIP	-	-	-	-	(600,000)
Stormwater CIP	-	(1,993,642)	(1,993,642)	-	-
Cameron Park Zoo	(2,160,257)	(2,170,128)	(2,010,257)	159,871	(1,983,223)
Rolling stock	(1,210,000)	(1,210,000)	(1,210,000)	-	(660,151)
Equipment Replacement Cash CIP	(300,000)	(300,000)	(300,000)	-	(200,000)
Brownfields	-	-	-	-	(36,000)
TxDOT Brazos Riverwalk	-	(68,236)	(68,236)	-	-

(Continued)

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

Year Ended September 30, 2016

(With Comparative Actual Amounts for the Year Ended September 30, 2015)

	Budgeted Amounts		2016	Variance with	2015
	Original	Final	Actual Amounts	Final Budget	Actual Amounts
Expenditures (continued)					
Other Financing Sources (Uses) (continued)					
Transfers out: (continued)					
Capital Improvements: (continued)					
Cottonwood Creek Golf Course	\$ (134,448)	(139,622)	(134,448)	5,174	-
Transit services	(441,987)	(441,987)	-	441,987	-
Airport services	(736,059)	(745,683)	(736,059)	9,624	(179,235)
Convention services	-	(96,000)	(96,000)	-	-
Health services	(2,874,265)	(2,900,392)	(2,874,265)	26,127	(2,724,229)
Ranger Hall of Fame	(711,837)	(744,232)	(737,456)	6,776	(819,631)
Economic Development Incentive	(1,500,000)	-	-	-	-
Housing demo/lot clearing	(75,000)	(140,000)	(140,000)	-	(155,000)
Grant (fire)	-	-	-	-	(7,526)
Grant (police)	(20,000)	(20,000)	(147,654)	(127,654)	(85,307)
Total transfers out	<u>(21,096,109)</u>	<u>(22,266,583)</u>	<u>(21,738,762)</u>	<u>527,821</u>	<u>(22,241,890)</u>
 Total other financing sources (uses)	 <u>(16,593,911)</u>	 <u>(17,683,663)</u>	 <u>(17,150,666)</u>	 <u>532,997</u>	 <u>(17,837,702)</u>
 Net change in fund balances	 (7,108,799)	 (11,827,557)	 1,758,846	 13,586,403	 2,515,425
 Fund balances, beginning of year	 <u>51,797,659</u>	 <u>51,797,659</u>	 <u>54,313,084</u>	 <u>-</u>	 <u>51,797,659</u>
 Fund balances, end of year	 <u>\$ 44,688,860</u>	 <u>39,970,102</u>	 <u>56,071,930</u>	 <u>13,586,403</u>	 <u>54,313,084</u>

See accompanying notes to financial statements.



City of Waco, Texas
Statement of Net Position -
Proprietary Funds
September 30, 2016

Assets	Business-type Activities - Enterprise Funds					Governmental Activities - Internal Service Funds
	Water	Wastewater	Solid Waste	Other Funds	Total	Funds
Current assets:						
Cash and investments	\$ 33,885,809	20,593,977	19,232,909	3,302,409	77,015,104	11,430,532
Accounts receivable, net of allowances	5,680,519	2,850,792	1,941,947	565,672	11,038,930	2,624
Due from other funds	-	-	-	-	-	401,129
Intergovernmental receivable	755,479	432,070	-	6,870,292	8,057,841	-
Current portion of notes receivable	-	50,687	-	-	50,687	-
Restricted cash and investments	3,895,259	393,447	-	-	4,288,706	-
Accrued interest on notes receivable	-	2,785	-	-	2,785	-
Inventories	300,487	9,145	-	888,476	1,198,108	207,061
Total current assets	44,517,553	24,332,903	21,174,856	11,626,849	101,652,161	12,041,346
Noncurrent assets:						
Restricted cash and investments	32,373,271	63,489,703	-	70,566	95,933,540	-
Noncurrent portion of notes receivable	-	406,996	-	-	406,996	-
Advances to other funds	525,336	-	-	-	525,336	-
Capital assets:						
Land	1,279,185	2,576,524	1,783,510	912,673	6,551,892	38,800
Buildings	9,520,815	10,851,569	1,370,137	60,452,102	82,194,623	920,153
Improvements other than buildings	283,853,337	129,702,963	26,167,880	61,149,759	500,873,939	118,289
Machinery and equipment	8,263,887	10,414,596	18,147,025	14,322,203	51,147,711	1,398,010
Museum collections	-	-	-	2,224,424	2,224,424	-
Construction work in progress	15,810,046	10,796,977	33,571	6,513,129	33,153,723	-
Intangible water rights	32,482,879	-	-	-	32,482,879	-
Less: accumulated depreciation and amortization	(128,285,525)	(58,117,932)	(36,278,866)	(68,632,271)	(291,314,594)	(1,547,794)
Total capital assets	222,924,624	106,224,697	11,223,257	76,942,019	417,314,597	927,458
Total noncurrent assets	255,823,231	170,121,396	11,223,257	77,012,585	514,180,469	927,458
Total assets	300,340,784	194,454,299	32,398,113	88,639,434	615,832,630	12,968,804
Deferred Outflows of Resources						
Deferred outflows of resources:						
Deferred losses on refundings of debt	2,953,149	1,331,381	22,796	-	4,307,326	-
Deferred outflows on pension liability	2,226,123	1,484,081	1,484,081	-	5,194,285	-
Total deferred outflows of resources	5,179,272	2,815,462	1,506,877	-	9,501,611	-

See accompanying notes to financial statements.

	Business-type Activities - Enterprise Funds					Governmental
	Water	Wastewater	Solid Waste	Other	Total	Activities -
				Funds		Internal
Liabilities						Service
						Funds
Liabilities:						
Current liabilities:						
Accounts payable	\$ 618,194	397,353	1,285,952	425,676	2,727,175	98,225
Accrued liabilities	807,865	350,061	410,180	2,002,246	3,570,352	436,639
Unearned revenue	-	-	-	162,315	162,315	-
Due to other funds	-	-	-	4,515,407	4,515,407	-
Compensated absences payable	681,167	536,522	321,616	531,198	2,070,503	237,873
Refundable contracts	750,433	50,000	-	-	800,433	-
Notes payable	79,142	-	-	-	79,142	-
Contracts payable	461,122	-	-	-	461,122	-
Escrow funds	-	-	-	-	-	538
Bonds payable	8,745,000	4,970,000	490,000	-	14,205,000	-
Accrued interest payable	1,503,958	1,557,865	24,083	-	3,085,906	-
Estimated claims and judgments	-	-	-	-	-	2,378,780
	<u>13,646,881</u>	<u>7,861,801</u>	<u>2,531,831</u>	<u>7,636,842</u>	<u>31,677,355</u>	<u>3,152,055</u>
Current liabilities payable from restricted assets:						
Accounts payable	880,879	393,447	-	-	1,274,326	-
Customer deposits	3,014,380	-	-	-	3,014,380	-
	<u>3,895,259</u>	<u>393,447</u>	<u>-</u>	<u>-</u>	<u>4,288,706</u>	<u>-</u>
Total current liabilities	<u>17,542,140</u>	<u>8,255,248</u>	<u>2,531,831</u>	<u>7,636,842</u>	<u>35,966,061</u>	<u>3,152,055</u>
Noncurrent liabilities:						
Refundable contracts	570,776	142,542	-	-	713,318	-
Estimated landfill closure and post-closure care costs	-	-	5,021,423	-	5,021,423	-
Advances from other funds	-	-	-	693,704	693,704	-
Compensated absences payable	277,784	177,189	293,285	286,992	1,035,250	-
Net pension liability	4,349,687	2,899,791	2,899,791	-	10,149,269	-
Bonds payable	164,012,401	113,818,748	3,289,875	-	281,121,024	-
Notes payable	1,670,963	-	-	-	1,670,963	-
Contracts payable	845,390	-	-	-	845,390	-
Total noncurrent liabilities	<u>171,727,001</u>	<u>117,038,270</u>	<u>11,504,374</u>	<u>980,696</u>	<u>301,250,341</u>	<u>-</u>
Total liabilities	<u>189,269,141</u>	<u>125,293,518</u>	<u>14,036,205</u>	<u>8,617,538</u>	<u>337,216,402</u>	<u>3,152,055</u>
Deferred Inflows of Resources						
Deferred inflows of resources:						
Deferred inflows on pension liability	52,973	35,315	35,315	-	123,603	-
Total deferred inflows of resources	<u>52,973</u>	<u>35,315</u>	<u>35,315</u>	<u>-</u>	<u>123,603</u>	<u>-</u>
Net Position						
Net position:						
Net investment in capital assets	82,422,329	52,064,491	7,466,178	76,942,019	218,895,017	927,458
Restricted for capital projects	-	-	-	700,480	700,480	-
Unrestricted	<u>33,775,613</u>	<u>19,876,437</u>	<u>12,367,292</u>	<u>2,379,397</u>	<u>68,398,739</u>	<u>8,889,291</u>
Total net position	<u>\$ 116,197,942</u>	<u>71,940,928</u>	<u>19,833,470</u>	<u>80,021,896</u>	<u>287,994,236</u>	<u>9,816,749</u>

City of Waco, Texas
Statement of Revenues, Expenses, and Changes in Net Position -
Proprietary Funds
Year Ended September 30, 2016

	Business-type Activities - Enterprise Funds					Governmental
	Water	Wastewater	Solid Waste	Other Funds	Total	Activities - Internal Service Funds
Operating revenues:						
Charges for services	\$ 39,072,872	22,972,686	18,416,543	7,677,658	88,139,759	22,055,475
Net merchandise sales	-	-	-	1,001,304	1,001,304	-
Contributions	-	-	-	146,037	146,037	-
Other	527,132	404,170	444,423	1,685,912	3,061,637	18,647
Total operating revenues	39,600,004	23,376,856	18,860,966	10,510,911	92,348,737	22,074,122
Operating expenses:						
Salaries and wages	4,582,607	3,016,052	2,874,076	7,562,222	18,034,957	2,327,936
Employee benefits	2,357,862	1,440,382	1,707,021	2,525,897	8,031,162	937,235
Purchased professional/technical services	1,521,831	1,512,265	1,651,182	2,567,251	7,252,529	1,816,951
Purchased property services	195,119	348,304	13,054	756,281	1,312,758	60,654
Maintenance	2,231,269	1,826,341	2,227,081	1,108,908	7,393,599	78,642
Other purchased services	794,223	333,754	145,783	1,122,220	2,395,980	973,674
Supplies	4,439,317	2,027,206	1,252,572	2,282,566	10,001,661	190,733
Other	4,020,498	3,305,270	2,691,410	1,344,470	11,361,648	13,247,217
Depreciation/amortization	9,046,036	4,769,543	2,796,289	5,536,455	22,148,323	124,854
Total operating expenses	29,188,762	18,579,117	15,358,468	24,806,270	87,932,617	19,757,896
Operating income (loss)	10,411,242	4,797,739	3,502,498	(14,295,359)	4,416,120	2,316,226
Nonoperating revenues (expenses):						
Investment earnings	143,079	177,351	50,086	8,430	378,946	28,935
Other income	4,410	-	-	263,966	268,376	-
Hotel/motel tax	-	-	-	3,204,122	3,204,122	-
Contributions	89,263	-	-	132,001	221,264	-
Intergovernmental revenue	37,456	-	25,000	3,539,663	3,602,119	-
Bond issuance costs	(761,120)	(1,067,111)	(4,941)	-	(1,833,172)	-
Interest expense and fiscal charges	(4,535,903)	(2,378,299)	(95,136)	-	(7,009,338)	-
Total nonoperating revenues (expenses)	(5,022,815)	(3,268,059)	(24,991)	7,148,182	(1,167,683)	28,935
Income (loss) before contributions and transfers	5,388,427	1,529,680	3,477,507	(7,147,177)	3,248,437	2,345,161
Capital contributions	1,048,273	432,070	-	5,752,405	7,232,748	-
Transfers in	-	-	-	3,864,220	3,864,220	-
Transfers out	(3,209,846)	(832,807)	(391,191)	(150,000)	(4,583,844)	(921,115)
Changes in net position	3,226,854	1,128,943	3,086,316	2,319,448	9,761,561	1,424,046
Total net position, beginning of year as previously stated	114,257,608	70,811,985	16,747,154	77,702,448	279,519,195	8,392,703
Prior period adjustment	(1,286,520)	-	-	-	(1,286,520)	-
Total net position, beginning of year as restated	112,971,088	70,811,985	16,747,154	77,702,448	278,232,675	8,392,703
Total net position, end of year	\$ 116,197,942	71,940,928	19,833,470	80,021,896	287,994,236	9,816,749

See accompanying notes to financial statements.

City of Waco, Texas
Statement of Cash Flows -
Proprietary Funds
Year Ended September 30, 2016

	Business-type Activities - Enterprise Funds					Governmental Activities - Internal Service Funds
	Water	Wastewater	Solid Waste	Other	Total	
				Funds		
Cash flows from operating activities:						
Cash received from customers	\$ 39,778,831	23,290,449	18,717,627	10,672,938	92,459,845	22,073,352
Cash paid to suppliers for goods and services	(12,715,026)	(9,442,021)	(6,445,595)	(9,336,881)	(37,939,523)	(16,601,513)
Cash paid to employees for services	(6,826,664)	(4,171,098)	(4,481,838)	(9,934,046)	(25,413,646)	(3,291,597)
Net cash provided by (used for) operating activities	<u>20,237,141</u>	<u>9,677,330</u>	<u>7,790,194</u>	<u>(8,597,989)</u>	<u>29,106,676</u>	<u>2,180,242</u>
Cash flows from noncapital financing activities:						
Hotel/motel tax	-	-	-	3,142,390	3,142,390	-
Intergovernmental revenue	54,019	-	25,000	1,219,484	1,298,503	-
Contributions	-	-	-	132,001	132,001	-
Passenger facility charges	-	-	-	263,966	263,966	-
Payments to other funds	-	-	-	2,415,432	2,415,432	-
Transfers from other funds	89,263	-	-	3,864,220	3,953,483	-
Transfer to other funds	(3,884,444)	(1,203,360)	(655,996)	(150,000)	(5,893,800)	(1,001,216)
Net cash provided by (used for) noncapital financing activities	<u>(3,741,162)</u>	<u>(1,203,360)</u>	<u>(630,996)</u>	<u>10,887,493</u>	<u>5,311,975</u>	<u>(1,001,216)</u>
Cash flows from capital and related financing activities:						
Acquisition of capital assets	(12,837,047)	(10,663,074)	(2,959,112)	(7,080,325)	(33,539,558)	(195,523)
Proceeds from sale of debt	30,314,773	55,840,562	4,359	-	86,159,694	-
Capital contributions	100,000	-	-	4,438,040	4,538,040	-
Payment of refundable contracts	(750,433)	-	-	-	(750,433)	-
Principal paid on debt	(7,695,000)	(3,860,000)	(470,000)	-	(12,025,000)	-
Interest paid on debt	(5,622,277)	(2,520,580)	(161,217)	-	(8,304,074)	-
Payment of bond issuance costs	(761,120)	(1,067,111)	-	-	(1,828,231)	-
Net cash provided by (used for) capital and related financing activities	<u>2,748,896</u>	<u>37,729,797</u>	<u>(3,585,970)</u>	<u>(2,642,285)</u>	<u>34,250,438</u>	<u>(195,523)</u>
Cash flows from investing activities:						
Rental revenue	4,410	-	-	-	4,410	-
Investment earnings	143,079	177,642	50,086	8,430	379,237	28,935
Note payments from other entities	-	47,727	-	-	47,727	-
Net cash provided by investing activities	<u>147,489</u>	<u>225,369</u>	<u>50,086</u>	<u>8,430</u>	<u>431,374</u>	<u>28,935</u>
Net increase (decrease) in cash and cash equivalents	19,392,364	46,429,136	3,623,314	(344,351)	69,100,463	1,012,438
Cash and cash equivalents, beginning of year	<u>50,761,975</u>	<u>38,047,991</u>	<u>15,609,595</u>	<u>3,717,326</u>	<u>108,136,887</u>	<u>10,418,094</u>
Cash and cash equivalents, end of year	<u>\$ 70,154,339</u>	<u>84,477,127</u>	<u>19,232,909</u>	<u>3,372,975</u>	<u>177,237,350</u>	<u>11,430,532</u>

(Continued)

City of Waco, Texas
Statement of Cash Flows -
Proprietary Funds
(Continued)
Year Ended September 30, 2016

	Business-type Activities - Enterprise Funds				Total	Governmental Activities - Internal Service Funds
	Water	Wastewater	Solid Waste	Other Funds		
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:						
Operating income (loss)	\$ 10,411,242	4,797,739	3,502,498	(14,295,359)	4,416,120	2,316,226
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:						
Provision for uncollectible accounts receivable	(32,569)	(21,238)	(15,191)	-	(68,998)	-
Depreciation/amortization	9,046,036	4,769,543	2,796,289	5,536,455	22,148,323	124,854
Loss on disposal of capital assets	-	-	-	48,288	48,288	-
Changes in assets and liabilities:						
Decrease (increase) in assets:						
Accounts receivable	211,396	(65,169)	(128,148)	89,058	107,137	(770)
Inventories	(442)	4,163	-	(70,010)	(66,289)	5,204
Increase (decrease) in liabilities:						
Accounts payable	15,651	(151,958)	1,046,031	(132,452)	777,272	(164,845)
Accrued liabilities	(10,745)	96,423	25,311	140,268	251,257	37,238
Unearned revenue	-	-	-	72,969	72,969	-
Estimated landfill closure and post-closure care costs	-	-	263,553	-	263,553	-
Due to other funds	-	-	-	49,216	49,216	-
Compensated absences payable	56,650	11,091	63,115	(36,422)	94,434	(39,887)
Net pension liability	355,104	236,736	236,736	-	828,576	-
Customer deposits	184,818	-	-	-	184,818	-
Estimated claims and judgments	-	-	-	-	-	(97,778)
Net cash provided by (used for) operating activities	<u>\$ 20,237,141</u>	<u>9,677,330</u>	<u>7,790,194</u>	<u>(8,597,989)</u>	<u>29,106,676</u>	<u>2,180,242</u>
Noncash investing, capital, and financing activities:						
Contributions of capital assets	\$ -	-	-	252,392	252,392	-
Assets acquired through refundable contracts	\$ 887,972	-	-	-	887,972	-
Payment to refunded bond escrow agent	<u>\$ 17,552,360</u>	<u>10,540,705</u>	<u>327,865</u>	<u>-</u>	<u>28,420,930</u>	<u>-</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 items: intergovernmental accounts receivable, accounts payable and accrued liabilities related to capital items.

See accompanying notes to financial statements.

City of Waco, Texas
Statement of Fiduciary Net Position -
Agency Funds
September 30, 2016

	<u>Agency Funds</u>
Assets	
Cash and investments	\$ 1,701,512
Accounts receivable	815
Due from other governments	<u>235,060</u>
Total assets	<u>\$ 1,937,387</u>
Liabilities	
Due to other agencies and individuals	\$ 1,745,170
Due to other funds	<u>192,217</u>
Total liabilities	<u>\$ 1,937,387</u>

See accompanying notes to financial statements.



City of Waco, Texas

Notes to Financial Statements

September 30, 2016

I. Summary of Significant Accounting Policies

A. Reporting Entity

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

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

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

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

The *Waco Health Facilities Development Corporation* (the WHFDC) was created in 1983 under the Health Facilities Development Act as a public, nonprofit corporation for the purpose of issuing obligations in order to finance all

City of Waco, Texas

Notes to Financial Statements (Continued)

I. Summary of Significant Accounting Policies (continued)

A. Reporting Entity (continued)

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

Although the CWDC and WHFDC do not issue separate financial statements, each entity's activity is reported in its respective single fund and all information is presented within the government-wide financial statements.

B. Government-wide and Fund Financial Statements

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

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

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

City of Waco, Texas

Notes to Financial Statements (Continued)

I. Summary of Significant Accounting Policies (continued)

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

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

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

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

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

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

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

City of Waco, Texas

Notes to Financial Statements
(Continued)

I. Summary of Significant Accounting Policies (continued)

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

The City reports the following major governmental funds:

The *general fund* is the City's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The City reports the following major proprietary funds:

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

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

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

Additionally, the City reports the following fund types:

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

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

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

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

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

City of Waco, Texas

Notes to Financial Statements (Continued)

I. Summary of Significant Accounting Policies (continued)

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

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

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

Deposits and Investments

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

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

Investments for the City, as well as for its component units, are reported at fair value. The City invests in local government investment pools (LGIPs) that were created to function as money market mutual funds within appropriate state laws and regulations. Each of these LGIPs seeks to maintain a constant \$1.00 net asset value per share.

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

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".

City of Waco, Texas

Notes to Financial Statements (Continued)

I. Summary of Significant Accounting Policies (continued)

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

Receivables and Payables (continued)

Advances between funds, as reported in the fund financial statements, are not available for appropriation and are not expendable available financial resources.

All trade and property tax receivables are shown net of an allowance for uncollectibles. Trade accounts receivable in excess of 180 days are estimated to be uncollectible and comprise the trade accounts receivable allowance for uncollectibles. The property tax receivable allowance is equal to 7.58 percent of outstanding property taxes at September 30, 2016.

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

Inventories

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

Restricted Assets

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

Capital Assets

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

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

City of Waco, Texas

Notes to Financial Statements
(Continued)

I. Summary of Significant Accounting Policies (continued)

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

Capital Assets (continued)

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. The total interest expense incurred during the current fiscal year was \$7,452,133 for business-type activities. Of this amount, \$442,795 were included as part of the cost of capital assets under construction in connection with water and wastewater fund construction projects.

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

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

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.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources

City of Waco, Texas

Notes to Financial Statements (Continued)

I. Summary of Significant Accounting Policies (continued)

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

Deferred Outflows/Inflows of Resources (continued)

(expense/expenditure) until then. The City has four items that qualify for reporting in this category: (1) the deferred charge on refunding reported in the government-wide statement of net position; a deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price; this amount is deferred and amortized over the shorter of the life of the refunded or refunding debt; (2) pension contributions made by the City subsequent to the measurement date; this amount will be recognized as a reduction of the net pension liability in the following year; (3) difference between projected and actual earnings on pension plan investments; this amount will be amortized into pension expense; and (4) changes in assumptions for the net pension liability; this amount will be amortized into pension expense.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The City has one item that qualifies for reporting in this category in the government-wide financial statements: (1) difference between expected and actual experience, this amount will be amortized into pension expense. The government also has one type of item, which arises under a modified accrual basis of accounting, that qualifies for reporting in this category. Accordingly, the item, *unavailable revenue*, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from multiple sources: property taxes, court fines, special assessments, etc. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

Compensated Absences

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

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 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 18% of budgeted revenues. General fund unassigned fund balance at September 30, 2016 was 18.97% of fiscal year 2017 budgeted revenues.

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

City of Waco, Texas

Notes to Financial Statements
(Continued)

I. Summary of Significant Accounting Policies (continued)

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

Fund Balance (continued)

	General Fund	Other Funds	Total
Fund balances:			
Nonspendable:			
Inventory	\$ 925,826	138,360	1,064,186
Real estate held for resale	6,160	-	6,160
Parks and cemetery care	-	366,560	366,560
Restricted for:			
Municipal information	971,345	-	971,345
Debt service	-	598,145	598,145
Capital projects	-	4,631,102	4,631,102
Tax increment zone activities	-	16,822,186	16,822,186
Housing and community development	-	2,037,017	2,037,017
Public safety	-	1,224,262	1,224,262
Culture and recreation	365,900	347,288	713,188
Waco Public Improvement District	-	755,292	755,292
Committed to:			
Economic development	10,288,673	-	10,288,673
Capital projects	-	13,223,176	13,223,176
Public health	-	1,050,924	1,050,924
Assigned to:			
Capital improvements	11,891,042	-	11,891,042
Economic development	4,753,144	-	4,753,144
Housing and community development	3,822	-	3,822
Public safety	237,645	-	237,645
Public works	300,048	-	300,048
Culture and recreation	141,888	-	141,888
Subsequent year's budget appropriation	2,140,199	-	2,140,199
Other	268,004	-	268,004
Unassigned	23,778,234	-	23,778,234
	\$ 56,071,930	41,194,312	97,266,242

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 \$133,323,749 difference are as follows:

Serial bonds and certificates of obligation	\$ 77,710,000
Less: deferred charge on refunding (to be amortized as interest expense)	(2,458,628)
Plus: issuance premium (to be amortized as interest expense)	6,413,284
Accrued interest payable	611,094
Compensated absences	17,837,746
Net pension liability and pension related deferred outflows/ inflows of \$31,148,491 (to be amortized as pension expense)	31,197,033
Refundable contracts	80,007
Contracts payable	830,000
Net other post-employment benefit obligation	296,103
Notes payable	<u>807,110</u>
Net adjustment to reduce <i>fund balance - total governmental funds</i> to arrive at <i>net position - governmental activities</i>	<u>\$ 133,323,749</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 \$9,947,417 difference are as follows:

Capital outlay	\$ 26,874,785
Depreciation expense	<u>(16,927,368)</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>\$ 9,947,417</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 \$5,813,935 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>\$ 5,813,935</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>\$ 5,813,935</u>

Another element of that reconciliation states, “Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.” The details of this \$(99,064) difference are as follows:

City of Waco, Texas

Notes to Financial Statements
(Continued)

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

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

Court fines	\$	(22,533)
Property taxes		(73,011)
Special assessments		<u>(3,520)</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>(99,064)</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 \$1,891,181 difference are as follows:

Debt issued or incurred:		
Issuance of general obligation and refunding debt	\$	(5,750,000)
Plus: premium on issuance		(470,594)
Principal repayments:		
General obligation debt		5,895,000
Note payable		161,422
Payment to escrow agent for refunding		<u>2,055,353</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>1,891,181</u>

Another element of that reconciliation states, “Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.” The details of this \$(4,835,690) difference are as follows:

City of Waco, Texas

Notes to Financial Statements
(Continued)

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

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

Net other post-employment benefit obligation	\$ (23,329)
Compensated absences	(321,051)
Net pension liability	(5,089,818)
Accrued interest	(27,387)
Amortization of deferred charge on refunding	(388,860)
Amortization of bond premiums	<u>1,014,755</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>\$ (4,835,690)</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.

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.

City of Waco, Texas

Notes to Financial Statements
(Continued)

III. Stewardship, Compliance and Accountability (continued)

A. Budgetary Information (continued)

Outstanding encumbrances for governmental funds as of September 30, 2016 are \$1,157,952 for the general fund and \$14,418,360 for other nonmajor funds.

B. Deficit Fund Position

Deficit net position in individual nonmajor funds at September 30, 2016 consist of the following:

	Net Investment in <u>Capital Assets</u>	<u>Unrestricted</u>	<u>Total Net Position</u>
Nonmajor Enterprise Fund:			
Cottonwood Creek Golf Course	\$ <u>988,668</u>	<u>(1,349,329)</u>	<u>(360,661)</u>

The Cottonwood Creek Golf Course Fund is used to account for the City’s golf course facility. Operations continue to be reviewed with emphasis on improving pro shop and concession operations. The change in net position was \$(68,485) for the fiscal year as compared with \$(196,027) in the prior year.

IV. Detail Notes on All Funds

A. Deposits and Investments

As of September 30, 2016, the City has U.S. Treasury securities and U.S. Federal agency securities of \$18,017,354 and \$131,702,231, respectively, which are valued using quoted market prices (Level 1).

As of September 30, 2016, the City had the following investments:

	<u>Total Investments</u>	Percent of <u>Portfolio</u>	<u>Weighted Average Maturity (in Years)</u>
Investments reported at amortized cost:			
Texas Local Government Investment Pool (Tex Pool)	\$ 38,566,042	15.72	0.12
Texas Short-Term Asset Reserve (TexSTAR)	<u>57,036,810</u>	<u>23.25</u>	0.12
Total local government investment pools	95,602,852	38.97	0.12
Investments reported at fair value:			
U.S. Treasury securities	18,017,354	7.34	0.31
U.S. Federal agency securities	<u>131,702,231</u>	<u>53.69</u>	1.00
Total investments	\$ <u>245,322,437</u>	<u>100.00</u>	1.00

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 0.63 years as of September 30, 2016.

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)

Credit Risk (continued)

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

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributable to the magnitude of a government's investments in the securities of a single issuer. The City's investment policy includes an investment objective of seeking diversification to avoid unreasonable risk. More than 5% of the City's investments at September 30, 2016 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	\$ 47,053,544	19.18%
Federal Home Loan Bank	36,028,098	14.69%
Federal Home Loan Mortgage Corporation	34,429,556	14.03%
Federal National Mortgage Association	14,191,033	5.78%

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	\$ 34,523,750
Carrying amount of investments	<u>245,322,437</u>
Total	<u>\$ 279,846,187</u>
Cash and investments - governmental activities	\$ 99,093,024
Cash and investments - business-type activities	77,015,104
Restricted cash and investments - business-type activities	100,222,246
Component units, excluding Baylor Waco Stadium Authority	36,445
Agency funds	1,701,512
Other participants' undivided interest in WMARSS cash and investments	<u>1,777,856</u>
Total	<u>\$ 279,846,187</u>

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

Local Government Investment Pools

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

TexSTAR. TexSTAR is a Texas public funds investment pool that is co-administered by J.P. Morgan Fleming Asset Management and First Southwest Asset Management, Inc. TexSTAR is managed by a five-member governing board comprised of three

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)

representatives of eligible governmental entities and one member designated by each of the co-administrators. The pool uses amortized cost rather than the fair value to report net assets to compute share prices.

B. Receivables

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

	<u>General</u>	<u>Water</u>	<u>Wastewater</u>	<u>Solid Waste</u>	<u>Nonmajor and Other Funds</u>	<u>Total</u>
Receivables:						
Taxes	\$ 8,695,184	-	-	-	410,956	9,106,140
Accounts	15,222,985	7,352,639	3,941,806	3,026,629	1,765,066	31,309,125
Special assessments	-	-	-	-	3,122	3,122
Intergovernmental	289,910	755,479	432,070	-	8,306,038	9,783,497
Notes	-	-	457,683	-	7,285,227	7,742,910
	<u>24,208,079</u>	<u>8,108,118</u>	<u>4,831,559</u>	<u>3,026,629</u>	<u>17,770,409</u>	<u>57,944,794</u>
Gross receivables						
Less: allowance for uncollectibles	<u>11,588,420</u>	<u>1,672,120</u>	<u>1,091,014</u>	<u>1,084,682</u>	<u>5,951,026</u>	<u>21,387,262</u>
Net total receivables	<u>\$ 12,619,659</u>	<u>6,435,998</u>	<u>3,740,545</u>	<u>1,941,947</u>	<u>11,819,383</u>	<u>36,557,532</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 general fund	\$ 37,421
Uncollectibles related to water sales	(31,636)
Uncollectibles related to wastewater charges	(21,237)
Uncollectibles related to solid waste charges	(15,191)
Nonmajor funds	<u>82,296</u>
Total uncollectibles of the current fiscal year	<u>\$ 51,653</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, 2016 was as follows:

	Primary Government			Balance September 30, 2016
	Balance October 1, 2015	Increases	Decreases	
<u>Governmental activities:</u>				
Capital assets, not being depreciated:				
Land	\$ 46,633,937	2,117,025	-	48,750,962
Construction in progress	8,705,453	12,576,221	(4,025,781)	17,255,893
Total capital assets not being depreciated	<u>55,339,390</u>	<u>14,693,246</u>	<u>(4,025,781)</u>	<u>66,006,855</u>
Capital assets, being depreciated:				
Buildings	69,773,893	4,900,246	-	74,674,139
Machinery and equipment	49,671,247	6,042,255	(1,450,377)	54,263,125
Improvements other than buildings	62,015,317	545,263	-	62,560,580
Infrastructure	270,033,626	10,729,014	-	280,762,640
Total capital assets being depreciated	<u>451,494,083</u>	<u>22,216,778</u>	<u>(1,450,377)</u>	<u>472,260,484</u>
Less accumulated depreciation:				
Buildings	20,225,527	2,540,099	-	22,765,626
Machinery and equipment	34,564,065	4,174,623	(1,450,377)	37,288,311
Improvements other than buildings	28,948,832	3,062,091	-	32,010,923
Infrastructure	165,980,639	7,275,409	-	173,256,048
Total accumulated depreciation	<u>249,719,063</u>	<u>17,052,222</u>	<u>(1,450,377)</u>	<u>265,320,908</u>
Total capital assets being depreciated, net	<u>201,775,020</u>	<u>5,164,556</u>	<u>-</u>	<u>206,939,576</u>
Total capital assets, net	<u>\$ 257,114,410</u>	<u>19,857,802</u>	<u>(4,025,781)</u>	<u>272,946,431</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, 2016
	Balance October 1, 2015	Increases	Decreases	
<u>Business-type activities:</u>				
Capital assets, not being depreciated/amortized:				
Land	\$ 6,522,237	29,655	-	6,551,892
Construction in progress	18,151,956	23,252,949	(8,251,182)	33,153,723
Museum collections	2,206,424	18,000	-	2,224,424
	<u>26,880,617</u>	<u>23,300,604</u>	<u>(8,251,182)</u>	<u>41,930,039</u>
Total capital assets not being depreciated/amortized				
Capital assets, being depreciated/amortized:				
Buildings	81,227,473	967,150	-	82,194,623
Machinery and equipment	47,053,387	6,012,688	(1,918,364)	51,147,711
Improvements other than buildings	491,348,606	9,529,097	(3,764)	500,873,939
Water rights - impound fee	32,482,879	-	-	32,482,879
	<u>652,112,345</u>	<u>16,508,935</u>	<u>(1,922,128)</u>	<u>666,699,152</u>
Total capital assets being depreciated/amortized				
Less accumulated depreciation:				
Buildings	34,930,976	2,687,200	-	37,618,176
Machinery and equipment	33,394,308	3,760,118	(1,894,379)	35,260,047
Improvements other than buildings	192,975,783	14,774,185	(3,764)	207,746,204
Water rights - impound fee	9,763,347	926,820	-	10,690,167
	<u>271,064,414</u>	<u>22,148,323</u>	<u>(1,898,143)</u>	<u>291,314,594</u>
Total accumulated depreciation/amortization				
	<u>381,047,931</u>	<u>(5,639,388)</u>	<u>(23,985)</u>	<u>375,384,558</u>
Total capital assets being depreciated/amortized, net				
Total capital assets, net	<u>\$ 407,928,548</u>	<u>17,661,216</u>	<u>(8,275,167)</u>	<u>417,314,597</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	\$ 780,974
Public works	7,765,506
Public safety	3,827,827
Culture and recreation	4,636,028
Public health	<u>41,887</u>
Total depreciation expense - governmental activities	<u>\$ 17,052,222</u>

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

Business-type activities	
Water	\$ 9,046,036
Wastewater	4,769,543
Solid waste	2,796,289
Airport	2,258,860
Convention services	855,341
Ranger Hall of Fame	136,605
Cameron Park Zoo	1,075,657
Transit services	1,058,735
Cottonwood Creek Golf Course	<u>151,257</u>
Total depreciation/amortization expense - business-type activities	<u>\$ 22,148,323</u>

Construction commitments

The City has active construction projects as of September 30, 2016. At year-end the City's commitments with contractors are as follows:

Project	Spent to Date	Remaining Commitments
Street projects	\$ 10,629,103	2,257,982
Water projects	15,810,046	6,328,949
Wastewater projects	10,796,977	2,933,169
Airport projects	6,426,875	638,936
Animal shelter	3,540,537	203,058
Parks projects	834,292	176,982
Other projects	<u>2,371,786</u>	<u>973,381</u>
Total	<u>\$ 50,409,616</u>	<u>13,512,457</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, 2016 is as follows:

Due to/from other funds

Receivable Fund	Payable Fund	Amount
General	Nonmajor governmental	\$ 384,710
General	Nonmajor business-type	4,515,407
Nonmajor governmental	Nonmajor governmental	1,100,890
Internal service	General	401,129
Nonmajor governmental	General	8,576,258
General	Agency	192,217
		\$ 15,170,611

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

	Transfer in			Total
	<u>General</u>	<u>Nonmajor Governmental</u>	<u>Nonmajor Enterprise</u>	
Transfers out:				
General	\$ -	18,024,542	3,714,220	21,738,762
Water	3,208,846	1,000	-	3,209,846
Wastewater	831,807	1,000	-	832,807
Solid waste	391,191	-	-	391,191
Nonmajor governmental	156,252	142,227	-	298,479
Nonmajor enterprise	-	-	150,000	150,000
Internal service	-	921,115	-	921,115
Total transfers	<u>\$ 4,588,096</u>	<u>19,089,884</u>	<u>3,864,220</u>	<u>27,542,200</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, 2016, 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	\$ 3,208,846
Wastewater	831,807
Solid waste	328,553

E. Leases

Operating leases

The government leases building and office facilities and other equipment under noncancelable operating leases. Total costs for such leases were \$652,735 for the year ended September 30, 2016. The future minimum lease payments for these leases are as follows:

City of Waco, Texas

Notes to Financial Statements
(Continued)

IV. Detail Notes on All Funds (continued)

E. Leases (continued)

Operating leases (continued)

Year Ending September 30,		
2017	\$	491,131
2018		334,905
2019		5,875
Total	\$	831,911

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%	\$ 32,545,000
Governmental activities - refunding	2.00% - 5.00%	45,165,000
Business-type activities	2.00% - 5.00%	124,085,000
Business-type activities - refunding	2.00% - 5.00%	153,370,000
		\$ 355,165,000

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

City of Waco, Texas

Notes to Financial Statements
(Continued)

F. Long-term Debt (continued)

General obligation bonds (continued)

Year Ending September 30,	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2017	\$ 6,085,000	3,233,164	14,205,000	11,757,417
2018	6,385,000	2,930,769	15,360,000	9,930,640
2019	6,150,000	2,684,951	16,040,000	9,340,353
2020	6,045,000	2,425,579	16,520,000	8,636,538
2021	6,405,000	2,149,988	16,470,000	7,915,733
2022 - 2026	31,285,000	6,542,246	73,430,000	29,386,992
2027 - 2031	12,820,000	1,234,022	66,625,000	15,573,692
2032 - 2036	2,535,000	158,183	57,245,000	4,582,734
2037 - 2041	-	-	1,560,000	24,375
Total	\$ <u>77,710,000</u>	<u>21,358,902</u>	<u>277,455,000</u>	<u>97,148,474</u>

Advance refunding

In 2016, the government issued \$29,470,000 of general obligation refunding bonds to provide resources to purchase U.S. state and local government services securities that are placed in an irrevocable trust for the purpose of generating resources for all future debt service payments on \$29,130,000 of general obligation bonds. As a result, the refunded bonds are considered to be defeased and the liability has been removed for the governmental and business-type activities columns of the statement of net position. The reacquisition price exceeded the net carrying amount of the old debt by \$1,194,881. This amount is amortized over the remaining life of the refunded debt.

The advance refunding was undertaken to reduce total debt service payments over the next twenty-one years by \$5,449,323 and resulted in an economic gain of \$4,202,322.

Prior year defeasance of bonds

In the current year and in prior years, the City defeased certain bonds by placing the proceeds of new bonds in an irrevocable trust to provide future debt service payments on the old bonds. Accordingly, the trust account assets and liabilities for the defeased bonds are not included in the City's financial statements. On September 30, 2016, \$84,705,000 of bonds considered defeased are still outstanding.

City of Waco, Texas

Notes to Financial Statements
(Continued)

IV. Detail Notes on All Funds (continued)

F. Long-term Debt (continued)

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.

Year Ending September 30,	Note Payable	
	Principal	Interest
2017	\$ 79,142	74,620
2018	82,657	71,105
2019	86,328	67,434
2020	90,162	63,600
2021	94,166	59,596
2022 - 2026	293,093	246,996
2027 - 2031	195,003	202,907
2032 - 2036	242,326	155,584
2037 - 2041	301,133	96,777
2042 - 2046	286,095	25,601
Total	\$ 1,750,105	1,064,220

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 \$187,630 paid through 2016. Five annual payments of \$161,422 will be required for fiscal years 2017 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.

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)

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, 2016.

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

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

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

Refundable contracts

The City maintains a policy of refunding to subdivision developers certain costs for the construction of water and wastewater improvements and streets and drainage facilities, applicable to single family housing developments. The policy was created to encourage the construction of single family residences within the corporate limits of the City. Amounts under contract which have not yet been refunded of \$1,513,751 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, 2016 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	\$ 79,755	5,750	7,795	77,710	6,085
Plus: premium on bonds	<u>6,937</u>	<u>491</u>	<u>1,015</u>	<u>6,413</u>	<u>-</u>
Total bonds payable	<u>86,692</u>	<u>6,241</u>	<u>8,810</u>	<u>84,123</u>	<u>6,085</u>
Contracts payable	830	-	-	830	-
Refundable contracts	80	-	-	80	-
Estimated claims and judgments	2,477	14,209	14,307	2,379	2,379
Note payable	968	-	161	807	161
Compensated absences	17,794	11,292	11,010	18,076	11,161
Net pension liability	36,767	41,249	15,670	62,346	-
Net OPEB obligation	<u>273</u>	<u>90</u>	<u>67</u>	<u>296</u>	<u>-</u>
Total other long-term liabilities	<u>59,189</u>	<u>66,840</u>	<u>41,215</u>	<u>84,814</u>	<u>13,701</u>
Governmental activity long-term liabilities	<u>\$ 145,881</u>	<u>73,081</u>	<u>50,025</u>	<u>168,937</u>	<u>19,786</u>
<u>Business-type activities:</u>					
Bonds payable:					
General obligation bonds	\$ 210,300	106,410	39,255	277,455	14,205
Plus: premium on bonds	<u>12,750</u>	<u>8,250</u>	<u>3,129</u>	<u>17,871</u>	<u>-</u>
Total bonds payable	<u>223,050</u>	<u>114,660</u>	<u>42,384</u>	<u>295,326</u>	<u>14,205</u>
Refundable contracts	1,572	692	750	1,514	800
Estimated landfill closure	4,758	263	-	5,021	-
Contracts payable	-	1,307	-	1,307	461
Note payable	1,826	-	76	1,750	79
Compensated absences	3,012	2,165	2,071	3,106	2,071
Net pension liability	<u>5,985</u>	<u>6,715</u>	<u>2,551</u>	<u>10,149</u>	<u>-</u>
Total other long-term liabilities	<u>17,153</u>	<u>11,142</u>	<u>5,448</u>	<u>22,847</u>	<u>3,411</u>
Business-type activity long-term liabilities	<u>\$ 240,203</u>	<u>125,802</u>	<u>47,832</u>	<u>318,173</u>	<u>17,616</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, \$237,873 and \$2,378,780 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		\$ 3,014,380
Bond construction account		97,137,300
Capital grants and contributions		<u>70,566</u>
Total restricted assets		<u>\$ 100,222,246</u>

H. Risk Management

The City is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters for which the government carries commercial insurance. The City has established the insurance fund and health insurance fund (internal services funds) to account for and finance its risk management activities. All funds participate in these programs and make payments to these funds based on actuarial estimates of the amounts needed to pay prior and current-year claims and to establish reserves for catastrophic losses. The reserves for catastrophic losses were approximately \$7,900,000 at September 30, 2016.

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 provides commercial insurance for each general liability or property damage claim. The City purchases commercial insurance for claims in excess of \$50,000. The commercial liability insurance limits are \$1,000,000 per occurrence for general liability with a \$2,000,000 annual aggregate, except for law enforcement liability for which the limits are \$5,000,000 per occurrence and \$10,000,000 annual aggregate. The commercial insurance limits for the City's property coverages are: \$10,000,000 aggregate for automobile catastrophe, \$421,377,229 aggregate for real and personal property, \$11,272,263 aggregate for mobile equipment and \$5,000,000 per accident for boiler and machinery.

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

There have been no claim settlements in excess of the insurance coverages that have been procured in 2016, 2015, or 2014. Changes in the amounts of estimated unpaid liability claims during the past two years are as follows (shown in thousands of dollars):

	2016	2015
Unpaid claims, beginning of fiscal year	\$ 2,477	3,213
Incurred claims (including IBNRs)	14,209	13,620
Claim payments	(14,307)	(14,356)
Unpaid claims, end of fiscal year	\$ 2,379	2,477

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 \$3,332,094 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 \$17,024,136 had been funded through 2016. This annual grant funding is limited to tax increment revenue collected each year from the reinvestment zone number one as follows:

Year	Amount
2017	\$ 3,006,034
2018	3,006,034
2019	3,006,034
2020	3,006,034
2021	3,006,034
2022	3,006,034

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

IV. Detail Notes on All Funds (continued)

K. Other Post-employment Benefits

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

Actuarial methods and assumptions

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

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

Actuarial Methods and Assumptions

Type of benefit	Life insurance only
Inflation rate	2.50% per annum
Investment rate of return	4.00% per annum, net of expenses
Actuarial cost method	Projected Unit Credit Cost Method
Amortization method	Level as a percentage of employee payroll
Amortization period	30-year open amortization
Payroll growth	3.00% per annum

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

City of Waco, Texas

Notes to Financial Statements
(Continued)

IV. Detail Notes on All Funds (continued)

K. Other Post-employment Benefits (continued)

Actuarial methods and assumptions (continued)

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

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

Reconciliation of Net Other Post-employment Benefit Obligation

	2016	2015	2014
Annual Required Contribution (ARC)	\$ 89,807	85,579	83,086
Interest on OPEB obligation	10,911	11,366	10,454
Adjustment to the ARC (amortization)	(10,629)	(10,530)	(9,686)
Annual OPEB cost	90,089	86,415	83,854
Net estimated employer contributions	(66,760)	(66,211)	(63,600)
Increase in net OPEB obligation	23,329	20,204	20,254
Net OPEB obligation, beginning of year	272,774	252,570	232,316
Net OPEB obligation, end of year	296,103	272,774	252,570

The City’s annual OPEB cost, the amount contributed by the employer, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for fiscal year ending September 30, 2016 and the preceding two fiscal years were as follows:

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

IV. Detail Notes on All Funds (continued)

K. Other Post-employment Benefits (continued)

Actuarial methods and assumptions (continued)

Fiscal Year Ending	Annual OPEB Cost	Employer Amount Contributed	Percentage Contributed	Net OPEB Obligation
September 30, 2016	\$ 90,089	66,760	74.1%	\$ 296,103
September 30, 2015	86,415	66,211	76.6%	\$ 272,774
September 30, 2014	83,854	63,600	75.8%	252,570

Funding status and funding progress

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

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
12/31/2015	\$ -	1,796,660	1,796,660	0%	\$ 75,489,706	2.4%
12/31/2013	-	1,576,980	1,576,980	0%	71,807,295	2.2%
12/31/2011	-	1,646,618	1,646,618	0%	67,309,969	2.4%
12/31/2009	-	1,119,718	1,119,718	0%	66,925,539	1.7%
12/31/2007	-	973,424	973,424	0%	64,258,478	1.5%

Under the reporting parameters, the City's retiree life insurance plan is 0% funded with the actuarial accrued liability exceeding actuarial assets by \$1,796,660 at December 31, 2015. As of the most recent valuation, the ratio of the unfunded actuarial accrued liability to annual covered payroll is 2.4%.

L. Defined Benefit Pension Plan

Plan Description

The City participates as one of 866 plans in the nontraditional, joint contributory, hybrid defined benefit pension plan administered by the Texas Municipal Retirement System (TMRS). TMRS is an agency created by the State of Texas and administered in accordance with the TMRS Act, Subtitle G, Title 8, Texas Government Code (the TMRS Act) as an agent multiple-employer retirement system for municipal

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)

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

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

Benefits Provided

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

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

Employees covered by benefit terms: At the December 31, 2015 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries current receiving benefits	907
Inactive employees entitled to but not yet receiving benefits	498
Active employees	1,484

Contributions

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

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

IV. Detail Notes on All Funds (continued)

L. Defined Benefit Pension Plan (continued)

Contributions (continued)

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

Employees for the City of Waco were required to contribute 7.0% of their annual gross earnings during the fiscal year. The contribution rates for the City of Waco were 13.15% and 12.96% in calendar years 2015 and 2016, respectively. The City's contributions to TMRS for the year ended September 30, 2016 were \$9,918,113 and were equal to the required contributions.

Net Pension Liability

The City's Net Pension Liability (NPL) was measured as of December 31, 2015, and the Total Pension Liability (TPL) used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date.

Actuarial assumptions: The Total Pension Liability in the December 31, 2015 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 male rates multiplied by 109% and female rates multiplied by 103%. The rates are projected on a fully generational basis by scale BB to account for future mortality improvements. For disabled annuitants, the gender-distinct RP2000 Combined Healthy Mortality Tables with Blue Collar Adjustment are used with male rates multiplied by 109% and female rates multiplied by 103% with a three-year forward for both males and females. In addition, a 3% minimum mortality rate is applied to reflect the impairment for younger members who become disabled. The rates are projected on a fully generational basis by Scale BB to account for future mortality improvements subject to the 3% floor.

Actuarial assumptions used in the December 31, 2015 valuations were based on the results of actuarial experience studies. The experience study in TMRS was for the period December 31, 2010 through December 31, 2014. Healthy post-retirement

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)

mortality rates and annuity purpose rates were updated based on a Mortality Experience Investigation Study covering 2009 through 2011, and dated December 31, 2013. These assumptions were the first used in the December 31, 2013 valuation, along with a change to the Entry Age Normal (EAN) actuarial cost method. Assumptions are reviewed annually. No additional changes were made for the 2014 valuation. After the Asset Allocation Study analysis and experience investigation study, the Board amended the long-term expected rate of return on pension plan investments from 7% to 6.75%. 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). At its meeting on July 30, 2015, the TMRS Board approved a new portfolio garget allocation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return (Arithmetic)</u>
Domestic Equity	17.5%	4.55%
International Equity	17.5%	6.10%
Core Fixed Income	10.0%	1.00%
Non-Core Fixed Income	20.0%	3.65%
Real Return	10.0%	4.03%
Real Estate	10.0%	5.00%
Absolute Return	10.0%	4.00%
Private Equity	<u>5.0%</u>	8.00%
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 projected cash flows used to determine the discount rate assumed that employee and employer contributions will be made at the rates specified in statute. Based on that assumption, the pension plan's Fiduciary Net Position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the Total Pension Liability.

Changes in the Net Pension Liability

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balance at December 31, 2014	\$ 428,976,217	386,224,161	42,752,056
Changes for the year:			
Service cost	10,455,324	-	10,455,324
Interest	29,600,291	-	29,600,291
Difference between expected and actual experience	(2,438,332)	-	(2,438,332)
Changes of assumptions	7,544,258	-	7,544,258
Contributions - employer	-	9,928,219	(9,928,219)
Contributions - employee	-	5,284,986	(5,284,986)
Net investment income	-	569,868	(569,868)
Benefit payments, including refunds of employee contributions	(22,685,162)	(22,685,162)	-
Administrative expense	-	(347,125)	347,125
Other changes	-	(17,145)	17,145
Net changes	<u>22,476,379</u>	<u>(7,266,359)</u>	<u>29,742,738</u>
Balance at December 31, 2015	\$ <u>451,452,596</u>	<u>378,957,802</u>	<u>72,494,794</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 using a discount rate that is one percentage point lower (5.75%) or one percentage point higher (7.75%) than the current rate:

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

IV. Detail Notes on All Funds (continued)

L. Defined Benefit Pension Plan (continued)

		1% Decrease in Discount Rate (5.75%)	Current Discount Rate (6.75%)	1% Increase in Discount Rate (7.75%)
City's net pension liability	\$	<u>129,011,397</u>	<u>72,494,793</u>	<u>25,227,254</u>

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

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

For the year ended September 30, 2016, the City recognized pension expense of \$15,836,507.

At September 30, 2016, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	882,896
Changes in actuarial assumptions	5,886,179	-
Difference between projected and actual earnings on pension plan investments	24,012,204	-
Contributions subsequent to the measurement date	<u>7,203,686</u>	<u>-</u>
Total	<u>\$ 37,102,069</u>	<u>882,896</u>

Deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date of \$7,203,686 will be recognized as a reduction of the net pension liability for the year ending September 30, 2016. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

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)

Year Ended December 31:

2016	\$ 7,737,299
2017	7,737,299
2018	7,630,528
2019	<u>5,910,361</u>
	<u>\$ 29,015,487</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 three retired firemen and policemen under this plan with no eligible active employees.

An actuarial valuation has not been performed on this plan due to its small relative size. The estimated unfunded liability based on the present value of future benefits with a 7.5 percent interest rate assumption is \$91,276 at September 30, 2016.

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:

2016	\$ 25,044
2015	33,237
2014	41,964

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

IV. Detail Notes on All Funds (continued)

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

State and federal laws and regulations require that the City place a final cover on its landfill when closed and perform certain maintenance and monitoring functions at the landfill site for thirty years after closure. In addition to operating expenses related to current activities of the landfill, an expense provision and related liability are being recognized based on the future closure and post-closure care costs that will be incurred near or after the date the landfill no longer accepts waste. The recognition of these landfill closure and post-closure care costs is based on the amount of usage of the landfill to date. The estimated liability for landfill closure and post-closure care costs included in accrued liabilities is \$5,021,423 as of September 30, 2016, which is based on 75.5% usage (filled) of the landfill. It is estimated that an additional \$1,633,584 will be recognized as closure and post-closure care expenses between the date of the balance sheet and the date the landfill is expected to be filled to capacity (2023). The estimated total current cost of the landfill closure and post-closure care (\$6,655,007) 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, 2016. 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, 2016, such special assessment debt outstanding totaled \$998,000.

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) 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, 2016 was 75.272% as a result of certain capacity expansion improvements completed during 2012.

City of Waco, Texas

Notes to Financial Statements
(Continued)

IV. Detail Notes on All Funds (continued)

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

The City assisted four of the participating cities in financing their initial investments. During 2004, the City's wastewater fund advanced \$1,849,058 to the four participating cities at an interest rate of 3.65% to be repaid in annual installments through February 2024. As of September 30, 2016, \$457,683 of principal remained outstanding on these loans.

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

Current assets	\$ 9,542,814
Capital assets	34,337,868
Current liabilities	(894,413)
Noncurrent liabilities	<u>(232,349)</u>
Net position	<u>\$ 42,753,920</u>
Operating revenue	\$ 411,347
Operating expenses	(7,247,455)
Non-operating revenue	<u>14,494</u>
Change in net position	<u>\$ (6,821,614)</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. Prior Period Adjustment

During the current year, the City determined that amounts previously reported as revenue should not be recognized as revenue. Accordingly, restricted fund balance/net position at October 1, 2015 was decreased by \$1,286,520 for the water fund and business-type activities.

S. 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. 74, Financial Reporting for Postemployment Benefit Plans Other than Pension Plans (issued June 2015) – the objective of this statement is to address the financial reports of defined benefit postemployment benefits other than pensions (“OPEB”) plans that are administered through trusts that meet specified criteria. This statement follows the framework for financial reporting of defined benefit OPEB plans in Statement 45 by requiring a statement of fiduciary net position and a statement of changes in fiduciary net position. This statement requires more extensive note disclosures and RSI related to the measurement of the OPEB liabilities for which assets have been accumulated, including information about the annual money-weighted rates of return on plan investments. Statement 74 also sets for the note disclosure requirements for defined contribution OPEB plans. The requirements of this statement are effective for financial statements for periods beginning after June 15, 2016.

GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other than Pensions (issued June 2015) – the objective of this statement is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions (“OPEB”). This statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for all OPEB with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency. The requirements of this statement are effective for financial statements for periods beginning after June 15, 2017.

City of Waco, Texas

Notes to Financial Statements

(Continued)

IV. Detail Notes on All Funds (continued)

S. Authoritative Pronouncements Not Yet Effective (continued)

GASB Statement No. 77, Tax Abatement Disclosures (issued August 2015) – the objective of this statement is to improve financial reporting by giving users of financial statements information about the nature and magnitude of tax abatements, including a better understanding of how tax abatements affect a government’s future ability to raise resources and meet its financial obligations and the impact those abatements have on a government’s financial position and economic condition. The requirements of this statement are effective for financial statements for periods beginning after December 15, 2015.

GASB Statement No. 79, Certain External Investment Pools and Pool Participants (issued December 2015) – the objective of this statement is to permit qualifying external investment pools to measure pool investments at amortized cost for financial reporting purposes and allow many pools to continue to qualify for amortized cost accounting. The requirements of this statement are effective for financial statements for periods beginning after December 15, 2015.

GASB Statement No. 82, Pension issues – an amendment of GASB Statements No. 67, No. 68, and No. 73 (issued March 2016) – the objective of this statement is to address practice issues raised by stakeholders during implementation of the Board’s pension accounting and financial reporting standards for state and local governments. This statement is designed to improve consistency in the application of the pension standards by clarifying or amending related areas of existing guidance. The requirements of this statement are effective for financial statements for periods beginning after June 15, 2016.

GASB Statement No. 83, Certain Asset Retirement Obligations issued November 2016) – the objective of this statement is to establish criteria for determining the timing and pattern of recognition of a liability and a corresponding deferred outflow of resources for asset retirement obligations. This statement requires that recognition occur when the liability is both incurred and reasonably estimable. The requirements of this statement are effective for financial statements for periods beginning after June 15, 2018.



Required Supplemental Information



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

	December 31,	
	2015	2014
Total Pension Liability		
Service cost	\$ 10,455,324	9,662,721
Interest (on the Total Pension Liability)	29,600,291	28,296,862
Difference between expected and actual experience	(2,438,332)	1,770,413
Change of assumptions	7,544,258	-
Benefit payments, including refunds of employee contributions	(22,685,162)	(20,326,595)
Net change in Total Pension Liability	22,476,379	19,403,401
Total Pension Liability - beginning	428,976,217	409,572,816
Total Pension Liability - Ending (a)	\$ 451,452,596	428,976,217
Plan Fiduciary Net Position		
Contributions - employer	\$ 9,928,219	10,444,097
Contributions - employee	5,284,986	5,371,982
Net investment income	569,868	21,154,751
Benefit payments, including refunds of employee contributions	(22,685,162)	(20,326,595)
Administrative expense	(347,125)	(220,877)
Other	(17,145)	(18,160)
Net change in Plan Fiduciary Net Position	(7,266,359)	16,405,198
Plan Fiduciary Net Position - Beginning	386,224,161	369,818,963
Plan Fiduciary Net Position - ending (b)	\$ 378,957,802	386,224,161
Net Pension Liability - ending (a) - (b)	\$ 72,494,794	42,752,056
Plan Fiduciary Net Position as a percentage of Total Pension Liability	83.94%	90.03%
Covered employee payroll	\$ 75,489,706	76,730,734
Net Pension Liability as a percentage of covered employee payroll	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 Contributions
Fiscal Years Ended

	September 30,	
	2015	2016
Actuarially determined contribution	\$ 9,999,116	9,918,113
Contributions in relation to the actuarially determined contribution	9,999,116	9,918,113
Contribution deficiency (excess)	\$ -	-
Covered employee payroll	\$ 75,315,307	76,215,914
Contributions as a percentage of covered employee payroll	13.28%	13.01%

Notes to Schedule of 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	30 years
Asset Valuation Method	10 Year smoothed market; 15% soft corridor
Inflation	2.5%
Salary Increases	3.5% to 10.5%, including inflation
Investment Rate of Return	6.75%
Retirement Age	Experience-based table of rates that are specific to the City's plan of benefits. Last updated for the 2015 valuation pursuant to an experience study of the period 2010 – 2014
Mortality	RP2000 Combined Mortality Table with Blue Collar adjustment with male rates multiplied by 109% and female rates multiplied by 103% and projected on a fully generational basis with scale BB

There were no benefit changes during the year.

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

See accompanying independent auditor's report.

**Combining and Individual
Fund Statements and Schedules**



General Fund



City of Waco, Texas
General Fund
Comparative Balance Sheets
September 30, 2016 and 2015

	2016	2015
Assets		
Cash and investments	\$ 55,210,674	48,543,263
Accounts receivable, net of allowance	3,805,616	3,690,917
Taxes receivable, net of allowance	8,524,133	8,027,400
Due from other funds	5,092,334	2,616,310
Intergovernmental receivable	289,910	15,446
Inventory	925,826	849,594
Real estate held for resale	6,160	6,160
Total assets	\$ 73,854,653	63,749,090
Liabilities		
Liabilities:		
Accounts payable	\$ 949,161	1,551,335
Accrued liabilities	4,797,157	3,859,940
Unearned revenue	10,166	29,598
Due to other funds	8,977,387	1,161,845
Deposits	583,741	410,998
Escrow funds	306,328	211,591
Total liabilities	15,623,940	7,225,307
Deferred Inflow of Resources		
Deferred inflow of resources:		
Unavailable revenue:		
Property taxes	1,507,090	1,536,473
Court fines	651,693	674,226
Total deferred inflow of resources	2,158,783	2,210,699
Fund Balance		
Nonspendable:		
Inventory	925,826	849,594
Real estate held for resale	6,160	6,160
Restricted:		
Municipal information	971,345	751,247
Culture and recreation	365,900	755,927
Public safety	-	119,629
Committed:		
Economic development	10,288,673	9,722,702
Assigned:		
Capital improvements	11,891,042	4,810,928
Economic development	4,753,144	5,740,957
Housing and community development	3,822	142,117
Public safety	237,645	189,501
Culture and recreation	141,888	150,601
Public works	300,048	352,180
Subsequent year's budget appropriation of fund balances	2,140,199	7,108,799
Other	268,004	220,123
Unassigned	23,778,234	23,392,619
Total fund balance	56,071,930	54,313,084
Total liabilities, deferred inflows of resources and fund balance	\$ 73,854,653	63,749,090

See accompanying independent auditor's report.

City of Waco, Texas
General Fund

Comparative Statements of Revenues, Expenditures and Changes in Fund Balance
Years Ended September 30, 2016 and 2015

	<u>2016</u>	<u>2015</u>
Revenues:		
Taxes	\$ 86,615,298	81,708,003
Business and occupation fees	13,734,655	13,762,575
Permits, licenses and fees	1,742,898	1,504,766
Fines	2,257,245	2,135,342
Charges for services	1,834,544	1,749,690
Investment earnings	213,552	238,410
Contributions	784,013	716,371
Intergovernmental	2,049,784	1,694,924
Other	<u>10,621,613</u>	<u>10,324,737</u>
Total revenues	<u>119,853,602</u>	<u>113,834,818</u>
Expenditures:		
General government	19,656,551	18,144,029
Public works	1,879,964	1,405,812
Public safety	65,696,613	61,362,994
Culture and recreation	13,226,337	12,280,138
Housing and community development	<u>484,625</u>	<u>288,718</u>
Total expenditures	<u>100,944,090</u>	<u>93,481,691</u>
Excess of revenues over expenditures	<u>18,909,512</u>	<u>20,353,127</u>
Other financing sources (uses):		
Transfers in	4,588,096	4,404,188
Transfers out	<u>(21,738,762)</u>	<u>(22,241,890)</u>
Total other financing sources (uses)	<u>(17,150,666)</u>	<u>(17,837,702)</u>
Net change in fund balance	1,758,846	2,515,425
Fund balance, beginning of year	<u>54,313,084</u>	<u>51,797,659</u>
Fund balance, end of year	<u>\$ 56,071,930</u>	<u>54,313,084</u>

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
Nonmajor Governmental Funds
Comparative Balance Sheets
September 30, 2016
(With Comparative Totals for September 30, 2015)

	Special Revenue	Debt Service	Capital Projects	Permanent	Totals	
					2016	2015
Assets						
Cash and investments	\$ 19,870,858	576,190	11,638,210	366,560	32,451,818	39,970,659
Accounts receivable, net of allowances	124,356	-	293,290	-	417,646	178,390
Special assessments receivable	3,122	-	-	-	3,122	6,642
Taxes receivable	65,551	345,405	-	-	410,956	451,512
Notes receivable	2,113,325	-	-	-	2,113,325	2,217,291
Due from other funds	65,079	-	9,612,069	-	9,677,148	4,824,037
Advances to other funds	-	-	168,368	-	168,368	168,368
Inventory	-	-	138,360	-	138,360	131,805
Intergovernmental receivable	1,394,847	-	40,899	-	1,435,746	2,708,196
Real estate held for resale	44,867	-	-	-	44,867	46,705
Total assets	\$ 23,682,005	921,595	21,891,196	366,560	46,861,356	50,703,605
Liabilities						
Liabilities:						
Accounts payable	\$ 562,803	-	373,598	-	936,401	3,301,346
Accrued liabilities	411,269	-	2,424,070	-	2,835,339	748,869
Unearned revenue	1,210	-	-	-	1,210	1,210
Due to other funds	384,710	-	1,100,890	-	1,485,600	3,120,893
Escrow funds	16,371	-	-	-	16,371	34,356
Total liabilities	1,376,363	-	3,898,558	-	5,274,921	7,206,674
Deferred Inflow of Resources						
Deferred inflow of resources:						
Unavailable revenue-property taxes	65,551	323,450	-	-	389,001	432,629
Unavailable revenue-special assessments	3,122	-	-	-	3,122	6,642
Total deferred inflows of resources	68,673	323,450	-	-	392,123	439,271
Fund Balances						
Nonspendable:						
Inventory	-	-	138,360	-	138,360	131,805
Parks and cemetery care	-	-	-	366,560	366,560	466,997
Restricted for:						
Debt service	-	598,145	-	-	598,145	491,257
Capital projects	-	-	4,631,102	-	4,631,102	7,184,956
Tax increment zone activities	16,822,186	-	-	-	16,822,186	13,579,596
Housing and community development	2,037,017	-	-	-	2,037,017	2,106,677
Public safety	1,224,262	-	-	-	1,224,262	1,442,749
Culture and recreation	347,288	-	-	-	347,288	450,821
Waco Public Improvement District	755,292	-	-	-	755,292	716,835
Committed to:						
Capital projects	-	-	13,223,176	-	13,223,176	15,665,156
Public health	1,050,924	-	-	-	1,050,924	820,811
Total fund balances	22,236,969	598,145	17,992,638	366,560	41,194,312	43,057,660
Total liabilities, deferred inflows of resources and fund balances	\$ 23,682,005	921,595	21,891,196	366,560	46,861,356	50,703,605

See accompanying independent auditor's report.

City of Waco, Texas
Nonmajor Governmental Funds
Combining Statement of Revenues, Expenditures
and Changes in Fund Balances
Year Ended September 30, 2016
(With Comparative Totals for Year Ended September 30, 2015)

	Special	Debt	Capital	Permanent	Totals	
	Revenue	Service	Projects		2016	2015
Revenues:						
Taxes	\$ 8,123,640	9,241,837	-	-	17,365,477	15,882,119
Permits, licenses and fees	996,124	-	-	-	996,124	949,728
Fines	312,072	-	-	-	312,072	370,709
Investment earnings	50,971	6,136	554,246	890	612,243	197,607
Contributions	57,045	-	578,587	-	635,632	2,773,887
Intergovernmental	6,249,254	-	876,937	-	7,126,191	8,273,579
Program income	298,107	-	-	-	298,107	289,272
Other	616,635	-	-	-	616,635	646,957
Total revenues	16,703,848	9,247,973	2,009,770	890	27,962,481	29,383,858
Expenditures:						
Current:						
General government	5,853,431	-	-	101,327	5,954,758	4,682,303
Public safety	1,475,687	-	-	-	1,475,687	1,194,863
Culture and recreation	201,130	-	-	-	201,130	1,263,687
Housing and community development	1,885,472	-	-	-	1,885,472	2,608,518
Public health	7,533,938	-	-	-	7,533,938	7,247,059
Capital outlay	-	-	26,453,338	-	26,453,338	14,758,838
Debt service:						
Principal	-	5,895,000	-	-	5,895,000	5,585,000
Interest and fiscal charges	-	3,283,750	-	-	3,283,750	3,437,349
Bond issuance costs	-	99,402	-	-	99,402	250,679
Total expenditures	16,949,658	9,278,152	26,453,338	101,327	52,782,475	41,028,296
Excess deficiency of revenues over (under) expenditures	<u>(245,810)</u>	<u>(30,179)</u>	<u>(24,443,568)</u>	<u>(100,437)</u>	<u>(24,819,994)</u>	<u>(11,644,438)</u>
Other financing sources (uses):						
Refunding bonds issued	-	1,945,000	-	-	1,945,000	34,125,000
Payment to refunded bond escrow agent	-	(2,055,353)	-	-	(2,055,353)	(40,676,302)
Premium on refunding bonds	-	136,375	-	-	136,375	6,804,247
General obligation bonds issued	-	62,906	3,742,094	-	3,805,000	1,695,000
Premium on general obligation bonds	-	5,526	328,693	-	334,219	57,044
Transfers in	3,562,155	42,613	15,485,116	-	19,089,884	21,892,704
Transfers out	(196,865)	-	(101,614)	-	(298,479)	(1,453,183)
Total other financing sources (uses)	3,365,290	137,067	19,454,289	-	22,956,646	22,444,510
Net change in fund balances	3,119,480	106,888	(4,989,279)	(100,437)	(1,863,348)	10,800,072
Fund balances, beginning of year	<u>19,117,489</u>	<u>491,257</u>	<u>22,981,917</u>	<u>466,997</u>	<u>43,057,660</u>	<u>32,257,588</u>
Fund balances, end of year	<u>\$ 22,236,969</u>	<u>598,145</u>	<u>17,992,638</u>	<u>366,560</u>	<u>41,194,312</u>	<u>43,057,660</u>

See accompanying independent auditor's report.

Nonmajor Special Revenue Funds

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

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

Health Programs Fund - This fund is used to account for the activities of the City's health programs operated within McLennan County. Financing is provided from patients' fees, assessments from other governments, and other miscellaneous revenues and federal and state awards.

Grant Fund - These funds are used to account for the activities of all grants not 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 Forfeiture Fund - This fund is used to account for the receipt and expenditure of revenues derived from crime seizures that are for police purposes.

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

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

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

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

City of Waco, Texas
Nonmajor Special Revenue Funds
Combining Balance Sheet
September 30, 2016
(With Comparative Totals for September 30, 2015)

	Tax Increment Fund No. 1	Tax Increment Fund No. 2	Tax Increment Fund No. 3	Health Programs Fund	Grant Fund	Waco Public Improvement District No. 1 Fund
Assets						
Cash and investments	\$ 14,810,743	1,931,454	66,717	650,447	360,694	778,220
Accounts receivable, net of allowances	13,376	-	-	10,744	100,236	-
Special assessments receivable	-	-	-	-	-	3,122
Taxes receivable	65,551	-	-	-	-	-
Notes receivable	-	-	-	-	2,113,325	-
Intergovernmental receivable	-	-	-	618,277	776,570	-
Due from other funds	-	-	-	-	65,079	-
Real estate held for resale	-	-	-	-	44,867	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total assets	\$ <u>14,889,670</u>	<u>1,931,454</u>	<u>66,717</u>	<u>1,279,468</u>	<u>3,460,771</u>	<u>781,342</u>
Liabilities						
Liabilities:						
Accounts and contracts payable	\$ -	104	-	48,336	439,248	22,928
Accrued liabilities	-	-	-	163,837	247,432	-
Unearned revenue	-	-	-	-	1,210	-
Due to other funds	-	-	-	-	384,710	-
Escrow funds	-	-	-	16,371	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total liabilities	-	104	-	228,544	1,072,600	22,928
Deferred Inflow of Resources						
Unavailable revenue - property taxes	65,551	-	-	-	-	-
Unavailable revenue - special assessments	-	-	-	-	-	3,122
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total deferred inflows of resources	65,551	-	-	-	-	3,122
Fund Balances						
Restricted for:						
Tax increment zone activities	14,824,119	1,931,350	66,717	-	-	-
Housing and community development	-	-	-	-	2,037,017	-
Public safety	-	-	-	-	38,170	-
Culture and recreation	-	-	-	-	312,984	-
Waco Public Improvement District	-	-	-	-	-	755,292
Committed to:						
Public health	-	-	-	1,050,924	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total fund balances	14,824,119	1,931,350	66,717	1,050,924	2,388,171	755,292
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total liabilities, deferred inflows of resources and fund balances	\$ <u>14,889,670</u>	<u>1,931,454</u>	<u>66,717</u>	<u>1,279,468</u>	<u>3,460,771</u>	<u>781,342</u>

See accompanying independent auditor's report.

Abandoned Motor Vehicle Fund	Police Forfeitures Fund	Court Security Fund	Court Technology Fund	Hamilton Memorial Fund	Miss Nellie's Park Maintenance Fund	Totals	
						2016	2015
						457,239	266,880
-	-	-	-	-	-	124,356	93,222
-	-	-	-	-	-	3,122	6,642
-	-	-	-	-	-	65,551	80,440
-	-	-	-	-	-	2,113,325	2,217,291
-	-	-	-	-	-	1,394,847	1,595,718
-	-	-	-	-	-	65,079	182,248
-	-	-	-	-	-	44,867	46,705
<u>457,239</u>	<u>266,880</u>	<u>428,254</u>	<u>85,906</u>	<u>9,009</u>	<u>25,295</u>	<u>23,682,005</u>	<u>21,330,848</u>
-	2,351	-	49,836	-	-	562,803	1,242,853
-	-	-	-	-	-	411,269	400,229
-	-	-	-	-	-	1,210	1,210
-	-	-	-	-	-	384,710	447,629
-	-	-	-	-	-	16,371	34,356
-	<u>2,351</u>	-	<u>49,836</u>	-	-	<u>1,376,363</u>	<u>2,126,277</u>
-	-	-	-	-	-	65,551	80,440
-	-	-	-	-	-	3,122	6,642
-	-	-	-	-	-	68,673	87,082
-	-	-	-	-	-	16,822,186	13,579,596
-	-	-	-	-	-	2,037,017	2,106,677
457,239	264,529	428,254	36,070	-	-	1,224,262	1,442,749
-	-	-	-	9,009	25,295	347,288	450,821
-	-	-	-	-	-	755,292	716,835
-	-	-	-	-	-	1,050,924	820,811
<u>457,239</u>	<u>264,529</u>	<u>428,254</u>	<u>36,070</u>	<u>9,009</u>	<u>25,295</u>	<u>22,236,969</u>	<u>19,117,489</u>
<u>457,239</u>	<u>266,880</u>	<u>428,254</u>	<u>85,906</u>	<u>9,009</u>	<u>25,295</u>	<u>23,682,005</u>	<u>21,330,848</u>

City of Waco, Texas
Nonmajor Special Revenue Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Year Ended September 30, 2016
(With Comparative Totals for Year Ended September 30, 2015)

	Tax Increment Fund No. 1	Tax Increment Fund No. 2	Tax Increment Fund No. 3	Health Programs Fund	Grant Fund
Revenues:					
Taxes	\$ 7,648,937	115,810	472	-	-
Permits, licenses and fees	-	-	-	996,124	-
Fines	-	-	-	-	-
Investment earnings	40,405	5,283	184	1,648	-
Intergovernmental	429,745	6,642	27	3,307,435	2,505,405
Program income	-	-	-	203,034	95,073
Contributions	-	-	-	-	-
Other	-	-	-	381,545	55,933
Total revenues	<u>8,119,087</u>	<u>127,735</u>	<u>683</u>	<u>4,889,786</u>	<u>2,656,411</u>
Expenditures:					
Current:					
General government	4,964,302	-	-	-	430,457
Public safety	-	-	-	-	1,023,774
Culture and recreation	-	-	-	-	199,501
Housing and community development	-	-	-	-	1,885,472
Public health	-	-	-	7,533,938	-
Total expenditures	<u>4,964,302</u>	<u>-</u>	<u>-</u>	<u>7,533,938</u>	<u>3,539,204</u>
Excess (deficiency) of revenues over (under) expenditures	<u>3,154,785</u>	<u>127,735</u>	<u>683</u>	<u>(2,644,152)</u>	<u>(882,793)</u>
Other financing sources (uses):					
Transfers in	-	-	-	2,874,265	687,890
Transfers out	(40,613)	-	-	-	-
Total other financing sources (uses)	<u>(40,613)</u>	<u>-</u>	<u>-</u>	<u>2,874,265</u>	<u>687,890</u>
Net change in fund balances	3,114,172	127,735	683	230,113	(194,903)
Fund balances, beginning of year	<u>11,709,947</u>	<u>1,803,615</u>	<u>66,034</u>	<u>820,811</u>	<u>2,583,074</u>
Fund balances, end of year	<u>\$ 14,824,119</u>	<u>1,931,350</u>	<u>66,717</u>	<u>1,050,924</u>	<u>2,388,171</u>

See accompanying independent auditor's report.

Waco Public Improvement District No. 1 Fund	Abandoned Motor Vehicle Fund	Police Forfeitures Fund	Court Security Fund	Court Technology Fund	Hamilton Memorial Fund	Miss Nellie's Park Maintenance Fund	Totals	
							2016	2015
							358,421	-
-	-	-	-	-	-	-	996,124	949,728
-	186,716	-	53,728	71,628	-	-	312,072	370,709
2,344	-	706	-	-	53	348	50,971	59,167
-	-	-	-	-	-	-	6,249,254	7,153,853
-	-	-	-	-	-	-	298,107	289,272
57,045	-	-	-	-	-	-	57,045	-
79,319	-	99,838	-	-	-	-	616,635	646,957
<u>497,129</u>	<u>186,716</u>	<u>100,544</u>	<u>53,728</u>	<u>71,628</u>	<u>53</u>	<u>348</u>	<u>16,703,848</u>	<u>16,132,143</u>
458,672	-	-	-	-	-	-	5,853,431	4,682,303
-	15,843	79,660	7,765	348,645	-	-	1,475,687	1,194,863
-	-	-	-	-	-	1,629	201,130	1,263,687
-	-	-	-	-	-	-	1,885,472	2,608,518
-	-	-	-	-	-	-	7,533,938	7,247,059
<u>458,672</u>	<u>15,843</u>	<u>79,660</u>	<u>7,765</u>	<u>348,645</u>	<u>-</u>	<u>1,629</u>	<u>16,949,658</u>	<u>16,996,430</u>
<u>38,457</u>	<u>170,873</u>	<u>20,884</u>	<u>45,963</u>	<u>(277,017)</u>	<u>53</u>	<u>(1,281)</u>	<u>(245,810)</u>	<u>(864,287)</u>
-	-	-	-	-	-	-	3,562,155	3,018,585
-	(68,084)	-	(88,168)	-	-	-	(196,865)	(218,399)
-	(68,084)	-	(88,168)	-	-	-	3,365,290	2,800,186
38,457	102,789	20,884	(42,205)	(277,017)	53	(1,281)	3,119,480	1,935,899
716,835	354,450	243,645	470,459	313,087	8,956	26,576	19,117,489	17,181,590
<u>755,292</u>	<u>457,239</u>	<u>264,529</u>	<u>428,254</u>	<u>36,070</u>	<u>9,009</u>	<u>25,295</u>	<u>22,236,969</u>	<u>19,117,489</u>



Tax Increment Fund No. 1

City of Waco, Texas
Tax Increment Fund No. 1
Comparative Balance Sheets
September 30, 2016 and 2015

	<u>2016</u>	<u>2015</u>
Assets		
Cash and investments	\$ 14,810,743	12,187,710
Accounts receivable, net of allowance	13,376	5,006
Taxes receivable	<u>65,551</u>	<u>80,440</u>
 Total assets	 \$ <u>14,889,670</u>	 <u>12,273,156</u>
Liabilities		
Liabilities:		
Accounts payable	\$ <u>-</u>	<u>482,769</u>
 Total liabilities	 <u>-</u>	 <u>482,769</u>
Deferred Inflows of Resources		
Unavailable revenue-property taxes	<u>65,551</u>	<u>80,440</u>
 Total deferred inflows of resources	 <u>65,551</u>	 <u>80,440</u>
Fund Balance		
Fund balance:		
Restricted for:		
Tax increment zone activities	<u>14,824,119</u>	<u>11,709,947</u>
 Total fund balance	 <u>14,824,119</u>	 <u>11,709,947</u>
 Total liabilities, deferred inflows of resources, and fund balance	 \$ <u>14,889,670</u>	 <u>12,273,156</u>

See accompanying independent auditor's report.

City of Waco, Texas
Tax Increment Fund No. 1
Comparative Statements of Revenues, Expenditures,
and Changes in Fund Balance
Years Ended September 30, 2016 and 2015

	2016	2015
Revenues:		
Property taxes	\$ 7,563,217	6,188,344
Interest and penalty on taxes	85,720	59,951
Investment earnings	40,405	45,877
Intergovernmental	429,745	463,611
Total revenues	8,119,087	6,757,783
Expenditures:		
General government:		
Purchased professional/technical services	4,464,302	3,562,831
Capital expenditures	-	211
Other expenditures	500,000	500,000
Total expenditures	4,964,302	4,063,042
Excess (deficiency) of revenues over (under) expenditures	3,154,785	2,694,741
Other financing uses:		
Transfers out	(40,613)	(88,163)
Total other financing uses	(40,613)	(88,163)
Net change in fund balance	3,114,172	2,606,578
Fund balance, beginning of year	11,709,947	9,103,369
Fund balance, end of year	\$ 14,824,119	11,709,947

See accompanying independent auditor's report.



Tax Increment Fund No. 2

City of Waco, Texas
Tax Increment Fund No. 2
Comparative Balance Sheets
September 30, 2016 and 2015

	<u>2016</u>	<u>2015</u>
Assets		
Cash and investments	\$ <u>1,931,454</u>	<u>1,803,615</u>
Total assets	\$ <u>1,931,454</u>	<u>1,803,615</u>
Liabilities		
Liabilities:		
Accounts payable	\$ <u>104</u>	<u>-</u>
Total liabilities	<u>104</u>	<u>-</u>
Fund Balance		
Fund balance:		
Restricted for:		
Tax increment zone activities	<u>1,931,350</u>	<u>1,803,615</u>
Total fund balance	<u>1,931,350</u>	<u>1,803,615</u>
Total liabilities and fund balance	\$ <u>1,931,454</u>	<u>1,803,615</u>

See accompanying independent auditor's report.

City of Waco, Texas
Tax Increment Fund No. 2
Comparative Statements of Revenues, Expenditures, and
Changes in Fund Balance
Years Ended September 30, 2016 and 2015

	<u>2016</u>	<u>2015</u>
Revenues:		
Property taxes	\$ 115,810	86,864
Investment earnings	5,283	7,006
Intergovernmental	<u>6,642</u>	<u>6,508</u>
Total revenues	<u>127,735</u>	<u>100,378</u>
Expenditures:		
General government:		
Purchased professional/technical services	<u>-</u>	<u>19,983</u>
Total expenditures	<u>-</u>	<u>19,983</u>
Net change in fund balance	127,735	80,395
Fund balance, beginning of year	<u>1,803,615</u>	<u>1,723,220</u>
Fund balance, end of year	\$ <u>1,931,350</u>	<u>1,803,615</u>

See accompanying independent auditor's report



Tax Increment Fund No. 3

City of Waco, Texas
Tax Increment Fund No. 3
Comparative Balance Sheets
September 30, 2016 and 2015

	<u>2016</u>	<u>2015</u>
Assets		
Cash and investments	\$ <u>66,717</u>	<u>66,034</u>
Total assets	\$ <u>66,717</u>	<u>66,034</u>
Fund Balance		
Fund balance:		
Restricted for:		
Tax increment zone activities	\$ <u>66,717</u>	<u>66,034</u>
Total fund balance	\$ <u>66,717</u>	<u>66,034</u>

See accompanying independent auditor's report.

City of Waco, Texas
Tax Increment Fund No. 3
Comparative Statements of Revenues, Expenditures, and
Changes in Fund Balance
Years Ended September 30, 2016 and 2015

	<u>2016</u>	<u>2015</u>
Revenues:		
Property taxes	\$ 472	538
Investment earnings	184	260
Intergovernmental	<u>27</u>	<u>40</u>
Total revenues	<u>683</u>	<u>838</u>
Expenditures:		
General government	<u>-</u>	<u>-</u>
Net change in fund balance	683	838
Fund balance, beginning of year	<u>66,034</u>	<u>65,196</u>
Fund balance, end of year	\$ <u>66,717</u>	<u>66,034</u>

See accompanying independent auditor's report.



Health Programs Fund

City of Waco, Texas
Health Programs Fund
Comparative Balance Sheets
September 30, 2016 and 2015

	<u>2016</u>	<u>2015</u>
Assets		
Cash and investments	\$ 650,447	283,904
Accounts receivable, net of allowance	10,744	23,488
Intergovernmental receivable	<u>618,277</u>	<u>748,786</u>
 Total assets	 \$ <u>1,279,468</u>	 <u>1,056,178</u>
Liabilities		
Liabilities:		
Accounts payable	\$ 48,336	57,791
Accrued liabilities	163,837	143,220
Escrow funds	<u>16,371</u>	<u>34,356</u>
 Total liabilities	 <u>228,544</u>	 <u>235,367</u>
Fund Balance		
Fund balance:		
Committed to:		
Public health	<u>1,050,924</u>	<u>820,811</u>
 Total fund balance	 <u>1,050,924</u>	 <u>820,811</u>
 Total liabilities and fund balance	 \$ <u>1,279,468</u>	 <u>1,056,178</u>

See accompanying independent auditor's report.

City of Waco, Texas
Health Programs Fund
Comparative Statements of Revenues, Expenditures,
and Changes in Fund Balance
Years Ended September 30, 2016 and 2015

	<u>2016</u>	<u>2015</u>
Revenues:		
Permits, licenses and fees	\$ 996,124	949,728
Intergovernmental	3,307,435	3,229,532
Program income	203,034	244,053
Investment earnings	1,648	2,013
Other	381,545	356,435
Total revenues	<u>4,889,786</u>	<u>4,781,761</u>
Expenditures:		
Public health:		
Health and administrative services	2,122,287	2,007,890
Environmental health services	508,606	465,650
Public health nursing services	911,366	818,952
Sexually transmitted disease	338,701	347,745
HIV/AIDS services	172,742	178,072
Public health services	<u>3,480,236</u>	<u>3,428,750</u>
Total expenditures	<u>7,533,938</u>	<u>7,247,059</u>
Deficiency of revenues under expenditures	(2,644,152)	(2,465,298)
Other financing uses:		
Transfers in	<u>2,874,265</u>	<u>2,724,229</u>
Net change in fund balance	230,113	258,931
Fund balance, beginning of year	<u>820,811</u>	<u>561,880</u>
Fund balance, end of year	<u>\$ 1,050,924</u>	<u>820,811</u>

See accompanying independent auditor's report.

City of Waco, Texas
Health Programs Fund

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

Year Ended September 30, 2016

(With Comparative Actual Amounts for Year Ended September 30, 2015)

	Budgeted Amounts		2016	Variance with	2015
	Original	Final	Actual Amounts	Final Budget	Actual Amounts
Revenues:					
Health Administrative Services:					
Death and birth certificates	\$ 248,700	248,700	270,048	21,348	269,892
Interest on investments	-	-	1,648	1,648	2,013
Revenue - other	353,682	353,682	377,153	23,471	355,464
Total	602,382	602,382	648,849	46,467	627,369
Environmental Health Services:					
Health and welfare fees	405,004	405,004	468,948	63,944	427,987
Intergovernmental	66,837	66,837	32,488	(34,349)	45,160
Revenue - other	516	516	944	428	592
Total	472,357	472,357	502,380	30,023	473,739
Public Health Nursing Services:					
Health and welfare fees	217,892	217,892	224,992	7,100	219,483
Revenue - other	-	-	1,157	1,157	-
Total	217,892	217,892	226,149	8,257	219,483
Sexually Transmitted Diseases:					
Health and welfare fees	23,369	23,369	32,136	8,767	32,366
Total	23,369	23,369	32,136	8,767	32,366
HIV/AIDS Services:					
Revenue - other	-	-	36	36	54
Total	-	-	36	36	54
Public Health Services:					
Program income	-	203,034	203,034	-	244,053
Intergovernmental	-	3,274,947	3,274,947	-	3,184,372
Revenue - other	-	2,255	2,255	-	325
Total	-	3,480,236	3,480,236	-	3,428,750
Total revenues	1,316,000	4,796,236	4,889,786	93,550	4,781,761
Expenditures:					
Health Administrative Services:					
Salaries and wages	408,545	427,537	393,538	33,999	396,734
Employee benefits	149,605	154,550	143,912	10,638	142,821
Purchased professional/technical services	55,401	56,091	45,102	10,989	32,797
Purchased property services	2,570	2,570	2,570	-	2,570
Maintenance	500	500	-	500	-
Other purchased services	16,573	16,493	15,931	562	22,497
Supplies	31,956	32,765	31,081	1,684	32,457
Contracts with others	1,039,605	1,039,605	1,039,605	-	989,151
Other	442,585	442,585	450,548	(7,963)	388,863
Total health administrative services	2,147,340	2,172,696	2,122,287	50,409	2,007,890

(Continued)

City of Waco, Texas
Health Programs Fund

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

Year Ended September 30, 2016

(With Comparative Actual Amounts for Year Ended September 30, 2015)

	Budgeted Amounts		2016	Variance with	2015
	Original	Final	Actual Amounts	Final Budget	Actual Amounts
Expenditures (continued):					
Environmental Health Services:					
Salaries and wages	\$ 289,206	289,206	296,011	(6,805)	279,013
Employee benefits	111,976	112,206	107,324	4,882	101,489
Purchased professional/technical services	23,175	23,175	20,665	2,510	1,870
Maintenance	11,404	11,404	13,418	(2,014)	11,338
Other purchased services	13,231	13,231	12,105	1,126	12,166
Supplies	85,464	86,005	59,083	26,922	59,774
Total environmental health services	<u>534,456</u>	<u>535,227</u>	<u>508,606</u>	<u>26,621</u>	<u>465,650</u>
Health Nursing Services:					
Salaries and wages	483,437	469,438	455,133	14,305	412,601
Employee benefits	178,883	178,883	183,462	(4,579)	154,190
Purchased professional/technical services	7,000	6,650	15,068	(8,418)	8,006
Maintenance	3,505	3,505	1,998	1,507	6,003
Other purchased services	30,733	34,648	32,906	1,742	37,191
Supplies	250,400	260,834	222,799	38,035	200,961
Total health nursing services	<u>953,958</u>	<u>953,958</u>	<u>911,366</u>	<u>42,592</u>	<u>818,952</u>
Sexually Transmitted Disease:					
Salaries and wages	231,681	231,681	214,084	17,597	222,285
Employee benefits	86,478	86,478	78,059	8,419	79,521
Purchased professional/technical services	14,000	14,000	11,455	2,545	12,096
Maintenance	200	200	165	35	165
Other purchased services	14,965	14,965	15,165	(200)	13,176
Supplies	21,387	21,387	19,773	1,614	20,502
Total sexually transmitted disease	<u>368,711</u>	<u>368,711</u>	<u>338,701</u>	<u>30,010</u>	<u>347,745</u>
HIV/AIDS Services:					
Salaries and wages	125,580	125,580	121,281	4,299	122,937
Employee benefits	43,555	43,555	41,055	2,500	41,120
Purchased professional/technical services	2,500	2,500	901	1,599	1,380
Other purchased services	8,547	8,547	6,900	1,647	7,943
Supplies	5,618	5,618	2,605	3,013	4,692
Total public health nursing services	<u>185,800</u>	<u>185,800</u>	<u>172,742</u>	<u>13,058</u>	<u>178,072</u>
Public Health Services:					
Salaries and wages	-	1,813,091	1,813,091	-	1,803,648
Employee benefits	-	690,478	690,478	-	667,777
Purchased professional/technical services	-	232,554	232,554	-	187,311
Purchased property services	-	100,439	100,439	-	119,027
Maintenance	-	2,350	2,350	-	7,382
Other purchased services	-	250,279	250,279	-	242,983
Supplies	-	174,561	174,561	-	214,756
Other	-	216,484	216,484	-	185,866
Total public health services	<u>-</u>	<u>3,480,236</u>	<u>3,480,236</u>	<u>-</u>	<u>3,428,750</u>

(Continued)

City of Waco, Texas
Health Programs Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance –
Budget and Actual
(Continued)
Year Ended September 30, 2016
(With Comparative Actual Amounts for Year Ended September 30, 2015)

	<u>Budgeted Amounts</u>		2016	Variance with <u>Final Budget</u>	2015
	<u>Original</u>	<u>Final</u>	<u>Actual Amounts</u>		<u>Actual Amounts</u>
Total expenditures	\$ 4,190,265	7,696,628	7,533,938	162,690	7,247,059
Deficiency of revenues over expenditures	<u>(2,874,265)</u>	<u>(2,900,392)</u>	<u>(2,644,152)</u>	<u>256,240</u>	<u>(2,465,298)</u>
Other financing sources:					
Transfers in	<u>2,874,265</u>	<u>2,900,392</u>	<u>2,874,265</u>	<u>(26,127)</u>	<u>2,724,229</u>
Total other financing sources	<u>2,874,265</u>	<u>2,900,392</u>	<u>2,874,265</u>	<u>(26,127)</u>	<u>2,724,229</u>
Net change in fund balance	-	-	230,113	230,113	258,931
Fund balance, beginning of year	<u>820,811</u>	<u>820,811</u>	<u>820,811</u>	<u>-</u>	<u>561,880</u>
Fund balance, end of year	<u>\$ 820,811</u>	<u>820,811</u>	<u>1,050,924</u>	<u>230,113</u>	<u>820,811</u>

See accompanying independent auditor's report.

Grant Fund

City of Waco, Texas
Grant Fund
Sub-Combining Balance Sheet
September 30, 2016
(With Comparative Totals for September 30, 2015)

	<u>HUD Community Development Block Grant</u>	<u>HUD Home Program</u>	<u>HUD Continuum of Care HMIS</u>	<u>HUD EDI</u>
Assets				
Assets:				
Cash and investments	\$ -	-	-	8,753
Accounts receivable, net of allowances	74,565	20,127	-	-
Notes receivable	689,621	1,423,704	-	-
Intergovernmental receivable	381,558	126,868	16,640	-
Real estate held for resale	44,867	-	-	-
Due from other funds	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total assets	<u>\$ 1,190,611</u>	<u>1,570,699</u>	<u>16,640</u>	<u>8,753</u>
Liabilities				
Liabilities:				
Accounts payable	\$ 87,205	249,164	903	-
Accrued liabilities	224,514	-	1,845	-
Unearned revenues	-	-	-	-
Due to other funds	<u>80,035</u>	<u>90,103</u>	<u>13,892</u>	<u>-</u>
Total liabilities	<u>391,754</u>	<u>339,267</u>	<u>16,640</u>	<u>-</u>
Fund Balances				
Fund balances:				
Restricted for:				
Housing and community development	796,832	1,231,432	-	8,753
Public safety	2,025	-	-	-
Culture and recreation	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total fund balances	<u>798,857</u>	<u>1,231,432</u>	<u>-</u>	<u>8,753</u>
Total liabilities and fund balances	<u>\$ 1,190,611</u>	<u>1,570,699</u>	<u>16,640</u>	<u>8,753</u>

HUD Shelter Plus and Continuum of Care	TxDOT MPO FHWA	Brownfields	13 CJD Family Violence	2015 SHSP	2014 SHSP
-	-	92,575	-	-	-
-	765	-	-	-	-
-	-	-	-	-	-
-	150,104	-	16,035	16,073	-
-	-	-	-	-	-
-	-	-	-	-	-
-	150,869	92,575	16,035	16,073	-
-	30,364	71,168	-	152	-
-	10,838	-	8,338	-	-
-	-	-	-	-	-
-	109,667	-	7,697	15,921	-
-	150,869	71,168	16,035	16,073	-
-	-	-	-	-	-
-	-	21,407	-	-	-
-	-	-	-	-	-
-	-	21,407	-	-	-
-	150,869	92,575	16,035	16,073	-

(Continued)

City of Waco, Texas
Grant Fund
Sub-Combining Balance Sheet
(Continued)
September 30, 2016
(With Comparative Totals for September 30, 2015)

	<u>Step</u> <u>Comprehensive</u>	<u>16 CJD</u> <u>Family</u> <u>Violence</u>	<u>Victim</u> <u>Services</u> <u>2015</u>	<u>Victim</u> <u>Services</u> <u>2016</u>
Assets				
Assets:				
Cash and investments	\$ -	-	-	-
Accounts receivable, net of allowances	-	-	-	-
Notes receivable	-	-	-	-
Intergovernmental receivable	-	-	5,676	-
Real estate held for resale	-	-	-	-
Due from other funds	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total assets	\$ -	-	5,676	-
	<hr/>	<hr/>	<hr/>	<hr/>
Liabilities				
Liabilities:				
Accounts payable	\$ -	-	-	-
Accrued liabilities	-	-	1,897	-
Unearned revenues	-	-	-	-
Due to other funds	-	-	3,779	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total liabilities	-	-	5,676	-
	<hr/>	<hr/>	<hr/>	<hr/>
Fund Balances				
Fund balances:				
Restricted for:				
Housing and community development	-	-	-	-
Public safety	-	-	-	-
Culture and recreation	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total fund balances	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total liabilities and fund balances	\$ -	-	5,676	-
	<hr/>	<hr/>	<hr/>	<hr/>

<u>Police LEOSE</u>	<u>Fire LEOSE</u>	<u>Library Memorial Fund</u>	<u>Shapley Ross Library</u>	<u>Vision 2020 Comprehensive Plan</u>	<u>TWDB Wetland Grant</u>
9,959	-	104,680	58,134	1,219	-
4,779	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	41,661
-	-	-	-	-	-
-	-	-	-	-	-
<u>14,738</u>	<u>-</u>	<u>104,680</u>	<u>58,134</u>	<u>1,219</u>	<u>41,661</u>
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	1,210	-
-	-	-	-	-	41,661
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,210</u>	<u>41,661</u>
-	-	-	-	-	-
14,738	-	-	-	-	-
-	-	104,680	58,134	9	-
<u>14,738</u>	<u>-</u>	<u>104,680</u>	<u>58,134</u>	<u>9</u>	<u>-</u>
<u>14,738</u>	<u>-</u>	<u>104,680</u>	<u>58,134</u>	<u>1,219</u>	<u>41,661</u>

(Continued)

City of Waco, Texas
Grant Fund
Sub-Combining Balance Sheet
(Continued)
September 30, 2016
(With Comparative Totals for September 30, 2015)

	<u>JAG 2015</u>	<u>Grande Clear Source Cable Ordinance</u>	<u>TxDOT Riverwalk</u>	<u>TPW Sul Ross Park</u>
Assets				
Assets:				
Cash and investments	\$ -	85,374	-	-
Accounts receivable, net of allowances	-	-	-	-
Notes receivable	-	-	-	-
Intergovernmental receivable	21,955	-	-	-
Real estate held for resale	-	-	-	-
Due from other funds	-	-	60,807	4,272
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total assets	\$ 21,955	85,374	60,807	4,272
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Liabilities				
Liabilities:				
Accounts payable	\$ -	-	292	-
Accrued liabilities	-	-	-	-
Unearned revenues	-	-	-	-
Due to other funds	21,955	-	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total liabilities	21,955	-	292	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Fund Balances				
Fund balances:				
Restricted for:				
Housing and community development	-	-	-	-
Public safety	-	-	-	-
Culture and recreation	-	85,374	60,515	4,272
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total fund balances	-	85,374	60,515	4,272
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total liabilities and fund balances	\$ 21,955	85,374	60,807	4,272
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

See accompanying independent auditor's report.

<u>Totals</u>	
<u>2016</u>	<u>2015</u>
360,694	439,181
100,236	64,728
2,113,325	2,217,291
776,570	846,932
44,867	46,705
<u>65,079</u>	<u>182,248</u>
<u>3,460,771</u>	<u>3,797,085</u>
439,248	508,163
247,432	257,009
1,210	1,210
<u>384,710</u>	<u>447,629</u>
<u>1,072,600</u>	<u>1,214,011</u>
2,037,017	2,106,677
38,170	61,108
<u>312,984</u>	<u>415,289</u>
<u>2,388,171</u>	<u>2,583,074</u>
<u>3,460,771</u>	<u>3,797,085</u>

City of Waco, Texas
Grant Fund
Sub-Combining Schedule of Revenues, Expenditures and
Changes in Fund Balances
Year Ended September 30, 2016
(With Comparative Totals for the Year Ended September 30, 2015)

	HUD Community Development Block Grant	HUD Home Program	HUD Continuum of Care HMIS	HUD EDI
Revenues:				
Intergovernmental	\$ 1,261,960	386,854	61,531	-
Program income	72,297	18,400	-	4,376
Other	26,973	-	-	-
Total revenues	<u>1,361,230</u>	<u>405,254</u>	<u>61,531</u>	<u>4,376</u>
Expenditures:				
General government	-	-	-	-
Public safety	166,425	-	-	-
Culture and recreation	-	-	-	-
Housing and community development	1,298,602	513,468	61,531	-
Total expenditures	<u>1,465,027</u>	<u>513,468</u>	<u>61,531</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(103,797)</u>	<u>(108,214)</u>	<u>-</u>	<u>4,376</u>
Other financing sources				
Transfers in	140,000	-	-	-
Total other financing sources	<u>140,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	36,203	(108,214)	-	4,376
Fund balances, beginning of year	<u>762,654</u>	<u>1,339,646</u>	<u>-</u>	<u>4,377</u>
Fund balances, end of year	<u>\$ 798,857</u>	<u>1,231,432</u>	<u>-</u>	<u>8,753</u>

<u>HUD Shelter Plus and Continuum of Care</u>	<u>TxDOT MPO FHWA</u>	<u>Brownfields</u>	<u>13 CJD Family Violence</u>	<u>2015 SHSP</u>	<u>2014 SHSP</u>
11,871	404,104	-	16,035	47,852	30,135
-	-	-	-	-	-
-	-	-	-	-	-
<u>11,871</u>	<u>404,104</u>	<u>-</u>	<u>16,035</u>	<u>47,852</u>	<u>30,135</u>
-	404,104	-	-	-	-
-	-	357,386	24,669	47,852	30,135
-	-	-	-	-	-
<u>11,871</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>11,871</u>	<u>404,104</u>	<u>357,386</u>	<u>24,669</u>	<u>47,852</u>	<u>30,135</u>
-	-	(357,386)	(8,634)	-	-
-	-	332,000	8,634	-	-
-	-	332,000	8,634	-	-
-	-	(25,386)	-	-	-
-	-	46,793	-	-	-
-	-	21,407	-	-	-

(Continued)

City of Waco, Texas
Grant Fund
Sub-Combining Schedule of Revenues, Expenditures and
Changes in Fund Balances
(Continued)
Year Ended September 30, 2016
(With Comparative Totals for the Year Ended September 30, 2015)

	<u>STEP</u> <u>Comprehensive</u>	<u>16 CJD</u> <u>Family</u> <u>Violence</u>	<u>Victim</u> <u>Services</u> <u>2015</u>	<u>Victim</u> <u>Services</u> <u>2016</u>
Revenues:				
Intergovernmental	\$ 93,947	80,673	5,676	39,567
Program income	-	-	-	-
Other	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total revenues	<u>93,947</u>	<u>80,673</u>	<u>5,676</u>	<u>39,567</u>
Expenditures:				
General government	-	-	-	-
Public safety	131,777	181,863	5,676	39,567
Culture and recreation	-	-	-	-
Housing and community development	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total expenditures	<u>131,777</u>	<u>181,863</u>	<u>5,676</u>	<u>39,567</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(37,830)</u>	<u>(101,190)</u>	<u>-</u>	<u>-</u>
Other financing sources				
Transfers in	<u>37,830</u>	<u>101,190</u>	<u>-</u>	<u>-</u>
Total other financing sources	<u>37,830</u>	<u>101,190</u>	<u>-</u>	<u>-</u>
Net change in fund balances	-	-	-	-
Fund balances, beginning of year	<hr/>	<hr/>	<hr/>	<hr/>
Fund balances, end of year	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>

<u>Police LEOSE</u>	<u>Fire LEOSE</u>	<u>Library Memorial Fund</u>	<u>Shapley Ross Library</u>	<u>Vision 2020 Comprehensive Plan</u>	<u>TWDB Wetland Grant</u>	<u>JAG 2015</u>
15,676	1,216	-	-	-	26,353	21,955
-	-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>28,723</u>	<u>233</u>	<u>4</u>	<u>-</u>	<u>-</u>
<u>15,676</u>	<u>1,216</u>	<u>28,723</u>	<u>233</u>	<u>4</u>	<u>26,353</u>	<u>21,955</u>
-	-	-	-	-	26,353	-
15,253	1,216	-	-	-	-	21,955
-	-	47,704	41,270	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>15,253</u>	<u>1,216</u>	<u>47,704</u>	<u>41,270</u>	<u>-</u>	<u>26,353</u>	<u>21,955</u>
<u>423</u>	<u>-</u>	<u>(18,981)</u>	<u>(41,037)</u>	<u>4</u>	<u>-</u>	<u>-</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>423</u>	<u>-</u>	<u>(18,981)</u>	<u>(41,037)</u>	<u>4</u>	<u>-</u>	<u>-</u>
<u>14,315</u>	<u>-</u>	<u>123,661</u>	<u>99,171</u>	<u>5</u>	<u>-</u>	<u>-</u>
<u>14,738</u>	<u>-</u>	<u>104,680</u>	<u>58,134</u>	<u>9</u>	<u>-</u>	<u>-</u>

(Continued)

City of Waco, Texas
Grant Fund
Sub-Combining Schedule of Revenues, Expenditures and
Changes in Fund Balances
(Continued)
Year Ended September 30, 2016
(With Comparative Totals for the Year Ended September 30, 2015)

	Grande Clear Source Cable <u>Ordinance</u>	TxDOT Riverwalk <u>Riverwalk</u>	TPW Sul Ross Park <u>Park</u>
Revenues:			
Intergovernmental	\$ -	-	-
Program income	-	-	-
Other	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
Total revenues	<u>-</u>	<u>-</u>	<u>-</u>
Expenditures:			
General government	-	-	-
Public safety	-	-	-
Culture and recreation	-	108,698	1,829
Housing and community development	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>-</u>	<u>108,698</u>	<u>1,829</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>(108,698)</u>	<u>(1,829)</u>
Other financing sources			
Transfers in	-	68,236	-
	<u>-</u>	<u>68,236</u>	<u>-</u>
Total other financing sources	<u>-</u>	<u>68,236</u>	<u>-</u>
Net change in fund balances	-	(40,462)	(1,829)
Fund balances, beginning of year	<u>85,374</u>	<u>100,977</u>	<u>6,101</u>
Fund balances, end of year	<u>\$ 85,374</u>	<u>60,515</u>	<u>4,272</u>

See accompanying independent auditor's report.

Totals	
<u>2016</u>	<u>2015</u>
2,505,405	3,454,162
95,073	45,219
<u>55,933</u>	<u>91,756</u>
<u>2,656,411</u>	<u>3,591,137</u>
430,457	237,113
1,023,774	912,018
199,501	1,260,382
<u>1,885,472</u>	<u>2,608,518</u>
<u>3,539,204</u>	<u>5,018,031</u>
<u>(882,793)</u>	<u>(1,426,894)</u>
<u>687,890</u>	<u>294,356</u>
<u>687,890</u>	<u>294,356</u>
(194,903)	(1,132,538)
<u>2,583,074</u>	<u>3,715,612</u>
<u>2,388,171</u>	<u>2,583,074</u>



Waco Public Improvement District No. 1 Fund

City of Waco, Texas
Waco Public Improvement District No. 1 Fund
Comparative Balance Sheets
September 30, 2016 and 2015

	<u>2016</u>	<u>2015</u>
Assets		
Cash and investments	\$ 778,220	733,205
Special assessments receivable	<u>3,122</u>	<u>6,642</u>
 Total assets	 \$ <u><u>781,342</u></u>	 <u><u>739,847</u></u>
Liabilities		
Liabilities:		
Accounts payable	\$ <u>22,928</u>	<u>16,370</u>
 Total liabilities	 <u>22,928</u>	 <u>16,370</u>
Deferred Inflows of Resources		
Unavailable revenue - special assessments	<u>3,122</u>	<u>6,642</u>
 Total deferred inflows of resources	 <u>3,122</u>	 <u>6,642</u>
Fund Balance		
Fund balance:		
Restricted for:		
Waco Public Improvement District	<u>755,292</u>	<u>716,835</u>
 Total fund balance	 <u>755,292</u>	 <u>716,835</u>
 Total liabilities, deferred inflows of resources, and fund balance	 \$ <u><u>781,342</u></u>	 <u><u>739,847</u></u>

See accompanying independent auditor's report

City of Waco, Texas
Waco Public Improvement District No. 1 Fund
Comparative Statements of Revenues, Expenditures, and
Changes in Fund Balance
Years Ended September 30, 2016 and 2015

	<u>2016</u>	<u>2015</u>
Revenues:		
Special assessments taxes	\$ 358,421	326,760
Contributions	57,045	-
Investment earnings	2,344	2,992
Other	<u>79,319</u>	<u>104,240</u>
Total revenues	<u>497,129</u>	<u>433,992</u>
Expenditures:		
General government:		
Purchased professional/ technical services	364,667	284,361
Maintenance	210	-
Other purchased services	46,875	37,370
Supplies	3,577	4,927
Contracts with others	42,523	34,477
Other	<u>820</u>	<u>1,030</u>
Total expenditures	<u>458,672</u>	<u>362,165</u>
Net change in fund balance	38,457	71,827
Fund balance, beginning of year	<u>716,835</u>	<u>645,008</u>
Fund balance, end of year	<u>\$ 755,292</u>	<u>716,835</u>

See accompanying independent auditor's report.



Abandoned Motor Vehicle Fund

City of Waco, Texas
Abandoned Motor Vehicle Fund
Comparative Balance Sheets
September 30, 2016 and 2015

	<u>2016</u>	<u>2015</u>
Assets		
Cash and investments	\$ <u>457,239</u>	<u>354,948</u>
Total assets	\$ <u>457,239</u>	<u>354,948</u>
Liabilities		
Liabilities:		
Accounts payable	\$ <u>-</u>	<u>498</u>
Total liabilities	<u>-</u>	<u>498</u>
Fund Balance		
Fund balance:		
Restricted for:		
Public safety	<u>457,239</u>	<u>354,450</u>
Total fund balance	<u>457,239</u>	<u>354,450</u>
Total liabilities and fund balance	\$ <u>457,239</u>	<u>354,948</u>

See accompanying independent auditor's report

City of Waco, Texas
Abandoned Motor Vehicle Fund
Comparative Statements of Revenues, Expenditures, and
Changes in Fund Balance
Years Ended September 30, 2016 and 2015

	<u>2016</u>	<u>2015</u>
Revenues:		
Auto impound fees	\$ <u>186,716</u>	<u>253,595</u>
Total revenues	<u>186,716</u>	<u>253,595</u>
Expenditures:		
Public safety:		
Other purchased services	7,051	7,134
Supplies	<u>8,792</u>	<u>7,271</u>
Total expenditures	<u>15,843</u>	<u>14,405</u>
Excess of revenues over expenditures	<u>170,873</u>	<u>239,190</u>
Other financing uses:		
Transfers out	<u>(68,084)</u>	<u>(50,000)</u>
Other financing uses	<u>(68,084)</u>	<u>(50,000)</u>
Net change in fund balance	102,789	189,190
Fund balance, beginning of year	<u>354,450</u>	<u>165,260</u>
Fund balance, end of year	\$ <u><u>457,239</u></u>	<u><u>354,450</u></u>

See accompanying independent auditor's report



Police Forfeitures Fund

City of Waco, Texas
Police Forfeitures Fund
Comparative Balance Sheets
September 30, 2016 and 2015

	<u>2016</u>	<u>2015</u>
Assets		
Cash and investments	\$ <u>266,880</u>	<u>248,144</u>
Total assets	\$ <u><u>266,880</u></u>	<u><u>248,144</u></u>
Liabilities		
Liabilities:		
Accounts payable	\$ <u>2,351</u>	<u>4,499</u>
Total liabilities	<u>2,351</u>	<u>4,499</u>
Fund Balance		
Fund balance:		
Restricted for:		
Public safety	<u>264,529</u>	<u>243,645</u>
Total fund balance	<u>264,529</u>	<u>243,645</u>
Total liabilities and fund balance	\$ <u><u>266,880</u></u>	<u><u>248,144</u></u>

See accompanying independent auditor's report

City of Waco, Texas
Police Forfeitures Fund
Comparative Statements of Revenues, Expenditures and
Changes in Fund Balance
Years Ended September 30, 2016 and 2015

	<u>2016</u>	<u>2015</u>
Revenues:		
Investment earnings	\$ 706	442
Other	<u>99,838</u>	<u>94,526</u>
Total revenues	<u>100,544</u>	<u>94,968</u>
Expenditures:		
Public safety:		
Maintenance	-	3,912
Other purchased services	15,515	4,440
Capital expenditures	57,203	-
Other expenses	<u>6,942</u>	<u>19,995</u>
Total expenditures	<u>79,660</u>	<u>28,347</u>
Net change in fund balance	20,884	66,621
Fund balance, beginning of year	<u>243,645</u>	<u>177,024</u>
Fund balance, end of year	<u>\$ 264,529</u>	<u>243,645</u>

See accompanying independent auditor's report



Court Security Fund

City of Waco, Texas
Court Security Fund
Comparative Balance Sheets
September 30, 2016 and 2015

	<u>2016</u>	<u>2015</u>
Assets		
Cash and investments	\$ <u>428,254</u>	<u>470,459</u>
Total assets	\$ <u><u>428,254</u></u>	<u><u>470,459</u></u>
Fund Balance		
Fund balance:		
Restricted:		
Public safety	\$ <u>428,254</u>	<u>470,459</u>
Total fund balance	\$ <u><u>428,254</u></u>	<u><u>470,459</u></u>

See accompanying independent auditor's report.

City of Waco, Texas
Court Security Fund
Comparative Statements of Revenues, Expenditures,
and Changes in Fund Balance
Years Ended September 30, 2016 and 2015

	<u>2016</u>	<u>2015</u>
Revenues:		
Fines	\$ <u>53,728</u>	<u>50,208</u>
Total revenues	<u>53,728</u>	<u>50,208</u>
Expenditures:		
Public safety:		
Purchased professional/technical services	<u>7,765</u>	<u>7,538</u>
Total expenditures	<u>7,765</u>	<u>7,538</u>
Excess of revenues over expenditures	<u>45,963</u>	<u>42,670</u>
Other financing uses:		
Transfers out	<u>(88,168)</u>	<u>(80,236)</u>
Other financing uses	<u>(88,168)</u>	<u>(80,236)</u>
Net change in fund balance	(42,205)	(37,566)
Fund balance, beginning of year	<u>470,459</u>	<u>508,025</u>
Fund balance, end of year	\$ <u><u>428,254</u></u>	<u><u>470,459</u></u>

See accompanying independent auditor's report



Court Technology Fund

City of Waco, Texas
Court Technology Fund
Comparative Balance Sheets
September 30, 2016 and 2015

	<u>2016</u>	<u>2015</u>
Assets		
Cash and investments	\$ <u>85,906</u>	<u>485,850</u>
Total assets	\$ <u>85,906</u>	<u>485,850</u>
Liabilities		
Liabilities:		
Accounts payable	\$ <u>49,836</u>	<u>172,763</u>
Total liabilities	<u>49,836</u>	<u>172,763</u>
Fund Balance		
Fund balance:		
Restricted for:		
Public safety	<u>36,070</u>	<u>313,087</u>
Total fund balance	<u>36,070</u>	<u>313,087</u>
Total liabilities and fund balance	\$ <u>85,906</u>	<u>485,850</u>

See accompanying independent auditor's report

City of Waco, Texas
Court Technology Fund
Comparative Statements of Revenues, Expenditures,
and Changes in Fund Balance
Years Ended September 30, 2016 and 2015

	<u>2016</u>	<u>2015</u>
Revenues:		
Fines	\$ <u>71,628</u>	<u>66,906</u>
Total revenues	<u>71,628</u>	<u>66,906</u>
Expenditures:		
Public safety:		
Purchased professional/technical services	71,885	58,555
Maintenance	148	-
Supplies	9,773	7,485
Capital expenditures	<u>266,839</u>	<u>166,515</u>
Total expenditures	<u>348,645</u>	<u>232,555</u>
Net change in fund balance	(277,017)	(165,649)
Fund balance, beginning of year	<u>313,087</u>	<u>478,736</u>
Fund balance, end of year	\$ <u><u>36,070</u></u>	<u><u>313,087</u></u>

See accompanying independent auditor's report



Hamilton Memorial Fund

City of Waco, Texas
Hamilton Memorial Fund
 Comparative Balance Sheets
 September 30, 2016 and 2015

	<u>2016</u>	<u>2015</u>
Assets		
Cash and investments	\$ <u>9,009</u>	<u>8,956</u>
Total assets	\$ <u><u>9,009</u></u>	<u><u>8,956</u></u>
Fund Balance		
Fund balance:		
Restricted for:		
Culture and recreation	\$ <u>9,009</u>	<u>8,956</u>
Total fund balance	\$ <u><u>9,009</u></u>	<u><u>8,956</u></u>

See accompanying independent auditor's report.

City of Waco, Texas
Hamilton Memorial Fund
Comparative Statements of Revenue, Expenditures,
and Changes in Fund Balance
Years Ended September 30, 2016 and 2015

	<u>2016</u>	<u>2015</u>
Revenues:		
Investment earnings	\$ <u>53</u>	<u>74</u>
Total revenues	<u>53</u>	<u>74</u>
Expenditures:		
Culture and recreation	<u>-</u>	<u>-</u>
Total expenditures	<u>-</u>	<u>-</u>
Net change in fund balance	53	74
Fund balance, beginning of year	<u>8,956</u>	<u>8,882</u>
Fund balance, end of year	\$ <u>9,009</u>	<u>8,956</u>

See accompanying independent auditor's report.



Miss Nellie's Park Maintenance Fund

City of Waco, Texas
Miss Nellie's Park Maintenance Fund
 Comparative Balance Sheets
 September 30, 2016 and 2015

	<u>2016</u>	<u>2015</u>
Assets		
Cash and investments	\$ <u>25,295</u>	<u>26,576</u>
Total assets	\$ <u><u>25,295</u></u>	<u><u>26,576</u></u>
Fund Balance		
Fund balance:		
Restricted for:		
Culture and recreation	\$ <u>25,295</u>	<u>26,576</u>
Total fund balance	\$ <u><u>25,295</u></u>	<u><u>26,576</u></u>

See accompanying independent auditor's report.

City of Waco, Texas
Miss Nellie's Park Maintenance Fund
Comparative Statements of Revenues, Expenditures,
and Changes in Fund Balance
Years September 30, 2016 and 2015

	<u>2016</u>	<u>2015</u>
Revenues:		
Investment earnings	\$ <u>348</u>	<u>503</u>
Total revenues	<u>348</u>	<u>503</u>
Expenditures:		
Culture and recreation:		
Maintenance	1,629	1,457
Supplies	<u>-</u>	<u>1,848</u>
Total expenditures	<u>1,629</u>	<u>3,305</u>
Net change in fund balance	(1,281)	(2,802)
Fund balance, beginning of year	<u>26,576</u>	<u>29,378</u>
Fund balance, end of year	\$ <u>25,295</u>	<u>26,576</u>

See accompanying independent auditor's report.



Nonmajor Debt Service Funds

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

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

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

City of Waco, Texas
Nonmajor Debt Service Funds
Combining Balance Sheet
September 30, 2016
(With Comparative Totals for September 30, 2015)

	Street and Drainage Refundable Contracts Fund	General Obligation Debt Fund	<u>Totals</u>	
			<u>2016</u>	<u>2015</u>
Assets				
Cash and investments	\$ 4,204	571,986	576,190	472,374
Taxes receivable	<u>-</u>	<u>345,405</u>	<u>345,405</u>	<u>371,072</u>
Total assets	<u>\$ 4,204</u>	<u>917,391</u>	<u>921,595</u>	<u>843,446</u>
Deferred Inflows of Resources				
Deferred inflows of resources:				
Unavailable revenue - property taxes	\$ <u>-</u>	<u>323,450</u>	<u>323,450</u>	<u>352,189</u>
Total deferred inflows of resources	<u>-</u>	<u>323,450</u>	<u>323,450</u>	<u>352,189</u>
Fund Balances				
Fund balances:				
Restricted for debt service	<u>4,204</u>	<u>593,941</u>	<u>598,145</u>	<u>491,257</u>
	-			
Total fund balances	<u>4,204</u>	<u>593,941</u>	<u>598,145</u>	<u>491,257</u>
Total deferred inflows of resources and fund balances	<u>\$ 4,204</u>	<u>917,391</u>	<u>921,595</u>	<u>843,446</u>

See accompanying independent auditor's report

City of Waco, Texas
Nonmajor Debt Service Funds
Combining Statement of Revenues, Expenditures,
and Changes in Fund Balances
Year Ended September 30, 2016
(With Comparative Totals for Year Ended September 30, 2015)

	Street and Drainage Refundable Contracts Fund	General Obligation Debt Fund	Totals	
			2016	2015
Revenues:				
Property taxes	\$ -	9,241,837	9,241,837	9,219,662
Investment earnings	12	6,124	6,136	4,110
Total revenues	<u>12</u>	<u>9,247,961</u>	<u>9,247,973</u>	<u>9,223,772</u>
Expenditures:				
Debt service:				
Principal	-	5,895,000	5,895,000	5,585,000
Interest and fiscal charges	-	3,283,750	3,283,750	3,437,349
Bond issuance costs	-	99,402	99,402	250,679
Total expenditures	<u>-</u>	<u>9,278,152</u>	<u>9,278,152</u>	<u>9,273,028</u>
Excess (deficiency) of revenues over (under) expenditures	<u>12</u>	<u>(30,191)</u>	<u>(30,179)</u>	<u>(49,256)</u>
Other financing sources (uses):				
Refunding bonds issued	-	1,945,000	1,945,000	34,125,000
Payment to refunded bond escrow agent	-	(2,055,353)	(2,055,353)	(40,676,302)
Premium on refunding bonds	-	136,375	136,375	6,804,247
General obligation bonds issued	-	62,906	62,906	13,063
Premium on general obligation bonds	-	5,526	5,526	440
Transfers in	-	42,613	42,613	88,163
Total other financing sources	<u>-</u>	<u>137,067</u>	<u>137,067</u>	<u>354,611</u>
Net change in fund balances	12	106,876	106,888	305,355
Fund balances, beginning of year	<u>4,192</u>	<u>487,065</u>	<u>491,257</u>	<u>185,902</u>
Fund balances, end of year	\$ <u>4,204</u>	<u>593,941</u>	<u>598,145</u>	<u>491,257</u>

See accompanying independent auditor's report

City of Waco, Texas
General Obligation Debt Fund
Schedule of Revenues, Expenditures and
Changes in Fund Balance – Budget and Actual
Year Ended September 30, 2016
(With Comparative Totals for Year Ended September 30, 2015)

	Budgeted Amounts		2016	Variance with	2015
	Original	Final	Actual Amounts	Final Budget	Actual Amounts
Revenues:					
Property taxes	\$ 9,115,089	9,115,089	9,241,837	126,748	9,219,662
Investment earnings	1,250	1,250	6,124	4,874	4,093
Total revenues	<u>9,116,339</u>	<u>9,116,339</u>	<u>9,247,961</u>	<u>131,622</u>	<u>9,223,755</u>
Expenditures:					
Debt service:					
Principal	5,895,000	5,895,000	5,895,000	-	5,585,000
Interest and fiscal charges	3,298,092	3,298,092	3,283,750	14,342	3,437,349
Bond issuance costs	-	94,454	99,402	(4,948)	250,679
Total expenditures	<u>9,193,092</u>	<u>9,287,546</u>	<u>9,278,152</u>	<u>9,394</u>	<u>9,273,028</u>
Deficiency of revenues under expenditures	<u>(76,753)</u>	<u>(171,207)</u>	<u>(30,191)</u>	<u>141,016</u>	<u>(49,273)</u>
Other financing sources (uses):					
Refunding bonds issued	-	2,081,375	1,945,000	(136,375)	34,125,000
Payment to refunded bond escrow agent	-	(2,055,353)	(2,055,353)	-	(40,676,302)
Premium on refunding bonds	-	-	136,375	136,375	6,804,247
General obligation bonds issued	-	68,432	62,906	(5,526)	13,063
Premium on general obligation bonds	-	-	5,526	5,526	440
Transfers in	<u>40,605</u>	<u>40,605</u>	<u>42,613</u>	<u>2,008</u>	<u>88,163</u>
Total other financing sources	<u>40,605</u>	<u>135,059</u>	<u>137,067</u>	<u>2,008</u>	<u>354,611</u>
Net change in fund balance	(36,148)	(36,148)	106,876	143,024	305,338
Fund balance, beginning of year	<u>487,065</u>	<u>487,065</u>	<u>487,065</u>	<u>-</u>	<u>181,727</u>
Fund balance, end of year	<u>\$ 450,917</u>	<u>450,917</u>	<u>593,941</u>	<u>143,024</u>	<u>487,065</u>

See accompanying independent auditor's report.

Nonmajor Capital Projects Funds

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

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

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

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

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

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 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.

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

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

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

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

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

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

City of Waco, Texas
Nonmajor Capital Projects Funds
Combining Balance Sheet
September 30, 2016
(With Comparative Totals for September 30, 2015)

	<u>Capital Improvement Fund</u>	<u>Equipment Replacement Fund</u>	<u>Mammoth Fund</u>	<u>Street Improvement Fund</u>	<u>2016 Bond Issue Fund</u>	<u>2015 Bond Issue Fund</u>
Assets						
Cash and investments	\$ 2,784,585	600,000	23,282	3,643,096	2,620,598	243,066
Accounts receivable	293,290	-	-	-	-	-
Due from other funds	6,856,585	-	-	2,755,484	-	-
Advances to other funds	168,368	-	-	-	-	-
Inventory	-	-	-	138,360	-	-
Intergovernmental receivable	40,899	-	-	-	-	-
Total assets	<u>\$ 10,143,727</u>	<u>600,000</u>	<u>23,282</u>	<u>6,536,940</u>	<u>2,620,598</u>	<u>243,066</u>
Liabilities and Fund Balances						
Liabilities:						
Accounts payable	\$ 330,240	-	-	5,075	-	38,283
Accrued liabilities	1,978,286	-	-	438,479	-	7,305
Due to other funds	-	-	-	-	-	-
Total liabilities	<u>2,308,526</u>	<u>-</u>	<u>-</u>	<u>443,554</u>	<u>-</u>	<u>45,588</u>
Fund balances:						
Nonspendable:						
Inventory	-	-	-	138,360	-	-
Restricted for:						
Capital projects	174,468	-	23,282	992,583	2,620,598	197,478
Committed to:						
Capital projects	7,660,733	600,000	-	4,962,443	-	-
Total fund balances	<u>7,835,201</u>	<u>600,000</u>	<u>23,282</u>	<u>6,093,386</u>	<u>2,620,598</u>	<u>197,478</u>
Total liabilities and fund balances	<u>\$ 10,143,727</u>	<u>600,000</u>	<u>23,282</u>	<u>6,536,940</u>	<u>2,620,598</u>	<u>243,066</u>

See accompanying independent auditor's report.

2014 Bond Issue Fund	2013 Bond Issue Fund	2012 Bond Issue Fund	2011 Bond Issue Fund	2010 Bond Issue Fund	2008 Bond Issue Fund	2007 Bond Issue Fund	2007 General Obligation Bond Issue Fund	Totals	
								2016	2015
43,473	12,490	17,436	4,683	32,264	-	1,151,526	461,711	11,638,210	21,922,706
-	-	-	-	-	-	-	-	293,290	85,168
-	-	-	-	-	-	-	-	9,612,069	4,641,789
-	-	-	-	-	-	-	-	168,368	168,368
-	-	-	-	-	-	-	-	138,360	131,805
-	-	-	-	-	-	-	-	40,899	1,112,478
<u>43,473</u>	<u>12,490</u>	<u>17,436</u>	<u>4,683</u>	<u>32,264</u>	<u>-</u>	<u>1,151,526</u>	<u>461,711</u>	<u>21,891,196</u>	<u>28,062,314</u>
-	-	-	-	-	-	-	-	373,598	2,058,493
-	-	-	-	-	-	-	-	2,424,070	348,640
-	4,272	-	-	-	-	1,096,618	-	1,100,890	2,673,264
-	4,272	-	-	-	-	1,096,618	-	3,898,558	5,080,397
-	-	-	-	-	-	-	-	138,360	131,805
43,473	8,218	17,436	4,683	32,264	-	54,908	461,711	4,631,102	7,184,956
-	-	-	-	-	-	-	-	13,223,176	15,665,156
<u>43,473</u>	<u>8,218</u>	<u>17,436</u>	<u>4,683</u>	<u>32,264</u>	<u>-</u>	<u>54,908</u>	<u>461,711</u>	<u>17,992,638</u>	<u>22,981,917</u>
<u>43,473</u>	<u>12,490</u>	<u>17,436</u>	<u>4,683</u>	<u>32,264</u>	<u>-</u>	<u>1,151,526</u>	<u>461,711</u>	<u>21,891,196</u>	<u>28,062,314</u>

City of Waco, Texas
Nonmajor Capital Projects Funds
Combining Statement of Revenues, Expenditures and
Changes in Fund Balances
Year Ended September 30, 2016
(With Comparative Totals for Year Ended September 30, 2015)

	Capital Improvement Fund	Equipment Replacement Fund	Mammoth Fund	Street Improvement Fund	2016 Bond Issue Fund	2015 Bond Issue Fund	2014 Bond Issue Fund
Revenues:							
Investment earnings	\$ -	-	25	6,031	396,592	37,730	24,247
Contributions	565,027	-	-	13,560	-	-	-
Intergovernmental	40,899	-	-	836,038	-	-	-
Total revenues	<u>605,926</u>	<u>-</u>	<u>25</u>	<u>855,629</u>	<u>396,592</u>	<u>37,730</u>	<u>24,247</u>
Expenditures:							
Capital outlay	<u>13,155,538</u>	<u>-</u>	<u>-</u>	<u>12,923,720</u>	<u>84,694</u>	<u>231,363</u>	<u>-</u>
Total expenditures	<u>13,155,538</u>	<u>-</u>	<u>-</u>	<u>12,923,720</u>	<u>84,694</u>	<u>231,363</u>	<u>-</u>
Excess (deficiency of revenues over (under) expenditures	<u>(12,549,612)</u>	<u>-</u>	<u>25</u>	<u>(12,068,091)</u>	<u>311,898</u>	<u>(193,633)</u>	<u>24,247</u>
Other financing sources (uses):							
General obligation bonds issued	-	-	-	1,433,394	2,308,700	-	-
Premium on general obligation bonds	-	-	-	328,693	-	-	-
Transfers in	8,119,579	300,000	-	7,065,537	-	-	-
Transfers out	-	-	-	-	-	-	(15,000)
Total other financing sources (uses)	<u>8,119,579</u>	<u>300,000</u>	<u>-</u>	<u>8,827,624</u>	<u>2,308,700</u>	<u>-</u>	<u>(15,000)</u>
Net change in fund balances	(4,430,033)	300,000	25	(3,240,467)	2,620,598	(193,633)	9,247
Fund balances, beginning of year	<u>12,265,234</u>	<u>300,000</u>	<u>23,257</u>	<u>9,333,853</u>	<u>-</u>	<u>391,111</u>	<u>34,226</u>
Fund balances, end of year	<u>\$ 7,835,201</u>	<u>600,000</u>	<u>23,282</u>	<u>6,093,386</u>	<u>2,620,598</u>	<u>197,478</u>	<u>43,473</u>

See accompanying independent auditor's report.

2013 Bond Issue Fund	2012 Bond Issue Fund	2011 Bond Issue Fund	2010 Bond Issue Fund	2008 Bond Issue Fund	2007 Bond Issue Fund	2007 General Obligation Bond Issue Fund	Totals	
							2016	2015
9,335	720	987	3,588	107	72,840	2,044	554,246	132,870
-	-	-	-	-	-	-	578,587	2,773,887
-	-	-	-	-	-	-	876,937	1,119,726
<u>9,335</u>	<u>720</u>	<u>987</u>	<u>3,588</u>	<u>107</u>	<u>72,840</u>	<u>2,044</u>	<u>2,009,770</u>	<u>4,026,483</u>
40	-	-	-	-	49,129	8,854	26,453,338	14,758,838
<u>40</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>49,129</u>	<u>8,854</u>	<u>26,453,338</u>	<u>14,758,838</u>
9,295	720	987	3,588	107	23,711	(6,810)	(24,443,568)	(10,732,355)
-	-	-	-	-	-	-	3,742,094	1,681,937
-	-	-	-	-	-	-	328,693	56,604
-	-	-	-	-	-	-	15,485,116	18,785,956
<u>(25,000)</u>	<u>-</u>	<u>-</u>	<u>(50,000)</u>	<u>(2,439)</u>	<u>(5,945)</u>	<u>(3,230)</u>	<u>(101,614)</u>	<u>(1,221,473)</u>
<u>(25,000)</u>	<u>-</u>	<u>-</u>	<u>(50,000)</u>	<u>(2,439)</u>	<u>(5,945)</u>	<u>(3,230)</u>	<u>19,454,289</u>	<u>19,303,024</u>
(15,705)	720	987	(46,412)	(2,332)	17,766	(10,040)	(4,989,279)	8,570,669
<u>23,923</u>	<u>16,716</u>	<u>3,696</u>	<u>78,676</u>	<u>2,332</u>	<u>37,142</u>	<u>471,751</u>	<u>22,981,917</u>	<u>14,411,248</u>
<u>8,218</u>	<u>17,436</u>	<u>4,683</u>	<u>32,264</u>	<u>-</u>	<u>54,908</u>	<u>461,711</u>	<u>17,992,638</u>	<u>22,981,917</u>



Nonmajor Permanent Funds

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

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

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

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

City of Waco, Texas
Nonmajor Permanent Funds
Combining Balance Sheet
September 30, 2016
(With Comparative Totals for September 30, 2015)

	Rosemound Cemetery Perpetual Fund	Hamilton Memorial Fund	Miss Nellie's Park Endowment Fund	<u>Totals</u>	
				<u>2016</u>	<u>2015</u>
Assets					
Cash and investments	\$ <u>256,560</u>	<u>10,000</u>	<u>100,000</u>	<u>366,560</u>	<u>466,997</u>
Total assets	\$ <u><u>256,560</u></u>	<u><u>10,000</u></u>	<u><u>100,000</u></u>	<u><u>366,560</u></u>	<u><u>466,997</u></u>
Fund Balances					
Fund balances:					
Nonspendable:					
Parks and cemetery care	\$ <u>256,560</u>	<u>10,000</u>	<u>100,000</u>	<u>366,560</u>	<u>466,997</u>
Total fund balances	\$ <u><u>256,560</u></u>	<u><u>10,000</u></u>	<u><u>100,000</u></u>	<u><u>366,560</u></u>	<u><u>466,997</u></u>

See accompanying independent auditor's report.

City of Waco, Texas
Nonmajor Permanent Funds
Combining Statement of Revenues, Expenditures
and Changes in Fund Balances
Year Ended September 30, 2016
(With Comparative Totals for Year Ended September 30, 2015)

		Rosemound Cemetery Perpetual Fund	Hamilton Memorial Fund	Miss Nellie's Park Endowment Fund	Totals	
		Fund	Fund	Fund	2016	2015
Revenues:						
Investment earnings	\$	890	-	-	890	1,460
Total revenues		890	-	-	890	1,460
Expenditures:						
General government:						
Maintenance		8,415	-	-	8,415	-
Supplies		718	-	-	718	-
Capital expenditures		92,194	-	-	92,194	-
Total expenditures		101,327	-	-	101,327	-
Excess (deficiency of revenue over (under expenditures		(100,437)	-	-	(100,437)	1,460
Other financing uses:						
Transfers out		-	-	-	-	(13,311)
Total other financing uses		-	-	-	-	(13,311)
Net change in fund balances		(100,437)	-	-	(100,437)	(11,851)
Fund balances, beginning of year		356,997	10,000	100,000	466,997	478,848
Fund balances, end of year	\$	256,560	10,000	100,000	366,560	466,997

See accompanying independent auditor's report.



Major Enterprise Funds

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

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

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

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



Water Fund

City of Waco, Texas
Water Fund
Comparative Statements of Net Position
September 30, 2016 and 2015

	2016	2015
Assets		
Current assets:		
Cash and investments	\$ 33,885,809	32,917,101
Accounts receivable, net of allowance	5,680,519	5,859,346
Intergovernmental receivable	755,479	-
Restricted cash and investments	3,895,259	4,752,985
Inventory	300,487	300,045
Total current assets	44,517,553	43,829,477
Noncurrent assets:		
Restricted cash and investments	32,373,271	13,091,889
Advances to other funds	525,336	525,336
Capital assets:		
Land	1,279,185	1,279,185
Buildings	9,520,815	9,520,815
Improvements other than buildings	283,853,337	281,319,710
Equipment	8,263,887	7,649,627
Construction work in progress	15,810,046	6,408,534
Intangible water rights	32,482,879	32,482,879
Less: accumulated depreciation and amortization	(128,285,525)	(119,493,204)
Total capital assets	222,924,624	219,167,546
Total noncurrent assets	255,823,231	232,784,771
Total assets	300,340,784	276,614,248
 Deferred Outflows of Resources		
Deferred outflows of resources:		
Deferred losses on refundings of debt	2,953,149	2,512,180
Deferred outflows on pension liability	2,226,123	743,690
Total deferred outflows of resources	5,179,272	3,255,870

See accompanying independent auditor's report.

Liabilities	<u>2016</u>	<u>2015</u>
Liabilities:		
Current liabilities:		
Accounts payable	\$ 618,194	602,543
Accrued liabilities	807,865	818,610
Due to other funds	-	674,598
Compensated absences payable	681,167	715,480
Refundable contracts	750,433	449,701
Notes payable	79,142	75,777
Contracts payable	461,122	-
Bonds payable	8,745,000	7,695,000
Accrued interest payable	<u>1,503,958</u>	<u>1,041,356</u>
	<u>13,646,881</u>	<u>12,073,065</u>
Current liabilities payable from restricted assets:		
Accounts payable	880,879	1,923,423
Customer deposits	<u>3,014,380</u>	<u>2,829,562</u>
	<u>3,895,259</u>	<u>4,752,985</u>
 Total current liabilities	 <u>17,542,140</u>	 <u>16,826,050</u>
Noncurrent liabilities:		
Refundable contracts	570,776	930,192
Compensated absences payable	277,784	186,821
Contracts payable	845,390	-
Bonds payable	164,012,401	143,354,219
Notes payable	1,670,963	1,750,105
Net pension liability	<u>4,349,687</u>	<u>2,565,123</u>
Total noncurrent liabilities	<u>171,727,001</u>	<u>148,786,460</u>
 Total liabilities	 <u>189,269,141</u>	 <u>165,612,510</u>
Deferred Inflows of Resources		
Deferred inflows of resources:		
Deferred inflows on pension liability	<u>52,973</u>	<u>-</u>
 Total deferred inflows of resources	 <u>52,973</u>	 <u>-</u>
Net Position		
Net position:		
Net investment in capital assets	82,422,329	80,516,621
Unrestricted	<u>33,775,613</u>	<u>33,740,987</u>
 Total net position	 <u>\$ 116,197,942</u>	 <u>114,257,608</u>

City of Waco, Texas
Water Fund
Comparative Statements of Revenues, Expenses and
Changes in Net Position
Years Ended September 30, 2016 and 2015

	<u>2016</u>	<u>2015</u>
Operating revenues:		
Charges for services	\$ 39,072,872	37,366,519
Other	527,132	402,025
Total operating revenues	<u>39,600,004</u>	<u>37,768,544</u>
Operating expenses:		
Salaries and wages	4,582,607	4,730,086
Employee benefits	2,357,862	1,864,515
Purchased professional/technical services	1,521,831	1,616,037
Purchased property services	195,119	105,503
Maintenance	2,231,269	1,670,712
Other purchased services	794,223	812,222
Supplies	4,439,317	4,594,066
Other	4,020,498	3,698,866
Depreciation/amortization	9,046,036	8,872,286
Total operating expenses	<u>29,188,762</u>	<u>27,964,293</u>
Operating income	<u>10,411,242</u>	<u>9,804,251</u>
Nonoperating revenues (expenses):		
Investment earnings	143,079	125,375
Rental income	4,410	5,210
Contributions	89,263	-
Intergovernmental revenue	37,456	-
Bond issuance costs	(761,120)	(150,735)
Interest expense and fiscal charges	(4,535,903)	(4,342,127)
Total nonoperating revenues (expenses)	<u>(5,022,815)</u>	<u>(4,362,277)</u>
Income before contributions and transfers	5,388,427	5,441,974
Capital contributions	1,048,273	692,265
Transfers out	<u>(3,209,846)</u>	<u>(3,817,145)</u>
Change in net position	<u>3,226,854</u>	<u>2,317,094</u>
Total net position,		
beginning of year, as previously stated	114,257,608	111,940,514
Prior period adjustment	<u>(1,286,520)</u>	<u>-</u>
Total net position,		
beginning of year, as restated	<u>112,971,088</u>	<u>111,940,514</u>
Total net position,		
end of year	<u>\$ 116,197,942</u>	<u>114,257,608</u>

See accompanying independent auditor's report.

City of Waco, Texas
Water Fund
Comparative Statements of Cash Flows
Years Ended September 30, 2016 and 2015

	<u>2016</u>	<u>2015</u>
Cash flows from operating activities:		
Cash received from customers	\$ 39,778,831	37,570,182
Cash paid to suppliers for goods and services	(12,715,026)	(12,673,215)
Cash paid to employees for services	<u>(6,826,664)</u>	<u>(6,650,421)</u>
Net cash provided by operating activities	<u>20,237,141</u>	<u>18,246,546</u>
Cash flows from noncapital financing activities:		
Intergovernmental revenue	54,019	-
Transfer from other funds	89,263	-
Transfer to other funds	<u>(3,884,444)</u>	<u>(3,142,547)</u>
Net cash used for noncapital financing activities	<u>(3,741,162)</u>	<u>(3,142,547)</u>
Cash flows from capital and related financing activities:		
Acquisition and construction of capital assets	(12,837,047)	(3,075,813)
Capital contributions	100,000	-
Payment of refundable contracts	(750,433)	(449,701)
Proceeds from the sale of debt	30,314,773	6,333,820
Principal paid on debt	(7,695,000)	(7,540,000)
Interest paid on debt	(5,622,277)	(5,818,125)
Payment of bond issuance costs	<u>(761,120)</u>	<u>(150,735)</u>
Net cash provided by (used for) capital and related financing activities	<u>2,748,896</u>	<u>(10,700,554)</u>
Cash flows from investing activities:		
Rental revenue	4,410	5,210
Investment earnings	<u>143,079</u>	<u>125,375</u>
Net cash provided by investing activities	<u>147,489</u>	<u>130,585</u>
Net increase in cash and cash equivalents	19,392,364	4,534,030
Cash and cash equivalents, beginning of year	<u>50,761,975</u>	<u>46,227,945</u>
Cash and cash equivalents, end of year	<u>\$ 70,154,339</u>	<u>50,761,975</u>
Reconciliation of operating income to net cash provided by operating activities:		
Operating income	\$ 10,411,242	9,804,251
Adjustments to reconcile operating income to net cash provided by operating activities:		
Provision for uncollectible accounts receivable	(32,569)	34,621
Depreciation/amortization	9,046,036	8,872,286
Changes in assets and liabilities:		
Decrease (increase) in assets:		
Accounts receivable	211,396	(232,983)
Inventory	(442)	(4,662)
Increase (decrease) in liabilities:		
Accounts payable	15,651	(346,548)
Accrued liabilities	(10,745)	18,685
Compensated absences payable	56,650	(65,713)
Net pension liability	355,104	(104,272)
Customer deposits	<u>184,818</u>	<u>270,881</u>
Net cash provided by operating activities	<u>\$ 20,237,141</u>	<u>18,246,546</u>
Schedule of noncash capital and related financing activities:		
Assets acquired through refundable contracts	<u>\$ 887,972</u>	<u>779,380</u>
Payment to refunded bond escrow agent	<u>\$ 17,552,360</u>	<u>28,418,449</u>

See accompanying independent auditor's report.



Wastewater Fund

City of Waco, Texas
Wastewater Fund
Comparative Statements of Net Position
September 30, 2016 and 2015

Assets	<u>2016</u>	<u>2015</u>
Current assets:		
Cash and investments	\$ 20,593,977	19,286,907
Accounts receivable, net of allowance	2,850,792	2,764,385
Due from other governments	432,070	-
Current portion of notes receivable	50,687	47,727
Restricted cash and investments	393,447	2,815,363
Accrued interest on notes receivable	2,785	3,076
Inventory	<u>9,145</u>	<u>13,308</u>
 Total current assets	 <u>24,332,903</u>	 <u>24,930,766</u>
 Noncurrent assets:		
Restricted cash and investments	63,489,703	15,945,721
Noncurrent portion of notes receivable	406,996	457,683
Capital assets:		
Land	2,576,524	2,576,524
Buildings	10,851,569	10,851,569
Improvements other than buildings	129,702,963	122,711,257
Equipment	10,414,596	9,114,279
Construction work in progress	10,796,977	10,924,960
Less: accumulated depreciation and amortization	<u>(58,117,932)</u>	<u>(53,672,066)</u>
Total capital assets	<u>106,224,697</u>	<u>102,506,523</u>
 Total noncurrent assets	 <u>170,121,396</u>	 <u>118,909,927</u>
 Total assets	 <u>194,454,299</u>	 <u>143,840,693</u>
 Deferred Outflows of Resources		
Deferred outflows of resources:		
Deferred losses on refundings of debt	1,331,381	1,278,356
Deferred outflows on pension liability	<u>1,484,081</u>	<u>495,793</u>
 Total deferred outflows of resources	 <u>2,815,462</u>	 <u>1,774,149</u>

See accompanying independent auditor's report.

Liabilities	<u>2016</u>	<u>2015</u>
Liabilities:		
Current liabilities:		
Accounts payable	\$ 397,353	549,311
Accrued liabilities	350,061	253,638
Due to other funds	-	370,553
Compensated absences payable	536,522	458,271
Revenue bonds payable	4,970,000	3,860,000
Refundable contracts	50,000	50,000
Accrued interest payable	<u>1,557,865</u>	<u>508,497</u>
	<u>7,861,801</u>	<u>6,050,270</u>
Current liabilities payable from restricted assets:		
Accounts payable	<u>393,447</u>	<u>2,815,363</u>
	<u>393,447</u>	<u>2,815,363</u>
 Total current liabilities	 <u>8,255,248</u>	 <u>8,865,633</u>
Noncurrent liabilities:		
Refundable contracts	142,542	142,542
Compensated absences payable	177,189	244,349
Net pension liability	2,899,791	1,710,082
Revenue bonds payable	<u>113,818,748</u>	<u>63,840,251</u>
Total noncurrent liabilities	<u>117,038,270</u>	<u>65,937,224</u>
 Total liabilities	 <u>125,293,518</u>	 <u>74,802,857</u>
 Deferred Inflows of Resources		
Deferred inflows of resources:		
Deferred inflows on pension liability	<u>35,315</u>	<u>-</u>
Total deferred inflows of resources	<u>35,315</u>	<u>-</u>
 Net Position		
Net position:		
Net investment in capital assets	52,064,491	51,837,807
Unrestricted	<u>19,876,437</u>	<u>18,974,178</u>
 Total net position	 <u>\$ 71,940,928</u>	 <u>70,811,985</u>

City of Waco, Texas
Wastewater Fund
Comparative Statements of Revenues, Expenses, and
Changes in Net Position
Years Ended September 30, 2016 and 2015

	<u>2016</u>	<u>2015</u>
Operating revenues:		
Charges for services	\$ 22,972,686	20,426,696
Other	<u>404,170</u>	<u>400,947</u>
Total operating revenues	<u>23,376,856</u>	<u>20,827,643</u>
Operating expenses:		
Salaries and wages	3,016,052	2,901,438
Employee benefits	1,440,382	1,041,207
Purchased professional/technical services	1,512,265	1,282,580
Purchased property services	348,304	277,646
Maintenance	1,826,341	1,485,175
Other purchased services	333,754	315,758
Supplies	2,027,206	1,961,616
Other	3,305,270	3,130,739
Depreciation/amortization	<u>4,769,543</u>	<u>4,633,544</u>
Total operating expenses	<u>18,579,117</u>	<u>17,029,703</u>
Operating income	<u>4,797,739</u>	<u>3,797,940</u>
Nonoperating revenues (expenses):		
Investment earnings	177,351	95,858
Bond issuance costs	(1,067,111)	(144,607)
Interest expense and fiscal charges	<u>(2,378,299)</u>	<u>(1,790,217)</u>
Total nonoperating expenses	<u>(3,268,059)</u>	<u>(1,838,966)</u>
Income before contributions and transfers	1,529,680	1,958,974
Capital contributions	432,070	-
Transfers out	<u>(832,807)</u>	<u>(1,171,894)</u>
Change in net position	1,128,943	787,080
Total net position, beginning of year	<u>70,811,985</u>	<u>70,024,905</u>
Total net position, end of year	<u>\$ 71,940,928</u>	<u>70,811,985</u>

See accompanying independent auditor's report.

City of Waco, Texas
Wastewater Fund
Comparative Statements of Cash Flows
Years Ended September 30, 2016 and 2015

	2016	2015
Cash flows from operating activities:		
Cash received from customers	\$ 23,290,449	20,713,986
Cash paid to suppliers for goods and services	(9,442,021)	(9,090,414)
Cash paid to employees for services	<u>(4,171,098)</u>	<u>(3,905,868)</u>
Net cash provided by operating activities	<u>9,677,330</u>	<u>7,717,704</u>
Cash flows from noncapital financing activities:		
Transfer to other funds	<u>(1,203,360)</u>	<u>(801,341)</u>
Net cash used for noncapital financing activities	<u>(1,203,360)</u>	<u>(801,341)</u>
Cash flows from capital and related financing activities:		
Acquisition and construction of capital assets	(10,663,074)	(5,321,298)
Proceeds from the sale of debt	55,840,562	5,819,332
Principal paid on debt	(3,860,000)	(3,545,000)
Interest paid on debt	(2,520,580)	(2,545,062)
Bond issuance costs	<u>(1,067,111)</u>	<u>(144,607)</u>
Net cash used for capital and related financing activities	<u>37,729,797</u>	<u>(5,736,635)</u>
Cash flows from investing activities:		
Investment earnings	177,642	96,138
Note payments from other entities	<u>47,727</u>	<u>46,065</u>
Net cash provided by investing activities	<u>225,369</u>	<u>142,203</u>
Net increase in cash and cash equivalents	46,429,136	1,321,931
Cash and cash equivalents, beginning of year	<u>38,047,991</u>	<u>36,726,060</u>
Cash and cash equivalents, end of year	<u>\$ 84,477,127</u>	<u>38,047,991</u>
Reconciliation of operating income to net cash provided by operating activities:		
Operating income	\$ 4,797,739	3,797,940
Adjustments to reconcile operating income to net cash provided by operating activities:		
Provision for uncollectible accounts receivable	(21,238)	28,641
Depreciation/amortization	4,769,543	4,633,544
Changes in assets and liabilities:		
Decrease (increase) in assets:		
Accounts receivable	(65,169)	(142,298)
Inventory	4,163	1,471
Increase (decrease) in liabilities:		
Accounts payable	(151,958)	(539,203)
Accrued liabilities	96,423	(76,146)
Compensated absences payable	11,091	83,269
Net pension liability	<u>236,736</u>	<u>(69,514)</u>
Net cash provided by operating activities	<u>\$ 9,677,330</u>	<u>7,717,704</u>
Schedule of noncash capital and related financing activities:		
Payment to refunded bond escrow agent	<u>\$ 10,540,705</u>	<u>16,638,605</u>

See accompanying independent auditor's report.



Solid Waste Fund

City of Waco, Texas

Solid Waste Fund

Comparative Statements of Net Position
September 30, 2016 and 2015

	<u>2016</u>	<u>2015</u>
Assets		
Current assets:		
Cash and investments	\$ 19,232,909	15,609,595
Accounts receivable, net of allowance	<u>1,941,947</u>	<u>1,798,608</u>
Total current assets	<u>21,174,856</u>	<u>17,408,203</u>
Noncurrent assets:		
Capital assets:		
Land	1,783,510	1,753,855
Buildings	1,370,137	1,370,137
Improvements other than buildings	26,167,880	26,167,880
Equipment	18,147,025	16,455,332
Construction work in progress	33,571	27,574
Less: accumulated depreciation and amortization	<u>(36,278,866)</u>	<u>(34,714,344)</u>
Total capital assets	<u>11,223,257</u>	<u>11,060,434</u>
Total noncurrent assets	<u>11,223,257</u>	<u>11,060,434</u>
Total assets	<u>32,398,113</u>	<u>28,468,637</u>
Deferred Outflows of Resources		
Deferred outflows of resources:		
Deferred losses on refundings of debt	22,796	20,744
Deferred outflows on pension liability	<u>1,484,081</u>	<u>495,793</u>
Total deferred outflows of resources	<u>1,506,877</u>	<u>516,537</u>

See accompanying independent auditor's report.

	<u>2016</u>	<u>2015</u>
Liabilities		
Liabilities:		
Current liabilities:		
Accounts payable	\$ 1,285,952	239,921
Accrued liabilities	410,180	384,869
Due to other funds	-	264,805
Compensated absences payable	321,616	408,912
Revenue bonds payable	490,000	470,000
Accrued interest payable	24,083	28,066
Total current liabilities	<u>2,531,831</u>	<u>1,796,573</u>
Noncurrent liabilities:		
Estimated landfill closure and post-closure care costs	5,021,423	4,757,870
Compensated absences payable	293,285	142,874
Net pension liability	2,899,791	1,710,082
Bonds payable	3,289,875	3,830,621
Total noncurrent liabilities	<u>11,504,374</u>	<u>10,441,447</u>
Total liabilities	<u>14,036,205</u>	<u>12,238,020</u>
Deferred Inflows of Resources		
Deferred inflows of resources:		
Deferred inflows on pension liability	<u>35,315</u>	<u>-</u>
Total deferred inflows of resources	<u>35,315</u>	<u>-</u>
Net Position		
Net position:		
Net investment in capital assets	7,466,178	6,780,557
Unrestricted	<u>12,367,292</u>	<u>9,966,597</u>
Total net position	<u>\$ 19,833,470</u>	<u>16,747,154</u>

City of Waco, Texas
Solid Waste Fund
Comparative Statements of Revenues, Expenses and
Changes in Net Position
Years Ended September 30, 2016 and 2015

	<u>2016</u>	<u>2015</u>
Operating revenues:		
Charges for services	\$ 18,416,543	17,567,885
Other	444,423	136,634
Total operating revenues	<u>18,860,966</u>	<u>17,704,519</u>
 Operating expenses:		
Salaries and wages	2,874,076	3,012,097
Employee benefits	1,707,021	1,401,937
Purchased professional/technical services	1,651,182	1,790,675
Purchased property services	13,054	15,584
Maintenance	2,227,081	2,025,345
Other purchased services	145,783	153,939
Supplies	1,252,572	1,429,212
Other	2,691,410	2,431,652
Depreciation	2,796,289	2,852,081
Total operating expenses	<u>15,358,468</u>	<u>15,112,522</u>
 Operating income	<u>3,502,498</u>	<u>2,591,997</u>
 Nonoperating revenues (expenses):		
Investment earnings	50,086	57,910
Intergovernmental revenue	25,000	-
Bond issuance cost	(4,941)	-
Interest expense and fiscal charges	(95,136)	(111,093)
Total nonoperating revenues (expenses)	<u>(24,991)</u>	<u>(53,183)</u>
 Income before contributions and transfers	3,477,507	2,538,814
 Transfers out	<u>(391,191)</u>	<u>(594,869)</u>
 Change in net position	3,086,316	1,943,945
 Total net position, beginning of year	<u>16,747,154</u>	<u>14,803,209</u>
 Total net position, end of year	<u>\$ 19,833,470</u>	<u>16,747,154</u>

See accompanying independent auditor's report.

City of Waco, Texas
Solid Waste Fund
Comparative Statements of Cash Flows
Years Ended September 30, 2016 and 2015

	2016	2015
Cash flows from operating activities:		
Cash received from customers	\$ 18,717,627	18,021,176
Cash paid to suppliers for goods and services	(6,445,595)	(7,417,315)
Cash paid to employees for services	<u>(4,481,838)</u>	<u>(4,501,909)</u>
Net cash provided by operating activities	<u>7,790,194</u>	<u>6,101,952</u>
Cash flows from noncapital financing activities:		
Intergovernmental revenue	25,000	-
Transfer to other funds	<u>(655,996)</u>	<u>(330,064)</u>
Net cash used for noncapital financing activities	<u>(630,996)</u>	<u>(330,064)</u>
Cash flows from capital and related financing activities:		
Acquisition of capital assets	(2,959,112)	(4,238,708)
Proceeds from sale of debt	4,359	-
Principal paid on debt	(470,000)	(690,000)
Interest paid on debt	<u>(161,217)</u>	<u>(179,807)</u>
Net cash used for capital and related financing activities	<u>(3,585,970)</u>	<u>(5,108,515)</u>
Cash flows from investing activities:		
Investment earnings	<u>50,086</u>	<u>57,910</u>
Net cash provided by investing activities	<u>50,086</u>	<u>57,910</u>
Net increase in cash and cash equivalents	3,623,314	721,283
Cash and cash equivalents, beginning of year	<u>15,609,595</u>	<u>14,888,312</u>
Cash and cash equivalents, end of year	<u>\$ 19,232,909</u>	<u>15,609,595</u>
Reconciliation of operating income to net cash provided by operating activities:		
Operating income	\$ 3,502,498	2,591,997
Adjustments to reconcile operating income to net cash provided by operating activities:		
Provision for uncollectible accounts receivable	(15,191)	20,733
Depreciation/amortization	2,796,289	2,852,081
Changes in assets and liabilities:		
Decrease (increase) in assets:		
Accounts receivable	(128,148)	295,924
Increase (decrease) in liabilities:		
Accounts payable	1,046,031	40,125
Accrued liabilities	25,311	156,262
Estimated landfill closure and post-closure care costs	263,553	241,010
Compensated absences payable	63,115	(26,666)
Net pension liability	<u>236,736</u>	<u>(69,514)</u>
Net cash provided by operating activities	<u>\$ 7,790,194</u>	<u>6,101,952</u>
Schedule of noncash capital and related financing activities.		
Payment to refunded bond escrow agent.	<u>\$ 327,865</u>	<u>-</u>

See accompanying independent auditor's report.



Nonmajor Enterprise Funds

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

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

Convention Services Fund - This fund is used to account for the provision of 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 this facility to the public.

City of Waco, Texas
Nonmajor Enterprise Funds
Combining Balance Sheet
September 30, 2016
(With Comparative Totals for September 30, 2015)

	Airport Fund	Convention Services Fund	Ranger Hall of Fame Fund
Assets			
Current assets:			
Cash and investments	\$ 178,715	1,631,991	1,110,693
Accounts receivable, net of allowances	50,865	365,784	600
Intergovernmental receivable	1,944,295	-	-
Inventories	4,876	54,738	74,915
Total current assets	2,178,751	2,052,513	1,186,208
Noncurrent assets:			
Restricted cash and investments	-	-	70,566
Capital assets:			
Land	489,389	-	-
Buildings	15,179,943	24,963,876	3,720,747
Improvements other than buildings	39,038,343	555,845	243,023
Equipment	1,509,992	900,533	308,391
Museum collections	-	-	2,224,424
Construction in progress	6,426,875	6,100	38,126
Less: accumulated depreciation	(26,806,247)	(9,431,534)	(1,360,674)
Total capital assets	35,838,295	16,994,820	5,174,037
Total noncurrent assets	35,838,295	16,994,820	5,244,603
Total assets	38,017,046	19,047,333	6,430,811
Liabilities			
Liabilities:			
Current liabilities:			
Accounts payable	123,228	113,276	9,944
Accrued liabilities	912,440	87,054	43,919
Unearned revenue	-	162,315	-
Due to other funds	-	-	-
Compensated absences payable	55,730	175,953	66,123
Total current liabilities	1,091,398	538,598	119,986
Noncurrent liabilities:			
Advances from other funds	-	-	-
Compensated absences payable	4,266	-	83,813
Total noncurrent liabilities	4,266	-	83,813
Total liabilities	1,095,664	538,598	203,799
Net Position			
Net position:			
Net investment in capital assets	35,838,295	16,994,820	5,174,037
Restricted	24,955	-	218,547
Unrestricted	1,058,132	1,513,915	834,428
Total net position	\$ 36,921,382	18,508,735	6,227,012

See accompanying independent auditor's report.

Cameron Park Zoo Fund	Transit Services Fund	Cottonwood Creek Golf Course Fund	Totals	
			2016	2015
381,010	-	-	3,302,409	3,609,048
7,016	141,171	236	565,672	592,998
-	4,925,997	-	6,870,292	2,859,806
11,011	515,286	227,650	888,476	818,466
<u>399,037</u>	<u>5,582,454</u>	<u>227,886</u>	<u>11,626,849</u>	<u>7,880,318</u>
-	-	-	70,566	108,278
-	423,284	-	912,673	912,673
8,954,539	6,919,608	713,389	60,452,102	59,484,952
19,050,351	244,951	2,017,246	61,149,759	61,149,759
417,781	10,094,230	1,091,276	14,322,203	13,834,149
-	-	-	2,224,424	2,206,424
22,850	-	19,178	6,513,129	790,888
<u>(16,939,473)</u>	<u>(11,241,922)</u>	<u>(2,852,421)</u>	<u>(68,632,271)</u>	<u>(63,184,800)</u>
<u>11,506,048</u>	<u>6,440,151</u>	<u>988,668</u>	<u>76,942,019</u>	<u>75,194,045</u>
<u>11,506,048</u>	<u>6,440,151</u>	<u>988,668</u>	<u>77,012,585</u>	<u>75,302,323</u>
<u>11,905,085</u>	<u>12,022,605</u>	<u>1,216,554</u>	<u>88,639,434</u>	<u>83,182,641</u>
35,164	120,786	23,278	425,676	547,808
94,976	222,413	641,444	2,002,246	1,243,964
-	-	-	162,315	89,346
-	4,466,191	49,216	4,515,407	2,050,759
162,146	-	71,246	531,198	488,334
<u>292,286</u>	<u>4,809,390</u>	<u>785,184</u>	<u>7,636,842</u>	<u>4,420,211</u>
-	-	693,704	693,704	693,704
100,586	-	98,327	286,992	366,278
<u>100,586</u>	<u>-</u>	<u>792,031</u>	<u>980,696</u>	<u>1,059,982</u>
392,872	4,809,390	1,577,215	8,617,538	5,480,193
11,506,048	6,440,151	988,668	76,942,019	75,194,045
-	456,978	-	700,480	1,370,154
6,165	316,086	(1,349,329)	2,379,397	1,138,249
<u>11,512,213</u>	<u>7,213,215</u>	<u>(360,661)</u>	<u>80,021,896</u>	<u>77,702,448</u>

City of Waco, Texas
Nonmajor Enterprise Funds
Combining Statement of Revenues, Expenditures and Changes in Net Position
Year Ended September 30, 2016
(With Comparative Totals for Year Ended September 30, 2015)

	Airport Fund	Convention Services Fund	Ranger Hall of Fame Fund
Operating revenues:			
Charges for services	\$ 583,752	858,080	388,377
Net merchandise sales	21,444	373,837	150,109
Contributions	-	146,037	-
Other	249,325	24,958	20,776
Total operating revenues	<u>854,521</u>	<u>1,402,912</u>	<u>559,262</u>
Operating expenses:			
Salaries and wages	440,711	1,120,983	603,787
Employee benefits	182,835	450,318	218,752
Purchased professional/technical services	273,492	706,738	85,527
Purchased property services	19,216	29,082	7,224
Maintenance	72,363	115,676	8,734
Other purchased services	79,345	507,765	44,999
Supplies	114,521	497,257	101,883
Other	379,962	17,936	237,312
Depreciation	2,258,860	855,341	136,605
Total operating expenses	<u>3,821,305</u>	<u>4,301,096</u>	<u>1,444,823</u>
Operating loss	<u>(2,966,784)</u>	<u>(2,898,184)</u>	<u>(885,561)</u>
Nonoperating revenues:			
Investment earnings	1,749	3,386	2,844
Other income	263,966	-	-
Hotel/motel tax	-	3,204,122	-
Contributions	-	-	132,001
Intergovernmental revenue	93,725	-	-
Total nonoperating revenues	<u>359,440</u>	<u>3,207,508</u>	<u>134,845</u>
Income (loss) before contributions and transfers	(2,607,344)	309,324	(750,716)
Capital contributions	5,499,785	6,100	18,000
Transfers in	736,059	96,000	887,456
Transfers out	-	(150,000)	-
Net change in net position	3,628,500	261,424	154,740
Total net position, beginning of year	<u>33,292,882</u>	<u>18,247,311</u>	<u>6,072,272</u>
Total net position, end of year	<u>\$ 36,921,382</u>	<u>18,508,735</u>	<u>6,227,012</u>

See accompanying independent auditor's report.

Cameron Park Zoo Fund	Transit Services Fund	Cottonwood Creek Golf Course Fund	Totals	
			2016	2015
1,760,630	2,896,706	1,190,113	7,677,658	7,104,090
202,600	-	253,314	1,001,304	941,690
-	-	-	146,037	155,807
<u>380</u>	<u>1,215,304</u>	<u>175,169</u>	<u>1,685,912</u>	<u>1,302,739</u>
<u>1,963,610</u>	<u>4,112,010</u>	<u>1,618,596</u>	<u>10,510,911</u>	<u>9,504,326</u>
1,491,134	3,468,023	437,584	7,562,222	7,346,236
690,457	811,596	171,939	2,525,897	2,430,790
29,616	1,011,353	460,525	2,567,251	1,952,125
463,952	20,264	216,543	756,281	649,822
83,639	759,159	69,337	1,108,908	913,656
89,415	272,351	128,345	1,122,220	1,249,842
704,105	681,773	183,027	2,282,566	2,222,964
149,206	557,082	2,972	1,344,470	1,150,069
<u>1,075,657</u>	<u>1,058,735</u>	<u>151,257</u>	<u>5,536,455</u>	<u>5,481,217</u>
<u>4,777,181</u>	<u>8,640,336</u>	<u>1,821,529</u>	<u>24,806,270</u>	<u>23,396,721</u>
<u>(2,813,571)</u>	<u>(4,528,326)</u>	<u>(202,933)</u>	<u>(14,295,359)</u>	<u>(13,892,395)</u>
445	6	-	8,430	10,437
-	-	-	263,966	300,021
-	-	-	3,204,122	2,707,056
-	-	-	132,001	132,044
<u>-</u>	<u>3,445,938</u>	<u>-</u>	<u>3,539,663</u>	<u>3,434,002</u>
<u>445</u>	<u>3,445,944</u>	<u>-</u>	<u>7,148,182</u>	<u>6,583,560</u>
(2,813,126)	(1,082,382)	(202,933)	(7,147,177)	(7,308,835)
181,297	47,223	-	5,752,405	2,830,945
2,010,257	-	134,448	3,864,220	3,132,089
<u>-</u>	<u>-</u>	<u>-</u>	<u>(150,000)</u>	<u>(150,000)</u>
(621,572)	(1,035,159)	(68,485)	2,319,448	(1,495,801)
<u>12,133,785</u>	<u>8,248,374</u>	<u>(292,176)</u>	<u>77,702,448</u>	<u>79,198,249</u>
<u>11,512,213</u>	<u>7,213,215</u>	<u>(360,661)</u>	<u>80,021,896</u>	<u>77,702,448</u>

City of Waco, Texas
Nonmajor Enterprise Funds
Combining Statement of Cash Flows
Year Ended September 30, 2016
(With Comparative Totals for Year Ended September 30, 2015)

	<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	\$ 881,496	1,575,357	559,653
Cash paid to suppliers for goods and services	(928,046)	(1,861,178)	(492,553)
Cash paid to employees for services	<u>(609,531)</u>	<u>(1,607,589)</u>	<u>(801,228)</u>
Net cash used for operating activities	<u>(656,081)</u>	<u>(1,893,410)</u>	<u>(734,128)</u>
Cash flows from noncapital financing activities:			
Intergovernmental revenues	89,805	-	-
Contributions	-	-	132,001
Hotel/motel tax	-	3,142,390	-
Passenger facility charges	263,966	-	-
Payments to other funds	-	-	-
Transfer from other funds	736,059	96,000	887,456
Transfer to other funds	<u>-</u>	<u>(150,000)</u>	<u>-</u>
Net cash provided by noncapital financing activities	<u>1,089,830</u>	<u>3,088,390</u>	<u>1,019,457</u>
Cash flows from capital and related financing activities:			
Acquisition of capital assets	(6,553,174)	(348,208)	(49,651)
Capital contributions	4,437,812	-	-
Proceeds from sale of equipment	<u>-</u>	<u>-</u>	<u>-</u>
Net cash used for capital and related financing activities	<u>(2,115,362)</u>	<u>(348,208)</u>	<u>(49,651)</u>
Cash flows from investing activities:			
Investment earnings	<u>1,749</u>	<u>3,386</u>	<u>2,844</u>
Net cash provided by investing activities	<u>1,749</u>	<u>3,386</u>	<u>2,844</u>
Net increase (decrease) in cash and cash equivalents	(1,679,864)	850,158	238,522
Cash and cash equivalents, beginning of year	<u>1,858,579</u>	<u>781,833</u>	<u>942,737</u>
Cash and cash equivalents, end of year	<u>\$ 178,715</u>	<u>1,631,991</u>	<u>1,181,259</u>

See accompanying independent auditor's report.

Cameron Park Zoo Fund	Transit Services Fund	Cottonwood Creek Golf Course Fund	Totals	
			2016	2015
1,959,011	4,079,061	1,618,360	10,672,938	9,440,187
(1,526,425)	(3,495,624)	(1,033,055)	(9,336,881)	(8,249,185)
<u>(2,165,659)</u>	<u>(4,128,782)</u>	<u>(621,257)</u>	<u>(9,934,046)</u>	<u>(9,761,852)</u>
<u>(1,733,073)</u>	<u>(3,545,345)</u>	<u>(35,952)</u>	<u>(8,597,989)</u>	<u>(8,570,850)</u>
-	1,129,679	-	1,219,484	1,939,745
-	-	-	132,001	132,044
-	-	-	3,142,390	2,666,907
-	-	-	263,966	290,008
-	2,415,432	-	2,415,432	1,359,993
2,010,257	-	134,448	3,864,220	3,132,089
<u>-</u>	<u>-</u>	<u>-</u>	<u>(150,000)</u>	<u>(150,000)</u>
<u>2,010,257</u>	<u>3,545,111</u>	<u>134,448</u>	<u>10,887,493</u>	<u>9,370,786</u>
(5,981)	-	(123,311)	(7,080,325)	(402,943)
-	228	-	4,438,040	149,330
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>10,013</u>
<u>(5,981)</u>	<u>228</u>	<u>(123,311)</u>	<u>(2,642,285)</u>	<u>(243,600)</u>
445	6	-	8,430	10,437
<u>445</u>	<u>6</u>	<u>-</u>	<u>8,430</u>	<u>10,437</u>
271,648	-	(24,815)	(344,351)	566,773
<u>109,362</u>	<u>-</u>	<u>24,815</u>	<u>3,717,326</u>	<u>3,150,553</u>
<u>381,010</u>	<u>-</u>	<u>-</u>	<u>3,372,975</u>	<u>3,717,326</u>

(Continued)

City of Waco, Texas
Nonmajor Enterprise Funds
Combining Statement of Cash Flows
(Continued)
Year Ended September 30, 2016
(With Comparative Totals for Year Ended September 30, 2015)

	Airport Fund	Convention Services Fund	Ranger Hall of Fame Fund
s			
Reconciliation of operating loss to net cash used for operating activities:			
Operating loss	\$ (2,966,784)	(2,898,184)	(885,561)
Adjustments to reconcile operating loss to net cash used for operating activities:			
Depreciation	2,258,860	855,341	136,605
Loss on disposal of capital assets	-	-	-
Changes in assets and liabilities:			
Decrease (increase) in assets:			
Accounts receivable	26,975	99,476	391
Inventories	2,474	(798)	(6,972)
Increase (decrease) in liabilities:			
Accounts payable	9,755	10,966	(5,301)
Accrued liabilities	3,544	9,961	12,050
Unearned revenue	-	72,969	-
Due to other funds	-	-	-
Compensated absences payable	9,095	(43,141)	14,660
Net cash used for operating activities	\$ (656,081)	(1,893,410)	(734,128)
Noncash investing, capital, and financing activities:			
Contributions of capital assets	\$ -	6,100	18,000

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	
			2016	2015
(2,813,571)	(4,528,326)	(202,933)	(14,295,359)	(13,892,395)
1,075,657	1,058,735	151,257	5,536,455	5,481,217
-	48,288	-	48,288	-
(4,599)	(32,949)	(236)	89,058	(57,455)
(2,463)	(74,103)	11,852	(70,010)	50,777
(3,632)	(68,035)	(76,205)	(132,452)	(19,030)
17,171	51,045	46,497	140,268	(148,957)
-	-	-	72,969	(6,684)
-	-	49,216	49,216	-
(1,636)	-	(15,400)	(36,422)	21,677
<u>(1,733,073)</u>	<u>(3,545,345)</u>	<u>(35,952)</u>	<u>(8,597,989)</u>	<u>(8,570,850)</u>
<u>181,297</u>	<u>46,995</u>	<u>-</u>	<u>252,392</u>	<u>-</u>



Airport Fund

City of Waco, Texas
Airport Fund
Comparative Statements of Net Position
September 30, 2016 and 2015

	2016	2015
Assets		
Current assets:		
Cash and investments	\$ 178,715	1,858,579
Accounts receivable, net of allowance	50,865	77,840
Intergovernmental receivable	1,944,295	250,068
Inventory	4,876	7,350
Total current assets	2,178,751	2,193,837
Noncurrent assets:		
Capital assets:		
Land	489,389	489,389
Buildings	15,179,943	14,340,067
Improvements other than buildings	39,038,343	39,038,343
Equipment	1,509,992	1,509,992
Construction in progress	6,426,875	713,577
Less: accumulated depreciation	(26,806,247)	(24,547,387)
Total capital assets	35,838,295	31,543,981
Total noncurrent assets	35,838,295	31,543,981
Total assets	38,017,046	33,737,818
Liabilities		
Liabilities:		
Current liabilities:		
Accounts payable	123,228	103,153
Accrued liabilities	912,440	290,882
Compensated absences payable	55,730	50,901
Total current liabilities	1,091,398	444,936
Total liabilities	1,091,398	444,936
Noncurrent liabilities:		
Compensated absences payable	4,266	-
Total noncurrent liabilities	4,266	-
Total liabilities	1,095,664	444,936
Net Position		
Net position:		
Net investment in capital assets	35,838,295	31,543,981
Restricted	24,955	675,828
Unrestricted	1,058,132	1,073,073
Total net position	\$ 36,921,382	33,292,882

See accompanying independent auditor's report.

City of Waco, Texas
Airport Fund
Comparative Statements of Revenues, Expenses and
Changes in Net Position
Years Ended September 30, 2016 and 2015

	<u>2016</u>	<u>2015</u>
Operating revenues:		
Charges for services	\$ 583,752	556,525
Net merchandise sales	21,444	30,063
Other	<u>249,325</u>	<u>216,561</u>
Total operating revenues	<u>854,521</u>	<u>803,149</u>
Operating expenses:		
Salaries and wages	440,711	443,022
Employee benefits	182,835	175,165
Purchased professional/technical services	273,492	42,780
Purchased property services	19,216	18,256
Maintenance	72,363	78,723
Other purchased services	79,345	70,095
Supplies	114,521	143,485
Other	379,962	334,317
Depreciation	<u>2,258,860</u>	<u>2,190,738</u>
Total operating expenses	<u>3,821,305</u>	<u>3,496,581</u>
Operating loss	<u>(2,966,784)</u>	<u>(2,693,432)</u>
Nonoperating revenues:		
Investment earnings	1,749	5,619
Intergovernmental revenue	93,725	87,600
Other income	<u>263,966</u>	<u>290,008</u>
Total nonoperating revenue	<u>359,440</u>	<u>383,227</u>
Loss before contributions and transfers	(2,607,344)	(2,310,205)
Capital contributions	5,499,785	2,721,415
Transfers in	<u>736,059</u>	<u>179,235</u>
Change in net position	3,628,500	590,445
Total net position, beginning of year	<u>33,292,882</u>	<u>32,702,437</u>
Total net position, end of year	<u>\$ 36,921,382</u>	<u>33,292,882</u>

See accompanying independent auditor's report.

City of Waco, Texas
Airport Fund
Comparative Statements of Cash Flows
Years Ended September 30, 2016 and 2015

	<u>2016</u>	<u>2015</u>
Cash flows from operating activities:		
Cash received from customers	\$ 881,496	811,740
Cash paid to suppliers for goods and services	(928,046)	(682,091)
Cash paid to employees for services	<u>(609,531)</u>	<u>(626,149)</u>
Net cash used for operating activities	<u>(656,081)</u>	<u>(496,500)</u>
Cash flows from noncapital financing activities:		
Intergovernmental revenue	89,805	75,935
Passenger facility charges	263,966	290,008
Transfer from other funds	<u>736,059</u>	<u>179,235</u>
Net cash provided by noncapital financing activities	<u>1,089,830</u>	<u>545,178</u>
Cash flows from capital and related financing activities:		
Acquisition of capital assets	(6,553,174)	(297,840)
Capital contributions	<u>4,437,812</u>	<u>148,719</u>
Net cash used for capital and related financing activities	<u>(2,115,362)</u>	<u>(149,121)</u>
Cash flows from investing activities:		
Investment earnings	<u>1,749</u>	<u>5,619</u>
Net cash provided by investing activities	<u>1,749</u>	<u>5,619</u>
Net decrease in cash and cash equivalents	(1,679,864)	(94,824)
Cash and cash equivalents, beginning of year	<u>1,858,579</u>	<u>1,953,403</u>
Cash and cash equivalents, end of year	<u>\$ 178,715</u>	<u>1,858,579</u>
Reconciliation of operating loss to net cash used for operating activities:		
Operating loss	\$ (2,966,784)	(2,693,432)
Adjustments to reconcile operating loss to net cash used for operating activities:		
Depreciation	2,258,860	2,190,738
Changes in assets and liabilities:		
Decrease (increase) in assets:		
Accounts receivable	26,975	8,591
Inventory	2,474	2,075
Increase (decrease) in liabilities:		
Accounts payable	9,755	(226)
Accrued liabilities	3,544	6,501
Compensated absences payable	<u>9,095</u>	<u>(10,747)</u>
Net cash used for operating activities	<u>(656,081)</u>	<u>(496,500)</u>

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
Convention Services Fund
Comparative Statements of Net Position
September 30, 2016 and 2015

	<u>2016</u>	<u>2015</u>
Assets		
Current assets:		
Cash and investments	\$ 1,631,991	781,833
Accounts receivable, net of allowance	365,784	403,528
Inventory	54,738	53,940
Total current assets	<u>2,052,513</u>	<u>1,239,301</u>
Noncurrent assets:		
Capital assets:		
Buildings	24,963,876	24,963,876
Improvements other than buildings	555,845	555,845
Equipment	900,533	552,325
Construction in progress	6,100	-
Less: accumulated depreciation	<u>(9,431,534)</u>	<u>(8,576,193)</u>
Total capital assets	<u>16,994,820</u>	<u>17,495,853</u>
Total noncurrent assets	<u>16,994,820</u>	<u>17,495,853</u>
Total assets	<u>19,047,333</u>	<u>18,735,154</u>
Liabilities		
Liabilities:		
Current liabilities:		
Accounts payable	113,276	102,310
Accrued liabilities	87,054	77,093
Unearned revenue	162,315	89,346
Compensated absences payable	<u>175,953</u>	<u>142,083</u>
Total current liabilities	<u>538,598</u>	<u>410,832</u>
Noncurrent liabilities:		
Compensated absences payable	<u>-</u>	<u>77,011</u>
Total noncurrent liabilities	<u>-</u>	<u>77,011</u>
Total liabilities	<u>538,598</u>	<u>487,843</u>
Net Position		
Net position:		
Net investment in capital assets	16,994,820	17,495,853
Unrestricted	<u>1,513,915</u>	<u>751,458</u>
Total net position	<u>\$ 18,508,735</u>	<u>18,247,311</u>

See accompanying independent auditor's report

City of Waco, Texas
Convention Services Fund
Comparative Statements of Revenues, Expenses and
Changes in Net Position
Years Ended September 30, 2016 and 2015

	2016	2015
Operating revenues:		
Charges for services	\$ 858,080	826,184
Net merchandise sales	373,837	307,943
Contributions	146,037	155,807
Other	24,958	27,166
Total operating revenues	1,402,912	1,317,100
Operating expenses:		
Salaries and wages	1,120,983	1,229,480
Employee benefits	450,318	488,314
Purchased professional/technical services	706,738	300,225
Purchased property services	29,082	29,187
Maintenance	115,676	91,111
Other purchased services	507,765	691,714
Supplies	497,257	395,154
Other	17,936	25,168
Depreciation	855,341	823,796
Total operating expenses	4,301,096	4,074,149
Operating loss	(2,898,184)	(2,757,049)
Nonoperating revenues:		
Hotel/motel tax	3,204,122	2,707,056
Investment earnings	3,386	2,117
Total nonoperating revenues	3,207,508	2,709,173
Loss before contributions and transfers	309,324	(47,876)
Capital contributions	6,100	-
Transfers in	96,000	-
Transfers out	(150,000)	(150,000)
Change in net position	261,424	(197,876)
Total net position, beginning of year	18,247,311	18,445,187
Total net position, end of year	\$ 18,508,735	18,247,311

See accompanying independent auditor's report.

City of Waco, Texas
Convention Services Fund
Comparative Statements of Cash Flows
Years Ended September 30, 2016 and 2015

	2016	2015
Cash flows from operating activities:		
Cash received from customers	\$ 1,575,357	1,240,478
Cash paid to suppliers for goods and services	(1,861,178)	(1,576,137)
Cash paid to employees for services	<u>(1,607,589)</u>	<u>(1,708,744)</u>
Net cash used for operating activities	<u>(1,893,410)</u>	<u>(2,044,403)</u>
Cash flows from noncapital financing activities:		
Hotel/motel tax	3,142,390	2,666,907
Transfer from other funds	96,000	-
Transfer to other funds	<u>(150,000)</u>	<u>(150,000)</u>
Net cash provided by noncapital financing activities	<u>3,088,390</u>	<u>2,516,907</u>
Cash flows from capital and related financing activities:		
Acquisition of capital assets	<u>(348,208)</u>	<u>(32,646)</u>
Net cash used for noncapital financing activities	<u>(348,208)</u>	<u>(32,646)</u>
Cash flows from investing activities:		
Investment earnings	<u>3,386</u>	<u>2,117</u>
Net cash provided by investing activities	<u>3,386</u>	<u>2,117</u>
Net increase in cash and cash equivalents	850,158	441,975
Cash and cash equivalents, beginning of year	<u>781,833</u>	<u>339,858</u>
Cash and cash equivalents, end of year	<u>\$ 1,631,991</u>	<u>781,833</u>
Reconciliation of operating loss to net cash used for operating activities:		
Operating loss	\$ (2,898,184)	(2,757,049)
Adjustments to reconcile operating loss to net cash used for operating activities:		
Depreciation	855,341	823,796
Changes in assets and liabilities:		
Decrease (increase) in assets:		
Accounts receivable	99,476	(69,938)
Inventory	(798)	(9,563)
Increase (decrease) in liabilities:		
Accounts payable	10,966	(23,800)
Accrued liabilities	9,961	(9,640)
Unearned revenue	72,969	(6,684)
Compensated absences payable	<u>(43,141)</u>	<u>8,475</u>
Net cash used for operating activities	<u>(1,893,410)</u>	<u>(2,044,403)</u>
Schedule of noncash capital and related financing activities:		
Contributions of capital assets	<u>\$ 6,100</u>	<u>-</u>

See accompanying independent auditor's report.

Ranger Hall of Fame Fund

City of Waco, Texas
Ranger Hall of Fame Fund
Comparative Statements of Net Position
September 30, 2016 and 2015

	<u>2016</u>	<u>2015</u>
Assets		
Current assets:		
Cash and investments	\$ 1,110,693	834,459
Accounts receivable, net of allowance	600	991
Inventory	<u>74,915</u>	<u>67,943</u>
Total current assets	<u>1,186,208</u>	<u>903,393</u>
Noncurrent assets:		
Restricted cash and investments	<u>70,566</u>	<u>108,278</u>
Capital assets:		
Buildings	3,720,747	3,720,747
Improvements other than buildings	243,023	243,023
Equipment	308,391	296,866
Museum collections	2,224,424	2,206,424
Construction in progress	38,126	-
Less: accumulated depreciation	<u>(1,360,674)</u>	<u>(1,224,069)</u>
Total capital assets	<u>5,174,037</u>	<u>5,242,991</u>
Total noncurrent assets	<u>5,244,603</u>	<u>5,351,269</u>
Total assets	<u>6,430,811</u>	<u>6,254,662</u>
Liabilities		
Liabilities:		
Current liabilities:		
Accounts payable	9,944	15,245
Accrued liabilities	43,919	31,869
Compensated absences payable	<u>66,123</u>	<u>70,945</u>
Total current liabilities	<u>119,986</u>	<u>118,059</u>
Noncurrent liabilities:		
Compensated absences payable	<u>83,813</u>	<u>64,331</u>
Total noncurrent liabilities	<u>83,813</u>	<u>64,331</u>
Total liabilities	<u>203,799</u>	<u>182,390</u>
Net Position		
Net position:		
Net investment in capital assets	5,174,037	5,242,991
Restricted	218,547	237,348
Unrestricted	<u>834,428</u>	<u>591,933</u>
Total net position	<u>\$ 6,227,012</u>	<u>6,072,272</u>

See accompanying independent auditor's report

City of Waco, Texas
Ranger Hall of Fame Fund
Comparative Statements of Revenues, Expenses and
Changes in Net Position
Years Ended September 30, 2016 and 2015

	<u>2016</u>	<u>2015</u>
Operating revenues:		
Charges for services	\$ 388,377	348,592
Net merchandise sales	150,109	134,005
Other	<u>20,776</u>	<u>8,320</u>
Total operating revenues	<u>559,262</u>	<u>490,917</u>
 Operating expenses:		
Salaries and wages	603,787	579,360
Employee benefits	218,752	199,855
Purchased professional/technical services	85,527	24,986
Purchased property services	7,224	7,186
Maintenance	8,734	4,089
Other purchased services	44,999	48,393
Supplies	101,883	88,234
Other	237,312	247,118
Depreciation	<u>136,605</u>	<u>134,418</u>
Total operating expenses	<u>1,444,823</u>	<u>1,333,639</u>
 Operating loss	<u>(885,561)</u>	<u>(842,722)</u>
 Nonoperating revenues:		
Investment earnings	2,844	2,646
Contributions	<u>132,001</u>	<u>132,044</u>
Total nonoperating revenues	<u>134,845</u>	<u>134,690</u>
 Loss before contributions and transfers	(750,716)	(708,032)
 Capital contributions	18,000	45,500
Transfers in	<u>887,456</u>	<u>969,631</u>
 Change in net position	154,740	307,099
 Total net position, beginning of year	<u>6,072,272</u>	<u>5,765,173</u>
 Total net position, end of year	\$ <u>6,227,012</u>	<u>6,072,272</u>

See accompanying independent auditor's report

City of Waco, Texas
Ranger Hall of Fame Fund
Comparative Statements of Cash Flows
Years Ended September 30, 2016 and 2015

	<u>2016</u>	<u>2015</u>
Cash flows from operating activities:		
Cash received from customers	\$ 559,653	490,526
Cash paid to suppliers for goods and services	(492,553)	(443,790)
Cash paid to employees for services	<u>(801,228)</u>	<u>(773,437)</u>
Net cash used for operating activities	<u>(734,128)</u>	<u>(726,701)</u>
Cash flows from noncapital financing activities:		
Contributions	132,001	132,044
Transfer from other funds	<u>887,456</u>	<u>969,631</u>
Net cash provided by noncapital financing activities	<u>1,019,457</u>	<u>1,101,675</u>
Cash flows from capital and related financing activities:		
Acquisition of capital assets	<u>(49,651)</u>	<u>(39,008)</u>
Net cash used for capital and related financing activities	<u>(49,651)</u>	<u>(39,008)</u>
Cash flows from investing activities:		
Investment earnings	<u>2,844</u>	<u>2,646</u>
Net cash provided by investing activities	<u>2,844</u>	<u>2,646</u>
Net increase in cash and cash equivalents	238,522	338,612
Cash and cash equivalents, beginning of year	<u>942,737</u>	<u>604,125</u>
Cash and cash equivalents, end of year	\$ <u>1,181,259</u>	<u>942,737</u>
Reconciliation of operating loss to net cash used for operating activities:		
Operating loss	\$ (885,561)	(842,722)
Adjustments to reconcile operating loss to net cash used for operating activities:		
Depreciation	136,605	134,418
Changes in assets and liabilities:		
Decrease (increase) in assets:		
Accounts receivable	391	(391)
Inventory	(6,972)	5,927
Increase (decrease) in liabilities:		
Accounts payable	(5,301)	(27,456)
Accrued liabilities	12,050	1,206
Compensated absences payable	<u>14,660</u>	<u>2,317</u>
Net cash used for operating activities	<u>(734,128)</u>	<u>(726,701)</u>
Schedule of noncash capital and related financing activities:		
Contributions of capital assets	\$ <u>18,000</u>	<u>45,500</u>

See accompanying independent auditor's report

Cameron Park Zoo Fund

City of Waco, Texas
Cameron Park Zoo Fund
Comparative Statements of Net Position
September 30, 2016 and 2015

	2016	2015
Assets		
Current assets:		
Cash and investments	\$ 381,010	109,362
Accounts receivable, net of allowance	7,016	2,417
Inventory	11,011	8,548
Total current assets	399,037	120,327
Noncurrent assets:		
Capital assets:		
Buildings	8,954,539	8,827,265
Improvements other than buildings	19,050,351	19,050,351
Equipment	417,781	413,994
Construction in progress	22,850	5,400
Less: accumulated depreciation	(16,939,473)	(15,902,583)
Total capital assets	11,506,048	12,394,427
Total noncurrent assets	11,506,048	12,394,427
Total assets	11,905,085	12,514,754
Liabilities		
Liabilities:		
Current liabilities:		
Accounts payable	35,164	38,796
Accrued liabilities	94,976	77,805
Compensated absences payable	162,146	163,097
Total current liabilities	292,286	279,698
Noncurrent liabilities:		
Compensated absences payable	100,586	101,271
Total noncurrent liabilities	100,586	101,271
Total liabilities	392,872	380,969
Net Position		
Net position:		
Net investment in capital assets	11,506,048	12,394,427
Unrestricted	6,165	(260,642)
Total net position	\$ 11,512,213	12,133,785

See accompanying independent auditor's report

City of Waco, Texas
Cameron Park Zoo Fund
Comparative Statements of Revenues, Expenses and
Changes in Net Position
Years Ended September 30, 2016 and 2015

	<u>2016</u>	<u>2015</u>
Operating revenues:		
Charges for services	\$ 1,760,630	1,399,446
Net merchandise sales	202,600	206,691
Other	380	9,712
Total operating revenues	<u>1,963,610</u>	<u>1,615,849</u>
Operating expenses:		
Salaries and wages	1,491,134	1,428,952
Employee benefits	690,457	622,584
Purchased professional/technical services	29,616	27,678
Purchased property services	463,952	504,102
Maintenance	83,639	46,004
Other purchased services	89,415	81,305
Supplies	704,105	626,329
Other	149,206	165,690
Depreciation	1,075,657	1,093,201
Total operating expenses	<u>4,777,181</u>	<u>4,595,845</u>
Operating loss	(2,813,571)	(2,979,996)
Nonoperating revenues:		
Investment earnings	445	36
Total nonoperating revenues	<u>445</u>	<u>36</u>
Loss before contributions and transfers	(2,813,126)	(2,979,960)
Capital contributions	181,297	45,042
Transfers in	<u>2,010,257</u>	<u>1,983,223</u>
Change in net position	(621,572)	(951,695)
Total net position, beginning of year	<u>12,133,785</u>	<u>13,085,480</u>
Total net position, end of year	\$ <u><u>11,512,213</u></u>	<u><u>12,133,785</u></u>

See accompanying independent auditor's report

City of Waco, Texas
Cameron Park Zoo Fund
Comparative Statements of Cash Flows
Years Ended September 30, 2016 and 2015

	<u>2016</u>	<u>2015</u>
Cash flows from operating activities:		
Cash received from customers	\$ 1,959,011	1,614,568
Cash paid to suppliers for goods and services	(1,526,425)	(1,506,678)
Cash paid to employees for services	<u>(2,165,659)</u>	<u>(2,021,591)</u>
Net cash used for operating activities	<u>(1,733,073)</u>	<u>(1,913,701)</u>
Cash flows from noncapital financing activities:		
Transfer from other funds	<u>2,010,257</u>	<u>1,983,223</u>
Net cash provided by noncapital financing activities	<u>2,010,257</u>	<u>1,983,223</u>
Cash flows from capital and related financing activities:		
Acquisition of capital assets	<u>(5,981)</u>	<u>-</u>
Net cash used for capital and related financing activities	<u>(5,981)</u>	<u>-</u>
Cash flows from investing activities:		
Investment earnings	<u>445</u>	<u>36</u>
Net cash provided by investing activities	<u>445</u>	<u>36</u>
Net increase in cash and cash equivalents	271,648	69,558
Cash and cash equivalents, beginning of year	<u>109,362</u>	<u>39,804</u>
Cash and cash equivalents, end of year	<u>\$ 381,010</u>	<u>109,362</u>
Reconciliation of operating loss to net cash used for operating activities:		
Operating loss	\$ (2,813,571)	(2,979,996)
Adjustments to reconcile operating loss to net cash used for operating activities:		
Depreciation	1,075,657	1,093,201
Changes in assets and liabilities:		
Decrease (increase) in assets:		
Accounts receivable	(4,599)	(1,281)
Inventory	(2,463)	1,871
Increase (decrease) in liabilities:		
Accounts payable	(3,632)	(56,489)
Accrued liabilities	17,171	13,910
Compensated absences payable	<u>(1,636)</u>	<u>15,083</u>
Net cash used for operating activities	<u>(1,733,073)</u>	<u>(1,913,701)</u>
Schedule of noncash capital and related financing activities:		
Contributions of capital assets	<u>\$ 181,297</u>	<u>45,042</u>

See accompanying independent auditor's report

Transit Services Fund

City of Waco, Texas
Transit Services Fund
Comparative Statements of Net Position
September 30, 2016 and 2015

	2016	2015
Assets		
Current assets:		
Accounts receivable	\$ 141,171	108,222
Intergovernmental receivable	4,925,997	2,609,738
Inventory	515,286	441,183
Total current assets	5,582,454	3,159,143
Noncurrent assets:		
Capital assets:		
Land	423,284	423,284
Buildings	6,919,608	6,919,608
Improvements other than buildings	244,951	244,951
Equipment	10,094,230	10,093,007
Construction work in progress	-	52,733
Less: accumulated depreciation	(11,241,922)	(10,233,404)
Total capital assets	6,440,151	7,500,179
Total noncurrent assets	6,440,151	7,500,179
Total assets	12,022,605	10,659,322
Liabilities		
Liabilities:		
Current liabilities:		
Accounts payable	120,786	188,821
Accrued liabilities	222,413	171,368
Due to other funds	4,466,191	2,050,759
Total current liabilities	4,809,390	2,410,948
Net Position		
Net position:		
Net investment in capital assets	6,440,151	7,500,179
Restricted	456,978	456,978
Unrestricted	316,086	291,217
Total net position	\$ 7,213,215	8,248,374

See accompanying independent auditor's report

City of Waco, Texas
Transit Service Fund
Comparative Statements of Revenues, Expenses and
Changes in Net Position
Years Ended September 30, 2016 and 2015

	<u>2016</u>	<u>2015</u>
Operating revenues:		
Charges for services	\$ 2,896,706	2,810,331
Other	<u>1,215,304</u>	<u>955,036</u>
Total operating revenues	<u>4,112,010</u>	<u>3,765,367</u>
 Operating expenses:		
Salaries and wages	3,468,023	3,256,210
Employee benefits	811,596	789,431
Purchased professional/technical services	1,011,353	1,093,221
Purchased property services	20,264	21,013
Maintenance	759,159	607,196
Other purchased services	272,351	220,092
Supplies	681,773	772,458
Other	557,082	352,766
Depreciation	<u>1,058,735</u>	<u>1,076,138</u>
Total operating expenses	<u>8,640,336</u>	<u>8,188,525</u>
 Operating loss	<u>(4,528,326)</u>	<u>(4,423,158)</u>
 Nonoperating revenues:		
Investment earnings	6	8
Other income	-	10,013
Intergovernmental revenue	<u>3,445,938</u>	<u>3,346,402</u>
Total nonoperating revenues	<u>3,445,944</u>	<u>3,356,423</u>
 Loss before capital contributions	(1,082,382)	(1,066,735)
 Capital contributions	<u>47,223</u>	<u>18,988</u>
 Change in net position	(1,035,159)	(1,047,747)
 Total net position, beginning of year	<u>8,248,374</u>	<u>9,296,121</u>
 Total net position, end of year	\$ <u><u>7,213,215</u></u>	<u><u>8,248,374</u></u>

See accompanying independent auditor's report

City of Waco, Texas
Transit Service Fund
Comparative Statements of Cash Flows
Years Ended September 30, 2016 and 2015

	2016	2015
Cash flows from operating activities:		
Cash received from customers	\$ 4,079,061	3,770,931
Cash paid to suppliers for goods and services	(3,495,624)	(2,928,434)
Cash paid to employees for services	(4,128,782)	(4,076,932)
Net cash used for operating activities	(3,545,345)	(3,234,435)
Cash flows from noncapital financing activities:		
Intergovernmental revenue	1,129,679	1,863,810
Payments to other funds	2,415,432	1,359,993
Net cash provided by noncapital financing activities	3,545,111	3,223,803
Cash flows from capital and related financing activities:		
Capital contributions	228	611
Proceeds from sale of equipment	-	10,013
Net cash provided by capital and related financing activities	228	10,624
Cash flows from investing activities:		
Investment earnings	6	8
Net cash provided by investing activities	6	8
Net decrease in cash and cash equivalents	-	-
Cash and cash equivalents, beginning of year	-	-
Cash and cash equivalents, end of year	\$ -	-
Reconciliation of operating loss to net cash used for operating activities:		
Operating loss	\$ (4,528,326)	(4,423,158)
Adjustments to reconcile operating loss to net cash used for operating activities:		
Depreciation	1,058,735	1,076,138
Loss on disposal of capital assets	48,288	-
Changes in assets and liabilities:		
Decrease (increase) in assets:		
Accounts receivable	(32,949)	5,564
Inventory	(74,103)	19,580
Increase (decrease) in liabilities:		
Accounts payable	(68,035)	49,075
Accrued liabilities	51,045	38,366
Net cash used for operating activities	\$ (3,545,345)	(3,234,435)
Schedule of noncash capital and related financing activities:		
Contributions of capital assets	\$ 46,995	18,988

See accompanying independent auditor's report.

Cottonwood Creek Golf Course Fund

City of Waco, Texas
Cottonwood Creek Golf Course Fund
Comparative Statements of Net Position
September 30, 2016 and 2015

	2016	2015
Assets		
Current assets:		
Cash and investments	\$ -	24,815
Accounts receivable, net of allowance	236	-
Inventory	227,650	239,502
Total current assets	227,886	264,317
Noncurrent assets:		
Capital assets:		
Buildings	713,389	713,389
Improvements other than buildings	2,017,246	2,017,246
Equipment	1,091,276	967,965
Construction work in progress	19,178	19,178
Less: accumulated depreciation	(2,852,421)	(2,701,164)
Total capital assets	988,668	1,016,614
Total noncurrent assets	988,668	1,016,614
Total assets	1,216,554	1,280,931
Liabilities		
Liabilities:		
Current liabilities:		
Accounts payable	23,278	99,483
Accrued liabilities	641,444	594,947
Due to other funds	49,216	-
Compensated absences payable	71,246	61,308
Total current liabilities	785,184	755,738
Noncurrent liabilities:		
Advances from other funds	693,704	693,704
Compensated absences payable	98,327	123,665
Total noncurrent liabilities	792,031	817,369
Total liabilities	1,577,215	1,573,107
Net Position		
Net position:		
Net investment in capital assets	988,668	1,016,614
Unrestricted	(1,349,329)	(1,308,790)
Total net position	\$ (360,661)	(292,176)

See accompanying independent auditor's report.

City of Waco, Texas
Cottonwood Creek Golf Course Fund
Comparative Statements of Revenues, Expenses and
Changes in Net Position
Years Ended September 30, 2016 and 2015

	<u>2016</u>	<u>2015</u>
Operating revenues:		
Charges for services	\$ 1,190,113	1,163,012
Net merchandise sales	253,314	262,988
Other	<u>175,169</u>	<u>85,944</u>
Total operating revenues	<u>1,618,596</u>	<u>1,511,944</u>
Operating expenses:		
Salaries and wages	437,584	409,212
Employee benefits	171,939	155,441
Purchased professional/technical services	460,525	463,235
Purchased property services	216,543	70,078
Maintenance	69,337	86,533
Other purchased services	128,345	138,243
Supplies	183,027	197,304
Other	2,972	25,010
Depreciation	<u>151,257</u>	<u>162,926</u>
Total operating expenses	<u>1,821,529</u>	<u>1,707,982</u>
Operating loss	<u>(202,933)</u>	<u>(196,038)</u>
Nonoperating revenues:		
Investment earnings	<u>-</u>	<u>11</u>
Total nonoperating revenues	<u>-</u>	<u>11</u>
Loss before transfers	(202,933)	(196,027)
Transfers in	<u>134,448</u>	<u>-</u>
Change in net position	(68,485)	(196,027)
Total net position, beginning of year	<u>(292,176)</u>	<u>(96,149)</u>
Total net position, end of year	\$ <u>(360,661)</u>	<u>(292,176)</u>

See accompanying independent auditor's report.

City of Waco, Texas
Cottonwood Creek Golf Course Fund
Comparative Statements of Cash Flows
Years Ended September 30, 2016 and 2015

	<u>2016</u>	<u>2015</u>
Cash flows from operating activities:		
Cash received from customers	\$ 1,618,360	1,511,944
Cash paid to suppliers for goods and services	(1,033,055)	(1,112,055)
Cash paid to employees for services	<u>(621,257)</u>	<u>(554,999)</u>
Net cash used for operating activities	<u>(35,952)</u>	<u>(155,110)</u>
 Cash flows from noncapital financing activities:		
Transfer from other funds	<u>134,448</u>	<u>-</u>
Net cash provided by noncapital financing activities	<u>134,448</u>	<u>-</u>
 Cash flows from capital and related financing activities:		
Acquisition of capital assets	<u>(123,311)</u>	<u>(33,449)</u>
Net cash used for capital and related financing activities	<u>(123,311)</u>	<u>(33,449)</u>
 Cash flows from investing activities:		
Investment earnings	<u>-</u>	<u>11</u>
Net cash provided by investing activities	<u>-</u>	<u>11</u>
 Net decrease in cash and cash equivalents	(24,815)	(188,548)
Cash and cash equivalents, beginning of year	<u>24,815</u>	<u>213,363</u>
 Cash and cash equivalents, end of year	\$ <u><u>-</u></u>	<u><u>24,815</u></u>
 Reconciliation of operating loss to net cash used for operating activities:		
Operating loss	\$ (202,933)	(196,038)
Adjustments to reconcile operating loss to net cash used for operating activities:		
Depreciation	151,257	162,926
Changes in assets and liabilities:		
Decrease (increase) in assets:		
Accounts receivable	(236)	-
Inventory	11,852	30,887
Increase (decrease) in liabilities:		
Accounts payable	(76,205)	39,866
Accrued liabilities	46,497	(199,300)
Due to other funds	49,216	-
Compensated absences payable	<u>(15,400)</u>	<u>6,549</u>
 Net cash used for operating activities	\$ <u><u>(35,952)</u></u>	<u><u>(155,110)</u></u>

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
Internal Service Funds
Combining Statement of Net Position
September 30, 2016
(With Comparative Totals for September 30, 2015)

	Insurance	Health	Engineering	Fleet	Totals	
	Fund	Insurance Fund	Fund	Services Fund	2016	2015
Assets						
Current assets:						
Cash and investments	\$ 6,689,529	3,686,796	790,328	263,879	11,430,532	10,418,094
Accounts receivable, net of allowances	1,283	-	731	610	2,624	1,854
Due from other funds	-	401,129	-	-	401,129	321,028
Inventories	-	-	-	207,061	207,061	212,265
Total current assets	<u>6,690,812</u>	<u>4,087,925</u>	<u>791,059</u>	<u>471,550</u>	<u>12,041,346</u>	<u>10,953,241</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	-	390,349	981,002	1,398,010	1,236,246
Less: accumulated depreciation	<u>(14,580)</u>	<u>-</u>	<u>(168,830)</u>	<u>(1,364,384)</u>	<u>(1,547,794)</u>	<u>(1,456,699)</u>
Total capital assets	<u>12,079</u>	<u>-</u>	<u>245,919</u>	<u>669,460</u>	<u>927,458</u>	<u>856,789</u>
Total noncurrent assets	<u>12,079</u>	<u>-</u>	<u>245,919</u>	<u>669,460</u>	<u>927,458</u>	<u>856,789</u>
Total assets	<u>6,702,891</u>	<u>4,087,925</u>	<u>1,036,978</u>	<u>1,141,010</u>	<u>12,968,804</u>	<u>11,810,030</u>
Liabilities						
Liabilities:						
Current liabilities:						
Accounts payable	66,002	3,740	9,501	18,982	98,225	263,070
Accrued liabilities	54,085	283,766	49,794	48,994	436,639	399,401
Compensated absences payable	25,499	-	139,168	73,206	237,873	246,797
Escrow funds	-	-	538	-	538	538
Estimated claims and judgments	<u>1,358,780</u>	<u>1,020,000</u>	<u>-</u>	<u>-</u>	<u>2,378,780</u>	<u>2,476,558</u>
Total current liabilities	<u>1,504,366</u>	<u>1,307,506</u>	<u>199,001</u>	<u>141,182</u>	<u>3,152,055</u>	<u>3,386,364</u>
Noncurrent liabilities:						
Compensated absences payable	-	-	-	-	-	30,963
Total noncurrent liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>30,963</u>
Total liabilities	<u>1,504,366</u>	<u>1,307,506</u>	<u>199,001</u>	<u>141,182</u>	<u>3,152,055</u>	<u>3,417,327</u>
Net Position						
Net investment in capital assets	12,079	-	245,919	669,460	927,458	856,789
Unrestricted	<u>5,186,446</u>	<u>2,780,419</u>	<u>592,058</u>	<u>330,368</u>	<u>8,889,291</u>	<u>7,535,914</u>
Total net position	<u>\$ 5,198,525</u>	<u>2,780,419</u>	<u>837,977</u>	<u>999,828</u>	<u>9,816,749</u>	<u>8,392,703</u>

See accompanying independent auditor's report.

City of Waco, Texas
Internal Service Funds
Combining Statement of Revenues, Expenditures and
Changes in Net Position
Year Ended September 30, 2016
(With Comparative Totals for Year Ended September 30, 2015)

	Insurance	Health	Engineering	Fleet	Totals	
	Fund	Insurance Fund	Fund	Services Fund	2016	2015
Operating revenues:						
Charges for services	\$ 4,140,069	13,680,870	2,367,821	1,866,715	22,055,475	19,891,787
Other	-	-	7,021	11,626	18,647	10,943
Total operating revenues	<u>4,140,069</u>	<u>13,680,870</u>	<u>2,374,842</u>	<u>1,878,341</u>	<u>22,074,122</u>	<u>19,902,730</u>
Operating expenses:						
Salaries and wages	277,824	60,729	1,073,054	916,329	2,327,936	2,348,483
Employee benefits	102,363	20,166	403,969	410,737	937,235	898,049
Purchased professional/ technical services	200,175	1,491,041	107,654	18,081	1,816,951	1,760,718
Purchased property services	-	3,157	52,611	4,886	60,654	63,099
Maintenance	1,396	-	40,256	36,990	78,642	109,324
Other purchased services	897,310	1,041	43,702	31,621	973,674	982,904
Supplies	47,130	15,355	44,782	83,466	190,733	207,007
Other	887,341	11,915,921	158,220	285,735	13,247,217	12,634,945
Depreciation	3,203	-	29,211	92,440	124,854	119,928
Total operating expenses	<u>2,416,742</u>	<u>13,507,410</u>	<u>1,953,459</u>	<u>1,880,285</u>	<u>19,757,896</u>	<u>19,124,457</u>
Operating income (loss)	<u>1,723,327</u>	<u>173,460</u>	<u>421,383</u>	<u>(1,944)</u>	<u>2,316,226</u>	<u>778,273</u>
Nonoperating revenues:						
Investment earnings	<u>18,079</u>	<u>9,044</u>	<u>1,280</u>	<u>532</u>	<u>28,935</u>	<u>39,883</u>
Total nonoperating revenues	<u>18,079</u>	<u>9,044</u>	<u>1,280</u>	<u>532</u>	<u>28,935</u>	<u>39,883</u>
Income (loss) before transfers	<u>1,741,406</u>	<u>182,504</u>	<u>422,663</u>	<u>(1,412)</u>	<u>2,345,161</u>	<u>818,156</u>
Transfers out	<u>(921,115)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(921,115)</u>	<u>-</u>
Change in net position	820,291	182,504	422,663	(1,412)	1,424,046	818,156
Total net position, beginning of year	<u>4,378,234</u>	<u>2,597,915</u>	<u>415,314</u>	<u>1,001,240</u>	<u>8,392,703</u>	<u>7,574,547</u>
Total net position, end of year	<u>\$ 5,198,525</u>	<u>2,780,419</u>	<u>837,977</u>	<u>999,828</u>	<u>9,816,749</u>	<u>8,392,703</u>

See accompanying independent auditor's report.

City of Waco, Texas
Internal Service Funds
Combining Statement of Cash Flows
Year Ended September 30, 2016
(With Comparative Totals for Year Ended September 30, 2015)

	Insurance Fund	Health Insurance Fund	Engineering Fund	Fleet Services Fund	Totals	
					2016	2015
Cash flows from operating activities:						
Cash received from customers	\$ 4,140,334	13,680,870	2,374,111	1,878,037	22,073,352	19,909,924
Cash paid to suppliers for goods and services	(2,116,641)	(13,458,815)	(444,534)	(581,523)	(16,601,513)	(16,635,865)
Cash paid to employees for services	(369,063)	(80,284)	(1,513,571)	(1,328,679)	(3,291,597)	(3,247,320)
Net cash provided by (used for) operating activities	<u>1,654,630</u>	<u>141,771</u>	<u>416,006</u>	<u>(32,165)</u>	<u>2,180,242</u>	<u>26,739</u>
Cash flows from noncapital financing activities:						
Transfer to other funds	(921,115)	(80,101)	-	-	(1,001,216)	(69,055)
Net cash used for noncapital financing activities	<u>(921,115)</u>	<u>(80,101)</u>	<u>-</u>	<u>-</u>	<u>(1,001,216)</u>	<u>(69,055)</u>
Cash flows from capital and related financing activities:						
Acquisition of capital assets	-	-	(180,105)	(15,418)	(195,523)	(28,829)
Net cash provided by (used for) capital and related financing activities	<u>-</u>	<u>-</u>	<u>(180,105)</u>	<u>(15,418)</u>	<u>(195,523)</u>	<u>(28,829)</u>
Cash flows from investing activities:						
Investment earnings	18,079	9,044	1,280	532	28,935	39,883
Net cash provided by investing activities	<u>18,079</u>	<u>9,044</u>	<u>1,280</u>	<u>532</u>	<u>28,935</u>	<u>39,883</u>
Net increase (decrease) in cash and cash equivalents	751,594	70,714	237,181	(47,051)	1,012,438	(31,262)
Cash and cash equivalents, beginning of year	5,937,935	3,616,082	553,147	310,930	10,418,094	10,449,356
Cash and cash equivalents, end of year	\$ <u>6,689,529</u>	<u>3,686,796</u>	<u>790,328</u>	<u>263,879</u>	<u>11,430,532</u>	<u>10,418,094</u>
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:						
Operating income (loss)	\$ 1,723,327	173,460	421,383	(1,944)	2,316,226	778,273
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:						
Depreciation	3,203	-	29,211	92,440	124,854	119,928
Changes in assets and liabilities:						
(Increase) decrease in assets:						
Accounts receivable	265	-	(731)	(304)	(770)	7,194
Inventories	-	-	-	5,204	5,204	61,610
Increase (decrease) in liabilities:						
Accounts payable	(43,282)	1,619	2,691	(125,873)	(164,845)	(101,946)
Accrued liabilities	17,997	9,692	1,977	7,572	37,238	(83,103)
Compensated absences payable	7,898	-	(38,525)	(9,260)	(39,887)	(18,972)
Net pension obligation	-	-	-	-	-	-
Estimated claims and judgments	(54,778)	(43,000)	-	-	(97,778)	(736,245)
Net cash provided by (used for) operating activities	\$ <u>1,654,630</u>	<u>141,771</u>	<u>416,006</u>	<u>(32,165)</u>	<u>2,180,242</u>	<u>26,739</u>

See accompanying independent auditor's report

Insurance Fund

City of Waco, Texas
Insurance Fund
Comparative Statements of Net Position
September 30, 2016 and 2015

	2016	2015
Assets		
Current assets:		
Cash and investments	\$ 6,689,529	5,937,935
Accounts receivable	1,283	1,548
Total current assets	6,690,812	5,939,483
Noncurrent assets:		
Capital assets:		
Equipment	26,659	26,659
Less: accumulated depreciation	(14,580)	(11,377)
Total capital assets	12,079	15,282
Total noncurrent assets	12,079	15,282
Total assets	6,702,891	5,954,765
Liabilities		
Liabilities:		
Current liabilities:		
Accounts payable	66,002	109,284
Accrued liabilities	54,085	36,088
Compensated absences payable	25,499	17,601
Estimated claims and judgments	1,358,780	1,413,558
Total current liabilities	1,504,366	1,576,531
Total liabilities	1,504,366	1,576,531
Net Position		
Net position:		
Net investment in capital assets	12,079	15,282
Unrestricted	5,186,446	4,362,952
Total net position	\$ 5,198,525	4,378,234

See accompanying independent auditor's report

City of Waco, Texas
Insurance Fund
Comparative Statements of Revenues, Expenditures, and
Changes in Net Position
September 30, 2016 and 2015

	<u>2016</u>	<u>2015</u>
Operating revenues:		
Charges for services	\$ <u>4,140,069</u>	<u>3,720,427</u>
Total operating revenues	<u>4,140,069</u>	<u>3,720,427</u>
Operating expenses:		
Salaries and wages	277,824	334,408
Employee benefits	102,363	116,012
Purchased professional/technical services	200,175	223,003
Maintenance	1,396	2,440
Other purchased services	897,310	893,420
Supplies	47,130	72,157
Other	887,341	845,085
Depreciation	<u>3,203</u>	<u>3,721</u>
Total operating expenses	<u>2,416,742</u>	<u>2,490,246</u>
Operating income	<u>1,723,327</u>	<u>1,230,181</u>
Nonoperating revenues:		
Investment earnings	<u>18,079</u>	<u>23,457</u>
Total nonoperating revenues	<u>18,079</u>	<u>23,457</u>
Income before transfers	1,741,406	1,253,638
Transfers out	<u>(921,115)</u>	<u>-</u>
Change in net position	820,291	1,253,638
Total net position, beginning of year	<u>4,378,234</u>	<u>3,124,596</u>
Total net position, end of year	\$ <u>5,198,525</u>	<u>4,378,234</u>

See accompanying independent auditor's report.

City of Waco, Texas
Insurance Fund
Comparative Statements of Cash Flows
Years Ended September 30, 2016 and 2015

	<u>2016</u>	<u>2015</u>
Cash flows from operating activities:		
Cash received from customers	\$ 4,140,334	3,720,123
Cash paid to suppliers for goods and services	(2,116,641)	(2,759,776)
Cash paid to employees for services	<u>(369,063)</u>	<u>(477,166)</u>
Net cash provided by operating activities	<u>1,654,630</u>	<u>483,181</u>
Cash flows from noncapital financing activities:		
Transfer to other funds	<u>(921,115)</u>	<u>-</u>
Net cash used for noncapital financing activities	<u>(921,115)</u>	<u>-</u>
Cash flows from investing activities:		
Investment earnings	<u>18,079</u>	<u>23,457</u>
Net cash provided by investing activities	<u>18,079</u>	<u>23,457</u>
Net increase in cash and cash equivalents	751,594	506,638
Cash and cash equivalents, beginning of year	<u>5,937,935</u>	<u>5,431,297</u>
Cash and cash equivalents, end of year	\$ <u>6,689,529</u>	<u>5,937,935</u>
Reconciliation of operating income to net cash provided by operating activities:		
Operating income	\$ 1,723,327	1,230,181
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	3,203	3,721
Changes in assets and liabilities:		
(Increase) decrease in assets:		
Accounts receivable	265	(304)
Increase (decrease) in liabilities:		
Accounts payable	(43,282)	50,103
Accrued liabilities	17,997	(40,781)
Compensated absences payable	7,898	(22,494)
Net pension obligation	-	-
Estimated claims and judgments	<u>(54,778)</u>	<u>(737,245)</u>
Net cash provided by operating activities	\$ <u>1,654,630</u>	<u>483,181</u>

See accompanying independent auditor's report

Health Insurance Fund

City of Waco, Texas
Health Insurance Fund
Comparative Statements of Net Position
September 30, 2016 and 2015

	<u>2016</u>	<u>2015</u>
Assets		
Assets:		
Current assets:		
Cash and investments	\$ 3,686,796	3,616,082
Due from other funds	<u>401,129</u>	<u>321,028</u>
Total current assets	<u>4,087,925</u>	<u>3,937,110</u>
Total assets	<u>4,087,925</u>	<u>3,937,110</u>
Liabilities		
Liabilities:		
Current liabilities:		
Accounts payable	3,740	2,121
Accrued liabilities	283,766	274,074
Estimated claims	<u>1,020,000</u>	<u>1,063,000</u>
Total liabilities	<u>1,307,506</u>	<u>1,339,195</u>
Net Position		
Net position:		
Unrestricted	<u>2,780,419</u>	<u>2,597,915</u>
Total net position	<u>\$ 2,780,419</u>	<u>2,597,915</u>

See accompanying independent auditor's report.

City of Waco, Texas
Health Insurance Fund
Comparative Statements of Revenues, Expenses and
Changes in Net Position
Years Ended September 30, 2016 and 2015

	<u>2016</u>	<u>2015</u>
Operating revenues:		
Charges for services	\$ <u>13,680,870</u>	<u>12,295,826</u>
Total operating revenues	<u>13,680,870</u>	<u>12,295,826</u>
Operating expenses:		
Salaries and wages	60,729	59,347
Employee benefits	20,166	19,377
Purchased professional/technical services	1,491,041	1,488,498
Purchased property services	3,157	3,296
Other purchased services	1,041	1,914
Supplies	15,355	12,408
Other	<u>11,915,921</u>	<u>11,351,240</u>
Total operating expenses	<u>13,507,410</u>	<u>12,936,080</u>
Operating income (loss)	<u>173,460</u>	<u>(640,254)</u>
Nonoperating revenues:		
Investment earnings	<u>9,044</u>	<u>14,440</u>
Total nonoperating revenues	<u>9,044</u>	<u>14,440</u>
Change in net position	182,504	(625,814)
Total net position, beginning of year	<u>2,597,915</u>	<u>3,223,729</u>
Total net position, end of year	\$ <u><u>2,780,419</u></u>	<u><u>2,597,915</u></u>

See accompanying independent auditor's report.

City of Waco, Texas
Health Insurance Fund
Comparative Statements of Cash Flows
Years Ended September 30, 2016 and 2015

	<u>2016</u>	<u>2015</u>
Cash flows from operating activities:		
Cash received from customers	\$ 13,680,870	12,295,826
Cash paid to suppliers for goods and services	(13,458,815)	(12,924,601)
Cash paid to employees for services	<u>(80,284)</u>	<u>(78,358)</u>
Net cash provided by (used for) operating activities	<u>141,771</u>	<u>(707,133)</u>
Cash flows from noncapital financing activities:		
Payments to other funds	<u>(80,101)</u>	<u>(69,055)</u>
Net cash used for noncapital financing activities	<u>(80,101)</u>	<u>(69,055)</u>
Cash flows from investing activities:		
Investment earnings	<u>9,044</u>	<u>14,440</u>
Net cash provided by investing activities	<u>9,044</u>	<u>14,440</u>
Net increase (decrease) in cash and cash equivalents	70,714	(761,748)
Cash and cash equivalents, beginning of year	<u>3,616,082</u>	<u>4,377,830</u>
Cash and cash equivalents, end of year	\$ <u>3,686,796</u>	<u>3,616,082</u>
Reconciliation of operating income (loss)		
to net cash used for operating activities:		
Operating income (loss)	\$ 173,460	(640,254)
Adjustments to reconcile operating income loss to net cash provided by (used for) operating activities:		
Changes in liabilities:		
Increase (decrease) in liabilities:		
Accounts payable	1,619	(3,412)
Accrued liabilities	9,692	(64,467)
Estimated claims and judgments	<u>(43,000)</u>	<u>1,000</u>
Net cash provided by (used for) operating activities	\$ <u>141,771</u>	<u>(707,133)</u>

See accompanying independent auditor's report.

Engineering Fund

City of Waco, Texas
Engineering Fund
Comparative Statements of Net Position
September 30, 2016 and 2015

	<u>2016</u>	<u>2015</u>
Assets		
Current assets:		
Cash and investments	\$ 790,328	553,147
Accounts receivable	731	-
Total current assets	<u>791,059</u>	<u>553,147</u>
Noncurrent assets:		
Capital assets:		
Land	24,400	24,400
Equipment	390,349	224,185
Less: accumulated depreciation	<u>(168,830)</u>	<u>(153,560)</u>
Total capital assets	<u>245,919</u>	<u>95,025</u>
Total assets	<u>1,036,978</u>	<u>648,172</u>
Liabilities		
Liabilities:		
Current liabilities:		
Accounts payable	9,501	6,810
Accrued liabilities	49,794	47,817
Compensated absences payable	139,168	146,730
Escrow funds	<u>538</u>	<u>538</u>
Total current liabilities	<u>199,001</u>	<u>201,895</u>
Noncurrent liabilities:		
Compensated absences payable	<u>-</u>	<u>30,963</u>
Total noncurrent liabilities	<u>-</u>	<u>30,963</u>
Total liabilities	<u>199,001</u>	<u>232,858</u>
Net Position		
Net investment in capital assets	245,919	95,025
Unrestricted	<u>592,058</u>	<u>320,289</u>
Total net position	<u>\$ 837,977</u>	<u>415,314</u>

See accompanying independent auditor's report.

City of Waco, Texas
Engineering Fund
Comparative Statements of Revenues, Expenditures,
and Changes in Net Position
Years Ended September 30, 2016 and 2015

	<u>2016</u>	<u>2015</u>
Operating revenues:		
Charges for services	\$ 2,367,821	2,044,115
Other	<u>7,021</u>	<u>4,726</u>
Total operating revenues	<u>2,374,842</u>	<u>2,048,841</u>
Operating expenses:		
Salaries and wages	1,073,054	1,064,488
Employee benefits	403,969	387,418
Purchased professional/technical services	107,654	27,510
Purchased property services	52,611	52,611
Maintenance	40,256	43,232
Other purchased services	43,702	54,456
Supplies	44,782	39,214
Other	158,220	217,270
Depreciation	<u>29,211</u>	<u>19,720</u>
Total operating expenses	<u>1,953,459</u>	<u>1,905,919</u>
Operating income	<u>421,383</u>	<u>142,922</u>
Nonoperating revenues:		
Investment earnings	<u>1,280</u>	<u>1,608</u>
Total nonoperating revenues	<u>1,280</u>	<u>1,608</u>
Change in net position	422,663	144,530
Total net position, beginning of year	<u>415,314</u>	<u>270,784</u>
Total net position, end of year	\$ <u>837,977</u>	<u>415,314</u>

See accompanying independent auditor's report.

City of Waco, Texas
Engineering Fund
Comparative Statements of Cash Flows
Years Ended September 30, 2016 and 2015

	<u>2016</u>	<u>2015</u>
Cash flows from operating activities:		
Cash received from customers	\$ 2,374,111	2,049,718
Cash paid to suppliers for goods and services	(444,534)	(448,940)
Cash paid to employees for services	<u>(1,513,571)</u>	<u>(1,433,874)</u>
Net cash provided by operating activities	<u>416,006</u>	<u>166,904</u>
Cash flows from capital and related financing activities:		
Acquisition of capital assets	<u>(180,105)</u>	<u>(12,149)</u>
Net cash used for capital and related financing activities	<u>(180,105)</u>	<u>(12,149)</u>
Cash flows from investing activities:		
Investment earnings	<u>1,280</u>	<u>1,608</u>
Net cash provided by investing activities	<u>1,280</u>	<u>1,608</u>
Net increase in cash and cash equivalents	237,181	156,363
Cash and cash equivalents, beginning of year	<u>553,147</u>	<u>396,784</u>
Cash and cash equivalents, end of year	<u>\$ 790,328</u>	<u>553,147</u>
Reconciliation of operating income to net cash provided by operating activities:		
Operating income	\$ 421,383	142,922
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	29,211	19,720
Changes in assets and liabilities:		
Decrease (increase) in assets:		
Accounts receivable	(731)	877
Increase (decrease) in liabilities:		
Accounts payable	2,691	(14,647)
Accrued liabilities	1,977	13,687
Compensated absences payable	(38,525)	4,345
Net pension obligation	<u>-</u>	<u>-</u>
Net cash provided by operating activities	<u>\$ 416,006</u>	<u>166,904</u>

See accompanying independent auditor's report.

Fleet Services Fund

City of Waco, Texas
Fleet Services Fund
Comparative Statements of Net Position
September 30, 2016 and 2015

	<u>2016</u>	<u>2015</u>
Assets		
Current assets:		
Cash and investments	\$ 263,879	310,930
Accounts receivable, net of allowance	610	306
Inventory	<u>207,061</u>	<u>212,265</u>
Total current assets	<u>471,550</u>	<u>523,501</u>
Noncurrent assets:		
Capital assets:		
Land	14,400	14,400
Buildings	920,153	920,153
Improvements other than buildings	118,289	118,289
Equipment	981,002	985,402
Less: accumulated depreciation	<u>(1,364,384)</u>	<u>(1,291,762)</u>
Total capital assets	<u>669,460</u>	<u>746,482</u>
Total assets	<u>1,141,010</u>	<u>1,269,983</u>
Liabilities		
Liabilities:		
Current liabilities:		
Accounts payable	18,982	144,855
Accrued liabilities	48,994	41,422
Compensated absences payable	<u>73,206</u>	<u>82,466</u>
Total liabilities	<u>141,182</u>	<u>268,743</u>
Net Position		
Net investment in capital assets	669,460	746,482
Unrestricted	<u>330,368</u>	<u>254,758</u>
Total net position	<u>\$ 999,828</u>	<u>1,001,240</u>

See accompanying independent auditor's report.

City of Waco, Texas
Fleet Services Fund
Comparative Statements of Revenues, Expenditures, and
Changes in Net Position
Years Ended September 30, 2016 and 2015

	<u>2016</u>	<u>2015</u>
Operating revenues:		
Charges for services	\$ 1,866,715	1,831,419
Other	<u>11,626</u>	<u>6,217</u>
Total operating revenues	<u>1,878,341</u>	<u>1,837,636</u>
Operating expenses:		
Salaries and wages	916,329	890,240
Employee benefits	410,737	375,242
Purchased professional/technical services	18,081	21,707
Purchased property services	4,886	7,192
Maintenance	36,990	63,652
Other purchased services	31,621	33,114
Supplies	83,466	83,228
Other	285,735	221,350
Depreciation	<u>92,440</u>	<u>96,487</u>
Total operating expenses	<u>1,880,285</u>	<u>1,792,212</u>
Operating income	<u>(1,944)</u>	<u>45,424</u>
Nonoperating revenues:		
Investment earnings	<u>532</u>	<u>378</u>
Total nonoperating revenues	<u>532</u>	<u>378</u>
Change in net position	(1,412)	45,802
Total net position, beginning of year	<u>1,001,240</u>	<u>955,438</u>
Total net position, end of year	\$ <u><u>999,828</u></u>	<u><u>1,001,240</u></u>

See accompanying independent auditor's report.

City of Waco, Texas
Fleet Services Fund
Comparative Statements of Cash Flows
Years Ended September 30, 2016 and 2015

	<u>2016</u>	<u>2015</u>
Cash flows from operating activities:		
Cash received from customers	\$ 1,878,037	1,844,257
Cash paid to suppliers for goods and services	(581,523)	(502,548)
Cash paid to employees for services	<u>(1,328,679)</u>	<u>(1,257,922)</u>
Net cash provided by (used for) operating activities	<u>(32,165)</u>	<u>83,787</u>
Cash flows from capital and related financing activities:		
Acquisition of capital assets	<u>(15,418)</u>	<u>(16,680)</u>
Net cash used for capital and related financing activities	<u>(15,418)</u>	<u>(16,680)</u>
Cash flows from investing activities:		
Investment earnings	<u>532</u>	<u>378</u>
Net cash provided by investing activities	<u>532</u>	<u>378</u>
Net increase (decrease) in cash and cash equivalents	(47,051)	67,485
Cash and cash equivalents, beginning of year	<u>310,930</u>	<u>243,445</u>
Cash and cash equivalents, end of year	\$ <u>263,879</u>	<u>310,930</u>
Reconciliation of operating income to net cash provided by operating activities:		
Operating income (loss)	\$ (1,944)	45,424
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	92,440	96,487
Changes in assets and liabilities:		
Decrease (increase) in assets:		
Accounts receivable	(304)	6,621
Inventory	5,204	61,610
Increase (decrease) in liabilities:		
Accounts payable	(125,873)	(133,990)
Accrued liabilities	7,572	8,458
Compensated absences payable	<u>(9,260)</u>	<u>(823)</u>
Net cash provided by (used for) operating activities	\$ <u>(32,165)</u>	<u>83,787</u>

See accompanying independent auditor's report.

Agency Funds

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

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

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

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
Agency Funds
Combining Statement of Changes in Assets and Liabilities
Year Ended September 30, 2016

	<u>Balance Beginning of Year</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance End of Year</u>
<u>Urban Renewal Agency Fund</u>				
Assets:				
Cash and investments	\$ <u>58,364</u>	<u>162</u>	<u>-</u>	<u>58,526</u>
Liabilities:				
Due to other agencies and individuals	\$ <u>58,364</u>	<u>162</u>	<u>-</u>	<u>58,526</u>
<u>Heart of Texas Housing Finance Corporation Fund</u>				
Assets:				
Cash and investments	\$ <u>2,737,430</u>	<u>326,725</u>	<u>1,439,687</u>	<u>1,624,468</u>
Liabilities:				
Due to other agencies and individuals	\$ <u>2,737,430</u>	<u>326,725</u>	<u>1,439,687</u>	<u>1,624,468</u>
<u>Waco Public Improvement District No. 2 Fund</u>				
Assets:				
Cash and investments	\$ <u>16,473</u>	<u>373,300</u>	<u>371,255</u>	<u>18,518</u>
Liabilities:				
Due to other agencies and individuals	\$ <u>16,473</u>	<u>373,300</u>	<u>371,255</u>	<u>18,518</u>
<u>Rural Transit Services Fund</u>				
Assets:				
Accounts receivable	\$ -	815	-	815
Due from other governments	<u>130,082</u>	<u>719,955</u>	<u>614,977</u>	<u>235,060</u>
Total assets	\$ <u>130,082</u>	<u>720,770</u>	<u>614,977</u>	<u>235,875</u>
Liabilities:				
Due to other agencies and individuals	12,160	221,355	189,857	43,658
Due to other funds	<u>117,922</u>	<u>748,217</u>	<u>673,922</u>	<u>192,217</u>
Total liabilities	\$ <u>130,082</u>	<u>969,572</u>	<u>863,779</u>	<u>235,875</u>
<u>All Agency Funds</u>				
Assets:				
Cash and investments	\$ <u>2,812,267</u>	<u>700,187</u>	<u>1,810,942</u>	<u>1,701,512</u>
Accounts receivable	-	815	-	815
Due from other governments	<u>130,082</u>	<u>719,955</u>	<u>614,977</u>	<u>235,060</u>
Total assets	\$ <u>2,942,349</u>	<u>1,420,957</u>	<u>2,425,919</u>	<u>1,937,387</u>
Liabilities:				
Due to other agencies and individuals	\$ <u>2,824,427</u>	<u>921,542</u>	<u>2,000,799</u>	<u>1,745,170</u>
Due to other funds	<u>117,922</u>	<u>748,217</u>	<u>673,922</u>	<u>192,217</u>
Total liabilities	\$ <u>2,942,349</u>	<u>1,669,759</u>	<u>2,674,721</u>	<u>1,937,387</u>

See accompanying independent auditor's report.

Statistical Section

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

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

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

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

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

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

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

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
Governmental activities				
Net investment in capital assets	\$ 165,814,854	\$ 180,681,310	\$ 187,739,263	\$ 179,653,424
Restricted	12,662,092	15,103,909	15,597,905	16,281,560
Unrestricted	<u>26,806,652</u>	<u>28,407,225</u>	<u>29,148,224</u>	<u>25,717,190</u>
Total governmental activities net position	<u>\$ 205,283,598</u>	<u>\$ 224,192,444</u>	<u>\$ 232,485,392</u>	<u>\$ 221,652,174</u>
Business-type activities				
Net investment in capital assets	\$ 155,044,650	\$ 166,834,594	\$ 177,087,342	\$ 206,111,214
Restricted	339,184	1,679,769	541,912	546,027
Unrestricted	<u>36,319,056</u>	<u>41,875,465</u>	<u>42,808,482</u>	<u>36,844,321</u>
Total business-type activities net position	<u>\$ 191,702,890</u>	<u>\$ 210,389,828</u>	<u>\$ 220,437,736</u>	<u>\$ 243,501,562</u>
Primary government				
Net investment in capital assets	\$ 320,859,504	\$ 347,515,904	\$ 364,826,605	\$ 385,764,638
Restricted	13,001,276	16,783,678	16,139,817	16,827,587
Unrestricted	<u>63,125,708</u>	<u>70,282,690</u>	<u>71,956,706</u>	<u>62,561,511</u>
Total primary government net position	<u>\$ 396,986,488</u>	<u>\$ 434,582,272</u>	<u>\$ 452,923,128</u>	<u>\$ 465,153,736</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.

Table I

Fiscal Year					
2011	2012	2013	2014	2015	2016
\$ 174,645,915	\$ 178,295,347	\$ 180,902,677	\$ 180,508,096	\$ 183,090,881	\$ 195,340,533
19,687,245	22,291,256	19,391,804	18,895,396	20,655,062	23,224,157
<u>22,550,132</u>	<u>24,430,892</u>	<u>28,460,006</u>	<u>34,063,949</u>	<u>30,545,855</u>	<u>29,764,431</u>
<u>\$ 216,883,292</u>	<u>\$ 225,017,495</u>	<u>\$ 228,754,487</u>	<u>\$ 233,467,441</u>	<u>\$ 234,291,798</u>	<u>\$ 248,329,121</u>
\$ 213,553,436	\$ 219,663,969	\$ 215,231,053	\$ 211,696,699	214,329,030	218,895,017
388,651	6,834	1,180,611	1,274,319	1,370,154	700,480
<u>45,769,895</u>	<u>48,873,949</u>	<u>60,118,510</u>	<u>65,792,573</u>	<u>63,820,011</u>	<u>68,398,739</u>
<u>\$ 259,711,982</u>	<u>\$ 268,544,752</u>	<u>\$ 276,530,174</u>	<u>\$ 278,763,591</u>	<u>\$ 279,519,195</u>	<u>\$ 287,994,236</u>
\$ 388,199,351	\$ 397,959,316	\$ 396,133,730	\$ 392,204,795	\$ 397,419,911	\$ 414,235,550
20,075,896	22,298,090	20,572,415	20,169,715	22,025,216	23,924,637
<u>68,320,027</u>	<u>73,304,841</u>	<u>88,578,516</u>	<u>99,856,522</u>	<u>94,365,866</u>	<u>98,163,170</u>
<u>\$ 476,595,274</u>	<u>\$ 493,562,247</u>	<u>\$ 505,284,661</u>	<u>\$ 512,231,032</u>	<u>\$ 513,810,993</u>	<u>\$ 536,323,357</u>

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

	2007	2008	2009	2010
Expenses				
Governmental activities:				
General government	\$ 9,494,996	\$ 12,108,481	\$ 12,551,827	\$ 14,073,197
Public works	13,483,166	11,695,922	12,790,151	12,142,355
Public safety	50,802,719	53,186,019	57,560,461	60,429,663
Culture and recreation	12,885,108	13,853,365	14,919,136	15,484,146
Public health	6,845,611	6,456,840	6,901,123	7,364,755
Housing and community development	2,784,529	2,890,693	2,808,221	3,503,811
Interest on long-term debt	2,625,964	4,863,843	4,547,034	4,342,023
Total governmental activities expenses	<u>98,922,093</u>	<u>105,055,163</u>	<u>112,077,953</u>	<u>117,339,950</u>
Business-type activities:				
Water	26,666,701	28,972,544	30,491,638	30,875,837
Wastewater	14,404,044	15,675,737	17,437,188	18,134,874
Solid waste	12,119,111	13,181,427	13,267,207	14,160,048
Airport	2,139,042	2,230,237	2,402,041	2,360,727
Convention services	2,837,948	2,779,599	3,218,934	2,830,956
Ranger Hall of Fame	1,120,949	1,363,820	1,141,497	1,280,085
Cameron Park Zoo	3,386,403	3,545,604	3,968,217	4,357,007
Transit services	5,309,125	5,980,396	6,325,930	7,259,552
Cottonwood Creek Golf Course	1,553,125	1,812,962	1,919,438	1,674,252
Total business-type activities expenses	<u>69,536,448</u>	<u>75,542,326</u>	<u>80,172,090</u>	<u>82,933,338</u>
Total primary government expenses	<u>168,458,541</u>	<u>180,597,489</u>	<u>192,250,043</u>	<u>200,273,288</u>
Program Revenues				
Governmental activities:				
Charges for services:				
General government	271,852	267,127	239,046	285,471
Public works	4,884	13,152	-	1,366
Public safety	3,456,532	4,764,442	3,672,327	3,600,084
Culture and recreation	811,698	995,455	1,132,472	1,314,693
Public health	1,350,709	1,024,400	986,945	872,388
Operating grants and contributions	9,388,780	9,497,125	9,079,411	10,337,726
Capital grants and contributions	5,795,816	7,276,849	5,626,382	6,110,736
Total governmental activities program revenues	<u>21,080,271</u>	<u>23,838,550</u>	<u>20,736,583</u>	<u>22,522,464</u>

Table II

Fiscal Year									
2011	2012	2013	2014	2015	2016				
\$ 12,378,019	\$ 14,177,640	\$ 20,039,649	\$ 16,223,167	\$ 15,012,962	\$ 17,591,625				
13,227,404	11,844,356	13,699,976	12,205,449	12,767,308	12,385,381				
61,291,317	57,664,131	62,592,351	66,630,254	64,796,679	71,900,506				
15,636,875	15,694,840	16,544,389	16,922,912	16,510,993	17,575,724				
7,417,771	7,184,384	7,388,363	7,314,101	7,269,988	7,853,838				
3,339,613	3,664,525	2,255,720	2,974,293	2,704,824	2,421,277				
4,313,467	4,098,714	3,798,174	3,631,452	3,155,598	2,784,644				
<u>117,604,466</u>	<u>114,328,590</u>	<u>126,318,622</u>	<u>125,901,628</u>	<u>122,218,352</u>	<u>132,512,995</u>				
34,186,629	33,311,059	33,038,145	32,998,874	32,457,155	34,485,785				
17,522,331	17,634,339	18,432,230	19,263,583	18,964,527	22,024,527				
16,201,178	15,854,254	16,033,246	15,794,559	15,223,615	15,458,545				
2,503,823	2,937,967	3,083,925	3,284,396	3,496,581	3,821,305				
2,861,523	3,372,280	3,941,005	3,957,683	4,074,149	4,301,096				
1,193,004	1,209,145	1,343,575	1,326,695	1,333,639	1,444,823				
4,315,032	4,396,640	4,318,267	4,494,173	4,595,845	4,777,181				
7,904,160	7,970,314	8,046,015	8,177,708	8,188,525	8,640,336				
1,691,790	1,864,426	1,782,963	1,810,707	1,707,982	1,821,529				
<u>88,379,470</u>	<u>88,550,424</u>	<u>90,019,371</u>	<u>91,108,378</u>	<u>90,042,018</u>	<u>96,775,127</u>				
<u>205,983,936</u>	<u>202,879,014</u>	<u>216,337,993</u>	<u>217,010,006</u>	<u>212,260,370</u>	<u>229,288,122</u>				
342,830	243,137	277,810	192,402	243,883	271,051				
2,550	385	1,537	2,257	3,188	2,057				
3,478,363	3,050,804	3,703,991	5,520,650	5,373,858	5,995,911				
1,415,791	1,078,390	1,054,216	1,404,877	1,279,331	1,294,784				
1,184,937	1,252,049	1,260,587	1,154,091	1,158,100	1,181,667				
9,720,348	11,640,290	11,500,355	10,924,393	9,564,905	9,550,112				
6,061,358	6,883,729	7,256,153	3,272,066	6,952,118	7,269,459				
<u>22,206,177</u>	<u>24,148,784</u>	<u>25,054,649</u>	<u>22,470,736</u>	<u>24,575,383</u>	<u>25,565,041</u>				

(Continued)

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

	2007	2008	2009	2010
Business-type activities:				
Charges for services:				
Water	\$ 30,258,196	\$ 35,261,343	\$ 36,167,550	\$ 34,472,657
Wastewater	18,441,480	20,235,392	20,041,341	19,543,166
Solid waste	15,768,035	16,577,658	16,259,578	16,135,566
Airport	1,107,084	1,097,882	1,086,601	1,058,480
Convention services	805,276	804,295	573,967	391,758
Ranger Hall of Fame	440,742	438,610	425,434	403,946
Cameron Park Zoo	977,546	1,294,486	1,354,164	1,599,467
Transit services	1,971,924	2,462,089	2,805,887	3,221,167
Cottonwood Creek Golf Course	1,428,783	1,339,450	1,333,230	1,404,891
Operating grants and contributions	3,175,897	3,226,837	2,798,677	3,085,574
Capital grants and contributions	4,927,582	8,716,987	4,879,547	12,332,766
Total business-type activities program revenues	<u>79,302,545</u>	<u>91,455,029</u>	<u>87,725,976</u>	<u>93,649,438</u>
Total primary government program revenues	<u>100,382,816</u>	<u>115,293,579</u>	<u>108,462,559</u>	<u>116,171,902</u>
Net (Expense)/Revenue				
Governmental activities	(77,841,822)	(81,216,613)	(91,341,370)	(94,817,486)
Business-type activities	<u>9,766,097</u>	<u>15,912,703</u>	<u>7,553,886</u>	<u>10,716,100</u>
Total primary government net expense	<u>(68,075,725)</u>	<u>(65,303,910)</u>	<u>(83,787,484)</u>	<u>(84,101,386)</u>
General Revenues and Other Changes in Net Position				
Governmental activities:				
Taxes:				
Property taxes	36,583,688	43,222,439	46,366,310	47,489,598
Tax increment financing tax	2,657,747	3,060,732	3,741,836	4,491,616
Sales taxes	27,328,996	28,077,887	27,714,013	27,318,396
Franchise taxes	12,985,974	13,997,454	13,663,140	13,338,717
Other taxes	501,702	587,971	622,254	655,031
Unrestricted investment earnings	8,964,710	10,319,788	6,294,110	842,824
Miscellaneous	981,818	415,851	406,229	639,263
Gain on disposal of capital assets	-	-	-	-
Transfers	(1,290,822)	443,337	826,426	(10,791,177)
Total governmental activities	<u>88,713,813</u>	<u>100,125,459</u>	<u>99,634,318</u>	<u>83,984,268</u>
Business-type activities:				
Hotel/motel taxes	1,620,022	1,688,943	1,703,650	1,662,308
Unrestricted investment earnings	1,972,261	1,528,629	997,329	253,637
Gain on disposal of capital assets	-	-	260,073	-
Transfers	<u>1,290,822</u>	<u>(443,337)</u>	<u>(826,426)</u>	<u>10,791,177</u>
Total business-type activities	<u>4,883,105</u>	<u>2,774,235</u>	<u>2,134,626</u>	<u>12,707,122</u>
Total primary government	<u>93,596,918</u>	<u>102,899,694</u>	<u>101,768,944</u>	<u>96,691,390</u>
Change in Net Position				
Governmental activities	10,871,991	18,908,846	8,292,948	(10,833,218)
Business-type activities	<u>14,649,202</u>	<u>18,686,938</u>	<u>9,688,512</u>	<u>23,423,222</u>
Total primary government	<u>\$ 25,521,193</u>	<u>\$ 37,595,784</u>	<u>\$ 17,981,460</u>	<u>\$ 12,590,004</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.

Table II
(Continued)

Fiscal Year											
	2011	2012	2013	2014	2015	2016					
\$	43,094,944	\$ 38,759,662	\$ 40,713,824	\$ 38,600,073	\$ 37,773,754	\$ 39,693,677					
	21,619,018	21,542,770	21,718,912	21,343,556	20,827,643	23,376,856					
	15,948,286	16,531,734	16,489,195	16,866,587	17,704,519	18,860,966					
	1,054,550	1,065,157	1,079,297	1,142,240	1,093,157	1,118,487					
	523,983	771,773	1,018,086	1,213,798	1,317,100	1,402,912					
	465,324	448,449	410,728	420,414	490,917	559,262					
	1,575,223	1,602,554	1,618,495	1,582,279	1,615,849	1,963,610					
	3,414,289	3,582,781	3,540,047	3,373,782	3,775,380	4,112,010					
	1,578,174	1,226,374	1,615,885	1,549,328	1,511,944	1,618,596					
	3,514,732	3,415,770	3,419,959	3,869,760	3,566,046	3,734,120					
	4,014,798	3,786,143	4,836,705	1,682,452	3,459,180	6,998,128					
	<u>96,803,321</u>	<u>92,733,167</u>	<u>96,461,133</u>	<u>91,644,269</u>	<u>93,135,489</u>	<u>103,438,624</u>					
	<u>119,009,498</u>	<u>116,881,951</u>	<u>121,515,782</u>	<u>114,115,005</u>	<u>117,710,872</u>	<u>129,003,665</u>					
	(95,398,289)	(90,179,806)	(101,263,973)	(103,430,892)	(97,642,969)	(106,947,954)					
	8,423,851	4,182,743	6,441,762	535,891	3,093,471	6,663,497					
	<u>(86,974,438)</u>	<u>(85,997,063)</u>	<u>(94,822,211)</u>	<u>(102,895,001)</u>	<u>(94,549,498)</u>	<u>(100,284,457)</u>					
	48,387,467	49,373,010	51,184,254	51,585,835	55,028,271	58,427,545					
	4,660,231	5,004,192	5,916,309	5,573,984	6,296,710	7,750,330					
	28,003,416	29,186,254	31,075,760	33,487,659	35,813,531	37,371,461					
	13,587,114	13,682,123	13,405,186	14,181,593	13,762,575	13,734,655					
	679,232	650,815	676,254	785,905	871,076	910,456					
	481,791	360,561	308,603	323,760	476,804	855,366					
	678,741	882,450	2,153,305	1,196,841	1,214,952	1,450,460					
	-	1,730,200	290,376	105,278	-	-					
	(5,848,585)	(2,555,596)	81,051	902,991	2,537,789	485,004					
	<u>90,629,407</u>	<u>98,314,009</u>	<u>105,091,098</u>	<u>108,143,846</u>	<u>116,001,708</u>	<u>120,985,277</u>					
	1,754,730	1,897,865	2,095,987	2,403,171	2,707,056	3,204,122					
	183,254	196,566	159,463	197,346	289,580	378,946					
	-	-	-	-	-	-					
	5,848,585	2,555,596	(81,051)	(902,991)	(2,537,789)	(485,004)					
	<u>7,786,569</u>	<u>4,650,027</u>	<u>2,174,399</u>	<u>1,697,526</u>	<u>458,847</u>	<u>3,098,064</u>					
	<u>98,415,976</u>	<u>102,964,036</u>	<u>107,265,497</u>	<u>109,841,372</u>	<u>116,460,555</u>	<u>124,083,341</u>					
	(4,768,882)	8,134,203	3,827,125	4,712,954	18,358,739	14,037,323					
	<u>16,210,420</u>	<u>8,832,770</u>	<u>8,616,161</u>	<u>2,233,417</u>	<u>3,552,318</u>	<u>9,761,561</u>					
\$	<u>11,441,538</u>	<u>\$ 16,966,973</u>	<u>\$ 12,443,286</u>	<u>\$ 6,946,371</u>	<u>\$ 21,911,057</u>	<u>\$ 23,798,884</u>					

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

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
General Fund				
Reserved:				
Encumbrances	\$ 2,097,704	\$ 1,050,106	\$ 802,620	\$ -
Real estate held for sale	13,385	12,465	12,465	-
Advances to other funds	738,726	735,178	684,848	-
Nonspendable:				
Advances to other funds	-	-	-	625,559
Inventory	-	-	-	548,182
Real estate held for resale	-	-	-	6,160
Restricted for:				
Municipal information equipment	-	-	-	11,956
Culture and recreation	-	-	-	-
Public safety	-	-	-	-
Economic development	-	-	-	-
Committed to:				
Economic development	-	-	-	8,072,729
Culture and recreation	-	-	-	-
Assigned to:				
Capital improvements	-	-	-	1,439,202
Economic development	-	-	-	1,549,117
Housing and community development	-	-	-	77,241
Public works	-	-	-	31,773
Public safety	-	-	-	119,502
Culture and recreation	-	-	-	476,209
Subsequent year's budget appropriation of fund balances	-	-	-	-
Other	-	-	-	69,031
Unreserved/Unassigned	<u>22,768,296</u>	<u>22,838,054</u>	<u>22,039,924</u>	<u>18,215,089</u>
 Total general fund	 <u>\$ 25,618,111</u>	 <u>\$ 24,635,803</u>	 <u>\$ 23,539,857</u>	 <u>\$ 31,241,750</u>

Table III

		Fiscal Year					
		2011	2012	2013	2014	2015	2016
\$	-	\$	-	\$	-	\$	-
	-		-		-		-
	-		-		-		-
	683,391		48,388		-		-
	529,830		504,736		536,785		734,557
	6,160		6,160		6,160		6,160
	-		1,350		636,993		703,924
	-		365,900		689,343		918,377
	-		-		377,841		83,856
	-		-		100,996		-
	8,394,212		7,597,032		8,719,518		9,532,164
	2,500,000		-		-		-
	2,061,231		3,838,635		9,073,859		15,050,171
	1,137,659		2,810,428		6,078,636		3,048,263
	1,040,666		45,000		25,000		25,000
	-		14,942		470,084		4,677
	297,238		262,804		10,173		140,595
	151,913		47,622		15,305		16,230
	-		-		-		7,108,799
	67,868		120,684		124,312		490,289
	17,850,409		21,984,507		19,604,248		21,043,396
							23,392,619
							23,778,234
\$	<u>34,720,577</u>	\$	<u>37,648,188</u>	\$	<u>46,469,253</u>	\$	<u>51,797,659</u>
							<u>54,313,084</u>
							<u>56,071,930</u>

(Continued)

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

	2007	2008	2009	2010
All Other Governmental Funds:				
Reserved:				
Encumbrances	\$ 7,363,374	\$ 12,140,585	\$ 14,951,750	\$ -
Real estate held for sale	40,709	40,709	40,709	-
Advances to other funds	168,368	168,368	168,368	-
Debt service	708,377	781,972	677,027	-
Purpose of trust	469,481	465,585	472,768	-
Unreserved, reported in:				
Special revenue funds	14,609,945	15,176,240	18,236,909	-
Capital projects funds	73,358,427	73,414,437	64,550,113	-
Nonspendable:				
Parks and cemetery care	-	-	-	473,362
Inventory	-	-	-	-
Restricted for:				
Debt service	-	-	-	460,001
Capital projects	-	-	-	47,889,104
Tax increment zone activities	-	-	-	9,856,300
Housing and community development	-	-	-	201,803
Public safety	-	-	-	1,565,589
Culture and recreation	-	-	-	524,529
Waco Public Improvement District	-	-	-	347,093
Committed to:				
Capital projects	-	-	-	978,893
Public health	-	-	-	232,377
Unassigned	-	-	-	-
Total all other governmental funds	<u>\$ 96,718,681</u>	<u>\$ 102,187,896</u>	<u>\$ 99,097,644</u>	<u>\$ 62,529,051</u>

Source: Comprehensive Annual Financial Reports

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

Table III
(Continued)

		Fiscal Year					
		2011	2012	2013	2014	2015	2016
\$	-	\$	-	\$	-	\$	-
	-		-		-		-
	-		-		-		-
	-		-		-		-
	-		-		-		-
	-		-		-		-
	-		-		-		-
	474,415		475,431		477,891		478,848
	-		-		-		466,997
							131,805
	373,263		230,130		238,053		185,902
	38,873,017		23,348,990		15,531,634		11,828,967
	12,411,165		14,565,233		10,960,465		10,891,785
	215,175		233,556		2,717,040		2,373,713
	1,439,842		2,314,311		1,831,495		1,406,274
	1,186,432		1,194,942		755,434		1,302,930
	413,153		520,765		611,577		645,008
	1,029,132		1,308,537		1,443,453		2,582,281
	-		157,585		351,412		561,880
	(97,276)		-		-		-
\$	<u>56,318,318</u>	\$	<u>44,349,480</u>	\$	<u>34,918,454</u>	\$	<u>32,257,588</u>
						\$	<u>43,057,660</u>
						\$	<u>41,194,312</u>

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

	2007	2008	2009	2010
Revenues:				
Taxes:				
Sales	\$ 27,328,996	\$ 28,077,887	\$ 27,714,013	\$ 27,318,396
Property	39,012,926	45,855,023	49,627,810	51,354,302
Interest and penalty	454,735	476,176	468,021	539,666
Business and occupation fees	12,985,974	13,997,454	13,663,140	13,338,717
Permits, licenses and fees	2,610,593	2,365,457	2,023,919	1,901,686
Fines	1,748,882	2,326,020	2,188,574	2,054,487
Charges for services	1,105,518	1,372,169	1,545,120	1,751,702
Investment earnings	8,581,097	10,019,870	6,066,254	773,739
Contributions	1,221,670	1,313,646	2,147,972	627,197
Intergovernmental	8,829,853	9,627,740	9,795,311	12,812,272
Program income	574,447	540,969	244,575	1,991,904
Other	7,370,079	7,731,057	7,781,494	8,387,706
Total revenues	<u>111,824,770</u>	<u>123,703,468</u>	<u>123,266,203</u>	<u>122,851,774</u>
Expenditures:				
General government	15,460,289	20,398,112	20,828,176	19,695,545
Public works	2,027,118	3,294,892	1,969,524	2,235,645
Public safety	49,271,195	51,914,828	54,260,356	58,519,975
Culture and recreation	11,358,378	12,240,672	13,173,083	13,149,983
Housing and community development	3,910,039	3,808,125	3,600,810	4,143,724
Public health	6,826,015	6,494,336	6,799,722	7,240,481
Capital outlay	13,283,208	14,726,146	17,592,890	40,944,884
Debt service:				
Principal	5,101,924	6,963,545	7,144,536	7,270,310
Interest and fiscal charges	2,139,412	4,725,942	4,604,103	4,211,528
Bond issuance costs	595,706	27,237	58,014	70,242
Total expenditures	<u>109,973,284</u>	<u>124,593,835</u>	<u>130,031,214</u>	<u>157,482,317</u>
Excess (deficiency) of revenues over (under) expenditures	<u>1,851,486</u>	<u>(890,367)</u>	<u>(6,765,011)</u>	<u>(34,630,543)</u>
Other financing sources (uses):				
General obligation bonds issued	66,380,000	3,775,000	-	4,925,000
Refunding bonds issued	5,220,000	-	5,802,122	2,900,000
Capital leases	-	189,395	-	-
Premiums on general obligation bonds	756,120	27,104	115,070	29,024
Premiums on refunding bonds	-	-	-	202,379
Payments to refunded bond escrow agent	(5,207,616)	-	(5,950,970)	(3,093,588)
Transfers in	16,522,025	20,307,345	16,106,280	13,394,260
Transfer out	(16,485,684)	(18,921,570)	(13,768,171)	(12,593,232)
Proceeds from sale of capital assets	-	-	-	-
Total other financing sources	<u>67,184,845</u>	<u>5,377,274</u>	<u>2,304,331</u>	<u>5,763,843</u>
Net change in fund balances	<u>\$ 69,036,331</u>	<u>\$ 4,486,907</u>	<u>\$ (4,460,680)</u>	<u>\$ (28,866,700)</u>
Debt service as a percentage of noncapital expenditures	7.17%	10.65%	10.24%	8.87%

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									
		2011	2012	2013	2014	2015	2016				
\$	28,003,416	\$	29,186,254	\$	31,075,760	\$	33,487,659	\$	35,813,531	\$	37,371,461
	52,587,053		53,995,242		57,093,126		56,684,455		61,177,819		65,988,509
	545,059		558,497		864,693		507,622		598,772		620,805
	13,587,115		13,682,123		13,405,186		14,181,593		13,762,575		13,734,655
	1,682,153		2,069,365		2,361,710		2,519,019		2,454,494		2,739,022
	1,815,418		1,647,361		1,915,904		2,555,149		2,506,051		2,569,317
	1,779,213		1,501,983		1,643,861		1,639,054		1,749,690		1,834,544
	440,229		325,873		285,712		296,370		436,017		825,795
	350,827		269,577		504,130		883,815		3,490,258		1,419,645
	11,001,361		9,625,197		10,888,461		10,278,693		9,968,503		9,175,975
	521,371		608,810		297,998		338,265		289,272		298,107
	8,832,941		9,166,618		10,327,351		10,028,613		10,971,694		11,238,248
	<u>121,146,156</u>		<u>122,636,900</u>		<u>130,663,892</u>		<u>133,400,307</u>		<u>143,218,676</u>		<u>147,816,083</u>
	18,067,565		19,881,170		27,395,172		24,937,624		22,826,332		25,611,309
	2,753,649		2,051,156		3,214,854		2,583,490		1,405,812		1,879,964
	56,363,026		55,143,283		60,765,347		62,521,778		62,557,857		67,172,300
	12,932,267		14,773,781		12,792,566		13,998,629		13,543,825		13,427,467
	3,321,373		3,469,303		3,088,943		3,160,091		2,897,236		2,370,097
	7,155,606		6,993,107		7,271,899		7,267,366		7,247,059		7,533,938
	20,198,033		23,954,367		14,814,436		10,002,288		14,758,838		26,453,338
	6,967,663		7,090,342		5,912,954		5,340,143		5,585,000		5,895,000
	4,192,140		4,194,170		3,946,312		3,788,820		3,437,349		3,283,750
	500		68,981		35,891		26,107		250,679		99,402
	<u>131,951,822</u>		<u>137,619,660</u>		<u>139,238,374</u>		<u>133,626,336</u>		<u>134,509,987</u>		<u>153,726,565</u>
	<u>(10,805,666)</u>		<u>(14,982,760)</u>		<u>(8,574,482)</u>		<u>(226,029)</u>		<u>8,708,689</u>		<u>(5,910,482)</u>
	7,285,000		3,480,000		2,175,000		1,645,000		1,695,000		3,805,000
	-		6,465,000		1,700,000		-		34,125,000		1,945,000
	-		145,351		-		-		-		-
	54,583		10,594		168,544		59,040		57,044		334,219
	-		792,695		316,832		-		6,804,247		136,375
	-		(7,243,886)		(1,999,938)		-		(40,676,302)		(2,055,353)
	12,781,678		15,015,607		14,935,710		17,504,831		26,296,892		23,677,980
	(12,047,501)		(14,513,914)		(13,145,858)		(16,420,580)		(23,695,073)		(22,037,241)
	-		1,790,086		290,376		105,278		-		-
	<u>8,073,760</u>		<u>5,941,533</u>		<u>4,440,666</u>		<u>2,893,569</u>		<u>4,606,808</u>		<u>5,805,980</u>
\$	<u>(2,731,906)</u>	\$	<u>(9,041,227)</u>	\$	<u>(4,133,816)</u>	\$	<u>2,667,540</u>	\$	<u>13,315,497</u>	\$	<u>(104,502)</u>
	9.28%		9.85%		7.94%		7.49%		7.49%		7.24%

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

Category	Fiscal Year			
	2016	2015	2014	2013
Real - residential single family	\$ 3,442,331,305	\$ 3,330,608,637	\$ 3,193,078,012	\$ 3,145,755,030
Real - residential multi-family	710,274,847	600,033,734	552,903,404	540,947,926
Real - platted lots & residential inventory	179,995,100	192,366,941	185,737,380	161,765,042
Real - acreage, land only	69,022,094	74,636,662	66,466,703	73,968,631
Real - improved farm & ranch	29,242,020	32,499,555	28,871,288	18,486,406
Real - commercial & industrial	2,221,110,921	2,051,472,009	1,885,152,286	1,839,811,136
Real and tangible personal - utilities	202,959,032	177,491,413	147,349,253	140,452,424
Tangible personal - business	1,844,415,017	1,724,904,133	1,674,043,041	1,667,295,558
Tangible personal - other	<u>2,406,350</u>	<u>2,424,330</u>	<u>2,328,520</u>	<u>2,236,139</u>
Total market value	8,701,756,686	8,186,437,414	7,735,929,887	7,590,718,292
Less total exemptions	<u>939,650,349</u>	<u>916,313,922</u>	<u>927,340,793</u>	<u>938,850,655</u>
Taxable assessed value	<u>\$ 7,762,106,337</u>	<u>\$ 7,270,123,492</u>	<u>\$ 6,808,589,094</u>	<u>\$ 6,651,867,637</u>
Total direct tax rate per \$100 of taxable assessed value	<u>\$ 0.776232</u>	<u>\$ 0.776232</u>	<u>\$ 0.776232</u>	<u>\$ 0.786232</u>
Estimated actual taxable value	<u>\$ 8,701,756,686</u>	<u>\$ 8,186,437,414</u>	<u>\$ 7,735,929,887</u>	<u>\$ 7,590,718,292</u>
Taxable assessed value as a percentage of actual taxable value	89.2%	88.8%	88.0%	87.6%

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

Table V

		Fiscal Year									
		2012	2011	2010	2009	2008	2007				
\$	2,964,790,976	\$	2,899,061,978	\$	2,831,728,139	\$	2,786,526,338	\$	2,525,731,582	\$	2,371,733,450
	530,246,728		527,542,939		506,927,890		481,461,020		450,937,111		414,909,141
	159,734,533		158,194,756		166,731,693		159,010,177		140,742,891		121,598,228
	73,351,221		72,134,192		61,537,818		52,701,391		47,734,843		46,911,329
	19,298,600		19,050,487		18,251,255		16,724,697		16,424,746		15,467,787
	1,820,432,553		1,769,330,218		1,712,740,259		1,590,177,832		1,465,906,212		1,352,880,299
	138,700,708		142,912,428		147,985,807		138,718,155		157,931,476		159,458,452
	1,566,759,638		1,473,384,230		1,458,577,289		1,393,542,226		1,318,022,800		1,339,092,276
	<u>2,442,607</u>		<u>2,054,003</u>		<u>2,329,066</u>		<u>2,488,121</u>		<u>2,423,748</u>		<u>2,353,642</u>
	<u>7,275,757,564</u>		<u>7,063,665,231</u>		<u>6,906,809,216</u>		<u>6,621,349,957</u>		<u>6,125,855,409</u>		<u>5,824,404,604</u>
	<u>829,201,392</u>		<u>783,127,564</u>		<u>732,167,475</u>		<u>611,165,570</u>		<u>519,979,729</u>		<u>519,150,265</u>
\$	<u>6,446,556,172</u>	\$	<u>6,280,537,667</u>	\$	<u>6,174,641,741</u>	\$	<u>6,010,184,387</u>	\$	<u>5,605,875,680</u>	\$	<u>5,305,254,339</u>
\$	<u>0.786232</u>	\$	<u>0.786232</u>	\$	<u>0.786232</u>	\$	<u>0.786232</u>	\$	<u>0.786232</u>	\$	<u>0.699700</u>
\$	<u>7,275,757,564</u>	\$	<u>7,063,665,231</u>	\$	<u>6,906,809,216</u>	\$	<u>6,621,349,957</u>	\$	<u>6,125,855,409</u>	\$	<u>5,824,404,604</u>
	88.6%		88.9%		89.4%		90.8%		91.5%		91.1%

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

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

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
0.440000	1.511801	1.506500	1.419765	1.581534	1.510902	1.521100
0.452900	1.280000	1.290000	1.274290	1.248406	1.175132	1.190000
0.450500	1.230000	1.320000	1.561346	1.247370	1.180000	1.210000
0.443100	1.270000	1.320000	1.555070	1.247450	1.316000	1.190000
0.442710	1.288824	1.320000	1.545259	1.270000	1.315000	1.190000
0.442710	1.281105	1.320000	1.537596	1.290000	1.315000	1.190000
0.460573	1.269091	1.320000	1.478460	1.310000	1.315000	1.185000
0.535293	1.265653	1.320000	1.487914	1.620000	1.315000	1.355000
0.535293	1.274394	1.320000	1.478175	1.640000	1.510000	1.355000
0.535293	1.281628	1.320000	1.503432	1.640000	1.510000	1.355000

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

Fiscal year 2016

Taxpayers	Taxable Assessed Value	Percentage of Total Taxable Assessed Valuation
Coca Cola Company	\$ 74,540,684	0.96 %
Mars Snackfood US L.L.C.	72,699,466	0.94 %
Allergan, Inc.	70,850,892	0.91 %
L-3 Communications Integrated Systems L.P.	69,480,120	0.90 %
Associated Hygienic Products, L.L.C.	64,948,049	0.84 %
Oncor Electric Delivery Co.	58,475,647	0.75 %
Inland Western Waco Central, L.P.	56,773,250	0.73 %
Caterpillar Logistics Services, Inc.	47,669,427	0.61 %
Owens-Brockway Glass Container Inc.	45,253,365	0.58 %
CBL/Richland Mall, L.P.	<u>43,711,890</u>	<u>0.56 %</u>
Total	\$ <u>604,402,790</u>	<u>7.78 %</u>

Source: McLennan County Appraisal District

Fiscal Year 2007

Taxpayers	Taxable Assessed Value	Percentage of Total Taxable Assessed Valuation
MasterFoods USA (M & M Mars)	\$ 85,768,341	1.62 %
Coca Cola Company	70,527,840	1.33 %
TXU Electric Delivery Co.	52,217,940	0.98 %
AIG Baker Waco, L.L.C.	52,008,889	0.98 %
Pilgrim's Pride Corp.	43,143,055	0.81 %
Southwestern Bell Telephone Co.	37,169,250	0.70 %
CBL/Richland Mall, L.P.	36,284,940	0.68 %
L3 Communications	32,172,383	0.61 %
Owens-Brockway Glass	30,473,118	0.57 %
Allergan, Inc.	29,970,807	0.56 %
Total	\$ 469,736,563	8.84 %

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>
2007	36,481,122	640,192	37,121,314	(244,373)
2008	43,188,911	886,276	44,075,187	(135,881)
2009	46,270,500	1,268,052	47,538,552	(467,362)
2010	47,639,260	1,261,899	48,901,159	(662,549)
2011	48,078,029	1,247,577	49,325,606	(131,100)
2012	49,428,253	1,516,082	50,944,335	(524,608)
2013	50,896,824	1,541,926	52,438,750	(261,917)
2014	51,208,846	1,582,983	52,791,829	(28,963)
2015	54,676,069	1,792,277	56,468,346	(151,358)
2016	58,055,153	2,224,388	60,279,541	(174,483)

Source: McLennan County Tax Office

Table VIII

Adjusted Tax Levy for Fiscal Year	Collected within the Fiscal Year of the Levy		Delinquent Tax Collections	Total Collections	
	Amount	Percentage of Adjusted Levy		Amount	Percentage of Adjusted Levy
36,876,941	36,345,526	98.56	447,123	36,792,649	99.77
43,939,366	43,320,216	98.59	508,912	43,829,128	99.75
47,071,190	46,373,974	98.52	575,297	46,949,271	99.74
48,238,610	47,367,935	98.20	717,158	48,085,093	99.68
49,194,506	48,312,012	98.21	777,158	49,089,170	99.79
50,419,727	49,634,551	98.44	674,682	50,309,233	99.78
52,176,833	51,511,537	98.72	482,849	51,994,386	99.65
52,762,866	52,019,615	98.59	519,676	52,539,291	99.58
56,316,988	55,622,582	98.77	342,952	55,965,534	99.38
60,105,058	59,465,589	98.94	-	59,465,589	98.94

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
2007	\$	108,842,854	547,669	2,773,546	830,000	82,567	-	249,410,055
2008		106,052,032	469,757	2,405,819	830,000	80,007	-	248,087,985
2009		99,232,249	128,270	2,022,392	830,000	80,007	-	235,015,348
2010		97,278,450	65,154	1,631,012	830,000	80,007	-	232,934,268
2011		98,019,198	-	1,224,455	830,000	80,007	-	220,721,649
2012		94,657,316	109,814	813,366	830,000	80,007	-	207,205,507
2013		91,155,603	61,608	615,000	830,000	80,007	-	228,080,781
2014		87,989,551	12,443	550,000	830,000	80,007	-	223,017,008
2015		86,321,896	-	370,000	830,000	80,007	968,532	223,050,091
2016		83,778,284	-	345,000	830,000	80,007	807,110	295,326,024

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>				
17,326,901	2,541,360	-	382,354,952	7.21%	121,372	3,150
17,273,375	2,317,119	-	377,516,094	6.73%	122,506	3,082
17,217,472	3,185,854	-	357,711,592	5.95%	123,650	2,893
17,159,087	2,466,492	-	352,444,470	5.71%	124,805	2,824
17,098,108	1,808,894	-	339,782,311	5.41%	125,971	2,697
17,034,421	1,818,363	-	322,548,794	5.00%	127,018	2,539
1,967,906	1,795,178	-	324,586,083	4.88%	128,125	2,533
1,898,437	1,952,243	-	316,329,689	4.65%	129,241	2,448
1,825,882	1,572,435	-	315,018,843	4.33%	130,533	2,413
1,750,105	1,513,751	1,306,512	385,736,793	4.97%	132,889	2,903

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
2007	361,026,455	58,321	360,968,134	6.80%	121,372	2,974
2008	356,545,836	355,119	356,190,717	6.35%	122,506	2,908
2009	336,269,989	403,845	335,866,144	5.59%	123,650	2,716
2010	331,843,730	183,371	331,660,359	5.37%	124,805	2,657
2011	319,965,302	49,695	319,915,607	5.09%	125,971	2,540
2012	302,676,189	33,913	302,642,276	4.69%	127,018	2,383
2013	319,851,384	-	319,851,384	4.76%	128,125	2,496
2014	311,556,559	-	311,556,559	4.58%	129,241	2,411
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

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

- (1) General bonded debt of both governmental and business-type activities, including unamortized premium, paid from property tax levy and revenues of the Water Fund, Wastewater Fund, Solid Waste Fund and Tax Increment Fund No. 1.
- (2) See Table V for property value data.
- (3) See Table IX for population data.

City of Waco, Texas
Direct and Overlapping Governmental Activities Debt
(Unaudited)
Last Ten Fiscal Years

Taxing Authority	Debt Outstanding	Estimated Percentage Applicable (1)	Estimated Share of Debt Overlapping Debt
Debt repaid with property taxes:			
Waco Independent School District	\$ 166,200,000	95.17%	\$ 158,172,540
Bosqueville Independent School District	8,979,999	79.78%	7,164,243
McLennan Community College	64,440,000	54.69%	35,242,236
McLennan County	19,900,000	54.69%	10,883,310
Midway Independent School District	102,748,698	54.48%	55,977,491
LaVega Independent School District	41,426,540	37.53%	15,547,380
China Spring Independent School District	39,835,000	40.06%	15,957,901
Connally Independent School District	15,485,000	18.97%	2,937,505
Lorena Independent School District	30,288,129	2.14%	648,166
McGregor Independent School District	<u>25,411,594</u>	0.01%	<u>2,541</u>
Subtotal, overlapping debt	<u>\$ 514,714,960</u>		<u>\$ 302,533,313</u>
City direct debt:			
City of Waco direct debt	\$ 83,778,284	100.00%	\$ 83,778,284
Tax increment financing	345,000	100.00%	345,000
Other (2)	<u>1,717,117</u>	100.00%	<u>1,717,117</u>
Subtotal, direct debt	<u>\$ 85,840,401</u>		<u>\$ 85,840,401</u>
Total direct and overlapping debt	<u>\$ 600,555,361</u>		<u>\$ 388,373,714</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.
- (2) Includes contracts payable, refundable contracts, and note payable - see Table IX.

Sources: McLennan County Appraisal District and the Municipal Advisory Council of Texas as of September 30, 2016.

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>
2007	(4)	50,713,887	28,314,942	22,398,945
2008	(4)	56,859,579	29,823,743	27,035,836
2009	(4)	57,350,687	33,138,169	24,212,518
2010	(4)	54,797,775	34,602,793	20,194,982
2011	(4)	65,111,936	34,030,334	31,081,602
2012	(4)	60,733,168	32,836,116	27,897,052
2013	(4)	62,795,257	34,036,064	28,759,193
2014	(4)	60,346,778	35,497,646	24,849,132
2015	(4)	59,514,895	36,477,205	23,037,690
2016	(4)	64,908,762	37,994,953	26,913,809

- (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)			Coverage
Principal	Interest	Total	
8,679,361	9,399,337	18,078,698	1.24 %
9,779,139	11,912,439	21,691,578	1.25 %
11,180,464	10,895,340	22,075,804	1.10 %
11,444,691	10,469,188	21,913,879	0.92 %
10,997,337	10,431,335	21,428,672	1.45 %
11,614,658	10,078,055	21,692,713	1.29 %
11,067,045	9,203,092	20,270,137	1.42 %
10,699,857	8,698,336	19,398,193	1.28 %
11,085,000	8,363,187	19,448,187	1.18 %
11,555,000	8,142,857	19,697,857	1.37 %



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
2007	244,453	7,070,657	28,924	28.0	4.3%
2008	246,735	7,398,415	29,985	27.6	4.6%
2009	249,441	7,561,888	30,315	25.3	6.7%
2010	253,837	8,014,845	31,575	28.2	7.2%
2011	255,729	8,293,469	32,431	28.4	7.4%
2012	257,111	8,665,026	33,701	29.3	6.5%
2013	259,099	8,784,419	33,904	27.7	6.1%
2014	260,430	9,203,555	35,340	27.9	5.1%
2015	262,813	9,702,223	36,917	28.7	4.1%
2016	N/A	N/A	N/A	N/A	3.9%

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 2015 American Community Surveys. Unemployment rates provided by the Bureau of Labor Statistics. 2016 rate is as of October.

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

2016		
Employer	Employees	Percentage of Total City Employment
Baylor University	2,746	2.34 %
Providence Healthcare Network	2,311	1.97 %
Waco Independent School District	2,290	1.95 %
Baylor Scott & White Medical Center--Hillcrest	1,970	1.68 %
L-3 Communications	1,850	1.58 %
H-E-B Stores	1,500	1.28 %
City of Waco	1,487	1.27 %
Midway Independent School District	1,102	0.94 %
Sanderson Farms, Inc.	1,041	0.89 %
Wal-Mart Stores	1,015	0.86 %
	17,312	14.76 %
Total		

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

Table XIV

2007		
Employer	Employees	Percentage of Total City Employment
Waco Independent School District	2,625	2.31 %
Baylor University	2,298	2.02 %
Providence Health Systems	2,182	1.92 %
Hillcrest Health System	1,836	1.61 %
City of Waco	1,718	1.51 %
L3 Communications Integrated Systems	1,620	1.42 %
Wal-Mart Stores	1,435	1.26 %
H-E-B Stores	1,271	1.12 %
McLennan County	893	0.78 %
Midway Independent School District	877	0.77 %
	<hr/>	<hr/>
Total	<u>16,755</u>	<u>14.72 %</u>

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

Function:	Fiscal			
	2007	2008	2009	2010
General Government	129.68	132.36	132.46	132.23
Public Works	59.00	59.00	60.00	60.00
Public Safety	603.48	602.13	601.98	608.01
Culture and Recreation	187.38	186.65	184.11	197.73
Housing and Community Development	18.60	18.75	18.90	19.50
Public Health	90.60	82.93	83.93	83.60
Water	114.00	117.00	120.25	124.25
Wastewater/WMARSS	68.50	68.75	68.75	68.75
Solid Waste	99.00	98.00	101.50	101.50
Airport	12.52	16.40	16.40	15.02
Convention Services	36.13	36.13	34.88	35.88
Ranger Hall of Fame	13.50	14.50	15.50	15.50
Cameron Park Zoo	45.85	51.29	52.28	51.41
Cottonwood Creek Golf Course	15.96	15.96	15.96	15.96
Insurance/Risk Management	7.00	7.00	7.00	7.00
Engineering	26.38	26.00	26.00	25.00
Fleet Services	24.00	25.00	25.00	25.00
Total	1,551.58	1,557.85	1,564.90	1,586.34

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

Year	2011	2012	2013	2014	2015	2016
	128.73	129.26	142.78	144.80	147.80	160.48
	58.00	56.00	59.00	59.00	57.00	53.00
	605.93	603.43	604.75	610.25	622.95	620.12
	196.31	189.18	185.45	185.45	185.41	188.22
	22.45	20.18	19.48	19.48	20.19	19.62
	86.75	86.55	82.55	83.00	81.50	80.50
	122.75	122.25	126.25	125.25	123.25	123.68
	69.25	68.75	71.75	72.75	72.75	73.32
	103.00	101.00	99.00	96.00	93.50	90.00
	13.77	13.77	13.77	13.77	13.52	13.52
	34.38	33.63	33.20	35.71	35.70	34.95
	15.50	15.50	15.50	15.50	15.50	15.50
	51.16	51.16	51.11	51.10	51.36	51.36
	15.96	15.96	15.96	13.00	13.00	13.00
	8.00	8.00	8.00	8.00	6.00	6.00
	24.00	24.00	24.00	24.00	24.00	23.00
	25.00	25.00	25.00	27.00	27.00	27.00
	<u>1,580.94</u>	<u>1,563.62</u>	<u>1,577.55</u>	<u>1,584.06</u>	<u>1,590.43</u>	<u>1,593.27</u>

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

Function:	2007	2008	2009
Public Safety			
Police			
Number of Sworn Employees - Budgeted	245	245	245
Number of Traffic Citations	13,289	23,212	17,804
Number of Class "C" Citations	2,558	3,404	3,790
Calls Dispatched	121,633	116,442	111,717
Fire			
Number of Sworn Employees - Budgeted	192	192	192
Number of Fire Responses	10,140	10,089	9,537
Public Works			
Street Resurfacing (miles)	33.61	7.25	9.82
Culture and Recreation			
Parks and Recreation			
Number of Teams in Athletic Leagues	424	440	383
Number of Participants in Track/Field Events	350	247	258
Number of Participants in After School	2,292	2,671	3,560
Library			
Volumes in Collection	305,652	319,754	331,791
E-books Available to Public	30,319	30,899	31,245
Water			
Number of Water Connections	41,623	41,752	42,391
Average Daily Water Consumption (gallons)	22,681,919	28,009,000	28,671,000
Maximum Storage Capacity (gallons)	42,143,000	42,143,000	42,143,000
Solid Waste (Residential)			
Refuse Collected (tons)	25,812	45,572	45,138
Bulky/Brush Pickups (tons)	6,496	5,162	5,614
Recyclables Collected (tons)	1,685	2,415	2,898
Golf Course			
Number of Paid Rounds Played	46,949	45,581	44,306

Source: City of Waco Departments

Table XVI

Fiscal Year						
2010	2011	2012	2013	2014	2015	2016
245	245	245	246	247	247	247
16,556	9,676	9,632	14,439	21,995	13,626	10,903
2,805	2,413	2,793	3,203	3,042	2,432	2,642
107,825	106,233	109,216	113,593	109,718	114,494	109,785
195	195	195	195	201	204	204
9,383	9,257	9,657	9,565	8,893	9,424	9,208
7.98	9.60	11.50	25.20	18.33	9.96	23.32
365	353	359	330	320	283	254
262	292	210	305	340	311	324
3,478	3,586	3,758	4,060	4,391	4,941	4,532
338,316	309,439	313,596	318,633	331,674	345,903	326,883
30,962	28,321	36,609	36,664	38,994	38,936	39,837
42,722	43,078	43,297	44,336	44,912	45,042	45,914
26,221,000	32,351,000	28,107,000	28,920,000	24,035,699	27,645,000	26,502,074
42,143,000	42,143,000	42,143,000	42,143,000	42,143,000	42,143,000	42,143,000
47,658	47,512	51,257	52,890	54,477	59,596	58,732
6,452	6,956	7,940	5,847	7,381	14,397	13,599
2,859	2,580	2,619	3,011	3,302	3,422	3,104
36,838	42,824	34,760	39,894	38,232	38,571	37,881

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

	2007	2008	2009
Function:			
Public safety			
Police:			
Stations	1	1	1
Staffed substations	3	3	4
Patrol units - equipped for arrest use	65	71	71
Fire stations	14	14	14
Highways and streets			
Streets - paved (miles)	587	588	593
Streetlights - City-owned	2,198	2,194	2,197
Streetlights - Leased	6,743	6,849	6,910
Traffic control signals	195	198	198
Traffic beacons and flashers	101	101	100
Culture and recreation			
Parks acreage	1,234.99	1,234.99	1,234.99
Parks	44	44	44
Swimming pools	2	2	2
Tennis courts	44	36	36
Community centers	3	3	3
Water			
Water mains (miles)	775	927	954
Fire hydrants	4,650	4,739	4,935
Maximum daily capacity (thousands of gallons)	66,000	66,000	66,000
Wastewater			
Sanitary sewers (miles)	728	818	831
Storm sewers (miles)	357	353	350
Maximum daily capacity (thousands of gallons)	37,800	37,800	37,800

Source: City of Waco Departments

Table XVII

Fiscal Year						
2010	2011	2012	2013	2014	2015	2016
1	1	1	1	1	1	1
4	4	4	3	3	2	2
71	71	71	71	71	74	80
14	14	14	14	14	14	14
595	600	599	603	604	605	609
2,282	2,295	2,295	2,310	2,310	2,316	2,320
6,059	6,084	6,127	6,228	6,228	6,248	6,039
198	194	195	198	198	198	182
102	102	105	108	110	116	100
1,234.99	1,234.99	1,234.99	1,271.00	1,271.00	1,266.00	1,266.00
46	46	46	46	56	56	56
1	1	1	1	1	1	1
36	36	36	34	29	29	29
5	5	5	5	5	5	5
864	885	1,021	1,035	1,043	1,042	1,051
5,032	5,165	5,229	5,362	5,398	5,457	5,522
75,000	75,000	75,000	75,000	75,000	75,000	75,000
737	747	843	846	850	852	866
343	345	347	351	355	358	362
37,800	37,800	46,500	46,500	46,500	46,500	46,500

