



APPLICATION FOR FINANCIAL ASSISTANCE

FOR WATER AND WASTEWATER INFRASTRUCTURE PROJECTS

This application is comprehensive, covering all loan and grant assistance applications for water and wastewater infrastructure financing through the various Texas Water Development Board (TWDB) programs. The format of the application is intended to expedite the review process for both the applicant and TWDB staff. This application can be used by political subdivisions, including water supply corporations.

Please submit one double-sided original and one indexed, electronic copy, via electronic storage media such as CD or flash drive using MS Word, Excel and/or Adobe Acrobat.

Please submit your application to:

Texas Water Development Board
Water Supply and Infrastructure-Regional Water Planning and Development
P O Box 13231
1700 N. Congress Avenue, 5th Floor
Austin, Texas 78711-3231
(78701 for courier deliveries)

A complete application consists of all of the applicable information and forms requested in this document. When preparing this application please review the Application and all Guidance and Forms, listed at the end.

For more information, please contact your Regional Project Implementation Team at:

http://www.twdb.texas.gov/financial/programs/swift/regional_project_teams.asp

Thank you.

TWDB Use Only

Name of Applicant: _____

Date application received: _____

Date administratively complete: _____

Please label each attachment with the number of the pertinent application section (i.e. “Part D5”)

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Please label each attachment with the number of the pertinent application section (i.e. "Part D5")

Part A: General Information

1. The legal authority under which the applicant was created and operates.
 - a) TYPE A GENERAL-LAW MUNICIPALITY (Texas Local Gov't Code Sec. 5.001)
 - b) TYPE B GENERAL-LAW MUNICIPALITY (Texas Local Gov't Code Sec. 5.002)
 - c) TYPE C GENERAL-LAW MUNICIPALITY (Texas Local Gov't Code Sec. 5.003)
 - d) HOME-RULE MUNICIPALITY (Texas Local Gov't Code Sec. 5.004)
 - e) SPECIAL-LAW MUNICIPALITY (Texas Local Gov't Code Sec. 5.005)
 - f) NONPROFIT ORGANIZATION (Business Organization Code Chapter 22)
 - g) NONPROFIT WATER SUPPLY OR SEWER SERVICE CORP. (Texas Water Code Chapter 67)
 - h) ALL DISTRICTS (Texas Water Code Chapter 49)
 - i) OTHER (attach)

2. Applicant Name and Contact Information:

Name:	City of Waco, Texas
County:	McLennan
Physical Address:	300 Austin Avenue Waco, Texas 76702
Mailing Address:	P.O. Box 2570 Waco, Texas 76702
Phone:	(254) 750-750
Fax:	(254) 750-8032
Website:	www.waco-texas.com

3. Brief description of the project

Waco Water Utilities seeks to implement Advanced Metering Infrastructure (AMI) for all retail level customers and for 5 wholesale connections. This fixed-based reading system will allow for a reduction in the City's water loss, allow customers real-time access to their water consumption, and allow the City to implement acoustic leak detection throughout its distribution system.

4. Applicant's Officers and Members:

Name	Office Held
Mayor Malcolm Duncan, Jr.	Mayor
Wilbert Austin, Sr. (District 1)	Mayor Pro Tem
Alice Rodriguez (District 2)	City Council
John Kinnaird (District 3)	City Council
Dillon Meek (District 4)	City Council
Kyle Deaver (District 5)	City Council

5. Applicant's **primary contact person** for day-to-day project implementation.

Name:	Ms. Lisa Tyer
Title:	Director, Waco Water Utilities
Address:	200 Colcord Avenue, Waco, Texas 76707
Phone:	(254) 750-8079
Fax:	(254) 750-8032
Email:	lisat@wacotx.gov

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6. Applicant's Consultants (Attach copies of all draft and/or executed contracts for consultant services to be used by the Applicant in applying for financial assistance or constructing the proposed project.):

a) Applicant Engineer N/A

Firm Name:	City of Waco
Contact:	Charles H. Leist II, P.E.
Address:	300 Austin Avenue Waco, Texas 76702
Phone:	254-750-6642
Fax:	
Email:	CharlesL@wacotx.gov

b) Bond Counsel N/A

Firm Name:	Bracewell & Giuliani LLP
Contact:	Glenn Opel
Address:	111 Congress Avenue, Suite 2300, Austin, TX 78701
Phone:	512-542-2114
Fax:	1-80-404-3970
Email:	Glenn.opel@bracewelllaw.com

c) Financial Advisor N/A

Firm Name:	First Southwest
Contact:	Drew Masterson
Address:	700 Milam Street, Suite 500, Houston, TX 77002
Phone:	713-654-8654
Fax:	
Email:	Drew.Masterson@hilltopsecurities.com

d) Certified Public Accountant (or other appropriate rep) N/A

Firm Name:	
Contact:	
Address:	
Phone:	
Fax:	
Email:	

Please label each attachment with the number of the pertinent application section (i.e. "Part D5")

e) Legal Counsel (if other than Bond Counsel) N/A

Firm Name:	City of Waco
Contact:	Jennifer Richie
Address:	300 Austin Avenue Waco, Texas 76702
Phone:	254-750-5680
Fax:	
Email:	jrichie@wacotx.gov

f) Any other consultant representing the Applicant before the Board N/A

Firm Name:	NewGen Strategies and Solutions, LLC
Contact:	Mr. Chris Ekrut
Address:	1300 E. Lookout Drive, Suite 100, Richardson, Texas 75082
Phone:	(972) 232-2234
Fax:	(972) 680-2007
Email:	cekrut@newgenstrategies.net

7. List the counties within the Applicant's service area. McLennan

8. Identify the Applicant's total service area population: 129,030 (estimated 2013 population)

9. Applicant is requesting funding from which programs? Check all that apply.

	PROGRAM	AMOUNT REQUESTED
a) <input type="checkbox"/>	Drinking Water State Revolving Fund (DWSRF)	\$ _____
b) <input type="checkbox"/>	Clean Water State Revolving Fund (CWSRF)	\$ _____
c) <input type="checkbox"/>	Texas Water Development Fund (DFund)	\$ _____
d) <input type="checkbox"/>	State Participation	\$ _____
e) <input type="checkbox"/>	Rural Water Assistance Fund (RWAFF)	\$ _____
f) <input checked="" type="checkbox"/>	State Water Implementation Fund for Texas (SWIFT)	\$ <u>12,000,000.00</u>
g) <input type="checkbox"/>	Economically Distressed Areas Program (EDAP)	\$ _____
h) <input type="checkbox"/>	If other please explain: _____	\$ _____

10. Other Funding Sources: Provide a list of any other funding source(s) being utilized to complete the project, including Applicant's local contribution, if any, or commitments applied for and/or received from any other funding agency for this project or any aspect of this project. **Provide commitment letters if available. Additional funding sources must be included within the Project Budget (TWDB-1201).**

Funding Source	Type of Funds (Loan/Grant)	Amount (\$)	Date Applied for Funding	Anticipated or Funding Secured Date
N/A	N/A	N/A	N/A	N/A
Total Funding from All Sources		\$ N/A		

Comments: N/A

Please label each attachment with the number of the pertinent application section (i.e. "Part D5")

11. Applicant is requesting funding for which phase(s)? Check all that apply.

- Planning
- Acquisition
- Design
- Construction

12. Is Applicant requesting funding to refinance existing debt?

- Yes If yes, attach a copy of the document securing the debt to be refinanced.
- Attached document**
- No

Please label each attachment with the number of the pertinent application section (i.e. "Part D5")

Part B: Legal Information

13. Cite the legal authority under which the Applicant can issue the proposed debt including the authority to make a proposed pledge of revenues. **The Certificate of Obligation Act, Subchapter C of Chapter 271, Texas Local Government Code**
14. What type of pledge will be used to repay the proposed debt?
 Systems Revenue
 Taxes
 Combination of systems revenues and taxes
 Other (Contract Revenue, etc.)
15. Provide the full legal name of the security for the proposed debt issue(s). **Combination Tax and Revenue Certificates of Obligation, Series 2016A**
16. Describe the pledge being offered and any existing rate covenants. **Ad valorem taxes, within the limits allowed by law, and pledge of surplus water and sewer system revenues**
17. Attach the resolution from the governing body requesting financial assistance.
TWDB-0201A (<http://www.twdb.texas.gov/financial/instructions/>)
 Attached Resolution
18. Attach the Application Affidavit
TWDB-0201 (<http://www.twdb.texas.gov/financial/instructions/>)
 Attached Applicant Affidavit
19. Attach the Certificate of Secretary
TWDB-201B (<http://www.twdb.texas.gov/financial/instructions/>)
 Attached Certificate of Secretary
20. Is the applicant a Water Supply Corporation (WSC)?
 Yes If yes, attach each of the following:
 Articles of Incorporation
 Certificate of Incorporation from the Texas Secretary of State evidencing that the current Articles of Incorporation are on file with the Secretary
 By-laws and any amendments
 Certificate of Status from the Texas Secretary of State (i.e. Certificate of Existence)
 Certificate of Account Status from the Texas Comptroller of Public Accounts (certifies that the WSC is exempt from the franchise tax and that the WSC is in good standing).
 No

Please label each attachment with the number of the pertinent application section (i.e. "Part D5")

21. Is the applicant proposing to issue revenue bonds?
 Yes If yes, attach copies of the most recent resolution/ordinance(s) authorizing any outstanding parity debt. This is essential to insure outstanding bond covenants are consistent with covenants that might be required for TWDB financing.
 Attached resolution/ordinance(s)
 No
22. Does the applicant possess a Certificate of Convenience and Necessity (CCN)?
 Yes If yes, attach a copy of the CCN and service area map showing the areas the applicant is allowed to provide water or wastewater services.
 Attached CCN and service area map
 No If no, indicate the status of the CCN. _____
 N/A
23. Has the applicant been the subject of any enforcement action by the Texas Commission on Environmental Quality (TCEQ), the Environmental Protection Agency (EPA), or any other entity within the past three years?
 Yes If yes, attach a brief description of every enforcement action within the past three years and action(s) to address requirements.
 Attached
 No
24. Are any facilities to be constructed or the area to be served within the service area of a municipality or other public utility?
 Yes If yes, has the applicant obtained an affidavit stating that the utility does not object to the construction and operation of the services and facilities in its service area?
 If yes, attach a copy of the affidavit.
 Attached affidavit
 If no, provide an explanation as to why not. _____
 No
25. If the assistance requested is more than \$500,000 a Water Conservation Plan (WCP) is required. The WCP cannot be more than **FIVE** years old and must have been adopted by the applicant. Has the applicant adopted a Board-approved WCP? (Check one and attach requested information, if any.)
 Yes Enter date of Applicant's WCP adoption: **August 5, 2014, Ordinance No. 2014-434 (WCP also attached to this application)**
 No If no, attach a copy of a draft Water Conservation Plan and Drought Contingency Plan prepared in accordance with the TWDB WCP Checklist (<http://www.twdb.state.tx.us/financial/instructions/doc/TWDB-1968.pdf>)
 Attached Draft WCP and Drought Contingency Plan
 Attached Utility Profile TWDB-1965
<http://www.twdb.state.tx.us/financial/instructions/doc/TWDB-1965.pdf>
 N/A (Request is \$500,000 or less per Water Code §§ 15.106(c), 17.125(c), 17.277(c), and 17.857(c))

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Note: If the applicant will utilize the project financed by the TWDB to furnish services to another entity that in turn will furnish services to the ultimate consumer, the requirements for the WCP may be met through contractual agreements between the applicant and the other entity providing for establishment of a water conservation plan. The provision requiring a WCP shall be included in the contract at the earliest of: the original execution, renewal or substantial amendment of that contract, or by other appropriate measures.

26. Does the applicant provide retail water services?
 Yes If yes, has the applicant already submitted to the TWDB the annual water use survey of groundwater and surface water for the last **THREE** years?
 Yes (***Previously submitted and not attached***)
 No If no, please download survey forms and attach a copy of the completed water use surveys to the application.
<http://www.twdb.texas.gov/waterplanning/waterusesurvey/index.asp>
 Attached Water Use Survey
- No
27. Is the applicant a retail public utility that provides potable water?
 Yes If yes, has the applicant already submitted the most recently required water loss audit to the TWDB?
 Yes (***Previously submitted and not attached***)
 No If no, and if applying for a water supply project, please complete the online TWDB Water Audit worksheet found at <http://www.twdb.texas.gov/conservation/resources/waterloss-resources.asp> and attach a copy to the application.
 Attached TWDB Water Audit worksheet
- No
28. Does the Applicant provide wastewater services?
 Yes
 No

Please label each attachment with the number of the pertinent application section (i.e. "Part D5")

Part C: Financial Information

Regional or wholesale providers, complete questions 29-31.

Retail providers, complete questions 32-34.

29. List top **TEN** customers of the system by annual usage in gallons and percentage of total usage, including whether any are in bankruptcy.

Customer Name	Annual Usage (gal)	Percent of Usage	Bankruptcy (Y/N)
Baylor	349,769,300	3.43%	N
Coca Cola	255,596,400	2.51%	N
Pilgrim's Pride	229,274,200	2.25%	N
Cargill	148,595,900	1.46%	N
TSTC	143,626,200	1.41%	N
Mars	125,364,100	1.22%	N
WISD	87,766,900	0.86%	N
Hillcrest	76,584,500	0.75%	N
Providence	73,362,300	0.72%	N
VA Medical	63,806,000	0.62%	N

Comments: N/A

30. List the top TEN customers of the system by gross revenues and percent of total revenues, including whether any are in bankruptcy

Customer Name	Annual Revenue(\$)	Percent of Revenue	Bankruptcy (Y/N)
Baylor	\$ 1,845,848.58	3.45%	N
Pilgrim's Pride	\$ 1,274,427.45	2.38%	N
Coca Cola	\$ 1,061,332.63	1.98%	N
Cargill	\$ 796,031.03	1.48%	N
WISD	\$ 556,553.92	1.04%	N
Mars	\$ 553,553.92	1.03%	N
Hillcrest	\$ 504,637.69	0.94%	N
TSTC	\$ 455,413.07	0.85%	N
Providence	\$ 397,917.01	0.74%	N
Allergan	\$ 269,603.28	0.50%	N

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31. Provide a summary of the wholesale contracts with customers

Contract Type	Minimum annual amount ¹	Usage fee per 1,000 gallons ²	Annual Operations and Maintenance	Annual Capital Costs	Annual Debt Service	Other (A&G) ³
Hewitt	1.849	\$4.13	\$148,442	\$22,744	\$192,452	\$80,085
Lacy Lakeview	1.914	\$3.71	\$337,476	\$50,720	\$360,156	\$181,439
Robinson	0.500	\$2.93	\$171,415	\$25,029	\$206,744	\$91,691
West	0.638	\$4.78	\$102,961	\$15,558	\$168,872	\$55,409
Central Bosque	0.223	\$5.75	\$37,083	\$5,593	\$89,184	\$19,950

1. Minimum Annual Amount reflects Subscribed Peak Day Capacity
2. Waco Charges a two-part rate to customers, usage fee listed reflects effective per 1,000 gallon rate
3. Other includes costs associated with Administrative and General Services, Indirect Expense Recovery, PILOT, and Franchise Fees

32. List top **TEN** customers of the water and/or wastewater system by annual revenue with corresponding usage and percentage of total use, including whether any are in bankruptcy.

a. **WATER**

Customer Name	Annual Usage (gal)	Percent of Total Water Revenue	Bankruptcy (Y/N)
Baylor	349,769,300	3.90%	N
Coca Cola	255,596,400	1.85%	N
Pilgrims Pride	229,274,200	1.35%	N
Cargill	148,595,900	1.21%	N
TSTC	143,626,200	1.35%	N
Mars	125,364,100	1.02%	N
WISD	87,766,900	1.20%	N
Hillcrest	76,584,500	1.01%	N
Providence	73,362,300	0.71%	N
VA Medical	63,806,000	0.53%	N

Please label each attachment with the number of the pertinent application section (i.e. "Part D5")

b. **WASTEWATER**

Customer Name	Annual Usage (gal)	Percent of Total Wastewater Revenue	Bankruptcy (Y/N)
Pilgrims Pride	225,065,800	3.28%	N
Baylor	156,671,750	2.54%	N
Cargill	223,039,100	1.94%	N
Coca Cola	120,057,400	1.80%	N
Mars	72,583,800	1.05%	N
VA Medical	63,806,000	0.93%	N
Hillcrest	54,674,150	0.82%	N
Providence	61,066,600	0.79%	N
WISD	47,336,100	0.76%	N
Allergan	36,184,400	0.52%	N

33. Current Average Residential Usage and Rate Information

Service	Date of Last Rate Increase	Avg. Monthly Usage (gallons)	Avg. Monthly Bill (\$)	Avg. Monthly Increase Per Customer(\$)	Projected Monthly Increase Necessary (\$)
Water	1/1/2016	8,000	\$ 36.64	\$ 1.32	\$ 1.50
Wastewater	1/1/2016	5,000	\$ 30.79	\$ 3.34	N/A

34. Provide the number of customers for each of the past five years.

Year	Number of Customers
2011	39,230
2012	39,530
2013	40,466
2014	40,866
2015	41,542

All applicants complete questions 35-51 of the financial section, as applicable.

35. Disclose all issues that may affect the project or the applicant's ability to issue and/or repay debt (such as anticipated lawsuits, judgments, bankruptcies, major customer closings, etc.).

The City is not aware of any issues that may affect the project or the applicant's ability to issue and/or repay debt

36. Has the applicant ever defaulted on any debt?

- Yes If yes, disclose all circumstances surrounding prior default(s).
 No

Please label each attachment with the number of the pertinent application section (i.e. "Part D5")

37. Does the applicant have taxing authority?

- Yes
 No

38. Provide the last five-years of data showing total taxable assessed valuation including net ad valorem taxes levied, corresponding tax rate (detailing debt service and general purposes), and tax collection rate.

Fiscal Year Ending	Net Taxable Assessed Value (\$)	Tax Rate	General Fund	Interest & Sinking Fund	Tax Levy \$	% Current Collections	% Total Collections
2011	\$ 6,280,537,667	0.786232	0.611239	0.174993	48,078,029	97.75%	99.14%
2012	\$ 6,446,556,172	0.786232	0.613251	0.172981	49,428,253	97.65%	98.66%
2013	\$ 6,651,867,637	0.786232	0.637434	0.148798	50,896,824	98.48%	100.05%
2014	\$ 6,808,589,094	0.776232	0.639191	0.137041	51,208,846	98.45%	99.40%
2015	\$ 7,270,123,492	0.776232	0.646744	0.129488	54,676,069	98.60%	100.00%

Comments:

39. Attach the last five-years of tax assessed values delineated by Classification (Residential, Commercial and Industrial). **If applicant does not have taxing authority, provide the assessed values of the county.**

- a) **2012 attached**
 b) **2013 attached**
 c) **2014 attached**
 d) **2015 attached**
 e) **2016 attached**

40. Attach the direct and overlapping tax rate table:

- Attached tax rate table**

Please label each attachment with the number of the pertinent application section (i.e. “Part D5”)

41. Provide the current top **TEN** taxpayers showing percentage of ownership to total assessed valuation. State if any are in bankruptcy and explain anticipated prospective impacts in the Comments blank, below. If any of these have changed in the past three years, please provide information on the changes to the top ten.

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

Comments: All taxpayers, with the exception of Owens-Brockway Glass Container, Inc., have been among the top ten in each of the last 3 years. **Oncor Electric delivery is current on all City of Waco property taxes. Oncor’s majority owner, Energy Future Holdings Corporation, is involved in bankruptcy proceedings.**

42. Provide the maximum tax rate permitted by law per \$100 of property value.
- Article XI, Section 5, of the Texas Constitution limits the maximum ad valorem tax rate to \$2.50 per \$100 of TAV for all City purposes.
 - The Home Rule Charter of the City limits its tax rate to \$1.85 per \$100 Taxable.
 - Administratively, the Attorney General of Texas will permit allocation of \$1.23 of the \$1.85 maximum tax rate for all tax-supported debt service.

Please label each attachment with the number of the pertinent application section (i.e. "Part D5")

43. Does the applicant collect sales tax?

Yes Provide the sales tax collection history for the past five years.

Fiscal Year Ending	Total Collections
2011	\$ 28,003,416
2012	\$ 29,186,254
2013	\$ 31,075,760
2014	\$ 33,487,659
2015	\$ 35,813,531

44. Indicate the tax status of the proposed loan?

Tax-Exempt
 Taxable

45. Proforma (Select one of the four listed below) Please be sure the proforma reflects the schedule requested, including multi-phased funding options.

a. System revenues are anticipated to be used to repay the proposed debt. Attach a proforma indicating the following information for each year the debt is outstanding: **N/A**

- projected gross revenues
- operating and maintenance expenditures
- outstanding and proposed debt service requirements
- net revenues available for debt service and coverage of current and proposed debt paid from revenues

b. Taxes are anticipated to be used to repay the proposed debt. Attach a pro forma indicating the following information for each year the debt is outstanding: **N/A**

- outstanding and proposed debt service requirements
- the tax rate necessary to repay current and proposed debt paid from taxes
- list the assumed collection rate and tax base used to prepare the schedule

c. Combination of system revenues and taxes to be used to repay the proposed debt. Attach a pro forma indicating the following information for each year the debt is outstanding:

- projected gross revenues, operating and maintenance expenditures, net revenues available for debt service
- outstanding and proposed debt service requirements
- the tax rate necessary to pay the current and proposed debt
- list the assumed collection rate and tax base used to prepare the schedule

d. Another type of pledge will be used to repay the proposed debt. Attach a pro forma with information for each year the debt is outstanding, which includes projected revenues, annual expenditures, outstanding debt requirements, and revenues available for debt service.

Attached

N/A

Please label each attachment with the number of the pertinent application section (i.e. "Part D5")

46. Attach a **FIVE** year comparative system operating statement (not condensed) including audited prior years and an unaudited year-to-date statement. Unaudited year-to-date statement must reflect the financial status for a period not exceeding the latest six months.

Attached Operating Statement.

47. Attach **ONE** copy of an annual audit of financial statements, including the management letter, for the preceding fiscal year prepared by a certified public accountant or firm of accountants and, if the last annual audit was more than 6 months ago, then, provide interim financial information.

Attached Annual Audit
 Attached Management Letter
 If applicable, attached interim financial information

48. Does the applicant have any outstanding debt? (Check all that apply)

Yes, General obligation debt
 Yes, Revenue debt
 Yes, Authorized but unissued debt
 No

49. Attach a listing of total outstanding debt and identify the debt holder. Segregate by type (General Obligation or Revenue) and present a consolidated schedule for each, showing total annual requirements. Note any authorized but unissued debt.

a. General Obligation Debt:

Yes No **Attached schedule. The schedule should also identify the debt holder.**

b. Revenue:

Yes No **Attached schedule. The schedule should also identify the debt holder.**

c. Authorized by Unissued Debt:

Yes No **Attached schedule. The schedule should also identify the debt holder.**

Please label each attachment with the number of the pertinent application section (i.e. "Part D5")

50. List the ten largest employers of the Applicant's service area:

Name	Number of Employees
Baylor University	2,675
Waco Independent School District	2,500
Providence Healthcare Network	2,397
L-3 Communications	2,300
Wal-Mart	1,989
Hillcrest Baptist Medical Center	1,800
City of Waco	1,506
H-E-B	1,500
Midway Independent School District	1,067
Sanderson Farms, Inc.	1,041

Comments (example, any anticipated changes to the tax base, employers etc.) _____

51. Provide any current bond ratings with date received.

	Standard & Poor's	Date Received	Moody's	Date Received	Fitch	Date Received
G.O.	AA+	1/15/16	Aa2	1/13/16		
Revenue						

52. Is the project intended to allow the applicant to provide or receive water or sewer services to or from another entity?

Yes. If yes, the applicant must attach, at a minimum, the proposed agreement, contract, or other documentation establishing the service relationship, with the final and binding agreements provided prior to loan closing.

Attached

No.

Please label each attachment with the number of the pertinent application section (i.e. "Part D5")

Part D: Project Information

53. Description of Project Need (for example, is the project needed to address a current compliance issue, avoid potential compliance issues, extend service, expand capacity, etc.):

Waco Water Utilities seeks to implement Advanced Metering Infrastructure (AMI) for all retail level customers and its wholesale connections. This fixed-base reading system will allow for a reduction in the City's apparent water loss by reducing data handling errors and minimizing the under-reporting of actual water consumption by older meters. It will also enhance water conservation by our customers by allowing them real-time access to reported water consumption via a web-based portal, and will enable the City to be more proactive in notifying customers of water leaks. Finally, it will allow the City to implement an acoustic leak detection system which will allow for the deployment of automated leak detectors throughout our distribution system. Such a system will ensure timely identification of leaks and enable Waco staff to quickly address water loss issues within the system.

Under the 2016 Region G Water plan, it is anticipated that water savings from conservation will be 1,462 ac/ft per year by 2020, with an annual cost to achieving this of \$692,979. Waco water believes the implementation of an AMI system is a critical step towards achieving these savings and ensuring the long-term water supply of the City and the McLennan County area.

Further, in 2014, the City reported over 2 billion gallons of water lost, with just under 13% of the loss attributable to apparent loss and approximately 81% of the loss due to unknown and unreported conditions. The total cost of lost water to the citizens of Waco in 2014 is estimated at just under \$1.8 million. By deploying the AMI and acoustic leak detection system, the City will be able to reduce the amount of water loss, saving ratepayers millions of dollars over time in addition to conserving water as anticipated under the Region G Water plan.

54. Description of Project, including a bulleted list of project elements/components, and alternatives considered (including existing facilities):

The City's implementation of AMI will encompass the following elements.

- 1) Implementation of a fixed-base AMI system
- 2) Replacement of older, inaccurate water meters as necessary
- 3) Retrofitting of remaining water meters
- 4) Right typing/sizing of large water meters
- 5) Automatic leak detection system
- 6) Meter Data Management system
- 7) Distribution system leak monitoring to further reduce water loss percentages

During the procurement process, the City will evaluate alternatives as presented by proposing firms along with the cost of each alternative to determine the system and system elements which will allow the City to best achieve its requirements under the state water plan while providing the greatest return on investment to customers.

Please label each attachment with the number of the pertinent application section (i.e. "Part D5")

A complete preliminary engineering feasibility data must include:

- a. A description and purpose of the project, including existing facilities.
· Note: CWSRF and DWSRF must address issues scored in Intended Use Plan submittal

Attached

- b. **If project is for Construction only, then attach** the appropriate Engineering Feasibility Report:

a) **Water** (TWDB-0555 at

<http://www.twdb.texas.gov/financial/instructions/doc/TWDB-0555.pdf>)

Attached

b) **Wastewater** (TWDB-0556 at

<http://www.twdb.texas.gov/financial/instructions/doc/TWDB-0556.pdf>)

Attached

- c. DWSRF applicants must complete a Projected Draw Schedule (TWDB-1202 at <http://www.twdb.texas.gov/financial/instructions/doc/TWDB-1202.xls>)

55. Water Made Available (For projects requesting a construction component):

a. *New supply* _____ (acre-feet/year) _____ (\$) *capital cost*

- The **increase** in the total annual volume of water supply that will be made available to the recipient(s) by the proposed project.
- Water Plan project examples: new groundwater wells, reservoir development, pipelines to sources.

b. *New Conservation savings* **1,462** (acre-feet/year) **\$ 12,000,000** (\$) *capital cost*

- Annual volume of anticipated water savings resulting from implementation of the proposed conservation project including water loss) and other conservation activities,
- Water Plan project examples: municipal conservation, advanced Water Conservation, on-farm conservation, brush control, irrigation conservation.

c. *New Reuse supply* _____ (acre-feet/year) _____ (\$) *capital cost*

- Increase in the annual volume of (direct or indirect) reuse water supply that will be made available to the recipient(s) by the proposed project.
- Water Plan project examples: direct reuse, non-potable reuse, recycled water programs.

d. *Maintenance of Current Supply* _____ (acre-feet/year) _____ (\$) *capital cost*

- Volume of recipients' current supplies that will be maintained by implementing the proposed project
- Water Plan project examples: None. Not a water plan project. (Examples of these type projects: treatment rehabilitation, system storage facilities, system upgrades).

Please label each attachment with the number of the pertinent application section (i.e. "Part D5")

56. Project Location:
Waco, Texas

Attach a map of the service area and drawings as necessary to locate and describe the project. The map should show the project footprint and major project components.

Attached

57. Attach the Census tract numbers in which the applicant's service area is within. The Census tracts within your area may be found at:

<http://factfinder.census.gov/faces/nav/jsf/pages/index.xhtml>

Please follow these steps:

- Select Advanced Search.
- Select the Geographies button located below Topics (left side of page).
- On the top of the window select the Name tab.
- In the text box, type "All Census Tracts within____" (Fill in the blank with the name of a County Subdivision or a Place.) Select "Go".
- If your town is a County Subdivision, select the geography labeled "All Census Tracts (or parts) within City, County, State" from the Geography Results. If your town is a place select the geography labeled "All Census Tracts (or parts) full-or-partially within City, State" from the Geography Results.
- Close the Geographies Search window.
- Use the Topics on the left side of the page to further refine your search or to select a table(s) from your search results.

Attached Census tracts

58. Project Schedule:

- a) Requested loan closing date.
October 1, 2016
- b) Estimated date to submit environmental planning documents.
N/A
- c) Estimated date to submit engineering planning documents.
N/A
- d) Estimated date for completion of design.
N/A
- e) Estimated Construction start date for first contract.
May 1, 2015
- f) Estimated Construction end date for last contract.
June 1, 2018

59. **Attach** a copy of current and future populations and projected water use or wastewater flows. Include entities to be served.

Attached

Please label each attachment with the number of the pertinent application section (i.e. "Part D5")

60. Attach the most current itemized project cost estimate (include all costs and funding sources). Utilize the budget format provided (TWDB-1201 at <http://www.twdb.texas.gov/financial/instructions/>). If applying for pre-construction costs only (i.e., P, A, D) then itemize only the relevant portions in the attached budget template
 Attached
61. Attach the appropriate Project Information Form:
 Wastewater: Attached a completed Wastewater Project Information Form WRD-253a <http://www.twdb.texas.gov/financial/instructions/index.asp>
 Water: Attached a completed Water Project Information Form WRD-253d <http://www.twdb.texas.gov/financial/instructions/index.asp>
62. If the project is for Construction only, wastewater projects that involve the construction of a new plant or the expansion of an existing plant and/or associated facilities, attach evidence that an application for a new Texas Pollution Discharge Elimination System Permit or amendment to an existing permit related to the proposed project has been filed with the Texas Commission on Environmental Quality (TCEQ). Final permit authorization must be obtained from the TCEQ before funds can be released for construction activities.
 Attached
 No. Provide explanation: Project does not involve the construction of a new, or expansion of an existing plant. Project is for the implementation of an automated metering infrastructure system.
63. If this project will result in: (a) an increase by the applicant in the use of groundwater, (b) drilling a new water well, or (c) an increase by the applicant in use of surface water, then the applicant must demonstrate that it has acquired – by contract, ownership or lease – the necessary property rights, groundwater permits, and/or surface water rights sufficient for the project before funds can be released for construction.
- a) Does the applicant currently own all the property rights, groundwater permits and surface water rights needed for this project?
 Yes If yes, please attach the completed, appropriate form.
1. WRD 208A (<http://www.twdb.texas.gov/financial/instructions/index.asp>) (Surface Water)
 Attached
2. WRD 208B (<http://www.twdb.texas.gov/financial/instructions/index.asp>) (Groundwater)
 Attached
 No
 N/A

Please label each attachment with the number of the pertinent application section (i.e. "Part D5")

- b) If all property rights, groundwater permits, and surface water rights, needed for this project have not yet been acquired, identify the rights and/or permits that will need to be acquired and provide the anticipated date by which the applicant expects to have acquired such rights and/or permits.

Type of Permit Water Right	Entity from which the permit or right must be acquired	Acquired by lease or full ownership	Expected acquisition date	Permit / Water Right ID No.
N/A				

- c) List any major permits not identified elsewhere that are necessary for completion of project. Also, list any more necessary minor permits that may involve particular difficulty due to the nature of the proposed project.

Permit	Issuing Entity	Permit Acquired (Y/N)
N/A		

64. Has the applicant obtained all necessary land and easements for the project?

- Yes. If yes, attach the site certificate (ED-101 at <http://www.twdb.texas.gov/financial/instructions/index.asp>)
 Attached

- No. If no, **fill out the table below** and describe the land or easements that will need to be acquired, provide the anticipated date by which the applicant expects to have the land or easements, and indicate if funding from TWDB is to be used for the acquisition.

Description of Land or Easement Permit	Entity from which the permit or right must be acquired	Acquired by lease or full ownership	Expected acquisition date	To Be Funded by TWDB (Yes/No)
N/A				

Please label each attachment with the number of the pertinent application section (i.e. "Part D5")

65. Has a Categorical Exclusion (CE), Determination of No Effect (DNE), Finding of No Significant Impact (FONSI), Record of Decision (ROD), or any other environmental determination been issued for this project?
- Yes
 Attach a copy of the finding.
 No
66. Is the project potentially eligible for a Categorical Exclusion (CE)/ Determination of No Effect (DNE) because it involves only minor rehabilitation or the functional replacement of existing equipment?
- Yes
 No
67. Are there potentially adverse environmental or social impacts that may require mitigation or extensive regulatory agency or public coordination (e.g. known impacts to properties eligible for listing on the National Register of Historic Places; potentially significant public controversy; need for an individual permit from the U.S. Army Corps of Engineers)?
- Yes
 If yes, attach additional information
 No

Please label each attachment with the number of the pertinent application section (i.e. "Part D5")

Part E: State Water Implementation Fund for Texas (SWIFT) Applicants Only:

68. Identify the type of SWIFT funding (If more than one funding option is being requested indicate the amount of funding for each):

- Deferred
- Low Interest Loan \$12,000,000.00
- Board Participation

69. For multi-year funding request or phased commitments, provide a schedule reflecting the closing dates for each loan requested.

- Attached**
- N/A**

70. **Notice to SWIFT Applicants:** Texas Water Code Sec. 15.435(h) requires all recipients of financial assistance from the SWIFT to acknowledge any applicable legal obligations in federal law, related to contracting with disadvantaged business enterprises, and state law, related to contracting with historically underutilized businesses. Checking the boxes below serves as this acknowledgement.

As an applicant for financial assistance from SWIFT, I acknowledge that this project must comply with any applicable legal obligations in federal law related to contracting with disadvantaged business enterprises.

As an applicant for financial assistance from SWIFT, I acknowledge that this project must comply with applicable legal obligations in state law (Texas Government Code Chapter 2161 and Texas Administrative Code Chapter 20, Subchapter B) related to contracting with historically underutilized businesses.

71. Provide drafts of the following documents:

- a. Proposed Bond Ordinance
 - Attached**
- b. Private Placement Memorandum
 - Attached**

Please label each attachment with the number of the pertinent application section (i.e. "Part D5")

Part F: Economically Distressed Programs (EDAP) Applicants Only:
Part F is N/A for the City of Waco

In accordance with TWDB Rules (31 TAC Chapter 363), an application for EDAP will **not** be considered until the County has adopted and is enforcing the Model Subdivision Rules (MSRs) Texas Water Code § 16.343. If the proposed project is within a municipality or its extraterritorial jurisdiction (ETJ), or if the applicant is a municipality, the municipality must also have adopted and be enforcing MSRs.

72. Describe procedures for collecting monthly customer bills (include procedures for collection of delinquent accounts)

73. Is financing being requested for a **wastewater** project?
 Yes If yes, does the applicant have the required resolution/ordinance establishing a mandatory hookup policy?
 Yes. If yes, attach a copy of the resolution/ordinance.
 Attached
 No. If no, explain _____
 No
74. Required documentation for the project area for Preliminary EDAP Eligibility (31 TAC Chapter 363)
 Attached documentation of inadequacy of water and/or wastewater services.
 Attached documentation regarding the financial resources of the residential users in the EDAP area. Census data or documentation regarding median household income should be provided.
 Attached documentation demonstrating existence of a residence in the project area prior to **June 1, 2005**. This could include tax records of residence, dated aerial maps, or, other documentation demonstrating existence of a residence.
75. Has the Department of State Health Services issued a determination stating a public health nuisance exists in the project area?
 Yes If yes, attach a copy of the determination.
 Attached
 No If no determination exists, attach documentation demonstrating a public health nuisance exists in the project area. (*Photographs may be submitted, but they **must** be labeled with location and date when taken. If the soil types are mentioned in the project area as an issue, include soil profile maps*) *This documentation will be used by TWDB staff to request a determination from the Department of State Health Services*
 Attached
76. Is this project providing new service?
 Yes If yes, attach plats of the affected subdivisions.
 Attached
 No

Please label each attachment with the number of the pertinent application section (i.e. "Part D5")

77. Attach an EDAP Facility Engineering Plan/Scope of Services report that complies with the requirements of WRD-023A. <http://www.twdb.texas.gov/financial/instructions/index.asp>
 Attached

Please label each attachment with the number of the pertinent application section (i.e. "Part D5")

Part G: CWSRF/DWSRF Applicants Only
Part G is N/A for the City of Waco

Only applicants applying for funding from the CWSRF and DWSRF Programs must complete this section.

Pursuant to Federal Funding Accountability and Transparency Act (FFATA) the applicant is required to obtain a DUNS number that will represent a universal identifier for all federal funding assistance. DUNS numbers can be obtained from Dun and Bradstreet at <http://fedgov.dnb.com/webform/>

78. Applicant's Data Universal Number System (DUNS) Number:
DUNS _____

Pursuant to Federal Funding Accountability and Transparency Act (FFATA) the applicant is required to register with System for Award Management (SAM) and maintain current registration at all times during which the Board loan agreement is active or under consideration by the Board. Register at: <https://sam.gov>.

79. The applicant has registered and will maintain current SAM registration at all times during which a federal subaward is active or under consideration by the Board.
 Yes
 No

80. Federal Awards information:
1. Did applicant receive over 80% of their revenue from Federal Awards last year?
 Yes
 No
2. Did applicant receive over \$25 million in Federal Awards last year?
 Yes
 No
3. Public does not have access to executive compensation information via SEC or IRS reports?
 Yes
 No

81. If applicant checked **YES** to **ALL** three boxes in 3 above, applicant is required to disclose the name and compensation of the five most highly compensated officers.

Officer's Name	Officer's Compensation (\$)

82. Complete form WRD 213 (<http://www.twdb.texas.gov/financial/instructions/index.asp>) - Certification Regarding Lobbying
Attached Yes
 No
 N/A

Please label each attachment with the number of the pertinent application section (i.e. "Part D5")

83. If applying for CWSRF Equivalency or DWSRF, **attach** the Certification Regarding Debarment, Suspension and Other Responsibility. SRF-404
(<http://www.twdb.texas.gov/financial/instructions/doc/SRF-404.pdf>)

Attached Yes
 No
 N/A

84. If applying for CWSRF Equivalency or DWSRF, **attach** the Assurances – Construction Programs. EPA-424D (<http://www.twdb.texas.gov/financial/doc/EPA-424D.pdf>)

Attached Yes
 No
 N/A

85. The applicant must comply with the Davis-Bacon Act regarding prevailing wage rates. The applicant acknowledges that they are aware of, and will abide by, the Davis-Bacon Act requirements.

Yes
 No

Further information on the Davis-Bacon requirement is available through the TWDB Guidance document, DB-0156 (<http://www.twdb.texas.gov/financial/instructions/index.asp>)

All project costs funded by the TWDB through CWSRF Equivalency or DWSRF must comply with the federal Disadvantaged Business Enterprise (DBE) program rules and requirements. The federal DBE program requires a good faith effort to contract with DBE's for all procurements including: professional and non-professional consulting services, equipment, supplies and construction to be funded by federal equivalency dollars. Guidance and forms are found at:

TWDB-0210 (<http://www.twdb.texas.gov/financial/instructions/doc/TWDB-0210.pdf>)

86. **At a minimum, you must complete and attach** the Applicant Affirmative Steps Certification and Goals. This form is required to obtain a financial assistance commitment.

TWDB-0215 (<http://www.twdb.texas.gov/financial/instructions/doc/TWDB-0215.pdf>)

Attached Yes
 No

87. If you have already solicited contractors, complete and attach the Affirmative Steps Solicitation Report. This form is required prior to loan closing and release of any funds; therefore, if this question is not applicable at this time, select N/A.

TWDB-216 (<http://www.twdb.texas.gov/financial/instructions/doc/TWDB-0216.pdf>)

Attached Yes
 No
 N/A

Please label each attachment with the number of the pertinent application section (i.e. "Part D5")

88. If you have awarded contracts to contractors, complete and attach the Loan/Grant Participation Summary. This form must be submitted for review prior to loan closing and release of funds. This form is required prior to loan closing and release of any funds; therefore, if this question is not applicable at this time, select N/A.

TWDB-0373 (<http://www.twdb.texas.gov/financial/doc/TWDB-0373.pdf>)

Attached Yes
 No
 N/A

89. All Contractors that have been awarded will need to complete and attach the Prime Contractor Affirmative Steps Certification and Goals This form is required prior to loan closing and release of any funds; therefore, if this question is not applicable at this time, select N/A.

TWDB-217 (<http://www.twdb.texas.gov/financial/instructions/doc/TWDB-0217.pdf>)

Attached Yes
 No
 N/A

90. **All CWSRF applicants** must be a Designated Management Agency (DMA) for wastewater collection and treatment. Please complete and attach DMA resolutions. WRD-210 (<http://www.twdb.texas.gov/financial/doc/WRD-210.pdf>) is an example of this type of resolution.

Attached
 N/A

Please label each attachment with the number of the pertinent application section (i.e. "Part D5")

Part H: Documentation of "Green" Projects and Project Components

CWSRF and DWSRF Applicants Only

Part H is N/A for the City of Waco

All SRF applicants must complete this section if green benefits are all or part of the project (**more than an incidental benefit**). Project is defined as the entire project or a stand-alone component of the project. This section is required so that the TWDB may determine whether the project qualifies as "green" pursuant to Environmental Protection Agency (EPA) Guidance.

A project (or project component) is "green" if the primary purpose qualifies under EPA Guidance as one of the following:

- a. Green Infrastructure,
- b. Water Efficiency-related,
- c. Energy Efficiency-related, or
- d. Environmentally Innovative.

You must use the Green Project Reserve guidance to complete this section. Current guidance may be found at: **Green Project Reserve: Guidance for determining project eligibility**

TWDB-0161 (<http://www.twdb.texas.gov/financial/instructions/doc/TWDB-0161.pdf>)

91. Does your project or a component of your project qualify as Green, per EPA guidance?

- Yes
 No

If Yes, Please complete the remainder of Section G.

92. Type of Green Project

- Water Efficiency Energy Efficiency Green Infrastructure Environmentally Innovative

93. The correct worksheets must be completed.

Green Project Reserve: CWSRF Green Project Worksheets

TWDB-0162 (<http://www.twdb.texas.gov/financial/instructions/doc/TWDB-0162.pdf>)

- Attached** Yes
 No
 N/A

Green Project Reserve: DWSRF Green Project Worksheets

TWDB-0163 (<http://www.twdb.texas.gov/financial/instructions/doc/TWDB-0163.pdf>)

- Attached** Yes
 No
 N/A

TWDB will make the final determination whether your project (or project component) meets federal criteria as "green". You may be required to submit a **business case, utilizing the Green guidance**

Please label each attachment with the number of the pertinent application section (i.e. "Part D5")

Part I: Summary of attachments to application

Following is a list of the documents that may be necessary in order to process this application. While not all of the listed information below may be required for all projects, an applicant should review the application carefully because incomplete applications will not be processed until all of this information has been provided. In addition, please make sure your entity system name appears on every attachment. **Label each attachment with the number of the pertinent application section (i.e. "Part B5").**

Check list for your convenience

- | | |
|--|--|
| Part A | General Information |
| <input checked="" type="checkbox"/> No. 6 | Draft or executed consulting contracts (engineering, financial advisor, bond counsel) – <i>The City has no specific contracts for this project at this time.</i> |
| <input type="checkbox"/> No. 12 | Existing security document for refinancing N/A |
| Part B | Legal |
| <input checked="" type="checkbox"/> No. 17 | Resolution (TWDB-0201A) |
| <input checked="" type="checkbox"/> No. 18 | Application Affidavit (TWDB-0201) |
| <input checked="" type="checkbox"/> No. 19 | Certificate of Secretary (TWDB-201B) |
| <input type="checkbox"/> No. 20 | Water Supply Corporations N/A |
| | <input type="checkbox"/> Articles of Incorporation |
| | <input type="checkbox"/> Certificate of incorporation from the Texas Secretary of State |
| | <input type="checkbox"/> By-laws and any amendments |
| | <input type="checkbox"/> Certificate of status from the Texas Secretary of State |
| | <input type="checkbox"/> Certificate of account status from Texas Comptroller |
| <input type="checkbox"/> No. 21 | Resolution/ordinance authorizing the issuance of parity debt N/A |
| <input checked="" type="checkbox"/> No. 22 | Certificate of Convenience & Necessity |
| <input type="checkbox"/> No. 23 | Enforcement Actions N/A |
| <input type="checkbox"/> No. 24 | Affidavit of No Objection N/A |
| <input type="checkbox"/> No. 25 | Two copies of the Water Conservation Plan (TWDB-1968 and TWDB-1965) (<i>one copy submitted electronically, one hard copy submitted</i>) |
| <input type="checkbox"/> No. 26 | Water use surveys (<i>not attached, previously submitted to TWDB</i>)
http://www.twdb.texas.gov/waterplanning/waterusesurvey/index.asp |
| <input type="checkbox"/> No. 27 | Water Loss Audit (<i>not attached, previously submitted to TWDB</i>)
http://www.twdb.texas.gov/conservation/resources/waterloss-resources.asp |
| Part C | Financial |
| <input checked="" type="checkbox"/> No. 39 | Assessed Values by Classifications |
| <input checked="" type="checkbox"/> No. 40 | Direct and Overlapping Tax Table |
| <input checked="" type="checkbox"/> No. 45 | Proforma for each year of debt outstanding |
| <input checked="" type="checkbox"/> No. 46 | Five year comparative system operating statement. |
| <input checked="" type="checkbox"/> No. 47 | Annual audit and management letter |
| <input checked="" type="checkbox"/> No. 49 | Outstanding debt schedule |
| <input type="checkbox"/> No. 52 | Service provider contracts N/A |

Please label each attachment with the number of the pertinent application section (i.e. "Part D5")

Part D

Project Information

- No. 54a Preliminary Engineering Feasibility Data (PEFD) **N/A**
- No. 54b Engineering Feasibility Report
 - Water (TWDB-0555)
 - Wastewater (TWDB-0556)
- No. 54c Project Draw Schedule (TWDB-1202) **N/A**
- No. 56 Project Map
- No. 57 Census Tract(s)
- No. 59 Current and future populations and projected water use or wastewater flows
- No. 60 Project Cost Estimate Budget (TWDB-1201)
- No. 61 Wastewater Project Information Form (WRD-253a)
 - Water Project Information Form (WRD-253d)**
 - Texas Pollution Discharge Elimination System Permit **N/A**
 - If applicant has property rights and permits **N/A**
 - a. WRD-208A (Surface Water) **N/A**
 - b. WRD-208B (Groundwater) **N/A**
- No. 62 Additional Permits **N/A**
- No. 63c Site certificate, evidencing land ownership for the project. (ED-101)
- No. 64 Categorical Exclusion (CE), Finding of No Significant Impact (FONSI), Record of Decision or any other supporting document **N/A**
- No. 67 Social or environmental issues **N/A**

Part E

State Water Implementation Fund for Texas

- No. 69 Multi-year/phased commitment schedule **N/A**
- No. 71a Draft Bond Ordinance
- No. 71b Private Placement Memorandum

Part F

Economically Distressed Areas Program

- No. 73 Resolution/ordinance establishing a mandatory hookup policy
- No. 74 EDAP applicants
 - Inadequacy documentation
 - Financial resources documentation
 - Existence of residences prior to 06/01/2005
- No. 75 Public health nuisance
- No. 76 Plats
- No. 77 EDAP Planning Phase – Facility Engineering Plan/Scope of Services (WRD-023A)

Part G

CWSRF/DWSRF Applicants Only

- No. 82 Lobbying Activities (WRD-213)
- No. 83 Certification Regarding Debarment, Suspension and Other Responsibility Requirements. (SRF-404)
- No. 84 Assurances – Construction Programs (EPA-424D)
 - Disadvantaged Business Requirements Guidance (TWDB-0210)
- No. 86 Affirmative Steps Certification and Goals (TWDB-0215)
- No. 87 Affirmative Steps Solicitation Report (TWDB-216)
- No. 88 Loan/ Grant Participation Summary (TWDB-0373)
- No. 89 Prime Contractor Affirmative Steps Certification and Goals (TWDB-217)
- No. 90 Designated Management Agency (WRD-210)

Part H

Green Projects

- No. 93 Guidance (TWDB-0161)
 - CWSRF Green Project Worksheets (TWDB-0162)
 - DWSRF Green Project Worksheets (TWDB-0163)

Please label each attachment with the number of the pertinent application section (i.e. “Part D5”)

Part J: Guidance and Forms

Part A

General Information

CWSRF – 31 TAC 375

DWSRF – 31 TAC 371

EDAP and SWIFT - 31 TAC 363

For more information visit, <http://www.twdb.texas.gov/about/rules/index.asp>.

Part D

Project Information

[State Programs - 31 TAC 363](#)

[Drinking Water State Revolving Fund - 31 TAC 371](#)

[Clean Water State Revolving Fund / Equivalency - 31 TAC 375](#)

[Clean Water State Revolving Fund / Non-Equivalency - 31 TAC 375](#)

Guidelines for Environmental Assessment, Clean Water Non-Equivalency (ED-001A)

Clean Water EID Instructions (SRF-099)

Guidelines for Environmental Assessment, State Participation, DFund, RWAf and WIF,
(ED-001B)

Guidelines for Environmental Assessment, EDAP (ED-001C)

Drinking Water EID Instructions (DW-001)

Part H

Green Projects and Project Components

Green Project Reserve: Guidance for determining project eligibility
(TWDB-0161)

TWDB Application for Financial Assistance - ATTACHMENTS

Part A6 – Consulting Contracts

**STANDARD AGREEMENT
ENGAGEMENT OF LEGAL SERVICES – CITY OF WACO**

The **City of Waco**, hereinafter referred to as "City," enters into an agreement with the firm of **Bracewell & Giuliani LLP** hereinafter referred to as "Firm," to provide legal services on behalf of the City of Waco, Texas, its elected or appointed officials and employees with such services being in connection with representing the City in debt issuance and which is more particularly described in Exhibit A (referred to collectively as "Matter").

IT IS UNDERSTOOD AND AGREED that W. Glenn Opel and Victoria Ozimek will be the primary attorneys working on the Matter.

IT IS UNDERSTOOD AND AGREED that Firm will charge the billable rates reflected in Exhibit A.

IT IS UNDERSTOOD AND AGREED that in exchange for providing legal services on behalf of the City, the Firm will be reimbursed by the City for its legal services as described in Exhibits A and B. To the extent that this agreement and Exhibit B conflict with Exhibit A, this agreement and Exhibit B shall prevail.

IT IS UNDERSTOOD AND AGREED that the City shall reimburse the Firm for all necessary costs and expense incurred in providing legal representation to the City that are covered by this agreement and are in compliance with the Legal Management Guidelines for the City of Waco, attached hereto as Exhibit B.

IT IS UNDERSTOOD AND AGREED that the Firm will advise and inform the City of the progress of the Matter in compliance with Exhibit B.

IT IS UNDERSTOOD AND AGREED that the Firm will address time and expense statements in accordance with Exhibit B.

IT IS UNDERSTOOD AND AGREED that Firm will inform the City Attorney in writing as soon as possible but no later than one month before legal expenses in the Matter are expected to exceed \$50,000.

IT IS UNDERSTOOD AND AGREED that the Firm will notify the City in writing of the potential for any conflict of interest in any legal matter or case within 24 hours of its discovery by the primary attorneys identified above.

Part A6a - Consulting Contract (Bracewell)

IT IS FURTHER UNDERSTOOD AND AGREED that this agreement will continue in effect subject to any changes which are mutually agreed to by both parties until all services have been completed and this agreement is terminated in writing, provided that either party shall have the power at any time to terminate this Agreement upon reasonable notice to the other party. City's notice shall come from the City Attorney or her designee. Continuation of this contract past September 30 of each year shall be contingent upon appropriation of funds by the City in its annual budget to fund such expenses.

EXECUTED this the 24th day of July, 2013.

BRACEWELL & GIULIANI LLP

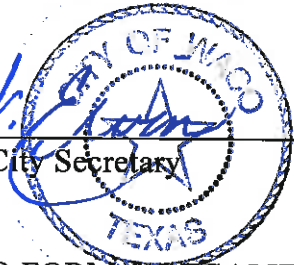
BY: *Leo Stogne*
Partner

CITY OF WACO, TEXAS

BY: *Larry D. Groth*
Larry D. Groth, P.E., City Manager

ATTEST:

Patricia W. Ervin
Patricia W. Ervin, City Secretary



Date Signed: July 24, 2013

APPROVED AS TO FORM & LEGALITY:

Jennifer Richie
Jennifer Richie, City Attorney

APPROVED:

Dale Fisseler
Dale Fisseler, Deputy City Manager

Exhibit A

TERMS AND CONDITIONS

Scope of Engagement

As bond counsel, the Firm will perform the following services in connection with each debt issuance: preparation and review of orders, resolutions, certificates and other instruments in connection with the authorization, issuance and delivery of the debt; preparation and presentation of transcripts of the proceedings relating to the authorization and issuance of the debt to the Attorney General of the State of Texas in connection with his approval of the debt issuance; supervision of the printing of the debt instruments; registration of the debt instruments with the Comptroller of Public Accounts of the State of Texas; preparation of closing documents and representation of the City at the closing of the sale of the debt issuance; and any other matters related to such transactions. In addition, in our capacity as bond counsel, the Firm will review a transcript of proceedings pertaining to each debt issuance and, where appropriate, will render our opinion that such debt instruments are valid and binding obligations of the City and that the interest on such debt instruments is excludable from gross income for purposes of federal income taxation under then existing statutes, regulations, published rulings, and court decisions.

It is understood that the City's financial advisor will be responsible for advising the City concerning the sale of such debt instruments and will assist the City in the preparation of any disclosure documents relating thereto. Unless asked by the City to undertake such matters, the Firm will not assume or undertake responsibility for the preparation of any disclosure documents with respect to the City, nor will the Firm be responsible for performing an independent investigation to determine the accuracy, completeness or sufficiency of any such document.

With respect to other general finance matters, the scope of the Firm's engagement on such matters will be determined at the time the matter is referred to the Firm.

This engagement will include the matters described in this paragraph and any additional matters that are made part of the engagement by written supplement to this Agreement. This Agreement may be supplemented to reflect new matters or issues that deviate from the current engagement in scope, billing arrangements, complexity, risk, or that otherwise require a substantial change in terms and conditions.

Fees, Expenses and Billing

Our fees for services to be rendered as bond counsel with respect to a specific debt issuance will be charged on an hourly basis for time spent on the matter (based on hourly rates that are 90% of the Firm's standard rates) and will be payable at the time of delivery of the debt. The Firm's bond counsel fees, therefore, are contingent on the actual sale and delivery of the debt issuance. If the debt is not issued, no bond counsel fee will be due. At the time of sale of each debt issuance, the City and the Firm will agree upon a maximum estimated fee for such debt issuance. With respect to other general finance matters, our fees for services will be charged on an hourly basis for time spent on the matter (based on hourly rates that are 90% of the Firm's standard rates) and will be billed on a monthly basis. Fees for additional and future services will be determined by mutual agreement of the City and the Firm.

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The current hourly rates for Firm personnel expected to work on City matters are as follows:

	<u>Standard Rate</u>	<u>Discounted Rate</u>
Steve Gerdes	\$820	\$740
Glenn Opel	\$660	\$595
Victoria Ozimek	\$630	\$565
Dava Poli	\$295	\$265

Such rates are subject to adjustment from time to time. Firm will inform the City in writing at least 60 days before any increase in hourly rates of the above-listed persons.

Conflicts of Interest: Applicable Standard

For purposes of evaluating conflicts of interests, the City acknowledges that the Firm relies upon the Texas Disciplinary Rules of Professional Conduct. With prior notice to and consent of the City Attorney and City Council, the Firm may represent other clients that may be adverse to the City's interests, and it may represent other clients within the same industry. With respect to any substantially unrelated matter in which the City elects to become adverse to an existing Firm client being represented by the Firm in such matter, the Firm will not be precluded from continuing the representation of such existing client in such matter.

Alternative Dispute Resolution

Disputes arising under or pertaining to this engagement shall be resolved, if possible, by a non-binding mediation conducted by a mutually acceptable mediator at a location that is acceptable to the City and the Firm. The mediation process may be initiated by a written request with a list of acceptable mediators and site for the proceeding.

Client of the Firm

Because the Firm has been engaged to represent the City only, the engagement does not include the City's affiliated or related entities, or their respective individual officers, directors, partners, equity owners or employees.

Unless otherwise specifically stated in this Agreement, our representation does not include any parent, subsidiary, or affiliated entity; employee, officer, director, shareholder, member or partner of an entity; or, any commonly owned entity. For any trade association, our representation does not include any member of the trade association; and for individuals, our representation does not include any employer, partner, spouse, sibling, or other family member. In the event the Firm is asked to undertake representation of any other entity in connection with this engagement, the Firm will do so only by separate agreement. By execution of this Agreement, the City consents to the Firm's use of the name and a generic description of the transaction in Firm marketing materials. Confidential client information will not be included in such materials.

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Staffing the Project

In most cases, one attorney will be the primary contact. In order to provide the City with the expertise of the Firm, and to provide services on a cost effective basis, that attorney will delegate parts of the City's work to other lawyers, paralegals and professionals.

Billing Arrangements and Terms of Payment

Unless expressly stated in this Agreement, fees for professional services and expenses are not contingent on the outcome of the project.

Unless expressly stated in this Agreement, the Firm issues invoices on a periodic basis, normally each month, for fees and expenses. Invoices are due on receipt and are considered past due 30 days after receipt.

Any estimate of fees and other charges for a particular matter is based on professional judgment and facts and circumstances that appear at the time. As such, any estimate is subject to the understanding that, unless the Firm agrees otherwise in writing, it does not represent a maximum, minimum, or fixed-fee quotation. The ultimate cost frequently is more or less than the amount estimated.

It may be necessary for the Firm to retain third parties, such as consultants, experts and investigators, in order to represent the City adequately. In that event, the City will be responsible for the prompt payment of the invoices of those third parties. Although the Firm may advance third-party disbursements in reasonable amounts, the Firm will ask the City to pay larger third-party invoices (usually those over \$500) directly to the third party providing the services.

If the representation will require a concentrated period of activity, such as a trial, arbitration, or hearing, the Firm reserves the right to require the payment of all amounts owed and the prepayment of the estimated fees and expenses to be incurred in completing the trial, arbitration, or hearing, as well as arbitration fees likely to be assessed. If the City fails to pay timely the estimated fees and expenses, the Firm will have the right to cease performing further work and the right to withdraw from the representation, subject to any applicable rules of court or other applicable tribunal.

Although an insurer's payment of defense costs may be applied to billings of the Firm, the payment obligation remains with the City. Failure of any insurer to pay all or part of the billings for this project does not relieve the City from the obligation to pay billings in full and in a timely manner.

Taxes

The City agrees that all payments under this Agreement shall be payable to the Firm in U.S. Dollars, free and clear of any and all present and future taxes, levies, imposts, duties, deductions, withholdings, fees, liabilities and similar charges (the "Taxes"). If any Taxes are required to be withheld or deducted from any amount payable under this Agreement, then the amount payable under this Agreement shall be increased to the amount which, after deduction from such

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increased amount of all Taxes required to be withheld or deducted therefrom, will yield to the Firm the amounts stated to be payable to the Firm under this Agreement.

Termination

Because the Firm has been engaged to provide services in connection with the representation specifically defined in this Agreement, the attorney-client relationship terminates upon the Firm's completion of those services.

The City may terminate the engagement at any time, with or without cause, by notifying the Firm in writing. The Firm also can terminate the engagement before the completion of its representation of the City in the specified matter if (a) the continued representation would result in a violation of the applicable rules of professional conduct or other law; (b) the termination can be accomplished without material adverse effect on the City's interests; (c) the City persists in a course of action that the Firm reasonably believes is criminal or fraudulent, or the City has used our services to perpetrate a crime or fraud, (d) the Firm has a fundamental disagreement with the objective or tactics in this engagement; (e) the City deliberately and substantially fails to discharge an obligation regarding this engagement, including the payment of fees and expenses and the duty of cooperation as provided herein; or (f) other good cause for termination exist. In the event that the Firm intends to terminate the engagement, the Firm will give reasonable notice and allow the City access to its files relating to this engagement.

For purposes of this Agreement, this engagement terminates upon written notice of termination by the City or by the Firm, or 120 days after the date of the Firm's last substantive legal service billed to the City's account, whichever may first occur.

The termination of the Firm's services will not affect the City's responsibility for payment of legal services rendered and other charges incurred before termination and in connection with an orderly transition of the project.

After completion of the representation, however, changes may occur in the applicable laws or regulations that could affect the City's future rights and liabilities in regard to the matter. The Firm has no continuing obligation to give advice with respect to any future legal developments that may relate to the matter.

Retention of Client Files

Client files are limited to: materials supplied by the City; final contracts; estate planning documents, deeds and corporate records; and, routine correspondence related to this engagement. At the close of any matter, client files may be returned to the City, sent to a private storage facility, archived for a limited time or destroyed. The attorney closing the file will determine, at his or her discretion, the disposition of client files, unless the City makes a specific written request that they be returned.

The City's request for return of client files must be delivered to the Firm no later than 120 days after the last substantive service relating to the closed matter. A substantive service does not include audit letter research and preparation, or any other service that does not directly relate to the substantive discharge of a client engagement. The City's request must be specific and

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designate a representative to receive the files. The City is responsible for paying the reasonable cost to retrieve, duplicate and deliver the client files.

The Firm adopted a program of document retention and management of electronically stored information, including regular deletion of outdated, corrupt or useless files. Such program may change from time-to-time.

It is important for the City to alert the Firm in advance of special treatment, sensitive information, retention requirements and other unique conditions pertaining to client files. The City agrees that it will notify the Firm in a timely, written and specific manner, concerning any requirement for special or unusual handling or attention of its client files. This includes any statutory or regulatory requirements relating to confidentiality and retention of client files.

Firm Files

The City agrees that the Firm will own and retain its own files and any related electronically stored information pertaining to the engagement. The City will not have the right or ability to require the Firm to deliver such files and records (or copies thereof) to the City. Examples of the Firm files and records are: firm administrative records, financial files and documents, time and expense reports, personnel and staffing materials, credit and accounting records, electronic mail correspondence (other than such correspondence which was sent to the City by a member of the Firm) and internal lawyer's work product, such as drafts, notes, memoranda and legal and factual research, including investigative reports prepared by or for the internal use of lawyers. Further, at the discretion of the responsible partner for the project in question, the Firm may destroy any such documentation which is the property of the Firm or any documentation which such partner determines to be duplicative or unnecessary in all cases without having to obtain the City's consent.

Choice of Law

Because the Firm performs legal services in a number of jurisdictions, for consistency and predictability, the City and the Firm agree that the Texas Disciplinary Rules of Professional Conduct (found at www.texasbar.com or www.txethics.org) will govern all issues of legal ethics and professionalism.

Disclaimer

The Firm cannot guarantee the outcome of any matter. Any expression of the Firm's professional judgment regarding the City's matter or the potential outcome is, of course, limited by the Firm's knowledge of the facts and based on the law at the time of expression. It is also subject to any unknown or uncertain factors or conditions beyond the Firm's control.

Either at the commencement or during the course of the representation, the Firm may express opinions or beliefs about the matter or various courses of action and the results that might be anticipated. Any expressions on the Firm part concerning the outcome of the representation, or any other legal matters, are based on our professional judgment and are not guarantees.

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By signing this Agreement or otherwise indicating the City's acceptance of this Agreement, the City acknowledges that the Firm has made no promises or guarantees to the City about the outcome of the representation, and nothing in this Agreement shall be construed as such a promise or guarantee.

City Cooperation

To enable the Firm to provide effective representation, the City agrees to: (1) disclose to the Firm fully, accurately and on a timely basis, all facts and documents that are or might be material or that the Firm may request; (2) keep the Firm apprised on a timely basis of all developments relating to the representation that are or might be material; (3) attend meetings, conferences, and other proceedings when it is reasonable to do so; (4) provide updated information for conflicts purposes, if necessary; and (5) cooperate fully with the Firm in all matters relating to the engagement.

Modification of Our Agreement

This Agreement reflects our agreement on the terms of all engagements, and is not subject to any oral agreements, modifications, or understandings. Any change in this Agreement must be made in writing signed by both the Firm and the City.

**LEGAL MANAGEMENT GUIDELINES
FOR THE CITY OF WACO**

I. INTRODUCTION

The following guidelines developed by the City of Waco (“the City”) apply to all law firms providing legal services to the City for non-TML Risk Pool cases and matters (the TML Risk Pool matters are handled under contracts with the Risk Pool). The objective of these guidelines is to provide a uniform approach to managing the City’s multitude of cases and legal assignments. A copy of these guidelines should be provided to every timekeeper in your law firm (“Firm”) who will be providing professional services to the City.

II. COMMUNICATION AND REPORTING METHODS

A. To City. All written communications with the City of Waco, its representatives, and employees should be via electronic mail unless specified otherwise. If it is necessary to forward documents to the City, you should, whenever practical, scan the documents and forward via e-mail. Electronic documents should be forwarded in the current version of the Portable Document Format (PDF) or in another format that has received prior approval from the City. If a document is sensitive or contains medical information or a person’s financial information, please transfer those documents to the City in the most secure method available, including the U.S. Mail.

The point of communication with the City should be through the Legal Services Department unless another client contact has been identified by the City Attorney. Upon retaining of Firm, Firm will be notified of the supervising staff attorney who will be the Firm’s contact in the Legal Services Department for a matter. The supervising staff attorney should be included in all communication with City staff and with the court or opposing counsel on pivotal matters.

B. To Others. Firm should, whenever feasible, communicate documents via a secure online document delivery service to opposing firm, witnesses, court clerks and other parties.

C. Reports. Firm is required to provide the confidential reports at the specified deadlines in Part VIII of this agreement following the assignment of any lawsuit or matter by the City pursuant to the attached agreement.

III. INVOICE FORMATTING

A. Per Case Billing Policy. We require an interim billing process to monitor legal fees and expenses. Each lawsuit and matter must be billed individually on a monthly basis. To expedite your receipt of payment, invoices should be sent via e-mail, to the Waco Legal Services Department, at the following address jenniferr@ci.waco.tx.us, with a copy to nitam@ci.waco.tx.us. Firm also will assist in formatting billing statements for assimilation into a database as requested by the City.

B. Bill Formatting. Each invoice should be formatted to include the following information:

1. The date the identified function was performed;
2. The initials of the billing attorney or paralegal;
3. A description of the single itemized service provided;

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4. Specific, accurate time in tenths per hour;
5. The agreed-upon hourly rate for the service provider; and
6. A line entry for the total charge for that individual.

C. **Summary.** In addition to this itemization, the bill should indicate a summary section for the billing period including:

1. Initials of each attorney or paralegal;
2. The status (i.e., partner, associate, paralegal, etc.) of each timekeeper;
3. The total hours billed per timekeeper during the billing period;
4. The hourly rate charged for each timekeeper performing services during the billing period; and
5. The total amount charged for each timekeeper during the billing period.

D. **Block Billing.** The City will not pay for fees or expenses that are contained within a “block” billing description. The invoice must contain one task per time entry, the only exception being where several tasks are performed in six minutes or less. Invoices that are heavily blocked will be returned to the Firm for further information regarding the amount of time involved.

E. **Minimum Billing Increment.** The City requires that 0.10 hour (six minute increment) be used as the minimum billing charge and billing increment. Multiple activities performed in six minutes or less should be billed under one 0.10 time charge.

F. **Hourly Rate.** Any hourly rates that vary from those previously authorized must be approved in advance by the City. Unilateral rate increases will not be accepted for reimbursement.

G. **Vague Descriptors.** Generic and general activity descriptors such as the following are not acceptable and will not be reimbursed in the absence of further information:

Attention to _____.	Motion work.	Trial preparation.
Attend deposition.	Review, draft, pleadings,	Update strategy.
Conference with _____.	discovery	Work on project.
Discovery.	Analyze incoming documents.	Work on file.
Discussion with _____.	Prepare correspondence.	Work on discovery.
Meeting with _____.	Receipt of documents.	Legal research
Research.	Review case and issues.	Case Management
	Review correspondence.	
	Telephone call.	

It is essential that each legal activity be identified in the billings. When billing for telephone conversations, specifically describe the parties and purpose of the telephone call. All correspondence, pleadings, and other documents reviewed must be distinctly identified.

Please note that “trial preparation” without additional information is an insufficient description. Please state what you are doing in preparation for trial, e.g. preparing cross-examination of plaintiff’s medical expert, preparing opening argument, meeting with witness to prepare trial testimony.

IV. STAFFING

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The intent of these guidelines is to streamline services and prevent the unnecessary duplication of work. You have been engaged to represent the City because of your expertise. For this reason, we expect only one primary lawyer to be assigned to each case or matter. If, in your opinion, a second attorney is necessary, you must consult with the City Attorney's Office for approval before staffing the second attorney. The primary attorney may utilize associate attorneys to assist the primary attorney without City Attorney approval.

A. Assignment of Firm. Generally, the City will request that a particular attorney with Firm work on a case or project since assignments to "the Firm" are generally not made. When individual assignments are agreed upon, the City expects that the attorney involved will remain with the task and in no event is a substitution of counsel permissible without the City's prior consent.

B. Intra-Office Conferences. Firm is expected to keep intra-office conferences to a minimum. We only will pay for intra-office conferences when they are for the purpose of a lawyer on this case/matter seeking advice concerning an area in the second attorney's expertise. The specific nature of the conference must be spelled out in the invoice description.

C. Intra-Office Memoranda. The City discourages the production of intra-office memoranda. Charges for drafting and review of memoranda related to administrative, supervisory, or status-related issues are not subject to reimbursement. The City will reimburse the Firm for production of memoranda on substantive legal research. Copies of significant legal research memoranda should be provided to the City.

D. Duplicate Attendance. The City will reimburse the Firm, absent prior approval, for only one attorney to attend a particular function such as a hearing, deposition, trial, meeting, etc. You must seek approval from the City Attorney before sending a second attorney to the same function. When the purpose of the duplicate attendance is to have the second person organize and handle exhibits and documents, the Firm should send a paralegal, which can provide the necessary services at a lower hourly rate.

E. Transfer File Review. The City will not pay for file reviews caused by an administrative decision by the Firm to transfer the entire case or a portion of the case between Firm personnel. Similarly, the City will not pay for file reviews by personnel, who may later work on, or be assigned, to the case.

F. Secretarial/Clerical Functions at Professional Rates. Only professional legal services should be the subject of legal fees. There are numerous functions which are basically secretarial or clerical in nature and which do not require the participation of legal professionals in their completion. The City considers the following functions to be secretarial and not the subject of professional fees:

1. Scheduling and arranging meetings, depositions, etc.;
2. Preparing of Notice of Taking Deposition and accompanying form cover letter;
3. Drafting of form enclosure letters;
4. Calendaring;
5. Organizing and reorganizing files (not involving sorting case documents such as individual documents, attached to Requests for Production of Documents);
6. Bate-stamping and date-stamping;

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7. Indexing file materials (unless professional judgment as to the index categories must be utilized);
8. Tabbing file materials;
9. Pick-up and delivery of documents and records;
10. Communicating by telephone or correspondence with copy services, record providers, or court reporters;
11. Creating and organizing binders and folders;
12. Processing vendor bills;
13. Collating;
14. Preparing form medical/employment authorizations;
15. Organizing for storage;
16. Updating lists;
17. Copying and binding;
18. Filing and refiling;
19. Inventorying documents;
20. Pulling documents;
21. Ordering a court reporter or translator;
22. Instructing providers or vendors;
23. Making travel arrangements; and
24. Preparing a record copy service form for employment/medical records.

In all of the examples above, the attorney or paralegal will typically instruct the secretary to complete the task and the secretary will perform the function independently with no further input. The City will not pay for secretarial, clerical or administrative functions performed by attorneys, paralegals or non-professional staff.

Moreover, time spent preparing your Firm's invoice or resolving billing questions is not compensable.

G. Paralegals/Legal Assistants. The City only will pay professional rates for attorneys or qualified paralegals performing proper functions in relation to a particular file. Examples of billable activities that could be performed by paralegals are as follows:

1. Preparing of Subpoenas for employment and medical records;
2. Organizing and reorganizing files if it involves case documents such as separating, cataloging responses to Requests for Production of Documents;
3. Indexing file materials if they are case documents requiring professional judgment with respect to categorization;
4. Preparing Entry of Appearance;
5. Preparing Substitution of Attorney;
6. Preparing Interrogatories (form or standard);
7. Preparing Request(s) to Produce (form or standard);
8. Preparing Stipulations to Extend Time to Answer;
9. Preparing Jury Trial Demand;
10. Preparing Motions to Compel Responses to Discovery (form or standard);
11. Summarizing medical or employment records - only significant information in the records should be noted; otherwise, no summary of records or Answers to Interrogatories should be done;
12. Summarizing Answers to Interrogatories;

13. Preparing medical indices;
14. Preparing form closing papers (releases, orders, stipulations);
15. Preparing contracts; or
16. Attending a hearing or legislative session.

H. Administrative Charges. The City will reimburse the Firm for work performed in furtherance of the case or matter. The City will not reimburse the Firm for attorney and paralegal time spent in administrative matters. Administrative matters include the following:

1. Checking on the status of assignments;
2. Assigning work;
3. Performing conflicts checks; and
4. Preparing invoices and responding to billing inquiries.

V. PROFESSIONAL SERVICES

A. Depositions. Depositions, when properly coordinated, provide information vital to a prompt and fair disposition of the claim. We request that you seek prior approval from the City Attorney before scheduling the offensive deposition of any witness. Firm should provide a condensed copy of all depositions to the City upon receipt; however, no summary will be required.

B. Motion Practice. Please consult with the City on the following:

1. The purpose of the motion;
2. Your estimate regarding the motion's chance of success;
3. How the motion will advance the case;
4. How much time is expected to be expended on the motion;
5. Who will prepare the motion; and
6. Whether the motion could be prepared by a timekeeper with a lower hourly rate.

C. Legal Research. It should be noted that the City should not be charged for routine, elementary legal research. Legal research concerning matters of common knowledge among reasonably experienced counsel in the locale is considered to be routine or elementary and, therefore, is non-chargeable. It is expected that paralegals or junior associates will be utilized when possible in research matters, avoiding extensive research time expended by partners or senior associates. Copies of significant research and resultant work product must be forwarded to the City.

D. Document Review. When reviewing documents, your narrative description must identify the documents and the volume. For example, "Reviewed five inches of medical records from St. Claire's hospital."

E. Legal Matter Update. Firm is to provide a written case/matter update in accordance with Part VIII.

F. Retention of Experts. Expert witnesses and consultants shall not be retained for the purpose of providing testimony at trial or for other reasons unless authorized in advance by the City.

G. Case Budgets. In complex litigation situations, complex transactional work, and in other instances where lengthy legal analysis will be required, Firm may be asked to complete a budget or “case outlook” summary in advance of the performance of work. Its purpose will be to set standards regarding the scope and nature of work to be completed.

H. Litigation/Matter Decisions. As a matter of ongoing practice, Firm should consult with the supervising staff attorney on significant tactical and procedural decisions in the course of litigation or other legal representation. The supervising staff attorney should be informed, by way of illustration, of the scheduling or arguments on motions, depositions, or dates for the filing of briefs or memoranda.

I. Audit. Upon request of Finance Director or the City Attorney, Firm and/or consultant shall provide documentation to support fees billed and reimbursable expenditures.

VI. PRIOR APPROVAL FROM THE CITY

A. Procedure. Prior to undertaking legal research, dispositive motion practice, attendance of multiple personnel at the same function, additions to the approved team staff, offensive deposition practice or other items outside of the agreement, approval must be sought via e-mail from the supervising staff attorney.

B. Invoice. The Invoice should note the date and initials of the approving attorney and the date of approval. Failure to state prior approval may delay payment of fees while the approval is verified.

VII. EXPENSES AND DISBURSEMENTS

A. Generally. Disbursements must be itemized, fully described and billed at actual cost without mark-up by the Firm. Vendor invoices forwarded directly to the City for payment must include the vendor’s tax ID or social security number.

B. Photocopies. The City will not pay for photocopying of documents for internal use by the law Firm.

- **In-House.** Charges should be actual cost not to exceed \$.08 per page, with the number of pages and price per page specified in each invoice.
- **Outside.** Outside vendors should be used for all extensive copying jobs, with charges not to exceed \$.03 to \$.12 per page. Charges must be substantiated by receipt and approved in advance.

C. Travel.

1. The City considers local travel, defined as travel less than 100 miles round trip, and any expenses incurred therein, to be a cost integral to running a law practice. It is therefore overhead and not subject to an expense reimbursement. For long distance automobile travel, the date of travel, person engaging in the travel, destination, purpose of the travel, number of miles traveled, price per mile reimbursed and the total cost must be indicated. The City will reimburse mileage at the applicable IRS rate. Receipts for parking, tolls, taxi fares, etc. must be available for audit.

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2. For travel to the City 100 miles or over round trip, the City will reimburse travel associated with mediation, court, or trial appearance without prior approval by the City Attorney; for all other travel to the City, prior approval by the City Attorney is required.

3. All approved/authorized travel time will be reimbursed at the rate of 50% of the regular hourly rate. Work performed during the course of travel will be reimbursed at 100% of the hourly rate and must be specifically described on the invoice.

D. Scanned Documents. The City considers digital documents to be any physical document converted to or created in a computer or digital environment, which is representative of the original physical document. The City considers the cost for supporting digital documents created in either a computer or digital scanning device to be part of the overhead cost of the Firm. The City will not be billed for the cost of maintaining digital documents.

E. Air Travel. Firm and consultants representing the City should travel economy/tourist or full fare coach class when engaged in work related travel on behalf of the City. Air travel arrangements should be made as early as possible to avoid unnecessary cost. Receipts must be retained for audit. All air travel requires prior approval from the City Attorney.

F. Hotels. The City will reimburse the Firm for reasonable accommodations during approved long distance travel. Generally, the City will not approve accommodation expenses for one-day trips to destinations less than 120 miles from the Firm. When making hotel reservations, the Firm is expected to take advantage of its corporate discounts and should secure accommodations in business class hotels, i.e., Sheraton, Hilton, etc. Firm is expected to keep expense in mind when making reservations. Full rate, luxury accommodations are not acceptable. Firm shall submit an itemized copy of the hotel bill with the request for reimbursement. The City will not reimburse expenses associated with laundry or valet services and entertainment expenses such as in-room movies.

G. Meals. The City will only reimburse you for reasonable meal charges incurred during travel requiring an overnight stay. The City will reimburse for reasonable meal expense up to twenty-five dollars per meal, documented with a receipt. The City will not reimburse for alcoholic beverages. Local meal charges are not subject to reimbursement.

H. Telephone. The City will not reimburse long distance charges for telephone calls made to the City of Waco staff or to courts located in McLennan County, Texas. For all other long distance telephone calls, only actual long distance telephone line charges will be accepted for reimbursement. You should indicate the date of the telephone call, the telephone number called, and the total cost. Local telephone charges are not reimbursable.

I. Postage. Regular postage expenses are considered part of normal overhead and shall not be accepted for reimbursement. The Firm should, whenever possible, employ e-mail.

J. Facsimile Charges. Electronic mail is the preferred means of immediate communication and should be employed whenever possible. Documents should not be faxed to the City unless specifically requested. Facsimile charges are considered part of normal overhead and shall not be accepted for reimbursement at a per page rate.

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K. Messenger/Courier/Delivery/Express/Overnight Mail Services. The use of messenger and expedited mail services is discouraged. These services are to be used only when necessary in emergent circumstances not caused by the Firm's delay. Do not use these express services to deliver documents to the City unless specifically requested by us.

L. Computerized Legal Research. The City will only reimburse the Firm for the actual line charges associated with the legal research without mark-up.

M. Overtime Charges. Your Firm is expected to have sufficient staff to handle all secretarial and administrative matters. The City will not reimburse the Firm for overtime charges for secretaries, paralegals, word processors, and the like except in exigent circumstances approved by the City Attorney.

N. Incidental Charges. The City will reimburse for actual cost of reasonable incidental charges exclusive of markup for court cost, filing fees, transcript fees, delivery charges, fax, reproduction, long distance telephone calls, postage and similar charges. However, backup documentation must be provided. Disbursement for regular intra-office copying is not considered compensable.

O. Miscellaneous. The City will not reimburse for charges listed as miscellaneous. All expenses must be identified and backup documentation must be provided upon request.

VIII. REPORTING GUIDELINES

Firm is responsible for reporting to the City with basic minimum reporting as follows:

A. Litigation or Potential litigation

1. **Initial Case Report.** Within thirty (30) days after assignment, Firm will:

- a. For litigation in which the City is a defendant, identify each of plaintiffs' claims and the elements which plaintiff must prove in order to prevail;
 - b. For litigation in which the City is a plaintiff, identify the statute of limitations in a date certain by which the City should file suit, the potential claims of the City, and the elements which City must prove in order to prevail;
 - b. Identify the types of damages recoverable for each claim;
 - c. Recommend a pretrial strategy and identify the discovery that Firm feels is appropriate;
 - d. Provide an estimate of defense expenses;
 - e. Recommend reserves for legal expenses, costs, and possible damages to be paid by the City;
- and
- f. List of work to be done before next report.

2. **Liability Exposure Report.** Within 120 days after assignment, Firm will provide:

- a. Summary of material facts;
- b. A discussion of any legal issues presented;
- c. An analysis of the plaintiff's claims, applying the facts to the applicable law;
- d. For litigation in which the City is a defendant, an opinion of the maximum potential exposure in the case, including damages, court costs, attorney's fees for both parties, etc.;
- e. For litigation in which the City is a plaintiff, an opinion of the maximum recovery in the case, including damages, court costs, attorney's fees for both parties, etc.;

Part A6a - Consulting Contract (Bracewell)

- f. An estimate as to probability of an adverse award and its likely amount based on the claim's adjusting service's investigation and formal discovery to date;
 - g. Recommendation as to future discovery and strategy; and
 - h. List of work to be done before next report.
3. **Supplementary Report.** At the end of each 120-day period thereafter, Firm shall:
- a. Update the summary of material facts;
 - b. Update any legal issues present or in dispute;
 - c. Update any changes in the analysis of the Plaintiff(s)' claims applying facts to the applicable law;
 - d. Notify the City of any problems or concerns about presenting our case at trial such as missing witnesses, or facts, which may be excluded by formal rules of evidence,
 - e. Update or reiterate defense Firm opinion of maximum potential exposure/recovery represented by the case, including damages, court costs, and attorney's fees for both parties, etc.;
 - f. Update or reiterate estimate as to probability of an adverse award and its likely amount based on the likelihood plaintiff will prevail on each of the claims and the likely amount they will recover given a reasonable jury,
 - g. Follow-up or revision of recommendation as to future discovery and strategy plan; and
 - h. List work to be done before next report.
4. **Pretrial Report.** Four weeks prior to trial, Firm must provide a report, which:
- a. Discusses briefly the facts and legal issues, which are in dispute;
 - b. Notifies the CITY of any problems in presenting the case at trial, such as missing witnesses, or evidence, which may be excluded by formal rules of evidence;
 - c. Discusses the likelihood Plaintiff(s) will prevail on each of claim, the likely amount of recovery;
 - d. Provide a settlement recommendation, and if applicable, request for settlement authority.
5. **Copies of Pleadings & Documents.** Copies of documents should be provided as follows:
- a. Copies of all pleadings, motions with supporting briefs, and replies should be forwarded, as they are filed with the court;
 - b. Copies of discovery requests made to the City should be forwarded to the supervising staff attorney as soon as they are received if staff attorney assistance is needed; if the assistance of the supervising staff attorney is not needed, copies of the discovery requests should be forwarded to the supervising staff attorney as soon as responses are sent to opposing Firm.
 - c. Copies of interrogatories and requests for production or admissions that are propounded by Firm should be forwarded when a response is received.
6. **Settlement authority.** Settlement authority will come directly from the City and will require an extensive period of time to obtain.

B. Non-litigation matters

Upon request, Firm shall provide a report to the City.

FINANCIAL ADVISORY CONTRACT

This Financial Advisory Contract (the "Contract") is made as of March 15, 1988, by and between the City of Waco, Texas (the "City") and Masterson & Company, a Texas Corporation, ("Masterson").

Recitals

"Whereas, the City desires to retain Masterson as the City's financial advisor; and

"Whereas, the City desires Masterson's advice and assistance in analyzing the City's financial policies and structure and in rendering advice and counsel on such matters for the purpose of enhancing the City's financial soundness; and

"Whereas, the City desires Masterson's services in connection with the sale of all forms of financial instruments issued by the City from time to time; and

"Whereas, the City has retained recognized bond attorneys and other consultants to assist the City and Masterson in the preparations for and closing of such securities sales; and

"Whereas, Masterson desires to furnish such advice, counsel and services to the City;

"Now, therefore, in consideration of the premises and other good and valuable consideration and of the mutual benefits, covenants, and respective agreements hereinafter set forth and expressed, the City and Masterson agree as follows":

I.

Masterson will serve as financial advisor to the City, in connection with any sale of Bonds or other obligations by the City and in such capacity Masterson will perform the following services:

- a. Masterson will conduct a study of the financial resources to determine the capacity of the City to borrow funds. This study will include an analysis of existing debt structure and projected sources of income and revenues to be pledged to secure payment of such debt service.

- b. Upon completion of the aforementioned study, Masterson will develop and present recommendations relating to:
 - 1. An appropriate financing vehicle consistent with the City's proposed Capital Improvements Program;
 - 2. The possible restructuring of current debt to support new issues;
 - 3. The size of additional debt the City could support given current and future anticipated economic conditions;
 - 4. The tax rate requirements for funding various size issues;
 - 5. The timing of any potential bond issues including both election and issue dates or certificates of obligation;
 - 6. Method of underwriting (Negotiated vs. Competitive), and;
 - 7. New bond issue repayment schedule and structure.
- c. Masterson will in a timely fashion advise the City of bond market conditions, political occurrences and economic data which may influence the City.
- d. Masterson will coordinate in a timely fashion the preparation and submission of official documents required to market debt securities of the City. Masterson will provide schedules as to proposed activities and actions; those to comply with Texas Open Meetings and particularly the agenda items for posting as well as compliance with applicable charter provisions, state and Federal laws governing same. All offering documents will be submitted to the City for approval, examination and certification.
- e. If it is necessary to hold an election to authorize the sale of new bond issues, Masterson agrees to assist in coordinating the assembly and transmittal to the bond attorneys of such data as may be required for the preparation of all legal documents including but not limited to necessary petitions, orders, resolutions, ordinances, notices and certificates in connection with the election and/or other proceedings.
- f. Masterson will in a timely fashion coordinate the preparation and submission of all information necessary to obtain the best possible rating from a national rating agency.

- g. If the City elects to execute a competitive bond sale, Masterson agrees to:
 - 1. Disseminate related information to prospective bidders;
 - 2. Organize necessary information meetings and work with prospective bidders to insure proper timing of bid submission;
 - 3. Coordinate the receipt of bids and good faith checks where necessary;
 - 4. Tabulate and compare bids and advise the City as to the best bid.
- h. If a proposed financing requires the approval of any state or governmental agency, Masterson agrees to assist the City in the preparation of all financial information required for inclusion in applications for such approval.
- i. If requested, Masterson will assist the City in the selection of an underwriting team for any negotiated financings.
- j. Upon the sale of securities, Masterson agrees to assist the City in all steps necessary to expeditiously deliver those securities. Masterson will assist the City in the preparation of verification of the final numbers, and if requested, will provide recommendation on a program of temporary investment of bond proceeds.
- k. Subsequent to delivery, Masterson will provide the City and your paying agent/registrars a schedule of annual debt service requirements on the obligations being delivered to the purchaser.

II.

The City, in consideration of the services to be performed by Masterson, will pay a fee to be computed as follows on each installment of Bonds delivered and paid for while this Contract is in effect:

If the Amount of Securities
Delivered to Purchaser is:

<u>More Than</u>	<u>And Not More Than</u>	<u>The Basic Fee Is:</u>
\$ -	\$ 150,000	\$ 3,300
\$ 150,000	\$ 250,000	\$ 3,300 plus \$12 per \$1,000 for all over \$150,000
\$ 250,000	\$ 350,000	\$ 4,500 plus \$7.25 per \$1,000 for all over \$250,000
\$ 350,000	\$ 700,000	\$ 5,225 plus \$3.50 per \$1,000 for all over \$350,000
\$ 700,000	\$ 1,000,000	\$ 6,450 plus \$3.00 per \$1,000 for all over \$700,000
\$ 1,000,000	\$ 5,000,000	\$ 7,350 plus \$2.50 per \$1,000 for all over \$1,000,000
\$ 5,000,000	\$10,000,000	\$17,350 plus \$1.25 per \$1,000 for all over \$5,000,000
\$10,000,000	\$20,000,000	\$23,600 plus \$1.00 per \$1,000 for all over \$10,000,000
\$20,000,000	\$ No Limit	\$33,600 plus \$0.50 per \$1,000 for all over \$20,000,000

Such fee shall become due and payable by the City to Masterson as soon as practicable after delivery of the Bonds to the underwriter.

The fees described above will exist for the term of this contract and are contingent upon the sale and delivery of securities.

III.

The City will pay the costs of printing and distributing the Official Documents, the printing of the Bonds, the fees of Bond counsel and any fees and expenses incurred in obtaining or maintaining credit ratings.

IV.

It is further understood and agreed that Masterson reserves the right to submit a bid for the bonds when offered at competitive sale.

V.

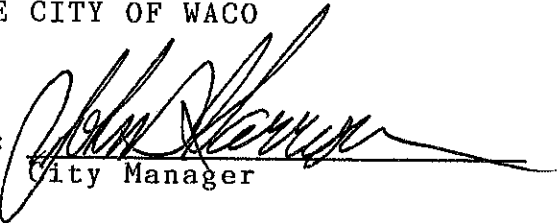
This Contract shall be for a period of five years from the date hereof but will continue in effect on a month to month basis until another financial advisor is selected or the contract is renewed. However, this Contract may be terminated by either party at any time upon delivery of 30 days written notice to that effect to the other party. However, if the City terminates this Contract, it shall, upon such termination, pay to Masterson any expenses incurred which are the responsibility of the City in accordance with this Contract plus any fees accrued for installments of bonds delivered and paid for prior to termination. The bid proposal is incorporated in its entirety into and made a part of this agreement and any question of interpretation shall be resolved jointly by the City Manager and Finance Director, such interpretation to be final.

In Witness Whereof, the parties hereto have caused the Contract to be signed in duplicate originals as of the date and year first above set forth.

MASTERTON & COMPANY

By: 
George L. McGonigle, D.D.
Senior Vice President

THE CITY OF WACO

By: 
City Manager

ATTEST:


City Secretary


City Attorney


Finance Director

Part A6c - Consulting Contract (FirstSouthwest)

TOTAL P.02

1817/00000 P.02

TOTAL P.02

MEMORANDUM OF UNDERSTANDING

This agreement is entered into on the 4th day of April, 1996 by and between First Southwest Company, 1700 Pacific Ave Ste 500, Dallas, Texas 75201, a domestic corporation authorized to conduct business in Texas, hereinafter referred to as "PURCHASER", Mastercom Moreland Sauer Whisman, Inc., 333 Clay St Ste 4000, Houston, Texas 77002, a domestic corporation authorized to conduct business in Texas, hereinafter referred to as "ACQUIRED CORPORATION", and the CITY OF WACO, a municipal corporation of McLennan County, Texas, hereinafter referred to as "CITY".

It is recognized by all parties to this agreement that PURCHASER acquired substantially all of the assets of ACQUIRED CORPORATION on January 31, 1996. PURCHASER is duly incorporated, validly existing, and in good standing under the laws of the State of Texas; All corporate acts and other proceedings required to be taken by or on the part of PURCHASER and ACQUIRED CORPORATION to authorize it to carry out the acquisition were properly taken.

The parties recognize that PURCHASER will assume the responsibility of acting as CITY's financial advisor as specified in the Financial Advisory Contract dated March 15, 1988 between CITY and ACQUIRED CORPORATION. It is expressly understood that the Financial Advisory Contract represents the entire agreement of CITY and PURCHASER. It is further recognized that CITY and PURCHASER will operate on a month to month basis until another financial advisor is selected or the contract is renewed.

PURCHASER

By: Thomas D. Sullivan
Title: General Council
Date: April 4, 1996

ACQUIRED CORPORATION

By: [Signature]
Title: Executive Vice President
Date: April 4, 1996

CITY OF WACO

By: [Signature]
Title: [Signature]
Date: [Signature]

LEGAL SERVICES RECEIVED

APR 08 1996

TIME 8:00 AM

**SECOND AMENDMENT TO
FINANCIAL ADVISORY CONTRACT**

WITNESSETH:

WHEREAS, the City of Waco (the "City"), and Masterson previously entered into a certain Financial Advisory Contract, effective as of March 15, 1988 (the "FA Contract");

WHEREAS, on April 4, 1996, the FA Contract was amended to recognize that First Southwest Company ("First Southwest") would assume the responsibility of acting as the City's financial advisor; and

WHEREAS, the City and First Southwest desire to amend the FA Contract to provide for the provision of arbitrage rebate calculation services to be performed by First Southwest's common control affiliate, First Southwest Asset Management, LLC;

NOW THEREFORE, the City and First Southwest, in consideration of the mutual covenants and agreements contained in the FA Contract and those set forth herein, do hereby agree to amend the FA Contract as follows:

AMENDMENTS

IV.

The FA Contract shall be amended to replace Section IV. in its entirety with the following:

First Southwest Asset Management, LLC, a common control affiliate of First Southwest Company, LLC, will provide arbitrage rebate calculation services to the City of Waco pursuant to the terms and conditions attached hereto as Appendix A.

MODIFICATIONS

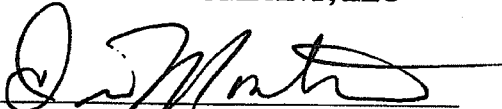
The FA Contract, except as amended by the First Amendment and this Second Amendment to Financial Advisory Contract, remains in effect in all other respects.

IN WITNESS WHEREOF, the parties have made and executed this Amendment in multiple copies, each of which shall be an original, effective as of October 26, 2015.

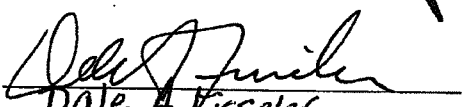
FIRST SOUTHWEST COMPANY, LLC

THE CITY OF WACO

By:


Drew K. Masterson
Managing Director


By:


Name: Dale A. Fisseler
Title: City Manager

NR 10/22/15

FIRST SOUTHWEST ASSET MANAGEMENT, LLC

By:


William T. Johnson
Senior Vice President

APPENDIX A

**AGREEMENT FOR
ARBITRAGE REBATE COMPLIANCE SERVICES
BETWEEN
CITY OF WACO, TEXAS
(Hereinafter Referred to as the "Issuer" or the "City")
AND
FIRST SOUTHWEST ASSET MANAGEMENT, LLC
(Hereinafter Referred to as "First Southwest")**

It is understood and agreed that the Issuer, in connection with the sale and delivery of certain bonds, notes, certificates, or other tax-exempt obligations (the "*Obligations*"), will have the need to determine to what extent, if any, it will be required to rebate certain investment earnings (the amount of such rebate being referred to herein as the "*Arbitrage Amount*") from the proceeds of the Obligations to the United States of America pursuant to the provisions of Section 148(f)(2) of the Internal Revenue Code of 1986, as amended (the "*Code*"). For purposes of this Agreement, the term "Arbitrage Amount" includes payments made under the election to pay penalty in lieu of rebate for a qualified construction issue under Section 148(f)(4) of the Code.

We are pleased to submit the following proposal for consideration; and if the proposal is accepted by the Issuer, it shall become the agreement (the "*Agreement*") between the Issuer and First Southwest effective at the date of its acceptance as provided for herein below.

1. This Agreement shall apply to all issues of tax-exempt Obligations delivered subsequent to the effective date of the rebate requirements under the Code, except for (i) issues which qualify for exceptions to the rebate requirements in accordance with Section 148 of the Code and related Treasury regulations, or (ii) issues excluded by the Issuer in writing in accordance with the further provisions hereof, (iii) new issues effected in a fashion whereby First Southwest is unaware of the existence of such issue, (iv) issues in which, for reasons outside the control of First Southwest, First Southwest is unable to procure the necessary information required to perform such services.

Covenants of First Southwest

2. We agree to provide our professional services in determining the Arbitrage Amount with regard to the Obligations. The Issuer will assume and pay the fee of First Southwest as such fee is set out in Appendix B attached hereto. First Southwest shall not be responsible for any extraordinary expenses incurred on behalf of Issuer in connection with providing such professional services, including any costs incident to litigation, mandamus action, test case or other similar legal actions.
3. We agree to perform the following duties in connection with providing arbitrage rebate compliance services:
 - a. To cooperate fully with the Issuer in reviewing the schedule of investments made by the Issuer with (i) proceeds from the Obligations, and (ii) proceeds of other funds of the Issuer which, under Treasury Regulations Section 1.148, or any successor regulations thereto, are subject to the rebate requirements of the Code;
 - b. To perform, or cause to be performed, consistent with the Code and the regulations promulgated thereunder, calculations to determine the Arbitrage Amount under Section 148(f)(2) of the Code; and
 - c. To provide a report to the Issuer specifying the Arbitrage Amount based upon the investment schedule, the calculations of bond yield and investment yield, and other information deemed relevant by First Southwest. In undertaking to provide the services set forth in paragraph 2 and this paragraph 3, First Southwest does not assume any responsibility for any record retention requirements which the Issuer may have under the Code or other applicable laws, it being understood that the Issuer shall remain responsible for compliance with any such record retention requirements.

Part A6d - Consulting Contract (FirstSouthwest)

Covenants of the Issuer

4. In connection with the performance of the aforesaid duties, the Issuer agrees to the following:
 - a. The fees due to First Southwest in providing arbitrage rebate compliance services shall be calculated in accordance with Appendix B attached hereto. The fees will be payable upon delivery of the report prepared by First Southwest for each issue of Obligations during the term of this Agreement.
 - b. The Issuer will provide First Southwest all information regarding the issuance of the Obligations and the investment of the proceeds therefrom, and any other information necessary in connection with calculating the Arbitrage Amount. First Southwest will rely on the information supplied by the Issuer without inquiry, it being understood that First Southwest will not conduct an audit or take any other steps to verify the accuracy or authenticity of the information provided by the Issuer.
 - c. The Issuer will notify First Southwest in writing of the retirement, prior to the scheduled maturity, of any Obligations included under the scope of this Agreement within 30 days of such retirement. This notification is required to provide sufficient time to comply with Treasury Regulations Section 1.148-3(g) which requires final payment of any Arbitrage Amount within 60 days of the final retirement of the Obligations. In the event the Issuer fails to notify First Southwest in a timely manner as provided hereinabove, First Southwest shall have no further obligation or responsibility to provide any services under this Agreement with respect to such retired Obligations.
5. In the event a payment is assessed by the Internal Revenue Service due to a good faith error by First Southwest, the Issuer will be responsible for paying the correct Arbitrage Amount and First Southwest's liability shall not exceed the amount of any penalty or interest imposed on the Arbitrage Amount as a result of such error.

Obligations Issued Subsequent to Initial Contract

6. The services contracted for under this Agreement will automatically extend to any additional Obligations (including financing lease obligations) issued during the term of this Agreement, if such Obligations are subject to the rebate requirements under Section 148(f)(2) of the Code. In connection with the issuance of additional Obligations, the Issuer agrees to the following:
 - a. The Issuer will notify or cause the notification, in writing, to First Southwest of any tax-exempt financing (including financing lease obligations) issued by the Issuer during any calendar year of this Agreement, and will provide First Southwest with such information regarding such Obligations as First Southwest may request in connection with its performance of the arbitrage rebate services contracted for hereunder. If such notice is not provided to First Southwest with regard to a particular issue, First Southwest shall have no obligation to provide any services hereunder with respect to such issue.
 - b. At the option of the Issuer, any additional Obligations to be issued subsequent to the execution of this Agreement may be excluded from the services provided for herein. In order to exclude an issue, the Issuer must notify First Southwest in writing of their intent to exclude any specific Obligations from the scope of this Agreement, which exclusion shall be permanent for the full life of the Obligations; and after receipt of such notice, First Southwest shall have no obligation to provide any services under this Agreement with respect to such excluded Obligations.

Effective Date

7. The effective date and term for the provision of arbitrage rebate calculation services shall run concurrently with the term of the FA Contract unless terminated sooner by either party. In the event this Agreement is terminated prior to the completion of its stated term, all records provided to First Southwest with respect to the investment of monies by the Issuer shall be returned to the Issuer as soon as practicable following written request by Issuer. In addition, the parties hereto agree that, upon termination of this Agreement, First Southwest shall have no continuing obligation to the Issuer regarding any arbitrage rebate related services contemplated herein, regardless of whether such services have previously been undertaken, completed or performed.

Part A6d - Consulting Contract (FirstSouthwest)

APPENDIX B - FEES

The Obligations to be covered initially under this contract include all issues of tax-exempt obligations delivered subsequent to the effective dates of the rebate requirements, under the Code, except as set forth in Section I of the Agreement.

The fee for any Obligations under this contract shall only be payable if a computation is required under Section 148(f)(2) of the Code. In the event that any of the Obligations fall within an exclusion to the computation requirement as defined by Section 148 of the Code or related regulations and no calculations were required by First Southwest to make that determination, no fee will be charged for such issue. For example, certain obligations are excluded from the rebate computation requirement if the proceeds are spent within specific time periods. In the event a particular issue of Obligations fulfills the exclusion requirements of the Code or related regulations, the specified fee will be waived by First Southwest if no calculations were required to make the determination.

First Southwest's fee for arbitrage rebate services is based upon a fixed annual fee per issue. The annual fee is charged based upon the number of years that proceeds exist subject to rebate from the delivery date of the issue to the computation date.

First Southwest's fees are payable upon delivery of the report. The first report will be made following one year from the date of delivery of the Obligations and on each computation date thereafter during the term of the Agreement. The fees for computations of the Arbitrage Amount which encompass more, or less, than one Computation Year shall be prorated to reflect the longer, or shorter, period of work performed during that period.

The fee for each of the Obligations included in this contract shall be based on the table below.

Additionally, due to significant time saving efficiencies realized when investment information is submitted in an electronic format, First Southwest passes the savings to its clients by offering a 10% reduction in its fees if information is provided in a spreadsheet or electronic text file format.

Description	Annual Fee
ANNUAL FEE	\$1,200
COMPREHENSIVE ARBITRAGE COMPLIANCE SERVICES INCLUDE:	
<ul style="list-style-type: none"> • Commingled Funds Analysis & Calculations • Spending Exception Analysis & Calculations • Yield Restriction Analysis & Calculations (for yield restricted Project Funds, Reserve Funds, Escrow Funds, etc.) • Parity Reserve Fund Allocations • Transferred Proceeds Calculations • Universal Cap Calculations • Debt Service Fund Calculations (including earnings test when required) • Preparation of all Required IRS Paperwork for Making a Rebate Payment / Yield Reduction Payment • Retention of Records Provided for Arbitrage Computations • IRS Audit Assistance • Delivery of Rebate Calculations Each Year That Meets the Timing Requirements of the Audit Schedule • On-Site Meetings, as Appropriate, to Discuss Calculation Results / Subsequent Planning Items 	INCLUDED
OTHER SERVICES AVAILABLE:	
IRS Refund Request – Update calculation, prepare refund request package, and assist issuer as necessary in responding to subsequent IRS Information Requests	\$750
Commercial Paper Calculations – Per allocated issue	\$1,600

Part A6d - Consulting Contract (FirstSouthwest)

EXPLANATION OF TERMS:

- a. **Computation Year:** A "Computation Year" represents a one year period from the delivery date of the issue to the date that is one calendar year after the delivery date, and each subsequent one-year period thereafter. Therefore, if a calculation is required that covers more than one "computation year," the annual fee is multiplied by the number of computation years contained in the calculation being performed. If a calculation includes a portion of a computation year, i.e., if the calculation includes 1 ½ computation years, then the base fee will be multiplied by 1.5.
- b. **Electronic Data Submission:** The data should be provided electronically in MS Excel or ASCII text file (comma delimited text preferred) with the date, description, dollar amount, and an activity code (if not in debit and credit format) on the same line in the file.
- c. **Variable/Floating Rate Bond Issues:** Special services are also required to perform the arbitrage rebate calculations for variable rate bonds. A bond is a variable rate bond if the interest rate paid on the bond is dependent upon an index which is subject to changes subsequent to the issuance of the bonds. The computational requirements of a variable rate issue are more complex than those of a fixed rate issue and, accordingly, require significantly more time to calculate. The additional complexity is primarily related to the computation of the bond yield, which must be calculated on a "bond year" basis. Additionally, the regulations provide certain flexibility in computing the bond yield and determining the arbitrage amount over the first IRS reporting period; consequently, increased calculations are required to determine which bond yield calculation produces the lowest arbitrage amount.
- d. **Commingled Fund Allocations:** By definition, a commingled fund is one that contains either proceeds of more than one bond issue or proceeds of a bond issue and non-bond proceeds (i.e., revenues) of \$25,000 or more. The arbitrage regulations, while permitting the commingling of funds, require that the proceeds of the bond issue(s) be "carved out" for purposes of determining the arbitrage amount. Additionally, interest earnings must be allocated to the portion of the commingled fund that represents proceeds of the issue(s) in question. Permitted "safe-harbor" methods (that is, methods that are outlined in the arbitrage regulations and, accordingly, cannot be questioned by the IRS under audit), exist for allocating expenditures and interest earnings to issues in a commingled fund. First Southwest uses one of the applicable safe-harbor methods when doing these calculations.
- e. **Debt Service Reserve Funds:** The authorizing documents for many revenue bond issues require that a separate fund be established (the "Reserve Fund") into which either bond proceeds or revenues are deposited in an amount equal to some designated level, such as average annual debt service on all parity bonds. This Reserve Fund is established for the benefit of the bondholders as additional security for payment on the debt. In most cases, the balance in the Reserve Fund remains stable throughout the life of the bond issue. Reserve Funds, whether funded with bond proceeds or revenues, must be included in all rebate calculations.
- f. **Debt Service Fund Calculations:** Issuers are required under the regulations to analyze the invested balances in their debt service funds annually to determine whether the fund depletes as required during the year and is, therefore, "bona fide" (i.e., potentially exempt from rebate in that year). It is not uncommon for surplus balances to develop in the debt service fund that services an issuer's tax supported debt, particularly due to timing differences of when the funds were due to be collected versus when the funds were actually collected. First Southwest performs this formal analysis of the debt service fund and, should it be determined that a surplus balance exists in the fund during a given year, allocates the surplus balance among the various issues serviced by the fund in a manner that is acceptable under IRS review.
- g. **Earnings Test for Debt Service Funds:** Certain types of bond issues require an additional level of analysis for the debt service fund, even if the fund depletes as required under the regulations and is "bona fide." For short-term, fixed rate issues, private activity issues, and variable rate issues, the regulations require that an "earnings test" be performed on a bona fide debt service fund to determine if the interest earnings reached \$100,000 during the year. In cases where the earnings reach or exceed the \$100,000 threshold, the entire fund (not just the surplus or residual portion) is subject to rebate.
- h. **Transferred Proceeds Calculations:** When a bond issue is refinanced (refunded) by another issue, special services relating to "transferred proceeds" calculations may need to be performed. Under the regulations, when proceeds of a refunding issue are used to retire principal of a prior issue, a pro-rata portion of the unspent proceeds of the prior issue becomes subject to rebate and/or yield restriction as transferred proceeds of the refunding issue. The refunding issue essentially "adopts" the unspent proceeds of the prior issue for purposes of the arbitrage calculations. These

Part A6d - Consulting Contract (FirstSouthwest)

calculations are required under the regulations to ensure that issuers continue to exercise due diligence to complete the project(s) for which the prior bonds were issued.

- i. **Universal Cap:** Current regulations provide an overall limitation on the amount of gross proceeds allocable to an issue. Simply stated, the value of investments allocated to an issue cannot exceed the value of all outstanding bonds of the issue. For example, this situation can occur if an issuer encounters significant construction delays or enters into litigation with a contractor. It may take months or even years to resolve the problems and begin or resume spending the bond proceeds; however, during this time the debt service payments are still being paid, including any scheduled principal payments. Thus, it's possible for the value of the investments purchased with bond proceeds to exceed the value of the bonds outstanding. In such cases, a "de-allocation" of proceeds may be required to comply with the limitation rules outlined in the regulations.
- j. **Yield Restriction Analysis/Yield Reduction Computations:** The IRS strongly encourages issuers to spend the proceeds of each bond issue as quickly as possible to achieve the governmental purpose for which the bonds were issued. Certain types of proceeds can qualify for a "temporary period," during which time the proceeds may be invested at a yield higher than the yield on the bonds without jeopardizing the tax-exempt status of the issue. The most common temporary period is the three-year temporary period for capital project proceeds. After the end of the temporary period, the proceeds must be yield restricted or the issuer must remit the appropriate yield reduction payment when due. First Southwest performs a comprehensive yield restriction analysis when appropriate for all issues having proceeds remaining at the end of the applicable temporary period and also calculates the amount of the yield reduction payment due to the IRS.



Bill Johnson, CPA
Senior Vice President

October 15, 2015

Ms. Janice Andrews
Director of Finance
City of Waco, Texas
P.O. Box 2570
Waco, Texas 76701-2570

RECEIVED

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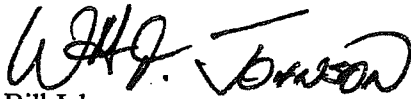
CITY OF WACO
FINANCE

Dear Ms. Andrews:

We have enclosed two copies of the Second Amendment to Financial Advisory Contract between the City of Waco and First Southwest Company. This amendment covers arbitrage rebate services. At your convenience, please return one fully executed copy to us and retain the other fully executed copy for your records.

It is truly our privilege to partner with the City to ensure that current and future bond issues comply with the arbitrage rebate and yield restriction rules. Should you have any questions, please do not hesitate to contact me at (800) 678-3792 or directly at (214) 953-8817.

Sincerely,


Bill Johnson



1300 E. Lookout Drive
Suite 100
Richardson, Texas 75082
Phone: (972) 680-2000

August 7, 2015

Ms. Lisa Tyer
Director of Water Utilities
City of Waco
425 Franklin Avenue
Waco, Texas 76701

Subject: Proposed amendment to Contract No. 2014-464, Agreement between City of Waco and NewGen Strategies and Solutions for Comprehensive Water and Wastewater Fully Allocated Customer Class Cost of Service, Rate Design, and Financial Planning Study

Dear Ms. Tyer:

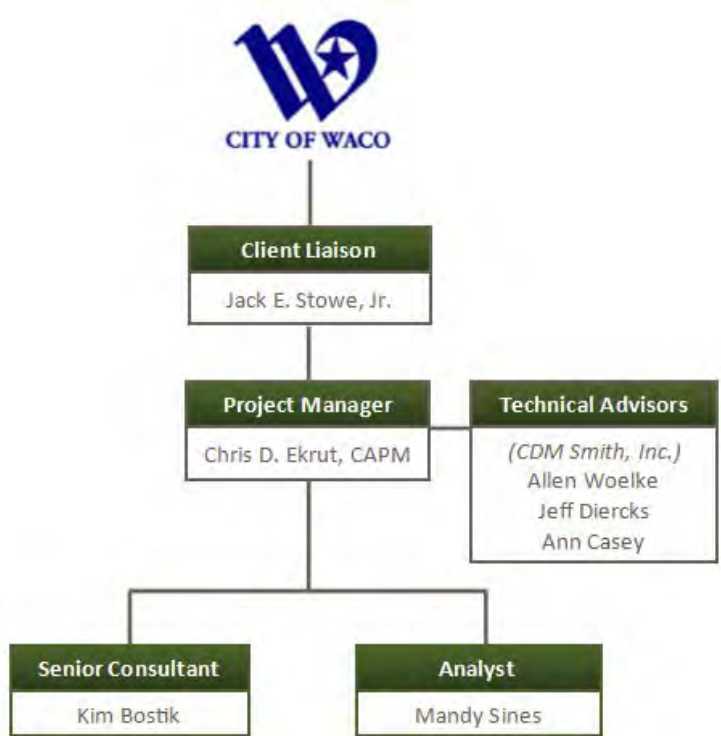
As we have recently discussed, one critical element impacting the financial performance of a water and wastewater utility is the ability to accurately identify and bill customers for their level of water usage. A water meter represents the ability of a utility to charge for its services – inaccuracies or inconsistencies in metering, which naturally occur with age, can result in the utility undercharging for service and resulting in significant challenges to recovering the cost of providing service. This is a particularly important issue given the significant capital improvement program which the City must undertake to continue to provide continuous and adequate service to its customers which meets all regulatory requirements.

Further, metering technology has changed significantly in recent years. These changes result in an advanced level of integration and data collection for the utility which can assist customers in being more efficient and conscientious users of a scarce resource while allowing the utility to experience greater efficiencies in operations – efficiencies which can potentially lead to long-term cost savings.

A critical component for Waco Water Utilities to achieve the financial performance outlined within the recent Financial Plan completed by our Firm is to ensure its metering capabilities are up-to-date, employing the latest technology available that best fits with the City's other technological resources. To assist the City in evaluating and upgrading its metering infrastructure, the consulting team of NewGen Strategies and Solutions, LLC (NewGen) and CDM Smith, Inc. (CDM) is pleased to present this proposed scope of services to the City of Waco (City) to support the City's procurement of Advanced Metering Infrastructure (AMI)/Smart meters. Provided below is a description of the proposed scope of work, a summary of the project timeline, and proposed fees associated with these additional contract services.

Project Team

Key team members responsible for completing the Comprehensive Water and Wastewater Fully Allocated Customer Class Cost of Service, Rate Design, and Financial Planning Study will continue to provide services under the proposed contract amendment. Specifically, Mr. Chris Ekrut will be responsible for managing the additional services, and Mr. Jack Stowe will continue to serve as client liaison ensuring the project meets the overall goals and objectives of the City. Due to the specialized nature of the additional services, NewGen has teamed with CDM Smith, Inc. to provide engineering technical assistance. The CDM Smith team will be led by Mr. Allen Woelke who has a long relationship with the City, assisting in a number of projects including serving as part of the Program Management Team for the construction of the WMARSS Bullhide Satellite Wastewater Treatment Plant and expansion of the Central Wastewater Treatment Plant. Resumes for the CDM staff are available in the Appendix.



Project Approach

For the City's consideration, we have documented a typical procurement approach below. While we propose this proven process for use by the City, we recognize that the final scope of services may need to be amended to reflect the goals, objectives, and ultimate needs of the City. As noted below, we propose at the outset of the project to conduct a workshop with key City stakeholders which will outline the strategic approach to the project. The results of this workshop will ultimately guide the remainder of the project, and further amendment to the scope may be needed following this session.

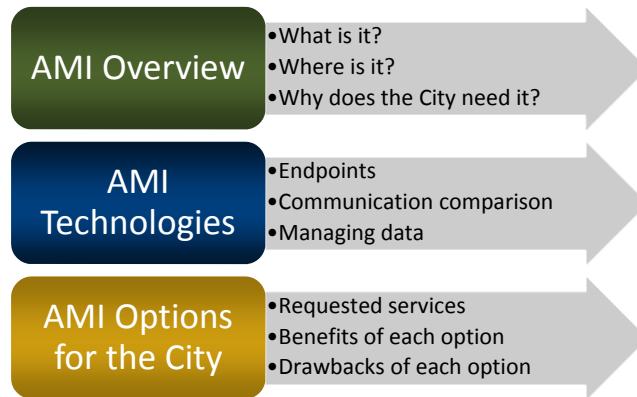
Task 1: Data Request and Project Coordination

At the outset of the additional services, the Project Team will provide the City with a data request to gather information that will allow us to gain background knowledge about the City's desired procurement approach and technical needs associated with the new metering infrastructure. The data request will list the information that will be needed to undertake the procurement process. *We would note that we have a substantial amount of data from our prior and on-going work with the City and will be able to utilize a portion of the data obtained from those projects.*

It is projected that the Director of Utilities, or her designee, and the Project Team will communicate on a regular basis (most likely every other week, at a minimum).

Task 2: “AMI 101” Workshop and Kick-off Meeting

The Project Team proposes to conduct a half-day workshop with select City staff to cover basic information regarding AMI and related services. This workshop will educate the City in the following components of AMI and will help guide a strategic discussion session to determine the technical requirements of the desired metering system.



This workshop will also allow the Project Team to develop a precise procurement approach and documentation which is specific to the City’s needs and objectives. In addition, this workshop will assist the Project Team in determining if additional vendor interaction is needed within the procurement process to illustrate product capabilities and/or to further define specific technical requirements.

On the same day as the workshop, the Project Team and the City will hold a kick-off meeting for the procurement process. Mr. Chris Ekert, the Project Manager and a Director at NewGen, will lead this meeting. The meeting will be designed to accomplish several objectives, including:

- Assist the City in clarifying its procurement goals;
- Develop an understanding of the procurement approach and schedule;
- Clarify any questions regarding the procurement process.

We expect the meeting with City staff to last from two to three hours, depending on the number of meeting participants and their availability. It is recommended that the attendee list include, at a minimum, representatives from the Public Information Office, Purchasing, Finance, Water Utilities, Technology Department, City Engineering, and the City Attorney’s office. We will provide a copy of the agenda and any handout materials in advance of the meeting. In addition, we will deliver a memorandum summarizing the meeting and procurement options analysis.

Task 3: Preparation of Procurement Documents

As part of Task 3, the Project Team will assist the City in the preparation of the procurement documents. For all parts of this task, the Project Team will coordinate with the City’s Purchasing Department, City Attorney, and other technical advisors as needed. We will also rely on the City for any standard City language to be included in the procurement documents.

The Project Team will prepare two drafts and one final version of the procurement documents. Upon delivery of the draft version of the procurement documents, the NewGen Project Manager will participate in one on-site meeting (if necessary) with City staff to discuss the first draft procurement documents. Additional follow-up discussions will be conducted by telephone as necessary. The City will be responsible

Part A6e - Consulting Contract (NewGen)

Mr. Lisa Tyer
August 7, 2015
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for consolidating comments to the draft procurement documents from multiple reviewers for incorporation by the Project Team. The City will be responsible for final production and distribution of the procurement documents to potential respondents. The Project Team will assist the City in notifying potential respondents.

Task 4: Pre-Bid Meeting and Coordination

After the procurement documents are issued and advertised, the Project Team will conduct, if requested, one pre-bid meeting for the respondents to ask questions related to the procurement package. With input from the City, the Project Team will prepare a written response to questions presented by the respondents at the pre-bid meeting. In addition, the Project Team will assist the City in answering questions received from respondents prior to and after the pre-bid meeting.

If necessary, the Project Team will make revisions to the procurement package (via addenda) based on the results of the pre-bid meeting and responses to questions. The Project Team will provide the revised procurement package and questions/responses to the City for distribution to all interested respondents. The Project Team requests that the City arrange for the meeting room, provide a sign-in-sheet and copies of any handouts, record the meeting, and take notes to document respondent questions and staff/consultant responses.

Task 5: Evaluation of Bids

The Project Team will perform an evaluation of bids received in response to the request for bids (RFB). The goal of this task is to evaluate bids based on the evaluation criteria set forth in the RFB.

As part of the evaluation of bids, the Project Team would:

- Review and evaluate technical specifications of proposed infrastructure and determine integration capability with City's technology infrastructure as appropriate;
- Evaluate respondent's experience related to implementation and post installation support;
- Review of respondent's experience in deploying their metering infrastructure for other municipalities and contact said municipalities to assess their experience; and
- Evaluate bids via Excel model.

This task does not include identification of bids as compliant or non-compliant with procurement procedures (i.e. attendance at mandatory pre-bid meeting, submittal on or prior to due date and time, signed by an authorized agent, contains a statement to the effect that the bid is firm for the required period from the closing date, etc.) since it is assumed that the identification of bids as compliant and non-compliant will be performed by the City's Purchasing Department.

Task 6: Facilitation of Respondent Interviews

Upon completion of the Bid evaluation, the Project Team will assist the City with the facilitation of respondent interviews and/or a hands-on demonstration of proposed metering infrastructure, if necessary. As part of this task, the Project Team would:

- Assist with identifying respondents to be interviewed;
- Develop questions for respondent interviews, and
- Participate in respondent interviews.

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The budget for this task assumes that Mr. Chris Ekrut will attend one (1) day of respondent interviews at City offices.

Upon conclusion of the evaluation and any required interviews, Mr. Chris Ekrut will participate in one on-site meeting with City staff to discuss the results of the evaluation process and final recommendation for purchase.

Task 7: Council Meetings/Executive Sessions

The Project Team has included one council meeting/executive session in the scope of services. Mr. Chris Ekrut will participate in person for the meeting/executive session at City offices.

Timeline

A successful procurement requires adequate time for each step of the process. After the initial kick-off meeting with the City, the procurement timeline will be adjusted to accurately reflect the services requested in the RFB and the City's overall objectives and deadlines for the procurement. **We understand that the City would like to have the procurement process completed by March 2016 and will commit to meeting that deadline.**

Fees

We have provided a broad budget range for a variety reasons such as the unknown quantity of bids to be received.

AMI Procurement	Budget
NewGen Strategies and Solutions, LLC	\$50,000 – \$60,000
CDM Smith, Inc.	\$10,000 – \$15,000
Total Project Budget Range	\$60,000 – \$75,000

All work will be billed monthly using the hourly rates listed below. **We will guarantee that the cost of these services—professional fees and travel expenses—will not exceed \$75,000.**

Role	Rate
Project Manager/Director (Mr. Chris Ekrut)	\$225
Client Liaison (Mr. Jack Stowe)	\$285
Client Liaison/Technical Advisor (Mr. Allen Woelke, CDM Smith)	\$240
Technical Advisor (Mr. Jeff Diercks, CDM Smith)	\$240
Technical Advisor (Ms. Ann Casey, CDM Smith)	\$230
Senior Consultant (Ms. Bostik)	\$160
Analyst (Ms. Sines)	\$100
Administrative	\$75

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However, in order to give the City an approximation of the level of effort for each task, we have included an outline of hours, by staff, by task. We would note that this information would be subject to change after the scope of services is finalized, as directed by City staff.

Task	Jack Stowe	Allen Woelke	Jeff Diercks	Ann Casey	Chris Ekrut	Kim Bostik	Mandy Sines	Total
Data Request	4	0	4	0	4	4	12	28
AMI/AMR 101 Workshop & Kick-off Meeting	8	8	4	4	16	4	8	52
Preparation of RFB Documents	4	0	8	8	4	16	32	72
Pre-Bid Meeting	4	4	4	4	8	12	12	48
Evaluation of Bids	4	0	4	4	8	24	24	68
Facilitation of Respondent Interviews	4	4	2	2	12	12	4	40
Council Meetings/Executive Sessions	0	0	0	0	12	4	4	20
Total Hours	28	16	26	22	64	76	96	328

Conclusion

NewGen and CDM appreciate this opportunity to propose these additional services to the City and believes this is a crucial step forward as part of implementing both the utility's financial plan and facility master plans. If there are any questions concerning the information contained herein, please contact me at 972.232.2234 or cekrut@newgenstrategies.net. We look forward to continuing our work with the City.

Sincerely,

NewGen Strategies and Solutions, LLC



Chris Ekrut
Director

Part B17 – Resolution

RESOLUTION NO. 2016-301

Application Filing and Authorized Representative Resolution (WRD-201a)

A RESOLUTION by the City Council of the City of Waco, Texas, requesting financial assistance from the Texas Water Development Board; authorizing the filing of an application for assistance; and making certain findings in connection therewith.

WHEREAS, Water Utilities is requesting approval to submit a low-interest loan application to the Texas Water Development Board (TWDB) State Water Implementation Fund for Texas (SWIFT) Program, Austin, Texas, for funding of an Advanced Metering Infrastructure (AMI) System after an inquiry was submitted earlier and the City was invited to submit a formal application; and

WHEREAS, on October 6, 2015, Council approved Resolution No. 2015-597 to amend a professional services contract with NewGen Strategies & Solutions, LLC, Austin, Texas, for a comprehensive study, which included evaluating and upgrading the City's metering infrastructure; since then, NewGen has completed a Cost of Service Study for Water and Wastewater Utilities; and

WHEREAS, as a result of the Study, recommendations were made for the City to proceed with the procurement of an Advanced Metering Infrastructure (AMI) System; and

WHEREAS, the formal application must be received by the TWDB by May 11, 2016,

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF WACO, TEXAS:

SECTION 1: That a low-interest loan application is hereby approved and authorized to be filed with the Texas Water Development Board (through its State Water Implementation Fund for Texas (SWIFT) Program), Austin, Texas, seeking financial assistance in an amount not to exceed \$12,000,000.00 to provide for the costs of an Advanced Metering Infrastructure (AMI) System.

SECTION 2: That the City Manager for the City of Waco, Texas be and is hereby designated the authorized representative of the City Council for the City of Waco, Texas, for purposes of furnishing such information and executing such documents as may be required in connection with the preparation and filing of such application for financial assistance and the rules of the Texas Water Development Board.

SECTION 3: That the following firms and individuals are hereby authorized and directed to aid and assist in the preparation and submission of such application and appear on behalf of and represent the City of Waco, Texas, before any hearing held by the Texas Water Development Board on such application, to wit:

Financial Advisor: FirstSouthwest, A Division of Hilltop Securities, Inc. (Houston, Texas)

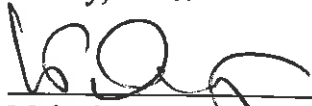
Engineer: Charles H. Leist II, P.E., Project Manager, City of Waco Water Utilities

Bond Counsel: Bracewell LLP (Austin, Texas)

Other Representative: NewGen Strategies & Solutions, LLC (Austin, Texas)


That it is hereby officially found and determined that the meeting at which this resolution is passed is open to the public and that public notice of the time, place and purpose of said meeting was given as required by law.

PASSED AND APPROVED this 3rd day of May, 2016.



Malcolm Duncan, Jr., Mayor
City of Waco, Texas

ATTEST:



Esmeralda Hudson, City Secretary

APPROVED AS TO FORM & LEGALITY:



Jennifer Richie, City Attorney



Part B18 – Application Affidavit

Application Affidavit (WRD-201)

THE STATE OF TEXAS §
COUNTY OF McLENNAN §
APPLICANT CITY OF WACO, TEXAS §

BEFORE ME, the undersigned, a Notary Public in and for the State of Texas, on this day personally appeared Dale A. Fisseler, City Manager as the Authorized Representative of the City of Waco, Texas, who being by me duly sworn, upon oath says that:

1. the decision by the City Council of the City of Waco, Texas (authority, city, county, corporation, district) to request financial assistance from the Texas Water Development Board ("Board") was made in a public meeting held in accordance with the Open Meetings Act (Government Code, §551.001, et seq.) and after providing all such notice as required by such Act as is applicable to the City of Waco, Texas (authority, city, county, corporation, district);

2. the information submitted in the application is true and correct according to my best knowledge and belief;

3. the City of Waco, Texas (authority, city, county, corporation, district) has no pending, threatened, or outstanding judgments, orders, fines, penalties, taxes, assessment or other enforcement or compliance issue of any kind or nature by the Environmental Protection Agency, Texas Commission on Environmental Quality, Texas Comptroller, Texas Secretary of State, or any other federal, state or local government, except for the following (if no such outstanding compliance issues, write in "none"):

NONE

4. the City of Waco, Texas (authority, city, county, corporation, district) warrants compliance with the representations made in the application in the event that the Board provides the financial assistance; and

5. the City of Waco, Texas (authority, city, county, corporation, district) will comply with all applicable federal laws, rules, and regulations as well as the laws of this state and the rules and regulations of the Board.

Dale Fisseler
Official Representative KRP 5/3/16

Title: City Manager, City of Waco, Texas

SWORN TO AND SUBSCRIBED BEFORE ME, by Dale Fisseler,
this May day of June, 2016.



[Signature]
Notary Public, State of Texas

Part B19 – Certificate of Secretary

Part B22a – City of Waco CCN 10039



Texas Commission On Environmental Quality

By These Presents Be It Known To All That

City of Waco

having duly applied for certification to provide water utility service for the convenience and necessity of the public, and it having been determined by this Commission that the public convenience and necessity would in fact be advanced by the provision of such service by this Applicant, is entitled to and is hereby granted this

Certificate of Convenience and Necessity No. 10039

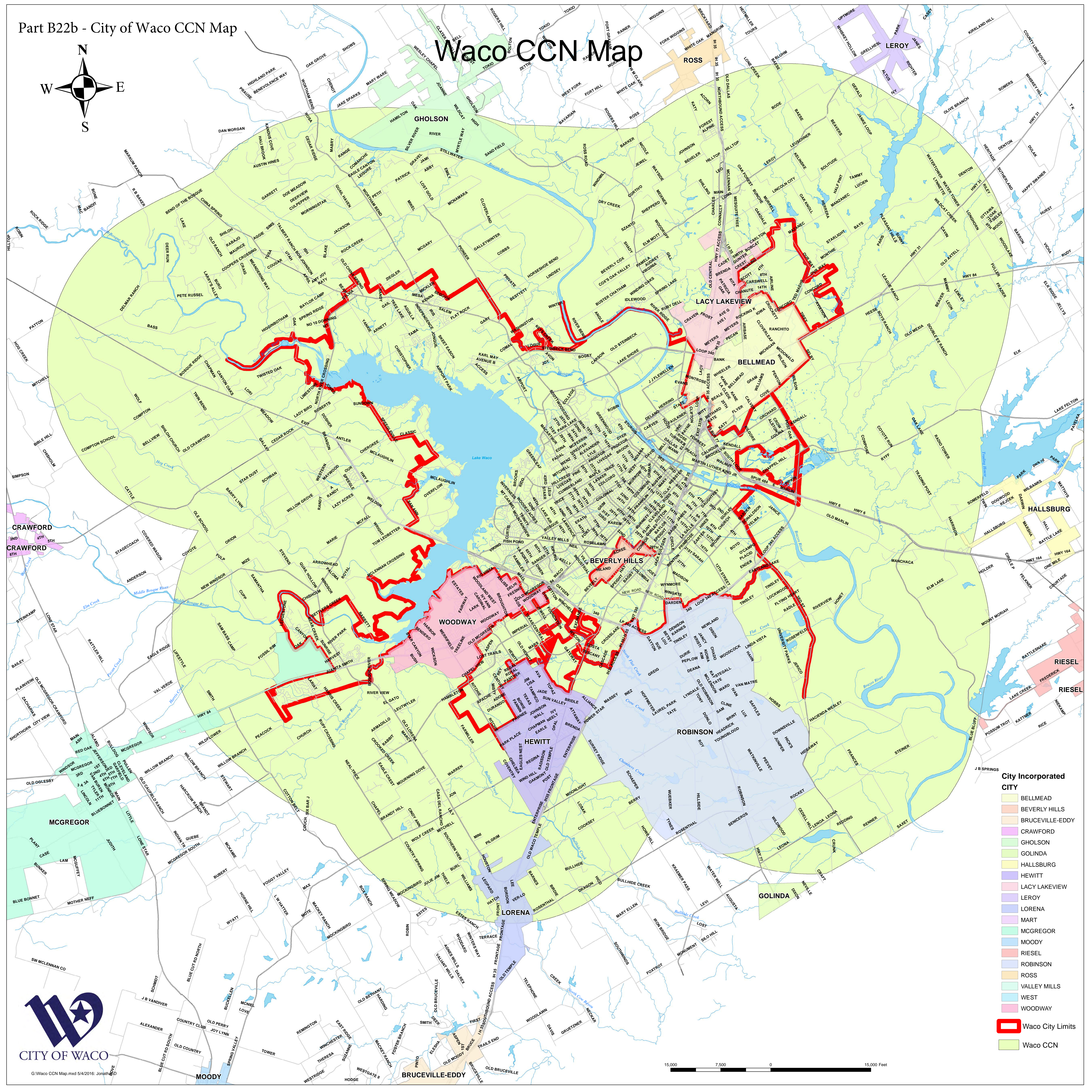
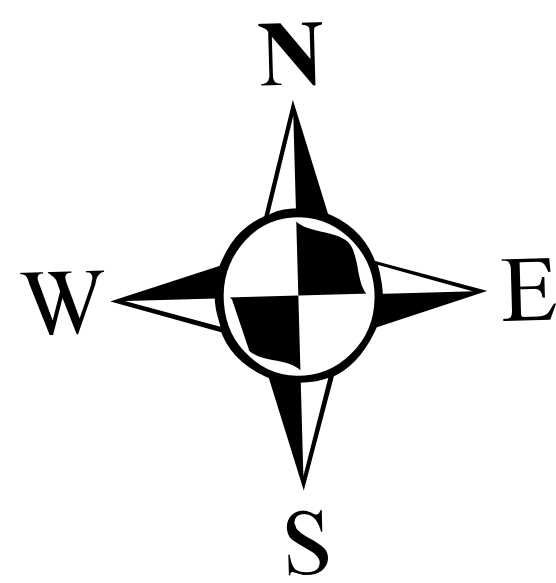
to provide continuous and adequate water utility service to that service area or those service areas in McLennan County as by final Order or Orders duly entered by this Commission, which Order or Orders resulting from Application No. 36953-S are on file at the Commission offices in Austin, Texas; and are matters of official record available for public inspection; and be it known further that these presents do evidence the authority and the duty of the City of Waco to provide such utility service in accordance with the laws of this State and Rules of this Commission, subject only to any power and responsibility of this Commission to revoke or amend this Certificate in whole or in part upon a subsequent showing that the public convenience and necessity would be better served thereby.

Issued at Austin, Texas, this **October 10, 2011**


For the Commission

Part B22b – City of Waco CCN 10039 Map

Waco CCN Map



- City Incorporated**
- BELLMEAD
 - BEVERLY HILLS
 - BRUCEVILLE-EDDY
 - CRAWFORD
 - GHOLSON
 - GOLINDA
 - HALLSBURG
 - HEWITT
 - LACY LAKEVIEW
 - LORENA
 - LORENA
 - MART
 - MCGREGOR
 - MOODY
 - RIESEL
 - ROBINSON
 - ROSS
 - VALLEY MILLS
 - WEST
 - WOODWAY
- Waco City Limits**
- Waco CCN**



15,000 7,500 0 15,000 Feet

Part B25 – City of Waco Water Contingency Plan

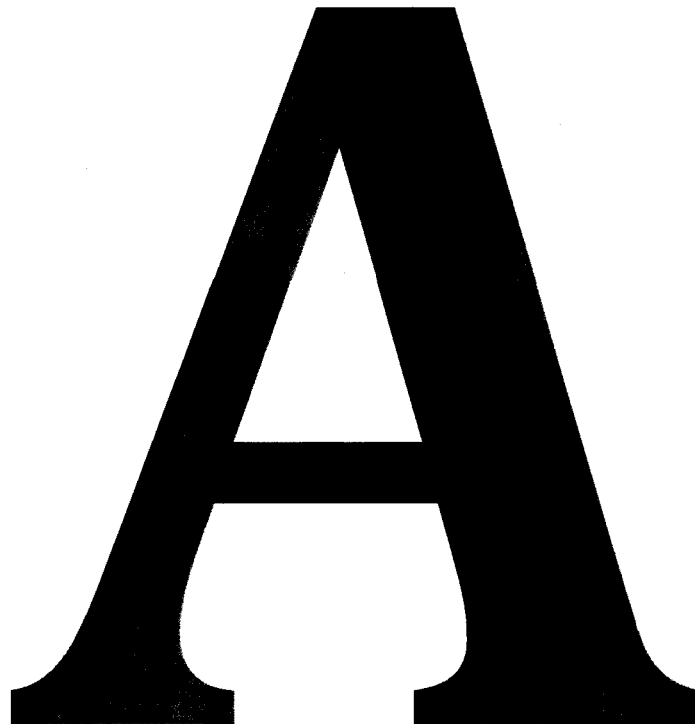
City of Waco

2014 Water Conservation & Drought Contingency Plan



A – 2014 Water Conservation Plan

B – 2014 Drought Contingency Plan



City of Waco Water Conservation Plan

2014

The City of Waco Water Conservation Plan is intended to enable the city to meet or exceed its own water conservation goals, including: quantified 5 and 10 year GPCD targets and in general, reduce consumption, loss, waste and peak demand while improving water use efficiency and extending the life of the water supply and system.

**Water Conservation
Plan: Updated for 2014**

CITY OF WACO WATER CONSERVATION PLAN

1. INTRODUCTION AND OBJECTIVES..... 1

2. UTILITY PROFILE 1

3. SPECIFIC, QUANTIFIED 5 & 10-YEAR TARGETS 7

4. IMPLEMENTATION 7

5. METHOD FOR TRACKING IMPLEMENTATION AND EFFECTIVENESS 8

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7. UNIVERSAL METERING..... 9

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11. NON-PROMOTIONAL WATER RATE STRUCTURE 11

12. RESERVOIR SYSTEMS OPERATIONS PLAN 11

13. WHOLESALE WATER CONTRACT PROVISIONS 11

14. AGRICULTURAL WATER USE 12

15. IMPLEMENTATION AND ENFORCEMENT 12

16. COORDINATION WITH REGIONAL WATER PLANNING GROUP 12

17. CCN MAP 12

Appendix A – City of Waco Ordinance No. 2014 – 434

Appendix B – Copy of Transmittal Letter to Brazos G Regional Planning Group

1. INTRODUCTION AND OBJECTIVES

Water supply has always been a key issue in the development of Texas. In recent years, the increasing population and economic development in Region G have led to growing demands for water. Additional supplies to meet higher demands will be expensive and difficult to develop. Therefore, it is important that we make efficient use of existing supplies and make them last as long as possible. This will delay the need for new supplies, minimize the environmental impacts associated with developing new supplies, and delay the high cost of additional water supply development.

Recognizing the need for efficient use of existing water supplies, the Texas Commission on Environmental Quality (TCEQ) has developed guidelines and requirements governing the development of water conservation and drought contingency plans for public water suppliers.

The City of Waco has adopted this water conservation and drought contingency plan pursuant to TAC Title 30, Part 1, Chapter 288. The objectives of the water conservation plan are:

- To reduce water consumption
- To reduce the loss and waste of water
- To reduce summertime peak demand
- To improve efficiency in the use of water
- To extend the life of current water supplies
- To use raw water for agricultural/irrigation use in order to conserve treated water

2. UTILITY PROFILE

Current Service Area:99 square miles
Current Population of Service Area: 129,570
Served by Water and Wastewater: 129,570

(a) Historical Population

Year	Historical Population Served By Retail Water Service	Historical Population Served By Wholesale Water Service	Historical Population Served By Wastewater Service
2009	124,805	51,275	124,805
2010	126,053	51,931	126,053
2011	127,083	52,559	127,083
2012	128,288	52,847	128,288
2013	129,570	53,375	129,570

Part B25 - City of Waco Water Contingency Plan

(b) Projected Populations

Year	Projected Population Served By Retail Water Service	Projected Population Served By Wholesale Water Service	Projected Population Served By Wastewater Service
2020	137,000	57,111	137,000
2030	150,700	62,822	150,700
2040	165,770	69,104	165,770
2050	182,347	76,015	182,347
2060	200,581	83,616	200,581

Population and projected populations calculated using U.S. Census data and assuming 1% growth annually, which has been approximate growth for the previous 30 years.

(c) Historical System Input

Year	Self-supplied Water in Gallons	Purchase /Imported Water in Gallons	Exported Water in Gallons	Total System Input	Total GPCD
2009	10,192,107,000		334,886,090	9,857,220,910	216
2010	9,961,767,000		986,799,700	8,974,967,300	195
2011	11,818,714,000		1,200,316,600	10,618,397,400	229
2012	10,281,819,000		837,285,100	9,444,533,900	202
2013	10,427,277,000		1,239,694,000	9,187,583,000	194
Historic 5-year Average	10,536,336,800	0	919,796,298	9,616,540,502	207

Historical water use data reflects treated water, determined from master meter at the point where treated water leaves the treatment plant and enters the distribution system.

(d) Water Supply System Data

Designed Daily Capacity of System:	90 MGD
Elevated Storage:	20.5 million gallons
Ground Storage:	10.6 million gallons

(e) Water Supply Sources

Water Supply Source	Source Type*	Total Gallons
Lake Waco	Surface	25,700,000,000
Trinity Aquifer	Ground	289,168,943
Brazos River	Surface	1,800,000,000

(f) Projected Demands

Year	Population	Water Demands (gallons)
2015	184,774	11,501,957,630
2016	186,662	11,547,965,460
2017	188,488	11,594,157,322
2018	190,373	11,640,533,951
2019	192,276	11,687,096,087
2020	194,199	11,733,844,471
2021	196,141	11,780,779,849
2022	198,102	11,827,902,968
2023	200,083	11,875,214,580
2024	202,083	11,922,715,438

Projected populations calculated using U.S. Census data and assuming 1% growth annually, which has been approximate growth for the previous 30 years. Projected water demands calculated using 0.4% increase annually which is slightly higher than historical trends to account for anticipated economic growth in the downtown/river area.

(g) High Volume Retail Customers

Retail Customer	Water Use Category*	Annual Water Use	Treated or Raw
Cargill Meat Solutions	Industrial	299,667,900	Treated
Coca Cola North America	Industrial	262,156,000	Treated
Pilgrim's Pride Corporation	Industrial	227,198,000	Treated
Mars Chocolate North America	Industrial	134,816,000	Treated
Allergan, Inc.	Industrial	53,730,100	Treated

(h) Wholesale Customers

Wholesale Customer	Contracted Amount (Acre-Feet)	Previous Year Amount of Water Delivered (Acre-Feet)
Hewitt	-	938.56
Lacy Lakeview	1,120.14	804.29
Robinson	561.00	227.03
West	1,120.08	226.99
Woodway	1,120.15	1,527.75
Central Bosque	96.68	80.11
Bold Springs	560.07	0

(i) Wholesale Customer Service Area Specific, Quantified 5 & 10 Year Targets for Water Savings

	5-Year Goal	10-Year Goal
Total GPCD	221	196
Water Loss Percentage	7%	8%

The basis for determining specific quantified 5 and 10 years targets for the wholesaler's area of service are the 5 and 10 year targets for reduction of total GPCD and water loss of the wholesale provider.

Part B25 - City of Waco Water Contingency Plan

(j) Retail Connections

Water Use Category*	Active Retail Connections			
	Metered	Unmetered	Total Connections	Percent of Total Connections
Residential – Single Family	37,690		37,690	85%
Residential – Multi-family (units)	445		445	1%
Industrial	12		12	0%
Commercial	6,247		6,247	14%
Institutional			0	0%
Agricultural			0	0%
TOTAL	44,394	0	44,394	

(k) New Retail Connections Historically

Water Use Category*	Net Number of New Retail Connections				
	2009	2010	2011	2012	2013
Residential – Single Family	198	510	128	792	514
Residential – Multi-family (units)	12	46	52	64	17
Industrial					
Commercial		3	8	28	14
Institutional					
Agricultural					
TOTAL	210	559	188	884	545

(l) Historic Water Use

Water Use Category*	Total Gallons of Retail Water				
	2009	2010	2011	2012	2013
Residential - Single Family	3,334,518,400	3,189,542,100	4,104,716,100	3,475,855,600	3,427,263,700
Residential – Multi-family	9,505,500	7,086,800	8,120,500	7,013,300	8,547,200
Industrial	1,045,163,400	1,187,532,500	1,090,510,300	1,088,658,700	1,053,261,600
Commercial	4,373,269,600	4,082,425,000	5,239,358,200	4,961,279,700	4,734,723,600
Institutional					
Agricultural					
TOTAL	8,762,456,900	8,466,586,400	10,442,705,100	9,532,807,300	9,223,796,100

(m) Residential GPCD

Water Use Category*	Residential GPCD				
	2009	2010	2011	2012	2013
Residential - Single Family	73	70	90	75	73
Residential – Multi-family					

(n) Seasonal Water Use

Month	Total Gallons of Treated Retail Water				
	2009	2010	2011	2012	2013
January	649,154,000	598,738,500	572,375,800	602,688,400	605,215,500
February	599,716,000	476,880,600	558,698,400	588,465,700	541,146,100
March	663,672,000	535,613,700	681,345,000	652,146,600	632,095,500
April	667,634,000	648,396,500	845,099,100	686,610,400	635,206,100
May	745,063,000	874,591,000	888,699,800	879,642,300	731,715,500
June	1,154,592,000	1,032,281,000	1,159,034,000	891,576,000	903,378,500
July	1,208,878,000	1,116,122,500	1,263,109,200	982,830,900	1,069,258,200
August	1,283,684,000	1,203,400,700	1,360,501,400	1,086,553,400	1,159,891,600
September	926,520,000	845,826,200	1,128,566,400	884,505,100	1,002,761,600
October	708,750,000	659,862,500	827,847,700	745,714,100	760,478,500
November	631,394,000	666,098,600	707,595,000	755,638,500	604,150,500
December	619,050,000	658,384,700	597,055,600	649,001,700	542,285,400
TOTAL	9,858,107,000	9,316,196,500	10,589,927,400	9,405,373,100	9,187,583,000

(o) Seasonal Raw Water Use

Month	Total Gallons of Raw Retail Water				
	2009	2010	2011	2012	2013
January	4,320,784	5,767,863	4,881,248	201,005,681	1,788,932
February	7,005,797	557,205	9,221,583	202,152,684	6,321,548
March	9,228,100	850,471	14,832,738	726,648	8,136,549
April	6,096,672	7,080,742	30,147,919	5,493,881	6,279,187
May	8,204,928	8,602,466	57,216,528	18,941,834	12,434,550
June	39,092,344	22,320,794	105,410,186	36,137,097	20,659,080
July	40,786,770	32,633,978	134,971,571	33,015,425	34,937,958
August	42,275,909	39,691,910	156,764,619	50,233,498	28,003,806
September	27,795,090	21,092,335	175,276,328	32,230,120	31,402,453
October	1,876,902	33,109,720	190,063,537	18,765,874	11,874,083
November	5,402,610	8,527,521	200,353,975	10,505,500	4,715,092
December	641,926	7,168,722	200,604,882	9,205,347	1,234,982
TOTAL	192,727,832	187,403,727	1,279,745,114	618,413,589	167,788,220

(p) Seasonal vs. Annual Water Use

Water Use	Seasonal and Annual Water Use					Average in Gallons
	2009	2010	2011	2012	2013	
Summer Retail (Treated + Raw)	3,769,309,023	3,446,450,814	4,179,790,976	3,080,346,320	3,216,129,144	3,538,405,269
						Syr Average
TOTAL Retail (Treated + Raw)	10,050,834,833	9,503,600,214	11,869,672,511	10,023,786,668	9,355,371,220	10,160,653,096
						Syr Average

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(q) Water Loss

Year	Total Water Loss in Gallons	Water Loss in GPCD	Water Loss as a Percentage
2009	1,068,721,435	23	11%
2010	628,088,664	14	7%
2011	1,244,583,015	27	12%
2012	448,715,131	10	5%
2013	535,479,189	11	6%
5-year average	785,117,487	17	8%

(r) Peak Water Use

Year	Average Daily Use (gal)	Peak Day Use (gal)	Ratio (peak/avg)
2009	28,671,000	49,492,000	1.73
2010	26,274,000	48,335,000	1.84
2011	32,351,000	53,302,000	1.65
2012	28,107,000	46,063,000	1.64
2013	28,920,000	49,068,000	1.70

(s) Wastewater System Data

Design Capacity of Wastewater Treatment Plants:	46.5 MGD
Percentage of Water Serviced by Wastewater System:	99%

Description of Wastewater Systems of Wholesale Customer Areas

With the exception of Bold Springs and Central Bosque, all wastewater systems of wholesale customer areas, while separate collections systems, all feed into the Waco Metropolitan Regional Sewerage System for transportation to and treatment at one of two wastewater treatment plants. Bold Springs and Central Bosque remain completely reliant on individual septic systems.

(t) Wastewater Connections

Water Use Category*	Active Wastewater Connections			
	Metered	Unmetered	Total Connections	Percent of Total Connections
Municipal		34,040	34,040	90%
Industrial		60	60	0%
Commercial		3,654	3,654	10%
Institutional			0	0%
Agricultural			0	0%
TOTAL	0	37,754	37,754	

(u) Historic Gallons of Wastewater Treated

Month	Total Gallons of Treated Wastewater				
	2009	2010	2011	2012	2013
January	646,130,000	908,320,000	757,860,000	878,040,000	804,840,000
February	612,790,000	1,126,090,000	677,650,000	1,105,100,000	668,150,000
March	780,280,000	1,146,440,000	700,030,000	1,234,050,000	731,670,000
April	691,692,600	879,575,000	603,400,000	791,730,000	667,490,000
May	725,080,000	760,910,000	563,570,000	743,590,000	719,950,000
June	598,140,000	774,510,000	556,730,000	711,860,000	651,060,000
July	651,990,000	720,370,000	596,400,000	717,770,000	693,310,000
August	635,460,000	697,160,000	697,530,000	729,820,000	637,530,000
September	830,760,000	774,850,000	690,670,000	705,840,000	665,220,000
October	1,126,090,000	671,840,000	693,960,000	748,160,000	808,990,000
November	863,870,000	669,070,000	643,240,000	662,830,000	825,250,000
December	804,150,000	673,660,000	884,860,000	680,740,000	740,790,000
TOTAL	8,966,412,600	9,802,795,000	8,065,900,000	9,709,530,000	8,614,250,000

(v) Reuse Information

Type of Reuse	Total Annual Volume (in gallons)
Industrial	88,790,000

3. SPECIFIC, QUANTIFIED 5 & 10-YEAR TARGETS

The projected reductions are shown at 5 and 10 year increments as required by HB 2660. These targets and goals will be updated every five years, or whenever the Water Conservation Plan is revised.

	Historic 5-yr Average	Baseline	5-yr Goal for 2019	10-yr Goal for 2024
Total GPCD	225	226	221	196
Residential GPCD	76	74	69	64
Water Loss (GPCD)	19	16	16	15
Water Loss Percentage	8%	7%	7%	8%

4. IMPLEMENTATION

- Metering and measuring the amount of raw water diverted from Lake Waco will continue as an essential part of city’s treatment process control and reporting requirements.
- The meter replacement program will be maintained, replacing all meters within 8 years or 1.5 million gallons. Accuracy of meters and fail rates will be continually monitored and appropriate adjustments made to the replacement program.
- Annual water audits to determine water loss will continue to be conducted. The

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city will continue maintaining accurate records of leaks, repairs, flushing, construction and firefighting exercises. The city will continue monitoring daily diversion amounts with daily water treatment production to determine water loss prior to distribution. Production amounts will also be compared to metered consumption to determine distribution loss.

- Leaking water lines will continue to be repaired or replaced as quickly as is possible. On-call, after-hours crews will continue responding to leaks at all hours. In situations where repair is not immediately possible, water loss will be mitigated by reduction of pressure.
- The city will continue efforts to inform and educate the public on water conservation issues. In addition to year-round efforts, each year, as the high-use season of summer approaches, these efforts will be increased and expanded. Just prior to and during the summer months, press releases will be issued regarding the city's conservation and drought contingency plans, multiple notices will be inserted in all customer bills, items promoting conservation will also be offered as "give-away" items at the customer service center and any public events or speaking engagements.
- The current non-promotional, inclining block rate will continue to be the rate structure for the City of Waco. The rate structure will be evaluated on an ongoing basis and adjustments will be made as appropriate.

5. METHOD FOR TRACKING IMPLEMENTATION AND EFFECTIVENESS

Overall progress toward conservation goals of reducing consumption, loss, waste and peak demand and improving efficiency of usage will be evaluated annually when the water conservation annual report is completed. The following methods will be used to evaluate individual portions of the plan:

- Records regarding meter replacement will be maintained and examined annually. Failure rates, along with "re-read" work orders (orders to re-read a meter are automatically generated whenever there is a high or low discrepancy outside normal variance), leaks and meter model/make will be compared in order to evaluate the replacement cycle.
- Water loss accounting will be evaluated by periodically examining multi-year loss trends, with the specific goal of identifying any discrepancies or variances and determining the cause.
- Leak detection and repair will be evaluated annually by examining comprehensive records showing number of leaks, locations, time before repair, estimated loss of

water through leak, estimated loss of water through flushing. This information will be compared to water loss information for the same time period.

- Public information and education efforts will be evaluated by documenting actions, such as: number of press releases issued, number of stories written or produced, number of interviews given, number of bill inserts sent, number of presentations given and number and location of advertisements placed. This information will then be evaluated with consumption during the same time period and compared against data from previous years.
- The city's water rate structure will continue to be evaluated by examining consumption trends. Records will be kept on consumption for each rate class. This information will be compared, along with cost of service considerations, with historic trends and adjustments will be made to the rate structure as appropriate.

6. METHOD FOR MEASURING WATER DIVERTED FROM SOURCE

Raw water diversions from Lake Waco are metered, calculated, and tracked at least daily as part of the treatment process control and reporting agreement with the U.S. Army Corps of Engineers. A spreadsheet of water use (treated water) is updated on a daily basis.

7. UNIVERSAL METERING

The City maintains meters to ensure that accurate readings (meters registering at an accuracy of no less than ninety-five percent (95%) or no higher than one hundred five percent (105%) expressed as a percentage of the full scale of the meter and performing to American Water Works Association water metering standards) are being recorded. This ensures fair and equitable billing and reduces unaccounted for water. The most common size meter in the City is 5/8", which are replaced at 1.5 million gallons of usage.

The City of Waco requires meters for all connections and bills by volume of use. The City collects and tabulates metered water usage data on Commercial, Industrial, Residential (Single-Family, Multi-Family, and Duplex), Municipal and Wholesale accounts. Further, the City collects data on dedicated irrigation meters for all the above-mentioned classes.

8. MEASURING AND CONTROLLING WATER LOSS

The City of Waco performs periodic visual inspections along distribution lines as well as maintaining accurate water leak and repair records. The City also measures and collects

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data on firefighting, construction, and main flushing. Annual internal audits of water usage are conducted to determine water loss.

9. LEAK DETECTION AND REPAIR

Measures to control unaccounted water are part of the routine operations of the City of Waco. Meter readers and operations crews watch for and report signs of illegal connections so they can be addressed quickly. Crews and personnel look for and report evidence of leaks in the water distribution system. Repair crews respond quickly to repair leaks reported by the public and city personnel. The city has 70 full-time distribution line employees and two on-call crews after hours responding to all leaks as quickly as possible. Areas of the water distribution system in which numerous leaks and line breaks occur are targeted for replacement as funds are available.

10. CONTINUING PUBLIC EDUCATION AND INFORMATION

The City of Waco's water utility will produce written materials in the form of

- Brochures
- Newsletter articles
- Media releases
- Public service announcements.

These are distributed to the customers, the local media, and to nonprofit local organizations such as neighborhood associations and civic improvement organizations so they may educate their members as well.

The water utility ensures that multimedia materials are also available through the utility's web site, <http://www.wacowater.com/> The information is also broadcast over the city public access channel, and in cooperation with local media outlets for the release of information for both television and radio audiences.

Specific efforts include:

- Interactive screens on the city's web site
- Interviews with city experts in irrigation and plant water demand on the local access channel
- Interviews with city water utility management on the local access channel and with local television stations
- Press conferences to promote key educational programs
- Press events, such as giveaways or educational events focused on reducing water use
- Booths at public events sponsored by neighborhood associations, civic organizations, not-for-profit education groups, and other city departments.

The water utility creates and distributes promotional items encouraging water

conservation on a regular basis.

11. NON-PROMOTIONAL WATER RATE STRUCTURE

Waco's conservation water rate is an increasing block rate, which increases as the quantity used increases. Prices per thousand gallons increase at specific "tiers" in consumption. Each tier of the rate structure is designed to send a price signal to consumers as their discretionary consumption of water increases.

Residential Water Rates (Inside City)			Residential Water Rates (Outside City)		
<i>Rate is based on your meter size + usage tier</i>			<i>Rate is based on your meter size + usage tier</i>		
5/8 inch meter	\$15.00		5/8 inch meter	\$17.40	
1 inch meter	\$24.24		1 inch meter	\$28.03	
1.5 inch meter	\$34.90		1.5 inch meter	\$40.28	
2 inch meter	\$48.10		2 inch meter	\$55.47	
3 inch meter	\$75.94		3 inch meter	\$87.48	
0 - 15,000 Gallons	\$2.54	<i>per 1,000</i>	0 - 15,000 Gallons	\$2.92	<i>per 1,000</i>
15,001 - 25,000 Gallons	\$2.98	<i>per 1,000</i>	15,001 - 25,000 Gallons	\$3.43	<i>per 1,000</i>
Over 25,000 Gallons	\$3.82	<i>per 1,000</i>	Over 25,000 Gallons	\$4.40	<i>per 1,000</i>

12. RESERVOIR SYSTEMS OPERATIONS PLAN

A reservoir systems operations plan is not applicable to the City of Waco. The operation of the reservoir systems is conducted by the Army Corps of Engineers.

13. WHOLESALE WATER CONTRACT PROVISIONS

For every water supply contract or wholesale water supply contract entered into, renewed or extended after official adoption of the water conservation plan, each successive wholesale customer is contractually obligated to develop and implement a water conservation plan or water conservation measures in accordance with 30 TAC Chapter 288. If the customer intends to resell the water, then the customer is contractually obligated to ensure that the contract for the resale of the water has water conservation requirements so that each successive customer in the resale of the water will be required to implement water conservation measures in accordance with applicable provisions of 30 TAC Chapter 288. Customers with older contracts not requiring water conservation provisions are asked to voluntarily implement a water conservation plan or water conservation measures similar to those implemented by the City of Waco.

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14. AGRICULTURAL WATER USE

Agricultural use is for golf course and sports field irrigation, not for irrigation in the production of crops, so no production process is applicable to the City of Waco's Plan. Therefore the City does not intend to use state-of-the-art equipment or process modifications to improve water use efficiency. The amount of usage will remain constant. The City does not anticipate any water savings because the intent is to use all acre feet (per year) allowed for irrigation; therefore the City does not have specific, quantified five-year and ten-year targets for water savings. City staff monitors the water distribution system—including a meter system and pump stations—on a daily basis in order to detect, repair, and account for water loss. The City currently uses meters that are within an accuracy of plus or minus 5.0% to measure and account for the amount of water diverted from the source of the supply; City wholesale contracts require meter performance to comply with the American Water Works Association water metering standards. 30 TAC §§ 288.4(a)(2) and (a)(3) are not applicable to the City of Waco.

15. IMPLEMENTATION AND ENFORCEMENT

This plan is part of an ordinance approved by the City of Waco City Council. A copy of the ordinance is provided in Appendix A.

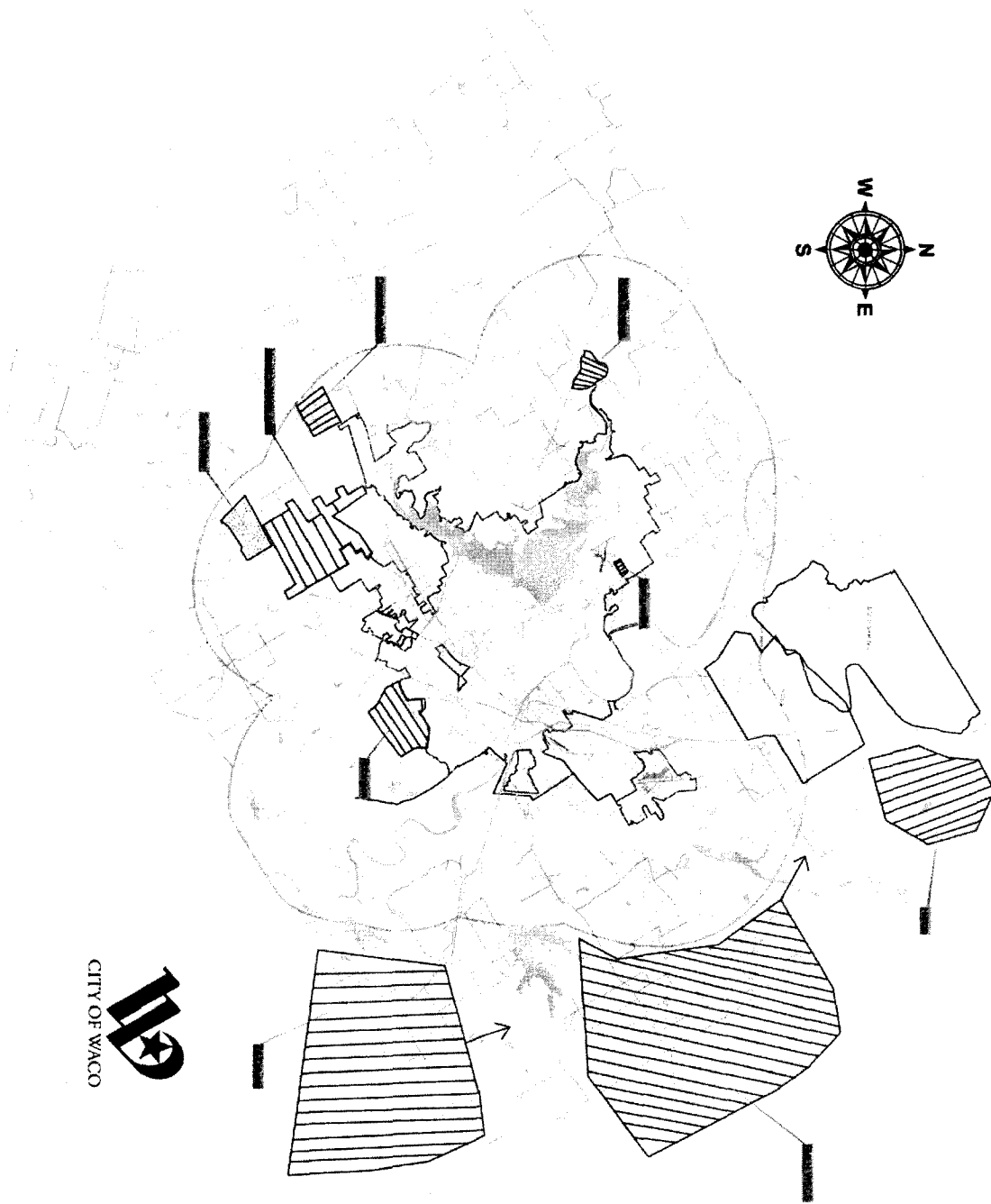
16. COORDINATION WITH REGIONAL WATER PLANNING GROUP

The service area of the City of Waco is located within the Brazos G Regional Planning area and the City of Waco has provided a copy of this Water Conservation and Drought Contingency Plan to the Region Planning Group (RPG). A copy of the transmittal letter to the planning group is provided in Appendix B.

This Plan is consistent with Waco's role as a leader in water supply planning in the RPG, and meets the standards for water conservation planning in TAC Chapter 288.

17. CCN MAP

(following page)



APPENDIX A

City of Waco Ordinance No. 2014 – 434

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ORDINANCE NO. 2014-434

AN ORDINANCE OF THE CITY OF WACO, TEXAS ADOPTING AND AMENDING THE CITY'S 2014 WATER CONSERVATION AND DROUGHT CONTINGENCY PLAN AT CHAPTER 26, UTILITIES, ARTICLE IV, DIVISION 2, OF SAID CODE, MODIFYING CONSERVATION TRIGGERING CONDITIONS, DECREASING THE NUMBER OF DROUGHT RESPONSE STAGES TO FOUR, ESTABLISHING GOALS FOR EACH OF THE FOUR STAGES; PROVIDING A SAVINGS CLAUSE; REPEALING CONFLICTING ORDINANCES; PROVIDING FOR A PENALTY; PROVIDING FOR INCLUSION IN THE CODE; AND FINDING AND DETERMINING THAT THE MEETING AT WHICH THIS ORDINANCE IS PASSED IS OPEN TO THE PUBLIC AS REQUIRED BY LAW.

BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF WACO, TEXAS:

Section 1. That Article IV, Division 2 in Chapter 26, Utilities, of the Code of Ordinances of the City of Waco, Texas, shall be amended to read as follows: (additions; ~~deletions~~)

Sec. 26-93 Plan adoption and application.

(a) By this division, the city approves and adopts the 2014 Water Conservation and Drought Contingency Plan for the City of Waco, Texas. A copy of the Plan adopted by this section is attached to Ord. No. 2014-___ as Exhibit "A" and shall be on file with the director of utilities and city secretary and available for inspection.

Sec. 26-96 Violations and penalty.

If a person is observed violating a stage 2 or greater, restriction including but not limited to vehicle washing, landscape watering, or construction water use, for a second time, the city shall, upon due notice to the customer, be authorized to discontinue water service to the premises where such violations occur.

Sec. 26-98. Drought or emergency contingency stages.

(a) *Generally.*

(1) Upon the occurrence of a water ~~shortage~~ ~~storage~~ emergency, the city manager may exercise his or her discretion to (1) request special voluntary water restrictions, (2) initiate stages 1—4 mandatory restrictions and/or (3) prohibit wastage and restrict certain uses of water deemed nonessential during the emergency. Initiation of a specific State is dependent on climatic and water system conditions, and does NOT necessarily require a progression from Stage 1 through Stage 3 to reach Stage 4.

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- (2) In the “Response” section of each of the four Stages, specific water supply or water demand management measures to be implemented are discussed.
 - (3) Pro rata curtailment of water delivery to or diversions by wholesale water customers may be implemented during any Stage of the Plan in accordance with Texas Water Code § 11.039.
 - (4) Currently the City of Waco has no alternative source of water from which to draw or make use of as a water supply management measure during a water shortage. At any Stage of the Plan, the City of Waco may utilize any future available alternative water source with the prior approval of the executive director as appropriate.
- (b) *Stage 1 triggers—Mild water shortage.*
- (1) *Criteria for implementation of stage 1.*
 - a. A decrease in the Lake Waco reservoir level to **455** msl (at which the reservoir is at about **72** percent of its capacity). Upon recommendation of the city manager, stage **1** procedures shall become effective.
 - b. Weather forecasts and stream flow conditions, in the opinion of the city manager, warrant restrictions on the use of water.
 - (2) *Criteria for termination.* Stage **1** shall be terminated at the discretion of the city manager.
 - (3) *Stage 1 responses: Mandatory restrictions.* Upon implementation by the city, the following restrictions shall apply unless specifically exempted:
 - a. The city shall limit use of water for municipal purposes to those activities necessary to maintain the public health, safety and welfare and any computer-controlled irrigation systems that incorporate evapotranspiration data in setting irrigation run times.
 - b. The city shall monitor "excessive watering" and issue notifications to customers. "Excessive watering" occurs where run-off extends for a distance greater than ten feet from the customer's property or where there is washing or hosing down of buildings, sidewalks, driveways, patios, porches, parking surfaces or other paved surfaces. Criminal penalties do not apply during stage **1** restrictions.
 - (4) *Stage 1 Goal.* Reduction of previous three-year average daily use by 1 percent.
- (c) *Stage 2 triggers – Moderate water shortage.*
- (1) *Criteria for implementation of stage 2.*
 - a. A decrease in the Lake Waco reservoir level to **452** msl (at which the reservoir is at about **60** percent of its capacity) or inability to recover approximately 90 percent in all storage facilities within a **24** hour period. Upon recommendation of the city manager, stage **2** procedures shall become effective.
 - b. Weather forecasts and stream flow conditions, in the opinion of the city manager, warrant restrictions on the use of water.
 - (2) *Criteria for termination -* Stage **2** shall be terminated at the discretion of the City Manager.
 - (3) *Stage 2 responses: Mandatory restrictions.* Upon implementation by the city, the following restrictions shall apply unless specifically exempted:

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a. All landscape and other outdoor water usage and each service address shall be limited to two days a week based on the last digit of the meter service address or the type of connection, however, landscape and outdoor usage is prohibited from 6:00 a.m. to 7:00 p.m.

Last Digit Address Residential	Allowed Landscape Water Days
Odd	Tuesday and Saturday
Even	Wednesday and Sunday
All non-residential accounts	Monday and Friday
Thursday	No watering, storage recovery day

Apartments, office building complexes, or other property containing multiple addresses will be identified by the lowest physical address number. Where there are no numbers, a number will be assigned by the Building Official. **Criminal penalties do apply during stage 2 restrictions.**

b. Watering of newly installed landscaping is exempt from Stage 2 restrictions for no more than one month from the date of planting. After the first month, the landscape water day's schedule and hourly restrictions must be followed.

(4) *Stage 2 Goal.* Reduction of previous three-year average daily use by 5 percent.

(d) *Stage 3 triggers—Severe water shortage.*

(1) *Criteria for implementation of stage 3.*

a. A decrease in the Lake Waco reservoir level to **449** msl (at which the reservoir is at about **50** percent of its capacity) or inability to recover approximately 90 percent of water stored in all storage facilities within a 30-hour period. Upon recommendation of the city manager, stage **3** procedures shall become effective.

b. Weather forecasts and stream flow conditions, in the opinion of the city manager, warrant restrictions on the use of water.

c. The total amount of water available to the city from its developed water sources—as determined by the water utilities director—is less than a 24-month supply.

(2) *Criteria for termination.* Stage **3** shall be terminated at the discretion of the city manager.

(3) *Stage 3 responses—Mandatory restrictions.* Upon implementation by the city, the following restrictions shall apply unless specifically exempted:

a. All landscape and outdoor water usage at each service address shall continue the allowed landscape water days schedule identified **below**; however, landscape and outdoor water usage is prohibited from 6:00 a.m. to 7:00 p.m.

Last Digit Address	Allowed Landscape Water Day
0, 1	Monday

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2, 3	Tuesday
4, 5	Wednesday
6, 7	Thursday
8, 9	Friday
Saturday and Sunday	No watering, storage recovery days

Apartments, office building complexes, or other property containing multiple addresses will be identified by the lowest physical address number. Where there are no numbers, a number will be assigned by the Building Official.

- b. Existing swimming pools, hot tubs, spas, ornamental ponds and fountains may be replenished with a hand-held hose to maintain operational purposes only.
- c. Permitting of new swimming pools, hot tubs, spas, ornamental ponds, or fountain construction is **prohibited**, except that those previously permitted or under construction at the time Stage 3 restrictions are initiated may complete construction and may be filled one time only. Filling occurs when an amount of water equal to at least 75 percent of the water capacity is placed in the structure or facility.
- d. Excessive water run-off from any landscaped area onto streets, alleys, or parking lots is prohibited. Run-off is excessive when it extends for a distance greater than ten feet from the customer's property.
- e. Washing or hosing down of buildings, sidewalks, driveways, patios, porches, parking areas, or other paved surfaces is prohibited.

(4) *Exceptions:*

- a. Commercial landscape nurseries are exempt from stage 3 restrictions (except for restrictions on hours when watering may occur), but all such nurseries shall cease using water to clean pavement and sidewalk areas except for health and safety reasons.
- b. Commercial full-service or self-service car wash facilities, including those at service stations and automobile dealership facilities, shall cease using water to clean pavement and sidewalk areas except for health and safety reasons and are exempt from stage 3 restrictions if they meet one or more of the following conditions:
 - 1. Commercial car wash facilities using conveyerized, touchless, and/or rollover in-bay technology if they reuse a minimum of 50 percent of water from previous vehicle rinses in subsequent washes.
 - 2. Commercial car wash facilities using reverse osmosis to produce water rinse with a lower mineral content if they incorporate the unused concentrate in subsequent vehicle washes.
 - 3. Self-service spray wands used that emit no more than three gallons of water per minute.

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c. Golf course landscape watering is exempt from stage 3 restrictions so long as golf course irrigation systems are operated with a computer controlled irrigation system that incorporates evapotranspiration data in setting irrigation run times.

(5) *Stage 3 Goal.* Reduction of previous three-year average daily use by 7 percent.

(e) *Stage 4 triggers—Emergency water shortage.*

(1) Criteria for implementation of stage 4.

a. A decrease in the Lake Waco reservoir level to 445 msl (at which the reservoir is at about 40 percent of its capacity) or determination by the city manager that the existence of catastrophically decreasing Lake reservoir levels and/or delivery capabilities with an inability to recover to provide services necessary for public health, safety and welfare.

b. Weather forecasts and stream flow conditions, in the opinion of the city manager, warrant restrictions on the use of water.

c. The total amount of water available to the city from its developed water sources—as determined by the water utilities director—is less than a 12-month supply.

(2) *Criteria for termination.* Stage 4 shall be terminated at the discretion of the city manager.

(3) *Stage 4 responses: Mandatory restrictions.* Upon implementation by the city, the following restrictions shall apply unless specifically exempted:

a. Any and all outdoor/landscaping water usage is prohibited until the emergency is alleviated. This applies to all metered water users using the city's public water supply and includes all residential (single or multi-family), commercial (car wash, nurseries, business), recreational (public/private golf courses, parks, athletic fields), religious, health care, school and municipal entities.

b. Use of water for municipal purposes shall be limited to only those activities necessary to maintain the public health, safety and welfare, as determined by the city.

c. Use of water from fire hydrants is prohibited except for fire fighting and related activities.

(4) *Stage 4 Goal.* Reduction of previous three-year average daily use by 10 percent.

Section 2. If any provision, section, subsection, sentence, clause, or phrase of this Ordinance, or the application of same to any person or set of circumstances is for any reason held to be unconstitutional, void or invalid, the validity of the remaining portions of this ordinance or their application to other persons or sets of circumstances shall not be affected thereby, it being the intent of the City Council in adopting this ordinance that no portion hereof or provision or regulation contained herein shall be come inoperative or fail by reason of any unconstitutionally, voidness or invalidity of any other portion hereof, and all provisions of this Ordinance are declared to be severable for that purpose.

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Section 3. That all ordinances or parts of ordinances in conflict with the provisions of this ordinance are hereby repealed, and all other provisions of the ordinances of the City of Waco not in conflict with the provisions of this ordinance shall remain in full force and effect.

Section 4. That a violation of this ordinance shall be a Class C misdemeanor and the penalty for violating this ordinance shall be as provided for in Sec. 1-14 of the Code of Ordinances of the City of Waco, which shall be a fine of not less than one dollar (\$1.00) and no more than two thousand dollars (\$2,000.00), and each day a violation exists shall be a separate offense.

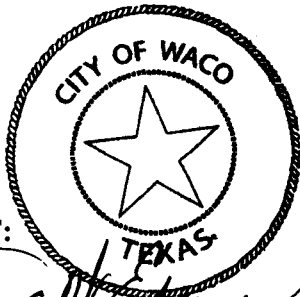
Section 5. That it is the intention of the City Council and is hereby ordained that the provisions of this Ordinance shall become and be part of the Code of Ordinances of the City of Waco, Texas, and that sections of this Ordinance and of the Code of Ordinances may be renumbered or relettered to accomplish such intention.

Section 6. That it is hereby officially found and determined that the meeting at which this Ordinance is passed is open to the public and that public notice of the time, place and purpose of said meeting was given as required by law.


PASSED AND APPROVED:

First Reading: the 15th day of July, 2014.

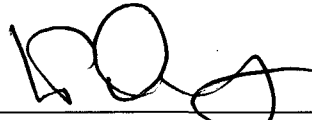
Second Reading: this 5th day of August, 2014.



ATTEST:

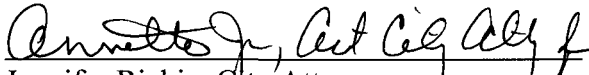


Patricia W. Ervin, City Secretary



Malcolm Duncan Jr., Mayor
City of Waco, Texas

APPROVED AS TO FORM & LEGALITY:



Jennifer Richie, City Attorney

APPENDIX B

Copy of Transmittal Letter to Brazos G Regional Planning Group

Part B25 - City of Waco Water Contingency Plan



CITY OF WACO

Water Utilities
Post Office Box 2570
Waco, Texas 76702-2570
254 / 299-2489
www.waco-texas.com

September 25, 2014

Wayne Wilson, Chair – Brazos G RWPG
C/O
Trey Buzbee
Brazos River Authority
P.O. Box 7555
Waco, TX 76714

Re: Further Amendments to City of Waco Water Conservation Plan

Dear Wayne:

The City of Waco recently made further amendments to its Water Conservation and Drought Contingency Plan. This Plan remains consistent with Waco's role as a leader in water supply planning in Region G and meets the standards for water conservation planning in TAC Chapter 28.

Enclosed you will find copies of the amended Water Conservation and Drought Contingency Plan. If any additional information is needed for the Planning Group, please feel free to contact me at 254-750-8079.

Sincerely,

A handwritten signature in black ink, appearing to read 'Joseph Bernosky', written in a cursive style.

Joseph Bernosky
Director

B

City of Waco

Drought Contingency Plan

2014

The City of Waco Drought Contingency Plan is intended to conserve the available water supply and protect the integrity of water supply facilities, with particular regard to domestic water use, to sanitation and fire protection, and to protect and preserve public health, welfare and safety to minimize the adverse impacts of water supply shortage or other water supply emergency conditions.

Drought Contingency
Plan: Updated for 2014

CITY OF WACO DROUGHT CONTINGENCY PLAN

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Part B25 - City of Waco Water Contingency Plan

Section I: Declaration of Policy, Purpose, and Intent

In order to conserve the available water supply and protect the integrity of water supply facilities, with particular regard to domestic water use, to sanitation and fire protection, and to protect and preserve public health, welfare, and safety to minimize the adverse impacts of water supply shortage or other water supply emergency conditions, the City of Waco hereby adopts the following regulations and restrictions on the delivery and consumption of water through Ordinance No. 2014 – 206. A copy is attached as appendix A.

Water uses regulated or prohibited under this Drought Contingency Plan (the Plan) are considered to be non-essential and continuation of such uses during times of water shortage or other emergency water supply condition are deemed to constitute a waste of water which subjects the offender(s) to penalties as defined in Section XI of this plan.

Section II: Public Involvement

Opportunity for the public to provide input into the preparation of the Plan was provided by the City of Waco by means of a public meeting and by publishing the Plan on the Water Utility Services website (www.wacowater.com). A public notice was provided regarding a public meeting, which was held to accept input on the Plan. Additionally, citizens were invited to send comments electronically after viewing the Plan online.

Section III: Public Education and Notification

The City of Waco will provide the public with information about the Plan, including information about the conditions under which each stage of the Plan is to be initiated or terminated and the drought response measures to be implemented in each stage. This information will be provided by means of press releases, bill inserts, presentations to community organizations, website updates and other outreach methods as appropriate. Upon implementation and/or termination of any stage of the plan, the public will be notified through local media and website updates.

Section IV: Wholesale Water Contract Provisions

All wholesale water contracts entered into, renewed or extended after adoption of this plan, shall include a provision that in case of a shortage of water resulting from drought, the water to be distributed shall be divided in accordance with Texas Water Code Section 11.039.

Section V: Irrigation Use

Water supply criteria and water allocation procedures, along with explanations of the rationale for the criteria, are included in the different Drought Stages in Section X, most specifically at “Triggers” and “Responses” of the Stages. To determine use accounting during water allocation, the City monitors a meter system. Procedures for the enforcement of water allocation are

included in Section XI: Enforcement.

The City contracts with individual users to allocate irrigation supplies. Penalties for exceeding contracted water amounts are included in the contract. Transfer of water allocations among individual users is prohibited: purchaser may only irrigate land owned by the purchaser, and purchaser may not assign any contractual rights without the prior written approval of the City. Contracts also include provisions concerning discontinuance of the diversion of raw water. Raw water purchasers are required to follow the City's water conservation and drought management plans. Section X (below) specifically refers to times when irrigation use will be limited. These provisions are not construed as requiring the transfer of irrigation water supplied to non-irrigation use on a compulsory basis or without just compensation.

Section VI: Coordination with Regional Water Planning Groups

The service area of the City of Waco is located within the Brazos G Regional Water Planning Group. The City of Waco has provided a copy of this Plan to the Brazos G Regional Water Planning Group.

Section VII: Authorization

The City Manager or his/her designee is hereby authorized and directed to implement the applicable provisions of this Plan upon determination that such implementation is necessary to protect public health, safety, and welfare. The City Manager or his/her designee shall have the authority to initiate or terminate drought or other water supply emergency response measures as described in this Plan.

Section VIII: Application

The provisions of this Plan shall apply to all persons, customers, and property utilizing water provided by the City of Waco. The terms "person" and "customer" as used in the Plan include individuals, corporations, partnerships, associations, and all other legal entities.

Section IX: Definitions

For the purposes of this Plan, the following definitions shall apply:

Aesthetic water use: water use for ornamental or decorative purposes such as fountains, reflecting pools, and water gardens.

Commercial and institutional water use: water use, which is integral to the operations of commercial and non-profit establishments and governmental entities such as retail establishments, hotels and motels, restaurants, and office buildings.

Part B25 - City of Waco Water Contingency Plan

Conservation: those [triggering conditions] practices, techniques, and technologies greater than the baseline conservation practices, that reduce the consumption of water, reduce the loss or waste of water, improve the efficiency in the use of water or increase the recycling and reuse of water so that a supply is conserved and made available for future or alternative uses. Baseline conservation practices are those actions expected from customers as good citizens; including, but not limited to:

- Turning off or re-programming automatic sprinkler systems during precipitation events or in soil-saturated conditions;
- Implementing landscape irrigation to maximize impact, e.g., not irrigating in the afternoon or highest evaporative loss hours;

Customer: any person, company, or organization using water supplied by the City of Waco.

Domestic water use: water use for personal needs or for household or sanitary purposes such as drinking, bathing, heating, cooking, sanitation, or for cleaning a residence, business, industry, or institution.

Even number address: street addresses, box numbers, or rural postal route numbers ending in 0, 2, 4, 6, or 8 and locations without addresses.

Industrial water use: the use of water in processes designed to convert materials of lower value into forms having greater usability and value.

Landscape irrigation use: water used for the irrigation and maintenance of landscaped areas, whether publicly or privately owned, including residential and commercial lawns, gardens, golf courses, parks, and rights-of-way and medians.

Mean Sea Level (msl): the level of the ocean's surface, especially the level halfway between high and low tide, used as a standard in reckoning land elevation or sea depths.

Non-essential water use: water uses that are neither essential nor required for the protection of public, health, safety, and welfare, including:

- (a) irrigation of landscape areas, including parks, athletic fields, and golf courses, except otherwise provided under this Plan;
- (b) use of water to wash any motor vehicle, motorbike, boat, trailer, airplane or other vehicle;
- (c) use of water to wash down any sidewalks, walkways, driveways, parking lots, tennis courts, or other hard-surfaced areas;
- (d) use of water to wash down buildings or structures for purposes other than immediate fire protection;
- (e) flushing gutters or permitting water to run or accumulate in any gutter or street;
- (f) use of water to fill, refill, or add to any indoor or outdoor swimming pools or Jacuzzi-type pools;
- (g) use of water in a fountain or pond for aesthetic or scenic purposes except where necessary to support aquatic life;
- (h) failure to repair a controllable leak(s) within a reasonable period after having been given

Part B25 - City of Waco Water Contingency Plan

- notice directing the repair of such leak(s); and
- (i) use of water from hydrants for construction purposes or any other purposes other than fire fighting.

Odd numbered address: street addresses, box numbers, or rural postal route numbers ending in 1, 3, 5, 7, or 9.

Water shortage emergency: a condition in which the ordinary water demands and requirements of the City's wholesale and retail customers cannot be met such that there would be insufficient water for human consumption, public health (sanitation), and fire protection. A water shortage emergency may be limited in either areal or temporal extent.

Section X: Criteria for Initiation and Termination of Drought Response Stages

The City Manager or his/her designee shall monitor water supply and/or demand conditions on a daily basis and shall determine when conditions warrant initiation or termination of each stage of the Plan, that is, when the specified triggers are reached.

Criteria triggering the implementation of various stages of the Drought Contingency Plan, include, but are not limited to, the following:

1. General, geographical, or weather related condition or emergency, including but not limited to drought conditions resulting in a decrease in the Lake Waco reservoir level
2. Water system failures/emergencies (i.e., pressure zone deficiencies, chemical spills, broken water mains, power outages, electrical failures, failures of storage tanks or other equipment, treatment plant breakdown, and water contamination)
3. An inability to recover approximately ninety (90) percent of water stored in all Storage facilities within a defined period
4. A catastrophic decrease in the Lake Waco reservoir level and/or delivery capabilities resulting in an inability, presently or in the immediate future, to recover resources sufficient to provide services necessary for the public health and welfare

The level of the Lake Waco reservoir shall be determined based on the official reading by the U.S. Army Corps of Engineers and stated as an elevation above mean sea level (msl).

Triggering Stages, Responses and Goals

Generally.

Part B25 - City of Waco Water Contingency Plan

- (1) Should a water shortage emergency occur, the City Manager may exercise his or her discretion to: 1) request special voluntary water restrictions, 2) initiate Stages 1 - 4 mandatory restrictions, and/or 3) prohibit wastage and restrict certain uses of water deemed nonessential during the emergency. Initiation of a specific Stage is dependent on climatic and water system conditions, and does NOT necessarily require a progression from Stage One through Stage Three to reach Stage Four.
- (2) In the “Response” section of each of the four Stages, specific water supply or water demand management measures to be implemented are discussed.
- (3) Pro rata curtailment of water delivery to or diversions by wholesale water customers may be implemented during any Stage of the Plan in accordance with Texas Water Code Section 11.039.
- (4) Currently the City of Waco has no alternative source of water from which to draw or make use of as a water supply management measure during a water shortage. At any Stage of the Plan, the City of Waco may utilize any future available alternative water source with the prior approval of the executive director as appropriate.

Stage 1 Triggers –MILD Water Shortage

1. Criteria for implementation of Stage 1. The city manager shall implement stage 1 restrictions when:
 - (a) The Lake Waco reservoir level decreases to 455 msl (at which the reservoir is at about 72% of its capacity).
 - (b) Weather forecasts and stream flow conditions, in the opinion of the city manager, warrant restrictions on the use of water.
2. Criteria for termination - Stage 1 shall be terminated at the discretion of the City Manager.

Stage 1 Responses

Mandatory restrictions – Upon implementation by the city, the following restrictions shall apply unless specifically exempted:

1. The city shall limit use of water for municipal purposes to those activities necessary to maintain the public health, safety and welfare and any computer-controlled irrigation systems that incorporate evapotranspiration data in setting irrigation run times.
2. The city shall monitor “excessive watering” and issue notifications to customers. “Excessive watering” occurs where run-off extends for a distance greater than ten (10) feet from the customer’s property or where there is washing or hosing down of buildings, sidewalks, driveways, patios, porches, parking surfaces or other paved surfaces. Criminal

penalties do not apply during Stage 1 restrictions.

Stage 1 Goal

Reduction of previous three-year average daily use by 1%

Stage 2 Triggers –MODERATE Water Shortage

1. Criteria for implementation of Stage 2. The city manager shall implement stage 2 restrictions when:
 - (a) The Lake Waco reservoir level decreases to 452 msl (at which the reservoir is at about 60% of its capacity)
 - (b) There is an inability to recover approximately ninety (90) percent of water stored in all storage facilities within a twenty-four (24) hour period. Upon recommendation of the City Manager, Stage 2 response procedures shall become effective.
 - (c) Weather forecasts and stream flow conditions, in the opinion of the city manager, warrant restrictions on the use of water.
2. Criteria for termination - Stage 2 shall be terminated at the discretion of the City Manager.

Stage 2 Responses

Mandatory restrictions – Upon implementation by the city, the following restrictions shall apply unless specifically exempted:

1. All landscape and other outdoor water usage at each service address shall be limited to two days a week based on the last digit in the meter service address or the type of connection; however, landscape and outdoor water usage is prohibited from 6:00 A.M. to 7:00 P.M.

Last Digit Address Residential:	Allowed Landscape Water Days
Odd	Tuesday and Saturday
Even	Wednesday and Sunday
All Non-Residential accounts	Monday and Friday

Thursday – No Watering, Storage Recovery day

2. Apartments, office building complexes, or other properties containing multiple addresses, will be identified by the lowest physical street address number. Where there are no numbers, a number will be assigned by the Building Official. Criminal penalties do apply during Stage 2 restrictions.

Part B25 - City of Waco Water Contingency Plan

3. Watering of newly installed landscaping is exempt from Stage 2 restrictions for no more than one month from the date of planting. After the first month, the landscape water day's schedule and hourly restrictions must be followed.

Stage 2 Goal

Reduction of previous three-year average daily use by 5%

Stage 3 Triggers – SEVERE Water Shortage

1. Criteria for implementation of Stage 3. The city manager shall implement stage 3 restrictions when:
 - (a) The Lake Waco reservoir level to 449 msl (at which the reservoir is at about 50% of its capacity) or inability to recover approximately ninety (90) percent of water stored in all storage facilities within a thirty (30) hour period.
 - (b) Weather forecasts and stream flow conditions, in the opinion of the city manager, warrant restrictions on the use of water.
 - (c) The total amount of water available, as determined by the water utilities director, to the city from its developed water sources is less than a 24-month supply.
2. Criteria for Termination – Stage 3 shall be terminated at the discretion of the City Manager.

Stage 3 Responses

Mandatory restrictions – Upon implementation by the city, the following restrictions shall apply unless specifically exempted:

1. All landscape and outdoor water usage at each service address shall continue according to the landscape water days schedule identified below; however, landscape and outdoor water usage is prohibited from 6:00 A.M. to 7:00 P.M.

Last Digit Address:	Allowed Landscape Water Day
0, 1	Monday
2, 3	Tuesday
4, 5	Wednesday
6, 7	Thursday
8, 9	Friday
Saturday and Sunday – No Watering, Storage Recovery days	

2. Apartments, office building complexes, or other property containing

multiple addresses will be identified by the lowest physical address number. Where there are no numbers, a number will be assigned by the Building Official.

3. Existing swimming pools, hot tubs, spas, ornamental ponds and fountains may be replenished with a hand-held hose to maintain operational purposes only.
4. Permitting of new swimming pools, hot tubs, spas, ornamental ponds or fountain construction is **prohibited**, except that those previously permitted or under construction at the time Stage 3 restrictions are initiated may complete construction and may be filled one time only. Filling occurs when an amount of water equal to at least seventy-five (75) percent of the water capacity is placed in the structure or facility.
5. Excessive water run-off from any landscaped area onto streets, alleys, or parking lots is prohibited. Run-off is excessive when it extends for a distance greater than ten (10) feet from the customer's property.
6. Washing or hosing down of buildings, sidewalks, driveways, patios, porches, parking areas, or other paved surfaces is prohibited.

Exceptions:

- (a) Commercial landscape nurseries are exempt from Stage 3 restrictions (except for restrictions on hours when watering may occur), but all such nurseries shall cease using water to clean pavement and sidewalk areas except for health and safety reasons.
- (b) Commercial full-service or self-service car wash facilities, including those at service stations and automobile dealership facilities, shall cease using water to clean pavement and sidewalk areas except for health and safety reasons and are exempt from Stage 3 restrictions if they meet one or more of the following conditions:
 - (i) Commercial car wash facilities using conveyORIZED, touchless, and / or rollover in-bay technology if they reuse a minimum of fifty percent of water from previous vehicle rinses in subsequent washes.
 - (ii) Commercial car wash facilities using reverse osmosis to produce water rinse with a lower mineral content if they incorporate the unused concentrate in subsequent vehicle washes.
 - (iii) Self-service spray wands used that emit no more than three gallons of water per minute.

Part B25 - City of Waco Water Contingency Plan

- (c) Golf course landscape watering is exempt from Stage 3 restrictions so long as golf course irrigation systems are operated with a computer controlled irrigation system that incorporates evapotranspiration data in setting irrigation run times.

Stage 3 Goal

Reduction of previous three-year average daily use by 7%

Stage 4 Triggers –EMERGENCY Water Shortage

1. Requirements for implementation of Stage 4. The city manager shall implement stage 4 restrictions when:
 - (a) The Lake Waco reservoir level to 445 msl (at which the reservoir is at about 40% of its capacity)
 - (b) There is a determination by the City Manager that catastrophically decreasing lake reservoir levels and/or delivery capabilities with an inability to recover to provide services necessary for public health, safety, and welfare exist.
 - (c) Weather forecasts and stream flow conditions, in the opinion of the city manager, warrant restrictions on the use of water.
 - (d) The total amount of water available, as determined by the water utilities director, to the city from its developed water sources is less than a 12-month supply.
2. Criteria for termination – Stage 4 shall be terminated at the discretion of the City Manager.

Stage 4 Responses

Mandatory restrictions – Upon implementation by the city, the following restrictions shall apply unless specifically exempted:

1. Any and all outdoor/landscaping water usage is prohibited until the emergency is alleviated. This applies to all metered water users using the city's public water supply and includes all residential (single or multi-family), commercial (car wash, nurseries, business), recreational (public/private golf courses, parks, athletic fields), religious, health care, school and municipal entities.
2. Use of water for municipal purposes shall be limited to only those activities necessary to maintain the public health, safety and welfare, as determined by the city.

Part B25 - City of Waco Water Contingency Plan

3. Use of water from fire hydrants is prohibited except for fire fighting and health and safety related activities.

Stage 4 Goal

Reduction of previous three-year average daily use by 10%

Section XI: Enforcement

1. No person shall intentionally, knowingly, recklessly or with criminal negligence allow the use of water from the city for residential, commercial, industrial, agricultural, governmental, or any other purpose in a manner contrary to any provision of this Division or in an amount in excess of that permitted by the drought response stage in effect at the time pursuant to action taken by the city, in accordance with provisions of this Division.
2. Any person, including a person classified as a water customer of the city, in apparent control of the property where a violation occurs or originates shall be presumed to be the violator, and proof that the violation occurred on the person's property shall constitute a rebuttable presumption that the person in apparent control of the property committed the violation, but any such person shall have the right to show that he/she did not commit the violation. Parents shall be presumed to be responsible for violations of their minor children, but any such parent may be excused if he/she proves that he/she had previously directed the child not to use the water as it was used in violation of this plan and that the parent could not have reasonably known of the violation. Proof that the notices required under Section 26-94 have been given shall constitute a rebuttal presumption that the person has knowledge of and/or is aware of the declaration of a drought or emergency contingency stage, but such presumption may be rebutted by evidence that the person was out of city at the time of the declaration and could not reasonably have become aware of the declaration since returning to the city.
3. Any person who violates this Division is guilty of a misdemeanor and upon conviction shall be punished by a fine as provided in Section 1-14, General Penalty. Each day that one or more of the provisions in this plan is violated shall constitute a separate offense.
4. If a person is observed violating a Stage 2 or greater restriction, including but not limited to vehicle washing, landscape watering, or construction water use, for a second time, the city shall, upon due notice to the customer, be authorized to discontinue water service to the premises where such violations occur.

Part B25 - City of Waco Water Contingency Plan

5. If a person is convicted of three (3) or more distinct violations of this Division, the city shall, upon due notice to the customer, be authorized to discontinue water service to the premises where such violations occur.
6. Services discontinued under such circumstances shall be restored only upon payment of reconnection charge established by city policy and any other costs incurred by the city in discontinuing service. In addition, suitable assurance must be given to the city that the same action shall not be repeated while the plan is in effect.
7. The City is entitled to pursue all other criminal and civil remedies to which it is entitled under statutes or other ordinances. Compliance with this Division may also be sought through injunctive relief in the district court.

Section XII: Variances

1. A customer may file an application for a variance from this plan for the property receiving water service with the City Manager. The City Manager may determine the proper information and require that the applicant provide such information to evaluate the variance request.
2. The City Manager may grant a variance from the Plan upon his/her determination that special circumstances exist that upon strict enforcement of the plan will adversely affect the health, sanitation, or fire protection for the public or the applicant.
3. Variances granted under this section will expire upon escalation of the plan to the next higher phase or termination of the plan.

Section XIII: State Mandated Water Restrictions

1. If a State agency with jurisdiction over water rights and use lawfully orders that drought response restrictions on water usage be imposed, the water restrictions shall be implemented, regardless of whether any of the criteria for implementation stated in Sec. 26-97 or Sec. 26-98 have been met.
2. The city manager shall notify the public of the implementation of the state mandated restrictions as provided in Sec. 26-94. Said notice shall set out the specific restrictions to be implemented.

3. No person shall intentionally, knowingly, recklessly, or with criminal negligence allow the use of water from the city for residential, commercial, industrial, agricultural, governmental, or any other purpose in a manner:
 - (a) Contrary to the notice issued under subsection 2 above; or
 - (b) Contrary to the state mandated restriction; or
 - (c) In excess of state mandated usage limits.
4. If a violation of the mandated restriction occurs, notice of the violation may be given as provided in Sec. 26-95 and the violation may be punished as provided in Sec. 26-96.

APPENDIX A

City of Waco Ordinance No. 2014 – 434

See Appendix A of (previous) Section A of this document.

Part B27 – 2015 Water Audit Report

TEXAS WATER DEVELOPMENT BOARD

P.O. BOX 13231, CAPITOL STATION

AUSTIN, TX 78711-3231

2015 WATER AUDIT REPORT**A. Water Utility General Information**

1. Water Utility Name	<u>CITY OF WACO</u>		
1a. Regional Water Planning Area	<u>G</u>		
1b. Address	<u>PO BOX 2570</u>		
	<u>WACO, TX 76702-2570</u>		
2. Contact Information			
2a. Name	<u>Jon Dulus</u>		
2b. Telephone Number	<u>(254) 750-8011</u>		
2c. Email Address	<u>jonathand@ci.waco.tx.us</u>		
3. Reporting Period			
3a. Start Date	<u>01/01/2015</u>		
3b. End Date	<u>12/31/2015</u>		
4. Source Water Utilization			
4a. Surface Water	<u>99.00</u>	%	
4b. Ground Water	<u>1.00</u>	%	
5. Population Served			
5a. Retail Population Served	<u>130,194</u>		Assessment
5b. Wholesale Population Served	<u>46,000</u>		Scale
6. Utility's Length of Main Lines	<u>1,051.00</u>	miles	<u>4.5</u>
7. Total Retail Metered Connections - Active and Inactive	<u>41,413</u>		<u>4.5</u>
8. Number of Wholesale Connections Served	<u>8</u>		
9. Service Connection Density	<u>39.40</u>	connections per mile	
10. Average Yearly System Operating Pressure	<u>70.00</u>	psi	<u>3</u>
11. Volume Units of Measure	<u>Gallons</u>		

B. System Input Volume

12. Volume of Water Intake	<u>11,521,589,656</u>	gallons	
13. Produced Water	<u>11,607,300,056</u>	gallons	<u>4.5</u>
13a. Production Meter Accuracy	<u>98.0</u>	%	<u>5</u>
13b. Corrected Input Volume	<u>11,844,183,731</u>	gallons	
14. Total Treated Purchased Water	<u>0</u>	gallons	<u>0</u>
14a. Treated Purchased Water Meter Accuracy	<u>0.0</u>	%	<u>0</u>
14b. Corrected Treated Purchased Water Volume	<u>0</u>	gallons	

TEXAS WATER DEVELOPMENT BOARD

P.O. BOX 13231, CAPITOL STATION

AUSTIN, TX 78711-3231

2015 WATER AUDIT REPORT

15. Total Treated Wholesale Water Sales	1,035,560,340	gallons	5
15a. Treated Wholesale Water Meter Accuracy	98.0	%	5
15b. Corrected Treated Wholesale Water Sales Volume	1,056,694,224	gallons	
16. Total System Input Volume Line 13b + Line 14b - Line 15b	10,787,489,506	gallons	
			Assessment Scale
C. Authorized Consumption			
17. Billed Metered	8,655,225,860	gallons	5
18. Billed Unmetered	0	gallons	0
19. Unbilled Metered	125,152,000	gallons	4
20. Unbilled Unmetered	44,529,155	gallons	4
21. Total Authorized Consumption	8,824,907,015	gallons	
D. Water Losses			
22. Water Losses Line 16 - Line 21	1,962,582,491	gallons	
E. Apparent Losses			
23. Average Customer Meter Accuracy	98.00	%	5
24. Customer Meter Accuracy Loss	176,637,262	gallons	
25. Systematic Data Handling Discrepancy	24,916,664	gallons	3
26. Unauthorized Consumption	26,968,724	gallons	3.5
27. Total Apparent Losses	228,522,650	gallons	
F. Real Losses			
28. Reported Breaks and Leaks	39,350,048	gallons	4
29. Unreported Loss	1,694,709,793	gallons	0
30. Total Real Losses Line 28 + Line 29	1,734,059,841	gallons	
31. Total Water Losses Line 27 + Line 30	1,962,582,491	gallons	
32. Non-Revenue Water Line 31 + Line 19 + Line 20	2,132,263,646	gallons	
G. Technical Performance Indicator for Apparent Loss			
33. Apparent Losses Normalized Line 27 / Line 7 / 365	15.12	gallons lost per connection per day	

TEXAS WATER DEVELOPMENT BOARD

P.O. BOX 13231, CAPITOL STATION

AUSTIN, TX 78711-3231

2015 WATER AUDIT REPORT

H. Technical Performance Indicators for Real Loss

34. Real Loss Volume Line 30	<u>1,734,059,841</u>	gallons
35. Unavoidable Annual Real Losses Volume (5.41 * Line 6 + (Line 7 * 0.15)) * 365 * Line 10	<u>303,990,323</u>	gallons
36. Infrastructure Leakage Index Line 34 / Line 35	<u>5.70</u>	I.L.I
37. Real Losses Normalized - Service Connections Line 34 / Line 7 / 365	<u>114.72</u>	gallons lost per connection per day
38. Real Losses Normalized - Main Lines Line 34 / Line 6 / 365	<u>0.00</u>	gallons lost per mile per day

I. Financial Performance Indicators

39. Total Apparent Losses Line 27	<u>228,522,650</u>	gallons	
40. Retail Price of Water	<u>0.00356</u>	\$/gallons	<u>4</u>
41. Cost of Apparent Losses Line 39 x Line 40	<u>\$813,540.63</u>		
42. Total Real Losses Line 30	<u>1,734,059,841</u>	gallons	
43. Variable Production Cost of Water	<u>0.00400</u>	\$/gallons	<u>4</u>
44. Cost of Real Losses Line 42 x Line 43	<u>\$6,936,239.36</u>		
45. Total Cost Impact of Apparent and Real Losses Line 41 + Line 44	<u>\$7,749,779.99</u>		
46. Total Assessment Score	<u>68</u>		

J. System Losses and Gallons Per Capita per Day (GPCD)

47. Total Water Loss - Percentage	<u>18.19</u>	%
48. GPCD Input Line 16 / Line 5a / 365	<u>227</u>	
49. GPCD Loss Line 31 / Line 5a / 365	<u>41</u>	

K. Wholesale Factor Adjustments

50. Percent of Treated Wholesale Water Traveling through General Distribution System	<u>100.00</u>	%
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TEXAS WATER DEVELOPMENT BOARD

P.O. BOX 13231, CAPITOL STATION

AUSTIN, TX 78711-3231

2015 WATER AUDIT REPORT

51. Volume of Treated Wholesale Water Traveling through General Distribution System (Line 50/100) * Line 15b	1,056,694,224	gallons
52. Wholesale Factor Line 15b / (Line 13b + Line 14b)	0.09	
53. Adjusted Real Loss Volume ((1 - Line 52) x (Line 30 * Line 50 / 100)) + (Line 30 - (Line 30 * Line 50/100))	1,577,994,455	gallons
54. Adjusted Cost of Real Losses ((1 - Line 52) x (Line 44 * Line 50 / 100)) + (Line 44 - (Line 44 * Line 50/100))	\$6,311,977.82	
55. Adjusted Total Water Loss Volume ((1 - Line 52) x (Line 31 * Line 50 / 100)) + (Line 31 - (Line 31 * Line 50/100))	1,785,950,067	gallons
56. Adjusted Total Cost Impact of Apparent and Real Losses ((1 - Line 52) x (Line 45 * Line 50 / 100)) + (Line 45 - (Line 45 * Line 50/100))	\$7,052,299.79	
57. Adjusted Real Loss Per Connection ((1 - Line 52) x (Line 37 * Line 50 / 100)) + (Line 37 - (Line 37 * Line 50/100))	104.40	gallons lost per connection per day
58. Adjusted Real Loss Per Mile ((1 - Line 52) x (Line 38 * Line 50 / 100)) + (Line 38 - (Line 38 * Line 50/100))	0.00	gallons lost per mile per day
59. Adjusted Infrastructure Leakage Index ((1 - Line 52) x (Line 36 * Line 50 / 100)) + (Line 36 - (Line 36 * Line 50/100))	5.19	I.L.I
60. Adjusted Total Water Loss - Percentage ((1 - Line 52) x (Line 47 * Line 50 / 100)) + (Line 47 - (Line 47 * Line 50/100))	16.55	%
61. Adjusted GPCD Loss ((1 - Line 52) x (Line 49 * Line 50 / 100)) + (Line 49 - (Line 49 * Line 50/100))	38	

Comments

Note: Water pumped from our two wells are added back to the Produced Water entry.. Also, our raw water consumption from our customers, and the pretreated water sold to our Zoo and our Parks Dept. are also added to the Produced Water entry, since that water is sold to the customer.

Part C39 – Assessed Values by Classification

Part C39
Assessed Values by Classifications

Category	2015-2016 Fiscal Year		2014-2015 Fiscal Year		2013-2014 Fiscal Year		2012-2013 Fiscal Year		2011-2012 Fiscal Year	
	Amount	Percent of Total	Amount	Percent of Total	Amount	Percent of Total	Amount	Percent of Total	Amount	Percent of Total
Real, Residential Single Family	\$ 3,442,331,305	39.56%	\$ 3,330,608,637	40.68%	\$ 3,193,078,012	41.28%	\$ 3,145,755,030	41.44%	\$ 2,964,790,976	40.75%
Real, Residential Multi-family	710,274,847	8.16%	600,033,734	7.33%	552,903,404	7.15%	540,947,926	7.13%	530,246,728	7.29%
Real, Platted Lots & Resid. Inventory	179,995,100	2.07%	192,366,941	2.35%	185,737,380	2.40%	161,765,042	2.13%	159,734,533	2.20%
Real, Acreage (Land Only)	69,022,094	0.79%	74,636,662	0.91%	66,466,703	0.86%	73,968,631	0.97%	73,351,221	1.01%
Real, Farm & Ranch Improved	29,242,020	0.34%	32,499,555	0.40%	28,871,288	0.37%	18,486,406	0.24%	19,298,600	0.27%
Real, Commercial & Industrial	2,221,110,921	25.52%	2,051,472,009	25.06%	1,885,152,286	24.37%	1,839,811,136	24.24%	1,820,432,553	25.02%
Real & Tangible Personal, Utilities	202,959,032	2.33%	177,491,413	2.17%	147,349,253	1.90%	140,452,424	1.85%	138,700,708	1.91%
Tangible Personal, Business	1,844,415,017	21.20%	1,724,904,133	21.07%	1,674,043,041	21.64%	1,667,295,558	21.96%	1,566,759,638	21.53%
Tangible Personal, Other	2,406,350	0.03%	2,424,330	0.03%	2,328,520	0.03%	2,236,139	0.03%	2,442,607	0.03%
TOTALS	\$ 8,701,756,686	100.00%	\$ 8,186,437,414	100.00%	\$ 7,735,929,887	100.00%	\$ 7,590,718,292	100.00%	\$ 7,275,757,564	100.00%
Less Total Exemptions/Reductions	939,650,349		916,313,922		927,340,793		938,850,655		829,201,392	
Net Taxable Value	\$ 7,762,106,337		\$ 7,270,123,492		\$ 6,808,589,094		\$ 6,651,867,637		\$ 6,446,556,172	

NOTE: Valuations shown are certified taxable assessed values that have been reported by the McLennan County Appraisal District. Certified values are subject to change throughout the years as contested values are resolved and the Appraisal District updates records.

Part C40 – Direct and Overlapping Tax Table

Part C40

Direct and Overlapping Tax Table

The following direct and estimated overlapping ad valorem tax bonds (“Tax Debt”) was developed from information contained in “Texas Municipal Reports” published by the Municipal Advisory Council of Texas. Except for the amounts relating to the City, the City has not independently verified the accuracy or completeness of such information. Some entities listed may have issued or planned additional debt. The following table reflects the estimated share of overlapping Tax Debt of the City.

	2015/16 Taxable Assessed Value	2014/15 Tax Rate	Total G.O. Debt ⁽²⁾	Estimated % Applicable	City's Overlapping Net G.O. Debt
City of Waco	\$ 7,762,106,337 ⁽¹⁾	\$0.77623 ⁽¹⁾	\$ 77,365,000 ⁽³⁾	100.00%	\$ 77,365,000
Bosqueville ISD	129,403,689	\$1.47800	9,303,641	76.98%	7,161,943
China Spring ISD	579,073,216	\$1.53900	44,196,000	40.06%	17,704,918
Connally ISD	544,190,964	\$1.27400	18,325,000	18.14%	3,324,155
La Vega ISD	658,490,094	\$1.46500	43,100,350	37.94%	16,352,273
Lorena ISD	450,491,541	\$1.64000	31,331,541	2.16%	676,761
McGregor ISD	308,808,296	\$1.35500	23,735,711	0.14%	33,230
McLennan Co	12,445,687,594	\$0.53500	15,570,000	58.41%	9,094,437
McLennan Co Junior College Dist	13,460,714,365	\$0.15000	67,370,000	52.81%	35,578,097
Midway ISD	3,845,658,784	\$1.32000	106,685,832	53.16%	56,714,188
Waco ISD	4,116,970,639	\$1.35300	174,755,000	94.71%	<u>165,510,461</u>
Total Direct and Overlapping Tax Funded Debt					\$ 389,515,462
Ratio of Direct and Overlapping Tax Funded Debt to Taxable Assessed Valuation					5.02%
Per Capita Overlapping Tax Funded Debt					\$ 2,931

Population 132,889

⁽¹⁾ 2015/2016 Taxable Assessed Valuation

⁽²⁾ Total General Obligation Debt as of November 30, 2015.

⁽³⁾ Does not include the potential TWDB SWIFT obligation.

**Part C45 — Waco SWIFT Pro Forma and Proposed Repayment
Schedule**

Part C45 - Waco SWIFT Pro Forma

WACO SWIFT APPLICATION PRO FORMA

Response to Question 45

FYE 9/30	Net Revenues from Water and Wastewater Utilities ⁽¹⁾			Outstanding Tax-Backed and Revenue Supported Debt Service ⁽²⁾			New SWIFT Debt Service			Total Debt Service	System Revenue Coverage Ratio ⁽¹⁾
	Gross Revenues	Operating Expenses	Net Revenues	Principal	Interest	Total	Principal	Interest	Total		
2017	\$ 58,596,187	\$ 31,488,166	\$ 27,108,021	\$ 18,950,000	\$ 10,705,960	\$ 29,655,960	\$ -	\$ -	\$ -	\$ 29,655,960	0.91
2018	58,596,187	31,488,166	27,108,021	19,065,000	9,916,390	28,981,390	520,000	221,352	741,352	29,722,742	0.91
2019	58,596,187	31,488,166	27,108,021	19,415,000	9,176,460	28,591,460	540,000	201,352	741,352	29,332,812	0.92
2020	58,596,187	31,488,166	27,108,021	19,645,000	8,355,648	28,000,648	540,000	201,352	741,352	28,742,000	0.94
2021	58,596,187	31,488,166	27,108,021	19,810,000	7,508,877	27,318,877	545,000	196,352	741,352	28,060,229	0.97
2022	58,596,187	31,488,166	27,108,021	18,535,000	6,708,839	25,243,839	550,000	191,352	741,352	25,985,191	1.04
2023	58,596,187	31,488,166	27,108,021	18,005,000	5,916,606	23,921,606	555,000	186,352	741,352	24,662,958	1.10
2024	58,596,187	31,488,166	27,108,021	18,625,000	5,107,333	23,732,333	560,000	181,352	741,352	24,473,685	1.11
2025	58,596,187	31,488,166	27,108,021	16,780,000	4,320,112	21,100,112	570,000	171,352	741,352	21,841,464	1.24
2026	58,596,187	31,488,166	27,108,021	14,900,000	3,619,507	18,519,507	580,000	161,352	741,352	19,260,859	1.41
2027	58,596,187	31,488,166	27,108,021	15,095,000	3,017,532	18,112,532	585,000	156,352	741,352	18,853,884	1.44
2028	58,596,187	31,488,166	27,108,021	11,095,000	2,539,719	13,634,719	595,000	146,352	741,352	14,376,071	1.89
2029	58,596,187	31,488,166	27,108,021	10,475,000	2,137,553	12,612,553	605,000	136,352	741,352	13,353,905	2.03
2030	58,596,187	31,488,166	27,108,021	10,870,000	1,741,275	12,611,275	615,000	126,352	741,352	13,352,627	2.03
2031	58,596,187	31,488,166	27,108,021	9,765,000	1,376,980	11,141,980	625,000	116,352	741,352	11,883,332	2.28
2032	58,596,187	31,488,166	27,108,021	9,520,000	1,039,059	10,559,059	640,000	101,352	741,352	11,300,411	2.40
2033	58,596,187	31,488,166	27,108,021	7,420,000	742,616	8,162,616	650,000	91,352	741,352	8,903,968	3.04
2034	58,596,187	31,488,166	27,108,021	6,535,000	506,085	7,041,085	660,000	81,352	741,352	7,782,437	3.48
2035	58,596,187	31,488,166	27,108,021	5,915,000	295,481	6,210,481	675,000	66,352	741,352	6,951,833	3.90
2036	58,596,187	31,488,166	27,108,021	4,300,000	122,541	4,422,541	690,000	51,352	741,352	5,163,893	5.25
2037	58,596,187	31,488,166	27,108,021	1,560,000	24,375	1,584,375	700,000	41,352	741,352	2,325,727	11.66
				<u>\$ 276,280,000</u>	<u>\$ 84,878,948</u>	<u>\$ 361,158,948</u>	<u>\$ 12,000,000</u>	<u>\$ 2,827,048</u>	<u>\$ 14,827,048</u>	<u>\$ 375,985,996</u>	

(1) Uses Fiscal Year Ending 2015 figures as reported in 2015 CAFR.

(2) Includes all water and wastewater self-supporting debt and tax only-backed debt excluding recently issued Series 2016; coverage calculated with only utility system revenues.

(3) Taxable Value and I&S Tax Rate for Fiscal Year Ending 2015, current valuation estimates total approximately \$7.7B.

(4) Includes I&S Revenues assuming the historical I&S rate in coverage calculations.

Part C45 - Waco SWIFT Pro Forma

WACO SWIFT APPLICATION PRO FORMA (cont'd)

Response to Question 45

Revenues from Interest and Sinking Tax Levy						
FYE 9/30	Taxable Valuation ⁽³⁾	I&S Tax Rate ⁽³⁾	Assumed Collections	I&S Levy	Overall Coverage Ratio ⁽⁴⁾	DSC of 1.10 Shortfall?
2017	\$ 7,270,123,492	0.129488	90%	\$ 8,472,544	1.20	No
2018	7,270,123,492	0.129488	90%	8,472,544	1.20	No
2019	7,270,123,492	0.129488	90%	8,472,544	1.21	No
2020	7,270,123,492	0.129488	90%	8,472,544	1.24	No
2021	7,270,123,492	0.129488	90%	8,472,544	1.27	No
2022	7,270,123,492	0.129488	90%	8,472,544	1.37	No
2023	7,270,123,492	0.129488	90%	8,472,544	1.44	No
2024	7,270,123,492	0.129488	90%	8,472,544	1.45	No
2025	7,270,123,492	0.129488	90%	8,472,544	1.63	No
2026	7,270,123,492	0.129488	90%	8,472,544	1.85	No
2027	7,270,123,492	0.129488	90%	8,472,544	1.89	No
2028	7,270,123,492	0.129488	90%	8,472,544	2.47	No
2029	7,270,123,492	0.129488	90%	8,472,544	2.66	No
2030	7,270,123,492	0.129488	90%	8,472,544	2.66	No
2031	7,270,123,492	0.129488	90%	8,472,544	2.99	No
2032	7,270,123,492	0.129488	90%	8,472,544	3.15	No
2033	7,270,123,492	0.129488	90%	8,472,544	4.00	No
2034	7,270,123,492	0.129488	90%	8,472,544	4.57	No
2035	7,270,123,492	0.129488	90%	8,472,544	5.12	No
2036	7,270,123,492	0.129488	90%	8,472,544	6.89	No
2037	7,270,123,492	0.129488	90%	8,472,544	15.30	No

(1) Uses Fiscal Year Ending 2015 figures as reported in 2015 CAFR.

(2) Includes all water and wastewater self-supporting debt and tax only-backed debt excluding recently issued Series 2016; coverage calculated with only utility system revenues.

(3) Taxable Value and I&S Tax Rate for Fiscal Year Ending 2015, current valuation estimates total approximately \$7.7B.

(4) Includes I&S Revenues assuming the historical I&S rate in coverage calculations.

Part C45 - Proposed Repayment Schedule

1

BOND DEBT SERVICE

City of Waco, Texas

Series 2016 (TWDB SWIFT Bonds)

Rates estimated at State of Texas Rates less 35% Subsidy as of 4.18.2016

Preliminary - For Discussion Purposes Only

Period Ending	Principal	Coupon	Interest	Debt Service
09/30/2017	560,000	0.650%	160,201.67	720,201.67
09/30/2018	530,000	0.730%	188,851.50	718,851.50
09/30/2019	535,000	0.800%	184,777.00	719,777.00
09/30/2020	540,000	0.900%	180,207.00	720,207.00
09/30/2021	545,000	1.010%	175,024.75	720,024.75
09/30/2022	550,000	1.100%	169,247.50	719,247.50
09/30/2023	560,000	1.190%	162,890.50	722,890.50
09/30/2024	565,000	1.290%	155,914.25	720,914.25
09/30/2025	575,000	1.360%	148,360.00	723,360.00
09/30/2026	580,000	1.430%	140,303.00	720,303.00
09/30/2027	590,000	1.630%	131,347.50	721,347.50
09/30/2028	600,000	1.770%	121,229.00	721,229.00
09/30/2029	610,000	1.900%	110,124.00	720,124.00
09/30/2030	625,000	2.000%	98,079.00	723,079.00
09/30/2031	635,000	2.100%	85,161.50	720,161.50
09/30/2032	650,000	2.180%	71,409.00	721,409.00
09/30/2033	665,000	2.250%	56,842.75	721,842.75
09/30/2034	680,000	2.310%	41,507.50	721,507.50
09/30/2035	695,000	2.370%	25,417.75	720,417.75
09/30/2036	710,000	2.420%	8,591.00	718,591.00
	12,000,000		2,415,486.17	14,415,486.17

Part C46 – Five Year Comparative System Operating Statement

Part C46
Five Year Comparative System Operating Statement
City-Wide Schedule of Changes in Net Position

	2015 ⁽¹⁾		2014		2013		2012		2011	
	Governmental Activities	Business-type Activities	Governmental Activities	Business-type Activities	Governmental Activities	Business-type Activities	Governmental Activities	Business-type Activities	Governmental Activities	Business-type Activities
Revenues:										
Program Revenues:										
Charges for Services	\$ 8,058,360	\$ 86,110,263	\$ 8,274,277	\$ 86,092,057	\$ 6,298,141	\$ 88,204,469	\$ 5,624,765	\$ 85,531,254	\$ 6,424,471	\$ 89,273,791
Operating Grants and Contributions	9,564,905	3,566,046	10,924,393	3,869,760	11,500,355	3,419,959	11,640,290	3,415,770	9,720,348	3,514,732
Capital Grants and Contributions	6,952,118	3,459,180	3,272,066	1,682,452	7,256,153	4,836,705	6,883,729	3,786,143	6,061,358	4,014,798
General Revenues:										
Ad valorem Taxes	61,324,981	-	57,159,819	-	57,100,563	-	54,377,202	-	53,047,698	-
Sales Taxes	35,813,531	-	33,487,659	-	31,075,760	-	29,186,254	-	28,003,416	-
Franchise Taxes	13,762,575	-	14,181,593	-	13,405,186	-	13,682,123	-	13,587,114	-
Hotel/Motel Taxes	-	2,707,056	-	2,403,171	-	2,095,987	-	1,897,865	-	1,754,730
Other Taxes	871,076	-	785,905	-	676,254	-	650,815	-	679,232	-
Investment Earnings	476,804	289,580	323,760	197,346	308,603	159,463	360,561	196,566	481,791	183,254
Miscellaneous	1,043,936	-	1,196,841	-	2,153,305	-	882,450	-	678,741	-
Gain on sale of capital assets	171,016	-	105,278	-	290,376	-	1,730,200	-	-	-
Total Revenues	\$ 138,039,302	\$ 96,132,125	\$ 129,711,591	\$ 94,244,786	\$ 130,064,696	\$ 98,716,583	\$ 125,018,389	\$ 94,827,598	\$ 118,684,169	\$ 98,741,305
Expenses:										
General Government	15,012,962	-	16,223,167	-	20,039,649	-	14,177,640	-	12,378,019	-
Public Works	12,767,308	-	12,205,449	-	13,699,976	-	11,844,356	-	13,227,404	-
Public Safety	64,796,679	-	66,630,254	-	62,592,351	-	57,664,131	-	61,291,317	-
Culture and Recreation	16,510,993	-	16,922,912	-	16,544,389	-	15,694,840	-	15,636,875	-
Public Health	7,269,988	-	7,314,101	-	7,388,363	-	7,184,384	-	7,417,771	-
Housing & Community Development	2,704,824	-	2,974,293	-	2,255,720	-	3,664,525	-	3,339,613	-
Interest on Long-Term Debt	3,155,598	-	3,631,452	-	3,798,174	-	4,098,714	-	4,313,467	-
Water	-	32,457,155	-	32,998,874	-	33,038,145	-	33,311,059	-	34,186,629
Wastewater	-	18,964,527	-	19,263,583	-	18,432,230	-	17,634,339	-	17,522,331
Solid Waste	-	15,223,615	-	15,794,559	-	16,033,246	-	15,854,254	-	16,201,178
Airport	-	3,496,581	-	3,284,396	-	3,083,925	-	2,937,967	-	2,503,823
Convention Services	-	4,074,149	-	3,957,683	-	3,941,005	-	3,372,280	-	2,861,523
Ranger Hall of Fame	-	1,333,639	-	1,326,695	-	1,343,575	-	1,209,145	-	1,193,004
Cameron Park Zoo	-	4,595,845	-	4,494,173	-	4,318,267	-	4,396,640	-	4,315,032
Transit Services	-	8,188,525	-	8,177,708	-	8,046,015	-	7,970,314	-	7,904,160
Cottonwood Creek Golf Course	-	1,707,982	-	1,810,707	-	1,782,963	-	1,864,426	-	1,691,790
Total Expenses	\$ 122,218,352	\$ 90,042,018	\$ 125,901,628	\$ 91,108,378	\$ 126,318,622	\$ 90,019,371	\$ 114,328,590	\$ 88,550,424	\$ 117,604,466	\$ 88,379,470
Increases in net position before transfers	\$ 15,820,950	\$ 6,090,107	\$ 3,809,963	\$ 3,136,408	\$ 3,746,074	\$ 8,697,212	\$ 10,689,799	\$ 6,277,174	\$ 1,079,703	\$ 10,361,835
Transfers	\$ 2,537,789	\$ (2,537,789)	\$ 902,991	\$ (902,991)	\$ 81,051	\$ (81,051)	\$ (2,555,596)	\$ 2,555,596	\$ (5,848,585)	\$ 5,848,585
Increases in net position	\$ 18,358,739	\$ 3,552,318	\$ 4,712,954	\$ 2,233,417	\$ 3,827,125	\$ 8,616,161	\$ 8,134,203	\$ 8,832,770	\$ (4,768,882)	\$ 16,210,420
Net position - October 1,	\$233,467,441	\$278,763,591	\$228,754,487	\$276,530,174	\$225,017,495	\$268,544,752	\$216,883,292	\$259,711,982	\$221,652,174	\$243,501,562
Cumulative effect of change in accounting principles	(17,534,382)	(2,796,714)	-	-	(881,234)	(1,752,824)	-	-	-	-
Prior period adjustment	-	-	-	-	791,101	1,122,085	-	-	-	-
Net position - October 1, as restated	215,933,059	275,966,877	228,754,487	276,530,174	\$224,927,362	267,914,013	216,883,292	259,711,982	221,652,174	243,501,562
Net position - September 30	\$234,291,798	\$279,519,195	\$233,467,441	\$278,763,591	\$228,754,487	\$276,530,174	\$225,017,495	\$268,544,752	\$216,883,292	\$259,711,982

⁽¹⁾ The cumulative effects of change in accounting principles in columns 2015 and 2013 were the result of the City's adoption of GASB Statement No. 68 and GASB Statement No. 65, respectively.

Part C46
Five Year Comparative System Operating Statement

5 Year Operating Summary

	For Fiscal Year Ended September 30				
	2015	2014	2013	2012	2011
Revenues:					
Taxes	\$ 81,708,003	\$ 75,866,868	\$ 72,988,945	\$ 67,712,642	\$ 65,587,020
Business and Occupation Fees	13,762,575	14,181,593	13,405,186	13,682,123	13,587,115
Permits, Licenses and Fees	1,504,766	1,348,415	1,170,932	930,770	789,302
Fines	2,135,342	2,416,605	1,807,306	1,565,721	1,729,398
Charges for Services	1,749,690	1,639,054	1,643,861	1,501,983	1,779,213
Investment Earnings	238,410	145,363	107,101	121,240	119,659
Contributions	716,371	883,787	392,918	219,577	310,827
Intergovernmental	1,694,924	1,682,910	1,568,064	1,497,372	1,390,686
Other	10,153,721	9,256,237	9,754,703	8,533,937	8,099,146
Total Revenues	\$ 113,663,802	\$ 107,420,832	\$ 102,839,016	\$ 95,765,365	\$ 93,392,366
Expenditures:					
Current:					
General Government	\$ 18,144,029	\$ 17,230,269	\$ 16,189,167	\$ 16,953,812	\$ 15,550,216
Public Works	1,405,812	2,583,490	3,214,854	1,863,173	1,791,523
Public Safety	61,362,994	60,162,734	57,762,483	53,938,989	54,524,611
Culture and Recreation	12,280,138	12,926,462	11,946,865	14,503,772	12,438,048
Housing and Community Development	288,718	192,147	177,536	133,033	128,659
Total Expenditures	\$ 93,481,691	\$ 93,095,102	\$ 89,290,905	\$ 87,392,779	\$ 84,433,057
Excess of Revenues Over Expenditures	\$ 20,182,111	\$ 14,325,730	\$ 13,548,111	\$ 8,372,586	\$ 8,959,309
Other Financing Sources (Uses):					
Proceeds from Sale of Capital Assets	\$ 171,016	\$ 105,278	\$ 290,376	\$ 1,790,086	\$ 123,833
Transfers In	4,404,188	4,683,880	4,634,431	4,161,057	3,951,595
Transfers Out	(22,241,890)	(13,786,482)	(10,627,147)	(11,396,117)	(9,555,910)
Total Other Financing Sources (Uses)	\$ (17,666,686)	\$ (8,997,324)	\$ (5,702,340)	\$ (5,444,975)	\$ (5,480,482)
Net Change in Fund Balance	\$ 2,515,425	\$ 5,328,406	\$ 7,845,771	\$ 2,927,611	\$ 3,478,827
Fund Balance, Beginning of Year	\$ 51,797,659	\$ 46,469,253	\$ 38,623,482	\$ 34,720,577	\$ 31,241,750
Prior Period Adjustment ⁽¹⁾	\$ -	\$ -	\$ -	\$ 975,294	\$ -
Fund Balance, End of Year	\$ 54,313,084	\$ 51,797,659	\$ 46,469,253	\$ 38,623,482	\$ 34,720,577

⁽¹⁾ The prior period adjustment was to recognize amounts previously reported as unavailable revenue and unearned revenue.

Part C46

Five Year Comparative System Operating Statement

Statements of Revenue, Expenses, and Changes in Fund Net Position

	2015	2014	2013	2012	2011
Operating revenues:					
Charges for services	\$ 37,366,519	\$ 38,094,499	\$ 40,150,643	\$ 38,343,344	\$ 42,597,855
Other	402,025	500,414	559,001	408,848	491,809
Total operating revenue	\$ 37,768,544	\$ 38,594,913	\$ 40,709,644	\$ 38,752,192	\$ 43,089,664
Operating expenses:					
Salaries and wages	4,730,086	4,921,571	4,797,093	4,377,006	4,402,349
Employee benefits	1,864,515	2,055,459	1,948,539	1,872,253	2,174,665
Purchased professional/technical services	1,616,037	1,299,056	946,520	1,159,465	1,260,610
Purchased property services	105,503	152,391	204,360	86,764	141,231
Maintenance	1,670,712	1,861,631	1,779,760	1,332,842	1,688,656
Other purchased services	812,222	784,053	768,065	914,082	857,272
Supplies	4,594,066	4,350,721	4,685,035	4,766,060	5,038,487
Other	3,698,866	3,730,948	3,839,782	3,745,300	3,753,980
Depreciation/amortization	8,872,286	8,996,493	8,882,607	8,734,301	7,699,439
Total operating expenses	\$ 27,964,293	\$ 28,152,323	\$ 27,851,761	\$ 26,988,073	\$ 27,016,689
Operating income	\$ 9,804,251	\$ 10,442,590	\$ 12,857,883	\$ 11,764,119	\$ 16,072,975
Nonoperating revenue (expenses)					
Investment earnings	125,375	94,682	78,581	99,600	91,178
Rental income	5,210	5,160	4,180	7,470	5,280
Contributions	-	-	-	104,430	116,918
Intergovernmental revenue	-	-	2,033	-	331
Bond issuance costs	(150,735)	(34,042)	(248,463)	-	-
Interest expense and fiscal charges	(4,342,127)	(4,812,509)	(4,937,921)	(6,322,986)	(7,169,940)
Total nonoperating revenue (expenses)	\$ (4,362,277)	\$ (4,746,709)	\$ (5,101,590)	\$ (6,111,486)	\$ (6,956,233)
Income before contributions and transfers	\$ 5,441,974	\$ 5,695,881	\$ 7,756,293	\$ 5,652,633	\$ 9,116,742
Capital Contributions	692,265	244,608	134,230	162,096	36,402
Transfers out	(3,817,145)	(3,138,280)	(3,100,362)	(3,061,151)	(2,882,776)
Change in net position	\$ 2,317,094	\$ 2,802,209	\$ 4,790,161	\$ 2,753,578	\$ 6,270,368
Total net position at beginning of year, as previously stated	113,131,246	110,329,037	106,717,262	103,963,684	97,693,316
Cumulative effect of change in accounting principles ⁽¹⁾	(1,190,732)	-	(1,178,386)	-	-
Total net position at beginning of year, as restated	\$ 111,940,514	\$ 110,329,037	\$ 105,538,876	\$ 103,963,684	\$ 97,693,316
Total net position, end of year	\$ 114,257,608	\$ 113,131,246	\$ 110,329,037	\$ 106,717,262	\$ 103,963,684

Determination of Net Revenues available for Debt Service:

Revenues	38,591,394	38,939,363	40,928,668	39,125,788	43,339,773
Expenditures (excludes depreciation)	22,909,152	22,294,110	22,069,516	21,314,923	22,200,026
Net Revenues Available for Debt Service	\$ 15,682,242	\$ 16,645,253	\$ 18,859,152	\$ 17,810,865	\$ 21,139,747

⁽¹⁾ The cumulative effects of change in accounting principles in columns 2015 and 2013 were the result of the City's adoption of GASB Statement

Part C47 – March 2016 Financials and 2015 CAFR

**City of Waco, Texas
Monthly Financial Report
March 2016**

The financial statements for the month ended March 31, 2016, for the City of Waco are attached. General Fund contributions are indicated by **highlighted** revenue line items in the funds that receive them. A brief explanation of the major funds follows with page number references corresponding to the financial statements. Notes are also provided directly on individual fund statements.

General Fund—page 1

1. **Sales tax collections** for March of \$2,607,330 are \$174,445 over budget and \$16,297 more than last year. This rebate reflects January sales. The rebate for April that reflects February sales was \$2,833,741, which is \$417,864 more than budgeted and \$261,237 more than last year. A sales tax allocation comparison with the top twenty cities and our peer cities for April is included.
2. **Ad valorem taxes** are more than estimated, but this should just be a timing issue.
3. **Permits** are \$328,439 over budget for the first six months.
4. **Miscellaneous** is over budget due to Sandy Creek raw water billings and auction proceeds coming in higher than expected.

General Fund—page 3

1. **There are no trends of major overruns in expenditures for the General Fund.**

Water Fund—page 8

1. **Metered water sales** are 2.4% over budget with total revenues 1.2% over budget through March.
2. **Other water sales** are 5.9% under budget.
3. **Expenditures** are 3.2% under budget year to date resulting in a net loss of \$6,908,315, which is \$1,032,526 better than the budgeted loss of \$7,940,841.

Wastewater Fund—page 9

1. **Wastewater service charges** are 0.9% over budget. Overall, revenues are slightly over budget through March.
2. **Expenditures** are at budget to date resulting in a net loss of \$6,809,481, which is \$87,719 better than the budgeted loss of \$6,897,200.

WMARSS Fund—page 10

1. **Expenditures** are 0.4% over budget to date resulting in a net loss of \$80,060, which is \$11,358 better than the budgeted loss of \$91,418. Overall, revenues are slightly over budget through March.

Solid Waste—page 11

1. **Revenues** are 17.4% more than budgeted.
2. **Expenditures** are 9.9% under budget to date resulting in a net gain of \$1,186,203, which is \$2,256,635 better than the budgeted net loss of \$1,070,432.

Airport—page 12

1. **Revenues** are 1.8% under budget for the first six months.
2. **Expenses** are 0.9% under budget. Net loss of \$1,055,408 is \$1,213 less than the budgeted loss of \$1,056,621.

Waco Convention Center—page 13

1. **Revenues** overall are 6.9% over budget.
2. **Expenses** are 10.5% under budget resulting in a net gain of \$49,776, which is \$380,305 better than the budgeted loss of \$330,529.

Ranger Hall of Fame—page 14

1. **Revenues** overall are 12.5% over budget year to date.
2. **Expenses** are 1.4% under budget resulting in a net loss of \$83,829, which is \$90,913 better than the expected loss of \$174,742.

Cameron Park Zoo—page 15

1. **Revenues** are 11.1% over budget through March.
2. **Expenditures** are 1.0% over budget resulting in a net gain of \$30,900, which is \$174,922 better than the expected loss of \$144,022.

Transit Services—page 16

1. **Revenues** are 5.2% over budget year to date.
2. **Expenses** are 2.7% less than budgeted resulting in a net loss of \$159,039, which is \$318,300 better than the budgeted loss of \$477,339.

Golf Course—page 17

1. **Revenues** for Golf Course are 7.5% over budget through March.
2. **Expenditures** are 6.1% under budget resulting in a net loss of \$347,485, which is \$125,105 better than the budgeted loss of \$472,590.

Health Insurance—page 21

1. **Revenues** are 10.4% under budget year to date.
2. **Expenditures** are 5.3% less than budgeted resulting in a net loss of \$726,069, which is \$311,172 worse than the budgeted loss of \$414,897.

All other funds are performing on target or better than expected.

Part C47 - City of Waco - March 2016 Financials

**Local Sales and Use Tax
Allocation Comparison Summary Reports
April-16**

Top 20 Cities (in descending order by current year pmts to date)	Net Payment This Period	Net Payment Prior Year	% Change	Calendar 2016 Payments To Date	Calendar 2015 Payments To Date	% Change
Houston	46,422,152.06	47,630,926.77	-2.53%	212,060,308.13	223,720,100.04	-5.21%
San Antonio	23,223,470.02	22,839,288.63	1.68%	106,297,304.70	103,479,401.20	2.72%
Dallas	20,354,674.42	18,873,182.98	7.84%	92,091,038.50	87,623,947.66	5.09%
Austin	14,931,882.60	13,790,179.84	8.27%	66,761,441.15	62,848,254.54	6.22%
Fort Worth	9,936,830.74	9,071,341.96	9.54%	44,712,585.88	43,539,518.93	2.69%
Arlington	7,015,425.37	6,353,199.62	10.42%	32,635,686.54	31,333,051.56	4.15%
El Paso	6,314,313.58	6,139,529.67	2.84%	28,211,501.42	27,277,857.32	3.42%
Plano	5,141,741.81	5,525,584.97	-6.94%	25,305,234.15	26,733,765.67	-5.34%
Amarillo	5,467,120.76	5,387,229.73	1.48%	24,484,405.36	24,211,342.09	1.12%
Frisco	5,082,521.30	5,137,766.14	-1.07%	24,101,865.79	25,360,321.35	-4.96%
Corpus Christi	5,600,980.51	5,993,054.49	-6.54%	23,688,483.63	26,782,719.08	-11.55%
Round Rock	5,033,872.26	5,612,930.37	-10.31%	22,020,448.28	23,090,744.05	-4.63%
Irving	4,893,531.48	4,750,701.26	3.00%	21,914,932.63	20,802,167.88	5.34%
Lubbock	4,794,813.77	4,650,574.52	3.10%	21,327,056.84	21,291,448.61	0.16%
McAllen	4,535,857.56	4,605,039.81	-1.50%	21,265,657.57	22,130,015.62	-3.90%
Midland	3,630,046.69	4,615,049.67	-21.34%	18,470,798.80	22,682,249.71	-18.56%
Sugar Land	4,546,211.36	3,695,820.64	23.00%	18,389,644.79	17,553,264.18	4.76%
Grand Prairie	3,695,872.99	3,132,011.58	18.00%	16,079,291.29	14,363,019.13	11.94%
Mesquite	3,093,048.11	2,921,074.53	5.88%	14,261,010.14	13,656,612.36	4.42%
McKinney	3,288,815.07	2,850,523.28	15.37%	14,188,959.90	13,696,146.21	3.59%

Other Peer Cities (in alphabetical order)

Abilene	3,095,935.57	2,916,179.83	6.16%	13,535,737.98	13,639,460.68	-0.76%
Beaumont	2,887,051.30	2,335,148.76	23.63%	13,216,444.16	12,291,626.99	7.52%
Bryan	1,312,919.55	1,278,516.23	2.69%	5,808,249.25	5,639,296.73	2.99%
College Station	1,914,187.62	1,828,412.79	4.69%	8,644,060.32	8,547,458.36	1.13%
Denton	2,128,443.92	1,852,967.89	14.86%	9,712,855.05	9,180,179.43	5.80%
Killeen	1,739,052.16	1,646,436.93	5.62%	7,126,226.58	6,997,060.88	1.84%
Temple	1,792,731.58	1,421,811.50	26.08%	6,985,900.82	6,523,318.98	7.09%
Tyler	2,945,913.68	3,104,446.70	-5.10%	12,890,666.87	13,562,512.13	-4.95%
Wichita Falls	2,177,246.17	2,040,081.40	6.72%	9,696,754.57	9,743,884.25	-0.48%
Waco	2,833,741.24	2,572,503.84	10.15%	12,350,144.08	11,849,941.06	4.22%

Part C47 - City of Waco - March 2016 Financials

City of Waco, Texas Summary of Monthly Financial Reports For the Six Months Ending March 31, 2016

FUND		2014-15	Adopted	Amended	Y-T-D	Y-T-D	Over / (Under)			
		YTD Actual	Budget	Budget	Budget	Actual	Budget	Percent	14-15	
General	Revenue:									
	Taxes:									
	Sales Tax	17,970,855	32,557,060	32,939,391	16,549,767	18,623,129	2,073,362	12.5%	3.6%	
	Ad valorem	46,340,526	53,093,819	53,093,819	49,441,813	49,637,627	195,814	0.4%	7.1%	
	Business & occupation fees	7,155,275	13,593,416	13,593,416	6,943,446	6,916,455	(26,991)	-0.4%	-3.3%	
	Licenses and permits	707,994	1,137,362	1,137,362	519,698	858,427	338,729	65.2%	21.2%	
	Intergovernmental	850,873	1,670,620	1,670,620	715,854	893,728	177,874	24.8%	5.0%	
	Charges for services	735,896	1,782,287	1,782,287	728,548	760,331	31,783	4.4%	3.3%	
	Fines	1,160,210	2,161,559	2,161,559	1,152,858	1,330,143	177,285	15.4%	14.6%	
	Interest on investments	85,587	75,000	75,000	37,500	67,662	30,162	80.4%	-20.9%	
	Contributions	167,499	617,000	662,000	301,333	346,682	45,349	15.0%	107.0%	
	Other	5,598,695	9,383,841	9,383,841	4,913,465	5,379,999	466,534	9.5%	-3.9%	
	Other financing sources	34,007	132,992	211,219	117,066	41,827	(75,239)	-64.3%	23.0%	
	Utilization of reserve	-	7,108,799	10,055,763	-	-	-	0.0%	0.0%	
	Total Revenue	80,807,417	123,313,755	126,766,277	81,421,348	84,856,010	3,434,662	4.2%	5.0%	
	Operating Expenses	46,290,975	101,193,680	102,541,707	49,616,769	47,705,916	(1,910,853)	-3.9%	3.1%	
	Non-Operating Expenses	10,881,018	22,120,075	24,224,570	18,192,842	18,248,609	55,767	0.3%	67.7%	
Total Expense	57,171,993	123,313,755	126,766,277	67,809,611	65,954,525	(1,855,086)	-2.7%	15.4%		
Net Surplus/(Deficit)	23,635,424	-	-	13,611,737	18,901,485	5,289,748	38.9%	-20.0%		
Health	Revenue - Gen. Fund Contr.	1,362,114	2,874,265	2,900,392	1,440,864	1,437,132	(3,732)	-0.3%	5.5%	
	Revenue - Other	642,546	1,316,000	1,316,000	611,782	646,135	34,353	5.6%	0.6%	
	Expense	2,387,083	4,190,265	4,216,392	2,315,273	2,192,651	(122,622)	-5.3%	-8.1%	
	Net Surplus/(Deficit)	(382,423)	-	-	(262,627)	(109,384)	153,243	-58.4%	-71.4%	
Airport	Revenue - Gen. Fund Contr.	89,616	736,059	745,683	369,403	368,028	(1,375)	-0.4%	310.7%	
	Revenue - Other	636,328	1,233,669	1,996,463	619,336	603,241	(16,095)	-2.6%	-5.2%	
	Expense	768,511	1,969,728	2,742,146	2,045,360	2,026,677	(18,683)	-0.9%	163.7%	
	Net Surplus/(Deficit)	(42,567)	-	-	(1,056,621)	(1,055,408)	1,213	-0.1%	2379.4%	
Convention Center	Revenue - Gen. Fund Contr.	-	-	-	-	-	-	0.0%	0.0%	
	Revenue - Other	1,941,902	4,440,317	4,464,077	1,989,190	2,126,249	137,059	6.9%	9.5%	
	Expense	1,746,360	4,440,317	4,464,077	2,319,719	2,076,473	(243,246)	-10.5%	18.9%	
	Net Surplus/(Deficit)	195,542	-	-	(330,529)	49,776	380,305	-115.1%	-74.5%	
Ranger Hall of Fame	Revenue - Gen. Fund Contr.	334,818	711,837	718,613	356,888	355,920	(968)	-0.3%	6.3%	
	Revenue - Other	384,746	685,350	835,350	283,746	364,478	80,732	28.5%	-5.3%	
	Expense	671,277	1,397,187	1,553,963	815,376	804,227	(11,149)	-1.4%	19.8%	
	Net Surplus/(Deficit)	48,287	-	-	(174,742)	(83,829)	90,913	-52.0%	-273.6%	
Cameron Park Zoo	Revenue - Gen. Fund Contr.	991,614	2,160,257	2,170,128	1,081,536	1,080,126	(1,410)	-0.1%	8.9%	
	Revenue - Other	647,796	1,744,875	1,744,875	675,808	872,068	196,260	29.0%	34.6%	
	Expense	1,767,434	3,905,132	3,915,003	1,901,366	1,921,294	19,928	1.0%	8.7%	
	Net Surplus/(Deficit)	(128,024)	-	-	(144,022)	30,900	174,922	-121.5%	-124.1%	
Waco Transit	Revenue - Gen. Fund Contr.	-	441,987	441,987	-	-	-	0.0%	0.0%	
	Revenue - Other	3,567,206	8,194,223	8,194,223	3,858,065	4,059,654	201,589	5.2%	13.8%	
	Expense	3,684,838	8,636,210	8,636,210	4,335,404	4,218,693	(116,711)	-2.7%	14.5%	
	Net Surplus/(Deficit)	(117,632)	-	-	(477,339)	(159,039)	318,300	-66.7%	35.2%	
Cottonwood Creek Golf	Revenue - Gen. Fund Contr.	-	134,448	139,622	67,963	67,224	(739)	-1.1%	0.0%	
	Revenue - Other	605,537	1,965,234	1,965,234	637,872	691,736	53,864	8.4%	14.2%	
	Expense	935,052	2,099,682	2,104,856	1,178,425	1,106,445	(71,980)	-6.1%	18.3%	
	Net Surplus/(Deficit)	(329,515)	-	-	(472,590)	(347,485)	125,105	-26.5%	5.5%	
Street Improvement	Revenue	5,831,231	3,888,972	7,503,395	2,780,835	2,795,010	14,175	0.5%	-52.1%	
	Expense	7,258,374	3,888,972	7,503,395	5,238,499	4,963,462	(275,037)	-5.3%	-31.6%	
	Net Surplus/(Deficit)	(1,427,143)	-	-	(2,457,664)	(2,168,452)	289,212	-11.8%	51.9%	
Insurance	Revenue	2,652,542	3,696,549	4,300,664	2,775,319	2,814,238	38,919	1.4%	6.1%	
	Expense	1,717,283	3,696,549	4,300,664	2,893,522	2,230,334	(663,188)	-22.9%	29.9%	
	Net Surplus/(Deficit)	935,259	-	-	(118,203)	583,904	702,107	-594.0%	-37.6%	
Engineering	Revenue	985,140	2,391,443	2,397,697	1,120,735	1,097,896	(22,839)	-2.0%	11.4%	
	Expense	906,688	2,391,443	2,397,697	1,243,052	1,175,885	(67,167)	-5.4%	29.7%	
	Net Surplus/(Deficit)	78,452	-	-	(122,317)	(77,989)	44,328	-36.2%	-199.4%	
Fleet Services	Revenue	823,592	1,996,945	1,996,945	891,164	907,029	15,865	1.8%	10.1%	
	Expense	787,096	1,996,945	1,996,945	954,180	885,625	(68,555)	-7.2%	12.5%	
	Net Surplus/(Deficit)	36,496	-	-	(63,016)	21,404	84,420	-134.0%	-41.4%	
Health Insurance	Revenue	5,514,664	13,944,161	13,944,161	6,550,386	5,871,932	(678,454)	-10.4%	6.5%	
	Expense	6,007,168	13,944,161	13,944,161	6,965,283	6,598,001	(367,282)	-5.3%	9.8%	
	Net Surplus/(Deficit)	(492,504)	-	-	(414,897)	(726,069)	(311,172)	75.0%	47.4%	
Total General Fund Supported Departments and Internal Service Funds	Revenue - Gen. Fund Contr.	2,778,162	7,058,853	7,116,425	3,316,654	3,308,430	(8,224)	-0.2%	19.1%	
	Revenue - Other	105,040,647	168,811,493	177,425,361	104,215,586	107,705,676	3,490,090	3.3%	2.5%	
	Expense	85,809,157	175,870,346	184,541,786	100,015,070	96,154,292	(3,860,778)	-3.9%	12.1%	
	Net Surplus/(Deficit)	22,009,652	-	-	7,517,170	14,859,814	7,342,644	97.7%	-32.5%	

Part C47 - City of Waco - March 2016 Financials

City of Waco, Texas Summary of Monthly Financial Reports For the Six Months Ending March 31, 2016

FUND		2014-15	Adopted	Amended	Y-T-D	Y-T-D	Over / (Under)		
		YTD Actual	Budget	Budget	Budget	Actual	Budget	Percent	14-15
Water	Revenue	16,564,321	40,047,185	41,148,069	17,669,998	17,886,792	216,794	1.2%	8.0%
	Expense	25,215,750	40,047,185	41,148,069	25,610,839	24,795,107	(815,732)	-3.2%	-1.7%
	Net Surplus/(Deficit)	(8,651,429)	-	-	(7,940,841)	(6,908,315)	1,032,526	-13.0%	-20.1%
Wastewater	Revenue	10,015,796	23,189,257	23,767,045	10,962,288	11,058,509	96,221	0.9%	10.4%
	Expense	15,311,601	23,189,257	23,767,045	17,859,488	17,867,990	8,502	0.0%	16.7%
	Net Surplus/(Deficit)	(5,295,805)	-	-	(6,897,200)	(6,809,481)	87,719	-1.3%	28.6%
WMARSS	Revenue	3,545,656	8,339,082	8,686,651	4,142,647	4,171,462	28,815	0.7%	17.6%
	Expense	3,963,517	8,339,082	8,686,651	4,234,065	4,251,522	17,457	0.4%	7.3%
	Net Surplus/(Deficit)	(417,861)	-	-	(91,418)	(80,060)	11,358	-12.4%	-80.8%
Solid Waste	Revenue	8,671,907	16,321,567	17,463,695	7,885,671	9,257,425	1,371,754	17.4%	6.8%
	Expense	9,442,417	16,321,567	17,463,695	8,956,103	8,071,222	(884,881)	-9.9%	-14.5%
	Net Surplus/(Deficit)	(770,510)	-	-	(1,070,432)	1,186,203	2,256,635	-210.8%	-254.0%
Debt Service	Revenue	9,140,335	9,116,339	9,116,339	8,908,878	9,008,751	99,873	1.1%	-1.4%
	Expense	7,631,661	9,152,487	9,152,487	7,577,325	7,679,993	102,668	1.4%	0.6%
	Net Surplus/(Deficit)	1,508,674	(36,148)	(36,148)	1,331,553	1,328,758	(2,795)	-0.2%	-11.9%

Part C47 - City of Waco - March 2016 Financials

City of Waco, Texas

General Fund

Statement of Revenues

For the Six Months Ending March 31, 2016

Account Description	2014-15	Original	Amended	Y -T -D	Y -T -D	Over / (Under)			Budget
	YTD Actual	Budget	Budget	Budget	Actual	Budget	Percent	14-15	Amendment
Taxes									
Sales tax	17,970,855	32,557,060	32,939,391	16,549,767	18,623,129	2,073,362	12.5%	3.6%	-
Ad valorem	46,340,526	53,093,819	53,093,819	49,441,813	49,637,627	195,814	.4%	7.1%	-
	<u>64,311,381</u>	<u>85,650,879</u>	<u>86,033,210</u>	<u>65,991,580</u>	<u>68,260,756</u>	<u>2,269,176</u>	<u>3.4%</u>	<u>6.1%</u>	<u>-</u>
Business and occupation fees	<u>7,155,275</u>	<u>13,593,416</u>	<u>13,593,416</u>	<u>6,943,446</u>	<u>6,916,455</u>	<u>(26,991)</u>	<u>-.4%</u>	<u>-3.3%</u>	<u>-</u>
Licenses and permits									
Permits	655,659	1,055,547	1,055,547	480,761	809,200	328,439	68.3%	23.4%	-
Subdivision fees	16,815	30,336	30,336	15,137	17,214	2,077	13.7%	2.4%	-
Zoning applications	5,525	11,456	11,456	5,300	6,405	1,105	20.8%	15.9%	-
Fire Inspection Fees	29,995	40,023	40,023	18,500	25,608	7,108	38.4%	-14.6%	-
	<u>707,994</u>	<u>1,137,362</u>	<u>1,137,362</u>	<u>519,698</u>	<u>858,427</u>	<u>338,729</u>	<u>65.2%</u>	<u>21.2%</u>	<u>-</u>
Intergovernmental									
Federal	-	-	-	-	812	812	-	-	-
State	108,324	237,785	237,785	81,339	113,356	32,017	39.4%	4.6%	-
County	742,549	1,432,835	1,432,835	634,515	779,560	145,045	22.9%	5.0%	-
	<u>850,873</u>	<u>1,670,620</u>	<u>1,670,620</u>	<u>715,854</u>	<u>893,728</u>	<u>177,874</u>	<u>24.8%</u>	<u>5.0%</u>	<u>-</u>
Charges for services									
Recreation	120,654	514,279	514,279	151,631	89,421	(62,210)	-41.0%	-25.9%	-
Weed mowing collections	54,057	63,592	63,592	35,200	51,265	16,065	45.6%	-5.2%	-
Library fees	57,476	103,756	103,756	46,409	59,454	13,045	28.1%	3.4%	-
Animal pickup	5,610	12,524	12,524	6,500	5,165	(1,335)	-20.5%	-7.9%	-
Grounds Maintenance	26,286	53,622	53,622	26,814	26,814	-	-	2.0%	-
Graphics	36,108	74,661	74,661	37,332	34,390	(2,942)	-7.9%	-4.8%	-
Airport Services	165,330	317,200	317,200	151,621	163,655	12,034	7.9%	-1.0%	-
Police Security	-	30,226	30,226	-	-	-	-	-	-
	<u>465,521</u>	<u>1,169,860</u>	<u>1,169,860</u>	<u>455,507</u>	<u>430,164</u>	<u>(25,343)</u>	<u>-5.6%</u>	<u>-7.6%</u>	<u>-</u>
Fines									
Court fines	1,068,998	2,007,112	2,007,112	1,075,098	1,246,810	171,712	16.0%	16.6%	-
Auto impound fines	81,412	146,447	146,447	73,224	75,633	2,409	3.3%	-7.1%	-
False alarm fines	8,300	8,000	8,000	4,536	7,700	3,164	69.8%	-7.2%	-
BSC-civil penalties	1,500	-	-	-	-	-	-	-	-
	<u>1,160,210</u>	<u>2,161,559</u>	<u>2,161,559</u>	<u>1,152,858</u>	<u>1,330,143</u>	<u>177,285</u>	<u>15.4%</u>	<u>14.6%</u>	<u>-</u>
Interest on investments	<u>85,587</u>	<u>75,000</u>	<u>75,000</u>	<u>37,500</u>	<u>67,662</u>	<u>30,162</u>	<u>80.4%</u>	<u>-20.9%</u>	<u>-</u>
Contributions	<u>167,499</u>	<u>617,000</u>	<u>662,000</u>	<u>301,333</u>	<u>346,682</u>	<u>45,349</u>	<u>15.0%</u>	<u>107.0%</u>	<u>-</u>
Other									
Indirect expense reimbursement	3,662,321	7,439,513	7,439,513	3,923,722	3,890,962	(32,760)	-.8%	6.2%	-
Rent from real estate	82,194	133,046	133,046	74,040	122,169	48,129	65.0%	48.6%	-
Sales	98,114	39,380	39,380	17,553	129,371	111,818	637.0%	31.9%	-
Commission	294,188	614,600	614,600	285,826	296,905	11,079	3.9%	.9%	-
Cash over - short	554	-	-	-	(150)	(150)	-	-127.1%	-
Petition paving collections	1,698	-	-	-	684	684	-	-59.7%	-
Miscellaneous *	1,459,626	1,157,302	1,157,302	612,324	940,058	327,734	53.5%	-35.6%	18,114
	<u>5,598,695</u>	<u>9,383,841</u>	<u>9,383,841</u>	<u>4,913,465</u>	<u>5,379,999</u>	<u>466,534</u>	<u>9.5%</u>	<u>-3.9%</u>	<u>18,114</u>
Other financing sources	<u>34,007</u>	<u>132,992</u>	<u>211,219</u>	<u>117,066</u>	<u>41,827</u>	<u>(75,239)</u>	<u>-64.3%</u>	<u>23.0%</u>	<u>2,495</u>
Transfers from Surplus	<u>-</u>	<u>7,108,799</u>	<u>10,055,763</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>516,372</u>
Charges for services	<u>270,375</u>	<u>612,427</u>	<u>612,427</u>	<u>273,041</u>	<u>330,167</u>	<u>57,126</u>	<u>20.9%</u>	<u>22.1%</u>	<u>-</u>
Total revenue	<u>80,807,417</u>	<u>123,313,755</u>	<u>126,766,277</u>	<u>81,421,348</u>	<u>84,856,010</u>	<u>3,434,662</u>	<u>4.2%</u>	<u>5.0%</u>	<u>536,981</u>

* Major misc. revenues include auction proceeds, purchasing rebates, and e-rate discounts.

Part C47 - City of Waco - March 2016 Financials

City of Waco, Texas

General Fund

Statement of Income and Expenses

For the Six Months Ending March 31, 2016

Account Description	2013-14	Original	Amended	Y -T -D	Y -T -D	Over / (Under)			Budget
	YTD Actual	Budget	Budget	Budget	Actual	Budget	Percent	13-14	Amendment
Taxes	64,311,381	85,650,879	86,033,210	65,991,580	68,260,756	2,269,176	3.4%	6.1%	-
Business and occupation fees	7,155,275	13,593,416	13,593,416	6,943,446	6,916,455	(26,991)	-4%	-3.3%	-
Licenses and permits	707,994	1,137,362	1,137,362	519,698	858,427	338,729	65.2%	21.2%	-
Intergovernmental	850,873	1,670,620	1,670,620	715,854	893,728	177,874	24.8%	5.0%	-
Charges for services	465,521	1,169,860	1,169,860	455,507	430,164	(25,343)	-5.6%	-7.6%	-
Fines	1,160,210	2,161,559	2,161,559	1,152,858	1,330,143	177,285	15.4%	14.6%	-
Interest on investments	85,587	75,000	75,000	37,500	67,662	30,162	80.4%	-20.9%	-
Contributions	167,499	617,000	662,000	301,333	346,682	45,349	15.0%	107.0%	-
Other*	5,598,695	9,383,841	9,383,841	4,913,465	5,379,999	466,534	9.5%	-3.9%	18,114
Other Financing Sources	34,007	132,992	211,219	117,066	41,827	(75,239)	-64.3%	23.0%	2,495
Transfers from surplus	-	7,108,799	10,055,763	-	-	-	-	-	516,372
Charges for services	270,375	612,427	612,427	273,041	330,167	57,126	20.0%	22.1%	-
Total revenue	80,807,417	123,313,755	126,766,277	81,421,348	84,856,010	3,434,662	4.2%	5.0%	536,981
Salaries and wages	25,733,504	56,109,878	56,388,158	26,035,674	25,373,577	(662,097)	-2.5%	-1.4%	-
Employee benefits	8,598,416	20,212,219	20,290,762	9,454,282	8,772,090	(682,192)	-7.2%	2.0%	-
Purchased professional/technical	2,200,408	3,757,468	4,503,723	2,728,342	3,079,851	351,509	12.9%	40.0%	342,714
Purchased property services	372,014	1,075,662	1,075,662	433,462	399,905	(33,557)	-7.7%	7.5%	-
Maintenance	2,618,648	5,967,629	5,965,963	3,339,825	3,198,699	(141,126)	-4.2%	22.2%	-
Other purchased services	1,907,299	3,371,541	3,352,782	2,132,642	2,006,450	(126,192)	-5.9%	5.2%	-
Supplies	2,883,104	6,394,966	6,475,485	3,050,230	2,492,091	(558,139)	-18.3%	-13.6%	2,495
Other**	444,532	1,460,748	1,617,076	520,146	496,433	(23,713)	-4.6%	11.7%	-
Contracts with others	1,533,050	2,843,569	2,872,096	1,922,166	1,886,820	(35,346)	-1.8%	23.1%	-
Total operating expenses	46,290,975	101,193,680	102,541,707	49,616,769	47,705,916	(1,910,853)	-3.9%	3.1%	345,209
Transfers	10,898,693	21,096,109	22,912,511	16,782,330	16,818,876	36,546	.2%	54.3%	191,772
Billings	(426,100)	(1,232,351)	(1,232,351)	(601,104)	(562,210)	38,894	-6.5%	31.9%	-
Capital expenditures	408,425	2,256,317	2,544,410	2,011,616	1,991,943	(19,673)	-1.0%	387.7%	-
Total expenses	57,171,993	123,313,755	126,766,277	67,809,611	65,954,525	(1,855,086)	-2.7%	15.4%	536,981
Excess (deficiency) of revenues over expenditures	23,635,424	-	-	13,611,737	18,901,485	5,289,748	38.9%	-20.0%	-

* See detail on page 1, Other

** Miscellaneous expenses, City contingency, Indirect expense, Bank fees, Inventory for resale, & Graphics copier lease expense

Operating revenues of \$84,856,010 are \$3,434,662 more than budgeted with taxes over budget \$2,269,176. Total expenses are under budget by \$1,855,086.

Part C47 - City of Waco - March 2016 Financials

City of Waco, Texas General Fund

Statement of Expense by Department For the Six Months Ending March 31, 2016

Department	2014-15	Original	Amended	Y -T -D	Y -T -D	Over / (Under)			Budget
	YTD Actual	Budget	Budget	Budget	Actual	Budget	Percent	14-15	Amendment
Administrative Services	2,570,837	3,996,627	4,222,145	2,744,478	2,793,814	49,336	1.8%	8.7%	-
City Council	65,880	155,179	155,179	72,417	66,782	(5,635)	-7.8%	1.4%	-
Animal Shelter	426,063	1,207,297	2,431,714	1,903,727	1,894,585	(9,142)	-5.5%	344.7%	-
City Secretary	259,718	572,583	572,583	252,141	226,414	(25,727)	-10.2%	-12.8%	-
Finance	671,679	1,532,086	1,532,086	749,390	707,763	(41,627)	-5.6%	5.4%	-
Information Technology	1,226,362	3,292,072	3,554,413	1,786,830	1,430,103	(356,727)	-20.0%	16.6%	-
Purchasing	208,974	533,558	533,558	252,852	271,427	18,575	7.3%	29.9%	18,114
Legal Services	496,685	1,189,527	1,189,527	552,941	533,762	(19,179)	-3.5%	7.5%	-
Municipal Court	592,159	1,324,169	1,324,169	669,709	583,023	(86,686)	-12.9%	-1.5%	-
Planning Services	334,423	761,673	793,017	398,752	353,317	(45,435)	-11.4%	5.6%	-
Human Resources	531,899	876,576	889,576	432,882	446,184	13,302	3.1%	-16.1%	-
Inspection Services	762,537	1,866,677	1,866,677	856,409	837,730	(18,679)	-2.2%	9.9%	-
Public Works	4,632,435	10,909,812	11,755,634	8,393,411	7,853,304	(540,107)	-6.4%	69.5%	-
Emergency Management	852,347	1,357,015	1,357,015	915,867	830,958	(84,909)	-9.3%	-2.5%	-
Fire Services	10,083,418	22,760,195	22,760,195	11,196,557	11,076,607	(119,950)	-1.1%	9.8%	-
Police Services	15,590,468	34,568,747	34,486,002	16,705,939	16,520,310	(185,629)	-1.1%	6.0%	2,495
Library Services	1,847,525	3,727,306	4,019,943	2,408,642	2,204,041	(204,601)	-8.5%	19.3%	171,772
Municipal Information	451,890	724,234	754,726	363,595	419,218	55,623	15.3%	-7.2%	-
Housing Services	126,742	612,189	748,927	426,269	688,118	261,849	61.4%	442.9%	324,600
Facilities	1,934,949	4,976,378	4,976,378	3,198,268	3,255,323	57,055	1.8%	68.2%	-
Parks and Recreation	4,497,864	11,029,062	11,056,307	5,676,863	5,299,189	(377,674)	-6.7%	17.8%	-
Unemployment Comp	10,979	80,000	80,000	20,000	9,195	(10,805)	-54.0%	-16.2%	-
Capital	-	-	-	-	-	-	-	-	-
Cash Funded CIP	1,660,151	11,500	11,500	11,500	11,500	-	-	-99.3%	-
Equipment Replacement	200,000	-	-	-	-	-	-	-	-
Property Insurance	287	287	287	287	287	-	-	-	-
Budget Contingency	-	-	-	-	-	-	-	-	-
Greenwood Cemetery	500	-	-	-	-	-	-	-	-
Arts Agencies	142,000	150,000	143,740	143,740	142,000	(1,740)	-1.2%	-	-
HOT Council of Governments	-	11,344	10,094	-	-	-	-	-	-
The Advocacy Center	91,645	91,645	91,645	91,645	91,645	-	-	-	-
Greater Waco Chamber	62,900	136,500	136,500	136,500	136,500	-	-	117.0%	-
MCCAD	739,056	636,173	641,033	641,033	641,033	-	-	-13.3%	-
Sports Commission	-	50,000	50,000	50,000	50,000	-	-	-	-
McLennan County	129,890	136,907	139,557	139,557	139,556	(1)	-0.0%	7.4%	-
Cen-Tex A/A Chamber	22,100	68,000	68,000	68,000	68,000	-	-	207.7%	-
Multi-Purpose Facility	55,000	55,000	83,527	62,132	28,527	(33,605)	-54.1%	-48.1%	-
Senior Ministry	28,000	28,000	28,000	28,000	28,000	-	-	-	-
City Center Waco	132,084	280,000	280,000	280,000	280,000	-	-	112.0%	-
Cen-Tex Hispanic Chamber	27,200	68,000	68,000	68,000	68,000	-	-	150.0%	-
Miscellaneous *	62,475	632,000	632,000	191,059	191,059	-	-	205.8%	-
Prosper Waco	40,200	500,000	500,000	22,500	22,500	-	-	-44.0%	-
Health Services	1,362,114	2,874,265	2,900,392	1,440,864	1,437,132	(3,732)	-3.3%	5.5%	-
Housing Demo-Lot Clearance	37,500	75,000	75,000	37,500	37,500	-	-	-	-
Street Reconstruction	1,942,986	3,885,972	3,891,888	1,943,831	1,942,986	(845)	-0.0%	-	-
Ranger Hall of Fame	334,818	711,837	718,613	356,888	355,920	(968)	-3.3%	6.3%	-
Airport Services	89,616	736,059	745,683	369,403	368,028	(1,375)	-4.4%	310.7%	-
Cameron Park Zoo	991,614	2,160,257	2,170,128	1,081,536	1,080,126	(1,410)	-1.1%	8.9%	-
Cottonwood Creek Golf	-	134,448	139,622	67,963	67,224	(739)	-1.1%	-	-
Transit Services	-	441,987	441,987	-	-	-	-	-	-
Brazos Riverwalk Grant Fund	-	-	34,855	-	-	-	-	-	20,000
Contributions	8,163,115	13,955,181	14,082,051	7,251,938	7,196,718	(55,220)	-8.8%	-11.8%	20,000
Miscellaneous	346,499	742,197	1,061,040	502,967	374,154	(128,813)	-25.6%	8.0%	-
Retirement Benefits	497,525	643,415	643,415	96,767	91,681	(5,086)	-5.3%	-81.6%	-
	<u>57,171,993</u>	<u>123,313,755</u>	<u>126,766,277</u>	<u>67,809,611</u>	<u>65,954,525</u>	<u>(1,855,086)</u>	<u>-2.7%</u>	<u>15.4%</u>	<u>536,981</u>

* Economic Development grants

Expenses of \$65,954,525 are under budget \$1,855,086 resulting in a net gain of \$18,901,485 which is \$5,289,748 more than budgeted. Total expenses are under budget by 2.7% and operating expenses are under budget by 3.9%.

Part C47 - City of Waco - March 2016 Financials

City of Waco, Texas

General Fund

For the Six Months Ending March 31, 2016

Revenues

Revenues of \$84,856,010 are \$3,434,662 over budget.

Expenses of \$65,954,525 are under budget \$1,855,086 resulting in a net gain of \$18,901,485 which is \$5,289,748 more than budgeted. Sales tax revenue through March of \$18,623,129 was over the estimated amount by \$2,073,362.

Expenditures

Departments under budget:

City Council, Animal Shelter, City Secretary, Finance, Information Technology, Legal Services, Municipal Court, Planning Services, Inspection Services, Public Works, Emergency Management, Fire Services, Police Services, Library Services, Parks and Recreation, Contributions, Miscellaneous, Retirement Benefits, are all reporting actual expenditures less than budgeted.

Departments over budget:

Administrative Services, Purchasing, Human Resources, Municipal Information, Housing Services, Facilities, are all reporting actual expenditures over budget.

Part C47 - City of Waco - March 2016 Financials

City of Waco, Texas Health Services Fund

Statement of Income and Expenses
For the Six Months Ending March 31, 2016

Account Description	2014-15	Original Budget	Amended Budget	Y -T -D Budget	Y -T -D Actual	Over / (Under)			Budget Amendment
	YTD Actual					Budget	Percent	14-15	
Food services	89,200	179,448	179,448	81,961	97,636	15,675	19.1%	9.5%	-
County	22,904	66,837	66,837	30,814	19,703	(11,111)	-36.1%	-14.0%	-
Certificates	117,647	248,700	248,700	107,439	124,184	16,745	15.6%	5.6%	-
Health service fees	133,325	264,517	264,517	124,789	129,375	4,586	3.7%	-3.0%	-
Septic system fees	98,860	202,300	202,300	94,760	105,000	10,240	10.8%	6.2%	-
Interest on investments	759	-	-	-	192	192	-	-74.7%	-
Health District assessments	170,562	341,247	341,247	163,785	163,785	-	-	-4.0%	-
Miscellaneous	9,289	12,951	12,951	8,234	6,260	(1,974)	-24.0%	-32.6%	-
Contributions	-	-	-	-	-	-	-	-	-
General fund contributions	1,362,114	2,874,265	2,900,392	1,440,864	1,437,132	(3,732)	-0.3%	5.5%	-
Transfer from Surplus	-	-	-	-	-	-	-	-	-
Total revenue	2,004,660	4,190,265	4,216,392	2,052,646	2,083,267	30,621	1.5%	3.9%	-
Salaries and wages	701,135	1,538,449	1,559,631	723,019	678,300	(44,719)	-6.2%	-3.3%	-
Employee benefits	251,422	570,497	575,442	269,685	257,161	(12,524)	-4.6%	2.3%	-
Purchased professional/technical	49,080	102,076	102,076	66,181	49,580	(16,601)	-25.1%	1.0%	-
Purchased property services	1,285	2,570	2,570	1,278	1,285	7	.5%	-	-
Maintenance	5,141	15,609	15,609	6,969	5,122	(1,847)	-26.5%	-4.4%	-
Other purchased services	55,738	84,049	83,799	58,600	49,923	(8,677)	-14.8%	-10.4%	-
Supplies	138,076	394,825	395,075	141,878	103,848	(38,030)	-26.8%	-24.8%	-
Other *	196,787	442,585	442,585	220,813	220,582	(231)	-0.1%	12.1%	-
Contracts with others	988,419	1,039,605	1,039,605	826,850	826,850	-	-	-16.3%	-
Total operating expenses	2,387,083	4,190,265	4,216,392	2,315,273	2,192,651	(122,622)	-5.3%	-8.1%	-
Transfers	-	-	-	-	-	-	-	-	-
Capital expenditures	-	-	-	-	-	-	-	-	-
Total expenditures	2,387,083	4,190,265	4,216,392	2,315,273	2,192,651	(122,622)	-5.3%	-8.1%	-
Excess (deficiency) of revenues over expenditures	<u>(382,423)</u>	<u>-</u>	<u>-</u>	<u>(262,627)</u>	<u>(109,384)</u>	<u>153,243</u>	<u>-58.4%</u>	<u>-71.4%</u>	<u>-</u>

* Indirect expense and Bank fees

Health Services Fund account for the health programs operated within McLennan County. Financing is provided from the General Fund to the extent that patients' fees and other miscellaneous revenues are insufficient. Revenues of \$2,083,267 are \$30,621 over budget. Expenditures of \$2,192,651 are under budget \$122,622, resulting in a net loss of \$109,384. Total expenditures are under budget by 5.3%.

Part C47 - City of Waco - March 2016 Financials

City of Waco, Texas
Debt Service Funds

Statement of Income and Expenses
For the Six Months Ending March 31, 2016

Account Description	2014-15 YTD Actual	Original Budget	Amended Budget	Y -T -D Budget	Y -T -D Actual	Over / (Under)			Budget Amendment
						Budget	Percent	14-15	
Receipts									
Property taxes	8,868,206	9,115,089	9,115,089	8,905,934	8,905,934	-	-	.4%	-
Interest	1,638	1,250	1,250	2,944	2,944	-	-	79.7%	-
Other financing sources	270,491	-	-	-	99,873	99,873	-	-63.1%	-
Refunding bonds issued	-	-	-	-	-	-	-	-	-
Premiums on refunding bonds	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-	-
Total revenue	9,140,335	9,116,339	9,116,339	8,908,878	9,008,751	99,873	1.1%	-1.4%	-
Disbursements									
Bond retirements	5,515,000	5,870,000	5,870,000	5,870,000	5,870,000	-	-	6.4%	-
Interest payments	1,863,498	3,279,260	3,279,260	1,704,098	1,704,098	-	-	-8.6%	-
Agent's fees	2,485	3,227	3,227	3,227	3,586	359	11.1%	44.3%	-
Payment to refunding escrow	-	-	-	-	5,103	5,103	-	-	-
Bond issuance costs	250,678	-	-	-	97,206	97,206	-	-61.2%	-
Total disbursements	7,631,661	9,152,487	9,152,487	7,577,325	7,679,993	102,668	1.4%	.6%	-
Receipts over (under) disbursements	1,508,674	(36,148)	(36,148)	1,331,553	1,328,758	(2,795)	-2%	-11.9%	-

Debt Service Funds account for the accumulation of resources for the payment of tax supported general long term debt principal and interest. Revenues total \$9,008,751. Disbursements total \$7,679,993.

Part C47 - City of Waco - March 2016 Financials

City of Waco, Texas Street Reconstruction Fund

Statement of Income and Expenses
For the Six Months Ending March 31, 2016

Account Description	2014-15 YTD Actual	Original Budget	Amended Budget	Y -T -D Budget	Y -T -D Actual	Over / (Under)			Budget Amendment
						Budget	Percent	14-15	
State	-	-	836,038	836,038	836,038	-	-	-	-
Interest on investments	2,338	3,000	3,000	966	2,426	1,460	151.1%	3.8%	-
Contributions	1,300,000	-	-	-	13,560	13,560	-	-99.0%	-
General fund contributions	1,942,986	3,885,972	3,891,888	1,943,831	1,942,986	(845)	-0.0%	-	-
Operating transfers	2,585,907	-	-	-	-	-	-	-	-
Transfer from Surplus	-	-	2,772,469	-	-	-	-	-	-
Total revenue	5,831,231	3,888,972	7,503,395	2,780,835	2,795,010	14,175	.5%	-52.1%	-
Salaries and wages	280,887	793,611	798,407	370,498	304,056	(66,442)	-17.9%	8.2%	-
Employee benefits	137,470	421,587	422,707	197,824	144,905	(52,919)	-26.8%	5.4%	-
Purchased professional/technical	545,504	1,358,927	1,406,556	691,288	653,065	(38,223)	-5.5%	19.7%	-
Maintenance	377,403	572,580	572,580	175,440	149,342	(26,098)	-14.9%	-60.4%	-
Other purchased services	37,125	42,065	42,065	39,567	37,105	(2,462)	-6.2%	-1.1%	-
Supplies	31,920	154,188	154,188	89,528	36,331	(53,197)	-59.4%	13.8%	-
Other *	-	-	-	-	-	-	-	-	-
Total operating expenses	1,410,309	3,342,958	3,396,503	1,564,145	1,324,804	(239,341)	-15.3%	-6.1%	-
Transfers	-	-	-	-	-	-	-	-	-
Billings	54,864	161,413	161,413	51,491	41,812	(9,679)	-18.8%	-23.8%	-
Capital expenditures	5,793,201	384,602	3,945,480	3,622,863	3,596,846	(26,017)	-7.7%	-37.9%	-
Total expenses	7,258,374	3,888,972	7,503,395	5,238,499	4,963,462	(275,037)	-5.3%	-31.6%	-
Net income (loss)	(1,427,143)	-	-	(2,457,664)	(2,168,452)	289,212	11.8%	51.9%	-

Street Reconstruction is used to account for the maintenance and reconstruction of City streets. The primary funding source is the transfer from the General Fund. Total revenues of \$2,795,010 are \$14,175 more than expected. The operating transfers from General Fund total \$1,942,986. Expenses are \$4,963,462 which is \$275,037 less than budgeted.

Part C47 - City of Waco - March 2016 Financials

City of Waco, Texas Water Fund

Statement of Income and Expenses For the Six Months Ending March 31, 2016

Account Description	2014-15	Original	Amended	Y -T -D	Y -T -D	Over / (Under)			Budget
	YTD Actual	Budget	Budget	Budget	Actual	Budget	Percent	14-15	Amendment
Interest on investments	59,144	90,000	90,000	42,300	41,088	(1,212)	-2.9%	-30.5%	-
Contributions	127,854	177,978	177,978	75,719	35,765	(39,954)	-52.8%	-72.0%	-
Indirect Exp Reimbursement	-	2,150	2,150	-	-	-	-	-	-
Rent from Real Estate	112,735	227,308	227,308	111,886	100,272	(11,614)	-10.4%	-11.1%	-
Miscellaneous	46,399	112,311	112,311	31,478	46,544	15,066	47.9%	.3%	-
Metered water sales	13,919,922	33,200,000	33,218,324	14,939,753	15,292,987	353,234	2.4%	9.9%	-
Other water sales	1,664,881	4,486,122	4,486,122	1,842,643	1,716,210	(126,433)	-6.9%	3.1%	-
Water taps	18,272	63,518	63,518	23,311	28,742	5,431	23.3%	57.3%	-
Turn-ons	547,790	1,151,761	1,151,761	534,417	569,025	34,608	6.5%	3.9%	-
Transfer from surplus	-	397,732	1,480,292	-	-	-	-	-	-
Training fees	2,100	4,820	4,820	1,745	1,050	(695)	-39.8%	-50.0%	-
Water lab fees	65,044	132,985	132,985	66,494	54,929	(11,565)	-17.4%	-15.6%	-
Parking Garage	180	500	500	252	180	(72)	-28.6%	-	-
Total revenue	16,564,321	40,047,185	41,148,069	17,669,998	17,886,792	216,794	1.2%	8.0%	-
Salaries and wages	2,272,353	5,188,051	5,202,907	2,419,538	2,144,309	(275,229)	-11.4%	-5.6%	-
Employee benefits	892,952	2,209,884	2,213,352	1,032,069	884,366	(147,703)	-14.3%	-1.0%	-
Purchased professional/technical	1,223,673	1,458,697	1,547,654	913,631	912,205	(1,426)	-2.2%	-25.5%	-
Purchased property services	11,336	137,500	137,500	29,359	27,056	(2,303)	-7.8%	138.7%	-
Maintenance	804,641	2,132,020	2,171,780	1,035,063	1,218,376	183,313	17.7%	51.4%	-
Other purchased services	658,943	990,984	990,984	761,229	549,141	(212,088)	-27.9%	-16.7%	-
Supplies	2,745,739	5,334,580	5,334,580	3,018,648	2,656,122	(362,526)	-12.0%	-3.3%	-
Other *	3,493,467	7,389,161	7,389,161	3,603,078	3,626,488	23,410	.6%	3.8%	-
Contracts with others	6,000	6,000	6,000	6,000	6,000	-	-	-	-
Total operating expenses	12,109,104	24,846,877	24,993,918	12,818,615	12,024,063	(794,552)	-6.2%	-.7%	-
Transfers	12,402,860	14,892,587	14,892,587	12,153,070	12,153,070	-	-	-2.0%	-
Billings	(394,392)	(810,779)	(810,779)	(379,404)	(401,274)	(21,870)	5.8%	1.7%	-
Capital expenditures	1,098,178	1,118,500	2,072,343	1,018,558	1,019,248	690	.1%	-7.2%	-
Total expenses	25,215,750	40,047,185	41,148,069	25,610,839	24,795,107	(815,732)	-3.2%	-1.7%	-
Net income (loss)	(8,651,429)	-	-	(7,940,841)	(6,908,315)	1,032,526	13.0%	-20.1%	-

* Bank fees, Interest expense, Payment in lieu of taxes, Franchise fees, Bad debts and Indirect expense

The Water Fund is used to account for all activities providing water service including administration, billing and collecting, operations, maintenance and debt service. Operating revenues of \$17,886,792 are \$216,794 more than budgeted with metered water sales over budget \$353,234. Expenses of \$24,795,107 are under budget \$815,732 resulting in a net loss of \$6,908,315. Total expenses are under budget by 3.2%; operating expenses are under budget by 6.2%.

Part C47 - City of Waco - March 2016 Financials

City of Waco, Texas Wastewater Fund

Statement of Income and Expenses For the Six Months Ending March 31, 2016

Account Description	2014-15 YTD Actual	Original Budget	Amended Budget	Y -T -D Budget	Y -T -D Actual	Over / (Under)			Budget Amendment
						Budget	Percent	14-15	
Interest on investments	18,227	20,000	20,000	9,180	30,227	21,047	229.3%	65.8%	-
Interest on WMARSS loan	6,712	16,546	16,546	5,824	6,152	328	5.6%	-8.3%	-
Industrial pretreatment	283,197	586,377	586,377	340,319	323,572	(16,747)	-4.9%	14.3%	-
Sewer service charge	9,679,197	21,930,708	21,942,012	10,572,218	10,667,297	95,079	.9%	10.2%	-
Sewer taps	28,392	64,809	64,809	34,607	30,986	(3,621)	-10.5%	9.1%	-
Miscellaneous	71	533	533	140	275	135	96.4%	287.3%	-
Transfer from surplus	-	570,284	1,136,768	-	-	-	-	-	252,881
Total revenue	10,015,796	23,189,257	23,767,045	10,962,288	11,058,509	96,221	.9%	10.4%	252,881
Salaries and wages	931,919	1,904,140	1,913,304	890,801	890,044	(757)	-.1%	-4.5%	-
Employee benefits	356,283	787,533	789,673	368,844	350,990	(17,854)	-4.8%	-1.5%	-
Purchased professional/technical	747,831	811,351	900,745	550,432	395,674	(154,758)	-28.1%	-47.1%	-
Purchased property services	7,485	21,014	21,014	10,385	9,413	(972)	-9.4%	25.8%	-
Maintenance	363,687	993,148	1,028,688	530,946	536,671	5,725	1.1%	47.6%	-
Other purchased services	98,415	143,829	143,829	111,979	120,772	8,793	7.9%	22.7%	-
Supplies	181,573	457,377	467,130	219,249	209,746	(9,503)	-4.3%	15.5%	-
Other *	6,976,758	9,702,158	9,702,158	8,043,395	8,043,395	-	-	15.3%	-
Total operating expenses	9,663,951	14,820,550	14,966,541	10,726,031	10,556,705	(169,326)	-1.6%	9.2%	-
Transfers	5,349,186	7,465,263	7,465,263	6,222,325	6,222,325	-	-	16.3%	-
Billings	293,682	694,444	694,444	339,335	339,335	-	-	15.5%	-
Capital expenditures	4,782	209,000	640,797	571,797	749,625	177,828	31.1%	15,576.0%	252,881
Total expenses	15,311,601	23,189,257	23,767,045	17,859,488	17,867,990	8,502	.0%	16.7%	252,881
Net income (loss)	(5,295,805)	-	-	(6,897,200)	(6,809,481)	87,719	1.3%	28.6%	-

* WMARSS O & M expense, Payment in lieu of taxes, Franchise fees, Bad debts and Indirect expense

The Wastewater Fund accounts for all activities providing sewer services including administration, billing and collection, operations, maintenance and debt service. Operating revenues of \$11,058,509 are \$96,221 more than budgeted. Expenses of \$17,867,990 are over budget \$8,502, resulting in a net loss of \$6,809,481. Total expenses are over budget by 0.0%; operating expenses are under budget by 1.6%.

Part C47 - City of Waco - March 2016 Financials

City of Waco, Texas WMARSS

Statement of Income and Expenses For the Six Months Ending March 31, 2016

Account Description	2014-15 YTD Actual	Original Budget	Amended Budget	Y -T -D Budget	Y -T -D Actual	Over / (Under)			Budget Amendment
						Budget	Percent	14-15	
Interest on investments	15,598	18,000	18,000	7,686	9,709	2,023	26.3%	-37.8%	-
Rent from Real Estate	4,500	9,000	9,000	2,862	4,500	1,638	57.2%	-	-
Miscellaneous	100	-	-	-	896	896	-	796.0%	-
Transfer from Surplus	-	-	346,471	-	-	-	-	-	-
Wastewater Treatment Fees	3,337,074	7,887,082	7,888,180	3,943,699	3,943,542	(157)	-0.0%	18.2%	-
WMARSS Outside Customer	188,384	425,000	425,000	188,400	212,815	24,415	13.0%	13.0%	-
Total revenue	3,545,656	8,339,082	8,686,651	4,142,647	4,171,462	28,815	.7%	17.6%	-
Salaries and wages	558,174	1,388,548	1,389,438	647,730	654,303	6,573	1.0%	17.2%	-
Employee benefits	203,323	535,083	535,291	250,903	243,274	(7,629)	-3.0%	19.6%	-
Purchased professional/technical	555,346	920,080	920,080	599,844	617,484	17,640	2.9%	11.2%	-
Purchased property services	141,494	393,278	393,278	198,446	375,643	177,197	89.3%	165.5%	-
Maintenance	433,464	693,398	770,137	386,542	493,859	107,317	27.8%	13.9%	-
Other purchased services	217,503	263,866	263,866	212,041	199,909	(12,132)	-5.7%	-8.1%	-
Supplies	1,389,169	2,422,077	2,422,077	1,464,218	1,243,574	(220,644)	-15.1%	-10.5%	-
Other *	170,154	307,752	307,752	153,744	153,744	-	-	-9.6%	-
Total operating expenses	3,668,627	6,924,082	7,001,919	3,913,468	3,981,790	68,322	1.7%	8.5%	-
Transfers	-	-	-	-	-	-	-	-	-
Billings	-	-	-	-	-	-	-	-	-
Capital expenditures	294,890	1,415,000	1,684,732	320,597	269,732	(50,865)	-15.9%	-8.5%	-
Total expenses	3,963,517	8,339,082	8,686,651	4,234,065	4,251,522	17,457	.4%	7.3%	-
Net income (loss)	(417,861)	-	-	(91,418)	(80,060)	11,358	-12.4%	-80.8%	-

* Miscellaneous expenses and Indirect expense

The WMARSS Fund accounts for all activities providing services including administration, operations, maintenance and debt service. Operating revenues of \$4,171,462 are \$28,815 more than budgeted. Expenses of \$4,251,522 are over budget \$17,457, resulting in a net loss of \$80,060. Total expenses are over budget by 0.4%; operating expenses are over budget by 1.7%.

Part C47 - City of Waco - March 2016 Financials

City of Waco, Texas

Solid Waste Fund

Statement of Income and Expenses For the Six Months Ending March 31, 2016

Account Description	2014-15	Original	Amended	Y -T -D	Y -T -D	Over / (Under)			Budget
	YTD Actual	Budget	Budget	Budget	Actual	Budget	Percent	14-15	Amendment
Gross Receipts Tax	-	20,422	20,422	-	-	-	-	-	-
Interest on investments	24,239	25,000	25,000	10,400	17,875	7,475	71.9%	-26.3%	-
Contribution	-	-	-	-	-	-	-	-	-
Sale of other scrap	14,673	36,502	36,502	19,310	7,201	(12,109)	-62.7%	-50.9%	-
Commission on concessions	554	731	731	371	461	90	24.3%	-16.8%	-
Miscellaneous	2,037	83,000	83,000	1,992	1,942	(50)	-2.5%	-4.7%	-
Solid waste fees - Landfill	2,204,037	3,715,947	3,715,947	1,687,041	2,711,774	1,024,733	60.7%	23.0%	-
Solid waste fees	6,425,367	12,438,965	12,492,770	6,161,546	6,499,577	338,031	5.5%	1.2%	-
Rent from real estate	1,000	1,000	1,000	487	500	13	2.7%	-50.0%	-
Cash CIP Fund Transfer	-	-	18,095	4,524	18,095	13,571	300.0%	-	-
Transfer from surplus	-	-	1,070,228	-	-	-	-	-	-
Total revenue	8,671,907	16,321,567	17,463,695	7,885,671	9,257,425	1,371,754	17.4%	6.8%	-
Salaries and wages	1,418,390	3,089,543	3,087,762	1,435,702	1,327,673	(108,029)	-7.5%	-6.4%	-
Employee benefits	665,982	1,608,890	1,601,838	750,580	621,644	(128,936)	-17.2%	-6.7%	-
Purchased professional/technical	1,944,389	1,606,549	1,875,670	1,717,716	1,715,905	(1,811)	-.1%	-11.8%	-
Purchased property services	5,887	12,153	12,153	4,712	5,883	1,171	24.9%	-1.1%	-
Maintenance	1,044,020	1,975,021	1,975,021	944,929	879,549	(65,380)	-6.9%	-15.8%	-
Other purchased services	136,036	165,915	165,915	137,970	119,987	(17,983)	-13.0%	-11.8%	-
Supplies	899,722	2,211,054	2,059,888	1,260,957	705,494	(555,463)	-44.1%	-21.6%	-
Other *	1,049,581	2,495,880	2,495,880	1,072,399	1,073,567	1,168	.1%	2.3%	-
Contracts with other	39,000	39,000	39,000	39,000	39,000	-	-	-	-
Total operating expenses	7,203,007	13,204,005	13,313,127	7,363,965	6,488,702	(875,263)	-11.9%	-9.9%	-
Transfers	785,325	629,650	692,288	560,598	554,454	(6,144)	-1.1%	-29.4%	-
Billings	158,173	428,452	428,452	208,010	208,010	-	-	31.5%	-
Capital expenditures	1,295,912	2,059,460	3,029,828	823,530	820,056	(3,474)	-.4%	-36.7%	-
Total expenses	9,442,417	16,321,567	17,463,695	8,956,103	8,071,222	(884,881)	-9.9%	-14.5%	-
Net income (loss)	(770,510)	-	-	(1,070,432)	1,186,203	2,256,635	210.8%	-254.0%	-

* Payment in lieu of taxes, Franchise fees, Bad debts, Indirect expense, Landfill closure costs and Miscellaneous expense

The Solid Waste Fund accounts for all sanitation services including administration, billing and collecting, operations, maintenance and debt service. Operating revenues of \$9,257,425 are \$1,371,754 more than budgeted. Expenses of \$8,071,222 are under budget \$884,881, resulting in a net gain of \$1,186,203. Total expenses are under budget by 9.9%; operating expenses are under budget by 11.9%.

Part C47 - City of Waco - March 2016 Financials

City of Waco, Texas Airport Fund

Statement of Income and Expenses
For the Six Months Ending March 31, 2016

Account Description	2014-15 YTD Actual	Original Budget	Amended Budget	Y -T -D Budget	Y -T -D Actual	Over / (Under)			Budget Amendment
						Budget	Percent	14-15	
Federal	49,520	87,600	87,600	49,231	41,790	(7,441)	-15.1%	-15.6%	-
Interest on investments	2,423	2,000	2,000	856	730	(126)	-14.7%	-69.9%	-
Sale of scrap	612	-	-	-	579	579	-	-5.4%	-
Rental cars	94,949	218,843	218,843	103,731	107,938	4,207	4.1%	13.7%	-
Miscellaneous	12,594	23,270	23,270	16,750	9,085	(7,665)	-45.8%	-27.9%	-
General fund contributions	89,616	736,059	745,683	369,403	368,028	(1,375)	-4%	310.7%	-
Transfer from Surplus	-	-	762,794	-	-	-	-	-	-
Gas and oil flowage fees	24,610	54,361	54,361	25,767	32,010	6,243	24.2%	30.1%	-
Rents and storage	236,091	460,930	460,930	230,458	230,610	152	.1%	-2.3%	-
Landing fees	18,491	35,960	35,960	18,951	18,925	(26)	-1%	2.3%	-
Concessions	37,976	76,714	76,714	36,594	36,007	(587)	-1.6%	-5.2%	-
Passenger facility charge	159,062	273,991	273,991	136,998	125,567	(11,431)	-8.3%	-21.1%	-
Total revenue	725,944	1,969,728	2,742,146	988,739	971,269	(17,470)	-1.8%	33.8%	-
Salaries and wages	218,004	448,548	456,350	211,078	209,027	(2,051)	-1.0%	-4.1%	-
Employee benefits	84,861	198,943	200,765	93,586	83,685	(9,901)	-10.6%	-1.4%	-
Purchased professional/technical	89,062	9,195	38,289	35,859	44,324	8,465	23.6%	-50.2%	-
Purchased property services	8,596	18,977	18,977	8,891	7,837	(1,054)	-11.9%	-8.8%	-
Maintenance	50,157	88,611	88,611	47,955	36,522	(11,433)	-23.8%	-27.2%	-
Other purchased services	61,697	71,156	71,156	61,906	62,148	242	.4%	.7%	-
Supplies	68,715	178,854	178,854	82,804	52,860	(29,944)	-36.2%	-23.1%	-
Other *	22,089	38,244	38,244	17,960	24,027	6,067	33.8%	8.8%	-
Total operating expenses	603,181	1,052,528	1,091,246	560,039	520,430	(39,609)	-7.1%	-13.7%	-
Transfers	-	600,000	600,000	600,000	600,000	-	-	-	-
Billings	165,330	317,200	317,200	151,621	163,655	12,034	7.9%	-1.0%	-
Capital expenditures	-	-	733,700	733,700	742,592	8,892	1.2%	-	-
Total expenses	768,511	1,969,728	2,742,146	2,045,360	2,026,677	(18,683)	-9%	163.7%	-
Net income (loss)	(42,567)	-	-	(1,056,621)	(1,055,408)	1,213	.1%	2,379.4%	-

* Bank fees and inventory for resale

The Airport Fund accounts for management and promotion of passenger and freight air services for the City and surrounding areas. Operating revenues of \$971,269 are \$17,470 less than budgeted. Expenses of \$2,026,677 are under budget \$18,683, resulting in a net loss of \$1,055,408. Total expenses are under budget by 0.9%; operating expenses are under budget by 7.1%.

Part C47 - City of Waco - March 2016 Financials

City of Waco, Texas Waco Convention Center Statement of Income and Expenses For the Six Months Ending March 31, 2016

Account Description	2014-15 YTD Actual	Original Budget	Amended Budget	Y -T -D Budget	Y -T -D Actual	Over / (Under)			Budget Amendment
						Budget	Percent	14-15	
Interest on investments	600	500	500	142	1,022	880	619.7%	70.3%	-
Contribution	5,575	6,981	6,981	2,039	1,888	(151)	-7.4%	-66.1%	-
Partner City Program	45,591	133,996	133,996	44,621	48,049	3,428	7.7%	5.4%	-
Miscellaneous	(88)	2,472	2,472	9	103	94	1,044.4%	-217.0%	-
Regional Marketing	13,680	26,390	26,390	13,158	5,700	(7,458)	-56.7%	-58.3%	-
General fund contributions	-	-	-	-	-	-	-	-	-
Rent from real estate	401,344	795,559	795,559	382,665	374,912	(7,753)	-2.0%	-6.6%	-
Catering fees - Inside	123,450	231,772	231,772	112,200	122,049	9,849	8.8%	-1.1%	-
Catering fees - Outside	38,775	56,271	56,271	20,877	48,863	27,986	134.1%	26.0%	-
Concessions	29,691	71,431	71,431	38,717	28,365	(10,352)	-26.7%	-4.5%	-
Sale of Merchandise	15,495	34,000	34,000	14,042	18,890	4,848	34.5%	21.9%	-
Sale of Merchandise-Bar	76,592	151,632	175,392	57,176	79,473	22,297	39.0%	3.8%	-
Hotel - motel tax	1,191,197	2,929,313	2,929,313	1,303,544	1,396,935	93,391	7.2%	17.3%	-
Total revenue	1,941,902	4,440,317	4,464,077	1,989,190	2,126,249	137,059	6.9%	9.5%	-
Salaries and wages	601,581	1,311,771	1,248,751	587,002	569,322	(17,680)	-3.0%	-5.4%	-
Employee benefits	237,050	590,416	569,535	268,322	223,344	(44,978)	-16.8%	-5.8%	-
Purchased professional/technical	115,243	379,349	556,810	388,630	435,371	46,741	12.0%	277.8%	-
Purchased property services	13,045	31,280	31,280	12,987	12,698	(289)	-2.2%	-2.7%	-
Maintenance	48,916	293,789	218,789	71,994	54,160	(17,834)	-24.8%	10.7%	-
Other purchased services	326,616	805,280	805,280	477,676	315,071	(162,605)	-34.0%	-3.5%	-
Supplies	176,235	603,598	608,798	290,817	249,399	(41,418)	-14.2%	41.5%	-
Other *	120,029	233,834	233,834	111,202	106,964	(4,238)	-3.8%	-10.9%	-
Contracts for services	-	-	-	-	-	-	-	-	-
Total operating expenses	1,638,715	4,249,317	4,273,077	2,208,630	1,966,329	(242,301)	-11.0%	20.0%	-
Transfers	75,000	150,000	150,000	75,000	75,000	-	-	-	-
Capital expenditures	32,645	41,000	41,000	36,089	35,144	(945)	-2.6%	7.7%	-
Total expenses	1,746,360	4,440,317	4,464,077	2,319,719	2,076,473	(243,246)	-10.5%	18.9%	-
Net income (loss)	195,542	-	-	(330,529)	49,776	380,305	-115.1%	-74.5%	-

* Bank fees, Indirect expense, Mixed beverage tax and Inventory for resale

Convention Center Fund accounts for management and facilities for conventions, trade shows, concerts, banquets and business seminars. Operating revenues of \$2,126,249 are \$137,059 more than budgeted. Expenses of \$2,076,473 are under budget \$243,246, resulting in a net gain of \$49,776. Total expenses are under budget by 10.5%; operating expenses are under budget by 11.0%.

Part C47 - City of Waco - March 2016 Financials

WCC CATERING, CONCESSIONS & BAR SERVICES

Fiscal Year 2015-16 - Second Quarter

REVENUES*	BUDGETED	ACTUAL	OVER/(UNDER) BUDGET
Catering Fees	112,200	122,049	9,849
Concessions	38,717	28,365	(10,352)
Bar Revenues	57,176	79,474	22,298
Total Revenues	208,093	229,888	21,795
Does not include revenues from Outside Catering Fees			
EXPENSES	BUDGETED	ACTUAL	OVER/(UNDER) BUDGET
Salaries	40,334	40,028	(306)
Benefits	19,941	19,620	(321)
Dues & Memberships	4	15	11
Special Services Temps & Linens	164,725	176,302	11,577
Maintenance of Equipment	1,848	97	(1,751)
General Liability	2,101	2,101	-
Travel-Training	579	-	(579)
Rental of Equipment	9,672	182	(9,490)
General Supplies	18,845	17,698	(1,147)
Cost of Goods Sold	98,686	88,232	(10,454)
Mixed Beverage Tax	-	5,043	5,043
Total Expenses	356,735	349,318	(7,417)
Profit/(Loss)	(148,642)	(119,430)	29,212

* Special Services includes Temp staff, rental of linens for Catering events, rental of dishes, flatware & glasses, etc., cleaning/repair to vent-a-hood.

** General Supplies includes janitorial supplies, replacement of minor tools, uniforms, chef coats, etc.

Part C47 - City of Waco - March 2016 Financials

City of Waco, Texas
Ranger Hall of Fame

Statement of Income and Expenses
For the Six Months Ending March 31, 2016

Account Description	2014-15	Original	Amended	Y -T -D	Y -T -D	Over / (Under)		Budget	Budget Amendment
	YTD Actual	Budget	Budget	Budget	Actual	Budget	Percent	14-15	
Interest on investments	879	500	500	198	992	794	401.0%	12.9%	-
Contributions	74,499	1,000	1,000	604	21,256	20,652	3,419.2%	-71.5%	-
Miscellaneous	4,978	16,020	16,020	9,532	7,003	(2,529)	-26.5%	40.7%	-
General fund contributions	334,818	711,837	718,613	356,888	355,920	(968)	-	6.3%	-
Transfer from Surplus	-	-	150,000	-	-	-	-	-	-
Convention Center Transfer	75,000	150,000	150,000	75,000	75,000	-	-	-	-
Rent from real estate	29,694	62,461	62,461	21,049	29,896	8,847	42.0%	.7%	-
Admissions	95,521	223,222	223,222	81,030	119,224	38,194	47.1%	24.8%	-
Sale of merchandise	104,143	231,944	231,944	96,258	111,228	14,970	15.6%	6.8%	-
Shipping & handling	32	203	203	75	(121)	(196)	-261.3%	-478.1%	-
Total revenue	<u>719,564</u>	<u>1,397,187</u>	<u>1,553,963</u>	<u>640,634</u>	<u>720,398</u>	<u>79,764</u>	<u>12.5%</u>	<u>.1%</u>	<u>-</u>
Salaries and wages	282,130	617,734	623,227	288,720	285,551	(3,169)	-1.1%	1.2%	-
Employee benefits	97,967	229,014	230,297	107,720	102,133	(5,587)	-5.2%	4.3%	-
Purchased professional/technical	7,446	41,921	41,921	20,879	14,840	(6,039)	-28.9%	99.3%	-
Purchased property services	2,766	7,544	7,544	2,882	2,844	(38)	-1.3%	2.8%	-
Maintenance	2,932	18,048	18,048	4,260	4,254	(6)	-.1%	45.1%	-
Other purchased services	28,461	52,928	52,928	30,263	29,422	(841)	-2.8%	3.4%	-
Supplies	38,267	135,665	135,665	60,408	46,493	(13,915)	-23.0%	21.5%	-
Other *	98,351	123,512	123,512	64,392	82,838	18,446	28.6%	-15.8%	-
Total operating expenses	<u>558,320</u>	<u>1,226,366</u>	<u>1,233,142</u>	<u>579,524</u>	<u>568,375</u>	<u>(11,149)</u>	<u>-1.9%</u>	<u>1.8%</u>	<u>-</u>
Billings	73,773	158,821	158,821	74,327	74,327	-	-	.8%	-
Capital	39,184	12,000	162,000	161,525	161,525	-	-	312.2%	-
Total expenses	<u>671,277</u>	<u>1,397,187</u>	<u>1,553,963</u>	<u>815,376</u>	<u>804,227</u>	<u>(11,149)</u>	<u>-1.4%</u>	<u>19.8%</u>	<u>-</u>
Net income (loss)	<u>48,287</u>	<u>-</u>	<u>-</u>	<u>(174,742)</u>	<u>(83,829)</u>	<u>90,913</u>	<u>52.0%</u>	<u>-273.6%</u>	<u>-</u>

* Bank fees, Billing from Parks for security, Inventory for resale and expense items reimbursed by Contributions revenues

Ranger Hall of Fame accounts for the operation of preserving and portraying the history of Texas Rangers. Operating revenues of \$720,398 are \$79,764 more than budgeted. Expenses of \$804,227 are under budget \$11,149, resulting in a net loss of \$83,829. Total expenses are under budget by 1.4%; operating expenses are under budget by 1.9%.

Part C47 - City of Waco - March 2016 Financials

City of Waco, Texas
Cameron Park Zoo

Statement of Income and Expenses
For the Six Months Ending March 31, 2016

Account Description	2014-15 YTD Actual	Original Budget	Amended Budget	Y -T -D Budget	Y -T -D Actual	Over / (Under)			Budget Amendment
						Budget	Percent	14-15	
Interest on investments	4	12	12	1	21	20	2,000.0%	425.0%	-
Contributions	-	-	-	-	-	-	-	-	-
Animal Adoption Donation	-	-	-	-	-	-	-	-	-
Commission	-	20,197	20,197	-	-	-	-	-	-
Miscellaneous	1,023	495	495	182	1,836	1,654	908.8%	79.5%	-
General fund contributions	991,614	2,160,257	2,170,128	1,081,536	1,080,126	(1,410)	-1.1%	8.9%	-
Admissions	534,173	1,339,069	1,339,069	557,147	754,749	197,602	35.5%	41.3%	-
Zoo adventure camp	2,400	35,973	35,973	5,360	-	(5,360)	-	-	-
Concessions	110,196	349,129	349,129	113,118	115,462	2,344	2.1%	4.8%	-
Total revenue	<u>1,639,410</u>	<u>3,905,132</u>	<u>3,915,003</u>	<u>1,757,344</u>	<u>1,952,194</u>	<u>194,850</u>	<u>11.1%</u>	<u>19.1%</u>	<u>-</u>
Salaries and wages	662,029	1,440,032	1,448,035	675,308	690,425	15,117	2.2%	4.3%	-
Employee benefits	295,591	720,527	722,395	341,626	326,534	(15,092)	-4.4%	10.5%	-
Purchased professional/technical	5,941	14,000	14,000	11,905	18,974	7,069	59.4%	219.4%	-
Purchased property services	234,645	486,455	486,455	243,228	237,018	(6,210)	-2.6%	1.0%	-
Maintenance	20,391	80,698	80,698	39,004	41,987	2,983	7.6%	105.9%	-
Other purchased services	70,736	92,166	92,670	75,905	77,624	1,719	2.3%	9.7%	-
Supplies	299,574	714,531	732,678	330,010	351,885	21,875	6.6%	17.5%	-
Other *	49,484	143,374	143,374	49,140	51,004	1,864	3.8%	3.1%	-
Contract with others	<u>129,043</u>	<u>135,240</u>	<u>135,240</u>	<u>135,240</u>	<u>125,843</u>	<u>(9,397)</u>	<u>-6.9%</u>	<u>-2.5%</u>	<u>-</u>
Total operating expenses	<u>1,767,434</u>	<u>3,827,023</u>	<u>3,855,545</u>	<u>1,901,366</u>	<u>1,921,294</u>	<u>19,928</u>	<u>1.0%</u>	<u>8.7%</u>	<u>-</u>
Capital expenditures	<u>-</u>	<u>78,109</u>	<u>59,458</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenses	<u>1,767,434</u>	<u>3,905,132</u>	<u>3,915,003</u>	<u>1,901,366</u>	<u>1,921,294</u>	<u>19,928</u>	<u>1.0%</u>	<u>8.7%</u>	<u>-</u>
Net income (loss)	<u>(128,024)</u>	<u>-</u>	<u>-</u>	<u>(144,022)</u>	<u>30,900</u>	<u>174,922</u>	<u>121.5%</u>	<u>-124.1%</u>	<u>-</u>

* Bank fees and Inventory for resale

Cameron Park Zoo accounts for the operation of providing a natural setting for the display of native and exotic animals. Operating revenues of \$1,952,194 are \$194,850 more than budgeted. Expenses of \$1,921,294 are over budget \$19,928, resulting in a net gain of \$30,900. Total expenses are over budget by 1.0%; operating expenses are over budget by 1.0%.

Part C47 - City of Waco - March 2016 Financials

City of Waco, Texas Transit Services Fund

Statement of Income and Expenses
For the Six Months Ending March 31, 2016

Account Description	2014-15	Original	Amended	Y -T -D	Y -T -D	Over / (Under)			Budget
	YTD Actual	Budget	Budget	Budget	Actual	Budget	Percent	14-15	Amendment
Federal	1,277,956	3,602,081	3,602,081	1,764,814	1,764,814	-	-	38.1%	-
State	467,179	805,070	805,070	183,064	183,064	-	-	-60.8%	-
Interest on investments	3	-	-	-	2	2	-	-33.3%	-
Rent from real estate	11,616	20,209	20,209	10,772	9,956	(816)	-7.6%	-14.3%	-
Contributions	14,958	35,646	35,646	17,895	16,068	(1,827)	-10.2%	7.4%	-
Miscellaneous	2,873	9,330	9,330	2,911	6,151	3,240	111.3%	114.1%	-
Miscellaneous transit revenue	415,082	1,148,461	1,148,461	600,144	513,349	(86,795)	-14.5%	23.7%	-
General fund contributions	-	441,987	441,987	-	-	-	-	-	-
Transfer from Other Funds	174	-	-	-	228	228	-	31.0%	-
Non-emergency Transportation	983,696	1,662,282	1,662,282	831,144	1,096,186	265,042	31.9%	11.4%	-
Bus fees regular	323,926	734,297	734,297	370,556	360,957	(9,599)	-2.6%	11.4%	-
Bus fees charter	29,117	20,774	20,774	11,509	45,012	33,503	291.1%	54.6%	-
Regional maintenance	40,626	156,073	156,073	65,256	63,867	(1,389)	-2.1%	57.2%	-
Total revenue	3,567,206	8,636,210	8,636,210	3,858,065	4,059,654	201,589	5.2%	13.8%	-
Salaries and wages	1,527,515	3,641,302	3,641,302	1,718,301	1,820,003	101,702	5.9%	19.1%	-
Employee benefits	410,885	902,459	902,459	468,332	468,737	405	.1%	14.1%	-
Purchased professional/technical	683,381	1,261,360	1,261,360	616,787	622,950	6,163	1.0%	-8.8%	-
Purchased property services	8,208	23,763	23,763	9,215	7,856	(1,359)	-14.7%	-4.3%	-
Maintenance	297,308	720,801	720,801	394,802	394,176	(626)	-.2%	32.6%	-
Other purchased services	169,007	249,859	249,859	180,935	250,515	69,580	38.5%	48.2%	-
Supplies	412,441	1,328,403	1,328,403	693,148	399,952	(293,196)	-42.3%	-3.0%	-
Other *	176,093	508,263	508,263	253,884	254,504	620	.2%	44.5%	-
Total operating expenses	3,684,838	8,636,210	8,636,210	4,335,404	4,218,693	(116,711)	-2.7%	14.5%	-
Transfer	-	-	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-	-	-
Total expenses	3,684,838	8,636,210	8,636,210	4,335,404	4,218,693	(116,711)	-2.7%	14.5%	-
Net income (loss)	(117,632)	-	-	(477,339)	(159,039)	318,300	66.7%	35.2%	-

* Indirect expense and miscellaneous expense

Transit Services Fund accounts for public mass transportation services. Operating revenues of \$4,059,654 are \$201,589 more than budgeted. Expenses of \$4,218,693 are under budget \$116,711, resulting in a net loss of \$159,039. Total expenses are under budget by 2.7%; operating expenses are under budget by 2.7%.

Part C47 - City of Waco - March 2016 Financials

City of Waco, Texas
 Cottonwood Creek Golf Course Fund
 Statement of Income and Expenses
 For the Six Months Ending March 31, 2016

Account Description	2014-15 YTD Actual	Original Budget	Amended Budget	Y -T -D Budget	Y -T -D Actual	Over / (Under)		Budget Amendment
						Budget	Percent	
Contributions	-	-	-	-	-	-	-	-
Memberships	33,800	74,000	74,000	31,900	39,500	7,600	23.8%	16.9%
Miscellaneous	1,616	3,860	3,860	1,266	1,151	(115)	-9.1%	-28.8%
General fund contributions	-	134,448	139,622	67,963	67,224	(739)	-1.1%	-
Range fees	40,632	135,595	135,595	41,220	40,269	(951)	-2.3%	-9%
Cart fees	104,860	312,787	312,787	109,788	120,831	11,043	10.1%	15.2%
Green fees	214,858	700,010	700,010	227,503	240,824	13,321	5.9%	12.1%
Golf lessons	660	9,696	9,696	804	540	(264)	-32.8%	-18.2%
Concessions	41,357	127,094	127,094	41,305	48,331	7,026	17.0%	16.9%
Sale of merchandise	146,831	520,200	520,200	167,503	183,185	15,682	9.4%	24.8%
Sale of merchandise-bar	32,212	111,992	111,992	31,583	37,277	5,694	18.0%	15.7%
Discount on merchandise sales	(11,289)	(30,000)	(30,000)	(15,000)	(20,172)	(5,172)	34.5%	78.7%
Total revenue	605,537	2,099,682	2,104,856	705,835	758,960	53,125	7.5%	25.3%
Salaries and wages	189,045	528,104	532,299	246,190	223,235	(22,955)	-9.3%	18.1%
Employee benefits	70,949	220,353	221,332	102,572	84,650	(17,922)	-17.5%	19.3%
Purchased professional/technical	272,695	288,145	288,145	279,900	279,042	(858)	-.3%	2.3%
Purchased property services	4,738	11,259	11,259	5,053	4,838	(215)	-4.3%	2.1%
Maintenance	31,335	85,361	85,361	33,021	33,787	766	2.3%	7.8%
Other purchased services	133,829	154,498	154,498	136,762	124,782	(11,980)	-8.8%	-6.8%
Supplies	81,977	248,306	248,306	97,284	81,948	(15,336)	-15.8%	-.0%
Other *	115,484	438,656	438,656	152,643	150,853	(1,790)	-1.2%	30.6%
Total operating expenses	900,052	1,974,682	1,979,856	1,053,425	983,135	(70,290)	-6.7%	9.2%
Transfer	-	-	-	-	-	-	-	-
Capital expenditures	35,000	125,000	125,000	125,000	123,310	(1,690)	-1.4%	252.3%
Total expenses	935,052	2,099,682	2,104,856	1,178,425	1,106,445	(71,980)	-6.1%	18.3%
Net income (loss)	(329,515)	-	-	(472,590)	(347,485)	125,105	26.5%	5.5%

* Bank fees and Inventory for resale

Cottonwood Creek Golf Course accounts for the operation of the golf course, along with food and merchandise, for the City and surrounding areas. Operating revenues of \$758,960 are \$53,125 more than budgeted. Expenses of \$1,106,445 are under budget \$71,980, resulting in a net loss of \$347,485. Purchased prof/tech includes temporary staff for maintenance, food service, customer service and golf carts as well as the pro-shop contract. Total expenses are under budget by 6.1%; operating expenses are under budget by 6.7%.

Part C47 - City of Waco - March 2016 Financials

City of Waco, Texas Insurance Fund

Statement of Income and Expenses For the Six Months Ending March 31, 2016

Account Description	2014-15	Original	Amended	Y -T -D	Y -T -D	Over / (Under)			Budget
	YTD Actual	Budget	Budget	Budget	Actual	Budget	Percent	14-15	Amendment
Interest on investments	10,037	12,000	12,000	5,112	6,998	1,886	36.9%	-30.3%	-
Miscellaneous	-	-	168,915	168,915	167,914	(1,001)	-6%	-	-
Transfer from Surplus	-	-	435,200	-	-	-	-	-	106,728
Insurance	2,642,505	3,684,549	3,684,549	2,601,292	2,639,326	38,034	1.5%	-1%	-
Total revenue	2,652,542	3,696,549	4,300,664	2,775,319	2,814,238	38,919	1.4%	6.1%	106,728
Salaries and wages	156,751	334,501	334,501	156,550	127,760	(28,790)	-18.4%	-18.5%	-
Employee benefits	52,060	118,298	118,298	55,976	44,472	(11,504)	-20.6%	-14.6%	-
Purchased professional/technical	144,948	213,131	228,131	197,616	199,848	2,232	1.1%	37.9%	-
Purchased property services	-	-	-	-	-	-	-	-	-
Maintenance	2,055	2,400	2,400	1,991	872	(1,119)	-56.2%	-57.6%	-
Other purchased services	805,087	1,016,391	1,016,391	861,982	798,442	(63,540)	-7.4%	-8%	-
Supplies	33,370	64,588	64,588	29,603	13,222	(16,381)	-55.3%	-60.4%	-
Worker's Comp Claims	349,754	716,000	716,000	358,002	92,485	(265,517)	-74.2%	-73.6%	-
Outside legal services	67,019	300,000	300,000	150,000	60,691	(89,309)	-59.5%	-9.4%	-
General liability claims	51,639	600,000	600,000	300,000	190,901	(109,099)	-36.4%	269.7%	-
Other *	54,600	331,240	331,240	192,687	112,526	(80,161)	-41.6%	106.1%	-
Total operating expenses	1,717,283	3,696,549	3,711,549	2,304,407	1,641,219	(663,188)	-28.8%	-4.4%	-
Transfer	-	-	589,115	589,115	589,115	-	-	-	106,728
Capital expenditures	-	-	-	-	-	-	-	-	-
Total expenses	1,717,283	3,696,549	4,300,664	2,893,522	2,230,334	(663,188)	-22.9%	29.9%	106,728
Net income (loss)	935,259	-	-	(118,203)	583,904	702,107	-594.0%	-37.6%	-

* Other Insurance claims and Indirect expense

The Insurance Fund accounts for insurance and risk management activities of the City other than health insurance. Operating revenues of \$2,814,238 are \$38,919 more than budgeted. Expenses of \$2,230,334 are under budget \$663,188, resulting in a net gain of \$583,904. Total expenses are under budget by 22.9%; operating expenses are under budget by 28.8%.

Part C47 - City of Waco - March 2016 Financials

City of Waco, Texas Engineering Fund

Statement of Income and Expenses For the Six Months Ending March 31, 2016

Account Description	2014-15 YTD Actual	Original Budget	Amended Budget	Y -T -D Budget	Y -T -D Actual	Over / (Under)			Budget Amendment
						Budget	Percent	14-15	
Cement Permits	7,695	18,438	18,438	7,339	7,590	251	3.4%	-1.4%	-
Interest on investments	545	700	700	235	307	72	30.6%	-43.7%	-
Transfer from surplus	-	-	-	-	-	-	-	-	-
Miscellaneous	2,225	4,000	4,000	1,868	2,676	808	43.3%	20.3%	-
Engineering	<u>974,675</u>	<u>2,368,305</u>	<u>2,374,559</u>	<u>1,111,293</u>	<u>1,087,323</u>	<u>(23,970)</u>	<u>-2.2%</u>	<u>11.6%</u>	<u>-</u>
Total revenue	<u>985,140</u>	<u>2,391,443</u>	<u>2,397,697</u>	<u>1,120,735</u>	<u>1,097,896</u>	<u>(22,839)</u>	<u>-2.0%</u>	<u>11.4%</u>	<u>-</u>
Salaries and wages	486,223	1,206,528	1,205,116	563,284	540,557	(22,727)	-4.0%	11.2%	-
Employee benefits	166,620	446,501	447,685	208,638	180,246	(28,392)	-13.6%	8.2%	-
Purchased professional/technical	16,332	153,744	153,744	81,946	55,980	(25,966)	-31.7%	242.8%	-
Purchased property services	26,304	52,611	52,611	26,304	26,304	-	-	-	-
Maintenance	37,561	45,706	45,706	37,838	35,745	(2,093)	-5.5%	-4.8%	-
Other purchased services	33,194	40,410	41,082	26,406	31,143	4,737	17.9%	-6.2%	-
Supplies	21,485	56,885	56,213	29,784	27,433	(2,351)	-7.9%	27.7%	-
Other *	<u>106,464</u>	<u>196,745</u>	<u>196,745</u>	<u>98,370</u>	<u>98,370</u>	<u>-</u>	<u>-</u>	<u>-7.6%</u>	<u>-</u>
Total operating expenses	894,183	2,199,130	2,198,902	1,072,570	995,778	(76,792)	-7.2%	11.4%	-
Capital expenditures	<u>12,505</u>	<u>192,313</u>	<u>198,795</u>	<u>170,482</u>	<u>180,107</u>	<u>9,625</u>	<u>5.6%</u>	<u>1,340.3%</u>	<u>-</u>
Total expenses	<u>906,688</u>	<u>2,391,443</u>	<u>2,397,697</u>	<u>1,243,052</u>	<u>1,175,885</u>	<u>(67,167)</u>	<u>-5.4%</u>	<u>29.7%</u>	<u>-</u>
Net income (loss)	<u>78,452</u>	<u>-</u>	<u>-</u>	<u>(122,317)</u>	<u>(77,989)</u>	<u>44,328</u>	<u>36.2%</u>	<u>-199.4%</u>	<u>-</u>

* Indirect expense

The Engineering Fund accounts for engineering and design services provided in house by the Engineering Department. Revenues of \$1,097,896 are under budget \$22,839. Expenses of \$1,175,885 are under budget \$67,167, resulting in a net loss of \$77,989. Total expenses are under budget by 5.4%; operating expenses are under budget by 7.2%.

Part C47 - City of Waco - March 2016 Financials

City of Waco, Texas Fleet Services Fund

Statement of Income and Expenses
For the Six Months Ending March 31, 2016

Account Description	2014-15	Original	Amended	Y -T -D	Y -T -D	Over / (Under)			Budget
	YTD Actual	Budget	Budget	Budget	Actual	Budget	Percent	14-15	Amendment
Interest on investments	100	102	102	26	272	246	946.2%	172.0%	-
Sale of other scrap	3,076	5,646	5,646	3,064	164	(2,900)	-94.6%	-94.7%	-
Miscellaneous	-	-	-	-	8,485	8,485	-	-	-
Transfer from surplus	-	-	-	-	-	-	-	-	-
Fleet Services	<u>820,416</u>	<u>1,991,197</u>	<u>1,991,197</u>	<u>888,074</u>	<u>898,108</u>	<u>10,034</u>	<u>1.1%</u>	<u>9.5%</u>	<u>-</u>
Total revenue	<u>823,592</u>	<u>1,996,945</u>	<u>1,996,945</u>	<u>891,164</u>	<u>907,029</u>	<u>15,865</u>	<u>1.8%</u>	<u>10.1%</u>	<u>-</u>
Salaries and wages	400,759	985,047	985,047	461,530	435,427	(26,103)	-5.7%	8.7%	-
Employee benefits	159,474	431,116	431,116	202,566	174,681	(27,885)	-13.8%	9.5%	-
Purchased professional/technical	6,796	46,500	46,500	17,647	11,009	(6,638)	-37.6%	62.0%	-
Purchased property services	3,787	7,920	7,920	4,151	2,348	(1,803)	-43.4%	-38.0%	-
Maintenance	32,537	76,293	76,293	38,305	35,399	(2,906)	-7.6%	8.8%	-
Other purchased services	27,937	39,188	39,188	26,992	26,218	(774)	-2.9%	-6.2%	-
Supplies	35,728	104,516	104,516	54,712	52,275	(2,437)	-4.5%	46.3%	-
Other *	<u>120,078</u>	<u>265,703</u>	<u>265,703</u>	<u>132,852</u>	<u>132,852</u>	<u>-</u>	<u>-</u>	<u>10.6%</u>	<u>-</u>
Total operating expenses	<u>787,096</u>	<u>1,956,283</u>	<u>1,956,283</u>	<u>938,755</u>	<u>870,209</u>	<u>(68,546)</u>	<u>-7.3%</u>	<u>10.6%</u>	<u>-</u>
Capital expenditures	<u>-</u>	<u>40,662</u>	<u>40,662</u>	<u>15,425</u>	<u>15,416</u>	<u>(9)</u>	<u>-1%</u>	<u>-</u>	<u>-</u>
Total expenses	<u>787,096</u>	<u>1,996,945</u>	<u>1,996,945</u>	<u>954,180</u>	<u>885,625</u>	<u>(68,555)</u>	<u>-7.2%</u>	<u>12.5%</u>	<u>-</u>
Net income (loss)	<u>36,496</u>	<u>-</u>	<u>-</u>	<u>(63,016)</u>	<u>21,404</u>	<u>84,420</u>	<u>134.0%</u>	<u>-41.4%</u>	<u>-</u>

* Miscellaneous expense and Indirect expense

Fleet Service Fund accounts for the maintenance of the City fleet. Operating revenues of \$907,029 are \$15,865 more than budgeted. Expenses of \$885,625 are under budget \$68,555, resulting in a net gain of \$21,404. Total expenses are under budget by 7.2%; operating expenses are under budget by 7.3%.

Part C47 - City of Waco - March 2016 Financials

City of Waco, Texas Health Insurance Fund

Statement of Income and Expenses
For the Six Months Ending March 31, 2016

Account Description	2014-15 YTD Actual	Original Budget	Amended Budget	Y -T -D Budget	Y -T -D Actual	Over / (Under)			Budget Amendment
						Budget	Percent	14-15	
Interest on investments	7,194	10,000	10,000	4,950	4,087	(863)	-17.4%	-43.2%	
Miscellaneous	10	-	-	-	15	15	-	50.0%	
Transfer from Surplus	-	-	-	-	-	-	-	-	
Employee Health Deductions	1,242,591	2,598,432	2,598,432	1,299,216	1,177,378	(121,838)	-9.4%	-5.2%	
City Health Contribution	4,126,043	11,059,729	11,059,729	5,108,220	4,551,342	(556,878)	-10.9%	10.3%	
Retiree Health Contribution	96,770	216,000	216,000	108,000	104,720	(3,280)	-3.0%	8.2%	
Cobra Health Contribution	42,056	60,000	60,000	30,000	34,390	4,390	14.6%	-18.2%	
Total revenue	5,514,664	13,944,161	13,944,161	6,550,386	5,871,932	(678,454)	-10.4%	6.5%	
Salaries and wages	27,951	60,729	60,729	28,420	28,278	(142)	-5%	1.2%	
Employee benefits	8,741	20,801	20,801	9,422	9,344	(78)	-8%	6.9%	
Purchased professional/technical	583,832	1,971,438	1,961,438	980,718	783,948	(196,770)	-20.1%	34.3%	
Purchased property services	-	3,500	3,500	-	-	-	-	-	
Maintenance	325	4,700	4,700	902	752	(150)	-16.6%	131.4%	
Other purchased services	40	1,500	1,500	81	81	-	-	102.5%	
Supplies	4,283	2,750	12,750	6,378	3,920	(2,458)	-38.5%	-8.5%	
Other *	5,381,996	11,878,743	11,878,743	5,939,362	5,771,678	(167,684)	-2.8%	7.2%	
Total operating expenses	6,007,168	13,944,161	13,944,161	6,965,283	6,598,001	(367,282)	-5.3%	9.8%	
Capital expenditures	-	-	-	-	-	-	-	-	
Total expenses	6,007,168	13,944,161	13,944,161	6,965,283	6,598,001	(367,282)	-5.3%	9.8%	
Net income (loss)	(492,504)	-	-	(414,897)	(726,069)	(311,172)	75.0%	47.4%	

* Medical claims

The Health Insurance Fund accounts for the City's self insurance activities for the health needs of its employees, their dependents and retirees. Operating revenues of \$5,871,932 are \$678,454 less than budgeted. Expenses of \$6,598,001 are under budget \$367,282, resulting in a net loss of \$726,069. Total expenses are under budget by 5.3%; operating expenses are under budget by 5.3%.

Comprehensive Annual Financial Report

of the



City of Waco, Texas

Prepared by the
Finance Department
Year Ended September 30, 2015

City of Waco, Texas
Comprehensive Annual Financial Report
Year Ended September 30, 2015

MAYOR

Malcolm Duncan, Jr.

CITY COUNCIL

Wilbert Austin, Mayor Pro Tem
Alice Rodriguez
John Kinnaird
Dillon Meek
Kyle Deaver

CITY MANAGER

Dale A. Fisseler, P.E.

DEPUTY CITY MANAGER

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 15, 2016

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, 2015, 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 OMB Circular A-133. Jaynes, Reitmeier, Boyd & Therrell, P.C., Certified Public Accountants, have issued an unmodified ("clean") opinion on the City of Waco's financial statements for the year ended September 30, 2015. The independent auditor's report is presented in the financial section of this report.

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

Management's discussion and analysis (MD&A) immediately follows the independent auditor's report and provides a narrative introduction, overview, and analysis of the basic financial statements. MD&A 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 23rd largest city in Texas and the county seat of McLennan County, which has an area of more than 1,000 square miles. Historically, the City has been a trade and agricultural center for the Central Texas region. Efforts by the community's leadership over the past several years have led to diversification in the regional economy, a major factor contributing to significant improvement in growth and development.

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

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

The City provides the following services as authorized by its charter: public safety, highways and streets, health and social services, cultural and recreational services, public improvements, planning and zoning, and general administrative services. In addition to general government activities, the City provides water, wastewater and solid waste services, a municipal airport, a public transit system and a convention center. The City also is financially accountable for 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, and an eye care products manufacturer. Additionally, there are a couple of retail shopping centers, an electric utility, a disposable diaper manufacturer and a couple of warehouses. Eight of the top ten employers are education, government, healthcare or manufacturing related.

The educational sector contributes significantly to the City’s economic stability. Waco is the home of Baylor University, a private university with a student enrollment of approximately 16,200. Baylor offers undergraduate degrees in 141 fields, 75 master’s degree programs and 37 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 4,100, Texas State Technical College offers nearly 100 associates degrees and certificates in a variety of engineering-related and emerging technology fields, preparing a workforce to meet the demands of industry and business.

The Waco Metropolitan Statistical Area (MSA) covers 1,800 square miles. The City encompasses 96 square miles, including 12 square miles of water, within the Waco corporate limits. The average Waco MSA civilian labor force grew 6.0% from 110,781 in 2008 to 117,418 by September 2015. Total employment at the beginning of fiscal year 2015 – 2016 was 111,560 while the unemployment rate was 4.1%.

Long-term Financial Planning

Unassigned fund balance in the general fund (18.97 percent of fiscal year 2016 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, 2015, for the water, wastewater and solid waste funds were 56.8%, 71.6% and 87.4%, respectively. These working capital percentages were calculated after removing funds set aside for cash Capital Improvement Program funding.

Major Initiatives

In 2007, voters approved a \$63 million bond election to provide for improvements to many City facilities. These projects, which include the Convention Center, police headquarters, libraries, fire stations, park improvements and renovations at the Texas Ranger Museum, among others, are all complete. Improvements to the East Library, which were initiated with the savings from the Central and West Library projects, are currently in progress and are expected to be completed in late 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 compliment 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. An update of the City's comprehensive plan is being reviewed by City Council 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 late 2016.

Riverfront development has been greatly enhanced with the completion of the \$260 million McLane Stadium at Baylor University located on the banks of the Brazos River. Efforts will continue on the development of available property in the downtown and river corridor. Expected development is planned for mixed use, multi-phase development with focus on connections to the river, downtown and Baylor University.

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, 2014. This was the 33rd 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, 2014, and the Distinguished Budget Presentation Award for its annual budget document for the fiscal year beginning October 1, 2014. 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.

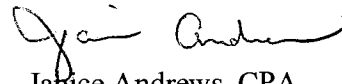
The preparation of this report would not have been possible without the skill, effort and dedication of the City staff. We wish to thank all City departments for their assistance in providing the data necessary to prepare this report.

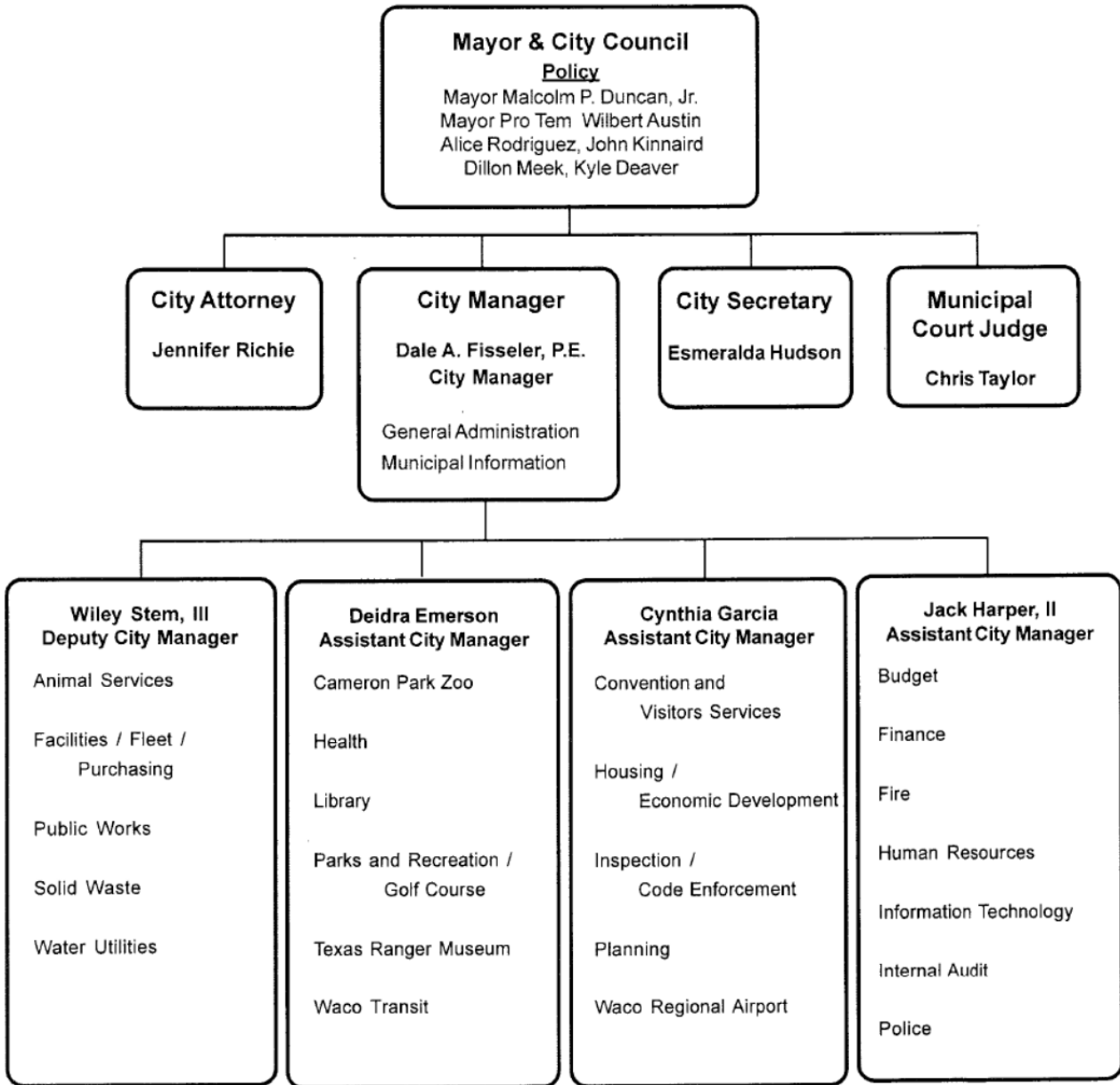
We also acknowledge the thorough, professional, and courteous manner in which our independent auditors, Jaynes, Reitmeier, Boyd & Therrell, P.C., conducted the audit.

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. Fissele, P.E.
City Manager


Janice Andrews, CPA
Director of Finance



As of September 2015



Government Finance Officers Association

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

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

September 30, 2014

Executive Director/CEO

Financial Section





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

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

Report on Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Waco, Texas, as of and for the year ended September 30, 2015, 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, 2015, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the general fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Change in Accounting Principles

As discussed in Note IV.S. to the financial statements, the City adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions, an Amendment of GASB Statement No. 27* and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date, an amendment of GASB No. 68*, effective October 1, 2014. Our opinion is not modified with respect to these matters.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 9 through 21 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 15, 2016, on our consideration of the City of Waco, Texas' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Waco, Texas' internal control over financial reporting and compliance.

January 15, 2016



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, 2015. 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, 2015 by \$513,810,993 (net position). Of this amount, \$94,365,866 (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 \$21,911,057.
- The City adopted provisions of Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions, an Amendment of GASB Statement No. 27 and GASB Statement No. 71, Pension Transition for Contributions Made Subsequent to the Measurement Date, an Amendment of GASB No. 68* (collectively, GASB 68). A cumulative effect of changes in accounting principles is reported to recognize net pension liability and related deferred outflows, which reduced unrestricted net position of the City at October 1, 2014 by \$32.1 million. \$27.6 million of this reduction was reported for governmental activities, \$4.5 million for business-type activities, \$1.9 million for water, \$1.3 million for wastewater, and \$1.3 million for solid waste. Additionally as a result of the adoption of GASB 68, the City eliminated the net pension obligation that had been reported in the government-wide and the proprietary fund financial statements due to phase-in pension contribution rates. This increased unrestricted net position by \$10.1 million for governmental activities, \$1.7 million for business-type activities, \$0.7 million for water, \$0.5 million for wastewater, and \$0.5 million for solid waste.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$97,370,744. The fund balance components are nonspendable - \$1,501,261, restricted - \$27,552,989, committed - \$26,208,669, assigned - \$18,715,206 and unassigned - \$23,392,619. The City Council approves the amounts reported as committed and assigned.
- As of September 30, 2015, unassigned fund balance for the General Fund was \$23,392,619 or 18.97% of the 2016 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 \$513,810,993 as of September 30, 2015.

The largest portion of the City's net position (\$397,419,911) 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	
	2015	2014	2015	2014	2015	2014
Current and other assets	\$ 121,123,199	109,033,740	120,123,252	113,997,244	241,246,451	223,030,984
Capital assets	257,114,410	257,050,013	407,928,548	409,618,157	665,042,958	666,668,170
Total assets	378,237,609	366,083,753	528,051,800	523,615,401	906,289,409	889,699,154
Total deferred outflows of resources	13,331,139	463,791	5,546,556	2,487,815	18,877,695	2,951,606
Long-term liabilities	126,338,359	101,508,670	225,531,409	221,816,782	351,869,768	323,325,452
Other liabilities	30,938,591	31,571,433	28,547,752	25,522,843	59,486,343	57,094,276
Total liabilities	157,276,950	133,080,103	254,079,161	247,339,625	411,356,111	380,419,728
Net position:						
Net investment in capital assets	183,090,881	180,508,096	214,329,030	211,696,699	397,419,911	392,204,795
Restricted	20,655,062	18,895,396	1,370,154	1,274,319	22,025,216	20,169,715
Unrestricted	30,545,855	34,063,949	63,820,011	65,792,573	94,365,866	99,856,522
Total net position	\$ 234,291,798	233,467,441	279,519,195	278,763,591	513,810,993	512,231,032

A portion of the City's net position (\$22,025,216) represents resources that are subject to external restriction on how they may be used. The remaining balance (\$94,365,866) 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, 2015, 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 \$21,911,057 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, 2015. Governmental activities increased the City's net position by \$18,358,739 and represented 83.8% of the total. Business-type activities increased the City's net position by \$3,552,318 and represented 16.2% of the total increase.

City of Waco Changes in Net Position

	Year Ended September 30,					
	2015			2014		
	Governmental Activities	Business-type Activities	Total	Governmental Activities	Business-type Activities	Total
Revenues:						
Program revenues:						
Charges for services	\$ 8,058,360	86,110,263	94,168,623	8,274,277	86,092,057	94,366,334
Operating grants and contributions	9,564,905	3,566,046	13,130,951	10,924,393	3,869,760	14,794,153
Capital grants and contributions	6,952,118	3,459,180	10,411,298	3,272,066	1,682,452	4,954,518
General revenues:						
Ad valorem taxes	61,324,981	-	61,324,981	57,159,819	-	57,159,819
Sales taxes	35,813,531	-	35,813,531	33,487,659	-	33,487,659
Franchise taxes	13,762,575	-	13,762,575	14,181,593	-	14,181,593
Hotel/motel taxes	-	2,707,056	2,707,056	-	2,403,171	2,403,171
Other taxes	871,076	-	871,076	785,905	-	785,905
Investment earnings	476,804	289,580	766,384	323,760	197,346	521,106
Miscellaneous	1,043,936	-	1,043,936	1,196,841	-	1,196,841
Gain on sale of capital assets	171,016	-	171,016	105,278	-	105,278
Total revenues	<u>138,039,302</u>	<u>96,132,125</u>	<u>234,171,427</u>	<u>129,711,591</u>	<u>94,244,786</u>	<u>223,956,377</u>
Expenses:						
General government	15,012,962	-	15,012,962	16,223,167	-	16,223,167
Public works	12,767,308	-	12,767,308	12,205,449	-	12,205,449
Public safety	64,796,679	-	64,796,679	66,630,254	-	66,630,254
Culture and recreation	16,510,993	-	16,510,993	16,922,912	-	16,922,912
Public health	7,269,988	-	7,269,988	7,314,101	-	7,314,101
Housing and community development	2,704,824	-	2,704,824	2,974,293	-	2,974,293
Interest on long-term debt	3,155,598	-	3,155,598	3,631,452	-	3,631,452
Water	-	32,457,155	32,457,155	-	32,998,874	32,998,874
Wastewater	-	18,964,527	18,964,527	-	19,263,583	19,263,583
Solid waste	-	15,223,615	15,223,615	-	15,794,559	15,794,559
Airport	-	3,496,581	3,496,581	-	3,284,396	3,284,396
Convention services	-	4,074,149	4,074,149	-	3,957,683	3,957,683
Ranger Hall of Fame	-	1,333,639	1,333,639	-	1,326,695	1,326,695
Cameron Park Zoo	-	4,595,845	4,595,845	-	4,494,173	4,494,173
Transit services	-	8,188,525	8,188,525	-	8,177,708	8,177,708
Cottonwood Creek Golf Course	-	1,707,982	1,707,982	-	1,810,707	1,810,707
Total expenses	<u>122,218,352</u>	<u>90,042,018</u>	<u>212,260,370</u>	<u>125,901,628</u>	<u>91,108,378</u>	<u>217,010,006</u>
Increase in net position before transfers	15,820,950	6,090,107	21,911,057	3,809,963	3,136,408	6,946,371
Transfers	2,537,789	(2,537,789)	-	902,991	(902,991)	-
Increase in net position	<u>18,358,739</u>	<u>3,552,318</u>	<u>21,911,057</u>	<u>4,712,954</u>	<u>2,233,417</u>	<u>6,946,371</u>
Net position, beginning of year, as previously reported	233,467,441	278,763,591	512,231,032	228,754,487	276,530,174	505,284,661
Cumulative effect of change in accounting principles	(17,534,382)	(2,796,714)	(20,331,096)	-	-	-
Net position, beginning of year as restated	<u>215,933,059</u>	<u>275,966,877</u>	<u>491,899,936</u>	<u>228,754,487</u>	<u>276,530,174</u>	<u>505,284,661</u>
Net position, end of year	\$ <u>234,291,798</u>	<u>279,519,195</u>	<u>513,810,993</u>	<u>233,467,441</u>	<u>278,763,591</u>	<u>512,231,032</u>

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

- Overall, governmental revenues increased \$8,327,711 (6.42%). Ad valorem taxes reflected an increase of \$4,165,162 (7.29%), primarily as the result of net growth of 6.8% in the property tax base. Sales taxes reflected an increase of \$2,325,872 (6.95%). Capital grants and contributions reported an increase of \$3,680,052 (112.47%), primarily due to (a) grant revenue of \$1.1 million recognized for the Ritchie Road reconstruction project; (b) \$1.3 million economic development grant from the Waco McLennan County Economic Development Corporation for the Beverly Drive reconstruction project; and (c) \$1.1 million of contributions/grants received for renovations of the animal shelter. The decrease in operating grants and contributions of \$1,359,488 (12.44%) was primarily due to grant funding for the Brazos Park East trail extension project that was recorded in the previous year in Tax Increment Zone No. 1.
- Overall, governmental expenses decreased \$3,683,276 (2.93%). A 2% salary increase as well as job class step increases for some civil service employees based on rank and service time were approved in the budget. This salary increase was offset by the reduction of other expenses: (a) \$1.7 million for Tax Increment Zone No. 1 due to timing of project expenditures; (b) \$1.2 million for waste disposal related to the Peach Street property clean-up; (c) \$1.1 million for compensated absences primarily due to retirements of long-term employees; and (d) \$1.5 million for pension expense due to adoption of GASB 68.

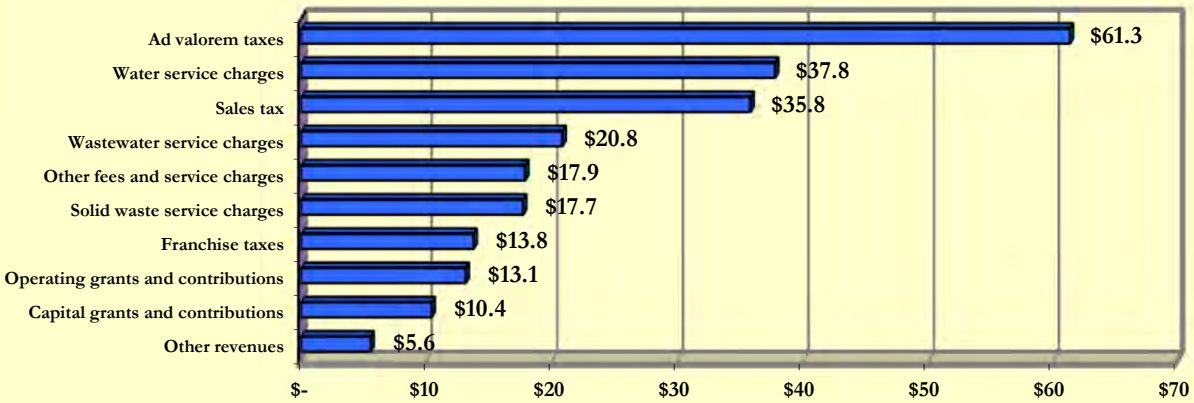
In anticipation of the adoption of GASB 68, the City reviewed the Texas Municipal Retirement System (TMRS) benefit provisions during the fiscal year 2012 budget process. The City Council approved a plan change to turn off annually repeating annuity increases for retirees. This plan change became effective January 1, 2012 and reduced the City's full contribution rate to 14.04% (as compared to an anticipated 2012 phase-in rate of 20.07% and full rate of 22.24%). The City's contribution rates have continued to decrease; calendar years 2013, 2014, and 2015 were 13.87%, 13.61%, and 13.15% respectively. As of the measurement date, the fiduciary net position of the plan is 90.03% of total pension liability.

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

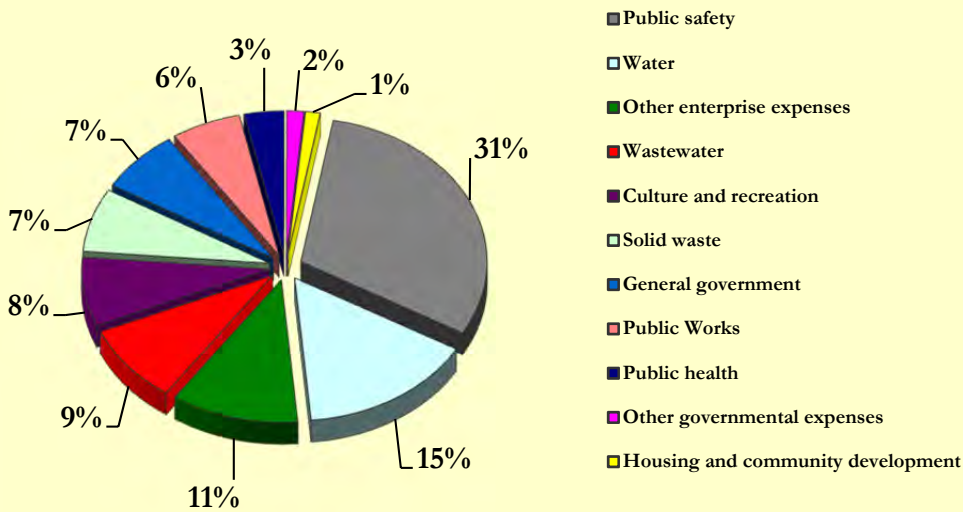
- Total revenues increased \$1,887,339 (2.0%). Overall, charges for services were flat compared to prior year. The \$826,369 decrease in water revenue is primarily due to more rainfall and was offset primarily by increases in solid waste landfill revenue. Capital grants and contributions increased \$1.8 million primarily due to an increase of almost \$1.2 million for airport capital projects and \$0.4 million for water capital contributions related to water refund contracts.
- Total expenses decreased by \$1.1 million (1.17%). Increases in salaries and benefits for the 2% salary increase were offset by decreases in other expenses. The master plans for water and wastewater systems were completed in FY2015 and expenses for work done in the current year were \$417,833 less than prior year. Depreciation

expense decreased \$582,208 primarily due to landfill improvements and equipment becoming fully depreciated within prior year, slightly offset by a partial year of expense for a new landfill cell and other equipment. Interest expense decreased \$854,454 due to bond refunding issues and increased cash funding being utilized for capital 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 \$97,370,744. Approximately 1.6% (\$1,501,261) 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 28.3% (\$27,552,989) 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 26.9% (\$26,208,669) of the fund balance is reported as committed. Committed fund balances represent resources whose use has a self-imposed limitation imposed by the City Council and would require formal action to remove or modify the commitment. This classification includes resources that have been committed for economic development initiatives, capital projects and public health. Approximately 19.2% (\$18,715,206) 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 \$23,392,619 (24%) 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 2016 budgeted revenues. The fund balance of the general fund at the end of the current year reported an increase of \$2,515,425. Total revenues in the general fund increased \$6,242,970 as compared to the prior year and were \$5,307,283 more than the final budget. Key factors in general fund revenue are as follows:

- Increases of approximately \$3.5 million in property tax revenues resulted primarily from growth in net taxable assessed property valuation of approximately 6.8%. 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 almost 40% of total general fund revenues.
- Sales tax revenue reported an increase of approximately \$2.3 million as compared to prior year, with actual amounts exceeding the amount originally budgeted for the fiscal year by almost \$3.9 million. Increased economic activity, lower unemployment rates, and lower fuel prices all contributed to this revenue growth. This revenue source represents approximately 31% of total general fund revenues.
- Gross receipts fees, which had been budgeted very conservatively, decreased \$364,072 as compared to prior year, but actual amounts exceeded the amount originally budgeted for the fiscal year by approximately \$736,000. The decrease

was primarily due to reduction in gross receipts fees from natural gas as a result of decreases in prices. Approximately 12% 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 - \$33,740,987, Wastewater - \$18,974,178, and Solid Waste - \$9,966,597. These funds experienced increases in total net position during 2015 as follows: Water - \$2,317,094, Wastewater - \$787,080, and Solid Waste - \$1,943,945.

General Fund budgetary highlights – Differences between the original budget and the final amended budget for appropriations were \$10,523,187. The primary differences can be briefly summarized as follows:

- \$3,000,000 increase for the Dewey Community Center project
- \$2,354,253 increase for the enterprise resource planning (ERP) purchase and implementation project
- \$600,000 increase for the Barron's Branch Culvert project
- \$572,062 increase for expenses related to fire salaries and maintenance
- \$510,524 increase for the Lake Shore Drive project
- \$500,000 for the animal shelter renovation project
- \$340,244 increase for library renovations
- \$294,656 increase for pavement assessment services
- \$256,358 increase for the services related to the storm water master plan
- \$226,196 increase for funds allocated to the Texas Ranger Hall of Fame grounds and facilities projects
- \$220,138 increase for elevator modernization at the police headquarters
- \$219,284 increase for the City's municipal information cable channel equipment
- \$199,440 increase for the Anniversary Park improvements project
- \$150,000 increase for human resources consulting services
- \$150,000 increase for the replacement of signs at the Texas Ranger Hall of Fame and Museum
- \$135,843 increase for various expenses related to facilities
- \$122,500 increase for a technical assistance memorandum of understanding

- \$85,000 increase for mold remediation services at the West Waco Library and Genealogy Center
- \$80,000 increase for economic development website development and design services
- \$80,000 increase to fund various large demolition projects
- \$75,851 increase for police department traffic units
- \$66,646 increase for service provider contracts
- \$60,418 increase for library furniture purchase and installation
- \$45,000 increase for various capital improvements at the library branches
- \$35,655 increase for equipment leasing and equipment purchase for information technology
- \$30,750 increase for professional architectural services for the Tenth Court of Appeals needs assessment
- \$27,500 increase to fund a contract for targeting local college student retention with Prosper Waco
- \$25,000 increase for housing department projects
- \$23,750 increase for traffic capital equipment
- \$22,500 increase for an interlocal cooperation agreement with McLennan County to house inmates
- \$13,619 increase for the animal shelter project, library parking lot project, city secretary temporary labor services, and emergency management supplies.

Of this increase, \$7,435,848 was from fund balance assigned for capital improvements, \$556,358 from fund balance assigned for economic development, \$346,476 from fund balance assigned for other, \$199,440 from fund balance restricted for culture and recreation, \$117,544 from fund balance assigned for public safety, \$25,000 from fund balance assigned for housing and community development \$4,885 from fund balance assigned for culture and recreation, \$1,087,118 from increases in sales tax, \$500,000 from increases in miscellaneous revenues, \$219,284 from increases in franchise fees, and \$31,234 from increases in contribution revenues.

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 2015.

CAPITAL ASSETS

The City of Waco's investment in capital assets for its governmental and business-type activities as of September 30, 2015, amounts to \$665,042,958 (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 \$10.9 million on various water and wastewater systems projects.
- Capitalized \$4.9 million in street and drainage expenditures and contributions.
- Capitalized approximately \$4.2 million for solid waste equipment and landfill cell.
- Capitalized \$3.0 million on Airport Improvement Program projects (airport perimeter road and taxiway realignment).
- Capitalized \$2.2 million on various park facility improvements expenditures.
- Capitalized \$1.3 million for ERP project.
- Capitalized \$1.0 million for fire truck.
- Capitalized \$0.4 million for police facilities and equipment.

City of Waco Capital Assets

	Governmental Activities		Business-type Activities		Totals	
	2015	2014	2015	2014	2015	2014
Land	\$ 46,633,937	45,659,048	6,522,237	6,522,237	53,156,174	52,181,285
Buildings	69,773,893	69,353,478	81,227,473	81,092,966	151,001,366	150,446,444
Improvements other than buildings	62,015,317	59,345,775	491,348,606	478,730,432	553,363,923	538,076,207
Machinery and equipment	49,671,247	49,865,359	47,053,387	45,854,225	96,724,634	95,719,584
Museum collections	-	-	2,206,424	2,160,924	2,206,424	2,160,924
Infrastructure	270,033,626	264,356,972	-	-	270,033,626	264,356,972
Construction work in progress	8,705,453	4,341,139	18,151,956	14,411,036	26,857,409	18,752,175
Water rights	-	-	32,482,879	32,482,879	32,482,879	32,482,879
Less: accumulated depreciation	<u>(249,719,063)</u>	<u>(235,871,758)</u>	<u>(271,064,414)</u>	<u>(251,636,542)</u>	<u>(520,783,477)</u>	<u>(487,508,300)</u>
Total capital assets	\$ <u>257,114,410</u>	<u>257,050,013</u>	<u>407,928,548</u>	<u>409,618,157</u>	<u>665,042,958</u>	<u>666,668,170</u>

Additional information on the City's capital assets can be found in Note IV on pages 67 - 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 \$312,536,401. Of this amount, \$309,741,987 represents bonded debt backed by the full faith and credit of the government. The \$2,794,414 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	
	2015	2014	2015	2014	2015	2014
General obligation certificates	\$ 86,691,896	88,539,551	223,050,091	223,017,008	309,741,987	311,556,559
Capital lease obligations	-	12,443	-	-	-	12,443
Notes payable	968,532	-	1,825,882	1,898,437	2,794,414	1,898,437
	<u>\$ 87,660,428</u>	<u>88,551,994</u>	<u>224,875,973</u>	<u>224,915,445</u>	<u>312,536,401</u>	<u>313,467,439</u>

During the 2015 fiscal year, the City issued \$13,235,000 in general obligation certificates of obligation. The proceeds will be used for various general City improvements including expansion and improvements to existing city administration and services buildings, traffic control systems, streets, street lighting and drainage, sidewalks, vehicles, fire-fighting equipment, water, and wastewater improvements. The City also issued \$73,310,000 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 \$11,833,326 and resulted in an economic gain of \$9,589,347. 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+

Subsequent to year-end, Standard and Poor's raised its rating on the City's general obligation bonds to AA+ from AA.

Additional information on the City of Waco's long-term debt can be found in Note IV on pages 72 to 77 of this report.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The general fund budget (including transfers in) for fiscal year 2016 is based on an increase in revenues of 11.2% over last year's adopted budget, due mainly to the increase from ad valorem taxes primarily from new construction and the increased allocation of the tax rate to operations as a result of the City's debt reduction initiative. No ad valorem tax rate adjustment is included

for 2016. The fiscal year 2016 budget includes a \$7.1 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, 2015.

Approximately 26% of general fund revenues come from sales taxes. The City ended 2015 with sales tax revenue considerably over the original adopted budget. Sales taxes for 2016 were budgeted with an 2% increase over the fiscal year 2015 adopted budget, but still less than actual receipts for 2015. 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 2016 budget includes a 2% 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 and significantly reduced pension expense. Effective January 1, 2016, the City's full contribution rate is 12.96%. The City's budget for fiscal year 2016 included approximately \$10.2 million for TMRS contributions.

Fiscal year 2016 includes rate increases to residential, commercial and industrial water and wastewater customers. Effective January 1, 2016, the water and wastewater base monthly service rates will increase \$1.08 and \$1.59, respectively, along with volumetric rate increases. 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. Solid waste residential, commercial, roll-off and landfill rates will remain the same for 2016.

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, 2015

	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	\$ 98,932,017	71,422,651	170,354,668	31,250	6,286	30,218
Receivables (net of allowances for uncollectibles):						
Accounts	3,871,161	11,015,337	14,886,498	55,375	-	-
Special assessments	6,642	-	6,642	-	-	-
Taxes	8,478,912	-	8,478,912	-	-	-
Intergovernmental receivable	2,723,642	2,859,806	5,583,448	-	-	-
Accrued interest receivable	-	3,076	3,076	-	-	-
Internal balances	3,647,005	(3,529,083)	117,922	-	-	-
Inventories	1,193,664	1,131,819	2,325,483	2,930	-	-
Restricted cash and investments	-	36,714,236	36,714,236	-	-	-
Notes receivable	2,217,291	505,410	2,722,701	-	-	-
Real estate held for resale	52,865	-	52,865	-	-	-
Capital assets not being depreciated:						
Land	46,633,937	6,522,237	53,156,174	-	-	-
Museum collections	-	2,206,424	2,206,424	-	-	-
Construction in progress	8,705,453	18,151,956	26,857,409	-	-	-
Capital assets, net of accumulated depreciation:						
Buildings	49,548,366	46,296,497	95,844,863	-	-	-
Machinery and equipment	15,107,182	13,659,079	28,766,261	-	-	-
Improvements other than buildings	33,066,485	298,372,823	331,439,308	-	-	-
Infrastructure	104,052,987	-	104,052,987	-	-	-
Water rights	-	22,719,532	22,719,532	-	-	-
Total assets	<u>378,237,609</u>	<u>528,051,800</u>	<u>906,289,409</u>	<u>89,555</u>	<u>6,286</u>	<u>30,218</u>
Deferred Outflows of Resources						
Deferred outflows of resources:						
Deferred losses on refundings of debt	2,671,585	3,811,280	6,482,865	-	-	-
Pension contributions subsequent to the measurement date	6,203,862	1,009,931	7,213,793	-	-	-
Differences between expected and actual experience	1,199,679	195,297	1,394,976	-	-	-
Differences in projected and actual earnings on pension plan investments	3,256,013	530,048	3,786,061	-	-	-
Total deferred outflows of resources	<u>13,331,139</u>	<u>5,546,556</u>	<u>18,877,695</u>	<u>-</u>	<u>-</u>	<u>-</u>
Liabilities						
Accounts payable	5,115,751	1,939,583	7,055,334	52,929	-	-
Accrued liabilities	5,008,210	2,701,081	7,709,291	29,526	-	-
Accrued interest payable	583,707	1,577,919	2,161,626	-	-	-
Unearned revenue	30,808	89,346	120,154	7,100	-	-
Escrow funds	246,485	-	246,485	-	-	-
Customer deposits	410,998	-	410,998	-	-	-
Liabilities payable from restricted assets	-	7,568,348	7,568,348	-	-	-
Noncurrent liabilities:						
Due within one year	19,542,632	14,671,475	34,214,107	-	-	-
Due in more than one year	126,338,359	225,531,409	351,869,768	-	-	-
Total liabilities	<u>157,276,950</u>	<u>254,079,161</u>	<u>411,356,111</u>	<u>89,555</u>	<u>-</u>	<u>-</u>
Net Position						
Net investment in capital assets	183,090,881	214,329,030	397,419,911	-	-	-
Restricted for:						
Tax increment financing/public improvement district	14,383,513	-	14,383,513	-	-	-
Housing and community development	2,059,972	-	2,059,972	-	-	-
Culture and recreation	1,171,216	-	1,171,216	-	-	-
Public safety	1,562,378	-	1,562,378	-	-	-
Municipal information	751,247	-	751,247	-	-	-
Debt service	259,739	-	259,739	-	-	-
Parks and cemetery care - nonexpendable	466,997	-	466,997	-	-	-
Capital projects	-	1,370,154	1,370,154	-	-	-
Unrestricted	<u>30,545,855</u>	<u>63,820,011</u>	<u>94,365,866</u>	<u>-</u>	<u>6,286</u>	<u>30,218</u>
Total net position	<u>234,291,798</u>	<u>279,519,195</u>	<u>513,810,993</u>	<u>-</u>	<u>6,286</u>	<u>30,218</u>

See accompanying notes to financial statements.

City of Waco, Texas
Statement of Activities
Year Ended September 30, 2015

Functions/Programs	Expenses	Program Revenues	
		Charges for Services	Operating Grants and Contributions
Primary Government:			
Governmental activities:			
General government	\$ (15,012,962)	243,883	765,152
Public works	(12,767,308)	3,188	-
Public safety	(64,796,679)	5,373,858	1,710,607
Culture and recreation	(16,510,993)	1,279,331	1,096,407
Public health	(7,269,988)	1,158,100	3,638,865
Housing and community development	(2,704,824)	-	2,353,874
Interest on long-term debt	(3,155,598)	-	-
Total governmental activities	(122,218,352)	8,058,360	9,564,905
Business-type activities:			
Water	(32,457,155)	37,773,754	-
Wastewater	(18,964,527)	20,827,643	-
Solid waste	(15,223,615)	17,704,519	-
Airport	(3,496,581)	1,093,157	87,600
Convention services	(4,074,149)	1,317,100	-
Ranger Hall of Fame	(1,333,639)	490,917	132,044
Cameron Park Zoo	(4,595,845)	1,615,849	-
Transit services	(8,188,525)	3,775,380	3,346,402
Cottonwood Creek Golf Course	(1,707,982)	1,511,944	-
Total business-type activities	(90,042,018)	86,110,263	3,566,046
Total primary government	\$ (212,260,370)	94,168,623	13,130,951
Component Units:			
Baylor Waco Stadium Authority	\$ (3,480,178)	760,716	2,719,462
Central Waco Development Corporation	(75)	-	-
Waco Health Facilities Development Corporation	(75)	-	-
Total component units	\$ (3,480,328)	760,716	2,719,462
General revenues:			
Taxes:			
Property			
Property tax increment financing			
Sales			
Franchise			
Hotel/motel			
Other			
Unrestricted investment earnings			
Gain on sale of capital assets			
Miscellaneous			
Transfers			
Total general revenues and transfers			
Change in net position			
Net position, beginning of year, as restated			
Net position, end of year			

See accompanying notes to financial statements.

Net Revenues (Expenses) and Changes in Net Position

Capital Grants and Contributions	Primary Government			Component Units		
	Governmental Activities	Business-type Activities	Total	Baylor Waco Stadium Authority	Central Waco Development Corporation	Waco Health Facilities Development Corporation
-	(14,003,927)	-	(14,003,927)			
5,080,914	(7,683,206)	-	(7,683,206)			
1,073,887	(56,638,327)	-	(56,638,327)			
797,317	(13,337,938)	-	(13,337,938)			
-	(2,473,023)	-	(2,473,023)			
-	(350,950)	-	(350,950)			
-	(3,155,598)	-	(3,155,598)			
<u>6,952,118</u>	<u>(97,642,969)</u>	<u>-</u>	<u>(97,642,969)</u>			
692,265	-	6,008,864	6,008,864			
-	-	1,863,116	1,863,116			
-	-	2,480,904	2,480,904			
2,721,415	-	405,591	405,591			
-	-	(2,757,049)	(2,757,049)			
45,500	-	(665,178)	(665,178)			
-	-	(2,979,996)	(2,979,996)			
-	-	(1,066,743)	(1,066,743)			
-	-	(196,038)	(196,038)			
<u>3,459,180</u>	<u>-</u>	<u>3,093,471</u>	<u>3,093,471</u>			
<u>10,411,298</u>	<u>(97,642,969)</u>	<u>3,093,471</u>	<u>(94,549,498)</u>			
-				-	-	-
-				-	(75)	-
<u>-</u>				<u>-</u>	<u>-</u>	<u>(75)</u>
<u>-</u>				<u>-</u>	<u>(75)</u>	<u>(75)</u>
\$ 55,028,271	-	-	55,028,271	-	-	-
6,296,710	-	-	6,296,710	-	-	-
35,813,531	-	-	35,813,531	-	-	-
13,762,575	-	-	13,762,575	-	-	-
-	2,707,056	-	2,707,056	-	-	-
871,076	-	-	871,076	-	-	-
476,804	289,580	-	766,384	-	25	119
171,016	-	-	171,016	-	-	-
1,043,936	-	-	1,043,936	-	-	-
2,537,789	(2,537,789)	-	-	-	-	-
<u>116,001,708</u>	<u>458,847</u>	<u>-</u>	<u>116,460,555</u>	<u>-</u>	<u>25</u>	<u>119</u>
18,358,739	3,552,318	-	21,911,057	-	(50)	44
<u>215,933,059</u>	<u>275,966,877</u>	<u>-</u>	<u>491,899,936</u>	<u>-</u>	<u>6,336</u>	<u>30,174</u>
\$ <u>234,291,798</u>	<u>279,519,195</u>	<u>-</u>	<u>513,810,993</u>	<u>-</u>	<u>6,286</u>	<u>30,218</u>

City of Waco, Texas
Balance Sheet
Governmental Funds
September 30, 2015

	General	Other Governmental Funds	Total Governmental Funds
Assets			
Assets:			
Cash and investments	\$ 48,543,263	39,970,659	88,513,922
Receivables, net of allowances:			
Accounts	3,690,917	178,390	3,869,307
Special assessments	-	6,642	6,642
Taxes	8,027,400	451,512	8,478,912
Notes receivable	-	2,217,291	2,217,291
Due from other funds	2,616,310	4,824,037	7,440,347
Advances to other funds	-	168,368	168,368
Intergovernmental receivable	15,446	2,708,196	2,723,642
Inventories	849,594	131,805	981,399
Real estate held for resale	6,160	46,705	52,865
	<u>\$ 63,749,090</u>	<u>50,703,605</u>	<u>114,452,695</u>
Liabilities			
Liabilities:			
Accounts payable	\$ 1,551,335	3,301,346	4,852,681
Accrued liabilities	3,859,940	748,869	4,608,809
Unearned revenue	29,598	1,210	30,808
Due to other funds	1,161,845	3,120,893	4,282,738
Deposits	410,998	-	410,998
Escrow Funds	211,591	34,356	245,947
Total liabilities	<u>7,225,307</u>	<u>7,206,674</u>	<u>14,431,981</u>
Deferred Inflows of Resources			
Deferred inflows of resources:			
Unavailable revenue:			
Property taxes	1,536,473	432,629	1,969,102
Court fines	674,226	-	674,226
Other	-	6,642	6,642
Total deferred inflows of resources	<u>2,210,699</u>	<u>439,271</u>	<u>2,649,970</u>
Fund Balances			
Fund balances:			
Nonspendable	855,754	645,507	1,501,261
Restricted	1,626,803	25,926,186	27,552,989
Committed	9,722,702	16,485,967	26,208,669
Assigned	18,715,206	-	18,715,206
Unassigned	23,392,619	-	23,392,619
Total fund balances	<u>54,313,084</u>	<u>43,057,660</u>	<u>97,370,744</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 63,749,090</u>	<u>50,703,605</u>	
Amounts reported for governmental activities in the statement of net position are different because:			
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.			256,257,622
Other long-term assets are not available to pay for current-period expenditures and, therefore, deferred in the funds.			2,649,970
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.			8,392,703
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.			(130,379,241)
			<u>\$ 234,291,798</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, 2015

	<u>General</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues:			
Taxes	\$ 81,708,003	15,882,119	97,590,122
Business and occupation fees	13,762,575	-	13,762,575
Permits, licenses and fees	1,504,766	949,728	2,454,494
Fines	2,135,342	370,709	2,506,051
Charges for services	1,749,690	-	1,749,690
Investment earnings	238,410	197,607	436,017
Contributions	716,371	2,773,887	3,490,258
Intergovernmental	1,694,924	8,273,579	9,968,503
Program income	-	289,272	289,272
Other	<u>10,153,721</u>	<u>646,957</u>	<u>10,800,678</u>
Total revenues	<u>113,663,802</u>	<u>29,383,858</u>	<u>143,047,660</u>
Expenditures:			
Current:			
General government	18,144,029	4,682,303	22,826,332
Public works	1,405,812	-	1,405,812
Public safety	61,362,994	1,194,863	62,557,857
Culture and recreation	12,280,138	1,263,687	13,543,825
Housing and community development	288,718	2,608,518	2,897,236
Public health	-	7,247,059	7,247,059
Capital outlay	-	14,758,838	14,758,838
Debt service:			
Principal	-	5,585,000	5,585,000
Interest and fiscal charges	-	3,437,349	3,437,349
Bond issuance costs	-	<u>250,679</u>	<u>250,679</u>
Total expenditures	<u>93,481,691</u>	<u>41,028,296</u>	<u>134,509,987</u>
Excess (deficiency) of revenues over (under) expenditures	<u>20,182,111</u>	<u>(11,644,438)</u>	<u>8,537,673</u>
Other financing sources (uses):			
Refunding bonds issued	-	34,125,000	34,125,000
Payment to refunded bond escrow agent	-	(40,676,302)	(40,676,302)
Premium on refunding bonds	-	6,804,247	6,804,247
Proceeds from sale of capital assets	171,016	-	171,016
General obligation bonds issued	-	1,695,000	1,695,000
Premium on general obligation bonds	-	57,044	57,044
Transfers in	4,404,188	21,892,704	26,296,892
Transfers out	<u>(22,241,890)</u>	<u>(1,453,183)</u>	<u>(23,695,073)</u>
Total other financing sources (uses)	<u>(17,666,686)</u>	<u>22,444,510</u>	<u>4,777,824</u>
Net change in fund balances	2,515,425	10,800,072	13,315,497
Fund balances, beginning of year	<u>51,797,659</u>	<u>32,257,588</u>	<u>84,055,247</u>
Fund balances, end of year	<u>\$ 54,313,084</u>	<u>43,057,660</u>	<u>97,370,744</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, 2015

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)	\$ 13,315,497
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlay in the current period.	(2,545,693)
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, transfers, trade-ins, and donations) is to increase net position.	2,701,190
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	(990,302)
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.	2,623,922
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.	2,435,969
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>818,156</u>
Change in net position of governmental activities (pages 26 - 27)	<u>\$ 18,358,739</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, 2015

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

	Budgeted Amounts		2015	Variance with	2014
	Original	Final	Actual Amounts	Final Budget	Actual Amounts
Revenues					
Taxes:					
Sales tax income	\$ 31,918,686	33,005,804	35,813,531	2,807,727	33,487,659
Property taxes	44,994,089	44,994,089	45,454,311	460,222	41,914,698
Interest and penalty on taxes	450,000	450,000	440,161	(9,839)	464,511
Total taxes	<u>77,362,775</u>	<u>78,449,893</u>	<u>81,708,003</u>	<u>3,258,110</u>	<u>75,866,868</u>
Business and occupation fees:					
Occupation fees	35,000	35,000	45,745	10,745	100,691
Gross receipts fees	12,980,235	13,199,519	13,716,830	517,311	14,080,902
Total business and occupation fees	<u>13,015,235</u>	<u>13,234,519</u>	<u>13,762,575</u>	<u>528,056</u>	<u>14,181,593</u>
Permits, licenses and fees:					
Building permits	430,000	430,000	632,029	202,029	556,743
Plumbing permits	125,226	125,226	232,899	107,673	211,581
Electrical permits	200,219	200,219	383,446	183,227	346,976
Heating and air conditioning licenses	75,018	75,018	119,406	44,388	110,956
Fire inspection fees	35,379	35,379	57,023	21,644	46,772
House moving permits	-	-	560	560	224
Open air/street vending	4,700	4,700	6,400	1,700	5,230
Sign permits	18,923	18,923	39,531	20,608	31,425
Subdivision fees	20,000	20,000	33,472	13,472	38,508
Total permits, licenses and fees	<u>909,465</u>	<u>909,465</u>	<u>1,504,766</u>	<u>595,301</u>	<u>1,348,415</u>
Fines:					
Court fines	2,091,662	2,091,662	1,984,823	(106,839)	2,241,136
Auto impound fees	167,272	167,272	150,519	(16,753)	175,469
Total fines	<u>2,258,934</u>	<u>2,258,934</u>	<u>2,135,342</u>	<u>(123,592)</u>	<u>2,416,605</u>
Charges for services:					
Recreation	852,318	852,318	763,137	(89,181)	782,614
Weed mowing	51,974	51,974	76,433	24,459	73,376
Library fees	115,382	115,382	114,780	(602)	118,351
Animal pick up	11,706	11,706	15,155	3,449	12,740
Animal shelter fees	308,747	308,747	291,177	(17,570)	179,854
Grounds maintenance	52,571	52,571	52,571	-	51,540
Graphics	60,534	60,534	69,867	9,333	68,420
Police security services	30,226	30,226	22,770	(7,456)	33,014
Airport security services	346,604	346,604	343,800	(2,804)	319,145
Total charges for services	<u>1,830,062</u>	<u>1,830,062</u>	<u>1,749,690</u>	<u>(80,372)</u>	<u>1,639,054</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, 2015

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

	Budgeted Amounts		2015	Variance with	2014
	Original	Final	Actual Amounts	Final Budget	Actual Amounts
Revenues (continued)					
Investment earnings	\$ 75,000	75,000	238,410	163,410	145,363
Contributions	585,078	616,312	716,371	100,059	883,787
Intergovernmental	1,580,878	1,580,878	1,694,924	114,046	1,682,910
Other:					
Indirect expense reimbursements	6,948,945	6,948,945	6,930,145	(18,800)	6,848,631
False alarm fines	8,000	8,000	14,550	6,550	10,200
BSC civil penalties	-	-	1,500	1,500	-
Rents from real estate	134,724	134,724	154,420	19,696	153,061
Miscellaneous revenue	1,095,677	1,595,677	2,222,199	626,522	1,490,247
Sale of other scrap	10,100	10,100	15,988	5,888	12,224
Zoning applications	11,456	11,456	12,965	1,509	15,490
Commission from sale of mixed drinks	440,000	440,000	548,989	108,989	475,907
Commission on municipal court fines	115,016	115,016	84,656	(30,360)	103,341
Commission on concessions	113,508	113,508	143,141	29,633	120,469
Garage sale permits	24,030	24,030	21,980	(2,050)	24,410
Special assessments	-	-	3,188	3,188	2,257
Total other	8,901,456	9,401,456	10,153,721	752,265	9,256,237
Total revenues	106,518,883	108,356,519	113,663,802	5,307,283	107,420,832
Expenditures					
General Government					
Administrative services:					
Salaries and wages	1,583,800	1,544,800	1,476,970	67,830	1,379,213
Employee benefits	446,940	436,816	413,332	23,484	403,762
Purchased professional/technical services	41,814	92,639	191,558	(98,919)	239,716
Purchased property services	36,388	36,129	30,259	5,870	34,100
Maintenance	2,000	-	-	-	-
Other purchased service	296,060	296,060	137,344	158,716	93,120
Supplies	91,952	92,510	124,564	(32,054)	88,500
Other expenses	285,477	444,520	76,701	367,819	123,039
Total administrative services	2,784,431	2,943,474	2,450,728	492,746	2,361,450
City secretary:					
Salaries and wages	304,679	297,279	293,217	4,062	274,512
Employee benefits	104,534	100,634	97,438	3,196	97,069
Purchased professional/technical services	45,542	61,935	57,187	4,748	22,265
Maintenance	13,146	11,896	11,175	721	3,230
Other purchased service	19,485	25,845	25,949	(104)	25,010
Supplies	18,577	20,777	18,819	1,958	18,725
Capital expenditures	-	-	-	-	11,851
Total city secretary	505,963	518,366	503,785	14,581	452,662

(Continued)

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

Year Ended September 30, 2015

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

	Budgeted Amounts		2015	Variance with	2014
	Original	Final	Actual Amounts	Final Budget	Actual Amounts
Expenditures (continued)					
General Government (continued)					
Finance services:					
Salaries and wages	\$ 976,717	976,717	946,909	29,808	894,929
Employee benefits	307,583	307,583	299,422	8,161	287,924
Purchased professional/technical services	89,200	89,200	84,544	4,656	77,480
Maintenance	300	300	416	(116)	-
Other purchased service	26,296	26,296	19,112	7,184	19,881
Supplies	26,580	26,580	38,902	(12,322)	25,420
Other expenses	5,525	5,525	8,214	(2,689)	6,287
Total finance services	<u>1,432,201</u>	<u>1,432,201</u>	<u>1,397,519</u>	<u>34,682</u>	<u>1,311,921</u>
Legal services:					
Salaries and wages	860,406	860,406	808,669	51,737	801,240
Employee benefits	248,320	248,320	233,221	15,099	235,993
Purchased professional/technical services	6,850	6,850	3,611	3,239	1,907
Maintenance	300	300	-	300	-
Other purchased service	31,950	29,521	17,492	12,029	27,181
Supplies	33,578	36,007	32,314	3,693	30,525
Total legal services	<u>1,181,404</u>	<u>1,181,404</u>	<u>1,095,307</u>	<u>86,097</u>	<u>1,096,846</u>
Planning services:					
Salaries and wages	428,292	428,292	443,663	(15,371)	392,874
Employee benefits	148,729	148,729	142,230	6,499	133,710
Purchased professional/technical services	20,685	63,785	23,339	40,446	8,874
Purchased property services	65,976	65,976	64,325	1,651	66,037
Maintenance	310	310	854	(544)	1,254
Other purchased service	20,506	20,506	13,492	7,014	13,818
Supplies	20,788	27,188	33,363	(6,175)	32,539
Total planning services	<u>705,286</u>	<u>754,786</u>	<u>721,266</u>	<u>33,520</u>	<u>649,106</u>
Human resources:					
Salaries and wages	547,178	547,178	547,186	(8)	512,127
Employee benefits	182,238	182,238	179,209	3,029	168,473
Purchased professional/technical services	12,561	162,561	143,023	19,538	6,019
Purchased property services	-	-	1,385	(1,385)	-
Maintenance	2,090	2,090	1,588	502	1,624
Other purchased service	42,908	41,108	31,195	9,913	21,870
Supplies	11,034	12,834	12,684	150	11,685
Total human resources	<u>798,009</u>	<u>948,009</u>	<u>916,270</u>	<u>31,739</u>	<u>721,798</u>

(Continued)

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

Year Ended September 30, 2015

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

	Budgeted Amounts		2015	Variance with	2014
	Original	Final	Actual Amounts	Final Budget	Actual Amounts
Expenditures (continued)					
General Government (continued)					
Municipal information:					
Salaries and wages	\$ 448,330	448,330	449,951	(1,621)	434,408
Employee benefits	156,071	156,071	154,875	1,196	152,882
Purchased professional/technical services	10,910	106,698	82,794	23,904	32,805
Maintenance	9,152	25,261	15,026	10,235	14,411
Other purchased service	21,770	21,770	21,717	53	21,476
Supplies	22,168	86,218	78,725	7,493	44,414
Other expenses	32,040	32,040	20,561	11,479	27,233
Capital expenditures	-	123,337	123,337	-	96,813
Total municipal information	<u>700,441</u>	<u>999,725</u>	<u>946,986</u>	<u>52,739</u>	<u>824,442</u>
Information technology services:					
Salaries and wages	905,709	905,709	838,113	67,596	926,450
Employee benefits	296,827	296,827	276,771	20,056	302,415
Purchased professional/technical services	92,302	99,502	89,721	9,781	214,546
Maintenance	529,442	526,742	413,340	113,402	441,296
Other purchased service	467,340	494,402	312,368	182,034	425,757
Supplies	57,251	57,301	77,325	(20,024)	468,523
Capital expenditures	49,938	53,981	16,528	37,453	190,302
Total information technology services	<u>2,398,809</u>	<u>2,434,464</u>	<u>2,024,166</u>	<u>410,298</u>	<u>2,969,289</u>
Purchasing services:					
Salaries and wages	313,072	313,072	308,590	4,482	304,322
Employee benefits	107,353	107,353	103,274	4,079	103,646
Purchased professional/technical services	450	450	87	363	175
Maintenance	250	250	340	(90)	453
Other purchased service	13,507	11,697	12,653	(956)	11,655
Supplies	9,864	11,674	9,759	1,915	10,081
Total purchasing services	<u>444,496</u>	<u>444,496</u>	<u>434,703</u>	<u>9,793</u>	<u>430,332</u>
Facilities:					
Salaries and wages	1,009,430	1,048,876	1,048,876	-	1,040,574
Employee benefits	472,773	472,773	470,629	2,144	481,422
Purchased professional/technical services	266,075	387,327	387,327	-	288,682
Purchased property services	11,013	11,013	6,912	4,101	5,603
Maintenance	1,272,773	1,224,267	1,224,267	-	1,051,333
Other purchased service	59,944	55,444	60,805	(5,361)	89,089
Supplies	252,761	280,912	281,796	(884)	309,169
Capital expenditures	-	220,138	220,138	-	258,588
Total facilities	<u>3,344,769</u>	<u>3,700,750</u>	<u>3,700,750</u>	<u>-</u>	<u>3,524,460</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, 2015

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

	Budgeted Amounts		2015	Variance with	2014
	Original	Final	Actual Amounts	Final Budget	Actual Amounts
Expenditures (continued)					
General Government (continued)					
Economic development:					
Salaries and wages	\$ -	-	4,848	(4,848)	-
Employee benefits	-	-	1,488	(1,488)	-
Purchased professional/technical services	-	-	4,200	(4,200)	16,700
Total economic development	-	-	10,536	(10,536)	16,700
Economic development incentive:					
Purchased professional/technical services	-	1,250,000	1,099,919	150,081	462,375
Total economic development incentive	-	1,250,000	1,099,919	150,081	462,375
Contributions:					
McLennan County	132,919	132,919	129,890	3,029	125,395
Greenwood Cemetery	1,500	1,500	500	1,000	1,500
Rosemound Cemetery	40,000	40,000	30,000	10,000	40,000
H.O.T. Council of Governments	11,344	11,344	9,842	1,502	9,842
The Advocacy Center	91,645	91,645	91,645	-	83,314
Greater Waco Chamber	136,500	142,946	142,946	-	130,054
Cen-Tex African American Chamber of Commerce	68,000	68,000	68,000	-	68,000
Cen-Tex Hispanic Chamber of Commerce	68,000	68,000	68,000	-	68,000
BRC/WDDC	280,000	300,000	300,000	-	180,144
Economic Development Grants	440,200	440,200	368,988	71,212	264,103
NAFTA Impact Zone 2	-	-	-	-	(25,000)
McLennan County Appraisal District	739,056	739,056	731,150	7,906	590,438
YMCA Multi-Purpose Center	55,000	55,000	26,473	28,527	52,558
Senior Ministries	28,000	28,000	28,000	-	28,000
Greater Waco Impact Initiative	-	567,700	135,200	432,500	59,800
Arts-Historic Agencies	150,000	150,000	142,000	8,000	142,000
Total contributions	2,242,164	2,836,310	2,272,634	563,676	1,818,148
Miscellaneous:					
Employee benefits	80,000	80,000	22,120	57,880	45,240
Purchase professional/technical services	221,800	221,800	186,888	34,912	149,467
Maintenance	3,000	3,000	5,471	(2,471)	4,984
Other purchased service	300,000	300,000	-	300,000	-
Supplies	-	-	2,798	(2,798)	6,586
Capital expenditures	1,860,151	-	-	-	240,112
Budget contingency	630,044	130,044	-	130,044	-
Other expenses	329,995	329,995	352,183	(22,188)	144,351
Total miscellaneous	3,424,990	1,064,839	569,460	495,379	590,740
Total General Government	19,962,963	20,508,824	18,144,029	2,364,795	17,230,269

(Continued)

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

Year Ended September 30, 2015

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

	Budgeted Amounts		2015	Variance with	2014
	Original	Final	Actual Amounts	Final Budget	Actual Amounts
Expenditures (continued)					
Public Works					
Streets and drainage services:					
Salaries and wages	\$ 480,883	480,883	419,134	61,749	364,247
Employee benefits	300,157	300,157	271,280	28,877	263,787
Purchased professional/technical services	7,500	558,514	205,022	353,492	24,091
Purchased property services	40,908	40,908	19,244	21,664	36,117
Maintenance	691,605	691,605	519,160	172,445	641,430
Other purchased service	117,634	116,699	65,979	50,720	81,971
Supplies	278,651	253,377	140,800	112,577	240,436
Other expenses	(158,248)	(132,039)	(234,807)	102,768	540,116
Capital expenditures	500,000	-	-	-	391,295
Total streets and drainage services	<u>2,259,090</u>	<u>2,310,104</u>	<u>1,405,812</u>	<u>904,292</u>	<u>2,583,490</u>
Total Public Works	<u>2,259,090</u>	<u>2,310,104</u>	<u>1,405,812</u>	<u>904,292</u>	<u>2,583,490</u>
Public Safety					
Municipal court:					
Salaries and wages	797,338	797,338	743,746	53,592	758,533
Employee benefits	266,471	266,471	250,340	16,131	258,481
Purchased professional/technical services	22,300	44,800	25,894	18,906	13,613
Maintenance	1,000	1,000	576	424	457
Other purchased service	31,469	31,469	25,134	6,335	23,103
Supplies	89,995	89,995	81,423	8,572	88,547
Capital expenditures	-	-	-	-	6,521
Other expenses	13,994	13,994	13,240	754	13,995
Total municipal court	<u>1,222,567</u>	<u>1,245,067</u>	<u>1,140,353</u>	<u>104,714</u>	<u>1,163,250</u>
Inspection services:					
Salaries and wages	979,249	979,249	942,294	36,955	879,345
Employee benefits	369,242	369,242	351,106	18,136	337,320
Purchased professional/technical services	220,000	197,191	157,995	39,196	166,887
Purchased property services	70,984	70,984	69,614	1,370	66,467
Maintenance	47,447	47,447	46,673	774	47,176
Other purchased service	59,727	59,727	62,353	(2,626)	63,798
Supplies	68,419	91,228	66,690	24,538	62,450
Other expenses	17,881	17,881	25,067	(7,186)	19,259
Total inspection services	<u>1,832,949</u>	<u>1,832,949</u>	<u>1,721,792</u>	<u>111,157</u>	<u>1,642,702</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, 2015

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

	Budgeted Amounts		2015	Variance with	2014
	Original	Final	Actual Amounts	Final Budget	Actual Amounts
Expenditures (continued)					
Public Safety (continued)					
Emergency management services:					
Salaries and wages	271,615	271,615	265,647	5,968	229,366
Employee benefits	102,143	102,143	98,693	3,450	86,012
Purchased professional/technical services	13,212	14,962	14,974	(12)	13,422
Purchased property services	2,576	2,576	3,219	(643)	2,284
Maintenance	208,622	205,983	167,439	38,544	48,952
Other purchased service	29,926	29,926	22,087	7,839	20,265
Supplies	489,203	490,576	482,333	8,243	21,466
Capital expenditures	-	-	-	-	20,899
Other expenses	136,523	136,523	132,767	3,756	102,905
Total emergency management services	<u>1,253,820</u>	<u>1,254,304</u>	<u>1,187,159</u>	<u>67,145</u>	<u>545,571</u>
Fire services:					
Salaries and wages	14,567,148	14,997,886	15,075,817	(77,931)	14,595,578
Employee benefits	4,819,496	4,819,496	4,838,347	(18,851)	4,805,557
Purchased professional/technical services	71,029	87,529	88,705	(1,176)	71,694
Purchased property services	58,032	58,032	51,280	6,752	50,262
Maintenance	341,041	570,565	532,852	37,713	288,756
Other purchased service	385,762	385,879	427,586	(41,707)	370,373
Supplies	693,223	581,756	566,022	15,734	628,547
Capital expenditures	-	6,650	6,650	-	34,022
Total fire services	<u>20,935,731</u>	<u>21,507,793</u>	<u>21,587,259</u>	<u>(79,466)</u>	<u>20,844,789</u>
Police services:					
Salaries and wages	21,455,469	21,455,469	22,048,753	(593,284)	20,984,693
Employee benefits	7,401,813	7,401,813	7,382,414	19,399	7,181,057
Purchased professional/technical services	471,000	478,200	428,086	50,114	381,940
Purchased property services	45,738	45,738	40,350	5,388	38,233
Maintenance	936,017	932,342	772,444	159,898	1,150,838
Other purchased service	991,158	990,341	897,661	92,680	978,868
Supplies	1,773,357	1,808,295	1,311,894	496,401	2,104,525
Capital expenditures	-	38,205	42,750	(4,545)	433,845
Other expenses	934	934	842	92	798
Total police services	<u>33,075,486</u>	<u>33,151,337</u>	<u>32,925,194</u>	<u>226,143</u>	<u>33,254,797</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, 2015

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

	Budgeted Amounts		2015 Actual	Variance with	2014 Actual
	Original	Final	Amounts	Final Budget	Amounts
Expenditures (continued)					
Public Safety (continued)					
Traffic services:					
Salaries and wages	\$ 744,068	734,068	529,495	204,573	573,791
Employee benefits	320,573	320,573	264,503	56,070	276,200
Purchased professional/technical services	2,875	60,440	33,308	27,132	16,316
Purchased property services	3,625	3,625	1,675	1,950	2,203
Maintenance	530,867	510,867	317,199	193,668	246,310
Other purchased service	38,578	39,378	44,501	(5,123)	33,040
Supplies	759,358	748,558	684,875	63,683	688,942
Capital expenditures	220,000	226,185	16,078	210,107	50,072
Total traffic services	2,619,944	2,643,694	1,891,634	752,060	1,886,874
Animal services:					
Salaries and wages	328,593	328,593	352,827	(24,234)	283,009
Employee benefits	170,307	170,307	163,157	7,150	150,820
Purchased professional/technical services	205,750	214,000	178,949	35,051	177,219
Purchased property services	9,000	9,000	7,753	1,247	7,169
Maintenance	19,600	19,600	25,115	(5,515)	10,118
Other purchased service	33,257	33,257	38,809	(5,552)	49,466
Supplies	131,837	131,837	135,776	(3,939)	123,760
Capital expenditures	-	-	5,965	(5,965)	21,970
Other expenses	970	970	965	5	933
Total animal services	899,314	907,564	909,316	(1,752)	824,464
Contributions:					
Animal shelter	287	287	287	-	287
Total contributions	287	287	287	-	287
Total Public Safety	61,840,098	62,542,995	61,362,994	1,180,001	60,162,734
Culture and Recreation					
Library services:					
Salaries and wages	1,767,325	1,755,754	1,651,752	104,002	1,686,362
Employee benefits	604,967	604,967	565,473	39,494	577,429
Purchased professional/technical services	147,387	257,672	135,277	122,395	197,313
Purchased property services	28,072	28,072	14,160	13,912	19,801
Maintenance	106,599	106,699	91,302	15,397	84,813
Other purchased service	167,970	188,770	156,639	32,131	155,673
Supplies	541,868	602,557	569,282	33,275	523,045
Capital expenditures	10,190	25,190	17,237	7,953	136,334
Other expenses	157,101	157,101	156,995	106	154,000
Total library services	3,531,479	3,726,782	3,358,117	368,665	3,534,770

(Continued)

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

Year Ended September 30, 2015

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

	<u>Budgeted Amounts</u>		2015	Variance with Final Budget	2014
	<u>Original</u>	<u>Final</u>	Actual Amounts		Actual Amounts
Expenditures (continued)					
Culture and Recreation (continued)					
Parks:					
Salaries and wages	\$ 3,467,047	3,467,047	3,296,456	170,591	3,327,785
Employee benefits	1,529,303	1,529,303	1,456,505	72,798	1,452,441
Purchased professional/technical services	338,080	353,080	274,943	78,137	305,563
Purchased property services	708,848	708,848	605,793	103,055	562,727
Maintenance	573,447	562,447	523,599	38,848	518,466
Other purchased service	236,173	236,173	227,595	8,578	208,574
Supplies	737,960	726,515	561,616	164,899	700,093
Capital expenditures	250,000	7,445	6,165	1,280	359,432
Other expenses	25,339	25,339	37,770	(12,431)	31,439
Total parks	<u>7,866,197</u>	<u>7,616,197</u>	<u>6,990,442</u>	<u>625,755</u>	<u>7,466,520</u>
Recreation services:					
Salaries and wages	851,515	851,515	835,811	15,704	804,559
Employee benefits	257,339	257,339	249,268	8,071	244,932
Purchased professional/technical services	483,383	479,383	500,008	(20,625)	465,475
Purchased property services	-	-	-	-	400
Maintenance	9,852	9,852	7,325	2,527	12,680
Other purchased service	121,792	121,792	125,809	(4,017)	124,811
Supplies	282,393	282,393	197,030	85,363	255,282
Capital expenditures	-	-	-	-	-
Other expenses	15,501	19,501	16,328	3,173	17,033
Total recreation services	<u>2,021,775</u>	<u>2,021,775</u>	<u>1,931,579</u>	<u>90,196</u>	<u>1,925,172</u>
Total Culture and Recreation	<u>13,419,451</u>	<u>13,364,754</u>	<u>12,280,138</u>	<u>1,084,616</u>	<u>12,926,462</u>
Housing and Community Development					
Housing services:					
Salaries and wages	201,424	186,424	192,597	(6,173)	131,886
Employee benefits	58,873	58,873	57,899	974	43,104
Purchased professional/technical services	-	136,738	325	136,413	1,000
Other purchased services	13,460	13,420	14,258	(838)	13,561
Supplies	2,846	3,648	4,019	(371)	2,596
Other expenses	-	25,000	19,620	5,380	-
Total housing services	<u>276,603</u>	<u>424,103</u>	<u>288,718</u>	<u>135,385</u>	<u>192,147</u>
Total Housing and Community Development	<u>276,603</u>	<u>424,103</u>	<u>288,718</u>	<u>135,385</u>	<u>192,147</u>
Total expenditures	<u>97,758,205</u>	<u>99,150,780</u>	<u>93,481,691</u>	<u>5,669,089</u>	<u>93,095,102</u>
Excess of revenues over expenditures	<u>8,760,678</u>	<u>9,205,739</u>	<u>20,182,111</u>	<u>10,976,372</u>	<u>14,325,730</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, 2015

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

	Budgeted Amounts		2015	Variance with	2014
	Original	Final	Actual Amounts	Final Budget	Actual Amounts
Other Financing Sources (Uses)					
Proceeds from sale of capital assets:					
Sale of real estate	\$ -	-	171,016	171,016	105,278
Total proceeds from sale of capital assets	-	-	171,016	171,016	105,278
Transfers in:					
Abandoned motor vehicles	50,000	50,000	50,000	-	340,068
Court security	87,031	87,031	80,236	(6,795)	75,699
Revenue in lieu of property taxes	4,273,952	4,273,952	4,273,952	-	4,268,113
Total transfers in	4,410,983	4,410,983	4,404,188	(6,795)	4,683,880
Transfers out:					
Street Improvements:					
Street reconstruction	(3,885,972)	(3,885,972)	(3,885,972)	-	(3,957,472)
Street Cash CIP	(2,251,155)	(3,461,679)	(3,461,679)	-	(603,400)
Capital Improvements:					
Facilities Cash CIP	-	-	-	-	(555,366)
Animal Shelter Cash CIP	-	(500,000)	(500,000)	-	-
Emergency Management Cash CIP	-	-	-	-	(926,234)
Parks Cash CIP	-	(4,249,440)	(4,249,440)	-	-
Library Cash CIP	-	(340,244)	(340,244)	-	-
Information Technology Cash CIP	-	(2,354,253)	(2,354,253)	-	-
Bond Interest CIP	-	(600,000)	(600,000)	-	-
Cameron Park Zoo	(1,983,223)	(1,983,223)	(1,983,223)	-	(1,726,608)
Rolling stock	-	(660,151)	(660,151)	-	-
Equipment replacement	-	(200,000)	(200,000)	-	(100,000)
Brownfields	-	(36,000)	(36,000)	-	(940,932)
TxDOT Brazos Riverwalk	-	-	-	-	(405,310)
Cottonwood Creek Golf Course	-	-	-	-	(356,706)
Transit services	(153,216)	(153,216)	-	153,216	-
Airport services	(179,235)	(179,235)	(179,235)	-	(491,536)
Health services	(2,724,229)	(2,724,229)	(2,724,229)	-	(2,673,939)
Ranger Hall of Fame	(669,631)	(819,631)	(819,631)	-	(609,012)
Economic Development Incentive	(1,250,000)	-	-	-	-
Housing demo/lot clearing	(75,000)	(155,000)	(155,000)	-	(125,000)
Grant (fire)	-	-	(7,526)	(7,526)	(226,015)
Grant (police)	-	-	(85,307)	(85,307)	(88,952)
Total transfers out	(13,171,661)	(22,302,273)	(22,241,890)	60,383	(13,786,482)
Total other financing sources (uses)	(8,760,678)	(17,891,290)	(17,666,686)	224,604	(8,997,324)
Net change in fund balances	-	(8,685,551)	2,515,425	11,200,976	5,328,406
Fund balances, beginning of year	51,797,659	51,797,659	51,797,659	-	46,469,253
Fund balances, end of year	\$ 51,797,659	43,112,108	54,313,084	11,200,976	51,797,659

See accompanying notes to financial statements.



City of Waco, Texas
Statement of Net Position -
Proprietary Funds
September 30, 2015

Assets	Business-type Activities - Enterprise Funds					Governmental Activities - Internal Service Funds
	Water	Wastewater	Solid Waste	Other Funds	Total	Funds
Current assets:						
Cash and investments	\$ 32,917,101	19,286,907	15,609,595	3,609,048	71,422,651	10,418,094
Accounts receivable, net of allowances	5,859,346	2,764,385	1,798,608	592,998	11,015,337	1,854
Due from other funds	-	-	-	-	-	321,028
Intergovernmental receivable	-	-	-	2,859,806	2,859,806	-
Current portion of notes receivable	-	47,727	-	-	47,727	-
Restricted cash and investments	4,752,985	2,815,363	-	-	7,568,348	-
Accrued interest on notes receivable	-	3,076	-	-	3,076	-
Inventories	300,045	13,308	-	818,466	1,131,819	212,265
Total current assets	<u>43,829,477</u>	<u>24,930,766</u>	<u>17,408,203</u>	<u>7,880,318</u>	<u>94,048,764</u>	<u>10,953,241</u>
Noncurrent assets:						
Restricted cash and investments	13,091,889	15,945,721	-	108,278	29,145,888	-
Noncurrent portion of notes receivable	-	457,683	-	-	457,683	-
Advances to other funds	525,336	-	-	-	525,336	-
Capital assets:						
Land	1,279,185	2,576,524	1,753,855	912,673	6,522,237	38,800
Buildings	9,520,815	10,851,569	1,370,137	59,484,952	81,227,473	920,153
Improvements other than buildings	281,319,710	122,711,257	26,167,880	61,149,759	491,348,606	118,289
Machinery and equipment	7,649,627	9,114,279	16,455,332	13,834,149	47,053,387	1,236,246
Museum collections	-	-	-	2,206,424	2,206,424	-
Construction work in progress	6,408,534	10,924,960	27,574	790,888	18,151,956	-
Intangible water rights	32,482,879	-	-	-	32,482,879	-
Less: accumulated depreciation and amortization	<u>(119,493,204)</u>	<u>(53,672,066)</u>	<u>(34,714,344)</u>	<u>(63,184,800)</u>	<u>(271,064,414)</u>	<u>(1,456,699)</u>
Total capital assets	<u>219,167,546</u>	<u>102,506,523</u>	<u>11,060,434</u>	<u>75,194,045</u>	<u>407,928,548</u>	<u>856,789</u>
Total noncurrent assets	<u>232,784,771</u>	<u>118,909,927</u>	<u>11,060,434</u>	<u>75,302,323</u>	<u>438,057,455</u>	<u>856,789</u>
Total assets	<u>276,614,248</u>	<u>143,840,693</u>	<u>28,468,637</u>	<u>83,182,641</u>	<u>532,106,219</u>	<u>11,810,030</u>
Deferred Outflows of Resources						
Deferred outflows of resources:						
Deferred losses on refundings of debt	2,512,180	1,278,356	20,744	-	3,811,280	-
Pension contributions subsequent to the measurement date	432,827	288,552	288,552	-	1,009,931	-
Differences between expected and actual experience	83,699	55,799	55,799	-	195,297	-
Differences in projected and actual earnings on pension plan investments	<u>227,164</u>	<u>-</u>	<u>151,442</u>	<u>-</u>	<u>378,606</u>	<u>-</u>
Total deferred outflows of resources	<u>3,255,870</u>	<u>1,622,707</u>	<u>516,537</u>	<u>-</u>	<u>5,395,114</u>	<u>-</u>

(Continued)

Liabilities	Business-type Activities - Enterprise Funds					Governmental
	Water	Wastewater	Solid Waste	Other	Total	Activities -
				Funds		Internal
						Service
						Funds
Liabilities:						
Current liabilities:						
Accounts payable	\$ 602,543	549,311	239,921	547,808	1,939,583	263,070
Accrued liabilities	818,610	253,638	384,869	1,243,964	2,701,081	399,401
Unearned revenue	-	-	-	89,346	89,346	-
Due to other funds	674,598	370,553	264,805	2,050,759	3,360,715	-
Compensated absences payable	715,480	458,271	408,912	488,334	2,070,997	246,797
Refundable contracts	449,701	50,000	-	-	499,701	-
Notes payable	75,777	-	-	-	75,777	-
Escrow funds	-	-	-	-	-	538
Bonds payable	7,695,000	3,860,000	470,000	-	12,025,000	-
Accrued interest payable	1,041,356	508,497	28,066	-	1,577,919	-
Estimated claims and judgments	-	-	-	-	-	2,476,558
	<u>12,073,065</u>	<u>6,050,270</u>	<u>1,796,573</u>	<u>4,420,211</u>	<u>24,340,119</u>	<u>3,386,364</u>
Current liabilities payable from restricted assets:						
Accounts payable	1,923,423	2,815,363	-	-	4,738,786	-
Customer deposits	2,829,562	-	-	-	2,829,562	-
	<u>4,752,985</u>	<u>2,815,363</u>	<u>-</u>	<u>-</u>	<u>7,568,348</u>	<u>-</u>
Total current liabilities	<u>16,826,050</u>	<u>8,865,633</u>	<u>1,796,573</u>	<u>4,420,211</u>	<u>31,908,467</u>	<u>3,386,364</u>
Noncurrent liabilities:						
Refundable contracts	930,192	142,542	-	-	1,072,734	-
Estimated landfill closure and post-closure care costs	-	-	4,757,870	-	4,757,870	-
Advances from other funds	-	-	-	693,704	693,704	-
Compensated absences payable	186,821	244,349	142,874	366,278	940,322	30,963
Net pension liability	2,565,123	1,710,082	1,710,082	-	5,985,287	-
Bonds payable	143,354,219	63,840,251	3,830,621	-	211,025,091	-
Notes payable	1,750,105	-	-	-	1,750,105	-
Total noncurrent liabilities	<u>148,786,460</u>	<u>65,937,224</u>	<u>10,441,447</u>	<u>1,059,982</u>	<u>226,225,113</u>	<u>30,963</u>
Total liabilities	<u>165,612,510</u>	<u>74,802,857</u>	<u>12,238,020</u>	<u>5,480,193</u>	<u>258,133,580</u>	<u>3,417,327</u>
Net Position						
Net position:						
Net investment in capital assets	80,516,621	51,837,807	6,780,557	75,194,045	214,329,030	856,789
Restricted for capital projects	-	-	-	1,370,154	1,370,154	-
Unrestricted	<u>33,740,987</u>	<u>18,974,178</u>	<u>9,966,597</u>	<u>1,138,249</u>	<u>63,820,011</u>	<u>7,535,914</u>
Total net position	<u>\$ 114,257,608</u>	<u>70,811,985</u>	<u>16,747,154</u>	<u>77,702,448</u>	<u>279,519,195</u>	<u>8,392,703</u>

See accompanying notes to financial statements.

City of Waco, Texas
Statement of Revenues, Expenses, and Changes in Net Position -
Proprietary Funds
Year Ended September 30, 2015

	Business-type Activities - Enterprise Funds					Governmental Activities - Internal Service Funds
	Water	Wastewater	Solid Waste	Other Funds	Total	
Operating revenues:						
Charges for services	\$ 37,366,519	20,426,696	17,567,885	7,104,090	82,465,190	19,891,787
Net merchandise sales	-	-	-	941,690	941,690	-
Contributions	-	-	-	155,807	155,807	-
Other	402,025	400,947	136,634	1,302,739	2,242,345	10,943
Total operating revenues	<u>37,768,544</u>	<u>20,827,643</u>	<u>17,704,519</u>	<u>9,504,326</u>	<u>85,805,032</u>	<u>19,902,730</u>
Operating expenses:						
Salaries and wages	4,730,086	2,901,438	3,012,097	7,346,236	17,989,857	2,348,483
Employee benefits	1,864,515	1,041,207	1,401,937	2,430,790	6,738,449	898,049
Purchased professional/ technical services	1,616,037	1,282,580	1,790,675	1,952,125	6,641,417	1,760,718
Purchased property services	105,503	277,646	-	649,822	1,032,971	63,099
Maintenance	1,670,712	1,485,175	2,025,345	913,656	6,094,888	109,324
Other purchased services	812,222	315,758	153,939	1,249,842	2,531,761	982,904
Supplies	4,594,066	1,961,616	1,444,796	2,222,964	10,223,442	207,007
Other	3,698,866	3,130,739	2,431,652	1,150,069	10,411,326	12,634,945
Depreciation/amortization	8,872,286	4,633,544	2,852,081	5,481,217	21,839,128	119,928
Total operating expenses	<u>27,964,293</u>	<u>17,029,703</u>	<u>15,112,522</u>	<u>23,396,721</u>	<u>83,503,239</u>	<u>19,124,457</u>
Operating income (loss)	<u>9,804,251</u>	<u>3,797,940</u>	<u>2,591,997</u>	<u>(13,892,395)</u>	<u>2,301,793</u>	<u>778,273</u>
Nonoperating revenues (expenses):						
Investment earnings	125,375	95,858	57,910	10,437	289,580	39,883
Other income	5,210	-	-	300,021	305,231	-
Hotel/motel tax	-	-	-	2,707,056	2,707,056	-
Contributions	-	-	-	132,044	132,044	-
Intergovernmental revenue	-	-	-	3,434,002	3,434,002	-
Bond issuance costs	(150,735)	(144,607)	-	-	(295,342)	-
Interest expense and fiscal charges	(4,342,127)	(1,790,217)	(111,093)	-	(6,243,437)	-
Total nonoperating revenues (expenses)	<u>(4,362,277)</u>	<u>(1,838,966)</u>	<u>(53,183)</u>	<u>6,583,560</u>	<u>329,134</u>	<u>39,883</u>
Income (loss) before contributions and transfers	5,441,974	1,958,974	2,538,814	(7,308,835)	2,630,927	818,156
Capital contributions	692,265	-	-	2,830,945	3,523,210	-
Transfers in	-	-	-	3,132,089	3,132,089	-
Transfers out	(3,817,145)	(1,171,894)	(594,869)	(150,000)	(5,733,908)	-
Changes in net position	<u>2,317,094</u>	<u>787,080</u>	<u>1,943,945</u>	<u>(1,495,801)</u>	<u>3,552,318</u>	<u>818,156</u>
Total net position, beginning of year as previously stated	113,131,246	70,826,924	15,607,172	79,198,249	278,763,591	7,200,280
Cumulative effect of change in accounting method	(1,190,732)	(802,019)	(803,963)	-	(2,796,714)	374,267
Total net position, beginning of year as restated	<u>111,940,514</u>	<u>70,024,905</u>	<u>14,803,209</u>	<u>79,198,249</u>	<u>275,966,877</u>	<u>7,574,547</u>
Total net position, end of year	<u>\$ 114,257,608</u>	<u>70,811,985</u>	<u>16,747,154</u>	<u>77,702,448</u>	<u>279,519,195</u>	<u>8,392,703</u>

See accompanying notes to financial statements.

City of Waco, Texas
Statement of Cash Flows -
Proprietary Funds
Year Ended September 30, 2015

	Business-type Activities - Enterprise Funds					Governmental
	Water	Wastewater	Solid Waste	Other Funds	Total	Activities - Internal Service Funds
Cash flows from operating activities:						
Cash received from customers	\$ 37,570,182	20,713,986	18,021,176	9,440,187	85,745,531	19,909,924
Cash paid to suppliers for goods and services	(12,551,721)	(9,090,414)	(7,417,315)	(8,249,185)	(37,308,635)	(16,635,865)
Cash paid to employees for services	(6,754,693)	(3,905,868)	(4,501,909)	(9,761,852)	(24,924,322)	(3,247,320)
Net cash provided by (used for) operating activities	<u>18,263,768</u>	<u>7,717,704</u>	<u>6,101,952</u>	<u>(8,570,850)</u>	<u>23,512,574</u>	<u>26,739</u>
Cash flows from noncapital financing activities:						
Hotel/motel tax	-	-	-	2,666,907	2,666,907	-
Intergovernmental revenue	-	-	-	1,939,745	1,939,745	-
Contributions	-	-	-	132,044	132,044	-
Passenger facility charges	-	-	-	290,008	290,008	-
Payments to other funds	-	-	-	1,359,993	1,359,993	-
Transfers from other funds	-	-	-	3,132,089	3,132,089	-
Transfer to other funds	(3,142,547)	(801,341)	(330,064)	(150,000)	(4,423,952)	(69,055)
Net cash provided by (used for) noncapital financing activities	<u>(3,142,547)</u>	<u>(801,341)</u>	<u>(330,064)</u>	<u>9,370,786</u>	<u>5,096,834</u>	<u>(69,055)</u>
Cash flows from capital and related financing activities:						
Acquisition of capital assets	(3,542,736)	(5,321,298)	(4,238,708)	(402,943)	(13,505,685)	(28,829)
Proceeds from sale of debt	6,333,820	5,819,332	-	-	12,153,152	-
Proceeds from sale of equipment	-	-	-	10,013	10,013	-
Capital contributions	-	-	-	149,330	149,330	-
Principal paid on debt	(7,540,000)	(3,545,000)	(690,000)	-	(11,775,000)	-
Interest paid on debt	(5,818,125)	(2,545,062)	(179,807)	-	(8,542,994)	-
Payment of bond issuance costs	(150,735)	(144,607)	-	-	(295,342)	-
Net cash used for capital and related financing activities	<u>(10,717,776)</u>	<u>(5,736,635)</u>	<u>(5,108,515)</u>	<u>(243,600)</u>	<u>(21,806,526)</u>	<u>(28,829)</u>
Cash flows from investing activities:						
Rental revenue	5,210	-	-	-	5,210	-
Investment earnings	125,375	96,138	57,910	10,437	289,860	39,883
Note payments from other entities	-	46,065	-	-	46,065	-
Net cash provided by investing activities	<u>130,585</u>	<u>142,203</u>	<u>57,910</u>	<u>10,437</u>	<u>341,135</u>	<u>39,883</u>
Net increase (decrease) in cash and cash equivalents	4,534,030	1,321,931	721,283	566,773	7,144,017	(31,262)
Cash and cash equivalents, beginning of year	<u>46,227,945</u>	<u>36,726,060</u>	<u>14,888,312</u>	<u>3,150,553</u>	<u>100,992,870</u>	<u>10,449,356</u>
Cash and cash equivalents, end 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>

(Continued)

City of Waco, Texas
Statement of Cash Flows -
Proprietary Funds
(Continued)
Year Ended September 30, 2015

	Business-type Activities - Enterprise Funds					Governmental Activities - Internal Service Funds
	Water	Wastewater	Solid Waste	Other Funds	Total	
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:						
Operating income (loss)	\$ 9,804,251	3,797,940	2,591,997	(13,892,395)	2,301,793	778,273
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:						
Provision for uncollectible accounts receivable	34,621	28,641	20,733	-	83,995	-
Depreciation/amortization	8,872,286	4,633,544	2,852,081	5,481,217	21,839,128	119,928
Changes in assets and liabilities:						
Decrease (increase) in assets:						
Accounts receivable	(232,983)	(142,298)	295,924	(57,455)	(136,812)	7,194
Inventories	(4,662)	1,471	-	50,777	47,586	61,610
Increase (decrease) in liabilities:						
Accounts payable	(346,548)	(539,203)	40,125	(19,030)	(864,656)	(101,946)
Accrued liabilities	35,907	(76,146)	156,262	(148,957)	(32,934)	(83,103)
Unearned revenue	-	-	-	(6,684)	(6,684)	-
Estimated landfill closure and post-closure care costs	-	-	241,010	-	241,010	-
Compensated absences payable	(65,713)	83,269	(26,666)	21,677	12,567	(18,972)
Net pension liability	(104,272)	(69,514)	(69,514)	-	(243,300)	-
Customer deposits	270,881	-	-	-	270,881	-
Estimated claims and judgments	-	-	-	-	-	(736,245)
Net cash provided by (used for) operating activities	<u>\$ 18,263,768</u>	<u>7,717,704</u>	<u>6,101,952</u>	<u>(8,570,850)</u>	<u>23,512,574</u>	<u>26,739</u>
Noncash investing, capital, and financing activities:						
Contributions of capital assets	\$ 692,265	-	-	109,530	801,795	-
Payment to refunded bond escrow agent	<u>\$ 28,418,449</u>	<u>16,638,605</u>	<u>-</u>	<u>-</u>	<u>45,057,054</u>	<u>-</u>

See accompanying notes to financial statements.

City of Waco, Texas
Statement of Fiduciary Net Position -
Agency Funds
September 30, 2015

	<u>Agency Funds</u>
Assets	
Cash and investments	\$ 2,812,267
Accounts receivable	501
Note receivable	307,499
Due from other governments	<u>130,082</u>
Total assets	<u>\$ 3,250,349</u>
Liabilities	
Due to other agencies and individuals	\$ 3,132,427
Due to other funds	<u>117,922</u>
Total liabilities	<u>\$ 3,250,349</u>

See accompanying notes to financial statements.



City of Waco, Texas

Notes to Financial Statements

September 30, 2015

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.

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.

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*.

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 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 the meaning of Rule 2a-7 of the Investment Company Act of 1940. Each of these LGIPs seeks to maintain a constant \$1.00 net asset value per share.

Receivables and Payables

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

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

City of Waco, Texas

Notes to Financial Statements (Continued)

I. Summary of Significant Accounting Policies (continued)

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

Receivables and Payables (continued)

All trade and property tax receivables are shown net of an allowance for uncollectibles. Trade accounts receivable in excess of 180 days are estimated to be uncollectible and comprise the trade accounts receivable allowance for uncollectibles. The property tax receivable allowance is equal to 7.42 percent of outstanding property taxes at September 30, 2015.

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 \$6,883,486 for business-type activities. Of this amount, \$640,049 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 expected and actual experience; 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 government has only one type of item, which arises only under a modified accrual basis of accounting, that qualifies for reporting in this category. Accordingly, the item, *unavailable revenue*, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from multiple sources: property taxes, court fines, special assessments, etc. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

Compensated Absences

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

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, 2015 was 18.97% of fiscal year 2016 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	\$ 849,594	131,805	981,399
Real estate held for resale	6,160	46,705	52,865
Parks and cemetery care	-	466,997	466,997
Restricted for:			
Municipal information	751,247	-	751,247
Debt service	-	491,257	491,257
Capital projects	-	7,184,956	7,184,956
Tax increment zone activities	-	13,579,596	13,579,596
Housing and community development	-	2,059,972	2,059,972
Public safety	119,629	1,442,749	1,562,378
Culture and recreation	755,927	450,821	1,206,748
Waco Public Improvement District	-	716,835	716,835
Committed to:			
Economic development	9,722,702		9,722,702
Capital projects	-	15,665,156	15,665,156
Public health	-	820,811	820,811
Assigned to:			
Capital improvements	4,810,928	-	4,810,928
Economic development	5,740,957	-	5,740,957
Housing and community development	142,117	-	142,117
Public safety	189,501	-	189,501
Public works	352,180	-	352,180
Culture and recreation	150,601	-	150,601
Subsequent year's budget appropriation	7,108,799		7,108,799
Other	220,123		220,123
Unassigned	23,392,619	-	23,392,619
	\$ 54,313,084	43,057,660	97,370,744

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 \$130,379,241 difference are as follows:

Serial bonds and certificates of obligation	\$ 79,755,000
Less: deferred charge on refunding (to be amortized as interest expense)	(2,671,585)
Plus: issuance premium (to be amortized as interest expense)	6,936,896
Accrued interest payable	583,707
Compensated absences	17,516,695
Net pension liability and pension related deferred outflows of \$10,659,554 (to be amortized as pension expense)	26,107,215
Refundable contracts	80,007
Contracts payable	830,000
Net other post-employment benefit obligation	272,774
Notes payable	<u>968,532</u>
Net adjustment to reduce <i>fund balance - total governmental funds</i> to arrive at <i>net position - governmental activities</i>	\$ <u>130,379,241</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 \$(2,545,693) difference are as follows:

Capital outlay	\$ 14,061,796
Depreciation expense	<u>(16,607,489)</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>\$ (2,545,693)</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 \$2,701,190 difference are as follows:

Donations and transfers of capital assets increase net position in the statement of activities, but do not appear in the governmental funds because they are not financial resources	<u>\$ 2,701,190</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>\$ 2,701,190</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 \$(990,302) 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	\$	61,441
Property taxes		(124,849)
Special assessments		(4,673)
Intergovernmental		<u>(922,221)</u>
Net adjustment to decrease <i>net changes in fund balances - total governmental funds</i> to arrive at <i>changes in net position of governmental activities</i>		
	\$	<u><u>(990,302)</u></u>

Another element of that reconciliation states, “The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of 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 \$2,623,922 difference are as follows:

Debt issued or incurred:		
Issuance of general obligation and refunding debt	\$	(35,820,000)
Plus: premium on issuance		(6,861,291)
Issuance of note payable		(968,532)
Principal repayments:		
General obligation debt		5,585,000
Capital lease		12,443
Payment to escrow agent for refunding		<u>40,676,302</u>
Net adjustment to increase <i>net changes in fund balances - total governmental funds</i> to arrive at <i>changes in net position of governmental activities</i>		
	\$	<u><u>2,623,922</u></u>

Another element of that reconciliation states, “Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.” The details of this \$2,435,969 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	\$ (20,204)
Compensated absences	429,190
Net pension liability	1,494,553
Accrued interest	56,992
Amortization of deferred charge on refunding	(302,197)
Amortization of bond premiums	<u>777,635</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>\$ 2,435,969</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, 2015 are \$1,249,380 for the general fund and \$21,583,439 for other nonmajor funds.

B. Deficit Fund Position

Deficit net position in individual nonmajor funds at September 30, 2015 consist of the following:

	Net Investment in <u>Capital Assets</u>	<u>Unrestricted</u>	Total <u>Net Position</u>
Nonmajor Enterprise Fund:			
Cottonwood Creek Golf Course	\$ <u>1,016,614</u>	<u>(1,308,790)</u>	<u>(292,176)</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 \$(196,027) for the fiscal year as compared with \$95,327 in the prior year.

IV. Detail Notes on All Funds

A. Deposits and Investments

As of September 30, 2015, the City had the following investments:

	<u>Fair Value</u>	Percent of <u>Portfolio</u>	Weighted Average Maturity <u>(in Years)</u>
Texas Local Government Investment Pool (Tex Pool)	\$ 5,601,657	5.26	0.11
Texas Short-Term Asset Reserve (TexSTAR)	<u>878,188</u>	<u>0.82</u>	0.11
Total local government investment pools	6,479,845	6.08	0.11
U.S. Treasury securities	3,015,794	2.83	1.20
U.S. Federal agency securities	<u>97,084,260</u>	<u>91.09</u>	1.06
Total investments	\$ <u>106,579,899</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 investment portfolio shall at no time exceed one year.

Credit Risk

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

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

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

City of Waco, Texas

Notes to Financial Statements
(Continued)

IV. Detail Notes on All Funds (continued)

A. Deposits and Investments (continued)

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, 2015 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	\$ 9,015,678	8.46%
Federal Home Loan Bank	50,035,469	46.95%
Federal Home Loan Mortgage Corporation	25,014,340	23.47%
Federal National Mortgage Association	13,018,773	12.22%

Custodial Credit Risk

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

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

Reconciliation of Cash and Investments

Carrying amount of deposits and cash on hand	\$ 104,629,923
Carrying amount of investments	<u>106,579,899</u>
Total	<u>\$ 211,209,822</u>

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 (continued)

Cash and investments - governmental activities	\$ 98,932,017
Cash and investments - business-type activities	71,422,651
Restricted cash and investments - business-type activities	36,714,236
Component units, excluding Baylor Waco Stadium Authority	36,504
Agency funds	2,812,267
Other participants' undivided interest in WMARSS cash and investments	<u>1,292,147</u>
Total	<u>\$ 211,209,822</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 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:

City of Waco, Texas

Notes to Financial Statements
(Continued)

IV. Detail Notes on All Funds (continued)

B. Receivables (continued)

	<u>General</u>	<u>Water</u>	<u>Wastewater</u>	<u>Solid Waste</u>	<u>Nonmajor and Other Funds</u>	<u>Total</u>
Receivables:						
Taxes	\$ 8,198,451	-	-	-	451,512	8,649,963
Accounts	14,314,265	7,564,035	3,876,637	3,005,369	1,599,383	30,359,689
Special assessments	-	-	-	-	6,642	6,642
Intergovernmental	15,446	-	-	-	5,568,002	5,583,448
Notes	-	-	505,410	-	7,228,720	7,734,130
Gross receivables	22,528,162	7,564,035	4,382,047	3,005,369	14,854,259	52,333,872
Less: allowance for uncollectibles	<u>10,794,399</u>	<u>1,704,689</u>	<u>1,112,252</u>	<u>1,206,761</u>	<u>5,837,570</u>	<u>20,655,671</u>
Net total receivables	<u>\$ 11,733,763</u>	<u>5,859,346</u>	<u>3,269,795</u>	<u>1,798,608</u>	<u>9,016,689</u>	<u>31,678,201</u>

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

Uncollectibles related to water sales	\$ 34,621
Uncollectibles related to wastewater charges	28,641
Uncollectibles related to solid waste charges	<u>20,733</u>
Total uncollectibles of the current fiscal year	<u>\$ 83,995</u>

C. Capital Assets

Capital asset activity for the year ended September 30, 2015 was as follows:

	<u>Primary Government</u>			
	<u>Balance October 1, 2014</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance September 30, 2015</u>
<u>Governmental activities:</u>				
Capital assets, not being depreciated:				
Land	\$ 45,659,048	974,889	-	46,633,937
Construction in progress	<u>4,341,139</u>	<u>7,634,289</u>	<u>(3,269,975)</u>	<u>8,705,453</u>
Total capital assets not being depreciated	<u>50,000,187</u>	<u>8,609,178</u>	<u>(3,269,975)</u>	<u>55,339,390</u>

City of Waco, Texas

Notes to Financial Statements
(Continued)

IV. Detail Notes on All Funds (continued)

C. Capital Assets (continued)

	Primary Government			
	Balance October 1, 2014	Increases	Decreases	Balance September 30, 2015
<u>Governmental activities: (continued)</u>				
Capital assets, being depreciated:				
Buildings	69,353,478	458,086	(37,671)	69,773,893
Machinery and equipment	49,865,359	2,610,686	(2,804,798)	49,671,247
Improvements other than buildings	59,345,775	2,707,185	(37,643)	62,015,317
Infrastructure	264,356,972	5,676,654	-	270,033,626
Total capital assets being depreciated	442,921,584	11,452,611	(2,880,112)	451,494,083
Less accumulated depreciation:				
Buildings	17,826,773	2,436,425	(37,671)	20,225,527
Machinery and equipment	33,104,536	4,264,327	(2,804,798)	34,564,065
Improvements other than buildings	25,948,709	3,037,766	(37,643)	28,948,832
Infrastructure	158,991,740	6,988,899	-	165,980,639
Total accumulated depreciation	235,871,758	16,727,417	(2,880,112)	249,719,063
Total capital assets being depreciated, net	207,049,826	(5,274,806)	-	201,775,020
Total capital assets, net	\$ 257,050,013	3,334,372	(3,269,975)	257,114,410
<u>Business-type activities:</u>				
Capital assets, not being depreciated/amortized:				
Land	\$ 6,522,237	-	-	6,522,237
Construction in progress	14,411,036	11,205,561	(7,464,641)	18,151,956
Museum collections	2,160,924	45,500	-	2,206,424
Total capital assets not being depreciated/amortized	23,094,197	11,251,061	(7,464,641)	26,880,617
Capital assets, being depreciated/amortized:				
Buildings	81,092,966	139,876	(5,369)	81,227,473
Machinery and equipment	45,854,225	3,703,830	(2,504,668)	47,053,387
Improvements other than buildings	478,730,432	12,679,056	(60,882)	491,348,606
Water rights - impound fee	32,482,879	-	-	32,482,879
Total capital assets being depreciated/amortized	638,160,502	16,522,762	(2,570,919)	652,112,345

City of Waco, Texas

Notes to Financial Statements
(Continued)

IV. Detail Notes on All Funds (continued)

C. Capital Assets (continued)

	Primary Government			
	Balance			Balance
	October 1, 2014	Increases	Decreases	September 30, 2015
<u>Business-type activities: (continued)</u>				
Less accumulated depreciation:				
Buildings	\$ 32,308,235	2,628,110	(5,369)	34,930,976
Machinery and equipment	32,063,030	3,676,283	(2,345,005)	33,394,308
Improvements other than buildings	178,428,750	14,607,915	(60,882)	192,975,783
Water rights - impound fee	8,836,527	926,820	-	9,763,347
Total accumulated depreciation/amortization	<u>251,636,542</u>	<u>21,839,128</u>	<u>(2,411,256)</u>	<u>271,064,414</u>
Total capital assets being depreciated/amortized, net	<u>386,523,960</u>	<u>(5,316,366)</u>	<u>(159,663)</u>	<u>381,047,931</u>
Total capital assets, net	<u>\$ 409,618,157</u>	<u>5,934,695</u>	<u>(7,624,304)</u>	<u>407,928,548</u>

Depreciation expense was charged to functions/programs as follows:

Governmental activities:	
General government	\$ 786,392
Public works	7,423,113
Public safety	4,004,118
Culture and recreation	4,468,208
Public health	<u>45,586</u>
Total depreciation expense - governmental activities	<u>\$ 16,727,417</u>

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

Business-type activities	
Water	\$ 8,872,286
Wastewater	4,633,544
Solid waste	2,852,081
Airport	2,190,738
Convention services	823,796
Ranger Hall of Fame	134,418
Cameron Park Zoo	1,093,201
Transit services	1,076,138
Cottonwood Creek Golf Course	<u>162,926</u>
Total depreciation/amortization expense - business-type activities	<u>\$ 21,839,128</u>

City of Waco, Texas

Notes to Financial Statements
(Continued)

IV. Detail Notes on All Funds (continued)

C. Capital Assets (continued)

Construction commitments

The City has active construction projects as of September 30, 2015. At year-end the City's commitments with contractors are as follows:

Project	Spent to Date	Remaining Commitments
Street projects	\$ 5,147,571	8,348,171
Water projects	6,408,534	9,583,298
Wastewater projects	10,924,960	5,006,070
Airport projects	713,577	785,239
Parks projects	916,170	2,951,905
Other projects	2,746,597	957,850
Total	\$ 26,857,409	27,632,533

D. Interfund Receivables, Payables and Transfers

The composition of interfund balances as of September 30, 2015 is as follows:

Due to/from other funds

Receivable Fund	Payable Fund	Amount
Nonmajor governmental	Water	\$ 674,598
Nonmajor governmental	Wastewater	370,553
Nonmajor governmental	Solid Waste	264,805
General	Nonmajor governmental	447,629
General	Nonmajor business-type	2,050,759
Nonmajor governmental	Nonmajor governmental	2,673,264
Internal service	General	321,028
Nonmajor governmental	General	840,817
General	Agency	117,922
		\$ 7,761,375

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

IV. Detail Notes on All Funds (continued)

D. Interfund Receivables, Payables and Transfers (continued)

Due to/from other funds (continued)

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.

Interfund transfers

	Transfer in			Total
	General	Nonmajor Governmental	Nonmajor Enterprise	
Transfers out:				
General	\$ -	19,259,801	2,982,089	22,241,890
Water	3,142,547	674,598	-	3,817,145
Wastewater	801,341	370,553	-	1,171,894
Solid waste	330,064	264,805	-	594,869
Nonmajor governmental	130,236	1,322,947	-	1,453,183
Nonmajor enterprise	-	-	150,000	150,000
Total transfers	\$ 4,404,188	21,892,704	3,132,089	29,428,981

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.

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 (continued)

In the year ended September 30, 2015, 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	\$ 3,142,547
Wastewater	801,341
Solid waste	330,064

E. Leases

Operating leases

The government leases building and office facilities and other equipment under noncancelable operating leases. Total costs for such leases were \$553,840 for the year ended September 30, 2015. The future minimum lease payments for these leases are as follows:

Year Ending September 30,	
2016	\$ 487,831
2017	295,072
2018	170,001
2019	<u>5,875</u>
Total	<u>\$ 958,779</u>

F. Long-term Debt

General obligation bonds

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

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

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

IV. Detail Notes on All Funds (continued)

F. Long-term Debt (continued)

General obligation bonds (continued)

Purpose	Interest Rates	Amount
Governmental activities	2.00% - 5.00%	\$ 34,590,000
Governmental activities - refunding	2.00% - 5.00%	45,165,000
Business-type activities	2.00% - 5.00%	76,280,000
Business-type activities - refunding	2.00% - 5.00%	134,020,000
		\$ 290,055,000

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

Year Ending September 30,	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2016	\$ 5,895,000	3,294,857	12,025,000	8,457,468
2017	6,020,000	3,050,229	12,865,000	7,839,595
2018	6,255,000	2,812,457	12,680,000	7,352,420
2019	6,015,000	2,571,314	13,265,000	6,858,308
2020	5,905,000	2,318,817	13,600,000	6,296,869
2021 - 2025	30,405,000	7,504,017	59,560,000	23,362,399
2026 - 2030	16,880,000	1,537,856	44,760,000	12,643,524
2031 - 2035	2,380,000	124,621	35,715,000	4,392,858
2036 - 2040	-	-	5,830,000	213,431
Total	\$ 79,755,000	23,214,168	210,300,000	77,416,872

Advance refunding

The government issued \$73,310,000 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 of \$80,900,000 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 \$4,261,206. This amount is amortized over the remaining life of the refunded debt.

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

IV. Detail Notes on All Funds (continued)

F. Long-term Debt (continued)

Advance refunding (continued)

The advance refunding was undertaken to reduce total debt service payments over the next twenty-one years by \$11,833,326 and resulted in an economic gain of \$9,589,347.

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, 2015, \$55,600,000 of bonds considered defeased are still outstanding.

Notes payable

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

Year Ending September 30,	Note Payable	
	Principal	Interest
2016	\$ 75,777	77,986
2017	79,142	74,620
2018	82,657	71,105
2019	86,328	67,434
2020	90,162	63,600
2021 - 2025	353,090	261,179
2026 - 2030	186,711	211,199
2031 - 2035	232,021	165,889
2036 - 2040	288,328	109,582
2041 - 2045	351,666	39,612
Total	\$ <u>1,825,882</u>	<u>1,142,206</u>

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 \$26,208 paid in current fiscal year. Six annual payments of \$161,422 will be required for fiscal years 2016 to 2021.

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

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

During 1985, the City entered into a development agreement which provided that the City repay \$830,000 for public improvements at an interest rate not to exceed 8%. Repayment of principal and accrual of interest will not begin until revenue is received from the area designated in the development agreement. Annual requirements will be based on the revenue generated from future developments, which cannot be reasonably estimated at September 30, 2015.

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 \$1,572,435 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, 2015 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	\$ 87,120	35,820	43,185	79,755	5,895
Plus: premium on bonds	<u>1,420</u>	<u>6,861</u>	<u>1,344</u>	<u>6,937</u>	<u>-</u>
Total bonds payable	<u>88,540</u>	<u>42,681</u>	<u>44,529</u>	<u>86,692</u>	<u>5,895</u>
Capital leases	\$ 12	-	12	-	-
Contracts payable	830	-	-	830	-
Refundable contracts	80	-	-	80	-
Estimated claims and judgments	3,213	13,620	14,356	2,477	2,477
Note payable	-	994	26	968	161
Compensated absences	18,243	10,470	10,919	17,794	11,010
Net pension liability	34,188	34,373	31,794	36,767	-
Net OPEB obligation	<u>253</u>	<u>86</u>	<u>66</u>	<u>273</u>	<u>-</u>
Total other long-term liabilities	<u>56,819</u>	<u>59,543</u>	<u>57,173</u>	<u>59,189</u>	<u>13,648</u>
Governmental activity long-term liabilities	<u>\$ 145,359</u>	<u>102,224</u>	<u>101,702</u>	<u>145,881</u>	<u>19,543</u>
<u>Business-type activities:</u>					
Bonds payable:					
General obligation bonds	\$ 214,650	50,725	55,075	210,300	12,025
Plus: premium on bonds	<u>8,367</u>	<u>6,485</u>	<u>2,102</u>	<u>12,750</u>	<u>-</u>
Total bonds payable	<u>223,017</u>	<u>57,210</u>	<u>57,177</u>	<u>223,050</u>	<u>12,025</u>
Refundable contracts	1,952	672	1,052	1,572	500
Estimated landfill closure	4,517	241	-	4,758	-
Note payable	1,898	-	72	1,826	76
Compensated absences	2,999	1,944	1,931	3,012	2,071
Net pension liability	<u>5,565</u>	<u>5,596</u>	<u>5,176</u>	<u>5,985</u>	<u>-</u>
Total other long-term liabilities	<u>16,931</u>	<u>8,453</u>	<u>8,231</u>	<u>17,153</u>	<u>2,647</u>
Business-type activity long-term liabilities	<u>\$ 239,948</u>	<u>65,663</u>	<u>65,408</u>	<u>240,203</u>	<u>14,672</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, \$277,760 and \$2,476,558 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	\$ 2,829,562
Bond construction account	33,776,396
Capital grants and contributions	<u>108,278</u>
Total restricted assets	<u>\$ 36,714,236</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 \$6,900,000 at September 30, 2015.

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, \$413,995,849 aggregate for real and personal property, \$11,136,565 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 2015, 2014, or 2013. Changes in the amounts of estimated unpaid liability claims during the past two years are as follows (shown in thousands of dollars):

	<u>2015</u>	<u>2014</u>
Unpaid claims, beginning of fiscal year	\$ 3,213	3,270
Incurred claims (including IBNRs)	13,620	13,673
Claim payments	<u>(14,356)</u>	<u>(13,730)</u>
Unpaid claims, end of fiscal year	<u>\$ 2,477</u>	<u>3,213</u>

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

IV. Detail Notes on All Funds (continued)

I. Contingent Liabilities

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

There are currently several claims and lawsuits pending against the City. It is the opinion of the City Attorney and management that there is no pending litigation against the City that, if decided against the City, would have a material adverse effect upon the operations of the City or that would exceed the contingency amounts set aside for such purpose.

J. Commitments

The City Council has approved \$4,023,843 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 \$14,018,102 had been funded through 2015. This annual grant funding is limited to tax increment revenue collected each year from the reinvestment zone number one as follows:

Year	Amount
2016	\$ 3,006,034
2017	3,006,034
2018	3,006,034
2019	3,006,034
2020	3,006,034
2021	3,006,034
2022	3,006,034

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

IV. 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 projected unit credit method then provides for a systematic recognition of the cost of these anticipated payments. The yearly ARC is computed to cover the cost of benefits being earned by covered members as well as to amortize a portion of the unfunded accrued liability.

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

Actuarial Methods and Assumptions

Type of benefit	Life insurance only
Inflation rate	3.0% per annum
Investment rate of return	4.50%, net of expenses
Actuarial cost method	Projected Unit Credit Cost Method
Amortization method	Level as a percentage of employee payroll
Amortization period	30-year open amortization
Payroll growth	3.00% 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 presented as required supplementary information provides multi-year trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

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

Reconciliation of Net Other Post-employment Benefit Obligation

	2015	2014	2013
Annual Required Contribution (ARC)	\$ 85,579	83,086	90,198
Interest on OPEB obligation	11,366	10,454	9,156
Adjustment to the ARC (amortization)	(10,530)	(9,686)	(8,483)
Annual OPEB cost	86,415	83,854	90,871
Contributions made	(66,211)	(63,600)	(62,028)
Increase in net OPEB obligation	20,204	20,254	28,843
Net OPEB obligation, beginning of year	252,570	232,316	203,473
Net OPEB obligation, end of year	272,774	252,570	232,316

The City’s annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for fiscal year ending September 30, 2015 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, 2015	\$ 86,415	66,211	76.6%	\$ 272,774
September 30, 2014	83,854	63,600	75.8%	252,570
September 30, 2013	90,871	62,028	68.3%	232,316

Funding status and funding progress

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

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

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

L. Defined Benefit Pension Plan

Plan Description

The City participates as one of 860 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.tmr.com.

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

Benefits Provided

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

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

Employees covered by benefit terms: At the December 31, 2014 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries current receiving benefits	867
Inactive employees entitled to but not yet receiving benefits	436
Active employees	1,513

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 13.61% and 13.15% in calendar years 2014 and 2015, respectively. The City's contributions to TMRS for the year ended September 30, 2015 were \$9,999,116 and were equal to the required contributions.

Net Pension Liability

The City's Net Pension Liability (NPL) was measured as of December 31, 2014, 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, 2014 actuarial valuation was determined using the following actuarial assumptions:

Inflation	3.0% per year
Overall payroll growth	3.0% per year
Investment rate of return	7.0%, 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 Disabled Retiree Mortality Table is used, with slight adjustments.

Actuarial assumptions used in the December 31, 2014, valuations were based on the results of actuarial experience studies. The experience study in TMRS was for the period January 1, 2006 through December 31, 2009, first used in the December 31, 2010 valuation. Healthy post-retirement mortality rates and annuity purpose rates were updated based on a Mortality Experience Investigation Study covering 2009

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)

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.

The long-term expected rate of return on pension plan investments is 7.0%. The pension plan's policy in regard to the allocation of invested assets is established and may be amended by the TMRS Board of Trustees. 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. 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%	4.80%
International Equity	17.5%	6.05%
Core Fixed Income	30.0%	1.50%
Non-Core Fixed Income	10.0%	3.50%
Real Return	5.0%	1.75%
Real Estate	10.0%	5.25%
Absolute Return	5.0%	4.25%
Private Equity	<u>5.0%</u>	8.50%
Totals	<u>100.0%</u>	

Discount Rate: The discount rate used to measure the Total Pension Liability was 7.0%. 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.

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)

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, 2013	\$ 409,572,816	369,818,963	39,753,853
Changes for the year:			
Service cost	9,662,721	-	9,662,721
Interest	28,296,862	-	28,296,862
Difference between expected and actual experience	1,770,413	-	1,770,413
Contributions - employer	-	10,444,097	(10,444,097)
Contributions - employee	-	5,371,982	(5,371,982)
Net investment income	-	21,154,751	(21,154,751)
Benefit payments, including refunds of employee contributions	(20,326,595)	(20,326,595)	-
Administrative expense	-	(220,877)	220,877
Other changes	-	(18,160)	18,160
Net changes	19,403,401	16,405,198	2,998,203
Balance at December 31, 2014	\$ 428,976,217	386,224,161	42,752,056

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 7.0%, 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 (6.0%) or one percentage point higher (8.0%) 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 (6.0%)	Current Discount Rate (7.0%)	1% Increase in Discount Rate (8.0%)
City's net pension liability	\$ 96,522,634	42,752,056	(2,234,969)

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, 2015, the City recognized pension expense of \$8,261,263.

At September 30, 2015, the City reported deferred outflows of resources related to pensions from the following sources:

Differences between expected and actual experience	\$ 1,394,976
Difference between projected and actual earnings on pension plan investments	3,786,061
Contributions subsequent to the measurement date	<u>7,213,793</u>
Total	<u>\$ 12,394,830</u>

\$7,213,793 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability for the year ending September 30, 2015. 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:

2015	\$ 1,321,952
2016	1,321,952
2017	1,321,952
2018	<u>1,215,181</u>
	<u>\$ 5,181,037</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 \$95,478 at September 30, 2015.

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:

2015	\$ 33,237
2014	41,964
2013	46,382

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 \$4,757,870 as of September 30, 2015, which is based on 72.2% usage (filled) of the landfill. It is estimated that an additional \$1,831,245 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 (\$6,589,115) 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, 2015. 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. Conduit Debt Obligations

From time to time, Central Waco Development Corporation and Waco Health Facilities Development Corporation have issued industrial revenue bonds to provide financial assistance to private-sector entities for the acquisition and construction of industrial, commercial and health facilities deemed to be in the public interest. The bonds are secured by the property financed and are payable solely from payments received on the underlying mortgage debt. Upon repayment of the bonds, ownership of the facilities transfers to the private-sector entity served by the bond issue. Neither Central Waco Development Corporation, Waco Health Facilities Development Corporation, the City, nor any political subdivision thereof is obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the financial statements of Central Waco Development Corporation, Waco Health Facilities Development Corporation, or the City.

As of September 30, 2015, there are two series of industrial revenue bonds outstanding. The aggregate principal amount payable for the one series issued after July 1, 1995 was \$4,100,000. The aggregate principal amount payable for the one series issued prior to July 1, 1995 could not be readily determined; however, the original issue amount totaled \$1,600,000.

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

IV. Detail Notes on All Funds (continued)

P. 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, 2015, such special assessment debt outstanding totaled \$1,123,000.

Q. Undivided Interest in Waco Metropolitan Area Regional Sewer System

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

The City’s initial purchase included an 84.47% undivided interest in the System; however, the City subsequently sold portions of its undivided interest to other cities leaving it with a 79.234% undivided interest in the System. The City’s undivided interest in the System as of September 30, 2015 was 75.272% as a result of certain capacity expansion improvements completed during 2012.

The City assisted four of the participating cities in financing their initial investments. During 2004, the City’s wastewater fund advanced \$1,849,058 to the four participating cities at an interest rate of 3.65% to be repaid in annual installments through February 2024. As of September 30, 2015, \$505,410 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:

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

IV. Detail Notes on All Funds (continued)

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

Current assets	\$ 9,313,984
Capital assets	32,490,964
Current liabilities	(1,721,375)
Noncurrent liabilities	<u>(237,051)</u>
Net position	<u>\$ 39,846,522</u>
Operating revenue	\$ 395,057
Operating expenses	(6,570,808)
Non-operating revenue	<u>11,874</u>
Change in net position	<u>\$ (6,163,877)</u>

R. Related Organization

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

S. Change in Accounting Principles

Effective October 1, 2014, the City adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions, an Amendment of GASB Statement No. 27* and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date, an Amendment of GASB No. 68*. GASB No. 68 provides new requirements for accounting for defined benefit pension plans, primarily focusing on the recognition of a net pension liability in the statement of net position. GASB No. 71 provides requirements on accounting and reporting for contributions made to defined benefit pension plans after the measurement date, primarily focusing on the recognition of a deferred outflow of resources in the statement of net position. The City reported a cumulative effect of changes in accounting principles to recognize its net pension liability and related deferred outflows, which reduced unrestricted net position by \$27,601,768 for governmental activities, \$4,493,311 for business-type activities, \$1,925,705 for the water fund, \$1,283,803 for the wastewater fund, and \$1,283,803 for the solid waste fund. It was not practical to determine the amounts of

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

IV. Detail Notes on All Funds (continued)

S. Change in Accounting Principles (continued)

all deferred inflows of resources and deferred outflows of resources related to pensions at October 1, 2014; consequently, beginning balances for deferred inflows of resources and deferred outflows of resources (except for pension contributions made subsequent to the measurement date of the beginning net pension liability) were not reported.

In connection with the adoption of GASB No. 68, the City eliminated the net pension obligation that had been reported in the government-wide and proprietary fund financial statements due to the phase-in contribution rates. This increased unrestricted net position by \$10,067,386 for governmental activities, \$1,696,597 for business-type activities, \$734,973 for the water fund, \$481,784 for the wastewater fund, and \$479,840 for the solid waste fund.

T. Authoritative Pronouncements Not Yet Effective

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

GASB Statement No. 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.

GASB Statement No. 76, The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments (issued June 2015) – the objective of this statement is to identify – in the context of the current governmental financial reporting environment – the hierarchy of generally accepted accounting principles (“GAAP”). This statement reduces the GAAP hierarchy to two categories of authoritative GAAP and addresses the use of authoritative and nonauthoritative literature in the event that the accounting treatment for a transaction or other event is not specified within a source of authoritative GAAP. The requirements of this statement are effective for financial statements for periods beginning after June 15, 2015.

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

IV. Detail Notes on All Funds (continued)

T. Authoritative Pronouncements Not Yet Effective (continued)

GASB Statement No. 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.



Required Supplemental Information



City of Waco, Texas
Schedule of Changes in Net Pension Liability and Related Ratios
Year Ended December 31, 2014

Total Pension Liability

Service cost	\$ 9,662,721
Interest (on the Total Pension Liability)	28,296,862
Changes of benefits terms	-
Difference between expected and actual experience	1,770,413
Change of assumptions	-
Benefit payments, including refunds of employee contributions	<u>(20,326,595)</u>
Net change in Total Pension Liability	19,403,401
Total Pension Liability - beginning	<u>409,572,816</u>
Total Pension Liability - Ending (a)	\$ <u>428,976,217</u>

Plan Fiduciary Net Position

Contributions - employer	\$ 10,444,097
Contributions - employee	5,371,982
Net investment income	21,154,751
Benefit payments, including refunds of employee contributions	(20,326,595)
Administrative expense	(220,877)
Other	<u>(18,160)</u>
Net change in Plan Fiduciary Net Position	16,405,198
Plan Fiduciary Net Position - Beginning	<u>369,818,963</u>
Plan Fiduciary Net Position - ending (b)	\$ <u>386,224,161</u>

Net Pension Liability - ending (a) - (b) \$ 42,752,056

Plan Fiduciary Net Position as a percentage of Total Pension Liability 90.03%

Covered employee payroll \$ 76,730,734

Net Pension Liability as a percentage of covered employee payroll 55.72%

Note: Effective October 1, 2014, the City adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 68. Information for years prior to 2014 is not available.

See accompanying independent auditor's report.

City of Waco, Texas
Schedule of Contributions
Fiscal Year Ended September 30, 2015

Actuarially determined contribution	\$ 9,999,116
Contributions in relation to the actuarially determined contribution	<u>9,999,116</u>
Contribution deficiency (excess)	<u>\$ -</u>
Covered employee payroll	<u>\$ 75,315,307</u>
Contributions as a percentage of covered employee payroll	<u>13.28%</u>

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	18 years
Asset Valuation Method	10 Year smoothed market; 15% soft corridor
Inflation	3.0%
Salary Increases	3.50% to 12.00%, including inflation
Investment Rate of Return	7.00%
Retirement Age	Experience-based table of rates that are specific to the City's plan of benefits. Last updated for the 2010 valuation pursuant to an experience study of the period 2005 – 2009
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, 2015 and 2014

	2015	2014
Assets		
Cash and investments	\$ 48,543,263	48,314,509
Accounts receivable, net of allowance	3,690,917	3,830,936
Taxes receivable, net of allowance	8,027,400	7,730,727
Due from other funds	2,616,310	1,155,082
Intergovernmental receivable	15,446	1,042,335
Inventory	849,594	734,557
Real estate held for resale	6,160	6,160
Total assets	\$ 63,749,090	62,814,306
Liabilities		
Liabilities:		
Accounts payable	\$ 1,551,335	3,049,944
Accrued liabilities	3,859,940	3,644,319
Unearned revenue	29,598	28,645
Due to other funds	1,161,845	674,191
Deposits	410,998	274,839
Escrow funds	211,591	221,555
Total liabilities	7,225,307	7,893,493
Deferred Inflow of Resources		
Deferred inflow of resources:		
Unavailable revenue:		
Property taxes	1,536,473	1,588,148
Court fines	674,226	612,785
Other	-	922,221
Total deferred inflow of resources	2,210,699	3,123,154
Fund Balance		
Nonspendable:		
Inventory	849,594	734,557
Real estate held for resale	6,160	6,160
Restricted:		
Municipal information	751,247	703,924
Culture and recreation	755,927	918,377
Public safety	119,629	83,856
Committed:		
Economic development	9,722,702	9,532,164
Assigned:		
Capital improvements	4,810,928	15,050,171
Economic development	5,740,957	3,048,263
Housing and community development	142,117	25,000
Public safety	189,501	140,595
Culture and recreation	150,601	16,230
Public works	352,180	4,677
Subsequent year's budget appropriation of fund balances	7,108,799	-
Other	220,123	490,289
Unassigned	23,392,619	21,043,396
Total fund balance	54,313,084	51,797,659
Total liabilities, deferred inflows of resources and fund balance	\$ 63,749,090	62,814,306

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, 2015 and 2014

	<u>2015</u>	<u>2014</u>
Revenues:		
Taxes	\$ 81,708,003	75,866,868
Business and occupation fees	13,762,575	14,181,593
Permits, licenses and fees	1,504,766	1,348,415
Fines	2,135,342	2,416,605
Charges for services	1,749,690	1,639,054
Investment earnings	238,410	145,363
Contributions	716,371	883,787
Intergovernmental	1,694,924	1,682,910
Other	<u>10,153,721</u>	<u>9,256,237</u>
Total revenues	<u>113,663,802</u>	<u>107,420,832</u>
Expenditures:		
General government	18,144,029	17,230,269
Public works	1,405,812	2,583,490
Public safety	61,362,994	60,162,734
Culture and recreation	12,280,138	12,926,462
Housing and community development	<u>288,718</u>	<u>192,147</u>
Total expenditures	<u>93,481,691</u>	<u>93,095,102</u>
Excess of revenues over expenditures	<u>20,182,111</u>	<u>14,325,730</u>
Other financing sources (uses):		
Proceeds from sale of capital assets	171,016	105,278
Transfers in	4,404,188	4,683,880
Transfers out	<u>(22,241,890)</u>	<u>(13,786,482)</u>
Total other financing sources (uses)	<u>(17,666,686)</u>	<u>(8,997,324)</u>
Net change in fund balance	2,515,425	5,328,406
Fund balance, beginning of year	<u>51,797,659</u>	<u>46,469,253</u>
Fund balance, end of year	<u>\$ 54,313,084</u>	<u>51,797,659</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, 2015
(With Comparative Totals for September 30, 2014)

	Special	Debt	Capital	Permanent	Totals	
	Revenue	Service	Projects		2015	2014
Assets						
Cash and investments	\$ 17,108,582	472,374	21,922,706	466,997	39,970,659	31,148,891
Accounts receivable, net of allowances	93,222	-	85,168	-	178,390	83,603
Special assessments receivable	6,642	-	-	-	6,642	11,315
Taxes receivable	80,440	371,072	-	-	451,512	526,892
Notes receivable	2,217,291	-	-	-	2,217,291	2,497,322
Due from other funds	182,248	-	4,641,789	-	4,824,037	5,960,522
Advances to other funds	-	-	168,368	-	168,368	168,368
Inventory	-	-	131,805	-	131,805	-
Intergovernmental receivable	1,595,718	-	1,112,478	-	2,708,196	1,502,852
Real estate held for resale	46,705	-	-	-	46,705	40,061
Total assets	\$ 21,330,848	843,446	28,062,314	466,997	50,703,605	41,939,826
Liabilities						
Liabilities:						
Accounts payable	\$ 1,242,853	-	2,058,493	-	3,301,346	1,807,570
Accrued liabilities	400,229	-	348,640	-	748,869	1,286,347
Unearned revenue	1,210	-	-	-	1,210	13,194
Due to other funds	447,629	-	2,673,264	-	3,120,893	6,030,453
Escrow funds	34,356	-	-	-	34,356	27,556
Total liabilities	2,126,277	-	5,080,397	-	7,206,674	9,165,120
Deferred Inflow of Resources						
Deferred inflow of resources:						
Unavailable revenue-property taxes	80,440	352,189	-	-	432,629	505,803
Unavailable revenue-special assessments	6,642	-	-	-	6,642	11,315
Total deferred inflows of resources	87,082	352,189	-	-	439,271	517,118
Fund Balances						
Nonspendable:						
Inventory	-	-	131,805	-	131,805	-
Parks and cemetery care	-	-	-	466,997	466,997	478,848
Real estate held for resale	46,705	-	-	-	46,705	40,061
Restricted for:						
Debt service	-	491,257	-	-	491,257	185,902
Capital projects	-	-	7,184,956	-	7,184,956	11,828,967
Tax increment zone activities	13,579,596	-	-	-	13,579,596	10,891,785
Housing and community development	2,059,972	-	-	-	2,059,972	2,333,652
Public safety	1,442,749	-	-	-	1,442,749	1,406,274
Culture and recreation	450,821	-	-	-	450,821	1,302,930
Waco Public Improvement District	716,835	-	-	-	716,835	645,008
Committed to:						
Capital projects	-	-	15,665,156	-	15,665,156	2,582,281
Public health	820,811	-	-	-	820,811	561,880
Total fund balances	19,117,489	491,257	22,981,917	466,997	43,057,660	32,257,588
Total liabilities, deferred inflows of resources and fund balances	\$ 21,330,848	843,446	28,062,314	466,997	50,703,605	41,939,826

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, 2015
(With Comparative Totals for Year Ended September 30, 2014)

	Special Revenue	Debt Service	Capital Projects	Permanent	Totals	
					2015	2014
Revenues:						
Taxes	\$ 6,662,457	9,219,662	-	-	15,882,119	14,812,868
Permits, licenses and fees	949,728	-	-	-	949,728	939,633
Fines	370,709	-	-	-	370,709	369,515
Investment earnings	59,167	4,110	132,870	1,460	197,607	151,007
Contributions	-	-	2,773,887	-	2,773,887	28
Intergovernmental	7,153,853	-	1,119,726	-	8,273,579	8,595,783
Program income	289,272	-	-	-	289,272	338,265
Other	646,957	-	-	-	646,957	772,376
Total revenues	<u>16,132,143</u>	<u>9,223,772</u>	<u>4,026,483</u>	<u>1,460</u>	<u>29,383,858</u>	<u>25,979,475</u>
Expenditures:						
Current:						
General government	4,682,303	-	-	-	4,682,303	7,707,355
Public safety	1,194,863	-	-	-	1,194,863	2,359,044
Culture and recreation	1,263,687	-	-	-	1,263,687	1,072,167
Housing and community development	2,608,518	-	-	-	2,608,518	2,967,944
Public health	7,247,059	-	-	-	7,247,059	7,267,366
Capital outlay	-	-	14,758,838	-	14,758,838	10,002,288
Debt service:						
Principal	-	5,585,000	-	-	5,585,000	5,340,143
Interest and fiscal charges	-	3,437,349	-	-	3,437,349	3,788,820
Bond issuance costs	-	250,679	-	-	250,679	26,107
Total expenditures	<u>16,996,430</u>	<u>9,273,028</u>	<u>14,758,838</u>	<u>-</u>	<u>41,028,296</u>	<u>40,531,234</u>
Excess deficiency of revenues over (under) expenditures	<u>(864,287)</u>	<u>(49,256)</u>	<u>(10,732,355)</u>	<u>1,460</u>	<u>(11,644,438)</u>	<u>(14,551,759)</u>
Other financing sources (uses):						
Refunding bonds issued	-	34,125,000	-	-	34,125,000	-
Payment to refunded bond escrow agent	-	(40,676,302)	-	-	(40,676,302)	-
Premium on refunding bonds	-	6,804,247	-	-	6,804,247	-
General obligation bonds issued	-	13,063	1,681,937	-	1,695,000	1,645,000
Premium on general obligation bonds	-	440	56,604	-	57,044	59,040
Transfers in	3,018,585	88,163	18,785,956	-	21,892,704	12,820,951
Transfers out	(218,399)	-	(1,221,473)	(13,311)	(1,453,183)	(2,634,098)
Total other financing sources (uses)	<u>2,800,186</u>	<u>354,611</u>	<u>19,303,024</u>	<u>(13,311)</u>	<u>22,444,510</u>	<u>11,890,893</u>
Net change in fund balances	1,935,899	305,355	8,570,669	(11,851)	10,800,072	(2,660,866)
Fund balances, beginning of year	<u>17,181,590</u>	<u>185,902</u>	<u>14,411,248</u>	<u>478,848</u>	<u>32,257,588</u>	<u>34,918,454</u>
Fund balances, end 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>

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, 2015
(With Comparative Totals for September 30, 2014)

	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	\$ 12,187,710	1,803,615	66,034	283,904	439,181	733,205
Accounts receivable, net of allowances	5,006	-	-	23,488	64,728	-
Special assessments receivable	-	-	-	-	-	6,642
Taxes receivable	80,440	-	-	-	-	-
Notes receivable	-	-	-	-	2,217,291	-
Intergovernmental receivable	-	-	-	748,786	846,932	-
Due from other funds	-	-	-	-	182,248	-
Real estate held for resale	-	-	-	-	46,705	-
Total assets	\$ 12,273,156	1,803,615	66,034	1,056,178	3,797,085	739,847
Liabilities						
Liabilities:						
Accounts and contracts payable	\$ 482,769	-	-	57,791	508,163	16,370
Accrued liabilities	-	-	-	143,220	257,009	-
Unearned revenue	-	-	-	-	1,210	-
Due to other funds	-	-	-	-	447,629	-
Escrow funds	-	-	-	34,356	-	-
Total liabilities	482,769	-	-	235,367	1,214,011	16,370
Deferred Inflow of Resources						
Unavailable revenue-property taxes	80,440	-	-	-	-	-
Unavailable revenue-special assessments	-	-	-	-	-	6,642
Total deferred inflows of resources	80,440	-	-	-	-	6,642
Fund Balances						
Nonspendable:						
Real estate held for resale	-	-	-	-	46,705	-
Restricted for:						
Tax increment zone activities	11,709,947	1,803,615	66,034	-	-	-
Housing and community development	-	-	-	-	2,059,972	-
Public safety	-	-	-	-	61,108	-
Culture and recreation	-	-	-	-	415,289	-
Waco Public Improvement District	-	-	-	-	-	716,835
Committed to:						
Public health	-	-	-	820,811	-	-
Total fund balances	11,709,947	1,803,615	66,034	820,811	2,583,074	716,835
Total liabilities, deferred inflows of resources and fund balances	\$ 12,273,156	1,803,615	66,034	1,056,178	3,797,085	739,847

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	
						2015	2014
354,948	248,144	470,459	485,850	8,956	26,576	17,108,582	14,746,816
-	-	-	-	-	-	93,222	80,578
-	-	-	-	-	-	6,642	11,315
-	-	-	-	-	-	80,440	119,427
-	-	-	-	-	-	2,217,291	2,497,322
-	-	-	-	-	-	1,595,718	1,498,052
-	-	-	-	-	-	182,248	1,073,758
-	-	-	-	-	-	46,705	40,061
<u>354,948</u>	<u>248,144</u>	<u>470,459</u>	<u>485,850</u>	<u>8,956</u>	<u>26,576</u>	<u>21,330,848</u>	<u>20,067,329</u>
498	4,499	-	172,763	-	-	1,242,853	1,331,011
-	-	-	-	-	-	400,229	918,920
-	-	-	-	-	-	1,210	13,194
-	-	-	-	-	-	447,629	464,316
-	-	-	-	-	-	34,356	27,556
<u>498</u>	<u>4,499</u>	<u>-</u>	<u>172,763</u>	<u>-</u>	<u>-</u>	<u>2,126,277</u>	<u>2,754,997</u>
-	-	-	-	-	-	80,440	119,427
-	-	-	-	-	-	6,642	11,315
-	-	-	-	-	-	87,082	130,742
-	-	-	-	-	-	46,705	40,061
-	-	-	-	-	-	13,579,596	10,891,785
-	-	-	-	-	-	2,059,972	2,333,652
354,450	243,645	470,459	313,087	-	-	1,442,749	1,406,274
-	-	-	-	8,956	26,576	450,821	1,302,930
-	-	-	-	-	-	716,835	645,008
-	-	-	-	-	-	820,811	561,880
<u>354,450</u>	<u>243,645</u>	<u>470,459</u>	<u>313,087</u>	<u>8,956</u>	<u>26,576</u>	<u>19,117,489</u>	<u>17,181,590</u>
<u>354,948</u>	<u>248,144</u>	<u>470,459</u>	<u>485,850</u>	<u>8,956</u>	<u>26,576</u>	<u>21,330,848</u>	<u>20,067,329</u>

City of Waco, Texas
Nonmajor Special Revenue Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Year Ended September 30, 2015
(With Comparative Totals for Year Ended September 30, 2014)

	Tax Increment Fund No. 1	Tax Increment Fund No. 2	Tax Increment Fund No. 3	Health Programs Fund	Grant Fund
Revenues:					
Taxes	\$ 6,248,295	86,864	538	-	-
Permits, licenses and fees	-	-	-	949,728	-
Fines	-	-	-	-	-
Investment earnings	45,877	7,006	260	2,013	-
Intergovernmental	463,611	6,508	40	3,229,532	3,454,162
Program income	-	-	-	244,053	45,219
Contributions	-	-	-	-	-
Other	-	-	-	356,435	91,756
Total revenues	<u>6,757,783</u>	<u>100,378</u>	<u>838</u>	<u>4,781,761</u>	<u>3,591,137</u>
Expenditures:					
Current:					
General government	4,063,042	19,983	-	-	237,113
Public safety	-	-	-	-	912,018
Culture and recreation	-	-	-	-	1,260,382
Housing and community development	-	-	-	-	2,608,518
Public health	-	-	-	7,247,059	-
Total expenditures	<u>4,063,042</u>	<u>19,983</u>	<u>-</u>	<u>7,247,059</u>	<u>5,018,031</u>
Excess (deficiency) of revenues over (under) expenditures	<u>2,694,741</u>	<u>80,395</u>	<u>838</u>	<u>(2,465,298)</u>	<u>(1,426,894)</u>
Other financing sources (uses):					
Transfers in	-	-	-	2,724,229	294,356
Transfers out	<u>(88,163)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>(88,163)</u>	<u>-</u>	<u>-</u>	<u>2,724,229</u>	<u>294,356</u>
Net change in fund balances	2,606,578	80,395	838	258,931	(1,132,538)
Fund balances, beginning of year	<u>9,103,369</u>	<u>1,723,220</u>	<u>65,196</u>	<u>561,880</u>	<u>3,715,612</u>
Fund balances, end 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>

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	
							2015	2014
							326,760	-
-	-	-	-	-	-	-	949,728	939,633
-	253,595	-	50,208	66,906	-	-	370,709	369,515
2,992	-	442	-	-	74	503	59,167	34,172
-	-	-	-	-	-	-	7,153,853	8,490,477
-	-	-	-	-	-	-	289,272	338,265
-	-	-	-	-	-	-	-	28
104,240	-	94,526	-	-	-	-	646,957	772,364
<u>433,992</u>	<u>253,595</u>	<u>94,968</u>	<u>50,208</u>	<u>66,906</u>	<u>74</u>	<u>503</u>	<u>16,132,143</u>	<u>16,772,406</u>
362,165	-	-	-	-	-	-	4,682,303	7,707,355
-	14,405	28,347	7,538	232,555	-	-	1,194,863	2,359,044
-	-	-	-	-	-	3,305	1,263,687	1,072,167
-	-	-	-	-	-	-	2,608,518	2,967,944
-	-	-	-	-	-	-	7,247,059	7,267,366
<u>362,165</u>	<u>14,405</u>	<u>28,347</u>	<u>7,538</u>	<u>232,555</u>	<u>-</u>	<u>3,305</u>	<u>16,996,430</u>	<u>21,373,876</u>
<u>71,827</u>	<u>239,190</u>	<u>66,621</u>	<u>42,670</u>	<u>(165,649)</u>	<u>74</u>	<u>(2,802)</u>	<u>(864,287)</u>	<u>(4,601,470)</u>
-	-	-	-	-	-	-	3,018,585	5,060,148
-	(50,000)	-	(80,236)	-	-	-	(218,399)	(504,511)
-	(50,000)	-	(80,236)	-	-	-	2,800,186	4,555,637
71,827	189,190	66,621	(37,566)	(165,649)	74	(2,802)	1,935,899	(45,833)
<u>645,008</u>	<u>165,260</u>	<u>177,024</u>	<u>508,025</u>	<u>478,736</u>	<u>8,882</u>	<u>29,378</u>	<u>17,181,590</u>	<u>17,227,423</u>
<u>716,835</u>	<u>354,450</u>	<u>243,645</u>	<u>470,459</u>	<u>313,087</u>	<u>8,956</u>	<u>26,576</u>	<u>19,117,489</u>	<u>17,181,590</u>



Tax Increment Fund No. 1

City of Waco, Texas
Tax Increment Fund No. 1
Comparative Balance Sheets
September 30, 2015 and 2014

	<u>2015</u>	<u>2014</u>
Assets		
Cash and investments	\$ 12,187,710	9,843,713
Accounts receivable, net of allowance	5,006	17,274
Intergovernmental receivable	-	50,358
Taxes receivable	<u>80,440</u>	<u>119,427</u>
 Total assets	 \$ <u><u>12,273,156</u></u>	 <u><u>10,030,772</u></u>
Liabilities		
Liabilities:		
Accounts payable	\$ <u>482,769</u>	<u>807,976</u>
 Total liabilities	 <u>482,769</u>	 <u>807,976</u>
Deferred Inflows of Resources		
Unavailable revenue-property taxes	<u>80,440</u>	<u>119,427</u>
 Total deferred inflows of resources	 <u>80,440</u>	 <u>119,427</u>
Fund Balance		
Fund balance:		
Restricted for:		
Tax increment zone activities	<u>11,709,947</u>	<u>9,103,369</u>
 Total fund balance	 <u>11,709,947</u>	 <u>9,103,369</u>
 Total liabilities, deferred inflows of resources, and fund balance	 \$ <u><u>12,273,156</u></u>	 <u><u>10,030,772</u></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, 2015 and 2014

	2015	2014
Revenues:		
Property taxes	\$ 6,188,344	5,394,925
Interest and penalty on taxes	59,951	43,111
Investment earnings	45,877	25,559
Other	-	100,000
Intergovernmental	463,611	1,518,308
Total revenues	6,757,783	7,081,903
Expenditures:		
General government:		
Purchased professional/technical services	3,562,831	5,235,112
Capital expenditures	211	1,426,800
Other expenditures	500,000	500,000
Total expenditures	4,063,042	7,161,912
Excess (deficiency) of revenues over (under) expenditures	2,694,741	(80,009)
Other financing uses:		
Transfers out	(88,163)	(88,744)
Total other financing uses	(88,163)	(88,744)
Net change in fund balance	2,606,578	(168,753)
Fund balance, beginning of year	9,103,369	9,272,122
Fund balance, end of year	\$ 11,709,947	9,103,369

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, 2015 and 2014

	<u>2015</u>	<u>2014</u>
Assets		
Cash and investments	\$ <u>1,803,615</u>	<u>1,723,220</u>
Total assets	\$ <u><u>1,803,615</u></u>	<u><u>1,723,220</u></u>
Fund Balance		
Fund balance:		
Restricted for:		
Tax increment zone activities	\$ <u>1,803,615</u>	<u>1,723,220</u>
Total fund balance	\$ <u><u>1,803,615</u></u>	<u><u>1,723,220</u></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, 2015 and 2014

	<u>2015</u>	<u>2014</u>
Revenues:		
Property taxes	\$ 86,864	88,546
Investment earnings	7,006	4,321
Intergovernmental	<u>6,508</u>	<u>6,577</u>
Total revenues	<u>100,378</u>	<u>99,444</u>
 Expenditures:		
General government:		
Purchased professional/technical services	<u>19,983</u>	<u>-</u>
Total expenditures	<u>19,983</u>	<u>-</u>
 Net change in fund balance	80,395	99,444
 Fund balance, beginning of year	<u>1,723,220</u>	<u>1,623,776</u>
 Fund balance, end of year	\$ <u><u>1,803,615</u></u>	<u><u>1,723,220</u></u>

See accompanying independent auditor's report



Tax Increment Fund No. 3

City of Waco, Texas
Tax Increment Fund No. 3
Comparative Balance Sheets
September 30, 2015 and 2014

	<u>2015</u>	<u>2014</u>
Assets		
Cash and investments	\$ <u>66,034</u>	<u>65,196</u>
Total assets	\$ <u><u>66,034</u></u>	<u><u>65,196</u></u>
Fund Balance		
Fund balance:		
Restricted for:		
Tax increment zone activities	\$ <u>66,034</u>	<u>65,196</u>
Total fund balance	\$ <u><u>66,034</u></u>	<u><u>65,196</u></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, 2015 and 2014

	<u>2015</u>	<u>2014</u>
Revenues:		
Property taxes	\$ 538	430
Investment earnings	260	167
Intergovernmental	<u>40</u>	<u>32</u>
Total revenues	<u>838</u>	<u>629</u>
Expenditures:		
General government	<u>-</u>	<u>-</u>
Net change in fund balance	838	629
Fund balance, beginning of year	<u>65,196</u>	<u>64,567</u>
Fund balance, end of year	\$ <u>66,034</u>	<u>65,196</u>

See accompanying independent auditor's report.



Health Programs Fund

City of Waco, Texas
Health Programs Fund
Comparative Balance Sheets
September 30, 2015 and 2014

	<u>2015</u>	<u>2014</u>
Assets		
Cash and investments	\$ 283,904	573,572
Accounts receivable, net of allowance	23,488	22,015
Intergovernmental receivable	<u>748,786</u>	<u>730,594</u>
 Total assets	 \$ <u>1,056,178</u>	 <u>1,326,181</u>
Liabilities		
Liabilities:		
Accounts payable	\$ 57,791	117,386
Accrued liabilities	143,220	619,359
Escrow funds	<u>34,356</u>	<u>27,556</u>
 Total liabilities	 <u>235,367</u>	 <u>764,301</u>
Fund Balance		
Fund balance:		
Committed to:		
Public health	<u>820,811</u>	<u>561,880</u>
 Total fund balance	 <u>820,811</u>	 <u>561,880</u>
 Total liabilities and fund balance	 \$ <u>1,056,178</u>	 <u>1,326,181</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, 2015 and 2014

	<u>2015</u>	<u>2014</u>
Revenues:		
Permits, licenses and fees	\$ 949,728	939,633
Intergovernmental	3,229,532	3,254,021
Program income	244,053	248,220
Investment earnings	2,013	1,788
Other	<u>356,435</u>	<u>360,233</u>
Total revenues	<u>4,781,761</u>	<u>4,803,895</u>
Expenditures:		
Public health:		
Health and administrative services	2,007,890	2,050,229
Environmental health services	465,650	397,538
Public health nursing services	818,952	836,139
Sexually transmitted disease	347,745	319,177
HIV/AIDS services	178,072	175,727
Public health services	<u>3,428,750</u>	<u>3,488,556</u>
Total expenditures	<u>7,247,059</u>	<u>7,267,366</u>
Deficiency of revenues under expenditures	(2,465,298)	(2,463,471)
Other financing uses:		
Transfers in	<u>2,724,229</u>	<u>2,673,939</u>
Net change in fund balance	258,931	210,468
Fund balance, beginning of year	<u>561,880</u>	<u>351,412</u>
Fund balance, end of year	<u>\$ 820,811</u>	<u>561,880</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, 2015
(With Comparative Actual Amounts for Year Ended September 30, 2014)

	Budgeted Amounts		2015	Variance with	2014
	Original	Final	Actual Amounts	Final Budget	Actual Amounts
Revenues:					
Health Administrative Services:					
Death and birth certificates	\$ 248,511	248,511	269,892	21,381	258,396
Interest on investments	-	-	2,013	2,013	1,788
Revenue - other	353,247	353,247	355,464	2,217	358,311
Total	<u>601,758</u>	<u>601,758</u>	<u>627,369</u>	<u>25,611</u>	<u>618,495</u>
Environmental Health Services:					
Health and welfare fees	414,110	414,110	427,987	13,877	445,842
Intergovernmental	58,433	58,433	45,160	(13,273)	14,048
Revenue - other	975	975	592	(383)	811
Total	<u>473,518</u>	<u>473,518</u>	<u>473,739</u>	<u>221</u>	<u>460,701</u>
Public Health Nursing Services:					
Health and welfare fees	207,328	207,328	219,483	12,155	210,569
Total	<u>207,328</u>	<u>207,328</u>	<u>219,483</u>	<u>12,155</u>	<u>210,569</u>
Sexually Transmitted Diseases:					
Health and welfare fees	21,442	21,442	32,366	10,924	24,826
Total	<u>21,442</u>	<u>21,442</u>	<u>32,366</u>	<u>10,924</u>	<u>24,826</u>
HIV/AIDS Services:					
Revenue - other	-	-	54	54	748
Total	<u>-</u>	<u>-</u>	<u>54</u>	<u>54</u>	<u>748</u>
Public Health Services:					
Program income	-	244,053	244,053	-	248,220
Intergovernmental	-	3,184,372	3,184,372	-	3,239,973
Revenue - other	-	325	325	-	363
Total	<u>-</u>	<u>3,428,750</u>	<u>3,428,750</u>	<u>-</u>	<u>3,488,556</u>
Total revenues	<u>1,304,046</u>	<u>4,732,796</u>	<u>4,781,761</u>	<u>48,965</u>	<u>4,803,895</u>
Expenditures:					
Health Administrative Services:					
Salaries and wages	427,076	415,740	396,734	19,006	425,744
Employee benefits	152,440	154,171	142,821	11,350	148,018
Purchased professional/technical services	35,230	35,230	32,797	2,433	26,702
Purchased property services	2,570	2,570	2,570	-	2,588
Maintenance	507	71	-	71	497
Other purchased services	23,156	26,406	22,497	3,909	24,193
Supplies	32,822	34,513	32,457	2,056	38,585
Contracts with others	990,100	990,100	989,151	949	990,100
Other	388,863	388,863	388,863	-	393,802
Total health administrative services	<u>2,052,764</u>	<u>2,047,664</u>	<u>2,007,890</u>	<u>39,774</u>	<u>2,050,229</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, 2015

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

	Budgeted Amounts		2015	Variance with	2014
	Original	Final	Actual Amounts	Final Budget	Actual Amounts
Expenditures (continued):					
Environmental Health Services:					
Salaries and wages	\$ 282,363	282,363	279,013	3,350	258,411
Employee benefits	105,748	105,748	101,489	4,259	87,731
Purchased professional/technical services	2,615	22,615	1,870	20,745	-
Maintenance	11,987	11,987	11,338	649	9,038
Other purchased services	12,628	12,628	12,166	462	14,144
Supplies	34,131	68,655	59,774	8,881	28,214
Total environmental health services	449,472	503,996	465,650	38,346	397,538
Health Nursing Services:					
Salaries and wages	516,084	461,560	412,601	48,959	441,402
Employee benefits	182,003	177,103	154,190	22,913	154,574
Purchased professional/technical services	2,900	2,900	8,006	(5,106)	5,390
Maintenance	3,307	3,307	6,003	(2,696)	2,482
Other purchased services	29,707	29,707	37,191	(7,484)	25,724
Supplies	244,951	254,951	200,961	53,990	206,567
Total health nursing services	978,952	929,528	818,952	110,576	836,139
Sexually Transmitted Disease:					
Salaries and wages	229,647	229,647	222,285	7,362	195,650
Employee benefits	82,255	82,255	79,521	2,734	70,697
Purchased professional/technical services	11,978	13,978	12,096	1,882	11,800
Maintenance	505	505	165	340	165
Other purchased services	13,023	14,023	13,176	847	13,967
Supplies	27,494	24,494	20,502	3,992	26,898
Total sexually transmitted disease	364,902	364,902	347,745	17,157	319,177
HIV/AIDS Services:					
Salaries and wages	122,586	122,586	122,937	(351)	119,901
Employee benefits	41,407	41,407	41,120	287	40,774
Purchased professional/technical services	2,500	2,500	1,380	1,120	1,760
Other purchased services	10,002	10,002	7,943	2,059	8,681
Supplies	5,690	5,690	4,692	998	4,611
Total public health nursing services	182,185	182,185	178,072	4,113	175,727
Public Health Services:					
Salaries and wages	-	1,803,648	1,803,648	-	1,741,308
Employee benefits	-	667,777	667,777	-	657,108
Purchased professional/technical services	-	187,311	187,311	-	182,140
Purchased property services	-	119,027	119,027	-	122,992
Maintenance	-	7,382	7,382	-	6,452
Other purchased services	-	242,983	242,983	-	194,243
Supplies	-	214,756	214,756	-	374,724
Other	-	185,866	185,866	-	174,697
Capital expenditures	-	-	-	-	34,892
Total public health services	-	3,428,750	3,428,750	-	3,488,556

(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, 2015
(With Comparative Actual Amounts for Year Ended September 30, 2014)

	Budgeted Amounts		2015	Variance with Final Budget	2014
	Original	Final	Actual Amounts		Actual Amounts
Total expenditures	\$ 4,028,275	7,457,025	7,247,059	209,966	7,267,366
Deficiency of revenues over expenditures	(2,724,229)	(2,724,229)	(2,465,298)	258,931	(2,463,471)
Other financing sources:					
Transfers in	2,724,229	2,724,229	2,724,229	-	2,673,939
Total other financing sources	2,724,229	2,724,229	2,724,229	-	2,673,939
Net change in fund balance	-	-	258,931	258,931	210,468
Fund balance, beginning of year	561,880	561,880	561,880	-	351,412
Fund balance, end of year	\$ 561,880	561,880	820,811	258,931	561,880

See accompanying independent auditor's report.

Grant Fund

City of Waco, Texas
Grant Fund
Sub-Combining Balance Sheet
September 30, 2015
(With Comparative Totals for September 30, 2014)

	<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	\$ -	-	-	-
Accounts receivable, net of allowances	48,464	14,777	1,037	-
Notes receivable	673,268	1,539,646	-	4,377
Intergovernmental receivable	316,650	276,070	7,385	-
Real estate held for resale	46,705	-	-	-
Due from other funds	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total assets	<u>\$ 1,085,087</u>	<u>1,830,493</u>	<u>8,422</u>	<u>4,377</u>
Liabilities				
Liabilities:				
Accounts payable	\$ 61,356	262,793	1,733	-
Accrued liabilities	188,219	50,983	2,424	-
Unearned revenues	-	-	-	-
Due to other funds	<u>72,858</u>	<u>177,071</u>	<u>4,265</u>	<u>-</u>
Total liabilities	<u>322,433</u>	<u>490,847</u>	<u>8,422</u>	<u>-</u>
Fund Balances				
Fund balances:				
Nonspendable:				
Real estate held for resale	46,705	-	-	-
Restricted for:				
Housing and community development	715,949	1,339,646	-	4,377
Public safety	-	-	-	-
Culture and recreation	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total fund balances	<u>762,654</u>	<u>1,339,646</u>	<u>-</u>	<u>4,377</u>
Total liabilities and fund balances	<u>\$ 1,085,087</u>	<u>1,830,493</u>	<u>8,422</u>	<u>4,377</u>

<u>HUD Shelter Plus and Continuum of Care</u>	<u>TxDOT MPO FHWA</u>	<u>Brownfields</u>	<u>15 CJD Family Violence</u>	<u>SAFER 2008</u>	<u>2014 SHSP</u>	<u>2013 SHSP</u>
-	-	60,533	-	144	-	-
-	450	-	-	-	-	-
-	-	-	-	-	-	-
13,596	40,262	-	25,673	-	6,172	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>13,596</u>	<u>40,712</u>	<u>60,533</u>	<u>25,673</u>	<u>144</u>	<u>6,172</u>	<u>-</u>
6,543	569	10,545	-	-	-	-
7,053	4,991	3,195	-	144	-	-
-	-	-	-	-	-	-
-	35,152	-	25,673	-	6,172	-
<u>13,596</u>	<u>40,712</u>	<u>13,740</u>	<u>25,673</u>	<u>144</u>	<u>6,172</u>	<u>-</u>
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	46,793	-	-	-	-
-	-	-	-	-	-	-
-	-	46,793	-	-	-	-
<u>13,596</u>	<u>40,712</u>	<u>60,533</u>	<u>25,673</u>	<u>144</u>	<u>6,172</u>	<u>-</u>

(Continued)

City of Waco, Texas
Grant Fund
Sub-Combining Balance Sheet
(Continued)
September 30, 2015
(With Comparative Totals for September 30, 2014)

	<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	37,124	6,444	3,023	2,433
Real estate held for resale	-	-	-	-
Due from other funds	-	-	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total assets	\$ <u>37,124</u>	<u>6,444</u>	<u>3,023</u>	<u>2,433</u>
Liabilities				
Liabilities:				
Accounts payable	\$ -	-	-	-
Accrued liabilities	-	-	-	-
Unearned revenues	-	-	-	-
Due to other funds	37,124	6,444	3,023	2,433
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total liabilities	<u>37,124</u>	<u>6,444</u>	<u>3,023</u>	<u>2,433</u>
Fund Balances				
Fund balances:				
Nonspendable:				
Real estate held for resale	-	-	-	-
Restricted for:				
Housing and community development	-	-	-	-
Public safety	-	-	-	-
Culture and recreation	-	-	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total fund balances	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities and fund balances	\$ <u>37,124</u>	<u>6,444</u>	<u>3,023</u>	<u>2,433</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 COMP</u>
14,315	-	123,936	99,171	1,215	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	25,916	-
-	-	-	-	-	-	-
<u>14,315</u>	<u>-</u>	<u>123,936</u>	<u>99,171</u>	<u>1,215</u>	<u>25,916</u>	<u>-</u>
-	-	275	-	-	14,213	-
-	-	-	-	-	-	-
-	-	-	-	1,210	-	-
-	-	-	-	-	11,703	-
<u>-</u>	<u>-</u>	<u>275</u>	<u>-</u>	<u>1,210</u>	<u>25,916</u>	<u>-</u>
-	-	-	-	-	-	-
-	-	-	-	-	-	-
14,315	-	-	-	-	-	-
-	-	123,661	99,171	5	-	-
<u>14,315</u>	<u>-</u>	<u>123,661</u>	<u>99,171</u>	<u>5</u>	<u>-</u>	<u>-</u>
<u>14,315</u>	<u>-</u>	<u>123,936</u>	<u>99,171</u>	<u>1,215</u>	<u>25,916</u>	<u>-</u>

(Continued)

City of Waco, Texas
Grant Fund
Sub-Combining Balance Sheet
(Continued)
September 30, 2015
(With Comparative Totals for September 30, 2014)

	<u>2012</u> JAG	<u>2013</u> JAG	<u>2014</u> JAG
Assets			
Assets:			
Cash and investments	\$ -	6,619	-
Accounts receivable, net of allowances	-	-	-
Notes receivable	-	-	-
Intergovernmental receivable	14,948	20,473	50,763
Real estate held for resale	-	-	-
Due from other funds	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
Total assets	\$ <u>14,948</u>	<u>27,092</u>	<u>50,763</u>
Liabilities			
Liabilities:			
Accounts payable	\$ -	27,092	-
Accrued liabilities	-	-	-
Unearned revenues	-	-	-
Due to other funds	14,948	-	50,763
	<u>14,948</u>	<u>-</u>	<u>50,763</u>
Total liabilities	<u>14,948</u>	<u>27,092</u>	<u>50,763</u>
Fund Balances			
Fund balances:			
Nonspendable:			
Real estate held for resale	-	-	-
Restricted for:			
Housing and community development	-	-	-
Public safety	-	-	-
Culture and recreation	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
Total fund balances	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities and fund balances	\$ <u>14,948</u>	<u>27,092</u>	<u>50,763</u>

See accompanying independent auditor's report.

Grande Clear Source Cable Ordinance	TxDOT Riverwalk	TPW Sul Ross Park	NLC Champs	Totals	
				2015	2014
85,374	-	47,874	-	439,181	501,612
-	-	-	-	64,728	41,289
-	-	-	-	2,217,291	2,497,322
-	-	-	-	846,932	717,100
-	-	-	-	46,705	40,061
-	176,146	6,102	-	182,248	1,073,758
<u>85,374</u>	<u>176,146</u>	<u>53,976</u>	<u>-</u>	<u>3,797,085</u>	<u>4,871,142</u>
-	75,169	47,875	-	508,163	378,459
-	-	-	-	257,009	299,561
-	-	-	-	1,210	13,194
-	-	-	-	447,629	464,316
<u>-</u>	<u>75,169</u>	<u>47,875</u>	<u>-</u>	<u>1,214,011</u>	<u>1,155,530</u>
-	-	-	-	46,705	40,061
-	-	-	-	2,059,972	2,333,652
-	-	-	-	61,108	77,229
<u>85,374</u>	<u>100,977</u>	<u>6,101</u>	<u>-</u>	<u>415,289</u>	<u>1,264,670</u>
<u>85,374</u>	<u>100,977</u>	<u>6,101</u>	<u>-</u>	<u>2,583,074</u>	<u>3,715,612</u>
<u>85,374</u>	<u>176,146</u>	<u>53,976</u>	<u>-</u>	<u>3,797,085</u>	<u>4,871,142</u>

City of Waco, Texas
Grant Fund
Sub-Combining Schedule of Revenues, Expenditures and
Changes in Fund Balances
Year Ended September 30, 2015
(With Comparative Totals for the Year Ended September 30, 2014)

	HUD Community Development Block Grant	HUD Home Program	HUD Continuum of Care HMIS	HUD EDI
Revenues:				
Intergovernmental	\$ 1,193,681	863,424	62,653	-
Program income	26,320	18,899	-	-
Other	<u>36,869</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total revenues	<u>1,256,870</u>	<u>882,323</u>	<u>62,653</u>	<u>-</u>
Expenditures:				
General government	-	-	-	-
Public works	-	-	-	-
Public safety	197,619	-	-	-
Culture and recreation	-	-	-	-
Housing and community development	<u>1,351,186</u>	<u>1,008,981</u>	<u>62,653</u>	<u>3,443</u>
Total expenditures	<u>1,548,805</u>	<u>1,008,981</u>	<u>62,653</u>	<u>3,443</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(291,935)</u>	<u>(126,658)</u>	<u>-</u>	<u>(3,443)</u>
Other financing sources				
Transfers in	<u>155,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources	<u>155,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	(136,935)	(126,658)	-	(3,443)
Fund balances, beginning of year	<u>899,589</u>	<u>1,466,304</u>	<u>-</u>	<u>7,820</u>
Fund balances, end of year	<u>\$ 762,654</u>	<u>1,339,646</u>	<u>-</u>	<u>4,377</u>

<u>HUD Shelter Plus and Continuum of Care</u>	<u>TxDOT MPO FHWA</u>	<u>Brownfields</u>	<u>15 CJD Family Violence</u>	<u>SAFER 2008</u>	<u>2014 SHSP</u>	<u>2013 SHSP</u>
170,531	190,753	-	111,129	-	81,995	24,714
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>170,531</u>	<u>190,753</u>	<u>-</u>	<u>111,129</u>	<u>-</u>	<u>81,995</u>	<u>24,714</u>
-	190,753	-	-	-	-	-
-	-	-	-	-	-	-
-	-	63,432	170,968	7,526	81,995	24,714
-	-	-	-	-	-	-
<u>170,531</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>170,531</u>	<u>190,753</u>	<u>63,432</u>	<u>170,968</u>	<u>7,526</u>	<u>81,995</u>	<u>24,714</u>
-	-	(63,432)	(59,839)	(7,526)	-	-
-	-	36,000	59,839	7,526	-	-
-	-	36,000	59,839	7,526	-	-
-	-	(27,432)	-	-	-	-
-	-	74,225	-	-	-	-
<u>-</u>	<u>-</u>	<u>46,793</u>	<u>-</u>	<u>-</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, 2015
(With Comparative Totals for the Year Ended September 30, 2014)

	<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	\$ 85,521	6,444	38,085	2,433
Program income	-	-	-	-
Other	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total revenues	<u>85,521</u>	<u>6,444</u>	<u>38,085</u>	<u>2,433</u>
Expenditures:				
General government	-	-	-	-
Public works	-	-	-	-
Public safety	107,519	9,914	38,085	2,433
Culture and recreation	-	-	-	-
Housing and community development	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total expenditures	<u>107,519</u>	<u>9,914</u>	<u>38,085</u>	<u>2,433</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(21,998)</u>	<u>(3,470)</u>	<u>-</u>	<u>-</u>
Other financing sources				
Transfers in	<u>21,998</u>	<u>3,470</u>	<u>-</u>	<u>-</u>
	<hr/>	<hr/>	<hr/>	<hr/>
Total other financing sources	<u>21,998</u>	<u>3,470</u>	<u>-</u>	<u>-</u>
Net change in fund balances	-	-	-	-
Fund balances,				
beginning of year	<hr/>	<hr/>	<hr/>	<hr/>
Fund balances,	<hr/>	<hr/>	<hr/>	<hr/>
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 COMP</u>
16,060	1,227	-	-	-	46,360	27,000
-	-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>42,770</u>	<u>391</u>	<u>5</u>	<u>-</u>	<u>-</u>
<u>16,060</u>	<u>1,227</u>	<u>42,770</u>	<u>391</u>	<u>5</u>	<u>46,360</u>	<u>27,000</u>
-	-	-	-	-	46,360	-
-	-	-	-	-	-	-
2,950	3,026	-	-	-	-	27,000
-	-	18,161	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>2,950</u>	<u>3,026</u>	<u>18,161</u>	<u>-</u>	<u>-</u>	<u>46,360</u>	<u>27,000</u>
<u>13,110</u>	<u>(1,799)</u>	<u>24,609</u>	<u>391</u>	<u>5</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>13,110</u>	<u>(1,799)</u>	<u>24,609</u>	<u>391</u>	<u>5</u>	<u>-</u>	<u>-</u>
<u>1,205</u>	<u>1,799</u>	<u>99,052</u>	<u>98,780</u>	<u>-</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>

(Continued)

City of Waco, Texas
Grant Fund
Sub-Combining Schedule of Revenues, Expenditures and
Changes in Fund Balances
(Continued)
Year Ended September 30, 2015
(With Comparative Totals for the Year Ended September 30, 2014)

	2012	2013	2014
	<u>JAG</u>	<u>JAG</u>	<u>JAG</u>
Revenues:			
Intergovernmental	\$ 65,083	58,991	50,763
Program income	-	-	-
Other	<u>-</u>	<u>-</u>	<u>-</u>
Total revenues	<u>65,083</u>	<u>58,991</u>	<u>50,763</u>
Expenditures:			
General government	-	-	-
Public works	-	-	-
Public safety	65,083	58,991	50,763
Culture and recreation	-	-	-
Housing and community development	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>65,083</u>	<u>58,991</u>	<u>50,763</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>-</u>	<u>-</u>
Other financing sources			
Transfers in	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	-	-	-
Fund balances, beginning of year	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances, end of year	<u>\$ -</u>	<u>-</u>	<u>-</u>

See accompanying independent auditor's report.

Clear Source Cable Ordinance	TxDOT Riverwalk	TPW Sul Ross Park	NLC Champs	Totals	
				2015	2014
-	-	357,315	-	3,454,162	3,711,539
-	-	-	-	45,219	90,045
-	-	-	11,721	91,756	115,059
-	-	357,315	11,721	3,591,137	3,916,643
-	-	-	-	237,113	223,261
-	-	-	-	-	-
-	-	-	-	912,018	2,179,461
-	304,333	937,888	-	1,260,382	1,065,542
-	-	-	11,724	2,608,518	2,967,944
-	304,333	937,888	11,724	5,018,031	6,436,208
-	(304,333)	(580,573)	(3)	(1,426,894)	(2,519,565)
-	-	10,523	-	294,356	2,386,209
-	-	10,523	-	294,356	2,386,209
-	(304,333)	(570,050)	(3)	(1,132,538)	(133,356)
85,374	405,310	576,151	3	3,715,612	3,848,968
85,374	100,977	6,101	-	2,583,074	3,715,612



Waco Public Improvement District No. 1 Fund

City of Waco, Texas
Waco Public Improvement District No. 1 Fund
Comparative Balance Sheets
September 30, 2015 and 2014

	2015	2014
Assets		
Cash and investments	\$ 733,205	668,254
Special assessments receivable	6,642	11,315
Total assets	\$ 739,847	679,569
Liabilities		
Liabilities:		
Accounts payable	\$ 16,370	23,246
Total liabilities	16,370	23,246
Deferred Inflows of Resources		
Unavailable revenue - special assessments	6,642	11,315
Total deferred inflows of resources	6,642	11,315
Fund Balance		
Fund balance:		
Restricted for:		
Waco Public Improvement District	716,835	645,008
Total fund balance	716,835	645,008
Total liabilities, deferred inflows of resources, and fund balance	\$ 739,847	679,569

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, 2015 and 2014

	<u>2015</u>	<u>2014</u>
Revenues:		
Special assessments taxes	\$ 326,760	300,940
Contributions	-	28
Investment earnings	2,992	1,746
Other	<u>104,240</u>	<u>52,899</u>
Total revenues	<u>433,992</u>	<u>355,613</u>
Expenditures:		
General government:		
Salaries and wages	-	20,926
Employee benefits	-	1,683
Purchased professional/technical services	284,361	267,098
Other purchased services	37,370	16,018
Supplies	4,927	15,557
Contracts with others	34,477	-
Other	<u>1,030</u>	<u>900</u>
Total expenditures	<u>362,165</u>	<u>322,182</u>
Net change in fund balance	71,827	33,431
Fund balance, beginning of year	<u>645,008</u>	<u>611,577</u>
Fund balance, end of year	<u>\$ 716,835</u>	<u>645,008</u>

See accompanying independent auditor's report



Abandoned Motor Vehicle Fund

City of Waco, Texas
Abandoned Motor Vehicle Fund
Comparative Balance Sheets
September 30, 2015 and 2014

	<u>2015</u>	<u>2014</u>
Assets		
Cash and investments	\$ <u>354,948</u>	<u>166,372</u>
Total assets	\$ <u><u>354,948</u></u>	<u><u>166,372</u></u>
Liabilities		
Liabilities:		
Accounts payable	\$ <u>498</u>	<u>1,112</u>
Total liabilities	<u>498</u>	<u>1,112</u>
Fund Balance		
Fund balance:		
Restricted for:		
Public safety	<u>354,450</u>	<u>165,260</u>
Total fund balance	<u>354,450</u>	<u>165,260</u>
Total liabilities and fund balance	\$ <u><u>354,948</u></u>	<u><u>166,372</u></u>

See accompanying independent auditor's report

City of Waco, Texas
Abandoned Motor Vehicle Fund
Comparative Statements of Revenues, Expenditures, and
Changes in Fund Balance
Years Ended September 30, 2015 and 2014

	<u>2015</u>	<u>2014</u>
Revenues:		
Auto impound fees	\$ <u>253,595</u>	<u>230,971</u>
Total revenues	<u>253,595</u>	<u>230,971</u>
Expenditures:		
Public safety:		
Other purchased services	7,134	6,589
Supplies	7,271	8,379
Capital expenditures	<u>-</u>	<u>11,560</u>
Total expenditures	<u>14,405</u>	<u>26,528</u>
Excess of revenues over expenditures	<u>239,190</u>	<u>204,443</u>
Other financing uses:		
Transfers out	<u>(50,000)</u>	<u>(340,068)</u>
Other financing uses	<u>(50,000)</u>	<u>(340,068)</u>
Net change in fund balance	189,190	(135,625)
Fund balance, beginning of year	<u>165,260</u>	<u>300,885</u>
Fund balance, end of year	\$ <u>354,450</u>	<u>165,260</u>

See accompanying independent auditor's report



Police Forfeitures Fund

City of Waco, Texas
Police Forfeitures Fund
Comparative Balance Sheets
September 30, 2015 and 2014

	<u>2015</u>	<u>2014</u>
Assets		
Cash and investments	\$ <u>248,144</u>	<u>179,304</u>
Total assets	\$ <u><u>248,144</u></u>	<u><u>179,304</u></u>
Liabilities		
Liabilities:		
Accounts payable	\$ <u>4,499</u>	<u>2,280</u>
Total liabilities	<u>4,499</u>	<u>2,280</u>
Fund Balance		
Fund balance:		
Restricted for:		
Public safety	<u>243,645</u>	<u>177,024</u>
Total fund balance	<u>243,645</u>	<u>177,024</u>
Total liabilities and fund balance	\$ <u><u>248,144</u></u>	<u><u>179,304</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, 2015 and 2014

	<u>2015</u>	<u>2014</u>
Revenues:		
Investment earnings	\$ 442	200
Other	<u>94,526</u>	<u>144,173</u>
Total revenues	<u>94,968</u>	<u>144,373</u>
Expenditures:		
Public safety:		
Purchased professional/technical services	-	19,069
Maintenance	3,912	22,499
Other purchased services	4,440	22,775
Supplies	-	26,557
Capital expenditures	-	11,651
Other expenses	<u>19,995</u>	<u>-</u>
Total expenditures	<u>28,347</u>	<u>102,551</u>
Net change in fund balance	66,621	41,822
Fund balance, beginning of year	<u>177,024</u>	<u>135,202</u>
Fund balance, end of year	<u>\$ 243,645</u>	<u>177,024</u>

See accompanying independent auditor's report



Court Security Fund

City of Waco, Texas
Court Security Fund
Comparative Balance Sheets
September 30, 2015 and 2014

	<u>2015</u>	<u>2014</u>
Assets		
Cash and investments	\$ <u>470,459</u>	<u>508,025</u>
Total assets	\$ <u><u>470,459</u></u>	<u><u>508,025</u></u>
Liabilities		
Liabilities:		
Accounts payable	\$ <u>-</u>	<u>-</u>
Total liabilities	<u>-</u>	<u>-</u>
Fund Balance		
Fund balance:		
Restricted for:		
Public safety	<u>470,459</u>	<u>508,025</u>
Total fund balance	<u>470,459</u>	<u>508,025</u>
Total liabilities and fund balance	\$ <u><u>470,459</u></u>	<u><u>508,025</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, 2015 and 2014

	<u>2015</u>	<u>2014</u>
Revenues:		
Fines	\$ <u>50,208</u>	<u>59,374</u>
Total revenues	<u>50,208</u>	<u>59,374</u>
Expenditures:		
Public safety:		
Purchased professional/technical services	<u>7,538</u>	<u>6,500</u>
Total expenditures	<u>7,538</u>	<u>6,500</u>
Excess of revenues over expenditures	<u>42,670</u>	<u>52,874</u>
Other financing uses:		
Transfers out	<u>(80,236)</u>	<u>(75,699)</u>
Other financing uses	<u>(80,236)</u>	<u>(75,699)</u>
Net change in fund balance	(37,566)	(22,825)
Fund balance, beginning of year	<u>508,025</u>	<u>530,850</u>
Fund balance, end of year	\$ <u><u>470,459</u></u>	<u><u>508,025</u></u>

See accompanying independent auditor's report



Court Technology Fund

City of Waco, Texas
Court Technology Fund
Comparative Balance Sheets
September 30, 2015 and 2014

	<u>2015</u>	<u>2014</u>
Assets		
Cash and investments	\$ <u>485,850</u>	<u>479,288</u>
Total assets	\$ <u><u>485,850</u></u>	<u><u>479,288</u></u>
Liabilities		
Liabilities:		
Accounts payable	\$ <u>172,763</u>	<u>552</u>
Total liabilities	<u>172,763</u>	<u>552</u>
Fund Balance		
Fund balance:		
Restricted for:		
Public safety	<u>313,087</u>	<u>478,736</u>
Total fund balance	<u>313,087</u>	<u>478,736</u>
Total liabilities and fund balance	\$ <u><u>485,850</u></u>	<u><u>479,288</u></u>

See accompanying independent auditor's report

City of Waco, Texas
Court Technology Fund
Comparative Statements of Revenues, Expenditures,
and Changes in Fund Balance
Years Ended September 30, 2015 and 2014

	<u>2015</u>	<u>2014</u>
Revenues:		
Fines	\$ <u>66,906</u>	<u>79,170</u>
Total revenues	<u>66,906</u>	<u>79,170</u>
Expenditures:		
Public safety:		
Purchased professional/technical services	58,555	28,368
Maintenance	-	885
Other purchased services	-	670
Supplies	7,485	14,081
Capital expenditures	<u>166,515</u>	<u>-</u>
Total expenditures	<u>232,555</u>	<u>44,004</u>
Net change in fund balance	(165,649)	35,166
Fund balance, beginning of year	<u>478,736</u>	<u>443,570</u>
Fund balance, end of year	\$ <u>313,087</u>	<u>478,736</u>

See accompanying independent auditor's report



Hamilton Memorial Fund

City of Waco, Texas
Hamilton Memorial Fund
Comparative Balance Sheets
September 30, 2015 and 2014

	<u>2015</u>	<u>2014</u>
Assets		
Cash and investments	\$ <u>8,956</u>	<u>8,882</u>
Total assets	\$ <u><u>8,956</u></u>	<u><u>8,882</u></u>
Fund Balance		
Fund balance:		
Restricted for:		
Culture and recreation	\$ <u>8,956</u>	<u>8,882</u>
Total fund balance	\$ <u><u>8,956</u></u>	<u><u>8,882</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, 2015 and 2014

	<u>2015</u>	<u>2014</u>
Revenues:		
Investment earnings	\$ <u>74</u>	<u>49</u>
Total revenues	<u>74</u>	<u>49</u>
Expenditures:		
Public safety:		
Culture and Recreation	<u>-</u>	<u>-</u>
Total expenditures	<u>-</u>	<u>-</u>
Net change in fund balance	74	49
Fund balance, beginning of year	<u>8,882</u>	<u>8,833</u>
Fund balance, end of year	\$ <u><u>8,956</u></u>	<u><u>8,882</u></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, 2015 and 2014

	<u>2015</u>	<u>2014</u>
Assets		
Cash and investments	\$ <u>26,576</u>	<u>29,378</u>
Total assets	\$ <u><u>26,576</u></u>	<u><u>29,378</u></u>
Fund Balance		
Fund balance:		
Restricted for:		
Culture and recreation	\$ <u>26,576</u>	<u>29,378</u>
Total fund balance	\$ <u><u>26,576</u></u>	<u><u>29,378</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, 2015 and 2014

	<u>2015</u>	<u>2014</u>
Revenues:		
Investment earnings	\$ <u>503</u>	<u>342</u>
Total revenues	<u>503</u>	<u>342</u>
Expenditures:		
Culture and recreation:		
Maintenance	1,457	6,000
Supplies	<u>1,848</u>	<u>625</u>
Total expenditures	<u>3,305</u>	<u>6,625</u>
Net change in fund balance	(2,802)	(6,283)
Fund balance, beginning of year	<u>29,378</u>	<u>35,661</u>
Fund balance, end of year	\$ <u><u>26,576</u></u>	<u><u>29,378</u></u>

See accompanying independent auditor's report.



Nonmajor Debt Service Funds

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

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

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

City of Waco, Texas
Nonmajor Debt Service Funds
Combining Balance Sheet
September 30, 2015
(With Comparative Totals for September 30, 2014)

	Street and Drainage Refundable Contracts Fund	General Obligation Debt Fund	<u>Totals</u>	
			<u>2015</u>	<u>2014</u>
Assets				
Cash and investments	\$ 4,192	468,182	472,374	164,813
Taxes receivable	<u>-</u>	<u>371,072</u>	<u>371,072</u>	<u>407,465</u>
Total assets	<u>\$ 4,192</u>	<u>839,254</u>	<u>843,446</u>	<u>572,278</u>
Deferred Inflows of Resources				
Deferred inflows of resources:				
Unavailable revenue - property taxes	\$ <u>-</u>	<u>352,189</u>	<u>352,189</u>	<u>386,376</u>
Total deferred inflows of resources	<u>-</u>	<u>352,189</u>	<u>352,189</u>	<u>386,376</u>
Fund Balances				
Fund balances:				
Restricted for debt service	<u>4,192</u>	<u>487,065</u>	<u>491,257</u>	<u>185,902</u>
Total fund balances	<u>4,192</u>	<u>487,065</u>	<u>491,257</u>	<u>185,902</u>
Total deferred inflows of resources and fund balances	<u>\$ 4,192</u>	<u>839,254</u>	<u>843,446</u>	<u>572,278</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, 2015
(With Comparative Totals for Year Ended September 30, 2014)

	Street and Drainage Refundable Contracts Fund	General Obligation Debt Fund	<u>Totals</u>	
			2015	2014
Revenues:				
Property taxes	\$ -	9,219,662	9,219,662	8,984,916
Investment earnings	<u>17</u>	<u>4,093</u>	<u>4,110</u>	<u>3,152</u>
Total revenues	<u>17</u>	<u>9,223,755</u>	<u>9,223,772</u>	<u>8,988,068</u>
Expenditures:				
Debt service:				
Principal	-	5,585,000	5,585,000	5,340,143
Interest and fiscal charges	-	3,437,349	3,437,349	3,788,820
Bond issuance costs	<u>-</u>	<u>250,679</u>	<u>250,679</u>	<u>26,107</u>
Total expenditures	<u>-</u>	<u>9,273,028</u>	<u>9,273,028</u>	<u>9,155,070</u>
Excess (deficiency) of revenues over (under) expenditures	<u>17</u>	<u>(49,273)</u>	<u>(49,256)</u>	<u>(167,002)</u>
Other financing sources (uses):				
Refunding bonds issued	-	34,125,000	34,125,000	-
Payment to refunded bond escrow agent	-	(40,676,302)	(40,676,302)	-
Premium on refunding bonds	-	6,804,247	6,804,247	-
General obligation bonds issued	-	13,063	13,063	25,203
Premium on general obligation bonds	-	440	440	904
Transfers in	<u>-</u>	<u>88,163</u>	<u>88,163</u>	<u>88,744</u>
Total other financing sources	<u>-</u>	<u>354,611</u>	<u>354,611</u>	<u>114,851</u>
Net change in fund balances	17	305,338	305,355	(52,151)
Fund balances, beginning of year	<u>4,175</u>	<u>181,727</u>	<u>185,902</u>	<u>238,053</u>
Fund balances, end of year	\$ <u>4,192</u>	<u>487,065</u>	<u>491,257</u>	<u>185,902</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, 2015
(With Comparative Totals for Year Ended September 30, 2014)

	Budgeted Amounts		2015	Variance with Final Budget	2014
	Original	Final	Actual Amounts		Actual Amounts
Revenues:					
Property taxes	\$ 9,101,205	9,101,205	9,219,662	118,457	8,984,916
Investment earnings	1,460	1,460	4,093	2,633	3,141
Total revenues	<u>9,102,665</u>	<u>9,102,665</u>	<u>9,223,755</u>	<u>121,090</u>	<u>8,988,057</u>
Expenditures:					
Debt service:					
Principal	5,585,000	5,585,000	5,585,000	-	5,340,143
Interest and fiscal charges	3,626,938	3,626,938	3,437,349	189,589	3,788,820
Bond issuance costs	-	260,991	250,679	10,312	26,107
Total expenditures	<u>9,211,938</u>	<u>9,472,929</u>	<u>9,273,028</u>	<u>199,901</u>	<u>9,155,070</u>
Deficiency of revenues under expenditures	<u>(109,273)</u>	<u>(370,264)</u>	<u>(49,273)</u>	<u>320,991</u>	<u>(167,013)</u>
Other financing sources (uses):					
Refunding bonds issued	-	40,929,247	34,125,000	(6,804,247)	-
Payment to refunded bond escrow agent	-	(40,676,302)	(40,676,302)	-	-
Premium on refunding bonds	-	-	6,804,247	6,804,247	-
General obligation bonds issued	-	8,046	13,063	5,017	25,203
Premium on general obligation bonds	-	-	440	440	904
Transfers in	91,063	91,063	88,163	(2,900)	88,744
Total other financing sources	<u>91,063</u>	<u>352,054</u>	<u>354,611</u>	<u>2,557</u>	<u>114,851</u>
Net change in fund balance	(18,210)	(18,210)	305,338	323,548	(52,162)
Fund balance, beginning of year	<u>233,889</u>	<u>233,889</u>	<u>181,727</u>	<u>(52,162)</u>	<u>233,889</u>
Fund balance, end of year	<u>\$ 215,679</u>	<u>215,679</u>	<u>487,065</u>	<u>271,386</u>	<u>181,727</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.

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

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

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

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

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

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

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

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

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

2015 Bond Issue Fund - This fund is used to account for the acquisition of materials and equipment for City buildings and other City purposes.

City of Waco, Texas
Nonmajor Capital Projects Funds
Combining Balance Sheet
September 30, 2015
(With Comparative Totals for September 30, 2014)

	<u>Capital</u>	<u>Equipment</u>		<u>Street</u>	<u>2015</u>	<u>2014</u>
	<u>Improvement</u>	<u>Replacement</u>	<u>Mammoth</u>	<u>Improvement</u>	<u>Bond</u>	<u>Bond</u>
	<u>Fund</u>	<u>Fund</u>	<u>Fund</u>	<u>Fund</u>	<u>Issue</u>	<u>Issue</u>
	<u>Fund</u>	<u>Fund</u>	<u>Fund</u>	<u>Fund</u>	<u>Fund</u>	<u>Fund</u>
Assets						
Cash and investments	\$ 8,603,146	300,000	23,257	9,193,695	391,111	45,226
Accounts receivable	81,843	-	-	3,325	-	-
Due from other funds	4,637,269	-	-	1,616	-	-
Advances to other funds	168,368	-	-	-	-	-
Inventory	-	-	-	131,805	-	-
Intergovernmental receivable	-	-	-	1,112,478	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total assets	\$ <u>13,490,626</u>	<u>300,000</u>	<u>23,257</u>	<u>10,442,919</u>	<u>391,111</u>	<u>45,226</u>
Liabilities and Fund Balances						
Liabilities:						
Accounts payable	\$ 1,063,905	-	-	991,315	-	-
Accrued liabilities	161,487	-	-	117,751	-	-
Due to other funds	-	-	-	-	-	11,000
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total liabilities	<u>1,225,392</u>	<u> </u>	<u> </u>	<u>1,109,066</u>	<u> </u>	<u>11,000</u>
Fund balances:						
Nonspendable:						
Inventory	-	-	-	131,805	-	-
Restricted for:						
Capital projects	4,008,344	-	23,257	2,093,782	391,111	34,226
Committed to:						
Capital projects	<u>8,256,890</u>	<u>300,000</u>	<u> </u>	<u>7,108,266</u>	<u> </u>	<u> </u>
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total fund balances	<u>12,265,234</u>	<u>300,000</u>	<u>23,257</u>	<u>9,333,853</u>	<u>391,111</u>	<u>34,226</u>
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total liabilities and fund balances	\$ <u>13,490,626</u>	<u>300,000</u>	<u>23,257</u>	<u>10,442,919</u>	<u>391,111</u>	<u>45,226</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	2006 Bond Issue Fund	Totals	
								2015	2014
79,385	34,716	55,696	208,731	2,332	1,923,859	1,061,552	-	21,922,706	15,758,414
-	-	-	-	-	-	-	-	85,168	3,025
-	-	-	-	-	-	2,904	-	4,641,789	4,886,764
-	-	-	-	-	-	-	-	168,368	168,368
-	-	-	-	-	-	-	-	131,805	-
-	-	-	-	-	-	-	-	1,112,478	4,800
<u>79,385</u>	<u>34,716</u>	<u>55,696</u>	<u>208,731</u>	<u>2,332</u>	<u>1,923,859</u>	<u>1,064,456</u>	<u>-</u>	<u>28,062,314</u>	<u>20,821,371</u>
360	-	-	-	-	-	2,913	-	2,058,493	476,559
-	-	-	-	-	69,402	-	-	348,640	367,427
<u>55,102</u>	<u>18,000</u>	<u>52,000</u>	<u>130,055</u>	<u>-</u>	<u>1,817,315</u>	<u>589,792</u>	<u>-</u>	<u>2,673,264</u>	<u>5,566,137</u>
<u>55,462</u>	<u>18,000</u>	<u>52,000</u>	<u>130,055</u>	<u>-</u>	<u>1,886,717</u>	<u>592,705</u>	<u>-</u>	<u>5,080,397</u>	<u>6,410,123</u>
-	-	-	-	-	-	-	-	131,805	-
23,923	16,716	3,696	78,676	2,332	37,142	471,751	-	7,184,956	11,828,967
-	-	-	-	-	-	-	-	15,665,156	2,582,281
<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>-</u>	<u>22,981,917</u>	<u>14,411,248</u>
<u>79,385</u>	<u>34,716</u>	<u>55,696</u>	<u>208,731</u>	<u>2,332</u>	<u>1,923,859</u>	<u>1,064,456</u>	<u>-</u>	<u>28,062,314</u>	<u>20,821,371</u>

City of Waco, Texas
Nonmajor Capital Projects Funds
Combining Statement of Revenues, Expenditures and
Changes in Fund Balances
Year Ended September 30, 2015
(With Comparative Totals for Year Ended September 30, 2014)

	Capital Improvement Fund	Equipment Replacement Fund	Mammoth Fund	Street Improvement Fund	2015 Bond Issue Fund	2014 Bond Issue Fund	2013 Bond Issue Fund
Revenues:							
Investment earnings	\$ -	-	52	7,193	36,111	35,821	23,511
Contributions	1,473,887	-	-	1,300,000	-	-	-
Intergovernmental	-	-	-	1,119,726	-	-	-
Total revenues	<u>1,473,887</u>	<u>-</u>	<u>52</u>	<u>2,426,919</u>	<u>36,111</u>	<u>35,821</u>	<u>23,511</u>
Expenditures:							
Capital outlay	<u>5,485,191</u>	<u>-</u>	<u>-</u>	<u>8,113,068</u>	<u>998,864</u>	<u>-</u>	<u>47,643</u>
Total expenditures	<u>5,485,191</u>	<u>-</u>	<u>-</u>	<u>8,113,068</u>	<u>998,864</u>	<u>-</u>	<u>47,643</u>
Excess (deficiency of revenues over (under) expenditures	<u>(4,011,304)</u>	<u>-</u>	<u>52</u>	<u>(5,686,149)</u>	<u>(962,753)</u>	<u>35,821</u>	<u>(24,132)</u>
Other financing sources (uses):							
General obligation bonds issued	-	-	-	326,937	1,355,000	-	-
Premium on general obligation bonds	-	-	-	56,604	-	-	-
Transfers in	10,953,836	200,000	-	7,632,120	-	-	-
Transfers out	<u>(1,248)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,136)</u>	<u>(11,000)</u>	<u>(58,275)</u>
Total other financing sources (uses)	<u>10,952,588</u>	<u>200,000</u>	<u>-</u>	<u>8,015,661</u>	<u>1,353,864</u>	<u>(11,000)</u>	<u>(58,275)</u>
Net change in fund balances	6,941,284	200,000	52	2,329,512	391,111	24,821	(82,407)
Fund balances, beginning of year	<u>5,323,950</u>	<u>100,000</u>	<u>23,205</u>	<u>7,004,341</u>	<u>-</u>	<u>9,405</u>	<u>106,330</u>
Fund balances, end of year	<u>\$ 12,265,234</u>	<u>300,000</u>	<u>23,257</u>	<u>9,333,853</u>	<u>391,111</u>	<u>34,226</u>	<u>23,923</u>

See accompanying independent auditor's report.

2012 Bond Issue Fund	2011 Bond Issue Fund	2010 Bond Issue Fund	2008 Bond Issue Fund	2007 Bond Issue Fund	2007 General Obligation Bond Issue Fund	2006 Bond Issue Fund	Totals	
							2015	2014
1,798	3,612	10,716	1,667	9,267	2,516	606	132,870	112,738
-	-	-	-	-	-	-	2,773,887	-
-	-	-	-	-	-	-	1,119,726	105,306
<u>1,798</u>	<u>3,612</u>	<u>10,716</u>	<u>1,667</u>	<u>9,267</u>	<u>2,516</u>	<u>606</u>	<u>4,026,483</u>	<u>218,044</u>
14,214	-	-	-	18,988	80,870	-	14,758,838	10,002,288
<u>14,214</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>18,988</u>	<u>80,870</u>	<u>-</u>	<u>14,758,838</u>	<u>10,002,288</u>
(12,416)	3,612	10,716	1,667	(9,721)	(78,354)	606	(10,732,355)	(9,784,244)
-	-	-	-	-	-	-	1,681,937	1,619,797
-	-	-	-	-	-	-	56,604	58,136
-	-	-	-	-	-	-	18,785,956	7,672,059
<u>(288,022)</u>	<u>(52,000)</u>	<u>(140,655)</u>	<u>(19,000)</u>	<u>(55,904)</u>	<u>(589,792)</u>	<u>(4,441)</u>	<u>(1,221,473)</u>	<u>(2,129,587)</u>
<u>(288,022)</u>	<u>(52,000)</u>	<u>(140,655)</u>	<u>(19,000)</u>	<u>(55,904)</u>	<u>(589,792)</u>	<u>(4,441)</u>	<u>19,303,024</u>	<u>7,220,405</u>
(300,438)	(48,388)	(129,939)	(17,333)	(65,625)	(668,146)	(3,835)	8,570,669	(2,563,839)
<u>317,154</u>	<u>52,084</u>	<u>208,615</u>	<u>19,665</u>	<u>102,767</u>	<u>1,139,897</u>	<u>3,835</u>	<u>14,411,248</u>	<u>16,975,087</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>-</u>	<u>22,981,917</u>	<u>14,411,248</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, 2015
(With Comparative Totals for September 30, 2014)

	Rosemound Cemetery Perpetual Fund	Hamilton Memorial Fund	Miss Nellie's Park Endowment Fund	Totals	
				2015	2014
Assets					
Cash and investments	\$ <u>356,997</u>	<u>10,000</u>	<u>100,000</u>	<u>466,997</u>	<u>478,848</u>
Total assets	\$ <u><u>356,997</u></u>	<u><u>10,000</u></u>	<u><u>100,000</u></u>	<u><u>466,997</u></u>	<u><u>478,848</u></u>
Fund Balances					
Fund balances:					
Nonspendable:					
Parks and cemetery care	\$ <u>356,997</u>	<u>10,000</u>	<u>100,000</u>	<u>466,997</u>	<u>478,848</u>
Total fund balances	\$ <u><u>356,997</u></u>	<u><u>10,000</u></u>	<u><u>100,000</u></u>	<u><u>466,997</u></u>	<u><u>478,848</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, 2015
(With Comparative Totals for Year Ended September 30, 2014)

	Rosemound Cemetery Perpetual Fund	Hamilton Memorial Fund	Miss Nellie's Park Endowment Fund	<u>Totals</u>	
	<u>Fund</u>	<u>Fund</u>	<u>Fund</u>	<u>2015</u>	<u>2014</u>
Revenues:					
Investment earnings	\$ 1,460	-	-	1,460	945
Other	-	-	-	-	12
Total revenues	<u>1,460</u>	<u>-</u>	<u>-</u>	<u>1,460</u>	<u>957</u>
Expenditures:					
General government	-	-	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	<u>1,460</u>	<u>-</u>	<u>-</u>	<u>1,460</u>	<u>957</u>
Other financing uses:					
Transfers out	(13,311)	-	-	(13,311)	-
Total other financing uses	<u>(13,311)</u>	<u>-</u>	<u>-</u>	<u>(13,311)</u>	<u>-</u>
Net change in fund balances	<u>(11,851)</u>	<u>-</u>	<u>-</u>	<u>(11,851)</u>	<u>957</u>
Fund balances, beginning of year	<u>368,848</u>	<u>10,000</u>	<u>100,000</u>	<u>478,848</u>	<u>477,891</u>
Fund balances, end of year	<u>\$ 356,997</u>	<u>10,000</u>	<u>100,000</u>	<u>466,997</u>	<u>478,848</u>

See accompanying independent auditor's report.



Major Enterprise Funds

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

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

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

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



Water Fund

City of Waco, Texas
Water Fund
Comparative Statements of Net Position
September 30, 2015 and 2014

	2015	2014
Assets		
Current assets:		
Cash and investments	\$ 32,917,101	33,116,582
Accounts receivable, net of allowance	5,859,346	5,660,984
Restricted cash and investments	4,752,985	3,296,507
Inventory	300,045	295,383
Total current assets	43,829,477	42,369,456
Noncurrent assets:		
Restricted cash and investments	13,091,889	9,814,856
Advances to other funds	525,336	525,336
Capital assets:		
Land	1,279,185	1,279,185
Buildings	9,520,815	9,526,184
Improvements other than buildings	281,319,710	274,473,725
Equipment	7,649,627	7,312,521
Construction work in progress	6,408,534	8,799,440
Intangible water rights	32,482,879	32,482,879
Less: accumulated depreciation and amortization	(119,493,204)	(111,147,997)
Total capital assets	219,167,546	222,725,937
Total noncurrent assets	232,784,771	233,066,129
Total assets	276,614,248	275,435,585
Deferred Outflows of Resources		
Deferred outflows of resources:		
Deferred losses on refundings of debt	2,512,180	2,031,352
Pension contributions subsequent to the measurement date	432,827	-
Differences between expected and actual experience	83,699	-
Differences in projected and actual earnings on pension plan investments	227,164	-
Total deferred inflow of resources	3,255,870	2,031,352

See accompanying independent auditor's report.

Liabilities	<u>2015</u>	<u>2014</u>
Liabilities:		
Current liabilities:		
Accounts payable	\$ 602,543	949,091
Accrued liabilities	818,610	782,703
Due to other funds	674,598	-
Compensated absences payable	715,480	697,369
Refundable contracts	449,701	434,295
Notes payable	75,777	72,555
Bonds payable	7,695,000	7,540,000
Accrued interest payable	1,041,356	1,024,237
	<u>12,073,065</u>	<u>11,500,250</u>
Current liabilities payable from restricted assets:		
Accounts payable	1,923,423	737,826
Customer deposits	2,829,562	2,558,681
	<u>4,752,985</u>	<u>3,296,507</u>
Total current liabilities	<u>16,826,050</u>	<u>14,796,757</u>
Noncurrent liabilities:		
Refundable contracts	930,192	1,325,406
Compensated absences payable	186,821	270,645
Net pension obligation	-	734,973
Bonds payable	143,354,219	145,382,028
Notes payable	1,750,105	1,825,882
Net pension liability	2,565,123	-
Total noncurrent liabilities	<u>148,786,460</u>	<u>149,538,934</u>
Total liabilities	<u>165,612,510</u>	<u>164,335,691</u>
Net Position		
Net position:		
Net investment in capital assets	80,516,621	77,991,979
Unrestricted	<u>33,740,987</u>	<u>35,139,267</u>
Total net position	<u>\$ 114,257,608</u>	<u>113,131,246</u>

City of Waco, Texas
Water Fund
Comparative Statements of Revenues, Expenses and
Changes in Net Position
Years Ended September 30, 2015 and 2014

	<u>2015</u>	<u>2014</u>
Operating revenues:		
Charges for services	\$ 37,366,519	38,094,499
Other	<u>402,025</u>	<u>500,414</u>
Total operating revenues	<u>37,768,544</u>	<u>38,594,913</u>
 Operating expenses:		
Salaries and wages	4,730,086	4,921,571
Employee benefits	1,864,515	2,055,459
Purchased professional/technical services	1,616,037	1,299,056
Purchased property services	105,503	152,391
Maintenance	1,670,712	1,861,631
Other purchased services	812,222	784,053
Supplies	4,594,066	4,350,721
Other	3,698,866	3,730,948
Depreciation/amortization	<u>8,872,286</u>	<u>8,996,493</u>
Total operating expenses	<u>27,964,293</u>	<u>28,152,323</u>
 Operating income	<u>9,804,251</u>	<u>10,442,590</u>
 Nonoperating revenues (expenses):		
Investment earnings	125,375	94,682
Rental income	5,210	5,160
Bond issuance costs	(150,735)	(34,042)
Interest expense and fiscal charges	<u>(4,342,127)</u>	<u>(4,812,509)</u>
Total nonoperating revenues (expenses)	<u>(4,362,277)</u>	<u>(4,746,709)</u>
 Income before contributions and transfers	5,441,974	5,695,881
 Capital contributions	692,265	244,608
Transfers out	<u>(3,817,145)</u>	<u>(3,138,280)</u>
 Change in net position	<u>2,317,094</u>	<u>2,802,209</u>
 Total net position,		
beginning of year, as previously stated	113,131,246	110,329,037
Cumulative effect of change in accounting principles	<u>(1,190,732)</u>	<u>-</u>
Total net position,		
beginning of year, as restated	<u>111,940,514</u>	<u>110,329,037</u>
 Total net position,		
end of year	<u>\$ 114,257,608</u>	<u>113,131,246</u>

See accompanying independent auditor's report.

City of Waco, Texas
Water Fund
Comparative Statements of Cash Flows
Years Ended September 30, 2015 and 2014

	<u>2015</u>	<u>2014</u>
Cash flows from operating activities:		
Cash received from customers	\$ 37,570,182	39,177,594
Cash paid to suppliers for goods and services	(12,551,721)	(12,061,870)
Cash paid to employees for services	<u>(6,754,693)</u>	<u>(6,969,375)</u>
Net cash provided by operating activities	<u>18,263,768</u>	<u>20,146,349</u>
Cash flows from noncapital financing activities:		
Transfer to other funds	<u>(3,142,547)</u>	<u>(3,138,280)</u>
Net cash used for noncapital financing activities	<u>(3,142,547)</u>	<u>(3,138,280)</u>
Cash flows from capital and related financing activities:		
Acquisition and construction of capital assets	(3,542,736)	(7,745,064)
Proceeds from the sale of debt	6,333,820	2,149,474
Principal paid on debt	(7,540,000)	(6,650,286)
Interest paid on debt	(5,818,125)	(6,154,249)
Payment of bond issuance costs	<u>(150,735)</u>	<u>(34,042)</u>
Net cash used for capital and related financing activities	<u>(10,717,776)</u>	<u>(18,434,167)</u>
Cash flows from investing activities:		
Rental revenue	5,210	5,160
Investment earnings	<u>125,375</u>	<u>94,682</u>
Net cash provided by investing activities	<u>130,585</u>	<u>99,842</u>
Net increase (decrease) in cash and cash equivalents	4,534,030	(1,326,256)
Cash and cash equivalents, beginning of year	<u>46,227,945</u>	<u>47,554,201</u>
Cash and cash equivalents, end of year	<u>\$ 50,761,975</u>	<u>46,227,945</u>
Reconciliation of operating income to net cash provided by operating activities:		
Operating income	\$ 9,804,251	10,442,590
Adjustments to reconcile operating income to net cash provided by operating activities:		
Provision for uncollectible accounts receivable	34,621	25,729
Depreciation/amortization	8,872,286	8,996,493
Changes in assets and liabilities:		
Decrease (increase) in assets:		
Accounts receivable	(232,983)	556,952
Inventory	(4,662)	(17,651)
Increase (decrease) in liabilities:		
Accounts payable	(346,548)	250,150
Accrued liabilities	35,907	(139,343)
Compensated absences payable	(65,713)	(23,801)
Net pension liability	(104,272)	-
Net pension obligation	-	5,429
Customer deposits	<u>270,881</u>	<u>49,801</u>
Net cash provided by operating activities	<u>\$ 18,263,768</u>	<u>20,146,349</u>
Schedule of noncash capital and related financing activities:		
Contributions of capital assets	<u>\$ 692,265</u>	<u>244,608</u>
Payment to refunded bond escrow agent	<u>\$ 28,418,449</u>	<u>-</u>

See accompanying independent auditor's report.



Wastewater Fund

City of Waco, Texas
Wastewater Fund
Comparative Statements of Net Position
September 30, 2015 and 2014

	2015	2014
Assets		
Current assets:		
Cash and investments	\$ 19,286,907	19,017,672
Accounts receivable, net of allowance	2,764,385	2,650,728
Current portion of notes receivable	47,727	46,065
Restricted cash and investments	2,815,363	1,064,829
Accrued interest on notes receivable	3,076	3,356
Inventory	13,308	14,779
Total current assets	24,930,766	22,797,429
Noncurrent assets:		
Restricted cash and investments	15,945,721	16,643,559
Noncurrent portion of notes receivable	457,683	505,410
Capital assets:		
Land	2,576,524	2,576,524
Buildings	10,851,569	10,851,569
Improvements other than buildings	122,711,257	122,061,853
Equipment	9,114,279	9,093,012
Construction work in progress	10,924,960	4,517,634
Less: accumulated depreciation and amortization	(53,672,066)	(49,326,746)
Total capital assets	102,506,523	99,773,846
Total noncurrent assets	118,909,927	116,922,815
Total assets	143,840,693	139,720,244
Deferred Outflows of Resources		
Deferred outflows of resources:		
Deferred losses on refundings of debt	1,278,356	431,742
Pension contributions subsequent to measurement date	288,552	-
Differences between expected and actual experience	55,799	-
Differences in projected and actual earnings on pension plan investments	151,442	-
Total deferred outflows of resources	1,774,149	431,742

See accompanying independent auditor's report.

Liabilities	<u>2015</u>	<u>2014</u>
Liabilities:		
Current liabilities:		
Accounts payable	\$ 549,311	1,088,514
Accrued liabilities	253,638	329,784
Due to other funds	370,553	-
Compensated absences payable	458,271	379,968
Revenue bonds payable	3,860,000	3,545,000
Refundable contracts	50,000	50,000
Accrued interest payable	508,497	512,880
	<u>6,050,270</u>	<u>5,906,146</u>
Current liabilities payable from restricted assets:		
Accounts payable	<u>2,815,363</u>	<u>1,064,829</u>
	<u>2,815,363</u>	<u>1,064,829</u>
Total current liabilities	<u>8,865,633</u>	<u>6,970,975</u>
Noncurrent liabilities:		
Refundable contracts	142,542	142,542
Compensated absences payable	244,349	239,383
Net pension obligation	-	481,784
Net pension liability	1,710,082	-
Revenue bonds payable	<u>63,840,251</u>	<u>61,490,378</u>
Total noncurrent liabilities	<u>65,937,224</u>	<u>62,354,087</u>
Total liabilities	<u>74,802,857</u>	<u>69,325,062</u>
Net Position		
Net position:		
Net investment in capital assets	51,837,807	51,621,227
Unrestricted	<u>18,974,178</u>	<u>19,205,697</u>
Total net position	<u>\$ 70,811,985</u>	<u>70,826,924</u>

City of Waco, Texas
Wastewater Fund
Comparative Statements of Revenues, Expenses, and
Changes in Net Position
Years Ended September 30, 2015 and 2014

	<u>2015</u>	<u>2014</u>
Operating revenues:		
Charges for services	\$ 20,426,696	20,932,833
Other	<u>400,947</u>	<u>410,723</u>
Total operating revenues	<u>20,827,643</u>	<u>21,343,556</u>
Operating expenses:		
Salaries and wages	2,901,438	2,781,839
Employee benefits	1,041,207	1,091,922
Purchased professional/technical services	1,282,580	1,682,076
Purchased property services	277,646	146,164
Maintenance	1,485,175	1,328,486
Other purchased services	315,758	299,554
Supplies	1,961,616	2,054,334
Other	3,130,739	3,028,465
Depreciation/amortization	<u>4,633,544</u>	<u>4,594,225</u>
Total operating expenses	<u>17,029,703</u>	<u>17,007,065</u>
Operating income	<u>3,797,940</u>	<u>4,336,491</u>
Nonoperating revenues (expenses):		
Investment earnings	95,858	63,859
Bond issuance costs	(144,607)	(101,070)
Interest expense and fiscal charges	<u>(1,790,217)</u>	<u>(2,155,448)</u>
Total nonoperating expenses	<u>(1,838,966)</u>	<u>(2,192,659)</u>
Income before transfers	1,958,974	2,143,832
Transfers out	<u>(1,171,894)</u>	<u>(790,696)</u>
Change in net position	<u>787,080</u>	<u>1,353,136</u>
Total net position, beginning of year, as previously stated	70,826,924	69,473,788
Cumulative effect of change in accounting principles	<u>(802,019)</u>	<u>-</u>
Total net position, beginning of year as restated	<u>70,024,905</u>	<u>69,473,788</u>
Total net position, end of year	<u>\$ 70,811,985</u>	<u>70,826,924</u>

See accompanying independent auditor's report.

City of Waco, Texas
Wastewater Fund
Comparative Statements of Cash Flows
Years Ended September 30, 2015 and 2014

	2015	2014
Cash flows from operating activities:		
Cash received from customers	\$ 20,713,986	21,593,356
Cash paid to suppliers for goods and services	(9,090,414)	(7,937,962)
Cash paid to employees for services	<u>(3,905,868)</u>	<u>(3,823,003)</u>
Net cash provided by operating activities	<u>7,717,704</u>	<u>9,832,391</u>
Cash flows from noncapital financing activities:		
Transfer to other funds	<u>(801,341)</u>	<u>(790,696)</u>
Net cash used for noncapital financing activities	<u>(801,341)</u>	<u>(790,696)</u>
Cash flows from capital and related financing activities:		
Acquisition and construction of capital assets	(5,321,298)	(4,343,555)
Proceeds from the sale of debt	5,819,332	6,142,834
Capital contributions	-	112,054
Principal paid on debt	(3,545,000)	(4,049,571)
Interest paid on debt	(2,545,062)	(2,544,087)
Payment of bond issuance costs	<u>(144,607)</u>	<u>(101,070)</u>
Net cash used for capital and related financing activities	<u>(5,736,635)</u>	<u>(4,783,395)</u>
Cash flows from investing activities:		
Investment earnings	96,138	64,133
Note payments from other entities	<u>46,065</u>	<u>45,042</u>
Net cash provided by investing activities	<u>142,203</u>	<u>109,175</u>
Net increase in cash and cash equivalents	1,321,931	4,367,475
Cash and cash equivalents, beginning of year	<u>36,726,060</u>	<u>32,358,585</u>
Cash and cash equivalents, end of year	<u>\$ 38,047,991</u>	<u>36,726,060</u>
Reconciliation of operating income to net cash provided by operating activities:		
Operating income	\$ 3,797,940	4,336,491
Adjustments to reconcile operating income to net cash provided by operating activities:		
Provision for uncollectible accounts receivable	28,641	8,288
Depreciation/amortization	4,633,544	4,594,225
Changes in assets and liabilities:		
Decrease (increase) in assets:		
Accounts receivable	(142,298)	241,512
Inventory	1,471	(4,400)
Increase (decrease) in liabilities:		
Accounts payable	(539,203)	661,792
Accrued liabilities	(76,146)	(37,049)
Compensated absences payable	83,269	28,229
Net pension obligation	-	3,303
Net pension liability	<u>(69,514)</u>	<u>-</u>
Net cash provided by operating activities	<u>\$ 7,717,704</u>	<u>9,832,391</u>
Schedule of noncash capital and related financing activities:		
Payment to refunded bond escrow agent	<u>\$ 16,638,605</u>	<u>-</u>

See accompanying independent auditor's report.



Solid Waste Fund

City of Waco, Texas

Solid Waste Fund

Comparative Statements of Net Position
September 30, 2015 and 2014

	<u>2015</u>	<u>2014</u>
Assets		
Current assets:		
Cash and investments	\$ 15,609,595	14,888,312
Accounts receivable, net of allowance	<u>1,798,608</u>	<u>2,115,265</u>
Total current assets	<u>17,408,203</u>	<u>17,003,577</u>
Noncurrent assets:		
Capital assets:		
Land	1,753,855	1,753,855
Buildings	1,370,137	1,370,137
Improvements other than buildings	26,167,880	23,936,392
Equipment	16,455,332	15,238,660
Construction work in progress	27,574	27,574
Less: accumulated depreciation and amortization	<u>(34,714,344)</u>	<u>(32,652,811)</u>
Total capital assets	<u>11,060,434</u>	<u>9,673,807</u>
Total noncurrent assets	<u>11,060,434</u>	<u>9,673,807</u>
Total assets	<u>28,468,637</u>	<u>26,677,384</u>

Deferred Outflows of Resources

Deferred outflows of resources:		
Deferred losses on refundings of debt	20,744	24,721
Pension contributions subsequent to the measurement date	288,552	-
Differences between expected and actual experience	55,799	-
Differences in projected and actual earnings on pension plan investments	<u>151,442</u>	<u>-</u>
Total deferred outflows of resources	<u>516,537</u>	<u>24,721</u>

See accompanying independent auditor's report.

	<u>2015</u>	<u>2014</u>
Liabilities		
Liabilities:		
Current liabilities:		
Accounts payable	\$ 239,921	199,796
Accrued liabilities	384,869	228,607
Due to other funds	264,805	-
Compensated absences payable	408,912	386,419
Revenue bonds payable	470,000	690,000
Accrued interest payable	28,066	31,776
Total current liabilities	<u>1,796,573</u>	<u>1,536,598</u>
Noncurrent liabilities:		
Estimated landfill closure and post-closure care costs	4,757,870	4,516,860
Compensated absences payable	142,874	192,033
Net pension obligation	-	479,840
Net pension liability	1,710,082	-
Bonds payable	<u>3,830,621</u>	<u>4,369,602</u>
Total noncurrent liabilities	<u>10,441,447</u>	<u>9,558,335</u>
Total liabilities	<u>12,238,020</u>	<u>11,094,933</u>
Net Position		
Net position:		
Net investment in capital assets	6,780,557	4,638,926
Unrestricted	<u>9,966,597</u>	<u>10,968,246</u>
Total net position	<u>\$ 16,747,154</u>	<u>15,607,172</u>

City of Waco, Texas
Solid Waste Fund
Comparative Statements of Revenues, Expenses and
Changes in Net Position
Years Ended September 30, 2015 and 2014

	<u>2015</u>	<u>2014</u>
Operating revenues:		
Charges for services	\$ 17,567,885	16,601,316
Other	<u>136,634</u>	<u>265,271</u>
Total operating revenues	<u>17,704,519</u>	<u>16,866,587</u>
Operating expenses:		
Salaries and wages	3,012,097	3,004,789
Employee benefits	1,401,937	1,467,586
Purchased professional/technical services	1,790,675	1,465,881
Maintenance	2,025,345	1,832,001
Other purchased services	153,939	149,428
Supplies	1,444,796	1,838,997
Other	2,431,652	2,485,218
Depreciation	<u>2,852,081</u>	<u>3,420,725</u>
Total operating expenses	<u>15,112,522</u>	<u>15,664,625</u>
Operating income	<u>2,591,997</u>	<u>1,201,962</u>
Nonoperating revenues (expenses):		
Investment earnings	57,910	33,540
Interest expense and fiscal charges	<u>(111,093)</u>	<u>(129,934)</u>
Total nonoperating revenues (expenses)	<u>(53,183)</u>	<u>(96,394)</u>
Income before contributions and transfers	2,538,814	1,105,568
Transfers out	<u>(594,869)</u>	<u>(339,137)</u>
Change in net position	<u>1,943,945</u>	<u>766,431</u>
Total net position, beginning of year, as previously stated	15,607,172	14,840,741
Cumulative effect of change in accounting principles	<u>(803,963)</u>	<u>-</u>
Total net position, beginning of year, as restated	<u>14,803,209</u>	<u>14,840,741</u>
Total net position, end of year	<u>\$ 16,747,154</u>	<u>15,607,172</u>

See accompanying independent auditor's report.

City of Waco, Texas
Solid Waste Fund
Comparative Statements of Cash Flows
Years Ended September 30, 2015 and 2014

	<u>2015</u>	<u>2014</u>
Cash flows from operating activities:		
Cash received from customers	\$ 18,021,176	16,897,964
Cash paid to suppliers for goods and services	(7,417,315)	(7,586,389)
Cash paid to employees for services	<u>(4,501,909)</u>	<u>(4,436,326)</u>
Net cash provided by operating activities	<u>6,101,952</u>	<u>4,875,249</u>
Cash flows from noncapital financing activities:		
Transfer to other funds	<u>(330,064)</u>	<u>(339,137)</u>
Net cash used for noncapital financing activities	<u>(330,064)</u>	<u>(339,137)</u>
Cash flows from capital and related financing activities:		
Acquisition of capital assets	(4,238,708)	(17,211)
Principal paid on debt	(690,000)	(945,000)
Interest paid on debt	<u>(179,807)</u>	<u>(211,158)</u>
Net cash used for capital and related financing activities	<u>(5,108,515)</u>	<u>(1,173,369)</u>
Cash flows from investing activities:		
Investment earnings	<u>57,910</u>	<u>33,540</u>
Net cash provided by investing activities	<u>57,910</u>	<u>33,540</u>
Net increase in cash and cash equivalents	721,283	3,396,283
Cash and cash equivalents, beginning of year	<u>14,888,312</u>	<u>11,492,029</u>
Cash and cash equivalents, end of year	<u>\$ 15,609,595</u>	<u>14,888,312</u>
Reconciliation of operating income to net cash provided by operating activities:		
Operating income	\$ 2,591,997	1,201,962
Adjustments to reconcile operating income to net cash provided by operating activities:		
Provision for uncollectible accounts receivable	20,733	(9)
Depreciation/amortization	2,852,081	3,420,725
Changes in assets and liabilities:		
Decrease (increase) in assets:		
Accounts receivable	295,924	31,386
Increase (decrease) in liabilities:		
Accounts payable	40,125	(21,970)
Accrued liabilities	156,262	2,864
Estimated landfill closure and post-closure care costs	241,010	226,686
Compensated absences payable	(26,666)	10,261
Net pension obligation	-	3,344
Net pension liability	<u>(69,514)</u>	<u>-</u>
Net cash provided by operating activities	<u>\$ 6,101,952</u>	<u>4,875,249</u>

See accompanying independent auditor's report.



Nonmajor Enterprise Funds

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

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

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

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

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

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

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

City of Waco, Texas
Nonmajor Enterprise Funds
Combining Balance Sheet
September 30, 2015
(With Comparative Totals for September 30, 2014)

	Airport Fund	Convention Services Fund	Ranger Hall of Fame Fund
Assets			
Current assets:			
Cash and investments	\$ 1,858,579	781,833	834,459
Accounts receivable, net of allowances	77,840	403,528	991
Due from other funds	-	-	-
Intergovernmental receivable	250,068	-	-
Inventories	7,350	53,940	67,943
Total current assets	2,193,837	1,239,301	903,393
Noncurrent assets:			
Restricted cash and investments	-	-	108,278
Capital assets:			
Land	489,389	-	-
Buildings	14,340,067	24,963,876	3,720,747
Improvements other than buildings	39,038,343	555,845	243,023
Equipment	1,509,992	552,325	296,866
Museum collections	-	-	2,206,424
Construction in progress	713,577	-	-
Less: accumulated depreciation	(24,547,387)	(8,576,193)	(1,224,069)
Total capital assets	31,543,981	17,495,853	5,242,991
Total noncurrent assets	31,543,981	17,495,853	5,351,269
Total assets	33,737,818	18,735,154	6,254,662
Liabilities			
Liabilities:			
Current liabilities:			
Accounts payable	103,153	102,310	15,245
Accrued liabilities	290,882	77,093	31,869
Unearned revenue	-	89,346	-
Due to other funds	-	-	-
Compensated absences payable	50,901	142,083	70,945
Total current liabilities	444,936	410,832	118,059
Noncurrent liabilities:			
Advances from other funds	-	-	-
Compensated absences payable	-	77,011	64,331
Total noncurrent liabilities	-	77,011	64,331
Total liabilities	444,936	487,843	182,390
Net Position			
Net position:			
Net investment in capital assets	31,543,981	17,495,853	5,242,991
Restricted	675,828	-	237,348
Unrestricted	1,073,073	751,458	591,933
Total net position	\$ 33,292,882	18,247,311	6,072,272

See accompanying independent auditor's report.

Cameron Park Zoo Fund	Transit Services Fund	Cottonwood Creek Golf Course Fund	Totals	
			2015	2014
109,362	-	24,815	3,609,048	3,045,552
2,417	108,222	-	592,998	495,394
-	-	-	-	27,833
-	2,609,738	-	2,859,806	1,179,068
8,548	441,183	239,502	818,466	869,243
<u>120,327</u>	<u>3,159,143</u>	<u>264,317</u>	<u>7,880,318</u>	<u>5,617,090</u>
-	-	-	108,278	105,001
-	423,284	-	912,673	912,673
8,827,265	6,919,608	713,389	59,484,952	59,345,076
19,050,351	244,951	2,017,246	61,149,759	58,258,462
413,994	10,093,007	967,965	13,834,149	14,210,032
-	-	-	2,206,424	2,160,924
5,400	52,733	19,178	790,888	1,066,388
<u>(15,902,583)</u>	<u>(10,233,404)</u>	<u>(2,701,164)</u>	<u>(63,184,800)</u>	<u>(58,508,988)</u>
<u>12,394,427</u>	<u>7,500,179</u>	<u>1,016,614</u>	<u>75,194,045</u>	<u>77,444,567</u>
<u>12,394,427</u>	<u>7,500,179</u>	<u>1,016,614</u>	<u>75,302,323</u>	<u>77,549,568</u>
<u>12,514,754</u>	<u>10,659,322</u>	<u>1,280,931</u>	<u>83,182,641</u>	<u>83,166,658</u>
38,796	188,821	99,483	547,808	519,155
77,805	171,368	594,947	1,243,964	1,135,819
-	-	-	89,346	96,030
-	2,050,759	-	2,050,759	690,766
163,097	-	61,308	488,334	467,509
<u>279,698</u>	<u>2,410,948</u>	<u>755,738</u>	<u>4,420,211</u>	<u>2,909,279</u>
-	-	693,704	693,704	693,704
101,271	-	123,665	366,278	365,426
101,271	-	817,369	1,059,982	1,059,130
380,969	2,410,948	1,573,107	5,480,193	3,968,409
12,394,427	7,500,179	1,016,614	75,194,045	77,444,567
-	456,978	-	1,370,154	1,274,319
<u>(260,642)</u>	<u>291,217</u>	<u>(1,308,790)</u>	<u>1,138,249</u>	<u>479,363</u>
<u>12,133,785</u>	<u>8,248,374</u>	<u>(292,176)</u>	<u>77,702,448</u>	<u>79,198,249</u>

City of Waco, Texas
Nonmajor Enterprise Funds
Combining Statement of Revenues, Expenditures and Changes in Net Position
Year Ended September 30, 2015
(With Comparative Totals for Year Ended September 30, 2014)

	Airport Fund	Convention Services Fund	Ranger Hall of Fame Fund
Operating revenues:			
Charges for services	\$ 556,525	826,184	348,592
Net merchandise sales	30,063	307,943	134,005
Contributions	-	155,807	-
Other	<u>216,561</u>	<u>27,166</u>	<u>8,320</u>
Total operating revenues	<u>803,149</u>	<u>1,317,100</u>	<u>490,917</u>
Operating expenses:			
Salaries and wages	443,022	1,229,480	579,360
Employee benefits	175,165	488,314	199,855
Purchased professional/technical services	42,780	300,225	24,986
Purchased property services	18,256	29,187	7,186
Maintenance	78,723	91,111	4,089
Other purchased services	70,095	691,714	48,393
Supplies	143,485	395,154	88,234
Other	334,317	25,168	247,118
Depreciation	<u>2,190,738</u>	<u>823,796</u>	<u>134,418</u>
Total operating expenses	<u>3,496,581</u>	<u>4,074,149</u>	<u>1,333,639</u>
Operating loss	<u>(2,693,432)</u>	<u>(2,757,049)</u>	<u>(842,722)</u>
Nonoperating revenues:			
Investment earnings	5,619	2,117	2,646
Other income	290,008	-	-
Hotel/motel tax	-	2,707,056	-
Contributions	-	-	132,044
Intergovernmental revenue	<u>87,600</u>	<u>-</u>	<u>-</u>
Total nonoperating revenues	<u>383,227</u>	<u>2,709,173</u>	<u>134,690</u>
Loss before contributions and transfers	(2,310,205)	(47,876)	(708,032)
Capital contributions	2,721,415	-	45,500
Transfers in	179,235	-	969,631
Transfers out	<u>-</u>	<u>(150,000)</u>	<u>-</u>
Net change in net position	590,445	(197,876)	307,099
Total net position, beginning of year	<u>32,702,437</u>	<u>18,445,187</u>	<u>5,765,173</u>
Total net position, end of year	<u>\$ 33,292,882</u>	<u>18,247,311</u>	<u>6,072,272</u>

See accompanying independent auditor's report.

Cameron Park Zoo Fund	Transit Services Fund	Cottonwood Creek Golf Course Fund	Totals	
			2015	2014
1,399,446	2,810,331	1,163,012	7,104,090	6,551,889
206,691	-	262,988	941,690	930,485
-	-	-	155,807	135,140
<u>9,712</u>	<u>955,036</u>	<u>85,944</u>	<u>1,302,739</u>	<u>1,399,147</u>
<u>1,615,849</u>	<u>3,765,367</u>	<u>1,511,944</u>	<u>9,504,326</u>	<u>9,016,661</u>
1,428,952	3,256,210	409,212	7,346,236	7,055,945
622,584	789,431	155,441	2,430,790	2,375,502
27,678	1,093,221	463,235	1,952,125	1,702,971
504,102	21,013	70,078	649,822	656,961
46,004	607,196	86,533	913,656	924,362
81,305	220,092	138,243	1,249,842	1,190,054
626,329	772,458	197,304	2,222,964	2,679,216
165,690	352,766	25,010	1,150,069	1,056,458
<u>1,093,201</u>	<u>1,076,138</u>	<u>162,926</u>	<u>5,481,217</u>	<u>5,409,893</u>
<u>4,595,845</u>	<u>8,188,525</u>	<u>1,707,982</u>	<u>23,396,721</u>	<u>23,051,362</u>
<u>(2,979,996)</u>	<u>(4,423,158)</u>	<u>(196,038)</u>	<u>(13,892,395)</u>	<u>(14,034,701)</u>
36	8	11	10,437	5,265
-	10,013	-	300,021	265,180
-	-	-	2,707,056	2,403,171
-	-	-	132,044	129,707
-	<u>3,346,402</u>	-	<u>3,434,002</u>	<u>3,740,053</u>
<u>36</u>	<u>3,356,423</u>	<u>11</u>	<u>6,583,560</u>	<u>6,543,376</u>
<u>(2,979,960)</u>	<u>(1,066,735)</u>	<u>(196,027)</u>	<u>(7,308,835)</u>	<u>(7,491,325)</u>
45,042	18,988	-	2,830,945	1,619,104
1,983,223	-	-	3,132,089	3,333,862
-	-	-	<u>(150,000)</u>	<u>(150,000)</u>
<u>(951,695)</u>	<u>(1,047,747)</u>	<u>(196,027)</u>	<u>(1,495,801)</u>	<u>(2,688,359)</u>
<u>13,085,480</u>	<u>9,296,121</u>	<u>(96,149)</u>	<u>79,198,249</u>	<u>81,886,608</u>
<u>12,133,785</u>	<u>8,248,374</u>	<u>(292,176)</u>	<u>77,702,448</u>	<u>79,198,249</u>

City of Waco, Texas
Nonmajor Enterprise Funds
Combining Statement of Cash Flows
Year Ended September 30, 2015
(With Comparative Totals for Year Ended September 30, 2014)

	<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	\$ 811,740	1,240,478	490,526
Cash paid to suppliers for goods and services	(682,091)	(1,576,137)	(443,790)
Cash paid to employees for services	<u>(626,149)</u>	<u>(1,708,744)</u>	<u>(773,437)</u>
Net cash used for operating activities	<u>(496,500)</u>	<u>(2,044,403)</u>	<u>(726,701)</u>
Cash flows from noncapital financing activities:			
Intergovernmental revenues	75,935	-	-
Contributions	-	-	132,044
Hotel/motel tax	-	2,666,907	-
Passenger facility charges	290,008	-	-
Payments to other funds	-	-	-
Transfer from other funds	179,235	-	969,631
Transfer to other funds	<u>-</u>	<u>(150,000)</u>	<u>-</u>
Net cash provided by noncapital financing activities	<u>545,178</u>	<u>2,516,907</u>	<u>1,101,675</u>
Cash flows from capital and related financing activities:			
Acquisition of capital assets	(297,840)	(32,646)	(39,008)
Insurance recoveries	-	-	-
Capital contributions	148,719	-	-
Proceeds from sale of equipment	<u>-</u>	<u>-</u>	<u>-</u>
Net cash provided by (used for) capital and related financing activities	<u>(149,121)</u>	<u>(32,646)</u>	<u>(39,008)</u>
Cash flows from investing activities:			
Investment earnings	<u>5,619</u>	<u>2,117</u>	<u>2,646</u>
Net cash provided by investing activities	<u>5,619</u>	<u>2,117</u>	<u>2,646</u>
Net increase (decrease) in cash and cash equivalents	(94,824)	441,975	338,612
Cash and cash equivalents, beginning of year	<u>1,953,403</u>	<u>339,858</u>	<u>604,125</u>
Cash and cash equivalents, end of year	<u>\$ 1,858,579</u>	<u>781,833</u>	<u>942,737</u>

See accompanying independent auditor's report.

Cameron Park Zoo Fund	Transit Services Fund	Cottonwood Creek Golf Course Fund	Totals	
			2015	2014
1,614,568	3,770,931	1,511,944	9,440,187	9,004,232
(1,506,678)	(2,928,434)	(1,112,055)	(8,249,185)	(8,400,068)
<u>(2,021,591)</u>	<u>(4,076,932)</u>	<u>(554,999)</u>	<u>(9,761,852)</u>	<u>(9,388,643)</u>
<u>(1,913,701)</u>	<u>(3,234,435)</u>	<u>(155,110)</u>	<u>(8,570,850)</u>	<u>(8,784,479)</u>
-	1,863,810	-	1,939,745	5,396,252
-	-	-	132,044	129,707
-	-	-	2,666,907	2,392,102
-	-	-	290,008	265,180
-	1,359,993	-	1,359,993	(1,640,868)
1,983,223	-	-	3,132,089	3,333,862
<u>-</u>	<u>-</u>	<u>-</u>	<u>(150,000)</u>	<u>(150,000)</u>
<u>1,983,223</u>	<u>3,223,803</u>	<u>-</u>	<u>9,370,786</u>	<u>9,726,235</u>
-	-	(33,449)	(402,943)	(2,031,407)
-	-	-	-	33,546
-	611	-	149,330	2,505,302
<u>-</u>	<u>10,013</u>	<u>-</u>	<u>10,013</u>	<u>-</u>
<u>-</u>	<u>10,624</u>	<u>(33,449)</u>	<u>(243,600)</u>	<u>507,441</u>
<u>36</u>	<u>8</u>	<u>11</u>	<u>10,437</u>	<u>5,265</u>
<u>36</u>	<u>8</u>	<u>11</u>	<u>10,437</u>	<u>5,265</u>
69,558	-	(188,548)	566,773	1,454,462
<u>39,804</u>	<u>-</u>	<u>213,363</u>	<u>3,150,553</u>	<u>1,696,091</u>
<u>109,362</u>	<u>-</u>	<u>24,815</u>	<u>3,717,326</u>	<u>3,150,553</u>

(Continued)

City of Waco, Texas
Nonmajor Enterprise Funds
Combining Statement of Cash Flows
(Continued)
Year Ended September 30, 2015
(With Comparative Totals for Year Ended September 30, 2014)

	<u>Airport Fund</u>	<u>Convention Services Fund</u>	<u>Ranger Hall of Fame Fund</u>
Reconciliation of operating loss to net cash used for operating activities:			
Operating loss	\$ (2,693,432)	(2,757,049)	(842,722)
Adjustments to reconcile operating loss to net cash used for operating activities:			
Depreciation	2,190,738	823,796	134,418
Changes in assets and liabilities:			
Decrease (increase) in assets:			
Accounts receivable	8,591	(69,938)	(391)
Inventories	2,075	(9,563)	5,927
Increase (decrease) in liabilities:			
Accounts payable	(226)	(23,800)	(27,456)
Accrued liabilities	6,501	(9,640)	1,206
Unearned revenue	-	(6,684)	-
Compensated absences payable	<u>(10,747)</u>	<u>8,475</u>	<u>2,317</u>
Net cash used for operating activities	\$ <u>(496,500)</u>	<u>(2,044,403)</u>	<u>(726,701)</u>
Schedule of noncash capital and related financing activities:			
Contributions of capital assets	\$ <u>-</u>	<u>-</u>	<u>45,500</u>

See accompanying independent auditor's report.

<u>Cameron Park Zoo Fund</u>	<u>Transit Services Fund</u>	<u>Cottonwood Creek Golf Course Fund</u>	<u>Totals</u>	
			<u>2015</u>	<u>2014</u>
(2,979,996)	(4,423,158)	(196,038)	(13,892,395)	(14,034,701)
1,093,201	1,076,138	162,926	5,481,217	5,409,893
(1,281)	5,564	-	(57,455)	(19,732)
1,871	19,580	30,887	50,777	(61,606)
(56,489)	49,075	39,866	(19,030)	(122,717)
13,910	38,366	(199,300)	(148,957)	(12,824)
-	-	-	(6,684)	7,303
<u>15,083</u>	<u>-</u>	<u>6,549</u>	<u>21,677</u>	<u>49,905</u>
<u>(1,913,701)</u>	<u>(3,234,435)</u>	<u>(155,110)</u>	<u>(8,570,850)</u>	<u>(8,784,479)</u>
<u>45,042</u>	<u>18,988</u>	<u>-</u>	<u>109,530</u>	<u>114,389</u>



Airport Fund

City of Waco, Texas
Airport Fund
Comparative Statements of Net Position
September 30, 2015 and 2014

	2015	2014
Assets		
Current assets:		
Cash and investments	\$ 1,858,579	1,953,403
Accounts receivable, net of allowance	77,840	86,431
Due from other funds	-	27,833
Intergovernmental receivable	250,068	51,922
Inventory	7,350	9,425
Total current assets	2,193,837	2,129,014
Noncurrent assets:		
Capital assets:		
Land	489,389	489,389
Buildings	14,340,067	14,340,067
Improvements other than buildings	39,038,343	36,147,046
Equipment	1,509,992	1,509,992
Construction in progress	713,577	598,798
Less: accumulated depreciation	(24,547,387)	(22,367,245)
Total capital assets	31,543,981	30,718,047
Total noncurrent assets	31,543,981	30,718,047
Total assets	33,737,818	32,847,061
Liabilities		
Liabilities:		
Current liabilities:		
Accounts payable	103,153	55,697
Accrued liabilities	290,882	27,279
Compensated absences payable	50,901	61,648
Total current liabilities	444,936	144,624
Total liabilities	444,936	144,624
Net Position		
Net position:		
Net investment in capital assets	31,543,981	30,718,047
Restricted	675,828	590,991
Unrestricted	1,073,073	1,393,399
Total net position	\$ 33,292,882	32,702,437

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, 2015 and 2014

	<u>2015</u>	<u>2014</u>
Operating revenues:		
Charges for services	\$ 556,525	559,061
Net merchandise sales	30,063	35,901
Other	<u>216,561</u>	<u>282,098</u>
Total operating revenues	<u>803,149</u>	<u>877,060</u>
Operating expenses:		
Salaries and wages	443,022	426,671
Employee benefits	175,165	177,742
Purchased professional/technical services	42,780	27,274
Purchased property services	18,256	16,233
Maintenance	78,723	74,731
Other purchased services	70,095	70,921
Supplies	143,485	145,473
Other	334,317	329,039
Depreciation	<u>2,190,738</u>	<u>2,016,312</u>
Total operating expenses	<u>3,496,581</u>	<u>3,284,396</u>
Operating loss	<u>(2,693,432)</u>	<u>(2,407,336)</u>
Nonoperating revenues:		
Investment earnings	5,619	3,755
Intergovernmental revenue	87,600	87,600
Other income	<u>290,008</u>	<u>265,180</u>
Total nonoperating revenue	<u>383,227</u>	<u>356,535</u>
Loss before contributions and transfers	(2,310,205)	(2,050,801)
Capital contributions	2,721,415	1,528,877
Transfers in	<u>179,235</u>	<u>491,536</u>
Change in net position	590,445	(30,388)
Total net position, beginning of year	<u>32,702,437</u>	<u>32,732,825</u>
Total net position, end of year	\$ <u>33,292,882</u>	<u>32,702,437</u>

See accompanying independent auditor's report.

City of Waco, Texas
Airport Fund
Comparative Statements of Cash Flows
Years Ended September 30, 2015 and 2014

	<u>2015</u>	<u>2014</u>
Cash flows from operating activities:		
Cash received from customers	\$ 811,740	865,488
Cash paid to suppliers for goods and services	(682,091)	(944,558)
Cash paid to employees for services	<u>(626,149)</u>	<u>(592,328)</u>
Net cash used for operating activities	<u>(496,500)</u>	<u>(671,398)</u>
Cash flows from noncapital financing activities:		
Intergovernmental revenue	75,935	89,565
Passenger facility charges	290,008	265,180
Transfer from other funds	<u>179,235</u>	<u>491,536</u>
Net cash provided by noncapital financing activities	<u>545,178</u>	<u>846,281</u>
Cash flows from capital and related financing activities:		
Acquisition of capital assets	(297,840)	(1,616,692)
Capital contributions	<u>148,719</u>	<u>2,455,931</u>
Net cash provided by (used for) capital and related financing activities	<u>(149,121)</u>	<u>839,239</u>
Cash flows from investing activities:		
Investment earnings	<u>5,619</u>	<u>3,755</u>
Net cash provided by investing activities	<u>5,619</u>	<u>3,755</u>
Net increase (decrease) in cash and cash equivalents	(94,824)	1,017,877
Cash and cash equivalents, beginning of year	<u>1,953,403</u>	<u>935,526</u>
Cash and cash equivalents, end of year	\$ <u>1,858,579</u>	<u>1,953,403</u>
Reconciliation of operating loss to net cash used for operating activities:		
Operating loss	\$ (2,693,432)	(2,407,336)
Adjustments to reconcile operating loss to net cash used for operating activities:		
Depreciation	2,190,738	2,016,312
Changes in assets and liabilities:		
Decrease (increase) in assets:		
Accounts receivable	8,591	(11,572)
Inventory	2,075	(337)
Increase (decrease) in liabilities:		
Accounts payable	(226)	(48,745)
Accrued liabilities	6,501	(228,423)
Compensated absences payable	<u>(10,747)</u>	<u>8,703</u>
Net cash used for operating activities	<u>(496,500)</u>	<u>(671,398)</u>
Noncash investing, capital, and financing activities:		
Contributions of capital assets	\$ <u>-</u>	<u>73,533</u>

See accompanying independent auditor's report

Convention Services Fund

City of Waco, Texas
Convention Services Fund
Comparative Statements of Net Position
September 30, 2015 and 2014

	2015	2014
Assets		
Current assets:		
Cash and investments	\$ 781,833	339,858
Accounts receivable, net of allowance	403,528	293,441
Inventory	53,940	44,377
Total current assets	1,239,301	677,676
Noncurrent assets:		
Capital assets:		
Buildings	24,963,876	24,824,000
Improvements other than buildings	555,845	555,845
Equipment	552,325	538,544
Construction in progress	-	139,875
Less: accumulated depreciation	(8,576,193)	(7,771,261)
Total capital assets	17,495,853	18,287,003
Total noncurrent assets	17,495,853	18,287,003
Total assets	18,735,154	18,964,679
Liabilities		
Liabilities:		
Current liabilities:		
Accounts payable	102,310	126,110
Accrued liabilities	77,093	86,733
Unearned revenue	89,346	96,030
Compensated absences payable	142,083	147,777
Total current liabilities	410,832	456,650
Noncurrent liabilities:		
Compensated absences payable	77,011	62,842
Total noncurrent liabilities	77,011	62,842
Total liabilities	487,843	519,492
Net Position		
Net position:		
Net investment in capital assets	17,495,853	18,287,003
Unrestricted	751,458	158,184
Total net position	\$ 18,247,311	18,445,187

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, 2015 and 2014

	<u>2015</u>	<u>2014</u>
Operating revenues:		
Charges for services	\$ 826,184	748,025
Net merchandise sales	307,943	298,957
Contributions	155,807	133,940
Other	<u>27,166</u>	<u>32,876</u>
Total operating revenues	<u>1,317,100</u>	<u>1,213,798</u>
Operating expenses:		
Salaries and wages	1,229,480	1,195,307
Employee benefits	488,314	484,081
Purchased professional/technical services	300,225	202,750
Purchased property services	29,187	25,114
Maintenance	91,111	78,899
Other purchased services	691,714	652,640
Supplies	395,154	474,625
Other	25,168	20,050
Depreciation	<u>823,796</u>	<u>824,217</u>
Total operating expenses	<u>4,074,149</u>	<u>3,957,683</u>
Operating loss	<u>(2,757,049)</u>	<u>(2,743,885)</u>
Nonoperating revenues:		
Hotel/motel tax	2,707,056	2,403,171
Investment earnings	<u>2,117</u>	<u>300</u>
Total nonoperating revenues	<u>2,709,173</u>	<u>2,403,471</u>
Loss before contributions and transfers	(47,876)	(340,414)
Capital contributions	-	13,356
Transfers out	<u>(150,000)</u>	<u>(150,000)</u>
Change in net position	(197,876)	(477,058)
Total net position, beginning of year	<u>18,445,187</u>	<u>18,922,245</u>
Total net position, end of year	\$ <u>18,247,311</u>	<u>18,445,187</u>

See accompanying independent auditor's report

City of Waco, Texas
Convention Services Fund
Comparative Statements of Cash Flows
Years Ended September 30, 2015 and 2014

	<u>2015</u>	<u>2014</u>
Cash flows from operating activities:		
Cash received from customers	\$ 1,240,478	1,233,356
Cash paid to suppliers for goods and services	(1,576,137)	(1,554,647)
Cash paid to employees for services	<u>(1,708,744)</u>	<u>(1,666,321)</u>
Net cash used for operating activities	<u>(2,044,403)</u>	<u>(1,987,612)</u>
Cash flows from noncapital financing activities:		
Hotel/motel tax	2,666,907	2,392,102
Transfer to other funds	<u>(150,000)</u>	<u>(150,000)</u>
Net cash provided by noncapital financing activities	<u>2,516,907</u>	<u>2,242,102</u>
Cash flows from capital and related financing activities:		
Acquisition of capital assets	<u>(32,646)</u>	<u>-</u>
Net cash used for noncapital financing activities	<u>(32,646)</u>	<u>-</u>
Cash flows from investing activities:		
Investment earnings	<u>2,117</u>	<u>300</u>
Net cash provided by investing activities	<u>2,117</u>	<u>300</u>
Net increase in cash and cash equivalents	441,975	254,790
Cash and cash equivalents, beginning of year	<u>339,858</u>	<u>85,068</u>
Cash and cash equivalents, end of year	<u>\$ 781,833</u>	<u>339,858</u>
Reconciliation of operating loss to net cash used for operating activities:		
Operating loss	\$ (2,757,049)	(2,743,885)
Adjustments to reconcile operating loss to net cash used for operating activities:		
Depreciation	823,796	824,217
Changes in assets and liabilities:		
Decrease (increase) in assets:		
Accounts receivable	(69,938)	12,255
Inventory	(9,563)	(3,574)
Increase (decrease) in liabilities:		
Accounts payable	(23,800)	(90,241)
Accrued liabilities	(9,640)	5,739
Unearned revenue	(6,684)	7,303
Compensated absences payable	<u>8,475</u>	<u>574</u>
Net cash used for operating activities	<u>(2,044,403)</u>	<u>(1,987,612)</u>
Schedule of noncash capital and related financing activities:		
Contributions of capital assets	<u>\$ -</u>	<u>13,356</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, 2015 and 2014

	2015	2014
Assets		
Current assets:		
Cash and investments	\$ 834,459	499,124
Accounts receivable, net of allowance	991	600
Inventory	67,943	73,870
Total current assets	903,393	573,594
Noncurrent assets:		
Restricted cash and investments	108,278	105,001
Capital assets:		
Buildings	3,720,747	3,720,747
Improvements other than buildings	243,023	243,023
Equipment	296,866	233,857
Museum collections	2,206,424	2,160,924
Construction in progress	-	24,000
Less: accumulated depreciation	(1,224,069)	(1,089,650)
Total capital assets	5,242,991	5,292,901
Total noncurrent assets	5,351,269	5,397,902
Total assets	6,254,662	5,971,496
Liabilities		
Liabilities:		
Current liabilities:		
Accounts payable	15,245	42,701
Accrued liabilities	31,869	30,663
Compensated absences payable	70,945	58,274
Total current liabilities	118,059	131,638
Noncurrent liabilities:		
Compensated absences payable	64,331	74,685
Total noncurrent liabilities	64,331	74,685
Total liabilities	182,390	206,323
Net Position		
Net position:		
Net investment in capital assets	5,242,991	5,292,901
Restricted	237,348	236,363
Unrestricted	591,933	235,909
Total net position	\$ 6,072,272	5,765,173

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, 2015 and 2014

	<u>2015</u>	<u>2014</u>
Operating revenues:		
Charges for services	\$ 348,592	294,198
Net merchandise sales	134,005	112,008
Other	<u>8,320</u>	<u>14,208</u>
Total operating revenues	<u>490,917</u>	<u>420,414</u>
 Operating expenses:		
Salaries and wages	579,360	591,422
Employee benefits	199,855	208,879
Purchased professional/technical services	24,986	13,345
Purchased property services	7,186	6,740
Maintenance	4,089	7,251
Other purchased services	48,393	49,121
Supplies	88,234	114,593
Other	247,118	209,043
Depreciation	<u>134,418</u>	<u>126,301</u>
Total operating expenses	<u>1,333,639</u>	<u>1,326,695</u>
 Operating loss	<u>(842,722)</u>	<u>(906,281)</u>
 Nonoperating revenues:		
Investment earnings	2,646	1,191
Contributions	<u>132,044</u>	<u>129,707</u>
Total nonoperating revenues	<u>134,690</u>	<u>130,898</u>
 Loss before contributions and transfers	(708,032)	(775,383)
 Capital contributions	45,500	27,500
Transfers in	<u>969,631</u>	<u>759,012</u>
 Change in net position	307,099	11,129
 Total net position, beginning of year	<u>5,765,173</u>	<u>5,754,044</u>
 Total net position, end of year	\$ <u>6,072,272</u>	<u>5,765,173</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, 2015 and 2014

	2015	2014
Cash flows from operating activities:		
Cash received from customers	\$ 490,526	420,382
Cash paid to suppliers for goods and services	(443,790)	(367,418)
Cash paid to employees for services	<u>(773,437)</u>	<u>(779,633)</u>
Net cash used for operating activities	<u>(726,701)</u>	<u>(726,669)</u>
Cash flows from noncapital financing activities:		
Contributions	132,044	129,707
Transfer from other funds	<u>969,631</u>	<u>759,012</u>
Net cash provided by noncapital financing activities	<u>1,101,675</u>	<u>888,719</u>
Cash flows from capital and related financing activities:		
Acquisition of capital assets	<u>(39,008)</u>	<u>(29,149)</u>
Net cash used for capital and related financing activities	<u>(39,008)</u>	<u>(29,149)</u>
Cash flows from investing activities:		
Investment earnings	<u>2,646</u>	<u>1,191</u>
Net cash provided by investing activities	<u>2,646</u>	<u>1,191</u>
Net increase in cash and cash equivalents	338,612	134,092
Cash and cash equivalents, beginning of year	<u>604,125</u>	<u>470,033</u>
Cash and cash equivalents, end of year	<u>\$ 942,737</u>	<u>604,125</u>
Reconciliation of operating loss to net cash used for operating activities:		
Operating loss	\$ (842,722)	(906,281)
Adjustments to reconcile operating loss to net cash used for operating activities:		
Depreciation	134,418	126,301
Changes in assets and liabilities:		
Decrease (increase) in assets:		
Accounts receivable	(391)	(32)
Inventory	5,927	13,654
Increase (decrease) in liabilities:		
Accounts payable	(27,456)	19,321
Accrued liabilities	1,206	3,358
Compensated absences payable	<u>2,317</u>	<u>17,010</u>
Net cash used for operating activities	<u>(726,701)</u>	<u>(726,669)</u>
Schedule of noncash capital and related financing activities:		
Contributions of capital assets	<u>\$ 45,500</u>	<u>27,500</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, 2015 and 2014

	<u>2015</u>	<u>2014</u>
Assets		
Current assets:		
Cash and investments	\$ 109,362	39,804
Accounts receivable, net of allowance	2,417	1,136
Inventory	<u>8,548</u>	<u>10,419</u>
Total current assets	<u>120,327</u>	<u>51,359</u>
Noncurrent assets:		
Capital assets:		
Buildings	8,827,265	8,827,265
Improvements other than buildings	19,050,351	19,050,351
Equipment	413,994	411,147
Construction in progress	5,400	-
Less: accumulated depreciation	<u>(15,902,583)</u>	<u>(14,846,178)</u>
Total capital assets	<u>12,394,427</u>	<u>13,442,585</u>
Total noncurrent assets	<u>12,394,427</u>	<u>13,442,585</u>
Total assets	<u>12,514,754</u>	<u>13,493,944</u>
Liabilities		
Liabilities:		
Current liabilities:		
Accounts payable	38,796	95,284
Accrued liabilities	77,805	63,895
Compensated absences payable	<u>163,097</u>	<u>140,657</u>
Total current liabilities	<u>279,698</u>	<u>299,836</u>
Noncurrent liabilities:		
Compensated absences payable	<u>101,271</u>	<u>108,628</u>
Total noncurrent liabilities	<u>101,271</u>	<u>108,628</u>
Total liabilities	<u>380,969</u>	<u>408,464</u>
Net Position		
Net position:		
Net investment in capital assets	12,394,427	13,442,585
Unrestricted	<u>(260,642)</u>	<u>(357,105)</u>
Total net position	<u>\$ 12,133,785</u>	<u>13,085,480</u>

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, 2015 and 2014

	<u>2015</u>	<u>2014</u>
Operating revenues:		
Charges for services	\$ 1,399,446	1,353,916
Net merchandise sales	206,691	226,500
Contributions	-	1,200
Other	9,712	663
Total operating revenues	<u>1,615,849</u>	<u>1,582,279</u>
Operating expenses:		
Salaries and wages	1,428,952	1,359,225
Employee benefits	622,584	609,721
Purchased professional/technical services	27,678	13,327
Purchased property services	504,102	440,060
Maintenance	46,004	54,476
Other purchased services	81,305	84,755
Supplies	626,329	648,396
Other	165,690	166,225
Depreciation	1,093,201	1,117,988
Total operating expenses	<u>4,595,845</u>	<u>4,494,173</u>
Operating loss	(2,979,996)	(2,911,894)
Nonoperating revenues:		
Investment earnings	36	14
Total nonoperating revenues	<u>36</u>	<u>14</u>
Loss before contributions and transfers	(2,979,960)	(2,911,880)
Capital contributions	45,042	-
Transfers in	<u>1,983,223</u>	<u>1,726,608</u>
Change in net position	(951,695)	(1,185,272)
Total net position, beginning of year	<u>13,085,480</u>	<u>14,270,752</u>
Total net position, end of year	\$ <u>12,133,785</u>	<u>13,085,480</u>

See accompanying independent auditor's report

City of Waco, Texas
Cameron Park Zoo Fund
Comparative Statements of Cash Flows
Years Ended September 30, 2015 and 2014

	<u>2015</u>	<u>2014</u>
Cash flows from operating activities:		
Cash received from customers	\$ 1,614,568	1,582,785
Cash paid to suppliers for goods and services	(1,506,678)	(1,444,828)
Cash paid to employees for services	<u>(2,021,591)</u>	<u>(1,950,756)</u>
Net cash used for operating activities	<u>(1,913,701)</u>	<u>(1,812,799)</u>
Cash flows from noncapital financing activities:		
Transfer from other funds	<u>1,983,223</u>	<u>1,726,608</u>
Net cash provided by noncapital financing activities	<u>1,983,223</u>	<u>1,726,608</u>
Cash flows from capital and related financing activities:		
Acquisition of capital assets	<u>-</u>	<u>(64,558)</u>
Net cash used for capital and related financing activities	<u>-</u>	<u>(64,558)</u>
Cash flows from investing activities:		
Investment earnings	<u>36</u>	<u>14</u>
Net cash provided by investing activities	<u>36</u>	<u>14</u>
Net increase (decrease) in cash and cash equivalents	69,558	(150,735)
Cash and cash equivalents, beginning of year	<u>39,804</u>	<u>190,539</u>
Cash and cash equivalents, end of year	\$ <u>109,362</u>	<u>39,804</u>
Reconciliation of operating loss to net cash used for operating activities:		
Operating loss	\$ (2,979,996)	(2,911,894)
Adjustments to reconcile operating loss to net cash used for operating activities:		
Depreciation	1,093,201	1,117,988
Changes in assets and liabilities:		
Decrease (increase) in assets:		
Accounts receivable	(1,281)	506
Inventory	1,871	4,865
Increase (decrease) in liabilities:		
Accounts payable	(56,489)	(40,831)
Accrued liabilities	13,910	(3,571)
Compensated absences payable	<u>15,083</u>	<u>20,138</u>
Net cash used for operating activities	<u>(1,913,701)</u>	<u>(1,812,799)</u>
Schedule of noncash capital and related financing activities:		
Contributions of capital assets	\$ <u>45,042</u>	<u>-</u>

See accompanying independent auditor's report

Transit Services Fund

City of Waco, Texas
Transit Services Fund
Comparative Statements of Net Position
September 30, 2015 and 2014

	2015	2014
Assets		
Current assets:		
Accounts receivable	\$ 108,222	113,786
Intergovernmental receivable	2,609,738	1,127,146
Inventory	441,183	460,763
Total current assets	3,159,143	1,701,695
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	10,093,007	10,691,431
Construction work in progress	52,733	94,537
Less: accumulated depreciation	(10,233,404)	(9,815,871)
Total capital assets	7,500,179	8,557,940
Total noncurrent assets	7,500,179	8,557,940
Total assets	10,659,322	10,259,635
Liabilities		
Liabilities:		
Current liabilities:		
Accounts payable	188,821	139,746
Accrued liabilities	171,368	133,002
Due to other funds	2,050,759	690,766
Total current liabilities	2,410,948	963,514
Net Position		
Net position:		
Net investment in capital assets	7,500,179	8,557,940
Restricted	456,978	446,965
Unrestricted	291,217	291,216
Total net position	\$ 8,248,374	9,296,121

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, 2015 and 2014

	<u>2015</u>	<u>2014</u>
Operating revenues:		
Charges for services	\$ 2,810,331	2,422,412
Other	<u>955,036</u>	<u>951,370</u>
Total operating revenues	<u>3,765,367</u>	<u>3,373,782</u>
 Operating expenses:		
Salaries and wages	3,256,210	3,054,463
Employee benefits	789,431	728,598
Purchased professional/technical services	1,093,221	1,032,574
Purchased property services	21,013	23,988
Maintenance	607,196	612,853
Other purchased services	220,092	190,514
Supplies	772,458	1,074,247
Other	352,766	309,947
Depreciation	<u>1,076,138</u>	<u>1,150,524</u>
Total operating expenses	<u>8,188,525</u>	<u>8,177,708</u>
 Operating loss	<u>(4,423,158)</u>	<u>(4,803,926)</u>
 Nonoperating revenues:		
Investment earnings	8	5
Other income	10,013	-
Intergovernmental revenue	<u>3,346,402</u>	<u>3,652,453</u>
Total nonoperating revenues	<u>3,356,423</u>	<u>3,652,458</u>
 Loss before capital contributions	(1,066,735)	(1,151,468)
 Capital contributions	<u>18,988</u>	<u>49,371</u>
 Change in net position	(1,047,747)	(1,102,097)
 Total net position, beginning of year	<u>9,296,121</u>	<u>10,398,218</u>
 Total net position, end of year	\$ <u>8,248,374</u>	<u>9,296,121</u>

See accompanying independent auditor's report

City of Waco, Texas
Transit Service Fund
Comparative Statements of Cash Flows
Years Ended September 30, 2015 and 2014

	<u>2015</u>	<u>2014</u>
Cash flows from operating activities:		
Cash received from customers	\$ 3,770,931	3,352,893
Cash paid to suppliers for goods and services	(2,928,434)	(3,245,668)
Cash paid to employees for services	<u>(4,076,932)</u>	<u>(3,808,317)</u>
Net cash used for operating activities	<u>(3,234,435)</u>	<u>(3,701,092)</u>
Cash flows from noncapital financing activities:		
Intergovernmental revenue	1,863,810	5,306,687
Payments to other funds	<u>1,359,993</u>	<u>(1,640,868)</u>
Net cash provided by noncapital financing activities	<u>3,223,803</u>	<u>3,665,819</u>
Cash flows from capital and related financing activities:		
Acquisition of capital assets	-	(47,649)
Insurance recoveries	-	33,546
Capital contributions	611	49,371
Proceeds from sale of equipment	<u>10,013</u>	<u>-</u>
Net cash provided by capital and related financing activities	<u>10,624</u>	<u>35,268</u>
Cash flows from investing activities:		
Investment earnings	<u>8</u>	<u>5</u>
Net cash provided by investing activities	<u>8</u>	<u>5</u>
Net decrease in cash and cash equivalents	-	-
Cash and cash equivalents, beginning of year	<u>-</u>	<u>-</u>
Cash and cash equivalents, end of year	<u>\$ -</u>	<u>-</u>
Reconciliation of operating loss to net cash used for operating activities:		
Operating loss	\$ (4,423,158)	(4,803,926)
Adjustments to reconcile operating loss to net cash used for operating activities:		
Depreciation	1,076,138	1,150,524
Changes in assets and liabilities:		
Decrease (increase) in assets:		
Accounts receivable	5,564	(20,889)
Inventory	19,580	(64,903)
Increase (decrease) in liabilities:		
Accounts payable	49,075	45,627
Accrued liabilities	<u>38,366</u>	<u>(7,525)</u>
Net cash used for operating activities	<u>\$ (3,234,435)</u>	<u>(3,701,092)</u>
Schedule of noncash capital and related financing activities:		
Contributions of capital assets	<u>\$ 18,988</u>	<u>-</u>

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, 2015 and 2014

	2015	2014
Assets		
Current assets:		
Cash and investments	\$ 24,815	213,363
Inventory	239,502	270,389
Total current assets	264,317	483,752
Noncurrent assets:		
Capital assets:		
Buildings	713,389	713,389
Improvements other than buildings	2,017,246	2,017,246
Equipment	967,965	825,061
Construction work in progress	19,178	209,178
Less: accumulated depreciation	(2,701,164)	(2,618,783)
Total capital assets	1,016,614	1,146,091
Total noncurrent assets	1,016,614	1,146,091
Total assets	1,280,931	1,629,843
Liabilities		
Liabilities:		
Current liabilities:		
Accounts payable	99,483	59,617
Accrued liabilities	594,947	794,247
Compensated absences payable	61,308	59,153
Total current liabilities	755,738	913,017
Noncurrent liabilities:		
Advances from other funds	693,704	693,704
Compensated absences payable	123,665	119,271
Total noncurrent liabilities	817,369	812,975
Total liabilities	1,573,107	1,725,992
Net Position		
Net position:		
Net investment in capital assets	1,016,614	1,146,091
Unrestricted	(1,308,790)	(1,242,240)
Total net position	\$ (292,176)	(96,149)

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, 2015 and 2014

	<u>2015</u>	<u>2014</u>
Operating revenues:		
Charges for services	\$ 1,163,012	1,174,277
Net merchandise sales	262,988	257,119
Other	<u>85,944</u>	<u>117,932</u>
Total operating revenues	<u>1,511,944</u>	<u>1,549,328</u>
 Operating expenses:		
Salaries and wages	409,212	428,857
Employee benefits	155,441	166,481
Purchased professional/technical services	463,235	413,701
Purchased property services	70,078	144,826
Maintenance	86,533	96,152
Other purchased services	138,243	142,103
Supplies	197,304	221,882
Other	25,010	22,154
Depreciation	<u>162,926</u>	<u>174,551</u>
Total operating expenses	<u>1,707,982</u>	<u>1,810,707</u>
 Operating loss	<u>(196,038)</u>	<u>(261,379)</u>
 Nonoperating revenues:		
Investment earnings	<u>11</u>	<u>-</u>
Total nonoperating revenues	<u>11</u>	<u>-</u>
 Loss before transfers	(196,027)	(261,379)
 Transfers in	<u>-</u>	<u>356,706</u>
 Change in net position	(196,027)	95,327
 Total net position, beginning of year	<u>(96,149)</u>	<u>(191,476)</u>
 Total net position, end of year	\$ <u><u>(292,176)</u></u>	<u><u>(96,149)</u></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, 2015 and 2014

	2015	2014
Cash flows from operating activities:		
Cash received from customers	\$ 1,511,944	1,549,328
Cash paid to suppliers for goods and services	(1,112,055)	(842,949)
Cash paid to employees for services	<u>(554,999)</u>	<u>(591,288)</u>
Net cash provided by (used for) operating activities	<u>(155,110)</u>	<u>115,091</u>
Cash flows from noncapital financing activities:		
Transfer from other funds	<u>-</u>	<u>356,706</u>
Net cash provided by noncapital financing activities	<u>-</u>	<u>356,706</u>
Cash flows from capital and related financing activities:		
Acquisition of capital assets	<u>(33,449)</u>	<u>(273,359)</u>
Net cash used for capital and related financing activities	<u>(33,449)</u>	<u>(273,359)</u>
Cash flows from investing activities:		
Investment earnings	<u>11</u>	<u>-</u>
Net cash provided by investing activities	<u>11</u>	<u>-</u>
Net increase (decrease) in cash and cash equivalents	(188,548)	198,438
Cash and cash equivalents, beginning of year	<u>213,363</u>	<u>14,925</u>
Cash and cash equivalents, end of year	<u>\$ 24,815</u>	<u>213,363</u>
Reconciliation of operating loss to net cash provided by (used for) operating activities:		
Operating loss	\$ (196,038)	(261,379)
Adjustments to reconcile operating loss to net cash provided by (used for) operating activities:		
Depreciation	162,926	174,551
Changes in assets and liabilities:		
Decrease (increase) in assets:		
Inventory	30,887	(11,311)
Increase (decrease) in liabilities:		
Accounts payable	39,866	(7,848)
Accrued liabilities	(199,300)	217,598
Compensated absences payable	<u>6,549</u>	<u>3,480</u>
Net cash provided by (used for) operating activities	<u>\$ (155,110)</u>	<u>115,091</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, 2015
(With Comparative Totals for September 30, 2014)

	Insurance	Health	Engineering	Fleet	Totals	
	Fund	Insurance Fund	Fund	Services Fund	2015	2014
Assets						
Current assets:						
Cash and investments	\$ 5,937,935	3,616,082	553,147	310,930	10,418,094	10,449,356
Accounts receivable, net of allowances	1,548	-	-	306	1,854	9,048
Due from other funds	-	321,028	-	-	321,028	251,973
Inventories	-	-	-	212,265	212,265	273,875
Total current assets	<u>5,939,483</u>	<u>3,937,110</u>	<u>553,147</u>	<u>523,501</u>	<u>10,953,241</u>	<u>10,984,252</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	-	224,185	985,402	1,236,246	1,263,463
Less: accumulated depreciation	<u>(11,377)</u>	<u>-</u>	<u>(153,560)</u>	<u>(1,291,762)</u>	<u>(1,456,699)</u>	<u>(1,392,817)</u>
Total capital assets	<u>15,282</u>	<u>-</u>	<u>95,025</u>	<u>746,482</u>	<u>856,789</u>	<u>947,888</u>
Total noncurrent assets	<u>15,282</u>	<u>-</u>	<u>95,025</u>	<u>746,482</u>	<u>856,789</u>	<u>947,888</u>
Total assets	<u>5,954,765</u>	<u>3,937,110</u>	<u>648,172</u>	<u>1,269,983</u>	<u>11,810,030</u>	<u>11,932,140</u>
Liabilities						
Liabilities:						
Current liabilities:						
Accounts payable	109,284	2,121	6,810	144,855	263,070	365,016
Accrued liabilities	36,088	274,074	47,817	41,422	399,401	482,504
Compensated absences payable	17,601	-	146,730	82,466	246,797	296,732
Escrow funds	-	-	538	-	538	538
Estimated claims and judgments	<u>1,413,558</u>	<u>1,063,000</u>	<u>-</u>	<u>-</u>	<u>2,476,558</u>	<u>3,212,803</u>
Total current liabilities	<u>1,576,531</u>	<u>1,339,195</u>	<u>201,895</u>	<u>268,743</u>	<u>3,386,364</u>	<u>4,357,593</u>
Noncurrent liabilities:						
Compensated absences payable	-	-	30,963	-	30,963	-
Net pension obligation	-	-	-	-	-	374,267
Total noncurrent liabilities	<u>-</u>	<u>-</u>	<u>30,963</u>	<u>-</u>	<u>30,963</u>	<u>374,267</u>
Total liabilities	<u>1,576,531</u>	<u>1,339,195</u>	<u>232,858</u>	<u>268,743</u>	<u>3,417,327</u>	<u>4,731,860</u>
Net Position						
Net investment in capital assets	15,282	-	95,025	746,482	856,789	947,888
Unrestricted	<u>4,362,952</u>	<u>2,597,915</u>	<u>320,289</u>	<u>254,758</u>	<u>7,535,914</u>	<u>6,252,392</u>
Total net position	<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>7,200,280</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, 2015
(With Comparative Totals for Year Ended September 30, 2014)

	Insurance Fund	Health Insurance Fund	Engineering Fund	Fleet Services Fund	Totals	
					2015	2014
Operating revenues:						
Charges for services	\$ 3,720,427	12,295,826	2,044,115	1,831,419	19,891,787	19,447,445
Other	-	-	4,726	6,217	10,943	48,428
Total operating revenues	3,720,427	12,295,826	2,048,841	1,837,636	19,902,730	19,495,873
Operating expenses:						
Salaries and wages	334,408	59,347	1,064,488	890,240	2,348,483	2,354,198
Employee benefits	116,012	19,377	387,418	375,242	898,049	873,808
Purchased professional/ technical services	223,003	1,488,498	27,510	21,707	1,760,718	1,684,985
Purchased property services	-	3,296	52,611	7,192	63,099	65,277
Maintenance	2,440	-	43,232	63,652	109,324	74,369
Other purchased services	893,420	1,914	54,456	33,114	982,904	935,252
Supplies	72,157	12,408	39,214	83,228	207,007	201,619
Other	845,085	11,351,240	217,270	221,350	12,634,945	12,846,596
Depreciation	3,721	-	19,720	96,487	119,928	119,603
Total operating expenses	2,490,246	12,936,080	1,905,919	1,792,212	19,124,457	19,155,707
Operating income (loss)	1,230,181	(640,254)	142,922	45,424	778,273	340,166
Nonoperating revenues:						
Investment earnings	23,457	14,440	1,608	378	39,883	26,872
Total nonoperating revenues	23,457	14,440	1,608	378	39,883	26,872
Change in net position	1,253,638	(625,814)	144,530	45,802	818,156	367,038
Total net position, beginning of year	3,067,086	3,220,983	89,956	822,255	7,200,280	6,833,242
Cumulative effect of a change in accounting principles	57,510	2,746	180,828	133,183	374,267	-
Total net position, beginning of year, as restated	3,124,596	3,223,729	270,784	955,438	7,574,547	6,833,242
Total net position, end of year	\$ 4,378,234	2,597,915	415,314	1,001,240	8,392,703	7,200,280

See accompanying independent auditor's report.

City of Waco, Texas
Internal Service Funds
Combining Statement of Cash Flows
Year Ended September 30, 2015
(With Comparative Totals for Year Ended September 30, 2014)

	Insurance	Health	Engineering	Fleet	Totals	
	Fund	Insurance Fund	Fund	Services Fund	2015	2014
Cash flows from operating activities:						
Cash received from customers	\$ 3,720,123	12,295,826	2,049,718	1,844,257	19,909,924	19,487,722
Cash paid to suppliers for goods and services	(2,759,776)	(12,924,601)	(448,940)	(502,548)	(16,635,865)	(15,716,694)
Cash paid to employees for services	<u>(477,166)</u>	<u>(78,358)</u>	<u>(1,433,874)</u>	<u>(1,257,922)</u>	<u>(3,247,320)</u>	<u>(3,309,988)</u>
Net cash provided by (used for) operating activities	<u>483,181</u>	<u>(707,133)</u>	<u>166,904</u>	<u>83,787</u>	<u>26,739</u>	<u>461,040</u>
Cash flows from noncapital financing activities:						
Transfer to other funds	-	(69,055)	-	-	(69,055)	(722,046)
Net cash used for noncapital financing activities	<u>-</u>	<u>(69,055)</u>	<u>-</u>	<u>-</u>	<u>(69,055)</u>	<u>(722,046)</u>
Cash flows from capital and related financing activities:						
Acquisition of capital assets	-	-	(12,149)	(16,680)	(28,829)	(236,805)
Net cash used for capital and related financing activities	<u>-</u>	<u>-</u>	<u>(12,149)</u>	<u>(16,680)</u>	<u>(28,829)</u>	<u>(236,805)</u>
Cash flows from investing activities:						
Investment earnings	<u>23,457</u>	<u>14,440</u>	<u>1,608</u>	<u>378</u>	<u>39,883</u>	<u>26,872</u>
Net cash provided by investing activities	<u>23,457</u>	<u>14,440</u>	<u>1,608</u>	<u>378</u>	<u>39,883</u>	<u>26,872</u>
Net increase (decrease) in cash and cash equivalents	506,638	(761,748)	156,363	67,485	(31,262)	(470,939)
Cash and cash equivalents, beginning of year	<u>5,431,297</u>	<u>4,377,830</u>	<u>396,784</u>	<u>243,445</u>	<u>10,449,356</u>	<u>10,920,295</u>
Cash and cash equivalents, end of year	<u>\$ 5,937,935</u>	<u>3,616,082</u>	<u>553,147</u>	<u>310,930</u>	<u>10,418,094</u>	<u>10,449,356</u>
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:						
Operating income (loss)	\$ 1,230,181	(640,254)	142,922	45,424	778,273	340,166
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:						
Depreciation	3,721	-	19,720	96,487	119,928	119,603
Changes in assets and liabilities:						
(Increase) decrease in assets:						
Accounts receivable	(304)	-	877	6,621	7,194	(8,151)
Inventories	-	-	-	61,610	61,610	(74,631)
Increase (decrease) in liabilities:						
Accounts payable	50,103	(3,412)	(14,647)	(133,990)	(101,946)	27,630
Accrued liabilities	(40,781)	(64,467)	13,687	8,458	(83,103)	205,469
Compensated absences payable	(22,494)	-	4,345	(823)	(18,972)	(94,423)
Net pension obligation	-	-	-	-	-	2,593
Estimated claims and judgments	<u>(737,245)</u>	<u>1,000</u>	<u>-</u>	<u>-</u>	<u>(736,245)</u>	<u>(57,216)</u>
Net cash provided by (used for) operating activities	<u>\$ 483,181</u>	<u>(707,133)</u>	<u>166,904</u>	<u>83,787</u>	<u>26,739</u>	<u>461,040</u>
Schedule of noncash capital and related financing activities:						
Contributions of capital assets	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

See accompanying independent auditor's report.

Insurance Fund

City of Waco, Texas
Insurance Fund
Comparative Statements of Net Position
September 30, 2015 and 2014

	<u>2015</u>	<u>2014</u>
Assets		
Current assets:		
Cash and investments	\$ 5,937,935	5,431,297
Accounts receivable	<u>1,548</u>	<u>1,244</u>
Total current assets	<u>5,939,483</u>	<u>5,432,541</u>
Noncurrent assets:		
Capital assets:		
Equipment	26,659	26,659
Less: accumulated depreciation	<u>(11,377)</u>	<u>(7,656)</u>
Total capital assets	<u>15,282</u>	<u>19,003</u>
Total noncurrent assets	<u>15,282</u>	<u>19,003</u>
Total assets	<u>5,954,765</u>	<u>5,451,544</u>
Liabilities		
Liabilities:		
Current liabilities:		
Accounts payable	109,284	59,181
Accrued liabilities	36,088	76,869
Compensated absences payable	17,601	40,095
Estimated claims and judgments	<u>1,413,558</u>	<u>2,150,803</u>
Total current liabilities	<u>1,576,531</u>	<u>2,326,948</u>
Noncurrent liabilities:		
Net pension obligation	<u>-</u>	<u>57,510</u>
Total noncurrent liabilities	<u>-</u>	<u>57,510</u>
Total liabilities	<u>1,576,531</u>	<u>2,384,458</u>
Net Position		
Net position:		
Net investment in capital assets	15,282	19,003
Unrestricted	<u>4,362,952</u>	<u>3,048,083</u>
Total net position	<u>\$ 4,378,234</u>	<u>3,067,086</u>

See accompanying independent auditor's report

City of Waco, Texas
Insurance Fund
Comparative Statements of Revenues, Expenditures, and
Changes in Net Position
September 30, 2015 and 2014

	<u>2015</u>	<u>2014</u>
Operating revenues:		
Charges for services	\$ <u>3,720,427</u>	<u>3,663,439</u>
Total operating revenues	<u>3,720,427</u>	<u>3,663,439</u>
Operating expenses:		
Salaries and wages	334,408	400,006
Employee benefits	116,012	126,741
Purchased professional/technical services	223,003	190,160
Maintenance	2,440	204
Other purchased services	893,420	848,395
Supplies	72,157	53,220
Other	845,085	1,272,702
Depreciation	<u>3,721</u>	<u>3,721</u>
Total operating expenses	<u>2,490,246</u>	<u>2,895,149</u>
Operating income	<u>1,230,181</u>	<u>768,290</u>
Nonoperating revenues:		
Investment earnings	<u>23,457</u>	<u>13,881</u>
Total nonoperating revenues	<u>23,457</u>	<u>13,881</u>
Change in net position	<u>1,253,638</u>	<u>782,171</u>
Total net position, beginning of year	3,067,086	2,284,915
Cumulative effect of a change in accounting principles	<u>57,510</u>	<u>-</u>
Total net position, beginning of year, as restated	<u>3,124,596</u>	<u>2,284,915</u>
Total net position, end of year	\$ <u><u>4,378,234</u></u>	<u><u>3,067,086</u></u>

See accompanying independent auditor's report.

City of Waco, Texas
Insurance Fund
Comparative Statements of Cash Flows
Years Ended September 30, 2015 and 2014

	<u>2015</u>	<u>2014</u>
Cash flows from operating activities:		
Cash received from customers	\$ 3,720,123	3,663,092
Cash paid to suppliers for goods and services	(2,759,776)	(2,503,764)
Cash paid to employees for services	<u>(477,166)</u>	<u>(571,725)</u>
Net cash provided by operating activities	<u>483,181</u>	<u>587,603</u>
Cash flows from noncapital financing activities:		
Transfer to other funds	<u>-</u>	<u>(470,073)</u>
Net cash used for noncapital financing activities	<u>-</u>	<u>(470,073)</u>
Cash flows from investing activities:		
Investment earnings	<u>23,457</u>	<u>13,881</u>
Net cash provided by investing activities	<u>23,457</u>	<u>13,881</u>
Net increase in cash and cash equivalents	506,638	131,411
Cash and cash equivalents, beginning of year	<u>5,431,297</u>	<u>5,299,886</u>
Cash and cash equivalents, end of year	<u>\$ 5,937,935</u>	<u>5,431,297</u>
Reconciliation of operating income to net cash provided by operating activities:		
Operating income	\$ 1,230,181	768,290
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	3,721	3,721
Changes in assets and liabilities:		
(Increase) decrease in assets:		
Accounts receivable	(304)	(347)
Increase (decrease) in liabilities:		
Accounts payable	50,103	(79,693)
Accrued liabilities	(40,781)	10,390
Compensated absences payable	(22,494)	(48,955)
Net pension obligation	-	413
Estimated claims and judgments	<u>(737,245)</u>	<u>(66,216)</u>
Net cash provided by operating activities	<u>\$ 483,181</u>	<u>587,603</u>

See accompanying independent auditor's report

Health Insurance Fund

City of Waco, Texas
Health Insurance Fund
Comparative Statements of Net Position
September 30, 2015 and 2014

	<u>2015</u>	<u>2014</u>
Assets		
Assets:		
Current assets:		
Cash and investments	\$ 3,616,082	4,377,830
Due from other funds	<u>321,028</u>	<u>251,973</u>
Total current assets	<u>3,937,110</u>	<u>4,629,803</u>
 Total assets	 <u>3,937,110</u>	 <u>4,629,803</u>
Liabilities		
Liabilities:		
Current liabilities:		
Accounts payable	2,121	5,533
Accrued liabilities	274,074	338,541
Estimated claims	<u>1,063,000</u>	<u>1,062,000</u>
Total current liabilities	<u>1,339,195</u>	<u>1,406,074</u>
Noncurrent liabilities:		
Net pension obligation	<u>-</u>	<u>2,746</u>
Total noncurrent liabilities	<u>-</u>	<u>2,746</u>
 Total liabilities	 <u>1,339,195</u>	 <u>1,408,820</u>
Net Position		
Net position:		
Unrestricted	<u>2,597,915</u>	<u>3,220,983</u>
 Total net position	 \$ <u>2,597,915</u>	 <u>3,220,983</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, 2015 and 2014

	<u>2015</u>	<u>2014</u>
Operating revenues:		
Charges for services	\$ <u>12,295,826</u>	<u>12,153,776</u>
Total operating revenues	<u>12,295,826</u>	<u>12,153,776</u>
Operating expenses:		
Salaries and wages	59,347	58,330
Employee benefits	19,377	19,200
Purchased professional/technical services	1,488,498	1,457,466
Purchased property services	3,296	5,319
Other purchased services	1,914	1,970
Supplies	12,408	9,555
Other	<u>11,351,240</u>	<u>11,176,757</u>
Total operating expenses	<u>12,936,080</u>	<u>12,728,597</u>
Operating loss	<u>(640,254)</u>	<u>(574,821)</u>
Nonoperating revenues:		
Investment earnings	<u>14,440</u>	<u>12,171</u>
Total nonoperating revenues	<u>14,440</u>	<u>12,171</u>
Change in net position	<u>(625,814)</u>	<u>(562,650)</u>
Total net position, beginning of year	3,220,983	3,783,633
Cumulative effect of a change in accounting principles	<u>2,746</u>	<u>-</u>
Total net position, beginning of year, as restated	<u>3,223,729</u>	<u>3,783,633</u>
Total net position, end of year	\$ <u><u>2,597,915</u></u>	<u><u>3,220,983</u></u>

See accompanying independent auditor's report.

City of Waco, Texas
Health Insurance Fund
Comparative Statements of Cash Flows
Years Ended September 30, 2015 and 2014

	<u>2015</u>	<u>2014</u>
Cash flows from operating activities:		
Cash received from customers	\$ 12,295,826	12,153,776
Cash paid to suppliers for goods and services	(12,924,601)	(12,448,669)
Cash paid to employees for services	<u>(78,358)</u>	<u>(77,160)</u>
Net cash used for operating activities	<u>(707,133)</u>	<u>(372,053)</u>
Cash flows from noncapital financing activities:		
Payments to other funds	<u>(69,055)</u>	<u>(251,973)</u>
Net cash used for noncapital financing activities	<u>(69,055)</u>	<u>(251,973)</u>
Cash flows from investing activities:		
Investment earnings	<u>14,440</u>	<u>12,171</u>
Net cash provided by investing activities	<u>14,440</u>	<u>12,171</u>
Net decrease in cash and cash equivalents	(761,748)	(611,855)
Cash and cash equivalents, beginning of year	<u>4,377,830</u>	<u>4,989,685</u>
Cash and cash equivalents, end of year	<u>\$ 3,616,082</u>	<u>4,377,830</u>
Reconciliation of operating loss to net cash used for operating activities:		
Operating loss	\$ (640,254)	(574,821)
Adjustments to reconcile operating loss to net cash used for operating activities:		
Changes in liabilities:		
Increase (decrease) in liabilities:		
Accounts payable	(3,412)	4,603
Accrued liabilities	(64,467)	189,100
Estimated claims and judgments	1,000	9,000
Net pension obligation	<u>-</u>	<u>65</u>
Net cash used for operating activities	<u>\$ (707,133)</u>	<u>(372,053)</u>

See accompanying independent auditor's report.

Engineering Fund

City of Waco, Texas
Engineering Fund
Comparative Statements of Net Position
September 30, 2015 and 2014

	<u>2015</u>	<u>2014</u>
Assets		
Current assets:		
Cash and investments	\$ 553,147	396,784
Due from other funds	-	877
Total current assets	<u>553,147</u>	<u>397,661</u>
Noncurrent assets:		
Capital assets:		
Land	24,400	24,400
Equipment	224,185	225,690
Less: accumulated depreciation	<u>(153,560)</u>	<u>(147,494)</u>
Total capital assets	<u>95,025</u>	<u>102,596</u>
Total assets	<u>648,172</u>	<u>500,257</u>
Liabilities		
Liabilities:		
Current liabilities:		
Accounts payable	6,810	21,457
Accrued liabilities	47,817	34,130
Compensated absences payable	146,730	173,348
Escrow funds	<u>538</u>	<u>538</u>
Total current liabilities	<u>201,895</u>	<u>229,473</u>
Noncurrent liabilities:		
Compensated absences payable	30,963	-
Net pension obligation	<u>-</u>	<u>180,828</u>
Total noncurrent liabilities	<u>30,963</u>	<u>180,828</u>
Total liabilities	<u>232,858</u>	<u>410,301</u>
Net Position		
Net investment in capital assets	95,025	102,596
Unrestricted	<u>320,289</u>	<u>(12,640)</u>
Total net position	<u>\$ 415,314</u>	<u>89,956</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, 2015 and 2014

	<u>2015</u>	<u>2014</u>
Operating revenues:		
Charges for services	\$ 2,044,115	1,969,865
Other	<u>4,726</u>	<u>10,989</u>
Total operating revenues	<u>2,048,841</u>	<u>1,980,854</u>
Operating expenses:		
Salaries and wages	1,064,488	1,098,849
Employee benefits	387,418	387,987
Purchased professional/technical services	27,510	25,637
Purchased property services	52,611	52,611
Maintenance	43,232	43,878
Other purchased services	54,456	52,408
Supplies	39,214	37,099
Other	217,270	158,725
Depreciation	<u>19,720</u>	<u>24,618</u>
Total operating expenses	<u>1,905,919</u>	<u>1,881,812</u>
Operating income	<u>142,922</u>	<u>99,042</u>
Nonoperating revenues:		
Investment earnings	<u>1,608</u>	<u>712</u>
Total nonoperating revenues	<u>1,608</u>	<u>712</u>
Change in net position	<u>144,530</u>	<u>99,754</u>
Total net position, beginning of year	89,956	(9,798)
Cumulative effect of a change in accounting principles	<u>180,828</u>	<u>-</u>
Total net position, beginning of year, as restated	<u>270,784</u>	<u>(9,798)</u>
Total net position, end of year	<u>\$ 415,314</u>	<u>89,956</u>

See accompanying independent auditor's report.

City of Waco, Texas
Engineering Fund
Comparative Statements of Cash Flows
Years Ended September 30, 2015 and 2014

	2015	2014
Cash flows from operating activities:		
Cash received from customers	\$ 2,049,718	1,979,977
Cash paid to suppliers for goods and services	(448,940)	(353,268)
Cash paid to employees for services	<u>(1,433,874)</u>	<u>(1,543,578)</u>
Net cash provided by operating activities	<u>166,904</u>	<u>83,131</u>
 Cash flows from capital and related financing activities:		
Acquisition of capital assets	<u>(12,149)</u>	<u>(29,815)</u>
Net cash used for capital and related financing activities	<u>(12,149)</u>	<u>(29,815)</u>
 Cash flows from investing activities:		
Investment earnings	<u>1,608</u>	<u>712</u>
Net cash provided by investing activities	<u>1,608</u>	<u>712</u>
 Net increase in cash and cash equivalents	156,363	54,028
Cash and cash equivalents, beginning of year	<u>396,784</u>	<u>342,756</u>
 Cash and cash equivalents, end of year	<u>\$ 553,147</u>	<u>396,784</u>
 Reconciliation of operating income to net cash provided by operating activities:		
Operating income	\$ 142,922	99,042
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	19,720	24,618
Changes in assets and liabilities:		
Decrease (increase) in assets:		
Accounts receivable	877	(877)
Increase (decrease) in liabilities:		
Accounts payable	(14,647)	17,090
Accrued liabilities	13,687	(688)
Compensated absences payable	4,345	(57,281)
Net pension obligation	<u>-</u>	<u>1,227</u>
 Net cash provided by operating activities	<u>\$ 166,904</u>	<u>83,131</u>

See accompanying independent auditor's report.

Fleet Services Fund

City of Waco, Texas
Fleet Services Fund
Comparative Statements of Net Position
September 30, 2015 and 2014

	<u>2015</u>	<u>2014</u>
Assets		
Current assets:		
Cash and investments	\$ 310,930	243,445
Accounts receivable, net of allowance	306	6,927
Inventory	<u>212,265</u>	<u>273,875</u>
Total current assets	<u>523,501</u>	<u>524,247</u>
Noncurrent assets:		
Capital assets:		
Land	14,400	14,400
Buildings	920,153	920,153
Improvements other than buildings	118,289	118,289
Equipment	985,402	1,011,114
Less: accumulated depreciation	<u>(1,291,762)</u>	<u>(1,237,667)</u>
Total capital assets	<u>746,482</u>	<u>826,289</u>
Total assets	<u>1,269,983</u>	<u>1,350,536</u>
Liabilities		
Liabilities:		
Current liabilities:		
Accounts payable	144,855	278,845
Accrued liabilities	41,422	32,964
Compensated absences payable	<u>82,466</u>	<u>83,289</u>
Total current liabilities	<u>268,743</u>	<u>395,098</u>
Noncurrent liabilities:		
Net pension obligation	<u>-</u>	<u>133,183</u>
Total noncurrent liabilities	<u>-</u>	<u>133,183</u>
Total liabilities	<u>268,743</u>	<u>528,281</u>
Net Position		
Net investment in capital assets	746,482	826,289
Unrestricted	<u>254,758</u>	<u>(4,034)</u>
Total net position	<u>\$ 1,001,240</u>	<u>822,255</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, 2015 and 2014

	<u>2015</u>	<u>2014</u>
Operating revenues:		
Charges for services	\$ 1,831,419	1,660,365
Other	<u>6,217</u>	<u>37,439</u>
Total operating revenues	<u>1,837,636</u>	<u>1,697,804</u>
Operating expenses:		
Salaries and wages	890,240	797,013
Employee benefits	375,242	339,880
Purchased professional/technical services	21,707	11,722
Purchased property services	7,192	7,347
Maintenance	63,652	30,287
Other purchased services	33,114	32,479
Supplies	83,228	101,745
Other	221,350	238,412
Depreciation	<u>96,487</u>	<u>91,264</u>
Total operating expenses	<u>1,792,212</u>	<u>1,650,149</u>
Operating income	<u>45,424</u>	<u>47,655</u>
Nonoperating revenues:		
Investment earnings	<u>378</u>	<u>108</u>
Total nonoperating revenues	<u>378</u>	<u>108</u>
Change in net position	<u>45,802</u>	<u>47,763</u>
Total net position, beginning of year	822,255	774,492
Cumulative effect of a change in accounting principles	<u>133,183</u>	<u>-</u>
Total net position, beginning of year, as restated	<u>955,438</u>	<u>774,492</u>
Total net position, end of year	<u>\$ 1,001,240</u>	<u>822,255</u>

See accompanying independent auditor's report.

City of Waco, Texas
Fleet Services Fund
Comparative Statements of Cash Flows
Years Ended September 30, 2015 and 2014

	<u>2015</u>	<u>2014</u>
Cash flows from operating activities:		
Cash received from customers	\$ 1,844,257	1,690,877
Cash paid to suppliers for goods and services	(502,548)	(410,993)
Cash paid to employees for services	<u>(1,257,922)</u>	<u>(1,117,525)</u>
Net cash provided by operating activities	<u>83,787</u>	<u>162,359</u>
Cash flows from capital and related financing activities:		
Acquisition of capital assets	<u>(16,680)</u>	<u>(206,990)</u>
Net cash used for capital and related financing activities	<u>(16,680)</u>	<u>(206,990)</u>
Cash flows from investing activities:		
Investment earnings	<u>378</u>	<u>108</u>
Net cash provided by investing activities	<u>378</u>	<u>108</u>
Net increase (decrease) in cash and cash equivalents	67,485	(44,523)
Cash and cash equivalents, beginning of year	<u>243,445</u>	<u>287,968</u>
Cash and cash equivalents, end of year	\$ <u>310,930</u>	<u>243,445</u>
Reconciliation of operating income to net cash provided by operating activities:		
Operating income	\$ 45,424	47,655
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	96,487	91,264
Changes in assets and liabilities:		
Decrease (increase) in assets:		
Accounts receivable	6,621	(6,927)
Inventory	61,610	(74,631)
Increase (decrease) in liabilities:		
Accounts payable	(133,990)	85,630
Accrued liabilities	8,458	6,667
Compensated absences payable	(823)	11,813
Net pension obligation	<u>-</u>	<u>888</u>
Net cash provided by operating activities	\$ <u>83,787</u>	<u>162,359</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, 2015

	Balance Beginning of Year	Additions	Deductions	Balance End of Year
<u>Urban Renewal Agency Fund</u>				
Assets:				
Cash and investments	\$ 58,134	230	-	58,364
Liabilities:				
Due to other agencies and individuals	\$ 58,134	230	-	58,364
<u>Heart of Texas Housing Finance Corporation Fund</u>				
Assets:				
Cash and investments	\$ 2,678,389	281,053	222,012	2,737,430
Accounts receivable	538	501	538	501
Notes receivable	229,547	207,952	130,000	307,499
Total assets	\$ 2,908,474	489,506	352,550	3,045,430
Liabilities:				
Due to other agencies and individuals	\$ 2,908,474	489,506	352,550	3,045,430
<u>Waco Public Improvement District No. 2 Fund</u>				
Assets:				
Cash and investments	\$ 16,978	367,980	368,485	16,473
Liabilities:				
Due to other agencies and individuals	\$ 16,978	367,980	368,485	16,473
<u>Rural Transit Services Fund</u>				
Assets:				
Due from other governments	\$ -	130,082	-	130,082
Liabilities:				
Due to other agencies and individuals	-	28,498	16,338	12,160
Due to other funds	-	139,761	21,839	117,922
Total liabilities	\$ -	168,259	38,177	130,082
<u>All Agency Funds</u>				
Assets:				
Cash and investments	\$ 2,753,501	649,263	590,497	2,812,267
Due from other governments	-	130,082	-	130,082
Accounts receivable	538	501	538	501
Note receivable	229,547	207,952	130,000	307,499
Total assets	\$ 2,983,586	987,798	721,035	3,250,349
Liabilities:				
Due to other agencies and individuals	\$ 2,983,586	886,214	737,373	3,132,427
Due to other funds	-	139,761	21,839	117,922
Total liabilities	\$ 2,983,586	1,025,975	759,212	3,250,349

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>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
Governmental activities				
Net investment in capital assets	\$ 160,613,844	\$ 165,814,854	\$ 180,681,310	\$ 187,739,263
Restricted	11,081,477	12,662,092	15,103,909	15,597,905
Unrestricted	<u>22,716,286</u>	<u>26,806,652</u>	<u>28,407,225</u>	<u>29,148,224</u>
Total governmental activities net position	<u>\$ 194,411,607</u>	<u>\$ 205,283,598</u>	<u>\$ 224,192,444</u>	<u>\$ 232,485,392</u>
Business-type activities				
Net investment in capital assets	\$ 144,070,096	\$ 155,044,650	\$ 166,834,594	\$ 177,087,342
Restricted	51,468	339,184	1,679,769	541,912
Unrestricted	<u>32,932,124</u>	<u>36,319,056</u>	<u>41,875,465</u>	<u>42,808,482</u>
Total business-type activities net position	<u>\$ 177,053,688</u>	<u>\$ 191,702,890</u>	<u>\$ 210,389,828</u>	<u>\$ 220,437,736</u>
Primary government				
Net investment in capital assets	\$ 304,683,940	\$ 320,859,504	\$ 347,515,904	\$ 364,826,605
Restricted	11,132,945	13,001,276	16,783,678	16,139,817
Unrestricted	<u>55,648,410</u>	<u>63,125,708</u>	<u>70,282,690</u>	<u>71,956,706</u>
Total primary government net position	<u>\$ 371,465,295</u>	<u>\$ 396,986,488</u>	<u>\$ 434,582,272</u>	<u>\$ 452,923,128</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					
2010	2011	2012	2013	2014	2015
\$ 179,653,424	\$ 174,645,915	\$ 178,295,347	\$ 180,902,677	\$ 180,508,096	\$ 183,090,881
16,281,560	19,687,245	22,291,256	19,391,804	18,895,396	20,655,062
<u>25,717,190</u>	<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>\$ 221,652,174</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>
\$ 206,111,214	\$ 213,553,436	\$ 219,663,969	\$ 215,231,053	211,696,699	214,329,030
546,027	388,651	6,834	1,180,611	1,274,319	1,370,154
<u>36,844,321</u>	<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>\$ 243,501,562</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>
\$ 385,764,638	\$ 388,199,351	\$ 397,959,316	\$ 396,133,730	\$ 392,204,795	\$ 397,419,911
16,827,587	20,075,896	22,298,090	20,572,415	20,169,715	22,025,216
<u>62,561,511</u>	<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>\$ 465,153,736</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>

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

	2006	2007	2008	2009
Expenses				
Governmental activities:				
General government	\$ 8,785,895	\$ 9,494,996	\$ 12,108,481	\$ 12,551,827
Public works	11,627,179	13,483,166	11,695,922	12,790,151
Public safety	48,361,556	50,802,719	53,186,019	57,560,461
Culture and recreation	12,652,376	12,885,108	13,853,365	14,919,136
Public health	6,403,273	6,845,611	6,456,840	6,901,123
Housing and community development	1,798,456	2,784,529	2,890,693	2,808,221
Interest on long-term debt	2,177,508	2,625,964	4,863,843	4,547,034
Total governmental activities expenses	<u>91,806,243</u>	<u>98,922,093</u>	<u>105,055,163</u>	<u>112,077,953</u>
Business-type activities:				
Water	25,474,612	26,666,701	28,972,544	30,491,638
Wastewater	12,442,358	14,404,044	15,675,737	17,437,188
Solid waste	12,703,814	12,119,111	13,181,427	13,267,207
Airport	2,045,628	2,139,042	2,230,237	2,402,041
Convention services	2,640,037	2,837,948	2,779,599	3,218,934
Ranger Hall of Fame	1,068,297	1,120,949	1,363,820	1,141,497
Cameron Park Zoo	2,977,741	3,386,403	3,545,604	3,968,217
Transit services	4,176,869	5,309,125	5,980,396	6,325,930
Cottonwood Creek Golf Course	1,510,761	1,553,125	1,812,962	1,919,438
Total business-type activities expenses	<u>65,040,117</u>	<u>69,536,448</u>	<u>75,542,326</u>	<u>80,172,090</u>
Total primary government expenses	<u>156,846,360</u>	<u>168,458,541</u>	<u>180,597,489</u>	<u>192,250,043</u>
Program Revenues				
Governmental activities:				
Charges for services:				
General government	317,824	271,852	267,127	239,046
Public works	4,613	4,884	13,152	-
Public safety	3,739,677	3,456,532	4,764,442	3,672,327
Culture and recreation	916,453	811,698	995,455	1,132,472
Public health	1,303,186	1,350,709	1,024,400	986,945
Operating grants and contributions	8,330,987	9,388,780	9,497,125	9,079,411
Capital grants and contributions	18,612,315	5,795,816	7,276,849	5,626,382
Total governmental activities program revenues	<u>33,225,055</u>	<u>21,080,271</u>	<u>23,838,550</u>	<u>20,736,583</u>

Table II

Fiscal Year					
2010	2011	2012	2013	2014	2015
\$ 14,073,197	\$ 12,378,019	\$ 14,177,640	\$ 20,039,649	\$ 16,223,167	\$ 15,012,962
12,142,355	13,227,404	11,844,356	13,699,976	12,205,449	12,767,308
60,429,663	61,291,317	57,664,131	62,592,351	66,630,254	64,796,679
15,484,146	15,636,875	15,694,840	16,544,389	16,922,912	16,510,993
7,364,755	7,417,771	7,184,384	7,388,363	7,314,101	7,269,988
3,503,811	3,339,613	3,664,525	2,255,720	2,974,293	2,704,824
4,342,023	4,313,467	4,098,714	3,798,174	3,631,452	3,155,598
<u>117,339,950</u>	<u>117,604,466</u>	<u>114,328,590</u>	<u>126,318,622</u>	<u>125,901,628</u>	<u>122,218,352</u>
30,875,837	34,186,629	33,311,059	33,038,145	32,998,874	32,457,155
18,134,874	17,522,331	17,634,339	18,432,230	19,263,583	18,964,527
14,160,048	16,201,178	15,854,254	16,033,246	15,794,559	15,223,615
2,360,727	2,503,823	2,937,967	3,083,925	3,284,396	3,496,581
2,830,956	2,861,523	3,372,280	3,941,005	3,957,683	4,074,149
1,280,085	1,193,004	1,209,145	1,343,575	1,326,695	1,333,639
4,357,007	4,315,032	4,396,640	4,318,267	4,494,173	4,595,845
7,259,552	7,904,160	7,970,314	8,046,015	8,177,708	8,188,525
1,674,252	1,691,790	1,864,426	1,782,963	1,810,707	1,707,982
<u>82,933,338</u>	<u>88,379,470</u>	<u>88,550,424</u>	<u>90,019,371</u>	<u>91,108,378</u>	<u>90,042,018</u>
<u>200,273,288</u>	<u>205,983,936</u>	<u>202,879,014</u>	<u>216,337,993</u>	<u>217,010,006</u>	<u>212,260,370</u>
285,471	342,830	243,137	277,810	192,402	243,883
1,366	2,550	385	1,537	2,257	3,188
3,600,084	3,478,363	3,050,804	3,703,991	5,520,650	5,373,858
1,314,693	1,415,791	1,078,390	1,054,216	1,404,877	1,279,331
872,388	1,184,937	1,252,049	1,260,587	1,154,091	1,158,100
10,337,726	9,720,348	11,640,290	11,500,355	10,924,393	9,564,905
6,110,736	6,061,358	6,883,729	7,256,153	3,272,066	6,952,118
<u>22,522,464</u>	<u>22,206,177</u>	<u>24,148,784</u>	<u>25,054,649</u>	<u>22,470,736</u>	<u>24,575,383</u>

(Continued)

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

	2006	2007	2008	2009
Business-type activities:				
Charges for services:				
Water	\$ 33,230,464	\$ 30,258,196	\$ 35,261,343	\$ 36,167,550
Wastewater	16,766,635	18,441,480	20,235,392	20,041,341
Solid waste	15,781,304	15,768,035	16,577,658	16,259,578
Airport	1,006,662	1,107,084	1,097,882	1,086,601
Convention services	706,938	805,276	804,295	573,967
Ranger Hall of Fame	557,580	440,742	438,610	425,434
Cameron Park Zoo	884,139	977,546	1,294,486	1,354,164
Transit services	1,080,322	1,971,924	2,462,089	2,805,887
Cottonwood Creek Golf Course	1,348,046	1,428,783	1,339,450	1,333,230
Operating grants and contributions	2,700,564	3,175,897	3,226,837	2,798,677
Capital grants and contributions	2,094,356	4,927,582	8,716,987	4,879,547
Total business-type activities program revenues	<u>76,157,010</u>	<u>79,302,545</u>	<u>91,455,029</u>	<u>87,725,976</u>
Total primary government program revenues	<u>109,382,065</u>	<u>100,382,816</u>	<u>115,293,579</u>	<u>108,462,559</u>
Net (Expense)/Revenue				
Governmental activities	(58,581,188)	(77,841,822)	(81,216,613)	(91,341,370)
Business-type activities	<u>11,116,893</u>	<u>9,766,097</u>	<u>15,912,703</u>	<u>7,553,886</u>
Total primary government net expense	<u>(47,464,295)</u>	<u>(68,075,725)</u>	<u>(65,303,910)</u>	<u>(83,787,484)</u>
General Revenues and Other Changes in Net Position				
Governmental activities:				
Taxes:				
Property taxes	34,187,973	36,583,688	43,222,439	46,366,310
Tax increment financing tax	2,260,075	2,657,747	3,060,732	3,741,836
Sales taxes	26,694,323	27,328,996	28,077,887	27,714,013
Franchise taxes	13,484,568	12,985,974	13,997,454	13,663,140
Other taxes	426,180	501,702	587,971	622,254
Unrestricted investment earnings	6,141,959	8,964,710	10,319,788	6,294,110
Miscellaneous	714,862	981,818	415,851	406,229
Gain on disposal of capital assets	-	-	-	-
Transfers	<u>(850,440)</u>	<u>(1,290,822)</u>	<u>443,337</u>	<u>826,426</u>
Total governmental activities	<u>83,059,500</u>	<u>88,713,813</u>	<u>100,125,459</u>	<u>99,634,318</u>
Business-type activities:				
Hotel/motel taxes	1,650,054	1,620,022	1,688,943	1,703,650
Unrestricted investment earnings	1,412,038	1,972,261	1,528,629	997,329
Gain on disposal of capital assets	-	-	-	260,073
Transfers	<u>850,440</u>	<u>1,290,822</u>	<u>(443,337)</u>	<u>(826,426)</u>
Total business-type activities	<u>3,912,532</u>	<u>4,883,105</u>	<u>2,774,235</u>	<u>2,134,626</u>
Total primary government	<u>86,972,032</u>	<u>93,596,918</u>	<u>102,899,694</u>	<u>101,768,944</u>
Change in Net Position				
Governmental activities	24,478,312	10,871,991	18,908,846	8,292,948
Business-type activities	<u>15,029,425</u>	<u>14,649,202</u>	<u>18,686,938</u>	<u>9,688,512</u>
Total primary government	<u>\$ 39,507,737</u>	<u>\$ 25,521,193</u>	<u>\$ 37,595,784</u>	<u>\$ 17,981,460</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											
2010		2011		2012		2013		2014		2015	
\$	34,472,657	\$	43,094,944	\$	38,759,662	\$	40,713,824	\$	38,600,073	\$	37,773,754
	19,543,166		21,619,018		21,542,770		21,718,912		21,343,556		20,827,643
	16,135,566		15,948,286		16,531,734		16,489,195		16,866,587		17,704,519
	1,058,480		1,054,550		1,065,157		1,079,297		1,142,240		1,093,157
	391,758		523,983		771,773		1,018,086		1,213,798		1,317,100
	403,946		465,324		448,449		410,728		420,414		490,917
	1,599,467		1,575,223		1,602,554		1,618,495		1,582,279		1,615,849
	3,221,167		3,414,289		3,582,781		3,540,047		3,373,782		3,775,380
	1,404,891		1,578,174		1,226,374		1,615,885		1,549,328		1,511,944
	3,085,574		3,514,732		3,415,770		3,419,959		3,869,760		3,566,046
	12,332,766		4,014,798		3,786,143		4,836,705		1,682,452		3,459,180
	<u>93,649,438</u>		<u>96,803,321</u>		<u>92,733,167</u>		<u>96,461,133</u>		<u>91,644,269</u>		<u>93,135,489</u>
	<u>116,171,902</u>		<u>119,009,498</u>		<u>116,881,951</u>		<u>121,515,782</u>		<u>114,115,005</u>		<u>117,710,872</u>
	(94,817,486)		(95,398,289)		(90,179,806)		(101,263,973)		(103,430,892)		(97,642,969)
	<u>10,716,100</u>		<u>8,423,851</u>		<u>4,182,743</u>		<u>6,441,762</u>		<u>535,891</u>		<u>3,093,471</u>
	<u>(84,101,386)</u>		<u>(86,974,438)</u>		<u>(85,997,063)</u>		<u>(94,822,211)</u>		<u>(102,895,001)</u>		<u>(94,549,498)</u>
	47,489,598		48,387,467		49,373,010		51,184,254		51,585,835		55,028,271
	4,491,616		4,660,231		5,004,192		5,916,309		5,573,984		6,296,710
	27,318,396		28,003,416		29,186,254		31,075,760		33,487,659		35,813,531
	13,338,717		13,587,114		13,682,123		13,405,186		14,181,593		13,762,575
	655,031		679,232		650,815		676,254		785,905		871,076
	842,824		481,791		360,561		308,603		323,760		476,804
	639,263		678,741		882,450		2,153,305		1,196,841		1,043,936
	-		-		1,730,200		290,376		105,278		171,016
	<u>(10,791,177)</u>		<u>(5,848,585)</u>		<u>(2,555,596)</u>		<u>81,051</u>		<u>902,991</u>		<u>2,537,789</u>
	<u>83,984,268</u>		<u>90,629,407</u>		<u>98,314,009</u>		<u>105,091,098</u>		<u>108,143,846</u>		<u>116,001,708</u>
	1,662,308		1,754,730		1,897,865		2,095,987		2,403,171		2,707,056
	253,637		183,254		196,566		159,463		197,346		289,580
	-		-		-		-		-		-
	<u>10,791,177</u>		<u>5,848,585</u>		<u>2,555,596</u>		<u>(81,051)</u>		<u>(902,991)</u>		<u>(2,537,789)</u>
	<u>12,707,122</u>		<u>7,786,569</u>		<u>4,650,027</u>		<u>2,174,399</u>		<u>1,697,526</u>		<u>458,847</u>
	<u>96,691,390</u>		<u>98,415,976</u>		<u>102,964,036</u>		<u>107,265,497</u>		<u>109,841,372</u>		<u>116,460,555</u>
	(10,833,218)		(4,768,882)		8,134,203		3,827,125		4,712,954		18,358,739
	<u>23,423,222</u>		<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>12,590,004</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>

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

	2006	2007	2008
General Fund			
Reserved:			
Encumbrances	\$ 1,279,527	\$ 2,097,704	\$ 1,050,106
Real estate held for sale	13,385	13,385	12,465
Advances to other funds	448,695	738,726	735,178
Nonspendable:			
Advances to other funds	-	-	-
Inventory	-	-	-
Real estate held for resale	-	-	-
Restricted for:			
Municipal information equipment	-	-	-
Culture and recreation	-	-	-
Public safety	-	-	-
Economic development	-	-	-
Committed to:			
Economic development	-	-	-
Culture and recreation	-	-	-
Assigned to:			
Capital improvements	-	-	-
Economic development	-	-	-
Housing and community development	-	-	-
Public works	-	-	-
Public safety	-	-	-
Culture and recreation	-	-	-
Subsequent year's budget appropriation of fund balances	-	-	-
Other	-	-	-
Unreserved/Unassigned	22,676,613	22,768,296	22,838,054
 Total general fund	 \$ 24,418,220	 \$ 25,618,111	 \$ 24,635,803

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

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
All Other Governmental Funds:				
Reserved:				
Encumbrances	\$ 7,982,460	\$ 7,363,374	\$ 12,140,585	\$ 14,951,750
Real estate held for sale	45,854	40,709	40,709	40,709
Advances to other funds	168,368	168,368	168,368	168,368
Debt service	603,424	708,377	781,972	677,027
Purpose of trust	474,054	469,481	465,585	472,768
Unreserved, reported in:				
Special revenue funds	10,774,251	14,609,945	15,176,240	18,236,909
Capital projects funds	8,833,830	73,358,427	73,414,437	64,550,113
Nonspendable:				
Parks and cemetery care	-	-	-	-
Real estate held for sale	-	-	-	-
Inventory	-	-	-	-
Restricted for:				
Debt service	-	-	-	-
Capital projects	-	-	-	-
Tax increment zone activities	-	-	-	-
Housing and community development	-	-	-	-
Public safety	-	-	-	-
Culture and recreation	-	-	-	-
Waco Public Improvement District	-	-	-	-
Committed to:				
Capital projects	-	-	-	-
Public health	-	-	-	-
Unassigned	-	-	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total all other governmental funds	<u>\$ 28,882,241</u>	<u>\$ 96,718,681</u>	<u>\$ 102,187,896</u>	<u>\$ 99,097,644</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. 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 III
(Continued)

Fiscal Year					
2010	2011	2012	2013	2014	2015
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
473,362	474,415	475,431	477,891	478,848	466,997
40,709	40,061	40,061	40,061	40,061	46,705
-	-	-	-	-	131,805
460,001	373,263	230,130	238,053	185,902	491,257
47,889,104	38,873,017	23,348,990	15,531,634	11,828,967	7,184,956
9,856,300	12,411,165	14,565,233	10,960,465	10,891,785	13,579,596
161,094	175,114	193,495	2,676,979	2,333,652	2,059,972
1,565,589	1,439,842	2,314,311	1,831,495	1,406,274	1,442,749
524,529	1,186,432	1,194,942	755,434	1,302,930	450,821
347,093	413,153	520,765	611,577	645,008	716,835
978,893	1,029,132	1,308,537	1,443,453	2,582,281	15,665,156
232,377	-	157,585	351,412	561,880	820,811
-	(97,276)	-	-	-	-
<u>\$ 62,529,051</u>	<u>\$ 56,318,318</u>	<u>\$ 44,349,480</u>	<u>\$ 34,918,454</u>	<u>\$ 32,257,588</u>	<u>\$ 43,057,660</u>

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

	2006	2007	2008	2009
Revenues:				
Taxes:				
Sales	\$ 26,694,323	\$ 27,328,996	\$ 28,077,887	\$ 27,714,013
Property	36,020,999	39,012,926	45,855,023	49,627,810
Interest and penalty	395,788	454,735	476,176	468,021
Business and occupation fees	13,484,567	12,985,974	13,997,454	13,663,140
Permits, licenses and fees	2,405,632	2,610,593	2,365,457	2,023,919
Fines	1,923,506	1,748,882	2,326,020	2,188,574
Charges for services	1,217,784	1,105,518	1,372,169	1,545,120
Investment earnings	5,862,173	8,581,097	10,019,870	6,066,254
Contributions	315,636	1,221,670	1,313,646	2,147,972
Intergovernmental	8,088,056	8,829,853	9,627,740	9,795,311
Program income	203,156	574,447	540,969	244,575
Other	6,961,060	7,370,079	7,731,057	7,781,494
Total revenues	<u>103,572,680</u>	<u>111,824,770</u>	<u>123,703,468</u>	<u>123,266,203</u>
Expenditures:				
General government	16,093,920	15,460,289	20,398,112	20,828,176
Public works	2,172,354	2,027,118	3,294,892	1,969,524
Public safety	45,855,051	49,271,195	51,914,828	54,260,356
Culture and recreation	10,765,662	11,358,378	12,240,672	13,173,083
Housing and community development	2,722,490	3,910,039	3,808,125	3,600,810
Public health	6,169,752	6,826,015	6,494,336	6,799,722
Capital outlay	9,007,008	13,283,208	14,726,146	17,592,890
Debt service:				
Principal	4,840,973	5,101,924	6,963,545	7,144,536
Interest and fiscal charges	2,127,921	2,139,412	4,725,942	4,604,103
Bond issuance costs	50,768	595,706	27,237	58,014
Total expenditures	<u>99,805,899</u>	<u>109,973,284</u>	<u>124,593,835</u>	<u>130,031,214</u>
Excess (deficiency) of revenues over (under) expenditures	<u>3,766,781</u>	<u>1,851,486</u>	<u>(890,367)</u>	<u>(6,765,011)</u>
Other financing sources (uses):				
General obligation bonds issued	4,705,000	66,380,000	3,775,000	-
Refunding bonds issued	-	5,220,000	-	5,802,122
Capital leases	-	-	189,395	-
Premiums on general obligation bonds	46,452	756,120	27,104	115,070
Premiums on refunding bonds	-	-	-	-
Payments to refunded bond escrow agent	-	(5,207,616)	-	(5,950,970)
Transfers in	12,326,533	16,522,025	20,307,345	16,106,280
Transfer out	(12,099,446)	(16,485,684)	(18,921,570)	(13,768,171)
Proceeds from sale of capital assets	-	-	-	-
Total other financing sources	<u>4,978,539</u>	<u>67,184,845</u>	<u>5,377,274</u>	<u>2,304,331</u>
Net change in fund balances	<u>\$ 8,745,320</u>	<u>\$ 69,036,331</u>	<u>\$ 4,486,907</u>	<u>\$ (4,460,680)</u>
Debt service as a percentage of noncapital expenditures	7.51%	7.17%	10.65%	10.24%

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									
		2010	2011	2012	2013	2014	2015				
\$	27,318,396	\$	28,003,416	\$	29,186,254	\$	31,075,760	\$	33,487,659	\$	35,813,531
	51,354,302		52,587,053		53,995,242		57,093,126		56,684,455		61,177,819
	539,666		545,059		558,497		864,693		507,622		598,772
	13,338,717		13,587,115		13,682,123		13,405,186		14,181,593		13,762,575
	1,901,686		1,682,153		2,069,365		2,361,710		2,519,019		2,454,494
	2,054,487		1,815,418		1,647,361		1,915,904		2,555,149		2,506,051
	1,751,702		1,779,213		1,501,983		1,643,861		1,639,054		1,749,690
	773,739		440,229		325,873		285,712		296,370		436,017
	627,197		350,827		269,577		504,130		883,815		3,490,258
	12,812,272		11,001,361		9,625,197		10,888,461		10,278,693		9,968,503
	1,991,904		521,371		608,810		297,998		338,265		289,272
	8,387,706		8,832,941		9,166,618		10,327,351		10,028,613		10,800,678
	<u>122,851,774</u>		<u>121,146,156</u>		<u>122,636,900</u>		<u>130,663,892</u>		<u>133,400,307</u>		<u>143,047,660</u>
	19,695,545		18,067,565		19,881,170		27,395,172		24,937,624		22,826,332
	2,235,645		2,753,649		2,051,156		3,214,854		2,583,490		1,405,812
	58,519,975		56,363,026		55,143,283		60,765,347		62,521,778		62,557,857
	13,149,983		12,932,267		14,773,781		12,792,566		13,998,629		13,543,825
	4,143,724		3,321,373		3,469,303		3,088,943		3,160,091		2,897,236
	7,240,481		7,155,606		6,993,107		7,271,899		7,267,366		7,247,059
	40,944,884		20,198,033		23,954,367		14,814,436		10,002,288		14,758,838
	7,270,310		6,967,663		7,090,342		5,912,954		5,340,143		5,585,000
	4,211,528		4,192,140		4,194,170		3,946,312		3,788,820		3,437,349
	70,242		500		68,981		35,891		26,107		250,679
	<u>157,482,317</u>		<u>131,951,822</u>		<u>137,619,660</u>		<u>139,238,374</u>		<u>133,626,336</u>		<u>134,509,987</u>
	(34,630,543)		(10,805,666)		(14,982,760)		(8,574,482)		(226,029)		8,537,673
	4,925,000		7,285,000		3,480,000		2,175,000		1,645,000		1,695,000
	2,900,000		-		6,465,000		1,700,000		-		34,125,000
	-		-		145,351		-		-		-
	29,024		54,583		10,594		168,544		59,040		57,044
	202,379		-		792,695		316,832		-		6,804,247
	(3,093,588)		-		(7,243,886)		(1,999,938)		-		(40,676,302)
	13,394,260		12,781,678		15,015,607		14,935,710		17,504,831		26,296,892
	(12,593,232)		(12,047,501)		(14,513,914)		(13,145,858)		(16,420,580)		(23,695,073)
	-		-		1,790,086		290,376		105,278		171,016
	<u>5,763,843</u>		<u>8,073,760</u>		<u>5,941,533</u>		<u>4,440,666</u>		<u>2,893,569</u>		<u>4,777,824</u>
\$	<u>(28,866,700)</u>	\$	<u>(2,731,906)</u>	\$	<u>(9,041,227)</u>	\$	<u>(4,133,816)</u>	\$	<u>2,667,540</u>	\$	<u>13,315,497</u>
	8.87%		9.28%		9.85%		7.94%		7.49%		7.49%

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

Category	Fiscal Year			
	2015	2014	2013	2012
Real - residential single family	\$ 3,330,608,637	\$ 3,193,078,012	\$ 3,145,755,030	\$ 2,964,790,976
Real - residential multi-family	600,033,734	552,903,404	540,947,926	530,246,728
Real - platted lots & residential inventory	192,366,941	185,737,380	161,765,042	159,734,533
Real - acreage, land only	74,636,662	66,466,703	73,968,631	73,351,221
Real - improved farm & ranch	32,499,555	28,871,288	18,486,406	19,298,600
Real - commercial & industrial	2,051,472,009	1,885,152,286	1,839,811,136	1,820,432,553
Real and tangible personal - utilities	177,491,413	147,349,253	140,452,424	138,700,708
Tangible personal - business	1,724,904,133	1,674,043,041	1,667,295,558	1,566,759,638
Tangible personal - other	<u>2,424,330</u>	<u>2,328,520</u>	<u>2,236,139</u>	<u>2,442,607</u>
Total market value	8,186,437,414	7,735,929,887	7,590,718,292	7,275,757,564
Less total exemptions	<u>916,313,922</u>	<u>927,340,793</u>	<u>938,850,655</u>	<u>829,201,392</u>
Taxable assessed value	<u>\$ 7,270,123,492</u>	<u>\$ 6,808,589,094</u>	<u>\$ 6,651,867,637</u>	<u>\$ 6,446,556,172</u>
Total direct tax rate per \$100 of taxable assessed value	<u>\$ 0.776232</u>	<u>\$ 0.776232</u>	<u>\$ 0.786232</u>	<u>\$ 0.786232</u>
Estimated actual taxable value	<u>\$ 8,186,437,414</u>	<u>\$ 7,735,929,887</u>	<u>\$ 7,590,718,292</u>	<u>\$ 7,275,757,564</u>
Taxable assessed value as a percentage of actual taxable value	88.8%	88.0%	87.6%	88.6%

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

Table V

Fiscal Year						
	2011	2010	2009	2008	2007	2006
\$	2,899,061,978	\$ 2,831,728,139	\$ 2,786,526,338	\$ 2,525,731,582	\$ 2,371,733,450	\$ 2,186,456,501
	527,542,939	506,927,890	481,461,020	450,937,111	414,909,141	369,875,756
	158,194,756	166,731,693	159,010,177	140,742,891	121,598,228	125,387,077
	72,134,192	61,537,818	52,701,391	47,734,843	46,911,329	44,640,849
	19,050,487	18,251,255	16,724,697	16,424,746	15,467,787	14,578,466
	1,769,330,218	1,712,740,259	1,590,177,832	1,465,906,212	1,352,880,299	1,281,485,269
	142,912,428	147,985,807	138,718,155	157,931,476	159,458,452	172,733,873
	1,473,384,230	1,458,577,289	1,393,542,226	1,318,022,800	1,339,092,276	1,250,564,002
	<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>2,404,672</u>
	7,063,665,231	6,906,809,216	6,621,349,957	6,125,855,409	5,824,404,604	5,448,126,465
	<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>500,998,434</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>4,947,128,031</u>
\$	<u>0.786232</u>	<u>0.786232</u>	<u>0.786232</u>	<u>0.786232</u>	<u>0.699700</u>	<u>0.699700</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>5,448,126,465</u>
	88.9%	89.4%	90.8%	91.5%	91.1%	90.8%

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

Fiscal Year	City Direct Rates			Waco	China Spring	LaVega	McLennan Community College
	Operating/General	Debt Service	Total Direct	Independent School District	Independent School District	Independent School District	
2006	0.566294	0.133406	0.699700	1.564000	1.590000	1.692500	0.121076
2007	0.570007	0.129693	0.699700	1.443810	1.459534	1.536607	0.120362
2008	0.580229	0.206003	0.786232	1.162050	1.450000	1.205920	0.153002
2009	0.592848	0.193384	0.786232	1.359149	1.429637	1.182827	0.151134
2010	0.603720	0.182512	0.786232	1.366350	1.437240	1.238915	0.156332
2011	0.611239	0.174993	0.786232	1.364750	1.407000	1.365000	0.156306
2012	0.613251	0.172981	0.786232	1.360998	1.411400	1.365000	0.152823
2013	0.637434	0.148798	0.786232	1.355180	1.374402	1.420000	0.151530
2014	0.639191	0.137041	0.776232	1.354800	1.540000	1.420000	0.151530
2015	0.646744	0.129488	0.776232	1.353240	1.538834	1.465000	0.149530

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
0.459900	1.652470	1.622000	1.530088	1.700000	1.627499	1.650000
0.440000	1.511801	1.506500	1.419765	1.581534	1.510902	1.521100
0.452900	1.280000	1.290000	1.274290	1.248406	1.175132	1.190000
0.450500	1.230000	1.320000	1.561346	1.247370	1.180000	1.210000
0.443100	1.270000	1.320000	1.555070	1.247450	1.316000	1.190000
0.442710	1.288824	1.320000	1.545259	1.270000	1.315000	1.190000
0.442710	1.281105	1.320000	1.537596	1.290000	1.315000	1.190000
0.460573	1.269091	1.320000	1.478460	1.310000	1.315000	1.185000
0.535293	1.265653	1.320000	1.487914	1.620000	1.315000	1.355000
0.535293	1.274394	1.320000	1.478175	1.640000	1.510000	1.355000

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

Fiscal year 2015

Taxpayers	Taxable Assessed Value	Percentage of Total Taxable Assessed Valuation
Mars Snackfood US L.L.C.	\$ 106,799,646	1.47 %
Coca Cola Company	98,357,980	1.35 %
L-3 Communications Integrated Systems L.P.	76,263,750	1.05 %
Allergan, Inc.	62,045,624	0.85 %
Oncor Electric Delivery Co.	57,638,637	0.79 %
Inland Western Waco Central, L.P.	53,760,400	0.74 %
Caterpillar Logistics Services, Inc.	46,083,695	0.63 %
Associated Hygienic Products, L.L.C.	45,990,038	0.63 %
CBL/Richland Mall, L.P.	42,291,560	0.58 %
Tractor Supply Company of Texas, L.L.P.	<u>41,891,099</u>	<u>0.58 %</u>
Total	\$ <u><u>631,122,429</u></u>	<u><u>8.68 %</u></u>

Source: McLennan County Appraisal District

Table VII

Fiscal Year 2006		
Taxpayers	Taxable Assessed Value	Percentage of Total Taxable Assessed Valuation
MasterFoods USA (M & M Mars)	\$ 75,149,868	1.52 %
Coca Cola Company	49,526,616	1.00 %
TXU Electric Delivery Co.	48,701,790	0.99 %
AIG Baker Waco, L.L.C.	43,792,699	0.89 %
CBL/Richland Mall, L.P.	35,842,184	0.72 %
Southwestern Bell Telephone Co.	35,399,280	0.72 %
Pilgrim's Pride Corp.	31,280,364	0.63 %
L3 Communications	30,405,613	0.62 %
Allergan, Inc.	30,390,634	0.61 %
Owens-Brockway Glass	29,892,115	0.60 %
Total	\$ 410,381,163	8.30 %

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

<u>Fiscal Year</u>	<u>Tax Levy for City Operations and Debt</u>	<u>City Tax Levy for Tax Increment Financing</u>	<u>Total Tax Levy for Fiscal Year</u>	<u>Adjustments to Levy in Subsequent Years</u>
2006	34,093,010	522,047	34,615,057	(201,312)
2007	36,481,122	640,192	37,121,314	(244,297)
2008	43,188,911	886,276	44,075,187	(135,406)
2009	46,270,500	1,268,052	47,538,552	(466,576)
2010	47,639,260	1,261,899	48,901,159	(661,743)
2011	48,078,029	1,247,577	49,325,606	(130,520)
2012	49,428,253	1,516,082	50,944,335	(523,949)
2013	50,896,824	1,541,926	52,438,750	(260,793)
2014	51,208,846	1,582,983	52,791,829	(28,541)
2015	54,676,069	1,792,277	56,468,346	(151,138)

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
34,413,745	33,876,118	98.44	468,901	34,345,019	99.80
36,877,017	36,345,526	98.56	443,259	36,788,785	99.76
43,939,781	43,320,216	98.59	504,094	43,824,310	99.74
47,071,976	46,373,974	98.52	569,354	46,943,328	99.73
48,239,416	47,367,935	98.19	706,402	48,074,337	99.66
49,195,086	48,312,012	98.20	761,491	49,073,503	99.75
50,420,386	49,634,551	98.44	647,436	50,281,987	99.73
52,177,957	51,511,537	98.72	439,646	51,951,183	99.57
52,763,288	52,019,615	98.59	421,361	52,440,976	99.39
56,317,208	55,622,582	98.77	-	55,622,582	98.77

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

Fiscal Year	Governmental Activities			Business-
	General Obligation Bonds (1)	Capital Leases	General Obligation Bonds (2)	General Obligation Bonds
2006	46,399,578	877,926	3,105,010	197,058,619
2007	108,842,854	547,669	2,773,546	249,410,055
2008	106,052,032	469,757	2,405,819	248,087,985
2009	99,232,249	128,270	2,022,392	235,015,348
2010	97,278,450	65,154	1,631,012	232,934,268
2011	98,019,198	-	1,224,455	220,721,649
2012	94,657,316	109,814	813,366	207,205,507
2013	91,155,603	61,608	615,000	228,080,781
2014	87,989,551	12,443	550,000	223,017,008
2015	86,321,896	-	370,000	223,050,091

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>Type Activities</u>	<u>Total Primary Government</u>	<u>Percentage of Actual Taxable Value of Property (3)</u>	<u>Population of City</u>	<u>Per Capita</u>
Notes Payable				
17,378,150	264,819,283	5.33%	120,249	2,202
17,326,901	378,901,025	7.14%	121,372	3,122
17,273,375	374,288,968	6.68%	122,506	3,055
17,217,472	353,615,731	5.88%	123,650	2,860
17,159,087	349,067,971	5.65%	124,805	2,797
17,098,108	337,063,410	5.37%	125,971	2,676
17,034,421	319,820,424	4.96%	127,018	2,518
1,967,906	321,880,898	4.84%	128,125	2,512
1,898,437	313,467,439	4.60%	129,241	2,425
1,825,882	311,567,869	4.29%	130,533	2,387

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
2006	246,563,207	532,768	246,030,439	4.97%	120,249	2,046
2007	361,026,455	58,321	360,968,134	6.80%	121,372	2,974
2008	356,545,836	355,119	356,190,717	6.35%	122,506	2,908
2009	336,269,989	403,845	335,866,144	5.59%	123,650	2,716
2010	331,843,730	183,371	331,660,359	5.37%	124,805	2,657
2011	319,965,302	49,695	319,915,607	5.09%	125,971	2,540
2012	302,676,189	33,913	302,642,276	4.69%	127,018	2,383
2013	319,851,384	-	319,851,384	4.76%	128,125	2,496
2014	311,556,559	-	311,556,559	4.58%	129,241	2,411
2015	309,741,987	259,739	309,482,248	4.26%	130,533	2,371

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	\$ 173,129,880	94.71%	\$ 163,971,309
Bosqueville Independent School District	7,511,667	76.98%	5,782,481
McLennan Community College	38,870,800	52.81%	20,527,669
McLennan County	10,659,825	58.41%	6,226,404
Midway Independent School District	60,243,134	53.16%	32,025,250
LaVega Independent School District	16,910,678	37.94%	6,415,911
China Spring Independent School District	18,229,303	40.06%	7,302,659
Connally Independent School District	3,481,066	18.14%	631,465
Lorena Independent School District	698,533	2.16%	15,088
McGregor Independent School District	<u>33,451</u>	0.14%	<u>47</u>
Subtotal, overlapping debt	<u>\$ 329,768,337</u>		<u>\$ 242,898,283</u>
City direct debt:			
City of Waco direct debt	\$ 86,321,896	100.00%	\$ 86,321,896
Tax increment financing	<u>370,000</u>	100.00%	<u>370,000</u>
Subtotal, direct debt	<u>\$ 86,691,896</u>		<u>\$ 86,691,896</u>
Total direct and overlapping debt	<u>\$ 416,460,233</u>		<u>\$ 329,590,179</u>

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

Sources: McLennan County Appraisal District and the Municipal Advisory Council of Texas as of September 30, 2015.

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>
2006	(4)	51,317,327	26,451,840	24,865,487
2007	(4)	50,713,887	28,314,942	22,398,945
2008	(4)	56,859,579	29,823,743	27,035,836
2009	(4)	57,350,687	33,138,169	24,212,518
2010	(4)	54,797,775	34,602,793	20,194,982
2011	(4)	65,111,936	34,030,334	31,081,602
2012	(4)	60,733,168	32,836,116	27,897,052
2013	(4)	62,795,257	34,036,064	28,759,193
2014	(4)	60,346,778	35,497,646	24,849,132
2015	(4)	59,514,895	36,477,205	23,037,690

(1) Total revenue including interest.

(2) Total operating expenses exclusive of depreciation.

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

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

Source: Comprehensive Annual Financial Reports

Wastewater Funds

Debt Service Requirements (3)			
<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>Coverage</u>
8,677,542	8,270,663	16,948,205	1.47 %
8,679,361	9,399,337	18,078,698	1.24 %
9,779,139	11,912,439	21,691,578	1.25 %
11,180,464	10,895,340	22,075,804	1.10 %
11,444,691	10,469,188	21,913,879	0.92 %
10,997,337	10,431,335	21,428,672	1.45 %
11,614,658	10,078,055	21,692,713	1.29 %
11,067,045	9,203,092	20,270,137	1.42 %
10,699,857	8,698,336	19,398,193	1.28 %
11,085,000	8,363,187	19,448,187	1.18 %



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
2006	242,397	6,731,083	27,769	26.8	4.8%
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	N/A	N/A	N/A	N/A	4.1%

N/A Not available

Sources: Estimated population and personal income information provided by the Bureau of Economic Analysis' Interactive Data application. Personal income information not available at the City level. Median age provided by the 2010 U.S. Census and the 2005 through 2009 and 2011 through 2014 American Community Surveys. Unemployment rates provided by the Bureau of Labor Statistics. 2015 rate is as of October.

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

2015		
Employer	Employees	Percentage of Total City Employment
Baylor University	2,675	2.29 %
Waco Independent School District	2,500	2.14 %
Providence Healthcare Network	2,397	2.05 %
L-3 Communications	2,300	1.97 %
Hillcrest Baptist Medical Center	1,800	1.54 %
Wal-Mart Stores	1,656	1.42 %
City of Waco	1,506	1.29 %
H-E-B Stores	1,500	1.28 %
Midway Independent School District	1,067	0.91 %
Sanderson Farms, Inc.	1,041	0.89 %
Total	18,442	15.78 %

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

Table XIV

2006		
Employer	Employees	Percentage of Total City Employment
Veterans Administration Medical Center - Central Texas Region	3,000	2.60 %
Baylor University	2,300	1.99 %
Waco Independent School District	2,300	1.99 %
Hillcrest Health System	1,836	1.59 %
L3 Communications Integrated Systems	1,706	1.48 %
Providence Health Systems	1,565	1.36 %
City of Waco	1,460	1.27 %
Midway Independent School District	885	0.77 %
McLennan County	880	0.76 %
Masterfoods USA (M&M Mars)	750	0.65 %
	<hr/>	<hr/>
Total	<u>16,682</u>	<u>14.46 %</u>

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

Function:	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
General Government	128.58	129.68	132.36	132.46
Public Works	59.00	59.00	59.00	60.00
Public Safety	580.40	603.48	602.13	601.98
Culture and Recreation	183.12	187.38	186.65	184.11
Housing and Community Development	23.04	18.60	18.75	18.90
Public Health	86.54	90.60	82.93	83.93
Water	114.00	114.00	117.00	120.25
Wastewater/WMARSS	67.50	68.50	68.75	68.75
Solid Waste	97.00	99.00	98.00	101.50
Airport	11.90	12.52	16.40	16.40
Convention Services	35.45	36.13	36.13	34.88
Ranger Hall of Fame	12.88	13.50	14.50	15.50
Cameron Park Zoo	45.85	45.85	51.29	52.28
Cottonwood Creek Golf Course	22.34	15.96	15.96	15.96
Insurance/Risk Management	6.75	7.00	7.00	7.00
Engineering	27.38	26.38	26.00	26.00
Fleet Services	24.00	24.00	25.00	25.00
Total	<u>1,525.73</u>	<u>1,551.58</u>	<u>1,557.85</u>	<u>1,564.90</u>

General Government:

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

Public Works

Streets and Street Reconstruction

Public Safety

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

Culture and Recreation

Library, Parks and Recreation

Housing

Housing, Neighborhoods, Community Development

Source: City of Waco Budget Office

Table XV

Fiscal Year					
2010	2011	2012	2013	2014	2015
132.23	128.73	129.26	142.78	144.80	147.80
60.00	58.00	56.00	59.00	59.00	57.00
608.01	605.93	603.43	604.75	610.25	622.95
197.73	196.31	189.18	185.45	185.45	185.41
19.50	22.45	20.18	19.48	19.48	20.19
83.60	86.75	86.55	82.55	83.00	81.50
124.25	122.75	122.25	126.25	125.25	123.25
68.75	69.25	68.75	71.75	72.75	72.75
101.50	103.00	101.00	99.00	96.00	93.50
15.02	13.77	13.77	13.77	13.77	13.52
35.88	34.38	33.63	33.20	35.71	35.70
15.50	15.50	15.50	15.50	15.50	15.50
51.41	51.16	51.16	51.11	51.10	51.36
15.96	15.96	15.96	15.96	13.00	13.00
7.00	8.00	8.00	8.00	8.00	6.00
25.00	24.00	24.00	24.00	24.00	24.00
25.00	25.00	25.00	25.00	27.00	27.00
<u>1,586.34</u>	<u>1,580.94</u>	<u>1,563.62</u>	<u>1,577.55</u>	<u>1,584.06</u>	<u>1,590.43</u>

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

Function:	2006	2007	2008	2009
Public Safety				
Police				
Number of Sworn Employees - Budgeted	239	245	245	245
Number of Traffic Citations	9,712	13,289	23,212	17,804
Number of Class "C" Citations	2,195	2,558	3,404	3,790
Calls Dispatched	122,450	121,633	116,442	111,717
Fire				
Number of Sworn Employees - Budgeted	186	192	192	192
Number of Fire Responses	9,452	10,140	10,089	9,537
Public Works				
Street Resurfacing (miles)	40.30	33.61	7.25	9.82
Culture and Recreation				
Parks and Recreation				
Number of Teams in Athletic Leagues	479	424	440	383
Number of Participants in Track/Field Events	309	350	247	258
Number of Participants in After School	2,348	2,292	2,671	3,560
Library				
Volumes in Collection	300,252	305,652	319,754	331,791
E-books Available to Public	28,290	30,319	30,899	31,245
Water				
Number of Water Connections	44,928	41,623	41,752	42,391
Average Daily Water Consumption (gallons)	26,590,842	22,681,919	28,009,000	28,671,000
Maximum Storage Capacity (gallons)	42,143,000	42,143,000	42,143,000	42,143,000
Solid Waste (Residential)				
Refuse Collected (tons)	23,799	25,812	45,572	45,138
Bulky/Brush Pickups (tons)	5,703	6,496	5,162	5,614
Recyclables Collected (tons)	1,599	1,685	2,415	2,898
Golf Course				
Number of Paid Rounds Played	50,025	46,949	45,581	44,306

Source: City of Waco Departments

Table XVI

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

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

Function:	2006	2007	2008
Public safety			
Police:			
Stations	1	1	1
Staffed substations	3	3	3
Patrol units - equipped for arrest use	65	65	71
Fire stations	14	14	14
Highways and streets			
Streets - paved (miles)	569	587	588
Streetlights - City-owned	2,350	2,198	2,194
Streetlights - Leased	6,236	6,743	6,849
Traffic control signals	196	195	198
Traffic beacons and flashers	98	101	101
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	44	36
Community centers	3	3	3
Water			
Water mains (miles)	847	775	927
Fire hydrants	3,486	4,650	4,739
Maximum daily capacity (thousands of gallons)	66,000	66,000	66,000
Wastewater			
Sanitary sewers (miles)	766	728	818
Storm sewers (miles)	348	357	353
Maximum daily capacity (thousands of gallons)	37,800	37,800	37,800

Source: City of Waco Departments

Table XVII

Fiscal Year						
2009	2010	2011	2012	2013	2014	2015
1	1	1	1	1	1	1
4	4	4	4	3	3	2
71	71	71	71	71	71	74
14	14	14	14	14	14	14
593	595	600	599	603	604	605
2,197	2,282	2,295	2,295	2,310	2,310	2,316
6,910	6,059	6,084	6,127	6,228	6,228	6,248
198	198	194	195	198	198	198
100	102	102	105	108	110	116
1,234.99	1,234.99	1,234.99	1,234.99	1,271.00	1,626.70	1,266.00
44	46	46	46	46	56	56
2	1	1	1	1	1	1
36	36	36	36	34	29	29
3	5	5	5	5	5	5
954	864	885	1,021	1,035	1,043	1,042
4,935	5,032	5,165	5,229	5,362	5,398	5,457
66,000	75,000	75,000	75,000	75,000	75,000	75,000
831	737	747	843	846	850	852
350	343	345	347	351	355	358
37,800	37,800	37,800	46,500	46,500	46,500	46,500



Part C49 – Outstanding General Obligation Debt

Part C49 - Outstanding General Obligation Debt

City of Waco, Texas
 Outstanding General Obligation Debt
 As of April 30, 2016

	Principal	Interest	Debt Service
9/30/2016	17,920,000	12,856,971	30,776,971
9/30/2017	20,290,000	13,628,504	33,918,504
9/30/2018	21,745,000	12,861,408	34,606,408
9/30/2019	22,190,000	12,025,304	34,215,304
9/30/2020	22,565,000	11,062,116	33,627,116
9/30/2021	22,875,000	10,065,723	32,940,723
9/30/2022	21,760,000	9,108,434	30,868,434
9/30/2023	21,395,000	8,150,825	29,545,825
9/30/2024	22,190,000	7,167,679	29,357,679
9/30/2025	20,530,000	6,197,582	26,727,582
9/30/2026	18,840,000	5,304,726	24,144,726
9/30/2027	19,200,000	4,542,675	23,742,675
9/30/2028	15,340,000	3,918,386	19,258,386
9/30/2029	14,900,000	3,342,823	18,242,823
9/30/2030	15,475,000	2,765,941	18,240,941
9/30/2031	14,530,000	2,238,073	16,768,073
9/30/2032	14,425,000	1,755,100	16,180,100
9/30/2033	12,480,000	1,309,184	13,789,184
9/30/2034	11,750,000	918,528	12,668,528
9/30/2035	11,290,000	549,075	11,839,075
9/30/2036	9,835,000	209,025	10,044,025
9/30/2037	1,560,000	24,375	1,584,375
	<u>373,085,000</u>	<u>130,002,455</u>	<u>503,087,455</u>

Part D54 — Preliminary Engineering Report

PRELIMINARY ENGINEERING FEASIBILITY REPORT

ADVANCED METERING INFRASTRUCTURE

FOR THE

CITY OF WACO



MAY 2, 2016



PRELIMINARY ENGINEERING FEASIBILITY REPORT

ADVANCED METERING INFRASTRUCTURE

FOR THE

CITY OF WACO



MAY 2, 2016

Part D54 - Preliminary Engineering Report

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Introduction

The City of Waco is a growing community that provides water service to more than 130,000 city residents. Additionally, the City supplies water to several wholesale customers: City of Woodway (9,000), City of Hewitt (14,000), City of Lacy Lakeview (7,000), City of Robinson (11,000), Central Bosque WSC (850), City of West (3,500) and the City of Bellmead (10,000 – emergency only). Population projections for the Waco water service area indicate an increase of 40,000 water customers within the next 25 years.

Rural growth, regional groundwater water quality issues, and sustainable water sources are existing issues within McLennan County that may force surrounding communities to seek Waco water within the near future. McLennan County WCID #2, FHLM WSC Northwest, FHLM WSC Southeast, Cross Country WSC, Patrick WSC, North Bosque WSC, Aqua Texas, Inc., East Crawford WSC, City of Lorena, Levi WSC, City of Ross, Hilltop WSC, community of Axtell, and Bold Springs WSC have expressed interest in or are evaluating the use of Waco supplied potable water. Addition of some or all of these potential customers will further complicate water management within the Heart of Texas Region.

The City of Waco intends to provide water to all interested McLennan County customers for the foreseeable future. In an effort to provide a sustainable water source to these customers, Waco must manage the many facets of potable water supply: adequate source, source protection, treatment, water quality, distribution, water loss, and economics. Successful management of this resource begins with accurate metering and superb data management. The City of Waco intends to install and utilize

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Advanced Metering Infrastructure (AMI) to correctly manage the transfer, processing, and sale of this resource to all existing and future customers.

Existing System Description

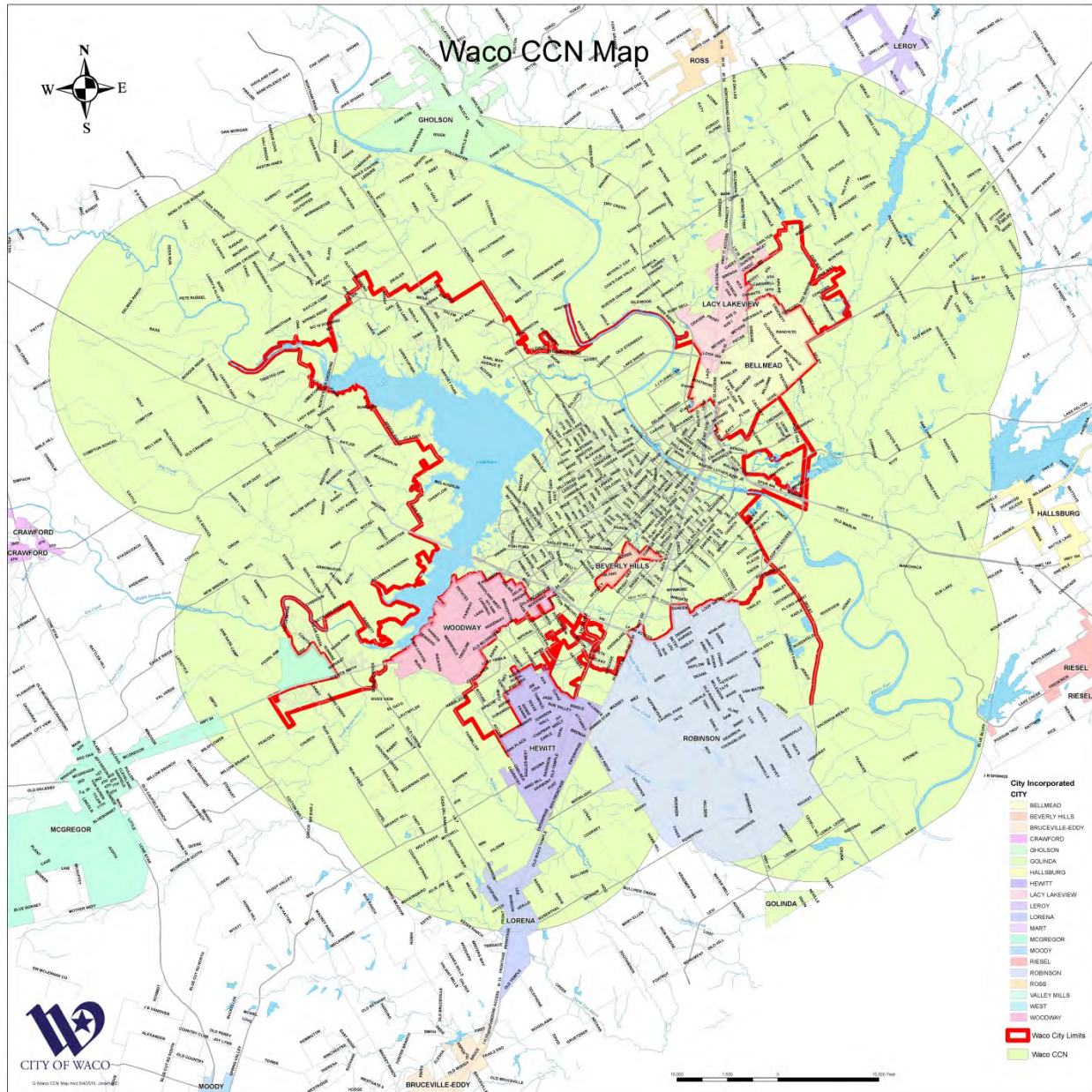
The City of Waco maintains a 100-plus square mile water service area. Within this area, Waco manages more than 45,000 customer meters. Table 1 illustrates the quantity, size and classification of meters maintained within the Waco water system.

Meter Size		Meter Class	
3/4"	40,873	Apartment	595
1"	2689	Commercial	5,784
1.5"	1233	City of Waco	210
2"	473	Other	3
3"	240	Emergency	5
4"	92	Industrial	11
6"	28	Residential	38,648
8"	13	Multifamily	385
10"	5	Special Wholesale	5
45,646		45,646	

Table 1. Meter Data

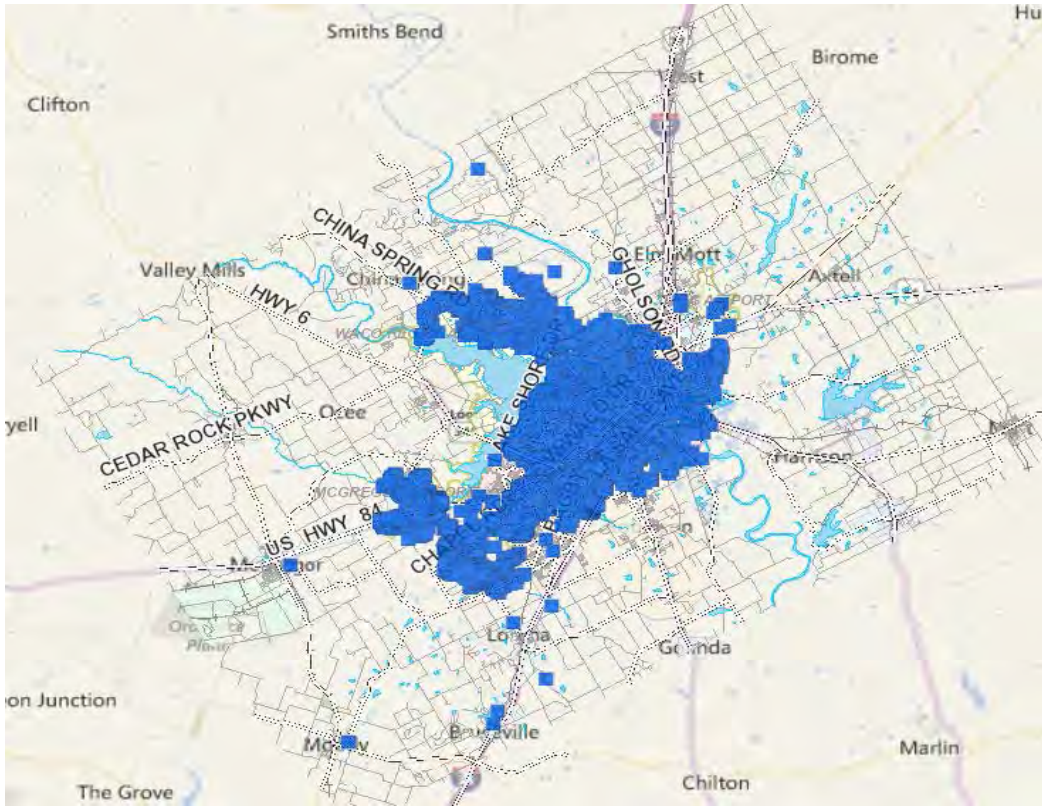
The city utilizes three specific meter brands to meter water within the existing system, Sensus, Neptune, and Badger Meter. The city installs, maintains, and replaces these meters in accordance with American Water Works Association, American National Standards Institute, NSF International, and local city standards. Commercial, wholesale, and industrial meters are tested annually for compliance with accuracy standards. Meters that fail accuracy standards or visual inspections (register issues) are replaced. All meters are scheduled to be replaced on a ten year cycle.

Map 1 illustrates the Waco Certificate of Convenience and Necessity (CCN) area. The Waco CCN extends to the limits of the Waco Extraterritorial Jurisdiction (ETJ); this limit envelops multiple separate communities. Map 2 depicts individual meters locations within the Waco system. Although each meter cannot be identified via Map 2, the map indicates meters are spread throughout the City of Waco and several meters serve customers within the Waco ETJ.



Map 1. Waco CCN

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Map 2. Meter Location Map

The Waco water system utilizes a mix of groundwater and surface water to meet existing demands. The primary source for Waco water is Lake Waco. Water is treated via three water treatment facilities with a combined capacity of 94 MGD. This total treatment capacity is supplemented multiple storage facilities and pumping facilities to move water to the six local pressure planes. The capacity of the existing system has been determined to be adequate for needs through 2040. Current and future water use within the City of Waco and its wholesale system is depicted in Table 2.

Year	Waco Avg. Day Demand (MGD)	Wholesale Avg. Day Demand (MGD)	Total Avg. Day Demand (MGD)	Waco Max. Day Demand (MGD)	Wholesale Max. Day Demand (MGD)	Total Max. Day Demand (MGD)
2015	28.33	7.91	36.24	48.17	9.87	58.04
2020	31.74	11.13	42.87	53.96	12.1	66.06
2030	35.73	12.2	47.93	60.74	13.25	73.99
2040	39.49	13.18	52.66	67.13	15.15	82.28

Table 2. Waco Water Use

Project Needs

Water audits conducted for the City of Waco for 2014 and 2015 reveal annual water loss to be approximately 2 billion gallons. This loss represents 18% of the produced potable water. The cost impact of the 2015 real and apparent losses exceeds \$7.7 million dollars. Additionally, the city manually reads each of the 45,000 plus meters on a monthly basis. Five, full-time employees are dedicated solely to meter reading. Each meter reader requires meter reading equipment, a vehicle, vehicle maintenance, fuel, and communication equipment to read along the 1000 plus miles of existing water mains. Waco seeks to install AMI system improvements to reduce actual water losses, eliminate monetary losses, alter its reading methodology, and fundamentally alter its communication with water customers.

An AMI systems is being evaluated for the following reasons:

- 1) Limit apparent losses from data handling errors
- 2) Decrease under-recorded consumption due to aging or incorrectly sized meters
- 3) Enhance data collection to reduce loss from unknown conditions
- 4) Detect and manage system leaks via AMI distribution devices
- 5) Evaluate water losses through real time, individual meter communication
- 6) Enhance water conservation through data collection, customer education, and real time communication
- 7) Assign current meter reading employees to other duties including, conservation education, meter replacement, and leak investigation
- 8) Improve efficiency and reduce carbon footprint of meter reading efforts

Installation of the AMI system includes: installing new customer meters with AMI capabilities, retrofitting existing meters that will accept AMI technology, installing regional fix-based reading equipment, installing communication and data processing software, establishing a web-based customer portal, and installing acoustic leak detection equipment within the existing distribution system.

Population Projections

The City of Waco recently contracted with the Wallace Group and Freese and Nichols, consulting engineers, to provide a comprehensive water system analysis. This study, *Water System Master Plan, October 2015*, projects population growth through 2040. Table 3 illustrates the calculated population projections within the city and within the wholesale customer population. For this report, the Wholesale Population illustrated in Table 3 is extrapolated from the growth rate determined in *Water System Master Plan, October 2015*.

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Year	Waco Population	Wholesale Population
2015	131,139	45,350
2020	138,539	47,909
2030	154,179	53,318
2040	167,633	57,970

Table 3. Population Projections

Planning Horizon

Infrastructure planning for this particular improvement is limited by the battery life of the proposed meter devices. Current technology limits the initial AMI improvement to a life of 20 years. The city intends to fully implement the AMI program by the summer of 2018. Beyond 2038 the city will evaluate available technologies for the most economically feasible alternative.

Water Loss and Conservation

Water losses within the City of Waco water system in 2014 and 2015 were approximately 2 billion gallons per year. These calculated losses equate to 18% of annual water production. Based on the current population, losses exceed 41 gallons per capita per day. This loss greatly exceeds official water loss targets set for 2019, 7%, and 2024, 8%.

In addition to monitoring water losses, the City of Waco maintains a water conservation plan in accordance with TCEQ requirements. Within this plan Waco has identified five and ten year water use goals. These goals are illustrated in Table 4.

	2015	Water Use Target 2019	Water Use Target 2024
GPCD	228	221	196
Residential GPCD	86	69	64

Table 4. Water Use Goals

Waco must implement system modifications to meet loss and use target goals. Implementation of an AMI system is expected to provide water savings from apparent losses, real losses, and conservation efforts. Estimated water loss savings are presented in Table 5. Water savings due to implementation of conservation efforts are presented in Table 6.

	2020	2030	2040	2050	2060	2070
Projected Annual Water Savings (ac-ft)	698	2,237	2,346	2,469	2,604	2,740

Table 5. Estimated Water Savings

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	2020	2030	2040	2050	2060	2070
Projected Annual Water Savings (ac-ft)	1,462	4,033	6,781	9,781	11,940	12,554

Table 6. Conservation Water Savings

AMI system execution is expected to trim apparent and real water losses and contribute to monetary savings. Curbing water losses is expected to save 698 ac-ft by 2020. Water Conservation efforts by 2020 are expected to save 1,462 ac-ft per year. This equates to an annual savings of roughly \$1,000,000. Savings should continue to build as water conservation efforts extend into the future.

Alternatives

The City of Waco considered multiple alternatives for the implementation of an AMI system. Presented below are four alternatives and important considerations for each:

- 1) Continue to manually read meters with five full-time positions
 - a. Meter reading costs are approximately \$0.40-\$0.50 per meter
 - b. Requires reading equipment, five vehicles, fuel, and vehicle maintenance
 - c. Requires support personnel and software for data processing and billing
 - d. Estimated costs solely for manual meter reading are \$300,000-\$350,000 per year
 - e. Provides additional manpower should an emergency occur
- 2) Hire third party meter readers
 - a. Meter reading costs are approximately \$0.80-\$0.90 per meter
 - b. Requires no equipment
 - c. Requires support personnel and software for data processing and billing
 - d. Estimated annual costs are \$450,000-\$500,000 per year
 - e. No additional personnel are available during emergencies
- 3) Install an Automatic Meter Reading (AMR) system
 - a. This option is not considered for the following typical reasons:
 - i. AMR systems require meters to be read by hand or via a mobile vehicle
 - ii. AMR systems are one way communication and do not provide instantaneous meter reading
 - iii. AMR systems lack customer interactive software
 - iv. AMR systems do not have distribution leak detection equipment
 - v. AMR systems are limited in data availability, storage, and processing
 - vi. AMR systems are the precursor to AMI systems
- 4) Install an AMI system
 - a. System has significant capital costs (\$12M)
 - b. System has fixed based reading equipment with instantaneous reading capability
 - i. 2014 apparent loss savings potential determined to be \$1.8M

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- ii. 2015 apparent loss savings potential determined to be \$900K
- c. System provides software for meter reading data analysis and customer communication
- d. System requires annual maintenance fee for leak detection equipment (250K)
 - i. 2015 system real loss savings potential determined to be \$6.9M
- e. AMI software can provide historical data to educate customers on water usage and water conservation

Waco selected AMI systems for three primary reasons: utilize available technology to reduce water and monetary losses, secure and manage data to communicate directly with water customers, and reduce future reading efforts to streamline water operations. In a fashion similar to other medium to large sized cities, Waco intends to move forward from antiquated reading methodologies and intends to utilize this change to better serve the community.

Adequacy

According to the *Water System Master Plan, October 2015*, the City of Waco has water rights and treatment facilities to produce potable water for existing and potential customers beyond the planning period for this project. Furthermore, the city has identified potential strategies to extend available supplies beyond 2040. Table 7 identifies available strategies to supplement existing supplies.

Water Supply Strategies
Local Groundwater
Imported Groundwater
Conjunctive Use
Conservation
Lake Brazos
Lake Bosque
Lake Creek Reservoir
Tradinghouse Creek Reservoir
Wastewater Reuse
Aquafer Storage and Retention
Brazos River Authority Water Purchase

Table 7. Water Supply Strategies

Operations and Maintenance

Implementation of the AMI project provides several direct and indirect benefits to the city and the community. The City of Waco will directly realize a staff reduction in meter readers. These employees will be reassigned to other duties, including but not limited to, meter replacement, meter testing, meter auditing, customer service, water use auditing, and leak detection. The overall personnel budget and maintenance budget for meters are not expected to change. Savings generated from more efficient operations and maintenance will be reinvested in operations to limit water loss and to ultimately reach water loss targets.

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The city expects direct water savings from leak detection equipment. Staffing for leak repairs is expected to remain consistent with existing plans. Trimming unknown water losses equates to increased revenues and additional water infrastructure improvement opportunities.

AMI implementation will also create indirect monetary benefits. Data collection and customer service software options are expected to streamline water operations and reduce overall vehicle usage, vehicle maintenance, and customer service calls. Customer service center savings are expected to be reinvested within the call center to improve customer relations and increase customer education and water conservation efforts.

Schedule

The AMI implementation schedule is illustrated in Table 8. Upon approval from the Texas Water Development Board, the city will commit internal resources to select an adequate AMI system. Project completion is scheduled for June 2018.

Project Schedule	
Application Submittal	5/11/2016
Submit Plans and Specifications	11/1/2016
Advertise for Bids	1/1/2017
Open Bids	2/1/2017
Begin Construction	5/1/2017
Complete Construction	6/1/18

Table 8. Project Schedule

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Project Budget

The AMI project budget is illustrated in Table 9.

PROJECT BUDGET - Entity Name CITY OF WACO						
Uses	TWDB Funds Series 1	TWDB Funds Series 2	TWDB Funds Series 3	Total TWDB Cost	Other Funds	Total Cost
Construction						
Construction	\$11,500,000	\$0	\$0	\$11,500,000	\$0	\$11,500,000
Subtotal Construction	\$11,500,000	\$0	\$0	\$11,500,000	\$0	\$11,500,000
Basic Engineering Fees						
Planning +	\$0	\$0	\$0	\$0	\$0	\$0
Design	\$0	\$0	\$0	\$0	\$0	\$0
Construction Engineering	\$0	\$0	\$0	\$0	\$0	\$0
Basic Engineering Other						
**	\$0	\$0	\$0	\$0	\$0	\$0
Subtotal Basic Engineering Fees	\$0	\$0	\$0	\$0	\$0	\$0
Special Services						
Application	\$0	\$0	\$0	\$0	\$0	\$0
Environmental	\$0	\$0	\$0	\$0	\$0	\$0
Water Conservation Plan	\$0	\$0	\$0	\$0	\$0	\$0
I/I Studies/Sewer Evaluation	\$0	\$0	\$0	\$0	\$0	\$0
Surveying	\$0	\$0	\$0	\$0	\$0	\$0
Geotechnical	\$0	\$0	\$0	\$0	\$0	\$0
Testing	\$0	\$0	\$0	\$0	\$0	\$0
Permits	\$0	\$0	\$0	\$0	\$0	\$0
Inspection	\$0	\$0	\$0	\$0	\$0	\$0
O&M Manual	\$0	\$0	\$0	\$0	\$0	\$0
Project Management (by engineer)	\$0	\$0	\$0	\$0	\$0	\$0
Pilot Testing	\$0	\$0	\$0	\$0	\$0	\$0
Water Distribution Modeling	\$0	\$0	\$0	\$0	\$0	\$0
Special Services Other						
**	\$0	\$0	\$0	\$0	\$0	\$0
Subtotal Special Services	\$0	\$0	\$0	\$0	\$0	\$0
Other						
Administration	\$0	\$0	\$0	\$0	\$0	\$0
Land/Easements Acquisition	\$0	\$0	\$0	\$0	\$0	\$0
Water Rights Purchase	\$0	\$0	\$0	\$0	\$0	\$0
Capacity Buy-In (If Applicable)	\$0	\$0	\$0	\$0	\$0	\$0
Project Legal Expenses	\$0	\$0	\$0	\$0	\$0	\$0
Other						
**	\$0	\$0	\$0	\$0	\$0	\$0
Subtotal Other Services	\$0	\$0	\$0	\$0	\$0	\$0
Fiscal Services						
Financial Advisor	\$25,600	\$0	\$0	\$25,600	\$0	\$25,600
Bond Counsel	\$28,750	\$0	\$0	\$28,750	\$0	\$28,750
Issuance Cost	\$5,000	\$0	\$0	\$5,000	\$0	\$5,000
Bond Insurance/Surety	\$0	\$0	\$0	\$0	\$0	\$0
Fiscal/Legal	\$9,500	\$0	\$0	\$9,500	\$0	\$9,500
Capitalized Interest	\$0	\$0	\$0	\$0	\$0	\$0
Bond Reserve Fund	\$0	\$0	\$0	\$0	\$0	\$0
Loan Origination Fee	\$0	\$0	\$0	\$0	\$0	\$0
Other						
**	\$0	\$0	\$0	\$0	\$0	\$0
Subtotal Fiscal Services	\$68,850	\$0	\$0	\$68,850	\$0	\$68,850
Contingency						
Contingency	\$431,150	\$0	\$0	\$431,150	\$0	\$431,150
Subtotal Contingency	\$431,150	\$0	\$0	\$431,150	\$0	\$431,150
TOTAL COSTS	\$12,000,000	\$0	\$0	\$12,000,000	\$0	\$12,000,000

Table 9. AMI Project Budget

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The City of Waco contracted with NewGen Strategies and Solutions, LLC to conduct a rate study and prepare rate recommendations for upcoming budgets, including new Capital Improvement Projects (CIP). The implementation of this \$12M dollar AMI project is expected to impact water rates. The projected rate increase estimate solely for this project is a volumetric rate increase of \$0.05 per 1000 gallons. Other projected increases in base rates and volumetric rates are for separate CIP projects. Tables 10 and 11 show total projected residential and non-residential water rates over the next five years.

Meter	Current	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
0.75	\$ 16.08	\$ 17.23	\$ 18.47	\$ 19.79	\$ 21.21	\$ 22.74
1	\$ 25.98	\$ 27.84	\$ 29.84	\$ 31.98	\$ 34.28	\$ 36.74
1.5	\$ 37.40	\$ 40.09	\$ 42.97	\$ 46.05	\$ 49.36	\$ 52.90
2	\$ 51.55	\$ 55.25	\$ 59.22	\$ 63.47	\$ 68.02	\$ 72.91
Consumption Charge (\$/1000 gal)						
0-14,999	\$ 2.57	\$ 2.78	\$ 2.89	\$ 3.00	\$ 3.00	\$ 3.03
15,000-24,999	\$ 3.01	\$ 3.26	\$ 3.39	\$ 3.52	\$ 3.52	\$ 3.55
25,000+	\$ 3.86	\$ 4.18	\$ 4.34	\$ 4.50	\$ 4.50	\$ 4.54

Table 10. Projected Residential Water Rates

Meter	Current	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
0.75	\$ 16.08	\$ 17.23	\$ 18.47	\$ 19.79	\$ 21.21	\$ 22.74
1	\$ 44.56	\$ 47.76	\$ 51.19	\$ 54.87	\$ 58.80	\$ 63.02
1.5	\$ 79.98	\$ 85.72	\$ 91.87	\$ 98.46	\$ 105.53	\$ 113.10
2	\$ 122.44	\$ 131.23	\$ 140.65	\$ 150.74	\$ 161.56	\$ 173.16
3	\$ 212.04	\$ 227.26	\$ 243.57	\$ 261.05	\$ 279.79	\$ 299.87
4	\$ 309.90	\$ 332.15	\$ 355.99	\$ 381.54	\$ 408.92	\$ 438.27
6	\$ 466.20	\$ 499.66	\$ 535.52	\$ 573.96	\$ 615.15	\$ 659.31
8	\$ 657.98	\$ 705.21	\$ 755.82	\$ 810.07	\$ 868.21	\$ 930.53
10	\$ 1,006.89	\$ 1,079.16	\$ 1,156.61	\$ 1,239.62	\$ 1,328.60	\$ 1,423.96
Consumption Charge (\$/1000 gal)						
All	\$ 2.71	\$ 2.94	\$ 3.06	\$ 3.17	\$ 3.17	\$ 3.20

Table 11. Projected Non-Residential Rates

Part D54 - Preliminary Engineering Report

References

Brown, Jessica, R. E. Wallace, et al. Water System Master Plan, October 2015 Prepared for: City of Waco. Waco: Wallace Group, 2015.

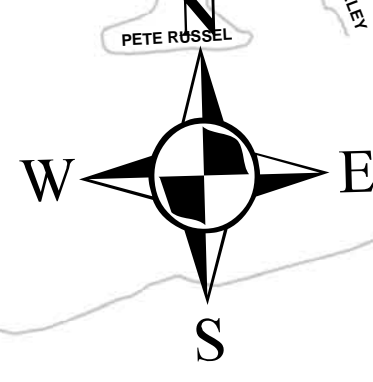
Echols, Johnathan. Water Conservation Plan Annual Report Retail Water Supplier. Waco, City of Waco, 2015

Ekrot, Chris. City of Waco Rate Study. Richardson, NewGen Strategies & Solutions, 2016

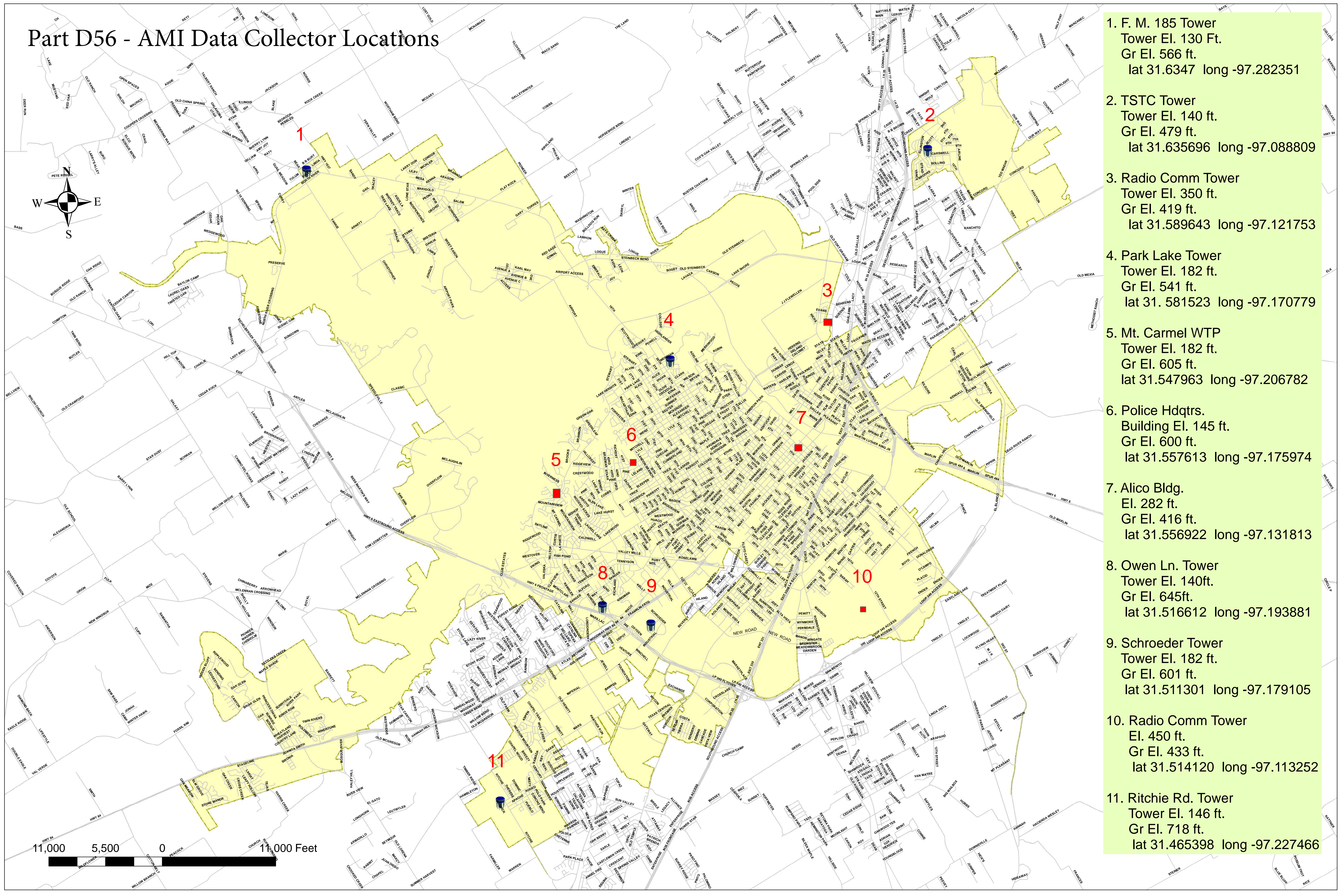
Dulus, Jonathan. 2015 Water Audit Report. Waco, City of Waco, 2015

Part D56 – AMI Data Collector Locations

Part D56 - AMI Data Collector Locations



1. F. M. 185 Tower
Tower El. 130 Ft.
Gr El. 566 ft.
lat 31.6347 long -97.282351
2. TSTC Tower
Tower El. 140 ft.
Gr El. 479 ft.
lat 31.635696 long -97.088809
3. Radio Comm Tower
Tower El. 350 ft.
Gr El. 419 ft.
lat 31.589643 long -97.121753
4. Park Lake Tower
Tower El. 182 ft.
Gr El. 541 ft.
lat 31.581523 long -97.170779
5. Mt. Carmel WTP
Tower El. 182 ft.
Gr El. 605 ft.
lat 31.547963 long -97.206782
6. Police Hdqtrs.
Building El. 145 ft.
Gr El. 600 ft.
lat 31.557613 long -97.175974
7. Alico Bldg.
El. 282 ft.
Gr El. 416 ft.
lat 31.556922 long -97.131813
8. Owen Ln. Tower
Tower El. 140ft.
Gr El. 645ft.
lat 31.516612 long -97.193881
9. Schroeder Tower
Tower El. 182 ft.
Gr El. 601 ft.
lat 31.511301 long -97.179105
10. Radio Comm Tower
El. 450 ft.
Gr El. 433 ft.
lat 31.514120 long -97.113252
11. Ritchie Rd. Tower
Tower El. 146 ft.
Gr El. 718 ft.
lat 31.465398 long -97.227466



Part D57 – Census Tracts



AMERICAN
FactFinder



Legend:

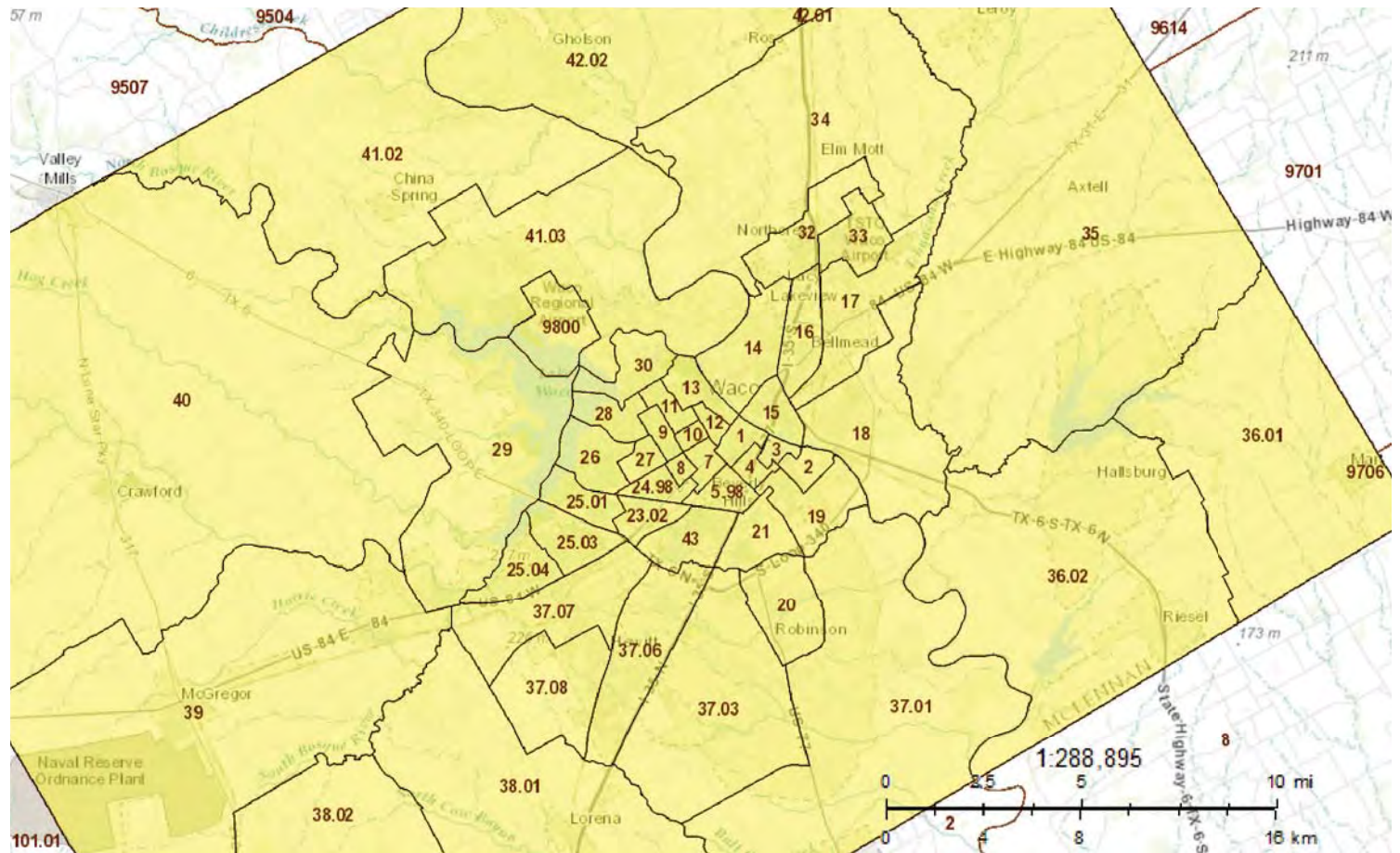
Your Selections

2014 boundaries were used to map 'Your Selections'

Selection Results

Boundaries

- Census Tract
- Consolidated City



Part D59 – Current and Future Populations and Projected Flows

(f) Projected Demands

Year	Population	Water Demands (gallons)
2015	184,774	11,501,957,630
2016	186,662	11,547,965,460
2017	188,488	11,594,157,322
2018	190,373	11,640,533,951
2019	192,276	11,687,096,087
2020	194,199	11,733,844,471
2021	196,141	11,780,779,849
2022	198,102	11,827,902,968
2023	200,083	11,875,214,580
2024	202,083	11,922,715,438

Projected populations calculated using U.S. Census data and assuming 1% growth annually, which has been approximate growth for the previous 30 years. Projected water demands calculated using 0.4% increase annually which is slightly higher than historical trends to account for anticipated economic growth in the downtown/river area.

(g) High Volume Retail Customers

Retail Customer	Water Use Category*	Annual Water Use	Treated or Raw
Cargill Meat Solutions	Industrial	299,667,900	Treated
Coca Cola North America	Industrial	262,156,000	Treated
Pilgrim's Pride Corporation	Industrial	227,198,000	Treated
Mars Chocolate North America	Industrial	134,816,000	Treated
Allergan, Inc.	Industrial	53,730,100	Treated

(h) Wholesale Customers

Wholesale Customer	Contracted Amount (Acre-Feet)	Previous Year Amount of Water Delivered (Acre-Feet)
Hewitt	-	938.56
Lacy Lakeview	1,120.14	804.29
Robinson	561.00	227.03
West	1,120.08	226.99
Woodway	1,120.15	1,527.75
Central Bosque	96.68	80.11
Bold Springs	560.07	0

(i) Wholesale Customer Service Area Specific, Quantified 5 & 10 Year Targets for Water Savings

	5-Year Goal	10-Year Goal
Total GPCD	221	196
Water Loss Percentage	7%	8%

The basis for determining specific quantified 5 and 10 years targets for the wholesaler's area of service are the 5 and 10 year targets for reduction of total GPCD and water loss of the wholesale provider.

Table 2-5 (continued)

City/County	Historical		Projections ¹					
	1990	2000	2010	2020	2030	2040	2050	2060
Lampasas County								
Copperas Cove (P)		15	22	30	34	38	40	41
Kempner		238	300	366	411	446	467	482
Kempner WSC (P)		1,053	1,293	1,547	1,734	1,870	1,956	2,015
Lampasas	1,280	1,224	1,570	1,583	1,579	1,563	1,563	1,548
Lometa		121	130	141	147	152	155	159
County-Other	<u>1,037</u>	<u>1,016</u>	<u>1,152</u>	<u>1,289</u>	<u>1,385</u>	<u>1,450</u>	<u>1,494</u>	<u>1,529</u>
Lampasas County Total	2,317	3,667	4,467	4,956	5,290	5,519	5,675	5,774
Lee County								
Aqua WSC (P)		405	443	494	532	567	596	625
Giddings	1,299	984	1,106	1,258	1,382	1,476	1,564	1,645
Lee County WSC (P)		628	721	834	931	1,011	1,079	1,143
Lexington	226	241	270	305	334	357	378	397
Manville WSC (P)		14	19	25	30	34	38	41
Southwest Milam WSC (P)		38	44	52	58	63	67	71
County-Other	<u>1,466</u>	<u>340</u>	<u>329</u>	<u>316</u>	<u>305</u>	<u>294</u>	<u>287</u>	<u>285</u>
Lee County Total	2,991	2,650	2,932	3,284	3,572	3,802	4,009	4,207
Limestone County								
Biston MWSD		150	148	146	144	142	141	141
Coolidge		88	95	103	108	110	114	120
Groesbeck	612	634	760	923	1,006	1,071	1,135	1,229
Mexia	989	1,213	1,250	1,289	1,328	1,358	1,408	1,479
Thornton		56	54	52	50	49	48	48
Tri-County SUD (P)		95	103	115	118	121	125	133
County-Other	<u>1,372</u>	<u>957</u>	<u>883</u>	<u>819</u>	<u>756</u>	<u>693</u>	<u>645</u>	<u>602</u>
Limestone County Total	2,973	3,193	3,293	3,447	3,510	3,544	3,616	3,752
McLennan County								
Bellmead	1,170	2,477	2,622	2,751	2,873	2,984	3,065	3,202
Beverly Hills	453	412	414	416	416	414	416	424
Bruceville-Eddy (P)	516	688	825	961	1,077	1,195	1,270	1,383
Chalk Bluff WSC		354	441	527	599	676	722	798
Crawford		63	65	67	68	69	70	73
Cross County WSC (P)		396	445	497	541	585	614	661
Elm Creek WSC (P)		143	184	227	261	298	320	357
Gholson		130	150	169	184	202	213	231
Hallsburg		129	139	150	158	166	172	182
Hewitt	1,154	1,838	2,029	2,237	2,395	2,571	2,684	2,877
Lacy-Lakeview	334	678	835	989	1,116	1,256	1,338	1,477
Lorena	180	331	369	408	440	475	497	533
Mart	338	318	335	354	367	383	394	415
McGregor	904	948	933	923	913	902	894	899
Moody	181	199	202	203	203	204	206	212
North Bosque WSC		280	367	454	530	608	655	730
Riesel		104	109	116	120	126	129	137
Robinson	919	1,072	1,110	1,153	1,182	1,210	1,236	1,291
Tri-County SUD (P)		10	12	13	14	15	16	18
Valley Mills (P)	2	1	1	1	1	1	1	1
Waco	22,931	23,312	24,876	26,453	27,781	29,159	30,033	31,304
West	526	446	459	467	475	482	490	506
West Brazos WSC (P)		141	161	181	195	214	224	244
Western Hills WS		307	384	458	520	588	627	694
Woodway	2,175	2,974	2,944	2,925	2,903	2,882	2,867	2,874
County-Other	<u>5,429</u>	<u>6,354</u>	<u>6,635</u>	<u>6,904</u>	<u>7,167</u>	<u>7,399</u>	<u>7,574</u>	<u>7,881</u>
McLennan County Total	37,212	44,105	47,046	50,004	52,499	55,064	56,727	59,404

Table 2-1 (continued)

City/County	Historical		Projections ¹						Percent Growth ² 1990-00	Percent Growth ² 2000-60
	1990	2000	2010	2020	2030	2040	2050	2060		
Lee County										
Aqua WSC (P)		2,604	2,949	3,365	3,708	3,985	4,226	4,430	N/A	0.89%
Giddings	4,093	5,105	5,875	6,804	7,569	8,187	8,725	9,180	2.23%	0.98%
Lee County WSC (P)		4,125	4,913	5,864	6,648	7,280	7,831	8,297	N/A	1.17%
Lexington	953	1,178	1,349	1,556	1,726	1,863	1,983	2,084	2.14%	0.96%
Manville WSC (P)		102	143	193	234	267	296	320	N/A	1.92%
Southwest Milam WSC (P)		227	271	324	368	403	434	460	N/A	1.18%
County-Other	<u>7,808</u>	<u>2,316</u>	<u>2,289</u>	<u>2,256</u>	<u>2,230</u>	<u>2,209</u>	<u>2,190</u>	<u>2,175</u>	<u>-11.44%</u>	<u>-0.10%</u>
Lee County Total	12,854	15,657	17,789	20,362	22,483	24,194	25,685	26,946	1.99%	0.91%
Limestone County										
Biston MWSD		552	552	552	552	552	552	552	N/A	0.00%
Coolidge		848	957	1,096	1,172	1,230	1,287	1,362	N/A	0.79%
Groesbeck	3,185	4,291	5,303	6,595	7,299	7,838	8,373	9,068	3.03%	1.25%
Mexia	6,933	6,563	6,892	7,237	7,600	7,980	8,380	8,800	-0.55%	0.49%
Thornton		524	524	524	524	524	524	524	N/A	0.00%
Tri-County SUD (P)		1,059	1,210	1,403	1,508	1,588	1,668	1,772	N/A	0.86%
County-Other	<u>10,828</u>	<u>8,214</u>	<u>7,884</u>	<u>7,537</u>	<u>7,173</u>	<u>6,793</u>	<u>6,393</u>	<u>5,972</u>	<u>-2.73%</u>	<u>-0.53%</u>
Limestone County Total	20,946	22,051	23,322	24,944	25,828	26,505	27,177	28,050	0.52%	0.40%
McLennan County										
Bellmead	8,336	9,214	9,875	10,541	11,102	11,684	12,054	12,591	1.01%	0.52%
Beverly Hills	2,048	2,113	2,162	2,211	2,253	2,296	2,323	2,363	0.31%	0.19%
Bruceville-Eddy (P)	1,074	1,488	1,800	2,114	2,379	2,653	2,827	3,080	3.31%	1.22%
Chalk Bluff WSC		2,700	3,487	4,280	4,948	5,641	6,081	6,720	N/A	1.53%
Crawford		705	761	817	864	913	944	989	N/A	0.57%
Cross County WSC (P)		2,372	2,757	3,146	3,473	3,812	4,028	4,341	N/A	1.01%
Elm Creek WSC (P)		1,343	1,822	2,305	2,712	3,134	3,402	3,791	N/A	1.74%
Gholson		922	1,095	1,270	1,417	1,569	1,666	1,807	N/A	1.13%
Hallsburg		518	569	621	664	709	738	780	N/A	0.68%
Hewitt	8,983	11,085	12,667	14,262	15,606	16,999	17,884	19,170	2.12%	0.92%
Lacy-Lakeview	3,617	5,764	7,380	9,009	10,382	11,805	12,709	14,023	4.77%	1.49%
Lorena	1,158	1,433	1,640	1,849	2,025	2,207	2,323	2,491	2.15%	0.93%
Mart	2,004	2,273	2,475	2,679	2,851	3,029	3,142	3,307	1.27%	0.63%
McGregor	4,683	4,727	4,760	4,793	4,821	4,850	4,869	4,896	0.09%	0.06%
Moody	1,329	1,400	1,453	1,507	1,552	1,599	1,629	1,672	0.52%	0.30%
North Bosque WSC		1,350	1,818	2,290	2,688	3,100	3,362	3,743	N/A	1.71%
Riesel		973	1,074	1,176	1,262	1,351	1,407	1,489	N/A	0.71%
Robinson	7,111	7,845	8,397	8,954	9,423	9,910	10,219	10,668	0.99%	0.51%
Tri-County SUD (P)		112	136	160	180	201	214	234	N/A	1.24%
Valley Mills (P)	10	3	3	3	3	3	3	3	-11.34%	0.00%
Waco	103,590	113,726	121,355	129,046	135,528	142,247	146,514	152,715	0.94%	0.49%
West	2,515	2,692	2,825	2,959	3,072	3,189	3,264	3,372	0.68%	0.38%
West Brazos WSC (P)		1,614	1,944	2,277	2,558	2,849	3,034	3,303	N/A	1.20%
Western Hills WS		2,744	3,569	4,401	5,102	5,829	6,290	6,961	N/A	1.56%
Woodway	8,695	8,733	8,762	8,791	8,815	8,840	8,856	8,879	0.04%	0.03%
County-Other	<u>33,970</u>	<u>25,668</u>	<u>27,296</u>	<u>28,937</u>	<u>30,322</u>	<u>31,758</u>	<u>32,667</u>	<u>33,990</u>	<u>-2.76%</u>	<u>0.47%</u>
McLennan County Total	189,123	213,517	231,882	250,398	266,002	282,177	292,449	307,378	1.22%	0.61%
Milam County										
Bell-Milam-Falls WSC (P)		1,327	1,683	2,024	2,255	2,408	2,477	2,522	N/A	1.08%
Cameron	5,580	5,634	5,634	5,634	5,634	5,634	5,634	5,634	0.10%	0.00%
Milano WSC (P)		1,568	1,829	2,079	2,248	2,360	2,411	2,444	N/A	0.74%
Rockdale	5,235	5,439	5,596	5,746	5,848	5,915	5,946	5,966	0.38%	0.15%
Southwest Milam WSC (P)		5,419	6,643	7,813	8,606	9,130	9,368	9,521	N/A	0.94%
Thorndale	1,092	1,278	1,421	1,558	1,651	1,712	1,740	1,758	1.59%	0.53%
County-Other	<u>11,039</u>	<u>3,573</u>	<u>2,650</u>	<u>1,966</u>	<u>1,457</u>	<u>1,080</u>	<u>800</u>	<u>592</u>	<u>-10.67%</u>	<u>-2.95%</u>
Milam County Total	22,946	24,238	25,456	26,820	27,699	28,239	28,376	28,437	0.55%	0.27%

Part D60 – Project Cost Estimate

Part D60 - Project Cost Estimate

TWDB-1201
Revised 11/22/2010

PROJECT BUDGET - Entity Name						
Uses	TWDB Funds Series 1	TWDB Funds Series 2	TWDB Funds Series 3	Total TWDB Cost	Other Funds	Total Cost
Construction						
Construction	\$11,500,000	\$0	\$0	\$11,500,000	\$0	\$11,500,000
Subtotal Construction	\$11,500,000	\$0	\$0	\$11,500,000	\$0	\$11,500,000
Basic Engineering Fees						
Planning +	\$0	\$0	\$0	\$0	\$0	\$0
Design	\$0	\$0	\$0	\$0	\$0	\$0
Construction Engineering	\$0	\$0	\$0	\$0	\$0	\$0
Basic Engineering Other **	\$0	\$0	\$0	\$0	\$0	\$0
Subtotal Basic Engineering Fees	\$0	\$0	\$0	\$0	\$0	\$0
Special Services						
Application	\$0	\$0	\$0	\$0	\$0	\$0
Environmental	\$0	\$0	\$0	\$0	\$0	\$0
Water Conservation Plan	\$0	\$0	\$0	\$0	\$0	\$0
I/I Studies/Sewer Evaluation	\$0	\$0	\$0	\$0	\$0	\$0
Surveying	\$0	\$0	\$0	\$0	\$0	\$0
Geotechnical	\$0	\$0	\$0	\$0	\$0	\$0
Testing	\$0	\$0	\$0	\$0	\$0	\$0
Permits	\$0	\$0	\$0	\$0	\$0	\$0
Inspection	\$0	\$0	\$0	\$0	\$0	\$0
O&M Manual	\$0	\$0	\$0	\$0	\$0	\$0
Project Management (by engineer)	\$0	\$0	\$0	\$0	\$0	\$0
Pilot Testing	\$0	\$0	\$0	\$0	\$0	\$0
Water Distribution Modeling	\$0	\$0	\$0	\$0	\$0	\$0
Special Services Other **	\$0	\$0	\$0	\$0	\$0	\$0
Subtotal Special Services	\$0	\$0	\$0	\$0	\$0	\$0
Other						
Administration	\$0	\$0	\$0	\$0	\$0	\$0
Land/Easements Acquisition	\$0	\$0	\$0	\$0	\$0	\$0
Water Rights Purchase (If Applicable)	\$0	\$0	\$0	\$0	\$0	\$0
Capacity Buy-In (If Applicable)	\$0	\$0	\$0	\$0	\$0	\$0
Project Legal Expenses	\$0	\$0	\$0	\$0	\$0	\$0
Other **	\$0	\$0	\$0	\$0	\$0	\$0
Subtotal Other Services	\$0	\$0	\$0	\$0	\$0	\$0
Fiscal Services						
Financial Advisor	\$25,600	\$0	\$0	\$25,600	\$0	\$25,600
Bond Counsel	\$28,750	\$0	\$0	\$28,750	\$0	\$28,750
Issuance Cost	\$5,000	\$0	\$0	\$5,000	\$0	\$5,000
Bond Insurance/Surety	\$0	\$0	\$0	\$0	\$0	\$0
Fiscal/Legal	\$9,500	\$0	\$0	\$9,500	\$0	\$9,500
Capitalized Interest	\$0	\$0	\$0	\$0	\$0	\$0
Bond Reserve Fund	\$0	\$0	\$0	\$0	\$0	\$0
Loan Origination Fee	\$0	\$0	\$0	\$0	\$0	\$0
Other **	\$0	\$0	\$0	\$0	\$0	\$0
Subtotal Fiscal Services	\$68,850	\$0	\$0	\$68,850	\$0	\$68,850
Contingency						
Contingency	\$431,150	\$0	\$0	\$431,150	\$0	\$431,150
Subtotal Contingency	\$431,150	\$0	\$0	\$431,150	\$0	\$431,150
TOTAL COSTS	\$12,000,000	\$0	\$0	\$12,000,000	\$0	\$12,000,000

Other ** description must be entered

+ For Planning applications under the EDAP Program, please break down Planning costs as follows:

Category A					0
Category B					0
Category C					0
Category D					0
Total Planning Costs				0	0

Part D61 – Project Information Form

Texas Water Development Board Water Project Information							
A. Project Name		B. Project No.		C. County		D. Regional Planning Group (A-P)	
E. Program(s)		F. Loan <input checked="" type="checkbox"/> : \$ _____ Loan Forgiveness <input type="checkbox"/> : \$ _____ Grant <input type="checkbox"/> : \$ _____		G. Loan Term:			
H. Water Project Description: (Multiphase project, new or expansion; plant, well, storage, pump station, distribution system, etc) Waco Water Utilities seeks to implement Advanced Metering Infrastructure (AMI) for all retail level customers and for 5 wholesale connections. It will allow the City to implement an acoustic leak detection system which will allow for the deployment of automated leak detectors throughout our distribution system. Under the 2016 Region G Water plan, it is anticipated that water savings from conservation will be 1,462 ac/ft per year by 2020, with an annual cost to achieving this of \$692,979. Waco water believes the implementation of an AMI system is a critical step towards achieving these savings and ensuring the long-term water supply of the City and the McLennan County area. Attach map of service area affected by Project or other documentation.							
I. Is an Inter Basin Transfer potentially involved? Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>			J. Is project located in a Groundwater District (If yes, identify District by name)? Yes <input checked="" type="checkbox"/> _____ No <input type="checkbox"/>				
K. Service Area Projected Population for at least a 20 year period: (if different from Planning Area, discuss in separate attachment)	Current Population		Projected Population				
	Year:	2016	2020	2025	2030	2035	2040
	Population:						
Project Design Year: (Year for which project will be sized)		20		Design Population: (Population served by project on the design year)			
L. Is the proposed project included in a current Regional Water Plan? Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> Don't Know <input type="checkbox"/> (If Yes , please specify on what page in the Regional Water Plan - Regional Water Plan Page Number: _____)							
M. What type of water source is associated directly with the proposed project ? Surface Water <input checked="" type="checkbox"/> Groundwater <input type="checkbox"/> Reuse <input type="checkbox"/>							
N. Will the project increase the volume of water supply? Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>							
O. What volume of water is the project anticipated to deliver/ treat per year? _____ Acre-Feet/Year							
P. Current Water Supply Information							
Surface Water Supply Source / Provider Names		Certificate No.		Source County		Annual Volume and Unit	
Groundwater Source Aquifer		Well Field location		Source County		Annual Volume and Unit	
Q. Proposed Water Supply Associated Directly with the Proposed Project							
Surface Water Supply Source / Provider Names		Certificate No.		Source County		Annual Volume and Unit	
Groundwater Source Aquifer		Well Field location:		Source County		Annual Volume and Unit	
R. Consulting Engineer Name			Telephone No.		E-mail address		
S. Applicant Contact Name, Title			Telephone No.		E-mail address		

Part D64 – City of Waco Site Certificate

Texas Water Development Board Water Project Information							
A. Project Name		B. Project No.		C. County		D. Regional Planning Group (A-P)	
E. Program(s)		F. Loan <input checked="" type="checkbox"/> : \$ _____ Loan Forgiveness <input type="checkbox"/> : \$ _____ Grant <input type="checkbox"/> : \$ _____		G. Loan Term:			
H. Water Project Description: (Multiphase project, new or expansion; plant, well, storage, pump station, distribution system, etc) Waco Water Utilities seeks to implement Advanced Metering Infrastructure (AMI) for all retail level customers and for 5 wholesale connections. It will allow the City to implement an acoustic leak detection system which will allow for the deployment of automated leak detectors throughout our distribution system. Under the 2016 Region G Water plan, it is anticipated that water savings from conservation will be 1,462 ac/ft per year by 2020, with an annual cost to achieving this of \$692,979. Waco water believes the implementation of an AMI system is a critical step towards achieving these savings and ensuring the long-term water supply of the City and the McLennan County area. Attach map of service area affected by Project or other documentation.							
I. Is an Inter Basin Transfer potentially involved? Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>			J. Is project located in a Groundwater District (If yes, identify District by name)? Yes <input checked="" type="checkbox"/> _____ No <input type="checkbox"/>				
K. Service Area Projected Population for at least a 20 year period: (if different from Planning Area, discuss in separate attachment)	Current Population		Projected Population				
	Year:	2016	2020	2025	2030	2035	2040
	Population:						
Project Design Year: (Year for which project will be sized)		20		Design Population: (Population served by project on the design year)			
L. Is the proposed project included in a current Regional Water Plan? Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> Don't Know <input type="checkbox"/> (If Yes , please specify on what page in the Regional Water Plan - Regional Water Plan Page Number: _____)							
M. What type of water source is associated directly with the proposed project ? Surface Water <input checked="" type="checkbox"/> Groundwater <input type="checkbox"/> Reuse <input type="checkbox"/>							
N. Will the project increase the volume of water supply? Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>							
O. What volume of water is the project anticipated to deliver/ treat per year? _____ Acre-Feet/Year							
P. Current Water Supply Information							
Surface Water Supply Source / Provider Names		Certificate No.		Source County		Annual Volume and Unit	
Groundwater Source Aquifer		Well Field location		Source County		Annual Volume and Unit	
Q. Proposed Water Supply Associated Directly with the Proposed Project							
Surface Water Supply Source / Provider Names		Certificate No.		Source County		Annual Volume and Unit	
Groundwater Source Aquifer		Well Field location:		Source County		Annual Volume and Unit	
R. Consulting Engineer Name			Telephone No.		E-mail address		
S. Applicant Contact Name, Title			Telephone No.		E-mail address		

STATE OF TEXAS
COUNTY OF McLennan

§
§
§

SITE CERTIFICATE

Before me, the undersigned notary, on this day personally appeared ^{Lisa Tyer} _____, a person whose identify is known to me or who has presented to me a satisfactory proof of identity. After I administered an oath, this person swore to the following:

- (1) My name is ^{Lisa Tyer} _____. I am over 18 years of age and I am of sound mind, and capable of swearing to the facts contained in this Site Certificate. The facts stated in this certificate are within my personal knowledge and are true and correct.
- (2) I am an authorized representative of ^{City of Waco} _____, an entity that has filed an application for financial assistance with the Texas Water Development Board for a (water) (wastewater) project.

LEGAL CERTIFICATION – OWNERSHIP INTEREST

This is to certify that City of Waco
(Legal Name of Applicant, i.e., City, District, etc.)

has acquired or is in the process of acquiring the necessary real property interest, as evidenced by fee simple purchase or fully executed earnest money contracts, firm option agreements to purchase the subject property or the initiation of eminent domain procedures, that such acquisition will guarantee access and egress and such interest will contain the necessary easements, rights of way or unrestricted use as is required for the project being financed by the Texas Water Development Board. The legal description is referenced below:

Advanced Meter Infrastructure

(Location, and Description of Property Interests acquired for Project)

Any deeds or other instruments required to be recorded to protect the title(s) held by City of Waco, McLennan County

(Legal Name of Applicant)

have been recorded or filed for the record in the County deed records or other required location.

LEGAL CERTIFICATION – LEASE/CONTRACT

In the alternative, I certify that _____
(Legal Name of Applicant, i.e., City, District, etc.)

has executed a written lease or other contractual agreement to use the property needed for this (water) (wastewater) project that extends through _____, the life of the Texas Water Development Board loan or grant that will be used to finance this project, either in whole or in part. A copy of this lease or agreement is attached hereto.

LEGAL CERTIFICATION – PROPERTY EASEMENT

In the alternative, I certify that _____
(Legal Name of Applicant, i.e., City, District, etc.)

has executed an express easement to use the property needed for this (water) (wastewater) project that extends through _____, the life of the Texas Water Development Board loan or grant that will be used to finance this project, either in whole or in part. A copy of the express easement agreement is attached hereto.

EXECUTED this 4 day of May, 2016.



(Signature)

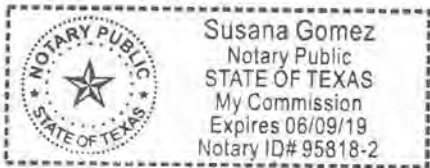
Lisa Tyer

(Print Name)

Director of Water Utility Services

(Title)

Sworn to and subscribed before me by 4 on MAY may on 4, 2016.



[SEAL]



Notary Public in and for the State of Texas

My Commission expires: 6-9-19

Part E71a – Draft Bond Ordinance

ORDINANCE

AUTHORIZING THE
ISSUANCE OF

CITY OF WACO, TEXAS
COMBINATION TAX AND REVENUE
CERTIFICATES OF OBLIGATION
SERIES 2016A

Adopted: _____, 2016

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AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF WACO, TEXAS, AUTHORIZING THE ISSUANCE OF CITY OF WACO, TEXAS, COMBINATION TAX AND REVENUE CERTIFICATES OF OBLIGATION, SERIES 2016A, IN AN AGGREGATE PRINCIPAL AMOUNT OF \$ _____; LEVYING A TAX AND PROVIDING FOR THE AWARD OF THE SALE THEREOF; AUTHORIZING THE EXECUTION AND DELIVERY OF A PAYING AGENT/REGISTRAR AGREEMENT [AND AN ESCROW AGREEMENT] RELATING TO SAID CERTIFICATES; ENACTING OTHER PROVISIONS RELATING THERETO; AND FINDING AND DETERMINING THAT THE MEETING AT WHICH THIS ORDINANCE IS PASSED IS OPEN TO THE PUBLIC AS REQUIRED BY LAW

WHEREAS, under the provisions of Chapter 271, Subchapter C, Texas Local Government Code, as amended, the City of Waco, Texas (the "City"), is authorized to issue certificates of obligation for the purposes specified in this Ordinance and for the payment of all or a portion of the contractual obligations for professional services, including that of engineers, attorneys, and financial advisors in connection therewith, and to sell the same for cash as herein provided; and

WHEREAS, the City is authorized to provide that such obligations will be payable from and secured by the levy of a direct and continuing ad valorem tax against all taxable property within the City, in combination with all or a part of certain surplus revenues of the City's water and sewer system remaining after payment of any obligations of the City payable in whole or in part from a lien or pledge of such revenues that would be superior to the obligations to be authorized herein as authorized by Chapter 1502, Texas Government Code; and

WHEREAS, the City Council has found and determined that it is necessary and in the best interests of the City and its citizens that it issue such certificates of obligation authorized by this Ordinance; and

WHEREAS, pursuant to a resolution heretofore passed by this governing body, notice of intention to issue certificates of obligation of the City payable as provided in this Ordinance was published in a newspaper of general circulation in the City in accordance with the laws of the State of Texas; and

WHEREAS, no petition of any kind has been filed with the City Secretary, any member of the City Council or any other official of the City, protesting the issuance of such certificates of obligation; and

WHEREAS, the meeting at which this Ordinance is considered is open to the public as required by law, and the public notice of the time, place and purpose of said meeting was given as required by Chapter 551, Texas Government Code, as amended;

NOW, THEREFORE, BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF WACO, TEXAS:

ARTICLE I

DEFINITIONS AND OTHER PRELIMINARY MATTERS

Section 1.01. Definitions.

Unless otherwise expressly provided or unless the context clearly requires otherwise in this Ordinance, the following terms shall have the meanings specified below:

“Bond Counsel” means Bracewell LLP.

“Business Day” means any day which is not a Saturday, Sunday or legal holiday, or day on which banking institutions in the State of Texas or the city in which the Designated Payment/Transfer Office is located are generally authorized or obligated by law or executive order to close.

“Certificate” means any of the Certificates.

“Certificates” means the City’s obligations authorized to be issued by Section 3.01 of this Ordinance and designated as “City of Waco, Texas, Combination Tax and Revenue Certificates of Obligation, Series 2016A.

“City” means the City of Waco, Texas.

“Closing Date” means the date of the initial delivery of and payment for the Certificates.

“Code” means the Internal Revenue Code of 1986, as amended, including applicable regulations, published rulings and court decisions.

“Designated Payment/Transfer Office” means (i) with respect to the initial Paying Agent/Registrar named herein, its office in Dallas, Texas, or at such other location designated by the Paying Agent/Registrar and (ii) with respect to any successor Paying Agent/Registrar, the office of such successor designated and located as may be agreed upon by the City and such successor.

“DTC” means The Depository Trust Company of New York, New York, or any successor securities depository.

“DTC Participant” means brokers and dealers, banks, trust companies, clearing corporations and certain other organizations on whose behalf DTC was created to hold securities to facilitate the clearance and settlement of securities transactions among DTC Participants.

“Event of Default” means any event of default as defined in Section 10.01 of this Ordinance.

“Fiscal Year” means such fiscal year as shall from time to time be set by the City Council.

“Initial Certificate” means the Initial Certificate authorized by Section 3.04 of this Ordinance.

“Interest and Sinking Fund” means the interest and sinking fund established by Section 2.02 of this Ordinance.

“Interest Payment Date” means the date or dates on which interest on the Certificates is scheduled to be paid until their respective dates of maturity or prior redemption, such dates being February 1 and August 1, commencing on _____.

“Mayor” means the Mayor of the City of Waco, Texas.

“MSRB” means the Municipal Securities Rulemaking Board.

“Net Revenues” means the gross revenues of the System less the expenses of operation and maintenance as said expenses are defined by Chapter 1502, Texas Government Code, as amended.

“Owner” means the person who is the registered owner of a Certificate or Certificates, as shown in the Register.

“Paying Agent/Registrar” means initially The Bank of New York Mellon Trust Company, N.A., Dallas, Texas, or any successor thereto as provided in this Ordinance.

“Prior Lien Bonds” means any and all bonds or other obligations of the City presently outstanding or that may be hereafter issued, payable from and secured by a first lien on and pledge of the Net Revenues or by a lien on and pledge of the Net Revenues subordinate to a first lien and pledge of such Net Revenues but superior to the lien and pledge of the Surplus Revenues made for the Certificates.

“Project” means the purposes for which the Certificates are issued as set forth in Section 3.01.

“Record Date” means the fifteenth calendar day of the month next preceding an Interest Payment Date.

“Register” means the bond register specified in Section 3.06(a) of this Ordinance.

“Representations Letter” means the Blanket Letter of Representations between the City and DTC.

“Rule” means SEC Rule 15c2-12, as amended from time to time.

“SEC” means the United States Securities and Exchange Commission.

“Special Payment Date” means the Special Payment Date prescribed by Section 3.03(b) of this Ordinance.

“Special Record Date” means the Special Record Date prescribed by Section 3.03(b) of this Ordinance.

“Surplus Revenues” means the Net Revenues of the System remaining after payment of all debt service, reserve, and other requirements in connection with the City’s Prior Lien Bonds.

“System” as used in this Ordinance means the City’s waterworks and sewer system, including all present and future additions, extensions, replacements, and improvements thereto.

“TWDB” means the Texas Water Development Board.

“Unclaimed Payments” means money deposited with the Paying Agent/Registrar for the payment of principal of or interest on the Certificates as the same come due and payable or money set aside for the payment of Certificates duly called for redemption prior to maturity and remaining unclaimed by the Owners of such Certificates after the applicable payment or redemption date therefor.

Section 1.02. Findings.

The declarations, determinations and findings declared, made and found in the preamble to this Ordinance are hereby adopted, restated and made a part of the operative provisions hereof.

Section 1.03. Table of Contents, Titles and Headings.

The table of contents, titles and headings of the Articles and Sections of this Ordinance have been inserted for convenience of reference only and are not to be considered a part hereof and shall not in any way modify or restrict any of the terms or provisions hereof and shall never be considered or given any effect in construing this Ordinance or any provision hereof or in ascertaining intent, if any question of intent should arise.

Section 1.04. Interpretation.

(a) Unless the context requires otherwise, words of the masculine gender shall be construed to include correlative words of the feminine and neuter genders and vice versa, and words of the singular number shall be construed to include correlative words of the plural number and vice versa.

(b) Any action required to be taken on a date which is not a Business Day shall be taken on the next succeeding Business Day and have the same effect as if taken on the date so required.

(c) This Ordinance and all the terms and provisions hereof shall be liberally construed to effectuate the purposes set forth herein and to sustain the validity of this Ordinance.

(d) Article and section references shall mean references to articles and sections of this Ordinance unless otherwise designated.

ARTICLE II

SECURITY FOR THE CERTIFICATES; INTEREST AND SINKING FUND

Section 2.01. Tax Levy.

(a) Pursuant to the authority granted by the Texas Constitution and laws of the State of Texas, there shall be levied and there is hereby levied for the current year and for each succeeding year thereafter while any of the Certificates or any interest thereon is outstanding and unpaid, an ad valorem tax on each one hundred dollars valuation of taxable property within the City, at a rate sufficient, within the limit prescribed by law, to pay the debt service requirements of the Certificates, being (i) the interest on the Certificates, and (ii) a sinking fund for their redemption at maturity or a sinking fund of two percent per annum (whichever amount is greater), when due and payable, full allowance being made for delinquencies and costs of collection.

(b) The ad valorem tax thus levied shall be assessed and collected each year against all property appearing on the tax rolls of the City most recently approved in accordance with law, and the money thus collected shall be deposited as collected to the Interest and Sinking Fund.

(c) Said ad valorem tax, the collections therefrom, and all amounts on deposit in or required hereby to be deposited to the Interest and Sinking Fund are hereby pledged and committed irrevocably to the payment of the principal of and interest on the Certificates when and as due and payable in accordance with their terms and this Ordinance.

(d) The amount of taxes to be provided annually for the payment of principal of and interest on the Certificates shall be determined in the manner provided in this Section 2.01.

(e) Each year that the Certificates are outstanding, and prior to the time taxes are to be levied for such year, the City shall establish, adopt, and maintain an annual budget that provides for the monthly deposit of sufficient Surplus Revenues, the monthly deposit of any other legally available funds on hand at the time of the adoption of the annual budget, the deposit of tax revenues, or a combination thereof, into the Interest and Sinking Fund for the payment of debt service on the Certificates.

(f) The City's annual budget shall reflect (i) the amount of debt service requirements to become due on the Certificates in the next succeeding Fiscal Year, (ii) the amount on deposit in the Interest and Sinking Fund, as of the date such budget is prepared (after giving effect to any payments required to be made during the remainder of the then current Fiscal Year), and (iii) the amount of Surplus Revenues estimated and budgeted to be available for the payment of such debt service requirements on the Certificates during the next succeeding Fiscal Year.

(g) The amount required to be provided in the succeeding Fiscal Year from ad valorem taxes shall be the amount, if any, the debt service requirements to be paid on the Certificates in the next succeeding Fiscal Year exceeds the sum of (i) the amount shown to be on deposit in the Interest and Sinking Fund (after giving effect to any payments required to be made during the remainder of the then current Fiscal Year) at the time the annual budget is prepared,

and (ii) the Surplus Revenues shown to be budgeted and available for payment of said debt service requirements.

(h) Following the final approval of the annual budget of the City, the governing body of the City shall, by ordinance, levy an ad valorem tax at a rate sufficient to produce taxes in the amount determined in paragraph (g) above, to be utilized for purposes of paying the principal of and interest on the Certificates in the next succeeding Fiscal Year.

(i) The City hereby covenants and agrees that the Surplus Revenues are hereby irrevocably pledged equally and ratably to the payment of the principal of and interest on the Certificates, as the same become due. Upon the written request of the TWDB, the City shall provide documentation that evidences the levy of ad valorem taxes for the payment of debt service on the Certificates or information demonstrating that the City has budgeted Surplus Revenues of the System or other lawfully available revenues sufficient for the payment of debt service on the Certificates. Notwithstanding the foregoing, as long as the Certificates are outstanding, the City will at all times maintain sufficient rates and charges for the payment of the maintenance and operation expenses of the System and, to the extent that taxes or other legally available funds are not available for such purpose, the City will at all times maintain sufficient rates and charges to produce Surplus Revenues of not less than 1.10 times the annual debt service obligations of all outstanding obligations of the City secured in whole or in part by Surplus Revenues for which the City is budgeting to make payments from Surplus Revenues; provided, that with respect to any obligations secured in part from a limited pledge of Surplus Revenues, such obligations will be included in the foregoing coverage calculation to the extent of the limited pledge.

(j) If System revenues are actually on deposit in the Interest and Sinking Fund in advance of the time when ad valorem taxes are scheduled to be levied for any year, the amount of taxes that otherwise would have been required to be levied may be reduced to the extent and by the amount of System revenues then on deposit in the Interest and Sinking Fund.

(k) If the City does not levy taxes in any year as provided in this Section, the City shall transfer and deposit in the Interest and Sinking Fund each month an amount of not less than 1/12th of the annual debt service on the Certificates until the amount on deposit in the Interest and Sinking Fund equals the amount required for annual debt service on the Certificates and the City shall not transfer any funds from the City water and sewer fund to any fund other than the Interest and Sinking Fund until such times as an amount equal to the annual debt service on the Certificates for the then current fiscal year has been deposited in the Interest and Sinking Fund.

Section 2.02. Interest and Sinking Fund.

(a) The City hereby establishes a special fund or account to be designated the “City of Waco, Texas, Combination Tax and Revenue Certificates of Obligation, Series 2016A, Interest and Sinking Fund” (the “Interest and Sinking Fund”), said fund to be maintained at an official depository bank of the City separate and apart from all other funds and accounts of the City.

(b) Money on deposit in or required by this Ordinance to be deposited to the Interest and Sinking Fund shall be used solely for the purpose of paying the interest on and principal of the Certificates when and as due and payable in accordance with their terms and this Ordinance.

ARTICLE III

AUTHORIZATION; GENERAL TERMS AND PROVISIONS
REGARDING THE CERTIFICATES

Section 3.01. Authorization.

The City’s certificates of obligation to be designated “City of Waco, Texas, Combination Tax and Revenue Certificates of Obligation, Series 2016A,” are hereby authorized to be issued and delivered in accordance with the laws of the State of Texas, specifically Chapter 271, Subchapter C, Texas Local Government Code, as amended. The Certificates shall be issued in the aggregate principal amount of \$_____, for the purpose of paying contractual obligations to be incurred to pay (a) for all or any part of the costs associated with the acquisition and construction of improvements to and the equipment of the City’s water system and professional services incurred in connection with the foregoing, and to pay the costs incurred in connection with the issuance of the Certificates (collectively, the “Project”), and (b) to pay for professional services of attorneys, financial advisors and other professionals in connection with the Project and the issuance of the Certificates.

Section 3.02. Date, Denomination, Maturities and Interest.

(a) The Certificates shall be dated _____, 20__ and shall be in fully registered form, without coupons, in the denomination of \$5,000 or any integral multiple thereof, and shall be numbered separately from one upward or such other designation acceptable to the City and the Paying Agent/Registrar, except the Initial Certificate, which shall be numbered T-1.

(b) The Certificates shall mature on _____, in the years and in the principal amounts and shall bear interest at the per annum rates set forth in the following schedule:

<u>Year</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Year</u>	<u>Principal Amount</u>	<u>Interest Rate</u>
20__	\$ _____	____%	20__	\$ _____	____%
20__	_____	_____	20__	_____	_____
20__	_____	_____	20__	_____	_____
20__	_____	_____	20__	_____	_____
20__	_____	_____	20__	_____	_____
20__	_____	_____	20__	_____	_____
20__	_____	_____	20__	_____	_____
20__	_____	_____	20__	_____	_____
20__	_____	_____	20__	_____	_____
20__	_____	_____	20__	_____	_____

(c) Interest shall accrue and be paid on each Certificate respectively until its maturity or prior redemption from the later of _____, 20__ or the most recent Interest Payment Date to which interest has been paid or provided for at the rates per annum for each respective

maturity specified in the schedule contained in subsection (b) above. Such interest shall be payable semiannually on each Interest Payment Date until maturity or prior redemption. Interest on the Certificates shall be computed on the basis of a 360-day year composed of 12 months of thirty (30) days each.

Section 3.03. Medium, Method and Place of Payment.

(a) The principal of and interest on the Certificates shall be paid in lawful money of the United States of America.

(b) Interest on the Certificates shall be payable to the Owners as shown in the Register at the close of business on the Record Date; provided, however, that in the event of nonpayment of interest on a scheduled Interest Payment Date and for thirty (30) days thereafter, a new record date for such interest payment (a "Special Record Date") will be established by the Paying Agent/Registrar, if and when funds for the payment of such interest have been received from the City. Notice of the Special Record Date and of the scheduled payment date of the past due interest (the "Special Payment Date," which date shall be fifteen (15) days after the Special Record Date) shall be sent at least five (5) Business Days prior to the Special Record Date by United States mail, first class, postage prepaid, to the address of each Owner of a Certificate appearing in the Register at the close of business on the last Business Day next preceding the date of mailing of such notice.

(c) Interest on each Certificate shall be paid by check, dated as of the Interest Payment Date, and mailed on or before such Interest Payment Date, by first class United States mail, postage prepaid, by the Paying Agent/Registrar to each Owner at the address of each Owner as it appears in the Register, or by such other customary banking arrangements acceptable to the Paying Agent/Registrar and the Owner; provided, however, that such Owner shall bear all risk and expense of such other customary banking arrangements.

(d) The principal of each Certificate shall be paid to the Owner thereof on the due date (whether at the maturity date or the date of prior redemption thereof) upon presentation and surrender of such Certificate at the Designated Payment/Transfer Office.

(e) If the date for the payment of the principal of or interest on the Certificates is not a Business Day, the date for such payment shall be the next succeeding Business Day, and payment on such date shall have the same force and effect as if made on the original date payment was due and no additional interest shall be due by reason of nonpayment on the date on which such payment is otherwise stated to be due and payable.

(f) Unclaimed Payments shall be segregated in a special account and held in trust, uninvested by the Paying Agent/Registrar, for the account of the Owner of the Certificates to which such Unclaimed Payments pertain. Subject to Title 6 of the Texas Property Code, any Unclaimed Payments remaining unclaimed by the Owners entitled thereto for three years after the applicable payment or redemption date shall be applied to the next payment or payments on the Certificates thereafter coming due and, to the extent any such money remains three years after the retirement of all outstanding Certificates, such money shall be paid to the City to be used for any lawful purpose. Thereafter, neither the City, the Paying Agent/Registrar nor any

other person shall be liable or responsible to any holders of such Certificates for any further payment of such unclaimed moneys or on account of any such Certificates, subject to Title 6 of the Texas Property Code.

Section 3.04. Execution and Registration of Certificates.

(a) The Certificates shall be executed on behalf of the City by the Mayor and the City Secretary, by their manual or facsimile signatures, and the official seal of the City shall be impressed or placed in facsimile thereon. Such facsimile signatures on the Certificates shall have the same effect as if each of the Certificates had been signed manually and in person by each of said officers, and such facsimile seal on the Certificates shall have the same effect as if the official seal of the City had been manually impressed upon each of the Certificates.

(b) In the event that any officer of the City whose manual or facsimile signature appears on the Certificates ceases to be such officer before the authentication of such Certificates or before the delivery thereof, such manual or facsimile signature nevertheless shall be valid and sufficient for all purposes as if such officer had remained in such office.

(c) Except as provided below, no Certificate shall be valid or obligatory for any purpose or be entitled to any security or benefit of this Ordinance unless and until there appears thereon the Certificate of Paying Agent/Registrar substantially in the form provided herein, duly authenticated by manual execution by an officer or duly authorized signatory of the Paying Agent/Registrar. It shall not be required that the same officer or authorized signatory of the Paying Agent/Registrar sign the Certificate of Paying Agent/Registrar on all of the Certificates. In lieu of the executed Certificate of Paying Agent/Registrar described above, the Initial Certificate delivered at the Closing Date shall have attached thereto the Comptroller's Registration Certificate substantially in the form provided herein, manually executed by the Comptroller of Public Accounts of the State of Texas, or by his duly authorized agent, which certificate shall be evidence that the Initial Certificate has been duly approved by the Attorney General of the State of Texas and that it is a valid and binding obligation of the City, and that it has been registered by the Comptroller of Public Accounts of the State of Texas.

(d) On the Closing Date, one Initial Certificate representing the entire principal amount of all Certificates, payable in stated installments to the TWDB, or its designee, executed by the manual or facsimile signature of the Mayor and City Secretary, approved by the Attorney General, and registered and manually signed by the Comptroller of Public Accounts, will be delivered to the TWDB or its designee. Upon payment for the Initial Certificate, the Paying Agent/Registrar shall cancel the Initial Certificate and deliver to DTC on behalf of the TWDB one registered definitive Certificate for each year of maturity of the Certificates in the aggregate principal amount of all Certificates for such maturity bearing interest at the same per annum rate, registered in the name of Cede & Co., as nominee of DTC.

Section 3.05. Ownership.

(a) The City, the Paying Agent/Registrar and any other person may treat the person in whose name any Certificate is registered as the absolute owner of such Certificate for the purpose of making and receiving payment of the principal thereof and for the further purpose of

making and receiving payment of the interest thereon, and for all other purposes (except interest will be paid to the person in whose name such obligation is registered on the Record Date or Special Record Date, as applicable), whether or not such Certificate is overdue, and neither the City nor the Paying Agent/Registrar shall be bound by any notice or knowledge to the contrary.

(b) All payments made to the Owner of a Certificate shall be valid and effectual and shall discharge the liability of the City and the Paying Agent/Registrar upon such Certificate to the extent of the sums paid.

Section 3.06. Registration, Transfer and Exchange.

(a) So long as any Certificates remain outstanding, the City shall cause the Paying Agent/Registrar to keep at the Designated Payment/Transfer Office a register (the "Register") in which, subject to such reasonable regulations as it may prescribe, the Paying Agent/Registrar shall provide for the registration and transfer of Certificates in accordance with this Ordinance.

(b) The ownership of a Certificate may be transferred only upon the presentation and surrender of the Certificate at the Designated Payment/Transfer Office with such endorsement or other evidence of transfer as is acceptable to the Paying Agent/Registrar. No transfer of any Certificate shall be effective until entered in the Register.

(c) The Certificates shall be exchangeable upon the presentation and surrender thereof at the Designated Payment/Transfer Office for a Certificate or Certificates of the same maturity and interest rate and in any denomination or denominations of any integral multiple of \$5,000 and in an aggregate principal amount equal to the unpaid principal amount of the Certificates presented for exchange. The Paying Agent/Registrar is hereby authorized to authenticate and deliver Certificates exchanged for other Certificates in accordance with this Section.

(d) Each exchange Certificate delivered by the Paying Agent/Registrar in accordance with this Section shall constitute an original contractual obligation of the City and shall be entitled to the benefits and security of this Ordinance to the same extent as the Certificate or Certificates in lieu of which such exchange Certificate is delivered.

(e) No service charge shall be made to the Owner for the initial registration, subsequent transfer, or exchange for a different denomination of any of the Certificates. The Paying Agent/Registrar, however, may require the Owner to pay a sum sufficient to cover any tax or other governmental charge that is authorized to be imposed in connection with the registration, transfer or exchange of a Certificate.

(f) Neither the City nor the Paying Agent/Registrar shall be required to issue, transfer, or exchange any Certificate called for redemption, in whole or in part, within forty-five (45) calendar days prior to the date fixed for redemption; provided, however, such limitation shall not be applicable to an exchange by the Owner of the uncalled principal balance of a Certificate.

Section 3.07. Cancellation.

All Certificates paid or redeemed before scheduled maturity in accordance with this Ordinance, and all Certificates in lieu of which exchange Certificates or replacement Certificates are authenticated and delivered in accordance with this Ordinance, shall be cancelled and proper records shall be made regarding such payment, redemption, exchange or replacement. The Paying Agent/Registrar shall dispose of cancelled Certificates in accordance with the record retention policies of the Paying Agent/Registrar.

Section 3.08. Temporary Certificates.

(a) Following the delivery and registration of the Initial Certificate and pending the preparation of definitive Certificates, the proper officers of the City may execute and, upon the City's request, the Paying Agent/Registrar shall authenticate and deliver, one or more temporary Certificates that are printed, lithographed, typewritten, mimeographed or otherwise produced, in any authorized denomination, substantially of the tenor of the definitive Certificates in lieu of which they are delivered, without coupons, and with such appropriate insertions, omissions, substitutions and other variations as the officers of the City executing such temporary Certificates may determine, as evidenced by their signing of such temporary Certificates.

(b) Until exchanged for Certificates in definitive form, such Certificates in temporary form shall be entitled to the benefit and security of this Ordinance.

(c) The City, without unreasonable delay, shall prepare, execute and deliver to the Paying Agent/Registrar the Certificates in definitive form; thereupon, upon the presentation and surrender of the Certificates in temporary form to the Paying Agent/Registrar, the Paying Agent/Registrar shall cancel the Certificates in temporary form and shall authenticate and deliver in exchange therefor Certificates of the same maturity and series, in definitive form, in the authorized denomination, and in the same aggregate principal amount, as the Certificates in temporary form surrendered. Such exchange shall be made without the making of any charge therefor to any Owner.

Section 3.09. Replacement Certificates.

(a) Upon the presentation and surrender to the Paying Agent/Registrar of a mutilated Certificate, the Paying Agent/Registrar shall authenticate and deliver in exchange therefor a replacement Certificate of like tenor and principal amount, bearing a number not contemporaneously outstanding. The City or the Paying Agent/Registrar may require the Owner of such Certificate to pay a sum sufficient to cover any tax or other governmental charge that is authorized to be imposed in connection therewith and any other expenses connected therewith.

(b) In the event that any Certificate is lost, apparently destroyed or wrongfully taken, the Paying Agent/Registrar, pursuant to the applicable laws of the State of Texas and in the absence of notice or knowledge that such Certificate has been acquired by a bona fide purchaser, shall authenticate and deliver a replacement Certificate of like tenor and principal amount, bearing a number not contemporaneously outstanding, provided that the Owner first:

(i) furnishes to the Paying Agent/Registrar satisfactory evidence of his or her ownership of and the circumstances of the loss, destruction or theft of such Certificate;

(ii) furnishes such security or indemnity as may be required by the Paying Agent/Registrar to save it and the City harmless;

(iii) pays all expenses and charges in connection therewith, including, but not limited to, printing costs, legal fees, fees of the Paying Agent/Registrar and any tax or other governmental charge that is authorized to be imposed; and

(iv) satisfies any other reasonable requirements imposed by the City and the Paying Agent/Registrar.

(c) If, after the delivery of such replacement Certificate, a bona fide purchaser of the original Certificate in lieu of which such replacement Certificate was issued presents for payment such original Certificate, the City and the Paying Agent/Registrar shall be entitled to recover such replacement Certificate from the person to whom it was delivered or any person taking therefrom, except a bona fide purchaser, and shall be entitled to recover upon the security or indemnity provided therefor to the extent of any loss, damage, cost or expense incurred by the City or the Paying Agent/Registrar in connection therewith.

(d) In the event that any such mutilated, lost, apparently destroyed or wrongfully taken Certificate has become or is about to become due and payable, the Paying Agent/Registrar, in its discretion, instead of issuing a replacement Certificate, may pay such Certificate if it has become due and payable or may pay such Certificate when it becomes due and payable.

(e) Each replacement Certificate delivered in accordance with this Section shall constitute an original additional contractual obligation of the City and shall be entitled to the benefits and security of this Ordinance to the same extent as the Certificate or Certificates in lieu of which such replacement Certificate is delivered.

Section 3.10. Book-Entry Only System.

The definitive Certificates shall be initially issued in the form of a separate typewritten fully registered Certificate for each of the maturities thereof bearing interest at the same per annum rate. Upon initial issuance, the ownership of such Certificates shall be registered in the name of Cede & Co., as nominee of DTC, and except as provided in Section 3.11 hereof, all of the outstanding Certificates shall be registered in the name of Cede & Co., as nominee of DTC.

With respect to Certificates registered in the name of Cede & Co., as nominee of DTC, the City and the Paying Agent/Registrar shall have no responsibility or obligation to any DTC Participant or to any person on behalf of whom such a DTC Participant holds an interest in the Certificates. Without limiting the immediately preceding sentence, the City and the Paying Agent/Registrar shall have no responsibility or obligation with respect to (i) the accuracy of the records of DTC, Cede & Co. or any DTC Participant with respect to any ownership interest in the Certificates, (ii) the delivery to any DTC Participant or any other person, other than an Owner, as shown on the Register, of any notice with respect to the Certificates, including any notice of redemption, or (iii) the payment to any DTC Participant or any other person, other than

an Owner, as shown in the Register of any amount with respect to principal of or interest on the Certificates. Notwithstanding any other provision of this Ordinance to the contrary, the City and the Paying Agent/Registrar shall be entitled to treat and consider the person in whose name each Certificate is registered in the Register as the absolute owner of such Certificate for the purpose of payment of principal of and interest on the Certificates, for the purpose of all matters with respect to such Certificate, for the purpose of registering transfer with respect to such Certificate, and for all other purposes whatsoever. The Paying Agent/Registrar shall pay all principal of and interest on the Certificates only to or upon the order of the respective owners, as shown in the Register as provided in this Ordinance, or their respective attorneys duly authorized in writing, and all such payments shall be valid and effective to fully satisfy and discharge the City's obligations with respect to payment of principal of, premium, if any, and interest on the Certificates to the extent of the sum or sums so paid. No person other than an Owner, as shown in the Register, shall receive a Certificate evidencing the obligation of the City to make payments of amounts due pursuant to this Ordinance. Upon delivery by DTC to the Paying Agent/Registrar of written notice to the effect that DTC has determined to substitute a new nominee in place of Cede & Co., the word "Cede & Co." in this Ordinance shall refer to such new nominee of DTC.

Section 3.11. Successor Securities Depository; Transfer Outside Book-Entry Only System.

(a) In the event that the City or the Paying Agent/Registrar determines that DTC is incapable of discharging its responsibilities described herein and in the representation letter of the City to DTC, and that it is in the best interest of the beneficial owners of the Certificates that they be able to obtain certificated Certificates, or in the event DTC discontinues the services described herein, the City or the Paying Agent/Registrar shall (i) appoint a successor securities depository, qualified to act as such under Section 17(a) of the Securities and Exchange Act of 1934, as amended, notify DTC and DTC Participants of the appointment of such successor securities depository and transfer one or more separate Certificates to such successor securities depository or (ii) notify DTC and DTC Participants of the availability through DTC of Certificates and transfer one or more separate Certificates to DTC Participants having Certificates credited to their DTC accounts. In such event, the Certificates shall no longer be restricted to being registered in the Register in the name of Cede & Co., as nominee of DTC, but may be registered in the name of the successor securities depository, or its nominee, or in whatever name or names Owners transferring or exchanging Certificates shall designate, in accordance with the provisions of this Ordinance.

(b) Notwithstanding the foregoing, before the City can discontinue the Book-Entry-Only system of registration through DTC, notice must be given to TWDB and prior written consent of TWDB must be received by the City. If at any time, DTC ceases to hold the Certificates as securities depository, all references herein to DTC will be of no further force or effect.

Section 3.12. Payments to Cede & Co.

Notwithstanding any other provision of this Ordinance to the contrary, so long as any Certificates are registered in the name of Cede & Co., as nominee of DTC, all payments with

respect to principal of and interest on such Certificates, and all notices with respect to such Certificates, shall be made and given, respectively, in the manner provided in DTC's then current operational procedures.

ARTICLE IV

REDEMPTION OF CERTIFICATES BEFORE MATURITY

Section 4.01. Limitation on Redemption.

The Certificates shall be subject to redemption before their scheduled maturity only as provided in this Article IV.

Section 4.02. Optional Redemption.

(a) The Certificates maturing on or after _____, 20__, shall be subject to redemption at the option of the City on _____, 20__ or on any date thereafter, in whole or in part in principal amounts of \$5,000 or any integral multiple thereof before their respective scheduled maturity dates in inverse order of maturity, at a price equal to the principal amount of the Certificates so called for redemption plus accrued interest to the date of redemption.

(b) If less than all of the Certificates are to be redeemed pursuant to an optional redemption, the City shall determine the maturity or maturities and the amounts thereof to be redeemed and shall direct the Paying Agent/Registrar to call by lot the Certificates, or portions thereof, within such maturity or maturities and in such principal amounts for redemption.

(c) The City, at least forty-five (45) days before the redemption date, unless a shorter period shall be satisfactory to the Paying Agent/Registrar, shall notify the Paying Agent/Registrar of such redemption date and of the principal amount of Certificates to be redeemed.

Section 4.03. Mandatory Sinking Fund Redemption.

(a) Certificates maturing _____, 20__ (the "Term Certificates") are subject to scheduled mandatory redemption and will be redeemed by the City, in part at a price equal to the principal amount thereof, without premium, plus accrued interest to the redemption date, out of moneys available for such purpose in the Interest and Sinking Fund, on the dates and in the respective principal amounts as set forth below.

Term Certificate Maturing _____, 20__

<u>Redemption Date</u>	<u>Principal Amount</u>	<u>Redemption Date</u>	<u>Principal Amount</u>
_____, 20__	\$ _____	_____, 20__	\$ _____
_____, 20__	_____	_____, 20__	_____
_____, 20__	_____	_____, 20__	_____
_____, 20__	_____	_____, 20__	_____
_____, 20__	_____	_____, 20__*	_____

*maturity

(b) At least forty-five (45) days prior to each scheduled mandatory redemption date, the Paying Agent/Registrar shall select for redemption by lot, or by any other customary method that results in a random selection, a principal amount of Term Certificates equal to the aggregate principal amount of such Term Certificates to be redeemed, shall call such Term Certificates for redemption on such scheduled mandatory redemption date, and shall give notice of such redemption, as provided in Section 4.05.

(c) The principal amount of the Term Certificates required to be redeemed on any redemption date pursuant to subparagraph (a) of this Section 4.03 shall be reduced, at the option of the City, by the principal amount of any Term Certificates which, at least 45 days prior to the mandatory sinking fund redemption date (i) shall have been acquired by the City at a price not exceeding the principal amount of such Term Certificates plus accrued interest to the date of purchase thereof, and delivered to the Paying Agent/Registrar for cancellation, or (ii) shall have been redeemed pursuant to the optional redemption provisions hereof and not previously credited to a mandatory sinking fund redemption.

Section 4.04. Partial Redemption.

(a) A portion of a single Certificate of a denomination greater than \$5,000 may be redeemed, but only in a principal amount equal to \$5,000 or any integral multiple thereof. If such a Certificate is to be partially redeemed, the Paying Agent/Registrar shall treat each \$5,000 portion of the Certificate as though it were a single Certificate for purposes of selection for redemption.

(b) Upon surrender of any Certificate for redemption in part, the Paying Agent/Registrar, in accordance with Section 3.06 of this Ordinance, shall authenticate and deliver an exchange Certificate or Certificates in an aggregate principal amount equal to the unredeemed portion of the Certificate so surrendered, such exchange being without charge, notwithstanding any provision of Section 3.06 to the contrary.

Section 4.05. Notice of Redemption to Owners.

(a) The Paying Agent/Registrar shall give notice of any redemption of Certificates by sending notice by United States mail, first class, postage prepaid, not less than 30 days before the date fixed for redemption, to the Owner of each Certificate (or part thereof) to be redeemed, at the address shown in the Register at the close of business on the Business Day next preceding the date of mailing such notice.

(b) The notice shall state the redemption date, the redemption price, the place at which the Certificates are to be surrendered for payment, and, if less than all the Certificates outstanding are to be redeemed, an identification of the Certificates or portions thereof to be redeemed.

(c) The City reserves the right to give notice of its election or direction to redeem Certificates under Section 4.02 conditioned upon the occurrence of subsequent events. Such

notice may state (i) that the redemption is conditioned upon the deposit of moneys and/or authorized securities, in an amount equal to the amount necessary to effect the redemption, with the Paying Agent/Registrar, or such other entity as may be authorized by law, no later than the redemption date, or (ii) that the City retains the right to rescind such notice at any time on or prior to the scheduled redemption date if the City delivers a certificate of the City to the Paying Agent/Registrar instructing the Paying Agent/Registrar to rescind the redemption notice, and such notice and redemption shall be of no effect if such moneys and/or authorized securities are not so deposited or if the notice is rescinded. The Paying Agent/Registrar shall give prompt notice of any such rescission of a conditional notice of redemption to the affected Owners. Any Certificates subject to a conditional notice of redemption where redemption has been rescinded shall remain Outstanding, and the rescission shall not constitute an Event of Default. Further, in the case of a conditional notice of redemption, the failure of the City to make moneys and/or authorized securities available in part or in whole on or before the redemption date shall not constitute an Event of Default.

(d) Any notice so mailed shall be conclusively presumed to have been duly given, whether or not the registered owner receives such notice. Notice having been so given and subject, in the case of an optional redemption, to any rights or conditions reserved by the City in the notice, the Certificates called for redemption shall become due and payable on the specified redemption date, and notwithstanding that any obligation or portion thereof has not been surrendered for payment, interest on such obligation or portion thereof shall cease to accrue.

Section 4.06. Payment Upon Redemption.

(a) Before or on each redemption date, the City shall deposit with the Paying Agent/Registrar money sufficient to pay all amounts due on the redemption date and the Paying Agent/Registrar shall make provision for the payment of the Certificates to be redeemed on such date by setting aside and holding in trust an amount from the Interest and Sinking Fund or otherwise received by the Paying Agent/Registrar from the City and shall use such funds solely for the purpose of paying the principal of, and accrued interest on the Certificates being redeemed.

(b) Upon presentation and surrender of any Certificate called for redemption at the Designated Payment/Transfer Office of the Paying Agent/Registrar on or after the date fixed for redemption, the Paying Agent/Registrar shall pay the principal of, redemption premium, if any, and accrued interest on such Certificate to the date of redemption from the money set aside for such purpose.

Section 4.07. Effect of Redemption.

(a) Notice of redemption having been given as provided in Section 4.05 of this Ordinance, and subject to the provisions of Section 4.05(c), the Certificates or portions thereof called for redemption shall become due and payable on the date fixed for redemption and, unless the City fails to make provision for the payment of the principal thereof or accrued interest thereon, such Certificates or portions thereof shall cease to bear interest from and after the date fixed for redemption, whether or not such Certificates are presented and surrendered for payment on such date.

(b) If the City shall fail to make provision for payment of all sums due on a redemption date, or rescinds the notice of redemption, then any Certificate or portion thereof called for redemption shall continue to bear interest at the rate stated on the Certificate until due provision is made for the payment of same by the City.

ARTICLE V

PAYING AGENT/REGISTRAR

Section 5.01. Appointment of Initial Paying Agent/Registrar.

The Bank of New York Mellon Trust Company, N.A., is hereby appointed as the initial Paying Agent/Registrar for the Certificates.

Section 5.02. Qualifications.

Each Paying Agent/Registrar shall be a commercial bank, a trust company organized under the laws of the State of Texas, or any other entity duly qualified and legally authorized to serve as and perform the duties and services of paying agent and registrar for the Certificates.

Section 5.03. Maintaining Paying Agent/Registrar.

(a) At all times while any Certificates are outstanding, the City will maintain a Paying Agent/Registrar that is qualified under Section 5.02 of this Ordinance. The Mayor is hereby authorized and directed to execute an agreement with the Paying Agent/Registrar specifying the duties and responsibilities of the City and the Paying Agent/Registrar in substantially the form presented at this meeting, the form, terms and provisions of which are hereby approved.

(b) If the Paying Agent/Registrar resigns or otherwise ceases to serve as such, the City will promptly appoint a replacement; provided no such resignation shall be effective until a successor Paying Agent/Registrar has accepted the duties of Paying Agent/Registrar for the Certificates.

Section 5.04. Termination.

The City, upon not less than sixty (60) days' notice, reserves the right to terminate the appointment of any Paying Agent/Registrar by delivering to the entity whose appointment is to be terminated written notice of such termination, provided, that such termination shall not be effective until a successor Paying Agent/Registrar has been appointed and has accepted the duties of Paying Agent/Registrar for the Certificates.

Section 5.05. Notice of Change to Owners.

Promptly upon each change in the entity serving as Paying Agent/Registrar, the City will cause notice of the change to be sent to each Owner by first class United States mail, postage prepaid, at the address in the Register, stating the effective date of the change and the name and mailing address of the replacement Paying Agent/Registrar.

Section 5.06. Agreement to Perform Duties and Functions.

By accepting the appointment as Paying Agent/Registrar and executing the Paying Agent/Registrar Agreement, the Paying Agent/Registrar is deemed to have agreed to the provisions of this Ordinance and that it will perform the duties and functions of Paying Agent/Registrar prescribed thereby.

Section 5.07. Delivery of Records to Successor.

If a Paying Agent/Registrar is replaced, such Paying Agent/Registrar, promptly upon the appointment of the successor, will deliver the Register (or a copy thereof) and all other pertinent books and records relating to the Certificates to the successor Paying Agent/Registrar.

ARTICLE VI

FORM OF THE CERTIFICATES

Section 6.01. Form Generally.

(a) The Certificates, including the Registration Certificate of the Comptroller of Public Accounts of the State of Texas to accompany the Initial Certificate, the Certificate of the Paying Agent/Registrar, and the Assignment form to appear on each of the Certificates, (i) shall be in substantially the form set forth in this Article, with such appropriate modifications and changes, insertions, omissions, substitutions, and other variations as are permitted or required by this Ordinance, and (ii) may have such letters, numbers, or other marks of identification (including identifying numbers and letters of the Committee on Uniform Securities Identification Procedures of the American Bankers Association) and such legends and endorsements (including any reproduction of an opinion of counsel) thereon as, consistently herewith, may be determined by the City or by the officers executing such Certificates, as evidenced by their execution thereof.

(b) Any portion of the text of any Certificates may be set forth on the reverse side thereof, with an appropriate reference thereto on the face of the Certificates.

(c) The definitive Certificates shall be typewritten, printed, lithographed, or engraved, and may be produced by any combination of these methods or produced in any other similar manner, all as determined by the officers executing such Certificates, as evidenced by their execution thereof.

(d) The Initial Certificate submitted to the Attorney General of the State of Texas may be typewritten and photocopied or otherwise reproduced.

Section 6.02. Form of the Certificates.

The form of the Certificates, including the form of the Registration Certificate of the Comptroller of Public Accounts of the State of Texas, to accompany the Initial Certificate, the form of Certificate of the Paying Agent/Registrar and the form of Assignment appearing on the Certificates, shall be substantially as follows:

(a) Form of Certificates.

REGISTERED
No. _____

REGISTERED
\$ _____

United States of America
State of Texas

CITY OF WACO, TEXAS
COMBINATION TAX AND REVENUE CERTIFICATES OF OBLIGATION
SERIES 2016A

INTEREST RATE: MATURITY DATE: CLOSING DATE: CUSIP NUMBER:
_____ % _____, 20____ _____, 20____ _____

The City of Waco, Texas (the "City"), in the County of McLennan, State of Texas, for value received, hereby promises to pay to

or registered assigns, on the Maturity Date specified above, the sum of

_____ DOLLARS

unless this Certificate shall have been sooner called for redemption and the payment of the principal hereof shall have been paid or provided for, and to pay interest on such principal amount from the later of the Closing Date specified above or the most recent interest payment date to which interest has been paid or provided for until payment of such principal amount has been paid or provided for, at the per annum rate of interest specified above, computed on the basis of a 360-day year of twelve 30-day months, such interest to be paid semiannually on February 1 and August 1, commencing _____, 20____.

The principal of this Certificate shall be payable without exchange or collection charges in lawful money of the United States of America upon presentation and surrender of this Certificate at the designated office in Dallas, Texas, of The Bank of New York Mellon Trust Company, N.A., as Paying Agent/Registrar (the "Designated Payment/Transfer Office"), or, with respect to a successor paying agent/registrar, at the Designated Payment/Transfer Office of such successor. Interest on this Certificate is payable by check dated as of the interest payment date, and will be mailed on or before such interest payment date, by first class United States mail, postage prepaid, by the Paying Agent/Registrar to the registered owner at the address shown on the registration books kept by the Paying Agent/Registrar, or by such other customary banking arrangements acceptable to the Paying Agent/Registrar and the person to whom interest is to be paid; provided, however, that such person shall bear all risk and expense of such other customary banking arrangements. For the purpose of the payment of interest on this Certificate, the registered owner shall be the person in whose name this Certificate is registered at the close of business on the "Record Date," which shall be the fifteenth calendar day of the month next preceding such interest payment date; provided, however, that in the event of nonpayment of

interest on a scheduled interest payment date, and for thirty (30) days thereafter, a new record date for such interest payment (a "Special Record Date") will be established by the Paying Agent/Registrar, if and when funds for the payment of such interest have been received from the City. Notice of the Special Record Date and of the scheduled payment date of the past due interest (the "Special Payment Date," which date shall be fifteen (15) days after the Special Record Date) shall be sent at least five (5) Business Days (as hereinafter defined) prior to the Special Record Date by United States mail, first class, postage prepaid, to the address of each registered owner of an Certificate appearing on the books of the Paying Agent/Registrar at the close of business on the last Business Day next preceding the date of mailing of such notice.

If the date for the payment of the principal of or interest on this Certificate is not a Business Day, the date for such payment shall be the next succeeding day which is not a Saturday, Sunday or legal holiday, or day on which banking institutions in the State of Texas or the city in which the Designated Payment/Transfer Office of the Paying Agent/Registrar is located are generally authorized or obligated by law or executive order to close (a "Business Day"), and payment on such date shall for all purposes be deemed to have been made on the original date payment was due.

This Certificate is one of a series of fully registered obligations specified in the title hereof issued in the aggregate principal amount of \$____ (herein referred to as the "Certificates"), dated as of _____, 20____, issued pursuant to a certain ordinance of the City (the "Ordinance") for the purpose of paying contractual obligations to be incurred for authorized public improvements (the "Project"), as described in the Ordinance, and to pay the contractual obligations for professional services of attorneys, financial advisors and other professionals in connection with the Project and the issuance of the Certificates.

The City has reserved the option to redeem the Certificates maturing on or after _____, 20__ in whole or in part before their respective scheduled maturity dates, in inverse order of maturity, on _____, 20__ or on any date thereafter, at a price equal to the principal amount of the Certificates so called for redemption plus accrued interest to the date fixed for redemption. If less than all of the Certificates are to be redeemed, the City shall determine the maturity or maturities and the amounts thereof to be redeemed and shall direct the Paying Agent/Registrar to call by lot the Certificates, or portions thereof, within such maturity and in such principal amounts, for redemption.

[The Certificates stated to mature on _____ (the "Term Certificates"), are subject to scheduled mandatory redemption by the Paying Agent/Registrar by lot, or by any other customary method that results in a random selection, at a price equal to the principal amount thereof, without premium, plus accrued interest to the redemption date, on the dates and in the respective principal amounts as follows:

<u>Term Certificate Maturing _____, 20____</u>				
<u>Date</u>	<u>Redemption</u>	<u>Principal Amount</u>	<u>Redemption Date</u>	<u>Principal Amount</u>
_____, 20__	\$ _____	_____	_____, 20__	\$ _____
_____, 20__	_____	_____	_____, 20__	_____

_____ , 20__	_____	_____ , 20__	_____
_____ , 20__	_____	_____ , 20__	_____
_____ , 20__	_____	_____ , 20__ *	_____

*maturity

At least forty-five (45) days prior to each scheduled mandatory redemption date, the Paying Agent/Registrar will select by lot or by any other customary method that results in a random selection, a principal amount of Term Certificates equal to the aggregate principal amount of such Term Certificates to be redeemed by mandatory redemption, shall call such Term Certificates for redemption on such scheduled mandatory redemption date, and shall give notice of such redemption. The principal amount of Term Certificates required to be redeemed on any redemption date pursuant to the foregoing mandatory sinking fund redemption provisions hereof shall be reduced, at the option of the City, by the principal amount of any Term Certificates which, at least 45 days prior to the mandatory sinking fund redemption date (i) shall have been acquired by the City at a price not exceeding the principal amount of such Term Certificates plus accrued interest to the date of purchase thereof, and delivered to the Paying Agent/Registrar for cancellation, or (ii) shall have been redeemed pursuant to the optional redemption provisions hereof and not previously credited to a mandatory sinking fund redemption.]

Notice of redemption or redemptions shall be given by first class mail, postage prepaid, not less than thirty (30) days before the date fixed for redemption, to the registered owner of each of the Certificates to be redeemed in whole or in part. Notice having been so given, the Certificates or portions thereof designated for redemption shall become due and payable on the redemption date specified in such notice; and, from and after such date, notwithstanding that any of the Certificates or portions thereof so called for redemption shall not have been surrendered for payment, interest on such Certificates or portions thereof shall cease to accrue.

In the Ordinance, the City reserves the right, in the case of an optional redemption, to give notice of its election or direction to redeem Certificates conditioned upon the occurrence of subsequent events. Such notice may state (i) that the redemption is conditioned upon the deposit of moneys and/or authorized securities, in an amount equal to the amount necessary to effect the redemption, with the Paying Agent/Registrar, or such other entity as may be authorized by law, no later than the redemption date, or (ii) that the City retains the right to rescind such notice at any time on or prior to the scheduled redemption date if the City delivers a certificate of the City to the Paying Agent/Registrar instructing the Paying Agent/Registrar to rescind the redemption notice, and such notice and redemption shall be of no effect if such moneys and/or authorized securities are not so deposited or if the notice is rescinded. The Paying Agent/Registrar shall give prompt notice of any such rescission of a conditional notice of redemption to the affected Owners. Any Certificates subject to a conditional notice of redemption and such redemption has been rescinded shall remain Outstanding, and the rescission of such redemption shall not constitute an Event of Default. Further, in the case of a conditional notice of redemption, the failure of the City to make moneys and/or authorized securities available in part or in whole on or before the redemption date shall not constitute an Event of Default. Any notice so mailed shall be conclusively presumed to have been duly given, whether or not the registered owner receives such notice. Notice having been so given and subject, in the case of an optional redemption, to any rights or conditions reserved by the City in the notice, the certificates called for redemption

shall become due and payable on the specified redemption date, and notwithstanding that any obligation or portion thereof has not been surrendered for payment, interest on such obligation or portion thereof shall cease to accrue.

As provided in the Ordinance, and subject to certain limitations therein set forth, this Certificate is transferable upon surrender of this Certificate for transfer at the Designated Payment/Transfer Office of the Paying Agent/Registrar with such endorsement or other evidence of transfer as is acceptable to the Paying Agent/Registrar; thereupon, one or more new fully registered Certificates of the same stated maturity, of authorized denominations, bearing the same rate of interest, and for the same aggregate principal amount will be issued to the designated transferee or transferees.

Neither the City nor the Paying Agent/Registrar shall be required to issue, transfer or exchange any Certificate called for redemption where such redemption is scheduled to occur within forty-five (45) calendar days of the transfer or exchange date; provided, however, such limitation shall not be applicable to an exchange by the registered owner of the uncalled principal balance of a Certificate.

The City, the Paying Agent/Registrar, and any other person may treat the person in whose name this Certificate is registered as the owner hereof for the purpose of receiving payment as herein provided (except interest shall be paid to the person in whose name this Certificate is registered on the "Record Date" or "Special Record Date," as applicable) and for all other purposes, whether or not this Certificate be overdue, and neither the City, nor the Paying Agent/Registrar nor any other person shall be affected by notice to the contrary.

IT IS HEREBY CERTIFIED AND RECITED that the issuance of this Certificate and the series of which it is a part is duly authorized by law and that all acts, conditions and things required to be done precedent to and in the issuance of the Certificates have been properly done and performed and have happened in regular and due time, form and manner, as required by law; and that ad valorem taxes upon all taxable property in the City have been levied for and pledged to the payment of the debt service requirements of the Certificates, within the limit prescribed by law; that, in addition to said taxes, further provisions have been made for the payment of the debt service requirements of the Certificates by pledging to such purpose Surplus Revenues, as defined in the Ordinance, derived by the City from the operation of its waterworks and sewer system; that when so collected, such taxes and Surplus Revenues shall be appropriated to such purposes; and that the total indebtedness of the City, including the Certificates, does not exceed any constitutional or statutory limitation.

IN WITNESS WHEREOF, the City has caused this Certificate to be executed by the manual or facsimile signature of the Mayor and countersigned by the manual or facsimile signature of the City Secretary, and the official seal of the City has been duly impressed or placed in facsimile on this Certificate.

City Secretary

Mayor

City of Waco, Texas

City of Waco, Texas

[SEAL]

(b) Form of Comptroller's Registration Certificate.

The following Comptroller's Registration Certificate may be deleted from the definitive Certificates if such certificate on the Initial Certificate is fully executed.

OFFICE OF THE COMPTROLLER §
OF PUBLIC ACCOUNTS § REGISTER NO. _____
OF THE STATE OF TEXAS §

I hereby certify that there is on file and of record in my office a certificate of the Attorney General of the State of Texas to the effect that this Certificate has been examined by him as required by law, that he finds that it has been issued in conformity with the Constitution and laws of the State of Texas, and that it is a valid and binding obligation of the City of Waco, Texas, and that this Certificate has this day been registered by me.

Witness my hand and seal of office at Austin, Texas, _____.

Comptroller of Public Accounts
of the State of Texas

[SEAL]

(c) Form of Certificate of Paying Agent/Registrar.

The following Certificate of Paying Agent/Registrar may be deleted from the Initial Certificate if the executed Comptroller's Registration Certificate appears thereon.

CERTIFICATE OF PAYING AGENT/REGISTRAR

The records of the Paying Agent/Registrar show that the Initial Certificate of this series of certificates of obligation was approved by the Attorney General of the State of Texas and registered by the Comptroller of Public Accounts of the State of Texas, and that this is one of the Certificates referred to in the within-mentioned Ordinance.

THE BANK OF NEW YORK MELLON
TRUST COMPANY, N.A.,
as Paying Agent/Registrar

Dated: _____

By: _____
Authorized Signatory

(d) Form of Assignment.

ASSIGNMENT

FOR VALUE RECEIVED, the undersigned hereby sells, assigns, and transfers unto (print or typewrite name, address and Zip Code of transferee):

(Social Security or other identifying number: _____) the within Certificate and all rights hereunder and hereby irrevocably constitutes and appoints _____ attorney to transfer the within Certificate on the books kept for registration hereof, with full power of substitution in the premises.

Dated: _____

Signature Guaranteed By:

Authorized Signatory

NOTICE: The signature on this Assignment must correspond with the name of the registered owner as it appears on the face of the within Certificate in every particular and must be guaranteed in a manner acceptable to the Paying Agent/Registrar.

(e) The Initial Certificate shall be in the form set forth in paragraphs (a), (b) and (d) of this Section, except for the following alterations:

(i) immediately under the name of the Certificate, the headings "INTEREST RATE" and "MATURITY DATE" shall both be completed with the words "As shown below" and the words "CUSIP NUMBER" deleted; and

(ii) in the first paragraph of the Certificate, the words "on the Maturity Date specified above, the sum of _____ DOLLARS" shall be deleted and the following will be inserted: "on _____ in each of the years, in the principal installments and bearing interest at the per annum rates in accordance with the following schedule:

<u>Years</u>	<u>Principal Installments</u>	<u>Interest Rates</u>
(Information to be inserted from schedule in Section 3.02 of this Ordinance)		

Section 6.03. CUSIP Registration.

The City may secure identification numbers through the CUSIP Service Bureau Division of Standard & Poor's Corporation, New York, New York, and may authorize the printing of such numbers on the face of the Certificates. It is expressly provided, however, that the presence or absence of CUSIP numbers on the Certificates shall be of no significance or effect as regards the

legality thereof and neither the City nor the attorneys approving said Certificates as to legality are to be held responsible for CUSIP numbers incorrectly printed on the Certificates.

Section 6.04. Legal Opinion.

The approving legal opinion of Bracewell LLP, Bond Counsel, may be printed on the reverse side of or attached to each Certificate over the certification of the City Secretary of the City, which may be executed in facsimile.

Section 6.05. Statement of Insurance.

A statement relating to a municipal bond insurance policy, if any, to be issued for the Certificates may be printed on or attached to each Certificate.

ARTICLE VII

SALE AND DELIVERY OF CERTIFICATES;
DEPOSIT OF PROCEEDS

Section 7.01. Sale of Certificates.

(a) The Certificates are hereby sold and shall be delivered to the TWDB, as soon as practicable after adoption of, and in accordance with the terms of, this Ordinance, at a price of par, subject to the approval of the Attorney General of Texas and Bond Counsel. The Mayor and other appropriate officers, agents and representatives of the City are hereby authorized to do any and all things necessary or desirable to provide for the issuance and delivery of the Certificates.

(b) All officers of the City are authorized to execute such documents, certificates and receipts, and to make such elections with respect to the tax-exempt status of the Certificates, as they may deem appropriate in order to consummate the delivery of the Certificates.

(c) The obligation of the TWDB to accept delivery of the Certificates is subject to the TWDB being furnished with the final, approving opinion of Bracewell LLP, Bond Counsel for the City, which opinion shall be dated and delivered the Closing Date.

Section 7.02. Control and Delivery of Certificates.

(a) The Mayor is hereby authorized to have control of the Initial Certificate and all necessary records and proceedings pertaining thereto pending investigation, examination and approval of the Attorney General of the State of Texas, registration by the Comptroller of Public Accounts of the State of Texas and registration with, and initial exchange or transfer by, the Paying Agent/Registrar.

(b) After registration by the Comptroller of Public Accounts of the State of Texas, delivery of the Certificates shall be made to the TWDB under and subject to the general supervision and direction of the Mayor, against receipt by the City of all amounts due to the City under the terms of sale.

Section 7.03. Deposit of Proceeds.

There is hereby created and established a special fund of the City, to be known as the “City of Waco, Texas, Combination Tax and Revenue Certificates of Obligation, Series 2016A Project Fund” (the “Project Fund”), which shall be established at an official depository of the City and kept separate and apart from other funds of the City. The proceeds of the Certificates, as received, shall be deposited in the Project Fund. Money on deposit in the Project Fund and all interest and income derived therefrom shall be used only for the purposes set forth in Section 3.01 of this Ordinance and to pay costs of issuance. Money on deposit in the Project Fund, may, at the option of the City, be invested as permitted by Texas law including, without limitation, the Public Funds Investment Act, Chapter 2256, Texas Government Code, as amended, and the Public Funds Collateral Act, Chapter 2257, Texas Government Code, as amended; provided that all such deposits and investments shall be made in such manner that the money required to be expended from the Project Fund will be available at the proper time or times.

ARTICLE VIII

INVESTMENTS

Section 8.01. Investments.

(a) Money in the Interest and Sinking Fund created by this Ordinance, at the option of the City, may be invested in such securities or obligations as permitted under applicable law as in effect on the date of the investment.

(b) Any securities or obligations in which money in the Interest and Sinking Fund is so invested shall be kept and held in trust for the benefit of the Owners and shall be sold and the proceeds of sale shall be timely applied to the making of all payments required to be made from the Interest and Sinking Fund.

Section 8.02. Investment Income.

(a) Interest and income derived from investment of the Interest and Sinking Fund shall be credited to such Fund.

(b) Interest and income derived from the investment of funds deposited pursuant to Section 7.03 hereof shall be credited to the fund or account where deposited until completion of the Project; thereafter, to the extent such interest and income are present, such interest and income shall be deposited to the Interest and Sinking Fund.

ARTICLE IX

PARTICULAR REPRESENTATIONS AND COVENANTS

Section 9.01. Payment of the Certificates.

On or before each Interest Payment Date for the Certificates and while any of the Certificates are outstanding and unpaid, there shall be made available to the Paying Agent/Registrar, out of the Interest and Sinking Fund, money sufficient to pay such interest on and principal of the Certificates as will accrue or mature on the applicable Interest Payment Date, maturity date or date of prior redemption. Such transfer of funds shall be made in such manner as will cause immediately available funds to be deposited with the Paying Agent/Registrar not later than the close of business on the Business Day next preceding the date of payment for the Certificates.

Section 9.02. Other Representations and Covenants.

(a) The City will faithfully perform at all times any and all covenants, undertakings, stipulations, and provisions contained in this Ordinance and in each Certificate; the City will promptly pay or cause to be paid the principal of and interest on each Certificate on the dates and at the places and manner prescribed in such Certificate; and the City will, at the times and in the manner prescribed by this Ordinance, deposit or cause to be deposited the amounts of money specified by this Ordinance.

(b) The City is duly authorized under the laws of the State of Texas to issue the Certificates; all action on its part for the creation and issuance of the Certificates has been duly and effectively taken; and the Certificates in the hands of the Owners thereof are and will be valid and enforceable obligations of the City in accordance with their terms.

Section 9.03. Provisions Concerning Federal Income Tax Exclusion.

The City intends that the interest on the Certificates be excludable from gross income for purposes of federal income taxation pursuant to sections 103 and 141 through 150 of the Code and the applicable Income Tax Regulations promulgated thereunder (the "Regulations"). The City covenants and agrees not to take any action, or knowingly omit to take any action within its control, that if taken or omitted, respectively, would (i) cause the interest on the Certificates to be includable in gross income, as defined in section 61 of the Code, for federal income tax purposes or (ii) result in the violation of or failure to satisfy any provision of Section 103 and 141 through 150 of the Code and the applicable Regulations. In particular, the City covenants and agrees to comply with each requirement of Sections 9.03 through 9.12, inclusive; provided, however, that the City will not be required to comply with any particular requirement of Sections 9.03 through 9.12, inclusive, if the City has received an opinion of nationally recognized bond counsel ("Counsel's Opinion") that (i) such noncompliance will not adversely affect the exclusion from gross income for federal income tax purposes of interest on the Certificates or (ii) compliance with some other requirement set forth in Sections 9.03 through 9.12, inclusive, will satisfy the applicable requirements of the Code, in which case compliance with such other requirement

specified in such Counsel's Opinion shall constitute compliance with the corresponding requirement specified in Sections 9.03 through 9.12, inclusive.

Section 9.04. No Private Use or Payment and No Private Loan Financing.

The City will certify, through an authorized officer, employee or agent, that, based upon all facts and estimates known or reasonably expected to be in existence on the date the Certificates are delivered, the proceeds of the Certificates will not be used in a manner that would cause the Certificates to be "private activity bonds" within the meaning of section 141 of the Code and the Regulations. The City covenants and agrees that it will make such use of the proceeds of the Certificates, including interest or other investment income derived from Certificate proceeds, regulate the use of property financed, directly or indirectly, with such proceeds, and take such other and further action as may be required so that the Certificates will not be "private activity bonds" within the meaning of section 141 of the Code and the Regulations promulgated thereunder.

Section 9.05. No Federal Guarantee.

The City covenants and agrees not to take any action, or knowingly omit to take any action within its control, that, if taken or omitted, respectively, would cause the Certificates to be "federally guaranteed" within the meaning of section 149(b) of the Code and the Regulations promulgated thereunder, except as permitted by section 149(b)(3) of the Code and the Regulations promulgated thereunder.

Section 9.06. No Hedge Bonds.

The City covenants and agrees not to take any action, or knowingly omit to take any action, and has not knowingly omitted and will not knowingly omit to take any action, within its control, that, if taken or omitted, respectively, would cause the Certificates to be "hedge bonds" within the meaning of section 149(g) of the Code and the Regulations promulgated thereunder.

Section 9.07. No-Arbitrage Covenant.

The City will certify, through an authorized officer, employee or agent, that, based upon all facts and estimates known or reasonably expected to be in existence on the date the Certificates are delivered, that the proceeds of the Certificates will not be used in a manner that would cause the Certificates to be "arbitrage bonds" within the meaning of section 148(a) of the Code and the Regulations promulgated thereunder. Moreover, the City covenants and agrees that it will make such use of the proceeds of the Certificates including interest or other investment income derived from Certificate proceeds, regulate investments of proceeds of the Certificates, and take such other and further action as may be required so that the Certificates will not be "arbitrage bonds" within the meaning of section 148(a) of the Code and the Regulations promulgated thereunder.

Section 9.08. Arbitrage Rebate.

If the City does not qualify for an exception to the requirements of Section 148(f) of the Code, the City will take all necessary steps to comply with the requirement that certain amounts

earned by the City on the investment of the “gross proceeds” of the Certificates (within the meaning of section 148(f)(6)(B) of the Code), be rebated to the federal government. Specifically, the City will (i) maintain records regarding the investment of the gross proceeds of the Certificates as may be required to calculate the amount earned on the investment of the gross proceeds of the Certificates separately from records of amounts on deposit in the funds and accounts of the City allocable to other bond issues of the City or moneys that do not represent gross proceeds of any bonds of the City, (ii) calculate at such times as are required by the Regulations, the amount earned from the investment of the gross proceeds of the Certificates that is required to be rebated to the federal government, and (iii) pay, not less often than every fifth anniversary date of the delivery of the Certificates or on such other dates as may be permitted under the Regulations, all amounts required to be rebated to the federal government. Further, the City will not indirectly pay any amount otherwise payable to the federal government pursuant to the foregoing requirements to any person other than the federal government by entering into any investment arrangement with respect to the gross proceeds of the Certificates that might result in a reduction in the amount required to be paid to the federal government because such arrangement results in a smaller profit or a larger loss than would have resulted if the arrangement had been at arm’s length and had the yield on the issue not been relevant to either party.

Section 9.09. Information Reporting.

The City covenants and agrees to file or cause to be filed with the Secretary of the Treasury, not later than the 15th day of the second calendar month after the close of the calendar quarter in which the Certificates are issued, an information statement concerning the Certificates, all under and in accordance with section 149(e) of the Code and the Regulations promulgated thereunder.

Section 9.10. Record Retention.

The City will retain all pertinent and material records relating to the use and expenditure of the proceeds of the Certificates until six years after the last Certificate is redeemed, or such shorter period as authorized by subsequent guidance issued by the Department of Treasury, if applicable. All records will be kept in a manner that ensures their complete access throughout the retention period. For this purpose, it is acceptable that such records are kept either as hardcopy books and records or in an electronic storage and retrieval system, provided that such electronic system includes reasonable controls and quality assurance programs that assure the ability of the City to retrieve and reproduce such books and records in the event of an examination of the Certificates by the Internal Revenue Service.

Section 9.11. Registration.

The Certificates will be issued in registered form.

Section 9.12. Deliberate Actions.

The City will not take a deliberate action (as defined in section 1.141-2(d)(3) of the Regulations) that causes the Certificates to fail to meet any requirements of the Code regarding the use of Certificate proceeds after the issue date of the Certificates unless an appropriate

remedial action is permitted by section 1.141-12 of the Regulations, the City takes such remedial action and the City receives a Counsel's Opinion that such remedial action cures any failure to meet the requirements with respect to the use of the proceeds of the Certificates.

Section 9.13. Continuing Obligation.

Notwithstanding any other provision of this Ordinance, the City's obligations under the covenants and provisions of Sections 9.03 through 9.12, inclusive, will survive the defeasance and discharge of the Certificates for as long as such matters are relevant to the exclusion from gross income of interest on the Certificates for federal income tax purposes.

ARTICLE X

DEFAULT AND REMEDIES

Section 10.01. Events of Default.

Each of the following occurrences or events for the purpose of this Ordinance is hereby declared to be an Event of Default:

- (i) the failure to make payment of the principal of, premium, if any, or interest on any of the Certificates when the same becomes due and payable; or
- (ii) default in the performance or observance of any other covenant, agreement or obligation of the City, which default materially and adversely affects the rights of the Owners, including but not limited to, their prospect or ability to be repaid in accordance with this Ordinance, and the continuation thereof for a period of sixty (60) days after notice of such default is given by any Owner to the City.

Section 10.02. Remedies for Default.

(a) Upon the happening of any Event of Default, then any Owner or an authorized representative thereof, including but not limited to, a trustee or trustees therefor, may proceed against the City for the purpose of protecting and enforcing the rights of the Owners under this Ordinance, by mandamus or other suit, action or special proceeding in equity or at law, in any court of competent jurisdiction, for any relief permitted by law, including the specific performance of any covenant or agreement contained herein, or thereby to enjoin any act or thing that may be unlawful or in violation of any right of the Owners hereunder or any combination of such remedies.

(b) It is provided that all such proceedings shall be instituted and maintained for the equal benefit of all Owners of Certificates then outstanding.

Section 10.03. Remedies Not Exclusive.

(a) No remedy herein conferred or reserved is intended to be exclusive of any other available remedy or remedies, but each and every such remedy shall be cumulative and shall be in addition to every other remedy given hereunder or under the Certificates or now or hereafter

existing at law or in equity; provided, however, that notwithstanding any other provision of this Ordinance, the right to accelerate the debt evidenced by the Certificates shall not be available as a remedy under this Ordinance.

(b) The exercise of any remedy herein conferred or reserved shall not be deemed a waiver of any other available remedy.

ARTICLE XI

DISCHARGE

Section 11.01. Discharge.

The Certificates may be refunded, discharged or defeased in any manner permitted by applicable law.

ARTICLE XII

CONTINUING DISCLOSURE UNDERTAKING

Section 12.01. Annual Reports.

(a) The City agrees to provide to the MSRB, in electronic format, accompanied by identifying information as prescribed by the MSRB, within six months after the end of each fiscal year, financial information and operating data with respect to the City of the general type included in the City's annual financial statements. The information will also include the audited financial statements of the City, if the City commissions an audit and it is completed within the required time. If audited financial statements are not available by the required time, the City will provide audited financial statements when and if the audit report becomes available. Any financial statements so to be provided shall be prepared in accordance with the accounting principles the City may be required to employ from time to time pursuant to State law or regulation. If the audit of such financial statements is not complete within such period, then the City will provide unaudited financial statements within such six month period to the MSRB, and audited financial statements if and when the audit report on such statements becomes available. All such information and operating data shall be provided to the MSRB, in an electronic format, accompanied by identifying information, as prescribed by the MSRB, and will be available via the Electronic Municipal Market Access ("EMMA") System at www.emma.msrb.org.

(b) If the City changes its Fiscal Year, it will notify the MSRB of the change (and of the date of the new Fiscal Year end) prior to the next date by which the City otherwise would be required to provide financial information and operating data pursuant to this Section.

(c) The financial information and operating data to be provided pursuant to this Section may be set forth in full in one or more documents or may be included by specific reference to any document (including an official statement or other offering document, if it is available from the MSRB) that theretofore has been provided to the MSRB or filed with the SEC.

Section 12.02. Material Event Notices.

(a) The City shall provide notice of any of the following events with respect to the Certificates to the MSRB, in an electronic format as prescribed by the MSRB, in a timely manner not in excess of ten (10) business days after the occurrence of the event:

- (i) principal and interest payment delinquencies;
- (ii) nonpayment related defaults, if material;
- (iii) unscheduled draws on debt service reserves reflecting financial difficulties;
- (iv) unscheduled draws on credit enhancements reflecting financial difficulties;
- (v) substitution of credit or liquidity providers, or their failure to perform;
- (vi) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Certificates, or other material events affecting the tax status of the Certificates;
- (vii) modifications to rights of Owners, if material;
- (viii) Certificate calls, if material and tender offers;
- (ix) defeasance;
- (x) release, substitution, or sale of property securing repayment of the Certificate, if material;
- (xi) rating changes;
- (xii) bankruptcy, insolvency, receivership, or similar event of the City, which shall occur as described below;
- (xiii) the consummation of a merger, consolidation, or acquisition involving the City or the sale of all or substantially all of its assets, other than in the ordinary course of business, the entry into of a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and
- (xiv) appointment of a successor or additional paying agent/registrar or the change of name of a paying agent/registrar, if material.

For these purposes, any event described in the immediately preceding clause (xii) is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent, or similar officer for the City in a proceeding under the United States Bankruptcy Code or in any other

proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the City, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement, or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets of business of the City.

(b) The City shall notify the MSRB, in a timely manner, of any failure by the City to provide financial information or operating data in accordance with Section 12.01 of this Ordinance by the time required by such Section.

Section 12.03. Limitations, Disclaimers and Amendments.

(a) The City shall be obligated to observe and perform the covenants specified in this Article for so long as, but only for so long as, the City remains an “obligated person” with respect to the Certificates within the meaning of the Rule, except that the City in any event will give notice of any deposit made in accordance with Article XI that causes Certificates no longer to be Outstanding.

(b) The provisions of this Article are for the sole benefit of the Owners and beneficial owners of the Certificates, and nothing in this Article, express or implied, shall give any benefit or any legal or equitable right, remedy, or claim hereunder to any other person. The City undertakes to provide only the financial information, operating data, financial statements, and notices which it has expressly agreed to provide pursuant to this Article and does not hereby undertake to provide any other information that may be relevant or material to a complete presentation of the City’s financial results, condition, or prospects or hereby undertake to update any information provided in accordance with this Article or otherwise, except as expressly provided herein. The City does not make any representation or warranty concerning such information or its usefulness to a decision to invest in or sell Certificates at any future date.

UNDER NO CIRCUMSTANCES SHALL THE CITY BE LIABLE TO THE OWNER OR BENEFICIAL OWNER OF ANY CERTIFICATE OR ANY OTHER PERSON, IN CONTRACT OR TORT, FOR DAMAGES RESULTING IN WHOLE OR IN PART FROM ANY BREACH BY THE CITY, WHETHER NEGLIGENT OR WITHOUT FAULT ON ITS PART, OF ANY COVENANT SPECIFIED IN THIS ARTICLE, BUT EVERY RIGHT AND REMEDY OF ANY SUCH PERSON, IN CONTRACT OR TORT, FOR OR ON ACCOUNT OF ANY SUCH BREACH SHALL BE LIMITED TO AN ACTION FOR MANDAMUS OR SPECIFIC PERFORMANCE.

(c) No default by the City in observing or performing its obligations under this Article shall comprise a breach of or default under the Ordinance for purposes of any other provisions of this Ordinance.

(d) Nothing in this Article is intended or shall act to disclaim, waive, or otherwise limit the duties of the City under federal and state securities laws.

(e) The provisions of this Article may be amended by the City from time to time to adapt to changed circumstances that arise from a change in legal requirements, a change in law, or a change in the identity, nature, status, or type of operations of the City, but only if (i) the provisions of this Article, as so amended, would have permitted the TWDB or another initial purchaser to purchase or sell Certificates in the primary offering of the Certificates in compliance with the Rule, taking into account any amendments or interpretations of the Rule to the date of such amendment, as well as such changed circumstances, and (ii) either (A) the Owners of a majority in aggregate principal amount (or any greater amount required by any other provisions of this Ordinance that authorizes such an amendment) of the Outstanding Certificates consent to such amendment or (B) a person that is unaffiliated with the City (such as nationally recognized bond counsel) determines that such amendment will not materially impair the interests of the Owners and beneficial owners of the Certificates. The provisions of this Article may also be amended from time to time or repealed by the City if the SEC amends or repeals the applicable provisions of the Rule or a court of final jurisdiction determines that such provisions are invalid, but only if and to the extent that reservation of the City's right to do so would not prevent the TWDB or another initial purchaser of the Certificates from lawfully purchasing or selling Certificates in such offering. If the City so amends the provisions of this Article, it shall include with any amended financial information or operating data next provided in accordance with Section 12.02 an explanation, in narrative form, of the reasons for the amendment and of the impact of any change in the type of financial information or operating data so provided.

ARTICLE XIII

ADDITIONAL PROVISIONS PERTAINING TO THE TEXAS WATER DEVELOPMENT BOARD [TO BE REVISED BASED ON THE FINAL TWDB APPROVAL RESOLUTION]

Section 13.01. Escrow Agreement.

[To facilitate the delivery of and payment for the Certificates pending completion of review of plans and specifications, the City Council hereby authorizes an Escrow Agreement to be entered into by and between the City and the Escrow Agent, the terms and conditions of which are hereby approved, subject to such insertions, additions, and modifications as shall be necessary to comply with all applicable laws, regulations, and procedures and to carry out the intent and purposes of this Ordinance. The Mayor and the City Secretary are authorized to execute and deliver such Escrow Agreement in multiple counterparts on behalf of the City.]

Section 13.02. TWDB Rules.

In compliance with the published rules and regulations of TWDB, the City covenants and agrees that upon final completion of the project to be financed with the proceeds of the Certificates, and if all or any portion of the Certificates shall be held by or on account of TWDB or the State of Texas, the proper officials of the City shall render due and final accounting to TWDB of the total cost of the project. If, following completion of the project, funds remain on hand in the Project Fund, or if the TWDB Executive Administrator (the "Executive Administrator") disapproves construction of any portion of the Project as not being in accordance with the plans and specifications, the City shall, immediately after filing the final accounting, return to TWDB the amount of such excess and/or the cost as determined by the

Executive Administrator relating to the parts of the Project not constructed in accordance with the plans and specifications, to the nearest multiple of \$1,000, and TWDB shall thereupon cancel and deliver to the City, in inverse maturity order, a like amount of Certificates held by TWDB. In the alternative, the City may, at its option, use any such excess funds to pay for additional System improvements within the scope of the approved Project, or with the approval of the TWDB, additional improvements not within the scope of the approved Project. Any further amounts remaining in the City's Project Fund thereafter shall be promptly deposited by the City into the Interest and Sinking Fund and applied to the payment of the principal of and interest on the Certificates. Unless otherwise stated in the loan commitment of TWDB with respect to the purchase of the Certificates, in determining the amount of available funds for constructing the project to be financed, the City shall account for all monies in the Project Fund, including all loan funds extended by TWDB, all other funds available from the Project as described in the project engineer's sufficiency of funds statement required for closing TWDB's loan and all interest earned by the City on money in the Project Fund. This requirement shall not be interpreted as prohibiting TWDB from enforcing such other rights as it may have under law.

Section 13.03. Environmental Indemnification.

The City shall not use proceeds from the sale of the Certificates for sampling, testing, removing or disposing of contaminated soils and/or media at the Project site. To the extent permitted by law, the City agrees to indemnify, hold harmless and protect the TWDB from any and all claims, causes of action or damages to the person or property of third parties arising from the sampling, analysis, transport, storage, treatment and disposition of any contaminated sewage sludge, contaminated sediments and/or contaminated media that may be generated by the City, its contractors, consultants, agents, officials and employees as a result of activities relating to the Project.

Section 13.04. Compliance with Rules and Statutes.

The City covenants that it will comply with TWDB's rules and relevant state statutes in connection with the sale of the Certificates to TWDB and the use of the proceeds in connection with the Project approved by TWDB.

Section 13.05. Compliance with Section 16.356, Texas Water Code.

The City covenants and agrees that for so long as the Certificates are outstanding no revenues received from rates or fees collected from the water system to be constructed using proceeds of the Certificates shall be used for any purposes other than utility purposes, and that the annual financial statements prepared by the City under Section 103.001, Texas Local Government Code, will include a specific report on compliance with this condition.

Section 13.06. Other Agreements.

The Mayor is hereby authorized to execute a separate financing agreement, and any additional certificates or agreements as may be required by the TWDB, approved as to form and substance by the Executive Administrator.

Section 13.07. Historically Underutilized Businesses.

The City will report to the TWDB the amount of funds in the Project Fund, if any, that were used to compensate historically underutilized businesses that worked on the Project in accordance with 31 TAC § 363.1312.

Section 13.08. Private Placement Memorandum.

The form and substance of the Private Placement Memorandum for the Certificates dated _____, 20__, and any addenda, supplement or amendment thereto (the “Private Placement Memorandum”), presented to and considered at this meeting, are hereby in all respects approved and adopted. The proper officials of the City are hereby authorized to execute such Private Placement Memorandum as prescribed therein.

Section 13.09. Remedies.

TWDB shall have all remedies available at law or equity with respect to the Certificates.

ARTICLE XIV

AMENDMENTS TO ORDINANCE

Section 14.01. Amendments to Ordinance.

(a) The City reserves the right to amend this Ordinance, or both, without the consent of or notice to any registered owners of the Certificates in any manner not detrimental to the interests of the Owners for the purpose of curing any ambiguity, inconsistency, manifest error, formal defect or omission in the Ordinance.

(b) The City reserves the right, but only with the written consent of the Owners of a majority in aggregate principal amount of the Certificates then outstanding, to amend, add to, or rescind any of the provisions of the Ordinance.

(c) Without the consent of the Owners of all of the Certificates then outstanding, no amendment, addition or rescission may (i) extend the time or times of payment of the principal of and interest on the Certificates, (ii) reduce the principal amount thereof, the redemption price, or the rate of interest on the Certificates, (iii) give any preference to any Certificates over any other Certificate, or (iv) reduce the aggregate principal amount of Certificates required to be held by Owners for consent to any such amendment, addition or rescission.

(d) Bond Counsel is hereby authorized to make changes to the terms of this Ordinance if necessary or desirable to carry out the purposes hereof or in connection with the approval of the issuance of the Certificates by the Attorney General of Texas.

ARTICLE XV

OTHER MATTERS

Section 15.01. Effective Immediately.

Notwithstanding any provision of the City Charter, this Ordinance shall become effective immediately upon its adoption at this meeting pursuant to Section 1201.028, Texas Government Code.

Section 15.02. Related Matters.

To satisfy in a timely manner all of the City's obligations under this Ordinance, the Mayor, the City Secretary, and all other appropriate officers and agents of the City are hereby authorized and directed to do any and all things necessary and/or convenient to carry out the terms and purposes of this Ordinance.

Section 15.03. Individuals Not Liable.

No covenant, stipulation, obligation or agreement herein contained shall be deemed to be a covenant, stipulation, obligation or agreement of any member of City Council or agent or employee of City Council or of the City in his or her individual capacity and neither the members of City Council nor any officer thereof, nor any agent or employee of City Council or of the City, shall be liable personally on the Certificates, or be subject to any personal liability or accountability by reason of the issuance thereof.

Section 15.04. Severability and Savings.

If any section, paragraph, clause or provision of this Ordinance shall for any reason be held to be invalid or unenforceable, the invalidity or unenforceability of such Section, paragraph, clause or provision shall not affect any of the remaining provisions of this Ordinance.

Section 15.05. Repealer.

All ordinances or resolutions, or parts thereof, heretofore adopted by the City and inconsistent with the provisions of this Ordinance are hereby repealed to the extent of such conflict.

ARTICLE XVI

OPEN TO THE PUBLIC

Section 16.01. Open to the Public.

It is hereby officially found and determined that the meeting at which this Ordinance is passed is open to the public and that public notice of the time, place, and purpose of said meeting was given as required by law.

PASSED, APPROVED AND EFFECTIVE THIS ___ DAY OF _____, 2016.

Malcolm Duncan, Jr., Mayor,
City of Waco, Texas

ATTEST:

Esmeralda Hudson, City Secretary

APPROVED AS TO FORM & LEGALITY:

Jennifer Richie, City Attorney

Part E71b – Private Placement Memorandum

Part E71b - Private Placement Memorandum

PRIVATE PLACEMENT MEMORANDUM DATED [_____, 2016]

NEW ISSUE BOOK-ENTRY-ONLY

On the date of initial delivery of the Obligations (defined below), Issuer Bond Counsel (defined on page 2) will render its opinion substantially in the form attached in APPENDIX C - FORM OF OPINION OF BOND COUNSEL.

\$12,000,000
CITY OF WACO, TEXAS

COMBINATION TAX AND REVENUE CERTIFICATES OF OBLIGATION SERIES 2016A (the "Obligations")

Dated: [October 1, 2016]

Due: February 1

Interest Date: Interest on the Obligations will be payable on February 1 and August 1 each year, commencing February 1, 2017 (each an "Interest Payment Date"). The Obligations will bear interest at the rates per annum set forth in "APPENDIX A - MATURITY SCHEDULE."

Record Date: The fifteenth calendar day of the month next preceding an Interest Payment Date

Date Interest Accrues: Each Bond shall bear interest from the Delivery Date thereof or the most recent Interest Payment Date to which interest has been paid or provided for at the rate set forth, such interest payable semiannually on February 1 and August 1 of each year until the earliest of maturity or prior redemption, commencing on February 1, 2017, immediately following the Delivery Date.

Redemption: The Obligations are subject to redemption prior to maturity as provided herein. See "THE OBLIGATIONS - Redemption Provisions" herein.

Authorized Denominations: The Obligations are being issued as fully registered bonds in denominations of **\$5,000**, or any integral multiple thereof.

Paying Agent/Registrar/Registrar: The paying agent ("Paying Agent/Registrar/Registrar") for the Obligations is The Bank of New York Mellon Trust Company, N.A., Dallas, Texas.

Book-Entry-Only System Upon initial issuance, the ownership of the Obligations will be registered in the registration books of the Issuer kept by the Paying Agent/Registrar, in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC") to which principal, redemption premium, if any, and interest payments on the Obligations will be made. The purchasers of the Obligations will not receive physical delivery of bond certificates. Principal of, interest, and premium if any, on the Obligations will be payable at the designated office of the Paying Agent/Registrar in Dallas, Texas as the same become due and payable.

Issuer: City of Waco, Texas.

Official Action: The Obligations are issued pursuant to the Constitution and the general laws of the State, including particularly Subchapter C of Chapter 271, Texas Local Government Code, as amended, and an Ordinance adopted by the City on _____, 2016.

Purpose: See "APPENDIX B - OFFICIAL ACTION."

Security for the Obligations: See APPENDIX B - OFFICIAL ACTION."

Ratings: See "OTHER INFORMATION - Ratings"

Delivery Date: [October 1, 2016]

See "APPENDIX A - MATURITY SCHEDULE" for Principal Amounts, Maturities, Interest Rates, Prices or Yields, and Initial CUSIP Numbers

Part E71b - Private Placement Memorandum

CITY OF WACO, TEXAS

CITY OFFICIALS, STAFF AND CONSULTANTS

ELECTED OFFICIALS

<u>City Council</u>	<u>Title</u>	<u>On Council Since</u>	<u>Occupation</u>
Malcolm Duncan, Jr.	Mayor	June 2010	Business Executive
Wilbert Austin, Sr.	Mayor Pro Tem	May 2006	Pastor
Alice Rodriguez	Council Member	May 2005	Retired
John Kinnaird	Council Member	May 2012	Investment Portfolio Manager
Kyle Deaver	Council Member	June 2012	Attorney
Dillon Meek	Council Member	May 2015	Attorney

CONSULTANTS AND ADVISORS

Bond Counsel Bracewell LLP
Austin, Texas

Financial Advisor FirstSouthwest, a Division of Hilltop Securities, Inc.
Houston, Texas

Paying Agent The Bank of New York Mellon Trust Company, N.A.
Dallas, Texas

For additional information regarding the City, please contact:

Janice J. Andrews
Director of Finance
City of Waco
300 Austin Avenue
Waco, Texas 76701
(254) 750-5769

or

Drew K. Masterson
FirstSouthwest,
A Division of Hilltop
Securities, Inc.
700 Milam Street, Suite 500
Houston, Texas 77002
(713) 651-9850

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Part E71b - Private Placement Memorandum

Private Placement Memorandum relating to

\$12,000,000

CITY OF WACO, TEXAS COMBINATION TAX AND REVENUE CERTIFICATES OF OBLIGATION, SERIES 2016A (the "Obligations")

INTRODUCTION

This Private Placement Memorandum, including the cover page and appendices, contains brief descriptions of the Issuer, provides certain information with respect to the issuance by the Issuer, and summaries of certain provisions of the "Obligations" pursuant to the Official Action. Except as otherwise set forth herein, capitalized terms used but not defined in this Private Placement Memorandum have the meanings assigned to them in the Official Action. See "APPENDIX B – "FORM OF OFFICIAL ACTION" attached hereto.

APPENDIX A contains the maturity schedule for the Obligations. APPENDIX B contains the Official Action and a description of the purpose for the proceeds of the Obligations. APPENDIX C contains a copy of the proposed opinion of Bond Counsel with respect to the Obligations. The summaries of the documents contained in the forepart of this Private Placement Memorandum are not complete or definitive, and every statement made in this Private Placement Memorandum concerning any provision of any document is qualified by reference to such document in its entirety.

THE OBLIGATIONS

General Description

The Obligations are being issued in the aggregate principal amount set forth in APPENDIX A of this Private Placement Memorandum and will mature and be subject to redemption prior to maturity as described therein. The Obligations are being issued as fully registered bonds in denominations of \$5,000, or any integral multiple thereof. The Obligations will be dated as of the stated date of issue and will mature on the dates referenced thereon, and will bear interest at the rates per annum set forth in "APPENDIX A - MATURITY SCHEDULE."

Interest on the Obligations is payable semiannually on each Interest Payment Date, and will be calculated on the basis of a 360-day year consisting of twelve 30-day months. Principal of and the redemption price with respect to the Obligations will be payable to the Owners upon presentation and surrender at the principal office of the Paying Agent/Registrar.

Purpose

See "APPENDIX B - FORM OF OFFICIAL ACTION."

Authority for Issuance

The Obligations are issued pursuant to subchapter C of Chapter 271, Texas Local Government Code, as amended and the official action adopted by the Issuer.

Security for the Obligations

See "APPENDIX B - FORM OF OFFICIAL ACTION."

The Obligations constitute direct obligations of the City, payable from a combination of (i) the collection of a direct and continuing ad valorem tax levied, within the limits prescribed by law, on all taxable property within the City, and (ii) a limited pledge (not to exceed \$1,000) of surplus revenues of the City's water and sewer system.

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Redemption Provisions

On February 1, 2026, or on any date thereafter, the Obligations maturing on and after February 1, 2027 may be redeemed prior to their scheduled maturities, upon the written direction of the Issuer, with funds provided by the Issuer, at par plus accrued interest to the date fixed for redemption as a whole, or in part, and if less than all of a maturity is to be redeemed the Paying Agent/Registrar will determine by lot the Obligations, or portions thereof within such maturity to be redeemed (provided that a portion of a Bond may be redeemed only in Authorized Denominations).

Notice of Redemption; Selection of Obligations to Be Redeemed

See “APPENDIX B - FORM OF OFFICIAL ACTION.”

The Paying Agent/Registrar, so long as a Book-Entry-Only System is used for the Bonds, will send any notice of redemption of the Bonds, notice of proposed amendment to the Order or other notices with respect to the Bonds only to DTC. Any failure by DTC to advise any DTC participant, or of any DTC participant or indirect participant to notify the beneficial owner, shall not affect the validity of the redemption of the Bonds called for redemption or any other action premised on any such notice. Redemption of portions of the Bonds by the Issuer will reduce the outstanding principal amount of such Bonds held by DTC.

Book-Entry-Only System

The information in this caption concerning The Depository Trust Company, New York, New York (“DTC”) and DTC’s book entry system has been obtained from DTC and the Authority makes no representation or warranty nor takes any responsibility for the accuracy or completeness of such information.

DTC will act as securities depository for the Bonds. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered certificate will be issued for each maturity of the Bonds and deposited with DTC. See “APPENDIX B - FORM OF OFFICIAL ACTION.”

DTC is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity, corporate and municipal debt issues, and money market instrument (from over 100 countries) that DTC’s participants (the “Direct Participants”) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions, in deposited securities, through electronic computerized book entry transfers and pledges between Direct Participants’ accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (“DTCC”). DTCC is the holding company for DTC, National Securities Clearance Corporation, and Fixed Income Clearance Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“Indirect Participants”). DTC has a Standard & Poor’s rating: “AA+.” The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com and www.dtc.org.

TAX MATTERS

Opinion

Bond Counsel will deliver its opinion on the date of delivery of the Obligations substantially in the form as attached in “APPENDIX C - FORM OF OPINION OF BOND COUNSEL.”

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OTHER INFORMATION

Forward Looking Statements

The statements contained in this Private Placement Memorandum, including the cover page, appendices, and any other information or documents provided by the Issuer, that are not purely historical, are forward-looking statements, including statements regarding the Issuer's expectations, hopes, intentions, or strategies regarding the future. Holders and beneficial owners of the Obligations have placed reliance on forward-looking statements. All forward looking statements included in this Private Placement Memorandum are based on information available to the Issuer on the date hereof. It is important to note that the Issuer's actual results could differ materially from those in such forward-looking statements.

Ratings

No application has been made to any ratings agency or municipal bond insurance company for qualification of the Bonds for ratings or municipal bond insurance, respectively.

LITIGATION

General

On the date of delivery of the Obligations to the initial purchasers thereof, the Issuer will execute and deliver a certificate to the effect that, except as disclosed herein, no litigation of any nature has been filed or is pending, as of that date, to restrain or enjoin the issuance or delivery of the Obligations or which would affect the provisions made for their payment or security or in any manner questioning the validity of the Obligations.

The Issuer

There is no litigation, proceeding, inquiry, or investigation pending by or before any court or other governmental authority or entity (or, to the best knowledge of the Issuer, threatened) that adversely affects the power, authority or obligation of the Issuer to deliver the Obligations, the security for, or the validity of, the Obligations or the financial condition of the Issuer.

CONTINUING DISCLOSURE OF INFORMATION

In the Official Action, the Issuer has made the following agreement for the benefit of the holders and beneficial owners of the Obligations. The Issuer is required to observe the agreement for so long as it remains obligated to advance funds to pay the Obligations. Under the agreement, the Issuer will be obligated to provide certain updated financial information and operating data, and timely notice of specified material events, to the Municipal Securities Rulemaking Board through the Electronic Municipal Market Access System. SEE APPENDIX B - "FORM OF OFFICIAL ACTION."

Compliance with Prior Undertakings

During the last five years, the City has not failed to comply in any material respect with any material provisions of the continuing disclosure agreements made by the City in accordance with Rule 15c2-12.

MISCELLANEOUS

Any statements made in this Private Placement Memorandum involving matters of opinion or of estimates, whether or not so expressly stated, are set forth as such and not as representations of fact, and no representation is made that any of the estimates will be realized. Neither this Private Placement Memorandum nor any statement that may have been made verbally or in writing is to be construed as a contract with the owners of the Obligations.

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The information contained above is neither guaranteed as to accuracy or completeness nor to be construed as a representation by the Issuer. The information and expressions of opinion herein are subject to change without notice and neither the delivery of this Private Placement Memorandum nor any sale made hereunder is to create, under any circumstances, any implication that there has been no change in the affairs of the Issuer or the Issuer from the date hereof.

The Private Placement Memorandum is submitted in connection with the sale of the securities referred to herein to the Texas Water Development Board on the Delivery Date and may not be reproduced or used, as a whole or in part, for any other purpose.

ADDITIONAL INFORMATION

The Private Placement Memorandum speaks only as of its date and the information contained herein is subject to change. Descriptions of the Obligations and the Official Action and any other agreements and documents contained herein constitute summaries of certain provisions thereof and do not purport to be complete. This Private Placement Memorandum was approved by the Issuer.

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APPENDIX A

MATURITY SCHEDULE*

Maturity Date	Principal*	Rate	Yield	Price	CUSIP Number ⁽³⁾
2/1/2017	\$ 520,000	0.267%	0.267%	100.00	929831
2/1/2018	540,000	0.481%	0.481%	100.00	929831
2/1/2019	540,000	0.696%	0.696%	100.00	929831
2/1/2020	545,000	0.852%	0.852%	100.00	929831
2/1/2021	550,000	0.988%	0.988%	100.00	929831
2/1/2022	555,000	1.118%	1.118%	100.00	929831
2/1/2023	560,000	1.242%	1.242%	100.00	929831
2/1/2024	570,000	1.352%	1.352%	100.00	929831
2/1/2025	580,000	1.443%	1.443%	100.00	929831
2/1/2026	585,000	1.508%	1.508%	100.00	929831
2/1/2027 ⁽¹⁾	595,000	1.586%	1.586%	100.00	929831
2/1/2028 ⁽¹⁾	605,000	1.664%	1.664%	100.00	929831
2/1/2029 ⁽¹⁾	615,000	1.742%	1.742%	100.00	929831
2/1/2030 ⁽¹⁾	625,000	1.781%	1.781%	100.00	929831
2/1/2031 ⁽¹⁾	640,000	1.827%	1.827%	100.00	929831
2/1/2032 ⁽¹⁾	650,000	1.866%	1.866%	100.00	929831
2/1/2033 ⁽¹⁾	660,000	1.905%	1.905%	100.00	929831
2/1/2034 ⁽¹⁾	675,000	1.931%	1.931%	100.00	929831
2/1/2035 ⁽¹⁾	690,000	1.957%	1.957%	100.00	929831
2/1/2036 ⁽¹⁾	700,000	1.983%	1.983%	100.00	929831
	<u>\$ 12,000,000</u>				

(1) The City reserves the right, at its option, to redeem Bonds having stated maturities on and after February 1, 2027, in whole or in part in principal amounts of \$5,000 or any integral multiple thereof, on February 1, 2026, or any date thereafter, at the par value thereof plus accrued interest to the date of redemption.

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APPENDIX B

FORM OF OFFICIAL ACTION

[ATTACH COPY OF OFFICIAL ACTION]

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APPENDIX C

FORM OF OPINION OF BOND COUNSEL