



Comprehensive Annual Financial Report

Year Ended September 30, 2017



Median Beautification Project
Lawrence at Maplewood



CITY OF WICHITA FALLS, TEXAS

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED SEPTEMBER 30, 2017

ISSUED BY:
DEPARTMENT OF FINANCE

CITY OF WICHITA FALLS, TEXAS
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED SEPTEMBER 30, 2017

TABLE OF CONTENTS

	<u>Exhibit</u>	<u>Page</u>
<u>INTRODUCTORY SECTION</u>		
Letter of Transmittal.....		i-ix
GFOA Certificate of Achievement.....		x
Organizational Chart.....		xi
List of Principal Officials.....		xii
 <u>FINANCIAL SECTION</u>		
Independent Auditor's Report.....		1-2
Management's Discussion and Analysis (Required Supplementary Information)		3-13
 BASIC FINANCIAL STATEMENTS:		
Statement of Net Position.....	A-1	14
Statement of Activities.....	A-2	15
Balance Sheet - Governmental Funds.....	A-3	16
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position.....	A-4	17
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds.....	A-5	18
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of the Governmental Funds to the Statement of Activities.....	A-6	19
Statement of Net Position - Proprietary Funds.....	A-7	20-21
Statement of Revenues, Expenses and Changes in Net Position - Proprietary Funds.....	A-8	22
Statement of Cash Flows - Proprietary Funds.....	A-9	23-24
Statement of Fiduciary Assets and Liabilities.....	A-10	25
Notes to the Financial Statements.....		26-64
 REQUIRED SUPPLEMENTARY INFORMATION:		
Budgetary Comparison Schedule - General Fund.....	B-1	65
Notes to the Required Supplementary Information		66
Schedule of Changes in Net Pension Liability and Related Ratios – Texas Municipal Retirement System.....	B-2	67
Schedule of Contributions – Texas Municipal Retirement System.....	B-3	68
Schedule of Changes in Net Pension Liability and Related Ratios – Wichita Falls Firemen's Relief and Retirement Fund	B-4	69
Schedule of Contributions – Wichita Falls Firemen's Relief and Retirement Fund.....	B-5	70
Wichita Falls Retiree Health Care Plan – Analysis of Funding Progress.....	B-6	71

CITY OF WICHITA FALLS, TEXAS

COMPREHENSIVE ANNUAL FINANCIAL REPORT FOR THE YEAR ENDED SEPTEMBER 30, 2017

TABLE OF CONTENTS (CONT'D.)

	<u>Exhibit</u>	<u>Page</u>
COMBINING FINANCIAL STATEMENTS:		
Nonmajor Governmental Funds:		
Combining Balance Sheet.....	C-1	72
Combining Statement of Revenues, Expenditures and Changes in Fund Balances.....	C-2	73
Budgetary Comparison Schedule – Community Development Block Grant Fund	C-3	74
Budgetary Comparison Schedule – Section 8 Housing Fund	C-4	75
Budgetary Comparison Schedule – Home Investment Partnership Agreement Fund	C-5	76
Budgetary Comparison Schedule – Hotel/Motel Tax Fund	C-6	77
Budgetary Comparison Schedule – Golf Fund.....	C-7	78
Budgetary Comparison Schedule – MPEC Fund	C-8	79
Budgetary Comparison Schedule – Debt Service Fund	C-9	80
Nonmajor Enterprise Funds:		
Combining Statement of Net Position.....	D-1	81
Combining Statement of Revenues, Expenses and Changes in Fund Net Position	D-2	82
Combining Statement of Cash Flows	D-3	83-84
Internal Service Funds:		
Combining Statement of Net Position.....	E-1	85
Combining Statement of Revenues, Expenses and Changes in Fund Net Position	E-2	86
Combining Statement of Cash Flows	E-3	87
Agency Fund:		
Statement of Changes in Assets and Liabilities	F-1	88
Component Units:		
Combining Statement of Net Position.....	G-1	89
Combining Statement of Activities.....	G-2	90
SUPPORTING SCHEDULES:		
Combined Schedule of Bonded Debt and Interest Maturities.....	H-1	91
Combined Schedule of Bonds Payable	H-2	92-96
Debt Service Coverage – Revenue Bonds	H-3	97
Capital Assets Used in the Operation of Governmental Funds - Schedule By Function and Activity	H-4	98
Capital Assets Used in the Operation of Governmental Funds - Schedule of Changes By Function and Activity	H-5	99
Regional Airport Fund – Capital Assets and Accumulated Depreciation.....	H-6	100
Kickapoo Airport Fund – Capital Assets and Accumulated Depreciation	H-7	101
Transit Fund – Capital Assets and Accumulated Depreciation	H-8	102
Stormwater Drainage Fund - Capital Assets and Accumulated Depreciation	H-9	103
Sanitation Fund – Capital Assets and Accumulated Depreciation	H-10	104

CITY OF WICHITA FALLS, TEXAS

COMPREHENSIVE ANNUAL FINANCIAL REPORT FOR THE YEAR ENDED SEPTEMBER 30, 2017

TABLE OF CONTENTS (CONT'D.)

	<u>Exhibit</u>	<u>Page</u>
Water and Sewer Fund – Capital Assets and Accumulated Depreciation.....	H-11	105
Waterpark Fund – Capital Assets and Accumulated Depreciation.....	H-12	106
Fleet Maintenance Fund – Capital Assets and Accumulated Depreciation.....	H-13	107
Duplicating Services Fund – Capital Assets and Accumulated Depreciation.....	H-14	108
Information Technology Fund – Capital Assets and Accumulated Depreciation.....	H-15	109
Wichita Falls Economic Development Corporation – Capital Assets and Accumulated Depreciation.....	H-16	110

STATISTICAL SECTION (UNAUDITED)

Net Position By Component – Last Ten Fiscal Years.....	I-1	111
Changes in Net Position – Last Ten Fiscal Years.....	I-2	112-113
Fund Balances, Governmental Funds – Last Ten Fiscal Years.....	I-3	114
Changes in Fund Balances, Governmental Funds – Last Ten Fiscal Years.....	I-4	115
Tax Revenues By Source, Governmental Funds – Last Ten Fiscal Years.....	I-5	116
Assessed and Estimated Actual Value of Taxable Property – Last Ten Fiscal Years.....	I-6	117
Direct and Overlapping Property Tax Rates – Last Ten Fiscal Years.....	I-7	118
Principal Property Taxpayers – Current Year and Nine Years Ago.....	I-8	119
Property Tax Levies and Collections – Last Ten Fiscal Years.....	I-9	120
Ratios of Outstanding Debt by Type – Last Ten Fiscal Years.....	I-10	121
Ratios of General Bonded Debt Outstanding – Last Ten Fiscal Years.....	I-11	122
Direct and Overlapping Governmental Activities Debt.....	I-12	123
Computation of Legal Debt Margin – Last Ten Fiscal Years.....	I-13	124
Pledged Revenue Coverage – Water and Sewer Revenue Bonds – Last Ten Fiscal Years.....	I-14	125
Demographic Statistics – Last Ten Fiscal Years.....	I-15	126
Principal Employers – Current Year and Ten Years Ago.....	I-16	127
Full-Time Equivalent City Government Employees by Function/Program – Last Ten Fiscal Years.....	I-17	128
Operating Indicators by Function/Program – Last Ten Fiscal Years.....	I-18	129
Capital Asset Statistics by Function/Program – Last Ten Fiscal Years.....	I-19	130
 Graphics:		
Cash and Investments.....	J-1	131
Total Bonds Payable.....	J-2	132
General Obligation Bonds Payable.....	J-3	133
Revenue Bonds Payable.....	J-4	134
General Fund Equity.....	J-5	135
Comparison of Tax Levy and Collections.....	J-6	136
Revenues by Source – FYE 9/30/17.....	J-7	137
Expenditures by Function – FYE 9/30/17.....	J-8	138
General Governmental Revenues (General Fund Only).....	J-9	139
General Governmental Expenditures (General Fund Only).....	J-10	140

Introductory Section



FINANCE DEPARTMENT

March 27, 2018

The Honorable Mayor,
Members of the City Council,
City Manager and Citizens of Wichita Falls, Texas

I am pleased to submit herewith, the Comprehensive Annual Financial Report (CAFR) of the City of Wichita Falls, Texas for the fiscal year ended September 30, 2017. The purpose of this report is to provide the City Council, City Manager, citizens and other interested parties with detailed information concerning the financial condition of the City of Wichita Falls. In addition, this report provides assurance that the City presents fairly its financial position as verified by independent auditors.

COMPREHENSIVE ANNUAL FINANCIAL REPORT

The CAFR of the City of Wichita Falls, Texas, for the year ended September 30, 2017, was prepared according to accounting principles as promulgated by the Governmental Accounting Standards Board (GASB). The financial statements and related notes have been audited by the independent audit firm of Edgin, Parkman, Fleming & Fleming, PC, whose report is included herein.

Responsibility for both the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, rests with the City. We believe the data, as presented, are accurate in all material aspects; that they are presented in a manner designed to fairly set forth the financial position and results of operation of the City as measured by the financial activity of its various funds; and that all disclosures necessary to enable the reader to gain understanding of the City's financial activities have been included.

The CAFR continues to present financial data using the reporting model promulgated by GASB Statement No. 34. This reporting model changed governmental financial reporting by incorporating government-wide financial statements. The Finance Department believes that this presentation provides better information to users of the report, and it requires management to provide a narrative introduction, overview and analysis to accompany the basic financial statements in the form of a Management's Discussion and Analysis (MD&A). The MD&A can be found immediately following the independent auditors' report and is designed to complement this transmittal letter and should be read in conjunction with it.

GENERAL INFORMATION - CITY OF WICHITA FALLS, TEXAS

The City of Wichita Falls is located in the south-central United States in north-central Texas. Wichita Falls is linked to major southwestern, western, and mid-western cities by Interstate 44, U.S. Highways 82, 281, 277, 287, and Texas State Route 79. The city is approximately 130 miles northwest of the Dallas/Fort Worth Metroplex, 15 miles from the Red River that marks the Texas/Oklahoma border, and 125 miles south of Oklahoma City. The city is located in the cross-timbers area of the gently rolling north-central plains and is dissected by the Wichita River. Due to the city's geographic location, Wichita Falls serves as a regional economic hub for north Texas and south central Oklahoma. Wichita Falls is the county seat of Wichita County and the major population center in North Texas.

The economy is based on mineral production, retail trade, manufacturing, agribusiness, and government installations. Principal sources of agricultural income include cattle, cotton and wheat. Wichita Falls is home to Sheppard Air Force Base (SAFB), which operates the Euro-NATO jet pilot training program. The city's major university is Midwestern State University (MSU). The city is also home to a branch of Vernon College, a fully

accredited community college. Principal manufacturers within the area include metal fabrication, industrial and commercial equipment, engine components, flexible packaging, and assorted plastic, glass and fiberglass. North Texas State Hospital-Wichita Falls Branch, Midwestern State University, James V. Allred Prison and Sheppard Air Force Base are also large employers located within the city. The City operates a Multi-Purpose Events Center (MPEC), which includes a coliseum, exhibit hall, and an agricultural arena/show barn. The 2017 population for Wichita Falls, as estimated by the City, is 104,724, an increase of 0.15% from the 2010 Census estimates, and an increase of 0.49% over the 2000 population.

CITY SERVICES AND ORGANIZATION OF THE GOVERNMENT

The City of Wichita Falls utilizes a Council-Manager form of government and is organized under the Constitution and Laws of the State of Texas. The City Council is comprised of five members elected from separate districts, and a Mayor and one member elected by the citizens at-large. The City Council appoints the City Manager, City Attorney, Municipal Court Judge and City Clerk. All other staff members work under the direction of the City Manager.

The City provides on a continuing basis a full range of basic municipal services including: public safety (police, fire and building inspection); highways, streets and engineering; health and welfare services; parks, recreation and cemeteries; library services; public improvements; planning and zoning; and general administrative services. In addition, the City provides water, sewer, sanitation and transportation services for its citizens.

ECONOMIC CONDITION AND ACTIVITY

Over the past few decades, Wichita Falls has successfully diversified its economy to include new manufacturing, government, medical services, retail and service related commerce. This diversification is in addition to the more typical North Texas industries of agriculture, and oil and gas production. The Wichita Falls MSA houses a robust manufacturing sector, with many companies having employment in excess of 100 persons. This sector of the economy generates almost \$271 million in annual payroll, representing approximately 9% of total employment within the city, and accounts for more than \$1.2 billion in gross sales annually. Wichita Falls is also a nexus of international investment. Three area manufacturing facilities are foreign-owned, representing France, Sweden, and Germany.

The city is the economic hub of a 60-mile radius trade area, populated by an estimated 379,400 people. Of that population, an estimated 240,000 are currently in the workforce and look to Wichita Falls for their employment, shopping, entertainment, educational, cultural and health care needs. Being the largest community within 100 miles, Wichita Falls boasts a larger retail trade than a community its size would normally enjoy. Many national retailers and restaurants have found Wichita Falls to be a superb location.

From 2009 to 2011, the national recession considerably affected the local economy. During that time, four local manufacturing companies closed, eliminating almost 1,200 jobs and several other companies reduced their workforce by 10 to 20 percent. In response to this downturn in the local economy, efforts were made to nearly double the economic development marketing campaigns and develop a community-wide branding, marketing and public relations campaign. Additionally, the City and the Wichita Falls Economic Development Corporation (WFDEC) have been aggressive over the last few years in granting economic development incentives for primary job creation. From 2010 through the present, 36 projects have been approved for incentive funding totaling \$26,799,000 with the potential for creating and/or retaining over 4,443 jobs. Several of these projects have invested in the local economy resulting in the addition or retention of hundreds of jobs. Others are still in the early phases of their expansion plans and the results remain to be seen.

During the 2017 calendar year, the WFDEC supported numerous economic development projects totaling \$8,783,305.

- **Comprehensive Economic Development Strategy** – One of the City Council’s top strategic goals recently established is to accelerate economic growth. An objective to accomplish that goal was to collaborate on a comprehensive economic development strategy. In early 2017, the WFEDC and 4B Sales Tax Boards selected Market Street Services to prepare this strategy. The project established an Economic Development Steering Committee consisting of 25-30 leaders from representatives of the

City, County, WFEDC, 4B Sales Tax Board, Wichita Falls Independent School District, MSU, SAFB, and a few industries and local businesses. The work was separated into six phases: project initiation and stakeholder engagement; a regional assessment and development of scorecard; target sector analysis and marketing review; development of the strategy; implementation of the plan; and a one-year implementation assessment. The plan is nearly complete and implementation will soon begin. The cost of the study was \$183,500, and both the 4A and 4B Boards are sharing equally with \$91,750 of the cost of the study. Sheppard Military Affairs Committee BRAC Strategy – Sheppard Air Force Base is the area’s largest employer and extremely important to the local economy. As a result, WFEDC approved \$33,600 to pay a portion of the \$56,000 cost to hire a consultant to develop a strategy for SAFB to be prepared in case a BRAC process is commissioned.

- **Chantex Manufacturing, Inc.** - Chantex Manufacturing, Inc. is a third-generation business that has successfully expanded their operations and created manufacturing jobs in our community. In late 2016, the WFEDC provided a forgivable loan in the amount of \$128,000 to purchase equipment for Chantex in return for the creation of 16 new jobs. Chantex created 28 new jobs as part of that first phase. Chantex now has plans for a second expansion project to build another new 7,500 sq. ft. steel building on the property already owned by Chantex. The new building would be used for the manufacturing and assembly of closure heads for pressure vessels. The WFEDC approved another forgivable loan in the amount of \$168,750 to purchase additional equipment for Chantex in return for the creation of 20 new jobs.
- **Vitro Architectural Glass (formerly PPG) Super Coater Project** – A total of \$3 million was approved by the WFEDC as an economic incentive to assist with the new super coater addition at the Vitro Architectural Glass Plant. Vitro chose their plant in Wichita Falls for this expansion above several of their other facilities. The total project cost is estimated to be \$55 million and would require up to 50 new employees.
- **Marketing Expenses for Stanley Tools and ATCO Structures Facilities** – The WFEDC currently owns two facilities that have been improved and are very close to being ready for future economic development projects. The corporation owns the property at 2801 Production Boulevard (known formerly as the Stanley Tools property) and a building at 2400 Burkburnett Road (the facility formally leased by ATCO Structures). On March 30, 2017, the WFEDC approved funding in the amount of \$38,105 to Holmes Davis, Binswanger in Dallas, to market these facilities for sale or lease.
- **MPEC Parking Lot Additions** – The WFEDC budgeted \$497,500 for 50% of the expected costs for parking lot additions on the MPEC grounds as part of the proposed Hotel/Conference Center Project. The footprint of the proposed hotel and conference center will consume 158 parking spaces. The new parking being designed is estimated to provide 175-185 parking spaces at an estimated construction cost of \$995,000. The 4A and 4B Boards are sharing equally in the construction cost.
- **Sheppard AFB Installation Main Gate Upgrades Project** – Sheppard Air Force Base (SAFB) has plans to make extensive revisions to the main gate to the Base, known as Sheppard Gate. These modifications are principally designed to address Unified Facilities Criteria (UFC), in the area of Anti-Terrorism/Force Protection guidelines. This proposed Main Gate Upgrade Project will deliver necessary improvements to safeguard the installation against outside threats and will ensure the safety of airmen, civilians, and support personnel on base. Upgrades will include traffic calming measures by adding curves to inbound/outbound lanes, speed humps, and channelization islands. An additional inbound lane will improve queuing capacity within the Entry Control Facility and reduce traffic congestion past the Burkburnett Road/Sheppard Access Road intersection. Placement of guard booths at the channelization islands will allow for greater efficiency in ID checks and vehicular denial, while also providing additional safety measures for Security Forces personnel. The cost estimated to complete the project is \$5.7 million. SAFB has a total of \$2.7 million available from grants, and the remaining funds are expected to come from a \$1.5 million Defense Economic Adjustment Assistance Grant (DEAAG) and \$1.5 million of WFEDC funds.
- **Eagle Rail Car Services Project (Phase III)** – Eagle Rail Car Services (ERCS) began operations in Wichita Falls at new facilities located at the former Vetrotex/Certainteed plant in September of 2014.

The 4A Corporation provided incentives in two previous phases in return for the creation of 124 jobs. The company met those requirements and has invested in excess of \$15 million in the Wichita Falls facility. This year, the WFEDC approved an additional \$500,000 in equipment and cash for jobs if the company creates and maintains an additional 32 jobs.

- **Owens Corning Technical Fiberglass Project** – Owens Corning has two facilities that manufacture technical fiberglass fabric in the US: Wichita Falls, Texas, and Brunswick, Maine. Neither plant is currently competitive, primarily because the company doesn't have enough business to justify two sites. Owens Corning's management has given approval to either consolidate two facilities, or to find a brand new third site somewhere in the upper Midwest and consolidate all operations. The company has decided that Wichita Falls would provide an ideal location for this expansion. They intend to invest approximately \$13 million in the community and create an additional 50 jobs. The WFEDC approved a forgivable loan of \$1,615,000 for this project.

Wichita Falls 4B Sales Tax Corporation

The 4B Sales Tax Corporation continues to be the primary funding mechanism for meeting the City Council's goal of redeveloping downtown. Over the past year, 12 Downtown Improvement Grants were approved through the \$5,000 matching grant program, for a total of \$46,569. These grants are typically used for existing business that need help improving their property for such things as sidewalks, facades, awnings, landscaping, lighting, signage, windows, paint, etc. Additionally, the 4B Sales Tax Corporation approved 9 projects for new developments in the downtown area totaling \$1,521,400. These projects are summarized below:

- **Wichita Falls Brewing Company at 701 Indiana:** The two partners/owners of Wichita Falls Brewing Company are locating their new business of brewing and reselling beer at 701 Indiana. The 4B Sales Tax Corporation provided \$40,000 to install a fire suppression system in the building as part of their redevelopment effort. The company has formed the LLC, leased the property, ordered and installed the brewing equipment, finished the garage doors/windows, and launched a marketing campaign. They are expected to open in the near future.
- **P-2 The Deuce Realty LLC (The Warehouse) at 1401 Lamar:** P-2 The Deuce Realty LLC is the parent organization of the Warehouse. This company converted a 15,000 square foot warehouse into a venue for public events, weddings, receptions, private parties and banquets, etc. at 1401 Lamar. The "Warehouse" services approximately 1,100 people for such events. The Board approved \$6,200 to cover the cost of a handicap accessible ramp for the building.
- **Half Pint LLC at 817 Ohio:** The owners of property at 817 Ohio recently opened for business in a renovated historic building. The business is a brick oven pizza pub, including craft beer, wine, live music, and private party rentals. The 4B Sales Tax Corporation approved \$44,200 for the project so that the building could be retrofitted with a fire suppression system.
- **Overland Property Management Group/OPG Lamar Partners, LLC at 1100 to 1102 Lamar Street:** The Overland Property Management Group plans to convert the Old Maskat Shriner Temple Building at 1100-1102 Lamar Street into senior living units and mixed use retail space. This project was approved for both Historic and Affordable Tax Credits. The total project cost is estimated to be \$8 million and the 4B Sales Tax Corporation approved \$300,000 to assist with fire suppression and other elements of the project.
- **Wichita County Heritage Society's Kell House Museum Renovations at 900 Bluff Street:** The Wichita County Heritage Society has plans to completely restore the Kell House Museum. The estimated cost for the project is \$2 million. The 4B Sales Tax Corporation approved \$100,000 for the project conditioned on \$750,000 of matching funds be raised for the project.
- **HLCC Ventures LLC (aka Hook and Ladder Wine and Coffee Company) at 616 Seventh Street:** Hook and Ladder Wine and Coffee Company has plans to historically preserve and renovate the building at 616 Seventh Street into a retail & wholesale coffee roasting and winery facility. The

expected opening is March, 2018. HLCC Ventures LLC has purchased the historic building, which was formerly used for a retail apparel store for over ten years. The 4B Sales Tax Corporation approved \$16,000 for plumbing, electrical, and other infrastructure work to preserve this building. The total renovation cost is anticipated to be approximately \$160,000.

- **Ganache Custom Cakery, LLC Renovation Project at 800-806 Ohio Street:** Ganache Custom Cakery, LLC has plans to spend approximately \$1.95 million on a project to renovate the old Zales Building at 800, 802-806 Ohio Street into a Karat Bar & Bistro, Supper Club and Upstairs Patio Bar. The 4B Board approved \$105,000 for the completion of the Karat Bar & Bistro, \$45,000 for the completion of the Supper Club, and \$45,000 upon completion of the Upstairs Patio Bar.
- **Petroleum Building Wichita Falls LLC Renovation Project at 726 Scott Avenue:** Will Kelty, owner of the Petroleum Building Wichita Falls LLC, has plans to convert the old Crescent Plaza Hotel into 170 residential living units. This project, when completed is expected to cost \$8.8 million over two phases: 1) \$4.8 million to install the fire suppression system throughout the building, renovate 110 units on floors 2 thru 5 for residential units intended primarily for student and/or military housing, and upgrade the swimming pool; and 2) renovate 60 units on floors 6 thru 10 into more regular style apartments. The units on the bottom floors would be efficiency or dormitory style living quarters without full kitchens. The 4B Sales Tax Corporation approved \$800,000 to cover the cost of the fire suppression and alarm system for the project upon completion of the 110 dormitory style units.
- **Vectra #3, LLC. Renovation Project at 914 Indiana.** Vectra #3 LLC plans to renovate the building at 914 Indiana into a dinner theatre and rehearsal studio for the 4Kidz Sake Program managed by the Wichita Theatre. Vectra #3 will complete the renovations and then lease the facility to the Wichita Theatre for its use. The 4B Board approved \$20,000 towards the fire suppression system installation.

Full-Service Hotel/Conference Center Project: The 4B Sales Tax Corporation also spent nearly \$753,000 over the past 18 months with Gatehouse Capital LLC on pre-development expenses related to a proposed full-service hotel and conference center to be built on the grounds of MPEC. The first \$111,000 of this amount was paid to Gatehouse to develop an Initial Period Conceptual Plan that revised a third party market study and econometric study; develop conceptual Hotel and Conference Center drawings; conceptual development and construction budgets; develop critical event path for planning, development and opening of the Hotel; solicit term sheets from the hotel brand and management firm; outline of the proposed capital and operating financing structure, and identify the proposed professional development team. The conceptual plan resulting from this initial work identified a project consisting of a public-private partnership between the City/4B Corporation and Gatehouse Capital in the construction and operation of a 150-Room Full-Service Hotel with 12,000 square feet of conference space. The plan consisted of a capital financing plan for the hotel that called for Gatehouse to borrow approximately \$19.5 million from a private lending institution and also borrow \$9.5 million from the 4B Corporation. The 4B Corporation would be required to issue revenue bonds to make that loan. The market study and pro-forma showed that both of these loans could be paid back through the operating income of the Hotel if certain tax incentives were approved such as property tax abatement, hotel tax rebates, and sales tax rebates. The Hotel would be owned by Gatehouse Capital and managed by Aimbridge Hospitality. The second element of the conceptual plan involved City ownership of 12,000 square feet of Conference Center space adjoined to the Hotel. The plan would be for the City to borrow \$7.6 million for construction of the conference center space, with the 4B Corporation paying the annual debt service on that note.

Small business manufacturing represents the fastest growing sector of the economy in terms of the number of new businesses. With many area manufacturers having less than 50 employees, small manufacturers represent a vital link in the economy. Companies in food, beverage and clothing are flourishing in Wichita County with several new businesses or relocations occurring in the downtown revitalization emphasis of the City.

The value of construction permits is also an indication of economic activity in the community. Residential permits totaled \$32,947,479 during the 2016-17 fiscal year, which is a decrease of \$1,603,808, or a 4.6% decrease from the prior year. The value of commercial construction permits totaled \$70,836,908, which is a decrease of \$80,016,960, or a 53.1% decrease over the prior fiscal year. Most of this decrease in commercial construction permits reflects the completion of several school building additions and the new WFISD Career

Education Center, which in the 2015-16 fiscal year totaled \$41,865,000 in value. Additionally, several commercial construction permits issued were above \$1 million in value which directly impacts local construction contractors, and often times results in additional secondary jobs. Those permits include:

- New Residence Inn – New Construction - a total of 67,480 sq. ft. with an estimated value of \$6,000,000.
- Apartment Complex – New Construction - a total of 46,420 sq. ft. with an estimated value of \$4,200,400.
- YMCA Gym Addition - a total of 14,000 sq. ft. with an estimated value of \$3,500,000.
- Women’s Clinic – New Construction - a total of 11,000 sq. ft. with an estimated value of \$2,500,000.
- Dialysis Center - New Construction – a total of 9,000 sq. ft. with an estimated value of \$1,950,000.

Another indicator of local economic performance is the retail sales tax. During the 2016-17 fiscal year, the City generated \$29,884,529 in retail sales taxes, which was \$52,839, or 0.18% more than in the prior fiscal year.

MAJOR INITIATIVES

For The Year.

In October 2016, a contract in the amount of \$73,400 was awarded to Freese and Nichols, Inc. for engineering services for the Cypress 1987 Water Treatment Plant. This project includes the design of improvements for the replacement of filter influent valves, drain valves, and incorporation of actuators to allow for remote control; upgrades to the air compressor system; rehabilitation/replacement of the main filter control panel; and the replacement of the clarifier radial collector troughs and effluent weirs.

In December 2016, a contract in the amount of \$361,979 was awarded to Duke Holding Company, Inc. dba Duke Construction Company for the 2016 Falls Bridge Replacement and Trail Improvement Project. This project includes the installation of a new steel pedestrian and light vehicle bridge, construction of a concrete hike and bike trail connector, landscaping, handrail, and associated work.

Also in December 2016, a contract in the amount of \$189,775 was awarded to Biggs and Mathews, Inc. for engineering services for the Drainage Master Plan for Quail Creek to prevent flooding occurring along Kemp Street, Maplewood Avenue and Midwestern Parkway.

In February 2017, a contract was awarded in the amount of \$1,597,516 to Oldcastle Materials Texas, Inc. for the 2017 Asphalt Street Rehabilitation Project. This project is generally described as the rehabilitation of selected asphalt streets to include base repair, Type D HMA, milling, and associated work.

In March 2017, a contract was awarded to Biggs & Matthews, Inc. the Phase III Sanitary Sewer Evaluation Study to comply with Texas Commission on Environmental Quality Agreement in the amount of \$150,000. The purpose of the SSES is to assist the City in identifying the locations, and causes of the Sanitary Sewer Overflows (SSO) and is to be used as a tool or roadmap for the City when developing sewer maintenance and repair projects.

In April 2017, a contract in the amount of \$506,607 was awarded to Freeman Paving, LLC for the 2017 Concrete Street Rehabilitation Project. This project is generally described as the concrete repair of selected City streets and associated work.

In May 2017, a contract was awarded to Scales Concrete Construction Co., Inc. in the amount of \$1,436,123 for the Hike and Bike Trail from Wichita Bluffs to Loop 11 with a parking lot, and associated work. This project is the second of three phases in connecting the Circle Trail along Seymour Highway to Lucy Park.

In June 2017, a contract was awarded to JLT Contracting, LLC in the amount of \$481,737.80 for the Pedestrian Improvements along Kemp Blvd from Midwestern Parkway to Southwest Parkway. This project is generally described as the construction of concrete sidewalks, pedestrian ramps, intersection improvements along Kemp Blvd from Midwestern Pkwy to Southwest Pkwy and associated work.

Also in June 2017, a contract was awarded to A&M Construction and Utilities, Inc. for the 2017 Water Budget Utility Improvements Project in the amount of \$1,038,657. This project is generally described as the replacement of old deteriorated mains with new 6-inch and 8-inch PVC waterlines, dead end main improvements, large valve replacement, and associated work. This project will help to improve the water quality, and overall reliability of the water distribution system.

In July 2017, a contract was awarded to Insituform Technologies, LLC in the amount of \$98,655 for the 2017 Sewer Budget Utility Improvements Project Phase I. This project will rehabilitate existing sanitary sewer line segments on Bunny Run Drive, Brookdale Drive, Briarwood Drive, Mistletoe Drive, and Maplewood Avenue.

Also in July 2017, a contract was awarded to Freeman Paving, L.L.C. in the amount of \$285,238 for the 2017 Alley Rehabilitation Project. This project is generally described as the removal and replacement of concrete alley, 6-inch sewer main, sanitary sewer manholes, and associated work.

In August 2017, a contract was awarded to Bowles Construction Co. in the amount of \$147,320 for the 2017 CDBG Waterline Replacement Project. This project is generally described as the replacement of old deteriorated 2" galvanized mains with new 6-inch PVC waterlines, dead end main improvements, reconnect services, and associated work. This project will improve the overall reliability of the water system and reduce maintenance costs.

Also in August 2017, a contract was awarded to Platinum Utility & Construction Partnership in the amount of \$759,691 for the 2017 Sanitary Sewer Budget Utility Improvement Project – Phase 2. This project is generally described as the replacement of deteriorated clay tile sewer lines and the rehabilitation of selected alleys, and associated work. The intent of the sewer main replacement is to improve the overall reliability of the collection system, reduce maintenance costs and overflows.

In September 2017, a contract was awarded to Earth Builders, L.P. in the amount of \$182,525.00 for 2017 Lake Arrowhead Dam Repair. This action was needed to repair the eastern end of the dam on the lake that serves as the largest water supply lake for the City.

For The Future.

In May 2018, the City of Wichita Falls will call a bond election for improvements to the City's infrastructure. The City has identified seven (7) projects totaling \$131 million that will be placed on the ballot and citizens will have a choice to address each proposition individually. The projects and associated costs are listed below:

Proposition A: Parks and Trails - \$7.38 million. This proposal would provide 20% matching funds for already approved 80% state grants that will fund the cost of 3 projects that continue the completion of the 26-mile circle trail system, renovate with artificial turf 4 existing fields at the City's Sports Complex on Sheppard Access Rd; and resurface the southernmost parking lot and entrance at Lake Wichita Park, adjacent to Fairway Blvd and Lakeshore Drive.

Proposition B: Lake Wichita Improvements - \$3.915 million. Construction of a boardwalk and pavilion on the shore of Lake Wichita near the Spillway, Construction of a Veteran's Memorial Plaza along the shore of Lake Wichita, the addition of a 1.0-mile section of the 26-mile circle trail system along the shore of Lake Wichita between Larry's Marina west to Barnett Road.

Proposition C: Streets \$17.3 million. Provides funds to rehabilitate existing City streets. The total project cost would be dedicated to street overlays, a method of street rehabilitation that reduces pavement roughness, cracking, and irregularities at a lesser cost than street reconstruction; and Connect and expand to 4 lanes

Maplewood Ave between Lawrence Rd and McNeil Ave; and expand Taft Boulevard from 2 lanes to 4 lanes from Southwest Parkway south to Kemp Boulevard, including related drainage improvements.

Proposition D: Downtown-area Municipal Government Center \$77 million. New downtown-area Municipal Government Center facility that would include City government administrative offices, a new central police/fire department headquarters and a new Fire Station #1. If approved, this project would replace the existing City Hall which is within the 90-year old Memorial Auditorium that requires repairs and renovations to address structural and federal accessibility issues; both the 55-year old police station and 53-year old Fire Station #1/Fire Administration that require repairs to address overcrowding, federal accessibility, and systems-related issues.

Proposition E: MPEC Improvements \$2.175 million. Renovations at the Exhibit Hall including a new sound system and video surveillance, restroom renovations, and replacement of the air walls/room dividers; and renovations at the Agricultural Center including roof replacement, new video surveillance, and replacement of the panels, chutes, and announcer stands; and renovations at the Coliseum including new video surveillance and ticket scanners, replacement of video board cameras, portable seating, and interior lighting with LED lights.

Proposition F: Memorial Auditorium \$1.45 million. Replacement of event-related equipment including rigging, curtains, lighting, and the sound system.

Proposition G: Downtown Improvements \$21.9 million. Reconstruction, replacement, and/or additions in the downtown core area including sidewalks, landscaping, crosswalks, decorative street lights, traffic control devices, public parking, and related infrastructure and pedestrian areas.

The City also entered into a professional services agreement for the joint public/private construction of a major brand 150 room full-service conference hotel to be constructed adjacent to the City's multi-purpose event center. In addition, the City will construct a conference center next to the conference hotel. With the addition of this hotel and facilities, the City hopes to make major strides in attracting more conferences and conventions to the city. The City anticipates issuing debt in the summer of 2018 to fund the conference center and to assist with the construction of the conference hotel.

FINANCIAL INFORMATION

In developing and evaluating the City's accounting system, consideration is given to the adequacy of internal control as deemed appropriate by the City Manager. Internal control is designed to provide reasonable, but not absolute, assurance regarding: (1) the safeguarding of assets against loss from unauthorized use or disposition; and (2) the reliability of financial records for preparing financial statements and maintaining accountability for assets. The concept of reasonable assurance recognizes that the cost of a control should not exceed the benefits likely to be derived and the evaluation of costs and benefits requires estimates and judgments by the City Manager.

All internal control evaluations occur within the above framework. The City believes that its internal control adequately safeguards assets and provides reasonable assurance of proper recording of financial transactions.

The Annual Operating Budget is proposed by the City Manager and approved by the City Council following public discussion. Budgetary control is maintained at the class level by the Finance Department within each division by the encumbrance of estimated purchase amounts prior to the release of purchase orders to vendors. Purchase orders which result in an overrun of class level balances are not released until additional appropriations are made available. In instances when budgetary transfers are necessary, management control of the operating budget is maintained at the fund and department level. Transfers within a department of the same fund must be approved by the City Manager. Transfers across departments or funds must be approved by the City Council.

Unencumbered appropriation balances lapse at year end and are not carried forward to new budget periods. Open encumbrances are reported as reservations of fund balance at September 30, 2017, and related appropriations are carried forward to the new fiscal year through a supplemental budgetary allocation.

In September 2012, the City adopted a fund balance policy for the General Fund, Water/Sewer Fund, and the Sanitation Fund. The policy requires the City to maintain at least 20% of expenditures in unassigned fund

balance in the General Fund, 17% of expenditures (less debt service expenses) in the Water/Sewer Fund, and 15% of expenditures in the Sanitation Fund. These financial statements reflect that the policy has been followed in the General Fund, Water/Sewer Fund, and the Sanitation Fund.

The City also maintains an informal policy to limit tax supported debt to no more than 5% of total assessed property value or \$1,500 per capita. As of September 30, 2017, the City's tax supported debt was approximately \$42.7 million, which is 0.89% of the taxable value of property, and \$407 per capita.

OTHER INFORMATION

Independent Audit

The City Charter requires an annual audit of the books of account, financial records, and transactions of all administrative departments of the City by Certified Public Accountants. The accounting firm of Edgin, Parkman, Fleming & Fleming, PC was selected by the Mayor and City Council to satisfy this charter requirement. The auditors' report on the basic financial statements and combining fund statements and schedules is included in the financial section of this report. 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 Amendments of 1996 and related Uniform Guidance, and the State Single Audit Act. These reports are issued under separate cover.

Awards

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 Wichita Falls for its Comprehensive Annual Financial Report for the fiscal year ended September 30, 2016. This was the 22nd consecutive year that the government has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only. We believe that our current Comprehensive Annual Financial Report continues to meet the Certificate of Achievement Program's requirements, and we are submitting it to GFOA to determine its eligibility for another certificate.

Acknowledgments

My appreciation is extended to the various elected officials, city manager, department heads and employees responsible for the fair presentation of the CAFR and for contributing to the sound financial position of the City of Wichita Falls. The City of Wichita Falls has been blessed with a group of persons who appreciate and respect principles of fiscal restraint and propriety. In particular, I would like to acknowledge the special efforts of the Department of Finance employees who contributed directly to the development of this report. The continuing support of City Council and City Manager, who remain committed to fiscal integrity and financial leadership, is likewise appreciated.

Respectfully submitted,



Patrick Halverson
Director of Finance



Government Finance Officers Association

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

Presented to

**City of Wichita Falls
Texas**

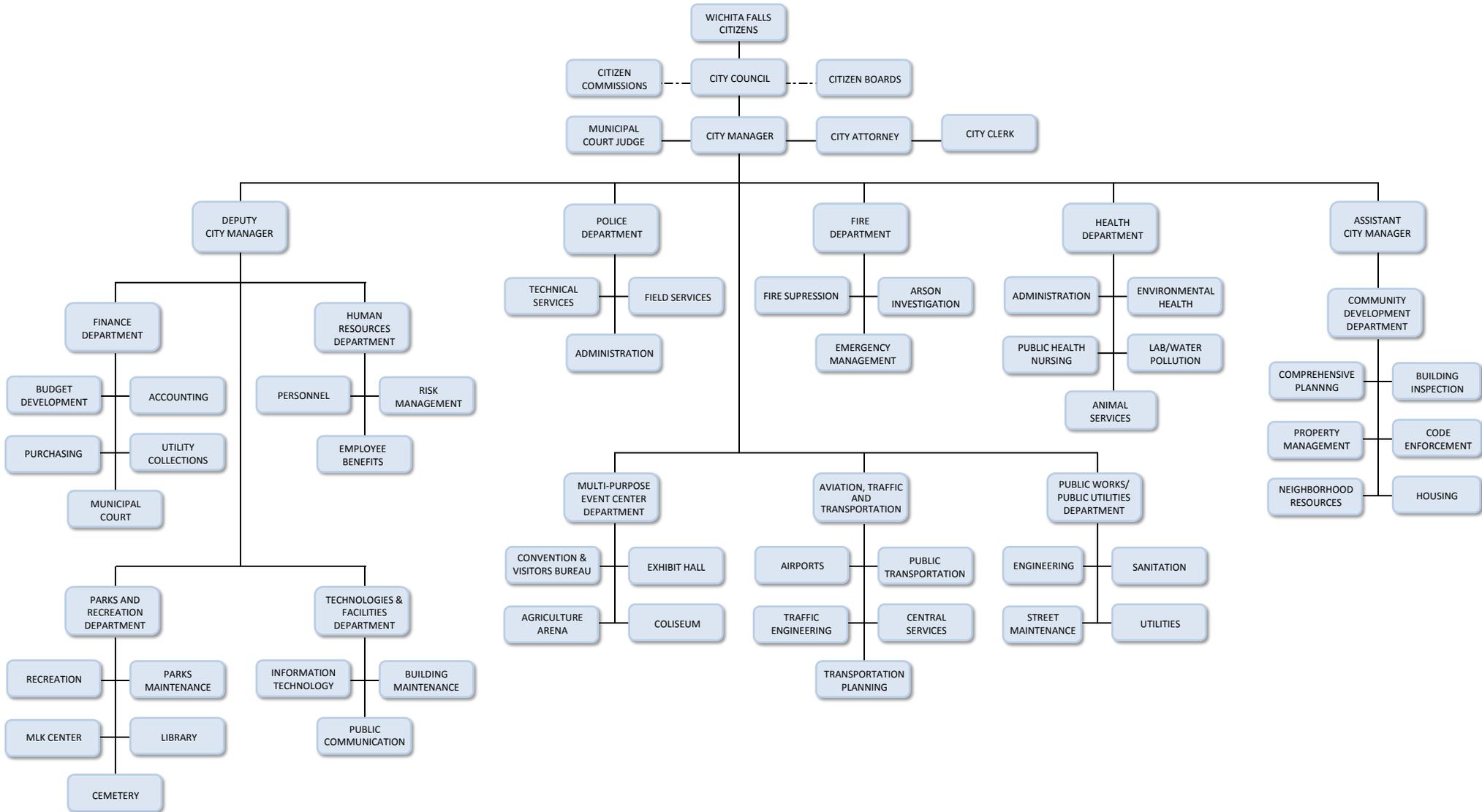
For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

September 30, 2016

Christopher P. Morill

Executive Director/CEO

CITY OF WICHITA FALLS ORGANIZATIONAL CHART



CITY OF WICHITA FALLS, TEXAS

LIST OF PRINCIPAL OFFICIALS SEPTEMBER 30, 2017

<u>Title</u>	<u>Name</u>
Mayor	Stephen Santellana
Mayor Pro-Tem	Michael Smith
City Council Member	Eric West
City Council Member	Deandra Chenault
City Council Member	Brian Hooker
City Council Member	Jesse Brown
City Council Member	Romeo Montez
City Manager	Darron Leiker
City Attorney	Kinley Hegglund
Municipal Court Judge	Larry Gillen
City Clerk	Tracy Norr
Deputy City Manager	Jim Dockery
Assistant City Manager	Paul Menzies
Director of Aviation, Traffic and Transportation	John Burrus
Finance Director	Patrick Halverson
Director of Public Health	Lou Kreidler
Police Chief	Manuel Borrego
Fire Chief	Jon Reese
Director of Public Works and Public Utilities	Russell Schreiber

Financial Section

Independent Auditor's Report



EDGIN, PARKMAN, FLEMING & FLEMING, PC

CERTIFIED PUBLIC ACCOUNTANTS

4110 KELL BLVD., SECOND FLOOR ▪ P.O. BOX 750
WICHITA FALLS, TEXAS 76307-0750
PH. (940) 766-5550 ▪ FAX (940) 766-5778

MICHAEL D. EDGIN, CPA
DAVID L. PARKMAN, CPA
A. PAUL FLEMING, CPA

Independent Auditor's Report on Financial Statements

The Honorable Mayor and Members of the City Council
City of Wichita Falls, Texas

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 Wichita Falls, Texas (the City) as of and for the year ended September 30, 2017, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the City'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 City's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall financial statement presentation.

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 as of September 30, 2017, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, the Budgetary Comparison Schedule – General Fund, the schedules on the Texas Municipal Retirement System, the Wichita Falls Firemen's Relief and Retirement Fund, and the Wichita Falls Retiree Health Care Plan 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's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, supporting 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 nonmajor fund financial statements and supporting schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the 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 nonmajor fund financial statements and supporting 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 under separate cover our report dated March 27, 2018, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, 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's internal control over financial reporting and compliance.

Respectfully submitted,



Edgin, Parkman, Fleming & Fleming, PC

March 27, 2018

Management Discussion and Analysis



FINANCE DEPARTMENT

City of Wichita Falls, Texas Management's Discussion and Analysis September 30, 2017

Management's discussion and analysis provides a narrative overview of the financial activities and changes in the financial position of the City of Wichita Falls, Texas, for the fiscal year ended September 30, 2017. It is offered here by the management of the City to the readers of its financial statements. Readers should use the information presented here in conjunction with additional information furnished in our letter of transmittal, which can be found in the Introductory Section of this Comprehensive Annual Financial Report.

Financial Highlights

The assets of the City of Wichita Falls exceeded its liabilities at September 30, 2017, by \$376,582,645 (net position). The net position for the City increased by \$9,764,583 over the prior year. While the unrestricted net position for Governmental Activities was (\$68,466,161), the Business-type Activities had an unrestricted net position of \$27,573,458 for an overall unrestricted net position of (\$40,892,703). Contributing to the change in the Business-type Activities in unrestricted net position is the Water/Sewer Fund as it reflected a net change of \$8,784,044 compared to a net change of \$9,254,843 in the prior year. This change in the Water/Sewer Fund reflected an increase in operating revenue of \$528,581 compared to the prior year. This increased income can be attributed to the customer base returning to near pre-drought consumption levels and keeping the water rate increase passed in August 2014 in place. The Sanitation Fund had operating income of \$3.4 million while the Regional Airport reported an increase in revenues of \$11,000 over the prior year, while operating expenses decreased by \$53,000 for the same period.

At September 30, 2017, the City's governmental funds reported combined ending fund balances of \$21,392,687. Of this amount, \$11,913,991, or 55.69%, is available for spending at the government's discretion, (unassigned fund balance).

At the end of the current fiscal year, unassigned fund balance for the General Fund was \$13,138,307 or 17.85% of total General Fund expenditures.

During the 2016-17 fiscal year, the City's total debt decreased by \$11,566,249. In February 2017, the City entered into a capital lease agreement to fund the purchase of needed Fire apparatus upgrades for the City's Fire department in the amount of \$2.7 million. This new debt was partially offset as the City continued to retire outstanding General Obligation Bonds, Water and Sewer System Revenue Bonds, Combination Tax and Revenue Bonds, Capital Leases and Notes Payable.

City of Wichita Falls, Texas
Management's Discussion and Analysis
September 30, 2017
(continued)

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The reporting focus is on the City as a whole and on individual major funds. It is intended to present a comprehensive view of the City's financial activities. The 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 contains other supplementary information in addition to the basic financial statements.

Government-wide Financial Statements

The government-wide financial statements, which can be found on pages 14-15 of this report, include the *Statement of Net Position* (Exhibit A-1) and the *Statement of Activities* (Exhibit A-2). These statements are designed to provide readers with a broad overview of the City's finances in a manner similar to a private-sector business. Both are prepared using the economic resources focus and the accrual basis of accounting, meaning that all current year's revenues and expenses are included regardless of when cash is received or paid. Thus, revenues and expenses are reported in these statements for some items that will result in cash flows in future fiscal periods (e.g. uncollected taxes and earned but not used vacation leave).

The Statement of Net Position presents information on all of the City's assets and liabilities, including capital assets and long-term obligations. The difference between the City's assets and liabilities is reported as net position. Over time, the increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating. Other indicators of the City's financial position should be taken into consideration, such as the change in the City's property tax base and condition of the City's infrastructure (e.g., roads, traffic signals, water and sewer lines, etc.), in order to more accurately assess the overall financial condition of the City.

The Statement of Activities presents information showing how the City's net position changed during the most recent fiscal year. It focuses on both the gross and net costs of the government services. This statement includes all current year revenues and expenses.

The *Statement of Net Position* and the *Statement of Activities* divide the City's activities into three types:

Governmental activities – Most of the City's basic services are reported here, including police, fire, parks and recreation, public works, health, traffic and transportation, community development and planning, duplicating services, information technology, health insurance claims, and general administration and finance. The Multi-Purpose Events Center and Champions Golf Course are also reported as governmental activities. Property taxes, sales taxes, franchise fees, and various grant funds provide the majority of financing for these activities.

Business-type activities – Activities for which the City charges fees to customers to pay most or all of the cost of a service it provides are reported as business-type activities. The City's business-type activities include water and wastewater treatment and distribution, solid waste

City of Wichita Falls, Texas
Management's Discussion and Analysis
September 30, 2017
(continued)

collection and disposal, regional and municipal airports, transit system, storm water drainage improvements, fleet maintenance services and water park operations.

Component Units – Five legally separate organizations, for which the City is financially accountable, are included in these statements as discretely presented component units. These organizations include the Wichita Falls Economic Development Corporation, Wichita Falls 4B Sales Tax Corporation, Wichita Falls Reinvestment Zone #2, Wichita Falls Reinvestment Zone #3, and the Wichita Falls Reinvestment Zone #4.

Fund Financial Statements

The City of Wichita Falls, like other state and local governments, uses fund accounting to provide more detailed information about the City's most significant funds, not the City as a whole. 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. Some funds are required to be established by state law or bond covenants. However, the City Council establishes many other funds to help it control and manage money for particular purposes or to show that it is meeting legal responsibilities. All of the funds of the City can be divided into three categories: governmental funds, proprietary funds and fiduciary funds.

Governmental Funds – These funds are used to account for the majority of the City's activities, which are essentially the same functions reported as governmental funds in the government-wide statements. However, unlike the government-wide financial statements, governmental fund financial statements are reported using an accounting method identified as the modified accrual basis of accounting, which measures cash and all other financial assets that can be readily converted to cash. The governmental fund statements focus on near-term inflows and outflows of expendable resources, as well as expendable resources available at the end of the fiscal year for future spending. Such information may be useful in evaluating a government's near-term financing requirements.

The focus of the governmental funds financial statements is narrower than that of the government-wide financial statements. Therefore, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide statements. By doing so, readers may better understand the long-term impact of the government's short term financing decisions. Both the Governmental Fund Balance Sheet and the Governmental Fund Statement of Revenues, Expenditures and Changes in Fund Balances provide a reconciliation to facilitate this comparison. The reconciliation explains the differences between the government's activities reported in the government-wide statements and the information presented in the governmental funds financial statements.

The City of Wichita Falls maintains 15 individual governmental funds. Information for the General Fund is presented separately in the Governmental Fund Balance Sheet and in the Governmental Fund Statement of Revenues, Expenditures and Changes in Fund Balances because it is considered a major fund of the City. Data for the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of the non-major governmental funds are provided in the Combining Financial Statement Section of this report.

The Basic Governmental Funds Financial Statements can be found on pages 16-19 of this report.

City of Wichita Falls, Texas
Management's Discussion and Analysis
September 30, 2017
(continued)

Proprietary Funds – When the City charges customers for services it provides, whether to outside customers or to other units within the City, the activities are generally reported in proprietary funds. The City of Wichita Falls maintains two different types of proprietary funds: enterprise funds and internal service 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 its water and sewer operations, sanitation collection and disposal services, regional and municipal airports, transit operations, storm water utility district, and water park operations.
- Internal service funds are an accounting device used to report activities that provide supplies and services to other City programs, such as fleet maintenance, print shop services, information technology, and employee benefit trust. Because these services benefit both governmental and business-type functions, they have been allocated between governmental and business-type activities in the government-wide financial statements.

Proprietary fund financial statements provide the same type of information as the business-type activities shown in the government-wide financial statements, only in more detail and include some of the internal service fund-type activities. The proprietary fund financial statements provide separate information for the Water and Sewer Fund, the Sanitation Fund and the Regional Airport Fund since they are considered major funds of the City. The non-major proprietary funds are combined into a single, aggregated presentation in the proprietary fund financial statements. Individual fund data for each of the non-major proprietary funds are provided in the Combining Financial Statement Section of 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 statements because the resources of those funds are not available to support the City's own programs. The accounting method used for fiduciary funds is much like that used for proprietary funds. Agency funds are a component of fiduciary funds and are used to account for situations where the City's role is purely custodial, such as receipt, temporary investment and remittance of fiduciary funds to individuals, private organizations or other governments. The City maintains one fiduciary fund. This fund is an agency fund used to account for property that has been abandoned or unclaimed pending escheatment to the State of Texas.

Notes to the Financial Statements

The Notes to the Financial Statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. These notes can be found on pages 26-64 of this report.

Government-Wide Financial Analysis

The City's combined net position was \$376,582,645 as of September 30, 2017, an increase of \$9,756,122, or 2.66% from the prior year. Using the Tables below, an analysis of the net position of the City can be made. The largest portion of the City's net position, \$400,930,582, or

City of Wichita Falls, Texas
Management's Discussion and Analysis
September 30, 2017
(continued)

106.47%, is reflected in capital assets (land and improvements, buildings, infrastructure, machinery and equipment), less any related debt used to acquire those assets that is still outstanding. The City uses these assets to provide services to its citizens; consequently, these assets are not available for future spending. Although the City reports its capital assets net of related debt, 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.

An additional portion of the City's net position, \$16,544,766, or 4.39%, represents resources that are subject to external restrictions on how they may be used.

Net Position
(in thousands)

	Governmental Activities		Business-type Activities		Total	
	2017	2016	2017	2016	2017	2016
Current and Other Assets	\$ 27,797	\$ 27,584	\$ 72,357	\$ 85,400	\$ 100,154	\$ 112,984
Capital Assets	<u>177,256</u>	<u>176,502</u>	<u>386,984</u>	<u>369,625</u>	<u>564,240</u>	<u>546,127</u>
Total Assets	<u>205,053</u>	<u>204,086</u>	<u>459,341</u>	<u>455,025</u>	<u>664,394</u>	<u>659,111</u>
Deferred Outflows of Resources	<u>37,804</u>	<u>16,789</u>	<u>8,229</u>	<u>8,728</u>	<u>46,033</u>	<u>25,517</u>
Long Term Liabilities	140,491	119,579	167,891	174,893	308,382	294,472
Other Liabilities	<u>10,422</u>	<u>10,103</u>	<u>10,728</u>	<u>10,135</u>	<u>21,150</u>	<u>20,238</u>
Total Liabilities	<u>150,913</u>	<u>129,682</u>	<u>178,619</u>	<u>185,028</u>	<u>329,532</u>	<u>314,710</u>
Deferred Inflows of Resources	<u>4,136</u>	<u>2,797</u>	<u>176</u>	<u>303</u>	<u>4,312</u>	<u>3,100</u>
Net Position:						
Net Investment in Capital Assets	150,776	148,207	250,154	236,074	400,930	384,281
Restricted	5,498	4,468	11,047	11,082	16,545	15,550
Unrestricted	<u>(68,466)</u>	<u>(64,279)</u>	<u>27,574</u>	<u>31,266</u>	<u>(40,892)</u>	<u>(33,013)</u>
Total Net Position	<u>\$ 87,808</u>	<u>\$ 88,396</u>	<u>\$ 288,775</u>	<u>\$ 278,422</u>	<u>\$ 376,583</u>	<u>\$ 366,818</u>

City of Wichita Falls, Texas
Management's Discussion and Analysis
September 30, 2017
(continued)

CHANGES IN NET POSITION
(in thousands)

	Governmental Activities		Business-type Activities		Total	
	2017	2016	2017	2016	2017	2016
Revenues:						
Program Revenues:						
Charges For Services	\$ 8,958	\$ 8,836	\$ 64,419	\$ 63,948	\$ 73,377	\$ 72,784
Operating Grants and Contributions	14,935	14,803	1,702	2,282	16,637	17,085
Capital Grants and Contributions	1,033	3,943	397	209	1,430	4,152
General Revenues:						
Property Taxes	35,121	34,515	-	-	35,121	34,515
Sales Taxes	22,413	22,374	-	-	22,413	22,374
Other Taxes/Fees	7,363	7,262	-	-	7,363	7,262
Investment Earnings	303	130	416	176	303	306
Miscellaneous	1,652	447	22	60	1,652	507
Total Revenue	<u>91,778</u>	<u>92,310</u>	<u>66,956</u>	<u>66,675</u>	<u>158,734</u>	<u>158,985</u>
Expenses:						
Administrative Services	15,199	14,236	-	-	15,199	14,236
Police	25,513	25,634	-	-	25,513	25,634
Fire	21,108	17,477	-	-	21,108	17,477
Parks and Recreation	5,656	5,637	-	-	5,656	5,637
Accounting/Finance	760	788	-	-	760	788
Community Development	6,903	6,682	-	-	6,903	6,682
Public Works	8,552	8,335	-	-	8,552	8,335
Health	5,815	5,707	-	-	5,815	5,707
Traffic and Transportation	2,579	2,667	-	-	2,579	2,667
MPEC	4,021	4,545	-	-	4,021	4,545
Interest and Fees on Long-term Debt	1,444	1,631	-	-	1,444	1,631
Regional Airport	-	-	1,828	1,881	1,828	1,881
Kickapoo Airport	-	-	1,199	1,252	1,199	1,252
Transit	-	-	2,540	2,673	2,540	2,673
Sanitation	-	-	10,217	9,842	10,217	9,842
Water and Sewer	-	-	33,289	32,120	33,289	32,120
Stormwater Drainage	-	-	816	828	816	828
Waterpark	-	-	1,538	1,599	1,538	1,599
Total Expenses	<u>97,550</u>	<u>93,339</u>	<u>51,427</u>	<u>50,195</u>	<u>148,977</u>	<u>143,534</u>
Increase (Decrease) in Net Position Before Transfers	(5,772)	(1,029)	15,529	16,480	9,757	15,451
Transfers	5,184	2,004	(5,184)	(2004)	-	-
Increase (Decrease) in Net Position	(588)	975	10,345	14,476	9,757	15,451
Net Position – Beginning of Year	88,396	87,421	278,430	263,954	366,826	351,375
Net Position – End of Year	<u>\$87,808</u>	<u>\$88,396</u>	<u>\$288,775</u>	<u>\$278,430</u>	<u>\$376,583</u>	<u>\$366,826</u>

City of Wichita Falls, Texas
Management's Discussion and Analysis
September 30, 2017
(continued)

Governmental Activities – Governmental Activities decreased the City's net position by \$588,316 principally resulting from expenses related to the Fire Department's responses to wildland fires and Hurricane Harvey disasters. Reimbursements for these activities will come from State emergency response agencies.

Business-Type Activities – Business-type Activities increased the City's net position by \$10,344,438. The Water and Sewer Fund contributed to the majority of the increase in net position with an increase of \$8,784,044. The Sanitation Fund shows an increase of net position of \$131,054 compared to an increase of \$487,107 in the previous fiscal year. The Storm Water Utility Fund shows improvement of \$516,636 in net position to allow unrestricted net position to grow in anticipation of upcoming drainage improvement projects.

Financial Analysis of the City's Funds

Governmental Funds – The focus of the governmental funds is to provide information on near-term inflows, outflows and balances of expendable 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.

As of September 30, 2017, the City's governmental funds reported combined fund balances of \$21,392,687, which is a decrease of \$539,738 from the prior year. Virtually all this decrease is attributable to the reduction of intergovernmental revenue over the previous fiscal year due to the completion of the Taxiway 'C' rehabilitation project at the Wichita Falls Regional Airport. The US Defense Department leases this taxiway to the airport under a 50-year lease agreement that expires in May 2058.

The General Fund is the chief operating fund of the City. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$13,138,307, a reduction of \$23,383 from the prior year. As a measure of the General Fund's liquidity, it may be useful to compare both the unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 17.85% of total General Fund expenditures, while the total fund balance represents 19.47% of total General Fund expenditures.

Proprietary Funds – The financial statements of the proprietary funds provide information for two types of funds: the business type (enterprise) funds and the internal service funds. The accounting principles applied to proprietary funds are similar to that of the private sector. Consequently, with the exception of the allocation of internal service fund net income or loss, the net position and changes in net position of the enterprise funds in these financial statements are identical with the net position and changes in net position reflected in the business type activities in the city-wide presentation.

The City's internal service funds include the Fleet Maintenance Fund, Employee Benefit Trust Fund, Duplicating Services Fund and the Information Technology Fund. At the close of September 30, 2017, the net position for the City's internal service funds was \$27,286,816, an increase of \$1,104,781. The Fleet Maintenance Fund reflects an increase of \$19,369 in net position. The Employee Benefit Trust Fund reflects an increase of \$909,335 in net position because of employee health care plan changes, an increase of employer contributions and a lower

City of Wichita Falls, Texas
Management's Discussion and Analysis
September 30, 2017
(continued)

claim experience level compared to the previous year. The Information Technology Fund reflects an increase of \$171,208 in net position as the City continues to increase this Fund's unrestricted net position to provide for the acquisition of a finance, purchasing, payroll and human resources software to replace the current software whose support terminates after December 2018.

General Fund Budgetary Highlights

The final amended expenditure budget for the General Fund, including transfers out, was increased by \$1,634,035 from the original adopted budget. The reason for this increase in appropriations can be briefly summarized as follows:

- Approximately \$878,000 of prior year encumbrances were carried forward into the 2016-17 amended budget. These encumbrances were used for on-going projects which included \$428,000 for street repairs and \$310,000 for City Hall structural engineering fees and repairs.

Actual revenues in the General Fund for the 2016-17 fiscal year were \$71,632,818, which was \$176,496 below final budgeted figures. Reduced sales tax receipts accounted for approximately \$83,288 of this amount. All three of the city's utility franchise agreements reflected declines with electricity franchise revenue being \$207,805 less, the natural gas franchise revenue being \$102,305 less and the cable franchise revenue being \$10,188 less. These decreases of sales tax receipts and franchise revenues were partially offset by an increase of \$78,500 over the budgeted interest revenue due to financial market increases in interest rates.

Actual expenditures in the General Fund for the 2016-17 fiscal year were \$73,605,525, which was \$1,351,127 below budgeted expenditures. A large portion of this variance was due to large encumbrances for street repairs, building structure repairs and traffic control equipment that were not liquidated by the close of the fiscal year that will be expended in the 2017-18 fiscal year.

Capital Asset and Debt Administration

Capital Assets – The City's investment in capital assets for its governmental and business-type activities as of September 30, 2017 amounts to \$564,239,792 (net of accumulated depreciation). This investment in capital assets includes land, buildings, equipment, infrastructure and construction in progress.

Major capital asset events during this fiscal year included the following:

- Substantial Completion of the Permanent Indirect Water Reuse Project
- Completion of the Advanced Metering Infrastructure Project
- Construction in progress of the Kemp-Monroe Drainage Improvements Project
- Construction in progress of the Regional Airport Taxiway Charlie Rehabilitation
- Hike & Bike Trail from Seymour Road to Lucy Park Project
- Street Rehabilitation and Utility Improvement Projects

City of Wichita Falls, Texas
Management's Discussion and Analysis
September 30, 2017
(continued)

Capital Assets, net of Accumulated Depreciation
(in thousands)

	Governmental Activities		Business-type Activities		Total	
	2017	2016	2017	2016	2017	2016
Land	\$ 12,227	\$ 12,225	\$ 9,303	\$ 9,303	\$ 21,530	\$ 21,528
Land Betterments	16,192	16,686	29,920	31,036	46,112	47,722
Buildings, Systems and Improvements	49,381	49,678	279,109	279,203	328,490	328,881
Infrastructure	84,404	81,392	-	-	84,404	81,392
Machinery and Equip	10,820	8,982	2,395	2,567	13,215	11,549
Furniture and Fixtures	-	1	9	12	9	13
Motor Vehicles	-	-	14,874	15,070	14,874	15,070
Construction in Progress	<u>4,232</u>	<u>7,538</u>	<u>51,374</u>	<u>32,434</u>	<u>55,606</u>	<u>39,972</u>
Totals	<u>\$177,256</u>	<u>\$176,502</u>	<u>\$386,984</u>	<u>\$369,625</u>	<u>\$ 564,240</u>	<u>\$ 546,127</u>

Additional information on the City's capital assets can be found in Note 7 on pages 42-43 of this report.

Long Term Debt – At the end of the current fiscal year, the City had a total bonded debt, notes and capital leases outstanding of \$194,935,293. During the 2016-17 fiscal year, the City's total debt decreased by \$11,808,281. In February 2017, the City entered into a capital lease agreement to fund the purchase of needed Fire apparatus upgrades for the City's Fire department in the amount of \$2.7 million. This new debt was partially offset as the City continued to retire outstanding General Obligation Bonds, Water and Sewer System Revenue Bonds, Combination Tax and Revenue Bonds, Capital Leases and Notes Payable.

As of September 30, 2017, Moody's Investor's Service had assigned a credit rating of Aa2 for the City's General Obligation Bonds and a rating of A3 for the City's Water and Sewer System Revenue Bonds. Standard & Poor's had assigned a credit rating of AA for the City's General Obligation Bonds and a rating of A for its Water and Sewer System Revenue Bonds.

City of Wichita Falls, Texas
Management's Discussion and Analysis
September 30, 2017
(continued)

Outstanding Debt at Year-End
(in thousands)

	Governmental Activities		Business-type Activities		Total	
	2017	2016	2017	2016	2017	2016
General Obligation Bonds	\$ 14,133	\$ 16,129	\$ -	\$ -	\$ 14,133	\$ 16,129
Combination Tax and Revenue Bonds	29,435	31,139	46,298	51,323	75,733	82,462
Utility System Revenue Bonds	-	-	83,099	87,938	83,099	87,938
Capital Lease Payable	2,466	2,857	19,143	16,958	21,609	19,815
Notes Payable	-	-	361	400	361	400
Total	\$ 46,034	\$ 50,125	\$ 148,901	\$ 156,619	\$ 194,935	\$ 206,744

The City is permitted by its Home Rule Charter to levy taxes up to \$2.25 per \$100 of assessed valuation for general governmental services, including the payment of principal and interest on long-term debt. The combined tax rate to finance general governmental services for the year ended September 30, 2017, was \$.70598 per \$100, which means that the City has a tax margin of \$1.54402 per \$100, and could generate up to \$74,875,350 additional tax revenue a year from the present assessed valuation of \$4,849,376,974 before the limit is reached. The current ratio of general bonded debt outstanding to the assessed value of all taxable property is 0.90%.

Additional information about the City's long-term debt can be found in Note 14 on pages 57-61 of this report.

Economic Factors and Next Year's Budget and Rates

Total 2017-18 operating revenues, including transfers in from other funds, are budgeted at \$173,599,627, which is an increase of \$2,442,178, or +1.43% from the 2016-17 adopted budget.

In the 2017-18 budget, sales taxes in the General Fund are projected to generate \$23,379,694, a decrease of \$42,998, or -0.19% from the prior year adopted budget. It should be noted that this projection was based upon an estimate of 2016-17 actual receipts with a growth rate of zero percent for budget year 2017-18.

The Property Tax is the largest source of revenue in the City's budget and is also relied heavily upon to provide general City services. The property tax base, as certified by the Wichita County Appraisal District, is \$4.94 billion, an increase of \$91.4 million, or 1.88% from the prior year. This is the eighth consecutive year that the property tax base has shown very slight growth or remained flat. The 2017-18 budget maintained the property tax rate of \$0.70598 per \$100 of taxable property that was in effect in the 2016-17 budget. This rate is estimated to generate

City of Wichita Falls, Texas
Management's Discussion and Analysis
September 30, 2017
(continued)

\$517,513 in additional property tax revenue for the General Fund during the 2017-18 fiscal year and will help provide increases to the City's pay plans that have remained significantly unchanged for several years. The 2017-18 budget does not include any cost of living adjustment for the City's pay plans.

The City maintains a reserve account in the General Fund to be used for major emergencies such as a widespread tornado, large legal liabilities or important one-time expenditures. The City's fund balance policy established a goal of maintaining 20% of expenditures in unassigned General Fund balance. Current figures indicate that the City will maintain this 20% General Fund balance goal which currently does not allow the flexibility to fund one-time capital improvements in the 2017-18 budget.

The 2017-18 budget maintains the water rates as approved on August 5, 2014 that included an increase of 53% to retail water rates. This rate increase was needed to provide for approximately \$1.4 million of anticipated annual debt service on the Indirect Potable Water Reuse Project, set aside \$1 million annually for a future water supply project that will be determined, and to adjust for significantly lower water sales due to lower water consumption/demand.

Requests for Information

This financial report is designed to provide a general overview of the finances of the City of Wichita Falls for all those with an interest in the government's finances. Questions concerning any of the information provided in this report, or request for additional financial information, should be addressed to the City Finance Department, 1300 Seventh Street, Wichita Falls, Texas 76301.

Basic Financial Statements

CITY OF WICHITA FALLS, TEXAS
STATEMENT OF NET POSITION
SEPTEMBER 30, 2017

	Primary Government		Total	Component Units
	Governmental Activities	Business-type Activities		
Assets				
Cash and cash equivalents	\$ 21,794,516	\$ 25,135,829	\$ 46,930,345	\$ 19,553,768
Receivables (net):				
Taxes and assessments	897,660	-	897,660	-
Customer and trade	-	7,327,091	7,327,091	-
Government agencies	7,117,985	504,499	7,622,484	1,313,630
Other	1,473,118	122,114	1,595,232	-
Internal balances	(9,440,065)	9,440,065	-	-
Inventory	81,942	1,762,109	1,844,051	-
Prepaid items	50,590	2,757,862	2,808,452	-
Other assets	713,694	-	713,694	-
Restricted assets:				
Cash and cash equivalents	5,107,658	25,307,902	30,415,560	-
Capital assets not being depreciated	16,458,757	60,676,592	77,135,349	1,469,797
Capital assets net of accumulated depreciation	160,797,503	326,306,940	487,104,443	699,309
Total assets	<u>205,053,358</u>	<u>459,341,003</u>	<u>664,394,361</u>	<u>23,036,504</u>
Deferred Outflows of Resources				
Pension-related	37,477,746	4,761,668	42,239,414	-
Deferred losses on bond refundings	326,523	3,466,845	3,793,368	-
Total deferred outflows of resources	<u>37,804,269</u>	<u>8,228,513</u>	<u>46,032,782</u>	<u>-</u>
Liabilities				
Accounts payable - trade	1,893,302	3,331,173	5,224,475	554,017
Accrued payroll	2,305,965	587,413	2,893,378	-
Accrued interest payable	269,207	775,678	1,044,885	-
Payable to government agencies	433,723	78,577	512,300	-
Estimated health claims payable	682,770	-	682,770	-
Other liabilities	4,800,237	2,852,770	7,653,007	-
Unearned revenue	37,236	-	37,236	-
Customer deposits	-	3,102,801	3,102,801	-
Long-term liabilities:				
Portion due or payable within one year	6,465,681	11,674,046	18,139,727	-
Portion due or payable after one year	48,360,765	142,715,333	191,076,098	-
Net pension liability	85,664,518	13,501,369	99,165,887	-
Total liabilities	<u>150,913,404</u>	<u>178,619,160</u>	<u>329,532,564</u>	<u>554,017</u>
Deferred Inflows of Resources				
Pension-related	4,136,425	175,508	4,311,933	-
Net Position				
Net investment in capital assets	150,776,165	250,154,417	400,930,582	2,169,106
Restricted for:				
Perpetual care (nonexpendable)	1,055,177	-	1,055,177	-
Debt service (expendable)	782,311	11,046,973	11,829,284	-
Capital projects (expendable)	1,509,877	-	1,509,877	-
Federal grant programs (expendable)	2,150,418	-	2,150,418	-
Tourism (expendable)	10	-	10	-
Unrestricted	(68,466,161)	27,573,458	(40,892,703)	20,313,381
Total net position	<u>\$ 87,807,797</u>	<u>\$ 288,774,848</u>	<u>\$ 376,582,645</u>	<u>\$ 22,482,487</u>

See accompanying notes to the basic financial statements.

CITY OF WICHITA FALLS, TEXAS
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2017

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position			Component Units
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			
					Governmental Activities	Business-type Activities	Total	
Primary government:								
Governmental activities:								
Administrative services	\$ 15,198,841	\$ 4,735,471	\$ 758,454	\$ -	\$ (9,704,916)	\$ -	\$ (9,704,916)	\$ -
Police	25,513,220	420,289	163,634	-	(24,929,297)	-	(24,929,297)	-
Fire	21,107,882	36,937	820,844	-	(20,250,101)	-	(20,250,101)	-
Parks and recreation	5,655,633	441,751	118,510	-	(5,095,372)	-	(5,095,372)	-
Accounting/finance	760,506	-	-	-	(760,506)	-	(760,506)	-
Community development	6,902,628	1,209,021	5,357,411	-	(336,196)	-	(336,196)	-
Public works	8,551,971	14,223	114,675	1,032,502	(7,390,571)	-	(7,390,571)	-
Health	5,814,947	1,081,910	2,216,468	-	(2,516,569)	-	(2,516,569)	-
Traffic and transportation	2,579,284	126,334	2,773,589	-	320,639	-	320,639	-
Multi-Purpose Events Center	4,021,413	892,049	335,000	-	(2,794,364)	-	(2,794,364)	-
Interest and fees on long-term debt	1,443,552	-	2,276,344	-	832,792	-	832,792	-
Total governmental activities	<u>97,549,877</u>	<u>8,957,985</u>	<u>14,934,929</u>	<u>1,032,502</u>	<u>(72,624,461)</u>	<u>-</u>	<u>(72,624,461)</u>	<u>-</u>
Business-type activities:								
Regional Airport	1,827,618	1,120,916	-	-	-	(706,702)	(706,702)	-
Kickapoo Airport	1,198,823	884,354	-	-	-	(314,469)	(314,469)	-
Transit	2,540,427	432,083	1,701,652	-	-	(406,692)	(406,692)	-
Sanitation	10,216,686	13,394,186	-	-	-	3,177,500	3,177,500	-
Water and sewer	33,288,819	43,527,980	-	396,830	-	10,635,991	10,635,991	-
Stormwater drainage	816,334	3,738,019	-	-	-	2,921,685	2,921,685	-
Waterpark	1,538,193	1,321,622	-	-	-	(216,571)	(216,571)	-
Total business-type activities	<u>51,426,900</u>	<u>64,419,160</u>	<u>1,701,652</u>	<u>396,830</u>	<u>-</u>	<u>15,090,742</u>	<u>15,090,742</u>	<u>-</u>
Total primary government	<u>\$ 148,976,777</u>	<u>\$ 73,377,145</u>	<u>\$ 16,636,581</u>	<u>\$ 1,429,332</u>	<u>(72,624,461)</u>	<u>15,090,742</u>	<u>(57,533,719)</u>	<u>-</u>
Component units:								
Community development	<u>\$ 10,839,941</u>	<u>\$ 17,800</u>	<u>\$ 321,161</u>	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(10,500,980)</u>
General revenues and transfers:								
Taxes:								
Property tax					35,120,896	-	35,120,896	760,618
Sales tax					22,413,397	-	22,413,397	7,471,132
Franchise fees					5,193,721	-	5,193,721	-
Hotel occupancy tax					1,878,061	-	1,878,061	-
Beverage tax					281,687	-	281,687	-
Bingo tax					9,098	-	9,098	-
Investment earnings					303,325	415,837	719,162	140,504
Miscellaneous					1,651,791	22,028	1,673,819	7,843
Transfers					5,184,169	(5,184,169)	-	-
Total general revenues and transfers					<u>72,036,145</u>	<u>(4,746,304)</u>	<u>67,289,841</u>	<u>8,380,097</u>
Change in net position					(588,316)	10,344,438	9,756,122	(2,120,883)
Net position - beginning					88,396,113	278,430,410	366,826,523	24,603,370
Net position - ending					<u>\$ 87,807,797</u>	<u>\$ 288,774,848</u>	<u>\$ 376,582,645</u>	<u>\$ 22,482,487</u>

See accompanying notes to the basic financial statements.

CITY OF WICHITA FALLS, TEXAS
BALANCE SHEET - GOVERNMENTAL FUNDS
SEPTEMBER 30, 2017

	General	Nonmajor Governmental	Total Governmental Funds
Assets			
Cash and cash equivalents	\$ 12,196,924	\$ 7,463,257	\$ 19,660,181
Receivables (net):			
Taxes and assessments	727,110	170,550	897,660
Other City funds	4,521,596	-	4,521,596
Government agencies	4,201,023	2,916,962	7,117,985
Other	1,310,526	159,639	1,470,165
Inventory	81,472	-	81,472
Prepaid items	49,840	750	50,590
Other assets	1,000	712,694	713,694
Total assets	\$ 23,089,491	\$ 11,423,852	\$ 34,513,343
Liabilities			
Accounts payable	\$ 1,179,130	\$ 450,625	\$ 1,629,755
Accrued payroll	2,166,792	95,858	2,262,650
Payable to other City funds	-	2,609,846	2,609,846
Payable to government agencies	338,961	94,762	433,723
Other liabilities	3,761,595	1,037,347	4,798,942
Claims and judgments payable	11,922	-	11,922
Unearned revenue	-	37,236	37,236
Total liabilities	7,458,400	4,325,674	11,784,074
Deferred inflows of resources			
Unavailable revenues	1,301,623	34,959	1,336,582
Fund balances			
Nonspendable:			
Inventory and prepaid items	131,311	-	131,311
Restricted for:			
Perpetual care	-	1,055,177	1,055,177
Debt service	-	747,353	747,353
Capital projects	-	1,664,444	1,664,444
Federal and state grant programs	-	2,150,418	2,150,418
Tourism	-	10	10
Committed for:			
Golf course	-	43,785	43,785
Multi-Purpose Events Center	-	152,608	152,608
Local projects	-	2,473,740	2,473,740
Assigned for:			
Subsequent year's expenditures	1,059,850	-	1,059,850
Unassigned	13,138,307	(1,224,316)	11,913,991
Total fund balances	14,329,468	7,063,219	21,392,687
Total liabilities, deferred inflows of resources and fund balances	\$ 23,089,491	\$ 11,423,852	\$ 34,513,343

See accompanying notes to the basic financial statements.

CITY OF WICHITA FALLS, TEXAS
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
SEPTEMBER 30, 2017

Total fund balances - governmental funds (Exhibit A-3) \$ 21,392,687

Amounts reported for *governmental activities* in the Statement of Net Position (Exhibit A-1) are different because:

Capital assets used in governmental activities are not financial resources and therefore not reported in the funds. Capital assets at year-end consist of:

Gross capital assets	\$ 316,896,093	
Related accumulated depreciation	<u>144,170,157</u>	172,725,936

Property taxes receivable and municipal court fines are not available to pay for current period expenditures and therefore are reported as deferred inflows of resources in the funds. 1,336,582

Long-term liabilities are not due and payable in the current period and therefore not reported as liabilities in the funds. Long-term liabilities at year-end consist of:

Bonds payable	43,568,073	
Capital lease payable	2,466,589	
Accrued vacation and sick leave	8,715,174	
Claims and judgments payable	12,376	
Accrued interest	<u>269,207</u>	(55,031,419)

In the governmental funds financial statements, refunding losses are expensed when incurred, whereas in the government-wide financial statements the losses are capitalized and amortized. 326,523

The City's net pension liability and related deferred outflows and inflows related to its participation in the Texas Municipal Retirement System and the Wichita Falls Firemen's Relief and Retirement Fund do meet criteria to be reported in the governmental funds financial statements. These items consist of:

Net pension liabilities	84,622,625	
Deferred outflows - pension related items	(37,110,289)	
Deferred inflows - pension related items	<u>4,122,881</u>	(51,635,217)

Internal service funds are used by management to charge the costs of duplicating services, information technology and health insurance claims to the individual funds. The assets and liabilities of these internal service funds are included with the governmental activities. 9,574,698

Internal service funds are used by management to charge the costs of central garage services to the individual funds. The assets and liabilities of this fund are included with the business-type activities. This amount represents the governmental activity portion of the central garage activity. (10,881,993)

Total net position - governmental activities (Exhibit A-1) \$ 87,807,797

See accompanying notes to the basic financial statements.

CITY OF WICHITA FALLS, TEXAS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2017

	General	Nonmajor Governmental	Total Governmental Funds
Revenues			
Taxes	\$ 62,294,827	\$ 2,591,310	\$ 64,886,137
Charges for services	2,839,067	501,683	3,340,750
Licenses and permits	1,905,507	-	1,905,507
Fines and forfeitures	2,546,559	248,656	2,795,215
Intergovernmental revenue	4,995	10,828,926	10,833,921
Contributions	574,632	4,558,878	5,133,510
Miscellaneous revenue	1,467,231	2,772,724	4,239,955
Total revenues	<u>71,632,818</u>	<u>21,502,177</u>	<u>93,134,995</u>
Expenditures			
Administrative services	13,577,525	1,292,681	14,870,206
Police	23,796,876	86,233	23,883,109
Fire	15,704,250	831,794	16,536,044
Parks and recreation	5,173,327	104,217	5,277,544
Accounting/finance	719,865	-	719,865
Community development	2,001,370	4,929,931	6,931,301
Public works	5,003,776	728,551	5,732,327
Health	3,101,416	2,548,497	5,649,913
Traffic and transportation	1,828,435	289,531	2,117,966
Multi-Purpose Events Center	-	3,231,913	3,231,913
Capital outlay	2,698,685	3,507,808	6,206,493
Debt service - principal	-	3,525,000	3,525,000
Debt service - interest and paying agent fees	-	1,591,022	1,591,022
Total expenditures	<u>73,605,525</u>	<u>22,667,178</u>	<u>96,272,703</u>
Excess of revenues over (under) expenditures	<u>(1,972,707)</u>	<u>(1,165,001)</u>	<u>(3,137,708)</u>
Other Financing Sources (Uses)			
Transfers in	3,245,079	5,720,691	8,965,770
Transfers out	<u>(1,140,277)</u>	<u>(5,227,397)</u>	<u>(6,367,674)</u>
Total other financing sources (uses)	<u>2,104,802</u>	<u>493,294</u>	<u>2,598,096</u>
Net change in fund balance	132,095	(671,707)	(539,612)
Fund balances - beginning	14,197,373	7,734,926	21,932,299
Fund balances - ending	<u>\$ 14,329,468</u>	<u>\$ 7,063,219</u>	<u>\$ 21,392,687</u>

See accompanying notes to the basic financial statements.

CITY OF WICHITA FALLS, TEXAS
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF THE GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2017

Net change in fund balances - total governmental funds (Exhibit A-5)	\$	(539,612)
Amounts reported for <i>governmental activities</i> in the Statement of Activities (Exhibit A-2) are different because:		
Capital outlays are reported in governmental funds as expenditures. However, in the Statement of Activities, the cost of those assets are allocated over their estimated useful lives as depreciation expense. The net difference between the two is as follows:		
Capital outlay during the year	\$ 7,526,973	
Depreciation expense for the year	<u>6,539,999</u>	986,974
Proceeds from the sale of capital assets are recorded as revenues when received in the governmental funds. In the Statement of Activities, the difference between the proceeds and the book value of the capital asset is reported as a gain (loss) from sale.		(66,379)
Because property tax receivables and municipal court receivables will not be collected for several months after the City's fiscal year ends, they are not considered 'available' revenues and are deferred in the governmental funds. Deferred inflows increased by this amount this year.		241,339
Repayment of long-term debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position. Bond and capital lease principal payments in 2016-17 were:		4,090,311
Included in long-term debt are obligations for accrued vacation and sick leave, and claims and judgments payable. The changes in these obligations are not included in the governmental fund financial statements, but are included in the government-wide financial statements. The changes in these long-term obligations were:		
Accrued vacation and sick leave	(93,905)	
Claims and judgments payable	<u>12,376</u>	(81,529)
Interest on long-term debt in the Statement of Activities differs from the amount reported in the governmental funds because interest is recognized as an expenditure in the funds when it is due, and thus requires the use of current financial resources. In the Statement of Activities, however, interest expense is recognized as the interest accrues, regardless of when it is due. The decrease in accrued interest is as follows:		
Accrued interest at September 30, 2016	283,187	
Accrued interest at September 30, 2017	<u>269,207</u>	13,980
Amortization of deferred losses on refundings is only reported in the government-wide financial statements. Current year amortization was:		(41,244)
The City participates in two defined benefit pension plans. Contributions to the plan are expenditures at the fund level when payments are due. At the government-wide level, pension expenses are recognized on an actuarial basis. Payments were less than the actuarial expense in the current year.		(5,183,127)
Internal service funds are used by management to charge the costs of duplicating services, information technology and health insurance claims to the individual funds. The net revenues of these internal service funds are included with the governmental activities.		781,396
Internal service funds are used by management to charge the costs of central garage services to the individual funds. The net revenue of this fund is included with the business-type activities. This amount represents the governmental activity portion of the central garage activity.		<u>(790,425)</u>
Change in net position of governmental activities (Exhibit A-2)	\$	<u>(588,316)</u>

See accompanying notes to the basic financial statements.

CITY OF WICHITA FALLS, TEXAS
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
SEPTEMBER 30, 2017

	Enterprise Funds					Internal Service Funds
	Water and Sewer	Sanitation	Regional Airport	Nonmajor Enterprise Funds	Total	
Assets						
Current assets:						
Cash and cash equivalents	\$ 13,168,020	\$ 5,724,254	\$ -	\$ 5,884,029	\$ 24,776,303	\$ 2,493,861
Restricted cash and cash equivalents	24,860,935	-	446,967	-	25,307,902	5,107,658
Receivables (net):						
Customer and trade	5,411,710	1,508,489	-	406,892	7,327,091	-
Government agencies	71,859	-	-	432,640	504,499	-
Other	28,620	19,445	13,726	33,033	94,824	30,246
Inventory	1,019,562	-	-	42,912	1,062,474	699,635
Prepaid items	37,691	174	31,379	5,908	75,152	2,683,330
Total current assets	<u>44,598,397</u>	<u>7,252,362</u>	<u>492,072</u>	<u>6,805,414</u>	<u>59,148,245</u>	<u>11,014,730</u>
Long-term assets:						
Capital assets, net of accumulated depreciation	<u>269,063,204</u>	<u>8,701,345</u>	<u>49,638,557</u>	<u>41,866,017</u>	<u>369,269,123</u>	<u>22,244,733</u>
Total long-term assets	<u>269,063,204</u>	<u>8,701,345</u>	<u>49,638,557</u>	<u>41,866,017</u>	<u>369,269,123</u>	<u>22,244,733</u>
Total assets	<u>313,661,601</u>	<u>15,953,707</u>	<u>50,130,629</u>	<u>48,671,431</u>	<u>428,417,368</u>	<u>33,259,463</u>
Deferred Outflows of Resources						
Pension-related	2,630,573	1,112,050	30,227	426,505	4,199,355	929,769
Deferred losses on bond refundings	<u>3,466,845</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,466,845</u>	<u>-</u>
Total deferred outflows of resources	<u>6,097,418</u>	<u>1,112,050</u>	<u>30,227</u>	<u>426,505</u>	<u>7,666,200</u>	<u>929,769</u>

See accompanying notes to the basic financial statements.

CITY OF WICHITA FALLS, TEXAS
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
SEPTEMBER 30, 2017

	Enterprise Funds					Internal Service Funds
	Water and Sewer	Sanitation	Regional Airport	Nonmajor Enterprise Funds	Total	
Liabilities						
Current liabilities:						
Accounts payable - trade	2,836,010	78,571	16,151	244,867	3,175,599	419,121
Accrued payroll	316,337	133,179	6,441	63,297	519,254	111,477
Accrued vacation and sick leave	404,827	190,293	10,071	41,006	646,197	168,671
Payable to other City funds	163,055	-	196,114	1,386,771	1,745,940	165,810
Payable to government agencies	-	73,941	1,041	3,595	78,577	-
Estimated health claims payable	-	-	-	-	-	682,770
Other liabilities	2,642,883	7,987	25,000	176,900	2,852,770	1,295
Payable to U.S. Government - current maturity	40,232	-	-	-	40,232	-
Capital leases - current maturities	489,304	-	-	-	489,304	249,198
Revenue bonds - current maturities	10,076,123	-	-	-	10,076,123	-
Accrued interest - revenue bonds	775,678	-	-	-	775,678	-
Total current liabilities	17,744,449	483,971	254,818	1,916,436	20,399,674	1,798,342
Long-term liabilities:						
Payable to U.S. Government, less current maturities	320,718	-	-	-	320,718	-
Capital leases, less current maturities	15,970,600	-	-	-	15,970,600	2,433,512
Revenue bonds, less current maturities	119,320,943	-	-	-	119,320,943	-
Estimated liability for landfill closure and post-closure care costs	-	4,726,193	-	-	4,726,193	-
Customer deposits	3,102,801	-	-	-	3,102,801	-
Net pension liability	7,458,800	3,153,138	85,706	1,209,326	11,906,970	2,636,293
Total long-term liabilities	146,173,862	7,879,331	85,706	1,209,326	155,348,225	5,069,805
Total liabilities	163,918,311	8,363,302	340,524	3,125,762	175,747,899	6,868,147
Deferred Inflows of Resources						
Pension-related	96,959	40,989	1,114	15,720	154,782	34,269
Net Position						
Net investment in capital assets	135,761,953	8,701,345	49,638,557	41,866,017	235,967,872	22,244,733
Restricted for debt service	11,046,973	-	-	-	11,046,973	-
Unrestricted	8,934,823	(39,879)	180,661	4,090,437	13,166,042	5,042,083
Total net position	\$ 155,743,749	\$ 8,661,466	\$ 49,819,218	\$ 45,956,454	260,180,887	\$ 27,286,816
Adjustment to reflect the consolidation of internal service funds activities related to enterprise funds					28,593,961	
Net position of business type activities					\$ 288,774,848	

See accompanying notes to the basic financial statements.

CITY OF WICHITA FALLS, TEXAS
STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2017

	Enterprise Funds					Internal Service Funds
	Water and Sewer	Sanitation	Regional Airport	Nonmajor Enterprise Funds	Total	
Operating revenues:						
Charges for services	\$ 43,421,124	\$ 13,338,193	\$ -	\$ 5,013,617	\$ 61,772,934	\$ 13,090,487
Rents, concessions and other	106,856	55,993	1,120,916	1,362,461	2,646,226	670,185
Contributions	-	-	-	-	-	13,813,107
Total operating revenues	<u>43,527,980</u>	<u>13,394,186</u>	<u>1,120,916</u>	<u>6,376,078</u>	<u>64,419,160</u>	<u>27,573,779</u>
Operating expenses:						
Personnel services	10,244,065	4,393,121	194,415	2,258,364	17,089,965	3,506,874
Supplies and materials	2,041,559	307,013	4,509	1,010,792	3,363,873	2,890,619
Maintenance and repairs	1,622,099	102,218	41,985	568,866	2,335,168	3,137,240
Utilities and other services	4,953,014	4,287,693	196,249	875,761	10,312,717	306,862
Insurance and contract support	1,018,419	98,091	29,330	115,381	1,261,221	12,238,158
Other expenses	1,764,764	486,953	208,001	177,577	2,637,295	2,198,207
Depreciation and amortization	8,506,927	285,654	1,290,533	1,069,080	11,152,194	4,450,210
Total operating expenses	<u>30,150,847</u>	<u>9,960,743</u>	<u>1,965,022</u>	<u>6,075,821</u>	<u>48,152,433</u>	<u>28,728,170</u>
Operating income (loss)	<u>13,377,133</u>	<u>3,433,443</u>	<u>(844,106)</u>	<u>300,257</u>	<u>16,266,727</u>	<u>(1,154,391)</u>
Nonoperating revenues (expenses):						
Interest income	291,615	57,175	4,363	62,684	415,837	577,228
Gain/(loss) on sale/abandonment of capital assets	(124,974)	-	-	-	(124,974)	142,119
Interest expense and paying agent fees	(3,966,161)	-	-	-	(3,966,161)	(3,912)
Intergovernmental operating grants	-	-	-	1,701,652	1,701,652	-
Total nonoperating revenues (expenses)	<u>(3,799,520)</u>	<u>57,175</u>	<u>4,363</u>	<u>1,764,336</u>	<u>(1,973,646)</u>	<u>715,435</u>
Income (loss) before contributions and transfers	9,577,613	3,490,618	(839,743)	2,064,593	14,293,081	(438,956)
Capital contributions	396,830	-	-	-	396,830	-
Transfers in	688,851	-	2,141,977	159,798	2,990,626	2,057,792
Transfers out	<u>(1,879,250)</u>	<u>(3,359,564)</u>	<u>(672,329)</u>	<u>(2,538,767)</u>	<u>(8,449,910)</u>	<u>(514,058)</u>
Change in net position	8,784,044	131,054	629,905	(314,376)	9,230,627	1,104,778
Net position - beginning	146,959,701	8,530,412	49,189,315	46,270,830		26,182,038
Net position - ending	<u>\$ 155,743,745</u>	<u>\$ 8,661,466</u>	<u>\$ 49,819,220</u>	<u>\$ 45,956,454</u>		<u>\$ 27,286,816</u>
Adjustment to reflect the consolidation of internal service funds activities related to enterprise funds					<u>1,113,811</u>	
Change in net position of business type activities					<u>\$ 10,344,438</u>	

See accompanying notes to the basic financial statements.

CITY OF WICHITA FALLS, TEXAS
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2017

	Enterprise Funds					Internal Service Funds
	Water and Sewer	Sanitation	Regional Airport	Nonmajor Enterprise Funds	Total	
Cash flows from operating activities:						
Received from customers and users	\$ 44,161,919	\$ 13,535,304	\$ 1,134,735	\$ 6,413,492	\$ 65,245,450	\$ 4,907,240
Received from interfund charges	-	-	-	-	-	22,267,108
Other operating receipts	-	-	-	-	-	775,632
Payments to suppliers	(11,137,353)	(2,248,531)	(349,718)	(2,172,319)	(15,907,921)	(20,819,591)
Payments for interfund charges	(3,653,669)	(4,588,576)	(171,250)	(1,049,867)	(9,463,362)	(623,137)
Payments to employees	(7,033,880)	(2,973,471)	(156,105)	(1,744,433)	(11,907,889)	(2,450,423)
Net cash provided (used) by operating activities	<u>22,337,017</u>	<u>3,724,726</u>	<u>457,662</u>	<u>1,446,873</u>	<u>27,966,278</u>	<u>4,056,829</u>
Cash flows from noncapital financing activities:						
Intergovernmental operating grants	-	-	-	1,700,166	1,700,166	-
Interfund loans received (repaid)	9,300	-	(253,536)	(88,436)	(332,672)	(563,132)
Transfers in from other funds	688,851	-	2,141,977	159,798	2,990,626	2,057,792
Transfers out to other funds	(1,879,250)	(3,359,564)	(672,329)	(2,538,767)	(8,449,910)	(514,058)
Net cash provided (used) by noncapital financing activities	<u>(1,181,099)</u>	<u>(3,359,564)</u>	<u>1,216,112</u>	<u>(767,239)</u>	<u>(4,091,790)</u>	<u>980,602</u>
Cash flows from capital and related financing activities:						
Capital contributions	-	-	-	88,907	88,907	-
Acquisition and construction of capital assets	(23,857,489)	(252,513)	(1,925,379)	(1,028,531)	(27,063,912)	(3,992,365)
Proceeds from sale of capital assets	-	-	-	-	-	177,406
Principal paid on long-term debt	(7,872,385)	-	-	-	(7,872,385)	(249,198)
Interest and fees paid on long-term debt	(5,934,589)	-	-	-	(5,934,589)	(3,912)
Net cash provided (used) for capital and related financing activities	<u>(37,664,463)</u>	<u>(252,513)</u>	<u>(1,925,379)</u>	<u>(939,624)</u>	<u>(40,781,979)</u>	<u>(4,068,069)</u>
Cash flows from investing activities:						
Interest on investments	291,615	57,175	4,363	62,684	415,837	577,228
Net cash provided (used) by investing activities	<u>291,615</u>	<u>57,175</u>	<u>4,363</u>	<u>62,684</u>	<u>415,837</u>	<u>577,228</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(16,216,930)	169,824	(247,242)	(197,306)	(16,491,654)	1,546,590
Cash and Cash Equivalents - Beginning	54,245,885	5,554,430	694,209	6,081,335	66,575,859	6,054,929
Cash and Cash Equivalents - Ending	<u>\$ 38,028,955</u>	<u>\$ 5,724,254</u>	<u>\$ 446,967</u>	<u>\$ 5,884,029</u>	<u>\$ 50,084,205</u>	<u>\$ 7,601,519</u>
Reconciliation of cash and cash equivalents on the balance sheet to the statement of cash flows:						
Cash and cash equivalents	\$ 13,168,020	\$ 5,724,254	\$ -	\$ 5,884,029	\$ 24,776,303	\$ 2,493,861
Restricted assets - cash and cash equivalents	24,860,935	-	446,967	-	25,307,902	5,107,658
Total cash and cash equivalents at end of year	<u>\$ 38,028,955</u>	<u>\$ 5,724,254</u>	<u>\$ 446,967</u>	<u>\$ 5,884,029</u>	<u>\$ 50,084,205</u>	<u>\$ 7,601,519</u>

See accompanying notes to the basic financial statements.

CITY OF WICHITA FALLS, TEXAS
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2017

	Enterprise Funds					Internal Service Funds
	Water and Sewer	Sanitation	Regional Airport	Nonmajor Enterprise Funds	Total	
Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities:						
Operating income (loss)	\$ 13,377,133	\$ 3,433,443	\$ (844,106)	\$ 300,257	\$ 16,266,727	\$ (1,154,391)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:						
Depreciation and amortization	8,506,927	285,654	1,290,533	1,069,080	11,152,194	4,450,210
Customer deposits received	86,190	-	-	-	86,190	-
(Increase) decrease in assets and deferred outflows:						
Receivables:						
Customer and trade	521,970	70,268	-	25,645	617,883	-
Other	25,779	70,850	13,819	11,769	122,217	378,171
Inventory	15,810	-	-	50,026	65,836	(22,403)
Prepaid items	(37,344)	(58)	2,359	(3,937)	(38,980)	109
Deferred outflows - pension-related	50,613	13,302	(217)	42,263	105,961	23,479
Increase (decrease) in liabilities and deferred inflows:						
Accounts payable - trade	(305,040)	(466,161)	(8,259)	175,858	(603,602)	196,618
Accrued payroll	(13,996)	(8,864)	(1,790)	1,356	(23,294)	2,762
Accrued vacation and sick leave	(1,434)	9,685	570	4,458	13,279	1,215
Estimated health claims payable	-	-	-	-	-	102,770
Payable to government agencies	-	(6,098)	(180)	937	(5,341)	-
Other liabilities	(159,636)	7,987	(340)	(182,326)	(334,315)	(1,970)
Estimated liability for landfill closure	-	178,562	-	-	178,562	-
Net pension liability	339,610	165,061	6,023	(35,125)	475,569	105,194
Deferred inflows - pension-related	(69,565)	(28,905)	(750)	(13,388)	(112,608)	(24,935)
Total adjustments	<u>8,959,884</u>	<u>291,283</u>	<u>1,301,768</u>	<u>1,146,616</u>	<u>11,699,551</u>	<u>5,211,220</u>
Net cash provided (used) by operating activities	<u>\$ 22,337,017</u>	<u>\$ 3,724,726</u>	<u>\$ 457,662</u>	<u>\$ 1,446,873</u>	<u>\$ 27,966,278</u>	<u>\$ 4,056,829</u>
Noncash capital and financing activities:						
Capital assets received from developers	<u>\$ 396,830</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 396,830</u>	<u>\$ -</u>

See accompanying notes to the basic financial statements.

CITY OF WICHITA FALLS, TEXAS
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
SEPTEMBER 30, 2017

	<u>Agency Fund</u>
Assets	
Cash and cash equivalents	<u>\$ 127,799</u>
Liabilities	
Other liabilities	<u>\$ 127,799</u>

See accompanying notes to the basic financial statements.

CITY OF WICHITA FALLS, TEXAS

NOTES TO THE FINANCIAL STATEMENTS SEPTEMBER 30, 2017

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting and reporting policies of the **City of Wichita Falls, Texas** (City) conform to accounting principles generally accepted in the United States of America (GAAP) applicable to state and local governments. GAAP for local governments includes those principles prescribed by the Governmental Accounting Standards Board (GASB), which includes all statements and interpretations of the National Council on Governmental Accounting (NCGA) unless modified by the GASB, and those principles prescribed by the American Institute of Certified Public Accountants in the publication entitled Audits of State and Local Governmental Units. The following is a summary of the more significant policies and practices used by the City.

A. Reporting Entity

The City is a municipal corporation governed by an elected Mayor and six-member City Council. As required by Governmental Accounting Standards Board (GASB) Statement No. 61, these financial statements present the City and its component units, entities for which the City is considered to be financially accountable. Blended component units, although legally separate entities, are in substance, part of the City's operations and data from these units are combined with data presented by the City. A discretely presented component unit, on the other hand, is reported in a separate column in the basic financial statements to emphasize it is legally separate from the City. Each blended and discretely presented component unit has a September 30th year end.

Blended Component Unit

Employee Benefit Trust Fund. On October 1, 1983, an "Agreement and Declaration of Trust" was made and entered into between the City and the Employee Benefit Trust Committee, acting as Trustee to administer the Employee Benefit Trust (Trust). The Trust Committee consists of four Trustees selected by the City, who may, but need not be, beneficiaries of the health and welfare program funded by the Trust, and/or officers or employees of the City. The purpose of the Trust is to provide health and welfare benefits, which may include life, accidental death and dismemberment, disability, medical and dental insurance, and any other benefits as determined by the Trustee Committee. The Trust is funded through contributions by the City and employees who choose to participate. It may be terminated in writing, at any time, by either party. The Employee Benefit Trust Fund is presented in the accompanying financial statements as an internal service fund.

Discretely Presented Component Units

The Wichita Falls Economic Development Corporation. The Wichita Falls Economic Development Corporation is a non-profit corporation formed in May 1997 for the purpose of increasing employment opportunities, primarily through assisting qualifying enterprises with funds provided by a portion of the local sales tax. Assistance may be in the form of incentive grants, loans or leases which call for discounted rates or rebates for job development. The Corporation operates under the authority of Vernon's Civil Statutes, Article 5190.6, Section 4A. Since the City Council appoints its Board of Directors, approves its budgets, and exercises final authority over its operations, the Wichita Falls Economic Development Corporation is considered to be part of the City's reporting entity and presented in the accompanying basic financial statements as a discretely presented component unit. The Wichita Falls Economic Development Corporation utilizes full accrual accounting.

CITY OF WICHITA FALLS, TEXAS

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.) SEPTEMBER 30, 2017

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

The Wichita Falls 4B Sales Tax Corporation. The Wichita Falls 4B Sales Tax Corporation is a non-profit corporation formed in May 1997 for the purpose of increasing employment opportunities and for public improvement projects such as parks, auditoriums, learning centers, open space improvements, athletic and exhibition facilities, and the related maintenance and operating costs of such projects. The Corporation operates under the authority of Vernon's Civil Statutes, Article 5190.6, Section 4B. Since the City Council appoints its Board of Directors, approves its budgets, and exercises final authority over its operations, the Wichita Falls 4B Sales Tax Corporation is considered to be part of the City's reporting entity and presented in the accompanying basic financial statements as a discretely presented component unit. The Wichita Falls 4B Sales Tax Corporation utilizes full accrual accounting.

Wichita Falls Reinvestment Zone #2. On August 16, 2005, the City of Wichita Falls, Texas, with the advice and consent of the Wichita Falls Independent School District and Wichita County, approved the creation of the Wichita Falls Reinvestment Zone #2 (Zone). This Zone is permitted by Article 1066e of the State of Texas Tax Increment Financing Act passed in 1981. The area of the Zone is approximately 236 acres and includes the Lawrence Road area of the City. The purpose of the Zone is to capture increments of growth in real property values in the Zone from base values established on January 1, 2004, and use the ad valorem taxes derived from these increments to contribute to the zoned area. Tax funds derived from the increment can only be spent for public improvements in the Zone or for the payment of debt service on bonds issued to provide funds for public improvements. The Zone terminates on December 31, 2025, or when all debt has been paid if later. After all costs have been paid at the end of the tax increment financing period, any money remaining is to be remitted to the taxing entities. Since the City Council appoints a majority of its Board, approves its budget, and exercises final authority over its operations, the Wichita Falls Reinvestment Zone #2 is considered to be part of the City's reporting entity and presented in the accompanying basic financial statements as a discretely presented component unit. The Zone utilizes full accrual accounting.

Wichita Falls Reinvestment Zone #3. On September 1, 2009, the City of Wichita Falls, Texas, with the advice and consent of the Wichita Falls Independent School District and Wichita County, approved the creation of the Wichita Falls Reinvestment Zone #3 (Zone). This Zone is permitted by Article 1066e of the State of Texas Tax Increment Financing Act passed in 1981. The area of the Zone is approximately 630 acres and includes a significant portion of the Eastside Neighborhood. The purpose of the Zone is to capture increments of growth in real property values in the Zone from base values established on January 1, 2009, and use the ad valorem taxes derived from these increments to contribute to the zoned area. Tax funds derived from the increment can only be spent for public improvements in the Zone or for the payment of debt service on bonds issued to provide funds for public improvements. The Zone terminates on December 31, 2029. After all costs have been paid at the end of the tax increment financing period, any money remaining is to be remitted to the taxing entities. Since the City Council appoints a majority of its Board, approves its budget, and exercises final authority over its operations, the Wichita Falls Reinvestment Zone #3 is considered to be part of the City's reporting entity and presented in the accompanying basic financial statements as a discretely presented component unit. The Zone utilizes full accrual accounting.

CITY OF WICHITA FALLS, TEXAS

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.) SEPTEMBER 30, 2017

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

Wichita Falls Reinvestment Zone #4. On March 17, 2015, the City of Wichita Falls, Texas, with the advice and consent of the Wichita Falls Independent School District and Wichita County, approved the creation of the Wichita Falls Reinvestment Zone #4 (Zone). This Zone is permitted by Article 1066e of the State of Texas Tax Increment Financing Act passed in 1981. The area of the Zone is approximately 246 acres and includes a significant portion of the downtown area. The purpose of the Zone is to capture increments of growth in real property values in the Zone from base values established on January 1, 2015, and use the ad valorem taxes derived from these increments to contribute to the zoned area. Tax funds derived from the increment can only be spent for public improvements in the Zone or for the payment of debt service on bonds issued to provide funds for public improvements. The Zone terminates on December 31, 2035. After all costs have been paid at the end of the tax increment financing period, any money remaining is to be remitted to the taxing entities. Since the City Council appoints a majority of its Board, approves its budget, and exercises final authority over its operations, the Wichita Falls Reinvestment Zone #4 is considered to be part of the City's reporting entity and presented in the accompanying basic financial statements as a discretely presented component unit. The Zone utilizes full accrual accounting.

No separate audited financial statements are available for the City's blended and discretely presented component units. Complete financial statements for the individual component units may be obtained from the City's Deputy City Manager at 1300 7th Street, Wichita Falls, Texas.

Excluded From the Reporting Entity

Wichita Falls Firemen's Relief and Retirement Fund. The Wichita Falls Firemen's Relief and Retirement Fund was established and is controlled through various State of Texas legislative enactments. This Fund is administered locally by a seven-member board, independent of the City Council. City management and the City Council do not influence or control the administrative and financial affairs of the Fund, and the assets of the Fund are not the property of the City. The seven-member Board of Trustees, composed of the Mayor, the Director of Finance from the City's Finance Department, three firefighters elected by a majority vote of the firefighters and two citizens, who are not employees or officers of the City and are chosen by the unanimous vote of the first five Trustees, are subject to the administrative supervision of and report to the State Firemen's Pension Board. The activities of the Firemen's Relief and Retirement Fund, in the City's judgment, are not a part of the City and thus are excluded from the accompanying financial statements.

B. Basis of Presentation

Government-wide financial statements

The basic financial statements include both government-wide (based on the City as a whole) 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 non-fiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. However, interfund services provided and used are not eliminated in the process of consolidation. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

CITY OF WICHITA FALLS, TEXAS

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.) SEPTEMBER 30, 2017

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

The government-wide statement of activities demonstrates the degree to which the direct expenses of a functional category (police, public works, etc.) or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function or segment, 2) grants and contributions that are restricted to meeting operational requirements of a particular function or segment, and 3) grants and contributions that are restricted to meeting the capital requirements of a particular function or segment. Taxes and other items not included among program revenues are reported instead as general revenues.

Fund financial statements

Separate fund-based financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major enterprise funds are reported as separate columns in the fund financial statements. GASB Statement No. 34 sets forth minimum criteria (percentage of assets (combined with deferred outflows of resources), liabilities (combined with deferred inflows of resources), revenues or expenditures/expenses of either fund category for governmental and enterprise) for the determination of major funds. The major governmental fund is the General Fund. The major enterprise funds are the Water and Sewer Fund, the Sanitation Fund and the Regional Airport Fund. Non-major funds are combined in a column in the fund financial statements. Non-major funds are detailed in the combining section of the statements.

Internal service funds, which traditionally provide services primarily to other funds of the government, are presented in the summary form as part of the proprietary fund financial statements. Because the principal users of internal services are the City's governmental and business-type activities, financial statements of internal service funds are allocated (based on the percentage of goods or services provided) between the governmental and business-type activities when presented at the government-wide level.

The government-wide focus is more on the sustainability of the City as an entity and the change in aggregate financial position resulting from the activities of the fiscal period. The focus of the fund financial statements is on the major individual funds of the governmental and business-type categories. Each presentation provides valuable information that can be analyzed and compared to enhance the usefulness of the information.

C. Measurement focus, basis of accounting and financial statement presentation

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

CITY OF WICHITA FALLS, TEXAS

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.) SEPTEMBER 30, 2017

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

Government fund-level 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 they are 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.

Property tax, franchise fees, and sales tax associated with the current fiscal period are all susceptible to accrual and have been recognized as revenues of the current fiscal period. All of the revenue items are considered to be measurable and available only when cash is received.

The City reports the following major governmental funds:

The General Fund is the City's primary operating fund. All general tax revenues and other receipts that are not allocated by law or contractual agreement to some other fund are accounted for in this fund. From the fund are paid general operating costs, fixed charges, and capital improvement costs that are not paid through other funds.

Other governmental funds are a summarization of all the non-major governmental funds.

The City reports the following major proprietary funds:

The Water and Sewer Fund accounts for the water and sewer utility services provided to residents of the City. Activities necessary to provide such services are accounted for in the fund, including, but not limited to, administration, operations, maintenance, finance and related debt service.

The Sanitation Fund accounts for refuse collection services to the residents of the City as well as the operations of the City's landfill. Activities necessary to provide such services are accounted for in the fund, including, but not limited to, administration, operations and maintenance.

The Regional Airport Fund accounts for the operations of the Wichita Falls Regional Airport. Operational activities, including administration, operations and maintenance, of the airport are accounted for in this fund.

Other enterprise funds are a summarization of all of the non-major proprietary funds.

The City additionally reports the following fund types:

Internal service funds are used to account for the financing of materials and services provided by one department of the City to other departments of the City on a cost-reimbursement basis. The City uses internal service funds to report the activities of fleet maintenance, duplicating services, employee health and life insurance, and information technology.

CITY OF WICHITA FALLS, TEXAS

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.) SEPTEMBER 30, 2017

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

An agency fund is used to account for any unclaimed vendor or payroll checks that will be escheated to the State if they remain unclaimed. These funds are held on a purely custodial basis.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the City's water and sewer, sanitation, transit, and airport funds are charges to customers for services. Operating expenses for the enterprise funds and internal service funds include the cost of sales and services, administrative expenses and depreciation on capital assets. All revenues not meeting this definition are reported as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, then unrestricted resources as they are needed.

Capital improvement assessments are recorded as revenues in the fiscal period when the assessment becomes both measurable and available to finance expenditures of the fiscal period. Assessment revenues are considered measurable and available when collected by the City and recognized as revenue at that time. Payments for capital improvement assessments received in advance of the levy are reflected as deferred revenue.

D. Nonexchange Transactions

In a nonexchange transaction, a government gives (or receives) value without directly receiving (or giving) equal value in return. The statement defines when the City should recognize revenue or expense for nonexchange transactions involving financial or capital resources and how to account for timing and purpose restrictions. The timing of recognition depends on whether a nonexchange transaction is (a) a derived tax revenue (b) an imposed nonexchange revenue transaction or (c) a government-mandated or voluntary nonexchange transaction. Under this standard, revenue transactions with purpose restrictions are recorded as restricted resources until the purpose restrictions are met.

Nonexchange transactions include the following classifications:

- Derived tax revenues result from assessments imposed by governments on exchange transactions.
- Imposed nonexchange revenues result from assessments by governments on nongovernmental entities, other than assessments on exchange transactions.
- Government-mandated nonexchange transactions occur when a government at one level provides resources to a government at another level and require that government to use them for a specific purpose or purposes established in the provider's enabling legislation.
- Voluntary nonexchange transactions result from legislative or contractual agreements, other than exchanges, entered into willingly by two or more parties. Examples of the City's voluntary nonexchange transactions include capital grants, state shared revenue and private donations.

CITY OF WICHITA FALLS, TEXAS

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.) SEPTEMBER 30, 2017

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

Providers of government-mandated nonexchange transactions and voluntary nonexchange transactions should recognize liabilities and expenses/expenditures and recipients should recognize receivables (or decrease in liabilities) and revenue when all applicable eligibility requirements, including time requirements are met.

All nonexchange transactions occurring in governmental fund types are also subject to the modified accrual revenue recognition criteria. Accordingly, assets and revenue should not be recognized unless measurable and available.

E. Assets, liabilities and net position or fund balances

1. Cash, cash equivalents and investments

The City's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

Investments are carried at fair value. Fair value is determined as the price at which two willing parties would complete an exchange. Interest earned on investments is recorded in the funds in which the investments are recorded.

2. Inventory and Prepaid Items

Inventories of the general and proprietary funds consist of supplies and various materials used for the maintenance of capital assets. The consumption method is used to account for these inventories. Under this method, inventory acquisitions are recorded in inventory accounts initially and charged as expenditures when used. Inventories are stated at average cost.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements via the purchases method.

3. Capital Assets

Capital assets, which include property, plant and equipment, and infrastructure assets (e.g. roads, bridges, sidewalks and similar items), are reported in the applicable governmental or business-like activities columns in the government-wide financial statements. The City defines capital assets as assets with an initial, individual cost of more than \$1,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the time received.

CITY OF WICHITA FALLS, TEXAS

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.) SEPTEMBER 30, 2017

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

Capital assets are depreciated using the straight line method over the following useful lives:

<u>Assets</u>	<u>Years</u>
Buildings, systems and improvements	20-59 years
Infrastructure	8-100 years
Machinery, vehicles and other equipment	3 - 25 years
Furniture and equipment	3 - 10 years

For business-type activities' capital assets, interest is capitalized on construction costs incurred during the year at an average interest rate on borrowed funds (revenue bonds) in accordance with generally accepted accounting principles.

For the fiscal year ended September 30, 2017, the City's business-type activities incurred a total of \$3,966,161 of interest costs. This entire amount was charged to expense as there was no capitalized interest in the current year.

Contributions of funds from federal, state, or local grants restricted for the purpose of purchasing plant and equipment are recorded as revenue when received. The cost of water and sewer lines installed by developers is valued by the contractor and recorded as nonoperating revenue in the Water and Sewer Fund.

4. 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 represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. Certain amounts related to the City's participation in pension plans (See Note 8) are reported in this category, along with deferred losses on bond refunding.

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 represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City has only two types of items that qualify for reporting in this category. Property taxes receivable (\$745,096) and municipal court fines receivable (\$591,486) are unavailable and therefore cannot be recognized as revenue in the governmental funds until they are received. There are also certain items related to the City's participation in pension plans (See Note 8) that are reported in this category.

5. Long-Term Obligations

Long-term debt and other obligations for general government purposes are recorded in the government-wide statement of net position. Long-term debt and other obligations financed by proprietary funds are reported as liabilities in the appropriate funds.

CITY OF WICHITA FALLS, TEXAS

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.) SEPTEMBER 30, 2017

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

For the government-wide financial statements and proprietary fund types, bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the straight-line method in the government-wide financial statements. Bonds payable are reported net of the applicable bond premium or discount. Issuance costs are reported as deferred bond issue costs and amortized over the term of the related debt. In addition, gains or losses on proprietary fund bond refunding are amortized over the term of the lesser of the new bonds or the refunded bonds' life using the effective interest method. In the governmental fund financials, bond proceeds are reported as another financing source. Bond premiums and discounts in governmental funds are also recognized currently as other financing sources or uses. Issuance costs, even if withheld from the actual net proceeds received, are reported as debt service expenditures.

6. Fund Balances – Governmental Funds

Fund balances of the governmental funds are classified as follows:

Nonspendable Fund Balance – represents amounts that cannot be spent because they are either not in spendable form (such as inventory or prepaid insurance) or legally required to remain intact (such as notes receivable or principal of a permanent fund).

Restricted Fund Balance – represents amounts that are constrained by external parties, constitutional provisions or enabling legislation.

Committed Fund Balance – represents amounts that can only be used for a specific purpose by adoption of an ordinance by the City Council. Committed amounts cannot be used for any other purpose unless the governing board removes those constraints through the adoption of another ordinance. Committed fund balance amounts differ from restricted balances in that the constraints on their use do not come from outside parties, constitutional provisions, or enabling legislation, but rather from inside the City.

Assigned Fund Balance – represents amounts which the City intends to use for a specific purpose, but that do not meet the criteria to be classified as restricted or committed. The City Council has by resolution authorized the Deputy City Manager to assign fund balance. Specific amounts that are not restricted or committed in a special revenue, capital projects, debt service or permanent fund are assigned for purposes in accordance with the nature of their fund type or the fund's primary purpose. Assignments within the General Fund convey that the intended use of those amounts is for a specific purpose that is narrower than the general purposes of the City itself. Unlike commitments, assignments only exist temporarily. Therefore additional action does not normally have to be taken for the removal of an assignment.

Unassigned Fund Balance – represents amounts which are unconstrained in that they may be spent for any purpose. Only the General Fund reports a positive unassigned fund balance. Other governmental funds might report a negative balance in this classification because of overspending for specific purposes for which amounts had been restricted, committed or assigned.

CITY OF WICHITA FALLS, TEXAS

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.) SEPTEMBER 30, 2017

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

When an expenditure is incurred for a purpose for which both restricted and unrestricted fund balance is available, the City considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the City considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds.

7. Federal and State Grants

Grants and shared revenues are generally accounted for within the appropriate fund of the City to be financed by such grants or shared revenues. Federal grants include Community Development Block Grant, Section 8 Housing Assistance, Home Investment Partnership Agreement Program, and numerous health-related grants.

Each Federal grant is accounted for in a separate special revenue fund. State grant revenues received for purposes normally financed through the general government are accounted for within the General Fund.

8. Transactions Between Funds

Outstanding balances between funds are reported as "due to/from other City funds." Any residual balances between governmental activities and business-type activities are reported in the government-wide statements as "internal balances." Nonrecurring or non-routine transfers of equity between funds are accounted for as transfers.

9. Vacation and Sick Leave

All full-time employees accumulate vacation benefits based on length of service up to 20 days per year. The maximum allowable accumulation is 35 days. Upon leaving the employment of the City, employees will be paid for unused vacation days which they have accrued.

Sick leave is earned at the rate of 4.62 hours per pay period up to a maximum of ninety days. Additionally, police officers and firefighters may accumulate an unlimited number of sick leave days while employed with the City. Upon termination, police officers and firefighters are compensated for up to 720 hours and 1,080 hours, respectively.

10. Risk Management

The government is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the government carries commercial insurance. For insured programs, there have been no significant reductions in insurance coverage. Settlement amounts have not exceeded insurance coverage for the current year or the three prior years.

CITY OF WICHITA FALLS, TEXAS

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.) SEPTEMBER 30, 2017

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

The City maintains a group health insurance plan for employees and dependents which is partially self-insured by the City. A group life insurance plan is maintained through an insurance company. Contributions to the plans are provided for by both the City and participating employees. These contributions are recognized as revenues in the internal service fund used to account for these plans. The contributions made by the City are recorded as expenditures or expenses of the various funds as appropriate.

Liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. An excess coverage insurance policy covers individual claims in excess of \$500,000. Liabilities include an amount for claims that have been incurred but not reported. Claim liabilities are calculated considering the effects of inflation, recent claim settlement trends including frequency and amount of pay-outs and other economic and social factors.

The City is also self-insured up to \$250,000 for workers' compensation claims. Such claims are processed by a third party administrator. The City's estimated liability for workers' compensation claims payable at September 30, 2017 is based on management's estimate of probable losses in the amount of \$24,298. The payment dates of such claims cannot be precisely determined, but are expected to be paid on a periodic basis over the next few years. Accordingly, the long-term liability has been recorded in the government-wide financial statements. \$11,922 is believed by City management to be currently payable from available resources and is recorded in the General Fund.

The following represents changes in the amount of claims liabilities for the City from October 1, 2015 to September 30, 2017:

	Health Care	Workers' Compensation
Liability balance, October 1, 2015	\$ 930,000	\$ 63,177
Incurred claims/adjustments	11,493,136	578,447
Claim payments	(11,843,136)	(578,447)
Liability balance, September 30, 2016	580,000	63,177
Incurred claims/adjustments	11,458,966	719,069
Claim payments	(11,356,196)	(757,948)
Liability balance, September 30, 2017	<u>\$ 682,770</u>	<u>\$ 24,298</u>

F. Pension Plan

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 the Wichita Falls Firemen's Relief and Retirement Fund (WFFRRF) and additions to/deductions from Fiduciary Net Position have been determined on the same basis as they are reported to TMRS and WFFRRF. For this purpose, plan contributions are recognized in the period that compensation is reported for the employee, which is when contributions are legally due. Benefit payments and refunds are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

CITY OF WICHITA FALLS, TEXAS

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.) SEPTEMBER 30, 2017

Note 2 - COMPLIANCE AND ACCOUNTABILITY

Finance-Related Legal and Contractual Provisions

The City had no violations of finance-related legal and contractual provisions for the year ended September 30, 2017.

Deficit Fund Balances – Individual Funds

The Airport Improvement Grant Fund, a special revenue fund, and the Airport Construction Fund, a capital projects fund, had deficit fund balances of \$953,338 and \$270,978, respectively, as of September 30, 2017. The City plans for these deficits to be alleviated within a year.

Note 3 - DEPOSITS AND INVESTMENTS

Deposits

All of the City's demand and time depository accounts are held in local banking institutions under the terms of written depository contracts. At September 30, 2017, the total amount of the City's demand and time deposits per the general ledger was \$1,738,355, and the total amount per the City's September 30, 2017 bank statements was \$2,744,491. The entire amount of the year-end bank statement balances was covered by federal depository insurance or by collateral held by the City's agent in the City's name.

Investments

The investment policies of the City and its discretely presented component units are governed by The Public Funds Investment Act. Authorized investments include obligations of the U.S. Treasury, agencies and instrumentalities, obligations of the State of Texas and related agencies, obligations of states, agencies, counties, cities and political subdivisions of any state rated A or above by a nationally recognized investment rating firm, repurchase agreements, public funds investment pools, and commercial paper.

The investments of the City and its discretely presented component units at September 30, 2017 are as follows:

<u>Types of Investments</u>	<u>Fair Value/ Carrying Amount</u>	<u>Cost</u>	<u>Average Credit Quality/ Ratings</u>	<u>Weighted Average Months to Maturity</u>
Primary Government:				
TexPool	\$ 11,566,445	\$ 11,566,445	Not rated	1.00
LOGIC	39,216,851	39,216,851	Not rated	1.00
Money market accounts	<u>23,365,399</u>	<u>23,365,399</u>	Not rated	1.00
Total primary government investments	<u>74,148,695</u>	<u>74,148,695</u>		
Component Units:				
TexPool	<u>18,831,728</u>	<u>18,831,728</u>	Not rated	1.00
Total component unit investments	<u>18,831,728</u>	<u>18,831,728</u>		
Total investments	<u>\$92,980,423</u>	<u>\$92,980,423</u>		

CITY OF WICHITA FALLS, TEXAS

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.) SEPTEMBER 30, 2017

Note 3 - DEPOSITS AND INVESTMENTS (CONT'D.)

TexPool is a local government investment pool organized in conformity with the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code, and operates under the Public Funds Investment Act, Chapter 2256 of the Texas Government Code. The State Comptroller of Public Accounts is the sole officer, director, and shareholder of the Texas Treasury Safekeeping Trust Company, which is authorized to operate TexPool. Pursuant to the TexPool Participation Agreement, administrative and investment services to TexPool are provided by Federated Investors, Inc., under an agreement with the Comptroller, acting on behalf of the Trust Company. As required by the Public Funds Investment Act, the Advisory Board is composed equally of participants in TexPool and other persons who do not have a business relationship with TexPool who are qualified to advise TexPool. TexPool is comprised of two investment alternatives: TexPool (which the City is invested in) and TexPool Prime. Both funds seek to maintain a net asset value of \$1.00 per unit and are rated AAAM by Standard and Poor's.

Local Government Investment Cooperative (LOGIC) was organized in conformity with the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code, and the Public Funds Investment Act, Chapter 2256 of the Texas Government Code, and operates as a public funds investment pool under the Public Funds Investment Act. LOGIC is organized and existing as a business trust under the laws of the State of Texas with all Participant funds and all investment assets held and managed in trust by a Board of Trustees for the benefit of the Participants. The Board of Trustees is LOGIC's governing body and is comprised of employees, officers or elected officials of Participant Government Entities or individuals who do not have a business relationship with the Pool and are qualified to advise it. A maximum of two advisory board members represent the Co-Administrators of the Pool. LOGIC seeks to maintain a net asset value of \$1.00 per unit and are rated AAAM by Standard and Poor's.

The City categorizes its fair value measurements with the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. Investments that are measured at fair value using the net asset value per share (or its equivalent) as a practical expedient are not classified in the fair value hierarchy below. In instances where inputs used to measure fair value fall into different levels in the above fair value hierarchy, fair value measurements in their entirety are categorized based on the lowest level input that is significant to the valuation. The City's assessment of the significance of particular inputs to these fair value measurements requires judgement and considers factors specific to each asset or liability.

The City values its certificates of deposit and money market accounts using Level 2 inputs. TexPool and LOGIC are valued at net asset value per unit/share.

GASB Statement No. 40 requires a determination as to whether the City was exposed to the following specific investment risks at year end and if so, the reporting of certain related disclosures:

a. Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The ratings of securities by nationally recognized rating agencies are designed to give an indication of credit risk. At year end, the City was not exposed to credit risk.

CITY OF WICHITA FALLS, TEXAS

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.) SEPTEMBER 30, 2017

Note 3 - DEPOSITS AND INVESTMENTS (CONT'D.)

b. Custodial Credit Risk

Deposits are exposed to custodial credit risk if they are not covered by depository insurance and the deposits are uncollateralized, collateralized with securities held by the pledging financial institution, or collateralized with securities held by the pledging financial institution's trust department or agent but not in the City's name.

Investment securities are exposed to custodial risk if the securities are uninsured, are not registered in the name of the government, and are held by either the counterparty or the counterparty's trust department or agent but not in the City's name.

At year end, the City was not exposed to custodial credit risk.

c. Concentration of Credit Risk

This risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. At year end, the City was not exposed to concentration of credit risk.

d. Interest Rate Risk

This is the risk that changes in interest rates will adversely affect the fair value of an investment. In accordance with its investment policy, the City manages its exposure to interest rate risk by allowing no more than 20% of the City's portfolio to be invested for a period greater than one year.

e. Foreign Currency Risk

This is the risk that exchange rates will adversely affect the fair value of an investment. At year end, the City was not exposed to foreign currency risk.

Note 4 - PROPERTY TAXES

Property taxes attach as an enforceable lien on property as of the prior January 1. Taxes are levied on October 1, and become delinquent after January 31, unless the half-payment option is elected, in which case one-half of the tax is due November 30, and the balance the following June 30.

The City is permitted by its Home Rule Charter to levy taxes up to \$2.25 per \$100 of assessed valuation for general governmental services including the payment of principal and interest on long-term debt. The combined tax rate to finance general governmental services for the year ended September 30, 2017 was \$.70598 per \$100 which means that the City has a tax margin of \$1.54402 per \$100, and could raise up to \$74,875,350 additional tax revenue a year from the present assessed valuation of \$4,849,376,974 before the limit is reached.

CITY OF WICHITA FALLS, TEXAS

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

SEPTEMBER 30, 2017

Note 5 - RECEIVABLES

Receivables at September 30, 2017 consist of the following:

	<u>General</u>	<u>Nonmajor Governmental Funds</u>	<u>Water and Sewer</u>	<u>Sanitation</u>	<u>Regional Airport</u>	<u>Nonmajor Enterprise Funds</u>	<u>Internal Service</u>	<u>Totals Primary Government</u>	<u>Component Units</u>	<u>Totals Reporting Entity</u>
Receivables:										
Taxes and assessments	\$ 1,384,654	\$ 190,840	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,575,494	\$ -	\$ 1,575,494
Customer and trade	-	-	7,982,377	2,339,708	-	568,988	-	10,891,073	-	10,891,073
Other City funds	4,521,599	-	-	-	-	-	-	4,521,599	-	4,521,599
Government agencies	4,201,023	2,916,962	71,859	-	-	432,640	-	7,622,484	1,313,630	8,936,114
Other	<u>1,310,523</u>	<u>159,639</u>	<u>28,620</u>	<u>19,445</u>	<u>13,726</u>	<u>33,033</u>	<u>30,246</u>	<u>1,595,232</u>	<u>-</u>	<u>1,595,232</u>
Gross receivables	11,417,799	3,267,441	8,082,856	2,359,153	13,726	1,034,661	30,246	26,205,882	1,313,630	27,519,512
Less: Allowance for uncollectible accounts	(<u>657,544</u>)	(<u>20,290</u>)	(<u>2,570,667</u>)	(<u>831,219</u>)	-	(<u>162,096</u>)	-	(<u>4,241,816</u>)	-	(<u>4,241,816</u>)
Net total receivables	<u>\$10,760,255</u>	<u>\$ 3,247,151</u>	<u>\$5,512,189</u>	<u>\$1,527,934</u>	<u>\$13,726</u>	<u>\$ 872,565</u>	<u>\$ 30,246</u>	<u>\$21,964,066</u>	<u>\$ 1,313,630</u>	<u>\$23,277,696</u>

There are no net receivables, other than delinquent property taxes, that the City does not expect to collect within a year. The City expects to collect approximately \$350,000 of the \$1,427,686 total delinquent property taxes within a year. This amount is similar to the amounts collected in previous years.

CITY OF WICHITA FALLS, TEXAS

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.) SEPTEMBER 30, 2017

Note 6 - RESTRICTED ASSETS

Restricted assets in the Water and Sewer Fund, Regional Airport Fund, and Internal Service Funds, are held for specific purposes in accordance with bond ordinances or other legal restrictions.

Water and Sewer restricted assets are comprised of the following:

For Debt Service:	
Cash and cash equivalents	\$ 11,046,973
For Capital Improvements:	
Cash and cash equivalents	<u>13,813,962</u>
Total	<u>\$ 24,860,935</u>

Regional Airport restricted assets are comprised of the following:

For Passenger Facility Charges:	
Cash and cash equivalents	\$ 14,947
For Customer Facility Charges:	
Cash and cash equivalents	<u>432,020</u>
Total	<u>\$446,967</u>

Internal Service Fund restricted assets are comprised of the following:

For Employee Insurance:	
Cash and cash equivalents	<u>\$ 5,107,658</u>

CITY OF WICHITA FALLS, TEXAS

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.) SEPTEMBER 30, 2017

Note 7 - CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2017 was as follows:

Governmental activities:	Balance October 1, <u>2016</u>	<u>Increases</u>	<u>Decreases</u>	Balance September 30, <u>2017</u>
Capital assets not being depreciated:				
Land	\$ 12,224,594	\$ 2,219	\$ -	\$ 12,226,813
Construction in progress	<u>7,537,982</u>	<u>2,548,550</u>	<u>5,854,587</u>	<u>4,231,944</u>
Total capital assets not being depreciated	<u>19,762,576</u>	<u>2,550,769</u>	<u>5,854,587</u>	<u>16,458,757</u>
Capital assets being depreciated:				
Land betterments	23,422,644	2,400	-	23,425,044
Buildings, systems and improvements	74,143,480	1,420,143	27,536	75,536,087
Infrastructure	175,088,757	6,029,224	602,810	180,515,171
Machinery and equipment	24,153,016	3,868,194	919,965	27,101,245
Furniture and fixtures	<u>152,949</u>	<u>-</u>	<u>-</u>	<u>152,949</u>
Total capital assets being depreciated	<u>296,960,846</u>	<u>11,319,961</u>	<u>1,550,311</u>	<u>306,730,496</u>
Less accumulated depreciation for:				
Land betterments	6,736,459	496,317	-	7,232,776
Buildings, systems and improvements	24,464,922	1,711,884	22,023	26,154,783
Infrastructure	93,696,313	2,984,324	569,232	96,111,405
Machinery and equipment	15,171,246	1,997,862	887,794	16,281,314
Furniture and fixtures	<u>152,250</u>	<u>465</u>	<u>-</u>	<u>152,715</u>
Total accumulated depreciation	<u>140,221,190</u>	<u>7,190,852</u>	<u>1,479,049</u>	<u>145,932,993</u>
Total capital assets being depreciated, net	<u>156,739,656</u>	<u>4,129,109</u>	<u>71,262</u>	<u>160,797,503</u>
Governmental activities capital assets, net	<u>\$176,502,232</u>	<u>\$6,679,878</u>	<u>\$5,925,849</u>	<u>\$177,256,260</u>

Depreciation expense was charged to functions as follows:

Governmental activities:	
Administrative services	\$ 1,269,897
Police	1,172,043
Fire	204,976
Parks and recreation	238,353
Accounting/finance	47,260
Community development	5,711
Public works	2,640,976
Health	160,805
Traffic and transportation	419,575
Multi-Purpose Events Center	<u>1,031,256</u>
Total governmental depreciation	<u>\$ 7,190,852</u>

CITY OF WICHITA FALLS, TEXAS

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.) SEPTEMBER 30, 2017

Note 7 - CAPITAL ASSETS (CONT'D.)

	Balance October 1, <u>2016</u>	<u>Increases</u>	<u>Decreases</u>	Balance September 30, <u>2017</u>
Business-type activities:				
Capital assets not being depreciated:				
Land	\$ 9,303,195	\$ -	\$ -	\$ 9,303,195
Construction in progress	<u>32,433,830</u>	<u>28,203,644</u>	<u>9,264,077</u>	<u>51,373,397</u>
Total capital assets not being depreciated	<u>41,737,025</u>	<u>28,203,644</u>	<u>9,264,077</u>	<u>60,676,592</u>
Capital assets being depreciated:				
Land betterments	47,794,622	148,878	-	47,943,500
Buildings, systems and improvements	402,933,435	9,887,180	704,581	412,116,034
Machinery and equipment	9,616,100	353,490	286,394	9,683,196
Furniture and fixtures	16,943	-	-	16,943
Motor vehicles	<u>55,426,970</u>	<u>3,380,588</u>	<u>1,987,100</u>	<u>56,820,458</u>
Total capital assets being depreciated	<u>515,788,070</u>	<u>13,770,136</u>	<u>2,978,075</u>	<u>526,580,131</u>
Less accumulated depreciation for:				
Land betterments	16,758,368	1,265,026	-	18,023,394
Buildings, systems and improvements	123,730,065	9,620,052	342,995	133,007,122
Machinery and equipment	7,049,314	518,280	279,074	7,288,520
Furniture and fixtures	5,397	2,566	-	7,963
Motor vehicles	<u>40,357,259</u>	<u>3,545,632</u>	<u>1,956,699</u>	<u>41,946,192</u>
Total accumulated depreciation	<u>187,900,403</u>	<u>14,951,556</u>	<u>2,578,768</u>	<u>200,273,191</u>
Total capital assets being depreciated, net	<u>327,887,667</u>	<u>(1,181,420)</u>	<u>399,307</u>	<u>326,306,940</u>
Business-type activities capital assets, net	<u>\$369,624,692</u>	<u>\$27,022,224</u>	<u>\$9,663,384</u>	<u>\$386,983,532</u>

Depreciation expense was charged to programs as follows:

Business-type activities:	
Regional Airport	\$ 1,294,739
Kickapoo Airport	431,350
Transit	460,515
Sanitation	2,862,077
Water and sewer	9,267,040
Stormwater drainage	384,252
Waterpark	<u>251,583</u>
Total business-type depreciation	<u>\$14,951,556</u>

CITY OF WICHITA FALLS, TEXAS

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.) SEPTEMBER 30, 2017

Note 8 - PENSION PLANS

Eligible City employees participate in one of two pension plans. Eligible firefighters participate in the Wichita Falls Firemen's Relief and Retirement Fund (WFFRRF). All other eligible employees participate in the Texas Municipal Retirement System (TMRS).

The table below summarizes the amounts reported by the City for each plan as of September 30, 2017. Detailed information for each plan follows.

	TMRS	WFFRRF	Total
Net pension liability	\$47,756,261	\$51,409,626	\$99,165,887
Deferred outflows of resources	16,842,701	25,396,713	42,239,414
Deferred inflows of resources	620,797	3,691,136	4,311,933
Pension expense	6,966,866	5,663,845	12,630,711

Texas Municipal Retirement System

Plan Description

The City participates as one of 872 plans in the nontraditional, joint contributory, hybrid defined benefit plan administered by the 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 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 City Council, within the options available in the governing state statutes of 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.

CITY OF WICHITA FALLS, TEXAS

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.) SEPTEMBER 30, 2017

Note 8 - PENSION PLANS (CONT'D.)

Employees Covered by Benefit Terms

At the December 31, 2016 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	638
Inactive employees entitled to but not yet receiving benefits	400
Active employees	1,009

Contributions

The contribution rates for employees in TMRS are either 5%, 6%, or 7% of employee gross earnings, and the participating city matching percentages are either 100%, 150%, or 200%, both as adopted by the governing body of the participating 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 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 of the City were required to contribute 5% of their annual gross earnings during the fiscal year. The contribution rates for the City were 11.92% and 12.54% in calendar years 2016 and 2017, respectively. The City's contributions to TMRS for the year ended September 30, 2017, were \$5,521,772, and were equal to the required contributions.

Net Pension Liability

The City's Net Pension Liability (NPL) was measured as of December 31, 2016, and the Total Pension Liability 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, 2016 actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.5% per year
Overall payroll growth	3.0% per year
Investment rate of return	6.75%, net of pension plan investment expense, including inflation

Salary increases were based on a service-related table. Mortality rates for active members, retirees, and beneficiaries were based on the gender-distinct RP2000 Combined Healthy Mortality Table, with male rates multiplied by 109% and female rates multiplied by 103%. Based on the size of the City, rates are multiplied by a factor of 100.0%. 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.

CITY OF WICHITA FALLS, TEXAS

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.) SEPTEMBER 30, 2017

Note 8 - PENSION PLANS (CONT'D.)

Actuarial assumptions used in the December 31, 2016, valuation were developed primarily from an actuarial investigation of the experience of TMRS over the four-year period from December 31, 2010 through December 31, 2014, first used in the December 31, 2015 valuation. The post-retirement mortality assumption for healthy annuitants and annuity purchase rates are based on a Mortality Experience Investigation Study covering 2009 through 2011, and dated December 31, 2013. These assumptions were 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.

The long-term expected rate of return on pension plan investments is 6.75%. 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 weighing 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	10.0%	1.50%
Non-Core Fixed Income	20.0%	3.50%
Real Return	10.0%	1.75%
Real Estate	10.0%	5.25%
Absolute Return	10.0%	4.25%
Private Equity	<u>5.0%</u>	8.50%
Total	<u>100.0%</u>	

Discount Rate

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

CITY OF WICHITA FALLS, TEXAS

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.) SEPTEMBER 30, 2017

Note 8 - PENSION PLANS (CONT'D.)

Changes in Net Pension Liability

	Increase (Decrease)		
	Total Pension Liability (a)	Fiduciary Net Position (b)	Net Pension Liability (a) – (b)
Balances as of December 31, 2015	\$243,852,508	\$197,324,331	\$46,528,177
Changes for the year:			
Service cost	2,466,531	-	2,466,531
Interest on total pension liability	16,126,720	-	16,126,720
Change of benefit terms	-	-	-
Difference between expected and actual experience	3,641,511	-	3,641,511
Change of assumptions	-	-	-
Contributions – employer	-	5,339,437	(5,339,437)
Contributions – employee	-	2,494,525	(2,494,525)
Net investment income	-	13,331,438	(13,331,438)
Benefit payments, including refunds of employee contributions	(12,342,806)	(12,342,806)	-
Administrative expense	-	(150,608)	150,608
Other changes	-	(8,114)	8,114
Balances as of December 31, 2016	<u>\$253,744,464</u>	<u>\$205,988,203</u>	<u>\$47,756,261</u>

Sensitivity Analysis

The following presents the net pension liability of the City, calculated using the discount rate of 6.75%, as well as what the City's net pension liability / (asset) would be if it were calculated using a discount rate that is 1 percentage point lower (5.75%) or 1 percentage point higher (7.75%) than the current rate.

	1% Decrease 5.75%	Current Discount Rate 6.75%	1% Increase 7.75%
Net pension liability	\$81,590,888	\$47,756,261	\$19,866,097

Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources

For the year ended September 30, 2017, the City recognized pension expense of \$6,966,866 related to its participation in TMRS.

CITY OF WICHITA FALLS, TEXAS

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.) SEPTEMBER 30, 2017

Note 8 - PENSION PLANS (CONT'D.)

At September 30, 2017, the City reported deferred outflows of resources and deferred inflows of resources related to TMRS from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 2,871,206	\$ 611,160
Net difference in assumptions	678,365	-
Net difference between projected and actual earnings	9,264,808	9,637
Contributions made subsequent to measurement date	<u>4,028,322</u>	<u>-</u>
Total	<u>\$16,842,701</u>	<u>\$ 620,797</u>

\$4,028,322 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, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ended December 31:</u>	
2017	\$ 4,028,830
2018	4,372,007
2019	3,646,697
2020	146,048
2021	-
Thereafter	-
Total	<u>\$ 12,193,582</u>

Wichita Falls Firemen's Relief and Retirement Fund

Plan Description

The City provides pension benefits for all of its firefighters through a single-employer defined benefit pension plan. The Wichita Falls Firemen's Relief and Retirement Fund (Fund) operates under an act passed in 1937 by the Texas State Legislature and adopted by the City's firefighters.

The stand-alone financial report for the Firemen's Relief and Retirement Fund can be obtained from the City's Deputy City Manager at 1300 7th Street, Wichita Falls, Texas.

CITY OF WICHITA FALLS, TEXAS

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.) SEPTEMBER 30, 2017

Note 8 - PENSION PLANS (CONT'D.)

Benefits Provided

Benefits are determined on a "formula" or a "final salary" plan. A firefighter who qualifies for a retirement benefit will receive monthly retirement equal to 2.50% of the firefighter's average salary, multiplied by the member's years of credited service. Benefits are calculated based upon a member's average salary for the 78 consecutive biweekly pay periods which produce the highest average.

Members can receive a service retirement at ages 50 and above with 20 or more years of service. Members are eligible for actuarially reduced early retirement benefits before age 50, provided the employee has accrued at least 20 years of service. The plan also provides death and disability benefits. Members who terminate their service and are nonvested are entitled to the excess of the member's contributions over any benefits previously received.

The valuations used for this plan are based on a valuation performed as of December 31, 2016.

Employees Covered by Benefit Terms

At the December 31, 2016 measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	124
Inactive employees entitled to but not yet receiving benefits	2
Active employees	157

Contributions

The contribution rate for the firefighters is 12% (13% effective April 20, 2016) and the City contributes 12%. Both the firefighters and City make contributions bi-weekly. Contribution requirements are not actuarially determined, however, state law requires that each plan of benefits adopted by the Fund must be approved by a qualified actuary. The actuary certifies that the contribution commitments by the firefighters and the City provide an adequate financing arrangement. Using the individual entry age normal cost method, the plan's normal cost is determined as a percentage of payroll.

The City's contributions to the Plan for the year ended September 30, 2017, were \$1,324,468, and were equal to the required contributions.

Net Pension Liability

The City's Net Pension Liability (NPL) was measured as of December 31, 2016, and the Total Pension Liability used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date.

CITY OF WICHITA FALLS, TEXAS

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.) SEPTEMBER 30, 2017

Note 8 - PENSION PLANS (CONT'D.)

Actuarial Assumptions

The Total Pension Liability in the December 31, 2016, actuarial valuation was determined using the following actuarial assumptions:

Inflation	3.0% per year	
Overall payroll growth	4.5% per year	
Investment rate of return	5.81%, net of pension plan investment expense, including inflation	

Salary increases were based on a service-related table. Mortality rates for employee and healthy annuitant combined rates were taken from RP2000 Mortality Table, projected to 2024 using Scale AA, with separate rates for males and females.

Actuarial assumptions used in the valuation were based on the results of actuarial experience studies. The experience study was last performed for the December 31, 2015 valuation.

The long-term expected rate of return on pension plan investments is 5.81%. The pension plan's policy in regard to the allocation of invested assets is established and may be amended by the Plan's Board of Trustees.

The long-term expected rate of return on pension plan investments was determined using a 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 weighing 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	35.00%	7.50%
International Equity	15.00%	8.50%
Domestic Fixed Income	25.00%	2.50%
Global Fixed Income	5.00%	3.50%
Real Estate	10.00%	4.50%
Alternative	<u>10.00%</u>	5.00%
Total	<u>100.00%</u>	

Discount Rate

The discount rate used to measure the Total Pension Liability was 5.81%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that City contributions will be made at rates equal to the difference between actuarially determined contribution rates and the plan member rate. 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 plan members. 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.

CITY OF WICHITA FALLS, TEXAS

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.) SEPTEMBER 30, 2017

Note 8 - PENSION PLANS (CONT'D.)

Changes in Net Pension Liability

	Increase (Decrease)		
	Total Pension Liability (a)	Fiduciary Net Position (b)	Net Pension Liability (a) – (b)
Balances as of December 31, 2015	\$73,558,655	\$46,396,915	\$27,161,740
Changes for the year:			
Service cost	1,560,472	-	1,560,472
Interest on total pension liability	5,827,804	-	5,827,804
Change of benefit terms	-	-	-
Difference between expected and actual experience	(2,151,748)	-	(2,151,748)
Change of assumptions	24,107,651	-	24,107,651
Contributions – employer	-	1,283,410	(1,283,410)
Contributions – employee	-	1,350,904	(1,350,904)
Net investment income	-	2,577,572	(2,577,572)
Benefit payments, including refunds of employee contributions	(4,543,166)	(4,543,166)	-
Administrative expense	-	(115,843)	115,843
Other changes	-	250	(250)
Balances as of December 31, 2016	<u>\$98,359,668</u>	<u>\$46,950,042</u>	<u>\$51,409,626</u>

Sensitivity Analysis

The following presents the net pension liability of the City, calculated using the discount rate of 5.81%, as well as what the City's net pension liability / (asset) would be if it were calculated using a discount rate that is 1 percentage point lower (4.81%) or 1 percentage point higher (6.81%) than the current rate.

	1% Decrease 4.81%	Current Discount Rate 5.81%	1% Increase 6.81%
Net pension liability	\$73,018,381	\$51,409,626	\$46,020,944

Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources

For the year ended September 30, 2017, the City recognized pension expense of \$5,663,845 related to the Wichita Falls Firemen's Relief and Retirement Fund.

CITY OF WICHITA FALLS, TEXAS

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.) SEPTEMBER 30, 2017

Note 8 - PENSION PLANS (CONT'D.)

At September 30, 2017, the City reported deferred outflows of resources and deferred inflows of resources related to the WFFRRF from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$3,337,106
Difference due to changes in actuarial assumptions	21,429,024	354,030
Net difference between projected and actual earnings	2,956,617	-
Contributions made subsequent to measurement date	<u>1,011,072</u>	<u>-</u>
Total	<u>\$25,396,713</u>	<u>\$3,691,136</u>

\$1,011,072 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, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ended December 31:</u>	
2017	\$ 3,141,650
2018	3,141,650
2019	3,080,162
2020	2,416,467
2021	2,205,828
Thereafter	<u>6,708,748</u>
Total	<u>\$20,694,505</u>

Note 9 - POST-EMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS

Plan Description

The City administers the City of Wichita Falls Retiree Health Care Plan for all permanent employees who retire after satisfying eligibility retirement requirements through a single-employer defined benefit plan. All employees who retire and are actively in one of the City's health plans can continue to receive health care benefits under the City's plan for themselves and any dependents for as long as the retiree and/or dependents live. The plan does not issue a stand-alone financial report.

CITY OF WICHITA FALLS, TEXAS

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.) SEPTEMBER 30, 2017

Note 9 - POST-EMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS (CONT'D.)

Retiree Premiums

Pre-Medicare: Retirees share in the cost of the Plan by paying premiums according to the following schedule:

<u>Under 65</u>	<u>PPO Core</u>	<u>PPO Enhanced</u>	<u>PPO CAT</u>	<u>PPO HSA</u>	<u>Dental</u>
Retiree Only	\$ 337	\$ 556	\$ 271	\$ 257	\$25
Retiree/Spouse	\$1,289	\$1,786	\$1,146	\$1,096	\$51
Retiree/Child	\$1,012	\$1,427	\$ 891	\$ 851	\$53
Retiree/Family	\$1,845	\$2,503	\$1,656	\$1,586	\$82

Post-Medicare: Eligible retirees and spouses on Medicare are eligible to participate in a Medicare supplement health care plan. Effective January 1, 2009, the following changes will be implemented to Medicare eligible retirees:

For retirees and spouses who were on Medicare as of January 1, 2009, the City will provide \$250 in premium assistance towards the full premium for a Medicare subsidy program. The \$250 is expected to be a fixed amount.

For retirees and spouses retired as of January 1, 2009 but not yet Medicare-eligible, the City will provide \$100 in premium assistance towards the full premium for a Medicare subsidy program. The \$100 is expected to be a fixed amount.

For members who retire on or after January 1, 2009, the City will provide no premium assistance once Medicare-eligible. The retiree premium for post-65 coverage is \$432/month for each covered member as of June 1, 2010.

Benefits for Spouses of Retired Employees

Spouses of retirees are eligible to participate in the retiree health care program. Spouses are eligible to continue with same coverage after the death of the retiree.

Vision Coverage

Vision coverage is offered through a separate, fully-insured plan. Retirees may participate but are 100% responsible for payment of the vision premiums.

Dental Coverage

Retirees and spouses, prior to qualifying for Medicare, are eligible to participate in the same dental care program as active employees. There is no dental coverage for retirees or spouses on the Medicare supplement.

Life Insurance Coverage

General employees and Firefighters receive \$7,500 of employer-paid life insurance which is included in the liabilities of the Plan. No life insurance coverage is provided for spouses of retirees.

CITY OF WICHITA FALLS, TEXAS

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.) SEPTEMBER 30, 2017

Note 9 - POST-EMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS (CONT'D.)

Funding Policy and Annual OPEB Cost

The City's annual other post-employment benefits (OPEB) cost is based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of accrual that, if paid on an ongoing basis, is projected to cover the normal cost each year and to amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The City's OPEB cost for the year ended September 30, 2017 is as follows:

Annual Required Contribution	\$1,742,270
Interest on OPEB obligation	6,565
Adjustment to ARC	(9,869)
Annual OPEB cost (expense) end of year	1,738,966
Net estimated employer contributions	(1,742,270)
Increase (decrease) in net OPEB obligation	(3,304)
Net OPEB obligation – beginning of year	<u>92,470</u>
Net OPEB obligation – end of year	<u>\$ 89,166</u>

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the fiscal year ending September 30, 2017 and the preceding two fiscal years were as follows:

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Employer Amount Contributed</u>	<u>Percentage Contributed</u>	<u>Net OPEB Obligation</u>
September 30, 2015	\$2,478,677	\$2,513,506	101.4%	\$ 95,121
September 30, 2016	1,688,873	1,691,524	100.2%	92,470
September 30, 2017	1,738,966	1,742,270	100.2%	89,166

Schedule of Actuarial Liabilities and Funding Status

Actuarial Valuation Date	12/31/16
Actuarial Value of Assets	\$ 3,803,317
Actuarial Accrued Liabilities	\$21,052,192
Unfunded Actuarial Accrued Liability (UAAL)	\$17,248,875
Funded Ratio	18.1%
Annual Covered Payroll	\$52,607,052
UAAL as a Percentage of Annual Covered Payroll	32.8%

CITY OF WICHITA FALLS, TEXAS

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.) SEPTEMBER 30, 2017

Note 9 - POST-EMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS (CONT'D.)

Actuarial Methods and Assumptions

The Individual Entry-Age actuarial cost method is used to calculate the GASB ARC for the City's retiree health care plan. Using the plan benefits, the present health premiums and a set of actuarial assumptions, the anticipated future payments are projected. The projected unit credit method then provides for a systematic funding for these anticipated payments. The yearly ARC is computed to cover the cost of benefits being earned by covered members as well as to amortize a portion of the accrued liability.

Projections of health 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 its 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:

Inflation rate	2.50% per annum
Investment rate of return	7.10%, net of expenses
Actuarial cost method	Individual entry-age
Amortization method	Level as a percentage of employee payroll
Amortization period	15-year closed amortization
Salary growth	3.0% per annum
Healthcare cost trend rate	Initial rate of 7.30% declining to an ultimate rate of 4.25% after 14 years

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the profitability of events in the future. Amounts determined regarding the funded status and the annual required contributions of the City's retiree health care plan are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. The required schedule of funding progress presented as required supplementary information provides multi-year trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

Note 10 - DEFERRED COMPENSATION PLAN

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

Note 11 - AIRPORT LEASE

The Regional Airport facilities are located on land at Sheppard Air Force Base. The land is leased from the Department of the Air Force for a period of fifty years, beginning May 15, 2009 and expiring May 14, 2059. The City's expense for the year ended September 30, 2017 was \$46,967. The lease payment increases by 3% per year with a final lease payment of \$157,805 in 2059.

CITY OF WICHITA FALLS, TEXAS

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.) SEPTEMBER 30, 2017

Note 12 - DESCRIPTION OF LEASING ARRANGEMENTS

The majority of the City's operating leases contain an option for annual renewal at the end of the initial lease term. In most cases, these leases will be canceled or replaced by other leases. The City leases certain equipment under operating leases expiring at various times through the year ending September 30, 2017.

The following is a schedule by years of future minimum rental payments required under operating leases that have initial or remaining noncancellable lease terms in excess of one year as of September 30, 2017:

Year ending September 30:	
2018	\$ 156,138
2019	143,401
2020	116,716
2021	115,234
2022	100,732
2023-2027	304,413
2028-2032	345,165
2033-2037	400,140
2038-2042	463,874
2043-2047	537,755
2048-2052	623,706
2053-2057	722,699
2058-2059	<u>157,805</u>
Total minimum payments required	<u>\$4,187,778</u>

The total rental expenses for all operating leases for the year ended September 30, 2017 was \$154,259. There were no contingent rentals during the year ended September 30, 2017.

Note 13 - LANDFILL AND TRANSFER STATION CLOSURE AND POSTCLOSURE CARE COSTS

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 accordance with the Texas Administrative Code, Title 30, Part 1, Chapter 7, the City annually submits a financial assurance letter to the Texas Commission on Environmental Quality (TCEQ). 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 postclosure care costs that will be incurred near or after the date the landfill no longer accepts waste. The recognition of these landfill closure and postclosure care costs is based on the amount of the landfill used during the year. The estimated liability for landfill closure and postclosure care costs has a balance of \$4,658,005 as of September 30, 2017, which is based on 21% usage of the landfill. The City will recognize the remaining estimated cost of closure and postclosure care of \$17,301,160 as the remaining estimated capacity is filled. The landfill is expected to be filled to capacity in 2153. Additionally, the City has recorded a liability of \$68,188 for closure and postclosure care costs related to the City's transfer station. Actual costs may be higher due to inflation, change in technology, or changes in regulations.

CITY OF WICHITA FALLS, TEXAS

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.) SEPTEMBER 30, 2017

Note 14 - LONG-TERM LIABILITIES

Long-term liabilities transactions for the year ended September 30, 2017 are summarized as follows:

	Balance at October 1, 2016	Issued	Retired and Transferred (1)	Balance at September 30, 2017	Due Within One Year
<u>Governmental Activities:</u>					
General obligation bonds	\$ 16,129,132	\$ -	\$ 1,996,159	\$ 14,132,973	\$ 2,018,435
Combination tax and revenue bonds	31,138,675	-	1,703,575	29,435,100	1,753,129
Accrued vacation and sick leave payable	8,675,818	2,471,480	2,379,812	8,767,486	2,375,000
Capital lease payable	2,857,166	-	390,577	2,466,589	307,205
Claims and judgments payable	<u>63,177</u>	<u>719,069</u>	<u>757,948</u>	<u>24,298</u>	<u>11,912</u>
Total governmental activities	<u>58,863,968</u>	<u>3,190,549</u>	<u>7,228,071</u>	<u>54,826,446</u>	<u>6,465,681</u>
<u>Business-type Activities:</u>					
Utility system revenue bonds, net of premium (discount)	87,938,263	-	4,839,290	83,098,973	4,948,031
Combination tax and revenue bonds	51,322,900	-	5,024,808	46,298,092	5,128,092
Accrued vacation and sick leave payable	751,875	644,330	633,649	762,556	625,000
Note payable	399,915	-	38,964	360,951	40,232
Capital leases payable	16,957,523	2,682,710	497,618	19,142,615	932,691
Landfill closure, post-closure costs	<u>4,547,631</u>	<u>178,562</u>	<u>-</u>	<u>4,726,193</u>	<u>-</u>
Total business-type activities	<u>161,918,107</u>	<u>3,505,602</u>	<u>11,034,329</u>	<u>154,389,380</u>	<u>11,674,046</u>
Total long-term liabilities	<u>\$220,782,075</u>	<u>\$6,696,151</u>	<u>\$18,262,400</u>	<u>\$209,215,826</u>	<u>\$18,139,727</u>

(1) Includes bond premium amortization of \$161,159 related to the general obligation bonds, \$13,575 related to combination tax and revenue bonds (governmental activities), \$2,204,290 related to revenue bonds, and \$74,808 related to the combination tax and revenue bonds (business-type activities).

For governmental activities, claims and judgments payable and compensated absences are generally liquidated by the General Fund.

Bonds Payable

Bonds payable at September 30, 2017, including net unamortized premium on the bonds, are comprised of the following individual issues:

	Range of Interest Rates	Final Maturity Date	Annual Serial Payments	Bonds Authorized	Bonds Outstanding at 9/30/17
General Obligation Bonds:					
General Obligation Refunding Bonds, Series 2011	1.50% - 3.00%	9/01/21	\$405,000 to \$485,000	\$ 4,365,000	\$ 1,855,000
Plus bond premium					44,212
General Obligation Refunding Bonds, Series 2013	1.50% - 3.00%	9/01/18	\$335,000 to \$2,305,000	3,740,000	340,000

CITY OF WICHITA FALLS, TEXAS

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.) SEPTEMBER 30, 2017

Note 14 - LONG-TERM LIABILITIES (CONT'D.)

	Range of Interest Rates	Final Maturity Date	Annual Serial Payments	Bonds Authorized	Bonds Outstanding at 9/30/17
General Obligation Refunding Bonds, Series 2015A Plus bond premium	2.00% - 5.00%	9/01/26	\$200,000 to \$1,105,000	9,650,000	8,640,000 733,761
General Obligation Refunding Bonds, Series 2015B	0.73% - 3.48%	9/01/26	\$110,000 to \$310,000	2,885,000	<u>2,520,000</u>
Total General Obligation Bonds					<u>14,132,973</u>
Combination Tax and Revenue Bonds:					
Combination Tax and Revenue Certificates of Obligation, Series 2009	2.25% - 4.75%	10/01/29	\$340,000 to \$780,000	10,820,000	7,415,000
Combination Tax and Revenue Certificates of Obligation, Series 2010	5.60%	2/01/25	\$165,000 to \$375,000	3,930,000	2,495,000
Combination Tax and Revenue Refunding Bonds, Series 2010 Plus bond premium	2.00% - 4.00%	8/01/18	\$170,000 to \$3,600,000	9,830,000	3,600,000 38,092
Combination Tax and Revenue Certificates of Obligation, Series 2011 Plus bond premium	2.00% - 4.00%	9/01/31	\$135,000 to \$220,000	3,200,000	2,500,000 56,559
Combination Tax and Revenue Certificates of Obligation, Series 2013 Plus bond premium	2.00% - 3.375%	9/01/33	\$530,000 to \$1,315,000	19,875,000	16,905,000 63,541
Combination Tax and Revenue Certificates of Obligation, Series 2013A	2.00% - 4.625%	9/01/33	\$505,000 to \$905,000	13,000,000	10,965,000
Combination Tax and Revenue Certificates of Obligation, Series 2015	0.00% - 2.12%	3/01/45	\$890,000 to \$1,425,000	33,545,000	31,695,000
Total Combination Tax and Revenue Bonds					<u>75,733,192</u>
Revenue Bonds:					
Water & Sewer System Revenue Refunding Bonds, Series 2016 Plus bond premium	2.00% - 5.00%	8/01/27	\$2,435,000 to \$9,705,000	74,005,000	71,370,000 <u>11,728,973</u>
Total Revenue Bonds					<u>83,098,973</u>
Total All Bonds					<u>\$ 172,965,138</u>

CITY OF WICHITA FALLS, TEXAS
NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)
SEPTEMBER 30, 2017

Note 14 - LONG-TERM LIABILITIES (CONT'D.)

Aggregate maturities of the long-term debt (principal and interest) for the years subsequent to September 30, 2017 are as follows:

Year Ending September 30,	General Obligation Bonds		Combination Tax and Revenue Bonds		Revenue Bonds		Notes Payable		Capital Lease Payable		Total	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2018	\$ 2,018,435	\$ 304,800	\$ 6,881,222	\$ 2,051,014	\$ 4,948,031	\$ 1,472,219	\$ 40,232	\$ 11,742	\$1,240,615	\$ 622,169	\$ 15,128,535	\$ 4,461,944
2019	1,717,018	264,785	3,302,670	1,877,833	8,893,852	1,412,148	41,541	10,433	1,237,471	610,702	15,192,552	4,175,901
2020	1,745,507	240,073	3,392,095	1,796,019	9,042,086	1,268,164	42,892	9,082	1,312,194	578,622	15,534,774	3,891,960
2021	1,771,429	203,382	3,486,501	1,706,905	9,200,108	1,116,892	44,287	7,686	1,440,101	542,877	15,942,426	3,577,742
2022	1,314,759	169,091	3,575,762	1,610,597	9,352,334	957,916	45,728	6,246	1,522,796	503,993	15,811,379	3,247,843
2023-2027	5,565,825	376,814	18,687,012	6,432,028	41,662,562	2,142,688	146,270	9,617	5,385,601	1,941,311	71,447,270	10,902,458
2028-2032	-	-	17,722,351	3,597,975	-	-	-	-	4,261,874	1,254,371	21,984,225	4,852,346
2033-2037	-	-	8,065,579	1,472,115	-	-	-	-	5,208,552	346,805	13,274,131	1,818,920
2038-2042	-	-	6,430,000	781,776	-	-	-	-	-	-	6,430,000	781,776
2043-2045	-	-	<u>4,190,000</u>	<u>134,339</u>	-	-	-	-	-	-	<u>4,190,000</u>	<u>134,339</u>
Totals	<u>\$14,132,973</u>	<u>\$1,558,945</u>	<u>\$75,733,192</u>	<u>\$21,460,601</u>	<u>\$83,098,973</u>	<u>\$ 8,370,027</u>	<u>\$360,950</u>	<u>\$ 54,806</u>	<u>\$21,609,204</u>	<u>\$6,400,850</u>	<u>\$194,935,292</u>	<u>\$37,845,229</u>

CITY OF WICHITA FALLS, TEXAS

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.) SEPTEMBER 30, 2017

Note 14 - LONG-TERM LIABILITIES (CONT'D.)

All of the General Obligation Bonds were issued on the full faith and credit of the City and are secured by ad valorem taxes levied against all taxable property. These bonds are serviced by the Debt Service Fund with an apportionment of the ad valorem tax levy. At September 30, 2017, this fund had a fund balance of \$673,348.

The Combination Tax and Revenue Bonds are secured by ad valorem taxes levied against all taxable property as well as a pledge of surplus net revenues of the City's combined waterworks and sewer system. The Series 2010 and 2011 Certificates will be serviced by the Debt Service Fund by contributions from the Wichita Falls 4B Economic Development Corporation. The Series 2016 Certificates will be serviced by the net revenues of the Water and Sewer Fund, as well as the Series 2010 Combination Tax and Revenue Refunding Certificates. A portion of the Series 2013 General Obligation Refunding Bonds will also be serviced by these net revenues.

All of the Water and Sewer Revenue Bonds were issued for purposes of improving the City's water and sewer systems and are serviced by the net revenues of the Water and Sewer Fund.

Notes Payable

The City of Wichita Falls and Wichita County Water Improvement District Number 2, upon the completion of the Lake Kemp reconstruction project in January 1976 by the U.S. Government, are required to reimburse the U.S. Government 22.7% of its reported total cost of \$8,774,705, or \$1,991,858. The City's share of this amount is 66.11%, or \$1,316,817, payable in forty-nine annual installments through January 2025 of \$51,974, which includes interest at the rate of 3.253%.

The City's share of the total costs (\$5,800,957) as well as the U.S. Government funded portion (\$4,484,140) is reflected as capital assets in the Water and Sewer Enterprise Fund.

This contractual arrangement is strictly a cost-sharing agreement and is not considered a joint venture as defined in Section J50 of the Codification of Governmental Accounting and Financial Reporting Standards. The remaining debt payable to the U.S. Government at September 30, 2017 is classified as follows:

Long-term	\$ 320,718
Current portion	<u>40,232</u>
Total	<u>\$ 360,950</u>

Capital Leases Payable

The City also entered into a capital lease agreement in 2012 to finance a portion of an energy efficiency project that includes several City facilities. The capital lease financed \$4,419,310 of the total project. The assets are listed under "Buildings, systems and improvements" in both Governmental Activities and Business-type Activities. The lease carries an interest rate of 2.54% and is for a period of 12 years, with final payment due in fiscal year 2024.

The City also entered into a capital lease agreement in 2015 to finance equipment purchased for the golf course. This capital lease totaled \$48,990. The assets are listed under "Machinery and equipment" in Governmental Activities. The lease carries an interest rate of 5.89% and is for a period of 4 years, with final payment due in fiscal year 2019.

CITY OF WICHITA FALLS, TEXAS

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.) SEPTEMBER 30, 2017

Note 14 - LONG-TERM LIABILITIES (CONT'D.)

The City entered into a capital lease agreement in 2016 to finance the replacement of all of the City's water meters. The total amount of the capital lease was \$16,506,103. As the project is not yet completed, these assets are currently listed under "Construction in progress" in the Water and Sewer Fund and in Business-type Activities. The lease carries an interest rate of 3.23% and is for a period of 20 years, with final payment due in fiscal year 2036.

The City issued a capital lease in 2017 for the purchase of fire department equipment in the amount of \$2,682,710. The equipment will not be delivered to the City until after September 30, 2017. Therefore, this amount is recorded as a prepaid item in the Fleet Maintenance Internal Service Fund at September 30, 2017. This capital lease is recorded in the Fleet Maintenance Internal Service Fund and is included in the business-type activities of the government-wide statements.

Note 15 - INTERFUND BALANCES

<u>Due To Fund</u>	<u>Due From Fund</u>	<u>Amount</u>	<u>Purpose</u>
General Fund	Nonmajor Governmental Funds	\$ 2,609,846	Short-term loan
General Fund	Water and Sewer Fund	163,055	Short-term loan
General Fund	Regional Airport Fund	196,114	Short-term loan
General Fund	Nonmajor Enterprise Funds	1,386,771	Short-term loan
General Fund	Internal Service Funds	<u>165,810</u>	Short-term loan
	Total	<u>\$ 4,521,596</u>	

All amounts due are scheduled to be repaid within one year.

Transfers to and from other funds during the year ended September 30, 2017 were as follows:

<u>Transfers From</u>	<u>Transfers To</u>	<u>Amount</u>	<u>Reason</u>
General Fund	Nonmajor Governmental Funds	\$ 163,917	Supplement operating grants
General Fund	Nonmajor Governmental Funds	554,872	Supplement operating deficits
General Fund	Regional Airport Fund	166,963	Supplement operating deficits
General Fund	Nonmajor Enterprise Funds	159,798	Supplement operating deficits
General Fund	Internal Service Funds	94,727	Supplement operating deficits
Nonmajor Governmental Funds	Nonmajor Governmental Funds	1,057,942	Fund debt service payment
Nonmajor Governmental Funds	Nonmajor Governmental Funds	1,728,558	Fund operating deficits
Nonmajor Governmental Funds	Nonmajor Governmental Funds	435,828	Fund capital projects
Nonmajor Governmental Funds	Regional Airport Fund	1,925,379	Supplement capital projects
Nonmajor Governmental Funds	Internal Service Funds	79,690	Fund capital projects
Water and Sewer Fund	General Fund	1,365,675	Administrative overhead
Water and Sewer Fund	Nonmajor Governmental Funds	500,000	Fund debt service payment
Water and Sewer Fund	Internal Service Funds	13,575	Fund capital projects
Sanitation Fund	General Fund	1,567,404	Administrative overhead
Sanitation Fund	Internal Service Funds	1,792,160	Purchase capital assets
Regional Airport Fund	Nonmajor Governmental Funds	672,329	Fund debt service payment
Nonmajor Enterprise Funds	Nonmajor Governmental Funds	405,186	Fund debt service payment
Nonmajor Enterprise Funds	Water and Sewer Fund	688,851	Fund debt service payment
Nonmajor Enterprise Funds	Regional Airport Fund	49,635	Supplement operating grant
Nonmajor Enterprise Funds	Internal Service Funds	77,640	Purchase capital assets
Internal Service Funds	General Fund	312,000	Administrative overhead
Internal Service Funds	Nonmajor Governmental Funds	<u>202,058</u>	Administrative overhead
	Total	<u>\$14,014,187</u>	

CITY OF WICHITA FALLS, TEXAS

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.) SEPTEMBER 30, 2017

Note 15 - INTERFUND BALANCES (CONT'D.)

Additionally, the Nonmajor Enterprise Funds transferred \$1,317,455 in capital assets to the Governmental Activities. This transfer is not reported on the Governmental Funds financial statements as the capital assets do not represent current financial resources.

Note 16 - CONDENSED FINANCIAL INFORMATION FOR DISCRETELY PRESENTED COMPONENT UNITS

The City has five component units that are discretely presented in the City's basic financial statements. Condensed financial information for the year ended September 30, 2017 is as follows:

	Wichita Falls Economic Development Corporation	Wichita Falls 4B Sales Tax Corporation	Wichita Falls Reinvestment			Totals
			Zone #2	Zone #3	Zone #4	
Condensed statement of net position:						
Cash, investments and other current assets	\$15,931,120	\$3,883,186	\$509,019	\$464,405	\$79,668	\$20,867,398
Capital assets, net of accumulated depreciation	<u>2,169,106</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,169,106</u>
Total assets	<u>18,100,226</u>	<u>3,883,186</u>	<u>509,019</u>	<u>464,405</u>	<u>79,668</u>	<u>23,036,504</u>
Accounts payable and other current liabilities						
	<u>453,099</u>	<u>100,918</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>554,017</u>
Total liabilities	<u>453,099</u>	<u>100,918</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>554,017</u>
Net position	<u>\$17,647,127</u>	<u>\$3,782,268</u>	<u>\$509,019</u>	<u>\$464,405</u>	<u>\$79,668</u>	<u>\$22,482,487</u>
Condensed statement of activities:						
Expenses:						
Community development	<u>\$ 6,363,863</u>	<u>\$4,154,917</u>	<u>\$321,161</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 10,839,941</u>
Program revenues:						
Charges for services	17,800	-	-	-	-	17,800
Operating grants and contributions	<u>-</u>	<u>321,161</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>321,161</u>
Total program revenues	<u>17,800</u>	<u>321,161</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>338,961</u>
Net program expense	<u>(6,346,063)</u>	<u>(3,833,756)</u>	<u>(321,161)</u>	<u>-</u>	<u>-</u>	<u>(10,500,980)</u>
General revenues:						
Tax revenues	3,735,566	3,735,566	636,995	83,221	40,402	8,231,750
Non-tax general revenues	<u>121,087</u>	<u>21,666</u>	<u>2,331</u>	<u>2,875</u>	<u>388</u>	<u>148,347</u>
Total general revenues	<u>3,856,653</u>	<u>3,757,232</u>	<u>639,326</u>	<u>86,096</u>	<u>40,790</u>	<u>8,380,097</u>
Change in net position	<u>(2,489,410)</u>	<u>(76,524)</u>	<u>318,165</u>	<u>86,096</u>	<u>40,790</u>	<u>(2,120,883)</u>
Beginning net position	<u>20,136,537</u>	<u>3,858,792</u>	<u>190,854</u>	<u>378,309</u>	<u>38,878</u>	<u>24,603,370</u>
Ending net position	<u>\$17,647,127</u>	<u>\$3,782,268</u>	<u>\$509,019</u>	<u>\$464,405</u>	<u>\$79,668</u>	<u>\$22,482,487</u>

CITY OF WICHITA FALLS, TEXAS

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.) SEPTEMBER 30, 2017

Note 17 - COMMITMENTS AND CONTINGENCIES

Litigation

The City is a defendant in numerous lawsuits. In the opinion of the City's management, any unrecorded liabilities resulting from such suits will not materially affect the financial position of the City.

Contract Commitment With West Texas Utilities Company

In 1977, the City and Wichita County Water Improvement District Number 2 entered into a sixty-year contract with the West Texas Utilities Company (the Company) and agreed to provide an adequate water supply for the Company's use in generating power upon completion of the Company's construction of a power plant adjacent to the Lake Kemp-Lake Diversion System.

The significant terms of the contract provide for standby charges to be paid to the City and the Wichita County Water Improvement District Number 2 in equal amounts. Minimum charges for the calendar year 1997 and all years thereafter until the end of contract will be \$500,000 per year.

For water actually consumed, the Company shall pay the City and Wichita County Water Improvement District Number 2 equally, at the base rate of \$0.23 per one thousand gallons, which is adjusted annually. The rate for the year ended September 30, 2017 was \$.404046 per one thousand gallons.

This contract can be terminated at any time by the Company. If the contract is terminated, the Company is required to make a maximum termination payment equal to the minimum charges which would have become due and payable during the following twenty-four month period.

Contract Commitments

At September 30, 2017, the City was committed to various contracts. The amounts for which the various funds are committed to complete these contracts are as follows:

General Fund	\$ 429,787
Nonmajor Governmental Funds	2,812,069
Water and Sewer Fund	3,397,598
Sanitation Fund	493,106
Nonmajor Enterprise Funds	1,075,158
Internal Service Funds	<u>732,307</u>
Total contract commitments - City	<u>\$8,940,025</u>

Federal and State Grants - Compliance Audits

The City participates in numerous Federal and State grants, on both a direct and state pass-through basis, as well as on a service-provider basis. Principal among these are Community Development Block Grants, Section 8 Housing Assistance, Home Investment Partnership Agreement Program, and numerous health-related grants.

CITY OF WICHITA FALLS, TEXAS

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.) SEPTEMBER 30, 2017

Note 17 - COMMITMENTS AND CONTINGENCIES (CONT'D.)

In connection with these grants, the City is required to comply with specific terms and agreements as well as applicable Federal and State laws and regulations. Such compliance is subject to review and audit by the grantors and their representatives.

In the opinion of management, the City has complied with all requirements. However, since such programs are subject to future audit or review, the possibility of disallowed expenditures exists. In the event of any disallowance of claimed expenditures, the City expects the resulting liability to be immaterial.

Note 18 - TAX ABATEMENT AGREEMENTS

The City has approved value limitation agreements with companies for a limitation on the appraised value of properties within the City pursuant to Chapter 312 of the Texas Tax Code, as amended, i.e., the Property Tax Abatement Act. Under these agreements, the City has agreed to abate varying amounts of property taxes levied on qualified improvements during the abatement period. These abatements may be granted to businesses that construct improvements within certain areas designated by the Mayor and City Council.

For the fiscal year ended September 30, 2017, the City abated property taxes totaling \$1,040,175 under this program and received payments in lieu of taxes totaling \$983,690.

Required Supplementary Information

CITY OF WICHITA FALLS, TEXAS

REQUIRED SUPPLEMENTARY INFORMATION BUDGETARY COMPARISON SCHEDULE - GENERAL FUND FOR THE YEAR ENDED SEPTEMBER 30, 2017

	Budgeted Amounts		Actual	Variance With Final Budget - Positive (Negative)
	Original	Final		
Revenues:				
Taxes	\$ 62,730,924	\$ 62,805,924	\$ 62,294,827	\$ (511,097)
Charges for services	2,849,779	2,854,779	2,839,067	(15,712)
Licenses and permits	2,071,985	2,106,985	1,905,507	(201,478)
Fines and forfeitures	2,451,000	2,615,000	2,546,559	(68,441)
Intergovernmental revenue	5,300	5,300	4,995	(305)
Contributions	169,590	169,590	574,632	405,042
Miscellaneous revenue	1,051,736	1,251,736	1,467,231	215,495
Total revenues	<u>71,330,314</u>	<u>71,809,314</u>	<u>71,632,818</u>	<u>(176,496)</u>
Expenditures:				
Current:				
Administrative services	12,859,950	13,834,553	13,577,525	257,028
Police	24,025,638	23,881,138	23,796,876	84,262
Fire	15,471,254	15,819,704	15,704,250	115,454
Parks and recreation	5,460,903	5,425,914	5,173,327	252,587
Accounting/finance	705,316	720,016	719,865	151
Community development	2,047,251	2,044,552	2,001,370	43,182
Public works	5,210,174	5,098,732	5,003,776	94,956
Health	3,258,324	3,188,514	3,101,416	87,098
Traffic and transportation	1,823,609	1,761,520	1,828,435	(66,915)
Capital outlay	2,848,365	3,182,009	2,698,685	483,324
Total expenditures	<u>73,710,784</u>	<u>74,956,652</u>	<u>73,605,525</u>	<u>1,351,127</u>
Excess of revenues over (under) expenditures	<u>(2,380,470)</u>	<u>(3,147,338)</u>	<u>(1,972,707)</u>	<u>1,174,631</u>
Other financing sources (uses):				
Transfers in	3,045,079	3,245,079	3,245,079	-
Transfers out	(664,609)	(1,052,776)	(1,140,277)	(87,501)
Total other financing sources (uses)	<u>2,380,470</u>	<u>2,192,303</u>	<u>2,104,802</u>	<u>(87,501)</u>
Excess of revenues and other sources over (under) expenditures and other uses	-	(955,035)	132,095	1,087,130
Fund balance - beginning	<u>14,994,156</u>	<u>14,994,156</u>	<u>14,197,373</u>	<u>(796,783)</u>
Fund balance - ending	<u>\$ 14,994,156</u>	<u>\$ 14,039,121</u>	<u>\$ 14,329,468</u>	<u>\$ 290,347</u>

CITY OF WICHITA FALLS, TEXAS

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION SEPTEMBER 30, 2017

Demonstrating compliance with the adopted budget is an important component of a government's accountability to the public. Many citizens participate in the process of establishing the annual operating budgets of state and local governments, and have a keen interest in following the actual financial progress of their governments over the course of the year. The City and many other governments revise their original budgets over the course of the year for a variety of reasons. Under the new reporting model, governments will continue to provide budgetary comparison information in their annual reports. An important change, however, is a requirement to add the government's original budget to the current comparison of final budget and actual results.

The City adheres to the following procedures in establishing the operating budget reflected in the basic financial statements:

On or before August 15 of each year, the City Manager submits to the City Council a proposed budget for the fiscal year beginning the following October 1. The operating budget includes proposed expenditures and the means of financing them. Public hearings are conducted. The budget is legally enacted by the City Council through passage of appropriation and tax levying ordinances prior to September 30 and is published under a separate cover.

An annual budget, including debt service requirements, is legally adopted for the General Fund, the Community Development Block Grant Fund, the Section 8 Housing Fund, the HOME Investment Partnership Agreement Fund, the Hotel/Motel Tax Fund, the Golf Fund, the MPEC Fund and the Debt Service Fund, on a basis which is consistent with generally accepted accounting principles.

The City Council must approve any transfer of appropriation balances or portions thereof from one department to another. The City Manager has the authority, without City Council approval, to transfer appropriation balances from one expenditure account to another within a single department of the City. Supplemental appropriations of \$1,245,868 were approved by the City Council. The reported budgetary data includes amendments made during the year.

At the close of each fiscal year, any unencumbered appropriated balance lapses to the unreserved fund balance. The unencumbered appropriation balances in the Capital Projects Funds do not lapse at year end.

CITY OF WICHITA FALLS, TEXAS

REQUIRED SUPPLEMENTARY INFORMATION SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS TEXAS MUNICIPAL RETIREMENT SYSTEM

	2016	2015	2014
Total Pension Liability			
Service cost	\$ 2,466,531	\$ 4,697,339	\$ 4,098,031
Interest on total pension liability	16,126,720	16,093,246	15,665,423
Changes of benefit terms	-	-	-
Difference between expected and actual experience	3,641,511	203,406	(2,042,671)
Changes of assumptions	-	1,340,184	-
Benefit payments/refunds of contributions	(12,342,806)	(12,073,025)	(11,744,340)
Net change in total pension liability	<u>9,891,956</u>	<u>10,261,150</u>	<u>5,976,443</u>
Total pension liability, beginning	243,852,508	233,591,358	227,614,915
Total pension liability, ending (a)	<u>\$ 253,744,464</u>	<u>\$ 243,852,508</u>	<u>\$ 233,591,358</u>
Fiduciary Net Position			
Contributions - employer	\$ 5,339,437	\$ 5,639,053	\$ 5,379,333
Contributions - employee	2,494,525	2,497,984	2,303,770
Net investment income	13,331,438	296,795	11,109,980
Benefit payments/refunds of contributions	(12,342,806)	(12,073,025)	(11,744,340)
Administrative expenses	(150,608)	(180,789)	(116,005)
Other	(8,114)	(8,931)	(9,538)
Net change in fiduciary net position	<u>8,663,872</u>	<u>(3,828,913)</u>	<u>6,923,200</u>
Fiduciary net position, beginning	197,324,331	201,153,244	194,230,044
Fiduciary net position, ending (b)	<u>\$ 205,988,203</u>	<u>\$ 197,324,331</u>	<u>\$ 201,153,244</u>
Net pension liability, ending = (a) - (b)	<u>\$ 47,756,261</u>	<u>\$ 46,528,177</u>	<u>\$ 32,438,114</u>
Fiduciary net position as a % of total pension liability	<u>81.18%</u>	<u>80.92%</u>	<u>86.11%</u>
Covered employee payroll	<u>\$ 44,793,885</u>	<u>\$ 45,036,746</u>	<u>\$ 41,538,672</u>
Net pension liability as a % of covered payroll	<u>106.61%</u>	<u>103.31%</u>	<u>78.09%</u>

This schedule is presented to illustrate the requirement to show information for 10 years. However, recalculations of prior years are not required, and if prior years are not reported in accordance with the standards of GASB 67/68, they should not be shown here. Therefore, we have shown only years for which the new GASB statements have been prepared.

CITY OF WICHITA FALLS, TEXAS

REQUIRED SUPPLEMENTARY INFORMATION SCHEDULE OF CONTRIBUTIONS TEXAS MUNICIPAL RETIREMENT SYSTEM

	2017	2016	2015
Actuarial determined contribution	\$ 5,521,772	\$ 5,427,145	\$ 5,422,031
Contributions in relation to the actuarially determined contribution	(5,521,772)	(5,427,145)	(5,422,031)
Contribution deficiency	\$ -	\$ -	\$ -
Covered employee payroll	\$ 44,687,123	\$ 44,674,967	\$ 42,951,296
Contributions as a percentage of covered employee payroll	12.36%	12.15%	12.62%

Valuation Date:

Actuarially determined contribution rates are calculated as of December 31 and become effective 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	19 years
Asset Valuation Method	10 Year smoothed market; 15% soft corridor
Inflation	2.5%
Salary Increases	3.50% to 12.00% including inflation
Investment Rate of Return	6.75%
Retirement Age	Experience-based table of rates that are specific to the City's plan of benefits. Last updated for the 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

Other Information:

There were no benefit changes during the year.

CITY OF WICHITA FALLS, TEXAS

REQUIRED SUPPLEMENTARY INFORMATION SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS WICHITA FALLS FIREMEN'S RELIEF AND RETIREMENT FUND

	2016	2015	2014
Total Pension Liability			
Service cost	\$ 1,560,472	\$ 1,493,672	\$ 1,447,068
Interest on total pension liability	5,827,804	5,298,361	5,537,931
Changes of benefit terms	-	7,781	-
Difference between expected and actual experience	(2,151,748)	(1,542,023)	(320,862)
Changes of assumptions	24,107,651	-	(423,984)
Benefit payments/refunds of contributions	(4,543,166)	(3,950,906)	(3,616,549)
Net change in total pension liability	<u>24,801,013</u>	<u>1,306,885</u>	<u>2,623,604</u>
Total pension liability, beginning	<u>73,558,655</u>	<u>72,251,770</u>	<u>69,628,166</u>
Total pension liability, ending (a)	<u><u>\$ 98,359,668</u></u>	<u><u>\$ 73,558,655</u></u>	<u><u>\$ 72,251,770</u></u>
Fiduciary Net Position			
Contributions - employer	\$ 1,283,410	\$ 1,273,913	\$ 1,232,957
Contributions - employee	1,350,904	1,221,926	1,144,644
Net investment income	2,577,572	421,270	3,284,243
Benefit payments/refunds of contributions	(4,543,166)	(3,950,906)	(3,616,549)
Administrative expenses	(115,843)	(87,245)	(85,636)
Other	250	-	-
Net change in fiduciary net position	<u>553,127</u>	<u>(1,121,042)</u>	<u>1,959,659</u>
Fiduciary net position, beginning	<u>46,396,915</u>	<u>47,517,957</u>	<u>45,558,298</u>
Fiduciary net position, ending (b)	<u><u>\$ 46,950,042</u></u>	<u><u>\$ 46,396,915</u></u>	<u><u>\$ 47,517,957</u></u>
Net pension liability / (asset), ending = (a) - (b)	<u><u>\$ 51,409,626</u></u>	<u><u>\$ 27,161,740</u></u>	<u><u>\$ 24,733,813</u></u>
Fiduciary net position as a % of total pension liability	<u>47.73%</u>	<u>63.07%</u>	<u>65.77%</u>
Covered employee payroll	<u><u>\$ 10,391,569</u></u>	<u><u>\$ 10,182,717</u></u>	<u><u>\$ 9,520,903</u></u>
Net pension liability (asset) as a % of covered payroll	<u>494.72%</u>	<u>266.74%</u>	<u>259.78%</u>

This schedule is presented to illustrate the requirement to show information for 10 years. However, recalculations of prior years are not required, and if prior years are not reported in accordance with the standards of GASB 67/68, they should not be shown here. Therefore, we have shown only years for which the new GASB statements have been prepared.

CITY OF WICHITA FALLS, TEXAS

REQUIRED SUPPLEMENTARY INFORMATION SCHEDULE OF CONTRIBUTIONS WICHITA FALLS FIREMEN'S RELIEF AND RETIREMENT FUND

	<u>2017</u>	<u>2016</u>	<u>2015</u>
Actuarial determined contribution	\$ 1,368,280	\$ 1,310,258	\$ 1,248,549
Contributions in relation to the actuarially determined contribution	<u>(1,368,280)</u>	<u>(1,310,258)</u>	<u>(1,248,549)</u>
Contribution deficiency	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered employee payroll	\$ 10,391,569	\$ 10,182,717	\$ 9,629,250
Contributions as a percentage of covered employee payroll	<u>13.17%</u>	<u>12.87%</u>	<u>12.97%</u>

Valuation Date:

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

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial Cost Method	Individual Entry Age Normal
Amortization Method	Level Percentage of Payroll, Closed
Remaining Amortization Period	105.9 years
Asset Valuation Method	5-year smoothed market with a 20% of market value corridor
Inflation	3.0%
Salary Increases	SS Table 0515
Investment Rate of Return	5.81%
Retirement Age	RR Table
Mortality	Employee and healthy annuitant combined rates from the RP-2000 Mortality Table, projected to 2024 using Scale AA, with separate rates for males and females

Other Information:

There were no benefit changes during the year.

CITY OF WICHITA FALLS, TEXAS

WICHITA FALLS RETIREE HEALTH CARE PLAN - ANALYSIS OF FUNDING PROGRESS (UNAUDITED)

Actuarial Valuation Date	(1) Actuarial Value of Assets	(2) Actuarial Accrued Liability (AAL)	(3) Percentage Funded (1) ÷ (2)	(4) Unfunded Actuarial Accrued Liability (UAAL) (2) - (1)	(5) Annual Covered Payroll	(6) UAAL as a Percentage of Covered Payroll (4) ÷ (5)
12/31/06 (a)	\$ -	\$ 29,656,852	0.0%	\$ 29,656,852	\$ 40,021,675	74.1%
12/31/07 (b)	-	-	-	-	-	-
12/31/08	-	32,143,378	0.0%	32,143,378	43,571,340	73.8%
12/31/09 (b)	-	-	-	-	-	-
12/31/10	853,478	32,409,858	2.6%	31,556,380	47,297,531	66.7%
12/31/11 (b)	-	-	-	-	-	-
12/31/12	1,709,516	32,117,774	5.3%	30,408,258	48,492,352	62.7%
12/31/13 (b)	-	-	-	-	-	-
12/31/14	2,849,848	16,099,920	17.7%	13,250,072	51,167,922	25.9%
12/31/15 (b)	-	-	-	-	-	-
12/31/16	3,803,317	21,052,192	18.1%	17,248,875	52,607,052	32.8%

Analysis of the dollar amounts of the actuarial value of assets, actuarial accrued liability, and unfunded actuarial accrued liability in isolation can be misleading. Expressing the actuarial value of assets as a percentage of the actuarial accrued liability provides one indication of the City's funding status on a going-concern basis. Analysis of this percentage over time indicates whether the system is becoming financially stronger or weaker. Generally, the greater this percentage, the stronger the pension plan. Trends in unfunded actuarial accrued liability and annual covered payroll are both affected by inflation. Expressing the unfunded actuarial accrued liability as a percentage of annual covered payroll approximately adjusts for the effects of inflation and aids analysis of the City's progress made in accumulating sufficient assets to pay benefits when due. Generally, the smaller the percentage, the stronger the pension plan.

(a) The first actuarial valuation was performed as of December 31, 2006 as the City began to prepare for the implementation of GASB 45.

(b) Historical trend information is presented for as many years as such information about the plan is available. No actuarial valuation or update was performed as of these dates. Texas state law does not require an actuarial valuation to be completed annually.

Combining Financial Statements

Nonmajor Governmental Funds

Special Revenue Funds

The special revenue funds are used to account for the proceeds from specific revenue sources (other than for major capital projects or proprietary funds) that are either legally restricted to be expended for specified purposes or have revenue sources committed for specific purposes.

Community Development Block Grant Fund

The Community Development Block Grant Fund accounts for federal block grant revenues and related expenditures.

Section 8 Housing Fund

The Section 8 Housing Fund accounts for federal funds received to subsidize rents and housing payments for lower income families within the City.

Home Investment Partnership Agreement Fund

The Home Investment Partnership Agreement Fund accounts for federal funds received to provide home ownership opportunities to low income, first-time homebuyers through the acquisition, rehabilitation and resale of single-family dwellings that are currently owned by governmental agencies.

Hotel/Motel Tax Fund

The Hotel/Motel Tax Fund accounts for revenues derived from an occupancy tax which is expended on programs promoting the growth of the City of Wichita Falls.

Airport Improvement Grant Fund

The Airport Improvement Grant Fund is used to account for improvements made to the City's Regional Airport that are funded by state and federal grants.

Golf Fund

The Golf Fund accounts for the activities at the Weeks Park Golf Course.

MPEC Fund

The MPEC Fund is used to account for the operations of the City's Multi-Purpose Events Center.

Miscellaneous Special Revenue Fund

The Miscellaneous Special Revenue Fund accounts for various revenues generated in the form of contributions, fees, concessions, rents and other charges and their related expenditures. This fund also includes revenues derived from various grants for health and police programs. The revenues in this fund are expended to support the activity generating the revenue or as designated by the contributor. This fund is not required to have a legally adopted budget; therefore no budgetary comparison schedule is presented.

Debt Service Funds

Debt Service Fund

The Debt Service Fund is established by ordinances authorizing the issuance of general obligation bonds to provide for the payment of bond principal and interest. An ad valorem tax rate and tax levy are required to be computed and levied which will be sufficient to produce the funds required to pay principal and interest as they come due. This fund is also used to provide for the payment of paying agent fees.

Excess Sales Tax Fund

The Excess Sales Tax Fund is used to account for and administer the excess sales tax collected related to the property reduction tax. This fund is not required to have a legally adopted budget; therefore no budgetary comparison schedule is presented.

Capital Projects Funds

The capital projects funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities, other than those financed by federal grants or proprietary funds.

4B Sales Tax Projects

This fund was established to account for projects financed by the Wichita Falls 4B Sales Tax Corporation. Significant projects accounted for in this fund included the construction of three fire stations and the renovation of the second floor of the Wichita Falls Public Library building for recreational purposes.

Airport Construction Fund

This fund was established to account for the construction of a new terminal building at Municipal Airport. This fund includes the proceeds of the Combination Tax and Revenue Certificates of Obligation, Series 2013, which will be used to fund a portion of the construction project. The City will also receive federal grant funding for a portion of the project.

Miscellaneous Capital Projects Funds

This fund is an accumulation of several projects that have been undertaken over the years including library renovations, street improvements and drainage improvements.

Permanent Fund

The permanent fund is used to account for principal trust amounts received and related interest income. The interest earnings of this fund may be used for maintenance of the City's cemeteries.

CITY OF WICHITA FALLS, TEXAS

**COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2017**

	Special Revenue							Debt Service		Capital Projects			Permanent Fund	Total Nonmajor Governmental Funds	
	Community Development Block Grant	Section 8 Housing	Home Investment Partnership Agreement	Hotel/Motel Tax	Airport Improvement Grant	Golf Fund	MPEC Fund	Miscellaneous Special Revenue	Debt Service	Excess Sales Tax	4B Sales Tax Projects	Airport Construction Fund	Miscellaneous Capital Projects		Perpetual Care
ASSETS															
Cash and cash equivalents	\$ 50	\$ 1,338,027	\$ 118,502	\$ -	\$ -	\$ -	\$ 96,974	\$ 2,175,430	\$ 669,505	\$ 12	\$ 746,222	\$ -	\$ 1,263,358	\$ 1,055,177	\$ 7,463,257
Receivables:															
Taxes and assessments	-	-	-	147,808	-	-	-	-	22,742	-	-	-	-	-	170,550
Government agencies	710,995	-	263,068	-	369,452	-	225	1,483,919	15,310	73,993	-	-	-	-	2,916,962
Other	8,455	1,902	-	-	-	-	113,671	35,611	-	-	-	-	-	-	159,639
Prepaid items	-	-	-	-	-	-	-	-	750	-	-	-	-	-	750
Other assets	-	-	-	-	-	190,853	518,841	3,000	-	-	-	-	-	-	712,694
Total assets	\$ 719,500	\$ 1,339,929	\$ 381,570	\$ 147,808	\$ 369,452	\$ 190,853	\$ 729,711	\$ 3,697,960	\$ 708,307	\$ 74,005	\$ 746,222	\$ -	\$ 1,263,358	\$ 1,055,177	\$ 11,423,852
LIABILITIES AND FUND BALANCE															
Liabilities															
Accounts payable - trade	\$ 24,006	\$ 384	\$ -	\$ -	\$ 21,174	\$ 78,097	\$ 9,024	\$ 103,904	\$ -	\$ -	\$ 47,596	\$ -	\$ 166,440	\$ -	\$ 450,625
Accrued payroll	7,739	11,899	564	-	-	-	9,368	66,288	-	-	-	-	-	-	95,858
Payable to other City funds	63,822	-	-	147,798	1,066,622	68,289	-	991,576	-	-	-	270,977	762	-	2,609,846
Payable to government agencies	-	72,460	20,000	-	-	-	-	2,302	-	-	-	-	-	-	94,762
Other liabilities	2,725	62,238	24,744	-	234,994	682	558,711	22,914	-	-	47,814	1	82,524	-	1,037,347
Unearned revenue	-	-	-	-	-	-	-	37,236	-	-	-	-	-	-	37,236
Total liabilities	98,292	146,981	45,308	147,798	1,322,790	147,068	577,103	1,224,220	-	-	95,410	270,978	249,726	-	4,325,674
Deferred inflows of resources															
Unavailable revenues	-	-	-	-	-	-	-	-	34,959	-	-	-	-	-	34,959
Fund balance:															
Restricted for:															
Perpetual care	-	-	-	-	-	-	-	-	-	-	-	-	-	1,055,177	1,055,177
Debt service	-	-	-	-	-	-	-	-	673,348	74,005	-	-	-	-	747,353
Capital projects	-	-	-	-	-	-	-	-	-	-	650,812	-	1,013,632	-	1,664,444
Federal and state grant programs	621,208	1,192,948	336,262	-	-	-	-	-	-	-	-	-	-	-	2,150,418
Tourism	-	-	-	10	-	-	-	-	-	-	-	-	-	-	10
Committed for:															
Golf course	-	-	-	-	-	43,785	-	-	-	-	-	-	-	-	43,785
Multi-Purpose Events Center	-	-	-	-	-	-	152,608	-	-	-	-	-	-	-	152,608
Local projects	-	-	-	-	-	-	-	2,473,740	-	-	-	-	-	-	2,473,740
Unassigned	-	-	-	-	(953,338)	-	-	-	-	-	-	(270,978)	-	-	(1,224,316)
Total fund balance	621,208	1,192,948	336,262	10	(953,338)	43,785	152,608	2,473,740	673,348	74,005	650,812	(270,978)	1,013,632	1,055,177	7,063,219
Total liabilities, deferred inflows of resources and fund balances	\$ 719,500	\$ 1,339,929	\$ 381,570	\$ 147,808	\$ 369,452	\$ 190,853	\$ 729,711	\$ 3,697,960	\$ 708,307	\$ 74,005	\$ 746,222	\$ -	\$ 1,263,358	\$ 1,055,177	\$ 11,423,852

CITY OF WICHITA FALLS, TEXAS

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2017**

	Special Revenue							Debt Service		Capital Projects			Permanent Fund	Total Nonmajor Governmental Funds	
	Community Development Block Grant	Section 8 Housing	Home Investment Partnership Agreement	Hotel/Motel Tax	Airport Improvement Grant	Golf Fund	MPEC Fund	Miscellaneous Special Revenue	Debt Service	Excess Sales Tax	4B Sales Tax Projects	Airport Construction Fund	Miscellaneous Capital Projects		Perpetual Care
Revenues:															
Taxes	\$ -	\$ -	\$ -	\$ 1,825,778	\$ -	\$ -	\$ -	\$ -	\$ 691,539	\$ 73,993	\$ -	\$ -	\$ -	\$ -	\$ 2,591,310
Charges for services	304	-	-	-	-	414,735	-	86,644	-	-	-	-	-	-	501,683
Fines and forfeitures	-	-	-	-	-	-	-	248,656	-	-	-	-	-	-	248,656
Intergovernmental revenue	1,115,824	4,288,581	267,205	-	2,333,282	-	-	2,643,004	-	-	-	-	181,030	-	10,828,926
Contributions	-	-	-	-	-	-	335,000	1,096,062	2,276,344	-	783,497	-	67,975	-	4,558,878
Miscellaneous revenue	-	17,204	11,292	-	-	364,471	892,049	370,332	16,880	325	-	-	1,012,891	87,280	2,772,724
Total revenues	1,116,128	4,305,785	278,497	1,825,778	2,333,282	779,206	1,227,049	4,444,698	2,984,763	74,318	783,497	-	1,261,896	87,280	21,502,177
Expenditures:															
Current:															
Administrative services	117,161	-	-	97,220	-	873,098	-	205,202	-	-	-	-	-	-	1,292,681
Police	-	-	-	-	-	-	-	86,233	-	-	-	-	-	-	86,233
Fire	-	-	-	-	-	-	-	831,794	-	-	-	-	-	-	831,794
Parks and recreation	16,398	-	-	-	-	-	-	22,265	-	-	-	-	3,078	62,476	104,217
Community development	676,811	4,079,757	173,363	-	-	-	-	-	-	-	-	-	-	-	4,929,931
Public works	105,342	-	-	-	-	-	-	18,493	-	-	-	-	604,716	-	728,551
Health	75,298	-	-	-	-	-	-	2,471,599	-	-	-	-	1,600	-	2,548,497
Traffic and transportation	-	-	-	-	(108,110)	-	-	397,641	-	-	-	-	-	-	289,531
Multi-Purpose Events Center	-	-	-	-	-	-	3,224,663	-	-	-	7,250	-	-	-	3,231,913
Capital outlay	13,020	-	-	-	-	-	141,312	219,080	-	-	923,119	-	2,211,277	-	3,507,808
Debt service:															
Principal retirement	-	-	-	-	-	-	-	-	3,525,000	-	-	-	-	-	3,525,000
Interest and paying agent fees	-	-	-	-	-	-	-	-	1,591,022	-	-	-	-	-	1,591,022
Total expenditures	1,004,030	4,079,757	173,363	97,220	(108,110)	873,098	3,365,975	4,252,307	5,116,022	-	930,369	-	2,820,671	62,476	22,667,178
Excess of revenues over (under) expenditures	112,098	226,028	105,134	1,728,558	2,441,392	(93,892)	(2,138,926)	192,391	(2,131,259)	74,318	(146,872)	-	(1,558,775)	24,804	(1,165,001)
Other financing sources (uses):															
Transfers in	-	-	-	-	-	93,892	2,165,903	187,553	2,837,515	-	385,511	-	50,317	-	5,720,691
Transfers out	-	-	-	(1,728,558)	(2,925,379)	-	-	(515,518)	-	(57,942)	-	-	-	-	(5,227,397)
Total other financing sources (uses)	-	-	-	(1,728,558)	(2,925,379)	93,892	2,165,903	(327,965)	2,837,515	(57,942)	385,511	-	50,317	-	493,294
Net change in fund balance	112,098	226,028	105,134	-	(483,987)	-	26,977	(135,574)	706,256	16,376	238,639	-	(1,508,458)	24,804	(671,707)
Fund balance - beginning	509,110	966,920	231,128	10	(469,351)	43,785	125,631	2,609,314	(32,908)	57,629	412,173	(270,978)	2,522,090	1,030,373	7,734,926
Fund balance - ending	\$ 621,208	\$ 1,192,948	\$ 336,262	\$ 10	\$ (953,338)	\$ 43,785	\$ 152,608	\$ 2,473,740	\$ 673,348	\$ 74,005	\$ 650,812	\$ (270,978)	\$ 1,013,632	\$ 1,055,177	\$ 7,063,219

CITY OF WICHITA FALLS, TEXAS

BUDGETARY COMPARISON SCHEDULE - COMMUNITY DEVELOPMENT BLOCK GRANT FUND FOR THE YEAR ENDED SEPTEMBER 30, 2017

	Budgeted Amounts		Actual	Variance With Final Budget - Positive (Negative)
	Original	Final		
Revenues:				
Charges for services	\$ -	\$ -	\$ 304	\$ 304
Intergovernmental revenue	1,235,824	1,115,824	1,115,824	-
Total revenues	<u>1,235,824</u>	<u>1,115,824</u>	<u>1,116,128</u>	<u>304</u>
Expenditures:				
Administrative services	117,161	117,161	117,161	-
Parks and recreation	-	16,398	16,398	-
Community development	795,694	1,139,754	676,811	462,943
Public works	110,000	250,242	105,342	144,900
Health	68,069	76,035	75,298	737
Capital outlay	144,900	13,020	13,020	-
Total expenditures	<u>1,235,824</u>	<u>1,612,610</u>	<u>1,004,030</u>	<u>608,580</u>
Excess of revenues over (under) expenditures	-	(496,786)	112,098	608,884
Fund balance - beginning	<u>509,110</u>	<u>509,110</u>	<u>509,110</u>	<u>-</u>
Fund balance - ending	<u>\$ 509,110</u>	<u>\$ 12,324</u>	<u>\$ 621,208</u>	<u>\$ 608,884</u>

CITY OF WICHITA FALLS, TEXAS

**BUDGETARY COMPARISON SCHEDULE - SECTION 8 HOUSING FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2017**

	Budgeted Amounts		Actual	Variance With Final Budget - Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental revenue	\$ 3,620,857	\$ 4,288,581	\$ 4,288,581	\$ -
Miscellaneous revenue	-	-	17,204	17,204
Total revenues	<u>3,620,857</u>	<u>4,288,581</u>	<u>4,305,785</u>	<u>17,204</u>
Expenditures:				
Community development	<u>3,620,857</u>	<u>4,288,962</u>	<u>4,079,757</u>	<u>209,205</u>
Total expenditures	<u>3,620,857</u>	<u>4,288,962</u>	<u>4,079,757</u>	<u>209,205</u>
Excess of revenues over (under) expenditures	<u>-</u>	<u>(381)</u>	<u>226,028</u>	<u>226,409</u>
Fund balance - beginning	<u>966,920</u>	<u>966,920</u>	<u>966,920</u>	<u>-</u>
Fund balance - ending	<u>\$ 966,920</u>	<u>\$ 966,539</u>	<u>\$ 1,192,948</u>	<u>\$ 226,409</u>

CITY OF WICHITA FALLS, TEXAS

**BUDGETARY COMPARISON SCHEDULE - HOME INVESTMENT PARTNERSHIP AGREEMENT FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2017**

	Budgeted Amounts		Actual	Variance With Final Budget - Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental revenue	\$ 295,904	\$ 295,904	\$ 267,205	\$ (28,699)
Miscellaneous revenue	-	-	11,292	11,292
Total revenues	<u>295,904</u>	<u>295,904</u>	<u>278,497</u>	<u>(17,407)</u>
Expenditures:				
Community development	<u>295,904</u>	<u>624,430</u>	<u>173,363</u>	<u>451,067</u>
Total expenditures	<u>295,904</u>	<u>624,430</u>	<u>173,363</u>	<u>451,067</u>
Excess of revenues over (under) expenditures	<u>-</u>	<u>(328,526)</u>	<u>105,134</u>	<u>433,660</u>
Fund balance - beginning	<u>231,128</u>	<u>231,128</u>	<u>231,128</u>	<u>-</u>
Fund balance - ending	<u>\$ 231,128</u>	<u>\$ (97,398)</u>	<u>\$ 336,262</u>	<u>\$ 433,660</u>

CITY OF WICHITA FALLS, TEXAS

BUDGETARY COMPARISON SCHEDULE - HOTEL/MOTEL TAX FUND FOR THE YEAR ENDED SEPTEMBER 30, 2017

	Budgeted Amounts		Actual	Variance With Final Budget - Positive (Negative)
	Original	Final		
Revenues:				
Taxes	\$ 1,790,000	\$ 1,858,000	\$ 1,825,778	\$ (32,222)
Total revenues	<u>1,790,000</u>	<u>1,858,000</u>	<u>1,825,778</u>	<u>(32,222)</u>
Expenditures:				
Administrative services	97,220	97,220	97,220	-
Total expenditures	<u>97,220</u>	<u>97,220</u>	<u>97,220</u>	<u>-</u>
Excess of revenues over (under) expenditures	<u>1,692,780</u>	<u>1,760,780</u>	<u>1,728,558</u>	<u>(32,222)</u>
Other financing sources (uses):				
Transfers out	(1,697,500)	(1,756,070)	(1,728,558)	27,512
Total other financing sources (uses)	<u>(1,697,500)</u>	<u>(1,756,070)</u>	<u>(1,728,558)</u>	<u>27,512</u>
Excess of revenues and other sources over (under) expenditures and other uses	(4,720)	4,710	-	(4,710)
Fund balance - beginning	<u>10</u>	<u>10</u>	<u>10</u>	<u>-</u>
Fund balance - ending	<u>\$ (4,710)</u>	<u>\$ 4,720</u>	<u>\$ 10</u>	<u>\$ (4,710)</u>

CITY OF WICHITA FALLS, TEXAS

BUDGETARY COMPARISON SCHEDULE - GOLF FUND FOR THE YEAR ENDED SEPTEMBER 30, 2017

	Budgeted Amounts		Actual	Variance With Final Budget - Positive (Negative)
	Original	Final		
Revenues:				
Charges for services	\$ 750,000	\$ 750,000	\$ 414,735	\$ (335,265)
Miscellaneous revenue	-	-	364,471	364,471
Total revenues	<u>750,000</u>	<u>750,000</u>	<u>779,206</u>	<u>29,206</u>
Expenditures:				
Administrative services	<u>870,000</u>	<u>880,000</u>	<u>873,098</u>	<u>6,902</u>
Total expenditures	<u>870,000</u>	<u>880,000</u>	<u>873,098</u>	<u>6,902</u>
Excess of revenues over (under) expenditures	<u>(120,000)</u>	<u>(130,000)</u>	<u>(93,892)</u>	<u>36,108</u>
Other financing sources (uses):				
Transfers in	<u>120,000</u>	<u>120,000</u>	<u>93,892</u>	<u>(26,108)</u>
Total other financing sources (uses)	<u>120,000</u>	<u>120,000</u>	<u>93,892</u>	<u>(26,108)</u>
Excess of revenues and other sources over (under) expenditures and other uses	-	(10,000)	-	10,000
Fund balance - beginning	<u>43,785</u>	<u>43,785</u>	<u>43,785</u>	<u>-</u>
Fund balance - ending	<u><u>\$ 43,785</u></u>	<u><u>\$ 33,785</u></u>	<u><u>\$ 43,785</u></u>	<u><u>\$ 10,000</u></u>

CITY OF WICHITA FALLS, TEXAS

BUDGETARY COMPARISON SCHEDULE - MPEC FUND FOR THE YEAR ENDED SEPTEMBER 30, 2017

	Budgeted Amounts		Actual	Variance With Final Budget - Positive (Negative)
	Original	Final		
Revenues:				
Charges for services	\$ 221,000	\$ 221,000	\$ -	\$ (221,000)
Contributions	50,000	350,000	335,000	(15,000)
Miscellaneous revenue	1,491,554	1,491,554	892,049	(599,505)
Total revenues	<u>1,762,554</u>	<u>2,062,554</u>	<u>1,227,049</u>	<u>(835,505)</u>
Expenditures:				
MPEC	3,689,888	3,758,606	3,224,663	533,943
Capital outlay	-	205,000	141,312	63,688
Total expenditures	<u>3,689,888</u>	<u>3,963,606</u>	<u>3,365,975</u>	<u>597,631</u>
Excess of revenues over (under) expenditures	<u>(1,927,334)</u>	<u>(1,901,052)</u>	<u>(2,138,926)</u>	<u>(237,874)</u>
Other financing sources (uses):				
Transfers in	1,927,334	2,185,904	2,165,903	(20,001)
Total other financing sources (uses)	<u>1,927,334</u>	<u>2,185,904</u>	<u>2,165,903</u>	<u>(20,001)</u>
Excess of revenues and other sources over (under) expenditures and other uses	-	284,852	26,977	(257,875)
Fund balance - beginning	<u>125,631</u>	<u>125,631</u>	<u>125,631</u>	<u>-</u>
Fund balance - ending	<u>\$ 125,631</u>	<u>\$ 410,483</u>	<u>\$ 152,608</u>	<u>\$ (257,875)</u>

CITY OF WICHITA FALLS, TEXAS

BUDGETARY COMPARISON SCHEDULE - DEBT SERVICE FUND FOR THE YEAR ENDED SEPTEMBER 30, 2017

	Budgeted Amounts		Actual	Variance With Final Budget - Positive (Negative)
	Original	Final		
Revenues:				
Taxes	\$ 732,098	\$ 732,098	\$ 691,539	\$ (40,559)
Contributions	2,276,344	2,276,344	2,276,344	-
Miscellaneous revenue	-	-	16,880	16,880
Total revenues	<u>3,008,442</u>	<u>3,008,442</u>	<u>2,984,763</u>	<u>(23,679)</u>
Expenditures:				
Debt service - principal	3,525,000	3,525,000	3,525,000	-
Debt service - interest and paying agent fees	1,591,022	1,591,022	1,591,022	-
Total expenditures	<u>5,116,022</u>	<u>5,116,022</u>	<u>5,116,022</u>	<u>-</u>
Excess of revenues over (under) expenditures	<u>(2,107,580)</u>	<u>(2,107,580)</u>	<u>(2,131,259)</u>	<u>(23,679)</u>
Other financing sources:				
Transfers in	2,107,580	2,107,580	2,837,515	729,935
Total other financing sources	<u>2,107,580</u>	<u>2,107,580</u>	<u>2,837,515</u>	<u>729,935</u>
Excess of revenues and other sources over (under) expenditures and other uses	-	-	706,256	706,256
Fund balance - beginning	<u>(32,908)</u>	<u>(32,908)</u>	<u>(32,908)</u>	<u>-</u>
Fund balance - ending	<u>\$ (32,908)</u>	<u>\$ (32,908)</u>	<u>\$ 673,348</u>	<u>\$ 706,256</u>

Nonmajor Enterprise Funds

Nonmajor enterprise funds are used to account for operations that are financed and operated in a manner similar to private business enterprises. The intent of the governing body is that the cost of providing the service to the general public on a continuing basis be recovered primarily through user charges.

Kickapoo Airport Fund

During the year ended September 30, 2000, the City acquired Kickapoo Downtown Airport, a private airport. The Kickapoo Airport Fund was established to account for the operating revenues and expenses of the airport.

Transit Fund

The Transit Fund accounts for the operation of the Wichita Falls transit system. This system is supported from passenger fees, subsidies from the General Fund and subsidies from the Federal Transit Administration.

Stormwater Drainage Fund

The Stormwater Drainage Fund was established to account for operating revenues and expenses associated with the Storm Water Drainage Utility System (System). The System was established effective May 1, 2001 and provides a funding mechanism for drainage improvements in the City.

Waterpark Fund

The Waterpark Fund was established to account for the operating revenues and expenses of the Castaway Cove Waterpark. The waterpark was purchased on February 4, 2010.

CITY OF WICHITA FALLS, TEXAS

COMBINING STATEMENT OF NET POSITION
NONMAJOR ENTERPRISE FUNDS
SEPTEMBER 30, 2017

	Kickapoo Airport	Transit	Stormwater Drainage	Waterpark	Total Nonmajor Enterprise Funds
Assets					
Current assets:					
Cash and cash equivalents	\$ 258,738	\$ 3,000	\$ 5,284,858	\$ 337,433	\$ 5,884,029
Receivables (net of allowance for uncollectible accounts):					
Customer and trade	-	-	406,892	-	406,892
Government agencies	-	432,640	-	-	432,640
Other	49,929	(1,263)	-	(15,633)	33,033
Inventory	42,912	-	-	-	42,912
Prepaid items	5,734	-	174	-	5,908
Total current assets	<u>357,313</u>	<u>434,377</u>	<u>5,691,924</u>	<u>321,800</u>	<u>6,805,414</u>
Capital assets, net of accumulated depreciation	<u>8,910,970</u>	<u>4,993,823</u>	<u>24,396,879</u>	<u>3,564,345</u>	<u>41,866,017</u>
Total assets	<u>9,268,283</u>	<u>5,428,200</u>	<u>30,088,803</u>	<u>3,886,145</u>	<u>48,671,431</u>
Deferred outflows of resources					
Pension-related	<u>57,799</u>	<u>282,661</u>	<u>50,651</u>	<u>35,394</u>	<u>426,505</u>
Liabilities					
Current liabilities payable from current assets:					
Accounts payable - trade	11,758	3,730	229,379	-	244,867
Accrued payroll	8,702	44,391	6,739	3,465	63,297
Accrued vacation and sick leave	10,792	16,878	6,197	7,139	41,006
Payable to other City funds	-	1,386,771	-	-	1,386,771
Payable to government agencies	77	-	-	3,518	3,595
Other liabilities	20,170	14,416	133,201	9,113	176,900
Total current liabilities payable from current assets	<u>51,499</u>	<u>1,466,186</u>	<u>375,516</u>	<u>23,235</u>	<u>1,916,436</u>
Long-term liabilities:					
Net pension liability	<u>163,886</u>	<u>801,465</u>	<u>143,618</u>	<u>100,357</u>	<u>1,209,326</u>
Deferred inflows of resources					
Pension-related	<u>2,130</u>	<u>10,418</u>	<u>1,867</u>	<u>1,305</u>	<u>15,720</u>
Net position					
Net investment in capital assets	8,910,970	4,993,823	24,396,879	3,564,345	41,866,017
Unrestricted	197,597	(1,561,031)	5,221,574	232,297	4,090,437
Total net position	<u>\$ 9,108,567</u>	<u>\$ 3,432,792</u>	<u>\$ 29,618,453</u>	<u>\$ 3,796,642</u>	<u>\$ 45,956,454</u>

CITY OF WICHITA FALLS, TEXAS

**COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
NONMAJOR ENTERPRISE FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2017**

	<u>Kickapoo Airport</u>	<u>Transit</u>	<u>Stormwater Drainage</u>	<u>Waterpark</u>	<u>Total Nonmajor Enterprise Funds</u>
Operating revenues:					
Charges for services	\$ -	\$ 402,431	\$ 3,692,496	\$ 918,690	\$ 5,013,617
Rents, concessions and other	884,354	29,652	45,523	402,932	1,362,461
Total operating revenues	<u>884,354</u>	<u>432,083</u>	<u>3,738,019</u>	<u>1,321,622</u>	<u>6,376,078</u>
Operating expenses:					
Personnel services	273,900	1,266,867	190,583	527,014	2,258,364
Supplies and materials	382,980	423,623	3,664	200,525	1,010,792
Maintenance and repairs	2,771	497,044	20,485	48,566	568,866
Utilities and other services	104,655	66,909	264,997	439,200	875,761
Insurance and contract support	10,834	55,372	100	49,075	115,381
Other expenses	48,899	75,437	28,670	24,571	177,577
Depreciation and amortization	400,086	134,771	282,640	251,583	1,069,080
Total operating expenses	<u>1,224,125</u>	<u>2,520,023</u>	<u>791,139</u>	<u>1,540,534</u>	<u>6,075,821</u>
Operating income (loss)	<u>(339,771)</u>	<u>(2,087,940)</u>	<u>2,946,880</u>	<u>(218,912)</u>	<u>300,257</u>
Nonoperating revenues (expenses):					
Interest income	2,414	-	58,888	1,382	62,684
Gain (loss) on sale of capital assets	-	-	-	-	-
Intergovernmental operating grants	-	1,701,652	-	-	1,701,652
Total nonoperating revenues (expenses)	<u>2,414</u>	<u>1,701,652</u>	<u>58,888</u>	<u>1,382</u>	<u>1,764,336</u>
Income (loss) before contributions and transfers	<u>(337,357)</u>	<u>(386,288)</u>	<u>3,005,768</u>	<u>(217,530)</u>	<u>2,064,593</u>
Transfers in	-	159,798	-	-	159,798
Transfers out	<u>(49,635)</u>	<u>-</u>	<u>(2,489,132)</u>	<u>-</u>	<u>(2,538,767)</u>
Change in net position	<u>(386,992)</u>	<u>(226,490)</u>	<u>516,636</u>	<u>(217,530)</u>	<u>(314,376)</u>
Net position - beginning	<u>9,495,559</u>	<u>3,659,282</u>	<u>29,101,817</u>	<u>4,014,172</u>	<u>46,270,830</u>
Net position - ending	<u>\$ 9,108,567</u>	<u>\$ 3,432,792</u>	<u>\$ 29,618,453</u>	<u>\$ 3,796,642</u>	<u>\$ 45,956,454</u>

CITY OF WICHITA FALLS, TEXAS

**COMBINING STATEMENT OF CASH FLOWS
NONMAJOR ENTERPRISE FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2017**

	Kickapoo Airport	Transit	Stormwater Drainage	Waterpark	Total Nonmajor Enterprise Funds
Cash flows from operating activities:					
Receipts from customers and users	\$ 881,698	\$ 430,875	\$ 3,763,664	\$ 1,337,255	\$ 6,413,492
Payments to suppliers	(492,218)	(718,857)	(162,362)	(798,882)	(2,172,319)
Payments for interfund services	(125,144)	(718,786)	(181,877)	(24,060)	(1,049,867)
Payments to employees	(195,819)	(953,509)	(132,286)	(462,819)	(1,744,433)
Net cash provided (used) by operating activities	<u>68,517</u>	<u>(1,960,277)</u>	<u>3,287,139</u>	<u>51,494</u>	<u>1,446,873</u>
Cash flows from noncapital financing activities:					
Intergovernmental operating grants	-	1,700,166	-	-	1,700,166
Interfund loan repaid	-	(88,436)	-	-	(88,436)
Transfers out to other funds	(49,635)	-	(2,489,132)	-	(2,538,767)
Transfers from other funds	-	159,798	-	-	159,798
Net cash provided (used) by noncapital financing activities	<u>(49,635)</u>	<u>1,771,528</u>	<u>(2,489,132)</u>	<u>-</u>	<u>(767,239)</u>
Cash flows from capital and related financing activities:					
Capital contributions	-	-	88,907	-	88,907
Acquisition and construction of capital assets	(229,732)	-	(787,253)	(11,546)	(1,028,531)
Proceeds from sale of capital assets	-	-	-	-	-
Net cash provided (used) for capital and related financing activities	<u>(229,732)</u>	<u>-</u>	<u>(698,346)</u>	<u>(11,546)</u>	<u>(939,624)</u>
Cash flows from investing activities:					
Interest on investments	2,414	-	58,888	1,382	62,684
Net cash provided by investing activities	<u>2,414</u>	<u>-</u>	<u>58,888</u>	<u>1,382</u>	<u>62,684</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(208,436)	(188,749)	158,549	41,330	(197,306)
Cash and Cash Equivalents - Beginning	<u>467,174</u>	<u>191,749</u>	<u>5,126,309</u>	<u>296,103</u>	<u>6,081,335</u>
Cash and Cash Equivalents - Ending	<u>\$ 258,738</u>	<u>\$ 3,000</u>	<u>\$ 5,284,858</u>	<u>\$ 337,433</u>	<u>\$ 5,884,029</u>

CITY OF WICHITA FALLS, TEXAS

**COMBINING STATEMENT OF CASH FLOWS (CONT'D.)
NONMAJOR ENTERPRISE FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2017**

	<u>Kickapoo Airport</u>	<u>Transit</u>	<u>Stormwater Drainage</u>	<u>Waterpark</u>	<u>Totals</u>
Cash flows from operating activities:					
Operating income (loss)	\$ (339,771)	\$ (2,087,940)	\$ 2,946,880	\$ (218,912)	\$ 300,257
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:					
Depreciation and amortization	400,086	134,771	282,640	251,583	1,069,080
(Increase) decrease in assets and deferred outflows of resources:					
Receivables:					
Customer and trade	-	-	25,645	-	25,645
Other	(2,656)	(1,208)	-	15,633	11,769
Inventory	(2,822)	52,848	-	-	50,026
Prepaid items	(3,937)	-	-	-	(3,937)
Deferred outflows - pension-related	954	23,322	10,116	7,871	42,263
Increase (decrease) in liabilities and deferred inflows of resources:					
Accounts payable - trade	8,574	(61,476)	228,760	-	175,858
Accrued payroll	467	698	1,820	(1,629)	1,356
Accrued vacation and sick leave	1,170	-	263	3,025	4,458
Payable to government agencies	(25)	-	-	962	937
Other liabilities	113	(1,957)	(189,346)	8,864	(182,326)
Net pension liability	7,883	(10,755)	(17,732)	(14,521)	(35,125)
Deferred inflows - pension-related	(1,519)	(8,580)	(1,907)	(1,382)	(13,388)
Total adjustments	<u>408,288</u>	<u>127,663</u>	<u>340,259</u>	<u>270,406</u>	<u>1,146,616</u>
Net cash provided by (used in) operating activities	<u>\$ 68,517</u>	<u>\$ (1,960,277)</u>	<u>\$ 3,287,139</u>	<u>\$ 51,494</u>	<u>\$ 1,446,873</u>

Internal Service Funds

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

Fleet Maintenance Fund

The Fleet Maintenance Fund accounts for the costs associated with the operation, maintenance and replacement of the City's vehicle and equipment fleet. City departments which use the vehicles and equipment are charged a monthly rental fee based upon actual operating costs associated with each class of vehicle or equipment.

Duplicating Services Fund

The Duplicating Services Fund accounts for the costs associated with the operation and maintenance of the City's duplicating equipment. City departments which use the duplicating services are charged a fee based upon actual usage.

Employee Benefit Trust Fund

The Employee Benefit Trust Fund is used to account for and administer group health insurance, which is self-insured by the City, and life insurance for employees and covered dependents.

Information Technology Fund

The Information Technology Fund accounts for the costs associated with the operation and maintenance of the City's Information Technology assets. City departments which use information technology are charged a fee based on usage.

CITY OF WICHITA FALLS, TEXAS

COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS
SEPTEMBER 30, 2017

	Fleet Maintenance	Duplicating Services	Employee Benefit Trust	Information Technology Fund	Totals
Assets					
Current assets:					
Cash and cash equivalents	\$ 359,526	\$ -	\$ 7,192	\$ 2,127,143	\$ 2,493,861
Restricted cash and cash equivalents	-	-	5,107,658	-	5,107,658
Receivables:					
Other	27,290	-	2,956	-	30,246
Inventory	699,635	-	-	-	699,635
Prepaid items	2,682,710	470	-	150	2,683,330
Total current assets	<u>3,769,161</u>	<u>470</u>	<u>5,117,806</u>	<u>2,127,293</u>	<u>11,014,730</u>
Capital assets, net of accumulated depreciation	<u>17,714,409</u>	<u>-</u>	<u>-</u>	<u>4,530,324</u>	<u>22,244,733</u>
Total assets	<u>21,483,570</u>	<u>470</u>	<u>5,117,806</u>	<u>6,657,617</u>	<u>33,259,463</u>
Deferred outflows of resources					
Pension-related	<u>562,313</u>	<u>7,582</u>	<u>27,158</u>	<u>332,716</u>	<u>929,769</u>
Liabilities					
Current liabilities:					
Accounts payable - trade	155,574	5,759	3,932	253,856	419,121
Accrued payroll	68,159	918	3,134	39,266	111,477
Accrued vacation and sick leave	116,359	-	-	52,312	168,671
Payable to other City funds	-	4,505	161,305	-	165,810
Estimated health claims payable	-	-	682,770	-	682,770
Other liabilities	(1)	-	1,296	-	1,295
Capital leases - current maturities	249,198	-	-	-	249,198
Total current liabilities	<u>589,289</u>	<u>11,182</u>	<u>852,437</u>	<u>345,434</u>	<u>1,798,342</u>
Long-term liabilities:					
Capital leases, less current maturities	2,433,512	-	-	-	2,433,512
Net pension liability	1,594,399	21,497	77,004	943,393	2,636,293
Total long-term liabilities	<u>4,027,911</u>	<u>21,497</u>	<u>77,004</u>	<u>943,393</u>	<u>5,069,805</u>
Total liabilities	<u>4,617,200</u>	<u>32,679</u>	<u>929,441</u>	<u>1,288,827</u>	<u>6,868,147</u>
Deferred inflows of resources					
Pension-related	<u>20,726</u>	<u>279</u>	<u>1,001</u>	<u>12,263</u>	<u>34,269</u>
Net position					
Net investment in capital assets	17,714,409	-	-	4,530,324	22,244,733
Unrestricted	(306,452)	(24,906)	4,214,522	1,158,919	5,042,083
Total net position	<u>\$ 17,407,957</u>	<u>\$ (24,906)</u>	<u>\$ 4,214,522</u>	<u>\$ 5,689,243</u>	<u>\$ 27,286,816</u>

CITY OF WICHITA FALLS, TEXAS

COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION INTERNAL SERVICE FUNDS FOR THE YEAR ENDED SEPTEMBER 30, 2017

	Fleet Maintenance	Duplicating Services	Employee Benefit Trust	Information Technology Fund	Totals
Operating revenues:					
Charges for services	\$ 9,647,524	\$ 141,752	\$ -	\$ 3,301,211	\$ 13,090,487
Rents, concessions and other	13,017	-	657,168	-	670,185
Contributions	-	-	13,813,107	-	13,813,107
Total operating revenues	<u>9,660,541</u>	<u>141,752</u>	<u>14,470,275</u>	<u>3,301,211</u>	<u>27,573,779</u>
Operating expenses:					
Personnel services	2,128,591	35,491	113,247	1,229,545	3,506,874
Supplies and materials	2,645,751	2,198	57	242,613	2,890,619
Maintenance and repairs	2,513,877	-	-	623,363	3,137,240
Utilities and other services	71,865	637	72,399	161,961	306,862
Insurance and contract support	187,460	-	12,050,683	15	12,238,158
Other expenses	183,154	98,048	1,901,782	15,223	2,198,207
Depreciation and amortization	3,799,355	512	-	650,343	4,450,210
Total operating expenses	<u>11,530,053</u>	<u>136,886</u>	<u>14,138,168</u>	<u>2,923,063</u>	<u>28,728,170</u>
Operating income (loss)	<u>(1,869,512)</u>	<u>4,866</u>	<u>332,107</u>	<u>378,148</u>	<u>(1,154,391)</u>
Nonoperating revenues (expenses):					
Interest income	-	-	577,228	-	577,228
Gain on sale of capital assets	147,001	-	-	(4,882)	142,119
Interest expense	(3,912)	-	-	-	(3,912)
Total nonoperating revenues (expenses)	<u>143,089</u>	<u>-</u>	<u>577,228</u>	<u>(4,882)</u>	<u>715,435</u>
Income (loss) before transfers	<u>(1,726,423)</u>	<u>4,866</u>	<u>909,335</u>	<u>373,266</u>	<u>(438,956)</u>
Transfers in	2,057,792	-	-	-	2,057,792
Transfers out	(312,000)	-	-	(202,058)	(514,058)
Change in net position	<u>19,369</u>	<u>4,866</u>	<u>909,335</u>	<u>171,208</u>	<u>1,104,778</u>
Net position - beginning	<u>17,388,588</u>	<u>(29,772)</u>	<u>3,305,187</u>	<u>5,518,035</u>	<u>26,182,038</u>
Net position - ending	<u>\$ 17,407,957</u>	<u>\$ (24,906)</u>	<u>\$ 4,214,522</u>	<u>\$ 5,689,243</u>	<u>\$ 27,286,816</u>

CITY OF WICHITA FALLS, TEXAS

**COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2017**

	Fleet Maintenance	Duplicating Services	Employee Benefit Trust	Information Technology Fund	Totals
Cash flows from operating activities:					
Received from customers and users	\$ 268,563	\$ -	\$ 4,638,677	\$ -	\$ 4,907,240
Received from interfund charges	9,387,585	141,752	9,436,560	3,301,211	22,267,108
Other operating receipts	-	-	775,632	-	775,632
Payments to suppliers	(5,703,017)	(103,774)	(13,956,613)	(1,056,187)	(20,819,591)
Payments for interfund services	(463,650)	(6,416)	(14,920)	(138,151)	(623,137)
Payments to employees	(1,485,326)	(20,032)	(59,204)	(885,861)	(2,450,423)
Net cash provided (used) by operating activities	<u>2,004,155</u>	<u>11,530</u>	<u>820,132</u>	<u>1,221,012</u>	<u>4,056,829</u>
Cash flows from noncapital financing activities:					
Interfund loans received	-	-	-	-	-
Interfund loans repaid	-	(11,530)	(551,602)	-	(563,132)
Transfers in from other funds	2,057,792	-	-	-	2,057,792
Transfers out to other funds	(312,000)	-	-	(202,058)	(514,058)
Net cash provided (used) by noncapital financing activities	<u>1,745,792</u>	<u>(11,530)</u>	<u>(551,602)</u>	<u>(202,058)</u>	<u>980,602</u>
Cash flows from capital and related financing activities:					
Acquisition of capital assets	(3,503,194)	-	-	(489,171)	(3,992,365)
Proceeds from sale of capital assets	177,406	-	-	-	177,406
Principal paid on long-term debt	(249,198)	-	-	-	(249,198)
Interest and fees paid on long-term debt	(3,912)	-	-	-	(3,912)
Net cash used for capital and related financing activities	<u>(3,578,898)</u>	<u>-</u>	<u>-</u>	<u>(489,171)</u>	<u>(4,068,069)</u>
Cash flows from investing activities:					
Interest on investments	-	-	577,228	-	577,228
Net cash provided by investing activities	<u>-</u>	<u>-</u>	<u>577,228</u>	<u>-</u>	<u>577,228</u>
Net Increase (Decrease) in Cash and Cash Equivalents	171,049	-	845,758	529,783	1,546,590
Cash and Cash Equivalents - Beginning	188,477	-	4,269,092	1,597,360	6,054,929
Cash and Cash Equivalents - Ending	<u>\$ 359,526</u>	<u>\$ -</u>	<u>\$ 5,114,850</u>	<u>\$ 2,127,143</u>	<u>\$ 7,601,519</u>
Cash flows from operating activities:					
Operating income (loss)	\$ (1,869,512)	\$ 4,866	\$ 332,107	\$ 378,148	\$ (1,154,391)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:					
Depreciation and amortization	3,799,355	512	-	650,343	4,450,210
(Increase) decrease in assets and deferred outflows:					
Receivables:					
Other	(2,121)	-	380,292	-	378,171
Inventory	(22,403)	-	-	-	(22,403)
Prepaid items	295	(36)	-	(150)	109
Deferred outflows - pension-related	18,776	(2,112)	(4,032)	10,847	23,479
Increase (decrease) in liabilities and deferred inflows:					
Accounts payable - trade	39,736	1,123	(6,506)	162,265	196,618
Accrued payroll	2,744	264	36	(282)	2,762
Accrued vacation and sick leave	3,452	-	-	(2,237)	1,215
Estimated health claims payable	-	-	102,770	-	102,770
Other liabilities	(2,272)	-	302	-	(1,970)
Net pension liability	51,469	6,974	15,598	31,153	105,194
Deferred inflows - pension-related	(15,364)	(61)	(435)	(9,075)	(24,935)
Total adjustments	<u>3,873,667</u>	<u>6,664</u>	<u>488,025</u>	<u>842,864</u>	<u>5,211,220</u>
Net cash provided (used) by operating activities	<u>\$ 2,004,155</u>	<u>\$ 11,530</u>	<u>\$ 820,132</u>	<u>\$ 1,221,012</u>	<u>\$ 4,056,829</u>

Agency Fund

Escheatment Fund - The agency fund is used to account for assets held by the City of Wichita Falls in a custodial capacity. The assets in this fund have been abandoned or remain unclaimed pending escheatment to the State of Texas.

CITY OF WICHITA FALLS, TEXAS

AGENCY FUND STATEMENT OF CHANGES IN ASSETS AND LIABILITIES FOR THE YEAR ENDED SEPTEMBER 30, 2017

	<u>Balance 10/1/2016</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance 9/30/2017</u>
<u>ESCHEATMENT FUND</u>				
Assets				
Cash and cash equivalents	<u>\$ 125,849</u>	<u>\$ 11,318</u>	<u>\$ 9,368</u>	<u>\$ 127,799</u>
Liabilities				
Other liabilities	<u>\$ 125,849</u>	<u>\$ 11,318</u>	<u>\$ 9,368</u>	<u>\$ 127,799</u>

Component Units

Discretely Presented Component Units of the City of Wichita Falls are legally separate entities; however, the City is considered to be financially accountable for their operations. The five discretely presented component units are as follows:

Wichita Falls Economic Development Corporation

The Wichita Falls Economic Development Corporation is a nonprofit corporation formed in May 1997 for the purpose of increasing employment opportunities, primarily through assisting qualified enterprises with funds provided by a portion of the local sales tax. The Corporation operates under the authority of Vernon's Civil Statutes, Article 5190.6, Section 4A.

Wichita Falls 4B Sales Tax Corporation

The Wichita Falls 4B Sales Tax Corporation is a nonprofit corporation formed in May 1997 for the purpose of increasing employment opportunities and for public improvement projects such as parks, auditoriums, learning centers, open space improvements, athletic and exhibition facilities and the related maintenance and operating costs of such projects. These projects are funded by a portion of the local sales tax. The Corporation operates under the authority of Vernon's Civil Statutes, Article 5190.6, Section 4B.

Wichita Falls Reinvestment Zone #2

The Wichita Falls Reinvestment Zone #2 was created in August 2005 by the City, with the advice and consent of the Wichita Falls Independent School District and Wichita County. The purpose of the Wichita Falls Reinvestment Zone #2 is to capture increments of growth in real property values in the designated zone area from base values established in January 2004 and use the ad valorem taxes derived from the increments to contribute to the zoned area. Tax funds derived from the increment can only be spent for public improvements in the zoned area or for payment of debt service on bonds issued to provide funds for public improvements.

Wichita Falls Reinvestment Zone #3

The Wichita Falls Reinvestment Zone #3 was created in September 2009 by the City, with the advice and consent of the Wichita Falls Independent School District and Wichita County. The purpose of the Wichita Falls Reinvestment Zone #3 is to capture increments of growth in real property values in the designated zone area from base values established in January 2009 and use the ad valorem taxes derived from the increments to contribute to the zoned area. Tax funds derived from the increment can only be spent for public improvements in the zoned area or for payment of debt service on bonds issued to provide funds for public improvements.

Wichita Falls Reinvestment Zone #4

The Wichita Falls Reinvestment Zone #4 was created in March 2015 by the City, with the advice and consent of the Wichita Falls Independent School District and Wichita County. The purpose of the Wichita Falls Reinvestment Zone #4 is to capture increments of growth in real property values in the designated zone area from base values established in January 2015 and use the ad valorem taxes derived from the increments to contribute to the zoned area. Tax funds derived from the increment can only be spent for public improvements in the zoned area or for payment of debt service on bonds issued to provide funds for public improvements.

CITY OF WICHITA FALLS, TEXAS

COMBINING STATEMENT OF NET POSITION COMPONENT UNITS SEPTEMBER 30, 2017

	Wichita Falls Economic Development Corporation	Wichita Falls 4B Sales Tax Corporation	Wichita Falls Reinvestment Zone #2	Wichita Falls Reinvestment Zone #3	Wichita Falls Reinvestment Zone #4	Totals
Assets						
Cash and cash equivalents	\$ 15,274,076	\$ 3,226,142	\$ 509,019	\$ 464,863	\$ 79,668	\$ 19,553,768
Receivables:						
Government agencies	657,044	657,044	-	(458)	-	1,313,630
Capital assets, net of accumulated depreciation	2,169,106	-	-	-	-	2,169,106
Total assets	<u>18,100,226</u>	<u>3,883,186</u>	<u>509,019</u>	<u>464,405</u>	<u>79,668</u>	<u>23,036,504</u>
Liabilities						
Accounts payable - trade	453,099	100,918	-	-	-	554,017
Total liabilities	<u>453,099</u>	<u>100,918</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>554,017</u>
Net position						
Net investment in capital assets	2,169,106	-	-	-	-	2,169,106
Unrestricted	15,478,021	3,782,268	509,019	464,405	79,668	20,313,381
Total net position	<u>\$ 17,647,127</u>	<u>\$ 3,782,268</u>	<u>\$ 509,019</u>	<u>\$ 464,405</u>	<u>\$ 79,668</u>	<u>\$ 22,482,487</u>

CITY OF WICHITA FALLS, TEXAS

**COMBINING STATEMENT OF ACTIVITIES
COMPONENT UNITS
FOR THE YEAR ENDED SEPTEMBER 30, 2017**

	Program Revenue			Net (Expense) Revenue and Changes in Net Position					Totals
	Expenses	Charges for Services	Operating Grants and Contributions	Wichita Falls Economic Development Corporation	Wichita Falls 4B Sales Tax Corporation	Wichita Falls Reinvestment Zone #2	Wichita Falls Reinvestment Zone #3	Wichita Falls Reinvestment Zone #4	
Community development									
Wichita Falls Economic Development Corporation	\$ 6,363,863	\$ 17,800	\$ -	\$ (6,346,063)	\$ -	\$ -	\$ -	\$ -	\$ (6,346,063)
Wichita Falls 4B Sales Tax Corporation	4,154,917	-	321,161	-	(3,833,756)	-	-	-	(3,833,756)
Wichita Falls Reinvestment Zone #2	321,161	-	-	-	-	(321,161)	-	-	(321,161)
Wichita Falls Reinvestment Zone #3	-	-	-	-	-	-	-	-	-
Wichita Falls Reinvestment Zone #4	-	-	-	-	-	-	-	-	-
Total component units	<u>\$ 10,839,941</u>	<u>\$ 17,800</u>	<u>\$ 321,161</u>	<u>(6,346,063)</u>	<u>(3,833,756)</u>	<u>(321,161)</u>	<u>-</u>	<u>-</u>	<u>(10,500,980)</u>
General revenues:									
Taxes:									
Property tax				-	-	636,995	83,221	40,402	760,618
Sales tax				3,735,566	3,735,566	-	-	-	7,471,132
Investment earnings				113,244	21,666	2,331	2,875	388	140,504
Miscellaneous				7,843	-	-	-	-	7,843
Total general revenues				<u>3,856,653</u>	<u>3,757,232</u>	<u>639,326</u>	<u>86,096</u>	<u>40,790</u>	<u>8,380,097</u>
Change in net position				(2,489,410)	(76,524)	318,165	86,096	40,790	(2,120,883)
Net position - beginning				20,136,537	3,858,792	190,854	378,309	38,878	24,603,370
Net position - ending				<u>\$ 17,647,127</u>	<u>\$ 3,782,268</u>	<u>\$ 509,019</u>	<u>\$ 464,405</u>	<u>\$ 79,668</u>	<u>\$ 22,482,487</u>

Supporting Schedules

CITY OF WICHITA FALLS, TEXAS

**COMBINED SCHEDULE OF BONDED DEBT AND INTEREST MATURITIES
SEPTEMBER 30, 2017**

Fiscal Year Ending September 30,	General Obligation Bonds			Combination Tax and Revenue Bonds			Water and Sewer Priority Lien Revenue Bonds			Totals - All Bonded Debt		
	Serial Bond Maturities (1)	Interest on Bonds	Total Bonds and Interest	Serial Bond Maturities (2)	Interest on Bonds	Total Bonds and Interest	Serial Bond Maturities (3)	Interest on Bonds	Total Bonds and Interest	Serial Bond Maturities	Interest on Bonds	Total Bonds and Interest
2018	\$ 2,018,435	\$ 304,800	\$ 2,323,235	\$ 6,881,222	\$ 2,051,014	\$ 8,932,236	\$ 4,948,031	\$ 1,472,219	\$ 6,420,250	\$ 13,847,688	\$ 3,828,033	\$ 17,675,721
2019	1,717,018	264,785	1,981,803	3,302,670	1,877,833	5,180,503	8,893,852	1,412,148	10,306,000	13,913,540	3,554,766	17,468,306
2020	1,745,507	240,073	1,985,580	3,392,095	1,796,019	5,188,114	9,042,086	1,268,164	10,310,250	14,179,688	3,304,256	17,483,944
2021	1,771,429	203,382	1,974,811	3,486,501	1,706,905	5,193,406	9,200,108	1,116,892	10,317,000	14,458,038	3,027,179	17,485,217
2022	1,314,759	169,091	1,483,850	3,575,762	1,610,597	5,186,359	9,352,334	957,916	10,310,250	14,242,855	2,737,604	16,980,459
2023	1,344,180	138,687	1,482,867	3,670,001	1,508,862	5,178,863	9,518,618	791,132	10,309,750	14,532,799	2,438,681	16,971,480
2024	1,380,070	109,904	1,489,974	3,774,229	1,400,712	5,174,941	9,698,231	616,019	10,314,250	14,852,530	2,126,635	16,979,165
2025	1,404,044	84,717	1,488,761	3,898,433	1,285,469	5,183,902	9,880,444	432,056	10,312,500	15,182,921	1,802,242	16,985,163
2026	1,437,531	43,506	1,481,037	3,617,602	1,172,537	4,790,139	10,059,221	252,779	10,312,000	15,114,354	1,468,822	16,583,176
2027	-	-	-	3,726,747	1,064,448	4,791,195	2,506,048	50,702	2,556,750	6,232,795	1,115,150	7,347,945
2028	-	-	-	3,840,717	947,497	4,788,214	-	-	-	3,840,717	947,497	4,788,214
2029	-	-	-	3,969,658	823,421	4,793,079	-	-	-	3,969,658	823,421	4,793,079
2030	-	-	-	3,283,516	709,605	3,993,121	-	-	-	3,283,516	709,605	3,993,121
2031	-	-	-	3,377,340	610,692	3,988,032	-	-	-	3,377,340	610,692	3,988,032
2032	-	-	-	3,251,120	506,760	3,757,880	-	-	-	3,251,120	506,760	3,757,880
2033	-	-	-	3,350,579	406,087	3,756,666	-	-	-	3,350,579	406,087	3,756,666
2034	-	-	-	1,145,000	299,781	1,444,781	-	-	-	1,145,000	299,781	1,444,781
2035	-	-	-	1,170,000	278,191	1,448,191	-	-	-	1,170,000	278,191	1,448,191
2036	-	-	-	1,185,000	255,699	1,440,699	-	-	-	1,185,000	255,699	1,440,699
2037	-	-	-	1,215,000	232,357	1,447,357	-	-	-	1,215,000	232,357	1,447,357
2038	-	-	-	1,235,000	208,162	1,443,162	-	-	-	1,235,000	208,162	1,443,162
2039	-	-	-	1,260,000	183,148	1,443,148	-	-	-	1,260,000	183,148	1,443,148
2040	-	-	-	1,285,000	157,250	1,442,250	-	-	-	1,285,000	157,250	1,442,250
2041	-	-	-	1,310,000	130,455	1,440,455	-	-	-	1,310,000	130,455	1,440,455
2042	-	-	-	1,340,000	102,761	1,442,761	-	-	-	1,340,000	102,761	1,442,761
2043	-	-	-	1,370,000	74,237	1,444,237	-	-	-	1,370,000	74,237	1,444,237
2044	-	-	-	1,395,000	44,997	1,439,997	-	-	-	1,395,000	44,997	1,439,997
2045	-	-	-	1,425,000	15,105	1,440,105	-	-	-	1,425,000	15,105	1,440,105
	<u>\$ 14,132,973</u>	<u>\$ 1,558,945</u>	<u>\$ 15,691,918</u>	<u>\$ 75,733,192</u>	<u>\$ 21,460,601</u>	<u>\$ 97,193,793</u>	<u>\$ 83,098,973</u>	<u>\$ 8,370,027</u>	<u>\$ 91,469,000</u>	<u>\$ 172,965,138</u>	<u>\$ 31,389,573</u>	<u>\$ 204,354,711</u>

(1) Includes amortization of bond premium of \$777,973.

(2) Includes amortization of bond premium of \$158,192.

(3) Includes amortization of bond premium of \$11,728,973.

CITY OF WICHITA FALLS, TEXAS

**COMBINED SCHEDULE OF BONDS PAYABLE
SEPTEMBER 30, 2017**

	Interest Rates and (Dates)	Issue Date	Final Maturity Date	Annual Serial Payments	Bonds			
					Authorized	Issued	Retired or Refunded	Outstanding
General Obligation Bonds:								
General Obligation Refunding Bonds, Series 2011	1.50, 2.00, 3.00 (3/1, 9/1)	10/15/11	09/01/21	415,000 (2012) 405,000 (2013) 410,000 (2014) 420,000 (2015) 425,000 (2016) 435,000 (2017) 445,000 (2018) 455,000 (2019) 470,000 (2020) 485,000 (2021)	\$ 4,365,000	\$ 4,365,000	\$ 2,510,000	\$ 1,855,000
General Obligation Refunding Bonds, Series 2011 - Premium					-	194,300	150,088	44,212
General Obligation Refunding Bonds, Series 2013	1.50, 2.00, 3.00 (3/1, 9/1)	03/15/13	09/01/18	375,000 (2014) 385,000 (2015) 2,305,000 (2016) 335,000 (2017) 340,000 (2018)	3,740,000	3,740,000	3,400,000	340,000
General Obligation Refunding Bonds, Series 2015A	2.00, 2.25, 2.625, 2.75, 3.00, 4.00, 5.00 (3/1, 9/1)	11/15/15	09/01/26	200,000 (2016) 810,000 (2017) 830,000 (2018) 870,000 (2019) 890,000 (2020) 915,000 (2021) 955,000 (2022) 990,000 (2023) 1,030,000 (2024) 1,055,000 (2025) 1,105,000 (2026)	9,650,000	9,650,000	1,010,000	8,640,000
General Obligation Refunding Bonds, Series 2015A - Premium					-	947,256	213,495	733,761
General Obligation Refunding Bonds, Series 2015B	0.73, 1.19, 1.62, 1.99, 2.29, 2.62, 2.83, 2.91, 3.11, 3.27, 3.48 (3/1, 9/1)	11/15/15	09/01/26	110,000 (2016) 255,000 (2017) 255,000 (2018) 260,000 (2019) 265,000 (2020) 270,000 (2021) 275,000 (2022) 285,000 (2023) 295,000 (2024) 305,000 (2025) 310,000 (2026)	2,885,000	2,885,000	365,000	2,520,000
Total General Obligation Bonds					20,640,000	21,781,556	7,648,583	14,132,973

CITY OF WICHITA FALLS, TEXAS

**COMBINED SCHEDULE OF BONDS PAYABLE (CONT'D.)
SEPTEMBER 30, 2017**

	Interest Rates and (Dates)	Issue Date	Final Maturity Date	Annual Serial Payments	Bonds			
					Authorized	Issued	Retired or Refunded	Outstanding
Combination Tax and Revenue Bonds:								
Combination Tax and Revenue Certificates of Obligation, Series 2009	2.25, 2.50, 2.75, 3.00, 3.25, 3.50, 4.00, 4.125, 4.25, 4.50, 4.625, 4.75 (4/1, 10/1)	01/15/09	10/01/29	340,000 (2010) 405,000 (2011) 415,000 (2012) 425,000 (2013) 435,000 (2014) 450,000 (2015) 460,000 (2016) 475,000 (2017) 490,000 (2018) 505,000 (2019) 525,000 (2020) 550,000 (2021) 570,000 (2022) 595,000 (2023) 620,000 (2024) 650,000 (2025) 675,000 (2026) 710,000 (2027) 745,000 (2028) 780,000 (2029)	10,820,000	10,820,000	3,405,000	7,415,000
Combination Tax and Revenue Certificates of Obligation, Series 2010	5.60 (2/1, 8/1)	01/01/10	02/01/25	165,000 (2011) 185,000 (2012) 195,000 (2013) 205,000 (2014) 215,000 (2015) 230,000 (2016) 240,000 (2017) 255,000 (2018) 270,000 (2019) 285,000 (2020) 300,000 (2021) 320,000 (2022) 335,000 (2023) 355,000 (2024) 375,000 (2025)	3,930,000	3,930,000	1,435,000	2,495,000
Combination Tax and Revenue Refunding Bonds, Series 2010	2.00, 3.00, 3.50, 4.00 (2/1, 8/1)	05/01/10	08/01/18	170,000 (2010) 285,000 (2012) 595,000 (2013) 580,000 (2014) 575,000 (2015) 555,000 (2016) 3,470,000 (2017) 3,600,000 (2018)	9,830,000	9,830,000	6,230,000	3,600,000
Combination Tax and Revenue Refunding Bonds, Series 2010 - Premium					-	685,333	647,241	38,092

CITY OF WICHITA FALLS, TEXAS

**COMBINED SCHEDULE OF BONDS PAYABLE (CONT'D.)
SEPTEMBER 30, 2017**

	Interest Rates and (Dates)	Issue Date	Final Maturity Date	Annual Serial Payments	Bonds			
					Authorized	Issued	Retired or Refunded	Outstanding
Combination Tax and Revenue Certificates of Obligation, Series 2011	2.00, 3.00, 4.00 (3/1, 9/1)	10/15/11	09/01/31	135,000 (2013)	3,200,000	3,200,000	700,000	2,500,000
				135,000 (2014)				
				140,000 (2015)				
				145,000 (2016)				
				145,000 (2017)				
				150,000 (2018)				
				150,000 (2019)				
				155,000 (2020)				
				160,000 (2021)				
				165,000 (2022)				
				165,000 (2023)				
				170,000 (2024)				
				180,000 (2025)				
				185,000 (2026)				
				190,000 (2027)				
				195,000 (2028)				
				205,000 (2029)				
				210,000 (2030)				
220,000 (2031)								
Combination Tax and Revenue Certificates of Obligation, Series 2011 - Premium					-	98,494	41,935	56,559
Combination Tax and Revenue Certificates of Obligation, Series 2013	2.00, 3.00, 3.25, 3.375 (3/1, 9/1)	03/01/13	09/01/33	530,000 (2014)	19,875,000	19,875,000	2,970,000	16,905,000
				795,000 (2015)				
				815,000 (2016)				
				830,000 (2017)				
				845,000 (2018)				
				860,000 (2019)				
				890,000 (2020)				
				915,000 (2021)				
				940,000 (2022)				
				970,000 (2023)				
				1,000,000 (2024)				
				1,030,000 (2025)				
				1,060,000 (2026)				
				1,090,000 (2027)				
				1,125,000 (2028)				
				1,160,000 (2029)				
				1,195,000 (2030)				
				1,235,000 (2031)				
1,275,000 (2032)								
1,315,000 (2033)								
Combination Tax and Revenue Certificates of Obligation, Series 2013 - Premium					-	96,293	32,752	63,541

CITY OF WICHITA FALLS, TEXAS
COMBINED SCHEDULE OF BONDS PAYABLE (CONT'D.)
SEPTEMBER 30, 2017

	Interest Rates and (Dates)	Issue Date	Final Maturity Date	Annual Serial Payments	Bonds			
					Authorized	Issued	Retired or Refunded	Outstanding
Combination Tax and Revenue Certificates of Obligation, Series 2013A	2.00, 3.00, 3.125, 3.25, 3.625, 3.75, 4.00, 4.25, 4.375, 4.50, 4.625 (3/1, 9/1)	08/15/13	09/01/33	505,000 (2014)	13,000,000	13,000,000	2,035,000	10,965,000
				500,000 (2015)				
				510,000 (2016)				
				520,000 (2017)				
				530,000 (2018)				
				545,000 (2019)				
				560,000 (2020)				
				580,000 (2021)				
				595,000 (2022)				
				615,000 (2023)				
				630,000 (2024)				
				650,000 (2025)				
				675,000 (2026)				
				700,000 (2027)				
				730,000 (2028)				
				760,000 (2029)				
				795,000 (2030)				
				830,000 (2031)				
				865,000 (2032)				
				905,000 (2033)				
Combination Tax and Revenue Certificates of Obligation, Series 2015	0.00, 0.09, 0.40, 0.68, 0.89, 1.05, 1.16, 1.29, 1.40, 1.47, 1.53, 1.59 1.64, 1.69, 1.74, 1.79 1.84, 1.89, 1.93, 1.96 1.99, 2.02, 2.05, 2.08 2.10, 2.11, 2.12 (3/1, 9/1)	01/02/15	03/01/45	890,000 (2016)	33,545,000	33,545,000	1,850,000	31,695,000
				960,000 (2017)				
				960,000 (2018)				
				960,000 (2019)				
				965,000 (2020)				
				970,000 (2021)				
				975,000 (2022)				
				980,000 (2023)				
				990,000 (2024)				
				1,005,000 (2025)				
				1,015,000 (2026)				
				1,030,000 (2027)				
				1,040,000 (2028)				
				1,060,000 (2029)				
				1,080,000 (2030)				
				1,090,000 (2031)				
				1,110,000 (2032)				
				1,130,000 (2033)				
				1,145,000 (2034)				
				1,170,000 (2035)				
				1,185,000 (2036)				
				1,215,000 (2037)				
				1,235,000 (2038)				
				1,260,000 (2039)				
				1,285,000 (2040)				
1,310,000 (2041)								
1,340,000 (2042)								
1,370,000 (2043)								
1,395,000 (2044)								
1,425,000 (2045)								
Total Combination Tax and Revenue Bonds					94,200,000	95,080,120	19,346,928	75,733,192

CITY OF WICHITA FALLS, TEXAS

**COMBINED SCHEDULE OF BONDS PAYABLE (CONT'D.)
SEPTEMBER 30, 2017**

	Interest Rates and (Dates)	Issue Date	Final Maturity Date	Annual Serial Payments	Bonds			
					Authorized	Issued	Retired or Refunded	Outstanding
Water and Sewer System Revenue Refunding Bonds, Series 2016	2.00, 4.00, 5.00 (2/1, 8/1)	06/01/16	08/01/27	2,635,000 (2017) 2,885,000 (2018) 6,915,000 (2019) 7,265,000 (2020) 7,635,000 (2021) 8,010,000 (2022) 8,410,000 (2023) 8,835,000 (2024) 9,275,000 (2025) 9,705,000 (2026) 2,435,000 (2027)	74,005,000	74,005,000	2,635,000	71,370,000
Water and Sewer System Revenue Refunding Bonds, Series 2016 - Premium					-	13,933,263	2,204,290	11,728,973
Total Priority Lien Revenue Bonds					<u>74,005,000</u>	<u>87,938,263</u>	<u>4,839,290</u>	<u>83,098,973</u>
Total All Bonds					<u>\$ 188,845,000</u>	<u>\$ 204,799,939</u>	<u>\$ 31,834,801</u>	<u>\$ 172,965,138</u>

CITY OF WICHITA FALLS, TEXAS

DEBT SERVICE COVERAGE - REVENUE BONDS SEPTEMBER 30, 2017

Water and Sewer Revenue Bonds:		
Change in net position (Exhibit A-8)		\$ 8,784,044
Add:		
Depreciation and amortization	\$ 8,506,927	
Interest expense and paying agent fees	3,966,161	
Transfers out	<u>1,879,250</u>	14,352,338
Subtract:		
West Texas Utilities water revenues	473,527	
Gain (loss) on sale/abandonment of capital assets	(124,974)	
Capital contributions from developers	396,830	
Transfers in	<u>688,851</u>	<u>(1,434,234)</u>
Net earnings for determining debt service coverage		<u><u>\$ 21,702,148</u></u>

	Priority Lien Bonds	Subordinate Lien Bonds	
Net earnings for determining debt service coverage			\$ 21,702,148
Principal and interest requirements to maturity	\$ 91,469,000	\$ -	
Number of years remaining to pay bonds	<u>10</u>	<u>N/A</u>	
Average annual principal and interest requirement	9,146,900	N/A	
Minimum bond covenant debt service coverage	<u>1.25</u>	<u>1.10</u>	
Minimum debt service coverage requirement	<u><u>\$ 11,433,625</u></u>	<u><u>\$ -</u></u>	<u>11,433,625</u>
Excess over debt service coverage requirements			<u><u>\$ 10,268,523</u></u>

CITY OF WICHITA FALLS, TEXAS

**CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
SCHEDULE BY FUNCTION AND ACTIVITY
SEPTEMBER 30, 2017**

	Land and Betterments	Buildings and Improvements	Machinery and Equipment	Furniture and Fixtures	Infrastructure	Construction in Progress	Totals
Administrative services:							
Mayor and City Council	\$ -	\$ -	\$ -	\$ 5,218	\$ -	\$ -	\$ 5,218
City Manager	-	265,898	2,019	13,644	-	-	281,561
Personnel/Risk Management	-	-	4,658	4,660	-	-	9,318
Martin Luther King Center	-	749,447	-	-	-	-	749,447
Library	477,942	4,511,041	627,488	79,358	-	-	5,695,829
General Public Information	-	510,676	433,893	3,184	-	-	947,753
Building Maintenance	-	2,770,246	139,556	-	-	-	2,909,802
Nondepartmental	46,347	380,754	85,497	-	-	-	512,598
Municipal Court	230,000	310,819	72,007	1,435	-	-	614,261
Legal	-	-	1,488	-	-	-	1,488
City Clerk	-	-	1,411	-	-	-	1,411
Homeland security	-	-	732,673	-	-	-	732,673
Training Center	-	-	42,172	-	-	-	42,172
Golf course	3,808,375	786,801	122,339	-	-	-	4,717,515
Total administrative services	4,562,664	10,285,682	2,265,201	107,499	-	-	17,221,046
Police	1,131,749	10,231,506	14,874,272	8,760	-	205,700	26,451,987
Fire	190,565	7,051,522	786,659	-	-	-	8,028,746
Parks and recreation:							
Recreation	754,606	1,697,141	252,619	-	-	-	2,704,366
Park maintenance	4,588,967	589,802	61,938	-	-	-	5,240,707
Cemetery	141,685	-	9,423	-	-	-	151,108
Total parks and recreation	5,485,258	2,286,943	323,980	-	-	-	8,096,181
Accounting/finance:							
Information Systems	-	-	7,542,468	-	-	104,751	7,647,219
Total accounting/finance	-	-	7,542,468	-	-	104,751	7,647,219
Community development:							
Planning	-	-	26,833	-	-	-	26,833
Inspection	-	-	3,610	-	-	-	3,610
Property management	10,334,824	420,892	11,384	-	-	-	10,767,100
Weed and Seed program	-	-	7,504	-	-	-	7,504
Hazard Mitigation grant	170,800	-	-	-	-	-	170,800
Total community development	10,505,624	420,892	49,331	-	-	-	10,975,847
Public works:							
Engineering	-	13,744	138,041	-	-	-	151,785
Street maintenance	10,147	100,108	33,386	-	-	-	143,641
Lake Wichita Revitalization	-	-	-	-	-	424,175	424,175
SAFB Gate Perimeter Project	1,543,993	-	-	-	-	370,021	1,914,014
Infrastructure	1,300,172	-	-	-	169,304,380	2,915,130	173,519,682
Total public works	2,854,312	113,852	171,427	-	169,304,380	3,709,326	176,153,297
Health:							
Administration	34,820	2,877,755	307,391	14,573	-	13,020	3,247,559
General City nursing	76,411	1,123	10,108	-	-	-	87,642
Environmental health	-	-	47,156	-	-	-	47,156
Lab water pollution	-	-	37,273	-	-	-	37,273
Animal reclaim center	150,737	4,089,467	28,633	-	-	-	4,268,837
Total health	261,968	6,968,345	430,561	14,573	-	13,020	7,688,467
Traffic and transportation	-	31,045	146,638	-	11,210,791	199,147	11,587,621
Multi-Purpose Events Center	9,560,210	38,146,300	510,708	22,117	-	-	48,239,335
Wichita Falls Business Park	1,099,507	-	-	-	-	-	1,099,507
Total capital assets used in the operation of governmental funds	\$ 35,651,857	\$ 75,536,087	\$ 27,101,245	\$ 152,949	\$ 180,515,171	\$ 4,231,944	\$ 323,189,253

CITY OF WICHITA FALLS, TEXAS

CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS SCHEDULE OF CHANGES BY FUNCTION AND ACTIVITY FOR THE YEAR ENDED SEPTEMBER 30, 2017

	Beginning Balance 10/1/2016	Additions	Deletions	Ending Balance 9/30/2017
Administrative services:				
Mayor and City Council	\$ 5,218	\$ -	\$ -	\$ 5,218
City Manager	281,561	-	-	281,561
Personnel/Risk Management	9,318	-	-	9,318
Martin Luther King Center	749,447	-	-	749,447
Library	5,706,795	10,140	21,106	5,695,829
General Public Information	947,753	-	-	947,753
Building Maintenance	2,909,802	-	-	2,909,802
Nondepartmental	514,098	-	1,500	512,598
Municipal Court	728,456	-	114,195	614,261
Legal	1,488	-	-	1,488
City Clerk	1,411	-	-	1,411
Homeland security	748,684	8,400	24,411	732,673
Training center	536,254	-	494,082	42,172
Golf course	4,717,515	-	-	4,717,515
Total administrative services	17,857,800	18,540	655,294	17,221,046
Police	26,467,238	37,516	52,767	26,451,987
Fire	8,028,746	-	-	8,028,746
Parks and recreation:				
Recreation	2,729,641	1,495	26,770	2,704,366
Park maintenance	5,246,397	2,400	8,090	5,240,707
Cemetery	151,108	-	-	151,108
Total parks and recreation	8,127,146	3,895	34,860	8,096,181
Accounting/finance:				
Information Systems	7,310,212	489,170	152,163	7,647,219
Total accounting/finance	7,310,212	489,170	152,163	7,647,219
Community development:				
Planning	26,833	-	-	26,833
Inspection	3,610	-	-	3,610
Property management	10,782,715	-	15,615	10,767,100
Weed and Seed program	7,504	-	-	7,504
Hazard Mitigation Grant	170,800	-	-	170,800
Total community development	10,991,462	-	15,615	10,975,847
Public works:				
Engineering	147,545	11,224	6,984	151,785
Street maintenance	143,641	-	-	143,641
Lake Wichita Revitalization	334,864	89,311	-	424,175
SAFB Gate Perimeter Project	1,541,774	372,240	-	1,914,014
Infrastructure	167,675,372	6,365,676	521,366	173,519,682
Total public works	169,843,196	6,838,451	528,350	176,153,297
Health:				
Administration	3,256,638	13,020	22,099	3,247,559
General city nursing	95,360	-	7,718	87,642
Environmental health	33,776	13,380	-	47,156
Lab water pollution	37,273	-	-	37,273
Animal reclaim center	4,148,629	120,208	-	4,268,837
Total health	7,571,676	146,608	29,817	7,688,467
Traffic and transportation	11,328,413	340,651	81,443	11,587,621
Multi-Purpose Events Center	48,098,023	141,312	-	48,239,335
Wichita Falls Business Park	1,099,507	-	-	1,099,507
Total capital assets	\$ 316,723,419	\$ 8,016,143	\$ 1,550,309	\$ 323,189,253

CITY OF WICHITA FALLS, TEXAS

REGIONAL AIRPORT FUND CAPITAL ASSETS AND ACCUMULATED DEPRECIATION FOR THE YEAR ENDED SEPTEMBER 30, 2017

	Balance 10/1/2016	Additions	Deletions	Balance 9/30/2017
<u>Capital Assets:</u>				
Land and betterments	\$ 14,892,849	\$ -	\$ -	\$ 14,892,849
Buildings and improvements	34,086,309	-	-	34,086,309
Machinery and equipment	127,836	-	-	127,836
Furniture and fixtures	12,829	-	-	12,829
Construction in progress	<u>3,566,725</u>	<u>1,925,379</u>	<u>-</u>	<u>5,492,104</u>
Total capital assets	<u>52,686,548</u>	<u>1,925,379</u>	<u>-</u>	<u>54,611,927</u>
<u>Accumulated Depreciation:</u>				
Land and betterments	2,294,199	595,714	-	2,889,913
Buildings and improvements	1,367,180	676,665	-	2,043,845
Machinery and equipment	20,175	15,588	-	35,763
Furniture and fixtures	<u>1,283</u>	<u>2,566</u>	<u>-</u>	<u>3,849</u>
Total accumulated depreciation	<u>3,682,837</u>	<u>1,290,533</u>	<u>-</u>	<u>4,973,370</u>
Net capital assets	<u>\$ 49,003,711</u>	<u>\$ 634,846</u>	<u>\$ -</u>	<u>\$ 49,638,557</u>

CITY OF WICHITA FALLS, TEXAS

KICKAPOO AIRPORT FUND CAPITAL ASSETS AND ACCUMULATED DEPRECIATION FOR THE YEAR ENDED SEPTEMBER 30, 2017

	<u>Balance 10/1/2016</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 9/30/2017</u>
<u>Capital Assets:</u>				
Land and betterments	\$ 8,769,905	\$ -	\$ -	\$ 8,769,905
Buildings and improvements	3,264,730	-	-	3,264,730
Machinery and equipment	583,215	-	-	583,215
Construction in progress	<u>61,682</u>	<u>229,732</u>	<u>-</u>	<u>291,414</u>
Total capital assets	<u>12,679,532</u>	<u>229,732</u>	<u>-</u>	<u>12,909,264</u>
<u>Accumulated Depreciation:</u>				
Land and betterments	2,270,954	261,504	-	2,532,458
Buildings and improvements	982,399	107,432	-	1,089,831
Machinery and equipment	<u>344,855</u>	<u>31,150</u>	<u>-</u>	<u>376,005</u>
Total accumulated depreciation	<u>3,598,208</u>	<u>400,086</u>	<u>-</u>	<u>3,998,294</u>
Net capital assets	<u><u>\$ 9,081,324</u></u>	<u><u>\$ (170,354)</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 8,910,970</u></u>

CITY OF WICHITA FALLS, TEXAS

TRANSIT FUND CAPITAL ASSETS AND ACCUMULATED DEPRECIATION FOR THE YEAR ENDED SEPTEMBER 30, 2017

	Balance 10/1/2016	Additions	Deletions	Balance 9/30/2017
<u>Capital Assets:</u>				
Land and betterments	\$ 457,254	\$ -	\$ -	\$ 457,254
Buildings and improvements	5,135,957	-	-	5,135,957
Machinery and equipment	<u>358,195</u>	<u>-</u>	<u>18,204</u>	<u>339,991</u>
Total capital assets	<u>5,951,406</u>	<u>-</u>	<u>18,204</u>	<u>5,933,202</u>
<u>Accumulated Depreciation:</u>				
Land and betterments	36,921	10,549	-	47,470
Buildings and improvements	504,589	100,244	-	604,833
Machinery and equipment	<u>281,301</u>	<u>23,979</u>	<u>18,204</u>	<u>287,076</u>
Total accumulated depreciation	<u>822,811</u>	<u>134,772</u>	<u>18,204</u>	<u>939,379</u>
Net capital assets	<u><u>\$5,128,595</u></u>	<u><u>\$ (134,772)</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 4,993,823</u></u>

CITY OF WICHITA FALLS, TEXAS

STORMWATER DRAINAGE FUND CAPITAL ASSETS AND ACCUMULATED DEPRECIATION FOR THE YEAR ENDED SEPTEMBER 30, 2017

	Balance 10/1/2016	Additions	Deletions	Balance 9/30/2017
<u>Capital Assets:</u>				
Drainage	\$ 18,134,401	\$ 6,945,832	\$ -	\$25,080,233
Land and betterments	426,513	-	-	426,513
Machinery and equipment	89,017	2,323	-	91,340
Construction in progress	6,894,289	2,739,521	8,900,596	733,214
Total capital assets	<u>25,544,220</u>	<u>9,687,676</u>	<u>8,900,596</u>	<u>26,331,300</u>
<u>Accumulated Depreciation:</u>				
Drainage	1,554,044	274,722	-	1,828,766
Land betterments	17,835	5,217	-	23,052
Machinery and equipment	79,901	2,702	-	82,603
Total accumulated depreciation	<u>1,651,780</u>	<u>282,641</u>	<u>-</u>	<u>1,934,421</u>
Net capital assets	<u>\$ 23,892,440</u>	<u>\$ 9,405,035</u>	<u>\$ 8,900,596</u>	<u>\$24,396,879</u>

CITY OF WICHITA FALLS, TEXAS

SANITATION FUND CAPITAL ASSETS AND ACCUMULATED DEPRECIATION FOR THE YEAR ENDED SEPTEMBER 30, 2017

	<u>Balance 10/1/2016</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 9/30/2017</u>
<u>Capital Assets:</u>				
Land and betterments	\$ 7,362,165	\$ 148,878	\$ -	\$ 7,511,043
Buildings and improvements	3,555,655	-	-	3,555,655
Machinery and equipment	632,060	23,764	-	655,824
Construction in progress	-	79,870	-	79,870
Total capital assets	<u>11,549,880</u>	<u>252,512</u>	<u>-</u>	<u>11,802,392</u>
<u>Accumulated Depreciation:</u>				
Land and betterments	1,095,100	148,279	-	1,243,379
Buildings and improvements	1,455,745	93,700	-	1,549,445
Machinery and equipment	<u>264,548</u>	<u>43,675</u>	<u>-</u>	<u>308,223</u>
Total accumulated depreciation	<u>2,815,393</u>	<u>285,654</u>	<u>-</u>	<u>3,101,047</u>
Net capital assets	<u><u>\$ 8,734,487</u></u>	<u><u>\$ (33,142)</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 8,701,345</u></u>

CITY OF WICHITA FALLS, TEXAS

WATER AND SEWER FUND CAPITAL ASSETS AND ACCUMULATED DEPRECIATION FOR THE YEAR ENDED SEPTEMBER 30, 2017

	Balance 10/1/2016	Additions	Deletions	Balance 9/30/2017
<u>Capital Assets:</u>				
Land and betterments	\$ 24,362,969	\$ -	\$ -	\$ 24,362,969
Buildings, systems and improvements	329,502,929	2,873,668	704,581	331,672,016
Machinery and equipment	5,994,115	258,244	268,193	5,984,166
Furniture and fixtures	1,164	-	-	1,164
Motor vehicles	1,235	-	-	1,235
Construction in progress	21,911,134	23,229,140	363,481	44,776,793
Total capital assets	<u>381,773,546</u>	<u>26,361,052</u>	<u>1,336,255</u>	<u>406,798,343</u>
<u>Accumulated Depreciation:</u>				
Land and betterments	11,040,879	243,632	-	11,284,511
Buildings, systems and improvements	114,074,995	8,022,877	342,995	121,754,877
Machinery and equipment	4,713,804	240,418	260,870	4,693,352
Furniture and fixtures	1,164	-	-	1,164
Motor vehicles	1,235	-	-	1,235
Total accumulated depreciation	<u>129,832,077</u>	<u>8,506,927</u>	<u>603,865</u>	<u>137,735,139</u>
Net capital assets	<u><u>\$ 251,941,469</u></u>	<u><u>\$ 17,854,125</u></u>	<u><u>\$ 732,390</u></u>	<u><u>\$ 269,063,204</u></u>

CITY OF WICHITA FALLS, TEXAS

WATERPARK FUND CAPITAL ASSETS AND ACCUMULATED DEPRECIATION FOR THE YEAR ENDED SEPTEMBER 30, 2017

	Balance 10/1/2016	Additions	Deletions	Balance 9/30/2017
<u>Capital Assets:</u>				
Land and betterments	\$ 389,894	\$ -	\$ -	\$ 389,894
Buildings and improvements	4,597,737	3,750	-	4,601,487
Machinery and equipment	210,784	10,484	-	221,268
Total capital assets	<u>5,198,415</u>	<u>14,234</u>	<u>-</u>	<u>5,212,649</u>
<u>Accumulated Depreciation:</u>				
Buildings and improvements	1,263,858	229,981	-	1,493,839
Machinery and equipment	132,863	21,602	-	154,465
Total accumulated depreciation	<u>1,396,721</u>	<u>251,583</u>	<u>-</u>	<u>1,648,304</u>
Net capital assets	<u>\$ 3,801,694</u>	<u>\$ (237,349)</u>	<u>\$ -</u>	<u>\$ 3,564,345</u>

CITY OF WICHITA FALLS, TEXAS

FLEET MAINTENANCE FUND CAPITAL ASSETS AND ACCUMULATED DEPRECIATION FOR THE YEAR ENDED SEPTEMBER 30, 2017

	Balance 10/1/2016	Additions	Deletions	Balance 9/30/2017
<u>Capital Assets:</u>				
Land and betterments	\$ 436,269	\$ -	\$ -	\$ 436,269
Buildings and improvements	4,655,717	63,930	-	4,719,647
Machinery and equipment	1,620,875	58,676	-	1,679,551
Furniture and fixtures	2,950	-	-	2,950
Motor vehicles	<u>55,425,735</u>	<u>3,380,588</u>	<u>1,987,100</u>	<u>56,819,223</u>
Total capital assets	<u>62,141,546</u>	<u>3,503,194</u>	<u>1,987,100</u>	<u>63,657,640</u>
<u>Accumulated Depreciation:</u>				
Land and betterments - other	2,480	131	-	2,611
Buildings and improvements	2,527,253	114,429	-	2,641,682
Machinery and equipment	1,211,867	139,166	-	1,351,033
Furniture and fixtures	2,950	-	-	2,950
Motor vehicles	<u>40,356,022</u>	<u>3,545,630</u>	<u>1,956,697</u>	<u>41,944,955</u>
Total accumulated depreciation	<u>44,100,572</u>	<u>3,799,356</u>	<u>1,956,697</u>	<u>45,943,231</u>
Net capital assets	<u>\$ 18,040,974</u>	<u>\$ (296,162)</u>	<u>\$ 30,403</u>	<u>\$ 17,714,409</u>

CITY OF WICHITA FALLS, TEXAS

**DUPLICATING SERVICES FUND
CAPITAL ASSETS AND ACCUMULATED DEPRECIATION
FOR THE YEAR ENDED SEPTEMBER 30, 2017**

	<u>Balance 10/1/2016</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 9/30/2017</u>
<u>Capital Assets:</u>				
Machinery and equipment	<u>\$ 10,617</u>	<u>\$ -</u>	<u>\$ 1,500</u>	<u>\$ 9,117</u>
<u>Accumulated Depreciation:</u>				
Machinery and equipment	<u>10,105</u>	<u>512</u>	<u>1,500</u>	<u>9,117</u>
Net capital assets	<u><u>\$ 512</u></u>	<u><u>\$ (512)</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

CITY OF WICHITA FALLS, TEXAS

INFORMATION TECHNOLOGY FUND CAPITAL ASSETS AND ACCUMULATED DEPRECIATION FOR THE YEAR ENDED SEPTEMBER 30, 2017

	<u>Balance 10/1/2016</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 9/30/2017</u>
<u>Capital Assets:</u>				
Machinery and equipment	\$ 2,410,014	\$ 3,778,081	\$ 8,803	\$ 6,179,292
Construction in progress	<u>3,393,662</u>	<u>104,751</u>	<u>3,393,662</u>	<u>104,751</u>
Total capital assets	<u>5,803,676</u>	<u>3,882,832</u>	<u>3,402,465</u>	<u>6,284,043</u>
<u>Accumulated Depreciation:</u>				
Machinery and equipment	<u>1,107,298</u>	<u>650,343</u>	<u>3,922</u>	<u>1,753,719</u>
Net capital assets	<u>\$ 4,696,378</u>	<u>\$ 3,232,489</u>	<u>\$ 3,398,543</u>	<u>\$ 4,530,324</u>

CITY OF WICHITA FALLS, TEXAS

WICHITA FALLS ECONOMIC DEVELOPMENT CORPORATION CAPITAL ASSETS AND ACCUMULATED DEPRECIATION FOR THE YEAR ENDED SEPTEMBER 30, 2017

	<u>Balance 10/1/2016</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 9/30/2017</u>
<u>Capital Assets:</u>				
Land and betterments	\$ 1,432,069	\$ -	\$ -	\$ 1,432,069
Buildings and improvements	<u>957,191</u>	<u>-</u>	<u>-</u>	<u>957,191</u>
Total capital assets	<u>2,389,260</u>	<u>-</u>	<u>-</u>	<u>2,389,260</u>
<u>Accumulated Depreciation:</u>				
Buildings and improvements	<u>201,010</u>	<u>19,144</u>	<u>-</u>	<u>220,154</u>
Net capital assets	<u><u>\$ 2,188,250</u></u>	<u><u>\$ (19,144)</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 2,169,106</u></u>

Statistical Section (Unaudited)

This part of the City of Wichita Falls, Texas' comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the government's overall financial health.

Contents	Page
Financial Trends <i>These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.</i>	111
Revenue Capacity <i>These schedules contain information to help the reader assess the government's most significant local revenue source, the property tax.</i>	117
Debt Capacity <i>These schedules present information to help the reader assess the affordability of the government's current levels of outstanding debt and the government's ability to issue additional debt in the future.</i>	121
Demographic and Economic Information <i>These schedules offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place.</i>	126
Operating Information <i>These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the government provides and the activities it performs.</i>	128

CITY OF WICHITA FALLS, TEXAS

NET POSITION BY COMPONENT
LAST TEN FISCAL YEARS (UNAUDITED)

	Fiscal Year									
	2007-2008	2008-2009	2009-2010	2010-2011	2011-2012	2012-2013	2013-2014	2014-2015	2015-2016	2016-2017
Governmental activities										
Net investment in capital assets	\$ 139,868,969	\$ 138,550,295	\$ 135,957,279	\$ 138,876,124	\$ 139,058,565	\$ 138,319,208	\$ 128,168,873	\$ 143,014,752	\$ 148,206,829	\$ 150,776,165
Restricted	1,631,963	1,186,730	5,006,079	6,048,238	6,931,511	6,248,074	5,290,076	3,715,125	4,468,638	5,497,793
Unrestricted	21,189,932	14,880,792	9,263,524	7,189,782	7,453,791	6,661,101	5,789,973	(59,103,807)	(64,279,354)	(68,466,161)
Total governmental activities net position	<u>\$ 162,690,864</u>	<u>\$ 154,617,817</u>	<u>\$ 150,226,882</u>	<u>\$ 152,114,144</u>	<u>\$ 153,443,867</u>	<u>\$ 151,228,383</u>	<u>\$ 139,248,922</u>	<u>\$ 87,626,070</u>	<u>\$ 88,396,113</u>	<u>\$ 87,807,797</u>
Business-type activities										
Net investment in capital assets	\$ 143,023,239	\$ 156,170,924	\$ 172,590,416	\$ 172,634,321	\$ 185,087,683	\$ 198,540,484	\$ 225,576,460	\$ 238,249,137	\$ 236,074,244	\$ 250,154,417
Restricted	12,945,497	12,958,909	12,942,163	11,734,924	11,374,316	11,881,663	11,885,698	11,800,667	11,082,332	11,046,973
Unrestricted	12,810,854	10,712,005	10,734,533	23,006,940	28,157,150	25,390,068	22,571,945	13,941,283	31,265,373	27,573,458
Total business-type activities net position	<u>\$ 168,779,590</u>	<u>\$ 179,841,838</u>	<u>\$ 196,267,112</u>	<u>\$ 207,376,185</u>	<u>\$ 224,619,149</u>	<u>\$ 235,812,215</u>	<u>\$ 260,034,103</u>	<u>\$ 263,991,087</u>	<u>\$ 278,421,949</u>	<u>\$ 288,774,848</u>
Primary government										
Net investment in capital assets	\$ 282,892,208	\$ 294,721,219	\$ 308,547,695	\$ 311,510,445	\$ 324,146,248	\$ 336,859,692	\$ 353,745,333	\$ 381,263,889	\$ 384,281,073	\$ 400,930,582
Restricted	14,577,460	14,145,639	17,948,242	17,783,162	18,305,827	18,129,737	17,175,774	15,515,792	15,550,970	16,544,766
Unrestricted	34,000,786	25,592,797	19,998,057	30,196,722	35,610,941	32,051,169	28,361,918	(45,162,524)	(33,013,981)	(40,892,703)
Total primary government net position	<u>\$ 331,470,454</u>	<u>\$ 334,459,655</u>	<u>\$ 346,493,994</u>	<u>\$ 359,490,329</u>	<u>\$ 378,063,016</u>	<u>\$ 387,040,598</u>	<u>\$ 399,283,025</u>	<u>\$ 351,617,157</u>	<u>\$ 366,818,062</u>	<u>\$ 376,582,645</u>

CITY OF WICHITA FALLS, TEXAS

**CHANGES IN NET POSITION
LAST TEN FISCAL YEARS (UNAUDITED)**

	Fiscal Year									
	2007-2008	2008-2009	2009-2010	2010-2011	2011-2012	2012-2013	2013-2014	2014-2015	2015-2016	2016-2017
Expenses										
Governmental activities:										
Administrative services	\$ 11,662,086	\$ 12,026,311	\$ 10,043,369	\$ 10,881,691	\$ 11,934,804	\$ 12,782,404	\$ 13,873,741	\$ 14,837,668	\$ 14,235,870	\$ 15,198,841
Police	20,527,967	21,008,696	21,133,526	21,822,371	22,103,892	22,767,560	23,195,421	23,705,432	25,633,843	25,513,220
Fire	12,492,842	13,028,146	13,065,768	13,291,048	13,523,616	14,226,064	14,387,072	16,455,087	17,476,759	21,107,882
Parks and recreation	5,107,579	5,757,363	5,687,527	5,405,955	5,152,616	5,579,717	5,574,156	5,492,124	5,637,654	5,655,633
Accounting/finance	2,231,952	2,473,024	2,428,055	2,534,141	975,863	924,240	923,727	876,069	787,945	760,506
Community development	6,921,352	7,584,142	7,243,744	7,084,165	6,777,614	6,729,171	6,497,467	6,400,781	6,681,803	6,902,628
Public works	8,314,596	8,282,184	8,035,626	7,613,089	7,956,752	7,747,847	8,155,640	8,117,413	8,334,993	8,551,971
Health	4,873,643	4,995,764	4,931,859	4,911,165	5,021,625	5,167,794	5,166,135	5,398,191	5,707,386	5,814,947
Traffic and transportation	2,679,026	2,499,869	2,525,097	2,451,154	2,510,936	2,757,545	2,617,801	2,555,837	2,667,418	2,579,284
Multi-Purpose Events Center	4,335,968	4,027,612	4,181,379	4,295,871	3,895,665	4,136,952	4,302,368	4,553,654	4,544,817	4,021,413
Interest and fees on long-term debt	1,405,383	1,620,854	1,781,245	1,765,406	1,711,328	2,122,969	1,992,169	1,910,975	1,631,355	1,443,552
Total governmental activities expenses	<u>80,552,394</u>	<u>83,303,965</u>	<u>81,057,195</u>	<u>82,056,056</u>	<u>81,564,711</u>	<u>84,942,263</u>	<u>86,685,697</u>	<u>90,303,231</u>	<u>93,339,843</u>	<u>97,549,877</u>
Business-type activities:										
Municipal Airport	310,980	289,195	337,946	435,774	529,827	655,452	855,765	2,532,243	1,881,055	1,827,618
Kickapoo Airport	1,245,021	1,354,624	1,108,515	1,262,976	1,419,681	1,495,562	1,423,952	1,412,211	1,252,359	1,198,823
Transit	1,793,369	1,616,322	1,602,362	1,847,362	1,903,560	1,938,827	2,416,274	2,524,244	2,673,176	2,540,427
Sanitation	9,199,341	8,509,153	9,152,130	8,959,973	8,904,795	9,236,474	9,333,512	9,489,348	9,841,683	10,216,686
Water and Sewer	28,126,920	30,165,844	30,250,390	32,969,719	28,996,520	30,135,738	32,364,514	33,554,406	32,120,018	33,288,819
Stormwater drainage	407,035	477,415	785,543	533,715	406,570	430,012	560,389	674,839	828,537	816,334
Waterpark	-	-	1,253,557	1,399,255	1,375,832	1,397,270	1,456,084	1,557,158	1,598,720	1,538,193
Total business-type activities expenses	<u>41,082,666</u>	<u>42,412,553</u>	<u>44,490,443</u>	<u>47,408,774</u>	<u>43,536,785</u>	<u>45,289,335</u>	<u>48,410,490</u>	<u>51,744,449</u>	<u>50,195,548</u>	<u>51,426,900</u>
Total primary government expenses	<u>\$ 121,635,060</u>	<u>\$ 125,716,518</u>	<u>\$ 125,547,638</u>	<u>\$ 129,464,830</u>	<u>\$ 125,101,496</u>	<u>\$ 130,231,598</u>	<u>\$ 135,096,187</u>	<u>\$ 142,047,680</u>	<u>\$ 143,535,391</u>	<u>\$ 148,976,777</u>
Program Revenues										
Governmental activities:										
Charges for services:										
Administrative services	\$ 3,211,546	\$ 4,267,891	\$ 4,414,667	\$ 4,499,281	\$ 4,390,463	\$ 4,304,737	\$ 4,220,786	\$ 4,030,674	\$ 4,270,749	\$ 4,735,471
Police	600,020	470,020	495,459	527,007	541,201	624,272	339,867	396,228	335,112	420,289
Fire	2,612	4,369	2,042	11,400	14,613	18,459	15,854	6,866	1,749	36,937
Parks and recreation	517,707	513,682	515,008	513,746	525,505	524,519	530,305	447,990	429,207	441,751
Accounting/finance	-	-	-	65,000	-	-	-	-	-	-
Community development	1,124,534	891,803	1,042,574	1,017,718	942,649	1,131,684	1,094,904	1,006,966	1,101,085	1,209,021
Public works	100,000	165,363	2,600	2,740	24,420	116,035	94,772	9,510	11,824	14,223
Health	864,874	888,890	908,415	965,741	1,075,277	1,073,172	1,051,444	995,634	1,051,834	1,081,910
Traffic and transportation	154,941	164,350	201,961	184,138	217,262	126,163	133,133	162,184	72,965	126,334
Multi-Purpose Events Center	2,141,584	1,789,269	1,767,398	1,644,569	1,656,358	1,597,702	1,553,729	1,604,828	1,561,783	892,049
Operating grants and contributions	11,468,654	10,891,021	14,606,807	13,268,583	9,868,484	11,157,348	10,837,248	11,019,845	14,803,477	14,934,929
Capital grants and contributions	3,097,319	1,631,109	6,145,852	2,315,245	8,066,065	4,394,038	12,956,740	5,349,242	3,942,929	1,032,502
Total governmental activities program revenues	<u>23,283,791</u>	<u>21,677,767</u>	<u>30,102,783</u>	<u>25,015,168</u>	<u>27,322,297</u>	<u>25,068,129</u>	<u>32,828,782</u>	<u>25,029,967</u>	<u>27,582,714</u>	<u>24,925,416</u>

CITY OF WICHITA FALLS, TEXAS

**CHANGES IN NET POSITION (CONT'D.)
LAST TEN FISCAL YEARS (UNAUDITED)**

	Fiscal Year									
	2007-2008	2008-2009	2009-2010	2010-2011	2011-2012	2012-2013	2013-2014	2014-2015	2015-2016	2016-2017
Business-type activities:										
Charges for services:										
Municipal Airport	430,561	544,332	624,298	681,639	716,608	769,557	775,829	864,505	1,109,959	1,120,916
Kickapoo Airport	1,025,300	745,444	798,034	988,457	1,153,038	1,255,153	1,239,973	1,090,276	970,129	884,354
Transit	224,856	229,483	274,577	367,374	405,852	410,737	476,716	541,389	503,708	432,083
Sanitation	10,939,617	12,025,478	11,826,882	11,911,026	12,807,160	12,606,675	13,196,489	12,790,072	13,223,470	13,394,186
Water and Sewer	33,042,845	33,888,553	33,264,688	40,679,751	36,771,008	32,798,786	31,272,972	38,855,845	42,999,399	43,527,980
Stormwater drainage	1,318,340	1,252,544	1,272,430	2,485,346	2,552,650	2,503,255	2,601,158	2,763,120	3,703,803	3,738,019
Waterpark	-	-	1,283,919	1,633,155	1,475,842	1,398,164	1,292,639	1,492,787	1,437,615	1,321,622
Operating grants and contributions	1,389,202	1,142,191	2,312,062	1,323,581	2,371,658	3,787,014	1,830,334	1,826,749	2,282,163	1,701,652
Capital grants and contributions	1,021,644	456,743	108,471	192,620	181,759	1,339,265	1,017,827	1,558,589	209,110	396,830
Total business-type activities program revenues	<u>49,392,365</u>	<u>50,284,768</u>	<u>51,765,361</u>	<u>60,262,949</u>	<u>58,435,575</u>	<u>56,868,606</u>	<u>53,703,937</u>	<u>61,783,332</u>	<u>66,439,356</u>	<u>66,517,642</u>
Total primary government program revenues	<u>\$ 72,676,156</u>	<u>\$ 71,962,535</u>	<u>\$ 81,868,144</u>	<u>\$ 85,278,117</u>	<u>\$ 85,757,872</u>	<u>\$ 81,936,735</u>	<u>\$ 86,532,719</u>	<u>\$ 86,813,299</u>	<u>\$ 94,022,070</u>	<u>\$ 91,443,058</u>
Net (Expense)/Revenue										
Governmental activities	\$ (57,268,603)	\$ (61,626,198)	\$ (50,954,412)	\$ (57,040,888)	\$ (54,242,414)	\$ (59,874,134)	\$ (53,856,915)	\$ (65,273,264)	\$ (65,757,129)	\$ (72,624,461)
Business-type activities	8,309,699	7,872,215	7,274,918	12,854,175	14,898,790	11,579,271	5,293,447	10,038,883	16,243,808	15,090,742
Total primary government net expense	<u>\$ (48,958,904)</u>	<u>\$ (53,753,983)</u>	<u>\$ (43,679,494)</u>	<u>\$ (44,186,713)</u>	<u>\$ (39,343,624)</u>	<u>\$ (48,294,863)</u>	<u>\$ (48,563,468)</u>	<u>\$ (55,234,381)</u>	<u>\$ (49,513,321)</u>	<u>\$ (57,533,719)</u>
General Revenues and Other Changes in Net Position										
Governmental activities:										
Taxes:										
Property tax	\$ 26,160,116	\$ 27,869,849	\$ 27,570,092	\$ 28,556,762	\$ 28,625,696	\$ 29,107,168	\$ 29,784,202	\$ 31,072,640	\$ 34,515,164	\$ 35,120,896
Sales tax	21,353,896	20,451,906	20,033,820	21,082,993	21,406,823	22,062,365	22,397,536	22,403,406	22,373,768	22,413,397
Franchise fees	5,598,406	5,570,399	5,593,573	5,593,781	5,574,882	5,423,680	5,558,600	5,414,414	5,038,247	5,193,721
Hotel occupancy tax	1,560,353	1,506,423	1,553,674	1,572,105	1,677,100	1,578,764	1,684,329	1,775,372	1,910,468	1,878,061
Beverage tax	251,386	249,121	246,541	248,350	207,735	230,728	281,598	291,091	286,986	281,687
Bingo tax	168,864	109,739	77,883	70,747	61,696	40,122	36,688	32,764	26,736	9,098
Investment earnings	1,727,671	415,156	129,653	49,239	54,579	53,244	33,309	20,732	129,886	303,325
Gain (loss) on sale of capital assets	(397,404)	-	-	-	-	-	-	-	-	-
Miscellaneous	242,811	134,983	160,949	-	326,861	636,417	879,538	529,526	447,357	1,651,791
Transfers	525,898	(2,439,625)	(8,802,705)	1,754,171	(2,363,233)	(1,473,837)	(18,778,342)	(2,072,770)	2,003,892	5,184,169
Total governmental activities	<u>57,191,997</u>	<u>53,867,951</u>	<u>46,563,480</u>	<u>58,928,148</u>	<u>55,572,139</u>	<u>57,658,651</u>	<u>41,877,458</u>	<u>59,467,175</u>	<u>66,732,504</u>	<u>72,036,145</u>
Business-type activities:										
Investment earnings	2,949,036	602,872	194,428	50,858	39,865	27,902	11,680	14,884	175,860	415,837
Miscellaneous	-	147,536	153,223	(41,792)	(58,924)	149,173	138,419	87,079	60,331	22,028
Transfers	(525,898)	2,439,625	8,802,705	(1,754,171)	2,363,233	1,473,837	18,778,342	2,072,770	(2,003,892)	(5,184,169)
Total business-type activities	<u>2,423,138</u>	<u>3,190,033</u>	<u>9,150,356</u>	<u>(1,745,105)</u>	<u>2,344,174</u>	<u>1,650,912</u>	<u>18,928,441</u>	<u>2,174,733</u>	<u>(1,767,701)</u>	<u>(4,746,304)</u>
Total primary government	<u>\$ 59,615,135</u>	<u>\$ 57,057,984</u>	<u>\$ 55,713,836</u>	<u>\$ 57,183,043</u>	<u>\$ 57,916,313</u>	<u>\$ 59,309,563</u>	<u>\$ 60,805,899</u>	<u>\$ 61,641,908</u>	<u>\$ 64,964,803</u>	<u>\$ 67,289,841</u>
Change in Net Position										
Governmental activities	\$ (76,606)	\$ (7,758,247)	\$ (4,390,932)	\$ 1,887,260	\$ 1,329,725	\$ (2,215,483)	\$ (11,979,457)	\$ (5,806,089)	\$ 975,375	\$ (588,316)
Business-type activities	10,732,837	11,062,248	16,425,274	11,109,070	17,242,964	13,230,183	24,221,888	12,213,616	14,476,107	10,344,438
Total primary government	<u>\$ 10,656,231</u>	<u>\$ 3,304,001</u>	<u>\$ 12,034,342</u>	<u>\$ 12,996,330</u>	<u>\$ 18,572,689</u>	<u>\$ 11,014,700</u>	<u>\$ 12,242,431</u>	<u>\$ 6,407,527</u>	<u>\$ 15,451,482</u>	<u>\$ 9,756,122</u>

CITY OF WICHITA FALLS, TEXAS

FUND BALANCES, GOVERNMENTAL FUNDS - LAST TEN FISCAL YEARS (UNAUDITED)

	Fiscal Year									
	2007-2008	2008-2009	2009-2010	2010-2011	2011-2012	2012-2013	2013-2014	2014-2015	2015-2016	2016-2017
General Fund										
Reserved	\$ 2,686,432	\$ 1,499,613	\$ 1,392,329	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved	14,500,836	13,042,044	14,294,519	-	-	-	-	-	-	-
Nonspendable	-	-	-	478,617	352,835	384,574	180,992	210,069	157,494	131,311
Assigned	-	-	-	579,022	1,010,976	958,924	1,949,792	1,102,026	878,314	1,059,850
Unassigned	-	-	-	16,002,361	16,570,675	16,226,597	14,886,199	13,682,061	13,161,690	13,138,307
Total general fund	<u>\$ 17,187,268</u>	<u>\$ 14,541,657</u>	<u>\$ 15,686,848</u>	<u>\$ 17,060,000</u>	<u>\$ 17,934,486</u>	<u>\$ 17,570,095</u>	<u>\$ 17,016,983</u>	<u>\$ 14,994,156</u>	<u>\$ 14,197,498</u>	<u>\$ 14,329,468</u>
All other Governmental Funds										
Reserved	\$ 2,888,944	\$ 6,254,620	\$ 11,753,749	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved, reported in:										
Special revenue funds	6,180,559	4,808,127	1,713,168	-	-	-	-	-	-	-
Capital projects funds	15,033,333	10,963,970	1,850,806	-	-	-	-	-	-	-
Nonspendable	-	-	-	81,376	89,668	84,940	120,573	95,283	84,013	-
Restricted	-	-	-	10,927,373	10,744,065	26,934,100	13,834,375	5,977,567	5,729,434	5,617,402
Committed	-	-	-	1,762,248	2,305,013	2,896,812	2,831,488	2,734,119	2,694,718	2,670,133
Unassigned	-	-	-	(24,418)	(269,288)	(269,288)	(460,883)	(550,863)	(773,238)	(1,224,316)
Total all other governmental funds	<u>\$ 24,102,836</u>	<u>\$ 22,026,717</u>	<u>\$ 15,317,723</u>	<u>\$ 12,746,579</u>	<u>\$ 12,869,458</u>	<u>\$ 29,646,564</u>	<u>\$ 16,325,553</u>	<u>\$ 8,256,106</u>	<u>\$ 7,734,927</u>	<u>\$ 7,063,219</u>

Note : GASB 54 was implemented in 2010-11, which changed the terminology for fund balances. Prior years were not reclassified.

CITY OF WICHITA FALLS, TEXAS

**CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS -
LAST TEN FISCAL YEARS (UNAUDITED)**

	Fiscal Year									
	2007-2008	2008-2009	2009-2010	2010-2011	2011-2012	2012-2013	2013-2014	2014-2015	2015-2016	2016-2017
Revenues										
Taxes	\$ 55,155,574	\$ 55,752,982	\$ 55,006,901	\$ 57,122,006	\$ 57,607,312	\$ 58,613,615	\$ 59,739,545	\$ 61,007,519	\$ 64,201,677	\$ 64,886,137
Charges for services	3,270,930	3,689,717	3,715,832	3,886,160	3,710,371	3,422,621	3,331,183	3,362,172	3,370,573	3,340,750
Licenses and permits	2,116,140	1,887,434	1,990,328	2,064,972	2,002,559	2,234,081	2,048,293	1,941,205	1,971,212	1,905,507
Fines and forfeitures	1,964,391	1,970,612	2,214,884	2,209,026	2,409,792	2,435,625	2,402,794	2,262,781	2,561,817	2,795,215
Intergovernmental revenue	8,428,310	9,287,371	14,783,860	11,041,679	14,488,236	11,722,524	18,081,798	12,401,075	13,537,869	10,833,921
Contributions	6,137,663	3,234,759	5,711,904	4,542,149	3,446,313	3,828,862	5,712,190	4,011,809	5,208,537	5,133,510
Miscellaneous revenue	5,369,689	3,804,438	3,597,927	3,216,734	3,261,049	3,463,425	3,642,155	3,118,424	3,120,633	4,239,955
Total revenues	82,442,697	79,627,313	87,021,636	84,082,726	86,925,632	85,720,753	94,957,958	88,104,985	93,972,318	93,134,995
Expenditures										
Administrative services	10,873,576	11,315,351	9,694,632	10,235,720	12,158,781	12,677,867	13,347,029	14,413,640	14,805,672	14,870,206
Police	19,524,824	20,182,150	20,182,168	20,235,012	20,545,965	20,884,744	21,539,820	21,997,801	23,580,992	23,883,109
Fire	12,206,774	12,833,183	12,671,757	12,897,810	13,277,876	13,807,699	14,085,219	14,719,074	16,077,272	16,536,044
Parks and recreation	4,841,597	5,457,410	5,359,692	4,966,060	4,833,743	5,157,417	5,197,591	5,065,222	5,204,296	5,277,544
Accounting/finance	2,087,572	2,327,608	2,279,241	2,367,814	845,076	793,960	831,313	747,341	702,883	719,865
Community development	6,925,581	7,433,617	7,315,631	7,124,851	6,829,018	6,760,826	6,559,064	6,440,963	6,678,753	6,931,301
Public works	5,606,784	5,452,172	5,355,585	5,170,624	5,777,249	5,325,013	5,613,107	5,449,860	5,555,929	5,732,327
Health	4,775,418	4,950,213	4,896,841	4,796,934	4,894,351	5,004,381	5,057,946	5,217,970	5,483,135	5,649,913
Traffic and transportation	2,459,070	2,292,890	2,245,038	2,233,311	2,194,962	2,468,051	2,274,249	2,395,837	2,224,511	2,117,966
Multi-Purpose Events Center	3,506,091	3,208,713	3,358,470	3,436,052	3,062,507	3,365,932	3,536,661	3,747,189	3,718,058	3,231,913
Capital outlay	15,219,394	12,088,928	8,758,421	7,600,491	8,537,049	7,867,468	5,230,269	5,368,119	6,343,551	6,206,493
Debt service - principal	2,395,000	2,065,000	2,240,000	2,115,000	2,270,000	2,515,000	3,000,000	3,350,000	3,745,000	3,525,000
Debt service - interest	1,456,540	1,364,831	1,781,176	1,934,935	1,604,392	1,618,299	2,342,331	1,998,760	1,764,412	1,591,022
Debt service - bond issuance costs	-	-	-	-	137,461	310,777	-	-	-	-
Total expenditures	91,878,221	90,972,066	86,138,652	85,114,614	86,968,430	88,557,434	88,614,599	90,911,776	95,884,464	96,272,703
Excess of revenues over (under) expenditures	(9,435,524)	(11,344,753)	882,984	(1,031,888)	(42,798)	(2,836,681)	6,343,359	(2,806,791)	(1,912,146)	(3,137,708)
Other Financing Sources (Uses)										
Proceeds from bonds	-	10,840,779	3,930,000	-	7,836,338	23,869,261	-	-	13,482,256	-
Capital lease proceeds	-	-	-	-	1,452,760	2,666,243	-	47,848	(13,295,568)	-
Payment to refunded bonds escrow agent	-	-	-	-	(4,484,698)	(3,831,570)	-	-	-	-
Transfers in	7,268,938	5,530,309	5,676,896	6,239,483	6,411,855	7,181,518	16,643,513	17,594,910	7,574,334	8,965,770
Transfer out	(8,194,534)	(9,433,265)	(16,053,685)	(6,405,589)	(10,176,091)	(10,636,058)	(36,860,991)	(23,335,238)	(6,961,378)	(6,367,674)
Total other financing sources (uses)	(925,596)	6,937,823	(6,446,789)	(166,106)	1,040,164	19,249,394	(20,217,478)	(5,692,480)	799,644	2,598,096
Net change in fund balances	\$(10,361,120)	\$ (4,406,930)	\$ (5,563,805)	\$ (1,197,994)	\$ 997,366	\$ 16,412,713	\$(13,874,119)	\$ (8,499,271)	\$ (1,112,502)	\$ (539,612)
Debt service as a percentage of noncapital expenditures	5.02%	4.35%	5.20%	5.22%	4.94%	5.12%	6.41%	6.25%	6.15%	5.68%

CITY OF WICHITA FALLS, TEXAS

TAX REVENUES BY SOURCE, GOVERNMENTAL FUNDS - LAST TEN FISCAL YEARS (UNAUDITED)

Fiscal Year	Property	Sales	Franchise	Hotel Occupancy	Beverage	Bingo	Total
2007-2008	\$ 26,217,499	\$ 21,353,896	\$ 5,598,406	\$ 1,565,523	\$ 251,386	\$ 168,864	\$ 55,155,574
2008-2009	27,865,394	20,451,906	5,570,399	1,506,423	249,121	109,739	55,752,982
2009-2010	27,501,412	20,033,820	5,593,573	1,513,484	246,541	77,883	54,966,713
2010-2011	28,554,029	21,082,994	5,593,781	1,572,105	248,350	70,747	57,122,006
2011-2012	28,679,076	21,406,823	5,574,882	1,677,100	207,735	61,696	57,607,312
2012-2013	29,277,956	22,062,365	5,423,680	1,578,764	230,728	40,122	58,613,615
2013-2014	29,780,795	22,397,536	5,558,599	1,684,329	281,598	36,688	59,739,545
2014-2015	31,090,472	22,403,406	5,414,414	1,775,372	291,091	32,764	61,007,519
2015-2016	34,567,763	22,373,768	5,035,947	1,910,477	286,986	26,736	64,201,677
2016-2017	35,110,173	22,413,397	5,193,721	1,878,061	281,687	9,098	64,886,137

CITY OF WICHITA FALLS, TEXAS

ASSESSED AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY - LAST TEN FISCAL YEARS (UNAUDITED)

Fiscal Year	Real Property Assessed Value	Personal Property Assessed Value	Total Assessed Value	Total Direct Tax Rate	Estimated Actual Value	Ratio of Total Assessed to Total Estimated Actual Value
2007-2008	\$ 3,389,094,572	\$ 802,449,151	\$ 4,191,543,723	\$0.59246	\$ 4,191,543,723	100.00%
2008-2009	3,553,825,553	877,030,381	4,430,855,934	0.59526	4,430,855,934	100.00%
2009-2010	3,622,501,148	803,697,677	4,426,198,825	0.60526	4,426,198,825	100.00%
2010-2011	3,693,399,778	728,642,824	4,422,042,602	0.62526	4,422,042,602	100.00%
2011-2012	3,714,449,662	716,365,316	4,430,814,978	0.62526	4,430,814,978	100.00%
2012-2013	3,749,608,055	715,113,536	4,464,721,591	0.63526	4,464,721,591	100.00%
2013-2014	3,777,010,620	771,002,233	4,548,012,853	0.63526	4,548,012,853	100.00%
2014-2015	3,859,560,337	765,251,406	4,624,811,743	0.65526	4,624,811,743	100.00%
2015-2016	3,944,783,610	820,827,696	4,765,611,306	0.70598	4,765,611,306	100.00%
2016-2017	4,031,689,962	817,687,012	4,849,376,974	0.70598	4,849,376,974	100.00%

CITY OF WICHITA FALLS, TEXAS

DIRECT AND OVERLAPPING PROPERTY TAX RATES - LAST TEN FISCAL YEARS (UNAUDITED)

Fiscal Year	<u>Tax Rates Per \$100 Valuation</u>									Grand Total
	City of Wichita Falls			Wichita County			Burkburnett ISD (1)			
	M&O	I&S	Total	M&O	I&S	Total	M&O	I&S	Total	
2007-2008	\$ 0.57	\$ 0.02	\$ 0.59	\$ 0.43	\$ 0.01	\$ 0.44	\$ 1.17	\$ 0.11	\$ 1.28	
2008-2009	0.58	0.02	0.60	0.43	-	0.43	1.17	0.14	1.31	
2009-2010	0.59	0.02	0.61	0.48	-	0.48	1.17	0.14	1.31	
2010-2011	0.61	0.01	0.62	0.52	-	0.52	1.17	0.14	1.31	
2011-2012	0.61	0.01	0.62	0.53	-	0.53	1.17	0.14	1.31	
2012-2013	0.62	0.01	0.63	0.52	-	0.52	1.17	0.13	1.30	
2013-2014	0.62	0.01	0.63	0.51	-	0.51	1.17	0.12	1.29	
2014-2015	0.64	0.02	0.66	0.51	-	0.51	1.17	0.14	1.31	
2015-2016	0.69	0.02	0.71	0.55	-	0.55	1.17	0.14	1.31	
2016-2017	0.69	0.02	0.71	0.58	0.03	0.61	1.17	0.37	1.54	
	City View ISD (2)			Iowa Park CISD (3)			Wichita Falls ISD (4)			
	M&O	I&S	Total	M&O	I&S	Total	M&O	I&S	Total	
2007-2008	\$ 1.04	\$ 0.22	\$ 1.26	\$ 1.04	\$ 0.08	\$ 1.12	\$ 1.04	\$ 0.16	\$ 1.20	\$ 5.89
2008-2009	1.17	0.23	1.40	1.04	0.11	1.15	1.04	0.16	1.20	6.09
2009-2010	1.17	0.25	1.42	1.04	0.10	1.14	1.04	0.16	1.20	6.16
2010-2011	1.17	0.25	1.42	1.04	0.09	1.13	1.04	0.17	1.21	6.21
2011-2012	1.17	0.25	1.42	1.04	0.24	1.28	1.04	0.17	1.21	6.37
2012-2013	1.17	0.25	1.42	1.04	0.24	1.28	1.04	0.17	1.21	6.36
2013-2014	1.17	0.25	1.42	1.04	0.24	1.28	1.04	0.17	1.21	6.34
2014-2015	1.17	0.25	1.42	1.04	0.23	1.27	1.04	0.10	1.14	6.31
2015-2016	1.17	0.25	1.42	1.17	0.16	1.33	1.04	0.19	1.23	6.55
2016-2017	1.17	0.25	1.42	1.17	0.16	1.33	1.04	0.19	1.23	6.84

Notes:

- (1) Burkburnett Independent School District - 25% in Wichita Falls city limits
- (2) City View Independent School District - 90% in Wichita Falls city limits
- (3) Iowa Park Consolidated Independent School District - 2% in Wichita Falls city limits
- (4) Wichita Falls Independent School District - 99% in Wichita Falls city limits

CITY OF WICHITA FALLS, TEXAS

PRINCIPAL PROPERTY TAXPAYERS CURRENT YEAR AND NINE YEARS AGO SEPTEMBER 30, 2017

Taxpayer	2016-2017			2007-2008		
	Taxable Assessed Value	Rank	Percentage of Total Assessed Valuation	Taxable Assessed Value	Rank	Percentage of Total Assessed Valuation
GGP - Sikes Senter LLC	\$ 62,000,000	1	1.28%	\$ 54,134,300	1	1.02%
Oncor Electric Delivery Co	38,904,630	2	0.80%	40,973,290	2	0.77%
North American Pipe Corp	22,931,911	3	0.47%	13,068,062	5	0.25%
Wal-Mart Stores East Inc	20,645,100	4	0.43%	35,170,703	3	0.66%
Atmos Energy / Mid-Tex Division	19,317,860	5	0.40%	-	N/A	0.00%
Wal-Mart Stores Texas LP	19,295,250	6	0.40%	-	N/A	0.00%
Quail Creek Crossing Ltd	17,186,000	7	0.35%	-	N/A	0.00%
Kell West Regional Hospital	15,089,127	8	0.31%	11,352,391	9	0.21%
Lowe's Home Centers Inc.	12,176,200	9	0.25%	12,953,978	6	0.24%
Cryovac Sealed Air Corporation	11,732,890	10	0.24%	-	N/A	0.00%
Southwestern Bell	-	N/A	0.00%	30,638,056	4	0.58%
United Supermarkets LLC	-	N/A	0.00%	12,327,913	7	0.23%
HD Development Properties	-	N/A	0.00%	11,960,975	8	0.22%
Clinics of North Texas	-	N/A	0.00%	11,109,760	10	0.21%
Totals	<u>\$ 239,278,968</u>		<u>4.93%</u>	<u>\$ 233,689,428</u>		<u>4.39%</u>

Source:

Wichita Appraisal District

CITY OF WICHITA FALLS, TEXAS

PROPERTY TAX LEVIES AND COLLECTIONS - LAST TEN FISCAL YEARS (UNAUDITED)

Fiscal Year	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2007-2008	\$ 24,833,219	\$ 24,408,683	98.29%	\$ 308,491	\$ 24,717,174	99.53%
2008-2009	26,375,113	25,905,854	98.22%	370,042	26,275,896	99.62%
2009-2010	26,752,242	26,166,043	97.81%	391,480	26,557,523	99.27%
2010-2011	27,649,264	27,179,642	98.30%	313,366	27,493,008	99.43%
2011-2012	27,704,114	27,306,706	98.57%	295,426	27,602,132	99.63%
2012-2013	28,362,591	27,906,520	98.39%	267,582	28,174,102	99.34%
2013-2014	28,876,552	28,375,563	98.27%	238,910	28,614,473	99.09%
2014-2015	30,270,748	29,809,308	98.48%	243,133	30,052,441	99.28%
2015-2016	33,644,264	33,124,968	98.46%	226,550	33,351,518	99.13%
2016-2017	34,228,872	33,694,059	98.44%	-	33,694,059	98.44%

CITY OF WICHITA FALLS, TEXAS

RATIOS OF OUTSTANDING DEBT BY TYPE - LAST TEN FISCAL YEARS (UNAUDITED)

Fiscal Year	Governmental Activities				Business-type Activities					Total Primary Government	Percentage of Personal Income	Per Capita
	General Obligation Bonds	Combination Tax and Revenue Bonds	Note Payable	Capital Lease Payable	Utility System Revenue Bonds	Combination Tax and Revenue Bonds	General Obligation Bonds	Note Payable	Capital Leases Payable			
2007-2008	\$ 6,480,000	\$ 23,867,228	\$ -	\$ -	\$ 121,887,613	\$ 24,479,232	\$ -	\$ 670,537	\$ -	\$ 177,384,610	3.71%	\$ 1,644.78
2008-2009	5,535,000	33,524,726	-	-	119,841,741	21,004,768	-	640,377	722,464	181,269,076	7.34%	1,711.13
2009-2010	4,790,000	35,918,687	-	-	107,501,744	27,744,748	-	609,234	549,621	177,114,034	8.03%	1,694.01
2010-2011	4,450,000	34,104,162	-	-	105,277,778	23,969,757	-	577,079	371,696	168,750,472	6.10%	1,614.02
2011-2012	4,116,110	35,503,123	-	1,452,760	102,566,093	19,798,342	-	543,877	1,704,341	165,684,646	7.11%	1,594.18
2012-2013	5,491,678	51,570,623	-	3,833,640	99,211,869	27,887,899	1,930,000	509,596	1,261,663	191,696,968	7.67%	1,833.51
2013-2014	4,679,866	49,302,503	-	3,510,950	95,723,505	24,284,987	1,930,000	474,200	999,606	180,905,617	7.74%	1,724.59
2014-2015	3,850,706	46,710,294	-	3,230,595	92,086,092	54,125,933	1,930,000	437,652	722,737	203,094,009	8.47%	1,932.13
2015-2016	16,129,132	31,138,675	-	2,857,166	87,938,263	51,322,900	-	399,915	16,957,523	206,743,574	8.63%	1,974.44
2016-2017	14,132,973	29,435,100	-	2,466,589	83,098,973	46,298,092	-	360,951	19,142,615	194,935,293	8.14%	1,861.42

CITY OF WICHITA FALLS, TEXAS

RATIOS OF GENERAL BONDED DEBT OUTSTANDING - LAST TEN FISCAL YEARS (UNAUDITED)

Fiscal Year	Governmental Activities			Percentage of Actual Taxable Value of Property	Per Capita
	General Obligation Bonds	Combination Tax and Revenue Bonds	Total		
2007-2008	\$ 6,480,000	\$ 23,867,228	\$ 30,347,228	0.72%	\$ 281.39
2008-2009	5,535,000	33,524,726	39,059,726	0.88%	368.71
2009-2010	4,790,000	35,918,687	40,708,687	0.92%	389.36
2010-2011	4,450,000	34,104,162	38,554,162	0.87%	368.75
2011-2012	4,116,110	35,503,123	39,619,233	0.89%	381.21
2012-2013	5,491,678	51,570,623	57,062,301	1.28%	545.78
2013-2014	4,679,866	49,302,503	53,982,369	1.19%	514.62
2014-2015	3,850,706	46,710,294	50,561,000	1.09%	481.01
2015-2016	16,129,132	31,138,675	47,267,807	0.99%	451.42
2016-2017	14,132,973	29,435,100	43,568,073	0.90%	416.03

CITY OF WICHITA FALLS, TEXAS

**COMPUTATION OF LEGAL DEBT MARGIN -
LAST TEN FISCAL YEARS (UNAUDITED)**

Total assessed property value per 2016 tax roll	\$ 4,849,376,974
Maximum tax rate *	\$ 2.25/\$100
Current tax rate for 2015 tax year	<u>.70598/\$100</u>
Maximum tax rate in excess of 2015 tax rate	<u>1.54402/\$100</u>
Total legal debt margin	<u>\$ 74,875,350</u>

	Fiscal Year									
	2007-2008	2008-2009	2009-2010	2010-2011	2011-2012	2012-2013	2013-2014	2014-2015	2015-2016	2016-2017
Assessed value	\$ 4,191,543,723	\$ 4,430,855,934	\$ 4,426,198,825	\$ 4,422,042,602	\$ 4,430,814,978	\$ 4,464,721,591	\$ 4,548,012,853	\$ 4,624,811,743	\$ 4,765,611,306	\$ 4,849,376,974
Maximum tax rate	\$ 2.25/\$100	\$ 2.25/\$100	\$ 2.25/\$100	\$ 2.25/\$100	\$ 2.25/\$100	\$ 2.25/\$100	\$ 2.25/\$100	\$ 2.25/\$100	\$ 2.25/\$100	\$ 2.25/\$100
Current tax rate	.59246/\$100	.59526/\$100	.60526/\$100	.62526/\$100	.62526/\$100	.63526/\$100	.63526/\$100	.65526/\$100	.70598/\$100	.70598/\$100
Maximum tax rate in excess of current rate	<u>1.65754/\$100</u>	<u>1.65474/\$100</u>	<u>1.64474/\$100</u>	<u>1.62474/\$100</u>	<u>1.62474/\$100</u>	<u>1.61474/\$100</u>	<u>1.61474/\$100</u>	<u>1.59474/\$100</u>	<u>1.54402/\$100</u>	<u>1.54402/\$100</u>
Total legal debt margin	<u>\$ 69,476,514</u>	<u>\$ 73,319,145</u>	<u>\$ 72,799,463</u>	<u>\$ 71,846,695</u>	<u>\$ 71,989,223</u>	<u>\$ 72,093,645</u>	<u>\$ 73,438,583</u>	<u>\$ 73,753,723</u>	<u>\$ 73,581,992</u>	<u>\$ 74,875,350</u>

There is no debt limit established by law. The limit is, therefore, governed by the City's ability to levy and collect taxes to service the outstanding indebtedness. The City's maximum legal tax rate established under its Charter is \$2.25 per \$100 assessed valuation. The 2015 tax rate was \$.70598 per \$100 assessed valuation.

* Maximum tax levy established by City Charter

CITY OF WICHITA FALLS, TEXAS

PLEDGED REVENUE COVERAGE - WATER AND SEWER REVENUE BONDS - LAST TEN FISCAL YEARS (UNAUDITED)

Fiscal Year	Gross Revenues (1)	Operating Expenses (2)	Net Revenue Available For Debt Service	Debt Service Requirement			Coverage
				Principal (3)	Interest	Total	
2007-2008	\$ 33,514,257	\$ 17,896,263	\$ 15,617,994	\$5,165,000	\$ 6,424,544	\$ 11,589,544	1.35
2008-2009	33,662,220	19,546,745	14,115,475	5,410,000	6,185,216	11,595,216	1.22
2009-2010	33,264,688	19,924,687	13,340,001	5,615,000	5,879,680	11,494,680	1.16
2010-2011	40,084,478	22,422,525	17,661,953	5,805,000	5,646,250	11,451,250	1.54
2011-2012	36,405,921	19,501,942	16,903,979	6,130,000	5,364,300	11,494,300	1.47
2012-2013	32,200,867	19,160,351	13,040,516	3,325,000	4,518,925	7,843,925	1.66
2013-2014	30,839,265	20,981,384	9,857,881	3,460,000	4,385,925	7,845,925	1.26
2014-2015	38,456,107	20,477,673	17,978,434	3,610,000	4,238,875	7,848,875	2.29
2015-2016	42,499,482	20,415,375	22,084,107	4,625,000	3,356,255	7,981,255	2.77
2016-2017	43,054,453	21,643,920	21,410,533	2,635,000	3,777,314	6,412,314	3.34

Notes:

- (1) Includes all operating revenues with the exception of water sales to West Texas Utilities (see Exhibit H-3).
- (2) Includes all operating expenses of the Water and Sewer Fund with the exception of depreciation and amortization (see Exhibit H-3).
- (3) Excludes bond premium amortization.

CITY OF WICHITA FALLS, TEXAS

DEMOGRAPHIC STATISTICS - LAST TEN FISCAL YEARS (UNAUDITED)

Fiscal Year	Estimated Population (1)	Personal Income	Per Capita Personal Income (2)	Median Age	Education Level (3)	School Enrollment (3)	Unemployment Rate (4)
2007-2008	107,847	\$ 4,783,049,824	\$ 44,350	34.9	13.3	14,533	5.5%
2008-2009	105,935	2,470,050,408	23,317	33.2	13.5	15,473	8.2%
2009-2010	104,553	2,205,022,770	21,090	32.3	13.3	16,217	7.3%
2010-2011	104,553	2,766,263,274	26,458	32.8	13.2	15,539	6.6%
2011-2012	103,931	2,330,756,606	22,426	32.4	13.2	14,569	6.9%
2012-2013	104,552	2,499,106,456	23,903	32.5	13.1	14,639	6.2%
2013-2014	104,898	2,336,602,950	22,275	32.5	13.2	15,181	4.9%
2014-2015	105,114	2,397,229,884	22,806	32.5	13.2	15,155	4.4%
2015-2016	104,710	2,394,298,860	22,866	32.5	13.2	15,181	4.8%
2016-2017	104,724	2,395,980,396	22,879	32.5	13.2	15,124	3.4%

Sources:

- (1) City of Wichita Falls Planning Department for all years, except for 2010-13 from US Bureau of Census.
- (2) U.S. Bureau of Census Department of Numbers
- (3) Wichita Falls I.S.D. - Educational level is grade equivalent of graduating senior
- (4) Texas Workforce Commission

CITY OF WICHITA FALLS, TEXAS

PRINCIPAL EMPLOYERS CURRENT YEAR AND NINE YEARS AGO (UNAUDITED) SEPTEMBER 30, 2017

Employer	2016-2017			2007-2008		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Sheppard Air Force Base	12,581	1	17.60%	12,201	1	17.06%
North Texas State Hospital	2,071	2	2.90%	1,987	3	2.78%
United Regional Health Care System	2,021	3	2.83%	1,794	4	2.51%
Wichita Falls ISD	1,992	4	2.79%	2,000	2	2.80%
Midwestern State University	1,315	5	1.84%	1,222	6	1.71%
City of Wichita Falls	1,238	6	1.73%	1,576	5	2.20%
Wal-Mart - 3 locations	1,140	7	1.59%	1,188	7	1.66%
Howmet Corp. WF Casting Division	850	8	1.19%	1,020	8	1.43%
James V. Allred Prison Unit	806	9	1.13%	908	9	1.27%
United Supermarkets - 3 locations	778	10	1.09%	-	N/A	-
AT&T Wireless	-	N/A	-	836	10	1.03%
Totals	<u>24,792</u>		<u>34.69%</u>	<u>24,732</u>		<u>34.45%</u>

Sources:

2006-2007 data is from Texas Workforce Commission. 2015-2016 data is from Wichita Falls Chamber of Commerce.

CITY OF WICHITA FALLS, TEXAS

FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION/PROGRAM LAST TEN FISCAL YEARS (UNAUDITED)

	2007-2008	2008-2009	2009-2010	2010-2011	2011-2012	2012-2013	2013-2014	2014-2015	2015-2016	2016-2017
Administrative services	105.1	104.6	102.0	97.0	94.6	94.3	94.1	95.1	94.1	86.0
Police	293.0	294.0	295.0	296.5	298.5	299.5	300.0	299.0	299.0	295.8
Fire	164.0	164.0	164.0	162.0	162.0	162.5	162.5	162.5	162.5	162.5
Parks and recreation	82.9	82.9	84.8	88.7	89.7	92.9	92.1	92.6	92.6	89.5
Accounting/finance	25.5	26.0	26.0	25.0	27.0	27.0	27.0	26.4	26.2	26.0
Community development	40.5	41.0	40.1	40.0	40.0	42.0	42.0	41.0	41.0	40.0
Public works	80.2	80.8	80.8	79.2	78.5	78.5	78.5	78.5	78.5	72.5
Health	72.5	69.0	68.4	71.5	72.0	81.9	78.7	77.5	78.7	78.8
Traffic and transportation	52.6	50.6	51.7	52.6	53.6	53.6	56.1	56.1	57.0	52.0
Multi-Purpose Events Center	22.8	23.0	23.0	22.8	22.8	22.8	22.8	22.8	22.8	22.8
Water and sewer	179.5	179.9	180.1	179.6	180.2	182.1	189.1	187.7	188.6	186.1
Sanitation	82.0	82.5	82.5	82.5	82.5	81.5	83.5	83.5	85.5	86.5
Municipal Airport	1.6	1.6	1.6	1.6	1.6	1.6	1.6	3.0	1.6	1.6
Kickapoo Airport	4.4	4.4	5.4	5.4	5.6	6.4	3.4	3.4	4.4	4.4
Transit	19.6	22.1	21.6	21.6	22.2	24.7	26.2	26.7	26.7	25.2
Stormwater Drainage	1.3	1.3	1.3	1.3	1.3	1.8	1.8	1.8	1.8	4.8

CITY OF WICHITA FALLS, TEXAS

**OPERATING INDICATORS BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS (UNAUDITED)**

	Fiscal Year									
	2007-2008	2008-2009	2009-2010	2010-2011	2011-2012	2012-2013	2013-2014	2014-2015	2015-2016	2016-17
General government										
Building permits issued	7,420	6,769	6,802	8,130	7,303	9,979	8,542	7,399	7,413	7,874
Building inspections conducted	11,425	9,565	11,038	13,321	11,834	12,823	13,472	12,852	11,302	10,803
Police										
Physical arrests	6,752	7,186	6,235	5,845	6,182	5,978	6,042	5,036	5,214	5,845
Parking violations	197	-	109	125	529	65	43	90	110	175
Traffic violations	16,236	23,253	25,558	23,780	21,660	21,651	22,538	18,792	19,424	23,514
Fire										
Emergency responses	8,684	8,687	8,693	9,139	9,027	8,979	8,708	9,392	9,432	8,442
Fires extinguished	1,340	718	654	703	583	591	452	432	477	449
Inspections	2,647	3,250	3,281	3,114	3,221	3,198	3,316	2,931	4,133	3,175
Refuse collection										
Refuse collected (tons)	168,681	161,243	156,630	141,251	116,961	124,250	121,502	76,145	136,646	136,911
Recyclables collected	21,624	22,010	16,923	16,780	18,743	18,884	14,643	1,384	16,134	18,232
Library										
Volumes in collection	184,231	185,009	185,009	193,064	177,229	173,996	174,993	194,715	176,160	820,301
Total volumes borrowed	352,408	368,685	368,685	344,107	327,336	276,065	293,860	293,364	282,808	294,798
Water										
New connections	212	146	48	64	119	134	(344)	74	(2,523)	3,144
Water main breaks	898	872	724	1,250	1,028	954	944	863	696	519
Average daily consumption (thousands of gallons)	22,511	19,200	19,851	25,798	20,269	15,564	13,207	12,051	14,974	14,180
Wastewater										
Average daily sewage treatment (thousands of gallons)	11,410	7,670	12,435	10,080	10,551	9,217	6,452	8,440	7,900	9,877
Transit										
Total route miles	488,842	530,771	536,181	552,238	586,893	572,744	575,004	591,417	586,565	591,538
Passengers	324,666	327,463	340,181	374,277	485,101	460,484	462,853	486,104	493,164	464,838

CITY OF WICHITA FALLS, TEXAS

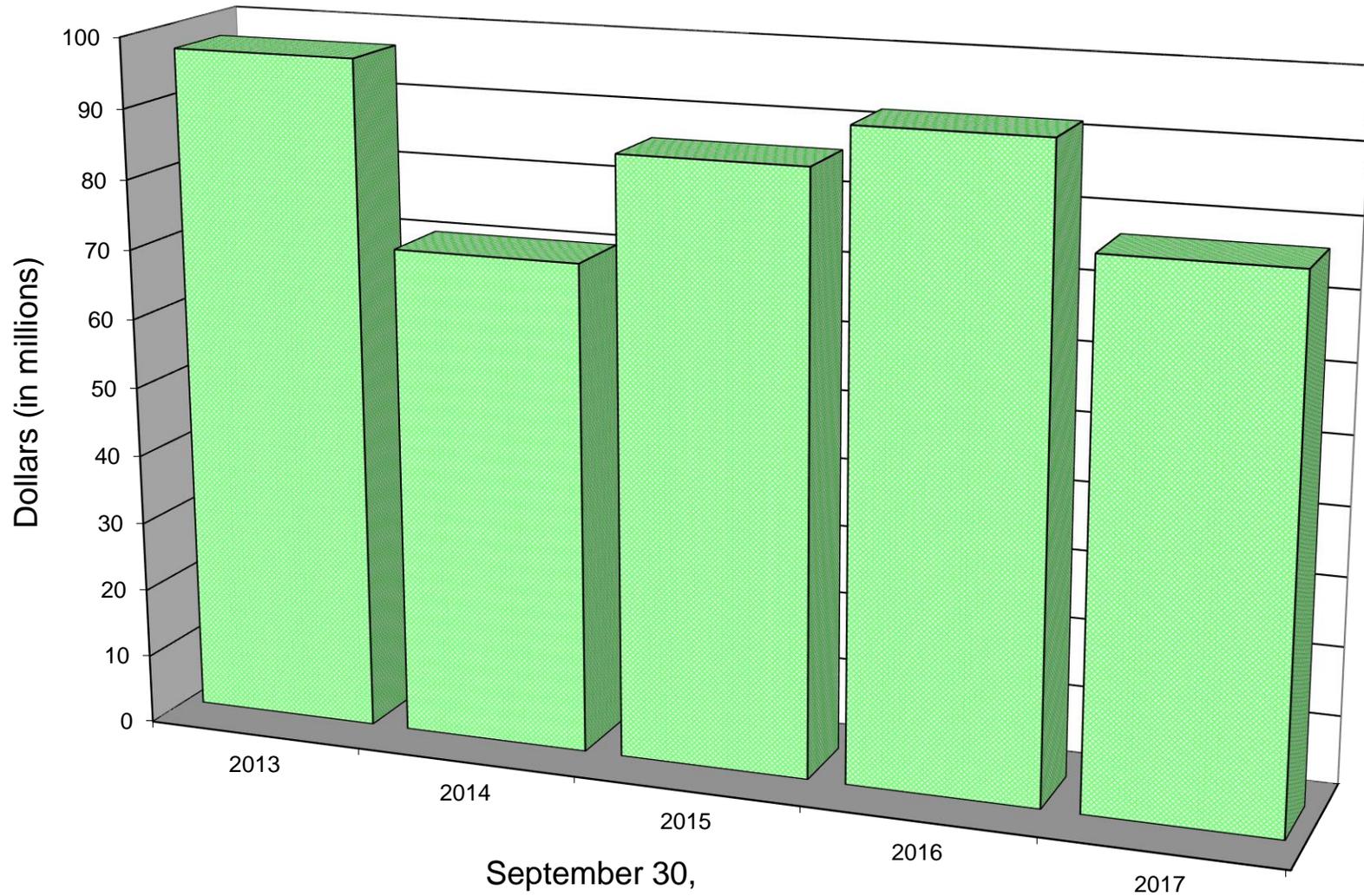
**CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS (UNAUDITED)**

	Fiscal Year									
	2007-2008	2008-2009	2009-2010	2010-2011	2011-2012	2012-2013	2013-2014	2014-2015	2015-2016	2016-2017
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol units	103	105	115	114	114	113	113	113	113	113
Fire stations	8	8	8	8	8	8	8	8	8	8
Refuse collection										
Collection trucks	36	36	36	36	36	36	36	36	36	36
Other public works										
Streets (miles)	515	529	514	514	515	515	515	515	530	531
Streetlights	7,976	8,203	7,958	8,084	7,931	7,942	7,972	7,996	8,015	8,451
Traffic signals	102	104	104	104	104	104	104	104	104	104
Parks and recreation										
Acreage	1,200	1,200	1,200	1,200	1,200	1,200	1,200	1,200	1,200	1,200
Playgrounds	47	40	39	39	39	39	39	39	39	39
Golf courses	1	1	1	1	1	1	1	1	1	1
Water										
Water mains (miles)	720	720	572	572	577	578	579	580	806	782
Fire hydrants	2,264	2,264	2,545	2,547	2,579	2,588	2,588	2,593	2,842	2,822
Storage capacity (thousands of gallons)	21,000	22,500	37,000	37,000	37,000	37,000	37,000	37,000	37,000	37,000
Wastewater										
Sanitary sewers (miles)	538	550	543	543	545	546	547	548	599	592
Storm sewers (miles)	117	117	97	97	97	98	98	98	98	98
Treatment capacity (thousands of gallons)	21,410	22,800	21,410	24,410	24,410	21,410	21,410	21,410	21,410	21,410
Transit										
Buses	12	12	14	14	14	14	14	13	13	13

Graphics

CITY OF WICHITA FALLS, TEXAS

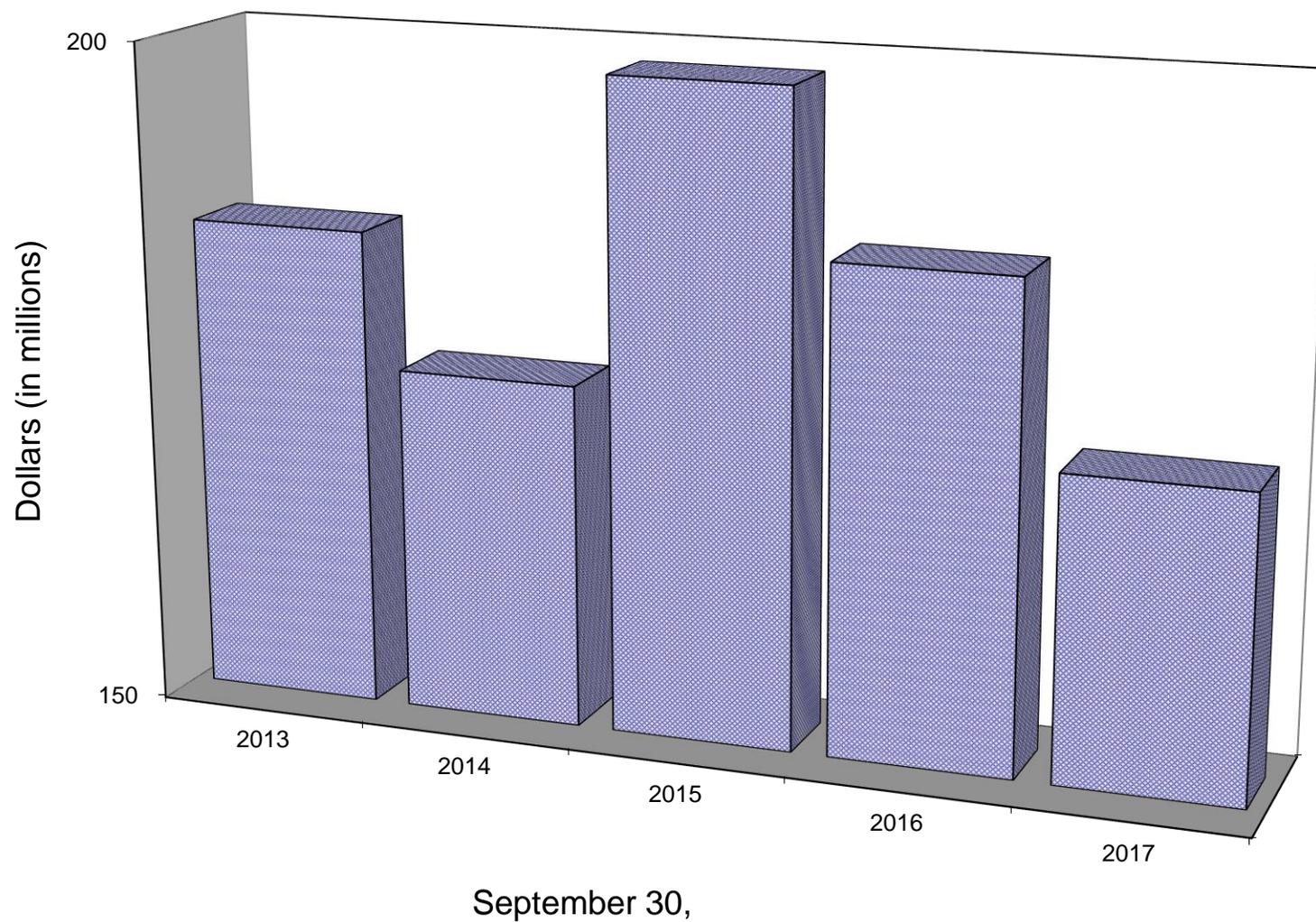
CASH AND INVESTMENTS



(UNAUDITED)

CITY OF WICHITA FALLS, TEXAS

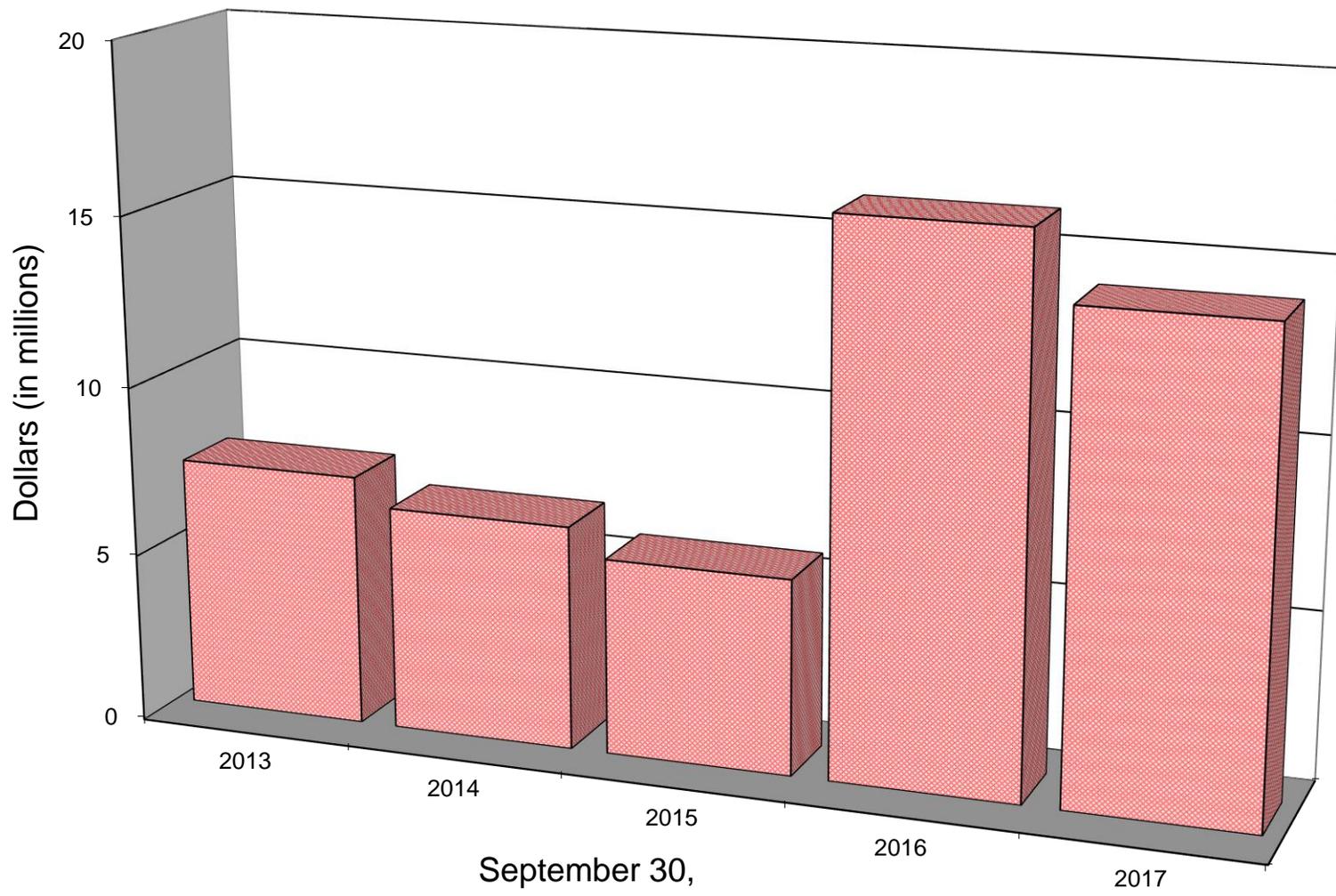
TOTAL BONDS PAYABLE



(UNAUDITED)

CITY OF WICHITA FALLS, TEXAS

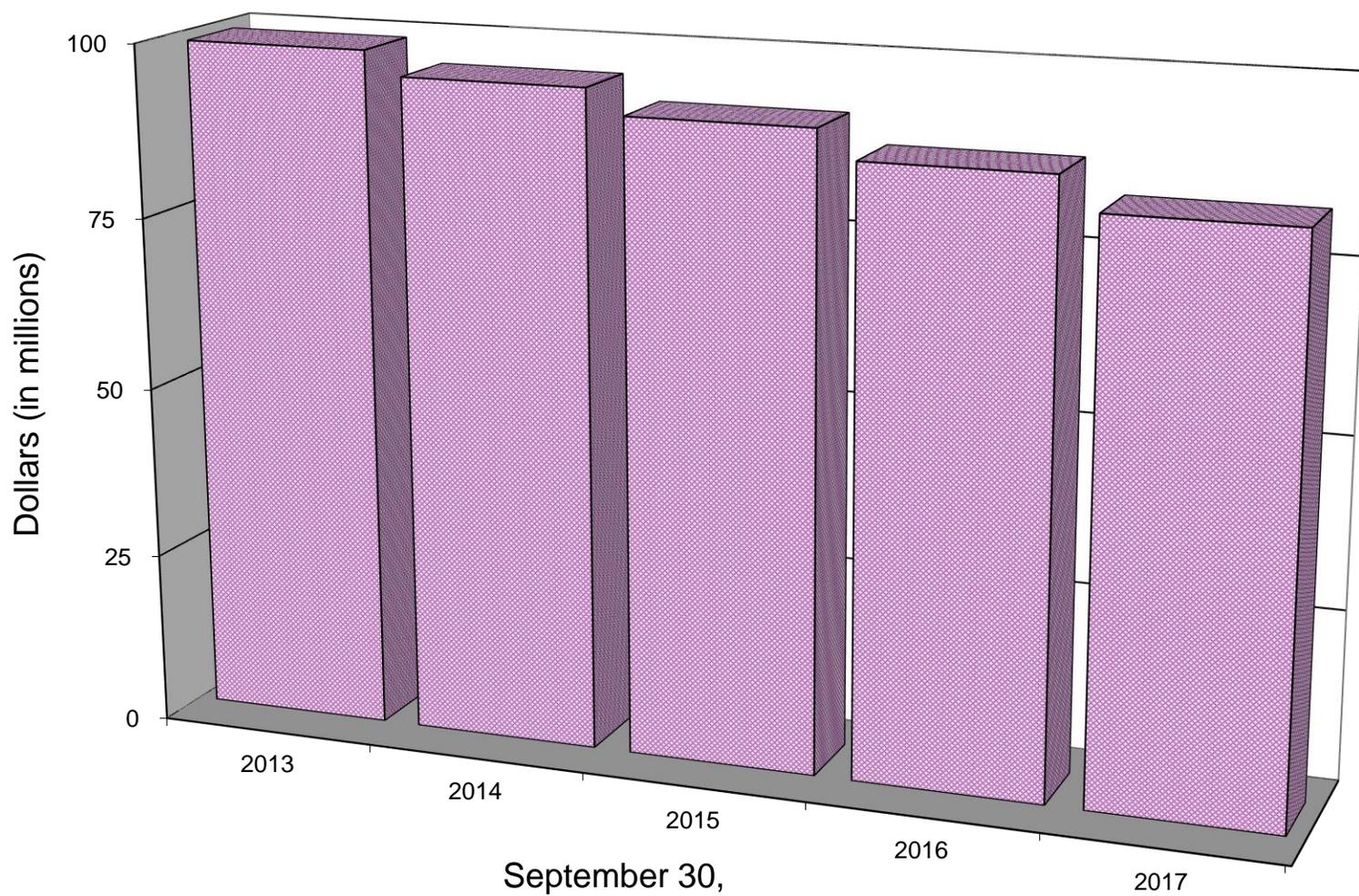
GENERAL OBLIGATION BONDS PAYABLE



(UNAUDITED)

CITY OF WICHITA FALLS, TEXAS

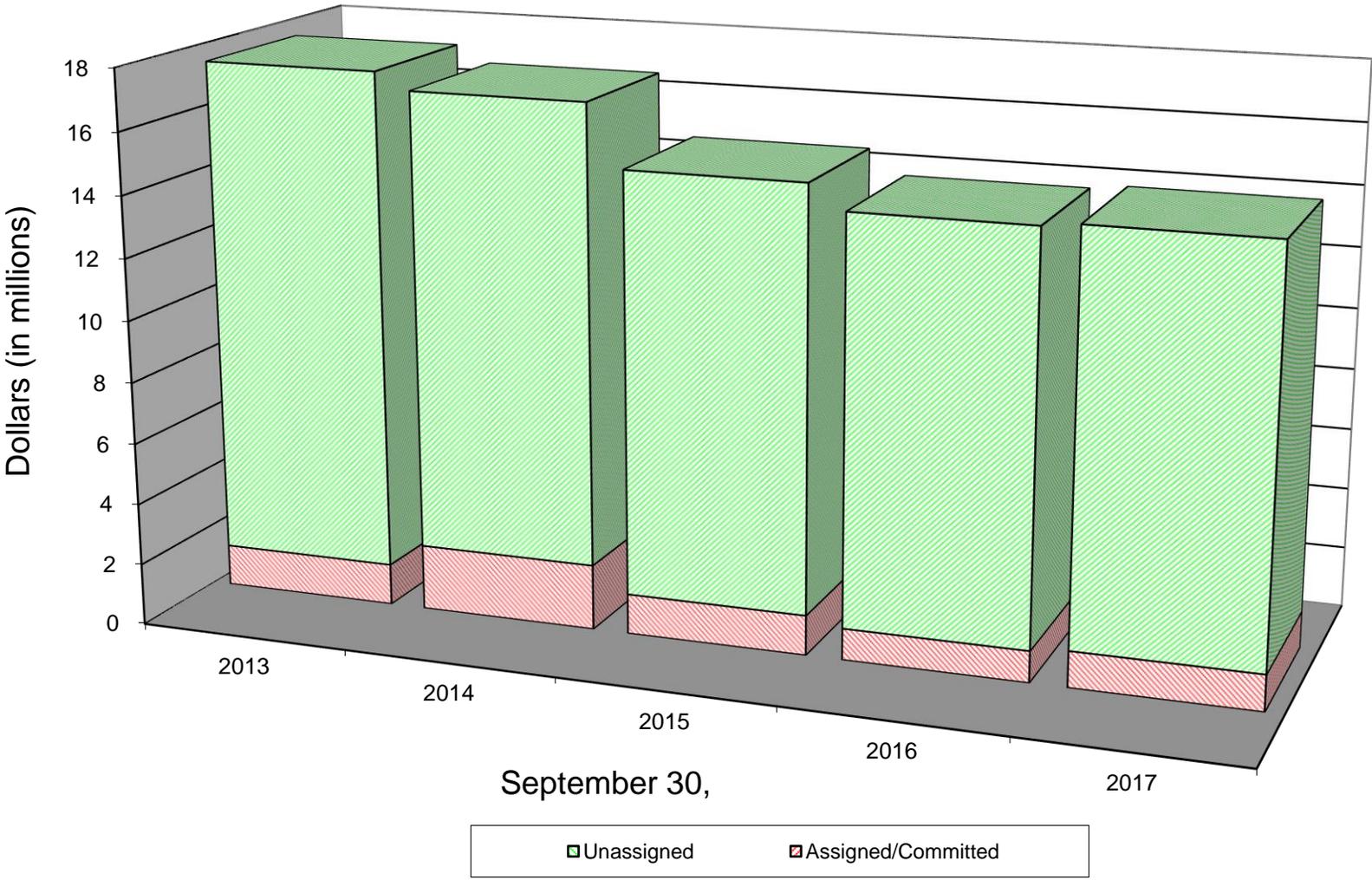
REVENUE BONDS PAYABLE



(UNAUDITED)

CITY OF WICHITA FALLS, TEXAS

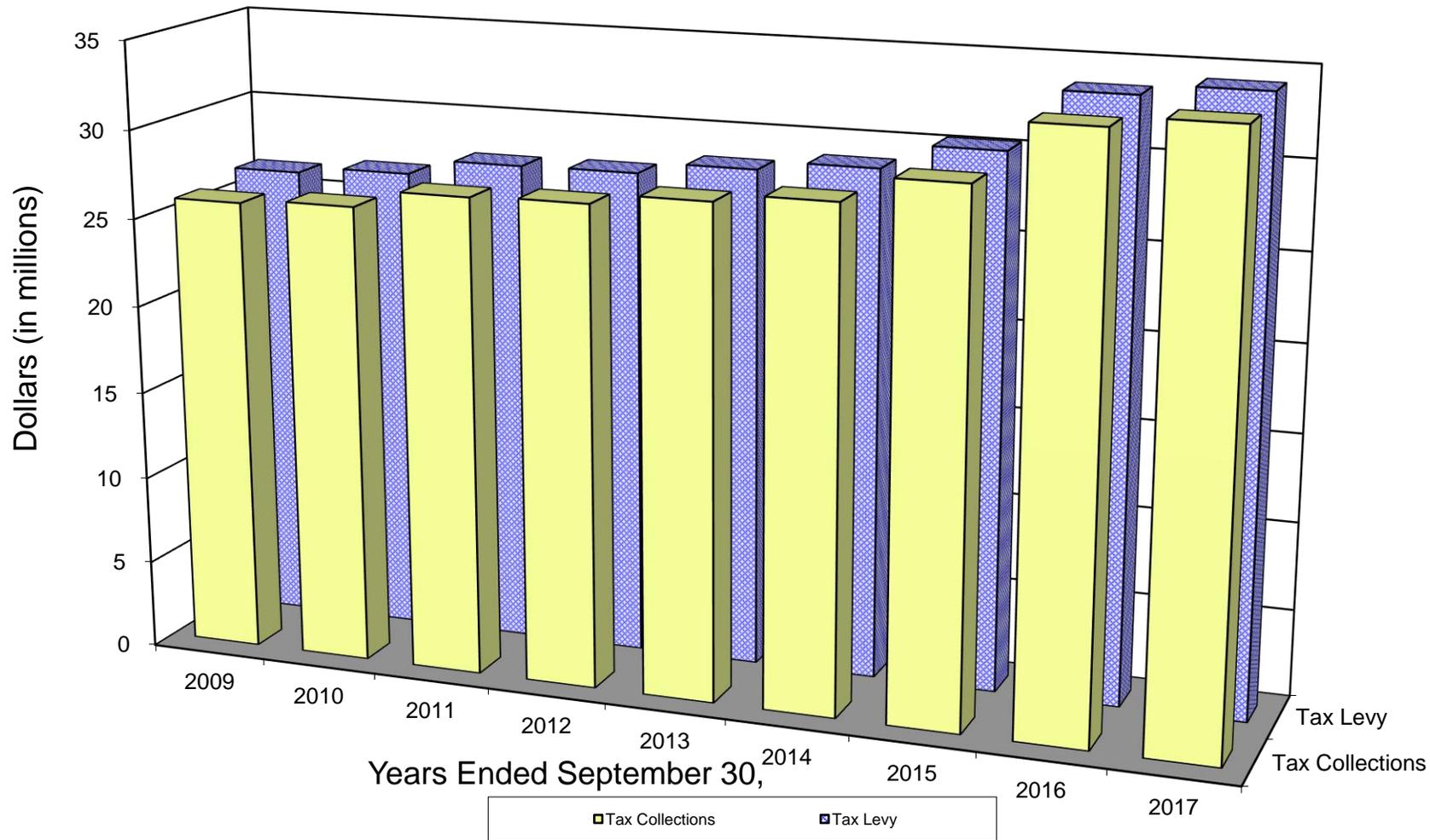
GENERAL FUND EQUITY



(UNAUDITED)

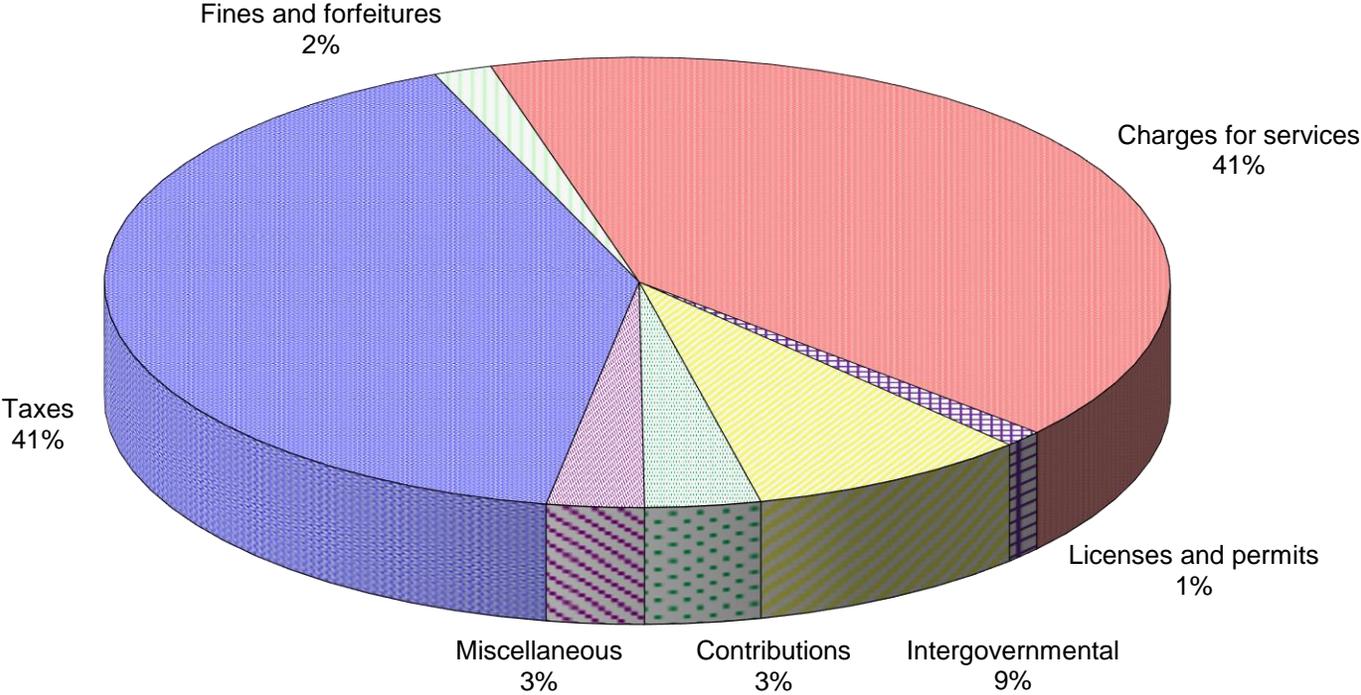
CITY OF WICHITA FALLS, TEXAS

COMPARISON OF TAX LEVY AND COLLECTIONS



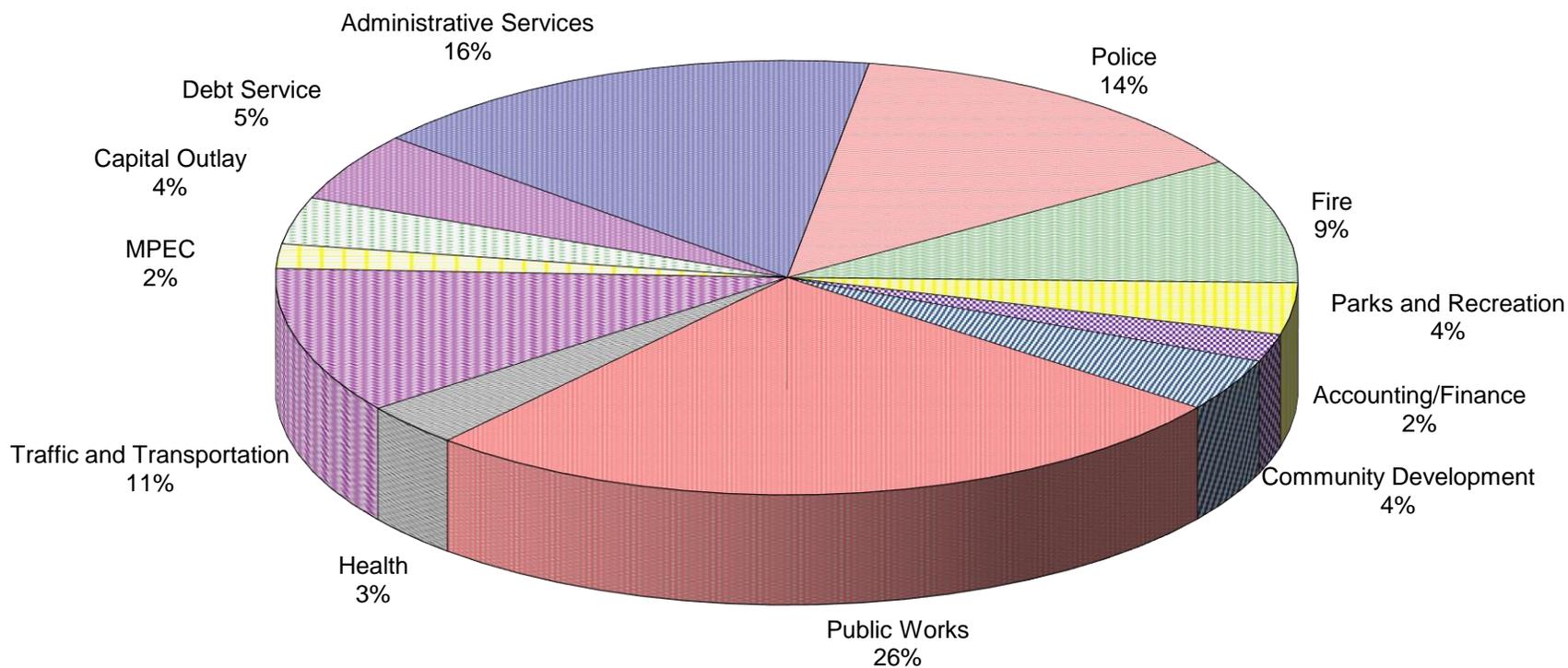
(UNAUDITED)

**CITY OF WICHITA FALLS, TEXAS
REVENUES BY SOURCE - FYE 9/30/17**



(UNAUDITED)

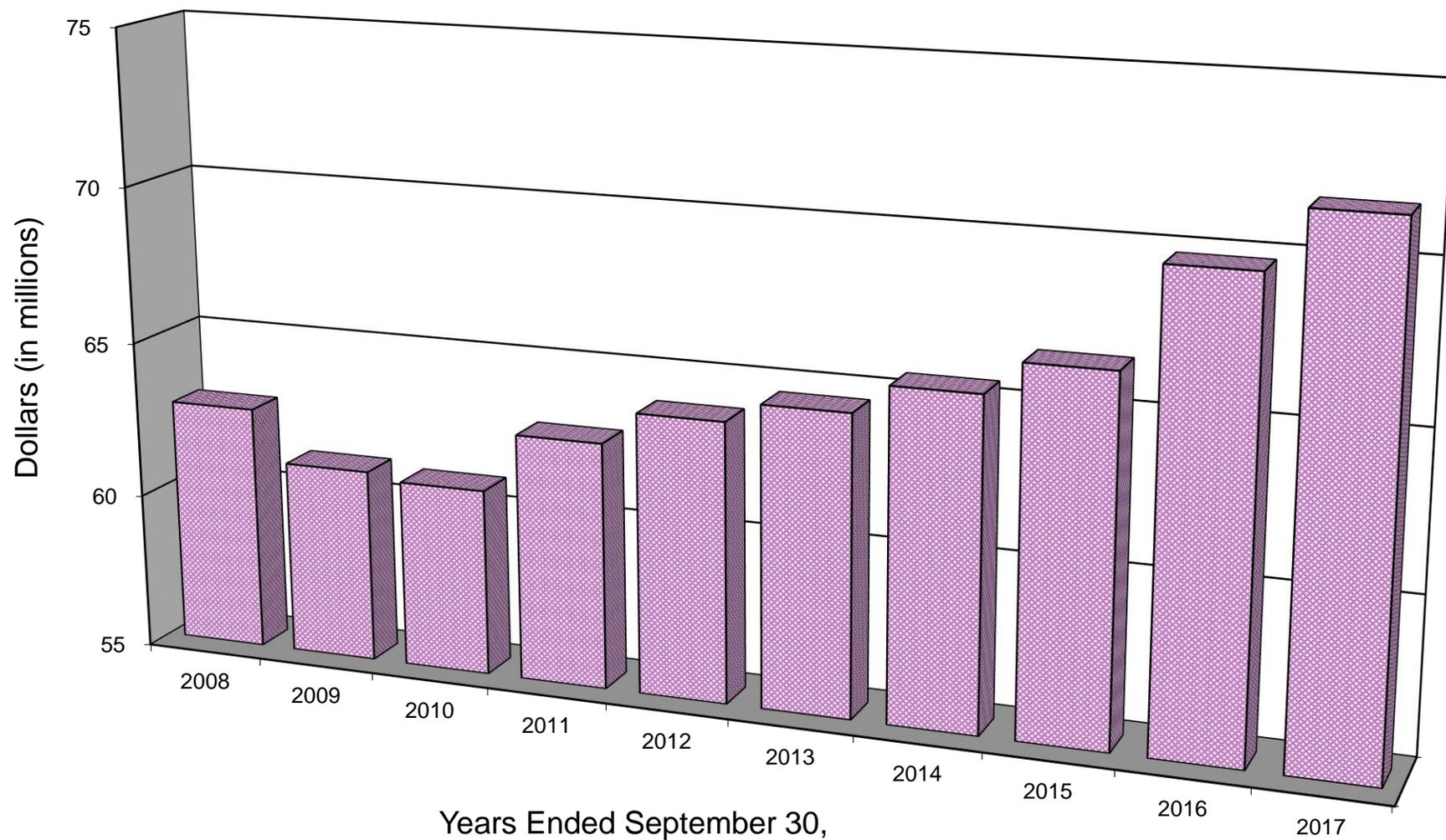
**CITY OF WICHITA FALLS, TEXAS
EXPENDITURES BY FUNCTION - FYE 9/30/17**



(UNAUDITED)

CITY OF WICHITA FALLS, TEXAS

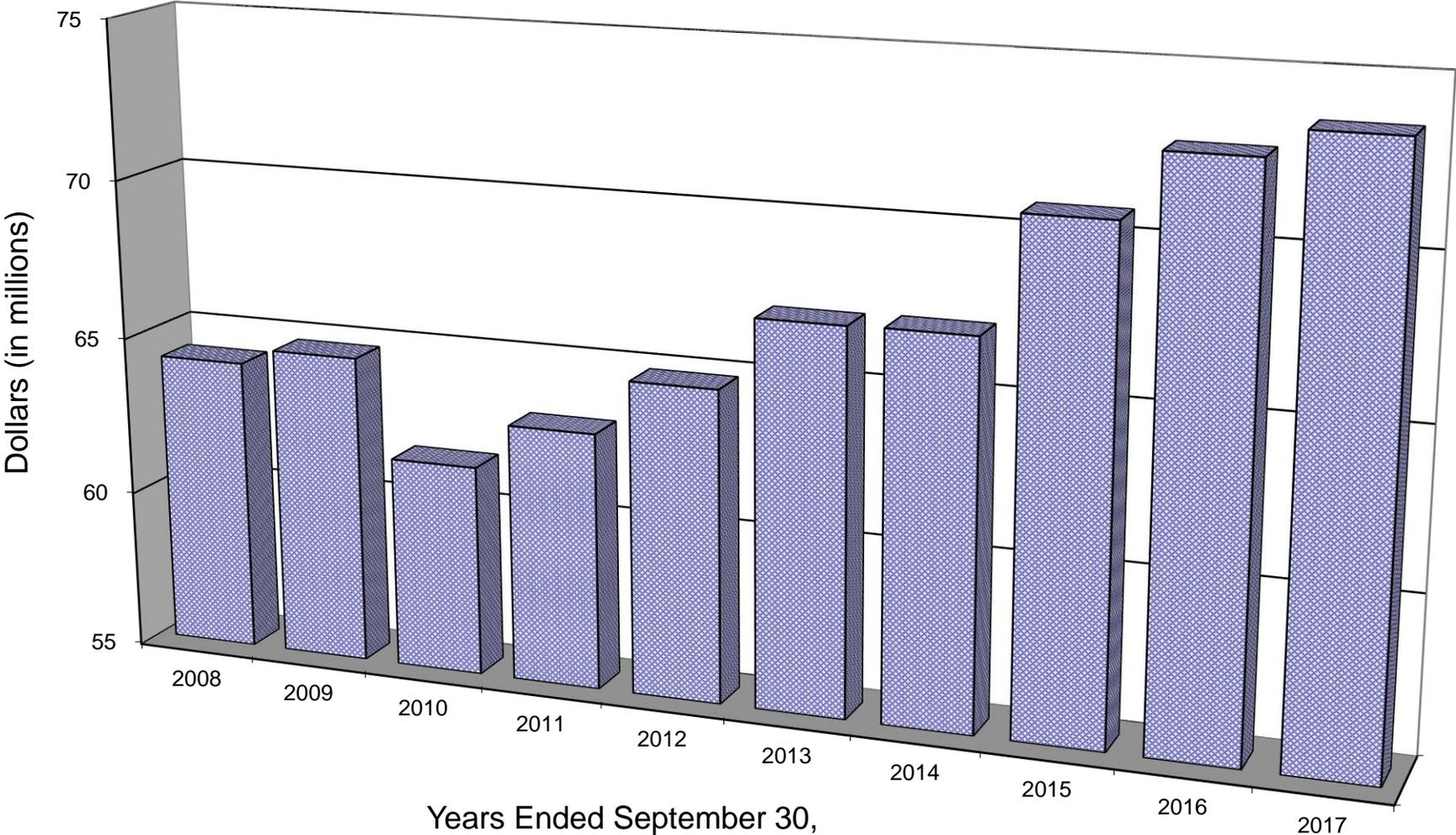
GENERAL GOVERNMENTAL REVENUES (GENERAL FUND ONLY)



(UNAUDITED)

CITY OF WICHITA FALLS, TEXAS

GENERAL GOVERNMENTAL EXPENDITURES (GENERAL FUND ONLY)



(UNAUDITED)