



# **Comprehensive Annual Financial Report**

*Year Ended September 30, 2016*



**CITY OF WICHITA FALLS, TEXAS**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2016**

**ISSUED BY:**  
**DEPARTMENT OF FINANCE**

# CITY OF WICHITA FALLS, TEXAS

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## Introductory Section



## FINANCE DEPARTMENT

March 24, 2017

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, 2016. 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, 2016, 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, which operates the Euro-NATO jet pilot training program. The city's major university is Midwestern State University. 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, which includes a coliseum, exhibit hall, and an agricultural arena/show barn. The 2016 population for Wichita Falls, as estimated by the City, is 104,710, 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 have been aggressive over the last few years in granting economic development incentives for primary job creation. Since 2010, 26 projects have been approved for incentive funding with the potential for creating and/or retaining over 2,300 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.

Although no major plant developments were announced during the 2015-16 fiscal year, several industries made investments in the local economy to create and/or retain hundreds of primary jobs. New and ongoing projects are outlined below:

- GuideIT Project – GuideIT is an Information Technology Firm that provides assistance to companies to fulfill their missions through the advancement and optimization of technology. They are a third-party service provider to corporations around the world with its primary headquarters in Plano, Texas. The project in Wichita Falls is expected to provide an additional 91 jobs over a two to three-year period

principally in Service Desk and IT Operations positions. They plan to lease space initially in the Energy Center. Incentives include cash for jobs in the amount of \$463,000 for creating and retaining 91 jobs in Wichita Falls over a three-year period.

- Pratt & Whitney Technology Enhancement Project – technology investment of approximately \$2,893,000 at the local plant for the purchase of three technology enhancement items – (1) 3D Measuring Equipment and Software; (2) Direct Metal Laser Sintering Equipment; and (3) Interactive Machining Equipment. Support for this endeavor by the Wichita Falls Economic Development Corporation is in the form of a no interest, forgivable loan of \$1,815,000 for the purchase of the technology enhancements mentioned above. The loan is forgivable over a period of seven years should the company maintain 120 jobs as part of the agreement.
- American Fuel Cell and Coated Fabric's (AMFUEL) Project – AMFUEL, is owned by Zodiac Aerospace, a French company headquartered in Paris, France. Crosslake Investments, a Seattle based investment firm recently invested in AMFUEL's operation, and intends to establish an operation at the old Delphi facility in Wichita Falls. AMFUEL manufactures fuel tanks for the aerospace industry, primarily commercial/military/general aviation aircraft and helicopters. Additionally, AMFUEL makes liquid storage containers for industrial chemicals, water, sewage, and ground fuel storage. This operation is approximately \$30 million per year. AMFUEL expects to create and retain 280 employees over a ten year period. The WFEDC incentives include a no interest, forgivable loan of \$800,000 for the purchase of an autoclave, valued at \$1.2 million, that is used in the manufacturing process, cash for jobs in the amount of \$844,750 for creating and retaining 280 jobs in Wichita Falls, and a grant up to a maximum of \$366,000 for skills development training should a grant application to the Governor's Economic Development and Tourism Department not be approved.
- Lone Star Milk Producers Recruitment Project – incentives for Lone Star Milk Producers and related entities in the amount of up to \$116,000 of costs for expenditures for the retention and recruitment of primary jobs at the company headquarters facility in Wichita Falls. Lone Star Milk Producers (LSMP) was headquartered in Jack County, Texas and is a farmer owned dairy cooperative. It is ranked as the 12th largest dairy cooperative in the United States based on the annual survey in Hoard's Dairyman, and is ranked as the 64th largest cooperative in the United States according to the National Cooperative Bank. LSMP desires to relocate their main headquarters operations to Wichita Falls with staffing of (20) full time positions. The incentives are based on cash for jobs in the amount of \$96,000 for twenty new positions to be created and retained with up to \$20,000 in additional incentives for high paying positions.
- Eagle Railcar Services Expansion Project – up to \$928,800 for creation of 64 new jobs, training expenses, and a forgivable loan to purchase a sponge-jet robot blaster, a global finish spray booth, a 1,500 cfm air compressor, and related equipment at the company's facility located at 4501 Allendale Road. Eagle Railcar Services is one of the nation's leading independent providers of rail car repair services with facilities in Cairo, Ohio, Elkhart and Roscoe, Texas, and its newest location in Wichita Falls. All of the locations provide general maintenance and repair, cleaning, painting and lining, wreck damage repair and tank car requalification. Eagle Railcar Services seeks to expand its operations in Wichita Falls with an additional investment of more than \$4,000,000 in land, capital improvements and machinery and equipment. Eagle expects to employ an additional 64 employees over a three year period, adding to its current labor force of 47 employees. The WFEDC incentives are based on cash for new positions up to \$352,000 for the creation of at least 64 new jobs; a skills development training reimbursement up to \$76,800 if a Texas Workforce Commission Skills Development Fund grant is not obtained; and a no interest, forgivable loan of \$500,000 for the purchase of a sponge-jet robot blaster, global finish spray booth, an air compressor and related equipment. The loan is forgivable over a period of five years should the company create and maintain the additional jobs as stipulated in the agreement.

4A Economic Development Sales tax funds have also been used to assist with activities of the Military Affairs Committee, a regional organization established a few years ago to work directly with Sheppard Air Force Base (SAFB), Air Education and Training Command, the Chief of Staff for the Air Force, and our Congressional, State and Local elected officials. This Committee was formed to increase the value of SAFB, strengthen community development and build a stronger economy. The City, SAFB and surrounding communities have

also conducted a Joint Land Use Study (JLUS), which was a cooperative planning initiative to promote compatible community growth that supports military training and operational missions. The inter-jurisdictional partnership resulted in the identification of actions that can be taken jointly by the community and installation to promote compatible development and address current and future encroachment. The goal of compatibility planning is to promote an environment where both entities (military and civilian) can coexist successfully. Implementation of those actions began in 2015. Also, scheduled for fall 2016 is a proposed Transportation and Perimeter Security Project for Sheppard Air Force Base that will utilize the use of \$1,250,000 of 4A Economic Development Funds to provide improved security at the front gate entrance to minimize potential terrorist threat activity. This project will better position SAFB for any future Base Alignment and Closure processes that the federal government may consider.

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.

The value of construction permits is also an indication of economic activity in the community. Residential permits totaled \$34,551,287 during the 2015-16 fiscal year, which is an increase of \$7,242,291, or 26.5% from the prior year. The value of commercial construction permits totaled \$150,853,868, which is an increase of \$70,807,822, or of 88.5% increase over the prior fiscal year. Most of this increase in commercial construction permits can be attributed to several school building additions and to the new WFISD Career Education Center. 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:

- Wichita Falls ISD Career Education Center – a total of 122,150 sq. ft. with an estimated value of \$29,000,000.
- WFISD Barwise School Addition – a total of 38,115 sq. ft. with an estimated value of \$7,623,000.
- WFISD McNeil Jr High School Addition – a total of 26,303 sq. ft. with an estimated value of \$5,242,000.
- Rolling Meadows Retirement Home Addition – a total of 23,142 sq. ft. with an estimated value of \$5,000,000.
- Fairfield Inn - New Construction – a total of 50,779 sq. ft. with an estimated value of \$5,000,000.
- Apartment Complex – New Construction – a total of 56,688 sq. ft. with an estimated value of \$4,818,480.
- ER Clinic – New Construction – a total of 6,775 sq. ft. with an estimated value of \$2,000,000.
- WFISD John Tower School Addition – a total of 7,791 sq. ft. with an estimated value of \$1,681,000.
- Admiral Linen Addition – a total of 14,589 sq. ft. with an estimated value of \$1,400,000.
- Car / Truck Repair Center – New Building – a total of 10,637 sq. ft. with an estimated value of \$1,100,000.

Another indicator of local economic performance is the retail sales tax. During the 2015-16 fiscal year, the City generated \$29,831,690 in retail sales taxes, which was \$39,519, or 0.13% less than in the prior fiscal year.

## MAJOR INITIATIVES

### For The Year.

In November 2015, a contract in the amount of \$78,000 was awarded to Biggs & Mathews, Inc. for the City of Wichita Falls' Landfill for annual environmental engineering services for testing, surveying, and reporting in order to meet Texas Commission on Environmental Quality (TCEQ) regulations. Annually, the City is required to submit data and reports on air permitting, landfill capacity evaluation, and groundwater monitoring. The air permitting requirements include a Greenhouse Gas (GHG) Summary Report, Emissions Inventory, Air Emissions/Inspection Fee Basis Form, Federal Operating Permit Annual Compliance, Tier II Testing Report, and other air permits as required by the EPA and TCEQ. The landfill capacity evaluation requires on-site ground survey, capacity calculations, and waste-fill drawings. Annual groundwater monitoring includes sampling, testing, analytical evaluation, and reporting on existing monitoring wells.

In December 2015, the City awarded a contract in the amount of \$638,512 for the engineering, design, equipment, labor and installation of new lighting at the Four-field Softball Complex North. This new lighting replaced a lighting system that was 26 years old and improved the level of lighting for the complex at a reduced energy consumption of more than 50% over standard lighting system and addresses the 25-year guaranteed constant light level of 50 foot candles as required by Amateur Softball Association standards. With this contract, the City receives a warranty and maintenance program, eliminating 100% of maintenance cost for 25-years, including labor and material.

In January 2016, the City awarded a contract for the 2016 Crack Seal Project in the amount of \$99,085. This project is generally described as the cleaning and sealing of cracks and joints on various City streets, and associated work and part of the City's annual street maintenance program.

In February 2016, the City awarded a contract to an energy services company as part of a performance contract for Advanced Metering Infrastructure (AMI). AMI Systems measure, collect, and assist with analyzing water usage through two-way radio communication media on a pre-defined schedule. They are essentially smart water meters capable of producing digital output automatically and sending readings from the meter to a data collector/radio repeater on a fixed tower system and returning data to the utility billing office for billing and data analysis. They also provide customers with the ability to log into a customer portal to view their water usage on an hourly basis. The system will consist principally of products provided by Sensus, who is a leading vendor in this industry, and has been used in numerous AMI/AMR systems for cities in the State of Texas. The funding for this project was acquired through Banc of America Public Capital Corporation in the form of a 20-year capital lease agreement in the amount of \$16,561,360 with an obligation to AMERESCO in the amount of \$15,884,487 and Financing Interest and related costs of \$676,873. A preliminary study indicated that this system could produce enough savings and additional revenue to pay the annual debt service of a project costing \$18 million over a 20-year period.

Also in February 2016, the City awarded a contract for the 2016 Water Budget Utility Improvements Project in the amount of \$865,581. This project is generally described as the installation of 8-inch, 12-inch, and 20-inch waterlines, and valves. The purpose of the project is to replace deteriorating cast iron water mains and to extend a major transmission main. This project will help to improve the water quality and overall reliability of the water distribution system.

In March 2016, the City awarded a contract for the 2016 Asphalt Street Rehabilitation Project in the amount of \$1,455,928. This project is to rehab asphalt streets and complete base repair at various locations. This contract is part of the City's overall annual street rehabilitation project. This contract includes the areas of Call Field Road and the Midwestern Parkway with the Call Field Road portion being a spot repair west of the McNeil Avenue intersection. The Midwestern Parkway addition is mainly repairs near the bridge over Holliday Creek east of Hampstead Boulevard.

In May 2016, a contract was awarded for the 2016 Concrete Street Rehabilitation Project in the amount of \$310,922. This project is generally described as the concrete repair of selected City streets and associated work and is a part of the City's annual street rehabilitation program.

Also in May 2016, a contract was awarded in the amount of \$90,857 for the 2016 CDBG Waterline Replacement Project. Funding for this project comes from Federal Community Development Block Grant funds. This project will install new 8-inch waterlines and new services which will eliminate old deteriorated 2-inch steel mains that have become a continuous maintenance problem. The project will improve reliability of the distribution system in this area.

In August 2016, a contract was awarded in the amount of \$171,416 for the 2016 Sewer Budget Utility Improvements Project – Phase 2. This project is generally described as the installation of 6-inch and 8-inch sanitary sewer line, manhole installation/replacement, reconnect services, and associated work. The purpose of this project is to replace cracked and broken clay tile sanitary sewer main as well as old brick manholes. The areas included in this project were identified through the City's sewer assessment program.

In September 2016, a contract was awarded in the amount of \$280,000 for the 2016 Lift Station 53 & 61 Rehabilitation Project. This project includes the replacement of pumps, motors, piping, control panels, and associated work for these two lift stations. The City has 63 individual lift stations throughout the City which move wastewater through the collection system to the treatment plants. Staff budgets \$270,000 annually for the rehab of two lift stations.

Also in September 2016, a contract was awarded in the amount of \$96,024 for the 2016 Alley Rehabilitation Project. This project is generally described as the removal and replacement of concrete alley, and associated work. These repairs facilitate the automated collection of waste from alleyways.

### **For The Future.**

The City entered into a professional services agreement for a 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 2017 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, 2016, 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 and Sanitation Fund. Exiting from drought conditions and water restrictions in June 2015 resulted in much higher water sales this fiscal year, allowing the City to meet the stated reserve requirements in the Water/Sewer 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, 2016, the City's tax supported debt was approximately \$47.3 million, which is 0.99% of the taxable value of property, and \$450 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, 2015. This was the 21st 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**

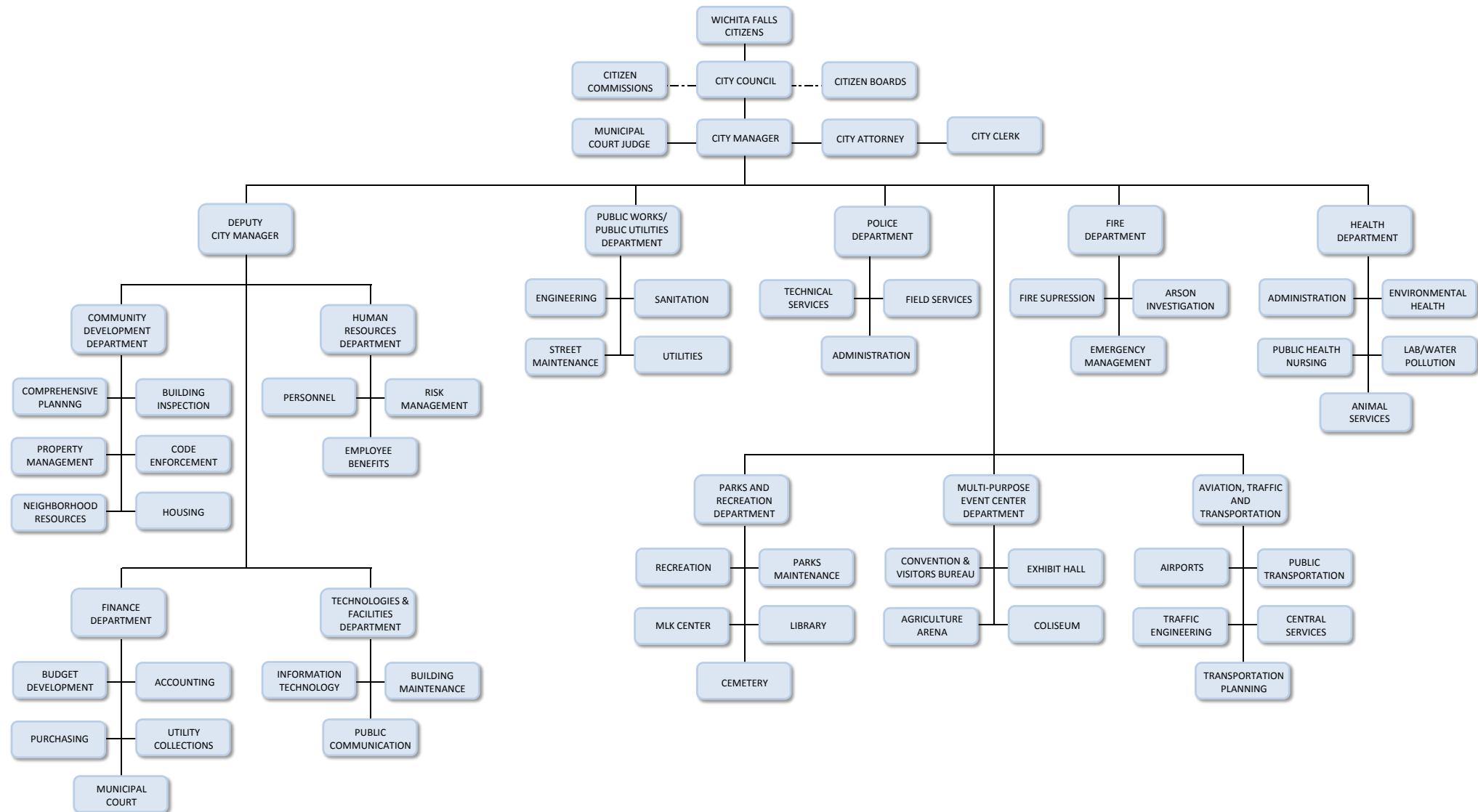
For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**September 30, 2015**

A handwritten signature in black ink that reads "Jeffrey R. Emmer". The signature is fluid and cursive, with "Jeffrey" on top and "R. Emmer" on the line below.

Executive Director/CEO

## CITY OF WICHITA FALLS ORGANIZATIONAL CHART



# CITY OF WICHITA FALLS, TEXAS

## LIST OF PRINCIPAL OFFICIALS SEPTEMBER 30, 2016

Title	Name
Mayor	Glenn Barham
Mayor Pro-Tem	Michael Smith
City Council Member	Stephen Santellana
City Council Member	Deandra Chenault
City Council Member	Brian Hooker
City Council Member	Tim Ingle
City Council Member	Tom Quintero
City Manager	Darron Leiker
City Attorney	Kinley Hegglund
Municipal Court Judge	Larry Gillen
City Clerk	Tracy Norr
Deputy City Manager	Jim Dockery
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 Parks and Recreation	Jack Murphy
Director of Public Works and Public Utilities	Russell Schreiber
Interim Director of Multi-Purpose Events Center	Lindsay Greer

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## Financial Section

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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, 2016, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

### **Management's Responsibility for the Financial Statements**

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

### **Auditor's Responsibility**

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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, 2016, 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 24, 2017, 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*

Edgin, Parkman, Fleming & Fleming, PC

March 24, 2017

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## Management Discussion and Analysis



## FINANCE DEPARTMENT

### **City of Wichita Falls, Texas Management's Discussion and Analysis September 30, 2016**

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, 2016. 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, 2016, by \$366,818,062 (net position). The net position for the City increased by \$15,451,482 over the prior year. This increase can be attributed principally to several factors: The Water/Sewer Fund revenues increased by \$4.1 million over the previous fiscal year, while operating expenses only increased by \$939,000; the Sanitation Fund revenues increased by \$434,000 and expenses decreased by \$724,000; the Stormwater Drainage Fund reflected an increase nearly a \$1 million in operating revenues to fund future drainage projects.

While the unrestricted net position for Governmental Activities was (\$64,279,354), the Business-type Activities had an unrestricted net position of \$31,265,373 for an overall unrestricted net position of (\$33,013,981). Contributing to the positive change in the Business-type Activities in unrestricted net position is the Water/Sewer Fund as it reflected net change of \$9,254,843 compared to a net change of \$4,855,896 in the prior year. This change in the Water/Sewer Fund reflected an increase in operating income of \$3.2 million compared to the prior year. This increased income can be attributed to a full year of water sales after water restrictions were removed in June 2015 while keeping the water rate increase passed in August 2014 in place. The Sanitation Fund had operating income of \$3.6 million while the Regional Airport reported an increase in revenues of \$245,454 over the prior year, while operating expenses increased by \$435,159 for the same period.

At September 30, 2016, the City's governmental funds reported combined ending fund balances of \$21,932,425. Of this amount, \$12,388,452, or 56.48%, 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 \$13,161,690 or 18.08% of total General Fund expenditures.

During the 2015-16 fiscal year, the City's total debt increased by \$3,649,565. The City refunded the outstanding W&S 2007 Priority Lien Refunding Bonds in the summer of 2016 to take advantage of attractive interest rates which resulted in debt service savings of \$1.4 million

**City of Wichita Falls, Texas**  
**Management's Discussion and Analysis**  
**September 30, 2016**  
**(continued)**

annually in the Water/Sewer Fund. The City also entered a capital lease in the amount of \$16.5 million for an Automated Meter Infrastructure (AMI) project to replace all the City's water meters that required manual reading with automated meters. 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.

### **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.

**City of Wichita Falls, Texas**  
**Management's Discussion and Analysis**  
**September 30, 2016**  
**(continued)**

**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 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

**City of Wichita Falls, Texas**  
**Management's Discussion and Analysis**  
**September 30, 2016**  
**(continued)**

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.

*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.

**City of Wichita Falls, Texas**  
**Management's Discussion and Analysis**  
**September 30, 2016**  
**(continued)**

**Government-Wide Financial Analysis**

The City's combined net position was \$366,818,062 as of September 30, 2016, an increase of \$15,451,482, or 4.40% 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, \$384,281,073, or 104.76%, 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, \$15,550,970, or 4.24%, represents resources that are subject to external restrictions on how they may be used.

**Net Position**  
(in thousands)

	Governmental Activities		Business-type Activities		Total	
	2016	2015	2016	2015	2016	2015
Current and Other Assets	\$ 27,584	\$ 31,074	\$ 85,400	\$ 80,790	\$ 112,984	\$ 111,864
Capital Assets	<u>176,502</u>	<u>173,538</u>	<u>369,625</u>	<u>351,405</u>	<u>546,127</u>	<u>524,943</u>
Total Assets	<u>204,086</u>	<u>204,612</u>	<u>455,025</u>	<u>432,195</u>	<u>659,111</u>	<u>636,807</u>
Deferred Outflows of Resources	<u>16,789</u>	<u>5,565</u>	<u>8,728</u>	<u>3,837</u>	<u>25,517</u>	<u>9,402</u>
Long Term Liabilities	119,579	110,389	174,893	163,578	294,472	273,967
Other Liabilities	<u>10,103</u>	<u>10,333</u>	<u>10,135</u>	<u>8,023</u>	<u>20,238</u>	<u>18,356</u>
Total Liabilities	<u>129,682</u>	<u>120,722</u>	<u>185,028</u>	<u>171,601</u>	<u>314,710</u>	<u>292,323</u>
Deferred Inflows of Resources	<u>2,797</u>	<u>1,829</u>	<u>303</u>	<u>440</u>	<u>3,100</u>	<u>2,269</u>
Net Position:						
Net Investment in Capital Assets	148,207	143,015	236,074	238,249	384,281	381,264
Restricted	4,468	3,715	11,082	11,801	15,550	15,516
Unrestricted	<u>(64,279)</u>	<u>(59,309)</u>	<u>31,266</u>	<u>13,896</u>	<u>(33,013)</u>	<u>(45,413)</u>
Total Net Position	<u>\$ 88,396</u>	<u>\$ 87,421</u>	<u>\$ 278,422</u>	<u>\$ 263,946</u>	<u>\$ 366,818</u>	<u>\$ 351,367</u>

**City of Wichita Falls, Texas**  
**Management's Discussion and Analysis**  
**September 30, 2016**  
**(continued)**

**CHANGES IN NET POSITION**  
(in thousands)

	<b>Governmental Activities</b>		<b>Business-type Activities</b>		<b>Total</b>	
	<b>2016</b>	<b>2015</b>	<b>2016</b>	<b>2015</b>	<b>2016</b>	<b>2015</b>
<b>Revenues:</b>						
Program Revenues:						
Charges For Services	\$ 8,836	\$ 8,661	\$ 63,948	\$ 58,398	\$ 72,784	\$ 67,059
Operating Grants and Contributions	14,803	10,815	2,282	1,827	17,085	12,642
Capital Grants and Contributions	3,943	5,349	209	1,559	4,152	6,908
General Revenues:						
Property Taxes	34,515	31,073	-	-	34,515	31,073
Sales Taxes	22,374	22,403	-	-	22,374	22,403
Other Taxes/Fees	7,262	7,514	-	-	7,262	7,514
Investment Earnings	130	21	176	15	306	36
Miscellaneous	447	529	60	87	507	616
Total Revenue	<u>92,310</u>	<u>86,365</u>	<u>66,675</u>	<u>61,886</u>	<u>158,985</u>	<u>148,251</u>
<b>Expenses:</b>						
Administrative Services	14,236	14,838	-	-	14,236	14,838
Police	25,634	23,705	-	-	25,634	23,705
Fire	17,477	16,455	-	-	17,477	16,455
Parks and Recreation	5,637	5,492	-	-	5,637	5,492
Accounting/Finance	788	876	-	-	788	876
Community Development	6,682	6,401	-	-	6,682	6,401
Public Works	8,335	8,117	-	-	8,335	8,117
Health	5,707	5,398	-	-	5,707	5,398
Traffic and Transportation	2,667	2,556	-	-	2,667	2,556
MPEC	4,545	4,554	-	-	4,545	4,554
Interest and Fees on Long-term Debt	1,631	1,911	-	-	1,631	1,911
Regional Airport	-	-	1,881	2,532	1,881	2,532
Kickapoo Airport	-	-	1,252	1,412	1,252	1,412
Transit	-	-	2,673	2,524	2,673	2,524
Sanitation	-	-	9,842	9,490	9,842	9,490
Water and Sewer	-	-	32,120	33,555	32,120	33,555
Stormwater Drainage	-	-	828	675	828	675
Waterpark	-	-	1,599	1,602	1,599	1,602
Total Expenses	<u>93,339</u>	<u>90,303</u>	<u>50,195</u>	<u>51,790</u>	<u>143,534</u>	<u>142,093</u>
Increase (Decrease) in Net Position						
Before Transfers	(1,029)	(3,938)	16,480	10,096	15,451	6,158
Transfers	<u>2,004</u>	<u>(2,073)</u>	<u>(2,004)</u>	<u>2,073</u>	<u>-</u>	<u>-</u>
Increase (Decrease) in Net Position	<u>975</u>	<u>(6,011)</u>	<u>14,476</u>	<u>12,169</u>	<u>15,451</u>	<u>6,158</u>
Net Position – Beginning of Year	<u>87,421</u>	<u>139,249</u>	<u>263,946</u>	<u>260,034</u>	<u>351,367</u>	<u>399,283</u>
Net Position – End of Year	<u><b>\$88,396</b></u>	<u><b>\$87,421</b></u>	<u><b>\$278,422</b></u>	<u><b>\$263,946</b></u>	<u><b>\$366,818</b></u>	<u><b>\$351,367</b></u>

**City of Wichita Falls, Texas**  
**Management's Discussion and Analysis**  
**September 30, 2016**  
**(continued)**

*Governmental Activities* – Governmental Activities increased the City's net position by \$975,375 principally resulting from the award of new grants for the City's Fire Department for acquiring Self-Contained Breathing Apparatus (SCBA) and a health grant for Diabetes Education.

*Business-Type Activities* – Business-type Activities increased the City's net position by \$14,476,107. The Sanitation Fund shows an increase of net position of \$487,104 compared to a decrease of nearly \$1.2 million in the previous fiscal year. This change of net position was a result of the City not having to address a funding shortfall in the Employee Benefit Trust Fund. The Storm Water Utility Fund shows improvement of nearly \$2.9 million in net position to allow unrestricted net position to grow in anticipation of the ensuing Kemp/Monroe Drainage Improvement Project. Over \$1.5 million is due to an increase in net position in the Information Technology Fund to allow unrestricted net position to grow in anticipation of future replacement of the City's financial software. Water consumption restrictions for drought conditions were removed in June 2015 and the City anticipates that water consumption will gradually return to near pre-drought usage patterns. With a full year of water consumptions without restrictions being in place, the Water/Sewer Fund experienced a change in net position of \$9.2 million due to higher revenues resulting from increased water consumptions.

### **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, 2016, the City's governmental funds reported combined fund balances of \$21,932,425, which is a decrease of \$1,112,502 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 Wichita Falls Regional Airport Terminal Project.

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 \$13,161,690, a reduction of \$520,371 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 18.08% of total General Fund expenditures, while the total fund balance represents 19.51% 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

**City of Wichita Falls, Texas**  
**Management's Discussion and Analysis**  
**September 30, 2016**  
**(continued)**

September 30, 2016, the net position for the City's internal service funds was \$26,182,035, an increase of \$2,397,940. The Fleet Maintenance Fund reflects a reduction of \$58,842 in net position principally because depreciation expenses were higher than equipment replacement expenses. The Employee Benefit Trust Fund reflects an increase of \$929,000 in net position because of employee health care plan changes, an increase of employer contributions and a lower claim experience level compared to the previous year. The Information Technology Fund reflects an increase of \$1,518,496 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 \$1,102,029 from the original adopted budget. The reason for this increase in appropriations can be briefly summarized as follows:

- Approximately \$1,102,000 of prior year encumbrances was carried forward to the 2015-16 amended budget. These projects included \$814,729 for street repairs, \$100,000 for parks trail land acquisition and \$50,976 for traffic signals, striping and signage.

Actual revenues in the General Fund for the 2015-16 fiscal year were \$69,769,529, which was \$966,667 below final budgeted figures. Reduced sales tax receipts accounted for approximately \$186,797 of this amount. All three of the city's utility franchise agreements reflected declines with electricity franchise revenue being \$239,465 less, the natural gas franchise revenue being \$145,431 less and the cable franchise revenue being \$49,659 less. A decrease in mixed beverage tax revenue of approximately \$31,014 attributed to the overall change of revenue.

Actual expenditures in the General Fund for the 2015-16 fiscal year were \$72,784,713, which was \$2,270,663 below budgeted expenditures. A large portion of this variance was due to large encumbrances for street repairs, building structure repairs, traffic control equipment and street lights that weren't liquidated by the close of the fiscal year that will be expended in the 2016-17 fiscal year.

**City of Wichita Falls, Texas**  
**Management's Discussion and Analysis**  
**September 30, 2016**  
**(continued)**

**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, 2016 amounts to \$546,126,924 (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:

- Construction in progress of the Advanced Metering Infrastructure
- Construction in progress of the McNeil Avenue Drainage Improvements
- Construction in progress of the Permanent Indirect Water Reuse Project
- Construction in progress of the Upgrade to the Public Radio Communication System
- Construction in progress of the Regional Airport Taxiway Charlie Rehabilitation
- Street Rehabilitation and Utility Improvement Projects

**Capital Assets, net of Accumulated Depreciation**  
(in thousands)

	<b>Governmental Activities</b>		<b>Business-type Activities</b>		<b>Total</b>	
	<b>2016</b>	<b>2015</b>	<b>2016</b>	<b>2015</b>	<b>2016</b>	<b>2015</b>
Land	\$ 12,225	\$ 10,683	\$ 9,303	\$ 9,042	\$ 21,528	\$ 19,725
Land Betterments	16,686	17,184	31,036	31,967	47,722	49,151
Buildings, Systems and Improvements	49,678	51,389	279,203	283,138	328,881	334,527
Infrastructure	81,392	81,364	-	-	81,392	84,145
Machinery and Equip	8,982	9,878	2,567	2,771	11,549	12,649
Furniture and Fixtures	1	1	12	-	13	1
Motor Vehicles	-	-	15,070	15,125	15,070	15,125
Construction in Progress	<u>7,538</u>	<u>3,039</u>	<u>32,434</u>	<u>9,362</u>	<u>39,972</u>	<u>9,620</u>
<b>Totals</b>	<b><u>\$176,502</u></b>	<b><u>\$173,538</u></b>	<b><u>\$369,625</u></b>	<b><u>\$351,405</u></b>	<b><u>\$ 546,127</u></b>	<b><u>\$ 524,943</u></b>

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

**City of Wichita Falls, Texas**  
**Management's Discussion and Analysis**  
**September 30, 2016**  
**(continued)**

**Long Term Debt** – At the end of the current fiscal year, the City had a total bonded debt, notes and capital leases outstanding of \$206,743,574. During the 2015-16 fiscal year, the City's total debt increased by \$3,649,565. The City refunded the outstanding W&S 2007 Priority Lien Refunding Bonds in the summer of 2016 to take advantage of attractive interest rates which resulted in annual debt service savings of \$1.4 million in the Water/Sewer Fund. The City also entered a capital lease in the amount of \$16.5 million for an Automated Meter Infrastructure (AMI) project to replace all the City's water meters that required manual reading with automated read meters. 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, 2016, 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.

**Outstanding Debt at Year-End**  
(in thousands)

	Governmental Activities		Business-type Activities		Total	
	2016	2015	2016	2015	2016	2015
General Obligation Bonds	\$ 16,129	\$ 3,851	\$ -	\$ 1,930	\$ 16,129	\$ 5,781
Combination Tax and Revenue Bonds	31,139	46,710	51,323	54,126	82,462	100,836
Utility System Revenue Bonds	-	-	87,938	92,086	87,938	92,086
Capital Lease Payable	2,857	3,230	16,958	723	19,815	3,953
Notes Payable	-	-	400	438	400	438
<b>Total</b>	<b>\$ 50,125</b>	<b>\$ 53,791</b>	<b>\$ 156,619</b>	<b>\$ 149,303</b>	<b>\$ 206,744</b>	<b>\$ 203,094</b>

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, 2016, was \$.70598 per \$100, which means that the City has a tax margin of \$1.54402 per \$100, and could generate up to \$73,581,992 additional tax revenue a year from the present assessed valuation of \$4,765,611,306 before the limit is reached. The current ratio of general bonded debt outstanding to the assessed value of all taxable property is 0.99%.

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

**City of Wichita Falls, Texas**  
**Management's Discussion and Analysis**  
**September 30, 2016**  
**(continued)**

**Economic Factors and Next Year's Budget and Rates**

Total 2016-17 operating revenues, including transfers in from other funds, are budgeted at \$171,157,449, which is a decrease of \$519,701, or -0.30% from the 2015-16 adopted budget.

In the 2016-17 budget, sales taxes in the General Fund are projected to generate \$22,422,692, a decrease of \$54,400, or -2.4% from the prior year adopted budget. It should be noted that this projection was based upon an estimate of 2015-16 actual receipts with a growth rate of 1.00% for budget year 2016-17.

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 \$4.85 billion, an increase of \$82.6 million, or 1.73% from the prior year. This is the eighth consecutive year that the property tax base has shown very slight growth or remained flat. The 2016-17 budget maintained the property tax rate of \$0.70598 per \$100 of taxable property that was in effect in the 2015-16 budget. This rate is estimated to generate \$590,923 in additional property tax revenue for the General Fund during the 2016-17 fiscal year and will help provide increases to the City's pay plans that have remained significantly unchanged for several years. The 2016-17 budget includes a 1.5% cost of living adjustment across all 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 2016-17 budget.

The 2016-17 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.

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## Basic Financial Statements

**CITY OF WICHITA FALLS, TEXAS**  
**STATEMENT OF NET POSITION**  
**SEPTEMBER 30, 2016**

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
<b>Assets</b>				
Cash and cash equivalents	\$ 21,564,462	\$ 18,845,964	\$ 40,410,426	\$ 21,202,491
Receivables (net):				
Taxes and assessments	857,721	-	857,721	-
Customer and trade	-	7,944,974	7,944,974	-
Government agencies	7,341,364	592,198	7,933,562	1,310,802
Other	1,587,698	296,266	1,883,964	-
Internal balances	(8,462,877)	8,462,877	-	-
Inventory	192,745	1,752,694	1,945,439	-
Prepaid items	50,696	36,293	86,989	100,000
Other assets	182,963	-	182,963	-
Restricted assets:				
Cash and cash equivalents	4,269,090	47,468,724	51,737,814	-
Capital assets not being depreciated	19,762,576	41,737,025	61,499,601	1,469,797
Capital assets net of accumulated depreciation	<u>156,739,656</u>	<u>327,887,667</u>	<u>484,627,323</u>	<u>718,453</u>
Total assets	<u>204,086,094</u>	<u>455,024,682</u>	<u>659,110,776</u>	<u>24,801,543</u>
<b>Deferred Outflows of Resources</b>				
Pension-related	16,421,411	4,886,315	21,307,726	-
Deferred losses on bond refundings	<u>367,767</u>	<u>3,842,063</u>	<u>4,209,830</u>	<u>-</u>
Total deferred outflows of resources	<u>16,789,178</u>	<u>8,728,378</u>	<u>25,517,556</u>	<u>-</u>
<b>Liabilities</b>				
Accounts payable - trade	2,500,885	3,895,039	6,395,924	198,175
Accrued payroll	2,190,519	609,359	2,799,878	-
Accrued interest payable	283,187	711,130	994,317	-
Payable to government agencies	442,320	83,918	526,238	-
Estimated health claims payable	580,000	-	580,000	-
Other liabilities	4,068,402	1,819,134	5,887,536	-
Unearned revenue	37,253	-	37,253	-
Customer deposits	-	3,016,611	3,016,611	-
Long-term liabilities:				
Portion due or payable within one year	6,378,735	11,025,681	17,404,416	-
Portion due or payable after one year	52,485,233	150,892,428	203,377,661	-
Net pension liability	<u>60,715,585</u>	<u>12,974,331</u>	<u>73,689,916</u>	<u>-</u>
Total liabilities	<u>129,682,119</u>	<u>185,027,631</u>	<u>314,709,750</u>	<u>198,175</u>
<b>Deferred Inflows of Resources</b>				
Pension-related	2,797,040	303,480	3,100,520	-
<b>Net Position</b>				
Net investment in capital assets	148,206,829	236,074,244	384,281,073	2,188,250
Restricted for:				
Perpetual care (nonexpendable)	1,030,373	-	1,030,373	-
Debt service (expendable)	59,615	11,082,332	11,141,947	-
Capital projects (expendable)	1,671,483	-	1,671,483	-
Federal grant programs (expendable)	1,707,157	-	1,707,157	-
Tourism (expendable)	10	-	10	-
Unrestricted	<u>(64,279,354)</u>	<u>31,265,373</u>	<u>(33,013,981)</u>	<u>22,415,118</u>
Total net position	<u>\$ 88,396,113</u>	<u>\$ 278,421,949</u>	<u>\$ 366,818,062</u>	<u>\$ 24,603,368</u>

*See accompanying notes to the basic financial statements.*

**CITY OF WICHITA FALLS, TEXAS**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2016**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position				
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			Component Units	
					Governmental Activities	Business-type Activities	Total		
<b>Primary government:</b>									
Governmental activities:									
Administrative services	\$ 14,235,870	\$ 4,270,749	\$ 306,692	\$ -	\$ (9,658,429)	\$ -	\$ (9,658,429)	\$ -	
Police	25,633,843	335,112	247,242	-	(25,051,489)	-	(25,051,489)	-	
Fire	17,476,759	1,749	171,343	723,959	(16,579,708)	-	(16,579,708)	-	
Parks and recreation	5,637,654	429,207	185,354	-	(5,023,093)	-	(5,023,093)	-	
Accounting/finance	787,945	-	-	-	(787,945)	-	(787,945)	-	
Community development	6,681,803	1,101,085	4,644,235	-	(936,483)	-	(936,483)	-	
Public works	8,334,993	11,824	951,919	3,218,970	(4,152,280)	-	(4,152,280)	-	
Health	5,707,386	1,051,834	2,118,721	-	(2,536,831)	-	(2,536,831)	-	
Traffic and transportation	2,667,418	72,965	3,753,099	-	1,158,646	-	1,158,646	-	
Multi-Purpose Events Center	4,544,817	1,561,783	41,000	-	(2,942,034)	-	(2,942,034)	-	
Interest and fees on long-term debt	1,631,355	-	2,383,872	-	752,517	-	752,517	-	
Total governmental activities	<u>93,339,843</u>	<u>8,836,308</u>	<u>14,803,477</u>	<u>3,942,929</u>	<u>(65,757,129)</u>	<u>-</u>	<u>(65,757,129)</u>	<u>-</u>	
Business-type activities:									
Regional Airport	1,881,055	1,109,959	-	-	-	(771,096)	(771,096)	-	
Kickapoo Airport	1,252,359	970,129	-	-	-	(282,230)	(282,230)	-	
Transit	2,673,176	503,708	2,282,163	-	-	112,695	112,695	-	
Sanitation	9,841,683	13,223,470	-	-	-	3,381,787	3,381,787	-	
Water and sewer	32,120,018	42,999,399	-	209,110	-	11,088,491	11,088,491	-	
Stormwater drainage	828,537	3,703,803	-	-	-	2,875,266	2,875,266	-	
Waterpark	1,598,720	1,437,615	-	-	-	(161,105)	(161,105)	-	
Total business-type activities	<u>50,195,548</u>	<u>63,948,083</u>	<u>2,282,163</u>	<u>209,110</u>	<u>-</u>	<u>16,243,808</u>	<u>16,243,808</u>	<u>-</u>	
Total primary government	<u>\$ 143,535,391</u>	<u>\$ 72,784,391</u>	<u>\$ 17,085,640</u>	<u>\$ 4,152,039</u>	<u>(65,757,129)</u>	<u>16,243,808</u>	<u>(49,513,321)</u>	<u>-</u>	
<b>Component units:</b>									
Community development	<u>\$ 9,520,927</u>	<u>\$ 106,800</u>	<u>\$ 381,883</u>	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>(9,032,244)</u>	<u>-</u>	
General revenues and transfers:									
Taxes:									
Property tax					34,515,164	-	34,515,164	689,931	
Sales tax					22,373,768	-	22,373,768	7,457,922	
Franchise fees					5,038,247	-	5,038,247	-	
Hotel occupancy tax					1,910,468	-	1,910,468	-	
Beverage tax					286,986	-	286,986	-	
Bingo tax					26,736	-	26,736	-	
Investment earnings					129,886	175,860	305,746	177,082	
Miscellaneous					447,357	60,331	507,688	142,269	
Transfers					<u>2,003,892</u>	<u>(2,003,892)</u>	<u>-</u>	<u>-</u>	
Total general revenues and transfers					<u>66,732,504</u>	<u>(1,767,701)</u>	<u>64,964,803</u>	<u>8,467,204</u>	
Change in net position					975,375	14,476,107	15,451,482	(565,040)	
Net position - beginning					87,420,738	263,945,842	351,366,580	25,168,408	
Net position - ending					<u>\$ 88,396,113</u>	<u>\$ 278,421,949</u>	<u>\$ 366,818,062</u>	<u>\$ 24,603,368</u>	

See accompanying notes to the basic financial statements.

**CITY OF WICHITA FALLS, TEXAS**  
**BALANCE SHEET - GOVERNMENTAL FUNDS**  
**SEPTEMBER 30, 2016**

	<u>General</u>	<u>Nonmajor Governmental</u>	<u>Total Governmental Funds</u>
<b>Assets</b>			
Cash and cash equivalents	\$ 11,233,083	\$ 8,284,369	\$ 19,517,452
Receivables (net):			
Taxes and assessments	678,398	179,323	857,721
Other City funds	4,796,443	-	4,796,443
Government agencies	4,175,735	3,165,629	7,341,364
Other	1,071,559	132,891	1,204,450
Inventory	120,406	71,905	192,311
Prepaid items	37,088	13,608	50,696
Other assets	1,000	181,963	182,963
Total assets	<u>\$ 22,113,712</u>	<u>\$ 12,029,688</u>	<u>\$ 34,143,400</u>
<b>Liabilities</b>			
Accounts payable	\$ 955,180	\$ 1,439,040	\$ 2,394,220
Accrued payroll	1,926,414	220,805	2,147,219
Payable to other City funds	-	1,988,889	1,988,889
Payable to government agencies	343,104	99,216	442,320
Other liabilities	3,594,243	473,164	4,067,407
Claims and judgments payable	38,425	-	38,425
Unearned revenue	-	37,236	37,236
Total liabilities	<u>6,857,366</u>	<u>4,258,350</u>	<u>11,115,716</u>
<b>Deferred inflows of resources</b>			
Unavailable revenues	<u>1,058,848</u>	<u>36,411</u>	<u>1,095,259</u>
<b>Fund balances</b>			
Nonspendable:			
Inventory and prepaid items	157,494	84,013	241,507
Restricted for:			
Perpetual care	-	1,030,373	1,030,373
Debt service	-	57,629	57,629
Capital projects	-	2,934,265	2,934,265
Federal and state grant programs	-	1,707,157	1,707,157
Tourism	-	10	10
Committed for:			
Golf course	-	40,893	40,893
Multi-Purpose Events Center	-	44,510	44,510
Local projects	-	2,609,315	2,609,315
Assigned for:			
Subsequent year's expenditures	878,314	-	878,314
Unassigned	<u>13,161,690</u>	<u>(773,238)</u>	<u>12,388,452</u>
Total fund balances	<u>14,197,498</u>	<u>7,734,927</u>	<u>21,932,425</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 22,113,712</u>	<u>\$ 12,029,688</u>	<u>\$ 34,143,400</u>

*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, 2016**

Total fund balances - governmental funds (Exhibit A-3) \$ 21,932,425

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	\$ 310,909,126	
Related accumulated depreciation	<u>139,103,785</u>	171,805,341

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. 1,095,242

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	47,267,807	
Capital lease payable	2,857,166	
Accrued vacation and sick leave	8,621,269	
Claims and judgments payable	24,752	
Accrued interest	<u>283,187</u>	(59,054,181)

In the governmental funds financial statements, refunding losses are expended when incurred, whereas in the government-wide financial statements the losses are capitalized and amortized. 367,767

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	59,727,416	
Deferred outflows - pension related items	(16,049,252)	
Deferred inflows - pension related items	<u>2,773,926</u>	(46,452,090)

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. 8,424,423

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. (9,722,814)

Total net position - governmental activities (Exhibit A-1) \$ 88,396,113

*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, 2016**

	General	Nonmajor Governmental	Total Governmental Funds
<b>Revenues</b>			
Taxes	\$ 61,554,016	\$ 2,647,661	\$ 64,201,677
Charges for services	2,687,265	683,308	3,370,573
Licenses and permits	1,971,212	-	1,971,212
Fines and forfeitures	2,358,469	203,348	2,561,817
Intergovernmental revenue	6,133	13,531,736	13,537,869
Contributions	192,233	5,016,304	5,208,537
Miscellaneous revenue	1,000,201	2,120,432	3,120,633
Total revenues	<u>69,769,529</u>	<u>24,202,789</u>	<u>93,972,318</u>
<b>Expenditures</b>			
Administrative services	13,404,682	1,400,990	14,805,672
Police	23,369,097	211,895	23,580,992
Fire	15,682,731	394,541	16,077,272
Parks and recreation	5,134,985	69,311	5,204,296
Accounting/finance	702,883	-	702,883
Community development	1,961,370	4,717,383	6,678,753
Public works	5,219,063	336,866	5,555,929
Health	2,988,930	2,494,205	5,483,135
Traffic and transportation	1,933,608	290,903	2,224,511
Multi-Purpose Events Center	-	3,718,058	3,718,058
Capital outlay	2,387,364	3,956,187	6,343,551
Debt service - principal	-	3,745,000	3,745,000
Debt service - interest and paying agent fees	-	1,764,412	1,764,412
Total expenditures	<u>72,784,713</u>	<u>23,099,751</u>	<u>95,884,464</u>
Excess of revenues over (under) expenditures	<u>(3,015,184)</u>	<u>1,103,038</u>	<u>(1,912,146)</u>
<b>Other Financing Sources (Uses)</b>			
Issuance of refunding bonds	-	12,535,000	12,535,000
Premium on issuance of refunding bonds	-	947,256	947,256
Payment to refunded bond escrow agent	-	(13,295,568)	(13,295,568)
Transfers in	2,958,089	4,616,245	7,574,334
Transfers out	(739,563)	(6,221,815)	(6,961,378)
Total other financing sources (uses)	<u>2,218,526</u>	<u>(1,418,882)</u>	<u>799,644</u>
Net change in fund balance	(796,658)	(315,844)	(1,112,502)
Fund balances - beginning	14,994,156	8,050,771	23,044,927
Fund balances - ending	<u>\$ 14,197,498</u>	<u>\$ 7,734,927</u>	<u>\$ 21,932,425</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, 2016**

Net change in fund balances - total governmental funds (Exhibit A-5) \$ (1,112,502)

Amounts reported for *governmental activities* 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	\$ 6,378,747	
Depreciation expense for the year	<u>6,478,127</u>	(99,380)

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. (109,583)

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 decreased by this amount this year. (141,375)

The issuance of long-term debt provides current financial resources to governmental funds. However, the issuance increases long-term liabilities in the Statement of Net Position. The City issued bonds during 2015-16 in the amount of: (13,482,256)

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 2015-16 were: 17,148,879

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	(183,505)	
Claims and judgments payable	<u>-</u>	(183,505)

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, 2015	313,596	
Accrued interest at September 30, 2016	<u>283,187</u>	30,409

In an advance refunding of debt, the difference between the amount of debt defeased and the amount of assets put into escrow is deferred on the government-wide financial statements and amortized in future years, while that gain or loss is recognized in the year of defeasance in the governmental funds statements. The loss on the current year refunding was: 403,857

Amortization of deferred losses on refundings is only reported in the government-wide financial statements. Current year amortization was: (36,090)

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. (2,731,642)

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. 2,087,757

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. (799,193)

Change in net position of governmental activities (Exhibit A-2) \$ 975,376

*See accompanying notes to the basic financial statements.*

**CITY OF WICHITA FALLS, TEXAS**  
**STATEMENT OF NET POSITION**  
**PROPRIETARY FUNDS**  
**SEPTEMBER 30, 2016**

	Enterprise Funds						Internal Service Funds	
	Water and Sewer		Sanitation		Regional Airport	Nonmajor Enterprise Funds		
						Total		
<b>Assets</b>								
Current assets:								
Cash and cash equivalents	\$ 7,471,372	\$ 5,554,430	\$ -	\$ 6,081,335	\$ 19,107,137	\$ 1,785,837		
Restricted cash and cash equivalents	46,774,513	-	694,211	-	47,468,724	4,269,090		
Receivables (net):								
Customer and trade	5,933,680	1,578,757	-	432,537	7,944,974	-		
Government agencies	71,859	-	-	520,339	592,198	-		
Other	54,399	90,295	27,545	98,858	271,097	408,417		
Inventory	1,035,372	-	-	40,090	1,075,462	677,232		
Prepaid items	347	116	33,738	1,797	35,998	729		
Total current assets	<u>61,341,542</u>	<u>7,223,598</u>	<u>755,494</u>	<u>7,174,956</u>	<u>76,495,590</u>	<u>7,141,305</u>		
Long-term assets:								
Capital assets, net of accumulated depreciation	251,941,469	8,734,487	49,003,711	41,904,053	351,583,720	22,737,864		
Total long-term assets	<u>251,941,469</u>	<u>8,734,487</u>	<u>49,003,711</u>	<u>41,904,053</u>	<u>351,583,720</u>	<u>22,737,864</u>		
Total assets	<u>313,283,011</u>	<u>15,958,085</u>	<u>49,759,205</u>	<u>49,079,009</u>	<u>428,079,310</u>	<u>29,879,169</u>		
<b>Deferred Outflows of Resources</b>								
Pension-related	2,681,186	1,125,352	30,010	468,678	4,305,226	953,248		
Deferred losses on bond refundings	3,842,063	-	-	-	3,842,063	-		
Total deferred outflows of resources	<u>6,523,249</u>	<u>1,125,352</u>	<u>30,010</u>	<u>468,678</u>	<u>8,147,289</u>	<u>953,248</u>		

See accompanying notes to the basic financial statements.

**CITY OF WICHITA FALLS, TEXAS**  
**STATEMENT OF NET POSITION**  
**PROPRIETARY FUNDS**  
**SEPTEMBER 30, 2016**

	Enterprise Funds											
	Water and Sewer	Sanitation	Regional Airport	Nonmajor Enterprise Funds	Total	Internal Service Funds						
<b>Liabilities</b>												
Current liabilities:												
Accounts payable - trade	3,141,050	544,732	24,410	69,009	3,779,201	222,503						
Accrued payroll	330,333	142,043	8,231	63,337	543,944	108,715						
Accrued vacation and sick leave	406,261	180,608	9,501	42,598	638,968	167,456						
Payable to other City funds	153,755	-	449,650	1,475,207	2,078,612	728,942						
Payable to government agencies	-	80,039	1,221	2,658	83,918	-						
Estimated health claims payable	-	-	-	-	-	580,000						
Other liabilities	1,432,299	-	25,340	359,226	1,816,865	3,265						
Payable to U.S. Government - current maturity	36,548	-	-	-	36,548	-						
Capital leases - current maturities	25,378	-	-	-	25,378	249,198						
Revenue bonds - current maturities	9,864,099	-	-	-	9,864,099	-						
Accrued interest - revenue bonds	711,130	-	-	-	711,130	-						
<b>Total current liabilities</b>	<b>16,100,853</b>	<b>947,422</b>	<b>518,353</b>	<b>2,012,035</b>	<b>19,578,663</b>	<b>2,060,079</b>						
Long-term liabilities:												
Payable to U.S. Government, less current maturities	363,367	-	-	-	363,367	-						
Capital leases, less current maturities	16,682,946	-	-	-	16,682,946	-						
Revenue bonds, less current maturities	129,397,066	-	-	-	129,397,066	-						
Estimated liability for landfill closure and post-closure care costs	-	4,547,631	-	-	4,547,631	-						
Customer deposits	3,016,611	-	-	-	3,016,611	-						
Net pension liability	7,119,190	2,988,077	79,683	1,244,451	11,431,401	2,531,099						
<b>Total long-term liabilities</b>	<b>156,579,180</b>	<b>7,535,708</b>	<b>79,683</b>	<b>1,244,451</b>	<b>165,439,022</b>	<b>2,531,099</b>						
<b>Total liabilities</b>	<b>172,680,033</b>	<b>8,483,130</b>	<b>598,036</b>	<b>3,256,486</b>	<b>185,017,685</b>	<b>4,591,178</b>						
<b>Deferred Inflows of Resources</b>												
Pension-related	166,524	69,894	1,864	29,108	267,390	59,204						
<b>Net Position</b>												
Net investment in capital assets	118,640,218	8,734,487	49,003,711	41,904,053	218,282,469	22,488,666						
Restricted for debt service	11,082,332	-	-	-	11,082,332	-						
Unrestricted	17,237,153	(204,074)	185,604	4,358,040	21,576,723	3,693,369						
<b>Total net position</b>	<b>\$ 146,959,703</b>	<b>\$ 8,530,413</b>	<b>\$ 49,189,315</b>	<b>\$ 46,262,093</b>	<b>\$ 250,941,524</b>	<b>\$ 26,182,035</b>						
Adjustment to reflect the consolidation of internal service funds activities related to enterprise funds					<u>27,480,425</u>							
Net position of business type activities					<u>\$ 278,421,949</u>							

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, 2016**

	Enterprise Funds					
	Water and Sewer	Sanitation	Regional Airport	Nonmajor Enterprise Funds	Total	Internal Service Funds
<b>Operating revenues:</b>						
Charges for services	\$ 42,891,450	\$ 13,182,925	\$ 21,733	\$ 5,174,704	\$ 61,270,812	\$ 13,520,935
Rents, concessions and other	107,949	40,545	1,088,226	1,440,551	2,677,271	1,176,559
Contributions	-	-	-	-	-	13,556,838
<b>Total operating revenues</b>	<b>42,999,399</b>	<b>13,223,470</b>	<b>1,109,959</b>	<b>6,615,255</b>	<b>63,948,083</b>	<b>28,254,332</b>
<b>Operating expenses:</b>						
Personnel services	9,885,760	4,332,241	221,139	2,341,151	16,780,291	3,468,822
Supplies and materials	1,378,019	241,927	7,880	1,010,333	2,638,159	2,781,828
Maintenance and repairs	1,489,366	324,765	45,309	372,208	2,231,648	2,576,248
Utilities and other services	4,888,621	3,804,932	211,152	1,005,513	9,910,218	319,328
Insurance and contract support	707,555	82,222	27,766	156,603	974,146	12,395,746
Other expenses	2,066,054	544,999	218,653	402,458	3,232,164	2,158,519
Depreciation and amortization	8,432,530	280,768	1,286,053	1,037,563	11,036,914	4,264,063
<b>Total operating expenses</b>	<b>28,847,905</b>	<b>9,611,854</b>	<b>2,017,952</b>	<b>6,325,829</b>	<b>46,803,540</b>	<b>27,964,554</b>
<b>Operating income (loss)</b>	<b>14,151,494</b>	<b>3,611,616</b>	<b>(907,993)</b>	<b>289,426</b>	<b>17,144,543</b>	<b>289,778</b>
<b>Nonoperating revenues (expenses):</b>						
Interest income	131,530	23,910	1,984	18,436	175,860	345,955
Gain/(loss) on sale/abandonment of capital assets	-	-	(9,084)	8,201	(883)	54,859
Interest expense and paying agent fees	(3,524,763)	-	-	-	(3,524,763)	(7,764)
Bond issuance costs	(591,232)	-	-	-	(591,232)	-
Intergovernmental operating grants	-	-	-	2,282,163	2,282,163	-
<b>Total nonoperating revenues (expenses)</b>	<b>(3,984,465)</b>	<b>23,910</b>	<b>(7,100)</b>	<b>2,308,800</b>	<b>(1,658,855)</b>	<b>393,050</b>
<b>Income (loss) before contributions and transfers</b>	<b>10,167,029</b>	<b>3,635,526</b>	<b>(915,093)</b>	<b>2,598,226</b>	<b>15,485,688</b>	<b>682,828</b>
Capital contributions	209,110	-	-	-	209,110	-
Transfers in	316,893	-	3,068,668	641,633	4,027,194	2,027,112
Transfers out	(1,438,189)	(3,148,419)	(702,074)	(1,066,580)	(6,355,262)	(312,000)
<b>Change in net position</b>	<b>9,254,843</b>	<b>487,107</b>	<b>1,451,501</b>	<b>2,173,279</b>	<b>13,366,730</b>	<b>2,397,940</b>
<b>Net position - beginning</b>	<b>137,704,860</b>	<b>8,043,306</b>	<b>47,737,814</b>	<b>44,088,814</b>		<b>23,784,095</b>
<b>Net position - ending</b>	<b>\$ 146,959,703</b>	<b>\$ 8,530,413</b>	<b>\$ 49,189,315</b>	<b>\$ 46,262,093</b>		<b>\$ 26,182,035</b>
Adjustment to reflect the consolidation of internal service funds activities related to enterprise funds					1,109,377	
Change in net position of business type activities						<b>\$ 14,476,107</b>

*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, 2016**

	Enterprise Funds					
	Water and Sewer	Sanitation	Regional Airport	Nonmajor Enterprise Funds	Total	Internal Service Funds
<b>Cash flows from operating activities:</b>						
Received from customers and users	\$ 43,168,266	\$ 13,269,888	\$ 1,127,552	\$ 6,490,635	\$ 64,056,341	\$ 4,450,572
Received from interfund charges	-	-	-	-	-	23,172,579
Other operating receipts	-	-	-	-	-	1,212,209
Payments to suppliers	(9,789,008)	(1,399,076)	(375,841)	(2,551,913)	(14,115,838)	(20,944,360)
Payments for interfund charges	(3,288,828)	(4,151,170)	(166,464)	(934,626)	(8,541,088)	(624,403)
Payments to employees	(6,999,288)	(2,876,965)	(171,712)	(1,824,176)	(11,872,141)	(2,450,026)
Net cash provided (used) by operating activities	<u>23,091,142</u>	<u>4,842,677</u>	<u>413,535</u>	<u>1,179,920</u>	<u>29,527,274</u>	<u>4,816,571</u>
<b>Cash flows from noncapital financing activities:</b>						
Intergovernmental operating grants	-	-	-	3,619,001	3,619,001	551,357
Interfund loans received (repaid)	14,320	-	449,650	(1,097,665)	(633,695)	(3,128,467)
Transfers in from other funds	316,893	-	3,068,668	641,633	4,027,194	2,027,112
Transfers out to other funds	(1,438,189)	(3,148,419)	(702,074)	(1,066,580)	(6,355,262)	(312,000)
Net cash provided (used) by noncapital financing activities	<u>(1,106,976)</u>	<u>(3,148,419)</u>	<u>2,816,244</u>	<u>2,096,389</u>	<u>657,238</u>	<u>(861,998)</u>
<b>Cash flows from capital and related financing activities:</b>						
Capital contributions	-	-	-	12,834	12,834	-
Acquisition and construction of capital assets	(21,702,289)	(403,999)	(3,155,862)	(1,835,717)	(27,097,867)	(7,723,393)
Proceeds from sale of capital assets	-	-	-	10,303	10,303	74,280
Proceeds from issuance of long-term debt	16,506,103	-	-	-	16,506,103	-
Proceeds from sale of refunding bonds	74,005,000	-	-	-	74,005,000	-
Premium on sale of refunding bonds	13,933,263	-	-	-	13,933,263	-
Payment to escrow agent for refunded bonds	(94,090,381)	-	-	-	(94,090,381)	-
Payment of bond issuance costs	(610,732)	-	-	-	(610,732)	-
Principal paid on long-term debt	(4,733,032)	-	-	-	(4,733,032)	(245,346)
Interest and fees paid on long-term debt	(3,353,940)	-	-	-	(3,353,940)	(7,764)
Net cash provided (used) for capital and related financing activities	<u>(20,046,008)</u>	<u>(403,999)</u>	<u>(3,155,862)</u>	<u>(1,812,580)</u>	<u>(25,418,449)</u>	<u>(7,902,223)</u>
<b>Cash flows from investing activities:</b>						
Interest on investments	131,530	23,910	1,984	18,436	175,860	345,955
Net cash (used) provided by investing activities	<u>131,530</u>	<u>23,910</u>	<u>1,984</u>	<u>18,436</u>	<u>175,860</u>	<u>345,955</u>
Net Increase (Decrease) in Cash and Cash Equivalents	2,069,688	1,314,169	75,901	1,482,165	4,941,923	(3,601,695)
Cash and Cash Equivalents - Beginning	52,176,197	4,240,261	618,310	4,599,170	61,633,938	9,656,622
Cash and Cash Equivalents - Ending	<u>\$ 54,245,885</u>	<u>\$ 5,554,430</u>	<u>\$ 694,211</u>	<u>\$ 6,081,335</u>	<u>\$ 66,575,861</u>	<u>\$ 6,054,927</u>
<b>Reconciliation of cash and cash equivalents on the balance sheet to the statement of cash flows:</b>						
Cash and cash equivalents	\$ 7,471,372	\$ 5,554,430	\$ -	\$ 6,081,335	\$ 19,107,137	\$ 1,785,837
Restricted assets - cash and cash equivalents	46,774,513	-	694,211	-	47,468,724	4,269,090
Total cash and cash equivalents at end of year	<u>\$ 54,245,885</u>	<u>\$ 5,554,430</u>	<u>\$ 694,211</u>	<u>\$ 6,081,335</u>	<u>\$ 66,575,861</u>	<u>\$ 6,054,927</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, 2016**

	Enterprise Funds					
	Water and Sewer	Sanitation	Regional Airport	Nonmajor Enterprise Funds	Total	Internal Service Funds
<b>Reconciliation of Operating Income (Loss) to Net Cash</b>						
<b>Provided by Operating Activities:</b>						
Operating income (loss)	<u>\$ 14,151,494</u>	<u>\$ 3,611,616</u>	<u>\$ (907,993)</u>	<u>\$ 289,426</u>	<u>\$ 17,144,543</u>	<u>\$ 289,778</u>
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:						
Depreciation and amortization	8,432,530	280,768	1,286,053	1,037,563	11,036,914	4,264,063
Customer deposits received	74,354	-	-	-	74,354	-
(Increase) decrease in assets and deferred outflows:						
Receivables:						
Customer and trade	107,677	82,877	-	(69,560)	120,994	-
Other	(13,164)	(36,459)	17,593	(55,060)	(87,090)	578,133
Inventory	31,758	-	-	(11,324)	20,434	56,234
Prepaid items	1,542	(116)	(1,518)	2,701	2,609	54,308
Deferred outflows - pension-related	(1,730,583)	(750,862)	(20,476)	(303,624)	(2,805,545)	(617,191)
Increase (decrease) in liabilities and deferred inflows:						
Accounts payable - trade	368,120	508,980	6,303	(52,468)	830,935	(193,693)
Accrued payroll	(74,328)	41,319	1,693	12,062	(19,254)	13,886
Accrued vacation and sick leave	(14,712)	3,717	5,753	(10,010)	(15,252)	10,453
Estimated health claims payable	-	-	-	-	-	(350,000)
Payable to government agencies	-	(13,078)	790	(1,760)	(14,048)	-
Other liabilities	(203,960)	-	(2,798)	(6,945)	(213,703)	2,895
Estimated liability for landfill closure	-	153,845	-	-	153,845	-
Net pension liability	2,039,063	986,762	28,730	362,381	3,416,936	735,174
Deferred inflows - pension-related	(78,649)	(26,692)	(595)	(13,462)	(119,398)	(27,469)
Total adjustments	<u>8,939,648</u>	<u>1,231,061</u>	<u>1,321,528</u>	<u>890,494</u>	<u>12,382,731</u>	<u>4,526,793</u>
Net cash provided (used) by operating activities	<u>\$ 23,091,142</u>	<u>\$ 4,842,677</u>	<u>\$ 413,535</u>	<u>\$ 1,179,920</u>	<u>\$ 29,527,274</u>	<u>\$ 4,816,571</u>
<b>Noncash capital and financing activities:</b>						
Capital assets received from developers	<u>\$ 209,110</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 209,110</u>	<u>\$ -</u>

*See accompanying notes to the basic financial statements.*

**CITY OF WICHITA FALLS, TEXAS**  
**STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES**  
**SEPTEMBER 30, 2016**

	Agency Fund
<b>Assets</b>	
Cash and cash equivalents	<u>\$ 125,849</u>
<b>Liabilities</b>	
Other liabilities	<u>\$ 125,849</u>

*See accompanying notes to the basic financial statements.*

# CITY OF WICHITA FALLS, TEXAS

## NOTES TO THE FINANCIAL STATEMENTS SEPTEMBER 30, 2016

### 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, 2016

### 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, 2016

### 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 Finance Manager 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, 2016

### 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, 2016**

### **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, 2016

### 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, 2016

### 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.

##### 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 estimated fair market value at the time received.

# CITY OF WICHITA FALLS, TEXAS

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D.) SEPTEMBER 30, 2016

### *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, 2016, the City's business-type activities incurred a total of \$3,524,763 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 (\$734,388) and municipal court fines receivable (\$360,870) 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, 2016

### 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, 2016

### *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, 2016

### 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, 2016 is based on management's estimate of probable losses in the amount of \$63,177. 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. \$38,425 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, 2014 to September 30, 2016:

	<u>Health Care</u>	<u>Workers' Compensation</u>
Liability balance, October 1, 2014	\$ 595,540	\$ 127,746
Incurred claims/adjustments	13,251,044	503,245
Claim payments	(12,916,584)	(567,814)
Liability balance, September 30, 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

### 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, 2016

### 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, 2016.

#### Deficit Fund Balances – Individual Funds

The Airport Improvement Grant Fund, a special revenue fund, the Debt Service Fund, and the Airport Construction Fund, a capital projects fund, had deficit fund balances of \$469,351, \$32,909 and \$270,978, respectively, as of September 30, 2016. These deficits will 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, 2016, the total amount of the City's demand and time deposits per the general ledger was \$3,184,716, and the total amount per the City's September 30, 2016 bank statements was \$4,240,066. 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, 2016 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	\$ 11,312,138	\$ 11,312,138	Not rated	1.00
LOGIC	33,759,619	33,759,619	Not rated	1.00
Money market accounts	<u>40,589,654</u>	<u>40,589,654</u>	Not rated	1.00
Total primary government investments	<u>85,661,411</u>	<u>85,661,411</u>		
Component Units:				
TexPool	<u>20,927,472</u>	<u>20,927,472</u>	Not rated	1.00
Total component unit investments	<u>20,927,472</u>	<u>20,927,472</u>		
Total investments	<u>\$106,588,883</u>	<u>\$106,588,883</u>		

# CITY OF WICHITA FALLS, TEXAS

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D.) SEPTEMBER 30, 2016

### 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 AAA 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 AAA 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 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, 2016

#### *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, 2016 was \$.70598 per \$100 which means that the City has a tax margin of \$1.54402 per \$100, and could raise up to \$73,581,992 additional tax revenue a year from the present assessed valuation of \$4,765,611,306 before the limit is reached.

## CITY OF WICHITA FALLS, TEXAS

### NOTES TO THE FINANCIAL STATEMENTS (CONT'D.) SEPTEMBER 30, 2016

#### *Note 5 - RECEIVABLES*

Receivables at September 30, 2016 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>
<b>Receivables:</b>										
Taxes and assessments	\$ 1,302,081	\$ 200,528	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,502,609	\$ -	\$ 1,502,609
Customer and trade	-	-	8,195,843	2,331,876	-	571,769	-	11,099,488	-	11,099,488
Other City funds	4,796,443	-	-	-	-	-	-	4,796,443	-	4,796,443
Government agencies	4,175,735	3,165,629	71,859	-	-	520,339	-	7,933,562	1,310,802	9,244,364
Other	<u>1,071,559</u>	<u>132,891</u>	<u>54,399</u>	<u>90,295</u>	<u>27,545</u>	<u>98,858</u>	<u>408,417</u>	<u>1,883,964</u>	<u>-</u>	<u>1,883,964</u>
<b>Gross receivables</b>	<b>11,345,818</b>	<b>3,499,048</b>	<b>8,322,101</b>	<b>2,422,171</b>	<b>27,545</b>	<b>1,190,966</b>	<b>408,417</b>	<b>27,216,066</b>	<b>1,310,802</b>	<b>28,526,868</b>
Less: Allowance for uncollectible accounts	( <u>623,684</u> )	( <u>21,205</u> )	( <u>2,262,163</u> )	( <u>753,119</u> )	( <u>-</u> )	( <u>139,233</u> )	( <u>-</u> )	( <u>3,799,404</u> )	( <u>-</u> )	( <u>3,799,404</u> )
<b>Net total receivables</b>	<b><u>\$10,722,134</u></b>	<b><u>\$3,477,843</u></b>	<b><u>\$6,059,938</u></b>	<b><u>\$1,669,052</u></b>	<b><u>\$27,545</u></b>	<b><u>\$1,051,733</u></b>	<b><u>\$408,417</u></b>	<b><u>\$23,416,662</u></b>	<b><u>\$1,310,802</u></b>	<b><u>\$24,727,464</u></b>

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 \$1,347,132 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, 2016

### 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	\$11,032,822
For Capital Improvements:	
Cash and cash equivalents	<u>35,741,691</u>
Total	<u>\$46,774,513</u>

Regional Airport restricted assets are comprised of the following:

For Passenger Facility Charges:	
Cash and cash equivalents	\$ 168,839
For Customer Facility Charges:	
Cash and cash equivalents	<u>525,372</u>
Total	<u>\$694,211</u>

Internal Service Fund restricted assets are comprised of the following:

For Employee Insurance:	
Cash and cash equivalents	<u>\$4,269,090</u>

# CITY OF WICHITA FALLS, TEXAS

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

SEPTEMBER 30, 2016

### Note 7 - CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2016 was as follows:

Governmental activities:	Balance			Balance September 30, 2016
	October 1, 2015	Increases	Decreases	
<b>Capital assets not being depreciated:</b>				
Land	\$ 10,682,820	\$ 1,541,774	\$ -	\$ 12,224,594
Construction in progress	3,039,459	6,504,217	2,005,694	7,537,982
<b>Total capital assets not being depreciated</b>	<b>13,722,279</b>	<b>8,045,991</b>	<b>2,005,694</b>	<b>19,762,576</b>
<b>Capital assets being depreciated:</b>				
Land betterments	23,422,644	-	-	23,422,644
Buildings, systems and improvements	74,221,782	-	78,302	74,143,480
Infrastructure	172,699,822	2,982,260	593,325	175,088,757
Machinery and equipment	23,393,620	995,863	236,467	24,153,016
Furniture and fixtures	161,735	-	8,786	152,949
<b>Total capital assets being depreciated</b>	<b>293,899,603</b>	<b>3,978,123</b>	<b>916,880</b>	<b>296,960,846</b>
<b>Less accumulated depreciation for:</b>				
Land betterments	6,238,245	498,214	-	6,736,459
Buildings, systems and improvements	22,833,271	1,690,075	58,424	24,464,922
Infrastructure	91,336,482	2,866,152	506,321	93,696,313
Machinery and equipment	13,515,271	1,883,386	227,411	15,171,246
Furniture and fixtures	160,570	466	8,786	152,250
<b>Total accumulated depreciation</b>	<b>134,083,839</b>	<b>6,938,293</b>	<b>800,942</b>	<b>140,221,190</b>
<b>Total capital assets being depreciated, net</b>	<b>159,815,764</b>	<b>( 2,960,170)</b>	<b>115,938</b>	<b>156,739,656</b>
<b>Governmental activities capital assets, net</b>	<b>\$173,538,043</b>	<b>\$ 5,085,821</b>	<b>\$ 2,121,632</b>	<b>\$176,502,232</b>

Depreciation expense was charged to functions as follows:

Governmental activities:	
Administrative services	\$1,093,394
Police	1,210,858
Fire	174,577
Parks and recreation	243,319
Accounting/finance	81,947
Community development	6,492
Public works	2,523,548
Health	157,012
Traffic and transportation	417,965
Multi-Purpose Events Center	1,029,181
<b>Total governmental depreciation</b>	<b>\$6,938,293</b>

# CITY OF WICHITA FALLS, TEXAS

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D.) SEPTEMBER 30, 2016

### Note 7 - CAPITAL ASSETS (CONT'D.)

	Balance October 1, 2015	Increases	Decreases	Balance September 30, 2016
<b>Business-type activities:</b>				
Capital assets not being depreciated:				
Land	\$ 9,042,199	\$ 260,996	\$ -	\$ 9,303,195
Construction in progress	<u>9,361,803</u>	<u>23,121,077</u>	<u>49,050</u>	<u>32,433,830</u>
Total capital assets not being depreciated	<u>18,404,002</u>	<u>23,382,073</u>	<u>49,050</u>	<u>41,737,025</u>
Capital assets being depreciated:				
Land betterments	47,465,251	329,371	-	47,794,622
Buildings, systems and improvements	397,645,253	5,574,072	285,890	402,933,435
Machinery and equipment	9,351,828	298,915	34,643	9,616,100
Furniture and fixtures	4,114	12,829	-	16,943
Motor vehicles	<u>53,494,639</u>	<u>3,536,931</u>	<u>1,604,600</u>	<u>55,426,970</u>
Total capital assets being depreciated	<u>507,961,085</u>	<u>9,752,118</u>	<u>1,925,133</u>	<u>515,788,070</u>
Less accumulated depreciation for:				
Land betterments	15,498,309	1,260,059	-	16,758,368
Buildings, systems and improvements	114,506,974	9,499,898	276,807	123,730,065
Machinery and equipment	6,580,959	500,898	32,543	7,049,314
Furniture and fixtures	4,114	1,283	-	5,397
Motor vehicles	<u>38,369,577</u>	<u>3,578,680</u>	<u>1,590,998</u>	<u>40,357,259</u>
Total accumulated depreciation	<u>174,959,933</u>	<u>14,840,818</u>	<u>1,900,348</u>	<u>187,900,403</u>
Total capital assets being depreciated, net	<u>333,001,152</u>	<u>( 5,088,700)</u>	<u>24,785</u>	<u>327,887,667</u>
Business-type activities capital assets, net	<u>\$351,405,154</u>	<u>\$18,293,373</u>	<u>\$ 73,835</u>	<u>\$369,624,692</u>

Depreciation expense was charged to programs as follows:

<b>Business-type activities:</b>	
Regional Airport	\$ 1,290,905
Kickapoo Airport	435,069
Transit	497,091
Sanitation	2,822,980
Water and sewer	9,190,190
Stormwater drainage	354,798
Waterpark	<u>249,785</u>
Total business-type depreciation	<u>\$14,840,818</u>

# CITY OF WICHITA FALLS, TEXAS

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D.) SEPTEMBER 30, 2016

### 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, 2016. Detailed information for each plan follows.

	TMRS	WFFRRF	Total
Net pension liability	\$46,528,177	\$27,161,740	\$73,689,917
Deferred outflows of resources	17,523,161	3,784,564	21,307,725
Deferred inflows of resources	1,088,330	2,012,189	3,100,519
Pension expense	7,559,567	2,416,854	9,976,421

#### Texas Municipal Retirement System

##### Plan Description

The City participates as one of 860 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.tmrs.com](http://www.tmrs.com).

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

##### Benefits Provided

TMRS provides retirement, disability, and death benefits. Benefit provisions are adopted by the 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, 2016

### Note 8 - PENSION PLANS (CONT'D.)

#### *Employees Covered by Benefit Terms*

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

Inactive employees or beneficiaries currently receiving benefits	615
Inactive employees entitled to but not yet receiving benefits	376
Active employees	1,027

#### 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 12.52% and 11.92% in calendar years 2015 and 2016, respectively. The City's contributions to TMRS for the year ended September 30, 2016, were \$5,427,145, and were equal to the required contributions.

#### Net Pension Liability

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

#### *Actuarial Assumptions*

The Total Pension Liability in the December 31, 2015 actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.5% 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, 2016

### Note 8 - PENSION PLANS (CONT'D.)

Actuarial assumptions used in the December 31, 2015, 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	5.0%	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, 2016

### Note 8 - PENSION PLANS (CONT'D.)

#### *Changes in Net Pension Liability*

	Total Pension Liability (a)	Fiduciary Net Position (b)	Increase (Decrease) Net Pension Liability (a) – (b)
Balances as of December 31, 2014	\$233,591,358	\$201,153,244	\$32,438,114
Changes for the year:			
Service cost	4,697,339	-	4,697,339
Interest on total pension liability	16,093,246	-	16,093,246
Change of benefit terms	-	-	-
Difference between expected and actual experience	203,406	-	203,406
Change of assumptions	1,340,184	-	1,340,184
Contributions – employer	-	5,639,053	( 5,639,053)
Contributions – employee	-	2,497,984	( 2,497,984)
Net investment income	-	296,795	( 296,795)
Benefit payments, including refunds of employee contributions	( 12,073,025)	( 12,073,025)	-
Administrative expense	-	( 180,789)	180,789
Other changes	-	( 8,931)	8,931
Balances as of December 31, 2015	<u>\$243,852,508</u>	<u>\$197,324,331</u>	<u>\$46,528,177</u>

#### *Sensitivity Analysis*

The following presents the net pension asset 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	\$79,356,552	\$46,528,177	\$19,492,561

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

For the year ended September 30, 2016, the City recognized pension expense of \$7,559,567 related to its participation in TMRS.

# CITY OF WICHITA FALLS, TEXAS

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D.) SEPTEMBER 30, 2016

### Note 8 - PENSION PLANS (CONT'D.)

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 153,182	\$ 1,088,330
Net difference in assumptions	1,009,274	-
Net difference between projected and actual earnings	12,518,819	-
Contributions made subsequent to measurement date	<u>3,841,884</u>	<u>-</u>
<b>Total</b>	<b><u>\$17,523,159</u></b>	<b><u>\$ 1,088,330</u></b>

\$3,841,884 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, 2016. 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>	
2016	\$ 3,157,974
2017	3,157,974
2018	3,501,155
2019	2,775,842
2020	-
Thereafter	-
<b>Total</b>	<b><u>\$12,592,945</u></b>

### 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, 2016

### 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 2.55% 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, 2015.

#### *Employees Covered by Benefit Terms*

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

Inactive employees or beneficiaries currently receiving benefits	120
Inactive employees entitled to but not yet receiving benefits	3
Active employees	157

#### Contributions

The contribution rate for the firefighters is 12% (13% effective April 20, 2016) and the City contributes 12.95%. 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, 2016, were \$1,280,786, and were equal to the required contributions.

#### Net Pension Liability

The City's Net Pension Liability (NPL) was measured as of December 31, 2015, and the Total Pension Liability 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, 2016

### Note 8 - PENSION PLANS (CONT'D.)

#### *Actuarial Assumptions*

The Total Pension Liability in the December 31, 2015, 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	8.0%, 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 2016 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 8.0%. 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	38.89%	7.50%
International Equity	16.67%	8.50%
Domestic Bonds	27.78%	2.50%
International Bonds	5.56%	3.50%
Real Estate	<u>11.10%</u>	4.50%
Total	<u>100.00%</u>	

#### *Discount Rate*

The discount rate used to measure the Total Pension Liability was 8.0%. 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, 2016

### 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, 2014	\$72,251,770	\$47,517,957	\$24,733,813
Changes for the year:			
Service cost	1,493,672	-	1,493,672
Interest on total pension liability	5,298,361	-	5,298,361
Change of benefit terms	7,781	-	7,781
Difference between expected and actual experience	( 1,542,023)	-	( 1,542,023)
Change of assumptions	-	-	-
Contributions – employer	-	1,273,913	( 1,273,913)
Contributions – employee	-	1,221,926	( 1,221,926)
Net investment income	-	421,270	( 421,270)
Benefit payments, including refunds of employee contributions	( 3,950,906)	( 3,950,906)	-
Administrative expense	-	( 87,245)	87,245
Other changes	-	-	-
Balances as of December 31, 2015	<u>\$73,558,655</u>	<u>\$46,396,915</u>	<u>\$27,161,740</u>

#### *Sensitivity Analysis*

The following presents the net pension liability of the City, calculated using the discount rate of 8.0%, 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 (7.0%) or 1 percentage point higher (9.0%) than the current rate.

	1% Decrease 7.0%	Current Discount Rate 8.0%	1% Increase 9.0%
Net pension liability	\$36,192,766	\$27,161,740	\$19,573,358

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

For the year ended September 30, 2016, the City recognized pension expense of \$2,416,854 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, 2016

### Note 8 - PENSION PLANS (CONT'D.)

At September 30, 2016, 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	\$ -	\$1,634,841
Difference due to changes in actuarial assumptions	- -	377,348
Net difference between projected and actual earnings	2,839,243	-
Contributions made subsequent to measurement date	<u>945,321</u>	-
<b>Total</b>	<b><u>\$3,784,564</u></b>	<b><u>\$2,012,189</u></b>

\$945,321 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, 2016. 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>	
2016	\$ 491,465
2017	491,466
2018	491,466
2019	429,978
2020	( 233,717)
Thereafter	( 843,604)
<b>Total</b>	<b><u>\$827,054</u></b>

### 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, 2016

### 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</u> <u>Core</u>	<u>PPO</u> <u>Enhanced</u>	<u>PPO</u> <u>CAT</u>	<u>PPO</u> <u>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, 2016

### 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, 2016 is as follows:

Annual Required Contribution	\$1,691,524
Interest on OPEB obligation	6,896
Adjustment to ARC	( 9,547)
Annual OPEB cost (expense) end of year	1,688,873
Net estimated employer contributions	( 1,691,524)
Increase (decrease) in net OPEB obligation	( 2,651)
Net OPEB obligation – beginning of year	95,121
Net OPEB obligation – end of year	<u>\$ 92,470</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, 2016 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, 2014	\$2,404,595	\$2,274,645	94.6%	\$129,950
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

#### Schedule of Actuarial Liabilities and Funding Status

Actuarial Valuation Date	12/31/14
Actuarial Value of Assets	\$ 2,849,848
Actuarial Accrued Liabilities	\$16,099,920
Unfunded Actuarial Accrued Liability (UAAL)	\$13,250,072
Funded Ratio	17.7%
Annual Covered Payroll	\$51,167,922
UAAL as a Percentage of Annual Covered Payroll	25.9%

# CITY OF WICHITA FALLS, TEXAS

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D.) SEPTEMBER 30, 2016

### 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	7.25%, net of expenses
Actuarial cost method	Individual entry-age
Amortization method	Level as a percentage of employee payroll
Amortization period	13-year closed amortization
Salary growth	3.0% per annum
Healthcare cost trend rate	Initial rate of 7.00% 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, 2016 was \$39,643. The lease payment increases by 3% per year with a final lease payment of \$141,307 in 2059.

# CITY OF WICHITA FALLS, TEXAS

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D.) SEPTEMBER 30, 2016

### 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, 2016.

The following is a schedule by years of future minimum rental payments required under operating leases that have initial or remaining noncancelable lease terms in excess of one year as of September 30, 2016:

Year ending September 30:	
2017	\$ 166,465
2018	148,649
2019	95,979
2020	65,568
2021	64,113
2022-2026	254,395
2027-2031	291,336
2032-2036	337,739
2037-2041	391,532
2042-2046	453,893
2047-2051	526,186
2052-2056	609,994
2057-2059	<u>411,692</u>
Total minimum payments required	<u>\$3,817,541</u>

The total rental expenses for all operating leases for the year ended September 30, 2016 was \$157,029. There were no contingent rentals during the year ended September 30, 2016.

### 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 \$4,480,118 as of September 30, 2016, which is based on 21% usage of the landfill. The City will recognize the remaining estimated cost of closure and postclosure care of \$17,261,630 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 \$67,513 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, 2016

### Note 14 - LONG-TERM LIABILITIES

Long-term liabilities transactions for the year ended September 30, 2016 are summarized as follows:

	Balance at October 1, 2015	Issued	Retired and Transferred (1)	Balance at September 30, 2016	Due Within One Year
<b>Governmental Activities:</b>					
General obligation bonds	\$ 3,850,706	\$ 13,482,256	\$ 1,203,830	\$ 16,129,132	\$ 1,996,159
Combination tax and revenue bonds	46,710,294	-	15,571,619	31,138,675	1,703,575
Accrued vacation and sick leave payable	8,488,532	2,357,571	2,170,285	8,675,818	2,250,000
Capital lease payable	3,230,595	-	373,429	2,857,166	390,576
Claims and judgments payable	63,177	578,447	578,447	63,177	38,425
Total governmental activities	<u>62,343,304</u>	<u>16,418,274</u>	<u>19,897,610</u>	<u>58,863,968</u>	<u>6,378,735</u>
<b>Business-type Activities:</b>					
Utility system revenue bonds, net of premium (discount)	92,086,092	87,938,263	92,086,092	87,938,263	4,839,290
Combination tax and revenue bonds	54,125,933	-	2,803,033	51,322,900	5,024,809
General obligation bonds	1,930,000	-	1,930,000	-	-
Accrued vacation and sick leave payable	755,384	662,002	665,511	751,875	625,000
Note payable	437,652	-	37,737	399,915	38,964
Capital leases payable	722,737	16,506,103	271,317	16,957,523	497,618
Landfill closure, post-closure costs	4,393,786	153,845	-	4,547,631	-
Total business-type activities	<u>154,451,584</u>	<u>105,260,213</u>	<u>97,793,690</u>	<u>161,918,107</u>	<u>11,025,681</u>
Total long-term liabilities	<u><u>\$216,794,888</u></u>	<u><u>\$121,678,487</u></u>	<u><u>\$117,691,300</u></u>	<u><u>\$220,782,075</u></u>	<u><u>\$17,404,416</u></u>

(1) Includes bond premium amortization of \$939,132 related to the general obligation bonds, \$133,675 related to combination tax and revenue bonds (governmental activities), \$13,933,263 related to revenue bonds, and \$112,900 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, 2016, 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 9/30/16
<b>General Obligation Bonds:</b>					
General Obligation Refunding Bonds, Series 2011	1.50% - 3.00%	9/01/21	\$405,000 to \$485,000	\$ 4,365,000	\$ 2,290,000
Plus bond premium					63,585
General Obligation Refunding Bonds, Series 2013	1.50% - 3.00%	9/01/18	\$335,000 to \$2,305,000	3,740,000	675,000

# CITY OF WICHITA FALLS, TEXAS

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D.) SEPTEMBER 30, 2016

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

	<u>Range of Interest Rates</u>	<u>Final Maturity Date</u>	<u>Annual Serial Payments</u>	<u>Bonds Authorized</u>	<u>Bonds Outstanding at 9/30/16</u>
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	9,450,000 875,547
General Obligation Refunding Bonds, Series 2015B	0.73% - 3.48%	9/01/26	\$110,000 to \$310,000	2,885,000	<u>2,775,000</u>
Total General Obligation Bonds					<u>16,129,132</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	7,890,000
Combination Tax and Revenue Certificates of Obligation, Series 2010	5.60%	2/01/25	\$165,000 to \$375,000	3,930,000	2,735,000
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	7,070,000 112,900
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	2,645,000 63,183
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	17,735,000 70,492
Combination Tax and Revenue Certificates of Obligation, Series 2013A	2.00% - 4.625%	9/01/33	\$505,000 to \$905,000	13,000,000	11,485,000
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	32,655,000 82,461,575
Total Combination Tax and Revenue Bonds					
Revenue Bonds:					
Water & Sewer System Revenue Refunding Revenue, Series 2016 Plus bond premium	2.00% - 5.50%	8/01/27	\$2,435,000 to \$9,705,000	74,005,000	74,005,000 13,933,263
Total Revenue Bonds					<u>87,938,263</u>
Total All Bonds					<u>\$ 186,528,970</u>

# CITY OF WICHITA FALLS, TEXAS

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

SEPTEMBER 30, 2016

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

Aggregate maturities of the long-term debt (principal and interest) for the years subsequent to September 30, 2016 are as follows:

Year Ending September 30,	Combination Tax and													
	General Obligation Bonds		Revenue Bonds		Revenue Bonds		Notes Payable		Capital Lease Payable		Total			
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2017	\$ 1,996,159	\$ 338,160	\$ 6,728,384	\$ 2,211,499	\$ 4,839,290	\$ 1,573,024	\$ 38,964	\$ 13,009	\$ 888,195	\$ 881,672	\$ 14,490,992	\$ 5,017,364		
2018	2,018,435	304,800	6,881,221	2,051,014	4,948,031	1,472,219	40,232	11,742	797,228	590,741	14,685,147	4,430,516		
2019	1,717,018	264,785	3,302,670	1,877,833	8,893,852	1,412,148	41,541	10,433	806,994	566,363	14,762,075	4,131,562		
2020	1,745,507	240,073	3,392,095	1,796,019	9,042,086	1,268,164	42,892	9,082	873,194	542,807	15,095,774	3,856,145		
2021	1,771,429	203,382	3,486,501	1,718,406	9,200,108	1,116,892	44,287	7,686	992,409	515,754	15,494,734	3,562,120		
2022-2026	6,880,584	545,905	18,536,027	6,978,177	48,508,848	3,049,902	191,999	15,862	5,184,995	2,093,696	79,302,453	12,683,542		
2027-2031	-	-	18,197,978	4,155,663	2,506,048	50,702	-	-	3,939,735	1,381,439	24,643,761	5,587,804		
2032-2036	-	-	10,101,699	1,746,518	-	-	-	-	6,331,939	543,868	16,433,638	2,290,386		
2037-2041	-	-	6,305,000	911,372	-	-	-	-	-	-	6,305,000	911,372		
2042-2045	-	-	5,530,000	237,100	-	-	-	-	-	-	5,530,000	237,100		
<b>Totals</b>	<b>\$16,129,132</b>	<b>\$1,897,105</b>	<b>\$82,461,575</b>	<b>\$23,683,601</b>	<b>\$87,938,263</b>	<b>\$ 9,943,051</b>	<b>\$399,915</b>	<b>\$ 67,814</b>	<b>\$19,814,689</b>	<b>\$7,116,340</b>	<b>\$206,743,574</b>	<b>\$42,707,911</b>		

# CITY OF WICHITA FALLS, TEXAS

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D.) SEPTEMBER 30, 2016

### 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. With the exception of a portion of the Series 2013 General Obligation Refunding Bonds, these bonds are serviced by the Debt Service Fund with an apportionment of the ad valorem tax levy. At September 30, 2016, this fund had a deficit fund balance of \$32,909.

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, 2016 is classified as follows:

Long-term	\$ 360,951
Current portion	<u>38,964</u>
Total	<u>\$ 399,915</u>

#### Capital Leases Payable

The City issued a capital lease in 2012 for the purchase of fire department equipment in the amount of \$1,466,854. The asset is listed under "Motor Vehicles" in the business-type activities. The lease carries an interest rate of 1.57% and matures on October 1, 2016. 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.

# CITY OF WICHITA FALLS, TEXAS

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D.) SEPTEMBER 30, 2016

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

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.

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.

### Note 15 - DEFEASED DEBT

#### General Obligation Bonds

On November 15, 2015, the City issued general obligation refunding bonds of \$12,535,000 (par value) with interest rates ranging from 0.73% to 5.00%. The debt was issued to refund general obligation bonds with rates ranging from 3.55% to 6.00% and a par value of \$12,715,000. The general obligation bonds to be refunded matured through September 1, 2026.

As a result of the refunding, the City reduced its total debt service by \$1,714,156, resulting in an economic gain (difference between the present value of the debt service payments on the old and new debt) of \$1,476,161.

#### Revenue Bonds

On June 1, 2016, the City issued revenue refunding bonds of \$74,005,000 (par value) with interest rates ranging from 2.00% to 5.00%. The debt was issued to refund revenue bonds with rates ranging from 4.00% to 5.00% and a par value of \$91,895,000. The combination tax and revenue certificates of obligation to be refunded matured through August 1, 2027.

As a result of the refunding, the City reduced its total debt service by \$15,712,173, resulting in an economic gain (difference between the present value of the debt service payments on the old and new debt) of \$13,063,345.

### Note 16 - INTERFUND BALANCES

<u>Due To Fund</u>	<u>Due From Fund</u>	<u>Amount</u>	<u>Purpose</u>
General Fund	Nonmajor Governmental Funds	\$ 1,988,889	Short-term loan
General Fund	Water and Sewer Fund	153,755	Short-term loan
General Fund	Regional Airport Fund	449,650	Short-term loan
General Fund	Nonmajor Enterprise Funds	1,475,207	Short-term loan
General Fund	Internal Service Funds	728,942	Short-term loan
	Total	<u>\$ 4,796,443</u>	

# CITY OF WICHITA FALLS, TEXAS

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D.) SEPTEMBER 30, 2016

### Note 16 - INTERFUND BALANCES (CONT'D.)

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

Transfers to and from other funds during the year ended September 30, 2016 were as follows:

<u>Transfers From</u>	<u>Transfers To</u>	<u>Amount</u>	<u>Reason</u>
General Fund	Nonmajor Governmental Funds	\$ 160,425	Supplement operating grants
General Fund	Nonmajor Governmental Funds	387,389	Supplement operating deficits
General Fund	Nonmajor Enterprise Funds	191,749	Supplement operating deficits
Nonmajor Governmental Funds	Nonmajor Governmental Funds	580,065	Fund debt service payment
Nonmajor Governmental Funds	Nonmajor Governmental Funds	1,766,105	Fund operating deficits
Nonmajor Governmental Funds	Nonmajor Governmental Funds	40,200	Fund capital projects
Nonmajor Governmental Funds	Regional Airport Fund	3,068,668	Supplement capital projects
Nonmajor Governmental Funds	Water and Sewer Fund	316,893	Fund capital projects
Nonmajor Governmental Funds	Nonmajor Enterprise Funds	449,884	Fund capital projects
Water and Sewer Fund	General Fund	938,189	Administrative overhead
Water and Sewer Fund	Nonmajor Governmental Funds	500,000	Fund debt service payment
Sanitation Fund	General Fund	1,591,789	Administrative overhead
Sanitation Fund	Internal Service Funds	1,556,630	Purchase capital assets
Regional Airport Fund	Nonmajor Governmental Funds	673,629	Fund debt service payment
Regional Airport Fund	Nonmajor Governmental Funds	28,445	Supplement operating grant
Nonmajor Enterprise Funds	General Fund	116,111	Administrative overhead
Nonmajor Enterprise Funds	Nonmajor Governmental Funds	33,078	Supplement operating grant
Nonmajor Enterprise Funds	Nonmajor Governmental Funds	446,908	Fund debt service payment
Nonmajor Enterprise Funds	Internal Service Funds	470,482	Purchase capital assets
Internal Service Funds	General Fund	312,000	Administrative overhead
	Total	<u>\$13,628,639</u>	

### 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, 2016 was \$.404046 per one thousand gallons.

## CITY OF WICHITA FALLS, TEXAS

### NOTES TO THE FINANCIAL STATEMENTS (CONT'D.) SEPTEMBER 30, 2016

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

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, 2016, 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	\$ 705,508
Nonmajor Governmental Funds	2,047,753
Water and Sewer Fund	27,935,160
Sanitation Fund	414,524
Nonmajor Enterprise Funds	2,437,337
Internal Service Funds	<u>414,995</u>
 Total contract commitments - City	 <u>\$33,955,277</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.

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.

# CITY OF WICHITA FALLS, TEXAS

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D.) SEPTEMBER 30, 2016

### Note 18 - 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, 2016 is as follows:

	Wichita Falls Economic Development Corporation	Wichita Falls 4B Sales Tax Corporation	Wichita Falls Reinvestment			Totals
			Zone #2	Zone #3	Zone #4	
<b>Condensed statement of net position:</b>						
Cash, investments and other current assets	\$18,139,910	\$3,865,343	\$190,854	\$378,309	\$38,877	\$22,613,293
Capital assets, net of accumulated depreciation	<u>2,188,250</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,188,250</u>
<b>Total assets</b>	<b><u>20,328,160</u></b>	<b><u>3,865,343</u></b>	<b><u>190,854</u></b>	<b><u>378,309</u></b>	<b><u>38,877</u></b>	<b><u>24,801,543</u></b>
Accounts payable and other current liabilities	<u>191,623</u>	<u>6,552</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>198,175</u>
<b>Total liabilities</b>	<b><u>191,623</u></b>	<b><u>6,552</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>198,175</u></b>
<b>Net position</b>	<b><u>\$20,136,537</u></b>	<b><u>\$3,858,791</u></b>	<b><u>\$190,854</u></b>	<b><u>\$378,309</u></b>	<b><u>\$38,877</u></b>	<b><u>\$24,603,368</u></b>
<b>Condensed statement of activities:</b>						
Expenses:						
Community development	\$ 4,898,626	\$4,240,418	\$381,883	\$ -	\$ -	\$ 9,520,927
Program revenues:						
Charges for services	106,800	-	-	-	-	106,800
Operating grants and contributions	<u>-</u>	<u>381,883</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>381,883</u>
<b>Total program revenues</b>	<b><u>106,800</u></b>	<b><u>381,883</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>488,683</u></b>
<b>Net program expense</b>	<b><u>( 4,791,826)</u></b>	<b><u>( 3,858,535)</u></b>	<b><u>( 381,883)</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>( 9,032,244)</u></b>
General revenues:						
Tax revenues	3,728,961	3,728,961	572,068	78,992	38,871	8,147,853
Non-tax general revenues	<u>192,890</u>	<u>124,834</u>	<u>669</u>	<u>952</u>	<u>6</u>	<u>319,531</u>
<b>Total general revenues</b>	<b><u>3,921,851</u></b>	<b><u>3,853,795</u></b>	<b><u>572,737</u></b>	<b><u>79,944</u></b>	<b><u>38,877</u></b>	<b><u>8,467,384</u></b>
Change in net position	(869,975)	(4,740)	190,854	79,944	38,877	( 565,040)
<b>Beginning net position</b>	<b><u>21,006,512</u></b>	<b><u>3,863,531</u></b>	<b><u>-</u></b>	<b><u>298,365</u></b>	<b><u>-</u></b>	<b><u>25,168,408</u></b>
<b>Ending net position</b>	<b><u>\$20,136,537</u></b>	<b><u>\$3,858,791</u></b>	<b><u>\$190,854</u></b>	<b><u>\$378,309</u></b>	<b><u>\$38,877</u></b>	<b><u>\$24,603,368</u></b>

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Required Supplementary Information

## CITY OF WICHITA FALLS, TEXAS

**REQUIRED SUPPLEMENTARY INFORMATION  
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND  
FOR THE YEAR ENDED SEPTEMBER 30, 2016**

	Budgeted Amounts			Variance With Final Budget - Positive (Negative)
	Original	Final	Actual	
<b>Revenues:</b>				
Taxes	\$ 62,051,258	\$ 62,051,258	\$ 61,554,016	\$ (497,242)
Charges for services	2,876,108	2,876,108	2,687,265	(188,843)
Licenses and permits	1,970,455	1,970,455	1,971,212	757
Fines and forfeitures	2,554,000	2,554,000	2,358,469	(195,531)
Intergovernmental revenue	10,800	10,800	6,133	(4,667)
Contributions	162,202	162,202	192,233	30,031
Miscellaneous revenue	1,111,373	1,111,373	1,000,201	(111,172)
<b>Total revenues</b>	<b>70,736,196</b>	<b>70,736,196</b>	<b>69,769,529</b>	<b>(966,667)</b>
<b>Expenditures:</b>				
Current:				
Administrative services	13,566,830	13,920,132	13,404,682	515,450
Police	23,757,164	23,411,910	23,369,097	42,813
Fire	15,213,683	15,713,966	15,682,731	31,235
Parks and recreation	5,447,772	5,348,255	5,134,985	213,270
Accounting/finance	694,546	703,505	702,883	622
Community development	2,068,233	2,084,176	1,961,370	122,806
Public works	5,434,439	5,350,985	5,219,063	131,922
Health	3,267,373	3,039,359	2,988,930	50,429
Traffic and transportation	1,844,408	1,887,920	1,933,608	(45,688)
Capital outlay	2,787,732	3,595,168	2,387,364	1,207,804
<b>Total expenditures</b>	<b>74,082,180</b>	<b>75,055,376</b>	<b>72,784,713</b>	<b>2,270,663</b>
<b>Excess of revenues over (under) expenditures</b>	<b>(3,345,984)</b>	<b>(4,319,180)</b>	<b>(3,015,184)</b>	<b>1,303,996</b>
<b>Other financing sources (uses):</b>				
Transfers in	2,958,089	2,958,089	2,958,089	-
Transfers out	(612,105)	(740,938)	(739,563)	1,375
<b>Total other financing sources (uses)</b>	<b>2,345,984</b>	<b>2,217,151</b>	<b>2,218,526</b>	<b>1,375</b>
<b>Excess of revenues and other sources over (under) expenditures and other uses</b>	<b>(1,000,000)</b>	<b>(2,102,029)</b>	<b>(796,658)</b>	<b>1,305,371</b>
<b>Fund balance - beginning</b>	<b>14,994,156</b>	<b>14,994,156</b>	<b>14,994,156</b>	<b>-</b>
<b>Fund balance - ending</b>	<b>\$ 13,994,156</b>	<b>\$ 12,892,127</b>	<b>\$ 14,197,498</b>	<b>\$ 1,305,371</b>

## **CITY OF WICHITA FALLS, TEXAS**

### **NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION SEPTEMBER 30, 2016**

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 \$973,196 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**

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

	2016	2015
Actuarial determined contribution	\$ 5,427,145	\$ 5,422,031
Contributions in relation to the actuarially determined contribution	<u>(5,427,145)</u>	<u>(5,422,031)</u>
Contribution deficiency	<u>\$ -</u>	<u>\$ -</u>
Covered employee payroll	\$ 44,674,967	\$ 42,951,296
Contributions as a percentage of covered employee payroll	<u>12.15%</u>	<u>12.62%</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	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**

	2015	2014
<b>Total Pension Liability</b>		
Service cost	\$ 1,493,672	\$ 1,447,068
Interest on total pension liability	5,298,361	5,537,931
Changes of benefit terms	7,781	-
Difference between expected and actual experience	(1,542,023)	(320,862)
Changes of assumptions	-	(423,984)
Benefit payments/refunds of contributions	(3,950,906)	(3,616,549)
Net change in total pension liability	<u>1,306,885</u>	<u>2,623,604</u>
 Total pension liability, beginning	 72,251,770	 69,628,166
Total pension liability, ending (a)	<u><u>\$ 73,558,655</u></u>	<u><u>\$ 72,251,770</u></u>
 <b>Fiduciary Net Pension</b>		
Contributions - employer	\$ 1,273,913	\$ 1,232,957
Contributions - employee	1,221,926	1,144,644
Net investment income	421,270	3,284,243
Benefit payments/refunds of contributions	(3,950,906)	(3,616,549)
Administrative expenses	(87,245)	(85,636)
Other	-	-
Net change in fiduciary net position	<u>(1,121,042)</u>	<u>1,959,659</u>
Fiduciary net pension, beginning	<u>47,517,957</u>	<u>45,558,298</u>
Fiduciary net pension, ending (b)	<u><u>\$ 46,396,915</u></u>	<u><u>\$ 47,517,957</u></u>
 Net pension liability / (asset), ending = (a) - (b)	 <u><u>\$ 27,161,740</u></u>	 <u><u>\$ 24,733,813</u></u>
Fiduciary net position as a % of total pension liability	<u>63.07%</u>	<u>65.77%</u>
Covered employee payroll	<u><u>\$ 10,182,717</u></u>	<u><u>\$ 9,520,903</u></u>
 Net pension liability (asset) as a % of covered payroll	 <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

	2016	2015
Actuarial determined contribution	\$ 1,310,258	\$ 1,248,549
Contributions in relation to the actuarially determined contribution	<u>(1,310,258)</u>	<u>(1,248,549)</u>
Contribution deficiency	<u>\$ -</u>	<u>\$ -</u>
Covered employee payroll	\$ 10,182,717	\$ 9,629,250
Contributions as a percentage of covered employee payroll	<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	8.00%
Retirement Age	RR Table 0515
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)	-	-	-	-	-	-

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.

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## 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, 2016

	Special Revenue											Debt Service			Capital Projects			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	\$ 1,102,745	\$ 83,418	\$ -	\$ -	\$ -	\$ 288,396	\$ 3,010,610	\$ 16	\$ -	\$ 412,175	\$ -	\$ 2,359,074	\$ 1,027,885	\$ 8,284,369			
Receivables:																		
Taxes and assessments	-	-	-	155,477	-	-	-	-	23,846	-	-	-	-	-	-	-	179,323	
Government agencies	761,270	-	197,955	-	177,610	-	-	1,601,946	14,568	83,473	-	-	328,807	-	-	3,165,629		
Other	8,455	-	-	-	-	-	88,444	33,504	-	-	-	-	-	-	2,488	132,891		
Inventory	-	-	-	-	-	-	71,905	-	-	-	-	-	-	-	-	71,905		
Prepaid items	-	-	-	-	-	2,892	9,216	-	1,500	-	-	-	-	-	-	13,608		
Other assets	-	-	-	-	-	178,963	-	3,000	-	-	-	-	-	-	-	181,963		
Total assets	<u>\$ 769,775</u>	<u>\$ 1,102,745</u>	<u>\$ 281,373</u>	<u>\$ 155,477</u>	<u>\$ 177,610</u>	<u>\$ 181,855</u>	<u>\$ 457,961</u>	<u>\$ 4,649,060</u>	<u>\$ 39,930</u>	<u>\$ 83,473</u>	<u>\$ 412,175</u>	<u>\$ -</u>	<u>\$ 2,687,881</u>	<u>\$ 1,030,373</u>	<u>\$ 12,029,688</u>			
<u>LIABILITIES AND FUND BALANCE</u>																		
Liabilities																		
Accounts payable - trade	\$ 48,398	\$ 371	\$ 5,500	\$ -	\$ 96,641	\$ 74,008	\$ 42,045	\$ 1,105,060	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 67,017	\$ -	\$ 1,439,040		
Accrued payroll	7,628	13,147	-	-	-	-	134,882	65,148	-	-	-	-	-	-	-	220,805		
Payable to other City funds	204,641	-	-	155,467	416,980	63,380	34,573	779,837	36,428	25,844	-	270,977	762	-	1,988,889			
Payable to government agencies	-	72,460	20,000	-	-	-	4,454	2,302	-	-	-	-	-	-	99,216			
Other liabilities	-	49,847	24,744	-	133,340	682	116,376	50,162	-	-	-	1	98,012	-	473,164			
Unearned revenue	-	-	-	-	-	-	37,236	-	-	-	-	-	-	-	37,236			
Total liabilities	<u>\$ 260,667</u>	<u>\$ 135,825</u>	<u>\$ 50,244</u>	<u>\$ 155,467</u>	<u>\$ 646,961</u>	<u>\$ 138,070</u>	<u>\$ 332,330</u>	<u>\$ 2,039,745</u>	<u>\$ 36,428</u>	<u>\$ 25,844</u>	<u>\$ -</u>	<u>\$ 270,978</u>	<u>\$ 165,791</u>	<u>\$ -</u>	<u>\$ 4,258,350</u>			
Deferred inflows of resources																		
Unavailable revenues	-	-	-	-	-	-	-	-	-	36,411	-	-	-	-	-	36,411		
Fund balance:																		
Nonspendable:																		
Inventory and prepaid items	-	-	-	-	-	2,892	81,121	-	-	-	-	-	-	-	-	84,013		
Restricted for:																		
Perpetual care	-	-	-	-	-	-	-	-	-	-	-	-	-	1,030,373	1,030,373			
Debt service	-	-	-	-	-	-	-	-	57,629	-	-	-	-	-	57,629			
Capital projects	-	-	-	-	-	-	-	-	-	412,175	-	2,522,090	-	-	2,934,265			
Federal and state grant programs	509,108	966,920	231,129	-	-	-	-	-	-	-	-	-	-	-	1,707,157			
Tourism	-	-	-	10	-	-	-	-	-	-	-	-	-	-	10			
Committed for:																		
Golf course	-	-	-	-	-	40,893	-	-	-	-	-	-	-	-	40,893			
Multi-Purpose Events Center	-	-	-	-	-	-	44,510	-	-	-	-	-	-	-	44,510			
Local projects	-	-	-	-	-	-	-	2,609,315	-	-	-	-	-	-	2,609,315			
Unassigned	-	-	-	-	(469,351)	-	-	-	(32,909)	-	-	(270,978)	-	-	(773,238)			
Total fund balance	<u>\$ 509,108</u>	<u>\$ 966,920</u>	<u>\$ 231,129</u>	<u>10</u>	<u>(469,351)</u>	<u>43,785</u>	<u>125,631</u>	<u>\$ 2,609,315</u>	<u>(32,909)</u>	<u>57,629</u>	<u>412,175</u>	<u>(270,978)</u>	<u>2,522,090</u>	<u>1,030,373</u>	<u>\$ 7,734,927</u>			
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 769,775</u>	<u>\$ 1,102,745</u>	<u>\$ 281,373</u>	<u>\$ 155,477</u>	<u>\$ 177,610</u>	<u>\$ 181,855</u>	<u>\$ 457,961</u>	<u>\$ 4,649,060</u>	<u>\$ 39,930</u>	<u>\$ 83,473</u>	<u>\$ 412,175</u>	<u>\$ -</u>	<u>\$ 2,687,881</u>	<u>\$ 1,030,373</u>	<u>\$ 12,029,688</u>			

## CITY OF WICHITA FALLS, TEXAS

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2016

	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	\$ -	\$ -	\$ -	\$ 1,858,605	\$ -	\$ 455,948	\$ 182,088	\$ -	\$ 705,583	\$ 83,473	\$ -	\$ -	\$ -	\$ -	\$ 2,647,661
Charges for services	42	-	-	-	-	45,230	-	-	-	-	-	-	-	-	683,308
Fines and forfeitures	-	-	-	-	-	203,348	-	-	-	-	-	-	-	-	203,348
Intergovernmental revenue	1,085,473	3,859,291	241,794	-	3,064,555	-	-	3,711,653	-	-	-	-	1,568,970	-	13,531,736
Contributions	-	-	-	-	-	41,000	941,432	2,383,872	-	400,000	-	1,250,000	-	5,016,304	
Miscellaneous revenue	-	9,766	-	-	-	282,967	1,379,695	390,507	167	727	-	(1)	4,993	51,611	2,120,432
Total revenues	1,085,515	3,869,057	241,794	1,858,605	3,064,555	738,915	1,602,783	5,292,170	3,089,622	84,200	400,000	(1)	2,823,963	51,611	24,202,789
Expenditures:															
Current:															
Administrative services	113,974	-	-	92,500	-	888,712	-	305,804	-	-	-	-	-	-	1,400,990
Police	-	-	-	-	-	-	-	211,895	-	-	-	-	-	-	211,895
Fire	-	-	-	-	-	-	-	394,541	-	-	-	-	-	-	394,541
Parks and recreation	10,331	-	-	-	-	-	-	31,389	-	-	-	-	-	27,591	69,311
Community development	700,182	3,718,786	298,415	-	-	-	-	-	-	-	-	-	-	-	4,717,383
Public works	103,625	-	-	-	-	-	-	8,195	-	-	-	225,046	-	336,866	
Health	-	-	-	-	-	-	-	2,491,405	-	-	-	2,800	-	2,494,205	
Traffic and transportation	-	-	-	-	(6,297)	-	-	297,200	-	-	-	-	-	-	290,903
Multi-Purpose Events Center	-	-	-	-	-	-	3,709,358	-	-	8,700	-	-	-	3,718,058	
Capital outlay	-	-	-	-	-	28,199	11,198	1,189,500	-	-	-	2,727,290	-	3,956,187	
Debt service:															
Principal retirement	-	-	-	-	-	-	-	3,745,000	-	-	-	-	-	-	3,745,000
Interest and paying agent fees	-	-	-	-	-	-	-	1,764,412	-	-	-	-	-	-	1,764,412
Total expenditures	928,112	3,718,786	298,415	92,500	(6,297)	916,911	3,720,556	4,929,929	5,509,412	-	8,700	-	2,955,136	27,591	23,099,751
Excess of revenues over (under) expenditures	157,403	150,271	(56,621)	1,766,105	3,070,852	(177,996)	(2,117,773)	362,241	(2,419,790)	84,200	391,300	(1)	(131,173)	24,020	1,103,038
Other financing sources (uses):															
Bond proceeds - refunding bonds	-	-	-	-	-	-	-	-	12,535,000	-	-	-	-	-	12,535,000
Premium on refunding bond proceeds	-	-	-	-	-	-	-	-	947,256	-	-	-	-	-	947,256
Payment to refunded bond escrow agent	-	-	-	-	-	-	-	-	(13,295,568)	-	-	-	-	-	(13,295,568)
Transfers in	-	-	-	-	-	112,000	2,038,014	225,429	2,200,602	-	-	40,200	-	4,616,245	
Transfers out	(314,393)	-	(1,766,105)	(2,989,341)	-	-	(492,584)	-	(310,000)	-	(349,392)	-	-	-	(6,221,815)
Total other financing sources (uses)	(314,393)	-	(1,766,105)	(2,989,341)	112,000	2,038,014	(267,155)	2,387,290	(310,000)	-	(349,392)	40,200	-	-	(1,418,882)
Net change in fund balance	(156,990)	150,271	(56,621)	-	81,511	(65,996)	(79,759)	95,086	(32,500)	(225,800)	391,300	(349,393)	(90,973)	24,020	(315,844)
Fund balance - beginning	666,098	816,649	287,750	10	(550,862)	109,781	205,390	2,514,229	(409)	283,429	20,875	78,415	2,613,063	1,006,353	8,050,771
Fund balance - ending	\$ 509,108	\$ 966,920	\$ 231,129	\$ 10	\$ (469,351)	\$ 43,785	\$ 125,631	\$ 2,609,315	\$ (32,909)	\$ 57,629	\$ 412,175	\$ (270,978)	\$ 2,522,090	\$ 1,030,373	\$ 7,734,927

## CITY OF WICHITA FALLS, TEXAS

BUDGETARY COMPARISON SCHEDULE - COMMUNITY DEVELOPMENT BLOCK GRANT FUND  
FOR THE YEAR ENDED SEPTEMBER 30, 2016

	Budgeted Amounts			Variance With Final Budget -
	Original	Final	Actual	Positive (Negative)
Revenues:				
Charges for services	\$ -	\$ -	\$ 42	\$ 42
Intergovernmental revenue	1,156,356	1,085,473	1,085,473	-
Total revenues	<u>1,156,356</u>	<u>1,085,473</u>	<u>1,085,515</u>	<u>42</u>
Expenditures:				
Administrative services	120,000	113,974	113,974	-
Parks and recreation	41,000	41,000	10,331	30,669
Community development	819,271	1,225,113	700,182	524,931
Public works	100,000	103,625	103,625	-
Capital outlay	157,085	319,640	-	319,640
Total expenditures	<u>1,237,356</u>	<u>1,803,352</u>	<u>928,112</u>	<u>875,240</u>
Excess of revenues over (under) expenditures	<u>(81,000)</u>	<u>(717,879)</u>	<u>157,403</u>	<u>875,282</u>
Other financing sources (uses):				
Transfers out	-	-	(314,393)	(314,393)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(314,393)</u>	<u>(314,393)</u>
Excess of revenues and other sources over (under) expenditures and other uses	(81,000)	(717,879)	(156,990)	560,889
Fund balance - beginning	<u>666,098</u>	<u>666,098</u>	<u>666,098</u>	<u>-</u>
Fund balance - ending	<u>\$ 585,098</u>	<u>\$ (51,781)</u>	<u>\$ 509,108</u>	<u>\$ 560,889</u>

## CITY OF WICHITA FALLS, TEXAS

BUDGETARY COMPARISON SCHEDULE - SECTION 8 HOUSING FUND  
FOR THE YEAR ENDED SEPTEMBER 30, 2016

	Budgeted Amounts			Variance With Final Budget - Positive (Negative)
	Original	Final	Actual	
Revenues:				
Intergovernmental revenue	\$ 3,613,940	\$ 3,767,940	\$ 3,859,291	\$ 91,351
Miscellaneous revenue	-	-	9,766	9,766
Total revenues	<u>3,613,940</u>	<u>3,767,940</u>	<u>3,869,057</u>	<u>101,117</u>
Expenditures:				
Community development	3,613,940	3,767,940	3,718,786	49,154
Total expenditures	<u>3,613,940</u>	<u>3,767,940</u>	<u>3,718,786</u>	<u>49,154</u>
Excess of revenues under expenditures	-	-	150,271	150,271
Fund balance - beginning	<u>816,649</u>	<u>816,649</u>	<u>816,649</u>	<u>-</u>
Fund balance - ending	<u>\$ 816,649</u>	<u>\$ 816,649</u>	<u>\$ 966,920</u>	<u>\$ 150,271</u>

## CITY OF WICHITA FALLS, TEXAS

BUDGETARY COMPARISON SCHEDULE - HOME INVESTMENT PARTNERSHIP AGREEMENT FUND  
FOR THE YEAR ENDED SEPTEMBER 30, 2016

	Budgeted Amounts			Variance With Final Budget - Positive (Negative)
	Original	Final	Actual	
<b>Revenues:</b>				
Intergovernmental revenue	\$ 325,444	\$ 241,794	\$ 241,794	\$ -
Total revenues	<u>325,444</u>	<u>241,794</u>	<u>241,794</u>	<u>-</u>
<b>Expenditures:</b>				
Community development	325,444	626,941	298,415	328,526
Total expenditures	<u>325,444</u>	<u>626,941</u>	<u>298,415</u>	<u>328,526</u>
Excess of revenues over (under) expenditures	-	(385,147)	(56,621)	328,526
Fund balance - beginning	287,750	287,750	287,750	-
Fund balance - ending	<u>\$ 287,750</u>	<u>\$ (97,397)</u>	<u>\$ 231,129</u>	<u>\$ 328,526</u>

## CITY OF WICHITA FALLS, TEXAS

BUDGETARY COMPARISON SCHEDULE - HOTEL/MOTEL TAX FUND  
FOR THE YEAR ENDED SEPTEMBER 30, 2016

	Budgeted Amounts			Variance With Final Budget - Positive (Negative)
	Original	Final	Actual	
Revenues:				
Taxes	\$ 1,695,000	\$ 1,859,000	\$ 1,858,605	\$ (395)
Total revenues	<u>1,695,000</u>	<u>1,859,000</u>	<u>1,858,605</u>	<u>(395)</u>
Expenditures:				
Administrative services	92,500	92,500	92,500	-
Total expenditures	<u>92,500</u>	<u>92,500</u>	<u>92,500</u>	<u>-</u>
Excess of revenues over expenditures	<u>1,602,500</u>	<u>1,766,500</u>	<u>1,766,105</u>	<u>(395)</u>
Other financing sources (uses):				
Transfers out	(1,602,500)	(1,766,500)	(1,766,105)	395
Total other financing sources (uses)	<u>(1,602,500)</u>	<u>(1,766,500)</u>	<u>(1,766,105)</u>	<u>395</u>
Excess of revenues and other sources over (under) expenditures and other uses	-	-	-	-
Fund balance - beginning	10	10	10	-
Fund balance - ending	<u>\$ 10</u>	<u>\$ 10</u>	<u>\$ 10</u>	<u>\$ -</u>

## CITY OF WICHITA FALLS, TEXAS

BUDGETARY COMPARISON SCHEDULE - GOLF FUND  
FOR THE YEAR ENDED SEPTEMBER 30, 2016

	Budgeted Amounts			Variance With Final Budget -
	Original	Final	Actual	Positive (Negative)
Revenues:				
Charges for services	\$ 760,000	\$ 760,000	\$ 455,948	\$ (304,052)
Miscellaneous revenue	-	-	282,967	282,967
Total revenues	<u>760,000</u>	<u>760,000</u>	<u>738,915</u>	<u>(21,085)</u>
Expenditures:				
Administrative services	950,000	921,801	888,712	33,089
Capital outlay	-	28,199	28,199	-
Total expenditures	<u>950,000</u>	<u>950,000</u>	<u>916,911</u>	<u>33,089</u>
Excess of revenues over (under) expenditures	<u>(190,000)</u>	<u>(190,000)</u>	<u>(177,996)</u>	<u>12,004</u>
Other financing sources (uses):				
Transfers in	112,000	112,000	112,000	-
Total other financing sources (uses)	<u>112,000</u>	<u>112,000</u>	<u>112,000</u>	<u>-</u>
Excess of revenues and other sources over (under) expenditures and other uses	(78,000)	(78,000)	(65,996)	12,004
Fund balance - beginning	<u>109,781</u>	<u>109,781</u>	<u>109,781</u>	<u>-</u>
Fund balance - ending	<u>\$ 31,781</u>	<u>\$ 31,781</u>	<u>\$ 43,785</u>	<u>\$ 12,004</u>

## CITY OF WICHITA FALLS, TEXAS

BUDGETARY COMPARISON SCHEDULE - MPEC FUND  
FOR THE YEAR ENDED SEPTEMBER 30, 2016

	Budgeted Amounts			Variance With Final Budget - Positive (Negative)
	Original	Final	Actual	
Revenues:				
Charges for services	\$ 211,011	\$ 211,011	\$ 182,088	\$ (28,923)
Contributions	35,000	35,000	41,000	6,000
Miscellaneous revenue	1,516,823	1,551,862	1,379,695	(172,167)
Total revenues	<u>1,762,834</u>	<u>1,797,873</u>	<u>1,602,783</u>	<u>(195,090)</u>
Expenditures:				
MPEC	3,676,026	3,668,324	3,709,358	(41,034)
Capital outlay	-	11,198	11,198	-
Total expenditures	<u>3,676,026</u>	<u>3,679,522</u>	<u>3,720,556</u>	<u>(41,034)</u>
Excess of revenues over (under) expenditures	<u>(1,913,192)</u>	<u>(1,881,649)</u>	<u>(2,117,773)</u>	<u>(236,124)</u>
Other financing sources (uses):				
Transfers in	1,878,153	1,878,153	2,038,014	159,861
Total other financing sources (uses)	<u>1,878,153</u>	<u>1,878,153</u>	<u>2,038,014</u>	<u>159,861</u>
Excess of revenues and other sources over (under) expenditures and other uses	(35,039)	(3,496)	(79,759)	(76,263)
Fund balance - beginning	<u>205,390</u>	<u>205,390</u>	<u>205,390</u>	-
Fund balance - ending	<u>\$ 170,351</u>	<u>\$ 201,894</u>	<u>\$ 125,631</u>	<u>\$ (76,263)</u>

## CITY OF WICHITA FALLS, TEXAS

BUDGETARY COMPARISON SCHEDULE - DEBT SERVICE FUND  
FOR THE YEAR ENDED SEPTEMBER 30, 2016

	Budgeted Amounts			Variance With Final Budget - Positive (Negative)
	Original	Final	Actual	
Revenues:				
Taxes	\$ 741,586	\$ 741,586	\$ 705,583	\$ (36,003)
Contributions	2,389,145	2,389,145	2,383,872	(5,273)
Miscellaneous revenue	-	-	167	167
Total revenues	<u>3,130,731</u>	<u>3,130,731</u>	<u>3,089,622</u>	<u>(41,109)</u>
Expenditures:				
Debt service - principal	3,435,000	3,745,000	3,745,000	-
Debt service - interest and paying agent fees	1,900,308	1,590,308	1,764,412	(174,104)
Total expenditures	<u>5,335,308</u>	<u>5,335,308</u>	<u>5,509,412</u>	<u>(174,104)</u>
Excess of revenues over (under) expenditures	<u>(2,204,577)</u>	<u>(2,204,577)</u>	<u>(2,419,790)</u>	<u>(215,213)</u>
Other financing sources (uses):				
Bond proceeds - refunding bonds	-	-	12,535,000	12,535,000
Premium on refunding bond proceeds	-	-	947,256	947,256
Payment to refunded bond escrow agent	-	-	(13,295,568)	(13,295,568)
Transfers in	<u>2,204,577</u>	<u>2,204,577</u>	<u>2,200,602</u>	<u>(3,975)</u>
Total other financing sources (uses)	<u>2,204,577</u>	<u>2,204,577</u>	<u>2,387,290</u>	<u>182,713</u>
Excess of revenues and other sources over (under) expenditures and other uses	-	-	(32,500)	(32,500)
Fund balance - beginning	<u>(409)</u>	<u>(409)</u>	<u>(409)</u>	<u>-</u>
Fund balance - ending	<u>\$ (409)</u>	<u>\$ (409)</u>	<u>\$ (32,909)</u>	<u>\$ (32,500)</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, 2016

	Kickapoo Airport	Transit	Stormwater Drainage	Waterpark	Total Nonmajor Enterprise Funds
<b>Assets</b>					
Current assets:					
Cash and cash equivalents	\$ 467,174	\$ 191,749	\$ 5,126,309	\$ 296,103	\$ 6,081,335
Receivables (net of allowance for uncollectible accounts):					
Customer and trade	-	-	432,537	-	432,537
Government agencies	-	431,432	88,907	-	520,339
Other	47,273	51,585	-	-	98,858
Inventory	40,090	-	-	-	40,090
Prepaid items	1,797	-	-	-	1,797
Total current assets	<u>556,334</u>	<u>674,766</u>	<u>5,647,753</u>	<u>296,103</u>	<u>7,174,956</u>
Capital assets, net of accumulated depreciation	<u>9,081,324</u>	<u>5,128,595</u>	<u>23,892,440</u>	<u>3,801,694</u>	<u>41,904,053</u>
Total assets	<u>9,637,658</u>	<u>5,803,361</u>	<u>29,540,193</u>	<u>4,097,797</u>	<u>49,079,009</u>
<b>Deferred outflows of resources</b>					
Pension-related	<u>58,753</u>	<u>305,893</u>	<u>60,767</u>	<u>43,265</u>	<u>468,678</u>
<b>Liabilities</b>					
Current liabilities payable from current assets:					
Accounts payable - trade	3,184	65,206	619	-	69,009
Accrued payroll	8,235	45,089	4,919	5,094	63,337
Accrued vacation and sick leave	9,622	16,878	5,934	10,164	42,598
Payable to other City funds	-	1,475,207	-	-	1,475,207
Payable to government agencies	102	-	-	2,556	2,658
Other liabilities	<u>20,057</u>	<u>16,373</u>	<u>322,547</u>	<u>249</u>	<u>359,226</u>
Total current liabilities payable from current assets	<u>41,200</u>	<u>1,618,753</u>	<u>334,019</u>	<u>18,063</u>	<u>2,012,035</u>
Long-term liabilities:					
Net pension liability	<u>156,003</u>	<u>812,220</u>	<u>161,350</u>	<u>114,878</u>	<u>1,244,451</u>
<b>Deferred inflows of resources</b>					
Pension-related	<u>3,649</u>	<u>18,998</u>	<u>3,774</u>	<u>2,687</u>	<u>29,108</u>
<b>Net position</b>					
Net investment in capital assets	<u>9,081,324</u>	<u>5,128,595</u>	<u>23,892,440</u>	<u>3,801,694</u>	<u>41,904,053</u>
Unrestricted	<u>414,235</u>	<u>(1,469,312)</u>	<u>5,209,377</u>	<u>203,740</u>	<u>4,358,040</u>
Total net position	<u><u>\$ 9,495,559</u></u>	<u><u>\$ 3,659,283</u></u>	<u><u>\$ 29,101,817</u></u>	<u><u>\$ 4,005,434</u></u>	<u><u>\$ 46,262,093</u></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, 2016

	Kickapoo Airport	Transit	Stormwater Drainage	Waterpark	Total Nonmajor Enterprise Funds
Operating revenues:					
Charges for services	\$ -	\$ 456,188	\$ 3,703,703	\$ 1,014,813	\$ 5,174,704
Rents, concessions and other	970,129	47,520	100	422,802	1,440,551
Total operating revenues	<u>970,129</u>	<u>503,708</u>	<u>3,703,803</u>	<u>1,437,615</u>	<u>6,615,255</u>
Operating expenses:					
Personnel services	298,801	1,250,085	239,909	552,356	2,341,151
Supplies and materials	410,427	383,393	9,493	207,020	1,010,333
Maintenance and repairs	1,521	305,313	22,270	43,104	372,208
Utilities and other services	113,394	205,068	238,578	448,473	1,005,513
Insurance and contract support	12,081	91,744	100	52,678	156,603
Other expenses	41,996	267,673	45,163	47,626	402,458
Depreciation and amortization	400,349	143,065	244,364	249,785	1,037,563
Total operating expenses	<u>1,278,569</u>	<u>2,646,341</u>	<u>799,877</u>	<u>1,601,042</u>	<u>6,325,829</u>
Operating income (loss)	<u>(308,440)</u>	<u>(2,142,633)</u>	<u>2,903,926</u>	<u>(163,427)</u>	<u>289,426</u>
Nonoperating revenues (expenses):					
Interest income	1,359	-	16,772	305	18,436
Gain (loss) on sale of capital assets	(2,100)	10,301	-	-	8,201
Intergovernmental operating grants	-	2,282,163	-	-	2,282,163
Total nonoperating revenues (expenses)	<u>(741)</u>	<u>2,292,464</u>	<u>16,772</u>	<u>305</u>	<u>2,308,800</u>
Income (loss) before contributions and transfers	<u>(309,181)</u>	<u>149,831</u>	<u>2,920,698</u>	<u>(163,122)</u>	<u>2,598,226</u>
Transfers in	-	191,749	449,884	-	641,633
Transfers out	<u>(33,078)</u>	<u>(566,914)</u>	<u>(466,588)</u>	<u>-</u>	<u>(1,066,580)</u>
Change in net position	<u>(342,259)</u>	<u>(225,334)</u>	<u>2,903,994</u>	<u>(163,122)</u>	<u>2,173,279</u>
Net position - beginning	<u>9,837,818</u>	<u>3,884,617</u>	<u>26,197,823</u>	<u>4,168,556</u>	<u>44,088,814</u>
Net position - ending	<u>\$ 9,495,559</u>	<u>\$ 3,659,283</u>	<u>\$ 29,101,817</u>	<u>\$ 4,005,434</u>	<u>\$ 46,262,093</u>

**CITY OF WICHITA FALLS, TEXAS**

**COMBINING STATEMENT OF CASH FLOWS  
NONMAJOR ENTERPRISE FUNDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2016**

	<u>Kickapoo Airport</u>	<u>Transit</u>	<u>Stormwater Drainage</u>	<u>Waterpark</u>	<u>Total Nonmajor Enterprise Funds</u>
<b>Cash flows from operating activities:</b>					
Receipts from customers and users	\$ 966,654	\$ 452,123	\$ 3,634,243	\$ 1,437,615	\$ 6,490,635
Payments to suppliers	(544,459)	(853,471)	(305,162)	(848,821)	(2,551,913)
Payments for interfund services	(116,059)	(639,395)	(156,792)	(22,380)	(934,626)
Payments to employees	(223,361)	(921,821)	(204,271)	(474,723)	(1,824,176)
Net cash provided (used) by operating activities	<u>82,775</u>	<u>(1,962,564)</u>	<u>2,968,018</u>	<u>91,691</u>	<u>1,179,920</u>
<b>Cash flows from noncapital financing activities:</b>					
Intergovernmental operating grants	-	3,619,001	-	-	3,619,001
Interfund loan repaid	-	(1,097,665)	-	-	(1,097,665)
Transfers out to other funds	(33,078)	(566,914)	(466,588)	-	(1,066,580)
Transfers from other funds	-	191,749	449,884	-	641,633
Net cash provided (used) by noncapital financing activities	<u>(33,078)</u>	<u>2,146,171</u>	<u>(16,704)</u>	<u>-</u>	<u>2,096,389</u>
<b>Cash flows from capital and related financing activities:</b>					
Capital contributions	-	-	12,834	-	12,834
Acquisition and construction of capital assets	-	(2,161)	(1,795,413)	(38,143)	(1,835,717)
Proceeds from sale of capital assets	-	10,303	-	-	10,303
Net cash provided (used) for capital and related financing activities	<u>-</u>	<u>8,142</u>	<u>(1,782,579)</u>	<u>(38,143)</u>	<u>(1,812,580)</u>
<b>Cash flows from investing activities:</b>					
Interest on investments	1,359	-	16,772	305	18,436
Net cash provided by investing activities	<u>1,359</u>	<u>-</u>	<u>16,772</u>	<u>305</u>	<u>18,436</u>
Net Increase in Cash and Cash Equivalents	51,056	191,749	1,185,507	53,853	1,482,165
Cash and Cash Equivalents - Beginning	<u>416,118</u>	<u>-</u>	<u>3,940,802</u>	<u>242,250</u>	<u>4,599,170</u>
Cash and Cash Equivalents - Ending	<u>\$ 467,174</u>	<u>\$ 191,749</u>	<u>\$ 5,126,309</u>	<u>\$ 296,103</u>	<u>\$ 6,081,335</u>

**CITY OF WICHITA FALLS, TEXAS**

**COMBINING STATEMENT OF CASH FLOWS (CONT'D.)**  
**NONMAJOR ENTERPRISE FUNDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2016**

	<u>Kickapoo Airport</u>	<u>Transit</u>	<u>Stormwater Drainage</u>	<u>Waterpark</u>	<u>Totals</u>
<b>Cash flows from operating activities:</b>					
Operating income (loss)	<u>\$ (308,440)</u>	<u>\$ (2,142,633)</u>	<u>\$ 2,903,926</u>	<u>\$ (163,427)</u>	<u>\$ 289,426</u>
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:					
Depreciation and amortization	400,349	143,065	244,364	249,785	1,037,563
(Increase) decrease in assets and deferred outflows of resources:					
Receivables:					
Customer and trade	-	-	(69,560)	-	(69,560)
Other	(3,475)	(51,585)	-	-	(55,060)
Inventory	(11,324)	-	-	-	(11,324)
Prepaid items	2,701	-	-	-	2,701
Deferred outflows - pension-related	(38,309)	(199,086)	(37,017)	(29,212)	(303,624)
Increase (decrease) in liabilities and deferred inflows of resources:					
Accounts payable - trade	(4,321)	48,678	(96,825)	-	(52,468)
Accrued payroll	587	11,651	(1,325)	1,149	12,062
Accrued vacation and sick leave	(52)	-	(5,964)	(3,994)	(10,010)
Payable to government agencies	(64)	-	-	(1,696)	(1,760)
Other liabilities	(2)	(5,536)	(1,656)	249	(6,945)
Net pension liability	46,749	241,431	34,426	39,775	362,381
Deferred inflows - pension-related	(1,624)	(8,549)	(2,351)	(938)	(13,462)
Total adjustments	<u>391,215</u>	<u>180,069</u>	<u>64,092</u>	<u>255,118</u>	<u>890,494</u>
Net cash provided by (used in) operating activities	<u>\$ 82,775</u>	<u>\$ (1,962,564)</u>	<u>\$ 2,968,018</u>	<u>\$ 91,691</u>	<u>\$ 1,179,920</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, 2016

	Fleet Maintenance	Duplicating Services	Employee Benefit Trust	Information Technology Fund	Totals
<b>Assets</b>					
Current assets:					
Cash and cash equivalents	\$ 188,477	\$ -	\$ -	\$ 1,597,360	\$ 1,785,837
Restricted cash and cash equivalents	-	-	4,269,090	-	4,269,090
Receivables:					
Other	25,169	-	383,248	-	408,417
Inventory	677,232	-	-	-	677,232
Prepaid items	295	434	-	-	729
Total current assets	<u>891,173</u>	<u>434</u>	<u>4,652,338</u>	<u>1,597,360</u>	<u>7,141,305</u>
Capital assets, net of accumulated depreciation	<u>18,040,974</u>	<u>512</u>	<u>-</u>	<u>4,696,378</u>	<u>22,737,864</u>
Total assets	<u>18,932,147</u>	<u>946</u>	<u>4,652,338</u>	<u>6,293,738</u>	<u>29,879,169</u>
<b>Deferred outflows of resources</b>					
Pension-related	<u>581,089</u>	<u>5,470</u>	<u>23,126</u>	<u>343,563</u>	<u>953,248</u>
<b>Liabilities</b>					
Current liabilities:					
Accounts payable - trade	115,838	4,636	10,438	91,591	222,503
Accrued payroll	65,415	654	3,098	39,548	108,715
Accrued vacation and sick leave	112,907	-	-	54,549	167,456
Payable to other City funds	-	16,035	712,907	-	728,942
Estimated health claims payable	-	-	580,000	-	580,000
Other liabilities	2,271	-	994	-	3,265
Capital leases - current maturities	249,198	-	-	-	249,198
Total current liabilities	<u>545,629</u>	<u>21,325</u>	<u>1,307,437</u>	<u>185,688</u>	<u>2,060,079</u>
Long-term liabilities:					
Net pension liability	<u>1,542,930</u>	<u>14,523</u>	<u>61,406</u>	<u>912,240</u>	<u>2,531,099</u>
Total long-term liabilities	<u>1,542,930</u>	<u>14,523</u>	<u>61,406</u>	<u>912,240</u>	<u>2,531,099</u>
Total liabilities	<u>2,088,559</u>	<u>35,848</u>	<u>1,368,843</u>	<u>1,097,928</u>	<u>4,591,178</u>
<b>Deferred inflows of resources</b>					
Pension-related	<u>36,090</u>	<u>340</u>	<u>1,436</u>	<u>21,338</u>	<u>59,204</u>
<b>Net position</b>					
Net investment in capital assets	17,791,776	512	-	4,696,378	22,488,666
Unrestricted	(403,189)	(30,284)	3,305,185	821,657	3,693,369
Total net position	<u>\$ 17,388,587</u>	<u>\$ (29,772)</u>	<u>\$ 3,305,185</u>	<u>\$ 5,518,035</u>	<u>\$ 26,182,035</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, 2016**

	Fleet Maintenance	Duplicating Services	Employee Benefit Trust	Information Technology Fund	Totals
<b>Operating revenues:</b>					
Charges for services	\$ 9,183,123	\$ 138,178	\$ -	\$ 4,199,634	\$ 13,520,935
Rents, concessions and other	12,120	-	1,164,439	-	1,176,559
Contributions	-	-	13,556,838	-	13,556,838
<b>Total operating revenues</b>	<b>9,195,243</b>	<b>138,178</b>	<b>14,721,277</b>	<b>4,199,634</b>	<b>28,254,332</b>
<b>Operating expenses:</b>					
Personnel services	2,126,122	27,174	77,557	1,237,969	3,468,822
Supplies and materials	2,555,828	3,385	424	222,191	2,781,828
Maintenance and repairs	1,987,174	-	-	589,074	2,576,248
Utilities and other services	77,396	763	87,940	153,229	319,328
Insurance and contract support	279,075	-	12,116,354	317	12,395,746
Other expenses	193,153	96,396	1,855,957	13,013	2,158,519
Depreciation and amortization	3,803,898	1,174	-	458,991	4,264,063
<b>Total operating expenses</b>	<b>11,022,646</b>	<b>128,892</b>	<b>14,138,232</b>	<b>2,674,784</b>	<b>27,964,554</b>
<b>Operating income (loss)</b>	<b>(1,827,403)</b>	<b>9,286</b>	<b>583,045</b>	<b>1,524,850</b>	<b>289,778</b>
<b>Nonoperating revenues (expenses):</b>					
Interest income	-	-	345,955	-	345,955
Gain on sale of capital assets	61,213	-	-	(6,354)	54,859
Interest expense	(7,764)	-	-	-	(7,764)
<b>Total nonoperating revenues (expenses)</b>	<b>53,449</b>	<b>-</b>	<b>345,955</b>	<b>(6,354)</b>	<b>393,050</b>
<b>Income (loss) before transfers</b>	<b>(1,773,954)</b>	<b>9,286</b>	<b>929,000</b>	<b>1,518,496</b>	<b>682,828</b>
<b>Transfers in</b>	<b>2,027,112</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,027,112</b>
<b>Transfers out</b>	<b>(312,000)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(312,000)</b>
<b>Change in net position</b>	<b>(58,842)</b>	<b>9,286</b>	<b>929,000</b>	<b>1,518,496</b>	<b>2,397,940</b>
<b>Net position - beginning</b>	<b>17,447,429</b>	<b>(39,058)</b>	<b>2,376,185</b>	<b>3,999,539</b>	<b>23,784,095</b>
<b>Net position - ending</b>	<b>\$ 17,388,587</b>	<b>\$ (29,772)</b>	<b>\$ 3,305,185</b>	<b>\$ 5,518,035</b>	<b>\$ 26,182,035</b>

## CITY OF WICHITA FALLS, TEXAS

COMBINING STATEMENT OF CASH FLOWS  
INTERNAL SERVICE FUNDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2016

	Fleet Maintenance	Duplicating Services	Employee Benefit Trust	Information Technology Fund	Totals
<b>Cash flows from operating activities:</b>					
Received from customers and users	\$ 252,042	\$ -	\$ 4,198,530	\$ -	\$ 4,450,572
Received from interfund charges	8,920,304	138,178	9,914,463	4,199,634	23,172,579
Other operating receipts	-	-	1,212,209	-	1,212,209
Payments to suppliers	(5,317,829)	(87,964)	(14,419,293)	(1,119,274)	(20,944,360)
Payments for interfund services	(476,438)	(4,476)	(14,920)	(128,569)	(624,403)
Payments to employees	(1,487,078)	(30,577)	(58,649)	(873,722)	(2,450,026)
Net cash provided (used) by operating activities	<u>1,891,001</u>	<u>15,161</u>	<u>832,340</u>	<u>2,078,069</u>	<u>4,816,571</u>
<b>Cash flows from noncapital financing activities:</b>					
Interfund loans received	-	-	551,357	-	551,357
Interfund loans repaid	-	(15,161)	(3,113,306)	-	(3,128,467)
Transfers in from other funds	2,027,112	-	-	-	2,027,112
Transfers out to other funds	(312,000)	-	-	-	(312,000)
Net cash provided (used) by noncapital financing activities	<u>1,715,112</u>	<u>(15,161)</u>	<u>(2,561,949)</u>	<u>-</u>	<u>(861,998)</u>
<b>Cash flows from capital and related financing activities:</b>					
Acquisition of capital assets	(4,083,721)	-	-	(3,639,672)	(7,723,393)
Proceeds from sale of capital assets	74,280	-	-	-	74,280
Principal paid on long-term debt	(245,346)	-	-	-	(245,346)
Interest and fees paid on long-term debt	(7,764)	-	-	-	(7,764)
Net cash used for capital and related financing activities	<u>(4,262,551)</u>	<u>-</u>	<u>-</u>	<u>(3,639,672)</u>	<u>(7,902,223)</u>
<b>Cash flows from investing activities:</b>					
Interest on investments	-	-	345,955	-	345,955
Net cash used by investing activities	<u>-</u>	<u>-</u>	<u>345,955</u>	<u>-</u>	<u>345,955</u>
Net Increase (Decrease) in Cash and Cash Equivalents	<u>(656,438)</u>	<u>-</u>	<u>(1,383,654)</u>	<u>(1,561,603)</u>	<u>(3,601,695)</u>
Cash and Cash Equivalents - Beginning	<u>844,915</u>	<u>-</u>	<u>5,652,744</u>	<u>3,158,963</u>	<u>9,656,622</u>
Cash and Cash Equivalents - Ending	<u><b>\$ 188,477</b></u>	<u><b>\$ -</b></u>	<u><b>\$ 4,269,090</b></u>	<u><b>\$ 1,597,360</b></u>	<u><b>\$ 6,054,927</b></u>
<b>Cash flows from operating activities:</b>					
Operating income (loss)	<u><b>\$ (1,827,403)</b></u>	<u><b>\$ 9,286</b></u>	<u><b>\$ 583,045</b></u>	<u><b>\$ 1,524,850</b></u>	<u><b>\$ 289,778</b></u>
<b>Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:</b>					
Depreciation and amortization	<u>3,803,898</u>	<u>1,174</u>	<u>-</u>	<u>458,991</u>	<u>4,264,063</u>
<b>(Increase) decrease in assets and deferred outflows:</b>					
Receivables:					
Other	(25,169)	-	603,302	-	578,133
Inventory	56,234	-	-	-	56,234
Prepaid items	(295)	(233)	-	54,836	54,308
Deferred outflows - pension-related	(373,016)	(4,716)	(12,718)	(226,741)	(617,191)
<b>Increase (decrease) in liabilities and deferred outflows:</b>					
Accounts payable - trade	(170,614)	(1,231)	2,961	(24,809)	(193,693)
Accrued payroll	5,033	241	591	8,021	13,886
Accrued vacation and sick leave	6,672	-	-	3,781	10,453
Estimated health claims payable	-	-	(350,000)	-	(350,000)
Other liabilities	2,272	-	623	-	2,895
Net pension liability	430,964	10,494	5,784	287,932	735,174
Deferred outflows - pension-related	(17,575)	146	(1,248)	(8,792)	(27,469)
Total adjustments	<u>3,718,404</u>	<u>5,875</u>	<u>249,295</u>	<u>553,219</u>	<u>4,526,793</u>
Net cash provided (used) by operating activities	<u><b>\$ 1,891,001</b></u>	<u><b>\$ 15,161</b></u>	<u><b>\$ 832,340</b></u>	<u><b>\$ 2,078,069</b></u>	<u><b>\$ 4,816,571</b></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, 2016**

	Balance 10/1/2015	Additions	Deductions	Balance 9/30/2016
<b><u>ESCHEATMENT FUND</u></b>				
<b>Assets</b>				
Cash and cash equivalents	<u>\$ 117,713</u>	<u>\$ 18,554</u>	<u>\$ 10,418</u>	<u>\$ 125,849</u>
<b>Liabilities</b>				
Other liabilities	<u>\$ 117,713</u>	<u>\$ 18,554</u>	<u>\$ 10,418</u>	<u>\$ 125,849</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, 2016

	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
<b>Assets</b>						
Cash and cash equivalents	\$ 17,384,280	\$ 3,209,713	\$ 190,854	\$ 378,767	\$ 38,877	\$ 21,202,491
Receivables:						
Government agencies	655,630	655,630	-	(458)	-	1,310,802
Prepaid items	100,000	-	-	-	-	100,000
Capital assets, net of accumulated depreciation	<u>2,188,250</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,188,250</u>
Total assets	<u>20,328,160</u>	<u>3,865,343</u>	<u>190,854</u>	<u>378,309</u>	<u>38,877</u>	<u>24,801,543</u>
<b>Liabilities</b>						
Accounts payable - trade	191,623	6,552	-	-	-	198,175
Total liabilities	<u>191,623</u>	<u>6,552</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>198,175</u>
<b>Net position</b>						
Net investment in capital assets	2,188,250	-	-	-	-	2,188,250
Unrestricted	17,948,287	3,858,791	190,854	378,309	38,877	22,415,118
Total net position	<u>\$ 20,136,537</u>	<u>\$ 3,858,791</u>	<u>\$ 190,854</u>	<u>\$ 378,309</u>	<u>\$ 38,877</u>	<u>\$ 24,603,368</u>

## CITY OF WICHITA FALLS, TEXAS

COMBINING STATEMENT OF ACTIVITIES  
COMPONENT UNITS  
FOR THE YEAR ENDED SEPTEMBER 30, 2016

	Program Revenue			Net (Expense) Revenue and Changes in Net Position					
	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	
<b>Community development</b>									
Wichita Falls Economic Development Corporation	\$ 4,898,626	\$ 106,800	\$ -	\$ (4,791,826)	\$ -	\$ -	\$ -	\$ -	\$ (4,791,826)
Wichita Falls 4B Sales Tax Corporation	4,240,418	-	381,883	-	(3,858,535)	-	-	-	(3,858,535)
Wichita Falls Reinvestment Zone #2	381,883	-	-	-	-	(381,883)	-	-	(381,883)
Wichita Falls Reinvestment Zone #3	-	-	-	-	-	-	-	-	-
Wichita Falls Reinvestment Zone #4	-	-	-	-	-	-	-	-	-
<b>Total component units</b>	<b>\$ 9,520,927</b>	<b>\$ 106,800</b>	<b>\$ 381,883</b>	<b>(4,791,826)</b>	<b>(3,858,535)</b>	<b>(381,883)</b>	<b>-</b>	<b>-</b>	<b>(9,032,244)</b>
General revenues and special item:									
Taxes:									
Property tax	-	-	-	-	572,068	78,992	38,871	689,931	
Sales tax				3,728,961	3,728,961	-	-	-	7,457,922
Investment earnings			50,621	124,834	669	952	6	177,082	
Miscellaneous			142,269	-	-	-	-	142,269	
<b>Total general revenues and special item</b>	<b></b>	<b>3,921,851</b>	<b>3,853,795</b>	<b>572,737</b>	<b>79,944</b>	<b>38,877</b>	<b>8,467,204</b>		
Change in net position				(869,975)	(4,740)	190,854	79,944	38,877	(565,040)
Net position - beginning				21,006,512	3,863,531	-	298,365	-	25,168,408
<b>Net position - ending</b>	<b></b>	<b>\$ 20,136,537</b>	<b>\$ 3,858,791</b>	<b>\$ 190,854</b>	<b>\$ 378,309</b>	<b>\$ 38,877</b>	<b>\$ 24,603,368</b>		

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## Supporting Schedules

## CITY OF WICHITA FALLS, TEXAS

COMBINED SCHEDULE OF BONDED DEBT AND INTEREST MATURITIES  
SEPTEMBER 30, 2016

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
2017	\$ 1,996,159	\$ 338,160	\$ 2,334,319	\$ 6,728,384	\$ 2,211,499	\$ 8,939,883	\$ 4,839,290	\$ 1,573,024	\$ 6,412,314	\$ 13,563,833	\$ 4,122,683	\$ 17,686,516
2018	2,018,435	304,800	2,323,235	6,881,221	2,051,014	8,932,235	4,948,031	1,472,219	6,420,250	13,847,687	3,828,033	17,675,720
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	1,718,406	5,204,907	9,200,108	1,116,892	10,317,000	14,458,038	3,038,680	17,496,718
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>\$ 16,129,132</u>	<u>\$ 1,897,105</u>	<u>\$ 18,026,237</u>	<u>\$ 82,461,575</u>	<u>\$ 23,683,601</u>	<u>\$ 106,145,176</u>	<u>\$ 87,938,263</u>	<u>\$ 9,943,051</u>	<u>\$ 97,881,314</u>	<u>\$ 186,528,970</u>	<u>\$ 35,523,757</u>	<u>\$ 222,052,727</u>

(1) Includes amortization of bond premium of \$939,132.

(2) Includes amortization of bond premium of \$246,575.

(3) Includes amortization of bond premium of \$13,933,263.

**CITY OF WICHITA FALLS, TEXAS**

**COMBINED SCHEDULE OF BONDS PAYABLE  
SEPTEMBER 30, 2016**

	Interest Rates and (Dates)	Issue Date	Final Maturity Date	Annual Serial Payments	Bonds			
					Authorized	Issued	Retired or Refunded	Outstanding
<b>General Obligation Bonds:</b>								
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	\$ 2,075,000	\$ 2,290,000
General Obligation Refunding Bonds, Series 2011 - Premium					-	194,300	130,715	63,585
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	3,065,000	675,000
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	200,000	9,450,000
General Obligation Refunding Bonds, Series 2015A - Premium					-	947,256	71,709	875,547
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	110,000	2,775,000
Total General Obligation Bonds					20,640,000	21,781,556	5,652,424	16,129,132

**CITY OF WICHITA FALLS, TEXAS**

**COMBINED SCHEDULE OF BONDS PAYABLE (CONT'D.)**  
**SEPTEMBER 30, 2016**

	Interest Rates and (Dates)	Issue Date	Final Maturity Date	Annual Serial Payments	Bonds			
					Authorized	Issued	Retired or Refunded	Outstanding
<b>Combination Tax and Revenue Bonds:</b>								
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	2,930,000	7,890,000
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	1,195,000	2,735,000
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	2,760,000	7,070,000
Combination Tax and Revenue Refunding Bonds, Series 2010 - Premium				-	685,333	572,433	112,900	

**CITY OF WICHITA FALLS, TEXAS**

**COMBINED SCHEDULE OF BONDS PAYABLE (CONT'D.)**  
**SEPTEMBER 30, 2016**

	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) 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)	3,200,000	3,200,000	555,000	2,645,000
Combination Tax and Revenue Certificates of Obligation, Series 2011 - Premium				-	98,494	35,311		63,183
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) 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)	19,875,000	19,875,000	2,140,000	17,735,000
Combination Tax and Revenue Certificates of Obligation, Series 2013 - Premium				-	96,293	25,801		70,492

**CITY OF WICHITA FALLS, TEXAS**

**COMBINED SCHEDULE OF BONDS PAYABLE (CONT'D.)**  
**SEPTEMBER 30, 2016**

	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) 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)	13,000,000	13,000,000	1,515,000	11,485,000
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) 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) 1,345,000 (2042) 1,370,000 (2043) 1,395,000 (2044) 1,425,000 (2045)	33,545,000	33,545,000	890,000	32,655,000
Total Combination Tax and Revenue Bonds					94,200,000	95,080,120	12,618,545	82,461,575

**CITY OF WICHITA FALLS, TEXAS**

**COMBINED SCHEDULE OF BONDS PAYABLE (CONT'D.)**  
**SEPTEMBER 30, 2016**

	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	-	74,005,000
Water and Sewer System Revenue Refunding Bonds, Series 2016 - Premium					-	13,933,263	-	13,933,263
Total Priority Lien Revenue Bonds				74,005,000	87,938,263	-	87,938,263	
Total All Bonds				<u>\$ 188,845,000</u>	<u>\$ 204,799,939</u>	<u>\$ 18,270,969</u>	<u>\$ 186,528,970</u>	

## CITY OF WICHITA FALLS, TEXAS

DEBT SERVICE COVERAGE - REVENUE BONDS  
SEPTEMBER 30, 2016

## Water and Sewer Revenue Bonds:

Change in net position (Exhibit A-8)		\$ 9,254,843
Add:		
Depreciation and amortization	\$ 8,432,530	
Interest expense and paying agent fees	3,524,763	
Transfers out	<u>1,438,189</u>	13,395,482
Subtract:		
West Texas Utilities water revenues	499,917	
Gain (loss) on sale/abandonment of capital assets	-	
Capital contributions from developers	209,110	
Transfers in	<u>316,893</u>	<u>(1,025,920)</u>
Net earnings for determining debt service coverage		<u>\$ 21,624,405</u>

	Priority Lien Bonds	Subordinate Lien Bonds	
Net earnings for determining debt service coverage			\$ 21,624,405
Principal and interest requirements to maturity	\$ 97,881,314	\$ -	
Number of years remaining to pay bonds	<u>11</u>	<u>N/A</u>	
Average annual principal and interest requirement	8,898,301	N/A	
Minimum bond covenant debt service coverage	<u>1.25</u>	<u>1.10</u>	
Minimum debt service coverage requirement	<u>\$ 11,122,877</u>	<u>\$ -</u>	<u>11,122,877</u>
Excess over debt service coverage requirements			<u>\$ 10,501,528</u>

## CITY OF WICHITA FALLS, TEXAS

CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS  
SCHEDULE BY FUNCTION AND ACTIVITY  
SEPTEMBER 30, 2016

	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	638,454	79,358	-	-	5,706,795
General Public Information	-	-	433,893	3,184	-	510,676	947,753
Building Maintenance	-	2,770,246	139,556	-	-	-	2,909,802
Nondepartmental	46,347	380,754	86,997	-	-	-	514,098
Municipal Court	230,000	312,519	184,502	1,435	-	-	728,456
Legal	-	-	1,488	-	-	-	1,488
City Clerk	-	-	1,411	-	-	-	1,411
Homeland security	-	-	748,684	-	-	-	748,684
Training Center	-	-	536,254	-	-	-	536,254
Golf course	3,808,375	786,801	122,339	-	-	-	4,717,515
Total administrative services	<u>4,562,664</u>	<u>9,776,706</u>	<u>2,900,255</u>	<u>107,499</u>	<u>-</u>	<u>510,676</u>	<u>17,857,800</u>
Police	<u>1,131,749</u>	<u>10,231,506</u>	<u>14,889,523</u>	<u>8,760</u>	<u>-</u>	<u>205,700</u>	<u>26,467,238</u>
Fire	<u>190,565</u>	<u>7,051,522</u>	<u>786,659</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>8,028,746</u>
Parks and recreation:							
Recreation	754,606	1,714,887	260,148	-	-	-	2,729,641
Park maintenance	4,586,567	597,892	61,938	-	-	-	5,246,397
Cemetery	141,685	-	9,423	-	-	-	151,108
Total parks and recreation	<u>5,482,858</u>	<u>2,312,779</u>	<u>331,509</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>8,127,146</u>
Accounting/finance:							
Information Systems	-	-	3,916,550	-	-	3,393,662	7,310,212
Total accounting/finance	<u>-</u>	<u>-</u>	<u>3,916,550</u>	<u>-</u>	<u>-</u>	<u>3,393,662</u>	<u>7,310,212</u>
Community development:							
Planning	-	-	26,833	-	-	-	26,833
Inspection	-	-	3,610	-	-	-	3,610
Property management	10,334,824	420,892	26,999	-	-	-	10,782,715
Weed and Seed program	-	-	7,504	-	-	-	7,504
Hazard Mitigation grant	170,800	-	-	-	-	-	170,800
Total community development	<u>10,505,624</u>	<u>420,892</u>	<u>64,946</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>10,991,462</u>
Public works:							
Engineering	-	13,744	133,801	-	-	-	147,545
Street maintenance	10,147	100,108	33,386	-	-	-	143,641
Lake Wichita Revitalization	-	-	-	-	-	334,864	334,864
SAFB Gate Perimeter Project	1,541,774	-	-	-	-	-	1,541,774
Infrastructure	1,300,172	-	-	-	163,965,592	2,409,608	167,675,372
Total public works	<u>2,852,093</u>	<u>113,852</u>	<u>167,187</u>	<u>-</u>	<u>163,965,592</u>	<u>2,744,472</u>	<u>169,843,196</u>
Health:							
Administration	34,820	2,877,755	329,490	14,573	-	-	3,256,638
General City nursing	76,411	1,123	17,826	-	-	-	95,360
Environmental health	-	-	33,776	-	-	-	33,776
Lab water pollution	-	-	37,273	-	-	-	37,273
Animal reclaim center	150,737	3,321,311	28,633	-	-	647,948	4,148,629
Total health	<u>261,968</u>	<u>6,200,189</u>	<u>446,998</u>	<u>14,573</u>	<u>-</u>	<u>647,948</u>	<u>7,571,676</u>
Traffic and transportation	-	31,045	138,680	-	11,123,164	35,524	11,328,413
Multi-Purpose Events Center	<u>9,560,210</u>	<u>38,004,988</u>	<u>510,708</u>	<u>22,117</u>	<u>-</u>	<u>-</u>	<u>48,098,023</u>
Wichita Falls Business Park	<u>1,099,507</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,099,507</u>
Total capital assets used in the operation of governmental funds	<u>\$ 35,647,238</u>	<u>\$ 74,143,479</u>	<u>\$ 24,153,015</u>	<u>\$ 152,949</u>	<u>\$ 175,088,756</u>	<u>\$ 7,537,982</u>	<u>\$ 316,723,419</u>

## 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, 2016**

	Beginning Balance 10/1/2015	Additions	Deletions	Ending Balance 9/30/2016
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	5,712,042	8,215	13,462	5,706,795
General Public Information	424,098	523,655	-	947,753
Building Maintenance	2,909,802	-	-	2,909,802
Nondepartmental	514,098	-	-	514,098
Municipal Court	737,861	-	9,405	728,456
Legal	1,488	-	-	1,488
City Clerk	1,411	-	-	1,411
Homeland security	721,006	27,678	-	748,684
Training center	536,254	-	-	536,254
Golf course	4,689,316	28,199	-	4,717,515
Total administrative services	<u>17,292,920</u>	<u>587,747</u>	<u>22,867</u>	<u>17,857,800</u>
Police	26,419,946	47,292	-	26,467,238
Fire	7,447,009	581,737	-	8,028,746
Parks and recreation:				
Recreation	2,753,869	8,862	33,090	2,729,641
Park maintenance	5,290,922	-	44,525	5,246,397
Cemetery	151,108	-	-	151,108
Total parks and recreation	<u>8,195,899</u>	<u>8,862</u>	<u>77,615</u>	<u>8,127,146</u>
Accounting/finance:				
Information Systems	3,884,578	3,639,671	214,037	7,310,212
Total accounting/finance	<u>3,884,578</u>	<u>3,639,671</u>	<u>214,037</u>	<u>7,310,212</u>
Community development:				
Planning	26,833	-	-	26,833
Inspection	3,610	-	-	3,610
Property management	10,782,715	-	-	10,782,715
Weed and Seed program	7,504	-	-	7,504
Hazard Mitigation Grant	170,800	-	-	170,800
Total community development	<u>10,991,462</u>	<u>-</u>	<u>-</u>	<u>10,991,462</u>
Public works:				
Engineering	139,592	7,953	-	147,545
Street maintenance	147,218	-	3,577	143,641
Lake Wichita Revitalization	-	334,864	-	334,864
SAFB Gate Perimeter Project	-	1,541,774	-	1,541,774
Infrastructure	165,776,071	2,376,213	476,912	167,675,372
Total public works	<u>166,062,881</u>	<u>4,260,804</u>	<u>480,489</u>	<u>169,843,196</u>
Health:				
Administration	3,256,698	1,371	1,431	3,256,638
General city nursing	97,212	-	1,852	95,360
Environmental health	21,911	11,865	-	33,776
Lab water pollution	37,273	-	-	37,273
Animal reclaim center	3,555,356	595,448	2,175	4,148,629
Total health	<u>6,968,450</u>	<u>608,684</u>	<u>5,458</u>	<u>7,571,676</u>
Traffic and transportation	11,172,404	272,422	116,413	11,328,413
Multi-Purpose Events Center	48,086,825	11,198	-	48,098,023
Wichita Falls Business Park	1,099,507	-	-	1,099,507
Total capital assets	<u>\$ 307,621,881</u>	<u>\$ 10,018,417</u>	<u>\$ 916,879</u>	<u>\$ 316,723,419</u>

## CITY OF WICHITA FALLS, TEXAS

**REGIONAL AIRPORT FUND**  
**CAPITAL ASSETS AND ACCUMULATED DEPRECIATION**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2016**

	Balance 10/1/2015	Additions	Deletions	Balance 9/30/2016
<b><u>Capital Assets:</u></b>				
Land and betterments	\$ 14,892,849	\$ -	\$ -	\$ 14,892,849
Buildings and improvements	33,789,040	362,159	64,890	34,086,309
Machinery and equipment	60,479	68,800	1,443	127,836
Furniture and fixtures	-	12,829	-	12,829
Construction in progress	<u>854,651</u>	<u>2,712,074</u>	<u>-</u>	<u>3,566,725</u>
<b>Total capital assets</b>	<b><u>49,597,019</u></b>	<b><u>3,155,862</u></b>	<b><u>66,333</u></b>	<b><u>52,686,548</u></b>
<b><u>Accumulated Depreciation:</u></b>				
Land and betterments	1,698,485	595,714	-	2,294,199
Buildings and improvements	745,671	677,314	55,805	1,367,180
Machinery and equipment	9,875	11,743	1,443	20,175
Furniture and fixtures	-	<u>1,283</u>	<u>-</u>	<u>1,283</u>
<b>Total accumulated depreciation</b>	<b><u>2,454,031</u></b>	<b><u>1,286,054</u></b>	<b><u>57,248</u></b>	<b><u>3,682,837</u></b>
<b>Net capital assets</b>	<b><u>\$ 47,142,988</u></b>	<b><u>\$ 1,869,808</u></b>	<b><u>\$ 9,085</u></b>	<b><u>\$ 49,003,711</u></b>

**CITY OF WICHITA FALLS, TEXAS**

**KICKAPOO AIRPORT FUND**  
**CAPITAL ASSETS AND ACCUMULATED DEPRECIATION**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2016**

	<u>Balance</u> 10/1/2015	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> 9/30/2016
<b><u>Capital Assets:</u></b>				
Land and betterments	\$ 8,769,905	\$ -	\$ -	\$ 8,769,905
Buildings and improvements	3,264,730	-	-	3,264,730
Machinery and equipment	593,715	-	10,500	583,215
Construction in progress	<u>61,682</u>	<u>-</u>	<u>-</u>	<u>61,682</u>
<b>Total capital assets</b>	<b><u>12,690,032</u></b>	<b><u>-</u></b>	<b><u>10,500</u></b>	<b><u>12,679,532</u></b>
<b><u>Accumulated Depreciation:</u></b>				
Land and betterments	2,009,450	261,504	-	2,270,954
Buildings and improvements	874,966	107,433	-	982,399
Machinery and equipment	<u>321,843</u>	<u>31,412</u>	<u>8,400</u>	<u>344,855</u>
<b>Total accumulated depreciation</b>	<b><u>3,206,259</u></b>	<b><u>400,349</u></b>	<b><u>8,400</u></b>	<b><u>3,598,208</u></b>
<b>Net capital assets</b>	<b><u>\$ 9,483,773</u></b>	<b><u>\$ (400,349)</u></b>	<b><u>\$ 2,100</u></b>	<b><u>\$ 9,081,324</u></b>

## CITY OF WICHITA FALLS, TEXAS

**TRANSIT FUND**  
**CAPITAL ASSETS AND ACCUMULATED DEPRECIATION**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2016**

	<u>Balance 10/1/2015</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 9/30/2016</u>
<b><u>Capital Assets:</u></b>				
Land and betterments	\$ 457,254	\$ -	\$ -	\$ 457,254
Buildings and improvements	5,135,957	- -	- -	5,135,957
Machinery and equipment	<u>356,034</u>	<u>2,161</u>	<u>-</u>	<u>358,195</u>
Total capital assets	<u>5,949,245</u>	<u>2,161</u>	<u>-</u>	<u>5,951,406</u>
<b><u>Accumulated Depreciation:</u></b>				
Land and betterments	26,372	10,549	- -	36,921
Buildings and improvements	404,345	100,244	- -	504,589
Machinery and equipment	<u>249,029</u>	<u>32,272</u>	<u>-</u>	<u>281,301</u>
Total accumulated depreciation	<u>679,746</u>	<u>143,065</u>	<u>-</u>	<u>822,811</u>
Net capital assets	<u><u>\$ 5,269,499</u></u>	<u><u>\$ (140,904)</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 5,128,595</u></u>

**CITY OF WICHITA FALLS, TEXAS**

**STORMWATER DRAINAGE FUND  
CAPITAL ASSETS AND ACCUMULATED DEPRECIATION  
FOR THE YEAR ENDED SEPTEMBER 30, 2016**

	Balance 10/1/2015	Additions	Deletions	Balance 9/30/2016
<b><u>Capital Assets:</u></b>				
Drainage	\$ 17,435,098	\$ 699,303	\$ -	\$18,134,401
Land and betterments	161,597	264,916	- -	426,513
Machinery and equipment	89,017	- -	- -	89,017
Construction in progress	<u>6,020,437</u>	<u>873,852</u>	<u>- -</u>	<u>6,894,289</u>
Total capital assets	<u>23,706,149</u>	<u>1,838,071</u>	<u>- -</u>	<u>25,544,220</u>
<b><u>Accumulated Depreciation:</u></b>				
Drainage	1,316,914	237,130	- -	1,554,044
Land betterments	12,716	5,119	- -	17,835
Machinery and equipment	<u>77,786</u>	<u>2,115</u>	<u>- -</u>	<u>79,901</u>
Total accumulated depreciation	<u>1,407,416</u>	<u>244,364</u>	<u>- -</u>	<u>1,651,780</u>
Net capital assets	<u><u>\$ 22,298,733</u></u>	<u><u>\$ 1,593,707</u></u>	<u><u>\$ -</u></u>	<u><u>\$23,892,440</u></u>

## CITY OF WICHITA FALLS, TEXAS

**SANITATION FUND**  
**CAPITAL ASSETS AND ACCUMULATED DEPRECIATION**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2016**

	Balance 10/1/2015	Additions	Deletions	Balance 9/30/2016
<b><u>Capital Assets:</u></b>				
Land and betterments	\$ 7,036,714	\$ 325,451	\$ -	\$ 7,362,165
Buildings and improvements	3,524,350	31,305	-	3,555,655
Machinery and equipment	<u>584,817</u>	<u>47,243</u>	<u>-</u>	<u>632,060</u>
Total capital assets	<u>11,145,881</u>	<u>403,999</u>	<u>-</u>	<u>11,549,880</u>
<b><u>Accumulated Depreciation:</u></b>				
Land and betterments	951,820	143,280	-	1,095,100
Buildings and improvements	1,362,584	93,161	-	1,455,745
Machinery and equipment	<u>220,221</u>	<u>44,327</u>	<u>-</u>	<u>264,548</u>
Total accumulated depreciation	<u>2,534,625</u>	<u>280,768</u>	<u>-</u>	<u>2,815,393</u>
Net capital assets	<u>\$ 8,611,256</u>	<u>\$ 123,231</u>	<u>\$ -</u>	<u>\$ 8,734,487</u>

## CITY OF WICHITA FALLS, TEXAS

**WATER AND SEWER FUND**  
**CAPITAL ASSETS AND ACCUMULATED DEPRECIATION**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2016**

	<u>Balance 10/1/2015</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 9/30/2016</u>
<b><u>Capital Assets:</u></b>				
Land and betterments	\$ 24,362,969	\$ -	\$ -	\$ 24,362,969
Buildings, systems and improvements	325,763,608	3,960,321	221,000	329,502,929
Machinery and equipment	5,949,641	67,174	22,700	5,994,115
Furniture and fixtures	1,164	-	-	1,164
Motor vehicles	1,235	-	-	1,235
Construction in progress	<u>2,375,983</u>	<u>19,535,151</u>	<u>-</u>	<u>21,911,134</u>
<b>Total capital assets</b>	<b><u>358,454,600</u></b>	<b><u>23,562,646</u></b>	<b><u>243,700</u></b>	<b><u>381,773,546</u></b>
<b><u>Accumulated Depreciation:</u></b>				
Land and betterments	10,797,247	243,632	-	11,040,879
Buildings, systems and improvements	106,341,074	7,954,921	221,000	114,074,995
Machinery and equipment	4,502,526	233,978	22,700	4,713,804
Furniture and fixtures	1,164	-	-	1,164
Motor vehicles	<u>1,235</u>	<u>-</u>	<u>-</u>	<u>1,235</u>
<b>Total accumulated depreciation</b>	<b><u>121,643,246</u></b>	<b><u>8,432,531</u></b>	<b><u>243,700</u></b>	<b><u>129,832,077</u></b>
<b>Net capital assets</b>	<b><u>\$ 236,811,354</u></b>	<b><u>\$ 15,130,115</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 251,941,469</u></b>

## CITY OF WICHITA FALLS, TEXAS

### WATERPARK FUND CAPITAL ASSETS AND ACCUMULATED DEPRECIATION FOR THE YEAR ENDED SEPTEMBER 30, 2016

	Balance 10/1/2015	Additions	Deletions	Balance 9/30/2016
<b><u>Capital Assets:</u></b>				
Land and betterments	\$ 389,894	\$ -	\$ -	\$ 389,894
Buildings and improvements	4,568,668	29,069	-	4,597,737
Machinery and equipment	<u>201,710</u>	<u>9,074</u>	<u>-</u>	<u>210,784</u>
Total capital assets	<u>5,160,272</u>	<u>38,143</u>	<u>-</u>	<u>5,198,415</u>
<b><u>Accumulated Depreciation:</u></b>				
Buildings and improvements	1,034,698	229,160	-	1,263,858
Machinery and equipment	<u>112,238</u>	<u>20,625</u>	<u>-</u>	<u>132,863</u>
Total accumulated depreciation	<u>1,146,936</u>	<u>249,785</u>	<u>-</u>	<u>1,396,721</u>
Net capital assets	<u>\$ 4,013,336</u>	<u>\$ (211,642)</u>	<u>\$ -</u>	<u>\$ 3,801,694</u>

## CITY OF WICHITA FALLS, TEXAS

**FLEET MAINTENANCE FUND**  
**CAPITAL ASSETS AND ACCUMULATED DEPRECIATION**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2016**

	Balance 10/1/2015	Additions	Deletions	Balance 9/30/2016
<b><u>Capital Assets:</u></b>				
Land and betterments	\$ 436,269	\$ -	\$ -	\$ 436,269
Buildings and improvements	4,163,802	491,915	-	4,655,717
Machinery and equipment	1,516,412	104,463	-	1,620,875
Furniture and fixtures	2,950	-	-	2,950
Motor vehicles	53,493,404	3,536,931	1,604,600	55,425,735
Construction in progress	<u>49,050</u>	<u>-</u>	<u>49,050</u>	<u>-</u>
<b>Total capital assets</b>	<b><u>59,661,887</u></b>	<b><u>4,133,309</u></b>	<b><u>1,653,650</u></b>	<b><u>62,141,546</u></b>
<b><u>Accumulated Depreciation:</u></b>				
Land and betterments - other	2,219	261	-	2,480
Buildings and improvements	2,426,720	100,533	-	2,527,253
Machinery and equipment	1,087,441	124,426	-	1,211,867
Furniture and fixtures	2,950	-	-	2,950
Motor vehicles	<u>38,368,340</u>	<u>3,578,678</u>	<u>1,590,996</u>	<u>40,356,022</u>
<b>Total accumulated depreciation</b>	<b><u>41,887,670</u></b>	<b><u>3,803,898</u></b>	<b><u>1,590,996</u></b>	<b><u>44,100,572</u></b>
<b>Net capital assets</b>	<b><u>\$ 17,774,217</u></b>	<b><u>\$ 329,411</u></b>	<b><u>\$ 62,654</u></b>	<b><u>\$ 18,040,974</u></b>

**CITY OF WICHITA FALLS, TEXAS**

**DUPLICATING SERVICES FUND**  
**CAPITAL ASSETS AND ACCUMULATED DEPRECIATION**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2016**

	Balance 10/1/2015	Additions	Deletions	Balance 9/30/2016
<b><u>Capital Assets:</u></b>				
Machinery and equipment	<u>\$ 10,617</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 10,617</u>
<b><u>Accumulated Depreciation:</u></b>				
Machinery and equipment	<u>8,930</u>	<u>1,175</u>	<u>-</u>	<u>10,105</u>
Net capital assets	<u>\$ 1,687</u>	<u>\$ (1,175)</u>	<u>\$ -</u>	<u>\$ 512</u>

## CITY OF WICHITA FALLS, TEXAS

**INFORMATION TECHNOLOGY FUND**  
**CAPITAL ASSETS AND ACCUMULATED DEPRECIATION**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2016**

	<u>Balance</u> <u>10/1/2015</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>9/30/2016</u>
<b><u>Capital Assets:</u></b>				
Machinery and equipment	\$ 2,179,889	\$ 246,010	\$ 15,885	\$ 2,410,014
Construction in progress	<u>-</u>	<u>3,393,662</u>	<u>-</u>	<u>3,393,662</u>
Total capital assets	<u>2,179,889</u>	<u>3,639,672</u>	<u>15,885</u>	<u>5,803,676</u>
<b><u>Accumulated Depreciation:</u></b>				
Machinery and equipment	<u>657,838</u>	<u>458,991</u>	<u>9,531</u>	<u>1,107,298</u>
Net capital assets	<u><u>\$ 1,522,051</u></u>	<u><u>\$ 3,180,681</u></u>	<u><u>\$ 6,354</u></u>	<u><u>\$ 4,696,378</u></u>

## CITY OF WICHITA FALLS, TEXAS

### WICHITA FALLS ECONOMIC DEVELOPMENT CORPORATION CAPITAL ASSETS AND ACCUMULATED DEPRECIATION FOR THE YEAR ENDED SEPTEMBER 30, 2016

	Balance 10/1/2015	Additions	Deletions	Balance 9/30/2016
<b><u>Capital Assets:</u></b>				
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>
<b><u>Accumulated Depreciation:</u></b>				
Buildings and improvements	181,866	19,144	-	201,010
Net capital assets	<u>\$ 2,207,394</u>	<u>\$ (19,144)</u>	<u>\$ -</u>	<u>\$ 2,188,250</u>

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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.

<b>Contents</b>	<b>Page</b>
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									
	2006-2007	2007-2008	2008-2009	2009-2010	2010-2011	2011-2012	2012-2013	2013-2014	2014-2015	2015-2016
<b>Governmental activities</b>										
Net investment in capital assets	\$ 133,737,880	\$ 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
Restricted	1,541,859	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
Unrestricted	27,487,733	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)
<b>Total governmental activities net position</b>	<b>\$ 162,767,472</b>	<b>\$ 162,690,864</b>	<b>\$ 154,617,817</b>	<b>\$ 150,226,882</b>	<b>\$ 152,114,144</b>	<b>\$ 153,443,867</b>	<b>\$ 151,228,383</b>	<b>\$ 139,248,922</b>	<b>\$ 87,626,070</b>	<b>\$ 88,396,113</b>
<b>Business-type activities</b>										
Net investment in capital assets	\$ 132,852,246	\$ 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
Restricted	12,681,053	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
Unrestricted	12,513,454	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
<b>Total business-type activities net position</b>	<b>\$ 158,046,753</b>	<b>\$ 168,779,590</b>	<b>\$ 179,841,838</b>	<b>\$ 196,267,112</b>	<b>\$ 207,376,185</b>	<b>\$ 224,619,149</b>	<b>\$ 235,812,215</b>	<b>\$ 260,034,103</b>	<b>\$ 263,991,087</b>	<b>\$ 278,421,949</b>
<b>Primary government</b>										
Net investment in capital assets	\$ 266,590,126	\$ 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
Restricted	14,222,912	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
Unrestricted	40,001,187	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)
<b>Total primary government net position</b>	<b>\$ 320,814,225</b>	<b>\$ 331,470,454</b>	<b>\$ 334,459,655</b>	<b>\$ 346,493,994</b>	<b>\$ 359,490,329</b>	<b>\$ 378,063,016</b>	<b>\$ 387,040,598</b>	<b>\$ 399,283,025</b>	<b>\$ 351,617,157</b>	<b>\$ 366,818,062</b>

**CITY OF WICHITA FALLS, TEXAS**

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

	Fiscal Year									
	2006-2007	2007-2008	2008-2009	2009-2010	2010-2011	2011-2012	2012-2013	2013-2014	2014-2015	2015-2016
<b>Expenses</b>										
Governmental activities:										
Administrative services	\$ 10,363,134	\$ 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
Police	18,587,210	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
Fire	11,295,623	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
Parks and recreation	4,478,311	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
Accounting/finance	1,893,389	2,231,952	2,473,024	2,428,055	2,534,141	975,863	924,240	923,727	876,069	787,945
Community development	6,573,917	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
Public works	8,616,348	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
Health	4,736,162	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
Traffic and transportation	2,590,309	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
Multi-Purpose Events Center	4,291,434	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
Interest and fees on long-term debt	1,308,748	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
Total governmental activities expenses	<u>74,734,585</u>	<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>
Business-type activities:										
Golf	-	-	-	-	-	-	-	-	-	-
Municipal Airport	276,368	310,980	289,195	337,946	435,774	529,827	655,452	855,765	2,532,243	1,881,055
Kickapoo Airport	966,961	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
Transit	1,373,283	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
Sanitation	8,638,374	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
Water and Sewer	26,764,879	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
Stormwater drainage	355,697	407,035	477,415	785,543	533,715	406,570	430,012	560,389	674,839	828,537
Waterpark	-	-	-	1,253,557	1,399,255	1,375,832	1,397,270	1,456,084	1,557,158	1,598,720
Total business-type activities expenses	<u>38,375,562</u>	<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>
Total primary government expenses	<u>\$ 113,110,147</u>	<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>
<b>Program Revenues</b>										
Governmental activities:										
Charges for services:										
Administrative services	\$ 3,327,519	\$ 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
Police	700,216	600,020	470,020	495,459	527,007	541,201	624,272	339,867	396,228	335,112
Fire	5,434	2,612	4,369	2,042	11,400	14,613	18,459	15,854	6,866	1,749
Parks and recreation	443,827	517,707	513,682	515,008	513,746	525,505	524,519	530,305	447,990	429,207
Accounting/finance	-	-	-	65,000	-	-	-	-	-	-
Community development	1,138,671	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
Public works	7,286	100,000	165,363	2,600	2,740	24,420	116,035	94,772	9,510	11,824
Health	803,115	864,874	888,890	908,415	965,741	1,075,277	1,073,172	1,051,444	995,634	1,051,834
Traffic and transportation	212,911	154,941	164,350	201,961	184,138	217,262	126,163	133,133	162,184	72,965
Multi-Purpose Events Center	2,215,411	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
Operating grants and contributions	12,298,595	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
Capital grants and contributions	3,218,003	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
Total governmental activities program revenues	<u>24,370,988</u>	<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>

**CITY OF WICHITA FALLS, TEXAS**

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

	Fiscal Year									
	2006-2007	2007-2008	2008-2009	2009-2010	2010-2011	2011-2012	2012-2013	2013-2014	2014-2015	2015-2016
<b>Business-type activities:</b>										
Charges for services:										
Municipal Airport	441,471	430,561	544,332	624,298	681,639	716,608	769,557	775,829	864,505	1,109,959
Kickapoo Airport	789,522	1,025,300	745,444	798,034	988,457	1,153,038	1,255,153	1,239,973	1,090,276	970,129
Transit	206,109	224,856	229,483	274,577	367,374	405,852	410,737	476,716	541,389	503,708
Sanitation	9,917,386	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
Water and Sewer	30,031,969	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
Stormwater drainage	1,267,533	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
Waterpark	-	-	-	1,283,919	1,633,155	1,475,842	1,398,164	1,292,639	1,492,787	1,437,615
Operating grants and contributions	1,026,685	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
Capital grants and contributions	580,729	1,021,644	456,743	108,471	192,620	181,759	1,339,265	1,017,827	1,558,589	209,110
Total business-type activities program revenues	<u>44,261,404</u>	<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>
Total primary government program revenues	<u><u>\$ 68,632,392</u></u>	<u><u>\$ 72,676,156</u></u>	<u><u>\$ 71,962,535</u></u>	<u><u>\$ 81,868,144</u></u>	<u><u>\$ 85,278,117</u></u>	<u><u>\$ 85,757,872</u></u>	<u><u>\$ 81,936,735</u></u>	<u><u>\$ 86,532,719</u></u>	<u><u>\$ 91,469,323</u></u>	<u><u>\$ 94,022,070</u></u>
Net (Expense)/Revenue										
Governmental activities	\$ (50,363,597)	\$ (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)
Business-type activities	5,885,842	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
Total primary government net expense	<u><u>\$ (44,477,755)</u></u>	<u><u>\$ (48,958,904)</u></u>	<u><u>\$ (53,753,983)</u></u>	<u><u>\$ (43,679,494)</u></u>	<u><u>\$ (44,186,713)</u></u>	<u><u>\$ (39,343,624)</u></u>	<u><u>\$ (48,294,863)</u></u>	<u><u>\$ (48,563,468)</u></u>	<u><u>\$ (55,234,381)</u></u>	<u><u>\$ (49,513,321)</u></u>
<b>General Revenues and Other Changes in Net Position</b>										
<b>Governmental activities:</b>										
Taxes:										
Property tax	\$ 24,975,158	\$ 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
Sales tax	20,068,529	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
Franchise fees	5,780,311	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
Hotel occupancy tax	1,417,397	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
Beverage tax	236,367	251,386	249,121	246,541	248,350	207,735	230,728	281,598	291,091	286,986
Bingo tax	166,223	168,864	109,739	77,883	70,747	61,696	40,122	36,688	32,764	26,736
Investment earnings	2,684,388	1,727,671	415,156	129,653	49,239	54,579	53,244	33,309	20,732	129,886
Gain (loss) on sale of capital assets	-	(397,404)	-	-	-	-	-	-	-	-
Miscellaneous	712,358	242,811	134,983	160,949	-	326,861	636,417	879,538	529,526	447,357
Transfers	1,972,819	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
Total governmental activities	<u>58,013,550</u>	<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>
<b>Business-type activities:</b>										
Investment earnings	5,575,703	2,949,036	602,872	194,428	50,858	39,865	27,902	11,680	14,884	175,860
Miscellaneous	199,174	-	147,536	153,223	(41,792)	(58,924)	149,173	138,419	87,079	60,331
Transfers	(1,972,819)	(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)
Total business-type activities	<u>3,802,058</u>	<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>
Total primary government	<u><u>\$ 61,815,608</u></u>	<u><u>\$ 59,615,135</u></u>	<u><u>\$ 57,057,984</u></u>	<u><u>\$ 55,713,836</u></u>	<u><u>\$ 57,183,043</u></u>	<u><u>\$ 57,916,313</u></u>	<u><u>\$ 59,309,563</u></u>	<u><u>\$ 60,805,899</u></u>	<u><u>\$ 61,641,908</u></u>	<u><u>\$ 64,964,803</u></u>
Change in Net Position										
Governmental activities	\$ 7,649,953	\$ (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
Business-type activities	9,687,900	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
Total primary government	<u><u>\$ 17,337,853</u></u>	<u><u>\$ 10,656,231</u></u>	<u><u>\$ 3,304,001</u></u>	<u><u>\$ 12,034,342</u></u>	<u><u>\$ 12,996,330</u></u>	<u><u>\$ 18,572,689</u></u>	<u><u>\$ 11,014,700</u></u>	<u><u>\$ 12,242,431</u></u>	<u><u>\$ 6,407,527</u></u>	<u><u>\$ 15,451,482</u></u>

## CITY OF WICHITA FALLS, TEXAS

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

	Fiscal Year									
	2006-2007	2007-2008	2008-2009	2009-2010	2010-2011	2011-2012	2012-2013	2013-2014	2014-2015	2015-2016
<b>General Fund</b>										
Reserved	\$ 3,161,776	\$ 2,686,432	\$ 1,499,613	\$ 1,392,329	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved	15,569,840	14,500,836	13,042,044	14,294,519	-	-	-	-	-	-
Nonspendable	-	-	-	-	478,617	352,835	384,574	180,992	210,069	157,494
Assigned	-	-	-	-	579,022	1,010,976	958,924	1,949,792	1,102,026	878,314
Unassigned	-	-	-	-	16,002,361	16,570,675	16,226,597	14,886,199	13,682,061	13,161,690
<b>Total general fund</b>	<b>\$ 18,731,616</b>	<b>\$ 17,187,268</b>	<b>\$ 14,541,657</b>	<b>\$ 15,686,848</b>	<b>\$ 17,060,000</b>	<b>\$ 17,934,486</b>	<b>\$ 17,570,095</b>	<b>\$ 17,016,983</b>	<b>\$ 14,994,156</b>	<b>\$ 14,197,498</b>
<b>All other Governmental Funds</b>										
Reserved	\$ 2,371,514	\$ 2,888,944	\$ 6,254,620	\$ 11,753,749	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved, reported in:										
Special revenue funds	7,089,584	6,180,559	4,808,127	1,713,168	-	-	-	-	-	-
Capital projects funds	23,458,510	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
Committed	-	-	-	-	1,762,248	2,305,013	2,896,812	2,831,488	2,734,119	2,694,718
Unassigned	-	-	-	-	(24,418)	(269,288)	(269,288)	(460,883)	(550,863)	(773,238)
<b>Total all other governmental funds</b>	<b>\$ 32,919,608</b>	<b>\$ 24,102,836</b>	<b>\$ 22,026,717</b>	<b>\$ 15,317,723</b>	<b>\$ 12,746,579</b>	<b>\$ 12,869,458</b>	<b>\$ 29,646,564</b>	<b>\$ 16,325,553</b>	<b>\$ 8,256,106</b>	<b>\$ 7,734,927</b>

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									
	2006-2007	2007-2008	2008-2009	2009-2010	2010-2011	2011-2012	2012-2013	2013-2014	2014-2015	2015-2016
Revenues										
Taxes	\$ 52,637,318	\$ 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
Charges for services	3,202,699	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
Licenses and permits	2,215,813	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
Fines and forfeitures	2,127,062	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
Intergovernmental revenue	11,136,433	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
Contributions	4,366,961	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
Miscellaneous revenue	6,664,315	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
Total revenues	<u>82,350,601</u>	<u>82,442,697</u>	<u>79,627,313</u>	<u>87,021,636</u>	<u>84,082,726</u>	<u>86,925,632</u>	<u>85,720,753</u>	<u>94,957,958</u>	<u>88,104,985</u>	<u>93,972,318</u>
Expenditures										
Administrative services	9,965,494	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
Police	18,068,168	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
Fire	11,238,422	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
Parks and recreation	4,373,460	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
Accounting/finance	1,811,690	2,087,572	2,327,608	2,279,241	2,367,814	845,076	793,960	831,313	747,341	702,883
Community development	6,652,162	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
Public works	6,038,790	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
Health	4,728,414	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
Traffic and transportation	2,355,249	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
Multi-Purpose Events Center	3,498,189	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
Capital outlay	7,093,636	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
Debt service - principal	2,510,000	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
Debt service - interest	1,271,106	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
Debt service - bond issuance costs	-	-	-	-	-	137,461	310,777	-	-	-
Total expenditures	<u>79,604,780</u>	<u>91,878,221</u>	<u>90,972,066</u>	<u>86,138,652</u>	<u>85,114,614</u>	<u>86,968,430</u>	<u>88,557,434</u>	<u>88,614,599</u>	<u>90,911,776</u>	<u>95,884,464</u>
Excess of revenues over (under) expenditures	<u>2,745,821</u>	<u>(9,435,524)</u>	<u>(11,344,753)</u>	<u>882,984</u>	<u>(1,031,888)</u>	<u>(42,798)</u>	<u>(2,836,681)</u>	<u>6,343,359</u>	<u>(2,806,791)</u>	<u>(1,912,146)</u>
Other Financing Sources (Uses)										
Proceeds from bonds	21,702,048	-	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	-
Payment to refunded bonds escrow agent	-	-	-	-	-	(4,484,698)	(3,831,570)	-	-	(13,295,568)
Transfers in	5,922,091	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
Transfer out	(5,401,565)	(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)
Total other financing sources (uses)	<u>22,222,574</u>	<u>(925,596)</u>	<u>6,937,823</u>	<u>(6,446,789)</u>	<u>(166,106)</u>	<u>1,040,164</u>	<u>19,249,394</u>	<u>(20,217,478)</u>	<u>(5,692,480)</u>	<u>799,644</u>
Net change in fund balances	<u>\$ 24,968,395</u>	<u>\$ (10,361,120)</u>	<u>\$ (4,406,930)</u>	<u>\$ (5,563,805)</u>	<u>\$ (1,197,994)</u>	<u>\$ 997,366</u>	<u>\$ 16,412,713</u>	<u>\$ (13,874,119)</u>	<u>\$ (8,499,271)</u>	<u>\$ (1,112,502)</u>
Debt service as a percentage of noncapital expenditures	5.21%	5.02%	4.35%	5.20%	5.22%	4.94%	5.12%	6.41%	6.25%	6.15%

**CITY OF WICHITA FALLS, TEXAS****TAX REVENUES BY SOURCE, GOVERNMENTAL FUNDS -  
LAST TEN FISCAL YEARS (UNAUDITED)**

<u>Fiscal Year</u>	<u>Property</u>	<u>Sales</u>	<u>Franchise</u>	<u>Hotel Occupancy</u>	<u>Beverage</u>	<u>Bingo</u>	<u>Total</u>
2006-2007	\$ 24,968,481	\$ 20,068,529	\$ 5,780,311	\$ 1,417,397	\$ 236,367	\$ 166,233	\$ 52,637,318
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

## 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
2006-2007	\$ 3,208,236,037	\$ 744,353,082	\$ 3,952,589,119	\$0.59246	\$ 3,952,589,119	100.00%
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%

## CITY OF WICHITA FALLS, TEXAS

DIRECT AND OVERLAPPING PROPERTY TAX RATES -  
LAST TEN FISCAL YEARS (UNAUDITED)Tax Rates Per \$100 Valuation

Fiscal Year	City of Wichita Falls			Wichita County			Burkburnett ISD (1)			
	M&O	I&S	Total	M&O	I&S	Total	M&O	I&S	Total	
2006-2007	\$ 0.57	\$ 0.02	\$ 0.59	\$ 0.43	\$ 0.02	\$ 0.45	\$ 1.37	\$ 0.13	\$ 1.50	
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	
City View ISD (2)			Iowa Park CISD (3)			Wichita Falls ISD (4)			Grand Total	
M&O	I&S	Total	M&O	I&S	Total	M&O	I&S	Total		
2006-2007	\$ 1.37	\$ 0.23	\$ 1.60	\$ 1.04	\$ 0.08	\$ 1.12	\$ 1.04	\$ 0.15	\$ 1.19	\$ 6.45
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

## 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, 2016

Taxpayer	2015-2016			2006-2007		
	Taxable Assessed Value	Rank	Percentage of Total Assessed Valuation	Taxable Assessed Value	Rank	Percentage of Total Assessed Valuation
GGP - Sikes Senter LLC	\$ 58,000,000	1	1.22%	\$ 54,110,143	1	1.16%
Oncor Electric Delivery Co	40,413,930	2	0.85%	40,617,599	2	0.87%
Wal-Mart Stores Texas LP	23,724,836	3	0.50%	33,788,039	3	0.73%
Wal-Mart Stores East Inc	20,645,100	4	0.43%	-	N/A	0.00%
Quail Creek Crossing Ltd	17,186,000	5	0.36%	-	N/A	0.00%
Atmos Energy / Mid-Tex Division	15,951,920	6	0.33%	-	N/A	0.00%
Kell West Regional Hospital	15,775,146	7	0.33%	11,542,268	8	0.25%
North American Pipe Corp	14,985,050	8	0.31%	-	N/A	0.00%
Cryovac Sealed Air Corporation	12,762,025	9	0.27%	-	N/A	0.00%
Alon USA LP	12,587,278	10	0.26%	-	N/A	0.00%
Southwestern Bell	-	N/A	0.00%	29,033,837	4	0.62%
Lowe's Home Improvement Center	-	N/A	0.00%	13,215,404	5	0.28%
Cingular Wireless LLC	-	N/A	0.00%	12,988,813	6	0.28%
HD Development Properties	-	N/A	0.00%	11,952,464	7	0.26%
Clinics of North Texas	-	N/A	0.00%	11,109,762	9	0.24%
Time Warner Cable	-	N/A	0.00%	9,812,987	10	0.21%
<b>Totals</b>	<b>\$ 232,031,285</b>		<b>4.87%</b>	<b>\$ 228,171,316</b>		<b>4.90%</b>

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
2006-2007	\$ 23,421,270	\$ 23,043,185	98.39%	\$ 298,013	\$ 23,341,198	99.66%
2007-2008	24,833,219	24,408,683	98.29%	304,751	24,713,434	99.52%
2008-2009	26,375,113	25,905,854	98.22%	366,363	26,272,217	99.61%
2009-2010	26,752,242	26,166,043	97.81%	386,521	26,552,564	99.25%
2010-2011	27,649,264	27,179,642	98.30%	306,238	27,485,880	99.41%
2011-2012	27,704,114	27,306,706	98.57%	282,346	27,589,052	99.58%
2012-2013	28,362,591	27,906,520	98.39%	245,519	28,152,039	99.26%
2013-2014	28,876,552	28,375,563	98.27%	191,870	28,567,433	98.93%
2014-2015	30,270,748	29,809,308	98.48%	166,541	29,975,849	99.03%
2015-2016	33,644,264	33,124,968	98.46%	-	33,124,968	98.46%

## 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			
2006-2007	\$ 7,390,000	\$ 25,396,016	\$ 61,093	\$ -	\$ 123,869,328	\$ 27,864,844	\$ -	\$ 699,748	\$ -	\$ 185,281,029	4.01%	\$ 1,721.38
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

**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		
2006-2007	\$ 7,390,000	\$ 25,396,016	\$ 32,786,016	0.83%	\$ 304.60
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

## CITY OF WICHITA FALLS, TEXAS

### DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT (UNAUDITED) SEPTEMBER 30, 2016

	Gross Governmental Activities Debt (1)	Percentage Applicable to City of Wichita Falls (2)	Amount Applicable to City of Wichita Falls
<b>Direct:</b>			
City of Wichita Falls	<u>\$ 50,124,973</u>	100%	<u>\$ 50,124,973</u>
<b>Overlapping:</b>			
Wichita County	8,563,870	100%	8,563,870
Burkburnett Independent School District	53,924,039	25%	13,481,010
City View Independent School District	9,475,223	90%	8,527,701
Iowa Park Consolidated Independent School District	14,766,819	2%	295,336
Wichita Falls Independent School District	<u>110,563,672</u>	99%	<u>109,458,035</u>
Total overlapping	<u>197,293,623</u>		<u>140,325,952</u>
Total direct and overlapping bonded debt	<u>\$ 247,418,596</u>		<u>\$ 190,450,925</u>

### Sources:

- (1) Listed taxing jurisdictions
- (2) City of Wichita Falls Planning Department calculated based on percentage of taxing entity within the City of Wichita Falls city limits.

**CITY OF WICHITA FALLS, TEXAS****COMPUTATION OF LEGAL DEBT MARGIN -  
LAST TEN FISCAL YEARS (UNAUDITED)**

Total assessed property value per 2015 tax roll	\$ 4,765,611,306
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>\$ 73,581,992</u>

	Fiscal Year									
	2006-2007	2007-2008	2008-2009	2009-2010	2010-2011	2011-2012	2012-2013	2013-2014	2014-2015	2015-2016
Assessed value	\$ 3,952,589,119	\$ 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
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	.59246/\$100	.59526/\$100	.60526/\$100	.62526/\$100	.62526/\$100	.63526/\$100	.63526/\$100	.65526/\$100	.70598/\$100
Maximum tax rate in excess of current rate	<u>1.65754/\$100</u>	<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>
Total legal debt margin	<u>\$ 65,515,746</u>	<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>

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	
2006-2007	\$ 29,598,709	\$ 17,273,862	\$ 12,324,847	\$ 4,985,000	\$ 6,608,627	\$ 11,593,627	1.06
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

## 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)
2006-2007	107,635	\$ 4,616,680,420	\$ 42,892	34.9	13.1	14,707	4.1%
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%

## 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, 2016**

Employer	2015-16			2006-2007		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Sheppard Air Force Base	12,581	1	17.60%	12,887	1	16.93%
North Texas State Hospital	2,071	2	2.90%	1,987	3	2.61%
United Regional Health Care System	2,021	3	2.83%	1,800	4	2.37%
Wichita Falls ISD	1,992	4	2.79%	2,000	2	2.63%
Midwestern State University	1,315	5	1.84%	1,225	7	1.61%
City of Wichita Falls	1,238	6	1.73%	1,615	5	2.12%
Wal-Mart - 3 locations	1,140	7	1.59%	1,426	6	1.87%
Howmet Corp. WF Casting Division	850	8	1.19%	1,000	8	1.31%
James V. Allred Prison Unit	806	9	1.13%	990	9	1.30%
United Supermarkets - 3 locations	778	10	1.09%	-	N/A	-
AT&T Wireless	-	N/A	-	836	10	1.10%
<b>Totals</b>	<b><u>24,792</u></b>		<b><u>34.69%</u></b>	<b><u>25,766</u></b>		<b><u>33.85%</u></b>

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)**

	2006-2007	2007-2008	2008-2009	2009-2010	2010-2011	2011-2012	2012-2013	2013-2014	2014-2015	2015-2016
Administrative services	103.0	105.1	104.6	102.0	97.0	94.6	94.3	94.1	95.1	94.1
Police	294.0	293.0	294.0	295.0	296.5	298.5	299.5	300.0	299.0	299.0
Fire	162.0	164.0	164.0	164.0	162.0	162.0	162.5	162.5	162.5	162.5
Parks and recreation	75.8	82.9	82.9	84.8	88.7	89.7	92.9	92.1	92.6	92.6
Accounting/finance	24.5	25.5	26.0	26.0	25.0	27.0	27.0	27.0	26.4	26.2
Community development	40.7	40.5	41.0	40.1	40.0	40.0	42.0	42.0	41.0	41.0
Public works	80.2	80.2	80.8	80.8	79.2	78.5	78.5	78.5	78.5	78.5
Health	74.9	72.5	69.0	68.4	71.5	72.0	81.9	78.7	77.5	78.7
Traffic and transportation	52.6	52.6	50.6	51.7	52.6	53.6	53.6	56.1	56.1	57.0
Multi-Purpose Events Center	22.4	22.8	23.0	23.0	22.8	22.8	22.8	22.8	22.8	22.8
Water and sewer	179.5	179.5	179.9	180.1	179.6	180.2	182.1	189.1	187.7	188.6
Sanitation	81.0	82.0	82.5	82.5	82.5	82.5	81.5	83.5	83.5	85.5
Golf	19.4	-	-	-	-	-	-	-	-	-
Municipal Airport	1.6	1.6	1.6	1.6	1.6	1.6	1.6	1.6	3.0	1.6
Kickapoo Airport	4.4	4.4	4.4	5.4	5.4	5.6	6.4	3.4	3.4	4.4
Transit	19.2	19.6	22.1	21.6	21.6	22.2	24.7	26.2	26.7	26.7
Stormwater Drainage	1.3	1.3	1.3	1.3	1.3	1.3	1.8	1.8	1.8	1.8

## CITY OF WICHITA FALLS, TEXAS

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

	Fiscal Year									
	2006-2007	2007-2008	2008-2009	2009-2010	2010-2011	2011-2012	2012-2013	2013-2014	2014-2015	2015-2016
General government										
Building permits issued	7,813	7,420	6,769	6,802	8,130	7,303	9,979	8,542	7,399	7,413
Building inspections conducted	12,048	11,425	9,565	11,038	13,321	11,834	12,823	13,472	12,852	11,302
Police										
Physical arrests	7,279	6,752	7,186	6,235	5,845	6,182	5,978	6,042	5,036	5,214
Parking violations	383	197	-	109	125	529	65	43	90	110
Traffic violations	17,904	16,236	23,253	25,558	23,780	21,660	21,651	22,538	18,792	19,424
Fire										
Emergency responses	8,634	8,684	8,687	8,693	9,139	9,027	8,979	8,708	9,392	9,432
Fires extinguished	554	1,340	718	654	703	583	591	452	432	477
Inspections	900	2,647	3,250	3,281	3,114	3,221	3,198	3,316	2,931	4,133
Refuse collection										
Refuse collected (tons)	182,855	168,681	161,243	156,630	141,251	116,961	124,250	121,502	76,145	136,646
Recyclables collected	19,034	21,624	22,010	16,923	16,780	18,743	18,884	14,643	1,384	16,134
Library										
Volumes in collection	179,728	184,231	185,009	185,009	193,064	177,229	173,996	174,993	194,715	176,160
Total volumes borrowed	302,565	352,408	368,685	368,685	344,107	327,336	276,065	293,860	293,364	282,808
Water										
New connections	310	212	146	48	64	119	134	(344)	74	(2,523)
Water main breaks	741	898	872	724	1,250	1,028	954	944	863	696
Average daily consumption (thousands of gallons)	19,936	22,511	19,200	19,851	25,798	20,269	15,564	13,207	12,051	14,974
Wastewater										
Average daily sewage treatment (thousands of gallons)	13,930	11,410	7,670	12,435	10,080	10,551	9,217	6,452	8,440	7,900
Transit										
Total route miles	476,758	488,842	530,771	536,181	552,238	586,893	572,744	575,004	591,417	586,565
Passengers	294,670	324,666	327,463	340,181	374,277	485,101	460,484	462,853	486,104	493,164

## CITY OF WICHITA FALLS, TEXAS

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

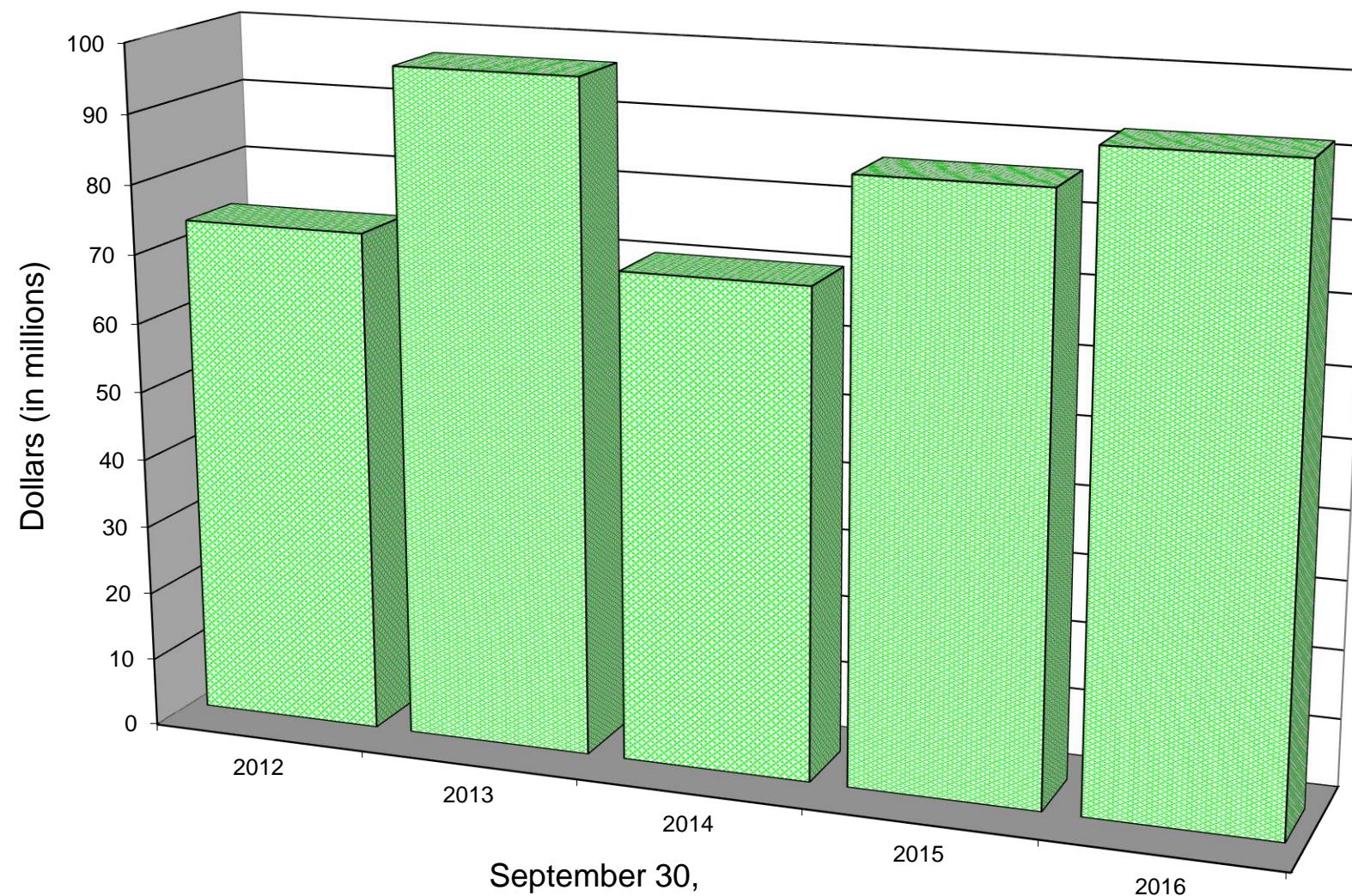
	Fiscal Year									
	2006-2007	2007-2008	2008-2009	2009-2010	2010-2011	2011-2012	2012-2013	2013-2014	2014-2015	2015-2016
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol units	114	103	105	115	114	114	113	113	113	113
Fire stations	8	8	8	8	8	8	8	8	8	8
Refuse collection										
Collection trucks	34	36	36	36	36	36	36	36	36	36
Other public works										
Streets (miles)	587	515	529	514	514	515	515	515	515	530
Streetlights	7,922	7,976	8,203	7,958	8,084	7,931	7,942	7,972	7,996	8,015
Traffic signals	98	102	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	47	40	39	39	39	39	39	39	39
Golf courses	1	1	1	1	1	1	1	1	1	1
Water										
Water mains (miles)	846	720	720	572	572	577	578	579	580	806
Fire hydrants	6,019	2,264	2,264	2,545	2,547	2,579	2,588	2,588	2,593	2,842
Storage capacity (thousands of gallons)	21,500	21,000	22,500	37,000	37,000	37,000	37,000	37,000	37,000	37,000
Wastewater										
Sanitary sewers (miles)	531	538	550	543	543	545	546	547	548	599
Storm sewers (miles)	96	117	117	97	97	97	98	98	98	98
Treatment capacity (thousands of gallons)	21,410	21,410	22,800	21,410	24,410	24,410	21,410	21,410	21,410	21,410
Transit										
Buses	12	12	12	14	14	14	14	14	13	13

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## Graphics

# CITY OF WICHITA FALLS, TEXAS

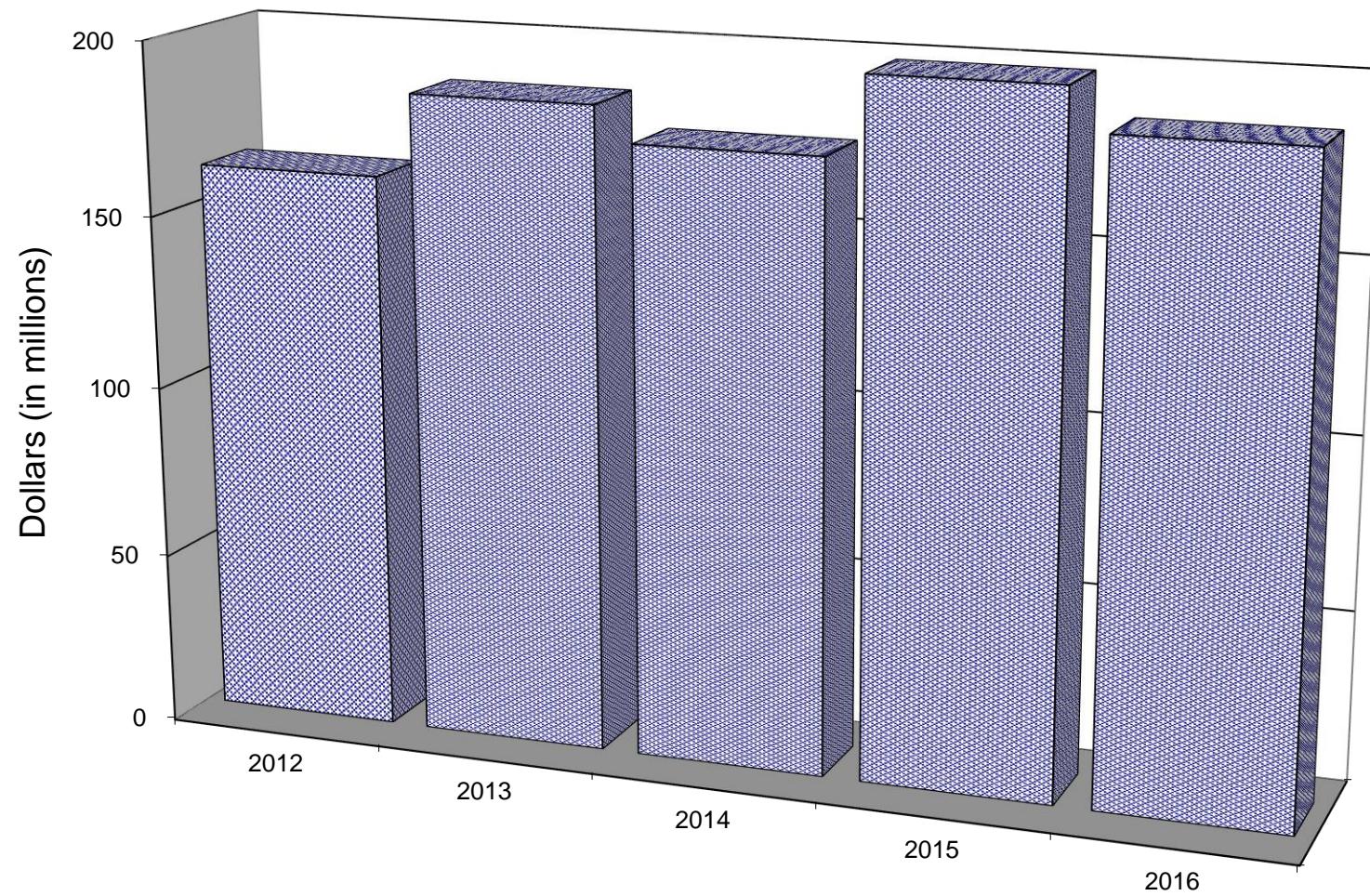
## CASH AND INVESTMENTS



(UNAUDITED)

# CITY OF WICHITA FALLS, TEXAS

## TOTAL BONDS PAYABLE

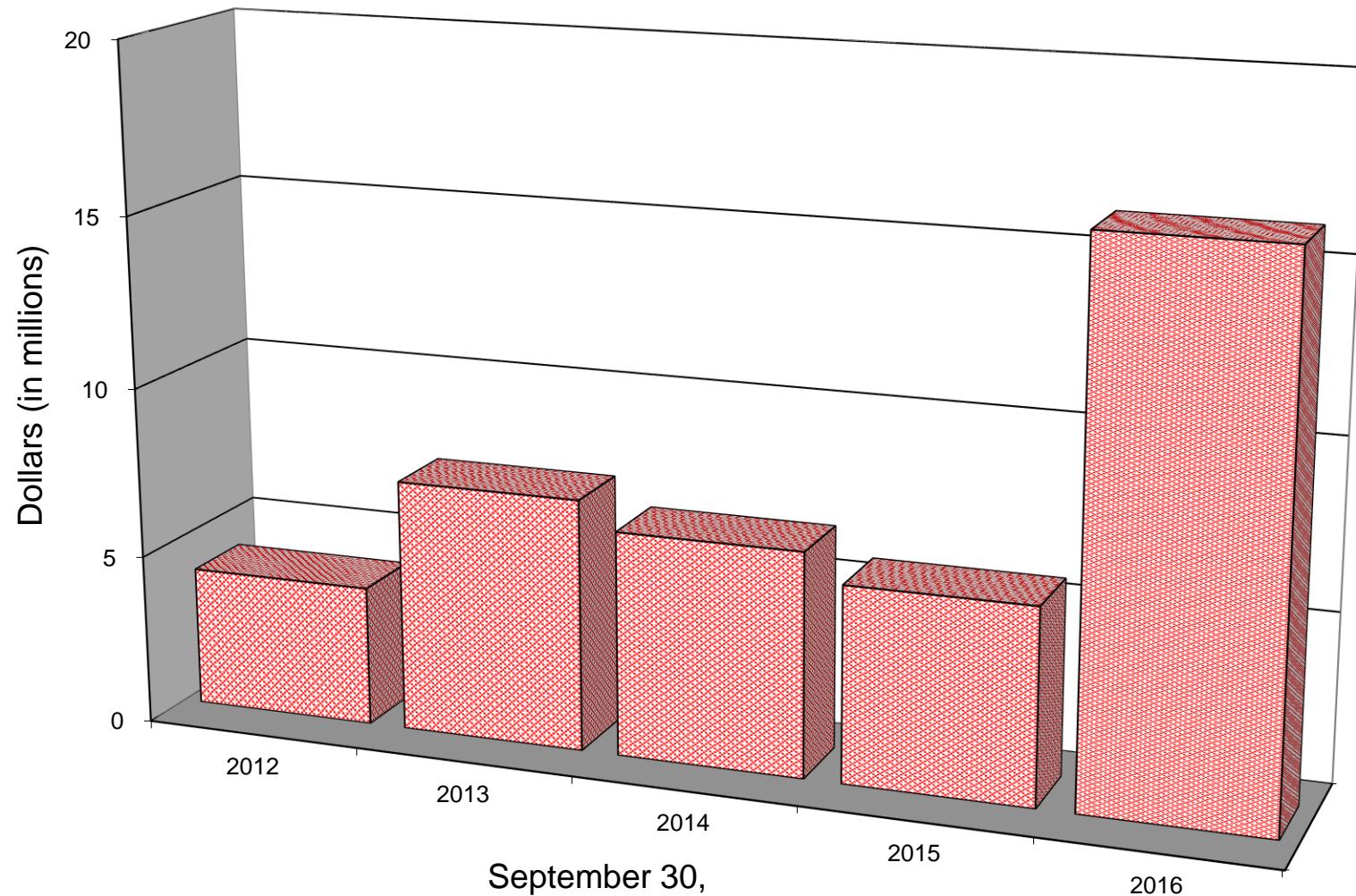


September 30,

(UNAUDITED)

# CITY OF WICHITA FALLS, TEXAS

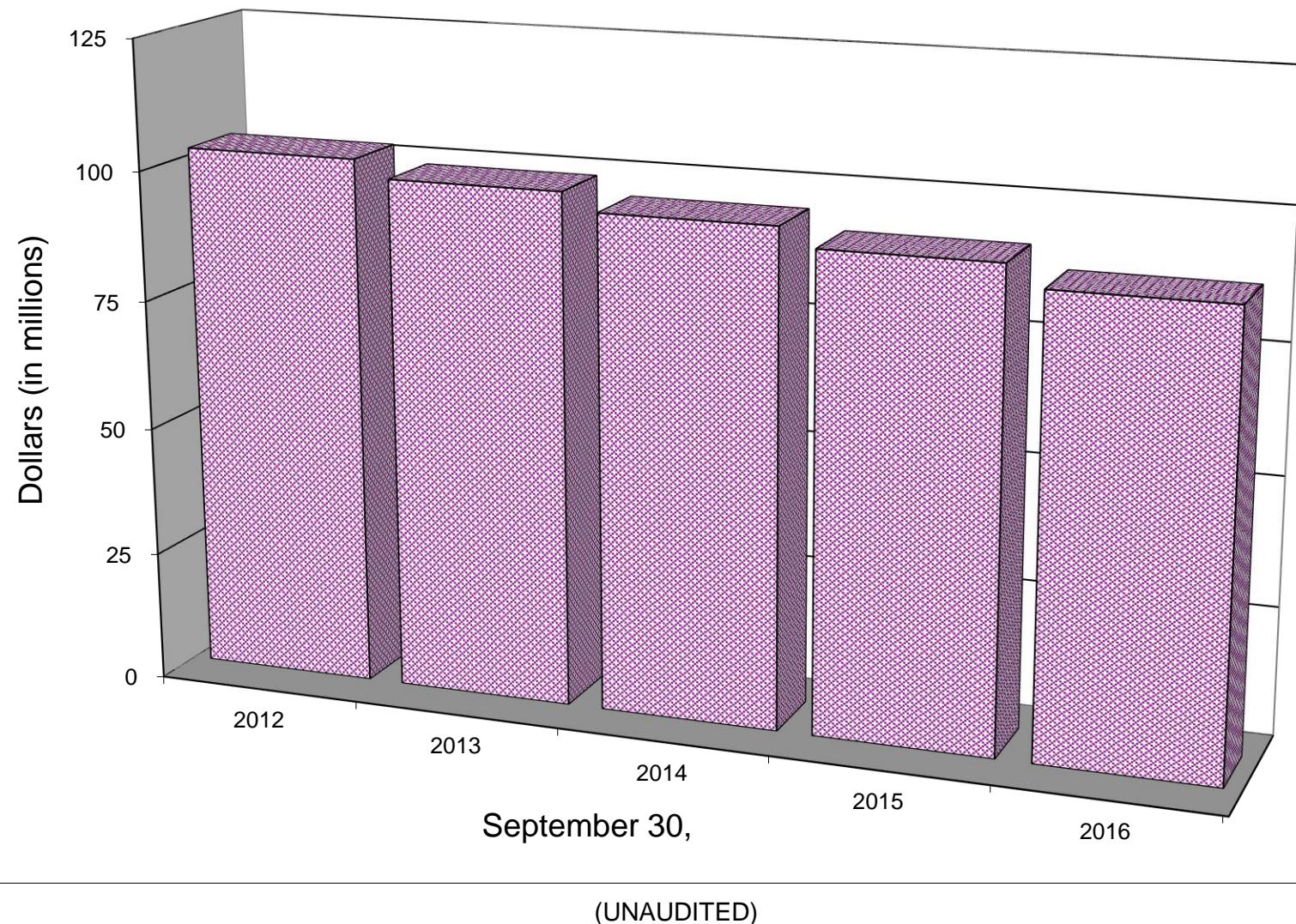
## GENERAL OBLIGATION BONDS PAYABLE



(UNAUDITED)

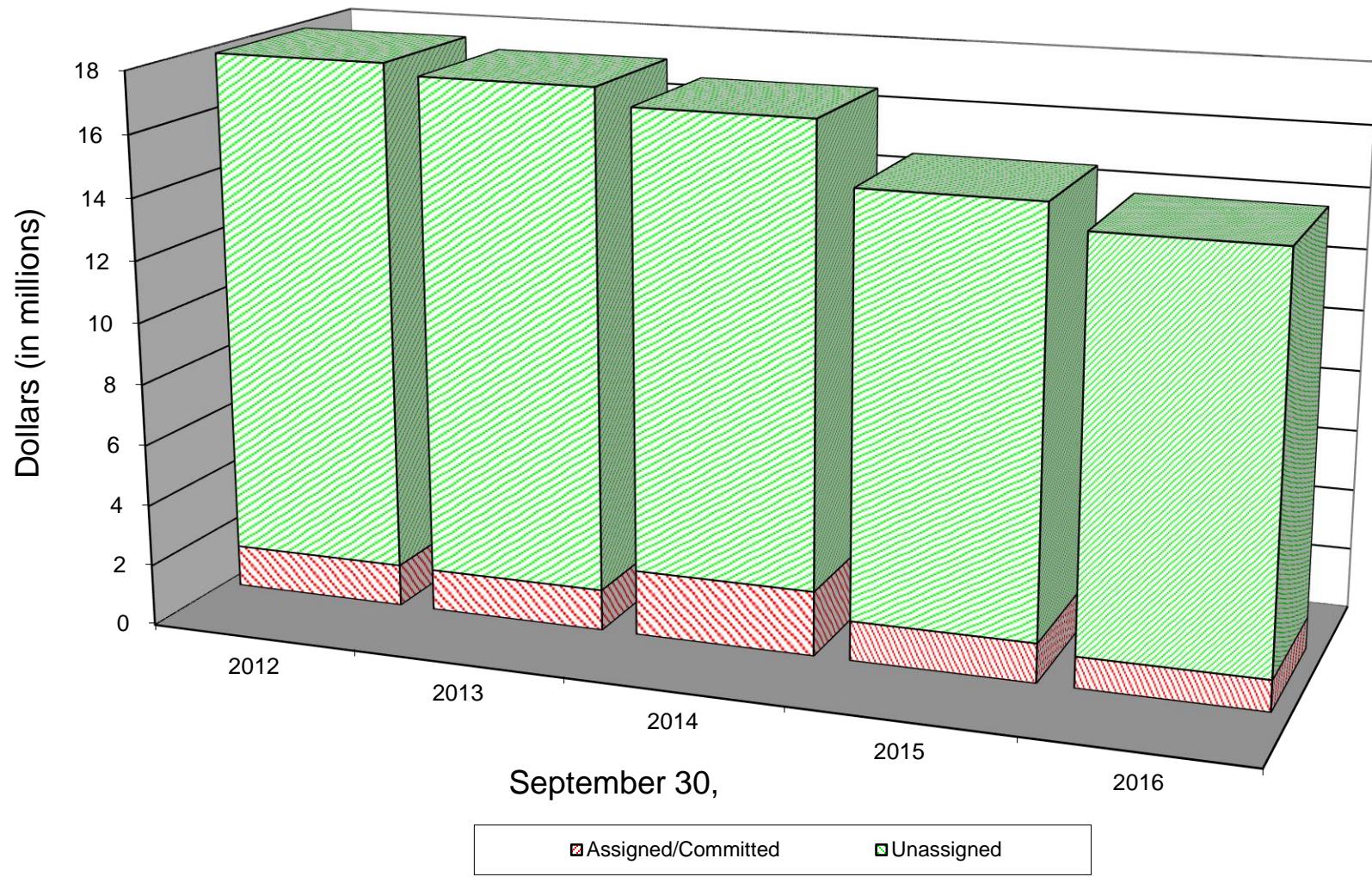
## CITY OF WICHITA FALLS, TEXAS

### REVENUE BONDS PAYABLE



# CITY OF WICHITA FALLS, TEXAS

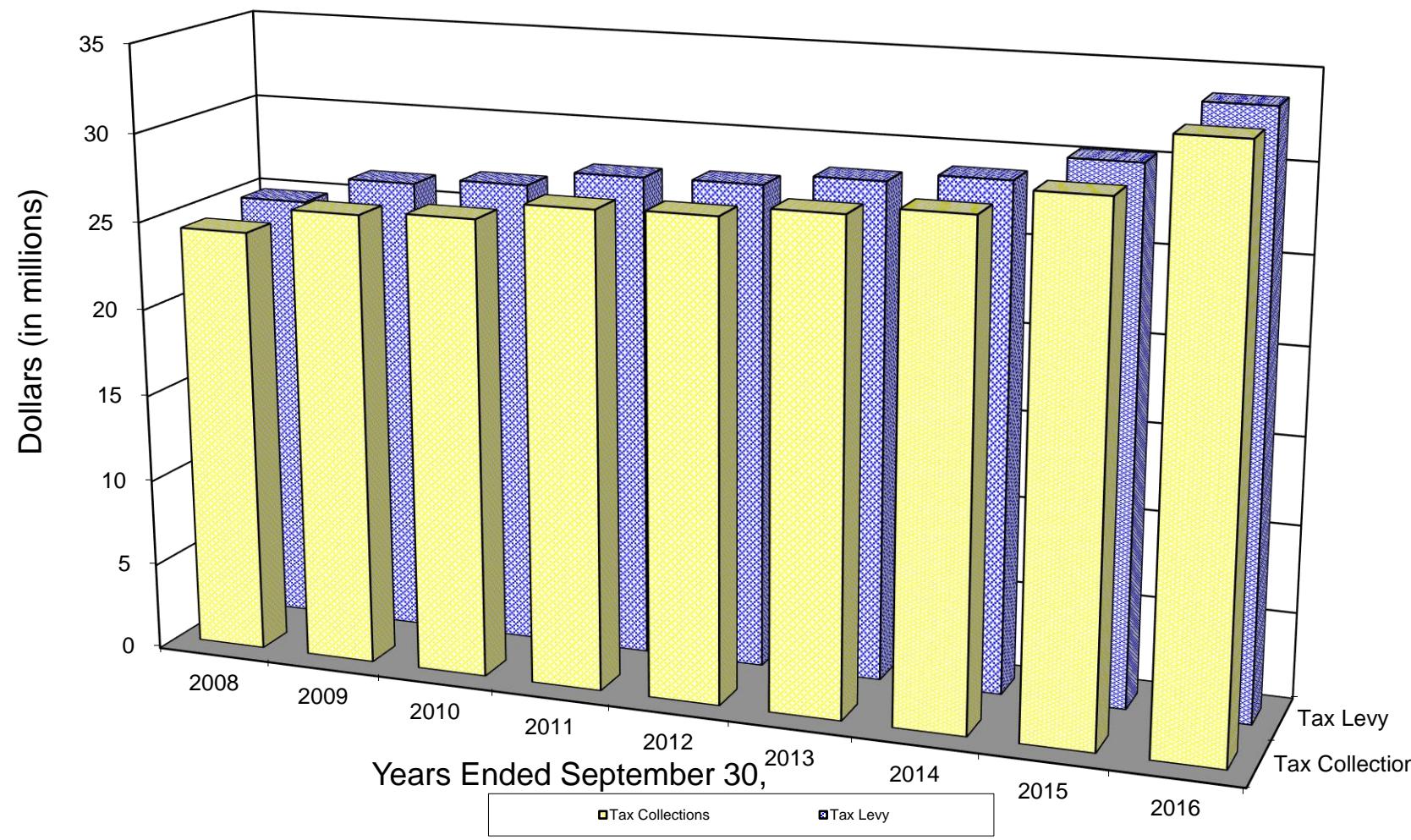
## GENERAL FUND EQUITY



(UNAUDITED)

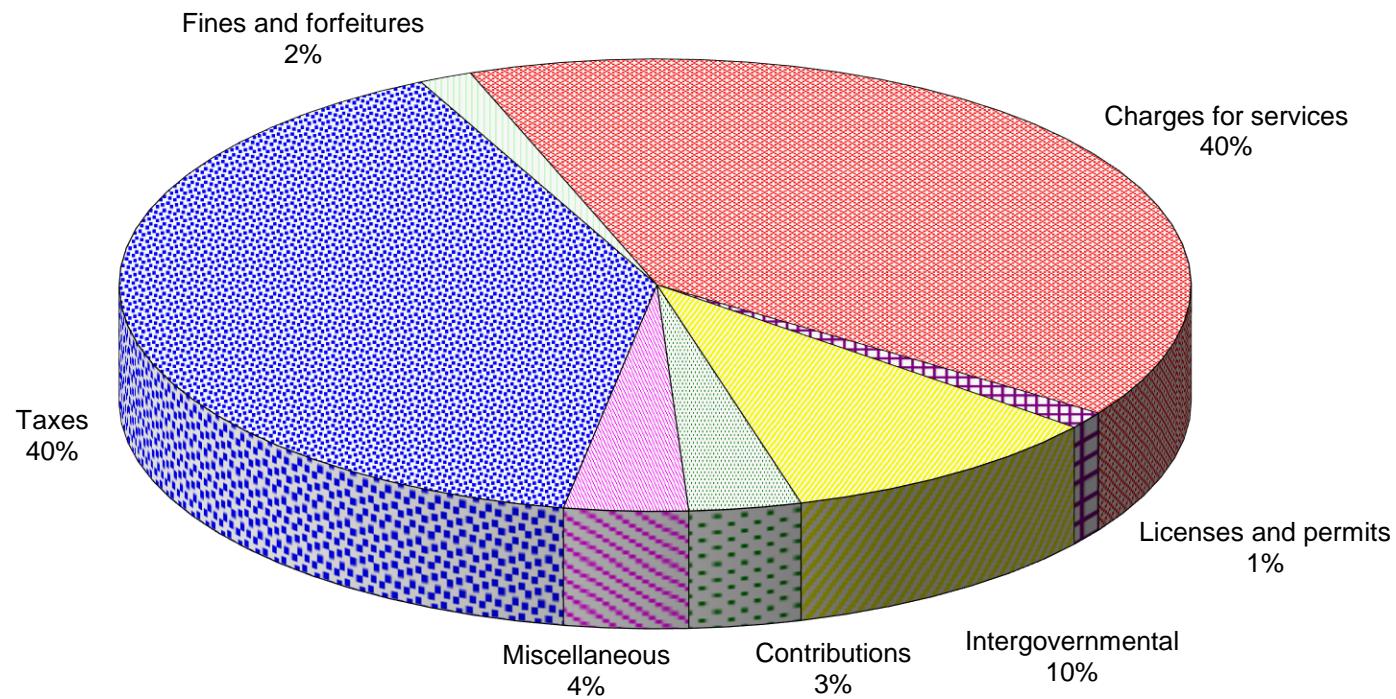
# CITY OF WICHITA FALLS, TEXAS

## COMPARISON OF TAX LEVY AND COLLECTIONS



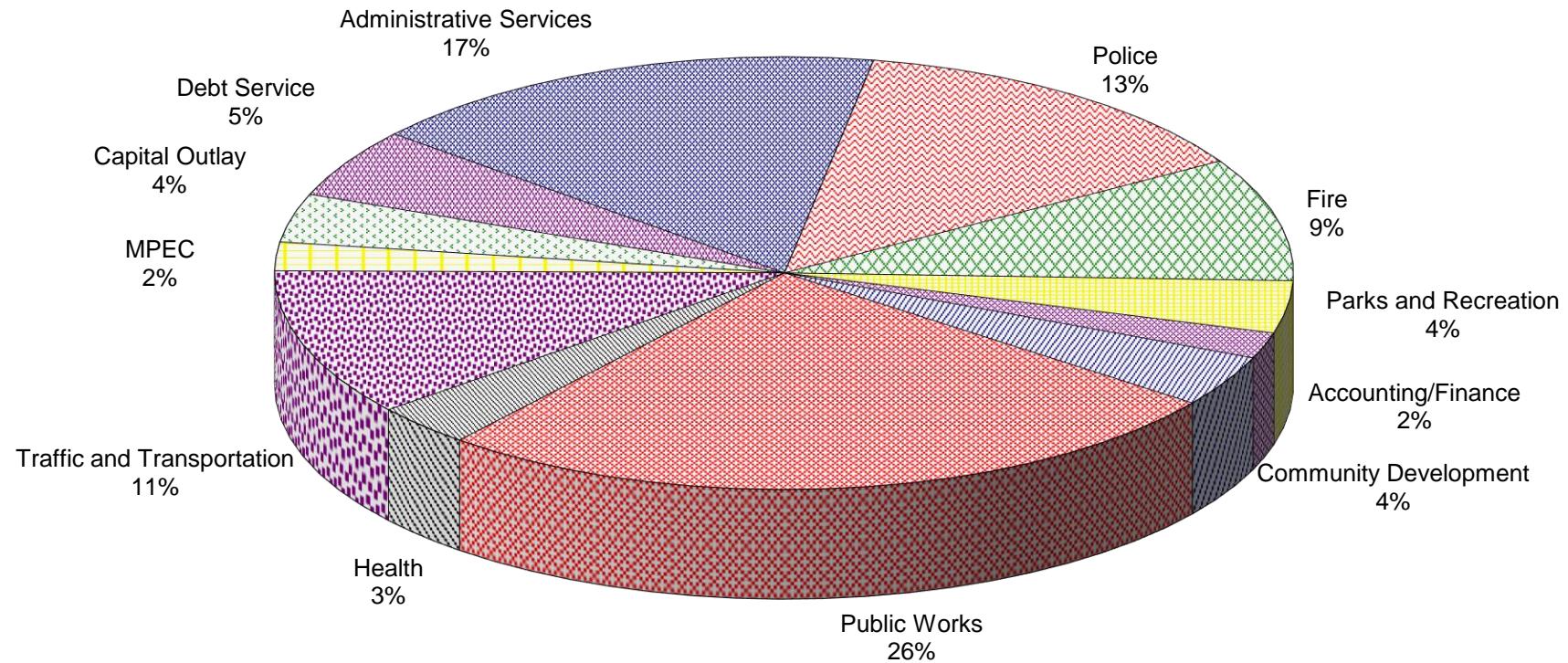
(UNAUDITED)

**CITY OF WICHITA FALLS, TEXAS  
REVENUES BY SOURCE - FYE 9/30/16**



(UNAUDITED)

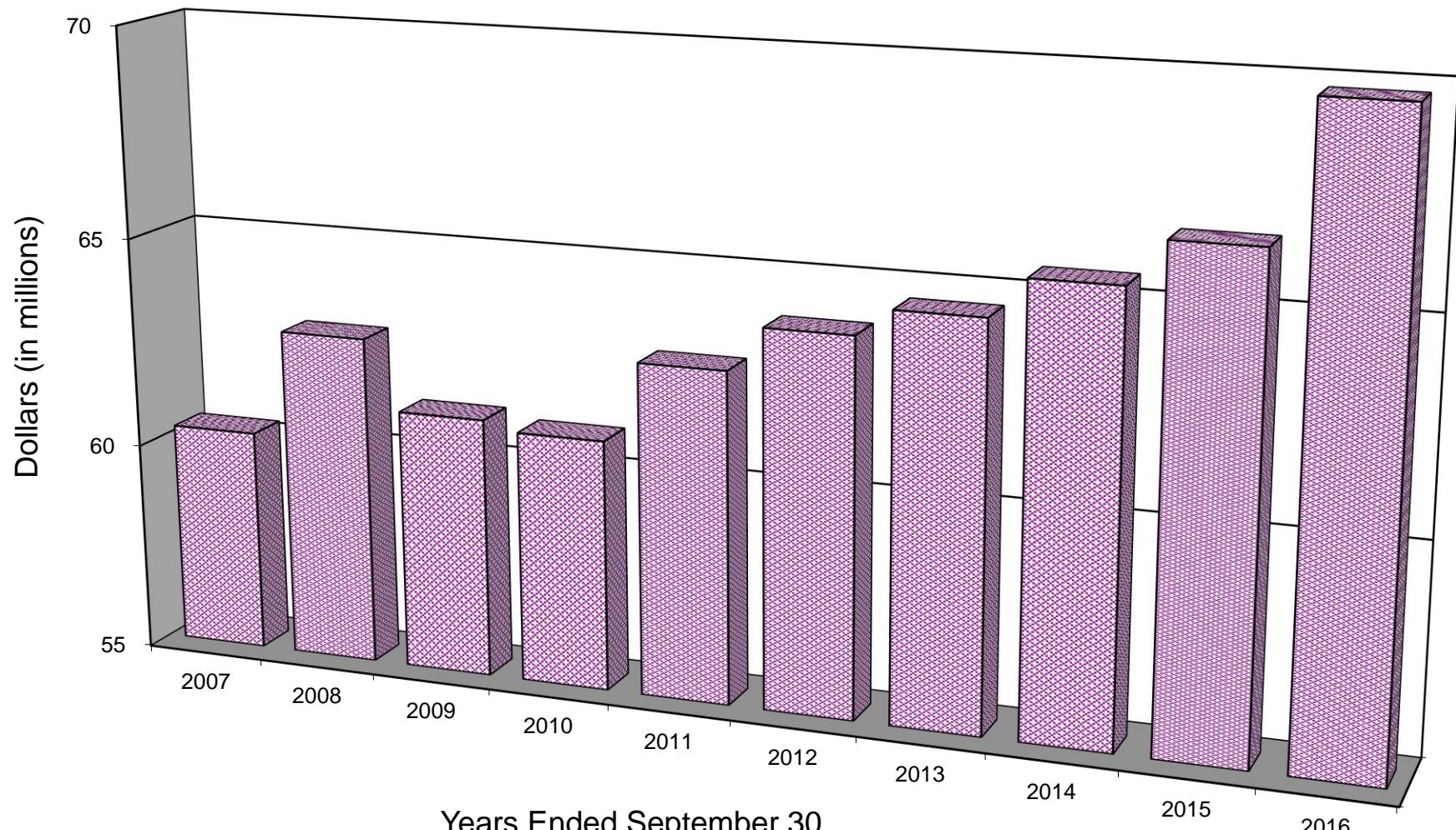
**CITY OF WICHITA FALLS, TEXAS  
EXPENDITURES BY FUNCTION - FYE 9/30/16**



(UNAUDITED)

## CITY OF WICHITA FALLS, TEXAS

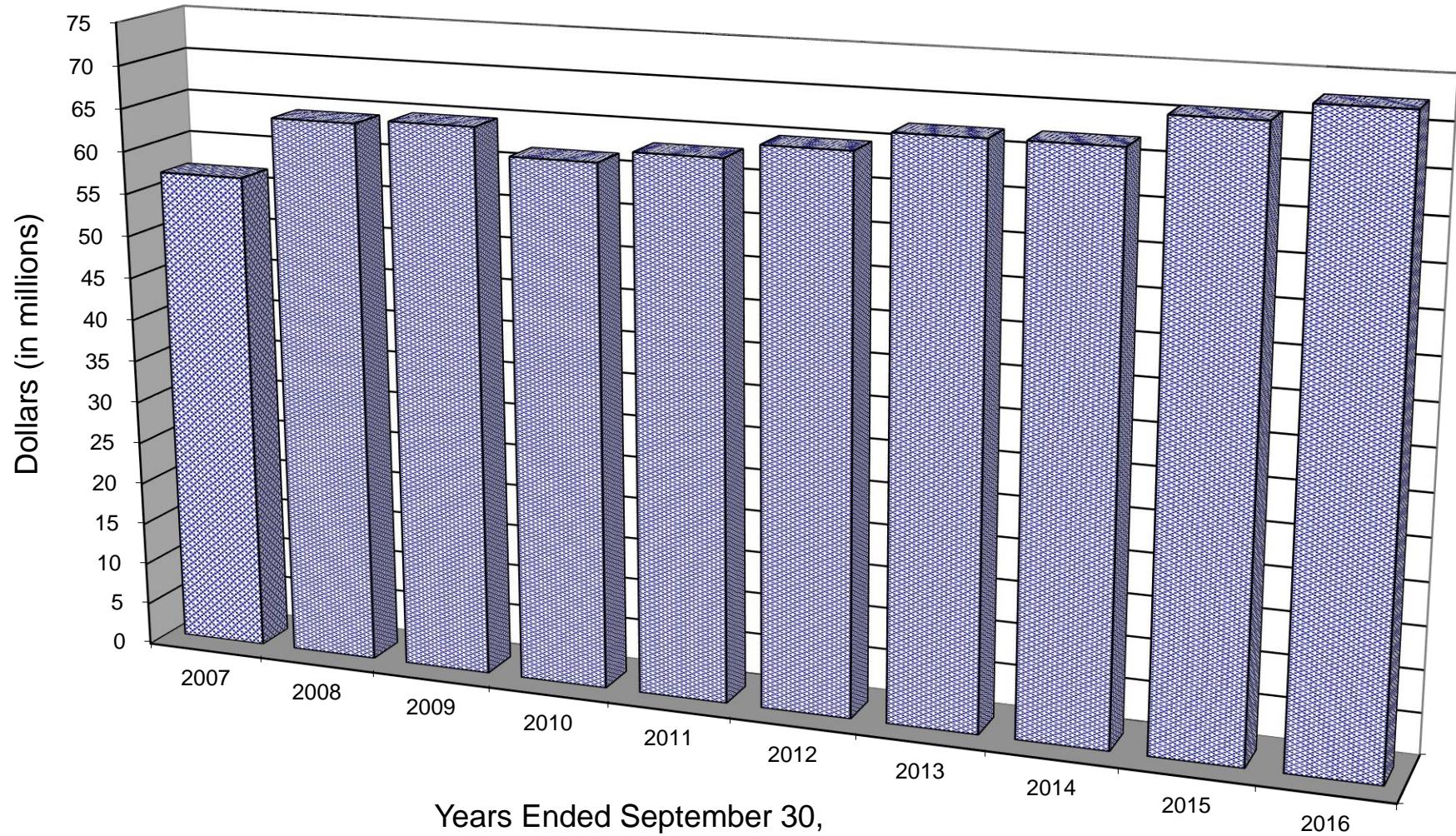
### GENERAL GOVERNMENTAL REVENUES (GENERAL FUND ONLY)



(UNAUDITED)

# CITY OF WICHITA FALLS, TEXAS

## GENERAL GOVERNMENTAL EXPENDITURES (GENERAL FUND ONLY)



(UNAUDITED)

