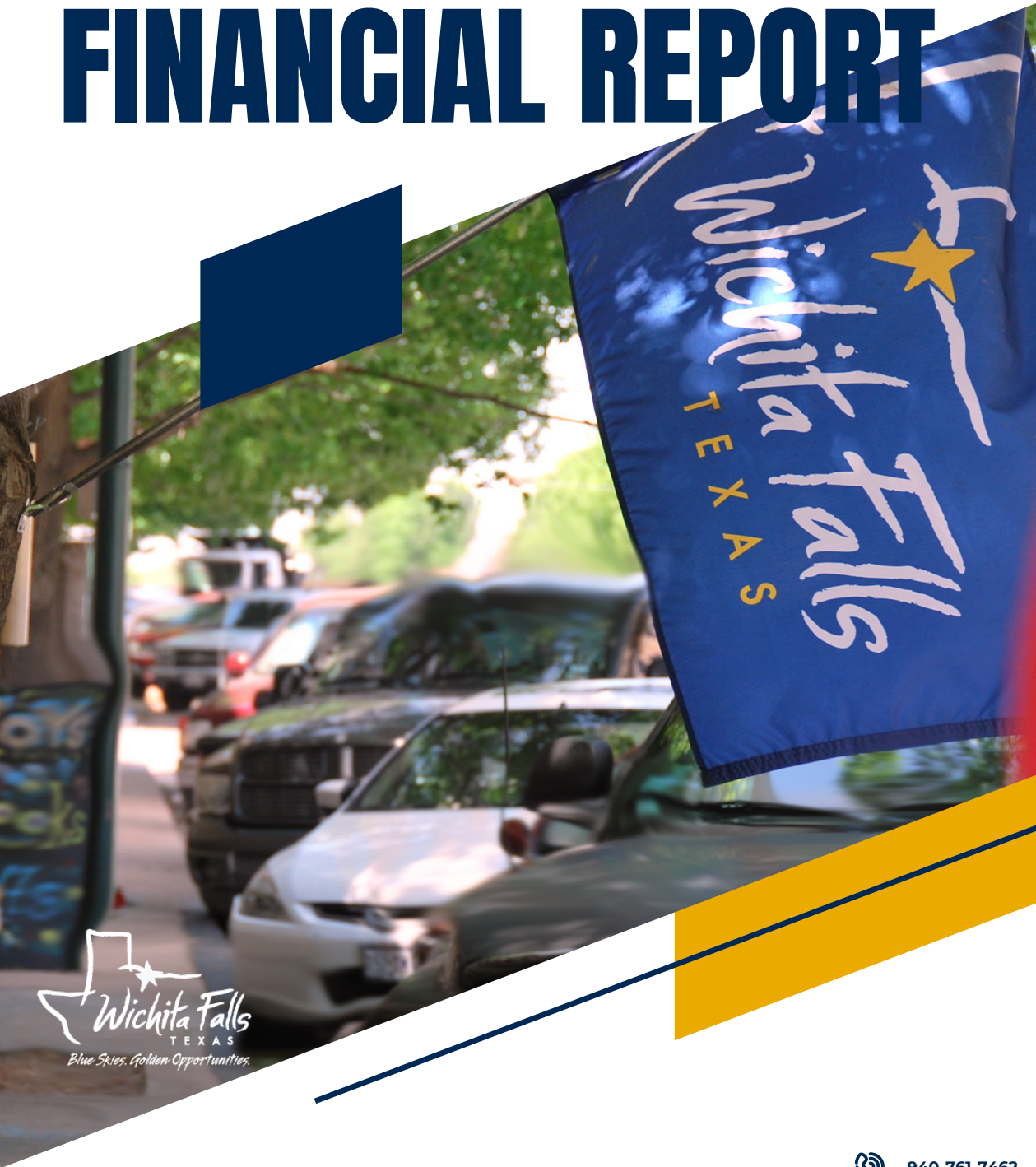


CITY OF WICHITA FALLS, TX

POPULAR ANNUAL FINANCIAL REPORT



FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022



940-761-7462



1300 SEVENTH ST. WICHITA FALLS, TX 76301



WWW.WICHITAFALLSTX.GOV

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A Message from the City Manager

I am pleased to present to you the City of Wichita Falls, Popular Annual Financial Report for the fiscal year ended September 30, 2022. This report is designed to provide a summary view of the financial activities of the City.

This report compliments the City's other financial transparency offerings. These offerings include the City's Fiscal Transparency Website, the City's Annual Operating Budget, Annual Comprehensive Financial Report, and the City's Budget in Brief.

The City's Annual Comprehensive Financial Report is prepared by Management and audited by an outside audit firm on an annual basis. It is then reviewed by the Government Finance Officers Association, which has repeatedly awarded the City with the organizations award for Excellence in Financial Reporting. The Annual Report includes detailed information on all of the City's funds and financial activities.



The information in this report is drawn from the City of Wichita Falls Annual Comprehensive Financial Report for the fiscal year ended September 30, 2022, the City's Annual Operating Budget for FY 2023, and the City's Five-Year Capital Improvement Plan. The report is consistent with Generally Accepted Accounting Principles and reports information pertaining to the City's general fund, government wide financial statements, debt, and capital improvements. For more information on any of these topics, the reader is encouraged to visit the city's financial information available at www.wichitafallstx.gov.

As stewards of public funds, management is proud to present this report and is hopeful that the report will provide further clarity and transparency for the reader.

Respectfully,

Darron Leiker
City of Wichita Falls, City Manager



City of Wichita Falls Memorial Auditorium

Wichita Falls City Council



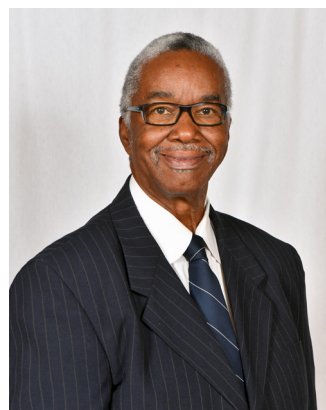
Stephen Santellana
Mayor



Bobby Whiteley At
Large & Mayor Pro Tem



Michael Smith
District 1



Larry Nelson
District 2



Jeff Browning
District 3



Tim Brewer
District 4



Steve Jackson
District 5



City Finance

The City budgets annually based on the City's fiscal year starting on October 1st and ending on September 30th. The process to create the budget begins in March and runs through budget adoption in September. There are many points in the process for the public and the City Council to engage with staff, to provide insight, discuss needs, and provide strategic direction. The City has earned the Distinguished Budget Award from the Government Finance Officers Association of the United States and Canada for the past three years.

Over 1,600 governments, including states, cities, counties, special districts, school districts, and more have been recognized for transparency in budgeting. To earn recognition, budget documents must meet program criteria and excel as a policy document, financial plan, operations guide, and communication tool.

The City of Wichita Falls is dedicated to increasing fiscal transparency. The City participates in the Texas State Comptrollers Transparency Star program. The program recognizes government entities for going above and beyond in their transparency efforts. The program awards a total of 5 stars for entities that accomplish the following:

- Open their books not only in their traditional finances, but also in the areas of contracts and procurement, economic development, public pensions, and debt obligations; and
- Provide clear and meaningful financial information not only by posting financial documents, but also through summaries, visualizations, downloadable data, and other relevant information.



This report contains the following information for the fiscal year ended 09.30.2022:

- A condensed copy of the City's Government-wide financial statements
- General Fund Budget to Actual Comparison

The report contains the following information to the fiscal year beginning 10.01.2023:

- Adopted Annual Operating Budget

For additional details, the reader is encouraged to review the City's website at www.wichitafallstx.gov.



GOVERNMENT FINANCE OFFICERS ASSOCIATION

*Distinguished
Budget Presentation
Award*

PRESENTED TO

**City of Wichita Falls
Texas**

For the Fiscal Year Beginning
October 01, 2021

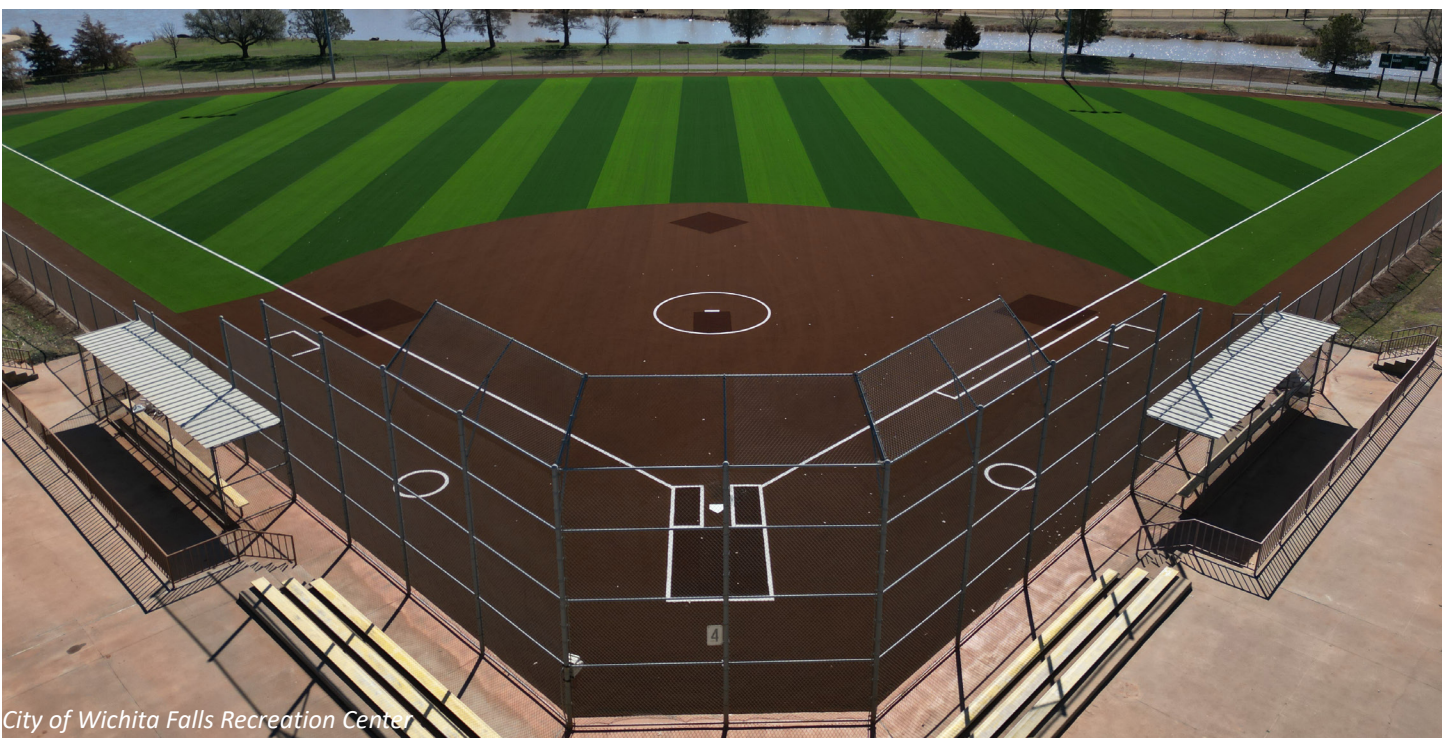
Christopher P. Morrell
Executive Director

About Wichita Falls

Wichita Falls is located about 15 miles south of the Oklahoma border, 115 miles northwest of Fort Worth, and 140 miles southwest of Oklahoma City. It is home to Sheppard Air Force Base, Midwestern State University (MSU), United Regional Healthcare System and the Museum of North Texas History. Wichita Falls boasts considerable cultural activities from the symphony to 'good old' Texas rodeos. The City prides itself on having something for everyone, including a wonderful twenty-mile-long trail system that winds through neighborhoods and along attractive streams for use by walkers, joggers, bicyclers and roller-skaters. In total the City's features 39 parks. Many of the City's parks include picnic shelters, playgrounds, nature trails, duck ponds, and more.

Opportunities to participate in the arts exist throughout the City. Arts experiences include the Wichita Falls ballet troupe, the Museum of North Texas History, and many community theaters which feature everything from Shakespeare to rock concerts. The City hosts a renovated municipal golf course, college football and basketball teams, festivals and fairs. Unlike many other cities, Wichita Falls owns and operates a water park and multi-purpose event center. The City's water park, Castaway Cove offers families a change to swim and play throughout the summer season. The City also hosts a Multi-Purpose Event Center with convention facilities, a 10,000 seat arena, agriculture building, and the Memorial Auditorium.

The greater Wichita Falls area has 185 manufacturing companies producing products for major automotive manufacturers, oil and gas production, construction, aircraft manufacturers, food service providers, water recreation, and more.



City of Wichita Falls Recreation Center

Full Service Hotel & Conference Center

The City has teamed up with O'Reilly Hospitality Management to bring 2 new features to downtown. The project will build a privately funded full service hotel and a publicly funded conference center to the grounds of the City's Multi-Purpose Event Center.



Hotel Details:

200 Rooms

**Full- service - restaurant, bar/lounge,
swimming pool AND fitness center**

94% privately financed

“No Guarantee” of the City of Wichita Falls

**\$2M 4B Sales Tax Corporation forgivable
loan**

CONFERENCE CENTER DETAILS:

35,960 square feet

14,725 square foot banquet room

Financed by 4B Sales Tax Corporation

**No additional tax burden on Wichita Falls
Taxpayers**

10 YR Economic Impact Totals

\$67.4M



City Management of the Multi-Purpose Event Center

The city owns and operates a Multi-Purpose Event Center (MPEC). The Center includes the Kay Yeager Coliseum, the Ray Clymer Exhibit Hall, the J.S. Bridwell Agriculture Center and Memorial Auditorium. In October of 2021, the City resumed management of the MPEC facilities after the five-year agreement with a third-party management company expired. During that time, the City has made tremendous improvements to the facilities and will have held over 260 events through the end of FY 2022.

In FY 2023, the budget includes a recommended for a one-time transfer from the General Fund's surplus fund balance of \$2,689,000. The funds will be used for capital improvements to update and renovate Ray Clymer Exhibit Hall and to update the catering/concession areas. The funds will also be used to establish a Co-Promotional Show fund.



City Funds & Fund Types

GOVERNMENTAL FUNDS

These funds are used to account for the majority of the City's activities. 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 funds 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. Fund balance in governmental funds is represented by the Net Position.

The General Fund is the general operating fund of the City. 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. General operating costs, fixed charges, and capital improvement costs that are not paid through other funds are paid from the General Fund.

Special Revenue Funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specific purposes other than debt service or capital projects.

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. Proprietary funds are reported using the economic resources measurement focus and the accrual basis of accounting in the City's financial statements. The fund balance in a proprietary fund is, in accounting, referred to as 'working capital', it is the variance between current assets and current liabilities. This is because proprietary funds report long-term commitments not reported in the governmental funds.

Enterprise funds are used to account for the City's water and sewer operations, sanitation collection and disposal services, regional and municipal airports, transit operations, storm water drainage improvements, Multi-purpose Event Center, golf course, 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 the 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.

Enterprise funds are reported using the accrual basis of accounting and the economic resources measurement focus.



City Funds & Fund Types

GOVERNMENTAL FUNDS:

General Fund

Debt Service Fund

Hotel/Motel Fund

Community Development Fund

Section 8 Housing Fund

HOME Fund

Transportation Planning grant Fund

State Routine Airport Maint. Fund

Community & Rural Health Fund

TX Healthy Communities

Infectious Disease Fund

Tuberculosis Grant

Immunization Grant Program Fund

Comprehensive Cancer Control Program Fund

WIC Fund

Emergency Management Fund

PROPRIETARY FUNDS:

Water & Sewer Funds

Sanitation Fund

Regional Airport Fund

Kickapoo Airport Fund

Transit Fund

Storm Water Fund

Waterpark Fund

Golf Course Fund

Fleet Fund

Information Technology Fund

Duplicating Services Fund

Government-wide Financial Statements

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The government-wide financial statements, include the statement of net position and the statement of activities. These statements are designed to provide readers with a broad overview of the city's finances in a manner similarly 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 revenue and expenses are included regardless of when cash is received or paid.

Statement of Net Position:

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 deferred outflow, and liabilities and deferred inflows is reported as net position. Overtime, the increases or decreases in net position may serve as a useful indicator of the financial position of the city. To more accurately assess the overall financial condition of the city, the reader should also direct attention to any changes in the property tax base and the condition of the city's infrastructure.

Statement of Activities:

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

These two statements divide the city's activities into three types:

Governmental activities: Most of the city's basic services are reported here, including fire, police, parks, recreation, public works, public health, traffic, transportation, community development, planning, duplicating services, information technology, health insurance claims, the MPEC, Golf Course, and all general administration. Property tax, sales tax, franchise fees, and various grant programs make up the majority of these revenues.



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: There are five, legally separate entities, for which the city is financially accountable. These include the city's 3 tax increment financing districts and the city's 2 sales tax corporations.

The reader is encouraged to visit the City's website to obtain a full copy of the City's Annual Comprehensive Financial Report which includes the full Government-wide Statement of Net Position and Government-wide Statement of Activities. These statements, in conjuncture with the Notes to the Basic Financial Statements, will provide the reader with an overview of the City's financial health and a strong understanding of how the City accounts for all funds.

Condensed Government-wide Statement of Net Position

		Primary Government			Component Units
		Governmental Activities	Business-type Activities	Total	
Assets					
	Total assets	293,010,112	494,572,980	787,583,092	66,600,946
Deferred Outflows of Resources					
	Total deferred outflows of resources	34,248,047	4,972,715	39,220,762	-
Liabilities					
	Total liabilities	181,360,315	119,442,164	300,802,479	31,805,911
Deferred Inflows of Resources					
	Total deferred inflows of resources	46,237,968	5,365,903	51,603,871	-
Net Position					
	Total net position	\$99,659,876	\$374,737,627	\$474,397,503	\$34,795,035

Condensed Government-wide Statement of Activities

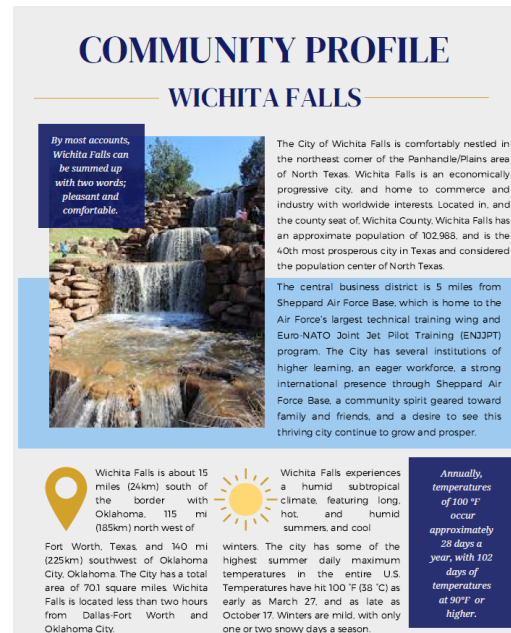
		Program Revenues			Net (Expense) Revenue and Changes in Net Position	Component Units
Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government Total	
Governmental activities:						
Total governmental activities	\$104,138,100	\$11,562,391	\$17,045,852	\$1,876,048	\$(73,653,809)	-
Business-type activities:						
Total business-type activities	55,110,979	76,039,487	4,311,198	3,047,912	28,287,618	-
Total primary government	\$159,249,079	\$87,601,878	\$21,357,050	\$4,923,960	(45,366,191)	-
Component units:						
Community development	\$8,891,283	\$720	\$1,764,467	-	-	(7,126,096)
General revenues and transfers:						
	Total general revenues and transfers				86,728,257	12,366,691
	Change in net position				41,362,066	5,240,595
	Net Position Ending				\$474,397,503	\$34,795,035

General Fund Budget to Actual Comparison

The General Fund is the City's primary operating fund, accounting for resources that have no specific restrictions. These resources may be used for general city operations.

Departments funded by the General Fund include:

Mayor and City Council
City Manager
City Clerk
Human Resources
MLK Center
Public Information
Municipal Court
Building Maintenance
Health Administration
City Nursing
Environmental Health
Animal Services
Lab & Water Pollution
Finance, Accounting & Purchasing
Police
Fire
Recreation
Parks Maintenance
Business Park Maintenance
City Lot Mowing
City Cemetery
Planning, Building and Code Enforcement
Property Management
Lake Lot Administration
Traffic Engineering
Engineering
Streets Maintenance
Legal



Each year, the City reports the status of the General Fund in a separate statement in the Annual Comprehensive Financial Report. This statement is listed on the next page. The statement shows the reader the Fund's revenues, current expenditures, excesses of revenues and expenditures, other financing sources and total ending fund balance.

Fund balances listed on this statement do not necessarily exclude uses of fund balance committed for future years by the City's Council.

Additional information about the City's Fund Balance Policies and uses are available in the City's Annual Operating Budget, available at www.wichitafallstx.gov.

	Original Budget	Final Budget	Actual	Variance With Final Budget - Positive/(Negative)
Revenues:				
Taxes	\$74,429,860	\$74,429,860	\$80,448,805	\$6,018,945
Charges for services	2,786,297	2,786,297	2,974,901	188,604
Licenses and permits	1,932,100	1,932,100	2,303,431	371,331
Fines and forfeitures	2,548,781	2,548,781	2,303,149	(245,632)
Contributions	185,696	185,696	239,454	53,758
Miscellaneous revenue	2,205,078	2,205,078	2,864,211	659,133
Total revenues:	84,087,812	84,087,812	91,133,951	7,046,139
Expenditures:				
Current:				
Administrative services	14,635,299	16,571,978	15,320,078	1,251,900
Police	28,909,301	28,909,301	27,830,038	1,079,263
Fire	18,645,596	18,684,466	18,427,056	257,410
Parks and recreation	6,495,407	6,495,407	5,755,938	739,469
Accounting/finance	894,155	894,155	836,651	57,504
Community development	2,541,552	2,541,552	2,405,539	136,013
Public works	5,825,328	5,837,328	5,407,106	430,222
Health	3,677,046	3,622,196	3,448,077	174,119
Traffic and transportation	1,876,929	1,850,899	2,007,744	(156,845)
Capital outlay	3,640,369	4,905,103	2,785,656	2,119,447
Total expenditures:	87,140,982	90,312,385	84,223,883	6,088,502
Excess of revenues over (under) expenditures:	(3,053,170)	(6,224,573)	6,910,068	13,134,641
Other financing sources (uses):				
Transfers in	3,883,430	3,883,430	3,845,430	(38,000)
Transfers out	(671,463)	(671,463)	(2,125,976)	(1,454,513)
Total other financing sources (uses)	3,211,967	3,211,967	1,719,454	(1,492,513)
Excess of revenues and other sources over (under) expenditures and other uses	158,797	(3,012,606)	8,629,522	11,642,128
Fund balance - beginning	37,431,705	37,431,705	37,431,705	-
Fund balance - ending	\$37,590,502	\$34,419,099	\$46,061,227	\$11,642,128

Adopted Annual Operating Budget FY 2023

Revenues: Revenues collected by the City may be broken down into the following categories: Operating Revenues which are recurring revenues the City may receive annually; Consolidated Revenues which include the transfer of money between funds and other financing sources and includes the use of one-time available surplus funds.

The adopted operating revenue budget for FY 2023 across all funds is \$204,973,228, which is an increase of \$18,251,640 or 9.77% from the FY 2022 Adopted Budget of \$186,721,588. This is consistent with the increased cost to provide municipal services. The Municipal Cost Index through July 2022 indicates a 9.9% year over year increase; the US Bureau of Labor Statistics, on August 15, 2022, indicated inflation rates of 8.5%.

Operating Revenue All Funds	2020-21 Actual Collection	2021-22 Adopted Budget	2022-23 Adopted Budget	Percent Change
Property Taxes	\$41,009,203	\$43,531,653	\$45,112,664	3.63%
Sales Tax	28,362,467	25,332,885	30,680,000	21.11%
Franchise Fees	5,452,158	5,176,870	5,465,100	5.57%
Payments in Lieu of Taxes	1,521,075	1,624,913	1,550,000	-4.61%
Other Taxes	3,510,872	2,896,923	3,631,427	25.35%
Service Charges	84,491,420	85,035,616	90,742,569	6.71%
Licenses & Permits	1,623,596	1,923,600	1,701,991	-11.52%
Fines & Forfeitures	2,198,977	2,548,781	2,516,357	-1.27%
Intergovernmental Rev.	16,094,554	10,294,679	12,285,508	19.34%
Contributions	2,936,369	2,066,950	2,126,644	2.89%
Interest Income	75,550	266,500	2,504,947	839.94%
All Other Revenue	6,506,967	6,022,218	6,656,021	10.52%
Total Operating Revenues	\$193,783,207	\$186,721,588	\$204,973,228	9.77%

CONSOLIDATED REVENUE

This adopted budget estimates revenue collection across all funds at \$233,816,962. This includes the use of one-time available fund balance, transfers between funds, and increases in federal grant revenues. One-time revenues are referred to as "Other Financing Sources" to clearly identify that they are non-recurring and non-operational revenues. These revenues are excesses of fund balance, available above a funds policy, for use for one-time and non-recurring expenditures which are listed in the following expenditure section.

Combined Revenue All Funds	2020-21 Actual	2021-22 Adopted	2022-23 Adopted Budget	Percent Change
Operating Revenues	\$193,783,207	\$186,721,588	\$204,973,228	9.77%
Transfer In	8,920,548	6,071,562	9,534,859	55.39%
Other Financing Sources	0	2,656,725	19,308,875	626.79%
Consolidated Revenues	\$202,703,755	\$195,449,875	\$233,816,962	19.63%



The Adopted Operating Budget may be found at: <https://www.wichitafallstx>.

Adopted Annual Operating Budget FY 2023

Expenditures: The adopted budget for expenditures across all funds is \$233,816,962, which is an increase of \$38,367,087 or 19.63% from the FY 2022 Adopted Budget of \$195,449,875. However, the Operating expenditures, which exclude transfers out and capital improvements, are projected to be \$186,341,504, which is \$16,232,696 or 9.54% higher than the FY 2022 operating expenditures which is the best comparison to last year's operating budget.

The increase in expenditures is driven by the increased cost of goods and services due to inflation, increased capital expenditures for critical infrastructure, and the increased cost of labor to help maintain market competitive compensation.

Expenditures All Funds	2020-21 Actual	2021-22 Adopted	2022-23 Adopted Budget	Percent Change
Personnel Services	\$ 83,915,522	\$ 93,771,616	\$ 97,981,335	4.49%
Supplies	8,619,721	11,125,386	16,303,433	46.54%
Maintenance & Repair	6,383,968	8,516,781	9,550,830	12.14%
Utilities/Other Services	22,384,192	22,632,434	25,824,625	14.10%
Insurance & Contract Supp.	2,765,939	2,879,189	3,478,367	20.81%
Debt Expenditures	18,147,591	19,262,658	19,467,705	1.06%
Other Expenditures	12,590,314	11,561,944	13,574,669	17.41%
Non Capital Improvements	102,698	358,800	160,541	-55.26%
Capital Improvements	5,028,689	19,707,983	38,711,168	96.42%
Transfers Out	4,380,710	5,633,084	8,764,290	55.59%
Total Expenditures	\$ 164,319,346	\$ 195,449,875	\$ 233,816,962	19.63%

The adopted budget includes the use of one-time funds (surplus fund balance) in the General Fund and other funds to complete these one-time projects:

Project	Amount
Police Tactical SWAT Vehicle (MRAP)	\$ 340,000
Golf Course Pavilion and Range Lighting (gap funding)	311,000
Castaway Cove Waterpark New Attraction (gap funding)	575,000
MPEC Co-Promotional Show Fund	100,000
MPEC Exhibit Hall Remodel Projects (Venue Bond gap funding)	2,589,000
Street Improvements	2,000,000
Police Video infrastructure and body cams	1,500,000
Parks Master Plan	200,000
Parks and Recreation Equipment Replacement	525,000
Health Dept. Reception Area Remodel	350,000
Public Safety Facilities Needs Assessment	200,000
General Fund Total	\$ 8,690,000
Sanitation Fund - Landfill Scale & Compactor	1,929,287
Stormwater Fund - Quail Creek, Duncan Channel, Rhea Road	5,667,472
Golf Course Fund - Irrigation and Capital Improvements	205,867
IT Fund - Public Safety Radio Replacement	1,416,250
Grand Total One Time Uses:	\$ 17,908,875



Prepared by the City of Wichita Falls Finance Department
1300 7th Street, Wichita Falls, TX 79301
940.761.7462

The city's Annual Comprehensive Financial Report may be found at
<https://www.wichitafallstx.gov>