



Comprehensive Annual Financial Report

Year Ended September 30, 2018



Circle Trail at Loop 11



CITY OF WICHITA FALLS, TEXAS
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED SEPTEMBER 30, 2018

ISSUED BY:
DEPARTMENT OF FINANCE

CITY OF WICHITA FALLS, TEXAS

COMPREHENSIVE ANNUAL FINANCIAL REPORT FOR THE YEAR ENDED SEPTEMBER 30, 2018

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Introductory Section



FINANCE DEPARTMENT

March 27, 2019

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, 2018. 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, 2018, was prepared according to accounting principles as promulgated by the Governmental Accounting Standards Board (GASB). The financial statements and related notes have been audited by the independent audit firm of Edgin, Parkman, Fleming & Fleming, PC, whose report is included herein.

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

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

GENERAL INFORMATION - CITY OF WICHITA FALLS, TEXAS

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

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

accredited community college. Principal manufacturers within the area include metal fabrication, industrial and commercial equipment, engine components, flexible packaging, and assorted plastic, glass and fiberglass. North Texas State Hospital-Wichita Falls Branch, Midwestern State University, James V. Allred Prison and Sheppard Air Force Base are also large employers located within the city. The City operates a Multi-Purpose Events Center (MPEC), which includes a coliseum, exhibit hall, and an agricultural arena/show barn. The 2018 population for Wichita Falls, as estimated by the City, is 104,747, 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 Metropolitan Statistical Area (MSA) houses a robust manufacturing sector, with many companies having employment in excess of 100 persons. This sector of the economy generates almost \$304 million in annual payroll, representing approximately 9% of total employment within the city, and accounts for more than \$1.5 billion in gross sales annually. Wichita Falls is also a nexus of international investment. Canadian and Mexican companies call Wichita Falls home.

The city is the economic hub of a 60-mile radius trade area, populated by an estimated 437,417 people. Of that population, an estimated 194,517 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, restaurants and hotel/motels have located in Wichita Falls over the last five years.

After suffering four plant closings and the loss of 1,200 jobs as a result of the 2008 recession, Wichita Falls has seen remarkable growth. Since that time, efforts were made to nearly double the economic development marketing campaigns – social media marketing, community-wide branding, target industry marketing efforts and a public relations campaign. Additionally, the City and the Wichita Falls Economic Development Corporation (WFEDC) has been aggressive in attracting new companies and helping local companies to expand over the last eight years in granting economic development incentives for primary job creation. From 2010 through 2018, 46 projects have been approved for incentive funding totaling \$47,809,413 with the potential for creating and/or retaining over 6,512 jobs. Several of these projects have invested in the local economy resulting in the addition or retention of hundreds of jobs including companies such as Pratt & Whitney Component Repair, Vitro Architectural Glass, Arconic, Cryovac/Sealed Air, USA800, Eagle Rail Car Services, and many others.

During the 2018 calendar year, the Wichita Falls Economic Development Corporation (WFEDC) supported numerous economic development projects totaling \$5,987,520:

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

WFEDC, 4B Sales Tax Board, WFISD, MSU, SAFB, and a few industries and local businesses. The work was separated into six phases: project initiation and stakeholder engagement; a regional assessment and development of scorecard; target sector analysis and marketing review; development of the strategy; implementation of the plan; and a one-year implementation assessment. The plan was completed in early 2018 and implementation has begun. It is anticipated that the consulting firm will be back in the Fall of 2019 to assess how well the plan is working. The cost of the study was \$183,500, and both the WFEDC and the Wichita Falls 4B Sales Tax Corporations shared equally with \$91,750 of the cost of the study.

- Sheppard AFB Installation Main Gate Upgrades Project – Sheppard Air Force Base (SAFB) has plans to make extensive revisions to the main gate to the Base, known as Sheppard Gate. These modifications are principally designed to address Unified Facilities Criteria (UFC), in the area of Anti-Terrorism/Force Protection guidelines. This proposed Main Gate Upgrade Project will deliver necessary improvements to safeguard the installation against outside threats and will ensure the safety of airmen, civilians, and support personnel on base. Upgrades will include traffic calming measures by adding curves to inbound/outbound lanes, speed humps, and channelization islands. An additional inbound lane will improve queuing capacity within the Entry Control Facility and reduce traffic congestion past the Burk Burnett Road/Sheppard Access Road intersection. Placement of guard booths at the channelization islands will allow for greater efficiency in ID checks and vehicular denial, while also providing additional safety measures for Security Forces personnel. The cost estimated to complete the project is \$8.7 million. SAFB has a total of \$5.7 million available from grants, and the remaining funds are expected to come from a \$1.5 million State DEAAG Grant and \$1.5 million of WFEDC funds.
- Eagle Rail Car Services Project (Phase III) – Eagle Rail Car Services began operations in Wichita Falls at new facilities located at the former Vetrotex/CertainTeed plant in September of 2014. The WFEDC provided incentives in two previous phases in return for the creation of 124 jobs. The company met those requirements and has invested in excess of \$15 million in the Wichita Falls facility. In late 2018, the WFEDC approved an additional \$500,000 in equipment and cash for jobs if the company creates and maintains an additional 32 jobs.
- Owens Corning Technical Fiberglass Project. Owens Corning has two facilities that manufacture technical fiberglass fabric in the United States, (Wichita Falls, Texas, and Brunswick, Maine). Neither plant is currently competitive, primarily because the company doesn't have enough business to justify two sites. Due to incentives offered by the WFEDC, Owens Corning's management gave approval to consolidate the two facilities in Wichita Falls through an expansion of their existing plant at 210 Randy Drive/2401 Burk Burnett Road in Wichita Falls. It is anticipated that approximately \$12 million of capital investment will be made at the site and a total of 52 net new full-time positions will be created. The total WFEDC economic development incentive is \$1,545,000, consisting of a 10-year forgivable loan of \$820,000 to assist with equipment purchases, \$500,000 in cash for jobs created and retained, and \$225,000 in training funds.
- Operating Expenses Related to Ownership of the former ATCO Structures Property at 2400 Burk Burnett Road and former Stanley Tools Building at 2800 Production Blvd. Each year, operating expenses for buildings owned by the WFEDC are needed while these properties are being renovated and prepared for the market. Due to environmental concerns with the ATCO site, a total of \$105,000 was approved to pay utilities, insurance and maintenance costs while the environmental issues are being addressed. Similarly, the WFEDC owns the former Stanley Tools Property and has spent approximately \$2.6 million renovating that property for a potential economic development project. While this renovation work and marketing efforts are in progress, the WFEDC Board budgeted \$100,000 to pay for routine operating costs at the site.
- Braun Intertec Services Phase II Environmental Study and Affected Property Assessment Report at 2400 Burk Burnett Road. Braun Intertec conducted a Phase II Environmental Study of the former ATCO Structures property at a cost of \$55,000. They conducted twelve borings and installed monitoring wells to collect data over time. They then completed a written report of the environmental contamination along with a cost estimate to remediate the problems. The WFEDC Board then approved an additional \$91,770 for Braun Intertec Services to prepare an Affected Property

Assessment Report. In that report, they are proposing to enroll the site in the TCEQ's Voluntary Cleanup Program in pursuit of a Certificate of Completion (COC) that can be utilized by a future landowner. Groundwater monitoring wells are also proposed in efforts to delineate the on-site chlorinated groundwater contaminant plume identified during the previous investigation. In addition, the field efforts include certain requirements by the Texas Risk Reduction Program to complete an Affected Property Assessment Report (APAR), such as conduct a pump test to characterize the aquifer, conduct a 500-foot Receptor Survey, obtain a 0.5 mile drinking water well report, and other ancillary efforts. They will also sample the pre-existing wells to determine plume stability. Part of that sampling effort will include collection of natural attenuation parameter data that will help them determine what the potential degradation pathways are, and may help identify differences in source plumes. The APAR will incorporate all of these data and the resulting APAR will be submitted to the TCEQ Voluntary Cleanup Program towards the effort of obtaining site closure.

- Workforce Recruitment Program by Sharp Iron. Sharp Iron signed a contract with a customer that resulted in a large demand for skilled Welding Technicians and Assembly Technicians. However, they were finding it difficult to locate and hire welders in the Wichita Falls MSA. Therefore, the WFEDC Board approved \$30,000 to incentivize talent from outside of Wichita County through the Tulsa Welding School (TWS). Tulsa Welding School is one of the nation's top welding schools. With these funds, Sharp Iron is able to provide an additional \$3,000 sign-on bonus and relocation stipend per employee recruited to Wichita Falls under the conditions that the employee to be relocated from outside Wichita County, establish residency in Wichita County, and remain employed in Wichita County a minimum of 6 months. The WFEDC Board approved \$24,000 for the 8 positions needed by the company.
- Nexstar Manufacturing. A new company called Nexstar Manufacturing was established under a lease agreement at 307 Mississippi (the former Lone Star Tool facility). NexStar has begun operations by focusing its offerings in two main sectors: (1) construction manufacturing and (2) oil & gas. Examples of the types of products the company will build include: skids, weldments for heavy construction, waste and water containers, gas production units' separator packages, vertical and horizontal treaters, vertical / horizontal, high and low-pressure separators, indirect line heaters / oil line heaters, gas production units, gas dehydration units and vertical and horizontal filter separators. The total project cost is expected to be \$765,000 and the company has plans to create 94 jobs by the end of 2022. The WFEDC economic incentive package totals \$175,000 for the creation of 25 jobs and will consider additional incentives if/when the company expands.
- Arconic Wichita Falls Improvements to Railroad Tracks on Bacon Switch Road. This project includes the reconstruction of the rail crossing and approaches on Bacon Switch Road that services both the Arconic and Vitro Architectural Glass plants. The WFEDC approved \$50,000 to pay the railroad for the materials to renovate the crossing, the railroad is providing the labor, and Wichita County will improve the approaches to the crossing.
- Cryovac Sealed Air. Cryovac is considering new capital investments in the Wichita Falls plant that could anchor Sealed Air/Cryovac plants in their North Texas locations. A new roof, estimated at \$2.5 million dollars; a new parking lot and other improvements, with costs yet to be determined, will be added to the Wichita Falls plant. The WFEDC incentives are based on a \$1,250,000, No Interest, Forgivable Loan to the company for a period of seven years for the acquisition of a "Vision System" that will be used in conjunction with their printers to inspect the quality of print being placed in their labels, and one Uninterruptable Power Supply (UPS). The WFEDC would require a first lien position on this equipment. For each year that the company creates and maintains 450 jobs at the two regional plants, the loan would be forgiven at the rate of 14.29% per year. At the end of year seven, the company would own the equipment outright. If the company is unable to create and maintain the jobs specified, the amount of the loan not already forgiven would be repayable to the WFEDC.
- Magic Aire. Magic Aire is establishing a new business line to service replacement coils for a multinational HVAC manufacturer. This new coil business would increase the current coil volume produced at Magic Aire by approximately 50%. Magic Aire proposes to establish this new business over a 3-year phase-in period, beginning in May/June 2018, due to the complexity and diversity of the product package, as well as new equipment required of Magic Aire to meet capacity and cost

requirements. The WFEDC Corporation approved a 7-Year forgivable loan for \$500,000 to purchase equipment for this project and to create 20 additional positions.

Additionally, the Wichita Falls 4B Sales Tax Corporation (4B Corporation) provided economic development incentives during the 2018 calendar year primarily to help meet the City Council's goal of redeveloping downtown. Over the past year, 5 Downtown Improvement Grants were approved through the \$5,000 matching grant program, for a total of \$23,043. These grants are typically used for existing business that need help improving their property for such things as sidewalks, facades, awnings, landscaping, lighting, signage, windows, paint, etc. The 4B Corporation also approved 5 projects for new developments in the downtown area totaling \$215,721. These projects are summarized below:

- ARP Brown Building, LLC for a renovation project at 901 Ninth Street. The current owner of the Brown Building at 901 Ninth Street, was awarded \$122,805 to install a fire suppression and alarm system in the building for the construction of 10 upscale apartments in the building at 901 Ninth Street. This project, is expected to cost \$1,250,000 and will include one 870 square foot apartment on the first floor and nine apartments on the second floor ranging from 472 square feet to 920 square feet. The funds were approved as a five-year forgivable loan with payment being made upon receipt of the Certificate of Occupancy. The approved funds would be released after the owners have operated the building as intended for a period of 5 years such that 20% of the loan is forgiven at the end of each year of successful operation.
- Downtown Wichita Falls Development, Inc., for Repair and Upgrades to the Wichita Falls Farmers Market. The City of Wichita Falls owns the Farmers Market at 8th and Ohio and the management and oversight of the facility is addressed through a lease agreement with Downtown Wichita Falls Development, Inc., (DWFD). Pursuant to that lease agreement, the DWFD is responsible for all utilities and operational costs, and minor maintenance expenses that are less than \$400. However, capital improvements are the responsibility of the City. The DWFD was awarded \$20,916 to make lighting, HVAC, electrical, bathroom and other plumbing, and irrigation system improvements at the facility.
- Upstate Ireland, LLC for Historical Preservation and Infrastructure Improvements at Property Located at 614 Seventh Street. The 4B Board awarded a five-year forgivable loan for \$22,000 to Upstate Ireland LLC to restore the historic building at 614 Seventh Street to be used as a retail establishment, yet to be determined. This building has been vacant since 1995. The \$22,000 is 10% of the estimated renovation/construction cost for the project.
- Museum of North Texas History for an Interactive Children's Exhibit. The Museum of North Texas History has plans to redevelop an unused office area of the museum into an interactive children's exhibit. Specifically, the cost of the project is estimated to be \$122,000 to develop an 18' X 14' office space into several exhibits such as a Chisholm Trail Wall and Interactive, Donation Box, Aviation Reading Area, Interactive Plane, Aviation Lightbox Wall, Interactive Lightbox Plane, Oil and Gas Wall and Interactive, Photo Op, and Character Puzzle. The Museum was awarded \$25,000 from the 4B Corporation.
- Historical Preservation and Infrastructure Improvements at Property Located at 600 Sixth Street. The 4B Board approved \$25,000 as a five-year forgivable loan to the owner of this property to restore the historic building at 600 Sixth to be used as a Texas Winery and Tasting Business. The \$25,000 is 10% of the estimated renovation/construction cost for the project of \$254,175.
- Full-Service Hotel/Conference Center Project. For the past 3 years, the City has been working with hotel developers to design and build a full-service hotel and conference center to be located on the grounds of the City's Multi-Purpose Events Center. During that time, the 4B Corporation has spent approximately \$700,000 in pre-development costs such as a conceptual plan, a third party market and econometric study; conceptual architectural drawings; conceptual development and construction budgets; term sheets from the hotel brand and management firm; an outline of the proposed capital and operating financing structure, and establishment of the proposed professional development team. The conceptual plan resulting from this initial work identified a project consisting of a public-private partnership between the City/4B Corporation and the developer in the construction and operation of a

150-room full-service hotel with approximately 12,000 square foot of conference space. Work continues on this project and is conceptualized to be paid for through a large private investment and a forgivable grant from the 4B Corporation for the hotel, 4B Revenue Bonds for the conference center space, and other local tax incentives such as property tax abatement, sales tax rebates, and hotel occupancy tax rebates. Market and Econometric Studies show that this project, if completed, will provide needed hotel space to complement the Multi-Purpose Events Center and generate approximately \$75 million in economic impact to the community over a ten-year period.

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

The value of construction permits is also an indication of economic activity in the community. Residential permits totaled \$32,733,954 during the 2017-18 fiscal year, which is a decrease of \$213,525, or 0.65% from the prior year. However, the value of commercial construction permits totaled \$84,988,771, which is an increase of \$14,151,863, or 19.98% above the prior fiscal year. 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:

- United Regional Health Care - a total of 38,800 sq. ft. with an estimated value of \$7,500,000.
- Cascade Villa Apartments - a total of 79,917 sq. ft. with an estimated value of \$2,128,000.
- ONCOR - a total of 10,947 sq. ft. with an estimated value of \$1,954,000.
- Production Machine and Tool - a total of 20,000 sq. ft. with an estimated value of \$1,800,000.
- United Regional Health Care - a total of 10,000 sq. ft. with an estimated value of \$1,640,500.

Another indicator of local economic performance is the retail sales tax. During the 2017-18 fiscal year, the City generated \$31,814,686 in retail sales taxes, which was \$1,930,157, or 6.56% more than in the prior fiscal year.

MAJOR INITIATIVES

For The Year.

In October 2017, the City Council continued to address a strategic goal to “Redevelop Downtown” by hiring a professional services firm to evaluate the needs for revitalization of the area and to make recommendations for improvements. The study was conducted and a final report was made to the City Council in late 2018. The cost for the study was \$149,000 and was paid for with 4B Sales Tax funds. City staff and several downtown groups are working on implementation of the recommendations outlined in the study.

Another strategic goal of the City Council is to “Provide Adequate Infrastructure”, with three objectives: 1) Plan for Future Infrastructure Bond Elections; 2) Complete Signature Public Improvements; and 3) Replace City Hall. To that end, the City staff established a Public Infrastructure Committee representing every City department to review our capital improvement project needs, develop costs estimates for those projects, and to prioritize the importance of those projects. That committee work was presented to the City Council at their Planning Sessions in January 2018 to discuss a future bond election to finance the highest priority projects. After that discussion, the City Council identified 29 projects at \$131 million to be considered for a bond election to be held in May 2018. These projects were classified under 9 propositions for the voters to consider. Unfortunately, only 1 of the 9 propositions was approved (\$17.3 million in Street improvements). This \$17.3 million was issued through a General Obligation Bond and the proceeds are designated for the extension of Maplewood Avenue from Lawrence Road to McNeil Avenue (estimated at \$1.6 million), widening of Taft Boulevard from FM 369 to FM 2380 (estimated at \$4.7 million), and routine capital street repairs throughout the

city limits (estimated at \$11 million). The projects that were not approved by the voters remain listed in the City's Capital Improvement Plan and will be addressed as alternative funding sources are identified.

During the 2017-18 fiscal year, the Information Technology Department and Finance and Human Resources staffs began implementation of new Finance and Human Resources software applications with technology that integrates with the new Utility Billing and Collections and Municipal Court systems. When this project is complete, Finance, Budgeting, Payroll, Human Resources, Utility Billing and Collections and the Municipal Court Systems will be provided through a fully-integrated product supplied by one vendor. The cost of the new systems was approximately \$840,000 for the Finance and HR applications and is being paid for with funds earmarked for the project in the Information Technology Fund. This project was expected to require approximately 18 months to complete, and it is nearing completion.

In May 2017, bids were awarded for the Hike and Bike Trail from Wichita Bluffs to Loop 11 and construction began in the early part of the 2017-18 fiscal year. This project is generally described as the construction of a concrete hike and bike trail from the Wichita Bluffs Nature Area to Loop 11 with a parking lot, and associated work. This project is the second of three phases in connecting the Circle Trail along Seymour Highway to Lucy Park. The cost of the project was approximately \$1.5 million, 80% of which was paid for with TxDOT & the FHWA's Transportation Alternatives Program (TAP). The City's 20% share of the costs were funded through the 4B Sales Tax Corporation and other Special Park Revenue Funds. The trail is now complete and has been accepted.

The City also refinanced approximately \$6.2 million of outstanding Certificates of Obligation as General Obligation Bonds that will be fully repaid in October 2028. This refinancing resulted in total debt service savings over the remaining life of the bonds at \$670,000. This savings will accrue mostly to the 4B Sales Tax Corporation, but also lowers annual debt service paid from property taxes and proceeds from a contract with the West Texas Utilities Company.

During the year, the City Council approved an energy savings contract with Ameresco Incorporated in the amount of \$2.9 million to install LED roadway lighting fixtures with a performance guarantee that the annual savings in energy and operational costs will be sufficient to pay for the system over a 15-year period. The project is nearly complete and anticipates the replacement of 5,727 street light fixtures. These fixtures have life expectancy of 20 years. The City financed the capital cost for the project through a 15-year lease/purchase agreement and the project is guaranteed to save the City a minimum of \$1.25 million over that 20-year period. In addition to operational cost savings, other benefits of LED's include lower maintenance expense, improved lighting output, and reduced carbon emissions.

The City also entered into a 5-year lease/purchase agreement in the amount of \$414,000 to complete the purchase of a new Traffic Signalization Communication System. The total cost of the system was \$544,000, but \$130,000 was cash financed with funds available in the Traffic Division's budget. This system replaced the prior one that was no longer repairable. Additionally, this newer technology will provide much better communication controls.

In May 2018, the City Council awarded a bid and contract for the construction of a new Wastewater Collection's Office and Equipment Storage Facility. The existing facilities were becoming dilapidated and repairing them was not cost effective. The cost of this facility, including design costs, totaled just slightly over \$1,045,000. The facility is now complete and fully operational.

In July 2018, the City completed Phase I of the Kemp/Monroe Drainage Project. The total cost of the system was financed with cash available in the Stormwater Drainage Improvement Fund in the amount of \$4,203,000. The system consisted of a complete drainage system including curb inlets, box culverts, detention pond with outlet structure, utility relocations, concrete paving and related work.

For The Future.

The City Council recently awarded a contract for Phase II of the Kemp/Monroe Drainage Project. This project is a continuation from Phase I, and is generally described as the construction of an underground drainage system, inlets, street rehabilitation, utility relocations, and associated work improving the storm water drainage in the area. The overall project will eliminate the nuisance flooding of Kemp Street at Avenue M and will

further protect 35 homes from a 100-year rain event. It will also reduce the flood water depth in Monroe Street from approximately 4 feet to 1.3 feet during a 100-year event, allowing for access of emergency vehicles. The total cost for this contract is \$4,112,000 and is also being financed from available cash in the Stormwater Drainage Improvement Fund.

Although several of the propositions for public infrastructure improvements failed at the May 2018 election, the 2018-19 budget for the 4B Corporation, includes funds to address a few of the projects that were on the ballot:

- TAP Grant Match (Circle Trails). The City has received a grant from TxDOT through the Transportation Alternatives Program for three circle trail projects: (1) Loop 11 to Lucy Park; (2) Seymour Highway to Barnett Road; and (3) Lake Wichita from Fairway to Marina. These trail projects will complete 3 of the last 4 sections of the entire 26-mile loop and are very high priorities of the City. The grant provides for 80% of the cost to construct the trails and the City must provide the remaining 20%, plus design costs. There are also some advanced funding amounts the City must pay to TxDOT that will be reimbursed once the projects are completed if the funds aren't needed. These three grants total \$5,432,531 and the City's required funding amount is \$1,547,898. These projects must be under construction by October 2020, so the City is proposing to spread these projects over three fiscal years. The 4B Corporation was asked to provide these matching funds over the next three budget years. In the 2018-19 budget, \$675,560 was approved to construct the section from Loop 11 to Lucy Park, and advance funding amounts for the other two projects that need to be made in 2018-19. It is anticipated that the 4B Corporation will assist in the remaining matching funds for these projects in subsequent budgets.
- MPEC Facility Projects: The 4B Corporation also approved funding in the amount of \$230,000 to address two of the numerous building maintenance/improvement projects for our MPEC facilities: (1) LED Lighting in the Coliseum; and (2) Restroom Renovations in the Exhibit Hall.

The City staff also continues to work with the architectural firm of Bundy, Young, Sims and Potter on a Restoration and Feasibility Evaluation of the City Hall/Memorial Auditorium. This project was separated into two phases: 1) Feasibility Study; and 2) West Wing Stabilization. The Feasibility Study included a comprehensive evaluation of the facility conditions of the City Hall/Memorial Auditorium Building, a current and projected needs assessment of the existing City Hall offices, and conceptual design options for the renovations, restoration, and/or additions to the existing building. The West Wing Stabilization effort was an analysis of the structural stabilization of the West Wing of the building and basic A/E services for the design and construction contract administration for the project selected to stabilize that portion of the building. This study has been completed and it is anticipated that approximately \$500,000 will be needed to stabilize the West Wing and it identified two options for complete renovation of the facility and one option to build a new facility. All three of these options are in excess of \$30 million to complete.

The City entered into a professional services agreement for the design of the Holliday Creek Sanitary Sewer Trunk Main Rehabilitation Project. The City's overall wastewater collection system is comprised of a gravity collection system with numerous lift stations throughout the city. Collection system piping ranges from 6 inches in diameter up to 48 inches in diameter. Approximately 75% of all the wastewater eventually flows into the large diameter collection piping located in the bottom of Holliday Creek and empties into the River Road Resource Recovery Facility. Due to the importance and location of this large collection piping, it is imperative that failure of this pipe be prevented. This large diameter pipe was designed and installed during the construction of the Holliday Creek Flood Control Project in the mid-1980's and is approaching 40 years of age. Over time, the sewer gases have deteriorated some of the pipe to the point that the reinforcing steel is exposed. This project is needed to eliminate the possibility of a failure in this line. The project cost is estimated to be \$3.6 million with funding for the project to come from bond funds remaining from the Indirect Potable Reuse Project and the Direct Potable Reuse Project.

Recently, the City in conjunction with Rolling Plains Management Corporation, applied for, and received nearly \$10 million in a grant award from the Federal Transit Administration (FTA) Section 5339 Buses and Bus Infrastructure Investment Grant Program to design and construct a bus maintenance and repair facility. The current facility was completed in 1984, and it is located in the Central Services Complex. Given the expansion of route services over the years and an increase in the number of buses owned by the City, the Public Transportation Division has outgrown its current location. Additionally, Rolling Plains Management

Corporation has a need for these services and desires to enter into a joint venture agreement to construct this facility to accommodate both organizations. The planned location for this facility is 2004 Old Windthorst Road, which currently houses an old fire station used by the City's Radio staff, as well as 7 acres to the south and west of this building. As this project moves forward, the old fire station will be demolished and the radio staff will move into the Central Services Complex on Seymour Highway. Once the project is complete, the proposed facility will include the following:

- Wichita Falls Transit System administrative offices
- Rolling Plains Management Corporation administrative offices (funding secured by their staff through TxDOT)
- Shared-use facilities to include dispatch, restrooms, locker room, break room, conference room, and wellness room to be built as part of this grant application
- Administrative space to accommodate social service organizations
- Repair/Maintenance facility with seven pull-through bays
- Bus Wash facility
- Fueling facilities to accommodate both diesel and unleaded
- Covered parking for buses
- Parking to accommodate 60 buses

The City's Lake Wichita Revitalization Committee and City staff are using approximately \$400,000 of privately raised funds for professional design and construction oversight services for three shoreline improvement projects at Lake Wichita. The plan for revitalization of Lake Wichita includes the development of a Boardwalk/Pavilion, Kemp Street Boat Ramp and Seawall, and a Veteran's Memorial Plaza. It is anticipated that the Boardwalk/Pavilion will be designed and ready for bidding in April 2019, with the other two projects being ready to bid in September 2019. This timeline, however, assumes that the additional private funds are raised to complete the construction work. At present, the City has received a grant from the Texas Parks & Wildlife in the amount of \$499,536 for the Boardwalk/Pavilion Project, with a project cost estimate of \$1,890,000; a grant from the TP&W in the amount of \$499,680 for the Kemp Street Boat Ramp and Seawall, with a project cost estimate of \$2,305,000; and private pledges have been received for the Veteran's Memorial Plaza in the amount of \$725,000, with a project cost estimate of \$2.4 million. If these private funds are not raised, the City will either be required to scale the projects down considerably, raise the public funds, or consider allowing the grant funding to be reallocated by the State.

The City Council recently authorized a professional services agreement to an engineering firm in the amount of \$385,000 to develop a Sewer System Master Plan. The City of Wichita Fall's wastewater collections system is comprised of 570 miles of sewer collections mains, 51 lift stations, and over 5,300 manholes. The pipe materials are vitrified clay, concrete, and PVC with some of the collection piping being 100 years old. The last update to the sewer collection system master plan was performed in 1999 and primarily focused on constructing large diameter mains to divert flows from the south and western sections of the city to a new treatment facility located near the Tanglewood subdivision. Since 1999, there have been several events that have rendered the exiting master plan obsolete. The primary focus of this plan will be to evaluate the existing collections system for hydraulic deficiencies and develop a capital improvement plan for these areas. It will also evaluate several sectors of the city which have been, and are expected to see continued growth. The plan will identify and recommend how to best service these areas as the collection system expands to accommodate the new growth.

In October 2018, the City Council awarded a project to TriTech Software Systems in the amount of \$1,350,000 to provide installation services and software necessary to implement the City's Computer Aided Dispatch, Police Records Management, and Police/Fire Mobile System. This integrated system of applications are the primary applications used for public safety departments. The prior system was reaching its end of life and that vendor did not have a clear path forward for upgrading to their product. The cost of this project was planned for in the budget and will be paid for with funds available within the Information Technology Service Fund. Work on implementation is beginning and is expected to require 18 months to complete.

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, 2018, 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. If funds fall below these percentages, plans are to be put into place to replenish fund balance. These financial statements reflect that the policy has been followed in the General Fund, Water/Sewer Fund, and the Sanitation Fund.

The City also maintains an informal policy to limit tax supported debt to no more than 5% of total assessed property value or \$1,500 per capita. As of September 30, 2018, the City's tax supported debt was approximately \$55.2 million, which is 1.12% of the taxable value of property, and \$527 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, 2017. This was the 23rd 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,

A handwritten signature in blue ink, appearing to read "Jim Dockery".

Jim Dockery
Deputy City Manager



Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

**City of Wichita Falls
Texas**

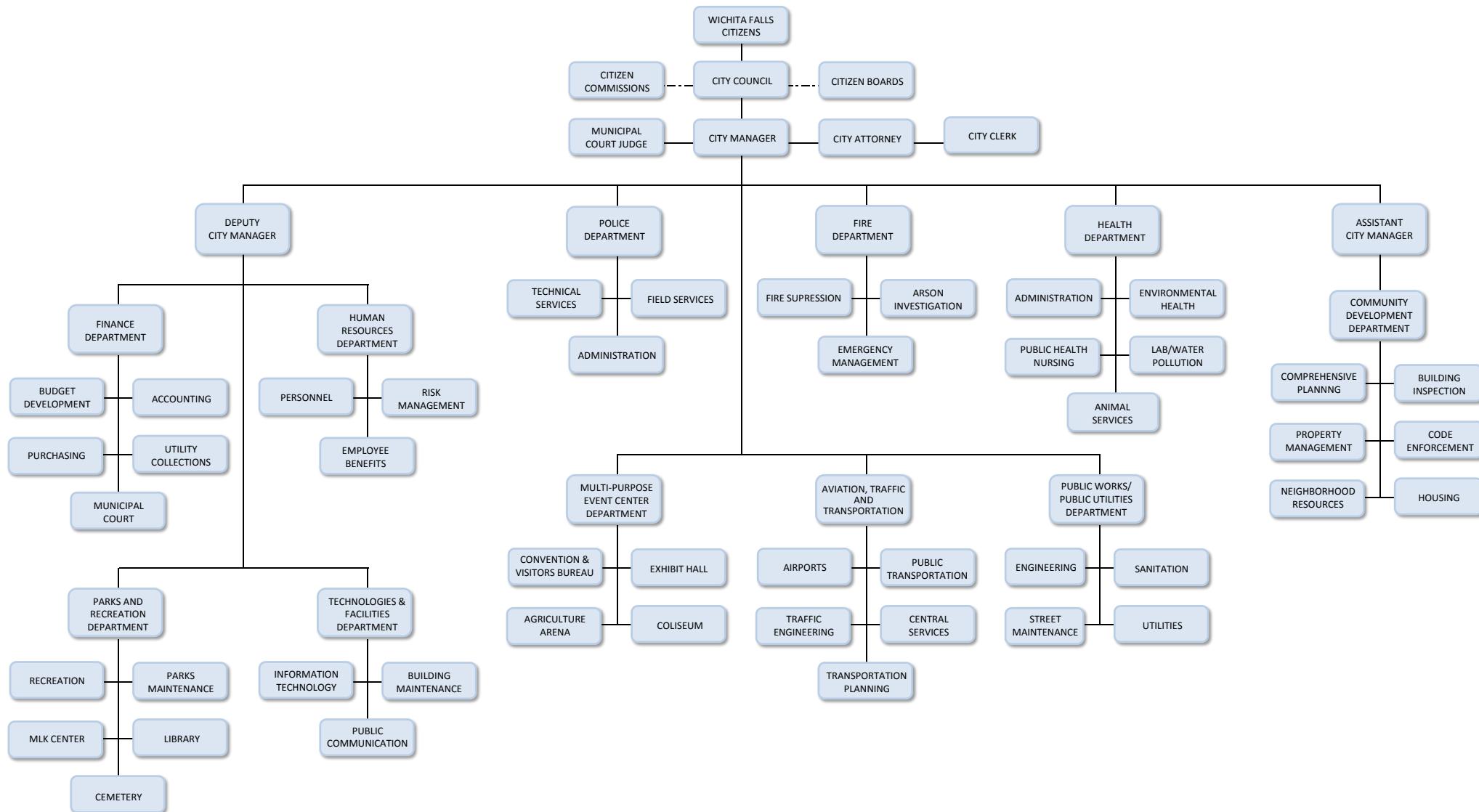
For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

September 30, 2017

Christopher P. Morill

Executive Director/CEO

CITY OF WICHITA FALLS ORGANIZATIONAL CHART



CITY OF WICHITA FALLS, TEXAS

LIST OF PRINCIPAL OFFICIALS SEPTEMBER 30, 2018

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

Financial Section

Independent Auditor's Report



EDGIN, PARKMAN, FLEMING & FLEMING, PC

CERTIFIED PUBLIC ACCOUNTANTS

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

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

Independent Auditor's Report on Financial Statements

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Wichita Falls, Texas (the City) as of and for the year ended September 30, 2018, 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, 2018, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, the Budgetary Comparison Schedule – General Fund, the schedules on the Texas Municipal Retirement System, the Wichita Falls Firemen's Relief and Retirement Fund, and the Wichita Falls Retiree Health Care Plan be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, supporting schedules, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements and supporting schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and supporting schedules are fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued under separate cover our report dated March 27, 2019, 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, PC

March 27, 2019

Management Discussion and Analysis



**City of Wichita Falls, Texas
Management's Discussion and Analysis
September 30, 2018**

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, 2018. 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, 2018, by \$376,000,504 (net position). The net position for the City decreased by \$797,418 over the prior year. This decrease is a result of an increase in net position of \$15,027,850 from the current fiscal year activity offset by a prior period adjustment of (\$15,825,268) as a result of the implementation of Governmental Accounting Standards Board (GASB) Statement No. 75, (GASB 75) *Accounting and Financial Reporting for Post-Employment Benefits Other Than Pensions*. Among other things, GASB 75 requires the governmental entity to record the unfunded actuarial liability for post-employment benefits other than pensions on the face of the government-wide financial statements. The City has implemented GASB 75 which required prior period adjustments to report the effect of GASB 75 retroactively. (See Note 1 Sec G, Note 9 and Note 20 for additional information).

The unrestricted net position for Governmental Activities was (\$81,755,666), while the Business-type Activities had an unrestricted net position of \$35,237,418, for an overall unrestricted net position of (\$46,518,248). Governmental Activities decreased by \$13,289,505 in unrestricted net position from the prior year, while Business-type Activities increased by \$7,663,960 in unrestricted net position from the prior year.

The reduction in unrestricted net position in the Governmental Activities is principally due to the new reporting requirement for the City's Net OPEB Liability of \$11.3 million and an increase in the net pension liability for the Wichita Falls Firemen's Relief and Retirement Fund of approximately \$11 million. Some of these liability increases have been offset, however, by increases in fund balances of the General Fund, Excess Sales Tax Debt Service Fund, Employee Benefit Trust Fund, and Debt Service Fund. The General Fund and the Excess Sales Tax Debt Service Fund benefited by much improved sales tax collections. The Employee Benefit Trust Fund (Internal Service Fund) benefited by lower than anticipated health claims for employees and retirees. Additionally, the Debt Service fund improved its unrestricted net position as grant funds from the Federal Aviation Administration are being used to pay debt service costs for the recently constructed new Regional Airport Terminal.

City of Wichita Falls, Texas
Management's Discussion and Analysis
September 30, 2018
(continued)

Contributing to the positive change in the Business-type Activities unrestricted net position was activity in the Water/Sewer Fund as it increased by \$9.7 million from the prior year. Much of this change in the unrestricted net position of the Water/Sewer Fund is due to an increase in operating revenue of \$2,697,301 compared to the prior year. This increased income can be attributed to the customer base continuing to recover from drought consumption levels while maintaining the same water rates that were approved in August 2014. Additionally, expenditures in the Water/Sewer Fund ended the fiscal year significantly below anticipated levels for work on Lake Ringgold, the Automated Metering System Lease Payment, salaries and benefits, and chemical supplies. The Employee Benefit Trust Fund (Internal Service Fund) benefited by lower than anticipated health claims for employees and retirees. However, over \$4.5 million of unrestricted net position in the Business-type Activities was negatively affected due to the new OPEB reporting requirement.

At September 30, 2018, the City's governmental funds reported combined ending fund balances of \$42,682,534. Of this amount, \$13,229,031, or 30.99%, 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 \$14,133,369 or 18.82% of total General Fund expenditures.

During the 2017-18 fiscal year, the City's total debt increased by \$5,932,785. In August 2018, the City issued \$16,345,000 of General Obligation Bonds with related bond premiums to finance Street Improvements after approval of the voters at an election held in May 2018. Additionally, \$6,170,000 of General Obligation Refunding Bonds with related bond premiums were issued to capitalize on lower interest rates. The City also entered into two capital lease agreements totaling \$3,310,000 during the 2017-18 fiscal year: 1) to finance the replacement of the City-owned street lights with newer and more energy efficient LED lights; and 2) to finance the replacement of the City's Traffic Signal Communication System. 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 15-16 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

City of Wichita Falls, Texas
Management's Discussion and Analysis
September 30, 2018
(continued)

these statements for some items that will result in cash flows in future fiscal periods (e.g. uncollected taxes and earned but not used vacation leave).

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

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

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

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

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

City of Wichita Falls, Texas
Management's Discussion and Analysis
September 30, 2018
(continued)

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

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

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

The Basic Governmental Funds Financial Statements can be found on pages 17-21 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

City of Wichita Falls, Texas
Management's Discussion and Analysis
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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 28-69 of this report.

Government-Wide Financial Analysis

The City's combined net position was \$376,000,504 as of September 30, 2018, a decrease of \$797,418, or .21% 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, \$405,321,627, or 107.80%, 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.

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Management's Discussion and Analysis
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An additional portion of the City's net position, \$17,197,125, or 4.57%, represents resources that are subject to external restrictions on how they may be used.

	Net Position (in thousands)					
	Governmental Activities		Business-type Activities		Total	
	2018	2017	2018	2017	2018	2017
Current and Other Assets	\$ 50,252	\$ 27,797	\$ 71,124	\$ 72,357	\$ 121,376	\$ 100,154
Capital Assets	<u>177,655</u>	<u>177,256</u>	<u>390,028</u>	<u>386,984</u>	<u>567,683</u>	<u>564,240</u>
Total Assets	<u>227,907</u>	<u>205,053</u>	<u>461,152</u>	<u>459,341</u>	<u>689,059</u>	<u>664,394</u>
Deferred Outflows of Resources	<u>48,153</u>	<u>37,804</u>	<u>7,016</u>	<u>8,229</u>	<u>55,169</u>	<u>46,033</u>
Long Term Liabilities	178,002	140,491	157,238	167,891	335,240	308,382
Other Liabilities	<u>9,631</u>	<u>10,207</u>	<u>5,968</u>	<u>10,728</u>	<u>15,599</u>	<u>20,935</u>
Total Liabilities	<u>187,633</u>	<u>150,913</u>	<u>163,206</u>	<u>178,619</u>	<u>350,839</u>	<u>329,317</u>
Deferred Inflows of Resources	<u>13,723</u>	<u>4,136</u>	<u>3,666</u>	<u>176</u>	<u>17,389</u>	<u>4,312</u>
Net Position:						
Net Investment in Capital Assets	150,834	150,776	254,488	250,154	405,322	400,930
Restricted	5,626	5,498	11,571	11,047	17,197	16,545
Unrestricted	(81,756)	(68,251)	35,237	27,574	(46,519)	(40,677)
Total Net Position	<u>\$ 74,704</u>	<u>\$ 88,023</u>	<u>\$ 301,296</u>	<u>\$ 288,775</u>	<u>\$ 376,000</u>	<u>\$ 376,798</u>

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

CHANGES IN NET POSITION
(in thousands)

	Governmental Activities		Business-type Activities		Total	
	2018	2017	2018	2017	2018	2017
Revenues:						
Program Revenues:						
Charges For Services	\$ 7,760	\$ 8,958	\$ 67,691	\$ 64,419	\$ 75,451	\$ 73,377
Operating Grants and Contributions	12,437	14,935	3,938	1,702	16,375	16,637
Capital Grants and Contributions	4,296	1,033	876	397	5,172	1,430
General Revenues:						
Property Taxes	35,842	35,121	-	-	35,842	35,121
Sales Taxes	23,861	22,413	-	-	23,861	22,413
Other Taxes/Fees	7,590	7,363	-	-	7,590	7,363
Investment Earnings	625	303	748	416	1,373	719
Miscellaneous	497	1,652	89	22	586	1,674
Total Revenue	<u>92,908</u>	<u>91,778</u>	<u>73,342</u>	<u>66,956</u>	<u>166,250</u>	<u>158,734</u>
Expenses:						
Administrative Services	16,029	14,984	-	-	16,029	14,984
Police	25,046	25,513	-	-	25,046	25,513
Fire	24,206	21,108	-	-	24,206	21,108
Parks and Recreation	5,485	5,656	-	-	5,485	5,656
Accounting/Finance	664	760	-	-	664	760
Community Development	6,580	6,903	-	-	6,580	6,903
Public Works	8,563	8,552	-	-	8,563	8,552
Health	5,799	5,815	-	-	5,799	5,815
Traffic and Transportation	2,384	2,579	-	-	2,384	2,579
MPEC	3,251	4,021	-	-	3,251	4,021
Interest and Fees on Long-term Debt	1,556	1,444	-	-	1,556	1,444
Regional Airport	-	-	1,908	1,828	1,908	1,828
Kickapoo Airport	-	-	1,259	1,199	1,259	1,199
Transit	-	-	2,377	2,540	2,377	2,540
Sanitation	-	-	10,301	10,217	10,301	10,217
Water and Sewer	-	-	33,427	33,289	33,427	33,289
Stormwater Drainage	-	-	797	816	797	816
Waterpark	-	-	1,591	1,538	1,591	1,538
Total Expenses	<u>99,563</u>	<u>97,335</u>	<u>51,660</u>	<u>51,427</u>	<u>151,223</u>	<u>148,762</u>
Increase (Decrease) in Net Position						
Before Transfers	(6,655)	(5,557)	21,682	15,529	15,027	9,972
Transfers	4,612	5,184	(4,612)	(5,184)	-	-
Increase (Decrease) in Net Position	(2,043)	(373)	17,070	10,345	15,027	9,972
Net Position – Beginning of Year	88,023	88,396	288,775	278,430	376,798	366,826
Prior Period Adjustment	(11,276)	-	(4,549)	-	(15,825)	-
Net Position – End of Year	<u>\$74,704</u>	<u>\$88,023</u>	<u>\$301,296</u>	<u>\$288,775</u>	<u>\$376,000</u>	<u>\$376,798</u>

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

Governmental Activities – Governmental Activities decreased the City's net position by \$13,319,008. This reduction is principally due to the new reporting requirement for the City's Net OPEB Liability of \$11.3 million and an increase in the net pension liability for the Wichita Falls Firemen's Relief and Retirement Fund of approximately \$11 million. Some of these liability increases have been offset, however, by increases in fund balances of the General Fund, Excess Sales Tax Debt Service Fund, Employee Benefit Trust Fund, and Debt Service Fund. The General Fund and the Excess Sales Tax Debt Service Fund benefited by much improved sales tax collections. The Employee Benefit Trust Fund (Internal Service Fund) benefited by lower than anticipated health claims for employees and retirees. Additionally, the Debt Service fund improved its unrestricted net position as grant funds from the Federal Aviation Administration are being used to pay debt service costs for the recently constructed new Regional Airport Terminal.

Business-Type Activities – Business-type Activities increased the City's net position by \$12,521,590. Contributing to the positive change in the Business-type Activities in net position is the Water/Sewer Fund as it reflected a net change of \$11,222,796. Much of this change in the Water/Sewer Fund is due to an increase in operating revenue of \$2,697,301 compared to the prior year. This increased income can be attributed to the customer base continuing to recover from drought consumption levels while maintaining the same water rates that were approved in August 2014. Additionally, expenditures in the Water/Sewer Fund ended the fiscal year significantly below anticipated levels for work on Lake Ringgold, the Automated Metering System Lease Payment, salaries and benefits, and chemical supplies. Other Business-type Activities to note that resulted in an increase of the City's net position include the Kickapoo Airport Fund due to receipt of approximately \$2.2 million in grant revenue for capital improvements, and the Transit Fund as nearly \$2 million in capital assets for the Travel Plaza that is located at the entrance to Sheppard Air Force Base were reclassified from Governmental Funds. Furthermore, the Sanitation Fund received higher than anticipated revenues at the landfill and lower than anticipated expenditures due to a purchase for motor vehicle equipment that was encumbered but not paid for prior to close of the fiscal year. These increases in net position, however, were partially offset due to the new OPEB reporting requirement of over \$4.5 million of liability in the Business-type Activities.

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, 2018, the City's governmental funds reported combined fund balances of \$42,682,534, which is an increase of \$21,289,847 from the prior year. Virtually all of this increase is due to proceeds from capital leases and the General Obligation Bond Issue that remained to be spent at the close of the fiscal year.

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 \$14,133,369, an increase of \$995,062 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 18.82% of total General Fund expenditures, while the total fund balance represents 24.37% of total General Fund expenditures.

City of Wichita Falls, Texas
Management's Discussion and Analysis
September 30, 2018
(continued)

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

The City's internal service funds include the Fleet Maintenance Fund, Employee Benefit Trust Fund, Duplicating Services Fund and the Information Technology Fund. At the close of September 30, 2018, the net position for the City's internal service funds was \$29,199,609, an increase of \$1,698,027. The largest contributing factor for this increase in net position is reflected in the Employee Benefit Trust Fund. The EBT Fund benefited this fiscal year due to lower than anticipated health claims.

General Fund Budgetary Highlights

The final amended expenditure budget for the General Fund, including transfers out, was increased by \$1,609,881 from the original adopted budget. The reason for this increase in appropriations can be briefly summarized as follows:

- Approximately \$1,060,000 of prior year encumbrances were carried forward into the 2017-18 amended budget. These encumbrances were used for on-going projects which included \$707,860 for street repairs and \$213,387 for City Hall structural engineering fees and repairs.
- Other amendments to the General Fund budget were needed for increases to central garage charges to account for higher than anticipated fuel prices; an appropriation for a large legal settlement; and increased subsidies for the MPEC and Regional Airport that were higher than original budgeted expectations.

Actual revenues in the General Fund for the 2017-18 fiscal year were \$72,965,565, which was \$585,838 over final budgeted revenues. Sales tax collections and municipal court fines performed better than budgeted levels. Additionally, interest earnings on the City's idle cash generated nearly \$300,000 more than budgeted amounts due to financial market improvements and higher interest rates on investments.

Actual expenditures in the General Fund for the 2017-18 fiscal year were \$75,116,308, which was \$1,002,167 below budgeted expenditures. A large portion of this variance was due to large encumbrances for street repairs and building structure repairs that were not liquidated by the close of the fiscal year that will be expended in the 2018-19 fiscal year. Additionally, the General Fund experienced lower than budgeted expenditures for personnel services as savings accrued while vacated positions were being advertised and recruited to fill those vacancies.

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, 2018 amounts to \$567,683,153 (net of accumulated depreciation).

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Management's Discussion and Analysis
September 30, 2018
(continued)

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:

- Completion of the Permanent Indirect Potable Water Reuse Project
- Completion of Phase I of the Kemp-Monroe Drainage Improvements Project
- Substantial Completion of the Hike and Bike Trail from the Wichita Bluffs to Loop 11
- Construction in progress of the Wastewater Collections Office and Equipment Storage Facility
- Completion of the Sheppard Air Force Base Main Gate Plaza Project
- Street Rehabilitation and Utility Improvement Projects

Capital Assets, net of Accumulated Depreciation
(in thousands)

	Governmental Activities		Business-type Activities		Total	
	2018	2017	2018	2017	2018	2017
Land	\$ 10,683	\$ 12,227	\$ 10,835	\$ 9,303	\$ 21,518	\$ 21,530
Land Betterments	15,698	16,192	36,965	29,920	52,663	46,112
Buildings, Systems and Improvements	47,666	49,381	318,589	279,109	366,255	328,490
Infrastructure	90,535	84,404	-	-	90,535	84,404
Machinery and Equip	9,251	10,820	2,175	2,395	11,426	13,215
Furniture and Fixtures	-	-	6	9	6	9
Motor Vehicles	-	-	16,588	14,874	16,588	14,874
Construction in Progress	<u>3,822</u>	<u>4,232</u>	<u>4,870</u>	<u>51,374</u>	<u>8,692</u>	<u>55,606</u>
Totals	<u><u>\$177,655</u></u>	<u><u>\$177,256</u></u>	<u><u>\$390,028</u></u>	<u><u>\$386,984</u></u>	<u><u>\$567,683</u></u>	<u><u>\$564,240</u></u>

Additional information on the City's capital assets can be found in Note 7 on pages 45-46 of this report.

Long Term Debt – At the end of the current fiscal year, the City had a total bonded debt, notes and capital leases outstanding of \$200,868,078. During the 2017-18 fiscal year, the City's total debt increased by \$5,932,785. In August 2018, the City issued \$16,345,000 of General Obligation Bonds with related bond premiums to finance Street Improvements after approval of the voters at an election held in May 2018. Additionally, \$6,170,000 of General Obligation Refunding Bonds with related bond premiums were issued to capitalize on lower interest rates. The City also entered

City of Wichita Falls, Texas
Management's Discussion and Analysis
September 30, 2018
(continued)

into two capital lease agreements totaling \$3,310,000 during the 2017-18 fiscal year: 1) to finance the replacement of the City-owned street lights with newer and more energy efficient LED lights; and 2) to finance the replacement of the City's Traffic Signal Communication System. 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, 2018, 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. It should be noted, however, that in November 2018, Moody's announced that the City's rating for Water and Sewer System Revenue Bonds was increased from A3 to A1 due to much improved financial position and stability of the City's Water and Sewer Fund.

Outstanding Debt at Year-End
(in thousands)

	Governmental Activities		Business-type Activities		Total	
	2018	2017	2018	2017	2018	2017
General Obligation Bonds	\$ 34,000	\$ 13,355	\$ -	\$ -	\$ 34,000	\$ 13,355
Combination Tax and Revenue Bonds	21,155	29,315	41,170	46,260	62,325	75,575
Utility System Revenue Bonds	-	-	68,485	71,370	68,485	71,370
Premiums on Bonds	2,393	898	9,666	11,767	12,059	12,665
Capital Lease Payable	5,468	2,466	18,210	19,143	23,678	21,609
Notes Payable	-	-	321	361	321	361
Total	\$ 63,016	\$ 46,034	\$ 137,852	\$ 148,901	\$ 200,868	\$ 194,935

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, 2018, was \$.70598 per \$100, which means that the City has a tax margin of \$1.54402 per \$100, and could generate up to \$76,300,093 additional tax revenue a year from the present assessed valuation of \$4,941,651,841 before the limit is reached. The current ratio of general bonded debt outstanding to the assessed value of all taxable property is 1.16%.

Additional information about the City's long-term debt can be found in Note 14 on pages 61-65 of this report.

City of Wichita Falls, Texas
Management's Discussion and Analysis
September 30, 2018
(continued)

Economic Factors and Next Year's Budget and Rates

Total revenues for the 2018-19 budget are projected at \$179,534,242, which is an increase of \$5,934,615, or 3.42% from the 2017-18 adopted budget. Taxes make up the largest portion of this increase because of growth in the property tax base, increased property tax rate, and increasing sales tax receipts. The property tax rate was increased to \$0.72988, which is an increase by 2.39 cents per \$100 of taxable property value and the revenue generated from this tax increase is needed entirely to pay for new debt payments on the 20-year General Obligation Bonds that were issued for street improvements. Sales tax revenues for the 2018-19 budget are projected to be \$23,520,755, which is \$1,141,061, or 5.10% above the prior year budget. This revenue forecasting methodology does not apply future growth because the average annual increase in sales tax receipts for the City of Wichita Falls over the last five years has only been 1.46%. The budget also includes an increase in revenue from Sanitation Collection Charges resulting from an increase in rates of 6% to all customer classes.

The total expenditure budget for the 2018-19 fiscal year is \$178,442,949, which is an increase of \$4,449,920, or 2.56% from the 2017-18 adopted budget. The primary causes for this change is due principally to a 3% across the board pay increase to all of the City's pay plans, step/merit pay, and increased contributions to the Employee/Retiree Health Insurance Program. Another increase in expenditures is to begin the first payment for 20-Year General Obligation Bonds that were issued for Street Improvements resulting from the May 2018 bond election.

The City maintains reserves in the General Fund to be used for major emergencies such as a widespread tornado, large legal liabilities or important one-time expenditures. The Government Finance Officers Association recommends maintaining a fund balance in the General Fund between 15 to 25% of the annual operational cost of the fund. The City's fund balance policy established a goal of maintaining 20% of expenditures in General Fund Reserves. The Unassigned General Fund Balance is slightly below the 20% level so the City does not plan to use these reserve funds to fund any one-time capital improvement project.

Requests for Information

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

Basic Financial Statements

CITY OF WICHITA FALLS, TEXAS
STATEMENT OF NET POSITION
SEPTEMBER 30, 2018

	Primary Government			
	Governmental Activities	Business-type Activities	Total	Component Units
Assets				
Cash and cash equivalents	\$ 43,431,752	\$ 32,166,750	\$ 75,598,502	\$ 18,855,569
Receivables (net):				
Taxes and assessments	883,860	-	883,860	-
Customer and trade	-	7,629,562	7,629,562	-
Government agencies	7,386,247	1,695,155	9,081,402	1,763,193
Other	1,282,493	186,467	1,468,960	200,000
Internal balances	(9,681,363)	9,681,363	-	-
Inventory	99,249	1,873,350	1,972,599	-
Prepaid items	212,505	516,414	728,919	5,625
Other assets	705,719	-	705,719	-
Restricted assets:				
Cash and cash equivalents	5,931,459	17,374,947	23,306,406	-
Capital assets not being depreciated	14,505,112	15,705,615	30,210,727	1,469,797
Capital assets net of accumulated depreciation	163,149,539	374,322,887	537,472,426	682,165
Total assets	<u>227,906,572</u>	<u>461,152,510</u>	<u>689,059,082</u>	<u>22,976,349</u>
Deferred Outflows of Resources				
Pension-related	46,678,104	3,493,234	50,171,338	-
OPEB-related	1,065,280	430,899	1,496,179	-
Deferred losses on bond refundings	410,097	3,091,626	3,501,723	-
Total deferred outflows of resources	<u>48,153,481</u>	<u>7,015,759</u>	<u>55,169,240</u>	<u>-</u>
Liabilities				
Accounts payable - trade	1,309,022	1,075,186	2,384,208	2,054,233
Accrued payroll	2,349,646	605,643	2,955,289	-
Accrued interest payable	346,706	724,005	1,070,711	-
Payable to government agencies	512,787	78,636	591,423	-
Estimated health claims payable	524,926	-	524,926	-
Other liabilities	4,550,627	290,548	4,841,175	936
Unearned revenue	37,236	-	37,236	-
Customer deposits	-	3,194,035	3,194,035	-
Long-term liabilities:				
Portion due or payable within one year	6,845,356	10,489,357	17,334,713	-
Portion due or payable after one year	65,934,685	133,025,083	198,959,768	-
Net pension liability	93,510,775	8,985,942	102,496,717	-
Net OPEB liability	11,710,981	4,737,026	16,448,007	-
Total liabilities	<u>187,632,747</u>	<u>163,205,461</u>	<u>350,838,208</u>	<u>2,055,169</u>
Deferred Inflows of Resources				
Pension-related	13,466,078	3,562,350	17,028,428	-
OPEB-related	257,162	104,020	361,182	-
Total deferred inflows of resources	<u>13,723,240</u>	<u>3,666,370</u>	<u>17,389,610</u>	<u>-</u>
Net Position				
Net investment in capital assets	150,833,699	254,487,928	405,321,627	2,151,962
Restricted for:				
Perpetual care (nonexpendable)	1,119,345	-	1,119,345	-
Debt service (expendable)	1,993,626	11,571,092	13,564,718	-
Federal grant programs (expendable)	2,513,052	-	2,513,052	-
Tourism (expendable)	10	-	10	-
Unrestricted	<u>(81,755,666)</u>	<u>35,237,418</u>	<u>(46,518,248)</u>	<u>18,769,218</u>
Total net position	<u>\$ 74,704,066</u>	<u>\$ 301,296,438</u>	<u>\$ 376,000,504</u>	<u>\$ 20,921,180</u>

See accompanying notes to the basic financial statements.

CITY OF WICHITA FALLS, TEXAS
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2018

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		
Primary government:								
Governmental activities:								
Administrative services	\$ 16,029,050	\$ 4,501,100	\$ 201,402	\$ -	\$ (11,326,548)	\$ -	\$ (11,326,548)	\$ -
Police	25,046,425	338,223	236,670	-	(24,471,532)	-	(24,471,532)	-
Fire	24,205,615	39,598	845,526	-	(23,320,491)	-	(23,320,491)	-
Parks and recreation	5,484,893	393,227	166,462	-	(4,925,204)	-	(4,925,204)	-
Accounting/finance	663,516	-	-	-	(663,516)	-	(663,516)	-
Community development	6,579,677	1,233,431	4,903,771	-	(442,475)	-	(442,475)	-
Public works	8,563,442	10,869	1,064,472	3,296,164	(4,191,937)	-	(4,191,937)	-
Health	5,798,759	1,110,658	2,156,728	-	(2,531,373)	-	(2,531,373)	-
Traffic and transportation	2,383,760	122,384	556,401	1,000,000	(704,975)	-	(704,975)	-
Multi-Purpose Events Center	3,250,928	10,872	35,000	-	(3,205,056)	-	(3,205,056)	-
Interest and fees on long-term debt	1,556,402	-	2,270,672	-	714,270	-	714,270	-
Total governmental activities	<u>99,562,467</u>	<u>7,760,362</u>	<u>12,437,104</u>	<u>4,296,164</u>	<u>(75,068,837)</u>	<u>-</u>	<u>(75,068,837)</u>	<u>-</u>
Business-type activities:								
Regional Airport	1,907,909	1,178,304	-	-	-	(729,605)	(729,605)	-
Kickapoo Airport	1,259,413	924,673	2,247,368	-	-	1,912,628	1,912,628	-
Transit	2,377,201	431,419	1,690,643	-	-	(255,139)	(255,139)	-
Sanitation	10,300,771	13,701,215	-	-	-	3,400,444	3,400,444	-
Water and sewer	33,426,850	46,225,281	-	876,211	-	13,674,642	13,674,642	-
Stormwater drainage	796,597	3,728,335	-	-	-	2,931,738	2,931,738	-
Waterpark	1,591,560	1,501,475	-	-	-	(90,085)	(90,085)	-
Total business-type activities	<u>51,660,301</u>	<u>67,690,702</u>	<u>3,938,011</u>	<u>876,211</u>	<u>-</u>	<u>20,844,623</u>	<u>20,844,623</u>	<u>-</u>
Total primary government	<u>\$ 151,222,768</u>	<u>\$ 75,451,064</u>	<u>\$ 16,375,115</u>	<u>\$ 5,172,375</u>	<u>(75,068,837)</u>	<u>20,844,623</u>	<u>(54,224,214)</u>	<u>-</u>
Component units:								
Community development	\$ 11,151,629	\$ -	\$ 357,608	\$ -	-	-	-	(10,794,021)
General revenues and transfers:								
Taxes:								
Property tax					35,842,110	-	35,842,110	886,614
Sales tax					23,861,013	-	23,861,013	7,953,672
Franchise fees					5,326,403	-	5,326,403	-
Hotel occupancy tax					1,952,011	-	1,952,011	-
Beverage tax					308,333	-	308,333	-
Bingo tax					2,626	-	2,626	-
Investment earnings					625,368	748,434	1,373,802	272,825
Miscellaneous					496,434	89,332	585,766	119,603
Transfers					4,611,766	(4,611,766)	-	-
Total general revenues and transfers					<u>73,026,064</u>	<u>(3,774,000)</u>	<u>69,252,064</u>	<u>9,232,714</u>
Change in net position					(2,042,773)	17,070,623	15,027,850	(1,561,307)
Net position - beginning					88,023,074	288,774,848	376,797,922	22,482,487
Prior period adjustment					(11,276,235)	(4,549,033)	(15,825,268)	
Net position - ending					<u>\$ 74,704,066</u>	<u>\$ 301,296,438</u>	<u>\$ 376,000,504</u>	<u>\$ 20,921,180</u>

See accompanying notes to the basic financial statements.

CITY OF WICHITA FALLS, TEXAS
BALANCE SHEET - GOVERNMENTAL FUNDS
SEPTEMBER 30, 2018

	<u>General</u>	<u>Nonmajor Governmental</u>	<u>Total Governmental Funds</u>
Assets			
Cash and cash equivalents	\$ 14,476,296	\$ 24,647,605	\$ 39,123,901
Receivables (net):			
Taxes and assessments	710,192	173,668	883,860
Other City funds	6,112,571	-	6,112,571
Government agencies	4,017,349	3,368,898	7,386,247
Other	1,196,400	74,723	1,271,123
Inventory	98,670	-	98,670
Prepaid items	210,372	2,133	212,505
Other assets	1,000	704,719	705,719
Total assets	<u>\$ 26,822,850</u>	<u>\$ 28,971,746</u>	<u>\$ 55,794,596</u>
Liabilities			
Accounts payable	\$ 845,128	\$ 367,993	\$ 1,213,121
Accrued payroll	2,207,590	99,840	2,307,430
Payable to other City funds	-	3,213,124	3,213,124
Payable to government agencies	418,025	94,762	512,787
Other liabilities	3,796,990	740,977	4,537,967
Claims and judgments payable	11,922	-	11,922
Unearned revenue	-	37,236	37,236
Total liabilities	<u>7,279,655</u>	<u>4,553,932</u>	<u>11,833,587</u>
Deferred inflows of resources			
Unavailable revenues	<u>1,240,886</u>	<u>37,589</u>	<u>1,278,475</u>
Fund balances			
Nonspendable:			
Inventory and prepaid items	309,042	-	309,042
Restricted for:			
Perpetual care	-	1,119,345	1,119,345
Debt service	-	1,956,037	1,956,037
Capital projects	2,895,784	17,487,142	20,382,926
Federal and state grant programs	-	2,513,052	2,513,052
Tourism	-	10	10
Committed for:			
Golf course	-	43,784	43,784
Multi-Purpose Events Center	-	-	0
Local projects	-	2,165,193	2,165,193
Assigned for:			
Subsequent year's expenditures	964,114	-	964,114
Unassigned	<u>14,133,369</u>	<u>(904,338)</u>	<u>13,229,031</u>
Total fund balances	<u>18,302,309</u>	<u>24,380,225</u>	<u>42,682,534</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 26,822,850</u>	<u>\$ 28,971,746</u>	<u>\$ 55,794,596</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, 2018

Total fund balances - governmental funds (Exhibit A-3) \$ 42,682,534

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	\$ 322,639,814	
Related accumulated depreciation	<u>148,906,008</u>	173,733,806

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. 1,278,475

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	55,155,000	
Premiums on bonds payable	2,392,826	
Capital lease payable	5,468,674	
Accrued vacation and sick leave	8,929,564	
Claims and judgments payable	776,840	
Accrued interest	<u>346,706</u>	(73,069,610)

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. 410,097

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 not meet criteria to be reported in the governmental funds financial statements. These items consist of:

Net pension liabilities	92,831,273	
Deferred outflows - pension related items	(46,413,951)	
Deferred inflows - pension related items	<u>13,196,699</u>	(59,614,021)

The City's net OPEB liability and related deferred outflows and inflows related to the City of Wichita Falls Retiree Health Care Plan do not meet the criteria to be reported in the governmental funds financial statements. These items consist of:

Net OPEB liabilities	11,429,719	
Deferred outflows - OPEB related items	(1,039,695)	
Deferred inflows - OPEB related items	<u>250,986</u>	(10,641,010)

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. 11,653,380

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. (11,729,585)

Total net position - governmental activities (Exhibit A-1) \$ 74,704,066

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, 2018

	General	Nonmajor Governmental	Total Governmental Funds
Revenues			
Taxes	\$ 63,946,065	\$ 3,308,827	\$ 67,254,892
Charges for services	2,805,308	534,435	3,339,743
Licenses and permits	1,963,353	-	1,963,353
Fines and forfeitures	2,593,494	163,722	2,757,216
Intergovernmental revenue	4,021	9,108,260	9,112,281
Contributions	164,580	4,160,243	4,324,823
Miscellaneous revenue	1,488,744	1,011,172	2,499,916
Total revenues	<u>72,965,565</u>	<u>18,286,659</u>	<u>91,252,224</u>
Expenditures			
Administrative services	13,550,700	1,228,247	14,778,947
Police	23,927,640	277,521	24,205,161
Fire	16,201,856	695,007	16,896,863
Parks and recreation	5,160,344	126,773	5,287,117
Accounting/finance	701,643	-	701,643
Community development	2,103,088	4,582,240	6,685,328
Public works	5,053,709	457,335	5,511,044
Health	3,216,858	2,577,008	5,793,866
Traffic and transportation	1,604,398	509,160	2,113,558
Multi-Purpose Events Center	-	2,415,875	2,415,875
Capital outlay	3,596,072	2,032,920	5,628,992
Debt service - principal	-	3,610,000	3,610,000
Debt service - interest and paying agent fees	-	1,597,143	1,597,143
Total expenditures	<u>75,116,308</u>	<u>20,109,229</u>	<u>95,225,537</u>
Excess of revenues over (under) expenditures	<u>(2,150,743)</u>	<u>(1,822,570)</u>	<u>(3,973,313)</u>
Other Financing Sources (Uses)			
Issuance of bonds	-	16,345,000	16,345,000
Premium on issuance of bonds	-	1,176,516	1,176,516
Issuance of refunding bonds	-	6,170,000	6,170,000
Premium on issuance of refunding bonds	-	479,801	479,801
Capital lease proceeds	3,310,009	-	3,310,009
Payment to refunded bond escrow agent	-	(6,546,898)	(6,546,898)
Transfers in	3,625,384	5,097,236	8,722,620
Transfers out	(811,810)	(3,582,080)	(4,393,890)
Total other financing sources (uses)	<u>6,123,583</u>	<u>19,139,575</u>	<u>25,263,158</u>
Net change in fund balance	3,972,840	17,317,005	21,289,845
Fund balances - beginning	14,329,469	7,063,220	21,392,689
Fund balances - ending	<u>\$ 18,302,309</u>	<u>\$ 24,380,225</u>	<u>\$ 42,682,534</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, 2018

Net change in fund balances - total governmental funds (Exhibit A-5) \$ 21,289,845

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	\$ 6,582,843
Depreciation expense for the year	<u>6,644,648</u>
	(61,805)

Donated capital assets are not recorded as revenues in the governmental funds. In the Statement of Activities, the value of the assets are added to capital assets and the contribution is recorded as a capital contribution. 3,296,164

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. (312,835)

The transfer of capital assets to enterprise funds are not reflected in the governmental funds as they do not represent current financial resources. Current year transfers to enterprise funds were: (1,914,014)

Because property tax receivables and municipal court receivables will not be collected for several months after the City's fiscal year ends, they are not considered 'available' revenues and are deferred in the governmental funds. Deferred inflows increased by this amount this year. (58,107)

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 2017-18 in the amount of \$24,171,317 (includes premiums on issuance of bonds). The City also issued capital leases in the amount of \$3,310,009 during the year. (27,481,326)

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 2017-18 were: 10,499,488

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	(214,390)
Claims and judgments payable	<u>(764,464)</u>
	(978,854)

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, 2017	269,207
Accrued interest at September 30, 2018	<u>346,706</u>
	(77,499)

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: 126,898

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, 2018

Amortization of deferred losses on refundings is only reported in the government-wide financial statements. Current year amortization was:	(43,324)
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.	(7,978,806)
The City sponsors an OPEB plan for retiree health care. 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.	365,126
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.	1,829,854
Internal service funds are used by management to charge the costs of central garage services to the individual funds. The net revenue of this fund is included with the business-type activities. This amount represents the governmental activity portion of the central garage activity.	<u>(543,578)</u>
Change in net position of governmental activities (Exhibit A-2)	<u>\$ (2,042,773)</u>

See accompanying notes to the basic financial statements.

CITY OF WICHITA FALLS, TEXAS
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
SEPTEMBER 30, 2018

	Enterprise Funds						Internal Service Funds	
	Water and Sewer		Sanitation		Regional Airport	Nonmajor Enterprise Funds		
						Total		
Assets								
Current assets:								
Cash and cash equivalents	\$ 18,291,821	\$ 7,026,412	\$ 1,000	\$ 6,236,640	\$ 31,555,873	\$ 4,918,728		
Restricted cash and cash equivalents	17,029,259	-	345,688	-	17,374,947	5,931,459		
Receivables (net):								
Customer and trade	5,665,138	1,550,842	-	413,582	7,629,562	-		
Government agencies	71,859	-	-	1,623,296	1,695,155	-		
Other	49,161	19,445	34,197	2,052	104,855	92,982		
Inventory	1,099,977	-	-	58,854	1,158,831	714,519		
Prepaid items	211	-	34,662	6,726	41,599	475,394		
Total current assets	42,207,426	8,596,699	415,547	8,341,150	59,560,822	12,133,082		
Long-term assets:								
Capital assets, net of accumulated depreciation	267,561,387	8,799,247	48,238,181	46,155,706	370,754,521	23,194,826		
Total long-term assets	267,561,387	8,799,247	48,238,181	46,155,706	370,754,521	23,194,826		
Total assets	309,768,813	17,395,946	48,653,728	54,496,856	430,315,343	35,327,908		
Deferred Outflows of Resources								
Pension-related	1,910,226	827,918	22,879	310,381	3,071,404	685,983		
OPEB-related	237,144	109,071	2,095	36,357	384,667	71,817		
Deferred losses on bond refundings	3,091,626	-	-	-	3,091,626	-		
Total deferred outflows of resources	5,238,996	936,989	24,974	346,738	6,547,697	757,800		

See accompanying notes to the basic financial statements.

CITY OF WICHITA FALLS, TEXAS
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
SEPTEMBER 30, 2018

	Enterprise Funds											
	Water and Sewer	Sanitation	Regional Airport	Nonmajor Enterprise Funds	Total	Internal Service Funds						
Liabilities												
Current liabilities:												
Accounts payable - trade	486,788	88,682	5,559	149,433	730,462	440,625						
Accrued payroll	324,730	141,182	7,284	63,367	536,563	111,296						
Accrued vacation and sick leave	394,287	192,082	9,797	42,374	638,540	173,582						
Payable to other City funds	76,603	-	134,364	2,563,879	2,774,846	124,601						
Payable to government agencies	-	74,579	1,291	2,766	78,636	-						
Estimated health claims payable	-	-	-	-	-	524,926						
Other liabilities	205,992	6,616	20,000	57,940	290,548	738						
Payable to U.S. Government - current maturity	41,541	-	-	-	41,541	-						
Capital leases - current maturities	922,339	-	-	-	922,339	430,477						
Revenue bonds - current maturities	8,420,000	-	-	-	8,420,000	-						
Accrued interest - revenue bonds	724,005	-	-	-	724,005	-						
Total current liabilities	<u>11,596,285</u>	<u>503,141</u>	<u>178,295</u>	<u>2,879,759</u>	<u>15,157,480</u>	<u>1,806,245</u>						
Long-term liabilities:												
Payable to U.S. Government, less current maturities	279,177	-	-	-	279,177	-						
Capital leases, less current maturities	15,048,261	-	-	-	15,048,261	1,808,846						
Revenue bonds, less current maturities	110,900,943	-	-	-	110,900,943	-						
Estimated liability for landfill closure and post-closure care costs	-	4,907,871	-	-	4,907,871	-						
Customer deposits	3,194,035	-	-	-	3,194,035	-						
Net pension liability	4,913,835	2,129,723	58,853	798,422	7,900,833	1,764,611						
Net OPEB liability	2,607,009	1,199,060	23,027	399,687	4,228,783	789,505						
Total long-term liabilities	<u>136,943,260</u>	<u>8,236,654</u>	<u>81,880</u>	<u>1,198,109</u>	<u>146,459,903</u>	<u>4,362,962</u>						
Total liabilities	<u>148,539,545</u>	<u>8,739,795</u>	<u>260,175</u>	<u>4,077,868</u>	<u>161,617,383</u>	<u>6,169,207</u>						
Deferred Inflows of Resources												
Pension-related	1,948,020	844,299	23,331	316,524	3,132,174	699,555						
OPEB-related	<u>57,247</u>	<u>26,330</u>	<u>506</u>	<u>8,776</u>	<u>92,859</u>	<u>17,337</u>						
Total deferred inflows of resources	<u>2,005,267</u>	<u>870,629</u>	<u>23,837</u>	<u>325,300</u>	<u>3,225,033</u>	<u>716,892</u>						
Net Position												
Net investment in capital assets	134,260,136	8,799,247	48,238,181	46,155,706	237,453,270	20,955,503						
Restricted for debt service	11,571,092	-	-	-	11,571,092	-						
Unrestricted	18,631,769	(76,736)	156,509	4,284,720	22,996,262	8,244,106						
Total net position	<u>\$ 164,462,997</u>	<u>\$ 8,722,511</u>	<u>\$ 48,394,690</u>	<u>\$ 50,440,426</u>	<u>\$ 272,020,624</u>	<u>\$ 29,199,609</u>						
Adjustment to reflect the consolidation of internal service funds activities related to enterprise funds					<u>29,275,814</u>							
Net position of business type activities					<u>\$ 301,296,438</u>							
<i>See accompanying notes to the basic financial statements.</i>												

CITY OF WICHITA FALLS, TEXAS
STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2018

	Enterprise Funds					
	Water and Sewer	Sanitation	Regional Airport	Nonmajor Enterprise Funds	Total	Internal Service Funds
Operating revenues:						
Charges for services	\$ 46,104,645	\$ 13,678,624	\$ -	\$ 5,178,969	\$ 64,962,238	\$ 13,973,773
Rents, concessions and other	120,636	22,591	1,178,304	1,406,933	2,728,464	1,215,920
Contributions	-	-	-	-	-	14,125,230
Total operating revenues	46,225,281	13,701,215	1,178,304	6,585,902	67,690,702	29,314,923
Operating expenses:						
Personnel services	9,703,298	4,328,479	181,959	2,224,402	16,438,138	3,449,748
Supplies and materials	2,565,959	307,225	5,908	1,036,873	3,915,965	3,747,667
Maintenance and repairs	1,583,901	118,774	59,389	422,575	2,184,639	2,970,971
Utilities and other services	4,293,529	4,697,018	164,530	789,571	9,944,648	336,293
Insurance and contract support	873,018	146,589	24,201	156,286	1,200,094	11,230,643
Other expenses	1,841,560	475,009	207,352	182,793	2,706,714	2,282,160
Depreciation and amortization	9,346,931	292,781	1,400,375	1,183,546	12,223,633	4,557,099
Total operating expenses	30,208,196	10,365,875	2,043,714	5,996,046	48,613,831	28,574,581
Operating income (loss)	16,017,085	3,335,340	(865,410)	589,856	19,076,871	740,342
Nonoperating revenues (expenses):						
Interest income	546,204	96,368	6,270	99,592	748,434	434,588
Gain/(loss) on sale/abandonment of capital assets	(946,002)	-	-	(1,150)	(947,152)	87,972
Interest expense and paying agent fees	(3,397,913)	-	-	-	(3,397,913)	(31,428)
Intergovernmental operating grants	-	-	-	3,938,011	3,938,011	-
Total nonoperating revenues (expenses)	(3,797,711)	96,368	6,270	4,036,453	341,380	491,132
Income (loss) before contributions and transfers	12,219,374	3,431,708	(859,140)	4,626,309	19,418,251	1,231,474
Capital contributions	876,211	-	-	-	876,211	-
Transfers in	901,083	-	127,458	2,683,243	3,711,784	1,562,348
Transfers out	(2,773,872)	(2,219,191)	(670,729)	(2,441,756)	(8,105,548)	(337,623)
Change in net position	11,222,796	1,212,517	(1,402,411)	4,867,796	15,900,698	2,456,199
Net position - beginning	155,743,749	8,661,468	49,819,214	45,956,455		27,501,582
Prior period adjustment	(2,503,548)	(1,151,474)	(22,113)	(383,825)		(758,172)
Net position - ending	\$ 164,462,997	\$ 8,722,511	\$ 48,394,690	\$ 50,440,426		\$ 29,199,609
Adjustment to reflect the consolidation of internal service funds activities related to enterprise funds					1,169,925	
Change in net position of business type activities						\$ 17,070,623

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, 2018

	Enterprise Funds					
	Water and Sewer	Sanitation	Regional Airport	Nonmajor Enterprise Funds	Total	Internal Service Funds
Cash flows from operating activities:						
Received from customers and users	\$ 46,042,546	\$ 13,658,862	\$ 1,157,833	\$ 6,610,193	\$ 67,469,434	\$ 4,901,028
Received from interfund charges	-	-	-	-	-	23,411,384
Other operating receipts	-	-	-	-	-	939,217
Payments to suppliers	(12,560,661)	(1,845,594)	(363,374)	(2,129,055)	(16,898,684)	(20,844,943)
Payments for interfund charges	(3,721,394)	(5,013,292)	(151,626)	(1,196,750)	(10,083,062)	(623,554)
Payments to employees	(6,842,937)	(2,984,314)	(144,358)	(1,722,934)	(11,694,543)	(2,466,428)
Net cash provided (used) by operating activities	<u>22,917,554</u>	<u>3,815,662</u>	<u>498,475</u>	<u>1,561,454</u>	<u>28,793,145</u>	<u>5,316,704</u>
Cash flows from noncapital financing activities:						
Intergovernmental operating grants	-	-	-	2,747,355	2,747,355	-
Interfund loans received (repaid)	(86,452)	-	(61,750)	1,177,108	1,028,906	(41,209)
Transfers in from other funds	-	-	127,458	769,229	896,687	1,562,348
Transfers out to other funds	(2,773,872)	(2,219,191)	(670,729)	(786,349)	(6,450,141)	(337,623)
Net cash provided (used) by noncapital financing activities	<u>(2,860,324)</u>	<u>(2,219,191)</u>	<u>(605,021)</u>	<u>3,907,343</u>	<u>(1,777,193)</u>	<u>1,183,516</u>
Cash flows from capital and related financing activities:						
Acquisition and construction of capital assets	(9,681,258)	(390,682)	-	(5,215,778)	(15,287,718)	(3,300,656)
Proceeds from sale of capital assets	-	-	-	-	-	89,331
Principal paid on long-term debt	(8,464,304)	-	-	-	(8,464,304)	(443,387)
Interest and fees paid on long-term debt	(5,165,747)	-	-	-	(5,165,747)	(31,428)
Net cash provided (used) for capital and related financing activities	<u>(23,311,309)</u>	<u>(390,682)</u>	<u>-</u>	<u>(5,215,778)</u>	<u>(28,917,769)</u>	<u>(3,686,140)</u>
Cash flows from investing activities:						
Interest on investments	546,204	96,368	6,270	99,592	748,434	434,588
Net cash provided (used) by investing activities	<u>546,204</u>	<u>96,368</u>	<u>6,270</u>	<u>99,592</u>	<u>748,434</u>	<u>434,588</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(2,707,875)	1,302,157	(100,276)	352,611	(1,153,383)	3,248,668
Cash and Cash Equivalents - Beginning	<u>38,028,955</u>	<u>5,724,255</u>	<u>446,964</u>	<u>5,884,029</u>	<u>50,084,203</u>	<u>7,601,519</u>
Cash and Cash Equivalents - Ending	<u><u>\$ 35,321,080</u></u>	<u><u>\$ 7,026,412</u></u>	<u><u>\$ 346,688</u></u>	<u><u>\$ 6,236,640</u></u>	<u><u>\$ 48,930,820</u></u>	<u><u>\$ 10,850,187</u></u>
Reconciliation of cash and cash equivalents on the balance sheet to the statement of cash flows:						
Cash and cash equivalents	\$ 18,291,821	\$ 7,026,412	\$ 1,000	\$ 6,236,640	\$ 31,555,873	\$ 4,918,728
Restricted assets - cash and cash equivalents	17,029,259	-	345,688	-	17,374,947	5,931,459
Total cash and cash equivalents at end of year	<u>\$ 35,321,080</u>	<u>\$ 7,026,412</u>	<u>\$ 346,688</u>	<u>\$ 6,236,640</u>	<u>\$ 48,930,820</u>	<u>\$ 10,850,187</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, 2018

	Enterprise Funds					
	Water and Sewer	Sanitation	Regional Airport	Nonmajor Enterprise Funds	Total	Internal Service Funds
Reconciliation of Operating Income (Loss) to Net Cash						
Provided by Operating Activities:						
Operating income (loss)	<u>\$ 16,017,085</u>	<u>\$ 3,335,340</u>	<u>\$ (865,410)</u>	<u>\$ 589,856</u>	<u>\$ 19,076,871</u>	<u>\$ 740,342</u>
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:						
Depreciation and amortization	9,346,931	292,781	1,400,375	1,183,546	12,223,633	4,557,099
Customer deposits received	91,234	-	-	-	91,234	-
(Increase) decrease in assets and deferred outflows:						
Receivables:						
Customer and trade	(253,428)	(42,353)	-	(6,690)	(302,471)	-
Other	(20,541)	-	(20,471)	30,981	(10,031)	(62,736)
Inventory	(80,415)	-	-	(15,942)	(96,357)	(14,884)
Prepaid items	37,480	174	(3,283)	(818)	33,553	41
Deferred outflows - pension-related	720,347	284,132	7,348	116,124	1,127,951	243,786
Deferred outflows - OPEB-related	(6,746)	(3,102)	(60)	(1,034)	(10,942)	(2,043)
Increase (decrease) in liabilities and deferred inflows:						
Accounts payable - trade	(2,349,222)	10,111	(10,592)	(95,434)	(2,445,137)	21,505
Accrued payroll	8,393	8,003	843	70	17,309	(181)
Accrued vacation and sick leave	(10,540)	1,789	(274)	1,368	(7,657)	4,911
Estimated health claims payable	-	-	-	-	-	56,923
Payable to government agencies	-	638	250	(829)	59	-
Other liabilities	180,571	(1,371)	(5,000)	(118,959)	55,241	(558)
Estimated liability for landfill closure	-	181,678	-	-	181,678	-
Net pension liability	(2,544,965)	(1,023,415)	(26,853)	(410,904)	(4,006,137)	(871,682)
Net OPEB liability	(126,938)	(58,383)	(1,121)	(19,461)	(205,903)	(38,442)
Deferred inflows - pension-related	1,851,061	803,310	22,217	300,804	2,977,392	665,286
Deferred inflows - OPEB-related	57,247	26,330	506	8,776	92,859	17,337
Total adjustments	<u>\$ 6,900,469</u>	<u>\$ 480,322</u>	<u>\$ 1,363,885</u>	<u>\$ 971,598</u>	<u>\$ 9,716,274</u>	<u>\$ 4,576,362</u>
Net cash provided (used) by operating activities	<u><u>\$ 22,917,554</u></u>	<u><u>\$ 3,815,662</u></u>	<u><u>\$ 498,475</u></u>	<u><u>\$ 1,561,454</u></u>	<u><u>\$ 28,793,145</u></u>	<u><u>\$ 5,316,704</u></u>
Noncash capital and financing activities:						
Capital assets received from developers	\$ 876,211	\$ -	\$ -	\$ -	\$ 876,211	\$ -
Transfers of capital assets (in)	901,083	-	-	1,914,014	2,815,097	-
Transfers of capital assets (out)	-	-	-	(1,655,407)	(1,655,407)	-
Total	<u><u>\$ 1,777,294</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 258,607</u></u>	<u><u>\$ 2,035,901</u></u>	<u><u>\$ -</u></u>

See accompanying notes to the basic financial statements.

CITY OF WICHITA FALLS, TEXAS
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
SEPTEMBER 30, 2018

	Agency Fund
Assets	
Cash and cash equivalents	<u>\$ 177,550</u>
Liabilities	
Other liabilities	<u>\$ 177,550</u>

See accompanying notes to the basic financial statements.

CITY OF WICHITA FALLS, TEXAS

NOTES TO THE FINANCIAL STATEMENTS SEPTEMBER 30, 2018

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, 2018

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, 2018

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

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

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

Excluded From the Reporting Entity

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

B. Basis of Presentation

Government-wide financial statements

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

CITY OF WICHITA FALLS, TEXAS

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.) SEPTEMBER 30, 2018

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, 2018**

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, 2018

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, 2018

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

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

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

E. Assets, liabilities and net position or fund balances

1. Cash, cash equivalents and investments

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

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

2. Inventory and Prepaid Items

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

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

3. Capital Assets

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

CITY OF WICHITA FALLS, TEXAS

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.) SEPTEMBER 30, 2018

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, 2018, the City's business-type activities incurred a total of \$3,429,341 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) and OPEB plan (Note 9) 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 (\$782,699) and municipal court fines receivable (\$495,755) 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) and OPEB plan (See Note 9) 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, 2018

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, 2018

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, 2018

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, 2018 is based on management's estimate of probable losses in the amount of \$776,840. 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.

The following represents changes in the amount of claims liabilities for the City from October 1, 2016 to September 30, 2018:

	<u>Health Care</u>	<u>Workers' Compensation</u>
Liability balance, October 1, 2016	\$ 580,000	\$ 63,177
Incurred claims/adjustments	11,244,196	719,069
Claim payments	(11,356,196)	(757,948)
Liability balance, September 30, 2017	468,000	24,298
Incurred claims/adjustments	10,497,456	1,389,632
Claim payments	(10,440,530)	(637,090)
Liability balance, September 30, 2018	<u>\$ 524,926</u>	<u>\$ 776,840</u>

F. Pension Plan

For purposes of measuring the net pension liability, deferred outflows of resources, and deferred inflows of resources related to pensions, and pension expense, information about the Fiduciary Net Position of the Texas Municipal Retirement System (TMRS) and the Wichita Falls Firemen's Relief and Retirement Fund (WFFRRF) and additions to/deductions from Fiduciary Net Position have been determined on the same basis as they are reported to TMRS and WFFRRF. For this purpose, plan contributions are recognized in the period that compensation is reported for the employee, which is when contributions are legally due. Benefit payments and refunds are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

CITY OF WICHITA FALLS, TEXAS

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.) SEPTEMBER 30, 2018

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

G. Other Post-Employment Benefits

The fiduciary net position of the City of Wichita Falls Retiree Health Care Plan has been determined using the flow of economic resources measurement focus and full accrual basis of accounting. This includes for purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to other post-employment benefits, OPEB expense, and information about assets, liabilities and additions to/deductions from the Plan's fiduciary net position. Benefit payments are recognized when due and payable in accordance with the benefit terms.

H. New Accounting Standard Adopted

In fiscal year 2018, the City adopted GASB Statement No. 75, *Accounting and Financial Reporting for Post-Employment Benefits Other Than Pensions*. The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for post-employment benefits other than pensions (other post-employment benefits or OPEB). It also improves information provided by state and local governmental employers about financial support for OPEB that is provided by other entities.

This Statement replaces the requirements of Statements No. 45, *Accounting and Financial Reporting by Employers for Post-Employment Benefits Other Than Pensions*, as amended, and No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*, for OPEB. Statement No. 74, *Financial Reporting for Post-Employment Benefit Plans Other Than Pension Plans*, establishes new accounting and financial reporting requirements for OPEB plans.

The scope of this Statement addresses accounting and financial reporting for OPEB that is provided to the employees of state and local governmental employers. This Statement establishes standards for recognizing and measuring liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures. For defined benefit OPEB, this Statement identifies the methods and assumptions that are required to be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service. Note disclosure and required supplementary information requirements about defined benefit OPEB also are addressed.

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, 2018.

Deficit Fund Balances – Individual Funds

The Airport Improvement Grant Fund, a special revenue fund, and the 4B Sales Tax Projects Fund, a capital projects fund, had deficit fund balances of \$904,338 and \$47,128, respectively, as of September 30, 2018. The City plans for these deficits to be alleviated within a year.

CITY OF WICHITA FALLS, TEXAS

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.) SEPTEMBER 30, 2018

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, 2018, the total amount of the City's demand and time deposits per the general ledger was \$1,790,062, and the total amount per the City's September 30, 2018 bank statements was \$3,367,330. 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, 2018 are as follows:

<u>Types of Investments</u>	Fair Value/ Carrying Amount	<u>Cost</u>	Average Credit Quality/ Ratings	Weighted Average Months to Maturity
Primary Government:				
TexPool	\$ 29,137,566	\$ 29,137,566	Not rated	1.00
LOGIC	46,873,911	46,873,911	Not rated	1.00
Money market accounts	<u>21,730,861</u>	<u>21,730,861</u>	Not rated	1.00
Total primary government investments	<u>97,742,338</u>	<u>97,742,338</u>		
Component Units:				
TexPool	<u>19,003,071</u>	<u>19,003,071</u>	Not rated	1.00
Total component unit investments	<u>19,003,071</u>	<u>19,003,071</u>		
Total investments	<u>\$116,745,409</u>	<u>\$116,745,409</u>		

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.

CITY OF WICHITA FALLS, TEXAS

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.) SEPTEMBER 30, 2018

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

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

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

The City values its certificates of deposit and money market accounts using Level 2 inputs, which are values provided by the City's depositories. 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.

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.

CITY OF WICHITA FALLS, TEXAS

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.) **SEPTEMBER 30, 2018**

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

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, 2018 was \$.70598 per \$100 which means that the City has a tax margin of \$1.54402 per \$100, and could raise up to \$76,300,093 additional tax revenue a year from the present assessed valuation of \$4,941,651,841 before the limit is reached.

CITY OF WICHITA FALLS, TEXAS

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.) SEPTEMBER 30, 2018

Note 5 - RECEIVABLES

Receivables at September 30, 2018 consist of the following:

	<u>General</u>	<u>Nonmajor Governmental Funds</u>	<u>Water and Sewer</u>	<u>Sanitation</u>	<u>Regional Airport</u>	<u>Nonmajor Enterprise Funds</u>	<u>Internal Service</u>	<u>Totals Primary Government</u>	<u>Component Units</u>	<u>Totals Reporting Entity</u>
Receivables:										
Taxes and assessments	\$ 1,361,574	\$ 193,844	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,555,418	\$ -	\$ 1,555,418
Customer and trade	-	-	8,448,190	2,441,195	-	595,958	-	11,485,343	-	11,485,343
Other City funds	6,112,571	-	-	-	-	-	-	6,112,571	-	6,112,571
Government agencies	4,017,349	3,368,898	71,859	-	-	1,623,296	-	9,081,402	1,763,193	10,844,595
Other	<u>1,196,400</u>	<u>74,723</u>	<u>49,161</u>	<u>19,445</u>	<u>34,197</u>	<u>2,052</u>	<u>92,982</u>	<u>1,468,960</u>	<u>200,000</u>	<u>1,668,960</u>
Gross receivables	12,687,894	3,637,465	8,569,210	2,460,640	34,197	2,221,306	92,982	29,703,694	1,963,193	31,666,887
Less: Allowance for uncollectible accounts	(<u>651,382</u>)	(<u>20,176</u>)	(<u>2,783,052</u>)	(<u>890,353</u>)	(<u>-</u>)	(<u>182,376</u>)	(<u>-</u>)	(<u>4,527,339</u>)	(<u>-</u>)	(<u>4,527,339</u>)
Net total receivables	<u>\$12,036,512</u>	<u>\$3,617,289</u>	<u>\$5,786,158</u>	<u>\$1,570,287</u>	<u>\$34,197</u>	<u>\$2,038,930</u>	<u>\$92,982</u>	<u>\$25,176,355</u>	<u>\$1,963,193</u>	<u>\$27,139,548</u>

There are no net receivables, other than delinquent property taxes, that the City does not expect to collect within a year. The City expects to collect approximately \$350,000 of the \$1,404,211 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, 2018

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	\$ 11,571,092
For Capital Improvements:	
Cash and cash equivalents	<u>5,458,167</u>
Total	<u>\$ 17,029,259</u>

Regional Airport restricted assets are comprised of the following:

For Passenger Facility Charges:	
Cash and cash equivalents	\$ 297
For Customer Facility Charges:	
Cash and cash equivalents	<u>345,391</u>
Total	<u>\$345,688</u>

Internal Service Fund restricted assets are comprised of the following:

For Employee Insurance:	
Cash and cash equivalents	<u>\$ 5,931,459</u>

CITY OF WICHITA FALLS, TEXAS

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

SEPTEMBER 30, 2018

Note 7 - CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2018 was as follows:

Governmental activities:	Balance October 1, 2017	Increases	Decreases	Balance September 30, 2018
Capital assets not being depreciated:				
Land	\$ 12,226,813	\$ -	\$ 1,543,993	\$ 10,682,820
Construction in progress	<u>4,231,944</u>	<u>78,140</u>	<u>487,792</u>	<u>3,822,292</u>
Total capital assets not being depreciated	<u>16,458,757</u>	<u>78,140</u>	<u>2,031,785</u>	<u>14,505,112</u>
Capital assets being depreciated:				
Land betterments	23,425,044	-	-	23,425,044
Buildings, systems and improvements	75,536,087	15,000	9,213	75,541,874
Infrastructure	180,515,171	9,706,709	1,760,752	188,461,128
Machinery and equipment	27,101,245	423,590	512,296	27,012,539
Furniture and fixtures	<u>152,949</u>	<u>-</u>	<u>7,528</u>	<u>145,421</u>
Total capital assets being depreciated	<u>306,730,496</u>	<u>10,145,299</u>	<u>2,289,789</u>	<u>314,586,006</u>
Less accumulated depreciation for:				
Land betterments	7,232,776	493,833	-	7,726,609
Buildings, systems and improvements	26,154,783	1,730,065	8,397	27,876,451
Infrastructure	96,111,405	3,203,994	1,388,638	97,926,761
Machinery and equipment	16,281,314	1,987,073	507,162	17,761,225
Furniture and fixtures	<u>152,715</u>	<u>466</u>	<u>7,760</u>	<u>145,421</u>
Total accumulated depreciation	<u>145,932,993</u>	<u>7,415,431</u>	<u>1,911,957</u>	<u>151,436,467</u>
Total capital assets being depreciated, net	<u>160,797,503</u>	<u>2,729,868</u>	<u>377,832</u>	<u>163,149,539</u>
Governmental activities capital assets, net	<u>\$177,256,260</u>	<u>\$ 2,808,008</u>	<u>\$2,409,617</u>	<u>\$177,654,651</u>

Depreciation expense was charged to functions as follows:

Governmental activities:	
Administrative services	\$ 1,366,361
Police	1,117,456
Fire	203,913
Parks and recreation	229,388
Accounting/finance	11,981
Community development	6,315
Public works	2,806,640
Health	167,106
Traffic and transportation	473,499
Multi-Purpose Events Center	<u>1,032,772</u>
Total governmental depreciation	<u>\$ 7,415,431</u>

CITY OF WICHITA FALLS, TEXAS

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.) SEPTEMBER 30, 2018

Note 7 - CAPITAL ASSETS (CONT'D.)

	Balance October 1, 2017	Increases	Decreases	Balance September 30, 2018
Business-type activities:				
Capital assets not being depreciated:				
Land	\$ 9,303,195	\$ 1,543,993	\$ 12,010	\$ 10,835,178
Construction in progress	<u>51,373,397</u>	<u>2,156,732</u>	<u>48,659,692</u>	<u>4,870,437</u>
Total capital assets not being depreciated	<u>60,676,592</u>	<u>3,700,725</u>	<u>48,671,702</u>	<u>15,705,615</u>
Capital assets being depreciated:				
Land betterments	47,943,500	8,459,512	3,300	56,399,712
Buildings, systems and improvements	412,116,034	51,934,234	4,628,590	459,421,678
Machinery and equipment	9,683,196	342,556	593,446	9,432,306
Furniture and fixtures	16,943	-	-	16,943
Motor vehicles	<u>56,820,458</u>	<u>5,256,551</u>	<u>1,363,106</u>	<u>60,713,903</u>
Total capital assets being depreciated	<u>526,580,131</u>	<u>65,992,853</u>	<u>6,588,442</u>	<u>585,984,542</u>
Less accumulated depreciation for:				
Land betterments	18,023,394	1,413,115	1,991	19,434,518
Buildings, systems and improvements	133,007,122	10,543,033	2,717,006	140,833,149
Machinery and equipment	7,288,520	509,685	540,502	7,257,703
Furniture and fixtures	7,963	2,566	-	10,529
Motor vehicles	<u>41,946,192</u>	<u>3,542,671</u>	<u>1,363,107</u>	<u>44,125,756</u>
Total accumulated depreciation	<u>200,273,191</u>	<u>16,011,070</u>	<u>4,622,606</u>	<u>211,661,655</u>
Total capital assets being depreciated, net	<u>326,306,940</u>	<u>49,981,783</u>	<u>1,965,836</u>	<u>374,322,887</u>
Business-type activities capital assets, net	<u>\$386,983,532</u>	<u>\$53,682,508</u>	<u>\$50,637,538</u>	<u>\$390,028,502</u>

Depreciation expense was charged to programs as follows:

Business-type activities:	
Regional Airport	\$ 1,403,659
Kickapoo Airport	457,794
Transit	829,724
Sanitation	2,676,433
Water and sewer	9,972,655
Stormwater drainage	417,985
Waterpark	<u>252,820</u>
Total business-type depreciation	<u>\$16,011,070</u>

CITY OF WICHITA FALLS, TEXAS

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.) SEPTEMBER 30, 2018

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, 2018. Detailed information for each plan follows.

	TMRS	WFFRRF	Total
Net pension liability	\$32,010,200	\$70,486,517	\$102,496,717
Deferred outflows of resources	12,443,786	37,727,552	50,171,338
Deferred inflows of resources	12,689,991	4,338,437	17,028,428
Pension expense	6,397,190	8,844,060	15,241,250

Texas Municipal Retirement System

Plan Description

The City participates as one of 872 plans in the nontraditional, joint contributory, hybrid defined benefit plan administered by the TMRS. TMRS is an agency created by the State of Texas and administered in accordance with the TMRS Act, Subtitle G, Title 8, Texas Government Code (the TMRS Act) as an agent multiple-employer retirement system for municipal employees in the State of Texas. The TMRS Act places the general administration and management of the System with a six-member Board of Trustees. Although the Governor, with the advice and consent of the Senate, appoints the Board, TMRS is not fiscally dependent on the State of Texas. TMRS's defined benefit pension plan is a tax-qualified plan under Section 401(a) of the Internal Revenue Code. TMRS issues a publicly available comprehensive annual financial report (CAFR) that can be obtained at www.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, 2018

Note 8 - PENSION PLANS (CONT'D.)

Employees Covered by Benefit Terms

At the December 31, 2017 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	642
Inactive employees entitled to but not yet receiving benefits	445
Active employees	988

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 12.54% and 12.83% in calendar years 2017 and 2018, respectively. The City's contributions to TMRS for the year ended September 30, 2018, were \$5,675,065, and were equal to the required contributions.

Net Pension Liability

The City's Net Pension Liability (NPL) was measured as of December 31, 2017, 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, 2017 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, 2018

Note 8 - PENSION PLANS (CONT'D.)

Actuarial assumptions used in the December 31, 2016, valuation were developed primarily from an actuarial investigation of the experience of TMRS over the four-year period from December 31, 2010 through December 31, 2014, first used in the December 31, 2015 valuation. The post-retirement mortality assumption for healthy annuitants and annuity purchase rates are based on a Mortality Experience Investigation Study covering 2009 through 2011, and dated December 31, 2013. These assumptions were first used in the December 31, 2013 valuation, along with a change to the Entry Age Normal (EAN) actuarial cost method. Assumptions are reviewed annually.

The long-term expected rate of return on pension plan investments is 6.75%. The pension plan's policy in regard to the allocation of invested assets is established and may be amended by the TMRS Board of Trustees. Plan assets are managed on a total return basis with an emphasis on both capital appreciation as well as the production of income, in order to satisfy the short-term and long-term funding needs of TMRS.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return (Arithmetic)</u>
Domestic Equity	17.5%	4.80%
International Equity	17.5%	6.05%
Core Fixed Income	10.0%	1.50%
Non-Core Fixed Income	20.0%	3.50%
Real Return	10.0%	1.75%
Real Estate	10.0%	5.25%
Absolute Return	10.0%	4.25%
Private Equity	<u>5.0%</u>	8.50%
Total	<u>100.0%</u>	

Discount Rate

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

CITY OF WICHITA FALLS, TEXAS

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

SEPTEMBER 30, 2018

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, 2016	\$253,744,464	\$205,988,203	\$47,756,261
Changes for the year:			
Service cost	4,917,413	-	4,917,413
Interest on total pension liability	16,873,140	-	16,873,140
Change of benefit terms	-	-	-
Difference between expected and actual experience	(1,117,057)	-	(1,117,057)
Change of assumptions	-	-	-
Contributions – employer	-	5,565,648	(5,565,648)
Contributions – employee	-	2,470,741	(2,470,741)
Net investment income	-	28,538,620	(28,538,620)
Benefit payments, including refunds of employee contributions	(12,461,447)	(12,461,447)	-
Administrative expense	-	(147,954)	147,954
Other changes	-	(7,498)	7,498
Balances as of December 31, 2017	<u>\$261,956,513</u>	<u>\$229,946,313</u>	<u>\$32,010,200</u>

Sensitivity Analysis

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

	1% Decrease 5.75%	Current Discount Rate 6.75%	1% Increase 7.75%
Net pension liability	\$66,572,907	\$32,010,200	\$3,485,648

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

For the year ended September 30, 2018, the City recognized pension expense of \$6,397,190 related to its participation in TMRS.

CITY OF WICHITA FALLS, TEXAS

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.) SEPTEMBER 30, 2018

Note 8 - PENSION PLANS (CONT'D.)

At September 30, 2018, the City reported deferred outflows of resources and deferred inflows of resources related to TMRS from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 1,947,718	\$ 975,230
Net difference in assumptions	347,455	-
Net difference between projected and actual earnings	6,010,797	11,714,760
Contributions made subsequent to measurement date	<u>4,137,816</u>	<u>-</u>
 Total	<u>\$12,443,786</u>	<u>\$12,689,990</u>

\$4,137,816 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, 2019. 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>	
2018	\$ 1,169,307
2019	443,997
2020	(3,056,655)
2021	(2,940,669)
2022	-
Thereafter	-
 Total	<u>(\$ 4,384,020)</u>

Wichita Falls Firemen's Relief and Retirement Fund

Plan Description

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

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

CITY OF WICHITA FALLS, TEXAS

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.) SEPTEMBER 30, 2018

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% (2.50% for those hired after April 20, 2016) 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 hired prior to April 21, 2016 can receive a service retirement at ages 50 and above with 20 or more years of service. Members hired after April 20, 2016 can receive a service retirement at ages 55 and above with 20 or more years of service. Members are eligible for actuarially reduced early retirement benefits before the applicable retirement age, 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 January 1, 2018.

Employees Covered by Benefit Terms

At the January 1, 2018 measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	135
Inactive employees entitled to but not yet receiving benefits	1
Active employees	155

Contributions

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

The City's contributions to the Plan for the year ended September 30, 2018, were \$1,411,351, and were equal to the required contributions.

Net Pension Liability

The City's Net Pension Liability (NPL) was measured as of January 1, 2018, 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, 2018

Note 8 - PENSION PLANS (CONT'D.)

Actuarial Assumptions

The Total Pension Liability in the January 1, 2018, actuarial valuation was determined using the following actuarial assumptions:

Inflation	3.0% per year
Salary increases	Service-based
Discount Rate	5.03% per year
Investment rate of return	7.75%, net of pension plan investment expense, including inflation

Mortality rates for employee and healthy annuitant combined rates were taken from RP2000 Mortality Table, projected to 2024 using Scale AA – Sex Distinct.

Actuarial assumptions used in the valuation were based on the results of actuarial experience studies. The experience study was last performed October 6, 2017.

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. For 2018 the inflation rate assumption of the investment advisor was 2.50%. 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.

Best estimates of geometric real rates of return for each major class included in the Plan's target asset allocation as of December 31, 2017 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return (Arithmetic)
Domestic Equity	40.00%	7.50%
International Equity	15.00%	8.50%
Domestic Fixed Income	20.00%	2.50%
Global Fixed Income	5.00%	3.50%
Real Estate	10.00%	4.50%
Alternative	<u>10.00%</u>	5.00%
Total	<u>100.00%</u>	

Discount Rate

The projection of cash flows used to determine the discount rate assumed that current plan member and sponsor contributions will be made at the current contribution rate. Future member's contributions in excess of their normal cost were also included. Based on these assumptions, the pension plan's Fiduciary Net Position was projected to be available to make all projected future benefit payments for 30 years. Future benefit payments beyond 30 years were discounted using a high quality municipal bond rate of 3.44%. The high quality municipal bond rate was based on the week closest to, but not later than, the measurement date of the Bond Buyer 20-Bond Index as published by the Bond Buyer. The single equivalent discount rate was 5.03%.

CITY OF WICHITA FALLS, TEXAS

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

SEPTEMBER 30, 2018

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, 2016	\$ 98,359,668	\$46,950,042	\$51,409,626
Changes for the year:			
Service cost	2,859,969	-	2,859,969
Interest on total pension liability	5,728,347	-	5,728,347
Change of benefit terms	-	-	-
Difference between expected and actual experience	5,304,698	-	5,304,698
Change of assumptions	14,862,872	-	14,862,872
Contributions – employer	-	1,411,351	(1,411,351)
Contributions – employee	-	1,463,122	(1,463,122)
Net investment income	-	6,581,299	(6,581,299)
Benefit payments, including refunds of employee contributions	(5,250,040)	(5,250,040)	-
Administrative expense	-	(124,267)	124,267
Other changes	-	347,490	(347,490)
Balances as of December 31, 2017	<u>\$121,865,514</u>	<u>\$51,378,997</u>	<u>\$70,486,517</u>

Sensitivity Analysis

The following presents the net pension liability of the City, calculated using the discount rate of 5.03%, as well as what the City's net pension liability / (asset) would be if it were calculated using a discount rate that is 1 percentage point lower (4.03%) or 1 percentage point higher (6.03%) than the current rate.

	1% Decrease 4.03%	Current Discount Rate 5.03%	1% Increase 6.03%
Net pension liability	\$93,392,921	\$70,486,517	\$59,927,518

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

For the year ended September 30, 2018, the City recognized pension expense of \$8,844,060 related to the Wichita Falls Firemen's Relief and Retirement Fund.

Pension Plan Fiduciary Net Position

Detailed information about the pension Plan's Fiduciary Net Position is available in the separately issued Plan financial report.

CITY OF WICHITA FALLS, TEXAS

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.) SEPTEMBER 30, 2018

Note 8 - PENSION PLANS (CONT'D.)

At September 30, 2018, 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	\$ 4,715,288	\$2,887,624
Difference due to changes in actuarial assumptions	31,961,836	330,712
Net difference between projected and actual earnings	-	1,120,101
Contributions made subsequent to measurement date	<u>1,050,428</u>	<u>-</u>
Total	<u>\$37,727,552</u>	<u>\$4,338,437</u>

\$1,050,428 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, 2019. 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>	
2019	\$ 4,597,267
2020	4,535,779
2021	3,872,084
2022	3,661,445
2023	4,446,669
Thereafter	<u>11,225,443</u>
Total	<u>\$32,338,687</u>

Note 9 - POST-EMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS

Plan Description

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

CITY OF WICHITA FALLS, TEXAS

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.) SEPTEMBER 30, 2018

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>	PPO <u>Core</u>	PPO <u>CAT</u>	PPO <u>HSA</u>
Retiree Only	\$ 406	\$ 304	\$ 288
Retiree/Spouse	\$1,630	\$1,285	\$1,229
Retiree/Child	\$1,273	\$ 999	\$ 954
Retiree/Family	\$2,344	\$1,856	\$1,778

Rates for pre-Medicare retirees over the age of 65 are \$514 for retiree only and \$1,028 for retiree/spouse.

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.

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.

CITY OF WICHITA FALLS, TEXAS

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.) SEPTEMBER 30, 2018

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

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.

Employees Covered by Benefit Terms

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

Inactive plan members or beneficiaries currently receiving benefits	671
Inactive plan members entitled to but not yet receiving benefits	-
Active plan members	1,165

Actuarial Assumptions

The demographic assumptions are based on the assumptions that were developed for the defined benefit plans in which the City participates (TMRS and the Firemen's Pension Plan). The TMRS assumptions are based on the experience study covering the four-year period ending December 31, 2014 as conducted for the Texas Municipal Retirement System (TMRS). The firefighter assumptions are based on the January 1, 2017 Valuation for the Wichita Falls Firemen's Relief and Retirement Fund.

Actuarial Methods and Assumptions:

Valuation Date	December 31, 2016
Actuarial Cost Method	Individual Entry Age Normal
Discount Rate	7.10% as of December 31, 2017
Inflation	2.50%
Salary Increases	3.50% to 10.50% for TMRS and 0.40% to 4.30% for firemen, including inflation
Demographic Assumptions	TMRS: Based on the experience study covering the four-year period ending December 31, 2014 as conducted for TMRS. Based on the January 1, 2017 valuation for the Wichita Falls Firemen's Relief and Retirement Fund.
Mortality	TMRS: For healthy retirees, the gender-distinct RP-2000 Combined Healthy Mortality Tables with Blue Collar Adjustment are used with male rates multiplied by 109% and female rates multiplied by 103%. The rates are projected on a fully generational basis by scale BB to account for future mortality improvements. WFRRF: The firefighters' mortality table was the RP-2000 Combined Healthy Mortality Table for males and females, projected to year 2024 using Scale AA.
Participation Rates	TMRS: 50% of employees retiring after the age of 49 or with disability at any age were assumed to elect retiree health care benefits through the City. 0% of TMRS employees retiring before the age of 49 were assumed to elect coverage. Fire: 100% of employees retiring at any age were assumed to elect retiree health care benefits through the City.

CITY OF WICHITA FALLS, TEXAS

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.) SEPTEMBER 30, 2018

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

Healthcare Cost Trend Rates Initial rate of 7.30% declining to ultimate rates of 4.25% after 14 years.

Discount Rate

A single discount rate of 7.10% was used to measure the total OPEB liability. The asset portfolio of the OPEB trust largely consists of long-term growth stocks and can therefore support a 7.10% long-term rate of return. The City's current funding policy is to pay the recommended actuarially determined contribution, which is based on a closed amortization period. As a result, the OPEB plan's fiduciary net position is expected to be available to make all projected future benefit payments for current plan members. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

Changes in Net OPEB Liability

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Balances as of December 31, 2016	\$21,052,192	\$3,803,317	\$17,248,875
Changes for the year:			
Service cost	505,385	-	505,385
Interest on total OPEB liability	1,456,410	-	1,456,410
Change of benefit terms	-	-	-
Difference between expected and actual experience	-	-	-
Change of assumptions	-	-	-
Contributions – employer	-	2,029,653	(2,029,653)
Contributions – employee	-	-	-
Net investment income	-	737,181	(737,181)
Benefit payments, including refunds of employee contributions	(1,584,144)	(1,584,144)	-
Administrative expense	-	(4,171)	4,171
Other changes	-	-	-
Balances as of December 31, 2017	<u>\$21,429,843</u>	<u>\$4,981,836</u>	<u>\$16,448,007</u>

Discount Rate Sensitivity Analysis

The following schedule shows the impact of the net OPEB liability if the discount rate used was 1% less than and 1% greater than the discount rate that was used (7.10%) in measuring the net OPEB liability.

1% Decrease 6.10%	Current Discount Rate 7.10%	1% Increase 8.10%
<u>\$18,218,501</u>	<u>\$16,448,007</u>	<u>\$14,871,598</u>

CITY OF WICHITA FALLS, TEXAS

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.) SEPTEMBER 30, 2018

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

The following schedule presents the net OPEB liability of the plan using the assumed healthcare cost trend rate as well as what the net OPEB liability would be if it were calculated using a trend ratio that is 1% less than and 1% greater than the assumed healthcare cost trend rate:

1% <u>Decrease</u>	Current Healthcare Cost Trend Rate	1% <u>Increase</u>
<u>\$15,068,872</u>	<u>\$16,448,007</u>	<u>\$18,043,185</u>

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

For the year ended September 30, 2018, the City recognized OPEB expense of \$1,589,967 related to the City of Wichita Falls Retiree Health Care Plan.

At September 30, 2018, the City reported deferred outflows of resources and deferred inflows of resources related to the City of Wichita Falls Retiree Health Care Plan from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience, liability	\$ -	\$ -
Difference due to changes in actuarial assumptions	- -	- -
Net difference between projected and actual earnings	- 361,182	361,182
Contributions made subsequent to measurement date	<u>1,496,179</u>	- -
Total	<u>\$1,496,179</u>	<u>\$361,182</u>

\$1,496,179 reported as deferred outflows of resources related to OPEB resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability for the year ending September 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in pension expense as follows:

<u>Year Ended December 31:</u>	
2019	(\$ 90,296)
2020	(90,296)
2021	(90,296)
Thereafter	(90,294)
Total	<u>(\$361,184)</u>

CITY OF WICHITA FALLS, TEXAS

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.) SEPTEMBER 30, 2018

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, 2018 was \$47,347. The lease payment increases by 3% per year with a final lease payment of \$157,805 in 2059.

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, 2018.

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, 2018:

Year ending September 30:

2019	\$ 138,248
2020	138,092
2021	137,731
2022	122,831
2023	86,357
2024-2028	307,751
2029-2033	355,520
2034-2038	412,145
2039-2043	477,789
2044-2048	553,889
2049-2053	642,108
2054-2058	<u>744,380</u>
 Total minimum payments required	 <u>\$4,116,841</u>

The total rental expenses for all operating leases for the year ended September 30, 2018 was \$156,138. There were no contingent rentals during the year ended September 30, 2018.

CITY OF WICHITA FALLS, TEXAS

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

SEPTEMBER 30, 2018

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 \$4,839,002 as of September 30, 2018, which is based on 22% usage of the landfill. The City will recognize the remaining estimated cost of closure and postclosure care of \$17,339,755 as the remaining estimated capacity is filled. The landfill is expected to be filled to capacity in 2153. Additionally, the City has recorded a liability of \$68,870 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.

Note 14 - LONG-TERM LIABILITIES

Long-term liabilities transactions for the year ended September 30, 2018 are summarized as follows:

	Balance at October 1, 2017	Issued	Retired and Transferred	Balance at September 30, 2018	Due Within One Year
<u>Governmental Activities:</u>					
General obligation bonds	\$ 13,355,000	\$22,515,000	\$ 1,870,000	\$ 34,000,000	\$ 2,215,000
Combination tax and revenue bonds	29,315,000	-	8,160,000	21,155,000	1,785,000
Premiums on bonds	898,073	1,656,317	161,564	2,392,826	-
Accrued vacation and sick leave payable	8,767,486	2,595,054	2,375,839	8,986,701	2,375,000
Capital lease payable	2,466,589	3,310,000	307,924	5,468,665	400,203
Claims and judgments payable	<u>24,298</u>	<u>1,377,710</u>	<u>625,168</u>	<u>776,840</u>	<u>70,153</u>
Total governmental activities	<u>54,826,446</u>	<u>31,454,081</u>	<u>13,500,495</u>	<u>72,780,032</u>	<u>6,845,356</u>
<u>Business-type Activities:</u>					
Utility system revenue bonds, net of premium (discount)	71,370,000	-	2,885,000	68,485,000	6,915,000
Combination tax and revenue bonds	46,260,000	-	5,090,000	41,170,000	1,505,000
Premiums on bonds	11,767,065	-	2,101,122	9,665,943	-
Accrued vacation and sick leave payable	762,556	676,547	684,118	754,985	675,000
Note payable	360,951	-	40,232	320,719	41,541
Capital leases payable	19,142,615	-	932,690	18,209,925	922,339
Landfill closure, post-closure costs	<u>4,726,193</u>	<u>181,678</u>	<u>-</u>	<u>4,907,871</u>	<u>-</u>
Total business-type activities	<u>154,389,380</u>	<u>858,225</u>	<u>11,733,162</u>	<u>143,514,443</u>	<u>10,058,880</u>
Total long-term liabilities	<u><u>\$209,215,826</u></u>	<u><u>\$32,312,306</u></u>	<u><u>\$25,233,657</u></u>	<u><u>\$216,294,475</u></u>	<u><u>\$16,904,236</u></u>

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

CITY OF WICHITA FALLS, TEXAS

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.) SEPTEMBER 30, 2018

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

Bonds Payable

Bonds payable at September 30, 2018 are comprised of the following individual issues:

	Range of Interest Rates	Final Maturity Date	Annual Serial Payments	Bonds Authorized	Bonds Outstanding at 9/30/18
General Obligation Bonds:					
General Obligation Refunding Bonds, Series 2011	1.50% - 3.00%	9/01/21	\$405,000 to \$485,000	\$ 4,365,000	\$ 1,410,000
General Obligation Refunding Bonds, Series 2015A	2.00% - 5.00%	9/01/26	\$200,000 to \$1,105,000	9,650,000	7,810,000
General Obligation Refunding Bonds, Series 2015B	0.73% - 3.48%	9/01/26	\$110,000 to \$310,000	2,885,000	2,265,000
General Obligation Bonds, Series 2018A	2.00% - 5.00%	9/01/38	\$550,000 to \$1,155,000	16,345,000	16,345,000
General Obligation Refunding Bonds, Series 2018B	2.00% - 4.00%	9/01/28	\$80,000 to \$725,000	6,170,000	<u>6,170,000</u>
Total General Obligation Bonds					<u>34,000,000</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	505,000
Combination Tax and Revenue Certificates of Obligation, Series 2010	5.60%	2/01/25	\$165,000 to \$375,000	3,930,000	2,240,000
Combination Tax and Revenue Certificates of Obligation, Series 2011	2.00% - 4.00%	9/01/31	\$135,000 to \$220,000	3,200,000	2,350,000
Combination Tax and Revenue Certificates of Obligation, Series 2013	2.00% - 3.375%	9/01/33	\$530,000 to \$1,315,000	19,875,000	16,060,000
Combination Tax and Revenue Certificates of Obligation, Series 2013A	2.00% - 4.625%	9/01/33	\$505,000 to \$905,000	13,000,000	10,435,000
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	30,735,000
Total Combination Tax and Revenue Bonds					<u>62,325,000</u>
Revenue Bonds:					
Water & Sewer System Revenue Refunding Bonds, Series 2016	2.00% - 5.00%	8/01/27	\$2,635,000 to \$9,705,000	74,005,000	68,485,000
Total All Bonds					<u>\$164,810,000</u>

CITY OF WICHITA FALLS, TEXAS

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

SEPTEMBER 30, 2018

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

Aggregate maturities of the long-term debt (principal and interest) for the years subsequent to September 30, 2018 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
2019	\$ 2,215,000	\$ 1,202,931	\$ 3,290,000	\$ 1,890,503	\$ 6,915,000	\$ 3,391,000	\$ 41,541	\$ 10,433	\$ 1,322,542	\$ 714,790	\$ 13,784,083	\$ 7,209,657		
2020	2,715,000	1,221,029	2,855,000	1,537,020	7,265,000	3,045,250	42,892	9,082	1,496,371	687,628	14,374,263	6,500,009		
2021	2,795,000	1,134,911	2,925,000	1,468,812	7,635,000	2,682,000	44,287	7,686	1,637,738	645,765	15,037,025	5,939,174		
2022	2,390,000	1,041,300	2,995,000	1,394,165	8,010,000	2,300,250	45,728	6,246	1,734,574	600,305	15,175,302	5,342,266		
2023	2,480,000	948,517	3,065,000	1,315,342	8,410,000	1,899,750	47,216	4,758	1,834,600	551,933	15,836,816	4,720,300		
2024-2028	10,925,000	3,290,723	15,420,000	5,315,979	30,250,000	3,245,500	99,054	4,859	5,379,745	2,128,550	62,073,799	13,985,611		
2029-2033	5,125,000	1,685,250	16,440,000	3,050,257	-	-	-	-	6,281,580	1,272,167	27,846,580	6,007,674		
2034-2038	5,355,000	716,750	5,950,000	1,274,190	-	-	-	-	3,991,447	192,177	15,296,447	2,183,117		
2039-2043	-	-	6,565,000	647,851	-	-	-	-	-	-	6,565,000	647,851		
2044-2045	-	-	2,820,000	60,102	-	-	-	-	-	-	2,820,000	60,102		
Totals	\$34,000,000	\$11,241,411	\$62,325,000	\$17,954,221	\$68,485,000	\$16,563,750	\$320,718	\$ 43,064	\$23,678,597	\$6,793,315	\$188,809,315	\$37,845,229		

CITY OF WICHITA FALLS, TEXAS

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.) SEPTEMBER 30, 2018

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

All of the General Obligation Bonds were issued on the full faith and credit of the City and are secured by ad valorem taxes levied against all taxable property. These bonds are serviced by the Debt Service Fund with an apportionment of the ad valorem tax levy. At September 30, 2018, this fund had a fund balance of \$1,444,396.

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, 2018 is classified as follows:

Long-term	\$ 279,177
Current portion	<u>41,541</u>
Total	<u><u>\$ 320,718</u></u>

Capital Leases Payable

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

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

CITY OF WICHITA FALLS, TEXAS

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.) SEPTEMBER 30, 2018

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

The City entered into a capital lease agreement in 2016 to finance the replacement of all of the City's water meters. The total amount of the capital lease was \$16,506,103. These assets are listed under "Buildings, systems and improvements" in Business-type Activities. The lease carries an interest rate of 3.23% and is for a period of 20 years, with final payment due in fiscal year 2036.

The City issued a capital lease in 2017 for the purchase of fire department equipment in the amount of \$2,682,710. These assets are listed under "Motor vehicles" in Business-type Activities. This capital lease carries an interest rate of 1.98% and is for a period of 6 years with final payment due in fiscal year 2023.

The City entered into a capital lease agreement in 2018 to finance the conversion of the City's street lights to more energy-efficient LED lights. This project did not begin until after September 30, 2018. Therefore, the \$2,895,784 in proceeds has been included as "Restricted Fund Balance" on Exhibit A-3. The lease carries an interest rate of 3.45% and is for a period of 15 years, with final payment due in fiscal year 2034.

The City also issued a capital lease in 2018 for the purchase of new traffic signal communication equipment in the amount of \$414,225. These assets are listed under "Infrastructure" under Governmental Activities. This lease carries an interest rate of 3.03% for a period of 5 years with final payment due in fiscal year 2023.

Note 15 - DEFEASED DEBT

General Obligation Bonds

On August 21, 2018, the City issued general obligation refunding bonds of \$6,170,000 (par value) with interest rates ranging from 2.00% to 4.00%. The debt was issued to refund combination tax and revenue certificates of obligation with rates ranging from 4.00% to 4.75% and a par value of \$6,420,000. The general obligation bonds to be refunded matured through October 1, 2028. The proceeds of the bonds were placed in an irrevocable trust in order to redeem the bonds on October 1, 2018. The refunding met the requirements of an in-substance defeasance and the original bonds were removed from Governmental Activities.

As a result of the refunding, the City reduced its total debt service by \$670,324, resulting in an economic gain (difference between the present value of the debt service payments on the old and new debt) of \$583,075.

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	\$ 3,213,124	Short-term loan
General Fund	Water and Sewer Fund	76,603	Short-term loan
General Fund	Regional Airport Fund	134,364	Short-term loan
General Fund	Nonmajor Enterprise Funds	2,563,879	Short-term loan
General Fund	Internal Service Funds	124,601	Short-term loan
	Total	<u>\$ 6,112,571</u>	

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

CITY OF WICHITA FALLS, TEXAS

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.) SEPTEMBER 30, 2018

Note 16 - INTERFUND BALANCES (CONT'D.)

Transfers to and from other funds during the year ended September 30, 2018 were as follows:

<u>Transfers From</u>	<u>Transfers To</u>	<u>Amount</u>	<u>Reason</u>
General Fund	Nonmajor Governmental Funds	\$ 169,957	Supplement operating grants
General Fund	Nonmajor Governmental Funds	435,772	Supplement operating deficits
General Fund	Regional Airport Fund	127,458	Supplement operating deficits
General Fund	Nonmajor Enterprise Funds	78,623	Supplement operating deficits
Nonmajor Governmental Funds	Nonmajor Governmental Funds	1,074,377	Fund debt service payment
Nonmajor Governmental Funds	Nonmajor Governmental Funds	1,817,097	Fund operating deficits
Nonmajor Governmental Funds	Nonmajor Enterprise Funds	543,579	Fund capital projects
Nonmajor Governmental Funds	Nonmajor Enterprise Funds	147,027	Fund operating deficits
Water and Sewer Fund	General Fund	1,719,976	Administrative overhead
Water and Sewer Fund	Nonmajor Governmental Funds	500,000	Fund debt service payment
Water and Sewer Fund	Internal Service Funds	553,896	Purchase capital assets
Sanitation Fund	General Fund	1,593,408	Administrative overhead
Sanitation Fund	Internal Service Funds	625,783	Purchase capital assets
Regional Airport Fund	Nonmajor Governmental Funds	670,729	Fund debt service payment
Nonmajor Enterprise Funds	Nonmajor Governmental Funds	403,681	Fund debt service payment
Nonmajor Enterprise Funds	Water and Sewer Fund	901,083	Transfer of capital assets
Nonmajor Enterprise Funds	Internal Service Funds	382,669	Purchase capital assets
Internal Service Funds	General Fund	312,000	Administrative overhead
Internal Service Funds	Nonmajor Governmental Funds	25,623	Fund debt service payment
	Total	<u>\$11,935,712</u>	

Additionally, the Governmental Activities transferred \$1,914,014 in capital assets to the Nonmajor Enterprise Funds and the Nonmajor Enterprise Funds transferred \$754,323 in capital assets to Governmental Activities. These transfers are not reported on the Governmental Funds financial statements as the capital assets do not represent current financial resources.

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.

CITY OF WICHITA FALLS, TEXAS

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.) SEPTEMBER 30, 2018

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

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, 2018 was \$.404046 per one thousand gallons.

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

Contract Commitments

At September 30, 2018, 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	\$ 870,934
Nonmajor Governmental Funds	188,581
Water and Sewer Fund	2,892,104
Sanitation Fund	127,959
Nonmajor Enterprise Funds	3,992,277
Internal Service Funds	<u>357,488</u>
 Total contract commitments - City	 <u>\$8,429,343</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.

Note 18 - TAX ABATEMENT AGREEMENTS

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

For the fiscal year ended September 30, 2018, the City abated property taxes totaling \$1,034,030 under this program and received payments in lieu of taxes totaling \$969,971.

CITY OF WICHITA FALLS, TEXAS

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

SEPTEMBER 30, 2018

Note 19 - 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, 2018 is as follows:

	Wichita Falls Economic Development Corporation	Wichita Falls 4B Sales Tax Corporation	Wichita Falls Reinvestment			Totals
			Zone #2	Zone #3	Zone #4	
Condensed statement of net position:						
Cash, investments and other current assets	\$ 14,375,862	\$ 4,848,613	\$867,081	\$564,334	\$168,497	\$ 20,824,387
Capital assets, net of accumulated depreciation	<u>2,151,962</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,151,962</u>
Total assets	<u>16,527,824</u>	<u>4,848,613</u>	<u>867,081</u>	<u>564,334</u>	<u>168,497</u>	<u>22,976,349</u>
Accounts payable and other current liabilities	<u>2,039,084</u>	<u>16,085</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,055,169</u>
Total liabilities	<u>2,039,084</u>	<u>16,085</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,055,169</u>
Net position	<u>\$14,488,740</u>	<u>\$4,832,528</u>	<u>\$867,081</u>	<u>\$564,334</u>	<u>\$168,497</u>	<u>\$20,921,180</u>
Condensed statement of activities:						
Expenses:						
Community development	<u>\$ 7,464,442</u>	<u>\$3,329,579</u>	<u>\$357,608</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$11,151,629</u>
Program revenues:						
Operating grants and contributions	<u>-</u>	<u>357,608</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>357,608</u>
Net program expense	<u>(7,464,442)</u>	<u>(2,971,971)</u>	<u>(357,608)</u>	<u>-</u>	<u>-</u>	<u>(10,794,021)</u>
General revenues:						
Tax revenues	<u>3,976,836</u>	<u>3,976,836</u>	<u>706,736</u>	<u>92,504</u>	<u>87,374</u>	<u>8,840,286</u>
Non-tax general revenues	<u>329,219</u>	<u>45,395</u>	<u>8,934</u>	<u>7,425</u>	<u>1,455</u>	<u>392,428</u>
Total general revenues	<u>4,306,055</u>	<u>4,022,231</u>	<u>715,670</u>	<u>99,929</u>	<u>88,829</u>	<u>9,232,714</u>
Change in net position	<u>(3,158,387)</u>	<u>1,050,260</u>	<u>358,062</u>	<u>99,929</u>	<u>88,829</u>	<u>(1,561,307)</u>
Beginning net position	<u>17,647,127</u>	<u>3,782,268</u>	<u>509,019</u>	<u>464,405</u>	<u>79,668</u>	<u>22,482,487</u>
Ending net position	<u>\$14,488,740</u>	<u>\$4,832,528</u>	<u>\$867,081</u>	<u>\$564,334</u>	<u>\$168,497</u>	<u>\$20,921,180</u>

CITY OF WICHITA FALLS, TEXAS

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.) SEPTEMBER 30, 2018

Note 20 - PRIOR PERIOD ADJUSTMENT

For fiscal year ended September 30, 2018, the City implemented GASB Statement No. 75. As a result, a prior period adjustment to the beginning net position for governmental activities, business-type activities, enterprise funds, and internal service funds for post-employment benefits other than pensions (OPEB) is required.

The total prior period adjustments are shown below:

	Governmental Activities	Business-Type Activities	Total Primary Government
<u>Government-wide:</u>			
Net OPEB liability	(\$12,313,972)	(\$4,967,676)	(\$17,248,875)
Deferred outflows of resources - contributions	<u>1,037,737</u>	<u>418,643</u>	<u>1,453,617</u>
Total prior period adjustment	<u>(\$11,276,235)</u>	<u>(\$4,549,033)</u>	<u>(\$15,825,268)</u>

At the fund level, the adjustment related to the implementation of new standards decreased beginning net position in the Water and Sewer Fund (\$2,503,548), Sanitation Fund (\$1,151,474), Regional Airport Fund (\$22,113), Nonmajor Enterprise Funds (\$383,825) and Internal Service Funds (\$758,172).

Since OPEB liability data is not available for periods prior to September 30, 2017, the effect of the prior period adjustment on the change in net position for the fiscal year ended September 30, 2017, is not determinable.

Required Supplementary Information

CITY OF WICHITA FALLS, TEXAS

REQUIRED SUPPLEMENTARY INFORMATION BUDGETARY COMPARISON SCHEDULE - GENERAL FUND FOR THE YEAR ENDED SEPTEMBER 30, 2018

	Budgeted Amounts			Variance With Final Budget - Positive (Negative)
	Original	Final	Actual	
Revenues:				
Taxes	\$ 63,204,441	\$ 63,754,471	\$ 63,946,065	\$ 191,594
Charges for services	2,827,723	2,827,723	2,805,308	(22,415)
Licenses and permits	1,973,904	1,973,904	1,963,353	(10,551)
Fines and forfeitures	2,552,000	2,552,000	2,593,494	41,494
Intergovernmental revenue	4,800	4,800	4,021	(779)
Contributions	169,571	169,571	164,580	(4,991)
Miscellaneous revenue	1,097,258	1,097,258	1,488,744	391,486
Total revenues	<u>71,829,697</u>	<u>72,379,727</u>	<u>72,965,565</u>	<u>585,838</u>
Expenditures:				
Current:				
Administrative services	13,033,721	13,895,112	13,550,700	344,412
Police	24,439,981	23,965,981	23,927,640	38,341
Fire	15,984,557	16,210,363	16,201,856	8,507
Parks and recreation	5,582,090	5,420,817	5,160,344	260,473
Accounting/finance	725,122	725,122	701,643	23,479
Community development	2,171,250	2,172,120	2,103,088	69,032
Public works	5,130,481	5,103,252	5,053,709	49,543
Health	3,336,869	3,323,878	3,216,858	107,020
Traffic and transportation	1,571,502	1,580,848	1,604,398	(23,550)
Capital outlay	2,856,383	3,720,982	3,596,072	124,910
Total expenditures	<u>74,831,956</u>	<u>76,118,475</u>	<u>75,116,308</u>	<u>1,002,167</u>
Excess of revenues over (under) expenditures	<u>(3,002,259)</u>	<u>(3,738,748)</u>	<u>(2,150,743)</u>	<u>1,588,005</u>
Other financing sources (uses):				
Capital lease proceeds	-	-	3,310,009	3,310,009
Transfers in	3,625,384	3,625,384	3,625,384	-
Transfers out	(623,125)	(946,487)	(811,810)	134,677
Total other financing sources (uses)	<u>3,002,259</u>	<u>2,678,897</u>	<u>6,123,583</u>	<u>3,444,686</u>
Excess of revenues and other sources over (under) expenditures and other uses	-	(1,059,851)	3,972,840	5,032,691
Fund balance - beginning	<u>14,329,469</u>	<u>14,329,469</u>	<u>14,329,469</u>	-
Fund balance - ending	<u>\$ 14,329,469</u>	<u>\$ 13,269,618</u>	<u>\$ 18,302,309</u>	<u>\$ 5,032,691</u>

CITY OF WICHITA FALLS, TEXAS

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

	2017	2016	2015	2014
Total Pension Liability				
Service cost	\$ 4,917,413	\$ 2,466,531	\$ 4,697,339	\$ 4,098,031
Interest on total pension liability	16,873,140	16,126,720	16,093,246	15,665,423
Changes of benefit terms	-	-	-	-
Difference between expected and actual experience	(1,117,057)	3,641,511	203,406	(2,042,671)
Changes of assumptions	-	-	1,340,184	-
Benefit payments/refunds of contributions	(12,461,447)	(12,342,806)	(12,073,025)	(11,744,340)
Net change in total pension liability	<u>8,212,049</u>	<u>9,891,956</u>	<u>10,261,150</u>	<u>5,976,443</u>
Total pension liability, beginning	<u>253,744,464</u>	<u>243,852,508</u>	<u>233,591,358</u>	<u>227,614,915</u>
Total pension liability, ending (a)	<u><u>\$261,956,513</u></u>	<u><u>\$253,744,464</u></u>	<u><u>\$243,852,508</u></u>	<u><u>\$233,591,358</u></u>
Fiduciary Net Position				
Contributions - employer	\$ 5,565,648	\$ 5,339,437	\$ 5,639,053	\$ 5,379,333
Contributions - employee	2,470,741	2,494,525	2,497,984	2,303,770
Net investment income	28,538,620	13,331,438	296,795	11,109,980
Benefit payments/refunds of contributions	(12,461,447)	(12,342,806)	(12,073,025)	(11,744,340)
Administrative expenses	(147,954)	(150,608)	(180,789)	(116,005)
Other	(7,498)	(8,114)	(8,931)	(9,538)
Net change in fiduciary net position	<u>23,958,110</u>	<u>8,663,872</u>	<u>(3,828,913)</u>	<u>6,923,200</u>
Fiduciary net position, beginning	<u>205,988,203</u>	<u>197,324,331</u>	<u>201,153,244</u>	<u>194,230,044</u>
Fiduciary net position, ending (b)	<u><u>\$229,946,313</u></u>	<u><u>\$205,988,203</u></u>	<u><u>\$197,324,331</u></u>	<u><u>\$201,153,244</u></u>
Net pension liability, ending = (a) - (b)	<u><u>\$ 32,010,200</u></u>	<u><u>\$ 47,756,261</u></u>	<u><u>\$ 46,528,177</u></u>	<u><u>\$ 32,438,114</u></u>
Fiduciary net position as a % of total pension liability	<u>87.78%</u>	<u>81.18%</u>	<u>80.92%</u>	<u>86.11%</u>
Covered payroll	<u>\$ 44,380,980</u>	<u>\$ 44,793,885</u>	<u>\$ 45,036,746</u>	<u>\$ 41,538,672</u>
Net pension liability as a % of covered payroll	<u>72.13%</u>	<u>106.61%</u>	<u>103.31%</u>	<u>78.09%</u>

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

CITY OF WICHITA FALLS, TEXAS

REQUIRED SUPPLEMENTARY INFORMATION SCHEDULE OF CONTRIBUTIONS TEXAS MUNICIPAL RETIREMENT SYSTEM

	2018	2017	2016	2015
Actuarial determined contribution	\$ 5,675,065	\$ 5,521,772	\$ 5,427,145	\$ 5,422,031
Contributions in relation to the actuarially determined contribution	<u>(5,675,065)</u>	<u>(5,521,772)</u>	<u>(5,427,145)</u>	<u>(5,422,031)</u>
Contribution deficiency	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 44,522,000	\$ 44,687,123	\$ 44,674,967	\$ 42,951,296
Contributions as a percentage of covered payroll	<u>12.75%</u>	<u>12.36%</u>	<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	28 years
Asset Valuation Method	10 Year smoothed market; 15% soft corridor
Inflation	2.5%
Salary Increases	3.50% to 10.50% including inflation
Investment Rate of Return	6.75%
Retirement Age	Experience-based table of rates that are specific to the City's plan of benefits. Last updated for the 2015 valuation pursuant to an experience study of the period 2010-2014
Mortality	RP2000 Combined Mortality Table with Blue Collar Adjustment with male rates multiplied by 109% and female rates multiplied by 103% and projected on a fully generational basis with scale BB

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

	2017	2016	2015	2014
Total Pension Liability				
Service cost	\$ 2,859,969	\$ 1,560,472	\$ 1,493,672	\$ 1,447,068
Interest on total pension liability	5,728,347	5,827,804	5,298,361	5,537,931
Changes of benefit terms	-	-	7,781	-
Difference between expected and actual experience	5,304,698	(2,151,748)	(1,542,023)	(320,862)
Changes of assumptions	14,862,872	24,107,651	-	(423,984)
Benefit payments/refunds of contributions	(5,250,040)	(4,543,166)	(3,950,906)	(3,616,549)
Net change in total pension liability	<u>23,505,846</u>	<u>24,801,013</u>	<u>1,306,885</u>	<u>2,623,604</u>
Total pension liability, beginning	98,359,668	73,558,655	72,251,770	69,628,166
Total pension liability, ending (a)	<u><u>\$121,865,514</u></u>	<u><u>\$ 98,359,668</u></u>	<u><u>\$ 73,558,655</u></u>	<u><u>\$ 72,251,770</u></u>
Fiduciary Net Position				
Contributions - employer	\$ 1,411,351	\$ 1,283,410	\$ 1,273,913	\$ 1,232,957
Contributions - employee	1,463,122	1,350,904	1,221,926	1,144,644
Net investment income	6,581,299	2,577,572	421,270	3,284,243
Benefit payments/refunds of contributions	(5,250,040)	(4,543,166)	(3,950,906)	(3,616,549)
Administrative expenses	(124,267)	(115,843)	(87,245)	(85,636)
Other	347,490	250	-	-
Net change in fiduciary net position	4,428,955	553,127	(1,121,042)	1,959,659
Fiduciary net position, beginning	46,950,042	46,396,915	47,517,957	45,558,298
Fiduciary net position, ending (b)	<u><u>\$ 51,378,997</u></u>	<u><u>\$ 46,950,042</u></u>	<u><u>\$ 46,396,915</u></u>	<u><u>\$ 47,517,957</u></u>
Net pension liability, ending = (a)-(b)	<u><u>\$ 70,486,517</u></u>	<u><u>\$ 51,409,626</u></u>	<u><u>\$ 27,161,740</u></u>	<u><u>\$ 24,733,813</u></u>
Fiduciary net position as a % of total pension liability	<u><u>42.16%</u></u>	<u><u>47.73%</u></u>	<u><u>63.07%</u></u>	<u><u>65.77%</u></u>
Covered payroll	<u><u>\$ 11,254,785</u></u>	<u><u>\$ 10,391,569</u></u>	<u><u>\$ 10,182,717</u></u>	<u><u>\$ 9,520,903</u></u>
Net pension liability (asset) as a % of covered payroll	<u><u>626.28%</u></u>	<u><u>494.72%</u></u>	<u><u>266.74%</u></u>	<u><u>259.78%</u></u>

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

CITY OF WICHITA FALLS, TEXAS

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

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Actuarial determined contribution	\$ 1,411,351	\$ 1,283,410	\$ 1,273,913	\$ 1,232,957
Contributions in relation to the actuarially determined contribution	<u>(1,411,351)</u>	<u>(1,283,410)</u>	<u>(1,273,913)</u>	<u>(1,232,957)</u>
Contribution deficiency	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 11,214,407	\$ 10,929,570	\$ 11,088,538	\$ 10,179,831
Contributions as a percentage of covered payroll	<u>12.59%</u>	<u>11.74%</u>	<u>11.49%</u>	<u>12.11%</u>

Valuation Date: 1/1/2018

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage of Compensation
Remaining Amortization Period	Infinite (as of 1/1/2018 valuation)
Mortality	RP-2000 Mortality Table, projected to 2024 using Scale AA, with separate rates for males and females
Retirement Age	Based upon tables dependent upon hire date, in conjunction with an actuarial study dated October 2017.
Retirement Election	Members eligible for the DROP are assumed to elect either straight service retirement benefits or the DROP, whichever is more valuable. Other members are assumed to receive straight service retirement benefits.
Termination Rates	Based upon service table, in conjunction with an actuarial experience study dated October 2017.
Disability Rates	Based upon member age, in conjunction with an actuarial experience study dated October 2017.
Interest Rate:	7.75% per year, compounded annually, net of expenses. This is supported by the asset allocation of the trust and the long-term expected return by asset class.
Salary Increases	Based upon service table, in conjunction with an actuarial experience study dated October 2017.

CITY OF WICHITA FALLS, TEXAS

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

Payroll Growth	4.00% per year for amortization of the Unfunded Actuarial Accrued Liability. The assumed payroll growth was approved in conjunction with an actuarial study dated October 2017.
Marital Status:	100% of actives are assumed to be married at time of benefit commencement. Males are assumed to be two years older than their spouses.
Dependent Children:	Each member is assumed to have two children. The first child is assumed to have been born when the member was 25. The second child is assumed to be two years younger. It is also assumed that benefits will be paid until each child reaches the age of 20.
Contribution Rates:	Members - 13.00% City - 12.00% (12.83% in 2018, 12.77% in 2019)
Actuarial Asset Method:	Fair Market Value

CITY OF WICHITA FALLS, TEXAS

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN NET OPEB LIABILITY AND RELATED RATIOS
CITY OF WICHITA FALLS RETIREE HEALTH CARE PLAN

	2017
Total OPEB Liability	
Service cost	\$ 505,385
Interest on total pension liability	1,456,410
Changes of benefit terms	-
Difference between expected and actual experience	-
Changes of assumptions	-
Benefit payments/refunds of contributions	<u>(1,584,144)</u>
Net change in total OPEB liability	<u>377,651</u>
 Total OPEB liability, beginning	 21,052,192
Total OPEB liability, ending (a)	<u>\$ 21,429,843</u>
 Fiduciary Net Position	
Contributions - employer	\$ 2,029,653
Contributions - employee	-
Net investment income	737,181
Benefit payments/refunds of contributions	<u>(1,584,144)</u>
Administrative expenses	<u>(4,171)</u>
Other	-
Net change in fiduciary net position	<u>1,178,519</u>
Fiduciary net position, beginning	<u>3,803,317</u>
Fiduciary net position, ending (b)	<u>\$ 4,981,836</u>
 Net OPEB liability / (asset), ending = (a) - (b)	<u>\$ 16,448,007</u>
Fiduciary net position as a % of total OPEB liability	<u>23.25%</u>
Covered payroll	<u>\$ 55,647,372</u>
Net pension liability (asset) as a % of covered payroll	<u>29.56%</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 74/75, 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 CITY OF WICHITA FALLS RETIREE HEALTH CARE PLAN

	<u>2018</u>
Actuarial determined contribution	\$ 2,072,215
Contributions in relation to the actuarially determined contribution	<u>(2,072,215)</u>
Contribution deficiency	<u>\$ -</u>
Covered payroll	\$ 55,042,215
Contributions as a percentage of covered payroll	<u>3.76%</u>

Valuation Date: December 31, 2016

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial Cost Method	Individual Entry Age Normal
Amortization Method	Level Percentage of Pay
Remaining Amortization Period	15 years; closed
Asset Valuation	Market Value
Investment Rate of Return	7.10%
Inflation	2.50%
Salary Increases	3.50% to 10.50% for TMRS and 0.40% to 4.30% for Fire, including inflation
Demographic Assumptions	<p>TMRS: Based on the experience study covering the four-year period ending December 31, 2014 as conducted for the TMRS.</p> <p>Fire: Based on the January 1, 2017 valuation for the Wichita Falls Firemen's Relief and Retirement Fund.</p>
Mortality	<p>TMRS: For healthy retirees, the gender-distinct RP-2000 Combined Healthy Mortality Tables with Blue Collar Adjustment are used with male rates multiplied by 109% and female rates multiplied by 103%. The rates are projected on a fully generational basis by scale BB to account for future mortality improvements.</p> <p>Fire: The firefighters' mortality table was the RP-2000 Combined Healthy Mortality Table for males and females, projected to year 2024 using Scale AA.</p>
Participation Rates	<p>TMRS: 50% of employees retiring after the age of 49 or with disability at any age were assumed to elect retiree health care benefits through the City. 0% of TMRS employees retiring before the age of 49 were assumed to elect coverage.</p> <p>Fire: 100% of employees retiring at any age were assumed to elect retiree health care benefits through the City.</p>
Healthcare Cost Trend Rates	Initial rate of 7.30% declining to ultimate rates of 4.25% after 14 years.

Other Information:

There were no benefit changes during the year.

CITY OF WICHITA FALLS, TEXAS

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION SEPTEMBER 30, 2018

Budgetary Information

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

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

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

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

The City Council must approve any transfer of appropriation balances or portions thereof from one department to another. The City Manager has the authority, without City Council approval, to transfer appropriation balances from one expenditure account to another within a single department of the City. Supplemental appropriations of \$1,286,519 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.

Wichita Falls Firemen's Relief and Retirement Fund

Changes of benefit terms:

Effective April 20, 2016, there have been multiple changes in benefits, as

- The member contribution rate was increased from 12% to 13% of salary for all members.
- All future new entrants will accrue benefits under a "Tier 2" benefit structure.

Changes of assumptions:

For purposes of determining the GASB discount rate at the 12/31/17 measurement date, a depletion date projection as of that date have been performed. The results of this projection showed a single discount rate of 5.03%. The discount rate was decreased from 5.81% to 5.03%.

CITY OF WICHITA FALLS, TEXAS

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION (CONT'D.) **SEPTEMBER 30, 2018**

As a result of an actuarial experience study dated October 6, 2017, the following assumption changes have been approved by the Board of Trustees:

- The investment return assumption was lowered from 8.00% to 7.75% per year, net of all expenses.
- The assumed rates of salary increases were amended.
- The assumed rates of retirement were amended.
- The assumed rates of withdrawal were amended.
- The assumed rates of disablement were amended.

For purposes of determining the GASB discount rate at the 12/31/2016 measurement date, a depletion date projection as of that date have been performed. The results of this projection showed a single discount rate of 5.81%. The discount rate was decreased from 8.00% to 5.81%.

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.

2018-A Bond Projects

This fund was established to account for the proceeds of the Series 2018-A General Obligation Bonds that were issued for the purpose of street improvements within the City.

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, 2018

	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	2018-A Bond Projects	Miscellaneous Capital Projects	Perpetual Care				
ASSETS																		
Cash and cash equivalents	\$ 50	\$ 1,468,169	\$ 87,059	\$ -	\$ -	\$ -	\$ 43,155	\$ 2,529,679	\$ 1,442,923	\$ 100	\$ 100,531	\$ 17,338,495	\$ 515,611	\$ 1,121,833	\$ 24,647,605			
Receivables:																		
Taxes and assessments	-	-	-	151,206	-	-	-	-	22,462	-	-	-	-	-	-	173,668		
Government agencies	694,434	-	573,398	-	359,825	-	-	1,212,377	17,323	511,541	-	-	-	-	-	3,368,898		
Other	8,455	-	-	-	-	-	26,797	39,471	-	-	-	-	-	-	-	74,723		
Prepaid items	-	-	-	-	-	-	2,133	-	-	-	-	-	-	-	-	2,133		
Other assets	-	-	-	-	-	182,879	518,840	3,000	-	-	-	-	-	-	-	704,719		
Total assets	\$ 702,939	\$ 1,468,169	\$ 660,457	\$ 151,206	\$ 359,825	\$ 182,879	\$ 590,925	\$ 3,784,527	\$ 1,482,708	\$ 511,641	\$ 100,531	\$ 17,338,495	\$ 515,611	\$ 1,121,833	\$ 28,971,746			
LIABILITIES AND FUND BALANCE																		
Liabilities																		
Accounts payable - trade	\$ 61,963	\$ 149	\$ 8,204	\$ -	\$ -	\$ 71,296	\$ 22,674	\$ 66,751	\$ -	\$ -	\$ 128,865	\$ -	\$ 5,603	\$ 2,488	\$ 367,993			
Accrued payroll	9,982	12,031	136	-	-	-	9,540	68,151	-	-	-	-	-	-	-	99,840		
Payable to other City funds	40,729	-	-	151,196	1,258,549	67,117	-	1,420,446	723	-	-	-	2,625	271,739	-	3,213,124		
Payable to government agencies	-	72,460	20,000	-	-	-	-	2,302	-	-	-	-	-	-	-	94,762		
Other liabilities	2,725	65,390	24,744	-	5,614	682	558,711	24,448	-	-	18,794	-	39,869	-	740,977			
Unearned revenue	-	-	-	-	-	-	-	37,236	-	-	-	-	-	-	-	37,236		
Total liabilities	115,399	150,030	53,084	151,196	1,264,163	139,095	590,925	1,619,334	723	-	147,659	2,625	317,211	2,488	4,553,932			
Deferred inflows of resources																		
Unavailable revenues	-	-	-	-	-	-	-	-	37,589	-	-	-	-	-	-	37,589		
Fund balance:																		
Restricted for:																		
Perpetual care	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,119,345		
Debt service	-	-	-	-	-	-	-	1,444,396	511,641	-	-	-	-	-	-	1,956,037		
Capital projects	-	-	-	-	-	-	-	-	-	(47,128)	17,335,870	198,400	-	-	-	17,487,142		
Federal and state grant programs	587,540	1,318,139	607,373	-	-	-	-	-	-	-	-	-	-	-	-	2,513,052		
Tourism	-	-	-	-	10	-	-	-	-	-	-	-	-	-	-	10		
Committed for:																		
Golf course	-	-	-	-	-	43,784	-	-	-	-	-	-	-	-	-	43,784		
Multi-Purpose Events Center	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
Local projects	-	-	-	-	-	-	-	2,165,193	-	-	-	-	-	-	-	2,165,193		
Unassigned	-	-	-	-	(904,338)	-	-	-	-	-	-	-	-	-	-	(904,338)		
Total fund balance	587,540	1,318,139	607,373	10	(904,338)	43,784	-	2,165,193	1,444,396	511,641	(47,128)	17,335,870	198,400	1,119,345	24,380,225			
Total liabilities, deferred inflows of resources and fund balances	\$ 702,939	\$ 1,468,169	\$ 660,457	\$ 151,206	\$ 359,825	\$ 182,879	\$ 590,925	\$ 3,784,527	\$ 1,482,708	\$ 511,641	\$ 100,531	\$ 17,338,495	\$ 515,611	\$ 1,121,833	\$ 28,971,746			

CITY OF WICHITA FALLS, TEXAS

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2018

	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	2018-A Bond Projects	Miscellaneous Capital Projects	Perpetual Care	
Revenues:															
Taxes	\$ -	\$ -	\$ -	\$ 1,914,597	\$ -	\$ -	\$ -	\$ -	\$ 882,689	\$ 511,541	\$ -	\$ -	\$ -	\$ 3,308,827	
Charges for services	9,949	-	-	-	-	441,636	-	82,850	-	-	-	-	-	534,435	
Fines and forfeitures	-	-	-	-	-	-	-	163,722	-	-	-	-	-	163,722	
Intergovernmental revenue	1,123,027	3,716,559	411,762	-	1,000,000	-	-	2,856,912	-	-	-	-	-	9,108,260	
Contributions	-	-	-	-	-	-	35,000	999,552	2,270,672	-	855,019	-	-	4,160,243	
Miscellaneous revenue	4,894	28,436	1,200	-	60,000	392,566	10,872	352,030	47,516	472	-	38,495	7,445	67,246	
Total revenues	<u>1,137,870</u>	<u>3,744,995</u>	<u>412,962</u>	<u>1,914,597</u>	<u>1,060,000</u>	<u>834,202</u>	<u>45,872</u>	<u>4,455,066</u>	<u>3,200,877</u>	<u>512,013</u>	<u>855,019</u>	<u>38,495</u>	<u>7,445</u>	<u>67,246</u>	<u>18,286,659</u>
Expenditures:															
Current:															
Administrative services	107,834	-	-	97,500	-	871,126	-	151,787	-	-	-	-	-	1,228,247	
Police	-	-	-	-	-	-	-	277,521	-	-	-	-	-	277,521	
Fire	-	-	-	-	-	-	-	695,007	-	-	-	-	-	695,007	
Parks and recreation	37,332	-	-	-	-	-	-	86,343	-	-	-	19	3,079	126,773	
Community development	820,585	3,619,804	141,851	-	-	-	-	-	-	-	-	-	-	4,582,240	
Public works	201,676	-	-	-	-	-	-	6,889	-	-	23,050	224,141	1,579	457,335	
Health	737	-	-	-	-	-	-	2,574,671	-	-	-	-	1,600	2,577,008	
Traffic and transportation	-	-	-	-	11,000	-	-	498,160	-	-	-	-	-	509,160	
Multi-Purpose Events Center	-	-	-	-	-	-	2,414,425	-	-	-	1,450	-	-	2,415,875	
Capital outlay	3,373	-	-	-	-	-	-	496,166	-	-	1,528,459	-	4,922	2,032,920	
Debt service:															
Principal retirement	-	-	-	-	-	-	-	3,610,000	-	-	-	-	-	3,610,000	
Interest and paying agent fees	-	-	-	-	-	-	-	1,597,143	-	-	-	-	-	1,597,143	
Total expenditures	<u>1,171,537</u>	<u>3,619,804</u>	<u>141,851</u>	<u>97,500</u>	<u>11,000</u>	<u>871,126</u>	<u>2,414,425</u>	<u>4,786,544</u>	<u>5,207,143</u>	-	<u>1,552,959</u>	<u>224,141</u>	<u>8,120</u>	<u>3,079</u>	<u>20,109,229</u>
Excess of revenues over (under) expenditures	<u>(33,667)</u>	<u>125,191</u>	<u>271,111</u>	<u>1,817,097</u>	<u>1,049,000</u>	<u>(36,924)</u>	<u>(2,368,553)</u>	<u>(331,478)</u>	<u>(2,006,266)</u>	<u>512,013</u>	<u>(697,940)</u>	<u>(185,646)</u>	<u>(675)</u>	<u>64,167</u>	<u>(1,822,570)</u>
Other financing sources (uses):															
Bond proceeds	-	-	-	-	-	-	-	-	-	-	16,345,000	-	-	16,345,000	
Premium on bond proceeds	-	-	-	-	-	-	-	-	-	-	1,176,516	-	-	1,176,516	
Bond proceeds - refunding bonds	-	-	-	-	-	-	-	6,170,000	-	-	-	-	-	6,170,000	
Premium on refunding bond proceeds	-	-	-	-	-	-	-	479,801	-	-	-	-	-	479,801	
Payment to refunded bond escrow agent	-	-	-	-	-	-	-	(6,546,898)	-	-	-	-	-	(6,546,898)	
Transfers in	-	-	-	-	-	36,924	2,215,945	169,957	2,674,410	-	-	-	-	5,097,236	
Transfers out	-	-	-	(1,817,097)	(1,000,000)	-	-	(147,027)	-	(74,377)	-	-	(543,579)	(3,582,080)	
Total other financing sources (uses)	-	-	-	(1,817,097)	(1,000,000)	36,924	2,215,945	22,930	2,777,313	(74,377)	-	17,521,516	(543,579)	-	19,139,575
Net change in fund balance	<u>(33,667)</u>	<u>125,191</u>	<u>271,111</u>	-	<u>49,000</u>	-	<u>(152,608)</u>	<u>(308,548)</u>	<u>771,047</u>	<u>437,636</u>	<u>(697,940)</u>	<u>17,335,870</u>	<u>(544,254)</u>	<u>64,167</u>	<u>17,317,005</u>
Fund balance - beginning	<u>621,207</u>	<u>1,192,948</u>	<u>336,262</u>	<u>10</u>	<u>(953,338)</u>	<u>43,784</u>	<u>152,608</u>	<u>2,473,741</u>	<u>673,349</u>	<u>74,005</u>	<u>650,812</u>	-	<u>742,654</u>	<u>1,055,178</u>	<u>7,063,220</u>
Fund balance - ending	<u>\$ 587,540</u>	<u>\$ 1,318,139</u>	<u>\$ 607,373</u>	<u>\$ 10</u>	<u>\$ (904,338)</u>	<u>\$ 43,784</u>	<u>\$ -</u>	<u>\$ 2,165,193</u>	<u>\$ 1,444,396</u>	<u>\$ 511,641</u>	<u>\$ (47,128)</u>	<u>\$ 17,335,870</u>	<u>\$ 198,400</u>	<u>\$ 1,119,345</u>	<u>\$ 24,380,225</u>

CITY OF WICHITA FALLS, TEXAS

BUDGETARY COMPARISON SCHEDULE - COMMUNITY DEVELOPMENT BLOCK GRANT FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2018

	Budgeted Amounts			Variance With Final Budget - Positive (Negative)
	Original	Final	Actual	
Revenues:				
Charges for services	\$ -	\$ -	\$ 9,949	\$ 9,949
Intergovernmental revenue	1,122,227	1,122,227	1,123,027	800
Miscellaneous revenue	-	-	4,894	4,894
Total revenues	<u>1,122,227</u>	<u>1,122,227</u>	<u>1,137,870</u>	<u>15,643</u>
Expenditures:				
Administrative services	107,834	107,834	107,834	-
Parks and recreation	37,332	37,332	37,332	-
Community development	877,061	1,371,445	820,585	550,860
Public works	100,000	201,676	201,676	-
Health	-	32,882	737	32,145
Capital outlay	-	3,373	3,373	-
Total expenditures	<u>1,122,227</u>	<u>1,754,542</u>	<u>1,171,537</u>	<u>583,005</u>
Excess of revenues over (under) expenditures	-	(632,315)	(33,667)	598,648
Fund balance - beginning	<u>621,207</u>	<u>621,207</u>	<u>621,207</u>	<u>-</u>
Fund balance - ending	<u>\$ 621,207</u>	<u>\$ (11,108)</u>	<u>\$ 587,540</u>	<u>\$ 598,648</u>

CITY OF WICHITA FALLS, TEXAS

BUDGETARY COMPARISON SCHEDULE - SECTION 8 HOUSING FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2018

	Budgeted Amounts			Variance With Final Budget - Positive (Negative)
	Original	Final	Actual	
Revenues:				
Intergovernmental revenue	\$ 3,809,766	\$ 3,800,000	\$ 3,716,559	\$ (83,441)
Miscellaneous revenue	-	-	28,436	28,436
Total revenues	3,809,766	3,800,000	3,744,995	(55,005)
Expenditures:				
Community development	3,809,766	3,809,766	3,619,804	189,962
Total expenditures	3,809,766	3,809,766	3,619,804	189,962
Excess of revenues over (under) expenditures	-	(9,766)	125,191	134,957
Fund balance - beginning	1,192,948	1,192,948	1,192,948	-
Fund balance - ending	\$ 1,192,948	\$ 1,183,182	\$ 1,318,139	\$ 134,957

CITY OF WICHITA FALLS, TEXAS

BUDGETARY COMPARISON SCHEDULE - HOME INVESTMENT PARTNERSHIP AGREEMENT FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2018

	Budgeted Amounts			Variance With Final Budget - Positive (Negative)
	Original	Final	Actual	
Revenues:				
Intergovernmental revenue	\$ 274,508	\$ 274,508	\$ 411,762	\$ 137,254
Miscellaneous revenue	-	-	1,200	1,200
Total revenues	<u>274,508</u>	<u>274,508</u>	<u>412,962</u>	<u>138,454</u>
Expenditures:				
Community development	<u>274,508</u>	<u>719,918</u>	<u>141,851</u>	<u>578,067</u>
Total expenditures	<u>274,508</u>	<u>719,918</u>	<u>141,851</u>	<u>578,067</u>
Excess of revenues over (under) expenditures	-	(445,410)	271,111	716,521
Fund balance - beginning	<u>336,262</u>	<u>336,262</u>	<u>336,262</u>	-
Fund balance - ending	<u>\$ 336,262</u>	<u>\$ (109,148)</u>	<u>\$ 607,373</u>	<u>\$ 716,521</u>

CITY OF WICHITA FALLS, TEXAS

BUDGETARY COMPARISON SCHEDULE - HOTEL/MOTEL TAX FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2018

				Variance With Final Budget - Positive (Negative)	
		Budgeted Amounts			
		Original	Final	Actual	
Revenues:					
Taxes		\$ 1,865,000	\$ 1,914,597	\$ 1,914,597	\$ -
Total revenues		<u>1,865,000</u>	<u>1,914,597</u>	<u>1,914,597</u>	<u>-</u>
Expenditures:					
Administrative services		97,500	97,500	97,500	-
Total expenditures		<u>97,500</u>	<u>97,500</u>	<u>97,500</u>	<u>-</u>
Excess of revenues over (under) expenditures		<u>1,767,500</u>	<u>1,817,097</u>	<u>1,817,097</u>	<u>-</u>
Other financing sources (uses):					
Transfers out		(1,767,500)	(1,817,097)	(1,817,097)	-
Total other financing sources (uses)		<u>(1,767,500)</u>	<u>(1,817,097)</u>	<u>(1,817,097)</u>	<u>-</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, 2018

	Budgeted Amounts			Variance With Final Budget -
	Original	Final	Actual	Positive (Negative)
Revenues:				
Charges for services	\$ 750,000	\$ 750,000	\$ 441,636	\$ (308,364)
Miscellaneous revenue	-	-	392,566	392,566
Total revenues	<u>750,000</u>	<u>750,000</u>	<u>834,202</u>	<u>84,202</u>
Expenditures:				
Administrative services	865,000	865,000	871,126	(6,126)
Total expenditures	<u>865,000</u>	<u>865,000</u>	<u>871,126</u>	<u>(6,126)</u>
Excess of revenues over (under) expenditures	<u>(115,000)</u>	<u>(115,000)</u>	<u>(36,924)</u>	<u>78,076</u>
Other financing sources (uses):				
Transfers in	115,000	115,000	36,924	(78,076)
Total other financing sources (uses)	<u>115,000</u>	<u>115,000</u>	<u>36,924</u>	<u>(78,076)</u>
Excess of revenues and other sources over (under) expenditures and other uses	-	-	-	-
Fund balance - beginning	<u>43,784</u>	<u>43,784</u>	<u>43,784</u>	<u>-</u>
Fund balance - ending	<u>\$ 43,784</u>	<u>\$ 43,784</u>	<u>\$ 43,784</u>	<u>\$ -</u>

CITY OF WICHITA FALLS, TEXAS

BUDGETARY COMPARISON SCHEDULE - MPEC FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2018

	Budgeted Amounts			Variance With Final Budget - Positive (Negative)
	Original	Final	Actual	
Revenues:				
Contributions	\$ 35,000	\$ 35,000	\$ 35,000	\$ -
Miscellaneous revenue	1,367,074	1,247,074	10,872	(1,236,202)
Total revenues	<u>1,623,074</u>	<u>1,282,074</u>	<u>45,872</u>	<u>(1,236,202)</u>
Expenditures:				
MPEC	3,409,570	3,354,372	2,414,425	939,947
Total expenditures	<u>3,409,570</u>	<u>3,354,372</u>	<u>2,414,425</u>	<u>939,947</u>
Excess of revenues over (under) expenditures	<u>(1,786,496)</u>	<u>(2,072,298)</u>	<u>(2,368,553)</u>	<u>(296,255)</u>
Other financing sources (uses):				
Transfers in	2,007,496	2,127,496	2,215,945	88,449
Total other financing sources (uses)	<u>2,007,496</u>	<u>2,127,496</u>	<u>2,215,945</u>	<u>88,449</u>
Excess of revenues and other sources over (under) expenditures and other uses	221,000	55,198	(152,608)	(207,806)
Fund balance - beginning	<u>152,608</u>	<u>152,608</u>	<u>152,608</u>	<u>-</u>
Fund balance - ending	<u>\$ 373,608</u>	<u>\$ 207,806</u>	<u>\$ -</u>	<u>\$ (207,806)</u>

CITY OF WICHITA FALLS, TEXAS

BUDGETARY COMPARISON SCHEDULE - DEBT SERVICE FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2018

	Budgeted Amounts			Variance With Final Budget - Positive (Negative)
	Original	Final	Actual	
Revenues:				
Taxes	\$ 894,343	\$ 894,343	\$ 882,689	\$ (11,654)
Contributions	2,270,672	2,270,672	2,270,672	-
Miscellaneous revenue	-	-	47,516	47,516
Total revenues	<u>3,165,015</u>	<u>3,165,015</u>	<u>3,200,877</u>	<u>35,862</u>
Expenditures:				
Debt service - principal	3,610,000	3,610,000	3,610,000	-
Debt service - interest and paying agent fees	1,499,490	1,499,490	1,597,143	(97,653)
Total expenditures	<u>5,109,490</u>	<u>5,109,490</u>	<u>5,207,143</u>	<u>(97,653)</u>
Excess of revenues over (under) expenditures	<u>(1,944,475)</u>	<u>(1,944,475)</u>	<u>(2,006,266)</u>	<u>(61,791)</u>
Other financing sources (uses):				
Bond proceeds - refunding bonds	-	-	6,170,000	6,170,000
Premium on refunding bond proceeds	-	-	479,801	479,801
Payment to refunded bond escrow agent	-	-	(6,546,898)	(6,546,898)
Transfers in	<u>1,944,475</u>	<u>1,944,475</u>	<u>2,674,410</u>	<u>729,935</u>
Total other financing sources (uses)	<u>1,944,475</u>	<u>1,944,475</u>	<u>2,777,313</u>	<u>832,838</u>
Excess of revenues and other sources over (under) expenditures and other uses	-	-	771,047	771,047
Fund balance - beginning	<u>673,349</u>	<u>673,349</u>	<u>673,349</u>	-
Fund balance - ending	<u>\$ 673,349</u>	<u>\$ 673,349</u>	<u>\$ 1,444,396</u>	<u>\$ 771,047</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, 2018

	Kickapoo Airport	Transit	Stormwater Drainage	Waterpark	Total Nonmajor Enterprise Funds
Assets					
Current assets:					
Cash and cash equivalents	\$ 29,146	\$ 3,000	\$ 5,684,965	\$ 519,529	\$ 6,236,640
Receivables (net of allowance for uncollectible accounts):					
Customer and trade	-	-	413,582	-	413,582
Government agencies	-	1,623,296	-	-	1,623,296
Other	52,003	(1,923)	-	(48,028)	2,052
Inventory	58,854	-	-	-	58,854
Prepaid items	6,726	-	-	-	6,726
Total current assets	<u>146,729</u>	<u>1,624,373</u>	<u>6,098,547</u>	<u>471,501</u>	<u>8,341,150</u>
Capital assets, net of accumulated depreciation	<u>11,003,074</u>	<u>7,476,276</u>	<u>24,355,389</u>	<u>3,320,967</u>	<u>46,155,706</u>
Total assets	<u>11,149,803</u>	<u>9,100,649</u>	<u>30,453,936</u>	<u>3,792,468</u>	<u>54,496,856</u>
Deferred outflows of resources					
Pension-related	39,541	204,739	41,713	24,388	310,381
OPEB-related	<u>5,685</u>	<u>20,498</u>	<u>6,284</u>	<u>3,890</u>	<u>36,357</u>
Total deferred outflows of resources	<u>45,226</u>	<u>225,237</u>	<u>47,997</u>	<u>28,278</u>	<u>346,738</u>
Liabilities					
Current liabilities payable from current assets:					
Accounts payable - trade	9,831	31,589	108,013	-	149,433
Accrued payroll	9,016	44,892	7,131	2,328	63,367
Accrued vacation and sick leave	11,630	16,878	11,474	2,392	42,374
Payable to other City funds	11,041	2,552,838	-	-	2,563,879
Payable to government agencies	79	-	-	2,687	2,766
Other liabilities	<u>20,057</u>	<u>9,985</u>	<u>9,736</u>	<u>18,162</u>	<u>57,940</u>
Total current liabilities payable from current assets	<u>61,654</u>	<u>2,656,182</u>	<u>136,354</u>	<u>25,569</u>	<u>2,879,759</u>
Long-term liabilities:					
Net pension liability	101,716	526,668	107,303	62,735	798,422
Net OPEB liability	<u>62,502</u>	<u>225,338</u>	<u>69,082</u>	<u>42,765</u>	<u>399,687</u>
Total long-term liabilities	<u>164,218</u>	<u>752,006</u>	<u>176,385</u>	<u>105,500</u>	<u>1,198,109</u>
Deferred inflows of resources					
Pension-related	40,324	208,790	42,539	24,871	316,524
OPEB-related	<u>1,372</u>	<u>4,948</u>	<u>1,517</u>	<u>939</u>	<u>8,776</u>
Total deferred inflows of resources	<u>41,696</u>	<u>213,738</u>	<u>44,056</u>	<u>25,810</u>	<u>325,300</u>
Net position					
Net investment in capital assets	11,003,074	7,476,276	24,355,389	3,320,967	46,155,706
Unrestricted	<u>(75,613)</u>	<u>(1,772,316)</u>	<u>5,789,749</u>	<u>342,900</u>	<u>4,284,720</u>
Total net position	<u>\$ 10,927,461</u>	<u>\$ 5,703,960</u>	<u>\$ 30,145,138</u>	<u>\$ 3,663,867</u>	<u>\$ 50,440,426</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, 2018

	Kickapoo Airport	Transit	Stormwater Drainage	Waterpark	Total Nonmajor Enterprise Funds
Operating revenues:					
Charges for services	\$ -	\$ 401,940	\$ 3,728,335	\$ 1,048,694	\$ 5,178,969
Rents, concessions and other	924,673	29,479	-	452,781	1,406,933
Total operating revenues	<u>924,673</u>	<u>431,419</u>	<u>3,728,335</u>	<u>1,501,475</u>	<u>6,585,902</u>
Operating expenses:					
Personnel services	251,614	1,212,750	236,997	523,041	2,224,402
Supplies and materials	429,615	373,669	1,935	231,654	1,036,873
Maintenance and repairs	7,717	337,751	39,901	37,206	422,575
Utilities and other services	100,644	74,419	149,547	464,961	789,571
Insurance and contract support	21,671	79,377	100	55,138	156,286
Other expenses	51,261	74,060	24,291	33,181	182,793
Depreciation and amortization	431,184	165,717	333,825	252,820	1,183,546
Total operating expenses	<u>1,293,706</u>	<u>2,317,743</u>	<u>786,596</u>	<u>1,598,001</u>	<u>5,996,046</u>
Operating income (loss)	<u>(369,033)</u>	<u>(1,886,324)</u>	<u>2,941,739</u>	<u>(96,526)</u>	<u>589,856</u>
Nonoperating revenues (expenses):					
Interest income	581	-	94,192	4,819	99,592
Gain (loss) on sale of capital assets	-	-	(1,150)	-	(1,150)
Intergovernmental operating grants	2,247,368	1,690,643	-	-	3,938,011
Total nonoperating revenues (expenses)	<u>2,247,949</u>	<u>1,690,643</u>	<u>93,042</u>	<u>4,819</u>	<u>4,036,453</u>
Income (loss) before contributions and transfers	<u>1,878,916</u>	<u>(195,681)</u>	<u>3,034,781</u>	<u>(91,707)</u>	<u>4,626,309</u>
Transfers in	-	2,683,243	-	-	2,683,243
Transfers out	-	-	(2,441,756)	-	(2,441,756)
Change in net position	<u>1,878,916</u>	<u>2,487,562</u>	<u>593,025</u>	<u>(91,707)</u>	<u>4,867,796</u>
Net position - beginning	9,108,567	3,432,793	29,618,453	3,796,642	45,956,455
Prior period adjustment	(60,022)	(216,395)	(66,340)	(41,068)	(383,825)
Net position - ending	<u>\$ 10,927,461</u>	<u>\$ 5,703,960</u>	<u>\$ 30,145,138</u>	<u>\$ 3,663,867</u>	<u>\$ 50,440,426</u>

CITY OF WICHITA FALLS, TEXAS

**COMBINING STATEMENT OF CASH FLOWS
NONMAJOR ENTERPRISE FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2018**

	<u>Kickapoo Airport</u>	<u>Transit</u>	<u>Stormwater Drainage</u>	<u>Waterpark</u>	<u>Total Nonmajor Enterprise Funds</u>
Cash flows from operating activities:					
Receipts from customers and users	\$ 922,599	\$ 432,079	\$ 3,721,645	\$ 1,533,870	\$ 6,610,193
Payments to suppliers	(569,560)	(375,532)	(347,914)	(836,049)	(2,129,055)
Payments for interfund services	(129,457)	(834,791)	(183,422)	(49,080)	(1,196,750)
Payments to employees	(188,876)	(922,883)	(149,153)	(462,022)	(1,722,934)
Net cash provided (used) by operating activities	<u>34,706</u>	<u>(1,701,127)</u>	<u>3,041,156</u>	<u>186,719</u>	<u>1,561,454</u>
Cash flows from noncapital financing activities:					
Intergovernmental operating grants	2,247,368	499,987	-	-	2,747,355
Interfund loan received (repaid)	11,041	1,166,067	-	-	1,177,108
Transfers out to other funds	-	-	(786,349)	-	(786,349)
Transfers from other funds	-	769,229	-	-	769,229
Net cash provided (used) by noncapital financing activities	<u>2,258,409</u>	<u>2,435,283</u>	<u>(786,349)</u>	<u>-</u>	<u>3,907,343</u>
Cash flows from capital and related financing activities:					
Acquisition and construction of capital assets	<u>(2,523,288)</u>	<u>(734,156)</u>	<u>(1,948,891)</u>	<u>(9,443)</u>	<u>(5,215,778)</u>
Cash flows from investing activities:					
Interest on investments	<u>581</u>	<u>-</u>	<u>94,192</u>	<u>4,819</u>	<u>99,592</u>
Net cash provided by investing activities	<u>581</u>	<u>-</u>	<u>94,192</u>	<u>4,819</u>	<u>99,592</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(229,592)	-	400,108	182,095	352,611
Cash and Cash Equivalents - Beginning	<u>258,738</u>	<u>3,000</u>	<u>5,284,857</u>	<u>337,434</u>	<u>5,884,029</u>
Cash and Cash Equivalents - Ending	<u>\$ 29,146</u>	<u>\$ 3,000</u>	<u>\$ 5,684,965</u>	<u>\$ 519,529</u>	<u>\$ 6,236,640</u>

CITY OF WICHITA FALLS, TEXAS

COMBINING STATEMENT OF CASH FLOWS (CONT'D.)
NONMAJOR ENTERPRISE FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2018

	<u>Kickapoo Airport</u>	<u>Transit</u>	<u>Stormwater Drainage</u>	<u>Waterpark</u>	<u>Totals</u>
Cash flows from operating activities:					
Operating income (loss)	<u>\$ (369,033)</u>	<u>\$ (1,886,324)</u>	<u>\$ 2,941,739</u>	<u>\$ (96,526)</u>	<u>\$ 589,856</u>
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:					
Depreciation and amortization	431,184	165,717	333,825	252,820	1,183,546
(Increase) decrease in assets and deferred outflows of resources:					
Receivables:					
Customer and trade	-	-	(6,690)	-	(6,690)
Other	(2,074)	660	-	32,395	30,981
Inventory	(15,942)	-	-	-	(15,942)
Prepaid items	(992)	-	174	-	(818)
Deferred outflows - pension-related	18,258	77,922	8,938	11,006	116,124
Deferred outflows - OPEB-related	(161)	(583)	(179)	(111)	(1,034)
Increase (decrease) in liabilities and deferred inflows of resources:					
Accounts payable - trade	(1,927)	27,859	(121,366)	-	(95,434)
Accrued payroll	314	501	392	(1,137)	70
Accrued vacation and sick leave	838	-	5,277	(4,747)	1,368
Payable to government agencies	2	-	-	(831)	(829)
Other liabilities	(113)	(4,430)	(123,465)	9,049	(118,959)
Net pension liability	(62,170)	(274,797)	(36,315)	(37,622)	(410,904)
Net OPEB liability	(3,044)	(10,972)	(3,363)	(2,082)	(19,461)
Deferred inflows - pension-related	38,194	198,372	40,672	23,566	300,804
Deferred inflows - OPEB-related	1,372	4,948	1,517	939	8,776
Total adjustments	<u>403,739</u>	<u>185,197</u>	<u>99,417</u>	<u>283,245</u>	<u>971,598</u>
Net cash provided by (used in) operating activities	<u>\$ 34,706</u>	<u>\$ (1,701,127)</u>	<u>\$ 3,041,156</u>	<u>\$ 186,719</u>	<u>\$ 1,561,454</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, 2018

	Fleet Maintenance	Duplicating Services	Employee Benefit Trust	Information Technology Fund	Totals
Assets					
Current assets:					
Cash and cash equivalents	\$ 610,877	\$ 862	\$ 1,701,571	\$ 2,605,418	\$ 4,918,728
Restricted cash and cash equivalents	-	-	5,931,459	-	5,931,459
Receivables:					
Other	81,612	-	11,370	-	92,982
Inventory	714,519	-	-	-	714,519
Prepaid items	474,815	579	-	-	475,394
Total current assets	<u>1,881,823</u>	<u>1,441</u>	<u>7,644,400</u>	<u>2,605,418</u>	<u>12,133,082</u>
Capital assets, net of accumulated depreciation	<u>19,273,981</u>	<u>-</u>	<u>-</u>	<u>3,920,845</u>	<u>23,194,826</u>
Total assets	<u>21,155,804</u>	<u>1,441</u>	<u>7,644,400</u>	<u>6,526,263</u>	<u>35,327,908</u>
Deferred outflows of resources					
Pension-related	421,830	5,491	18,227	240,435	685,983
OPEB-related	<u>46,232</u>	<u>1,047</u>	<u>2,544</u>	<u>21,994</u>	<u>71,817</u>
Total deferred outflows of resources	<u>468,062</u>	<u>6,538</u>	<u>20,771</u>	<u>262,429</u>	<u>757,800</u>
Liabilities					
Current liabilities:					
Accounts payable - trade	344,724	5,923	22,294	67,684	440,625
Accrued payroll	69,080	616	1,899	39,701	111,296
Accrued vacation and sick leave	116,445	-	-	57,137	173,582
Payable to other City funds	-	-	124,601	-	124,601
Estimated health claims payable	-	-	524,926	-	524,926
Other liabilities	-	-	738	-	738
Capital leases - current maturities	<u>430,477</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>430,477</u>
Total current liabilities	<u>960,726</u>	<u>6,539</u>	<u>674,458</u>	<u>164,522</u>	<u>1,806,245</u>
Long-term liabilities:					
Capital leases, less current maturities	1,808,846	-	-	-	1,808,846
Net pension liability	1,085,109	14,124	46,886	618,492	1,764,611
Net OPEB liability	<u>508,243</u>	<u>11,514</u>	<u>27,962</u>	<u>241,786</u>	<u>789,505</u>
Total long-term liabilities	<u>3,402,198</u>	<u>25,638</u>	<u>74,848</u>	<u>860,278</u>	<u>4,362,962</u>
Total liabilities	<u>4,362,924</u>	<u>32,177</u>	<u>749,306</u>	<u>1,024,800</u>	<u>6,169,207</u>
Deferred inflows of resources					
Pension-related	430,176	5,599	18,587	245,193	699,555
OPEB-related	<u>11,161</u>	<u>253</u>	<u>614</u>	<u>5,309</u>	<u>17,337</u>
Total deferred inflows of resources	<u>441,337</u>	<u>5,852</u>	<u>19,201</u>	<u>250,502</u>	<u>716,892</u>
Net position					
Net investment in capital assets	17,034,658	-	-	3,920,845	20,955,503
Unrestricted	<u>(215,053)</u>	<u>(30,050)</u>	<u>6,896,664</u>	<u>1,592,545</u>	<u>8,244,106</u>
Total net position	<u>\$ 16,819,605</u>	<u>\$ (30,050)</u>	<u>\$ 6,896,664</u>	<u>\$ 5,513,390</u>	<u>\$ 29,199,609</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, 2018**

	Fleet Maintenance	Duplicating Services	Employee Benefit Trust	Information Technology Fund	Totals
Operating revenues:					
Charges for services	\$ 10,408,914	\$ 134,151	\$ -	\$ 3,430,708	\$ 13,973,773
Rents, concessions and other	11,970	-	1,203,950	-	1,215,920
Contributions	-	-	14,125,230	-	14,125,230
Total operating revenues	10,420,884	134,151	15,329,180	3,430,708	29,314,923
Operating expenses:					
Personnel services	2,143,214	29,708	89,341	1,187,485	3,449,748
Supplies and materials	3,139,973	2,510	173	605,011	3,747,667
Maintenance and repairs	2,360,393	-	-	610,578	2,970,971
Utilities and other services	76,091	896	92,242	167,064	336,293
Insurance and contract support	142,509	-	11,088,119	15	11,230,643
Other expenses	179,796	95,123	1,999,666	7,575	2,282,160
Depreciation and amortization	3,787,438	-	-	769,661	4,557,099
Total operating expenses	11,829,414	128,237	13,269,541	3,347,389	28,574,581
Operating income (loss)	(1,408,530)	5,914	2,059,639	83,319	740,342
Nonoperating revenues (expenses):					
Interest income	-	-	434,588	-	434,588
Gain on sale of capital assets	89,331	-	-	(1,359)	87,972
Interest expense	(31,428)	-	-	-	(31,428)
Total nonoperating revenues (expenses)	57,903	-	434,588	(1,359)	491,132
Income (loss) before transfers	(1,350,627)	5,914	2,494,227	81,960	1,231,474
Transfers in	1,562,348	-	-	-	1,562,348
Transfers out	(312,000)	-	-	(25,623)	(337,623)
Change in net position	(100,279)	5,914	2,494,227	56,337	2,456,199
Net position - beginning	17,407,957	(24,907)	4,429,289	5,689,243	27,501,582
Prior period adjustment	(488,073)	(11,057)	(26,852)	(232,190)	(758,172)
Net position - ending	\$ 16,819,605	\$ (30,050)	\$ 6,896,664	\$ 5,513,390	\$ 29,199,609

CITY OF WICHITA FALLS, TEXAS

COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2018

	Fleet Maintenance	Duplicating Services	Employee Benefit Trust	Information Technology Fund	Totals
Cash flows from operating activities:					
Received from customers and users	\$ 318,237	\$ -	\$ 4,582,791	\$ -	\$ 4,901,028
Received from interfund charges	10,048,325	134,151	9,798,200	3,430,708	23,411,384
Other operating receipts	-	-	939,217	-	939,217
Payments to suppliers	(5,874,755)	(94,770)	(13,118,073)	(1,757,345)	(20,844,943)
Payments for interfund services	(454,421)	(14,302)	(16,680)	(138,151)	(623,554)
Payments to employees	(1,511,784)	(19,712)	(65,159)	(869,773)	(2,466,428)
Net cash provided (used) by operating activities	<u>2,525,602</u>	<u>5,367</u>	<u>2,120,296</u>	<u>665,439</u>	<u>5,316,704</u>
Cash flows from noncapital financing activities:					
Interfund loans received	-	-	-	-	-
Interfund loans repaid	-	(4,505)	(36,704)	-	(41,209)
Transfers in from other funds	1,562,348	-	-	-	1,562,348
Transfers out to other funds	(312,000)	-	-	(25,623)	(337,623)
Net cash provided (used) by noncapital financing activities	<u>1,250,348</u>	<u>(4,505)</u>	<u>(36,704)</u>	<u>(25,623)</u>	<u>1,183,516</u>
Cash flows from capital and related financing activities:					
Acquisition of capital assets	(3,139,115)	-	-	(161,541)	(3,300,656)
Proceeds from sale of capital assets	89,331	-	-	-	89,331
Principal paid on long-term debt	(443,387)	-	-	-	(443,387)
Interest and fees paid on long-term debt	(31,428)	-	-	-	(31,428)
Net cash used for capital and related financing activities	<u>(3,524,599)</u>	<u>-</u>	<u>-</u>	<u>(161,541)</u>	<u>(3,686,140)</u>
Cash flows from investing activities:					
Interest on investments	-	-	434,588	-	434,588
Net cash provided by investing activities	<u>-</u>	<u>-</u>	<u>434,588</u>	<u>-</u>	<u>434,588</u>
Net Increase (Decrease) in Cash and Cash Equivalents	<u>251,351</u>	<u>862</u>	<u>2,518,180</u>	<u>478,275</u>	<u>3,248,668</u>
Cash and Cash Equivalents - Beginning	<u>359,526</u>	<u>-</u>	<u>5,114,850</u>	<u>2,127,143</u>	<u>7,601,519</u>
Cash and Cash Equivalents - Ending	<u>\$ 610,877</u>	<u>\$ 862</u>	<u>\$ 7,633,030</u>	<u>\$ 2,605,418</u>	<u>\$ 10,850,187</u>
Cash flows from operating activities:					
Operating income (loss)	<u>\$ (1,408,530)</u>	<u>\$ 5,914</u>	<u>\$ 2,059,639</u>	<u>\$ 83,319</u>	<u>\$ 740,342</u>
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:					
Depreciation and amortization	<u>3,787,438</u>	<u>-</u>	<u>-</u>	<u>769,661</u>	<u>4,557,099</u>
(Increase) decrease in assets and deferred outflows:					
Receivables:					
Other	(54,322)	-	(8,414)	-	(62,736)
Inventory	(14,884)	-	-	-	(14,884)
Prepaid items	-	(109)	-	150	41
Deferred outflows - pension-related	140,483	2,091	8,931	92,281	243,786
Deferred outflows - OPEB-related	(1,315)	(29)	(73)	(626)	(2,043)
Increase (decrease) in liabilities and deferred inflows:					
Accounts payable - trade	189,151	164	18,362	(186,172)	21,505
Accrued payroll	921	(302)	(1,235)	435	(181)
Accrued vacation and sick leave	86	-	-	4,825	4,911
Estimated health claims payable	-	-	56,923	-	56,923
Other liabilities	-	-	(558)	-	(558)
Net pension liability	(509,290)	(7,373)	(30,118)	(324,901)	(871,682)
Net OPEB liability	(24,747)	(562)	(1,361)	(11,772)	(38,442)
Deferred inflows - pension-related	409,450	5,320	17,586	232,930	665,286
Deferred inflows - OPEB-related	11,161	253	614	5,309	17,337
Total adjustments	<u>3,934,132</u>	<u>(547)</u>	<u>60,657</u>	<u>582,120</u>	<u>4,576,362</u>
Net cash provided (used) by operating activities	<u>\$ 2,525,602</u>	<u>\$ 5,367</u>	<u>\$ 2,120,296</u>	<u>\$ 665,439</u>	<u>\$ 5,316,704</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, 2018

	Balance 10/1/2017	Additions	Deductions	Balance 9/30/2018
<u>ESCHEATMENT FUND</u>				
Assets				
Cash and cash equivalents	<u>\$ 127,799</u>	<u>\$ 66,232</u>	<u>\$ 16,481</u>	<u>\$ 177,550</u>
Liabilities				
Other liabilities	<u>\$ 127,799</u>	<u>\$ 66,232</u>	<u>\$ 16,481</u>	<u>\$ 177,550</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, 2018

	Wichita Falls					
	Economic	Wichita Falls	Wichita Falls	Wichita Falls	Wichita Falls	
	Development	4B Sales Tax	Reinvestment	Reinvestment	Reinvestment	
	Corporation	Corporation	Zone #2	Zone #3	Zone #4	
Assets						
Cash and cash equivalents	\$ 13,478,191	\$ 4,156,567	\$ 574,159	\$ 520,265	\$ 126,387	\$ 18,855,569
Receivables:						
Government agencies	692,046	692,046	292,922	44,069	42,110	1,763,193
Other	200,000	-	-	-	-	200,000
Prepaid items	5,625	-	-	-	-	5,625
Capital assets, net of accumulated depreciation	<u>2,151,962</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,151,962</u>
Total assets	<u>16,527,824</u>	<u>4,848,613</u>	<u>867,081</u>	<u>564,334</u>	<u>168,497</u>	<u>22,976,349</u>
Liabilities						
Accounts payable - trade	2,038,148	16,085	-	-	-	2,054,233
Other liabilities	<u>936</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>936</u>
Total liabilities	<u>2,039,084</u>	<u>16,085</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,055,169</u>
Net position						
Net investment in capital assets	2,151,962	-	-	-	-	2,151,962
Unrestricted	<u>12,336,778</u>	<u>4,832,528</u>	<u>867,081</u>	<u>564,334</u>	<u>168,497</u>	<u>18,769,218</u>
Total net position	<u><u>\$ 14,488,740</u></u>	<u><u>\$ 4,832,528</u></u>	<u><u>\$ 867,081</u></u>	<u><u>\$ 564,334</u></u>	<u><u>\$ 168,497</u></u>	<u><u>\$ 20,921,180</u></u>

CITY OF WICHITA FALLS, TEXAS

COMBINING STATEMENT OF ACTIVITIES
COMPONENT UNITS
FOR THE YEAR ENDED SEPTEMBER 30, 2018

	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	
Community development									
Wichita Falls Economic Development Corporation	\$ 7,464,442	\$ -	\$ -	\$ (7,464,442)	\$ -	\$ -	\$ -	\$ -	\$ (7,464,442)
Wichita Falls 4B Sales Tax Corporation	3,329,579	-	357,608	-	(2,971,971)	-	-	-	(2,971,971)
Wichita Falls Reinvestment Zone #2	357,608	-	-	-	-	(357,608)	-	-	(357,608)
Wichita Falls Reinvestment Zone #3	-	-	-	-	-	-	-	-	-
Wichita Falls Reinvestment Zone #4	-	-	-	-	-	-	-	-	-
Total component units	\$ 11,151,629	\$ -	\$ 357,608	(7,464,442)	(2,971,971)	(357,608)	-	-	(10,794,021)
General revenues:									
Taxes:									
Property tax	-	-	-	-	-	706,736	92,504	87,374	886,614
Sales tax	3,976,836	3,976,836	-	-	-	-	-	-	7,953,672
Investment earnings	209,617	45,395	8,933	7,425	1,455	272,825			
Miscellaneous	119,603	-	-	-	-	-	-	-	119,603
Total general revenues	4,306,056	4,022,231	715,669	99,929	88,829	9,232,714			
Change in net position	(3,158,386)	1,050,260	358,061	99,929	88,829	(1,561,307)			
Net position - beginning	17,647,126	3,782,268	509,020	464,405	79,668	22,482,487			
Net position - ending	\$ 14,488,740	\$ 4,832,528	\$ 867,081	\$ 564,334	\$ 168,497	\$ 20,921,180			

Supporting Schedules

CITY OF WICHITA FALLS, TEXAS

COMBINED SCHEDULE OF BONDED DEBT AND INTEREST MATURITIES
SEPTEMBER 30, 2018

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	Interest on Bonds	Total Bonds and Interest	Serial Bond Maturities	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
2019	\$ 2,215,000	\$ 1,202,931	\$ 3,417,931	\$ 3,290,000	\$ 1,890,503	\$ 5,180,503	\$ 6,915,000	\$ 3,391,000	\$ 10,306,000	\$ 12,420,000	\$ 6,484,434	\$ 18,904,434
2020	2,715,000	1,221,029	3,936,029	2,855,000	1,537,020	4,392,020	7,265,000	3,045,250	10,310,250	12,835,000	5,803,299	18,638,299
2021	2,795,000	1,134,911	3,929,911	2,925,000	1,468,812	4,393,812	7,635,000	2,682,000	10,317,000	13,355,000	5,285,723	18,640,723
2022	2,390,000	1,041,300	3,431,300	2,995,000	1,394,165	4,389,165	8,010,000	2,300,250	10,310,250	13,395,000	4,735,715	18,130,715
2023	2,480,000	948,517	3,428,517	3,065,000	1,315,342	4,380,342	8,410,000	1,899,750	10,309,750	13,955,000	4,163,609	18,118,609
2024	2,585,000	856,923	3,441,923	3,145,000	1,231,866	4,376,866	8,835,000	1,479,250	10,314,250	14,565,000	3,568,039	18,133,039
2025	2,665,000	769,912	3,434,912	3,240,000	1,143,627	4,383,627	9,275,000	1,037,500	10,312,500	15,180,000	2,951,039	18,131,039
2026	2,770,000	654,488	3,424,488	2,935,000	1,059,677	3,994,677	9,705,000	607,000	10,312,000	15,410,000	2,321,165	17,731,165
2027	1,425,000	533,450	1,958,450	3,010,000	982,339	3,992,339	2,435,000	121,750	2,556,750	6,870,000	1,637,539	8,507,539
2028	1,480,000	475,950	1,955,950	3,090,000	898,470	3,988,470	-	-	-	4,570,000	1,374,420	5,944,420
2029	1,535,000	416,250	1,951,250	3,185,000	809,554	3,994,554	-	-	-	4,720,000	1,225,804	5,945,804
2030	845,000	369,350	1,214,350	3,280,000	713,121	3,993,121	-	-	-	4,125,000	1,082,471	5,207,471
2031	880,000	335,550	1,215,550	3,375,000	613,035	3,988,035	-	-	-	4,255,000	948,585	5,203,585
2032	915,000	300,350	1,215,350	3,250,000	507,881	3,757,881	-	-	-	4,165,000	808,231	4,973,231
2033	950,000	263,750	1,213,750	3,350,000	406,666	3,756,666	-	-	-	4,300,000	670,416	4,970,416
2034	990,000	225,750	1,215,750	1,145,000	299,781	1,444,781	-	-	-	2,135,000	525,531	2,660,531
2035	1,030,000	186,150	1,216,150	1,170,000	278,191	1,448,191	-	-	-	2,200,000	464,341	2,664,341
2036	1,070,000	144,950	1,214,950	1,185,000	255,699	1,440,699	-	-	-	2,255,000	400,649	2,655,649
2037	1,110,000	102,150	1,212,150	1,215,000	232,357	1,447,357	-	-	-	2,325,000	334,507	2,659,507
2038	1,155,000	57,750	1,212,750	1,235,000	208,162	1,443,162	-	-	-	2,390,000	265,912	2,655,912
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>\$ 34,000,000</u>	<u>\$ 11,241,411</u>	<u>\$ 45,241,411</u>	<u>\$ 62,325,000</u>	<u>\$ 17,954,221</u>	<u>\$ 80,279,221</u>	<u>\$ 68,485,000</u>	<u>\$ 16,563,750</u>	<u>\$ 85,048,750</u>	<u>\$ 164,810,000</u>	<u>\$ 45,759,382</u>	<u>\$ 210,569,382</u>

CITY OF WICHITA FALLS, TEXAS

**COMBINED SCHEDULE OF BONDS PAYABLE
SEPTEMBER 30, 2018**

	Interest Rates and (Dates)	Issue Date	Final Maturity Date	Annual Serial Payments	Bonds			
					Authorized	Issued	Retired or Refunded	Outstanding
General Obligation Bonds:								
General Obligation Refunding Bonds, Series 2011	1.50, 2.00, 3.00 (3/1, 9/1)	10/15/11	09/01/21	415,000 (2012) 405,000 (2013) 410,000 (2014) 420,000 (2015) 425,000 (2016) 435,000 (2017) 445,000 (2018) 455,000 (2019) 470,000 (2020) 485,000 (2021)	\$ 4,365,000	\$ 4,365,000	\$ 2,955,000	\$ 1,410,000
General Obligation Refunding Bonds, Series 2015A	2.00, 2.25, 2.625, 2.75, 3.00, 4.00, 5.00 (3/1, 9/1)	11/15/15	09/01/26	200,000 (2016) 810,000 (2017) 830,000 (2018) 870,000 (2019) 890,000 (2020) 915,000 (2021) 955,000 (2022) 990,000 (2023) 1,030,000 (2024) 1,055,000 (2025) 1,105,000 (2026)	9,650,000	9,650,000	1,840,000	7,810,000
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	620,000	2,265,000

CITY OF WICHITA FALLS, TEXAS

COMBINED SCHEDULE OF BONDS PAYABLE (CONT'D.)
SEPTEMBER 30, 2018

	Interest Rates and (Dates)	Issue Date	Final Maturity Date	Annual Serial Payments	Bonds			
					Authorized	Issued	Retired or Refunded	Outstanding
General Obligation Bonds, Series 2018A	2.00, 3.00, 4.00, 5.00	08/01/18	09/01/38	550,000 (2019) 575,000 (2020) 595,000 (2021) 615,000 (2022) 640,000 (2023) 670,000 (2024) 695,000 (2025) 720,000 (2026) 750,000 (2027) 780,000 (2028) 810,000 (2029) 845,000 (2030) 880,000 (2031) 915,000 (2032) 950,000 (2033) 990,000 (2034) 1,030,000 (2035) 1,070,000 (2036) 1,100,000 (2037) 1,155,000 (2038)	16,345,000	16,345,000	-	16,345,000
General Obligation Refunding Bonds, Series 2018B	2.00, 3.00, 4.00 3.25, 3.50, 4.00, 4.125, 4.25, 4.50, 4.625, 4.75 (4/1, 10/1)	08/01/18	10/01/28	80,000 (2019) 515,000 (2020) 530,000 (2021) 545,000 (2022) 565,000 (2023) 590,000 (2024) 610,000 (2025) 635,000 (2026) 675,000 (2027) 700,000 (2028) 725,000 (2029)	6,170,000	6,170,000	-	6,170,000
Total General Obligation Bonds					39,415,000	39,415,000	5,415,000	34,000,000

CITY OF WICHITA FALLS, TEXAS

COMBINED SCHEDULE OF BONDS PAYABLE (CONT'D.)
SEPTEMBER 30, 2018

	Interest Rates and (Dates)	Issue Date	Final Maturity Date	Annual Serial Payments	Bonds			
					Authorized	Issued	Retired or Refunded	Outstanding
Combination Tax and Revenue Bonds:								
Combination Tax and Revenue	2.25, 2.50, 2.75, 3.00,	01/15/09	10/01/29	340,000 (2010)	10,820,000	10,820,000	10,315,000	505,000
Certificates of Obligation, Series 2009	3.25, 3.50, 4.00, 4.125, 4.25, 4.50, 4.625, 4.75 (4/1, 10/1)			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)				
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	1,690,000	2,240,000

CITY OF WICHITA FALLS, TEXAS

COMBINED SCHEDULE OF BONDS PAYABLE (CONT'D.)
SEPTEMBER 30, 2018

	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	850,000	2,350,000
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	3,815,000	16,060,000

CITY OF WICHITA FALLS, TEXAS

EXHIBIT H-2
(Page 5 of 6)

COMBINED SCHEDULE OF BONDS PAYABLE (CONT'D.)
SEPTEMBER 30, 2018

	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	2,565,000	10,435,000
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) 1,340,000 (2042) 1,370,000 (2043) 1,395,000 (2044) 1,425,000 (2045)	33,545,000	33,545,000	2,810,000	30,735,000
Total Combination Tax and Revenue Bonds					84,370,000	84,370,000	22,045,000	62,325,000

CITY OF WICHITA FALLS, TEXAS

COMBINED SCHEDULE OF BONDS PAYABLE (CONT'D.)
SEPTEMBER 30, 2018

	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	5,520,000	68,485,000
Total Priority Lien Revenue Bonds					74,005,000	74,005,000	5,520,000	68,485,000
Total All Bonds					\$ 197,790,000	\$ 197,790,000	\$ 32,980,000	\$ 164,810,000

CITY OF WICHITA FALLS, TEXAS

DEBT SERVICE COVERAGE - REVENUE BONDS
SEPTEMBER 30, 2018

Water and Sewer Revenue Bonds:

Change in net position (Exhibit A-8)		\$ 11,222,796
Add:		
Depreciation and amortization	\$ 9,346,931	
Interest expense and paying agent fees	3,397,913	
Transfers out	<u>2,773,872</u>	15,518,716
Subtract:		
West Texas Utilities water revenues	612,167	
Gain (loss) on sale/abandonment of capital assets	(946,002)	
Capital contributions from developers	876,211	
Transfers in	<u>901,083</u>	<u>(1,443,459)</u>
Net earnings for determining debt service coverage		<u>\$ 25,298,053</u>

	Priority Lien Bonds	Subordinate Lien Bonds	
Net earnings for determining debt service coverage			\$ 25,298,053
Principal and interest requirements to maturity	\$ 85,048,750	\$ -	
Number of years remaining to pay bonds	<u>10</u>	<u>N/A</u>	
Average annual principal and interest requirement	8,504,875	N/A	
Minimum bond covenant debt service coverage	<u>1.25</u>	<u>1.10</u>	
Minimum debt service coverage requirement	<u>\$ 10,631,094</u>	<u>\$ -</u>	<u>10,631,094</u>
Excess over debt service coverage requirements			<u>\$ 14,666,959</u>

CITY OF WICHITA FALLS, TEXAS

CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
SCHEDULE BY FUNCTION AND ACTIVITY
SEPTEMBER 30, 2018

	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	2,020	13,644	-	-	281,562
Personnel/Risk Management	-	-	4,658	4,660	-	-	9,318
Martin Luther King Center	-	749,447	-	-	-	-	749,447
Library	477,942	4,511,041	626,192	73,266	-	-	5,688,441
General Public Information	-	510,676	256,305	3,184	-	-	770,165
Building Maintenance	-	2,770,246	136,877	-	-	-	2,907,123
Nondepartmental	46,347	380,754	85,497	-	-	-	512,598
Municipal Court	230,000	310,819	67,014	-	-	-	607,833
Legal	-	-	3,005	-	-	-	3,005
City Clerk	-	-	1,411	-	-	-	1,411
Homeland security	-	-	648,406	-	-	-	648,406
Training Center	-	-	2,271	-	-	-	2,271
Golf course	3,808,375	786,801	122,339	-	-	-	4,717,515
Total administrative services	<u>4,562,664</u>	<u>10,285,682</u>	<u>1,955,995</u>	<u>99,972</u>	<u>-</u>	<u>-</u>	<u>16,904,313</u>
Police	<u>1,131,749</u>	<u>10,231,506</u>	<u>14,852,748</u>	<u>8,760</u>	<u>-</u>	<u>205,700</u>	<u>26,430,463</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	1,687,927	246,255	-	-	-	2,688,788
Park maintenance	4,588,967	589,802	61,938	-	-	-	5,240,707
Cemetery	141,685	-	6,448	-	-	-	148,133
Total parks and recreation	<u>5,485,258</u>	<u>2,277,729</u>	<u>314,641</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>8,077,628</u>
Accounting/finance:							
Information Systems	-	-	7,756,728	-	-	-	7,756,728
Total accounting/finance	-	-	7,756,728	-	-	-	7,756,728
Community development:							
Planning	-	-	31,458	-	-	-	31,458
Inspection	-	-	3,610	-	-	-	3,610
Property management	10,334,824	420,892	11,384	-	-	-	10,767,100
Weed and Seed program	-	-	7,504	-	-	-	7,504
Hazard Mitigation grant	170,800	-	-	-	-	-	170,800
Total community development	<u>10,505,624</u>	<u>420,892</u>	<u>53,956</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>10,980,472</u>
Public works:							
Engineering	-	13,744	155,069	-	-	-	168,813
Street maintenance	10,147	100,108	30,606	-	-	-	140,861
Lake Wichita Revitalization	-	-	-	-	-	424,175	424,175
Infrastructure	1,300,172	-	-	-	175,998,731	3,192,417	180,491,320
Total public works	<u>1,310,319</u>	<u>113,852</u>	<u>185,675</u>	<u>-</u>	<u>175,998,731</u>	<u>3,616,592</u>	<u>181,225,169</u>
Health:							
Administration	34,820	2,892,755	321,110	14,573	-	-	3,263,258
General City nursing	76,411	1,123	10,108	-	-	-	87,642
Environmental health	-	-	60,811	-	-	-	60,811
Lab water pollution	-	-	42,623	-	-	-	42,623
Animal reclaim center	150,737	4,089,467	28,633	-	-	-	4,268,837
Total health	<u>261,968</u>	<u>6,983,345</u>	<u>463,285</u>	<u>14,573</u>	<u>-</u>	<u>-</u>	<u>7,723,171</u>
Traffic and transportation	-	31,045	132,143	-	12,462,397	-	12,625,585
Multi-Purpose Events Center	<u>9,560,210</u>	<u>38,146,300</u>	<u>510,708</u>	<u>22,117</u>	<u>-</u>	<u>-</u>	<u>48,239,335</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>\$ 34,107,864</u>	<u>\$ 75,541,873</u>	<u>\$ 27,012,538</u>	<u>\$ 145,422</u>	<u>\$ 188,461,128</u>	<u>\$ 3,822,292</u>	<u>\$ 329,091,117</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, 2018

	Beginning Balance 10/1/2017	Additions	Deletions	Ending Balance 9/30/2018
Administrative services:				
Mayor and City Council	\$ 5,218	\$ -	\$ -	\$ 5,218
City Manager	281,562	-	-	281,562
Personnel/Risk Management	9,318	-	-	9,318
Martin Luther King Center	749,447	-	-	749,447
Library	5,695,829	-	7,388	5,688,441
General Public Information	947,753	6,149	183,737	770,165
Building Maintenance	2,909,802	-	2,679	2,907,123
Nondepartmental	512,598	-	-	512,598
Municipal Court	614,261	-	6,428	607,833
Legal	1,488	1,517	-	3,005
City Clerk	1,411	-	-	1,411
Homeland security	732,673	-	84,267	648,406
Training center	42,172	-	39,901	2,271
Golf course	4,717,515	-	-	4,717,515
Total administrative services	<u>17,221,047</u>	<u>7,666</u>	<u>324,400</u>	<u>16,904,313</u>
Police	26,451,987	89,251	110,775	26,430,463
Fire	8,028,746	-	-	8,028,746
Parks and recreation:				
Recreation	2,704,366	-	15,578	2,688,788
Park maintenance	5,240,707	-	-	5,240,707
Cemetery	151,108	-	2,975	148,133
Total parks and recreation	<u>8,096,181</u>	<u>-</u>	<u>18,553</u>	<u>8,077,628</u>
Accounting/finance:				
Information Systems	7,647,219	266,292	156,783	7,756,728
Total accounting/finance	<u>7,647,219</u>	<u>266,292</u>	<u>156,783</u>	<u>7,756,728</u>
Community development:				
Planning	26,833	6,036	1,411	31,458
Inspection	3,610	-	-	3,610
Property management	10,767,100	-	-	10,767,100
Weed and Seed program	7,504	-	-	7,504
Hazard Mitigation Grant	170,800	-	-	170,800
Total community development	<u>10,975,847</u>	<u>6,036</u>	<u>1,411</u>	<u>10,980,472</u>
Public works:				
Engineering	151,785	18,640	1,612	168,813
Street maintenance	143,641	-	2,780	140,861
Lake Wichita Revitalization	424,175	-	-	424,175
SAFB Gate Perimeter Project	1,914,014	-	1,914,014	-
Infrastructure	173,519,682	8,548,896	1,577,258	180,491,320
Total public works	<u>176,153,297</u>	<u>8,567,536</u>	<u>3,495,664</u>	<u>181,225,169</u>
Health:				
Administration	3,247,559	29,740	14,041	3,263,258
General city nursing	87,642	-	-	87,642
Environmental health	47,156	13,655	-	60,811
Lab water pollution	37,273	5,350	-	42,623
Animal reclaim center	4,268,837	-	-	4,268,837
Total health	<u>7,688,467</u>	<u>48,745</u>	<u>14,041</u>	<u>7,723,171</u>
Traffic and transportation	11,587,621	1,159,771	121,807	12,625,585
Multi-Purpose Events Center	48,239,335	-	-	48,239,335
Wichita Falls Business Park	1,099,507	-	-	1,099,507
Total capital assets	<u>\$ 323,189,253</u>	<u>\$ 10,145,297</u>	<u>\$ 4,243,434</u>	<u>\$ 329,091,117</u>

CITY OF WICHITA FALLS, TEXAS

REGIONAL AIRPORT FUND
CAPITAL ASSETS AND ACCUMULATED DEPRECIATION
FOR THE YEAR ENDED SEPTEMBER 30, 2018

	Balance 10/1/2017	Additions	Deletions	Balance 9/30/2018
<u>Capital Assets:</u>				
Land and betterments	\$ 14,892,849	\$ 5,492,103	\$ -	\$20,384,952
Buildings and improvements	34,086,309	-	-	34,086,309
Machinery and equipment	127,836	-	-	127,836
Furniture and fixtures	12,829	-	-	12,829
Construction in progress	<u>5,492,103</u>	<u>-</u>	<u>5,492,103</u>	<u>-</u>
Total capital assets	<u>54,611,926</u>	<u>5,492,103</u>	<u>5,492,103</u>	<u>54,611,926</u>
<u>Accumulated Depreciation:</u>				
Land and betterments	2,889,913	705,556	-	3,595,469
Buildings and improvements	2,043,845	676,665	-	2,720,510
Machinery and equipment	35,763	15,588	-	51,351
Furniture and fixtures	<u>3,849</u>	<u>2,566</u>	<u>-</u>	<u>6,415</u>
Total accumulated depreciation	<u>4,973,370</u>	<u>1,400,375</u>	<u>-</u>	<u>6,373,745</u>
Net capital assets	<u>\$ 49,638,556</u>	<u>\$ 4,091,728</u>	<u>\$ 5,492,103</u>	<u>\$48,238,181</u>

CITY OF WICHITA FALLS, TEXAS

KICKAPOO AIRPORT FUND
CAPITAL ASSETS AND ACCUMULATED DEPRECIATION
FOR THE YEAR ENDED SEPTEMBER 30, 2018

	<u>Balance 10/1/2017</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 9/30/2018</u>
<u>Capital Assets:</u>				
Land and betterments	\$ 8,769,905	\$ 2,497,075	\$ -	\$ 11,266,980
Buildings and improvements	3,264,730	-	-	3,264,730
Machinery and equipment	583,215	-	-	583,215
Construction in progress	<u>291,414</u>	<u>282,380</u>	<u>256,167</u>	<u>317,627</u>
Total capital assets	<u>12,909,264</u>	<u>2,779,455</u>	<u>256,167</u>	<u>15,432,552</u>
<u>Accumulated Depreciation:</u>				
Land and betterments	2,532,458	292,717	-	2,825,175
Buildings and improvements	1,089,831	107,433	-	1,197,264
Machinery and equipment	<u>376,005</u>	<u>31,034</u>	<u>-</u>	<u>407,039</u>
Total accumulated depreciation	<u>3,998,294</u>	<u>431,184</u>	<u>-</u>	<u>4,429,478</u>
Net capital assets	<u>\$ 8,910,970</u>	<u>\$ 2,348,271</u>	<u>\$ 256,167</u>	<u>\$ 11,003,074</u>

CITY OF WICHITA FALLS, TEXAS

TRANSIT FUND
CAPITAL ASSETS AND ACCUMULATED DEPRECIATION
FOR THE YEAR ENDED SEPTEMBER 30, 2018

	<u>Balance 10/1/2017</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 9/30/2018</u>
<u>Capital Assets:</u>				
Land and betterments	\$ 457,254	\$ 1,543,993	\$ -	\$ 2,001,247
Buildings and improvements	5,135,957	913,600	- -	6,049,557
Machinery and equipment	<u>339,991</u>	<u>190,577</u>	<u>-</u>	<u>530,568</u>
Total capital assets	<u>5,933,202</u>	<u>2,648,170</u>	<u>-</u>	<u>8,581,372</u>
<u>Accumulated Depreciation:</u>				
Land and betterments	47,470	10,549	- -	58,019
Buildings and improvements	604,833	123,084	- -	727,917
Machinery and equipment	<u>287,076</u>	<u>32,084</u>	<u>-</u>	<u>319,160</u>
Total accumulated depreciation	<u>939,379</u>	<u>165,717</u>	<u>-</u>	<u>1,105,096</u>
Net capital assets	<u>\$4,993,823</u>	<u>\$ 2,482,453</u>	<u>\$ -</u>	<u>\$ 7,476,276</u>

CITY OF WICHITA FALLS, TEXAS

**STORMWATER DRAINAGE FUND
CAPITAL ASSETS AND ACCUMULATED DEPRECIATION
FOR THE YEAR ENDED SEPTEMBER 30, 2018**

	Balance 10/1/2017	Additions	Deletions	Balance 9/30/2018
<u>Capital Assets:</u>				
Drainage	\$ 25,080,233	\$ 1,622,541	\$ 997,688	\$25,705,086
Land and betterments	426,513	15,000	2,300	439,213
Machinery and equipment	91,340	3,640	-	94,980
Construction in progress	<u>733,214</u>	<u>307,710</u>	<u>657,719</u>	<u>383,205</u>
Total capital assets	<u>26,331,300</u>	<u>1,948,891</u>	<u>1,657,707</u>	<u>26,622,484</u>
<u>Accumulated Depreciation:</u>				
Drainage	1,828,766	325,193	-	2,153,959
Land betterments	23,051	5,534	1,150	27,435
Machinery and equipment	<u>82,603</u>	<u>3,098</u>	<u>-</u>	<u>85,701</u>
Total accumulated depreciation	<u>1,934,420</u>	<u>333,825</u>	<u>1,150</u>	<u>2,267,095</u>
Net capital assets	<u><u>\$ 24,396,880</u></u>	<u><u>\$ 1,615,066</u></u>	<u><u>\$ 1,656,557</u></u>	<u><u>\$24,355,389</u></u>

CITY OF WICHITA FALLS, TEXAS

SANITATION FUND
CAPITAL ASSETS AND ACCUMULATED DEPRECIATION
FOR THE YEAR ENDED SEPTEMBER 30, 2018

	<u>Balance 10/1/2017</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 9/30/2018</u>
<u>Capital Assets:</u>				
Land and betterments	\$ 7,511,043	\$ 455,333	\$ -	\$ 7,966,376
Buildings and improvements	3,555,655	5,460	- -	3,561,115
Machinery and equipment	655,824	9,759	1,850	663,733
Construction in progress	<u>79,870</u>	<u>-</u>	<u>79,870</u>	<u>-</u>
Total capital assets	<u>11,802,392</u>	<u>470,552</u>	<u>81,720</u>	<u>12,191,224</u>
<u>Accumulated Depreciation:</u>				
Land and betterments	1,243,379	155,147	- -	1,398,526
Buildings and improvements	1,549,445	93,557	- -	1,643,002
Machinery and equipment	<u>308,223</u>	<u>44,076</u>	<u>1,850</u>	<u>350,449</u>
Total accumulated depreciation	<u>3,101,047</u>	<u>292,780</u>	<u>1,850</u>	<u>3,391,977</u>
Net capital assets	<u>\$ 8,701,345</u>	<u>\$ 177,772</u>	<u>\$ 79,870</u>	<u>\$ 8,799,247</u>

CITY OF WICHITA FALLS, TEXAS

WATER AND SEWER FUND
CAPITAL ASSETS AND ACCUMULATED DEPRECIATION
FOR THE YEAR ENDED SEPTEMBER 30, 2018

	Balance 10/1/2017	Additions	Deletions	Balance 9/30/2018
<u>Capital Assets:</u>				
Land and betterments	\$ 24,362,969	\$ -	\$ 13,010	\$ 24,349,959
Buildings, systems and improvements	331,672,016	49,354,120	3,630,902	377,395,234
Machinery and equipment	5,984,166	77,193	400,482	5,660,877
Furniture and fixtures	1,164	-	-	1,164
Motor vehicles	1,235	-	1,235	-
Construction in progress	<u>44,776,793</u>	<u>1,566,642</u>	<u>42,173,830</u>	<u>4,169,605</u>
Total capital assets	<u>406,798,343</u>	<u>50,997,955</u>	<u>46,219,459</u>	<u>411,576,839</u>
<u>Accumulated Depreciation:</u>				
Land and betterments	11,284,511	243,612	840	11,527,283
Buildings, systems and improvements	121,754,877	8,869,392	2,717,006	127,907,263
Machinery and equipment	4,693,352	233,927	347,537	4,579,742
Furniture and fixtures	1,164	-	-	1,164
Motor vehicles	<u>1,235</u>	<u>-</u>	<u>1,235</u>	<u>-</u>
Total accumulated depreciation	<u>137,735,139</u>	<u>9,346,931</u>	<u>3,066,618</u>	<u>144,015,452</u>
Net capital assets	<u>\$ 269,063,204</u>	<u>\$ 41,651,024</u>	<u>\$ 43,152,841</u>	<u>\$ 267,561,387</u>

CITY OF WICHITA FALLS, TEXAS

WATERPARK FUND
CAPITAL ASSETS AND ACCUMULATED DEPRECIATION
FOR THE YEAR ENDED SEPTEMBER 30, 2018

	Balance 10/1/2017	Additions	Deletions	Balance 9/30/2018
<u>Capital Assets:</u>				
Land and betterments	\$ 389,894	\$ -	\$ -	\$ 389,894
Buildings and improvements	4,601,487	-	-	4,601,487
Machinery and equipment	<u>221,268</u>	<u>9,443</u>	-	<u>230,711</u>
Total capital assets	<u>5,212,649</u>	<u>9,443</u>	-	<u>5,222,092</u>
<u>Accumulated Depreciation:</u>				
Buildings and improvements	1,493,840	230,075	-	1,723,915
Machinery and equipment	<u>154,464</u>	<u>22,746</u>	-	<u>177,210</u>
Total accumulated depreciation	<u>1,648,304</u>	<u>252,821</u>	-	<u>1,901,125</u>
Net capital assets	<u>\$ 3,564,345</u>	<u>\$ (243,378)</u>	<u>\$ -</u>	<u>\$ 3,320,967</u>

CITY OF WICHITA FALLS, TEXAS

FLEET MAINTENANCE FUND
CAPITAL ASSETS AND ACCUMULATED DEPRECIATION
FOR THE YEAR ENDED SEPTEMBER 30, 2018

	<u>Balance</u> <u>10/1/2017</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>9/30/2018</u>
<u>Capital Assets:</u>				
Land and betterments	\$ 436,269	\$ -	\$ -	\$ 436,269
Buildings and improvements	4,719,647	38,513	-	4,758,160
Machinery and equipment	1,679,551	51,946	191,114	1,540,383
Furniture and fixtures	2,950	-	-	2,950
Motor vehicles	<u>56,819,223</u>	<u>5,256,551</u>	<u>1,361,871</u>	<u>60,713,903</u>
Total capital assets	<u>63,657,640</u>	<u>5,347,010</u>	<u>1,552,985</u>	<u>67,451,665</u>
<u>Accumulated Depreciation:</u>				
Land and betterments - other	2,611	-	-	2,611
Buildings and improvements	2,641,682	117,632	-	2,759,314
Machinery and equipment	1,351,033	127,132	191,114	1,287,051
Furniture and fixtures	2,950	-	-	2,950
Motor vehicles	<u>41,944,955</u>	<u>3,542,674</u>	<u>1,361,871</u>	<u>44,125,758</u>
Total accumulated depreciation	<u>45,943,231</u>	<u>3,787,438</u>	<u>1,552,985</u>	<u>48,177,684</u>
Net capital assets	<u>\$ 17,714,409</u>	<u>\$ 1,559,572</u>	<u>\$ -</u>	<u>\$ 19,273,981</u>

CITY OF WICHITA FALLS, TEXAS

DUPLICATING SERVICES FUND
CAPITAL ASSETS AND ACCUMULATED DEPRECIATION
FOR THE YEAR ENDED SEPTEMBER 30, 2018

	Balance 10/1/2017	Additions	Deletions	Balance 9/30/2018
<u>Capital Assets:</u>				
Machinery and equipment	<u>\$ 9,117</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 9,117</u>
<u>Accumulated Depreciation:</u>				
Machinery and equipment	<u>9,117</u>	<u>-</u>	<u>-</u>	<u>9,117</u>
Net capital assets	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

CITY OF WICHITA FALLS, TEXAS

INFORMATION TECHNOLOGY FUND
CAPITAL ASSETS AND ACCUMULATED DEPRECIATION
FOR THE YEAR ENDED SEPTEMBER 30, 2018

	<u>Balance</u> <u>10/1/2017</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>9/30/2018</u>
<u>Capital Assets:</u>				
Machinery and equipment	\$ 6,179,292	\$ 266,292	\$ 3,397	\$ 6,442,187
Construction in progress	<u>104,751</u>	<u>-</u>	<u>104,751</u>	<u>-</u>
Total capital assets	<u>6,284,043</u>	<u>266,292</u>	<u>108,148</u>	<u>6,442,187</u>
<u>Accumulated Depreciation:</u>				
Machinery and equipment	<u>1,753,719</u>	<u>769,661</u>	<u>2,038</u>	<u>2,521,342</u>
Net capital assets	<u>\$ 4,530,324</u>	<u>\$ (503,369)</u>	<u>\$ 106,110</u>	<u>\$ 3,920,845</u>

CITY OF WICHITA FALLS, TEXAS

WICHITA FALLS ECONOMIC DEVELOPMENT CORPORATION CAPITAL ASSETS AND ACCUMULATED DEPRECIATION FOR THE YEAR ENDED SEPTEMBER 30, 2018

	Balance 10/1/2017	Additions	Deletions	Balance 9/30/2018
<u>Capital Assets:</u>				
Land and betterments	\$ 1,432,069	\$ 2,000	\$ -	\$ 1,434,069
Buildings and improvements	<u>957,191</u>	<u>-</u>	<u>-</u>	<u>957,191</u>
Total capital assets	<u>2,389,260</u>	<u>2,000</u>	<u>-</u>	<u>2,391,260</u>
<u>Accumulated Depreciation:</u>				
Buildings and improvements	220,154	19,144	-	239,298
Net capital assets	<u>\$ 2,169,106</u>	<u>\$ (17,144)</u>	<u>\$ -</u>	<u>\$ 2,151,962</u>

Statistical Section (Unaudited)

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

Contents	Page
Financial Trends <i>These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.</i>	120
Revenue Capacity <i>These schedules contain information to help the reader assess the government's most significant local revenue source, the property tax.</i>	126
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>	130
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>	135
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>	137

CITY OF WICHITA FALLS, TEXAS

NET POSITION BY COMPONENT
LAST TEN FISCAL YEARS (UNAUDITED)

	Fiscal Year									
	2008-2009	2009-2010	2010-2011	2011-2012	2012-2013	2013-2014	2014-2015	2015-2016	2016-2017	2017-2018
Governmental activities										
Net investment in capital assets	\$ 138,550,295	\$ 135,957,279	\$ 138,876,124	\$ 139,058,565	\$ 138,319,208	\$ 128,168,873	\$ 143,014,752	\$ 148,206,829	\$ 150,776,165	\$ 150,833,699
Restricted	1,186,730	5,006,079	6,048,238	6,931,511	6,248,074	5,290,076	3,715,125	4,468,638	5,497,793	5,626,033
Unrestricted	14,880,792	9,263,524	7,189,782	7,453,791	6,661,101	5,789,973	(59,103,807)	(64,279,354)	(68,466,161)	(81,755,666)
Total governmental activities net position	<u>\$ 154,617,817</u>	<u>\$ 150,226,882</u>	<u>\$ 152,114,144</u>	<u>\$ 153,443,867</u>	<u>\$ 151,228,383</u>	<u>\$ 139,248,922</u>	<u>\$ 87,626,070</u>	<u>\$ 88,396,113</u>	<u>\$ 87,807,797</u>	<u>\$ 74,704,066</u>
Business-type activities										
Net investment in capital assets	\$ 156,170,924	\$ 172,590,416	\$ 172,634,321	\$ 185,087,683	\$ 198,540,484	\$ 225,576,460	\$ 238,249,137	\$ 236,074,244	\$ 250,154,417	\$ 254,487,928
Restricted	12,958,909	12,942,163	11,734,924	11,374,316	11,881,663	11,885,698	11,800,667	11,082,332	11,046,973	11,571,092
Unrestricted	10,712,005	10,734,533	23,006,940	28,157,150	25,390,068	22,571,945	13,941,283	31,265,373	27,573,458	35,237,418
Total business-type activities net position	<u>\$ 179,841,838</u>	<u>\$ 196,267,112</u>	<u>\$ 207,376,185</u>	<u>\$ 224,619,149</u>	<u>\$ 235,812,215</u>	<u>\$ 260,034,103</u>	<u>\$ 263,991,087</u>	<u>\$ 278,421,949</u>	<u>\$ 288,774,848</u>	<u>\$ 301,296,438</u>
Primary government										
Net investment in capital assets	\$ 294,721,219	\$ 308,547,695	\$ 311,510,445	\$ 324,146,248	\$ 336,859,692	\$ 353,745,333	\$ 381,263,889	\$ 384,281,073	\$ 400,930,582	\$ 405,321,627
Restricted	14,145,639	17,948,242	17,783,162	18,305,827	18,129,737	17,175,774	15,515,792	15,550,970	16,544,766	17,197,125
Unrestricted	25,592,797	19,998,057	30,196,722	35,610,941	32,051,169	28,361,918	(45,162,524)	(33,013,981)	(40,892,703)	(46,518,248)
Total primary government net position	<u>\$ 334,459,655</u>	<u>\$ 346,493,994</u>	<u>\$ 359,490,329</u>	<u>\$ 378,063,016</u>	<u>\$ 387,040,598</u>	<u>\$ 399,283,025</u>	<u>\$ 351,617,157</u>	<u>\$ 366,818,062</u>	<u>\$ 376,582,645</u>	<u>\$ 376,000,504</u>

CITY OF WICHITA FALLS, TEXAS

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

	Fiscal Year									
	2008-2009	2009-2010	2010-2011	2011-2012	2012-2013	2013-2014	2014-2015	2015-2016	2016-2017	2017-2018
Expenses										
Governmental activities:										
Administrative services	\$ 12,026,311	\$ 10,043,369	\$ 10,881,691	\$ 11,934,804	\$ 12,782,404	\$ 13,873,741	\$ 14,837,668	\$ 14,235,870	\$ 15,198,841	\$ 16,029,050
Police	21,008,696	21,133,526	21,822,371	22,103,892	22,767,560	23,195,421	23,705,432	25,633,843	25,513,220	25,046,425
Fire	13,028,146	13,065,768	13,291,048	13,523,616	14,226,064	14,387,072	16,455,087	17,476,759	21,107,882	24,205,615
Parks and recreation	5,757,363	5,687,527	5,405,955	5,152,616	5,579,717	5,574,156	5,492,124	5,637,654	5,655,633	5,484,893
Accounting/finance	2,473,024	2,428,055	2,534,141	975,863	924,240	923,727	876,069	787,945	760,506	663,516
Community development	7,584,142	7,243,744	7,084,165	6,777,614	6,729,171	6,497,467	6,400,781	6,681,803	6,902,628	6,579,677
Public works	8,282,184	8,035,626	7,613,089	7,956,752	7,747,847	8,155,640	8,117,413	8,334,993	8,551,971	8,563,442
Health	4,995,764	4,931,859	4,911,165	5,021,625	5,167,794	5,166,135	5,398,191	5,707,386	5,814,947	5,798,759
Traffic and transportation	2,499,869	2,525,097	2,451,154	2,510,936	2,757,545	2,617,801	2,555,837	2,667,418	2,579,284	2,383,760
Multi-Purpose Events Center	4,027,612	4,181,379	4,295,871	3,895,665	4,136,952	4,302,368	4,553,654	4,544,817	4,021,413	3,250,928
Interest and fees on long-term debt	1,620,854	1,781,245	1,765,406	1,711,328	2,122,969	1,992,169	1,910,975	1,631,355	1,443,552	1,556,402
Total governmental activities expenses	<u>83,303,965</u>	<u>81,057,195</u>	<u>82,056,056</u>	<u>81,564,711</u>	<u>84,942,263</u>	<u>86,685,697</u>	<u>90,303,231</u>	<u>93,339,843</u>	<u>97,549,877</u>	<u>99,562,467</u>
Business-type activities:										
Municipal Airport	289,195	337,946	435,774	529,827	655,452	855,765	2,532,243	1,881,055	1,827,618	1,907,909
Kickapoo Airport	1,354,624	1,108,515	1,262,976	1,419,681	1,495,562	1,423,952	1,412,211	1,252,359	1,198,823	1,259,413
Transit	1,616,322	1,602,362	1,847,362	1,903,560	1,938,827	2,416,274	2,524,244	2,673,176	2,540,427	2,377,201
Sanitation	8,509,153	9,152,130	8,959,973	8,904,795	9,236,474	9,333,512	9,489,348	9,841,683	10,216,686	10,300,771
Water and Sewer	30,165,844	30,250,390	32,969,719	28,996,520	30,135,738	32,364,514	33,554,406	32,120,018	33,288,819	33,426,850
Stormwater drainage	477,415	785,543	533,715	406,570	430,012	560,389	674,839	828,537	816,334	796,597
Waterpark	-	1,253,557	1,399,255	1,375,832	1,397,270	1,456,084	1,557,158	1,598,720	1,538,193	1,591,560
Total business-type activities expenses	<u>42,412,553</u>	<u>44,490,443</u>	<u>47,408,774</u>	<u>43,536,785</u>	<u>45,289,335</u>	<u>48,410,490</u>	<u>51,744,449</u>	<u>50,195,548</u>	<u>51,426,900</u>	<u>51,660,301</u>
Total primary government expenses	<u><u>\$ 125,716,518</u></u>	<u><u>\$ 125,547,638</u></u>	<u><u>\$ 129,464,830</u></u>	<u><u>\$ 125,101,496</u></u>	<u><u>\$ 130,231,598</u></u>	<u><u>\$ 135,096,187</u></u>	<u><u>\$ 142,047,680</u></u>	<u><u>\$ 143,535,391</u></u>	<u><u>\$ 148,976,777</u></u>	<u><u>\$ 151,222,768</u></u>
Program Revenues										
Governmental activities:										
Charges for services:										
Administrative services	\$ 4,267,891	\$ 4,414,667	\$ 4,499,281	\$ 4,390,463	\$ 4,304,737	\$ 4,220,786	\$ 4,030,674	\$ 4,270,749	\$ 4,735,471	\$ 4,501,100
Police	470,020	495,459	527,007	541,201	624,272	339,867	396,228	335,112	420,289	338,223
Fire	4,369	2,042	11,400	14,613	18,459	15,854	6,866	1,749	36,937	39,598
Parks and recreation	513,682	515,008	513,746	525,505	524,519	530,305	447,990	429,207	441,751	393,227
Accounting/finance	-	-	65,000	-	-	-	-	-	-	-
Community development	891,803	1,042,574	1,017,718	942,649	1,131,684	1,094,904	1,006,966	1,101,085	1,209,021	1,233,431
Public works	165,363	2,600	2,740	24,420	116,035	94,772	9,510	11,824	14,223	10,869
Health	888,890	908,415	965,741	1,075,277	1,073,172	1,051,444	995,634	1,051,834	1,081,910	1,110,658
Traffic and transportation	164,350	201,961	184,138	217,262	126,163	133,133	162,184	72,965	126,334	122,384
Multi-Purpose Events Center	1,789,269	1,767,398	1,644,569	1,656,358	1,597,702	1,553,729	1,604,828	1,561,783	892,049	10,872
Operating grants and contributions	10,891,021	14,606,807	13,268,583	9,868,484	11,157,348	10,837,248	11,019,845	14,803,477	14,934,929	12,437,104
Capital grants and contributions	1,631,109	6,145,852	2,315,245	8,066,065	4,394,038	12,956,740	5,349,242	3,942,929	1,032,502	4,296,164
Total governmental activities program revenues	<u>21,677,767</u>	<u>30,102,783</u>	<u>25,015,168</u>	<u>27,322,297</u>	<u>25,068,129</u>	<u>32,828,782</u>	<u>25,029,967</u>	<u>27,582,714</u>	<u>24,925,416</u>	<u>24,493,630</u>

CITY OF WICHITA FALLS, TEXAS

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

	Fiscal Year									
	2008-2009	2009-2010	2010-2011	2011-2012	2012-2013	2013-2014	2014-2015	2015-2016	2016-2017	2017-2018
Business-type activities:										
Charges for services:										
Municipal Airport	544,332	624,298	681,639	716,608	769,557	775,829	864,505	1,109,959	1,120,916	1,178,304
Kickapoo Airport	745,444	798,034	988,457	1,153,038	1,255,153	1,239,973	1,090,276	970,129	884,354	924,673
Transit	229,483	274,577	367,374	405,852	410,737	476,716	541,389	503,708	432,083	431,419
Sanitation	12,025,478	11,826,882	11,911,026	12,807,160	12,606,675	13,196,489	12,790,072	13,223,470	13,394,186	13,701,215
Water and Sewer	33,888,553	33,264,688	40,679,751	36,771,008	32,798,786	31,272,972	38,855,845	42,999,399	43,527,980	46,225,281
Stormwater drainage	1,252,544	1,272,430	2,485,346	2,552,650	2,503,255	2,601,158	2,763,120	3,703,803	3,738,019	3,728,335
Waterpark	-	1,283,919	1,633,155	1,475,842	1,398,164	1,292,639	1,492,787	1,437,615	1,321,622	1,501,475
Operating grants and contributions	1,142,191	2,312,062	1,323,581	2,371,658	3,787,014	1,830,334	1,826,749	2,282,163	1,701,652	3,938,011
Capital grants and contributions	456,743	108,471	192,620	181,759	1,339,265	1,017,827	1,558,589	209,110	396,830	876,211
Total business-type activities program revenues	<u>50,284,768</u>	<u>51,765,361</u>	<u>60,262,949</u>	<u>58,435,575</u>	<u>56,868,606</u>	<u>53,703,937</u>	<u>61,783,332</u>	<u>66,439,356</u>	<u>66,517,642</u>	<u>72,504,924</u>
Total primary government program revenues	<u>\$ 71,962,535</u>	<u>\$ 81,868,144</u>	<u>\$ 85,278,117</u>	<u>\$ 85,757,872</u>	<u>\$ 81,936,735</u>	<u>\$ 86,532,719</u>	<u>\$ 86,813,299</u>	<u>\$ 94,022,070</u>	<u>\$ 91,443,058</u>	<u>\$ 96,998,554</u>
Net (Expense)/Revenue										
Governmental activities	\$ (61,626,198)	\$ (50,954,412)	\$ (57,040,888)	\$ (54,242,414)	\$ (59,874,134)	\$ (53,856,915)	\$ (65,273,264)	\$ (65,757,129)	\$ (72,624,461)	\$ (75,068,837)
Business-type activities	7,872,215	7,274,918	12,854,175	14,898,790	11,579,271	5,293,447	10,038,883	16,243,808	15,090,742	20,844,623
Total primary government net expense	<u>\$ (53,753,983)</u>	<u>\$ (43,679,494)</u>	<u>\$ (44,186,713)</u>	<u>\$ (39,343,624)</u>	<u>\$ (48,294,863)</u>	<u>\$ (48,563,468)</u>	<u>\$ (55,234,381)</u>	<u>\$ (49,513,321)</u>	<u>\$ (57,533,719)</u>	<u>\$ (54,224,214)</u>
General Revenues and Other Changes in Net Position										
Governmental activities:										
Taxes:										
Property tax	\$ 27,869,849	\$ 27,570,092	\$ 28,556,762	\$ 28,625,696	\$ 29,107,168	\$ 29,784,202	\$ 31,072,640	\$ 34,515,164	\$ 35,120,896	\$ 35,842,110
Sales tax	20,451,906	20,033,820	21,082,993	21,406,823	22,062,365	22,397,536	22,403,406	22,373,768	22,413,397	23,861,013
Franchise fees	5,570,399	5,593,573	5,593,781	5,574,882	5,423,680	5,558,600	5,414,414	5,038,247	5,193,721	5,326,403
Hotel occupancy tax	1,506,423	1,553,674	1,572,105	1,677,100	1,578,764	1,684,329	1,775,372	1,910,468	1,878,061	1,952,011
Beverage tax	249,121	246,541	248,350	207,735	230,728	281,598	291,091	286,986	281,687	308,333
Bingo tax	109,739	77,883	70,747	61,696	40,122	36,688	32,764	26,736	9,098	2,626
Investment earnings	415,156	129,653	49,239	54,579	53,244	33,309	20,732	129,886	303,325	625,368
Miscellaneous	134,983	160,949	-	326,861	636,417	879,538	529,526	447,357	1,651,791	496,434
Transfers	(2,439,625)	(8,802,705)	1,754,171	(2,363,233)	(1,473,837)	(18,778,342)	(2,072,770)	2,003,892	5,184,169	4,611,766
Total governmental activities	<u>53,867,951</u>	<u>46,563,480</u>	<u>58,928,148</u>	<u>55,572,139</u>	<u>57,658,651</u>	<u>41,877,458</u>	<u>59,467,175</u>	<u>66,732,504</u>	<u>72,036,145</u>	<u>73,026,064</u>
Business-type activities:										
Investment earnings	602,872	194,428	50,858	39,865	27,902	11,680	14,884	175,860	415,837	748,434
Miscellaneous	147,536	153,223	(41,792)	(58,924)	149,173	138,419	87,079	60,331	22,028	89,332
Transfers	2,439,625	8,802,705	(1,754,171)	2,363,233	1,473,837	18,778,342	2,072,770	(2,003,892)	(5,184,169)	(4,611,766)
Total business-type activities	<u>3,190,033</u>	<u>9,150,356</u>	<u>(1,745,105)</u>	<u>2,344,174</u>	<u>1,650,912</u>	<u>18,928,441</u>	<u>2,174,733</u>	<u>(1,767,701)</u>	<u>(4,746,304)</u>	<u>(3,774,000)</u>
Total primary government	<u>\$ 57,057,984</u>	<u>\$ 55,713,836</u>	<u>\$ 57,183,043</u>	<u>\$ 57,916,313</u>	<u>\$ 59,309,563</u>	<u>\$ 60,805,899</u>	<u>\$ 61,641,908</u>	<u>\$ 64,964,803</u>	<u>\$ 67,289,841</u>	<u>\$ 69,252,064</u>
Change in Net Position										
Governmental activities	\$ (7,758,247)	\$ (4,390,932)	\$ 1,887,260	\$ 1,329,725	\$ (2,215,483)	\$ (11,979,457)	\$ (5,806,089)	\$ 975,375	\$ (588,316)	\$ (2,042,773)
Business-type activities	11,062,248	16,425,274	11,109,070	17,242,964	13,230,183	24,221,888	12,213,616	14,476,107	10,344,438	17,070,623
Total primary government	<u>\$ 3,304,001</u>	<u>\$ 12,034,342</u>	<u>\$ 12,996,330</u>	<u>\$ 18,572,689</u>	<u>\$ 11,014,700</u>	<u>\$ 12,242,431</u>	<u>\$ 6,407,527</u>	<u>\$ 15,451,482</u>	<u>\$ 9,756,122</u>	<u>\$ 15,027,850</u>

CITY OF WICHITA FALLS, TEXAS

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

	Fiscal Year									
	2008-2009	2009-2010	2010-2011	2011-2012	2012-2013	2013-2014	2014-2015	2015-2016	2016-2017	2017-2018
General Fund										
Reserved	\$ 1,499,613	\$ 1,392,329	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved	13,042,044	14,294,519	-	-	-	-	-	-	-	-
Nonspendable	-	-	478,617	352,835	384,574	180,992	210,069	157,494	131,311	309,042
Assigned	-	-	579,022	1,010,976	958,924	1,949,792	1,102,026	878,314	1,059,850	964,114
Unassigned	-	-	16,002,361	16,570,675	16,226,597	14,886,199	13,682,061	13,161,690	13,138,307	14,133,369
Total general fund	\$ 14,541,657	\$ 15,686,848	\$ 17,060,000	\$ 17,934,486	\$ 17,570,095	\$ 17,016,983	\$ 14,994,156	\$ 14,197,498	\$ 14,329,468	\$ 15,406,525
All other Governmental Funds										
Reserved	\$ 6,254,620	\$ 11,753,749	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved, reported in:										
Special revenue funds	4,808,127	1,713,168	-	-	-	-	-	-	-	-
Capital projects funds	10,963,970	1,850,806	-	-	-	-	-	-	-	-
Nonspendable	-	-	81,376	89,668	84,940	120,573	95,283	84,013	-	-
Restricted	-	-	10,927,373	10,744,065	26,934,100	13,834,375	5,977,567	5,729,434	5,617,402	23,075,586
Committed	-	-	1,762,248	2,305,013	2,896,812	2,831,488	2,734,119	2,694,718	2,670,133	2,208,977
Unassigned	-	-	(24,418)	(269,288)	(269,288)	(460,883)	(550,863)	(773,238)	(1,224,316)	(904,338)
Total all other governmental funds	\$ 22,026,717	\$ 15,317,723	\$ 12,746,579	\$ 12,869,458	\$ 29,646,564	\$ 16,325,553	\$ 8,256,106	\$ 7,734,927	\$ 7,063,219	\$ 24,380,225

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									
	2008-2009	2009-2010	2010-2011	2011-2012	2012-2013	2013-2014	2014-2015	2015-2016	2016-2017	2017-2018
Revenues										
Taxes	\$ 55,752,982	\$ 55,006,901	\$ 57,122,006	\$ 57,607,312	\$ 58,613,615	\$ 59,739,545	\$ 61,007,519	\$ 64,201,677	\$ 64,886,137	\$ 67,254,892
Charges for services	3,689,717	3,715,832	3,886,160	3,710,371	3,422,621	3,331,183	3,362,172	3,370,573	3,340,750	3,339,743
Licenses and permits	1,887,434	1,990,328	2,064,972	2,002,559	2,234,081	2,048,293	1,941,205	1,971,212	1,905,507	1,963,353
Fines and forfeitures	1,970,612	2,214,884	2,209,026	2,409,792	2,435,625	2,402,794	2,262,781	2,561,817	2,795,215	2,757,216
Intergovernmental revenue	9,287,371	14,783,860	11,041,679	14,488,236	11,722,524	18,081,798	12,401,075	13,537,869	10,833,921	9,112,281
Contributions	3,234,759	5,711,904	4,542,149	3,446,313	3,828,862	5,712,190	4,011,809	5,208,537	5,133,510	4,324,823
Miscellaneous revenue	3,804,438	3,597,927	3,216,734	3,261,049	3,463,425	3,642,155	3,118,424	3,120,633	4,239,955	2,499,916
Total revenues	<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>	<u>93,134,995</u>	<u>91,252,224</u>
Expenditures										
Administrative services	11,315,351	9,694,632	10,235,720	12,158,781	12,677,867	13,347,029	14,413,640	14,805,672	14,870,206	14,778,947
Police	20,182,150	20,182,168	20,235,012	20,545,965	20,884,744	21,539,820	21,997,801	23,580,992	23,883,109	24,205,161
Fire	12,833,183	12,671,757	12,897,810	13,277,876	13,807,699	14,085,219	14,719,074	16,077,272	16,536,044	16,896,863
Parks and recreation	5,457,410	5,359,692	4,966,060	4,833,743	5,157,417	5,197,591	5,065,222	5,204,296	5,277,544	5,287,117
Accounting/finance	2,327,608	2,279,241	2,367,814	845,076	793,960	831,313	747,341	702,883	719,865	701,643
Community development	7,433,617	7,315,631	7,124,851	6,829,018	6,760,826	6,559,064	6,440,963	6,678,753	6,931,301	6,685,328
Public works	5,452,172	5,355,585	5,170,624	5,777,249	5,325,013	5,613,107	5,449,860	5,555,929	5,732,327	5,511,044
Health	4,950,213	4,896,841	4,796,934	4,894,351	5,004,381	5,057,946	5,217,970	5,483,135	5,649,913	5,793,866
Traffic and transportation	2,292,890	2,245,038	2,233,311	2,194,962	2,468,051	2,274,249	2,395,837	2,224,511	2,117,966	2,113,558
Multi-Purpose Events Center	3,208,713	3,358,470	3,436,052	3,062,507	3,365,932	3,536,661	3,747,189	3,718,058	3,231,913	2,415,875
Capital outlay	12,088,928	8,758,421	7,600,491	8,537,049	7,867,468	5,230,269	5,368,119	6,343,551	6,206,493	5,628,992
Debt service - principal	2,065,000	2,240,000	2,115,000	2,270,000	2,515,000	3,000,000	3,350,000	3,745,000	3,525,000	3,610,000
Debt service - interest	1,364,831	1,781,176	1,934,935	1,604,392	1,618,299	2,342,331	1,998,760	1,764,412	1,591,022	1,597,143
Debt service - bond issuance costs	-	-	-	137,461	310,777	-	-	-	-	-
Total expenditures	<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>	<u>96,272,703</u>	<u>95,225,537</u>
Excess of revenues over (under) expenditures	<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>	<u>(3,137,708)</u>	<u>(3,973,313)</u>
Other Financing Sources (Uses)										
Proceeds from bonds	10,840,779	3,930,000	-	7,836,338	23,869,261	-	-	13,482,256	-	24,171,317
Capital lease proceeds	-	-	-	1,452,760	2,666,243	-	47,848	(13,295,568)	-	3,310,009
Payment to refunded bonds escrow agent	-	-	-	(4,484,698)	(3,831,570)	-	-	-	-	(6,546,898)
Transfers in	5,530,309	5,676,896	6,239,483	6,411,855	7,181,518	16,643,513	17,594,910	7,574,334	8,965,770	8,722,620
Transfer out	(9,433,265)	(16,053,685)	(6,405,589)	(10,176,091)	(10,636,058)	(36,860,991)	(23,335,238)	(6,961,378)	(6,367,674)	(4,393,890)
Total other financing sources (uses)	<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>	<u>2,598,096</u>	<u>25,263,158</u>
Net change in fund balances	<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>	<u>\$ (539,612)</u>	<u>\$ 21,289,845</u>
Debt service as a percentage of noncapital expenditures	4.35%	5.20%	5.22%	4.94%	5.12%	6.41%	6.25%	6.15%	5.68%	5.81%

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>
2008-2009	\$ 27,865,394	\$ 20,451,906	\$ 5,570,399	\$ 1,506,423	\$ 249,121	\$ 109,739	\$ 55,752,982
2009-2010	27,501,412	20,033,820	5,593,573	1,513,484	246,541	77,883	54,966,713
2010-2011	28,554,029	21,082,994	5,593,781	1,572,105	248,350	70,747	57,122,006
2011-2012	28,679,076	21,406,823	5,574,882	1,677,100	207,735	61,696	57,607,312
2012-2013	29,277,956	22,062,365	5,423,680	1,578,764	230,728	40,122	58,613,615
2013-2014	29,780,795	22,397,536	5,558,599	1,684,329	281,598	36,688	59,739,545
2014-2015	31,090,472	22,403,406	5,414,414	1,775,372	291,091	32,764	61,007,519
2015-2016	34,567,763	22,373,768	5,035,947	1,910,477	286,986	26,736	64,201,677
2016-2017	35,110,173	22,413,397	5,193,721	1,878,061	281,687	9,098	64,886,137
2017-2018	35,804,507	23,861,013	5,326,402	1,952,011	308,333	2,626	67,254,892

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
2008-2009	\$ 3,553,825,553	\$ 877,030,381	\$4,430,855,934	0.59526	\$ 4,430,855,934	100.00%
2009-2010	3,622,501,148	803,697,677	4,426,198,825	0.60526	4,426,198,825	100.00%
2010-2011	3,693,399,778	728,642,824	4,422,042,602	0.62526	4,422,042,602	100.00%
2011-2012	3,714,449,662	716,365,316	4,430,814,978	0.62526	4,430,814,978	100.00%
2012-2013	3,749,608,055	715,113,536	4,464,721,591	0.63526	4,464,721,591	100.00%
2013-2014	3,777,010,620	771,002,233	4,548,012,853	0.63526	4,548,012,853	100.00%
2014-2015	3,859,560,337	765,251,406	4,624,811,743	0.65526	4,624,811,743	100.00%
2015-2016	3,944,783,610	820,827,696	4,765,611,306	0.70598	4,765,611,306	100.00%
2016-2017	4,031,689,962	817,687,012	4,849,376,974	0.70598	4,849,376,974	100.00%
2017-2018	4,123,022,727	818,629,114	4,941,651,841	0.70598	4,941,651,841	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)			Grand Total
	M&O	I&S	Total	M&O	I&S	Total	M&O	I&S	Total	
2008-2009	\$ 0.58	\$ 0.02	\$ 0.60	\$ 0.43	\$ -	\$ 0.43	\$ 1.17	\$ 0.14	\$ 1.31	
2009-2010	0.59	0.02	0.61	0.48	-	0.48	1.17	0.14	1.31	
2010-2011	0.61	0.01	0.62	0.52	-	0.52	1.17	0.14	1.31	
2011-2012	0.61	0.01	0.62	0.53	-	0.53	1.17	0.14	1.31	
2012-2013	0.62	0.01	0.63	0.52	-	0.52	1.17	0.13	1.30	
2013-2014	0.62	0.01	0.63	0.51	-	0.51	1.17	0.12	1.29	
2014-2015	0.64	0.02	0.66	0.51	-	0.51	1.17	0.14	1.31	
2015-2016	0.69	0.02	0.71	0.55	-	0.55	1.17	0.14	1.31	
2016-2017	0.69	0.02	0.71	0.58	0.03	0.61	1.17	0.37	1.54	
2017-2018	0.69	0.02	0.71	0.58	0.08	0.66	1.17	0.37	1.54	
	City View ISD (2)			Iowa Park CISD (3)			Wichita Falls ISD (4)			
	M&O	I&S	Total	M&O	I&S	Total	M&O	I&S	Total	
2008-2009	\$ 1.17	\$ 0.23	\$ 1.40	\$ 1.04	\$ 0.11	\$ 1.15	\$ 1.04	\$ 0.16	\$ 1.20	\$ 6.09
2009-2010	1.17	0.25	1.42	1.04	0.10	1.14	1.04	0.16	1.20	6.16
2010-2011	1.17	0.25	1.42	1.04	0.09	1.13	1.04	0.17	1.21	6.21
2011-2012	1.17	0.25	1.42	1.04	0.24	1.28	1.04	0.17	1.21	6.37
2012-2013	1.17	0.25	1.42	1.04	0.24	1.28	1.04	0.17	1.21	6.36
2013-2014	1.17	0.25	1.42	1.04	0.24	1.28	1.04	0.17	1.21	6.34
2014-2015	1.17	0.25	1.42	1.04	0.23	1.27	1.04	0.10	1.14	6.31
2015-2016	1.17	0.25	1.42	1.17	0.16	1.33	1.04	0.19	1.23	6.55
2016-2017	1.17	0.25	1.42	1.17	0.16	1.33	1.04	0.19	1.23	6.84
2017-2018	1.17	0.25	1.42	1.17	0.16	1.33	1.04	0.19	1.23	6.89

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, 2018

Taxpayer	2017-2018			2008-2009		
	Taxable Assessed Value	Rank	Percentage of Total Assessed Valuation	Taxable Assessed Value	Rank	Percentage of Total Assessed Valuation
GGP - Sikes Senter LLC	\$ 64,000,000	1	1.30%	\$ 52,964,416	1	1.20%
Oncor Electric Delivery Co	41,702,850	2	0.84%	39,368,627	2	0.89%
Atmos Energy / Mid-Tex Division	22,996,120	3	0.47%	-	N/A	0.00%
Wal-Mart Stores East Inc	20,645,100	4	0.42%	18,854,411	5	0.43%
North American Pipe Corp	19,850,886	5	0.40%	11,960,975	8	0.27%
Wal-Mart Stores Texas LP	18,126,653	6	0.37%	25,904,572	3	0.58%
Quail Creek Crossing Ltd	17,186,000	7	0.35%	13,672,000	6	0.31%
Kell West Regional Hospital	15,380,706	8	0.31%	-	N/A	0.00%
Winfield Solutions LLC	12,822,433	9	0.26%	-	N/A	0.00%
Lowe's Home Centers Inc.	12,059,579	10	0.24%	12,306,384	7	0.28%
Southwestern Bell	-	N/A	0.00%	25,520,925	4	0.58%
Clinics of North Texas	-	N/A	0.00%	11,352,391	9	0.26%
Wal-Mart Real Estate Business Trust	-	N/A	0.00%	11,429,636	10	0.26%
Totals	<u>\$ 244,770,327</u>		<u>4.95%</u>	<u>\$ 223,334,337</u>		<u>5.06%</u>

Source:

Wichita Appraisal District

CITY OF WICHITA FALLS, TEXAS

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

Fiscal Year	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2008-2009	\$ 26,375,113	\$ 25,905,854	98.22%	\$ 373,087	\$ 26,278,941	99.64%
2009-2010	26,752,242	26,166,043	97.81%	394,854	26,560,897	99.28%
2010-2011	27,649,264	27,179,642	98.30%	318,774	27,498,416	99.45%
2011-2012	27,704,114	27,306,706	98.57%	304,932	27,611,638	99.67%
2012-2013	28,362,591	27,906,520	98.39%	277,408	28,183,928	99.37%
2013-2014	28,876,552	28,375,563	98.27%	264,103	28,639,666	99.18%
2014-2015	30,270,748	29,809,308	98.48%	285,081	30,094,389	99.42%
2015-2016	33,644,264	33,124,968	98.46%	315,610	33,440,578	99.39%
2016-2017	34,228,872	33,694,059	98.44%	236,251	33,930,310	99.13%
2017-2018	34,887,074	34,298,367	98.31%	-	34,298,367	98.31%

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			
2008-2009	\$ 5,535,000	\$ 33,524,726	\$ -	\$ -	\$ 119,841,741	\$ 21,004,768	\$ -	\$ 640,377	\$ 722,464	\$ 181,269,076	7.34%	\$ 1,711.13
2009-2010	4,790,000	35,918,687	-	-	107,501,744	27,744,748	-	609,234	549,621	177,114,034	8.03%	1,694.01
2010-2011	4,450,000	34,104,162	-	-	105,277,778	23,969,757	-	577,079	371,696	168,750,472	6.10%	1,614.02
2011-2012	4,116,110	35,503,123	-	1,452,760	102,566,093	19,798,342	-	543,877	1,704,341	165,684,646	7.11%	1,594.18
2012-2013	5,491,678	51,570,623	-	3,833,640	99,211,869	27,887,899	1,930,000	509,596	1,261,663	191,696,968	7.67%	1,833.51
2013-2014	4,679,866	49,302,503	-	3,510,950	95,723,505	24,284,987	1,930,000	474,200	999,606	180,905,617	7.74%	1,724.59
2014-2015	3,850,706	46,710,294	-	3,230,595	92,086,092	54,125,933	1,930,000	437,652	722,737	203,094,009	8.47%	1,932.13
2015-2016	16,129,132	31,138,675	-	2,857,166	87,938,263	51,322,900	-	399,915	16,957,523	206,743,574	8.63%	1,974.44
2016-2017	14,132,973	29,435,100	-	2,466,589	83,098,973	46,298,092	-	360,951	19,142,615	194,935,293	8.14%	1,861.42
2017-2018	34,000,000	21,155,000	-	5,468,665	68,485,000	41,170,000	-	320,719	18,209,925	188,809,309	7.27%	1,802.53

(1) Amounts for 2016-2017 and prior years include bond premiums, where applicable.

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		
2008-2009	\$ 5,535,000	\$ 33,524,726	\$ 39,059,726	0.88%	\$ 368.71
2009-2010	4,790,000	35,918,687	40,708,687	0.92%	389.36
2010-2011	4,450,000	34,104,162	38,554,162	0.87%	368.75
2011-2012	4,116,110	35,503,123	39,619,233	0.89%	381.21
2012-2013	5,491,678	51,570,623	57,062,301	1.28%	545.78
2013-2014	4,679,866	49,302,503	53,982,369	1.19%	514.62
2014-2015	3,850,706	46,710,294	50,561,000	1.09%	481.01
2015-2016	16,129,132	31,138,675	47,267,807	0.99%	451.42
2016-2017	14,132,973	29,435,100	43,568,073	0.90%	416.03
2017-2018	34,000,000	21,155,000	55,155,000	1.12%	526.55

CITY OF WICHITA FALLS, TEXAS

DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT (UNAUDITED) SEPTEMBER 30, 2018

	Gross Governmental Activities Debt (1)	Percentage Applicable to City of Wichita Falls (2)	Amount Applicable to City of Wichita Falls
Direct:			
City of Wichita Falls	<u>\$ 60,623,665</u>	100%	<u>\$ 60,623,665</u>
Overlapping:			
Wichita County	70,835,256	100%	70,835,256
Burkburnett Independent School District	49,179,558	25%	12,294,890
City View Independent School District	8,153,232	90%	7,337,909
Iowa Park Consolidated Independent School District	15,693,061	2%	313,861
Wichita Falls Independent School District	<u>96,643,374</u>	99%	<u>95,676,940</u>
Total overlapping	<u>240,504,481</u>		<u>186,458,856</u>
Total direct and overlapping bonded debt	<u>\$ 301,128,146</u>		<u>\$ 247,082,521</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 2017 tax roll	\$ 4,941,651,841
Maximum tax rate *	\$ 2.25/\$100
Current tax rate for 2017 tax year	<u>.70598/\$100</u>
Maximum tax rate in excess of 2017 tax rate	<u>1.54402/\$100</u>
Total legal debt margin	<u>\$ 76,300,093</u>

	Fiscal Year									
	2008-2009	2009-2010	2010-2011	2011-2012	2012-2013	2013-2014	2014-2015	2015-2016	2016-2017	2017-2018
Assessed value	\$ 4,430,855,934	\$ 4,426,198,825	\$ 4,422,042,602	\$ 4,430,814,978	\$ 4,464,721,591	\$ 4,548,012,853	\$ 4,624,811,743	\$ 4,765,611,306	\$ 4,849,376,974	\$ 4,941,651,841
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	.59526/\$100	.60526/\$100	.62526/\$100	.62526/\$100	.63526/\$100	.63526/\$100	.65526/\$100	.70598/\$100	.70598/\$100	.70598/\$100
Maximum tax rate in excess of current rate	<u>1.65474/\$100</u>	<u>1.64474/\$100</u>	<u>1.62474/\$100</u>	<u>1.62474/\$100</u>	<u>1.61474/\$100</u>	<u>1.61474/\$100</u>	<u>1.59474/\$100</u>	<u>1.54402/\$100</u>	<u>1.54402/\$100</u>	<u>1.54402/\$100</u>
Total legal debt margin	<u>\$ 73,319,145</u>	<u>\$ 72,799,463</u>	<u>\$ 71,846,695</u>	<u>\$ 71,989,223</u>	<u>\$ 72,093,645</u>	<u>\$ 73,438,583</u>	<u>\$ 73,753,723</u>	<u>\$ 73,581,992</u>	<u>\$ 74,875,350</u>	<u>\$ 76,300,093</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 2017 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	
2008-2009	\$ 33,662,220	\$ 19,546,745	\$ 14,115,475	\$5,410,000	\$ 6,185,216	\$11,595,216	1.22
2009-2010	33,264,688	19,924,687	13,340,001	5,615,000	5,879,680	11,494,680	1.16
2010-2011	40,084,478	22,422,525	17,661,953	5,805,000	5,646,250	11,451,250	1.54
2011-2012	36,405,921	19,501,942	16,903,979	6,130,000	5,364,300	11,494,300	1.47
2012-2013	32,200,867	19,160,351	13,040,516	3,325,000	4,518,925	7,843,925	1.66
2013-2014	30,839,265	20,981,384	9,857,881	3,460,000	4,385,925	7,845,925	1.26
2014-2015	38,456,107	20,477,673	17,978,434	3,610,000	4,238,875	7,848,875	2.29
2015-2016	42,499,482	20,415,375	22,084,107	4,625,000	3,356,255	7,981,255	2.77
2016-2017	43,054,453	21,643,920	21,410,533	2,635,000	3,777,314	6,412,314	3.34
2017-2018	46,159,318	20,861,265	25,298,053	2,885,000	3,535,250	6,420,250	3.94

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 (1)	Median Age (1)	Education Level	School Enrollment (2)	Unemployment Rate (3)
2008-2009	105,935	\$ 2,470,050,408	\$ 23,317	33.2	13.5	15,473	8.2%
2009-2010	104,553	2,205,022,770	21,090	32.3	13.3	16,217	7.3%
2010-2011	104,553	2,766,263,274	26,458	32.8	13.2	15,539	6.6%
2011-2012	103,931	2,330,756,606	22,426	32.4	13.2	14,569	6.9%
2012-2013	104,552	2,499,106,456	23,903	32.5	13.1	14,639	6.2%
2013-2014	104,898	2,336,602,950	22,275	32.5	13.2	15,181	4.9%
2014-2015	105,114	2,397,229,884	22,806	32.5	13.2	15,155	4.4%
2015-2016	104,710	2,394,298,860	22,866	32.5	13.2	15,181	4.8%
2016-2017	104,724	2,395,980,396	22,879	32.5	13.2	15,124	3.4%
2017-2018	104,747	2,597,725,600	24,800	32.8	13.2	15,150	3.1%

Sources:

- (1) World Population Review
- (2) Texas Education Agency
- (3) Bureau of Labor Statistics

CITY OF WICHITA FALLS, TEXAS

PRINCIPAL EMPLOYERS
CURRENT YEAR AND NINE YEARS AGO (UNAUDITED)
SEPTEMBER 30, 2018

Employer	2017-2018			2008-2009			Percentage of Total City Employment
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment	
Sheppard Air Force Base	12,581	1	17.60%	12,201	1	17.06%	
North Texas State Hospital	2,071	2	2.90%	1,947	3	2.72%	
United Regional Health Care System	2,021	3	2.83%	1,800	4	2.52%	
Wichita Falls ISD	1,992	4	2.79%	2,007	2	2.81%	
Midwestern State University	1,315	5	1.84%	1,223	6	1.71%	
City of Wichita Falls	1,238	6	1.73%	1,350	5	1.89%	
Wal-Mart - 3 locations	1,140	7	1.59%	-	N/A	-	
Howmet Corp. WF Casting Division	850	8	1.19%	860	8	1.20%	
James V. Allred Prison Unit	806	9	1.13%	975	7	1.36%	
United Supermarkets - 3 locations	778	10	1.09%	-	N/A	-	
Cryovac Division - Sealed Air Corp	-	N/A	-	781	9	1.09%	
AT&T Wireless	-	N/A	-	669	10	0.94%	
Totals	<u>24,792</u>		<u>34.69%</u>	<u>23,813</u>		<u>33.30%</u>	

Sources:

2006-2007 data is from Texas Workforce Commission. 2017-2018 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)**

	2008-2009	2009-2010	2010-2011	2011-2012	2012-2013	2013-2014	2014-2015	2015-2016	2016-2017	2017-2018
Administrative services	104.6	102.0	97.0	94.6	94.3	94.1	95.1	94.1	86.0	85.7
Police	294.0	295.0	296.5	298.5	299.5	300.0	299.0	299.0	295.8	295.5
Fire	164.0	164.0	162.0	162.0	162.5	162.5	162.5	162.5	162.5	162.5
Parks and recreation	82.9	84.8	88.7	89.7	92.9	92.1	92.6	92.6	89.5	88.8
Accounting/finance	26.0	26.0	25.0	27.0	27.0	27.0	26.4	26.2	26.0	25.7
Community development	41.0	40.1	40.0	40.0	42.0	42.0	41.0	41.0	40.0	40.0
Public works	80.8	80.8	79.2	78.5	78.5	78.5	78.5	78.5	72.5	72.5
Health	69.0	68.4	71.5	72.0	81.9	78.7	77.5	78.7	78.8	76.3
Traffic and transportation	50.6	51.7	52.6	53.6	53.6	56.1	56.1	57.0	52.0	52.0
Multi-Purpose Events Center	23.0	23.0	22.8	22.8	22.8	22.8	22.8	22.8	22.8	4.6
Water and sewer	179.9	180.1	179.6	180.2	182.1	189.1	187.7	188.6	186.1	183.9
Sanitation	82.5	82.5	82.5	82.5	81.5	83.5	83.5	85.5	86.5	86.5
Municipal Airport	1.6	1.6	1.6	1.6	1.6	1.6	3.0	1.6	1.6	1.6
Kickapoo Airport	4.4	5.4	5.4	5.6	6.4	3.4	3.4	4.4	4.4	4.4
Transit	22.1	21.6	21.6	22.2	24.7	26.2	26.7	26.7	25.2	25.2
Stormwater Drainage	1.3	1.3	1.3	1.3	1.8	1.8	1.8	1.8	4.8	4.8

Source: City of Wichita Falls Human Resources Department

CITY OF WICHITA FALLS, TEXAS

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

	Fiscal Year									
	2008-2009	2009-2010	2010-2011	2011-2012	2012-2013	2013-2014	2014-2015	2015-2016	2016-17	2017-2018
General government										
Building permits issued	6,769	6,802	8,130	7,303	9,979	8,542	7,399	7,413	7,874	6,590
Building inspections conducted	9,565	11,038	13,321	11,834	12,823	13,472	12,852	11,302	10,803	10,760
Police										
Physical arrests	7,186	6,235	5,845	6,182	5,978	6,042	5,036	5,214	5,845	4,869
Parking violations	-	109	125	529	65	43	90	110	175	27
Traffic violations	23,253	25,558	23,780	21,660	21,651	22,538	18,792	19,424	23,514	23,979
Fire										
Emergency responses	8,687	8,693	9,139	9,027	8,979	8,708	9,392	9,432	8,442	11,229
Fires extinguished	718	654	703	583	591	452	432	477	449	601
Inspections	3,250	3,281	3,114	3,221	3,198	3,316	2,931	4,133	3,175	3,248
Refuse collection										
Refuse collected (tons)	161,243	156,630	141,251	116,961	124,250	121,502	76,145	136,646	136,911	131,442
Recyclables collected	22,010	16,923	16,780	18,743	18,884	14,643	1,384	16,134	18,232	23,079
Library										
Volumes in collection	185,009	185,009	193,064	177,229	173,996	174,993	194,715	176,160	820,301	854,142
Total volumes borrowed	368,685	368,685	344,107	327,336	276,065	293,860	293,364	282,808	294,798	333,381
Water										
New connections	146	48	64	119	134	(344)	74	(2,523)	3,144	160
Water main breaks	872	724	1,250	1,028	954	944	863	696	519	766
Average daily consumption (thousands of gallons)	19,200	19,851	25,798	20,269	15,564	13,207	12,051	14,974	14,180	15,131
Wastewater										
Average daily sewage treatment (thousands of gallons)	7,670	12,435	10,080	10,551	9,217	6,452	8,440	7,900	9,877	8,974
Transit										
Total route miles	530,771	536,181	552,238	586,893	572,744	575,004	591,417	586,565	591,538	577,261
Passengers	327,463	340,181	374,277	485,101	460,484	462,853	486,104	493,164	464,838	436,054

This information provided by applicable City of Wichita Falls department.

CITY OF WICHITA FALLS, TEXAS

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

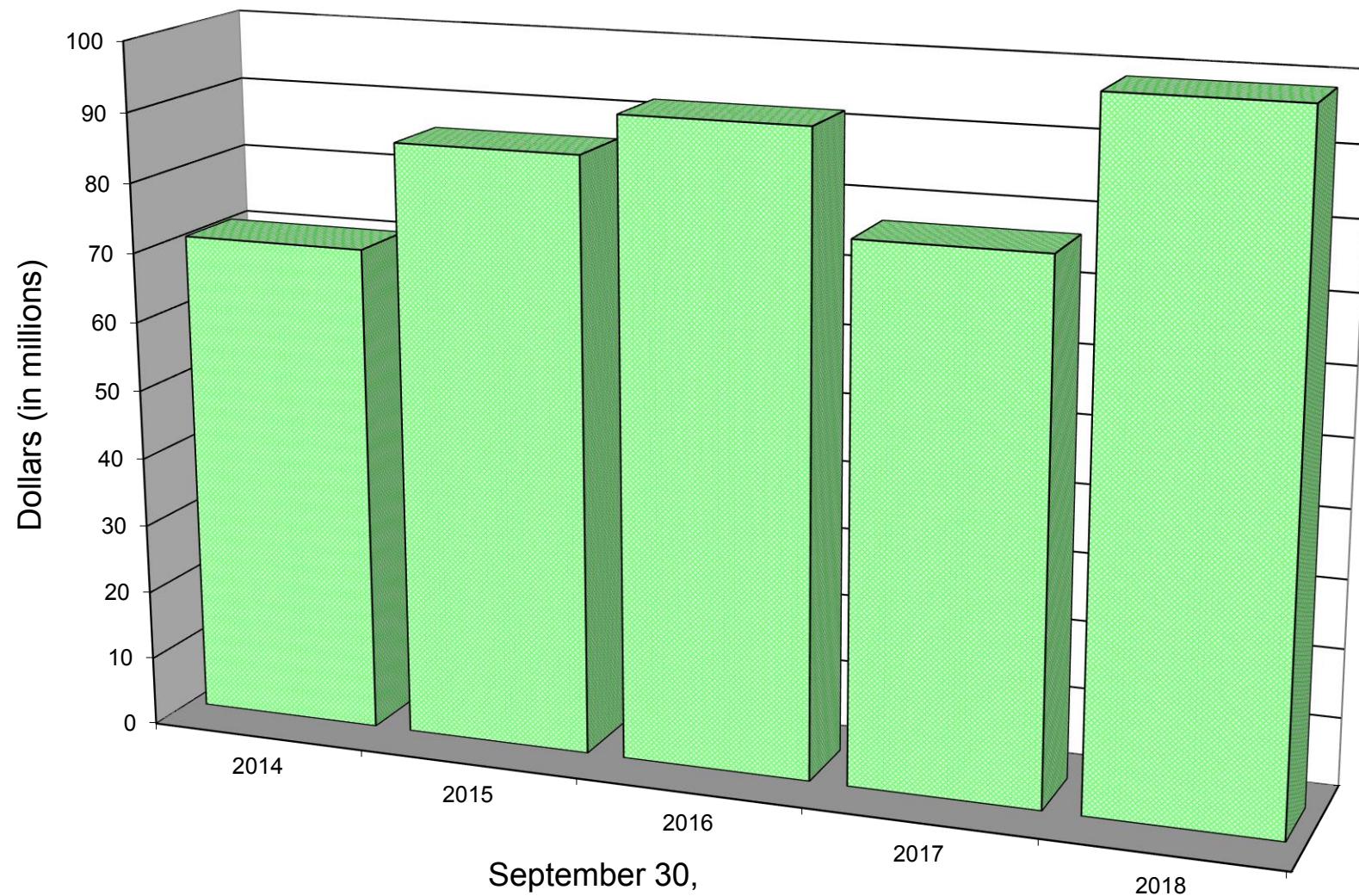
	Fiscal Year									
	2008-2009	2009-2010	2010-2011	2011-2012	2012-2013	2013-2014	2014-2015	2015-2016	2016-2017	2017-2018
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol units	105	115	114	114	113	113	113	113	113	113
Fire stations	8	8	8	8	8	8	8	8	8	8
Refuse collection										
Collection trucks	36	36	36	36	36	36	36	36	36	36
Other public works										
Streets (miles)	529	514	514	515	515	515	515	530	531	534
Streetlights	8,203	7,958	8,084	7,931	7,942	7,972	7,996	8,015	8,451	8,465
Traffic signals	104	104	104	104	104	104	104	104	104	102
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	40	39	39	39	39	39	39	39	39	39
Golf courses	1	1	1	1	1	1	1	1	1	1
Water										
Water mains (miles)	720	572	572	577	578	579	580	806	782	808
Fire hydrants	2,264	2,545	2,547	2,579	2,588	2,588	2,593	2,842	2,822	2,836
Storage capacity (thousands of gallons)	22,500	37,000	37,000	37,000	37,000	37,000	37,000	37,000	37,000	37,000
Wastewater										
Sanitary sewers (miles)	550	543	543	545	546	547	548	599	592	594
Storm sewers (miles)	117	97	97	97	98	98	98	98	98	99
Treatment capacity (thousands of gallons)	22,800	21,410	24,410	24,410	21,410	21,410	21,410	21,410	21,410	21,410
Transit										
Buses	12	14	14	14	14	14	13	13	13	13

This information maintained by the City of Wichita Falls Finance Department, with assistance from various various departments.

Graphics

CITY OF WICHITA FALLS, TEXAS

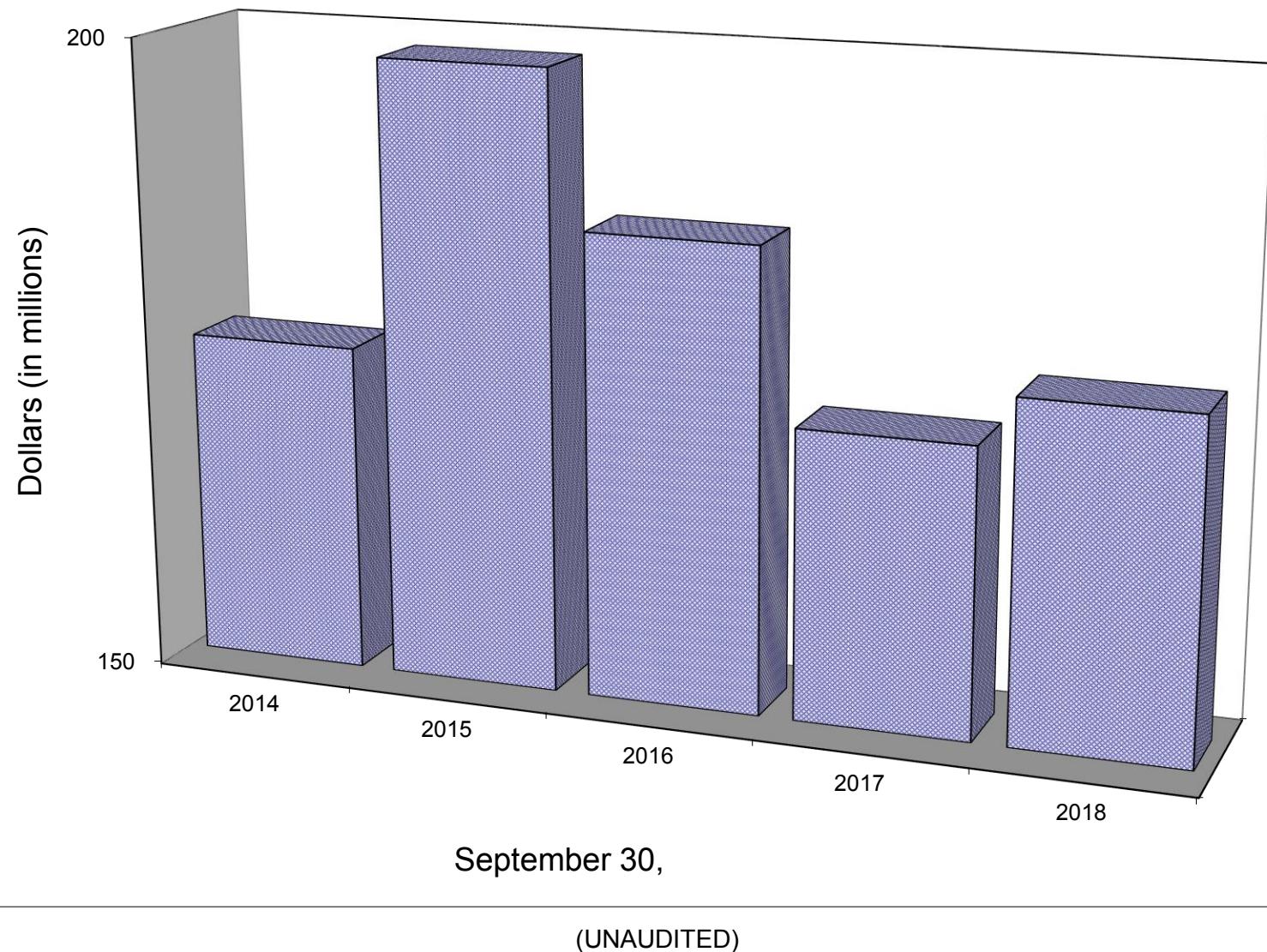
CASH AND INVESTMENTS



(UNAUDITED)

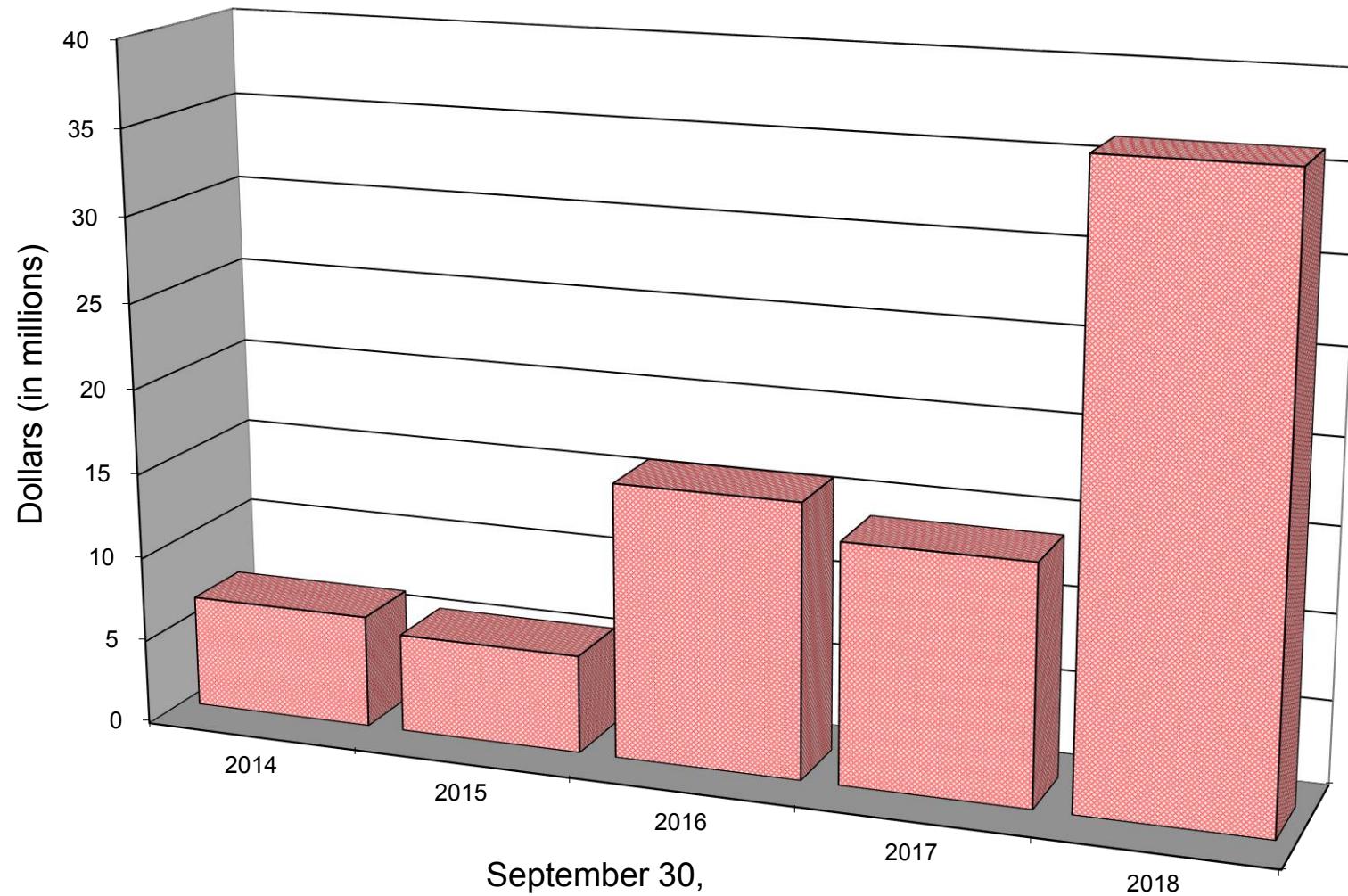
CITY OF WICHITA FALLS, TEXAS

TOTAL BONDS PAYABLE



CITY OF WICHITA FALLS, TEXAS

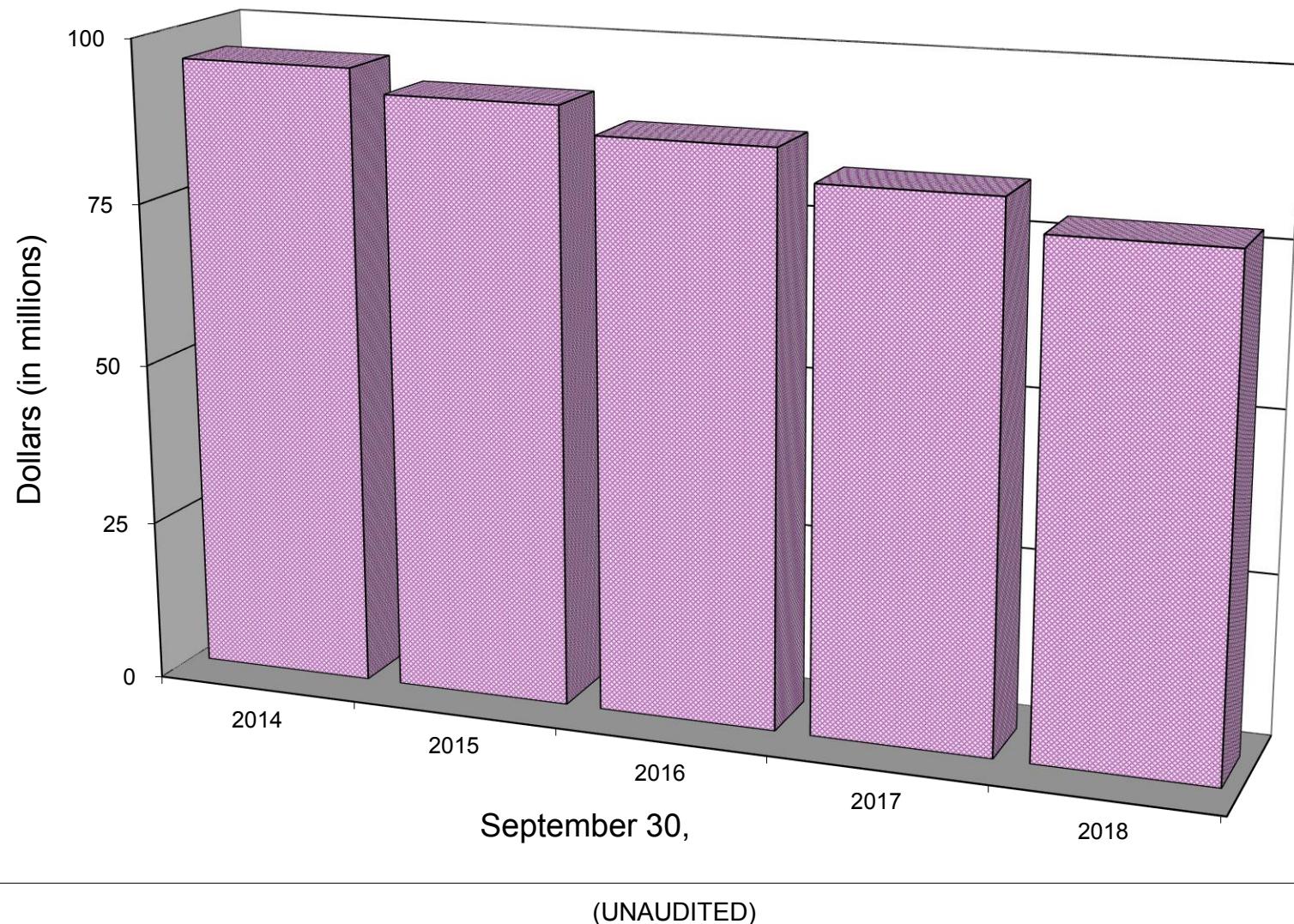
GENERAL OBLIGATION BONDS PAYABLE



(UNAUDITED)

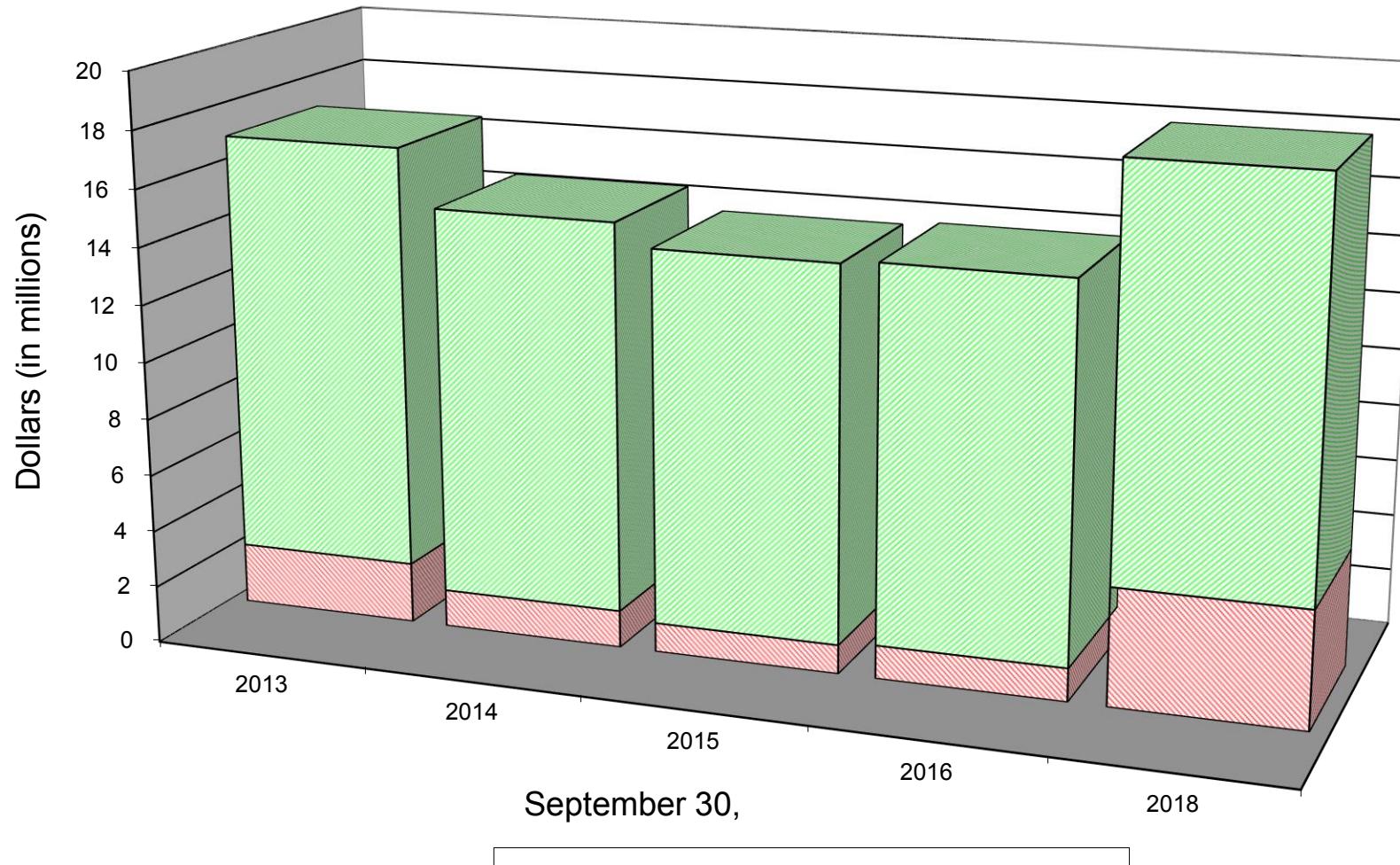
CITY OF WICHITA FALLS, TEXAS

REVENUE BONDS PAYABLE



CITY OF WICHITA FALLS, TEXAS

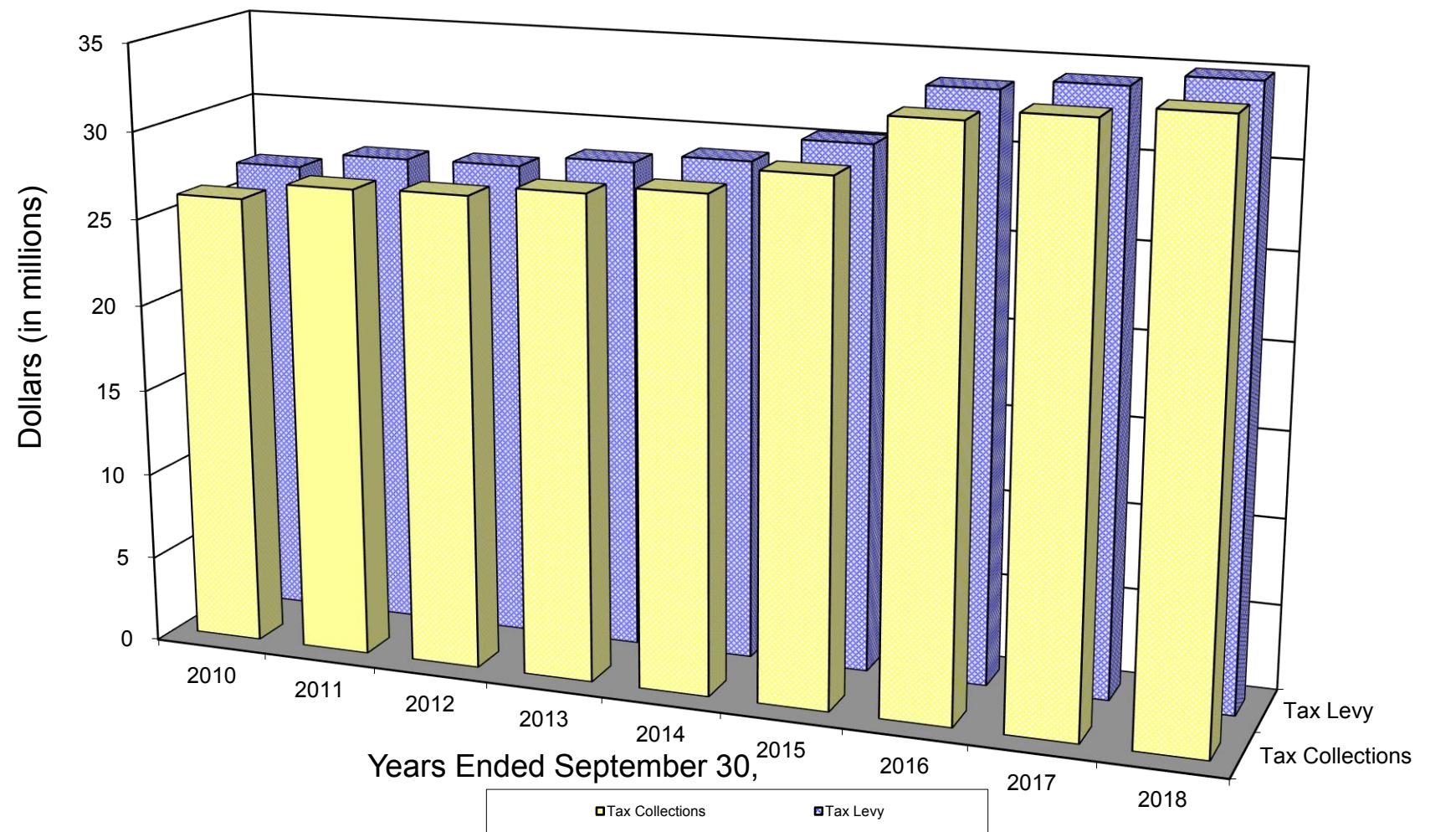
GENERAL FUND EQUITY



(UNAUDITED)

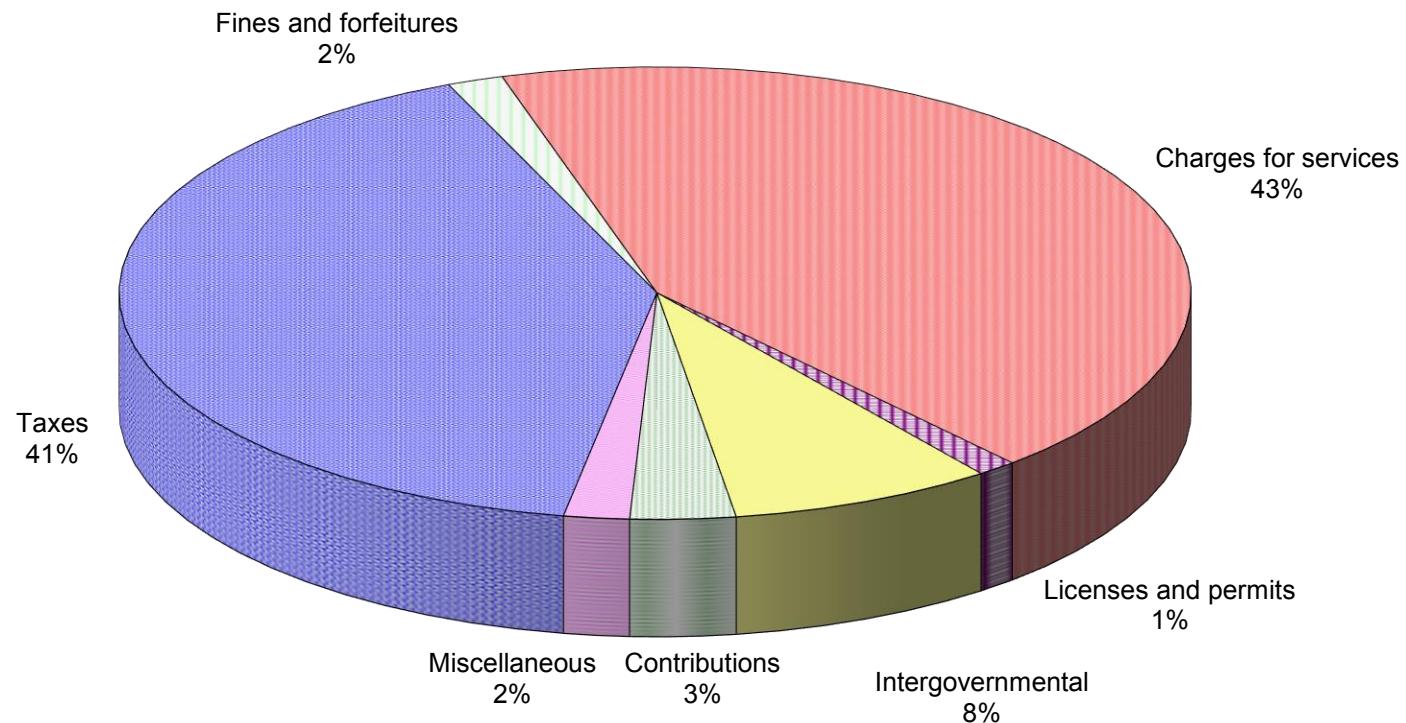
CITY OF WICHITA FALLS, TEXAS

COMPARISON OF TAX LEVY AND COLLECTIONS



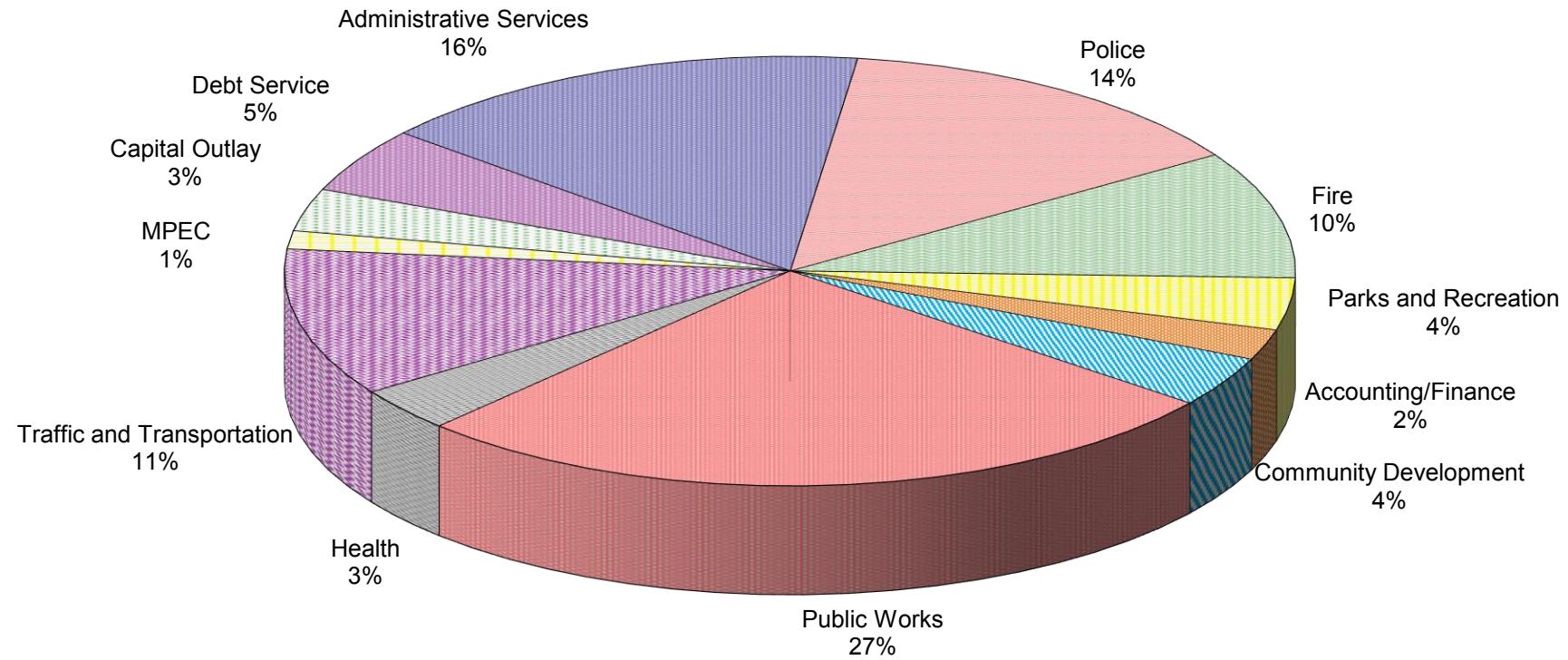
(UNAUDITED)

**CITY OF WICHITA FALLS, TEXAS
REVENUES BY SOURCE - FYE 9/30/18**



(UNAUDITED)

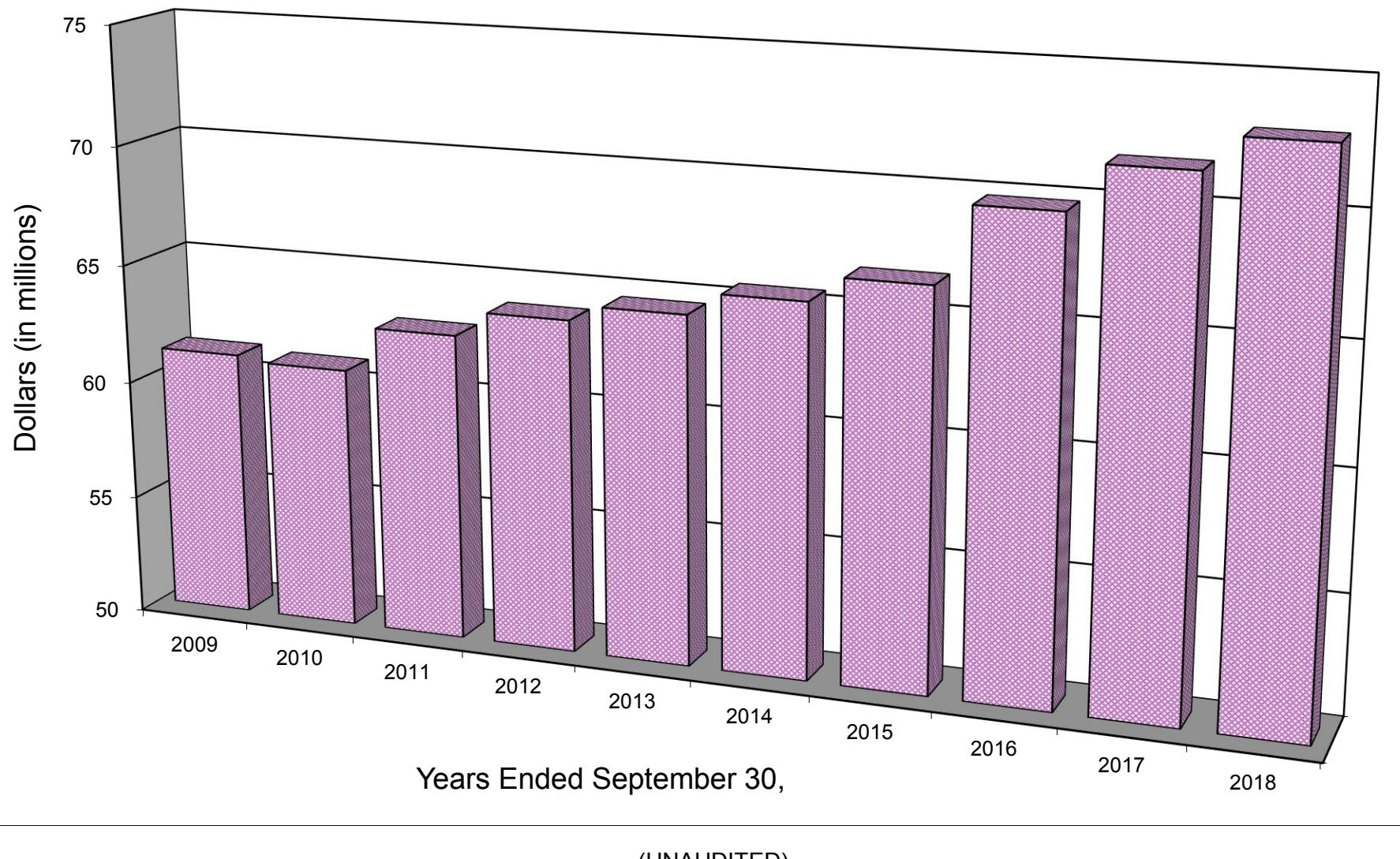
**CITY OF WICHITA FALLS, TEXAS
EXPENDITURES BY FUNCTION - FYE 9/30/18**



(UNAUDITED)

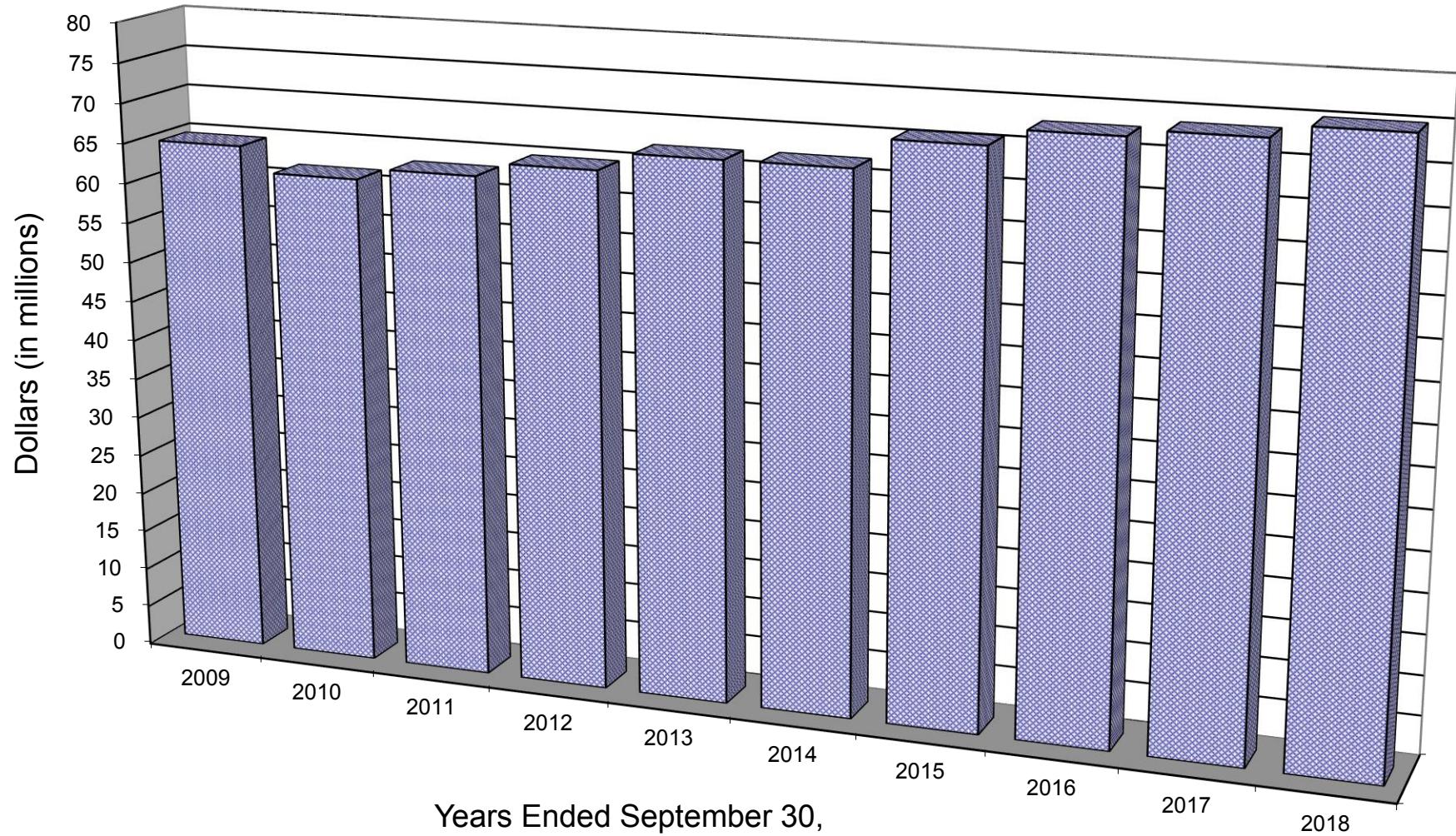
CITY OF WICHITA FALLS, TEXAS

GENERAL GOVERNMENTAL REVENUES (GENERAL FUND ONLY)



CITY OF WICHITA FALLS, TEXAS

GENERAL GOVERNMENTAL EXPENDITURES (GENERAL FUND ONLY)



(UNAUDITED)