



Comprehensive Annual Financial Report

Year Ended September 30, 2013



CITY OF WICHITA FALLS, TEXAS

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED SEPTEMBER 30, 2013

ISSUED BY:
DEPARTMENT OF FINANCE

CITY OF WICHITA FALLS, TEXAS

COMPREHENSIVE ANNUAL FINANCIAL REPORT FOR THE YEAR ENDED SEPTEMBER 30, 2013

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Introductory Section



OFFICE OF THE CITY MANAGER

March 17, 2014

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, 2013. 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, 2013, was prepared in accordance with accounting principles as promulgated by the Governmental Accounting Standards Board (GASB). The financial statements and related notes have been audited by the independent audit firm of Edgin, Parkman, Fleming & Fleming, PC, whose report is included herein.

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

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

GENERAL INFORMATION - CITY OF WICHITA FALLS, TEXAS

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

The economy is based on mineral production, retail trade, manufacturing, agribusiness, and government installations. Principal sources of agricultural income include cattle, cotton and wheat. Wichita Falls is home to Sheppard Air Force Base, which operates the Euro-NATO jet pilot training program. The city's major university is Midwestern State University. Principal manufacturers within the area include metal fabrication, industrial and

CITY OF WICHITA FALLS

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commercial equipment, engine components, flexible packaging, and assorted plastic, glass and fiberglass. North Texas State Hospital-Wichita Falls Branch, Midwestern State University, James V. Allred Prison and Sheppard Air Force Base are also large employers located within the city. The City operates a Multi-Purpose Events Center, which includes a coliseum, exhibit hall, and an agricultural arena/show barn. The 2013 population for Wichita Falls, as estimated by the City, is 104,552, an increase of 0.3% from the 2000 Census estimates, and an increase of 8.61% over the 1990 population.

CITY SERVICES AND ORGANIZATION OF THE GOVERNMENT

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

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

ECONOMIC CONDITION AND ACTIVITY

Over the past few decades, Wichita Falls has successfully diversified its economy to include new manufacturing, government, medical services, retail and service related commerce. This diversification is in addition to the more typical North Texas industries of agriculture, and oil and gas production. The Wichita Falls MSA houses a robust manufacturing sector, with many companies having employment in excess of 100 persons. This sector of the economy generates almost \$261 million in annual payroll, representing approximately 9% of total employment within the city, and accounts for more than \$933 million in gross sales annually. Wichita Falls is also a nexus of international investment. Three area manufacturing facilities are foreign-owned, representing France, Sweden, and Germany.

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

A few years ago, the national recession considerably affected the local economy. During that time, four local manufacturing companies closed, eliminating almost 1,200 jobs and several other companies reduced their workforce by 10 to 20 percent. In response to this downturn in the local economy, efforts were made to nearly double the economic development marketing campaigns and develop a community-wide branding, marketing and public relations campaign. Additionally, the City and 4A Economic Development Corporation has also been aggressive over the last few years in granting economic development incentives for primary job creation. Since 2010, 23 projects have been approved for incentive funding with the potential for creating and/or retaining over 3,000 jobs. Several of these projects have invested in the local economy resulting in the addition or retention of hundreds of jobs. Others are still in the early phases of their expansion plans and the results remain to be seen.

Although no major plant developments were announced during the 2012-13 fiscal year, several industries made investments in the local economy to create and/or retain hundreds of primary jobs. The projects that occurred over the 2012-13 fiscal year are outlined below:

- Health Care Services Corporation Retention Project (DBA Blue Cross and Blue Shield of Texas) – a funding amount up to \$820,000 for the retention of 335 primary jobs and creation of 50 new primary jobs.

- Tobol Industries Recycling & Warehousing Center Recruitment Project – a funding amount up to \$196,750 for the recruitment of 24 primary jobs at a recycled goods and warehousing center near the former St Gobain/Vetrotex plant.
- Nocona Transport, Incorporated Retention Project – a funding amount up to \$216,000 for a specialty trucking operation including additional office space to the company’s existing building, the addition of a 5,000 square foot warehouse, and the addition of a 1,500 square foot maintenance facility. The project assisted in the retention of 20 primary jobs and creation of 44 new positions in Wichita Falls or the surrounding area.
- Ulm Corporation Project – a funding amount up to \$2,396,400 for the creation of 372 primary jobs in oil field trucking for the company’s future regional headquarters and distribution center.
- Eagle Rail Car Service Project – a funding amount up to \$928,800 for the creation of 64 primary jobs and the purchase of plant booths, sand blasting booths, air compressors and related equipment.
- PPG Reclaimed Water Conveyance Facilities Project – a funding amount up to \$1,145,000 for the construction of facilities for the transmission of reclaimed water from the Northside Wastewater Treatment Plant to PPG Industries facility.

4A Economic Development Sales tax funds have also been used to assist with activities of the Military Affairs Committee, a regional organization established a few years ago to work directly with Sheppard Air Force Base (SAFB), Air Education and Training Command, the Chief of Staff for the Air Force, and our Congressional, State and Local elected officials. This Committee was formed to increase the value of SAFB, strengthen community development and build a stronger economy. The City, SAFB and surrounding communities are also conducting a Joint Land Use Study (JLUS), which is a cooperative planning initiative to promote compatible community growth that supports military training and operational missions. The inter-jurisdictional partnership will result in the identification of actions that can be taken jointly by the community and installation to promote compatible development and address current and future encroachment. The goal of compatibility planning is to promote an environment where both entities (military and civilian) can coexist successfully.

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

The value of construction permits is also an indication of economic activity in the community. Residential permits totaled \$52,885,766 during the 2012-13 fiscal year, which is an increase of \$22,416,474, or 74% from the prior year. The value of commercial construction permits totaled \$72,822,020, which is an increase of \$5,228,443, or of 8% from the prior fiscal year. 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:

- Seven Day Adventist Church – a total of 16,116 sq. ft. with an estimated value of \$1,700,000.
- Downtown Travel Center - a total of 6,128 sq. ft. with an estimated value of \$3,200,000.
- Municipal Airport – a total of 52,742 sq. ft. with an estimated value of \$23,000,000.
- Raising Canes – a total of 2,715 sq. ft. with an estimated value of \$1,000,000.
- Dental Clinic – a total of 13,200 sq. ft. with an estimated value of \$2,644,000.
- Union Square Federal Credit Union – a total of 13,240 sq. ft. with an estimated value of \$3,200,000.
- Nursing Home – a total of 84,953 sq. ft. with an estimated value of \$9,000,000.

- La Quinta Inn – a total of 49,025 sq. ft. with an estimated value of \$3,000,000.
- Parkstone Addition – a total of 61,610 sq. ft. with an estimated value of \$5,624,400.
- Anaerobic Digester Wastewater Plant – a total of 824 sq. ft. with an estimated value of \$1,010,000.

Another indicator of local economic performance is the retail sales tax. During the 2012-13 fiscal year, the City generated \$29,416,487 in retail sales taxes, which was \$874,056, or 3.06% more than in the prior fiscal year.

MAJOR INITIATIVES

For The Year. The City Council continues to identify programs to meet citizens' requests for services and to safeguard the environment. Work was completed on the City's water system improvement projects that were started in 2001. Since 2001, over \$130 million in improvements have been made to expand the City's water supply and treatment capabilities and to meet regulatory treatment requirements of the EPA and TCEQ. The final element of this work was the construction of a new 10 million gallon per day conventional water treatment facility, sludge dewatering facilities, chemical building improvements, high service pump station, and miscellaneous site work at the Cypress Water Treatment Plant. Construction of this \$45.5 million project began in August 2009 and was completed in April 2013.

Over the last 3 years, the City of Wichita Falls has been in an extreme drought. Beginning in 2011 and continuing to date, the City has experienced record setting temperatures and extremely low rainfall, which has decreased the City's water supply from nearly maximum lake capacity to approximately 27%. The City's drought contingency plan requires water restrictions and surcharges for excessive water use when the lake capacity gets below 50% (Stage II-Drought Warning). In February 2013, the City entered Stage III-Drought Emergency at 40% of lake capacity, and Stage IV-Drought Disaster at 30% lake capacity in November. Essentially, all outside irrigation, with the exception of home foundations once per week, has been eliminated, decreasing water consumption by almost 50%. Additionally, in August 2013, the City issued \$13 million in Combination Tax and Revenue Certificates of Obligation to construct an emergency above ground pipeline from the River Road Wastewater Treatment Plant to convey 7.5 million gallons per day of treated effluent directly to the Cypress Water Treatment Plant for treatment and distribution. This pipeline and pump station is complete and the City is currently undergoing a 45-day testing period before the water will be allowed into the distribution system. The TCEQ has authorized the City to use water from this system only while the City is in an emergency situation.

In April 2012, the City entered into an energy services agreement with an energy services company in the amount of \$5.12 million to install energy savings projects in numerous City facilities. The improvements primarily consisted of lighting, heating and cooling units and energy management systems in various City facilities. Additionally, a dehumidification system was installed at the Kay Yeager Coliseum. The Energy Services Agreement required the company to design, engineer, hire contractors, perform construction management services, train City employees on equipment, and guarantee to the City that the cost of these projects will be repaid, and over \$1.6 million in cost savings will be realized, through reduced energy bills and lower maintenance expenses over a period of 15 years. The capital cost of these projects was financed from three sources of funds: (1) \$4.4 million by using a 13-year capital leasing program, (2) \$450,000 in 4B Sales Tax Funds budgeted for the coliseum dehumidification system, and (3) \$274,000 in energy rebates from ONCOR. All of the projects are now complete and the first annual debt payment has been made to the capital leasing company.

A major undertaking in the downtown area that was completed during the 2012-13 fiscal year, was the construction of a new travel center for various public and private transportation services. This new travel center is serving as a major transportation hub for the region. Property acquisition, demolition of dilapidated property, and design services were completed in 2012 with funds from the Federal Transit Administration (FTA) and the 4A Economic Development Sales Tax Corporation. The cost for these elements of the project was approximately \$1 million. Construction of the facility began in October 2012 and was completed in late summer of 2013. The cost of the construction was \$4.2 million and was principally being funded with a grant from the FTA. However, the City granted \$500,000 of General Funds for the project. Additionally, the City

and 4A and 4B Sales Tax Corporations provided a three-year loan to the project in the total amount of \$941,000. This loan will be repaid to the three organizations with annual entitlement funds from the FTA.

In October 2012, the City began construction of Phase I of the new Airport Facilities at the Regional Airport. The cost for this phase is approximately \$4.43 million, 90% of which is being funded with grants from the Federal Aviation Administration, with the remaining 10% coming from reserves in the Municipal Airport Fund. The project consists of a new entry road, circular driveway and parking lot to accommodate the new terminal building. It was completed in November 2013.

In February 2013, the City issued \$19.875 million of 20-Year Combination Tax and Revenue Certificates of Obligation to partially fund Phase II of the Airport Facilities Project at the Regional Airport. The cost of this phase of the project is anticipated to be \$28 million, with the remaining costs being funded with grants from the Federal Aviation Administration. The project generally consists of construction of a new terminal building and airport aprons. The debt service for the 20-Year Certificates will be paid from annual entitlement funds received from the Federal Aviation Administration, operating income in the Municipal Airport Fund, and annual grants from the 4A and 4B Sales Tax Corporations and the General Fund. Construction began in August 2013 and is expected to be completed in November 2014.

In February 2013, the City refinanced two outstanding General Obligation Bond Issues in the amount of \$3.74 million to take advantage of lower interest rates for the remaining life of the bonds. The refinancing of this debt will save the City approximately \$250,000 over the remaining five years of this bond issue.

During 2013-14, General Funds were used to purchase mowing equipment and hire a crew in the Parks Department to assume mowing responsibility of the major state highways throughout the city in response to reduced mowing efforts by the State. This crew performs the mowing on these major State highways inside the city limits, while the State uses their existing funding levels to mow the minor state highways on a more consistent basis. This new program ties in well with City beautification efforts and the Pride in the Falls Campaign. The annual cost of this program is estimated to be \$170,000, with a start-up cost for equipment of \$222,000.

For The Future. The McNeil Avenue Drainage Project is designed and ready to be constructed when sufficient funds are available in the Storm Water Utility Fund. The engineer's estimate for this drainage project is \$4.2 million and it is anticipated that sufficient funding will be available soon. Construction is expected to begin in July 2014. When complete, this project will be a major flood control improvement for numerous residents in the area north of McNeil and Southwest Parkway.

The City is also working on plans to construct a permanent pipeline and pump station to convey treated effluent from the River Road Wastewater Treatment Plant to Lake Arrowhead. When complete, this permanent system will replace the temporary emergency above ground pipeline that is about to become operational. Currently, the TCEQ is reviewing the discharge permit application. Once approved, the City will contract with a design engineer, begin 15 miles of land acquisition, and ultimately begin construction. It is estimated that this project will cost approximately \$29 million and will be financed with 30-year Combination Tax and Certificates of Obligation. It is also important to note that all of the pipe being used for the Temporary Water Reuse Project will be reused on the permanent system.

Another effort to address the drought that was recently undertaken by the City is a Weather Modification Project. Weather modification is a practice that has been ongoing across the state and the country for the past several decades. There are 9 active regions in the State of Texas that have adopted cloud seeding as a water management strategy and numerous other states also have active cloud seeding operations. These states include North Dakota, California, Nevada, Arizona, and New Mexico to name a few. The process involves evaluation of a cloud to determine if it is ripe for seeding, if so, then a seeding agent is applied to the cloud to provide a nuclei for a rain drop. This agent attracts water vapor and causes rain to form. Statistics and data collected over the past several decades have allowed seeding operations to be perfected to the point that is has been proven to increase rainfall by an average 10% to 15%. The cost for this equipment and services is a maximum of \$50,000 per month with a six month operational period beginning March 1, 2014 and extending through June. Operations would be suspended during July and August, and then resumed again in September and October. The contract also has provisions for suspension of services at any point during operational period. The target area for the operation includes; King, Cottle, Foard, Knox, Baylor, and Archer Counties.

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, 2013, and related appropriations are carried forward to the new fiscal year through a supplemental budgetary allocation.

In September 2012, the City adopted a fund balance policy for the General Fund, Water/Sewer Fund, and the Sanitation Fund. The policy requires the City to maintain at least 20% of expenditures in unassigned fund balance in the General Fund, 17% of expenditures (less debt service expenses) in the Water/Sewer Fund, and 15% of expenditures in the Sanitation Fund. These financial statements reflect that this policy has been followed. Additionally, the City 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, 2013, the City's tax supported debt was approximately \$57 million, which is 1.28% of the taxable value of property, and \$549 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 OMB Circular A-133, 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, 2012. This was the 18th 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,



Jim Dockery



Government Finance Officers Association

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

Presented to

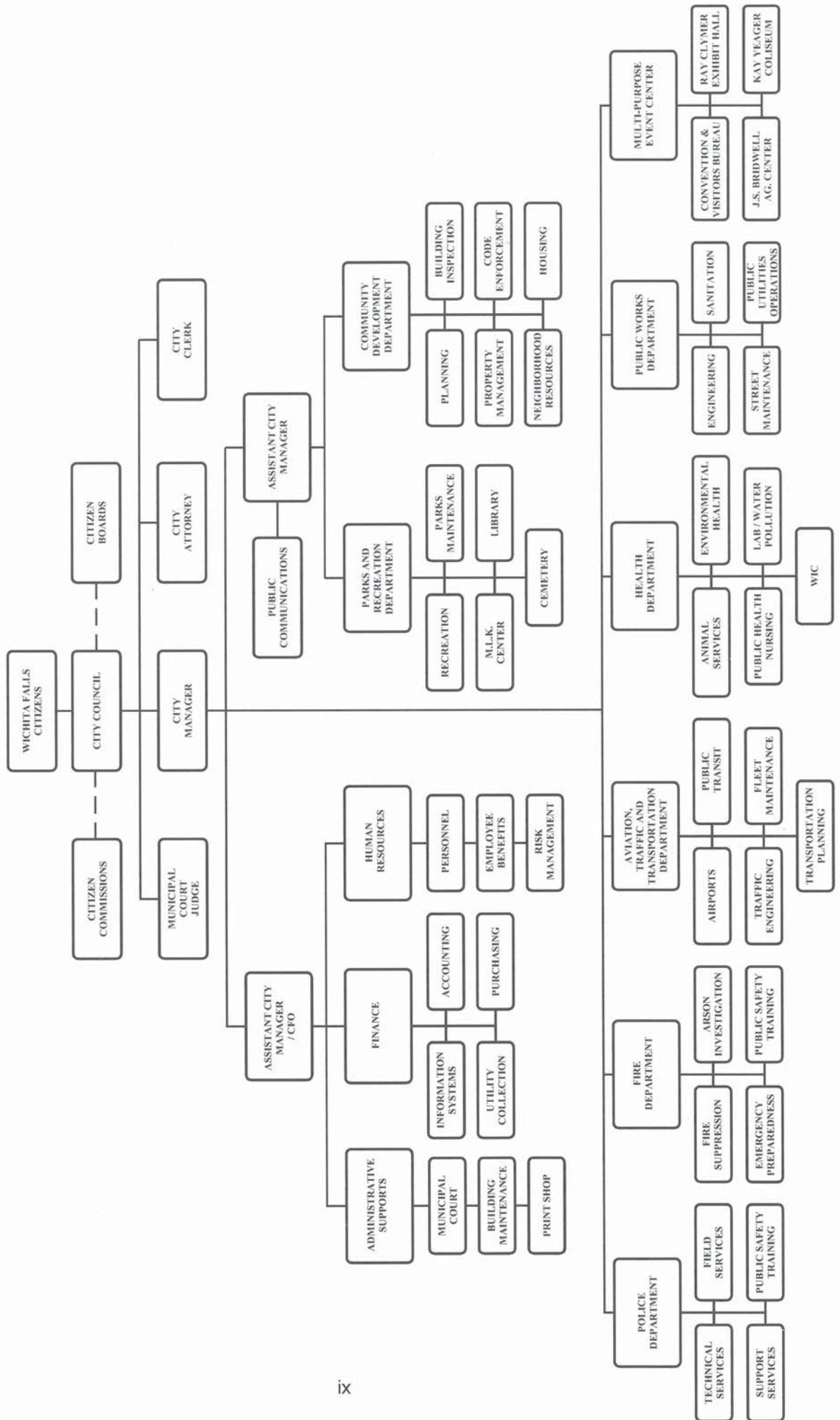
**City of Wichita Falls
Texas**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

September 30, 2012

Executive Director/CEO

CITY OF WICHITA FALLS ORGANIZATIONAL CHART



CITY OF WICHITA FALLS, TEXAS

LIST OF PRINCIPAL OFFICIALS SEPTEMBER 30, 2013

<u>Title</u>	<u>Name</u>
Mayor	Glenn Barham
Mayor Pro-Tem	Michael Smith
City Council Member	Ben Hoover
City Council Member	Annetta Pope-Dotson
City Council Member	Brian Hooker
City Council Member	Tim Ingle
City Council Member	Mary Ward
City Manager	Darron Leiker
City Attorney	Miles Risley
Municipal Court Judge	Larry Gillen
City Clerk	Tracy Norr
Assistant City Manager / Director of Community Development	Kevin Hugman
Director of Aviation, Traffic and Transportation	John Burrus
Assistant City Manager / Chief Financial Officer	Jim Dockery
Director of Public Health	Lou Kreidler
Police Chief	Manuel Borrego
Fire Chief	Earl Foster
Director of Parks and Recreation	Jack Murphy
Director of Public Works and Public Utilities	Russell Schreiber
Director of Multi-Purpose Events Center	Bob Sullivan

Financial Section

Independent Auditor's Report



EDGIN, PARKMAN, FLEMING & FLEMING, PC

CERTIFIED PUBLIC ACCOUNTANTS

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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, 2013, 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, 2013, 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 17, 2014, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Respectfully submitted,



Edgin, Parkman, Fleming & Fleming, PC

March 17, 2014

Management Discussion and Analysis



**City of Wichita Falls, Texas
Management's Discussion and Analysis
September 30, 2013**

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, 2013. 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, 2013, by \$387,040,598 (net position). Of this amount, \$32,051,169 (unrestricted net position) may be used to meet the government's ongoing obligations to citizens and creditors.

Net position for the City increased by \$11,014,700 over the prior year. This increase can be attributed principally to several factors: (1) net income in the Municipal Airport Fund due to the receipt of \$3.6 million in grant funds from the Federal Aviation Administration to begin construction of the new Municipal Airport; (2) net income in the Transit Fund due to the receipt of approximately \$3.8 million in Federal Transit Funds and other capital contributions that were principally used in the construction of the new Downtown Travel Center; (3) an improvement of over \$1 million in the net position of the Sanitation Fund due to lower than anticipated expenditures for equipment, supplies, and personnel costs; (4) net income of over \$1.4 million in the Stormwater Drainage Fund to allow unrestricted net position to grow in anticipation of the ensuing McNeil Drainage Improvement Project; (5) better than anticipated revenue from sales taxes and building permits and salary savings from turnover in the General Fund; and (6) an improvement of over \$1.4 million in the net position of the Information Technology Fund to allow unrestricted net position to grow in anticipation of future improvements to public safety communication systems.

At September 30, 2013, the City's governmental funds reported combined ending fund balances of \$47,216,659. Of this amount, \$15,957,309, or 33.80%, 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 \$16,226,597 or 24.18% of total General Fund expenditures.

During the 2012-13 fiscal year, the City's total debt increased by \$26,012,323. The City issued \$19,875,000 in Combination Tax and Revenue Certificates of Obligation to partially finance the construction of the new Municipal Airport Facility. Additionally, \$13,000,000 in Combination Tax and Revenue Certificates of Obligation were issued to pay for a Direct Potable Water Reuse Project.

City of Wichita Falls, Texas
Management's Discussion and Analysis
September 30, 2013
(continued)

The City also issued \$3,740,000 in General Obligation Refunding Bonds to capitalize on lower interest rates. Finally, over \$2,660,000 of capital lease obligations were incurred for energy retrofit projects in various City facilities through an energy performance contract. This new debt was offset partially as the City continued to retire outstanding General Obligation Bonds, Water and Sewer System Revenue Bonds, and Combination Tax and Revenue Bonds.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The reporting focus is on the City as a whole and on individual major funds. It is intended to present a comprehensive view of the City's financial activities. The basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report contains other supplementary information in addition to the basic financial statements.

Government-wide Financial Statements

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

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

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

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

Governmental activities – Most of the City's basic services are reported here, including police, fire, parks and recreation, public works, health, traffic and transportation, community development and planning, duplicating services, information technology, health insurance claims, and general administration and finance. The Multi-Purpose Events Center and Champions Golf Course are also

City of Wichita Falls, Texas
Management's Discussion and Analysis
September 30, 2013
(continued)

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

Component Units – Four 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, and the Wichita Falls Reinvestment Zone #3.

Fund Financial Statements

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

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

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

The City of Wichita Falls maintains 15 individual governmental funds. Information for the General Fund is presented separately in the Governmental Fund Balance Sheet and in the Governmental Fund

City of Wichita Falls, Texas
Management's Discussion and Analysis
September 30, 2013
(continued)

Statement of Revenues and Changes in Fund Balances because it is considered a major fund of the City. Data for the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of the non-major governmental funds are provided in the Combining Financial Statement Section of this report.

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

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, municipal airports, transit operations, storm water utility district, and water park operations.
- Internal service funds are an accounting device used to report activities that provide supplies and services to other City programs, such as fleet maintenance, print shop services, information technology, and employee benefit trust. Because these services benefit both governmental and business-type functions, they have been allocated between governmental and business-type activities in the government-wide financial statements.

Proprietary fund financial statements provide the same type of information as the business-type activities shown in the government-wide financial statements, only in more detail and include some of the internal service fund-type activities. The proprietary fund financial statements provide separate information for the Water and Sewer Fund and the Sanitation Fund since they are considered to be 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.

City of Wichita Falls, Texas
Management's Discussion and Analysis
September 30, 2013
(continued)

Notes to the Financial Statements

The Notes to the Financial Statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. These notes can be found on pages 26-59 of this report.

Government-Wide Financial Analysis

The City's combined net position was \$387,040,598 as of September 30, 2013, an increase of \$11,014,700, or 2.93% 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, \$336,859,692, or 87.03%, is reflected in capital assets (land and improvements, buildings, infrastructure, machinery and equipment), less any related debt used to acquire those assets that is still outstanding. The City uses these assets to provide services to its citizens; consequently, these assets are not available for future spending. Although the City reports its capital assets net of related debt, the resources needed to repay this debt must be provided from other sources since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the City's net position, \$18,129,737, or 4.68%, represents resources that are subject to external restrictions on how they may be used. The remaining balance of net position, \$32,051,169, or 8.28%, may be used to meet the government's ongoing obligations to citizens and creditors.

Net Position
(in thousands)

	Governmental Activities		Business-type Activities		Total	
	2013	2012	2013	2012	2013	2012
Current and Other Assets	\$ 53,896	\$ 38,034	\$ 61,845	\$ 58,822	\$ 115,741	\$ 96,856
Capital Assets	<u>175,097</u>	<u>172,672</u>	<u>315,382</u>	<u>302,357</u>	<u>490,479</u>	<u>475,029</u>
Total Assets	<u>228,993</u>	<u>210,706</u>	<u>377,227</u>	<u>361,179</u>	<u>606,220</u>	<u>571,885</u>
Deferred Outflows of Resources	=	=	<u>2,531</u>	=	<u>2,531</u>	=
Long Term Liabilities	68,298	48,214	135,427	128,997	203,775	177,211
Other Liabilities	<u>9,467</u>	<u>9,048</u>	<u>8,519</u>	<u>7,563</u>	<u>17,986</u>	<u>16,611</u>
Total Liabilities	<u>77,765</u>	<u>57,262</u>	<u>143,946</u>	<u>136,560</u>	<u>221,711</u>	<u>193,822</u>
Net Position:						
Net Investment in Capital Assets						
Assets	138,319	139,059	198,540	185,088	336,859	324,147
Restricted	6,248	6,931	11,882	11,374	18,130	18,305
Unrestricted	<u>6,661</u>	<u>7,454</u>	<u>25,390</u>	<u>28,157</u>	<u>32,051</u>	<u>35,611</u>
Total Net Position	<u>\$ 151,228</u>	<u>\$ 153,444</u>	<u>\$ 235,812</u>	<u>\$ 224,619</u>	<u>\$ 387,040</u>	<u>\$ 378,063</u>

City of Wichita Falls, Texas
Management's Discussion and Analysis
September 30, 2013
(continued)

CHANGES IN NET POSITION
(in thousands)

	Governmental Activities		Business-type Activities		Total	
	2013	2012	2013	2012	2013	2012
Revenues:						
Program Revenues:						
Charges For Services	\$ 9,517	\$ 9,388	\$ 51,743	\$ 55,882	\$ 61,260	\$ 65,270
Operating Grants and Contributions	11,157	9,869	3,787	2,372	14,944	12,241
Capital Grants and Contributions	4,394	8,066	1,339	182	5,733	8,248
General Revenues:						
Property Taxes	29,107	28,626	-	-	29,107	28,626
Sales Taxes	22,062	21,407	-	-	22,062	21,407
Other Taxes/Fees	7,274	7,521	-	-	7,274	7,521
Investment Earnings	53	54	28	40	81	94
Miscellaneous	636	327	149	(59)	785	268
Total Revenue	<u>84,200</u>	<u>85,258</u>	<u>57,046</u>	<u>58,417</u>	<u>141,246</u>	<u>143,675</u>
Expenses:						
Administrative Services	12,782	11,935	-	-	12,782	11,935
Police	22,768	22,104	-	-	22,768	22,104
Fire	14,226	13,523	-	-	14,226	13,523
Parks and Recreation	5,580	5,153	-	-	5,580	5,153
Accounting/Finance	924	976	-	-	924	976
Community Development	6,729	6,777	-	-	6,729	6,777
Public Works	7,748	7,957	-	-	7,748	7,957
Health	5,168	5,022	-	-	5,168	5,022
Traffic and Transportation	2,757	2,511	-	-	2,757	2,511
MPEC	4,137	3,896	-	-	4,137	3,896
Interest and Fees on Long-term Debt	2,123	1,711	-	-	2,123	1,711
Municipal Airport	-	-	655	530	655	530
Kickapoo Airport	-	-	1,496	1,420	1,496	1,420
Transit	-	-	1,939	1,903	1,939	1,903
Sanitation	-	-	9,236	8,905	9,236	8,905
Water and Sewer	-	-	30,136	28,996	30,136	28,996
Stormwater Drainage	-	-	430	407	430	407
Waterpark	-	-	1,397	1,376	1,397	1,376
Total Expenses	<u>84,942</u>	<u>81,565</u>	<u>45,289</u>	<u>43,537</u>	<u>130,231</u>	<u>125,102</u>
Increase (Decrease) in Net Position Before Transfers	(742)	3,693	11,757	14,880	11,015	18,573
Transfers	(1,474)	(2,363)	1,474	2,363	-	-
Increase (Decrease) in Net Position	(2,216)	1,330	13,231	17,243	11,015	18,573
Net Position – Beginning of Year	153,444	152,114	224,619	207,376	378,063	359,490
Prior Period Adjustment	-	-	(2,038)	-	(2,038)	-
Net Position – End of Year	<u>\$151,228</u>	<u>\$153,444</u>	<u>\$235,812</u>	<u>\$224,619</u>	<u>\$387,040</u>	<u>\$378,063</u>

City of Wichita Falls, Texas
Management's Discussion and Analysis
September 30, 2013
(continued)

Governmental Activities – Governmental Activities reduced the City's net position by \$2,215,483 for numerous reasons, including but not limited to: (1) use of \$117,000 of Hotel/Motel Fund balance to cover operating losses at the Multi-Purpose Events Center; (2) use of \$364,000 of General Fund Balance for planned capital projects; (3) use of prior year grant revenues for the HOME Investment Partnership Program; (4) the planned use of approximately \$115,000 in Debt Service Fund balance; (5) \$223,000 of expenditures in the MPEC Fund from prior year grant from the 4B Sales Tax Fund for the partial cost of a dehumidification system for the Kay Yeager Coliseum; (6) the use of \$363,000 of prior year sales tax receipts for street improvements in the downtown; and (7) use of bond proceeds for miscellaneous capital projects such as the Callfield/Rhea/Lawrence Road Realignment Project, Park Trail System, and the Animal Services Center.

Business-Type Activities – Business-type Activities increased the City's net position by \$13,230,183, which was 120.11% of the total growth in the City's net position. Over \$6.3 million of this increase in net position can be attributed to fund transfers from FAA Airport Improvement Grant Funds and bond proceeds to the Municipal Airport Fund for construction costs related to the new Municipal Airport Facility. The Transit Fund also reflects nearly \$3.8 million in intergovernmental revenue from the Federal Transit Administration and other capital contributions, much of which was used for the construction of the new Downtown Travel Center. Other areas of improvement to net position in the business-type activities include over \$1 million in the Sanitation Fund due to lower than anticipated expenditures for equipment, supplies, and personnel costs; net income of over \$1.4 million in the Stormwater Drainage Fund to allow unrestricted net position to grow in anticipation of the ensuing McNeil Drainage Improvement Project; and approximately \$253,000 in net income in the Water Park Fund.

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, 2013, the City's governmental funds reported combined fund balances of \$47,216,659, which is an increase of \$16,412,713 from the prior year. Virtually all of this increase is attributable to the amount of bond proceeds remaining in the Airport Construction Fund at the end 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 \$16,226,597, a reduction of \$344,078 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 24.18% of total General Fund expenditures, while the total fund balance represents 26.19% of total General Fund expenditures.

City of Wichita Falls, Texas
Management's Discussion and Analysis
September 30, 2013
(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, 2013, the net position for the City's internal service funds was \$24,874,286, an increase of \$246,461. Although this increase is not significant, the Fleet Maintenance Fund reflects a reduction of \$695,789 in net position principally because depreciation expenses were higher than equipment replacement expenses. Additionally, net position in the Employee Benefit Trust Fund decreased by \$453,648 because the cost of employee and retiree health claims exceeded revenues for that program. These reductions in net position were offset, by an increase of \$1,432,467 in net position of the Information Technology Fund to increase unrestricted net position to finance future improvements to public safety communication systems.

General Fund Budgetary Highlights

The final amended expenditure budget for the General Fund, including transfers out, was increased by \$1,190,947 from the original adopted budget. The reasons for this increase in appropriations can be briefly summarized as follows:

- Approximately \$1,011,000 of prior year encumbrances for numerous commitments were carried forward to the 2012-13 amended budget, most of which was for street improvements, traffic control equipment and street lights.
- Approximately \$180,000 was appropriated for an adjustment in the amount of the energy retrofit projects conducted in numerous City facilities.

Actual revenues in the General Fund for the 2012-13 fiscal year were \$64,594,203, which was \$728,546 above final budgeted figures. Sales tax receipts accounted for approximately \$305,000 of this amount. Building permits, principally from roofing contractors responding to a hail storm also resulted in additional revenues. Finally, contributions received from developers of street and drainage improvements, which are not budgeted, resulted in approximately \$196,000 of revenue.

Actual expenditures in the General Fund for the 2012-13 fiscal year were \$67,094,298, which was \$1,055,044 below budgeted expenditures. Much of this variance was due to turnover in personnel that allowed positions to remain unfilled for a period of time. There was also a large encumbrance for street repairs that was not liquidated by the close of the fiscal year that will be expended during the 2013-14 fiscal year.

City of Wichita Falls, Texas
Management's Discussion and Analysis
September 30, 2013
(continued)

Capital Asset and Debt Administration

Capital Assets – The City's investment in capital assets for its governmental and business-type activities as of September 30, 2013 amounts to \$490,479,015 (net of accumulated depreciation). This investment in capital assets includes land, buildings, equipment, infrastructure and construction in progress.

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

- Construction in progress of the new Municipal Airport Facilities
- Construction in progress of the Direct Potable Water Reuse Project
- Wastewater Treatment Plant Anaerobic Digester Project
- Continued water system improvements, principally at Cypress Water Treatment Plant
- Construction of the City's new Downtown Travel Center
- Energy retrofit projects in numerous City facilities
- Street Rehabilitation and Utility Improvement Projects

Capital Assets, net of Accumulated Depreciation
(in thousands)

	Governmental Activities		Business-type Activities		Total	
	2013	2012	2013	2012	2013	2012
Land	\$ 10,722	\$ 10,614	\$ 9,042	\$ 9,004	\$ 19,764	\$ 19,618
Land Betterments	18,193	18,724	29,474	24,743	47,667	43,467
Buildings, Systems and Improvements	53,930	50,693	238,805	191,751	292,735	242,444
Infrastructure	80,543	78,811	-	-	80,543	78,811
Machinery and Equip	11,500	12,131	2,771	2,535	14,271	14,666
Furniture and Fixtures	3	4	-	-	3	4
Motor Vehicles	-	-	16,906	18,095	16,906	18,095
Construction in Progress	<u>206</u>	<u>1,695</u>	<u>18,384</u>	<u>56,230</u>	<u>18,590</u>	<u>57,925</u>
Totals	<u>\$175,097</u>	<u>\$172,672</u>	<u>\$315,382</u>	<u>\$302,358</u>	<u>\$ 490,479</u>	<u>\$ 475,030</u>

Additional information on the City's capital assets can be found in Note 7 on pages 41-43 of this report.

City of Wichita Falls, Texas
Management's Discussion and Analysis
September 30, 2013
(continued)

Long Term Debt – At the end of the current fiscal year, the City of Wichita Falls had a total bonded debt, notes and capital leases outstanding of \$191,696,968. During the 2012-13 fiscal year, the City issued \$19,875,000 in Combination Tax and Revenue Certificates of Obligation to partially finance the construction of the new Municipal Airport Facility. Additionally, \$13,000,000 in Combination Tax and Revenue Certificates of Obligation were issued to pay for a Direct Potable Water Reuse Project. The City also issued \$3,740,000 in General Obligation Refunding Bonds to capitalize on lower interest rates. Finally, over \$2,660,000 of capital lease obligations were incurred for energy retrofit projects in various City facilities through an energy performance contract. This new debt was offset partially as the City continued to retire outstanding General Obligation Bonds, Water and Sewer System Revenue Bonds, and Combination Tax and Revenue Bonds.

As of September 30, 2013, Moody's Investor's Service had assigned a credit rating of Aa2 for the City's General Obligation Bonds and a rating of A1 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 AA- for its Water and Sewer System Revenue Bonds.

Outstanding Debt at Year-End
(in thousands)

	Governmental Activities		Business-type Activities		Total	
	2013	2012	2013	2012	2013	2012
General Obligation Bonds	\$ 5,492	\$ 4,116	\$ 1,930	\$ -	\$ 7,422	\$ 4,116
Combination Tax and Revenue Bonds	51,571	35,503	27,888	19,799	79,459	55,302
Utility System Revenue Bonds	-	-	99,212	102,566	99,212	102,566
Capital Lease Payable	3,833	1,453	1,262	1,704	5,095	3,157
Notes Payable	-	-	509	544	509	544
Total	\$ 60,896	\$ 41,072	\$ 130,801	\$ 124,613	\$ 191,697	\$ 165,685

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, 2013, was \$.63526 per \$100, which means that the City has a tax margin of \$1.61474 per \$100, and could generate up to \$72,093,645 additional tax revenue a year from the present assessed valuation of \$4,464,721,591 before the limit is reached. The current ratio of general bonded debt outstanding to the assessed value of all taxable property is 1.28%.

City of Wichita Falls, Texas
Management's Discussion and Analysis
September 30, 2013
(continued)

Additional information about the City's long-term debt can be found in Note 13 on pages 51-54 of this report.

Economic Factors and Next Year's Budget and Rates

Total 2013-14 operating revenues, including transfers in from other funds, are budgeted at \$159,069,603, which is an increase of \$4,315,829, or 2.79% from the 2012-13 adopted budget.

In the 2013-14 budget, sales taxes in the General Fund are projected to generate \$22,034,341, an increase of \$585,524, or 2.73% from the prior year adopted budget. It should be noted that this projection was based upon an estimate of 2012-13 actual receipts and a growth rate of 2.00%.

The Property Tax is the largest source of revenue in the City's budget and is also relied heavily upon to provide general City services. The property tax base, as certified by the Wichita County Appraisal District, is \$4.55 billion, an increase of \$83.9 million, or 1.88% from the prior year. This is the fifth consecutive year that the property tax base has shown very slight growth or remained flat. The property tax rate was maintained at the prior rate of \$0.63526 per \$100 of taxable property value.

The City maintains a reserve account in the General Fund to be used for major emergencies such as a widespread tornado, large legal liabilities or important one-time expenditures. The City's fund balance policy established a goal of maintaining 20% of expenditures in unassigned General Fund balance. Current figures indicate that the City is exceeding this fund balance amount in the General Fund. As a result, the 2013-14 budget included the use of \$1,400,575 of General Fund balance for numerous one-time projects and programs. The prior adopted budget included appropriations of \$1,518,026 for similar one-time projects, but much of this budgeted amount was not used due to higher than budgeted revenues and lower than budgeted expenditures.

The budget also included an 8.5% increase in retail water rates to begin paying debt service on the Direct Potable Water Reuse Project and begin a new dead-end water main flushing program in response to requirements of the Texas Commission on Environmental Quality.

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, 2013

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
Assets				
Cash and cash equivalents	\$ 47,128,551	\$ 18,803,519	\$ 65,932,070	\$ 16,842,408
Investments	725,000	-	725,000	-
Receivables (net):				
Taxes and assessments	927,421	-	927,421	-
Customer and trade	-	5,859,231	5,859,231	-
Government agencies	6,965,227	847,420	7,812,647	1,317,228
Other	1,405,778	92,514	1,498,292	-
Internal balances	(6,341,815)	6,341,815	-	-
Inventory	381,244	1,746,340	2,127,584	-
Prepaid items	88,739	29,122	117,861	-
Other assets	201,727	-	201,727	-
Restricted assets:				
Cash and cash equivalents	2,414,417	28,125,199	30,539,616	-
Capital assets not being depreciated	10,927,595	27,426,361	38,353,956	1,469,797
Capital assets net of accumulated depreciation	164,169,237	287,955,822	452,125,059	813,613
Total assets	<u>228,993,121</u>	<u>377,227,343</u>	<u>606,220,464</u>	<u>20,443,046</u>
Deferred Outflows of Resources				
Deferred losses on bond refundings	-	2,531,352	2,531,352	-
Liabilities				
Accounts payable - trade	2,263,340	3,660,852	5,924,192	138,114
Accrued payroll	1,208,073	314,127	1,522,200	-
Accrued interest payable	630,599	888,331	1,518,930	-
Payable to government agencies	478,153	72,784	550,937	-
Estimated health claims payable	528,397	-	528,397	-
Other liabilities	4,321,105	694,836	5,015,941	-
Unearned revenue	37,236	-	37,236	-
Customer deposits	-	2,888,129	2,888,129	-
Long-term liabilities:				
Portion due or payable within one year	5,865,526	7,913,714	13,779,240	-
Portion due or payable after one year	62,432,309	127,513,707	189,946,016	-
Total liabilities	<u>77,764,738</u>	<u>143,946,480</u>	<u>221,711,218</u>	<u>138,114</u>
Net Position				
Net investment in capital assets	138,319,208	198,540,484	336,859,692	2,283,410
Restricted for:				
Perpetual care (nonexpendable)	998,109	-	998,109	-
Debt service (expendable)	692,576	11,881,663	12,574,239	-
Capital projects (expendable)	1,962,270	-	1,962,270	-
Federal grant programs (expendable)	2,577,728	-	2,577,728	-
Tourism (expendable)	17,391	-	17,391	-
Unrestricted	6,661,101	25,390,068	32,051,169	18,021,522
Total net position	<u>\$ 151,228,383</u>	<u>\$ 235,812,215</u>	<u>\$ 387,040,598</u>	<u>\$ 20,304,932</u>

See accompanying notes to the basic financial statements.

CITY OF WICHITA FALLS, TEXAS
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2013

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Position			
	Expenses	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	\$ 12,782,404	\$ 4,304,737	\$ 231,660	\$ -	\$ (8,246,007)	\$ -	\$ -
Police	22,767,560	624,272	317,829	-	(21,825,459)	-	(21,825,459)
Fire	14,226,064	18,459	75,725	153,484	(13,978,396)	-	(13,978,396)
Parks and recreation	5,579,717	524,519	187,803	-	(4,867,395)	-	(4,867,395)
Accounting/finance	924,240	-	-	-	(924,240)	-	(924,240)
Community development	6,729,171	1,131,684	4,978,980	-	(618,507)	-	(618,507)
Public works	7,747,847	116,035	322,465	595,257	(6,714,090)	-	(6,714,090)
Health	5,167,794	1,073,172	2,020,387	-	(2,074,235)	-	(2,074,235)
Traffic and transportation	2,757,545	126,163	810,454	3,645,297	1,824,369	-	1,824,369
Multi-Purpose Events Center	4,136,952	1,597,702	-	-	(2,539,250)	-	(2,539,250)
Interest and fees on long-term debt	2,122,969	-	2,212,045	-	89,076	-	89,076
Total governmental activities	84,942,263	9,516,743	11,157,348	4,394,038	(59,874,134)	-	(59,874,134)
Business-type activities:							
Municipal Airport	655,452	769,557	-	-	114,105	-	114,105
Kickapoo Airport	1,495,562	1,255,153	-	-	(240,409)	-	(240,409)
Transit	1,938,827	410,737	3,787,014	592,313	2,851,237	-	2,851,237
Sanitation	9,236,474	12,606,675	-	-	3,370,201	-	3,370,201
Water and sewer	30,135,738	32,798,786	-	496,952	3,160,000	-	3,160,000
Stormwater drainage	430,012	2,503,255	-	-	2,073,243	-	2,073,243
Waterpark	1,397,270	1,398,164	-	250,000	250,894	-	250,894
Total business-type activities	45,289,335	51,742,327	3,787,014	1,338,265	11,579,271	-	11,579,271
Total primary government	\$ 130,231,598	\$ 61,259,070	\$ 14,944,362	\$ 5,733,303	\$ (59,874,134)	-	\$ (48,294,863)
Component units:							
Community development	\$ 8,265,005	\$ 106,800	\$ 368,617	\$ -	-	-	(7,789,588)
General revenues and transfers:							
Taxes:							
Property tax					29,107,168		442,910
Sales tax					22,062,365		7,354,122
Franchise fees					5,423,680		-
Hotel occupancy tax					1,578,764		-
Beverage tax					230,728		-
Bingo tax					40,122		-
Investment earnings					27,902		18,896
Miscellaneous					636,417		81,146
Transfers					149,173		785,590
Total general revenues and transfers					1,473,837		-
					57,668,651		7,851,090
Change in net position					(2,215,483)		61,502
Net position - beginning					153,443,866		20,243,430
Prior period adjustment					(2,037,117)		-
Net position - ending					\$ 151,228,383		\$ 20,304,932

See accompanying notes to the basic financial statements.

CITY OF WICHITA FALLS, TEXAS
BALANCE SHEET - GOVERNMENTAL FUNDS
SEPTEMBER 30, 2013

	General	Nonmajor Governmental	Total Governmental Funds
Assets			
Cash and cash equivalents	\$ 13,880,144	\$ 31,219,136	\$ 45,099,280
Investments	725,000	-	725,000
Receivables (net):			
Taxes and assessments	738,658	188,763	927,421
Other City funds	4,574,630	-	4,574,630
Government agencies	3,977,688	2,987,539	6,965,227
Other	1,314,939	90,839	1,405,778
Inventory	309,242	72,002	381,244
Prepaid items	75,232	12,938	88,170
Other assets	-	201,727	201,727
Total assets	<u>\$ 25,595,533</u>	<u>\$ 34,772,944</u>	<u>\$ 60,368,477</u>
Liabilities			
Accounts payable	\$ 1,432,356	\$ 692,941	\$ 2,125,297
Accrued payroll	1,089,032	92,646	1,181,678
Accrued interest payable	-	30,357	30,357
Payable to other City funds	-	3,533,218	3,533,218
Payable to government agencies	375,338	102,815	478,153
Other liabilities	3,731,229	589,876	4,321,105
Claims and judgments payable	82,888	-	82,888
Unearned revenue	-	37,236	37,236
Total liabilities	<u>6,710,843</u>	<u>5,079,089</u>	<u>11,789,932</u>
Deferred inflows of resources			
Unavailable revenues	<u>1,314,595</u>	<u>47,291</u>	<u>1,361,886</u>
Fund balances			
Nonspendable:			
Inventory and prepaid items	384,574	84,940	469,514
Restricted for:			
Perpetual care	-	998,109	998,109
Debt service	-	645,285	645,285
Capital projects	-	22,695,587	22,695,587
Federal and state grant programs	-	2,577,728	2,577,728
Tourism	-	17,391	17,391
Committed for:			
Golf course	-	29,029	29,029
Multi-Purpose Events Center	-	154,824	154,824
Local projects	-	2,712,959	2,712,959
Assigned for:			
Subsequent year's expenditures	958,924	-	958,924
Unassigned	<u>16,226,597</u>	<u>(269,288)</u>	<u>15,957,309</u>
Total fund balances	<u>17,570,095</u>	<u>29,646,564</u>	<u>47,216,659</u>
Total liabilities, deferred inflows or resources and fund balances	<u>\$ 25,595,533</u>	<u>\$ 34,772,944</u>	<u>\$ 60,368,477</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, 2013

Total fund balances - governmental funds (Exhibit A-3)		\$ 47,216,659
Amounts reported for <i>governmental activities</i> 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	\$ 297,928,097	
Related accumulated depreciation	<u>123,632,404</u>	174,295,693
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.		
		1,361,886
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:		
General obligation bonds payable	57,062,301	
Capital lease payable	3,833,640	
Accrued vacation and sick leave	7,220,094	
Claims and judgments payable	55,692	
Accrued interest	<u>600,242</u>	(68,771,969)
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.		
		4,689,413
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.		
		<u>(7,563,299)</u>
Total net position - governmental activities (Exhibit A-1)		<u><u>\$ 151,228,383</u></u>

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, 2013

	General	Nonmajor Governmental	Total Governmental Funds
Revenues			
Taxes	\$ 56,183,817	\$ 2,429,798	\$ 58,613,615
Charges for services	2,648,471	774,150	3,422,621
Licenses and permits	2,234,081	-	2,234,081
Fines and forfeitures	2,116,103	319,522	2,435,625
Intergovernmental revenue	10,176	11,712,348	11,722,524
Contributions	338,223	3,490,639	3,828,862
Miscellaneous revenue	1,063,332	2,400,093	3,463,425
Total revenues	<u>64,594,203</u>	<u>21,126,550</u>	<u>85,720,753</u>
Expenditures			
Administrative services	11,451,591	1,226,276	12,677,867
Police	20,520,034	364,710	20,884,744
Fire	13,572,017	235,682	13,807,699
Parks and recreation	4,912,277	245,140	5,157,417
Accounting/finance	793,960	-	793,960
Community development	1,848,692	4,912,134	6,760,826
Public works	5,192,943	132,070	5,325,013
Health	2,763,801	2,240,580	5,004,381
Traffic and transportation	1,997,362	470,689	2,468,051
Multi-Purpose Events Center	-	3,365,932	3,365,932
Capital outlay	4,041,621	3,825,847	7,867,468
Debt service - principal	-	2,515,000	2,515,000
Debt service - interest and paying agent fees	-	1,618,299	1,618,299
Debt service - bond issuance costs	-	310,777	310,777
Total expenditures	<u>67,094,298</u>	<u>21,463,136</u>	<u>88,557,434</u>
Excess of revenues over (under) expenditures	<u>(2,500,095)</u>	<u>(336,586)</u>	<u>(2,836,681)</u>
Other Financing Sources (Uses)			
Issuance of bonds	-	19,875,000	19,875,000
Premium on issuance of bonds	-	96,293	96,293
Issuance of refunding bonds	-	3,740,000	3,740,000
Premium on issuance of refunding bonds	-	157,968	157,968
Issuance of capital lease	777,681	1,888,562	2,666,243
Payment to refunded bond escrow agent	-	(3,831,570)	(3,831,570)
Transfers in	2,984,416	4,197,102	7,181,518
Transfers out	(1,626,392)	(9,009,666)	(10,636,058)
Total other financing sources (uses)	<u>2,135,705</u>	<u>17,113,689</u>	<u>19,249,394</u>
Net change in fund balance	(364,390)	16,777,103	16,412,713
Fund balances - beginning	17,934,485	12,869,461	30,803,946
Fund balances - ending	<u>\$ 17,570,095</u>	<u>\$ 29,646,564</u>	<u>\$ 47,216,659</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, 2013

Net change in fund balances - total governmental funds (Exhibit A-5)	\$	16,412,713
Amounts reported for <i>governmental activities</i> in the Statement of Activities (Exhibit A-2) are different because:		
Capital outlays are reported in governmental funds as expenditures. However, in the Statement of Activities, the cost of those assets are allocated over their estimated useful lives as depreciation expense. The net difference between the two is as follows:		
Capital outlay during the year	\$ 8,033,659	
Depreciation expense for the year	<u>6,092,429</u>	1,941,230
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.		(122,246)
Because property tax receivables and municipal court receivables will not be collected for several months after the City's fiscal year ends, they are not considered 'available' revenues and are deferred in the governmental funds. Deferred inflows decreased by this amount this year.		(102,782)
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. Long-term debt issued in 2012-2013 was:		
Capital lease payable	(2,666,243)	
General obligation bonds issued	<u>(23,869,261)</u>	(26,535,504)
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 2012-13 were:		6,723,555
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	(238,534)	
Claims and judgments payable	<u>24,752</u>	(213,782)
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 increase in accrued interest is as follows:		
Accrued interest at September 30, 2012	309,126	
Accrued interest at September 30, 2013	<u>600,242</u>	(291,116)
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.		998,205
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>(1,025,756)</u>
Change in net position of governmental activities (Exhibit A-2)	\$	<u>(2,215,483)</u>

See accompanying notes to the basic financial statements.

CITY OF WICHITA FALLS, TEXAS
STATEMENT OF FUND NET POSITION
PROPRIETARY FUNDS
SEPTEMBER 30, 2013

	Enterprise Funds				Internal Service Funds
	Water and Sewer	Sanitation	Nonmajor Enterprise Funds	Total	
Assets					
Current assets:					
Cash and cash equivalents	\$ 6,607,399	\$ 4,341,040	\$ 6,761,103	\$ 17,709,542	\$ 3,123,248
Restricted cash and cash equivalents	27,256,609	-	868,590	28,125,199	2,414,417
Receivables (net):					
Customer and trade	4,173,655	1,421,240	264,336	5,859,231	-
Government agencies	67,354	-	780,066	847,420	-
Other	1,670	-	54,025	55,695	36,819
Inventory	957,179	-	48,780	1,005,959	740,381
Prepaid items	5,510	240	23,372	29,122	569
Total current assets	<u>39,069,376</u>	<u>5,762,520</u>	<u>8,800,272</u>	<u>53,632,168</u>	<u>6,315,434</u>
Long-term assets:					
Capital assets, net of accumulated depreciation	235,533,251	7,614,334	52,365,418	295,513,003	20,670,319
Total long-term assets	<u>235,533,251</u>	<u>7,614,334</u>	<u>52,365,418</u>	<u>295,513,003</u>	<u>20,670,319</u>
Total assets	<u>274,602,627</u>	<u>13,376,854</u>	<u>61,165,690</u>	<u>349,145,171</u>	<u>26,985,753</u>
Deferred Outflows of Resources					
Deferred losses on bond refundings	2,531,352	-	-	2,531,352	-

See accompanying notes to the basic financial statements.

CITY OF WICHITA FALLS, TEXAS
STATEMENT OF FUND NET POSITION
PROPRIETARY FUNDS
SEPTEMBER 30, 2013

	Enterprise Funds				Internal Service Funds
	Water and Sewer	Sanitation	Nonmajor Enterprise Funds	Total	
Liabilities					
Current liabilities:					
Accounts payable - trade	2,910,958	94,211	464,694	3,469,863	329,032
Accrued payroll	178,679	63,492	36,068	278,239	62,283
Accrued vacation and sick leave	347,488	115,283	39,320	502,091	117,199
Payable to other City funds	-	-	973,168	973,168	68,244
Payable to government agencies	-	69,556	3,228	72,784	-
Estimated health claims payable	-	-	-	-	528,397
Other liabilities	426,109	10,028	226,304	662,441	32,395
Payable to U.S. Government - current maturity	35,397	-	-	35,397	-
Capital leases - current maturities	24,222	-	-	24,222	237,820
Revenue bonds - current maturities	7,091,275	-	-	7,091,275	-
Accrued interest - revenue bonds	888,331	-	-	888,331	-
Total current liabilities	<u>11,902,459</u>	<u>352,570</u>	<u>1,742,782</u>	<u>13,997,811</u>	<u>1,375,370</u>
Long-term liabilities:					
Payable to U.S. Government, less current maturities	474,199	-	-	474,199	-
Capital leases, less current maturities	263,522	-	-	263,522	736,099
Revenue bonds, less current maturities	121,938,493	-	-	121,938,493	-
Estimated liability for landfill closure and post-closure care costs	-	4,050,323	-	4,050,323	-
Customer deposits	2,888,129	-	-	2,888,129	-
Total long-term liabilities	<u>125,564,343</u>	<u>4,050,323</u>	<u>-</u>	<u>129,614,666</u>	<u>736,099</u>
Total liabilities	<u>137,466,802</u>	<u>4,402,893</u>	<u>1,742,782</u>	<u>143,612,477</u>	<u>2,111,469</u>
Net Position					
Net investment in capital assets	119,665,471	7,614,334	52,365,418	179,645,223	19,696,400
Restricted for debt service	11,881,663	-	-	11,881,663	-
Unrestricted	8,120,043	1,359,627	7,057,490	16,537,160	5,177,886
Total net position	<u>\$139,667,177</u>	<u>\$ 8,973,961</u>	<u>\$ 59,422,908</u>	<u>208,064,046</u>	<u>\$ 24,874,286</u>
Adjustment to reflect the consolidation of internal service funds activities related to enterprise funds				<u>27,748,169</u>	
Net position of business type activities				<u>\$235,812,215</u>	

See accompanying notes to the basic financial statements.

CITY OF WICHITA FALLS, TEXAS
STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2013

	Enterprise Funds				Internal Service Funds
	Water and Sewer	Sanitation	Nonmajor Enterprise Funds	Total	
Operating revenues:					
Charges for services	\$ 32,616,089	\$ 12,529,632	\$ 3,962,171	\$ 49,107,892	\$ 12,736,400
Rents, concessions and other	182,697	77,043	2,374,695	2,634,435	380,322
Contributions	-	-	-	-	10,934,977
Total operating revenues	<u>32,798,786</u>	<u>12,606,675</u>	<u>6,336,866</u>	<u>51,742,327</u>	<u>24,051,699</u>
Operating expenses:					
Personnel services	8,525,191	3,298,232	1,903,495	13,726,918	3,223,064
Supplies and materials	1,963,736	278,533	1,413,566	3,655,835	4,465,812
Maintenance and repairs	1,568,635	310,773	277,145	2,156,553	2,143,377
Utilities and other services	5,021,594	3,985,795	740,484	9,747,873	408,836
Insurance and contract support	697,853	21,520	107,210	826,583	10,111,236
Other expenses	1,383,342	473,775	222,505	2,079,622	2,072,021
Depreciation and amortization	6,058,079	203,535	1,206,880	7,468,494	4,017,534
Total operating expenses	<u>25,218,430</u>	<u>8,572,163</u>	<u>5,871,285</u>	<u>39,661,878</u>	<u>26,441,880</u>
Operating income (loss)	<u>7,580,356</u>	<u>4,034,512</u>	<u>465,581</u>	<u>12,080,449</u>	<u>(2,390,181)</u>
Nonoperating revenues (expenses):					
Interest income	18,689	3,575	5,638	27,902	234,234
Gain/(loss) on sale/abandonment of capital assets	(13,574)	-	9,657	(3,917)	153,090
Interest expense and paying agent fees	(5,300,054)	-	-	(5,300,054)	(18,829)
Bond issuance costs	(160,881)	-	-	(160,881)	-
Intergovernmental operating grants	-	-	3,787,014	3,787,014	-
Total nonoperating revenues (expenses)	<u>(5,455,820)</u>	<u>3,575</u>	<u>3,802,309</u>	<u>(1,649,936)</u>	<u>368,495</u>
Income (loss) before contributions and transfers	2,124,536	4,038,087	4,267,890	10,430,513	(2,021,686)
Capital contributions	496,952	-	842,313	1,339,265	-
Transfers in	407,552	-	6,836,549	7,244,101	2,580,147
Transfers out	<u>(1,918,609)</u>	<u>(2,984,410)</u>	<u>(1,154,689)</u>	<u>(6,057,708)</u>	<u>(312,000)</u>
Change in net position	1,110,431	1,053,677	10,792,063	12,956,171	246,461
Net position - beginning	140,593,863	7,920,284	48,630,845		24,627,825
Prior period adjustment	<u>(2,037,117)</u>	-	-		
Net position - ending	<u>\$ 139,667,177</u>	<u>\$ 8,973,961</u>	<u>\$ 59,422,908</u>		<u>\$ 24,874,286</u>
Adjustment to reflect the consolidation of internal service funds activities related to enterprise funds				<u>274,012</u>	
Change in net position of business type activities				<u>\$ 13,230,183</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, 2013

	Enterprise Funds				Internal Service Funds
	Water and Sewer	Sanitation	Nonmajor Enterprise Funds	Total	
Cash flows from operating activities:					
Received from customers and users	\$ 33,039,914	\$ 12,510,288	\$ 6,347,489	\$ 51,897,691	\$ 24,407,045
Payments to suppliers	(11,942,777)	(6,270,557)	(3,201,740)	(21,415,074)	(19,897,440)
Payments to employees	(6,100,090)	(2,320,873)	(1,477,112)	(9,898,075)	(2,341,580)
Net cash provided by operating activities	<u>14,997,047</u>	<u>3,918,858</u>	<u>1,668,637</u>	<u>20,584,542</u>	<u>2,168,025</u>
Cash flows from noncapital financing activities:					
Intergovernmental operating grants	-	-	3,707,239	3,707,239	68,244
Interfund loans received (repaid)	-	-	848,085	848,085	(10,150)
Transfers in from other funds	407,552	-	6,836,549	7,244,101	2,580,147
Transfers out to other funds	(1,918,609)	(2,984,410)	(1,154,689)	(6,057,708)	(312,000)
Net cash provided (used) by noncapital financing activities	<u>(1,511,057)</u>	<u>(2,984,410)</u>	<u>10,237,184</u>	<u>5,741,717</u>	<u>2,326,241</u>
Cash flows from capital and related financing activities:					
Capital contributions	-	-	842,313	842,313	-
Acquisition and construction of capital assets	(9,530,531)	(435,686)	(11,025,879)	(20,992,096)	(3,348,653)
Proceeds from sale of capital assets	10,346	-	13,061	23,407	154,162
Proceeds from issuance of long-term debt	14,933,851	-	-	14,933,851	-
Principal paid on long-term debt	(8,264,666)	-	-	(8,264,666)	(428,365)
Interest and fees paid on long-term debt	(5,319,042)	-	-	(5,319,042)	(18,829)
Bond issuance costs paid	(160,881)	-	-	(160,881)	-
Net cash used for capital and related financing activities	<u>(8,330,923)</u>	<u>(435,686)</u>	<u>(10,170,505)</u>	<u>(18,937,114)</u>	<u>(3,641,685)</u>
Cash flows from investing activities:					
Interest on investments	18,689	3,575	5,638	27,902	234,234
Net cash provided by investing activities	<u>18,689</u>	<u>3,575</u>	<u>5,638</u>	<u>27,902</u>	<u>234,234</u>
Net Increase (Decrease) in Cash and Cash Equivalents	5,173,756	502,337	1,740,954	7,417,047	1,086,815
Cash and Cash Equivalents - Beginning	28,690,252	3,838,703	5,888,739	38,417,694	4,450,850
Cash and Cash Equivalents - Ending	<u>\$ 33,864,008</u>	<u>\$ 4,341,040</u>	<u>\$ 7,629,693</u>	<u>\$ 45,834,741</u>	<u>\$ 5,537,665</u>
Reconciliation of cash and cash equivalents on the balance sheet to the statement of cash flows:					
Cash and cash equivalents	\$ 6,607,399	\$ 4,341,040	\$ 6,761,103	\$ 17,709,542	\$ 3,123,248
Restricted assets - cash and cash equivalents	27,256,609	-	868,590	28,125,199	2,414,417
Total cash and cash equivalents at end of year	<u>\$ 33,864,008</u>	<u>\$ 4,341,040</u>	<u>\$ 7,629,693</u>	<u>\$ 45,834,741</u>	<u>\$ 5,537,665</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, 2013

	Enterprise Funds				Internal Service Funds
	Water and Sewer	Sanitation	Nonmajor Enterprise Funds	Total	
Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities:					
Operating income (loss)	\$ 7,580,356	\$ 4,034,512	\$ 465,581	\$ 12,080,449	\$ (2,390,181)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:					
Depreciation and amortization	6,058,079	203,535	1,206,880	7,468,494	4,017,534
Customer deposits received	46,099	-	-	46,099	-
(Increase) decrease in current assets:					
Receivables:					
Customer and trade	160,104	(96,387)	7,345	71,062	-
Government agencies	(15,935)	-	-	(15,935)	-
Other	50,860	-	3,278	54,138	324,106
Inventory	59,145	-	13,584	72,729	74,037
Prepaid items	(5,000)	(240)	6,860	1,620	(102)
Increase (decrease) in current liabilities:					
Accounts payable - trade	2,116,163	(470,592)	(3,297)	1,642,274	137,391
Accrued payroll	29,921	10,084	7,215	47,220	5,932
Accrued vacation and sick leave	12,140	2,744	1,360	16,244	33,962
Payable to other City funds	(88,142)	-	-	(88,142)	-
Estimated health claims payable	-	-	-	-	(65,894)
Payable to government agencies	-	2,345	(1,728)	617	-
Other liabilities	(1,006,743)	727	(38,441)	(1,044,457)	31,240
Estimated liability for landfill closure	-	232,130	-	232,130	-
Total adjustments	<u>7,416,691</u>	<u>(115,654)</u>	<u>1,203,056</u>	<u>8,504,093</u>	<u>4,558,206</u>
Net cash provided by operating activities	<u>\$ 14,997,047</u>	<u>\$ 3,918,858</u>	<u>\$ 1,668,637</u>	<u>\$ 20,584,542</u>	<u>\$ 2,168,025</u>
Noncash capital and financing activities:					
Capital assets received from developers	<u>\$ 496,952</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 496,952</u>	<u>\$ -</u>

See accompanying notes to the basic financial statements.

CITY OF WICHITA FALLS, TEXAS
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
SEPTEMBER 30, 2013

	Agency Fund
Assets	
Cash and cash equivalents	\$ 86,238
Liabilities	
Other liabilities	\$ 86,238

See accompanying notes to the basic financial statements.

CITY OF WICHITA FALLS, TEXAS

NOTES TO THE FINANCIAL STATEMENTS SEPTEMBER 30, 2013

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, 2013

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, 2013

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

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 Assistant City Manager/CFO at 1300 7th Street, Wichita Falls, Texas.

Excluded From the Reporting Entity

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

B. Basis of Presentation

Government-wide financial statements

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

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.

CITY OF WICHITA FALLS, TEXAS

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.) SEPTEMBER 30, 2013

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

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, liabilities, 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 and the Sanitation 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.

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.

CITY OF WICHITA FALLS, TEXAS

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.) SEPTEMBER 30, 2013

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

The City reports the following major governmental fund:

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.

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.

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 expense 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.

CITY OF WICHITA FALLS, TEXAS

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.) SEPTEMBER 30, 2013

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

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 government 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.

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.

CITY OF WICHITA FALLS, TEXAS

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.) SEPTEMBER 30, 2013

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

E. Assets, liabilities and net position or fund balances

1. Cash, cash equivalents and investments

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

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

2. Inventory and Prepaid Items

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

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

3. Capital Assets

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

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.

CITY OF WICHITA FALLS, TEXAS

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.) SEPTEMBER 30, 2013

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

For the fiscal year ended September 30, 2013, the City's business-type activities incurred a total of \$5,318,883 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. For the year ended September 30, 2013, the City has only one item that qualifies for reporting in this category: deferred losses on bond refunding.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflow 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 item that qualifies for reporting in this category. Property taxes receivable (\$799,104) and municipal court fines receivable (\$562,782) are unavailable and therefore cannot be recognized as revenue in the governmental funds until they are received.

5. Long-Term Obligations

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

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.

CITY OF WICHITA FALLS, TEXAS

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.) SEPTEMBER 30, 2013

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

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 because of a formal action by the City Council. Committed amounts cannot be used for any other purpose unless the governing board removes those constraints by taking the same type of formal action. Committed fund balance amounts may be used for other purposes with appropriate due process by the governing board. Commitments are typically done through adoption and amendment of the budget. 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.

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. Intent may be stipulated by the governing board or by an official or body to which the governing board delegates the authority. 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.

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.

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.

CITY OF WICHITA FALLS, TEXAS

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.) SEPTEMBER 30, 2013

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

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 15 days per year. The maximum allowable accumulation is 30 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.

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.

CITY OF WICHITA FALLS, TEXAS

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.) SEPTEMBER 30, 2013

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

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, 2013 is based on management's estimate of probable losses in the amount of \$138,580. 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. \$82,888 is believed by City management to be currently payable from available resources and is recorded in the General Fund.

The following represents changes in the amount of claims liabilities for the City from October 1, 2011 to September 30, 2013:

	Health Care	Workers' Compensation
Liability balance, September 30, 2011	\$ 744,982	\$ 163,899
Incurred claims/adjustments	8,397,787	401,867
Claim payments	(8,548,478)	(407,923)
Liability balance, September 30, 2012	594,291	157,843
Incurred claims/adjustments	9,288,892	850,639
Claim payments	(9,354,786)	(869,902)
Liability balance, September 30, 2013	<u>\$ 528,397</u>	<u>\$ 138,580</u>

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, 2013.

Deficit Fund Balances – Individual Funds

The Airport Improvement Grant Fund, a nonmajor special revenue fund, had a deficit fund balance of \$269,288 as of September 30, 2013. This deficit occurred because the City only requests grant funds as disbursements are made. At September 30, 2013, the Airport Improvement Grant Fund reported \$333,467 in Retainages Payable to contractors. This deficit will be alleviated within a year.

Note 3 - DEPOSITS AND INVESTMENTS

Deposits

All of the City's demand and time depository accounts are held in local banking institutions under the terms of written depository contracts. At September 30, 2013, the total amount of the City's demand and time deposits per the general ledger was \$819,128, and the total amount per the City's September 30, 2013 bank statements was \$1,095,745. 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.

CITY OF WICHITA FALLS, TEXAS

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.) SEPTEMBER 30, 2013

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

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, 2013 are as follows:

<u>Types of Investments</u>	<u>Fair Value/ Carrying Amount</u>	<u>Cost</u>	<u>Average Credit Quality/ Ratings</u>	<u>Weighted Average Months to Maturity</u>
Primary Government:				
TexPool	\$ 57,539,442	\$ 57,539,442	Not rated	1.00
LOGIC	23,101,156	23,101,156	Not rated	1.00
Municipal bonds	725,000	725,000	Aa2	7.60
Money market account	<u>11,965,939</u>	<u>11,965,939</u>	Not rated	1.00
Total primary government investments	<u>93,331,537</u>	<u>93,331,537</u>		
Component Units:				
TexPool	<u>19,941,619</u>	<u>19,941,619</u>	Not rated	1.00
Total component unit investments	<u>19,941,619</u>	<u>19,941,619</u>		
Total investments	<u>\$113,273,156</u>	<u>\$113,273,156</u>		

TexPool is a public funds investment pool administered by the Treasurer of the State of Texas pursuant to the Interlocal Cooperation Act passed in 1989 by the 71st Texas Legislature. This Act authorized the City to delegate to TexPool the authority to make investment purchases and to hold legal title as custodian of the investment securities. All TexPool investments are in the possession of the Texas Treasury Safekeeping Trust Company and held in its book-entry safekeeping account at the Federal Reserve Bank of Dallas. The Texas Treasury Safekeeping Trust Company was created in 1986 by the 69th Texas Legislature to enable the Treasurer of the State of Texas to manage, safekeep, and invest public funds of state agencies and political subdivisions more efficiently and economically. TexPool is not registered with the Securities and Exchange Commission (SEC) as an investment company. TexPool is operated in a manner consistent with the SEC's Rule 2a-7 of the Investment Company Act of 1940. Therefore, the fair value of the City's position in TexPool is the same as the value of the pool shares.

LOGIC was also established pursuant to the Interlocal Cooperation Act passed by the State of Texas and is administered by Southwest Securities Group, Inc. LOGIC's governing body is a five-member board of directors comprised of three government officials and two other persons with expertise in public finance. LOGIC's investments are only those authorized by the Texas Public Funds Investment Act governing pools for local governments. LOGIC presently offers two investment pools, each of which is separately managed and has a different investment objective.

CITY OF WICHITA FALLS, TEXAS

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.) SEPTEMBER 30, 2013

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

Each participating government owns an undivided beneficial interest in the assets of the pool represented by units. Participants may terminate their participation in LOGIC at any time by redeeming their units. LOGIC is not registered with the Securities and Exchange Commission (SEC) as an investment company. LOGIC is operated in a manner consistent with the SEC's Rule 2a-7 of the Investment Company Act of 1940. Therefore, the fair value of the City's position in LOGIC is the same as the value of the pool shares.

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.

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.

CITY OF WICHITA FALLS, TEXAS

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.) SEPTEMBER 30, 2013

Note 4 - RECEIVABLES

Receivables at September 30, 2013 consist of the following:

	General	Nonmajor Governmental Funds	Water and Sewer	Sanitation	Nonmajor Enterprise Funds	Internal Service	Totals Primary Government	Component Units	Totals Reporting Entity
Receivables:									
Taxes and assessments	\$ 1,262,964	\$ 214,440	\$ -	\$ -	\$ -	\$ -	\$ 1,477,404	\$ -	\$ 1,477,404
Customer and trade	-	-	5,647,721	1,948,436	349,995	-	7,946,152	-	7,946,152
Other City funds	4,574,630	-	-	-	-	-	4,574,630	-	4,574,630
Government agencies	3,977,688	2,987,539	67,354	-	780,066	-	7,812,647	1,317,228	9,129,875
Other	1,314,939	90,839	1,670	-	54,025	36,819	1,498,292	-	1,498,292
Gross receivables	11,130,221	3,292,818	5,716,745	1,948,436	1,184,086	36,819	23,309,125	1,317,228	24,626,353
Less: Allowance for uncollectible accounts	(524,306)	(25,677)	(1,474,066)	(527,196)	(85,659)	-	(2,636,904)	-	(2,636,904)
Net total receivables	<u>\$10,605,915</u>	<u>\$3,267,141</u>	<u>\$4,242,679</u>	<u>\$1,421,240</u>	<u>\$1,098,427</u>	<u>\$36,819</u>	<u>\$20,672,221</u>	<u>\$1,317,228</u>	<u>\$21,989,449</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 \$1,477,404 total delinquent property taxes. 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, 2013

Note 5 - 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, 2013 was \$.63526 per \$100 which means that the City has a tax margin of \$1.61474 per \$100, and could raise up to \$72,093,645 additional tax revenue a year from the present assessed valuation of \$4,464,721,591 before the limit is reached.

Note 6 - RESTRICTED ASSETS

Restricted assets in the Water and Sewer Fund, Municipal 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	\$11,881,663
For Capital Improvements:	
Cash and cash equivalents	<u>15,374,946</u>
Total	<u>\$27,256,609</u>

Municipal Airport restricted assets are comprised of the following:

For Passenger Facility Charges:	
Cash and cash equivalents	\$ 491,949
For Customer Facility Charges:	
Cash and cash equivalents	<u>376,641</u>
Total	<u>\$ 868,590</u>

Internal Service Fund restricted assets are comprised of the following:

For Employee Insurance:	
Cash and cash equivalents	<u>\$2,414,417</u>

CITY OF WICHITA FALLS, TEXAS

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.) SEPTEMBER 30, 2013

Note 7 - CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2013 was as follows:

Governmental activities:	Balance October 1, <u>2012</u>	<u>Increases</u>	<u>Decreases</u>	Balance September 30, <u>2013</u>
Capital assets not being depreciated:				
Land	\$ 10,614,124	\$ 107,771	\$ -	\$ 10,721,895
Construction in progress	<u>1,695,575</u>	<u>-</u>	<u>1,489,875</u>	<u>205,700</u>
Total capital assets not being depreciated	<u>12,309,699</u>	<u>107,771</u>	<u>1,489,875</u>	<u>10,927,595</u>
Capital assets being depreciated:				
Land betterments	23,478,232	60,597	97,020	23,441,809
Buildings, systems and improvements	68,727,942	4,786,251	-	73,514,193
Infrastructure	164,601,119	4,247,810	1,192,381	167,656,548
Machinery and equipment	22,138,305	1,139,221	119,756	23,157,770
Furniture and fixtures	<u>173,489</u>	<u>-</u>	<u>-</u>	<u>173,489</u>
Total capital assets being depreciated	<u>279,119,087</u>	<u>10,233,879</u>	<u>1,312,137</u>	<u>287,943,809</u>
Less accumulated depreciation for:				
Land betterments	4,754,024	494,765	-	5,248,789
Buildings, systems and improvements	18,034,791	1,549,062	-	19,583,853
Infrastructure	85,790,379	2,406,404	1,083,299	87,113,484
Machinery and equipment	10,007,671	1,756,429	106,593	11,657,507
Furniture and fixtures	<u>169,568</u>	<u>1,372</u>	<u>-</u>	<u>170,939</u>
Total accumulated depreciation	<u>118,756,433</u>	<u>6,208,032</u>	<u>1,189,892</u>	<u>123,774,572</u>
Total capital assets being depreciated, net	<u>160,362,654</u>	<u>4,025,847</u>	<u>122,245</u>	<u>164,169,237</u>
Governmental activities capital assets, net	<u>\$172,672,353</u>	<u>\$ 4,133,618</u>	<u>\$1,612,120</u>	<u>\$175,096,832</u>

CITY OF WICHITA FALLS, TEXAS

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.) SEPTEMBER 30, 2013

Note 7 - CAPITAL ASSETS (CONT'D.)

	Balance October 1, <u>2012</u>	<u>Increases</u>	<u>Decreases</u>	Balance September 30, <u>2013</u>
Business-type activities:				
Capital assets not being depreciated:				
Land	\$ 9,003,505	\$ 38,694	\$ -	\$ 9,042,199
Construction in progress	<u>56,230,140</u>	<u>16,885,387</u>	<u>54,731,365</u>	<u>18,384,162</u>
Total capital assets not being depreciated	<u>65,233,645</u>	<u>16,924,081</u>	<u>54,731,365</u>	<u>27,426,361</u>
Capital assets being depreciated:				
Land betterments	38,505,448	5,698,438	785,337	43,418,549
Buildings, systems and improvements	286,429,168	53,382,106	379,000	339,432,274
Machinery and equipment	7,834,118	632,625	2,467	8,464,273
Furniture and fixtures	40,819	-	-	40,819
Motor vehicles	<u>51,547,946</u>	<u>2,517,375</u>	<u>2,666,831</u>	<u>51,398,490</u>
Total capital assets being depreciated	<u>384,357,499</u>	<u>62,230,544</u>	<u>3,833,635</u>	<u>442,754,405</u>
Less accumulated depreciation for:				
Land betterments	13,762,599	964,145	781,933	13,944,811
Buildings, systems and improvements	94,678,732	6,303,522	355,304	100,626,948
Machinery and equipment	5,298,712	397,397	2,470	5,693,639
Furniture and fixtures	40,819	-	-	40,819
Motor vehicles	<u>33,452,534</u>	<u>3,705,592</u>	<u>2,665,759</u>	<u>34,492,365</u>
Total accumulated depreciation	<u>147,233,396</u>	<u>11,370,656</u>	<u>3,805,466</u>	<u>154,798,582</u>
Total capital assets being depreciated, net	<u>237,124,103</u>	<u>50,859,888</u>	<u>28,169</u>	<u>287,955,823</u>
Business-type activities capital assets, net	<u>\$302,357,748</u>	<u>\$67,783,969</u>	<u>\$54,759,534</u>	<u>\$315,382,184</u>

Depreciation expense was charged to functions as follows:

Governmental activities:	
Administrative services	\$ 738,894
Police	1,405,070
Fire	150,236
Parks and recreation	244,524
Accounting/finance	117,919
Community development	9,494
Public works	2,168,955
Health	155,993
Traffic and transportation	310,610
Multi-Purpose Events Center	<u>906,337</u>
Total governmental depreciation	<u>\$6,208,032</u>

CITY OF WICHITA FALLS, TEXAS

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.) SEPTEMBER 30, 2013

Note 7 - CAPITAL ASSETS (CONT'D.)

Business-type activities:	
Municipal Airport	\$ 364,848
Kickapoo Airport	425,275
Transit	451,606
Sanitation	2,830,834
Water and sewer	6,897,242
Stormwater drainage	213,875
Waterpark	<u>186,976</u>
Total business-type depreciation	<u>\$11,370,656</u>

Note 8 - PENSION PLANS

Texas Municipal Retirement System

Plan Description

The City provides pension benefits for all of its eligible employees, except firefighters, through a nontraditional, joint contributory, hybrid defined benefit plan in the state-wide Texas Municipal Retirement System (TMRS), an agent multiple-employer public employee retirement system. The plan provisions are adopted by the governing body of the City, within the options available in the state statutes governing TMRS.

TMRS issues a publicly available comprehensive annual financial report that includes financial statements and required supplementary information (RSI) for TMRS; the report also provides detailed explanations of the contributions, benefits and actuarial methods and assumptions used by the System. This report may be obtained by writing TMRS, P.O. Box 149153, Austin, TX 78714-9153 or by calling 800-924-8677; in addition, the report is available on TMRS' website at www.TMRS.com.

Plan provisions for the City were as follows:

	Plan Year 2012	Plan Year 2013
Employee deposit rate	5%/7%	5%/7%
Matching ratio (City to employee)	2 to 1	2 to 1
Years required for vesting	10	10
Service retirement eligibility (expressed as age / years of service)	60/10, 0/25	60/10, 0/25
Updated Service Credit	50% Repeating, Transfers	50% Repeating, Transfers
Annuity Increase (to retirees)	70% of CPI Repeating	70% of CPI Repeating

CITY OF WICHITA FALLS, TEXAS

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.) SEPTEMBER 30, 2013

Note 8 - PENSION PLANS (CONT'D.)

Contributions

Under the state law governing TMRS, the contribution rate for each city is determined annually by the actuary, using the Projected Unit Credit actuarial cost method. This rate consists of the normal cost contribution rate and the prior service cost contribution rate, which is calculated to be a level percent of payroll from year to year. The normal cost contribution rate finances the portion of an active member's projected benefit allocated annually; the prior service contribution rate amortizes the unfunded (overfunded) actuarial liability (asset) over the applicable period for that city. Both the normal cost and prior service contribution rates include recognition of the projected impact of annually repeating benefits, such as Updated Service Credits and Annuity Increases.

The City contributes to the TMRS Plan at an actuarially determined rate. Both the employees and the City make contributions monthly. Since the City needs to know its contribution rate in advance for budgetary purposes, there is a one-year delay between the actuarial valuation that serves as the basis for the rate and the calendar year when the rate goes into effect.

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.

Benefits are determined on a "formula" or a "final salary" plan. A firefighter who qualifies for a retirement benefit will receive monthly retirement equal to 2.55% of the firefighter's average salary, multiplied by the member's years of credited service. Benefits are calculated based upon a member's average salary for the 78 consecutive biweekly pay periods which produce the highest average.

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

Contributions

The contribution rate for the firefighters is 12% and the City contributes 13.08%. 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.

CITY OF WICHITA FALLS, TEXAS

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.) SEPTEMBER 30, 2013

Note 8 - PENSION PLANS (CONT'D.)

The actuarial assumptions included (a) 8% investment rate of return, compounded annually (net of trust expenses), (b) projected salary increases for individual members of 4.75% per year, compounded annually, and (c) increases in total payroll of 4.75% per year, compounded annually. Active members are assumed to retire once they have both attained age 57 and completed at least 20 years of service. Benefits for vested terminated members are assumed to start on the date the member attains age 50 or, if later, the date the member would have completed 20 years of service. The actuarial value of assets was determined using a method that is market related and is consistent with the classes of current and anticipated assets. The method is consistent with the assumptions used to develop the actuarial present value of total projected benefits, and actuarial standards for valuation.

Schedule of Actuarial Liabilities and Funding Progress

	<u>Texas Municipal Retirement System</u>	<u>Firemen's Relief and Retirement</u>	<u>Total</u>
Actuarial Valuation Date	12/31/12	12/31/12	
Actuarial Value of Assets	\$172,839,281	\$41,964,674	\$214,803,955
Actuarial Accrued Liability (AAL)	206,427,900	66,606,163	273,034,063
Percentage Funded	83.7%	63.0%	78.7%
Unfunded Actuarial Accrued Liability (UAAL)	33,588,619	24,641,489	58,230,108
Annual Covered Payroll	39,529,771	8,962,581	48,492,352
UAAL as a Percentage of Covered Payroll	85.0%	223.3%	120.1%
Net Pension Obligation (NPO) at the Beginning of the Period	-0-	-0-	-0-
Annual Pension Cost:			
Annual Required Contribution (ARC)	\$ 5,291,494	\$ 1,211,583	\$ 6,503,077
Interest on NPO	-0-	-0-	-0-
Adjustment to the ARC	-0-	-0-	-0-
Annual Pension Cost	<u>\$ 5,291,494</u>	<u>\$ 1,211,583</u>	<u>\$ 6,503,077</u>

CITY OF WICHITA FALLS, TEXAS

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.) SEPTEMBER 30, 2013

Note 8 - PENSION PLANS (CONT'D.)

	<u>Texas Municipal Retirement System</u>	<u>Firemen's Relief and Retirement</u>	<u>Total</u>
Percentage of Annual Pension Costs Contributed	100%	100%	100%
Contributions Made	\$ 5,291,494	\$ 1,211,583	\$ 6,503,077
Increase in NPO	-0-	-0-	-0-
NPO At the End of the Period	-0-	-0-	-0-
Two preceding years:			
2012:			
Annual Pension Cost	\$ 5,218,722	\$ 1,174,529	\$ 6,393,251
Percentage of Annual Pension Costs Contributed	100%	100%	100%
NPO At the End of the Period	-0-	-0-	-0-
2011:			
Annual Pension Cost	\$ 5,300,506	\$ 1,136,628	\$ 6,437,134
Percentage of Annual Pension Costs Contributed	100%	100%	100%
NPO At the End of the Period	-0-	-0-	-0-

Actuarial Assumptions

	<u>Texas Municipal Retirement System</u>	<u>Firemen's Relief and Retirement</u>
Actuarial Cost Method	Projected Unit Credit	Individual Entry Age
Amortization Method	Level Percent of Payroll	Level Percent of Payroll
Amortization Period	Closed	Open
Remaining Amortization Period	25.0 Years	N/A
Amortization Period for New Gains/Losses	30 Years	30 Years
Asset Valuation Method	10-Year Smoothed Market	Smooth Market Value
Investment Rate of Return	7.0%	8%
Projected Salary Increases	Varies by Age & Service	4.75%
Includes Inflation at	3.0%	4.75%
Cost-of-Living Adjustments	2.1%	None

The stand-alone financial reports for both the Texas Municipal Retirement System and Firemen's Relief and Retirement Fund can be obtained from the City's Assistant City Manager / CFO at 1300 7th Street, Wichita Falls, Texas.

A schedule of funding progress is presented as required supplementary information for both the Texas Municipal Retirement System and the Firemen's Relief and Retirement Fund. These schedules provide multi-year trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

CITY OF WICHITA FALLS, TEXAS

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.) SEPTEMBER 30, 2013

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.

Retiree Contributions Pre-Medicare Eligibility

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

	<u>BC/BS Core Plan</u>	<u>BC/BS Enhanced Plan</u>
Retiree Only (under 65)	\$171	\$278
Retiree Only (over 65)	N/A	N/A
Retiree/Spouse (both < 65)	\$321	\$492
Retiree/Spouse (both > 65)	N/A	N/A
Retiree/Spouse (1 >, 1 < 65)	\$583	\$690
Retiree/Child	\$294	\$465
Retiree/Family	\$364	\$578

Dental premiums are included in the under 65 premiums above.

Benefits for Spouses of Retired Employees

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

Non-Medicare and Medicare-Eligible Provisions

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 already 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. Spouses currently covered in the health plan will also be eligible for the \$250 premium assistance.

For members 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. Spouses can participate in the Medicare subsidy program, but will receive no premium assistance.

CITY OF WICHITA FALLS, TEXAS

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.) SEPTEMBER 30, 2013

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

For members who retire on or after January 1, 2009, the City will provide no premium assistance once Medicare-eligible. The retiree premium for post-65 coverage is \$421/month for each covered member as of June 1, 2010.

Vision Coverage

There is no vision coverage provided as of September 30, 2013.

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 retiree or spouses on the Medicare supplement.

Life Insurance Coverage

Life Insurance of \$7,500 is provided to each retiree. There is no Life coverage for spouses of retirees.

Funding Policy and Annual OPEB Cost

The City's annual other post-employment benefits (OPEB) cost is based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and to amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The City's OPEB cost for the year ended September 30, 2013 is as follows:

Annual Required Contribution	\$2,444,427
Interest on OPEB obligation	-
Adjustment to ARC	-
Annual OPEB cost (expense) end of year	2,444,427
Net estimated employer contributions	(2,444,427)
Increase (decrease) in net OPEB obligation	-
Net OPEB obligation – beginning of year	-
Net OPEB obligation – end of year	\$ -

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the fiscal year ending September 30, 2013 and the preceding two fiscal years were as follows:

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Employer Amount Contributed</u>	<u>Percentage Contributed</u>	<u>Net OPEB Obligation</u>
September 30, 2011	\$2,437,686	\$2,437,686	100.0%	\$ -
September 30, 2012	2,373,230	2,373,230	100.0%	-
September 30, 2013	2,444,427	2,444,427	100.0%	-

CITY OF WICHITA FALLS, TEXAS

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.) SEPTEMBER 30, 2013

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

Schedule of Actuarial Liabilities and Funding Status

Actuarial Valuation Date	12/31/12
Actuarial Value of Assets	\$ 1,709,516
Actuarial Accrued Liabilities	\$32,117,774
Unfunded Actuarial Accrued Liability (UAAL)	\$30,408,258
Funded Ratio	5.32%
Annual Covered Payroll	\$48,492,352
UAAL as a Percentage of Annual Covered Payroll	62.71%

Actuarial Methods and Assumptions

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

Projections of health benefits are based on the plan as understood by the City and include the types of benefits in force at the valuation date and the pattern of sharing benefit costs between Wichita Falls and its employees to that point. Actuarial calculations reflect a long-term perspective and employ methods and assumptions that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets. Significant methods and assumptions were as follows:

Inflation rate	3.00% per annum
Investment rate of return	7.5%, net of expenses
Actuarial cost method	Individual entry-age actuarial cost method
Amortization method	Level as a percentage of employee payroll
Amortization period	Open 30 year period
Salary growth	3.0% per annum
Healthcare cost trend rate	Initial rate of 7.50% declining to an ultimate rate of 4.50% after 8 years

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

CITY OF WICHITA FALLS, TEXAS

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.) SEPTEMBER 30, 2013

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 Municipal 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, 2013 was \$36,279. The lease payment increases by 3% per year with a final lease payment of \$141,307 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, 2013.

The following is a schedule by years of future minimum rental payments required under operating leases that have initial or remaining noncancellable lease terms in excess of one year as of September 30, 2013:

Year ending September 30:	
2014	\$ 166,740
2015	165,733
2016	153,187
2017	122,742
2018	101,440
2019-2023	242,146
2024-2028	266,614
2029-2033	309,079
2034-2038	358,307
2039-2043	415,376
2044-2048	481,535
2049-2053	558,231
2054-2058	647,142
2059	<u>141,307</u>
Total minimum payments required	<u>\$4,129,579</u>

The total rental expenses for all operating leases for the year ended September 30, 2013 was \$167,861. There were no contingent rentals during the year ended September 30, 2013.

CITY OF WICHITA FALLS, TEXAS

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.) SEPTEMBER 30, 2013

Note 13 - LONG-TERM LIABILITIES

Long-term liabilities transactions for the year ended September 30, 2013 are summarized as follows:

	Balance at October 1, 2012	Issued	Retired and Transferred (1)	Balance at September 30, 2013	Due Within One Year
<u>Governmental Activities:</u>					
General obligation bonds	\$ 4,116,109	\$ 1,810,000	\$ 434,431	\$ 5,491,678	\$ 811,812
Combination tax and revenue bonds	35,503,123	19,971,293	3,903,793	51,570,623	2,598,120
Accrued vacation and sick leave payable	6,984,110	2,033,292	1,754,089	7,263,313	2,050,000
Capital lease payable	1,452,760	2,660,642	279,762	3,833,640	322,706
Claims and judgments payable	<u>157,843</u>	<u>850,639</u>	<u>869,902</u>	<u>138,580</u>	<u>82,888</u>
Total governmental activities	<u>48,213,945</u>	<u>27,325,866</u>	<u>7,241,977</u>	<u>68,297,834</u>	<u>5,865,526</u>
<u>Business-type Activities:</u>					
Utility system revenue bonds, net of premium (discount)	102,566,093	-	3,354,224	99,211,869	3,488,364
Combination tax and revenue bonds	19,798,342	13,000,000	4,910,443	27,887,899	3,602,911
General obligation bonds	-	1,930,000	-	1,930,000	-
Accrued vacation and sick leave payable	566,534	590,356	580,819	576,071	525,000
Note payable	543,877	-	34,281	509,596	35,397
Capital leases payable	1,704,341	3,851	446,529	1,261,663	262,042
Landfill closure, post-closure costs	<u>3,818,193</u>	<u>232,130</u>	<u>-</u>	<u>4,050,323</u>	<u>-</u>
Total business-type activities	<u>128,997,380</u>	<u>15,756,337</u>	<u>9,326,296</u>	<u>135,427,421</u>	<u>7,913,714</u>
Total long-term liabilities	<u>\$177,211,325</u>	<u>\$43,082,203</u>	<u>\$16,568,273</u>	<u>\$203,725,255</u>	<u>\$13,779,240</u>

(1) Includes bond premium amortization of \$29,431 related to the general obligation bonds, \$43,793 related to combination tax and revenue bonds (governmental activities), \$29,224 related to revenue bonds, and \$195,443 related to the combination tax and revenue bonds (business-type activities).

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

Bonds Payable

Bonds payable at September 30, 2013, including net unamortized premium on the revenue bonds, are comprised of the following individual issues:

	Range of Interest Rates	Final Maturity Date	Annual Serial Payments	Bonds Authorized	Bonds Outstanding at 9/30/13
<u>General Obligation Bonds:</u>					
General Obligation Refunding Bonds, Series 2011 Plus bond premium	1.50% - 3.00%	9/01/21	\$405,000 to \$485,000	\$ 4,365,000	\$ 3,545,000 136,678
General Obligation Refunding Bonds, Series 2013	1.50% - 3.00%	9/01/18	\$335,000 to \$2,305,000	\$ 3,740,000	3,740,000
Total General Obligation Bonds					<u>7,421,678</u>

CITY OF WICHITA FALLS, TEXAS

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.) SEPTEMBER 30, 2013

Note 13 - LONG-TERM LIABILITIES (CONT'D.)

	Range of Interest Rates	Final Maturity Date	Annual Serial Payments	Bonds Authorized	Bonds Outstanding at 9/30/13
Combination Tax and Revenue Bonds:					
Combination Tax and Revenue Refunding Bonds, Series 2005	4.90% - 5.00%	8/01/16	\$115,000 to \$2,650,000	14,020,000	5,580,000
Plus bond premium					157,703
Combination Tax and Revenue Certificates of Obligation, Series 2006A	3.55% - 5.00%	9/01/26	\$580,000 to \$1,225,000	16,875,000	12,325,000
Plus bond premium					222,982
Combination Tax and Revenue Certificates of Obligation, Series 2006B	5.20% - 6.25%	9/01/26	\$130,000 to \$345,000	4,275,000	3,230,000
Plus bond premium					51,945
Combination Tax and Revenue Certificates of Obligation, Series 2009	2.25% - 4.75%	10/01/28	\$340,000 to \$780,000	10,820,000	9,235,000
Combination Tax and Revenue Certificates of Obligation, Series 2010	5.60%	2/01/25	\$165,000 to \$375,000	3,930,000	3,385,000
Combination Tax and Revenue Refunding Bonds, Series 2010	2.00% - 4.00%	8/01/18	\$170,000 to \$3,600,000	9,830,000	8,780,000
Plus bond premium					370,196
Combination Tax and Revenue Certificates of Obligation, Series 2011	2.00% - 4.00%	9/01/31	\$135,000 to \$220,000	3,200,000	3,065,000
Plus bond premium					84,403
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	19,875,000
Plus bond premium					96,293
Combination Tax and Revenue Certificates of Obligation, Series 2013A	2.00% - 4.625%	9/01/33	\$505,000 to \$905,000	13,000,000	13,000,000
Total Combination Tax and Revenue Bonds					<u>79,458,522</u>
Revenue Bonds:					
Water & Sewer System Priority Lien Refunding Revenue Bonds, Series 2007	4.00% - 4.50%	8/01/27	\$225,000 to \$11,070,000	103,495,000	98,965,000
Plus bond premium					246,869
Total Revenue Bonds					<u>99,211,869</u>
Total All Bonds					<u>\$186,092,069</u>

All of the General Obligation Bonds were issued on the full faith and credit of the City and are secured by ad valorem taxes levied against all taxable property. With the exception of a portion of the Series 2013 General Obligation Refunding Bonds, these bonds are serviced by the Debt Service Fund with an apportionment of the ad valorem tax levy. At September 30, 2013, \$70,499 was available in this fund to service these bonds.

CITY OF WICHITA FALLS, TEXAS

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.) SEPTEMBER 30, 2013

Note 13 - LONG-TERM LIABILITIES (CONT'D.)

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 2003, 2010 and 2011 Certificates will be serviced by the Debt Service Fund by contributions from the Wichita Falls 4B Economic Development Corporation. The Series 2004 and the Series 2005 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 and a portion of the Series 2013 General Obligation Refunding Bonds.

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, 2013 is classified as follows:

Long-term	\$474,199
Current portion	<u>35,397</u>
Total	<u>\$509,596</u>

Capital Leases Payable

The City issued a capital lease in 2012 for the purchase of fire department equipment in the amount of \$1,466,854. The asset is listed under "Motor Vehicles" in the business-type activities. The lease carries an interest rate 1.57% and matures in 2016. This capital lease is recorded in the Fleet Maintenance Internal Service Fund and is included in the business-type activities of the government-wide statements.

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

CITY OF WICHITA FALLS, TEXAS
NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)
SEPTEMBER 30, 2013

Note 13 - LONG-TERM LIABILITIES (CONT'D.)

Aggregate maturities of the long-term debt (principal and interest) for the years subsequent to September 30, 2013 are as follows:

Year Ending September 30,	General Obligation Bonds		Combination Tax and Revenue Bonds		Revenue Bonds		Notes Payable		Capital Lease Payable		Total	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2014	\$ 811,812	\$126,113	\$ 5,871,032	\$ 2,353,146	\$ 3,488,364	\$ 4,357,561	\$ 35,397	\$ 16,577	\$ 584,747	\$121,201	\$ 10,791,352	\$ 6,974,598
2015	829,160	113,065	6,296,265	1,992,454	3,637,413	4,211,462	36,548	15,426	605,072	108,552	11,404,458	6,440,959
2016	2,752,122	101,103	4,592,940	1,938,500	3,791,420	4,059,030	37,737	14,237	633,556	95,418	11,807,775	6,208,288
2017	789,373	60,777	6,827,323	1,862,755	3,940,386	3,900,052	38,964	13,009	655,060	81,590	12,251,106	5,918,183
2018	801,559	44,841	7,018,114	1,669,116	4,114,310	3,734,740	40,232	11,742	316,513	67,248	12,290,728	5,527,687
2019-2023	1,437,652	57,847	18,815,681	6,207,223	44,596,753	14,096,247	221,664	38,205	1,858,862	205,771	66,930,612	20,605,293
2024-2028	-	-	18,274,954	2,782,193	35,643,223	3,567,776	99,054	4,859	441,492	11,345	54,458,723	6,366,173
2029-2033	-	-	11,762,213	681,154	-	-	-	-	-	-	11,762,213	681,154
Totals	\$7,421,678	\$503,746	\$79,458,522	\$19,486,541	\$99,211,869	\$37,926,868	\$509,596	\$114,055	\$5,095,302	\$691,125	\$191,696,967	\$58,722,335

CITY OF WICHITA FALLS, TEXAS

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.) SEPTEMBER 30, 2013

Note 14 - DEFEASED DEBT

On March 15, 2013, the City issued general obligation refunding bonds of \$3,740,000 (par value) with interest rates ranging from 1.50% to 3.00%. The debt was issued to refund combination tax and revenue certificates of obligation with rates ranging from 3.00% to 5.00% and a par value of \$3,710,000. The combination tax and revenue certificates of obligation to be refunded matured through September 1, 2018.

The proceeds of the new bonds, as well as an additional contribution by the City, were placed into an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust escrow accounts and the defeased bonds are not included in the City's financial statements. At September 30, 2013, \$1,910,000 of the Series 2005 Combination Tax and Revenue Refunding Bonds are considered defeased.

As a result of the refunding, the City reduced its total debt service by \$253,747, resulting in an economic gain (difference between the present value of the debt service payments on the old and new debt) of \$249,541.

Note 15 - 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 \$3,960,711 as of September 30, 2013, which is based on 19% usage of the landfill. The City will recognize the remaining estimated cost of closure and postclosure care of \$17,120,495 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 \$65,461 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 16 - INTERFUND BALANCES

<u>Due To Fund</u>	<u>Due From Fund</u>	<u>Amount</u>	<u>Purpose</u>
General Fund	Nonmajor Governmental Funds	\$3,533,218	Short-term loan
General Fund	Nonmajor Enterprise Funds	973,168	Short-term loan
General Fund	Internal Service Funds	<u>68,244</u>	Short-term loan
	Total	<u>\$4,574,630</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, 2013

Note 16 - INTERFUND BALANCES (CONT'D.)

Transfers to and from other funds during the year ended September 30, 2013 were as follows:

<u>Transfers From</u>	<u>Transfers To</u>	<u>Amount</u>	<u>Reason</u>
General Fund	Nonmajor Governmental Funds	\$ 769,440	Supplement operating deficits
General Fund	Nonmajor Enterprise Funds	380,613	Supplement operating grants
General Fund	Nonmajor Governmental Funds	132,729	Supplement operating grants
General Fund	Internal Service Fund	343,610	Purchase capital assets
Nonmajor Governmental Funds	Nonmajor Governmental Funds	280,000	Fund debt service payment
Nonmajor Governmental Funds	Nonmajor Governmental Funds	1,569,924	Fund operating deficits
Nonmajor Governmental Funds	Nonmajor Enterprise Funds	6,455,936	Purchase capital assets
Nonmajor Governmental Funds	Internal Service Funds	322,344	Purchase capital assets
Nonmajor Governmental Funds	Water and Sewer Fund	381,462	Fund construction projects
Water and Sewer Fund	General Fund	1,118,693	Administrative overhead
Water and Sewer Fund	Nonmajor Governmental Funds	500,000	Fund debt service payment
Water and Sewer Fund	Internal Service Funds	299,916	Purchase capital assets
Sanitation Fund	General Fund	1,553,723	Administrative overhead
Sanitation Fund	Internal Service Funds	1,430,687	Purchase capital assets
Nonmajor Enterprise Funds	Nonmajor Governmental Funds	494,826	Supplement operating grant
Nonmajor Enterprise Funds	Nonmajor Governmental Funds	450,183	Fund debt service payment
Nonmajor Enterprise Funds	Water and Sewer Fund	26,090	Fund construction project
Nonmajor Enterprise Funds	Internal Service Funds	183,590	Purchase capital assets
Internal Service Funds	General Fund	<u>312,000</u>	Administrative overhead
	Total	<u>\$17,005,766</u>	

Note 17 - COMMITMENTS AND CONTINGENCIES

Litigation

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

Accrued Vacation and Sick Leave

The City's liability for accrued vacation and sick leave, excluding the amount recorded in the proprietary funds, was \$7,263,313 at September 30, 2013. This accrual is recorded as a long-term liability in the Government-wide Statement of Net Position.

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, 2013

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, 2013 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, 2013, 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	\$ 652,259
Nonmajor Governmental Funds	5,407,140
Water and Sewer Fund	7,423,152
Sanitation Fund	32,737
Nonmajor Enterprise Funds	2,022,428
Internal Service Funds	<u>969,991</u>
Total contract commitments - City	<u>\$16,507,707</u>

Additionally, component units are committed to various contracts as of September 30, 2013. The remaining commitments are as follows:

Wichita Falls Economic Development Corporation	\$ 2,211,951
Wichita Falls 4B Sales Tax Corporation	\$ 110,525

Federal and State Grants - Compliance Audits

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

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

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

CITY OF WICHITA FALLS, TEXAS

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.) SEPTEMBER 30, 2013

Note 18 - CONDENSED FINANCIAL INFORMATION FOR DISCRETELY PRESENTED COMPONENT UNITS

The City has four component units that are discretely presented in the City's basic financial statements. Condensed financial information for the year ended September 30, 2013 is as follows:

	<u>Wichita Falls Economic Development Corporation</u>	<u>Wichita Falls 4B Sales Tax Corporation</u>	<u>Wichita Falls Reinvestment Zone #2</u>	<u>Wichita Falls Reinvestment Zone #3</u>	<u>Totals</u>
Condensed statement of net position:					
Cash, investments and other current assets	\$ 15,707,941	\$ 2,280,007	\$ -	\$ 171,688	\$18,159,636
Capital assets, net of accumulated depreciation	<u>2,283,410</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,283,410</u>
Total assets	<u>17,991,351</u>	<u>2,280,007</u>	<u>-</u>	<u>171,688</u>	<u>20,443,046</u>
Accounts payable and other current liabilities					
	<u>137,507</u>	<u>607</u>	<u>-</u>	<u>-</u>	<u>138,114</u>
Total liabilities	<u>137,507</u>	<u>607</u>	<u>-</u>	<u>-</u>	<u>138,114</u>
Net position	<u>\$ 17,853,844</u>	<u>\$ 2,279,400</u>	<u>\$ -</u>	<u>\$ 171,688</u>	<u>\$20,304,932</u>
Condensed statement of activities:					
Expenses:					
Community development	<u>\$ 3,646,538</u>	<u>\$ 4,234,205</u>	<u>\$ 384,262</u>	<u>\$ -</u>	<u>\$ 8,265,005</u>
Program revenues:					
Charges for services	106,800	-	-	-	106,800
Operating grants and contributions	<u>-</u>	<u>368,617</u>	<u>-</u>	<u>-</u>	<u>368,617</u>
Total program revenues	<u>106,800</u>	<u>368,617</u>	<u>-</u>	<u>-</u>	<u>475,417</u>
Net program expense	<u>(3,539,738)</u>	<u>(3,865,588)</u>	<u>(384,262)</u>	<u>-</u>	<u>(7,789,588)</u>
General revenues:					
Tax revenues	3,677,061	3,677,061	384,033	58,877	7,797,032
Non-tax general revenues	<u>49,906</u>	<u>3,807</u>	<u>229</u>	<u>116</u>	<u>54,058</u>
Total general revenues	<u>3,726,967</u>	<u>3,680,868</u>	<u>384,262</u>	<u>58,993</u>	<u>7,851,090</u>
Change in net position	187,229	(184,720)	-	58,993	61,502
Beginning net position	<u>17,666,615</u>	<u>2,464,120</u>	<u>-</u>	<u>112,695</u>	<u>20,243,430</u>
Ending net position	<u>\$ 17,853,844</u>	<u>\$ 2,279,400</u>	<u>\$ -</u>	<u>\$ 171,688</u>	<u>\$20,304,932</u>

CITY OF WICHITA FALLS, TEXAS

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.) SEPTEMBER 30, 2013

Note 19 - PRIOR PERIOD ADJUSTMENT

During the year ended September 30, 2013, the City implemented GASB Statements No. 63 and 65. These pronouncements state that bond issuance costs are no longer to be capitalized and amortized, but rather expensed as incurred. Therefore, bond issuance costs capitalized in the Water and Sewer Fund and Business-type Activities in prior years were written off in the current year. These charges resulted in a decrease to beginning net position of \$2,037,117. The effect on the prior year's change in net position would have been immaterial.

Required Supplementary Information

CITY OF WICHITA FALLS, TEXAS

REQUIRED SUPPLEMENTARY INFORMATION BUDGETARY COMPARISON SCHEDULE - GENERAL FUND FOR THE YEAR ENDED SEPTEMBER 30, 2013

	Budgeted Amounts		Actual	Variance With Final Budget - Positive (Negative)
	Original	Final		
Revenues:				
Taxes	\$ 55,972,210	\$ 55,972,210	\$ 56,183,817	\$ 211,607
Charges for services	2,751,614	2,751,614	2,648,471	(103,143)
Licenses and permits	1,984,072	1,984,072	2,234,081	250,009
Fines and forfeitures	2,034,000	2,034,000	2,116,103	82,103
Intergovernmental revenue	15,200	15,200	10,176	(5,024)
Contributions	145,315	145,315	338,223	192,908
Miscellaneous revenue	963,246	963,246	1,063,332	100,086
Total revenues	<u>63,865,657</u>	<u>63,865,657</u>	<u>64,594,203</u>	<u>728,546</u>
Expenditures:				
Current:				
Administrative services	11,173,453	11,651,413	11,451,591	199,822
Police	21,240,044	20,935,423	20,520,034	415,389
Fire	13,448,367	13,591,034	13,572,017	19,017
Parks and recreation	5,227,926	5,146,050	4,912,277	233,773
Accounting/finance	807,950	818,665	793,960	24,705
Community development	1,922,128	1,946,353	1,848,692	97,661
Public works	5,218,847	5,193,696	5,192,943	753
Health	2,930,416	2,849,304	2,763,801	85,503
Traffic and transportation	1,918,207	2,021,426	1,997,362	24,064
Capital outlay	3,671,508	3,995,978	4,041,621	(45,643)
Total expenditures	<u>67,558,846</u>	<u>68,149,342</u>	<u>67,094,298</u>	<u>1,055,044</u>
Excess of revenues over (under) expenditures	<u>(3,693,189)</u>	<u>(4,283,685)</u>	<u>(2,500,095)</u>	<u>1,783,590</u>
Other financing sources (uses):				
Capital lease proceeds	-	-	777,681	777,681
Transfers in	2,984,416	2,984,416	2,984,416	-
Transfers out	(809,253)	(1,409,704)	(1,626,392)	(216,688)
Total other financing sources (uses)	<u>2,175,163</u>	<u>1,574,712</u>	<u>2,135,705</u>	<u>560,993</u>
Excess of revenues and other sources over (under) expenditures and other uses	(1,518,026)	(2,708,973)	(364,390)	2,344,583
Fund balance - beginning	<u>17,934,485</u>	<u>17,934,485</u>	<u>17,934,485</u>	<u>-</u>
Fund balance - ending	<u>\$ 16,416,459</u>	<u>\$ 15,225,512</u>	<u>\$ 17,570,095</u>	<u>\$ 2,344,583</u>

CITY OF WICHITA FALLS, TEXAS

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION SEPTEMBER 30, 2013

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 \$590,496 were approved by the City Council. The reported budgetary data includes amendments made during the year.

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

CITY OF WICHITA FALLS, TEXAS

TEXAS MUNICIPAL RETIREMENT SYSTEM - ANALYSIS OF FUNDING PROGRESS - LAST TEN PLAN YEARS (UNAUDITED)*

Actuarial Valuation Date	(1) Actuarial Value of Assets	(2) Actuarial Accrued Liability (AAL)	(3) Percentage Funded (1) ÷ (2)	(4) Unfunded Actuarial Accrued Liability (UAAL) (2) - (1)	(5) Annual Covered Payroll	(6) UAAL as a Percentage of Covered Payroll (4) ÷ (5)
12/31/03	\$ 72,469,506	\$ 98,017,025	73.9%	\$ 25,547,519	\$ 31,516,130	81.1%
12/31/04	70,462,244	98,405,860	71.6%	27,943,616	33,522,283	83.4%
12/31/05	71,393,893	101,093,789	70.6%	29,699,896	32,846,479	90.4%
12/31/06	69,201,457	100,991,795	68.5%	31,790,338	33,791,762	94.1%
12/31/07 (1)	70,561,545	120,374,701	58.6%	49,813,156	35,873,970	138.9%
12/31/08	68,910,226	122,001,202	56.5%	53,090,976	38,272,312	138.7%
12/31/09	71,505,945	125,325,301	57.1%	53,819,356	39,020,039	137.9%
12/31/10 (2)	155,809,040	193,990,630	80.3%	38,181,590	38,337,008	99.6%
12/31/11	164,206,444	201,160,651	81.6%	36,954,207	38,791,669	95.3%
12/31/12	172,839,281	206,427,900	83.7%	33,588,619	39,529,771	85.0%

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

* This City retirement plan is substantially a defined contribution plan. These voluntary disclosures, similar to the disclosures required for a defined benefit plan, are provided for additional analysis of the plan.

(1) TMRS made changes to both the actuarial funding method and actuarial assumptions for the 2007 valuation.

(2) TMRS, with the approval of the Texas Legislature, amended the fund structure of the plan as of December 31, 2010.

CITY OF WICHITA FALLS, TEXAS

WICHITA FALLS FIREMEN'S RELIEF AND RETIREMENT FUND - ANALYSIS OF FUNDING PROGRESS (UNAUDITED)

Actuarial Valuation Date	(1) Actuarial Value of Assets	(2) Actuarial Accrued Liability (AAL)	(3) Percentage Funded (1) ÷ (2)	(4) Unfunded Actuarial Accrued Liability (UAAL) (2) - (1)	(5) Annual Covered Payroll	(6) UAAL as a Percentage of Covered Payroll (4) ÷ (5)
12/31/02	\$ 27,439,565	\$ 37,003,896	74.2%	\$ 9,564,331	\$ 6,609,807	144.7%
12/31/03 (a)	-	-	-	-	-	-
12/31/04	32,240,524	42,178,490	76.4%	9,937,966	7,175,196	138.5%
12/31/05 (a)	-	-	-	-	-	-
12/31/06	35,584,639	47,582,190	74.8%	11,997,551	7,697,370	155.9%
12/31/07 (a)	-	-	-	-	-	-
12/31/08	39,358,309	54,260,301	72.5%	14,901,992	8,915,419	167.1%
12/31/09 (a)	-	-	-	-	-	-
12/31/10	41,107,385	60,152,150	68.3%	19,044,765	8,527,417	223.3%
12/31/11 (a)	-	-	-	-	-	-
12/31/12	41,964,674	66,606,163	63.0%	24,641,489	8,962,581	274.9%

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

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

CITY OF WICHITA FALLS, TEXAS

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

Actuarial Valuation Date	(1) Actuarial Value of Assets	(2) Actuarial Accrued Liability (AAL)	(3) Percentage Funded (1) ÷ (2)	(4) Unfunded Actuarial Accrued Liability (UAAL) (2) - (1)	(5) Annual Covered Payroll	(6) UAAL as a Percentage of Covered Payroll (4) ÷ (5)
12/31/06 (a)	\$ -	\$ 29,656,852	0.0%	\$ 29,656,852	\$ 40,021,675	74.1%
12/31/07 (b)	-	-	-	-	-	-
12/31/08	-	32,143,378	0.0%	32,143,378	43,571,340	73.8%
12/31/09 (b)	-	-	-	-	-	-
12/31/10	853,478	32,409,858	2.6%	31,556,380	47,297,531	66.7%
12/31/11 (b)	-	-	-	-	-	-
12/31/12	1,709,516	32,117,774	5.3%	30,408,258	48,492,352	62.7%

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

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

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

Combining Financial Statements

Nonmajor Governmental Funds

Special Revenue Funds

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

Community Development Block Grant Fund

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

Section 8 Housing Fund

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

Home Investment Partnership Agreement Fund

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

Hotel/Motel Tax Fund

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

Airport Improvement Grant Fund

The Airport Improvement Grant Fund accounts for federal funds received to make capital improvements to the Kickapoo Downtown Airport. This fund is not required to have a legally adopted budget; therefore no budgetary comparison schedule is presented.

Golf Fund

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

MPEC Fund

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

Miscellaneous Special Revenue Fund

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

Debt Service Funds

Debt Service Fund

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

Excess Sales Tax Fund

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

Capital Projects Funds

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

4B Sales Tax Projects

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

Airport Construction Fund

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

Miscellaneous Capital Projects Funds

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

Permanent Fund

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

CITY OF WICHITA FALLS, TEXAS
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2013

	ASSETS										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	Capital Projects		Permanent Fund		
Cash and cash equivalents	\$ -	\$ 1,315,797	\$ 50,300	\$ -	\$ -	\$ -	\$ 298,832	\$ 3,151,194	\$ 100,600	\$ 1,706,026	\$ 19,733,596	\$ 3,598,241	\$ 998,109	\$ 31,219,136
Receivables:														
Taxes and assessments	-	-	-	154,646	-	-	-	615,867	34,117	-	-	-	-	188,763
Government agencies	717,475	-	803,033	-	526,860	-	53,526	37,313	15,909	308,395	-	-	-	2,897,539
Other	-	-	-	-	-	-	72,002	-	-	-	-	-	-	90,839
Inventory	-	-	-	-	-	-	9,544	643	-	-	-	-	-	72,002
Prepaid items	-	-	-	-	-	2,751	54,863	3,000	-	-	-	-	-	12,938
Other assets	-	-	-	-	-	143,864	-	-	-	-	-	-	-	201,727
Total assets	\$ 717,475	\$ 1,315,797	\$ 853,333	\$ 154,646	\$ 526,860	\$ 146,615	\$ 488,767	\$ 3,808,017	\$ 150,626	\$ 1,706,026	\$ 19,733,596	\$ 3,598,241	\$ 998,109	\$ 34,772,944
	\$ 34,798	\$ 1,466	\$ -	\$ -	\$ 444,679	\$ 70,890	\$ 42,380	\$ 98,728	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 692,941
Liabilities														
Accounts payable - trade	2,772	6,696	1,158	-	-	-	44,283	37,727	-	-	-	-	-	92,646
Accrued payroll	-	-	-	-	-	-	-	-	30,357	-	-	-	-	30,357
Accrued interest payable	-	-	-	-	-	-	-	-	-	-	2,292,284	762	-	3,633,218
Payable to other City funds	144,518	-	20,000	137,255	18,002	43,263	7,788	897,134	-	-	-	-	-	102,815
Payable to government agencies	-	72,725	24,744	-	333,467	682	157,936	21,288	2,529	20,000	23,563	5,647	-	589,876
Other liabilities	-	-	-	-	-	-	-	37,236	-	-	-	-	-	37,236
Unearned revenue	-	-	45,902	137,255	796,148	114,835	252,397	1,094,415	32,896	20,000	2,315,867	6,409	-	5,079,099
Total liabilities	182,088	80,887	45,902	137,255	796,148	114,835	252,397	1,094,415	32,896	20,000	2,315,867	6,409	-	5,079,099
Deferred inflows of resources	-	-	-	-	-	-	-	-	47,291	-	-	-	-	47,291
Unavailable revenues	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Fund balance:														
Nonspendable:														
Inventory and prepaid items	-	-	-	-	-	2,751	81,546	643	-	-	-	-	-	84,940
Restricted for:														
Perpetual care	-	-	-	-	-	-	-	-	-	-	-	-	998,109	998,109
Debt service	-	-	-	-	-	70,449	-	-	70,449	574,836	17,417,729	3,591,832	-	645,285
Capital projects	-	-	-	-	-	-	-	-	-	1,686,026	-	-	-	22,695,587
Federal and state grant programs	535,387	1,234,910	807,431	-	-	-	-	-	-	-	-	-	-	2,577,728
Tourism	-	-	-	17,391	-	-	-	-	-	-	-	-	-	17,391
Committed for:														
Golf course	-	-	-	-	-	29,029	-	-	-	-	-	-	-	29,029
Multi-Purpose Events Center	-	-	-	-	-	-	154,824	-	-	-	-	-	-	154,824
Local projects	-	-	-	-	-	-	-	2,712,959	-	-	-	-	-	2,712,959
Unassigned	-	-	-	-	(269,289)	-	-	-	-	-	-	-	-	(269,289)
Total fund balance	535,387	1,234,910	807,431	17,391	(269,289)	31,780	236,370	2,713,602	70,449	1,686,026	17,417,729	3,591,832	998,109	29,646,564
Total liabilities, fund balance and deferred inflows of resources	\$ 717,475	\$ 1,315,797	\$ 853,333	\$ 154,646	\$ 526,860	\$ 146,615	\$ 488,767	\$ 3,808,017	\$ 150,626	\$ 1,706,026	\$ 19,733,596	\$ 3,598,241	\$ 998,109	\$ 34,772,944

CITY OF WICHITA FALLS, TEXAS

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2013

	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	4B Sales Tax Projects	Airport Construction Fund	Miscellaneous Capital Projects	Perpetual Care			
Revenues:																
Taxes	-	\$	-	\$ 1,545,411	\$	-	-	\$	575,992	\$	308,395	\$	-	\$	-	\$ 2,429,798
Charges for services	1,596	-	-	-	-	518,730	165,433	88,391	-	-	-	-	-	-	-	774,150
Fines and forfeitures	-	-	-	-	-	-	-	319,522	-	-	-	-	-	-	-	319,522
Intergovernmental revenue	1,085,104	3,666,284	346,257	-	3,645,297	-	2,969,406	725,109	2,212,046	-	553,484	-	-	-	11,712,348	
Contributions	-	-	-	-	-	272,664	-	546,627	116	-	-	-	-	-	3,490,639	
Miscellaneous revenue	-	6,605	2,900	-	-	791,394	1,597,702	4,649,055	2,788,154	-	308,837	6,681	82,445	49,344	2,400,093	
Total revenues	1,086,700	3,672,889	349,157	1,545,411	3,645,297	791,394	1,597,702	4,649,055	2,788,154	553,484	308,837	6,681	82,445	49,344	21,126,550	
Expenditures:																
Current:																
Administrative services	113,936	-	-	92,500	-	833,834	-	186,006	-	-	-	-	-	-	-	1,226,276
Police	-	-	-	-	-	-	-	364,710	-	-	-	-	-	-	-	364,710
Fire	-	-	-	-	-	-	-	86,767	-	149,915	-	-	-	-	-	236,682
Parks and recreation	-	-	-	-	-	-	-	237,963	-	-	-	6,893	-	284	-	245,140
Community development	583,464	3,669,129	477,956	-	-	-	-	181,565	-	-	-	-	-	-	-	4,912,134
Public works	100,000	-	-	-	-	-	-	26,249	-	-	-	-	-	-	-	132,070
Health	-	-	-	-	-	-	-	2,238,983	-	-	-	-	-	-	-	2,240,560
Traffic and transportation	-	-	-	-	-	-	-	470,689	-	-	-	-	-	-	-	470,689
Multi-Purpose Events Center	-	-	-	-	-	-	-	372,422	-	767,112	-	-	-	-	-	3,365,932
Capital outlay	-	-	-	-	-	-	-	2,122,298	-	-	-	-	-	-	-	3,825,847
Debt service:																
Principal retirement	-	-	-	-	-	-	-	-	2,515,000	-	-	-	-	-	-	2,515,000
Interest and paying agent fees	-	-	-	-	-	-	-	-	1,618,299	-	-	-	-	-	-	1,618,299
Bond issuance costs	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total expenditures	797,400	3,669,129	477,956	92,500	-	833,834	5,488,230	4,167,384	4,133,299	917,027	244,379	66,398	631,649	10,349	21,463,136	
Excess of revenues over (under) expenditures	289,300	3,760	(128,799)	1,452,911	3,645,297	(42,440)	(3,890,528)	481,671	(1,345,145)	(363,543)	(237,698)	(549,204)	38,995	(336,696)		
Other financing sources (uses):																
Bond proceeds	-	-	-	-	-	-	-	-	-	-	19,875,000	-	-	-	-	19,875,000
Premium on bond proceeds	-	-	-	-	-	-	-	-	-	-	96,293	-	-	-	-	96,293
Bond proceeds - refunding bonds	-	-	-	-	-	-	-	-	-	-	-	3,740,000	-	-	-	3,740,000
Premium on refunding bond proceeds	-	-	-	-	-	-	-	-	-	-	-	157,968	-	-	-	157,968
Capital lease proceeds	-	-	-	-	-	-	1,888,562	-	-	-	-	-	-	-	-	1,888,562
Payment to refunded bond escrow agent	-	-	-	-	-	-	-	-	-	-	-	-	(3,831,570)	-	-	(3,831,570)
Transfers in	(296,271)	-	-	(1,569,924)	394,904	42,440	1,772,339	757,236	1,230,183	-	-	-	-	-	-	4,197,102
Transfers out	(296,271)	-	-	(1,569,924)	(4,040,201)	-	(422,213)	(422,213)	(230,000)	-	-	(2,315,866)	(85,191)	-	-	(9,009,666)
Total other financing sources (uses)	-	-	-	(1,569,924)	(3,645,297)	42,440	3,660,901	335,023	1,230,183	(230,000)	17,656,427	(18,793)	-	-	-	17,113,689
Net change in fund balance	(6,971)	3,760	(128,799)	(117,013)	-	-	(229,627)	816,694	(114,962)	(363,543)	17,417,729	(567,957)	38,995	16,777,103		
Fund balance - beginning	542,358	1,231,150	936,230	134,404	(269,288)	31,780	465,997	1,896,908	185,411	2,049,569	-	4,159,829	959,114	12,869,461		
Fund balance - ending	\$ 535,387	\$ 1,234,910	\$ 807,431	\$ 17,391	\$ (269,288)	\$ 31,780	\$ 236,370	\$ 2,713,602	\$ 70,449	\$ 1,686,026	\$ 17,417,729	\$ 3,591,832	\$ 988,109	\$ 29,646,564		

CITY OF WICHITA FALLS, TEXAS

BUDGETARY COMPARISON SCHEDULE - COMMUNITY DEVELOPMENT BLOCK GRANT FUND FOR THE YEAR ENDED SEPTEMBER 30, 2013

	Budgeted Amounts		Actual	Variance With Final Budget - Positive (Negative)
	Original	Final		
Revenues:				
Charges for services	\$ -	\$ -	\$ 1,596	\$ 1,596
Intergovernmental revenue	1,235,104	1,085,104	1,085,104	-
Total revenues	<u>1,235,104</u>	<u>1,085,104</u>	<u>1,086,700</u>	<u>1,596</u>
Expenditures:				
Administrative services	113,935	113,936	113,936	-
Community development	821,169	937,672	583,464	354,208
Public works	100,000	100,000	100,000	-
Capital outlay	200,000	588,694	-	588,694
Total expenditures	<u>1,235,104</u>	<u>1,740,302</u>	<u>797,400</u>	<u>942,902</u>
Excess of revenues over (under) expenditures	<u>-</u>	<u>(655,198)</u>	<u>289,300</u>	<u>944,498</u>
Other financing sources (uses):				
Transfers out	-	-	(296,271)	(296,271)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(296,271)</u>	<u>(296,271)</u>
Net change in fund balance	-	(655,198)	(6,971)	648,227
Fund balance - beginning	<u>542,358</u>	<u>542,358</u>	<u>542,358</u>	<u>-</u>
Fund balance - ending	<u><u>\$ 542,358</u></u>	<u><u>\$ (112,840)</u></u>	<u><u>\$ 535,387</u></u>	<u><u>\$ 648,227</u></u>

CITY OF WICHITA FALLS, TEXAS

BUDGETARY COMPARISON SCHEDULE - SECTION 8 HOUSING FUND FOR THE YEAR ENDED SEPTEMBER 30, 2013

	Budgeted Amounts		Actual	Variance With Final Budget - Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental revenue	\$ 3,808,976	\$ 3,808,976	\$ 3,666,284	\$ (142,692)
Miscellaneous revenue	-	-	6,605	6,605
Total revenues	<u>3,808,976</u>	<u>3,808,976</u>	<u>3,672,889</u>	<u>(136,087)</u>
Expenditures:				
Community development	3,807,560	3,807,560	3,669,129	138,431
Capital outlay	1,416	1,416	-	1,416
Total expenditures	<u>3,808,976</u>	<u>3,808,976</u>	<u>3,669,129</u>	<u>139,847</u>
Excess of revenues over expenditures	<u>-</u>	<u>-</u>	<u>3,760</u>	<u>3,760</u>
Fund balance - beginning	<u>1,231,150</u>	<u>1,231,150</u>	<u>1,231,150</u>	<u>-</u>
Fund balance - ending	<u>\$ 1,231,150</u>	<u>\$ 1,231,150</u>	<u>\$ 1,234,910</u>	<u>\$ 3,760</u>

CITY OF WICHITA FALLS, TEXAS

BUDGETARY COMPARISON SCHEDULE - HOME INVESTMENT PARTNERSHIP AGREEMENT FUND FOR THE YEAR ENDED SEPTEMBER 30, 2013

	Budgeted Amounts		Actual	Variance With Final Budget - Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental revenue	\$ 346,257	\$ 346,257	\$ 346,257	\$ -
Miscellaneous revenue	-	-	2,900	2,900
Total revenues	<u>346,257</u>	<u>346,257</u>	<u>349,157</u>	<u>2,900</u>
Expenditures:				
Community development	346,257	1,147,617	477,956	669,661
Total expenditures	<u>346,257</u>	<u>1,147,617</u>	<u>477,956</u>	<u>669,661</u>
Excess of revenues over (under) expenditures	<u>-</u>	<u>(801,360)</u>	<u>(128,799)</u>	<u>672,561</u>
Fund balance - beginning	<u>936,230</u>	<u>936,230</u>	<u>936,230</u>	<u>-</u>
Fund balance - ending	<u><u>\$ 936,230</u></u>	<u><u>\$ 134,870</u></u>	<u><u>\$ 807,431</u></u>	<u><u>\$ 672,561</u></u>

CITY OF WICHITA FALLS, TEXAS

BUDGETARY COMPARISON SCHEDULE - HOTEL/MOTEL TAX FUND FOR THE YEAR ENDED SEPTEMBER 30, 2013

	Budgeted Amounts		Actual	Variance With Final Budget - Positive (Negative)
	Original	Final		
Revenues:				
Taxes	\$ 1,580,000	\$ 1,580,000	\$ 1,545,411	\$ (34,589)
Total revenues	<u>1,580,000</u>	<u>1,580,000</u>	<u>1,545,411</u>	<u>(34,589)</u>
Expenditures:				
Administrative services	92,500	92,500	92,500	-
Total expenditures	<u>92,500</u>	<u>92,500</u>	<u>92,500</u>	<u>-</u>
Excess of revenues over expenditures	<u>1,487,500</u>	<u>1,487,500</u>	<u>1,452,911</u>	<u>(34,589)</u>
Other financing sources (uses):				
Transfers out	<u>(1,487,500)</u>	<u>(1,570,500)</u>	<u>(1,569,924)</u>	<u>576</u>
Total other financing sources (uses)	<u>(1,487,500)</u>	<u>(1,570,500)</u>	<u>(1,569,924)</u>	<u>576</u>
Excess of revenues and other sources over (under) expenditures and other uses	-	(83,000)	(117,013)	(34,013)
Fund balance - beginning	<u>134,404</u>	<u>134,404</u>	<u>134,404</u>	<u>-</u>
Fund balance - ending	<u>\$ 134,404</u>	<u>\$ 51,404</u>	<u>\$ 17,391</u>	<u>\$ (34,013)</u>

CITY OF WICHITA FALLS, TEXAS

BUDGETARY COMPARISON SCHEDULE - GOLF FUND FOR THE YEAR ENDED SEPTEMBER 30, 2013

	Budgeted Amounts		Actual	Variance With Final Budget - Positive (Negative)
	Original	Final		
Revenues:				
Charges for services	\$ 725,000	\$ 725,000	\$ 518,730	\$ (206,270)
Miscellaneous revenue	-	-	272,664	272,664
Total revenues	<u>725,000</u>	<u>725,000</u>	<u>791,394</u>	<u>66,394</u>
Expenditures:				
Administrative services	850,000	850,000	833,834	16,166
Total expenditures	<u>850,000</u>	<u>850,000</u>	<u>833,834</u>	<u>16,166</u>
Excess of revenues over (under) expenditures	<u>(125,000)</u>	<u>(125,000)</u>	<u>(42,440)</u>	<u>82,560</u>
Other financing sources (uses):				
Transfers in	125,000	125,000	42,440	(82,560)
Total other financing sources (uses)	<u>125,000</u>	<u>125,000</u>	<u>42,440</u>	<u>(82,560)</u>
Excess of revenues and other sources over (under) expenditures and other uses	-	-	-	-
Fund balance - beginning	<u>31,780</u>	<u>31,780</u>	<u>31,780</u>	-
Fund balance - ending	<u>\$ 31,780</u>	<u>\$ 31,780</u>	<u>\$ 31,780</u>	<u>\$ -</u>

CITY OF WICHITA FALLS, TEXAS

BUDGETARY COMPARISON SCHEDULE - MPEC FUND FOR THE YEAR ENDED SEPTEMBER 30, 2013

	Budgeted Amounts		Actual	Variance With Final Budget - Positive (Negative)
	Original	Final		
Revenues:				
Charges for services	\$ 182,828	\$ 182,828	\$ 165,433	\$ (17,395)
Miscellaneous revenue	1,513,509	1,513,509	1,432,269	(81,240)
Total revenues	<u>1,696,337</u>	<u>1,696,337</u>	<u>1,597,702</u>	<u>(98,635)</u>
Expenditures:				
MPEC	3,160,870	3,452,127	3,365,932	86,195
Capital outlay	-	498,080	2,122,298	(1,624,218)
Total expenditures	<u>3,160,870</u>	<u>3,950,207</u>	<u>5,488,230</u>	<u>(1,538,023)</u>
Excess of revenues over (under) expenditures	<u>(1,464,533)</u>	<u>(2,253,870)</u>	<u>(3,890,528)</u>	<u>(1,636,658)</u>
Other financing sources (uses):				
Capital lease proceeds	-	-	1,888,562	1,888,562
Transfers in	1,464,533	1,774,533	1,772,339	(2,194)
Total other financing sources (uses)	<u>1,464,533</u>	<u>1,774,533</u>	<u>3,660,901</u>	<u>1,886,368</u>
Excess of revenues and other sources over (under) expenditures and other uses	-	(479,337)	(229,627)	249,710
Fund balance - beginning	<u>465,997</u>	<u>465,997</u>	<u>465,997</u>	<u>-</u>
Fund balance - ending	<u>\$ 465,997</u>	<u>\$ (13,340)</u>	<u>\$ 236,370</u>	<u>\$ 249,710</u>

CITY OF WICHITA FALLS, TEXAS

BUDGETARY COMPARISON SCHEDULE - DEBT SERVICE FUND FOR THE YEAR ENDED SEPTEMBER 30, 2013

	Budgeted Amounts		Actual	Variance With Final Budget - Positive (Negative)
	Original	Final		
Revenues:				
Taxes	\$ 581,222	\$ 581,222	\$ 575,992	\$ (5,230)
Contributions	3,457,294	3,457,294	2,212,046	(1,245,248)
Miscellaneous revenue	-	-	116	116
Total revenues	<u>4,038,516</u>	<u>4,038,516</u>	<u>2,788,154</u>	<u>(1,250,362)</u>
Expenditures:				
Debt service - principal	2,465,000	2,515,000	2,515,000	-
Debt service - interest and paying agent fees	1,623,516	1,623,516	1,618,299	5,217
Total expenditures	<u>4,088,516</u>	<u>4,138,516</u>	<u>4,133,299</u>	<u>5,217</u>
Excess of revenues over (under) expenditures	<u>(50,000)</u>	<u>(100,000)</u>	<u>(1,345,145)</u>	<u>(1,245,145)</u>
Other financing sources (uses):				
Transfers in	-	-	1,230,183	1,230,183
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>1,230,183</u>	<u>1,230,183</u>
Excess of revenues and other sources over (under) expenditures and other uses	(50,000)	(100,000)	(114,962)	(14,962)
Fund balance - beginning	<u>185,411</u>	<u>185,411</u>	<u>185,411</u>	<u>-</u>
Fund balance - ending	<u>\$ 135,411</u>	<u>\$ 85,411</u>	<u>\$ 70,449</u>	<u>\$ (14,962)</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.

Municipal Airport Fund

The Municipal Airport Fund was established to account for the operating revenues and expenses of the Wichita Falls Municipal Airport. The airport is operated on land leased from the Department of Defense. Commercial and private aviation share airport facilities and runways owned by Sheppard Air Force Base.

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 REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
NONMAJOR ENTERPRISE FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2013**

	Municipal Airport	Kickapoo Airport	Transit	Stormwater Drainage	Waterpark	Total Nonmajor Enterprise Funds
Operating revenues:						
Charges for services	\$ -	\$ -	\$ 410,525	\$ 2,503,255	\$ 1,048,391	\$ 3,962,171
Rents, concessions and other	769,557	1,255,153	212	-	349,773	2,374,695
Total operating revenues	<u>769,557</u>	<u>1,255,153</u>	<u>410,737</u>	<u>2,503,255</u>	<u>1,398,164</u>	<u>6,336,866</u>
Operating expenses:						
Personnel services	89,899	217,419	1,003,450	147,820	444,907	1,903,495
Supplies and materials	1,645	733,232	474,268	8,323	196,098	1,413,566
Maintenance and repairs	27,621	4,552	184,543	23,830	36,599	277,145
Utilities and other services	116,559	103,224	61,287	13,119	446,295	740,484
Insurance and contract support	6,316	17,661	27,965	100	55,168	107,210
Other expenses	91,482	39,500	39,353	22,471	29,699	222,505
Depreciation and amortization	361,017	398,394	46,843	213,650	186,976	1,206,880
Total operating expenses	<u>694,539</u>	<u>1,513,982</u>	<u>1,837,709</u>	<u>429,313</u>	<u>1,395,742</u>	<u>5,871,285</u>
Operating income (loss)	<u>75,018</u>	<u>(258,829)</u>	<u>(1,426,972)</u>	<u>2,073,942</u>	<u>2,422</u>	<u>465,581</u>
Nonoperating revenues (expenses):						
Interest income	863	214	-	3,805	756	5,638
Gain (loss) on sale of capital assets	(2,154)	(1,250)	13,061	-	-	9,657
Intergovernmental operating grants	-	-	3,787,014	-	-	3,787,014
Total nonoperating revenues (expenses)	<u>(1,291)</u>	<u>(1,036)</u>	<u>3,800,075</u>	<u>3,805</u>	<u>756</u>	<u>3,802,309</u>
Income (loss) before contributions and transfers	<u>73,727</u>	<u>(259,865)</u>	<u>2,373,103</u>	<u>2,077,747</u>	<u>3,178</u>	<u>4,267,890</u>
Capital contributions	-	-	592,313	-	250,000	842,313
Transfers in	6,356,067	53,130	427,352	-	-	6,836,549
Transfers out	(444,943)	(49,883)	(14,090)	(645,773)	-	(1,154,689)
Net transfers	<u>5,911,124</u>	<u>3,247</u>	<u>1,005,575</u>	<u>(645,773)</u>	<u>250,000</u>	<u>6,524,173</u>
Net income (loss)	<u>5,984,851</u>	<u>(256,618)</u>	<u>3,378,678</u>	<u>1,431,974</u>	<u>253,178</u>	<u>10,792,063</u>
Net position - beginning	<u>12,314,501</u>	<u>10,844,384</u>	<u>1,609,681</u>	<u>19,555,976</u>	<u>4,306,303</u>	<u>48,630,845</u>
Net position - ending	<u>\$ 18,299,352</u>	<u>\$ 10,587,766</u>	<u>\$ 4,988,359</u>	<u>\$ 20,987,950</u>	<u>\$ 4,559,481</u>	<u>\$ 59,422,908</u>

CITY OF WICHITA FALLS, TEXAS
COMBINING STATEMENT OF CASH FLOWS
NONMAJOR ENTERPRISE FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2013

	Municipal Airport	Kickapoo Airport	Transit	Stormwater Drainage	Waterpark	Total Nonmajor Enterprise Funds
Cash flows from operating activities:						
Receipts from customers and users	\$ 777,366	\$ 1,250,622	\$ 410,737	\$ 2,510,600	\$ 1,398,164	\$ 6,347,489
Payments to suppliers	(262,930)	(945,131)	(816,278)	(346,265)	(831,136)	(3,201,740)
Payments to employees	(60,957)	(158,801)	(765,991)	(113,978)	(377,385)	(1,477,112)
Net cash provided (used) by operating activities	453,479	146,690	(1,171,532)	2,050,357	189,643	1,668,637
Cash flows from noncapital financing activities:						
Intergovernmental operating grants	-	-	3,707,239	-	-	3,707,239
Interfund loan received	-	-	848,085	-	-	848,085
Transfers out to other funds	(444,943)	(49,883)	(14,090)	(645,773)	-	(1,154,689)
Transfers from other funds	6,356,067	53,130	427,352	-	-	6,836,549
Net cash provided (used) by noncapital financing activities	5,911,124	3,247	4,968,586	(645,773)	-	10,237,184
Cash flows from capital and related financing activities:						
Capital contributions	-	-	592,313	-	250,000	842,313
Acquisition and construction of capital assets	(6,356,067)	(82,289)	(3,777,835)	(772,341)	(37,347)	(11,025,879)
Proceeds from sale of capital assets	-	-	13,061	-	-	13,061
Net cash provided (used) for capital and related financing activities	(6,356,067)	(82,289)	(3,172,461)	(772,341)	212,653	(10,170,505)
Cash flows from investing activities:						
Interest on investments	863	214	-	3,805	756	5,638
Net cash provided by investing activities	863	214	-	3,805	756	5,638
Net Increase in Cash and Cash Equivalents	9,399	67,862	624,593	636,048	403,052	1,740,954
Cash and Cash Equivalents - Beginning	754,506	206,009	-	3,996,327	931,897	5,888,739
Cash and Cash Equivalents - Ending	\$ 763,905	\$ 273,871	\$ 624,593	\$ 4,632,375	\$ 1,334,949	\$ 7,629,693

CITY OF WICHITA FALLS, TEXAS

**COMBINING STATEMENT OF CASH FLOWS (CONT'D.)
NONMAJOR ENTERPRISE FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2013**

	Municipal Airport	Kickapoo Airport	Transit	Stormwater Drainage	Waterpark	Totals
Cash flows from operating activities:						
Operating income (loss)	\$ 75,018	\$ (258,829)	\$ (1,426,972)	\$ 2,073,942	\$ 2,422	\$ 465,581
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:						
Depreciation and amortization	361,017	398,394	46,843	213,650	186,976	1,206,880
(Increase) decrease in current assets:						
Receivables:						
Customer and trade	-	-	-	7,345	-	7,345
Other	7,809	(4,531)	-	-	-	3,278
Inventory	-	13,584	-	-	-	13,584
Prepaid items	3,021	4,074	-	(235)	-	6,860
Increase (decrease) in current liabilities:						
Accounts payable - trade	405	(2,407)	205,335	(206,620)	(10)	(3,297)
Accrued payroll	511	112	3,262	2,029	1,301	7,215
Accrued vacation and sick leave	5,915	(1,798)	-	(3,678)	921	1,360
Payable to government agencies	(217)	17	-	-	(1,528)	(1,728)
Other liabilities	-	(1,926)	-	(36,076)	(439)	(38,441)
Total adjustments	<u>378,461</u>	<u>405,519</u>	<u>255,440</u>	<u>(23,585)</u>	<u>187,221</u>	<u>1,203,056</u>
Net cash provided by (used in) operating activities	<u>\$ 453,479</u>	<u>\$ 146,690</u>	<u>\$ (1,171,532)</u>	<u>\$ 2,050,357</u>	<u>\$ 189,643</u>	<u>\$ 1,668,637</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, 2013

	Fleet Maintenance	Duplicating Services	Employee Benefit Trust	Information Technology Fund	Totals
<u>ASSETS</u>					
Current assets:					
Cash and cash equivalents	\$ 1,093,977	\$ -	\$ 1,510	\$ 2,027,761	\$ 3,123,248
Restricted cash and cash equivalents	-	-	2,414,417	-	2,414,417
Receivables:					
Other	36,819	-	-	-	36,819
Inventory	740,381	-	-	-	740,381
Prepaid items	-	569	-	-	569
Total current assets	<u>1,871,177</u>	<u>569</u>	<u>2,415,927</u>	<u>2,027,761</u>	<u>6,315,434</u>
Capital assets, net of accumulated depreciation	<u>19,869,180</u>	<u>4,036</u>	<u>-</u>	<u>797,103</u>	<u>20,670,319</u>
Total assets	<u>21,740,357</u>	<u>4,605</u>	<u>2,415,927</u>	<u>2,824,864</u>	<u>26,985,753</u>
<u>LIABILITIES</u>					
Current liabilities:					
Accounts payable - trade	190,989	9,906	24,066	104,071	329,032
Accrued payroll	35,888	831	1,925	23,639	62,283
Accrued vacation and sick leave	73,980	3,355	-	39,864	117,199
Payable to other City funds	-	27,134	41,110	-	68,244
Estimated health claims payable	-	-	528,397	-	528,397
Other liabilities	32,395	-	-	-	32,395
Capital leases - current maturities	237,820	-	-	-	237,820
Total current liabilities	<u>571,072</u>	<u>41,226</u>	<u>595,498</u>	<u>167,574</u>	<u>1,375,370</u>
Long-term liabilities:					
Capital leases, less current maturities	<u>736,099</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>736,099</u>
Total liabilities	<u>1,307,171</u>	<u>41,226</u>	<u>595,498</u>	<u>167,574</u>	<u>2,111,469</u>
<u>NET POSITION</u>					
Net investment in capital assets	18,895,261	4,036	-	797,103	19,696,400
Unrestricted	<u>1,537,927</u>	<u>(40,657)</u>	<u>1,820,429</u>	<u>1,860,187</u>	<u>5,177,886</u>
Total net position	<u>\$ 20,433,188</u>	<u>\$ (36,621)</u>	<u>\$ 1,820,429</u>	<u>\$ 2,657,290</u>	<u>\$ 24,874,286</u>

CITY OF WICHITA FALLS, TEXAS

COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION INTERNAL SERVICE FUNDS FOR THE YEAR ENDED SEPTEMBER 30, 2013

	Fleet Maintenance	Duplicating Services	Employee Benefit Trust	Information Technology Fund	Totals
Operating revenues:					
Charges for services	\$ 9,736,183	\$ 145,112	\$ -	\$ 2,855,105	\$ 12,736,400
Rents, concessions and other	29,602	-	350,720	-	380,322
Contributions	-	-	10,934,977	-	10,934,977
Total operating revenues	<u>9,765,785</u>	<u>145,112</u>	<u>11,285,697</u>	<u>2,855,105</u>	<u>24,051,699</u>
Operating expenses:					
Personnel services	1,896,713	44,454	96,739	1,185,158	3,223,064
Supplies and materials	4,249,063	10,422	14,536	191,791	4,465,812
Maintenance and repairs	1,639,304	-	6,771	497,302	2,143,377
Utilities and other services	77,403	1,941	199,168	130,324	408,836
Insurance and contract support	206,447	-	9,903,910	879	10,111,236
Other expenses	182,698	123,690	1,752,455	13,178	2,072,021
Depreciation and amortization	3,901,932	1,174	-	114,428	4,017,534
Total operating expenses	<u>12,153,560</u>	<u>181,681</u>	<u>11,973,579</u>	<u>2,133,060</u>	<u>26,441,880</u>
Operating income (loss)	<u>(2,387,775)</u>	<u>(36,569)</u>	<u>(687,882)</u>	<u>722,045</u>	<u>(2,390,181)</u>
Nonoperating revenues (expenses):					
Interest income	-	-	234,234	-	234,234
Gain on sale of capital assets	153,090	-	-	-	153,090
Interest expense	(18,829)	-	-	-	(18,829)
Total nonoperating revenues (expenses)	<u>134,261</u>	<u>-</u>	<u>234,234</u>	<u>-</u>	<u>368,495</u>
Income (loss) before transfers	<u>(2,253,514)</u>	<u>(36,569)</u>	<u>(453,648)</u>	<u>722,045</u>	<u>(2,021,686)</u>
Transfers in	1,869,725	-	-	710,422	2,580,147
Transfers out	(312,000)	-	-	-	(312,000)
Change in net position	(695,789)	(36,569)	(453,648)	1,432,467	246,461
Net position - beginning	<u>21,128,977</u>	<u>(52)</u>	<u>2,274,077</u>	<u>1,224,823</u>	<u>24,627,825</u>
Net position - ending	<u>\$ 20,433,188</u>	<u>\$ (36,621)</u>	<u>\$ 1,820,429</u>	<u>\$ 2,657,290</u>	<u>\$ 24,874,286</u>

CITY OF WICHITA FALLS, TEXAS

**COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2013**

	Fleet Maintenance	Duplicating Services	Employee Benefit Trust	Information Technology Fund	Totals
Cash flows from operating activities:					
Received from customers and users	\$ 10,100,521	\$ 145,112	\$ 11,306,307	\$ 2,855,105	\$ 24,407,045
Payments to suppliers	(6,717,896)	(142,022)	(11,971,152)	(1,066,370)	(19,897,440)
Payments to employees	(1,383,261)	(30,916)	(69,890)	(857,513)	(2,341,580)
Net cash provided (used) by operating activities	<u>1,999,364</u>	<u>(27,826)</u>	<u>(734,735)</u>	<u>931,222</u>	<u>2,168,025</u>
Cash flows from noncapital financing activities:					
Interfund loans received	-	27,134	41,110	-	68,244
Interfund loans repaid	-	-	(10,150)	-	(10,150)
Transfers in from other funds	1,869,725	-	-	710,422	2,580,147
Transfers out to other funds	(312,000)	-	-	-	(312,000)
Net cash provided (used) by noncapital financing activities	<u>1,557,725</u>	<u>27,134</u>	<u>30,960</u>	<u>710,422</u>	<u>2,326,241</u>
Cash flows from capital and related financing activities:					
Acquisition of capital assets	(2,627,555)	-	-	(721,098)	(3,348,653)
Proceeds from sale of capital assets	154,162	-	-	-	154,162
Principal paid on long-term debt	(428,365)	-	-	-	(428,365)
Interest and fees paid on long-term debt	(18,829)	-	-	-	(18,829)
Net cash used for capital and related financing activities	<u>(2,920,587)</u>	<u>-</u>	<u>-</u>	<u>(721,098)</u>	<u>(3,641,685)</u>
Cash flows from investing activities:					
Interest on investments	-	-	234,234	-	234,234
Net cash provided by investing activities	<u>-</u>	<u>-</u>	<u>234,234</u>	<u>-</u>	<u>234,234</u>
Net Increase (Decrease) in Cash and Cash Equivalents	636,502	(692)	(469,541)	920,546	1,086,815
Cash and Cash Equivalents - Beginning	457,475	692	2,885,468	1,107,215	4,450,850
Cash and Cash Equivalents - Ending	<u>\$ 1,093,977</u>	<u>\$ -</u>	<u>\$ 2,415,927</u>	<u>\$ 2,027,761</u>	<u>\$ 5,537,665</u>
Cash flows from operating activities:					
Operating income (loss)	\$ (2,387,775)	\$ (36,569)	\$ (687,882)	\$ 722,045	\$ (2,390,181)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:					
Depreciation and amortization	3,901,932	1,174	-	114,428	4,017,534
(Increase) decrease in current assets:					
Receivables:					
Other	303,496	-	20,610	-	324,106
Inventory	74,037	-	-	-	74,037
Prepaid items	-	(102)	-	-	(102)
Increase (decrease) in current liabilities:					
Accounts payable - trade	82,369	6,727	(1,793)	50,088	137,391
Accrued payroll	772	139	224	4,797	5,932
Accrued vacation and sick leave	(6,707)	805	-	39,864	33,962
Estimated health claims payable	-	-	(65,894)	-	(65,894)
Other liabilities	31,240	-	-	-	31,240
Total adjustments	<u>4,387,139</u>	<u>8,743</u>	<u>(46,853)</u>	<u>209,177</u>	<u>4,558,206</u>
Net cash provided (used) by operating activities	<u>\$ 1,999,364</u>	<u>\$ (27,826)</u>	<u>\$ (734,735)</u>	<u>\$ 931,222</u>	<u>\$ 2,168,025</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, 2013

	<u>Balance 10/1/2012</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance 9/30/2013</u>
<u>ESCHEATMENT FUND</u>				
Assets				
Cash and cash equivalents	<u>\$ 81,226</u>	<u>\$ 9,040</u>	<u>\$ 4,028</u>	<u>\$ 86,238</u>
Liabilities				
Other liabilities	<u>\$ 81,226</u>	<u>\$ 9,040</u>	<u>\$ 4,028</u>	<u>\$ 86,238</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 four 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.

CITY OF WICHITA FALLS, TEXAS

COMBINING STATEMENT OF NET POSITION COMPONENT UNITS SEPTEMBER 30, 2013

	Wichita Falls Economic Development Corporation	Wichita Falls 4B Sales Tax Corporation	Wichita Falls Reinvestment Zone #2	Wichita Falls Reinvestment Zone #3	Totals
Assets					
Cash and cash equivalents	\$ 15,049,327	\$ 1,621,393	\$ -	\$ 171,688	\$ 16,842,408
Receivables:					
Government agencies	658,614	658,614	-	-	1,317,228
Capital assets, net of accumulated depreciation	2,283,410	-	-	-	2,283,410
Total assets	<u>17,991,351</u>	<u>2,280,007</u>	<u>-</u>	<u>171,688</u>	<u>20,443,046</u>
Liabilities					
Accounts payable - trade	137,507	607	-	-	138,114
Total liabilities	<u>137,507</u>	<u>607</u>	<u>-</u>	<u>-</u>	<u>138,114</u>
Net position					
Net investment in capital assets	2,283,410	-	-	-	2,283,410
Unrestricted	15,570,434	2,279,400	-	171,688	18,021,522
Total net position	<u>\$ 17,853,844</u>	<u>\$ 2,279,400</u>	<u>\$ -</u>	<u>\$ 171,688</u>	<u>\$ 20,304,932</u>

CITY OF WICHITA FALLS, TEXAS
COMBINING STATEMENT OF ACTIVITIES
COMPONENT UNITS
FOR THE YEAR ENDED SEPTEMBER 30, 2013

	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	Totals
Community development								
Wichita Falls Economic Development Corporation	\$ 3,646,538	\$ 106,800	\$ -	\$ (3,539,738)	\$ -	\$ -	\$ -	\$ (3,539,738)
Wichita Falls 4B Sales Tax Corporation	4,234,205	-	368,617	-	(3,865,588)	-	-	(3,865,588)
Wichita Falls Reinvestment Zone #2	384,262	-	-	-	(384,262)	-	-	(384,262)
Wichita Falls Reinvestment Zone #3	-	-	-	-	-	-	-	-
Total component units	<u>\$ 8,265,005</u>	<u>\$ 106,800</u>	<u>\$ 368,617</u>	<u>(3,539,738)</u>	<u>(3,865,588)</u>	<u>(384,262)</u>	<u>-</u>	<u>(7,789,588)</u>
General revenues:								
Taxes:								
Property tax						384,033	58,877	442,910
Sales tax						-	-	7,354,122
Investment earnings				3,677,061	3,677,061	229	116	18,996
Miscellaneous				14,844	3,807	-	-	35,062
				35,062	-	-	-	-
Total general revenues				<u>3,726,967</u>	<u>3,680,868</u>	<u>384,262</u>	<u>58,993</u>	<u>7,851,090</u>
Change in net position				187,229	(184,720)	-	58,993	61,502
Net position - beginning				17,666,615	2,464,120	-	112,695	20,243,430
Net position - ending				<u>\$ 17,853,844</u>	<u>\$ 2,279,400</u>	<u>\$ -</u>	<u>\$ 171,688</u>	<u>\$ 20,304,932</u>

Supporting Schedules

CITY OF WICHITA FALLS, TEXAS

COMBINED SCHEDULE OF BONDED DEBT AND INTEREST MATURITIES
SEPTEMBER 30, 2013

Fiscal Year Ending September 30,	General Obligation Bonds		Combination Tax and Revenue Bonds		Water and Sewer Priority Lien Revenue Bonds		Totals - All Bonded Debt	
	Serial Bond Maturities (1)	Total Bonds and Interest	Serial Bond Maturities (2)	Total Bonds and Interest	Serial Bond Maturities (3)	Total Bonds and Interest	Serial Bond Maturities	Total Bonds and Interest
2014	\$ 811,812	\$ 126,113	\$ 5,871,032	\$ 2,353,146	\$ 3,488,364	\$ 4,357,561	\$ 10,171,208	\$ 6,836,820
2015	829,160	113,065	6,286,265	1,982,454	3,637,413	4,211,462	10,762,838	6,316,961
2016	2,752,122	2,853,225	4,592,940	1,938,500	3,791,420	4,059,030	11,136,482	6,098,633
2017	789,373	60,777	6,827,323	1,862,755	3,940,386	3,900,052	11,557,082	5,823,584
2018	801,559	44,841	7,018,114	1,669,116	4,114,310	3,734,740	11,933,983	5,448,697
2019	468,681	28,619	3,487,395	1,466,560	8,163,252	3,572,198	12,119,328	5,067,377
2020	479,266	19,384	3,619,505	1,370,883	6,520,949	3,218,376	12,619,720	4,608,643
2021	489,705	9,844	3,756,446	1,252,802	8,903,475	2,838,350	13,149,626	4,100,996
2022	-	-	3,898,112	1,127,813	9,295,889	2,441,111	13,194,001	3,568,924
2023	-	-	4,054,223	989,165	9,713,189	2,026,211	13,767,412	3,015,376
2024	-	-	4,210,154	843,292	10,150,366	1,592,534	14,360,520	2,435,826
2025	-	-	4,390,902	689,642	10,602,415	1,139,185	14,983,317	1,828,827
2026	-	-	4,176,434	538,935	11,074,332	665,493	15,250,766	1,204,428
2027	-	-	2,696,747	391,853	3,816,109	170,565	6,512,856	562,418
2028	-	-	2,800,717	318,471	-	-	2,800,717	318,471
2029	-	-	2,909,658	241,761	-	-	2,909,658	241,761
2030	-	-	2,203,516	178,478	-	-	2,203,516	178,478
2031	-	-	2,287,340	132,414	-	-	2,287,340	132,414
2032	-	-	2,141,120	84,699	-	-	2,141,120	84,699
2033	-	-	2,220,579	43,802	-	-	2,220,579	43,802
	\$ 7,421,167	\$ 503,746	\$ 79,458,522	\$ 19,486,541	\$ 98,211,869	\$ 37,926,868	\$ 186,092,069	\$ 57,917,155
								\$ 244,009,224

(1) Includes amortization of bond premium of \$136,678.

(2) Includes amortization of bond premium of \$983,522.

(3) Includes amortization of bond premium of \$246,869.

CITY OF WICHITA FALLS, TEXAS
COMBINED SCHEDULE OF BONDS PAYABLE
SEPTEMBER 30, 2013

	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	\$ 820,000	\$ 3,545,000
General Obligation Refunding Bonds, Series 2011 - Premium					194,300	57,622		136,678
General Obligation Refunding Bonds, Series 2013	1.50, 2.00, 3.00 (3/1, 9/1)	03/15/13	09/01/18	375,000 (2014) 385,000 (2015) 2,305,000 (2016) 335,000 (2017) 340,000 (2018)	\$ 3,740,000	\$ 3,740,000	\$ -	\$ 3,740,000
Total General Obligation Bonds				8,105,000	8,299,300	877,622	7,421,678	
Combination Tax and Revenue Bonds:								
Combination Tax and Revenue Refunding Bonds, Series 2005	4.90, 5.00 (2/1, 8/1)	09/01/05	08/01/16	115,000 (2009) 2,055,000 (2006) 2,150,000 (2007) 2,210,000 (2013) 2,350,000 (2014) 2,490,000 (2015) 2,650,000 (2016)	14,020,000	14,020,000	8,460,000	5,560,000
Combination Tax and Revenue Refunding Bonds, Series 2005 - Premium					1,050,891	893,188		157,703

CITY OF WICHITA FALLS, TEXAS

**COMBINED SCHEDULE OF BONDS PAYABLE (CONTD.)
SEPTEMBER 30, 2013**

	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 2006A	3.55, 3.60, 3.90, 4.00 4.10, 4.20, 4.25, 5.00 (3/1, 9/1)	11/15/06	09/01/26	705,000 (2007) 580,000 (2008) 605,000 (2009) 625,000 (2010) 650,000 (2011) 680,000 (2012) 705,000 (2013) 735,000 (2014) 760,000 (2015) 795,000 (2016) 825,000 (2017) 855,000 (2018) 890,000 (2019) 930,000 (2020) 965,000 (2021) 1,010,000 (2022) 1,060,000 (2023) 1,110,000 (2024) 1,165,000 (2025) 1,225,000 (2026)	16,875,000	16,875,000	4,550,000	12,325,000
Combination Tax and Revenue Certificates of Obligation, Series 2006A - Premium					448,769	225,787		222,982
Combination Tax and Revenue Certificates of Obligation, Series 2006B	5.20, 5.30, 6.00, 6.25 (3/1, 9/1)	11/15/06	09/01/26	170,000 (2007) 130,000 (2008) 135,000 (2009) 140,000 (2010) 150,000 (2011) 155,000 (2012) 165,000 (2013) 175,000 (2014) 185,000 (2015) 190,000 (2016) 205,000 (2017) 215,000 (2018) 230,000 (2019) 240,000 (2020) 255,000 (2021) 270,000 (2022) 290,000 (2023) 305,000 (2024) 325,000 (2025) 345,000 (2026)	4,275,000	4,275,000	1,045,000	3,230,000
Combination Tax and Revenue Certificates of Obligation, Series 2006B - Premium					103,279	51,334		51,945

CITY OF WICHITA FALLS, TEXAS

**COMBINED SCHEDULE OF BONDS PAYABLE (CONTD.)
SEPTEMBER 30, 2013**

	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 2009	2.25, 2.50, 2.75, 3.00, 3.25, 3.50, 4.00, 4.125, 4.25, 4.50, 4.625, 4.75 (4/1, 10/1)	01/15/09	10/01/28	340,000 (2010) 405,000 (2011) 415,000 (2012) 425,000 (2013) 435,000 (2014) 450,000 (2015) 460,000 (2016) 475,000 (2017) 490,000 (2018) 505,000 (2019) 525,000 (2020) 550,000 (2021) 570,000 (2022) 595,000 (2023) 620,000 (2024) 650,000 (2025) 675,000 (2026) 710,000 (2027) 745,000 (2028) 780,000 (2029)	10,820,000	10,820,000	1,585,000	9,235,000
Combination Tax and Revenue Certificates of Obligation, Series 2010	5.60 (2/1, 8/1)	01/01/10	02/01/25	165,000 (2011) 185,000 (2012) 195,000 (2013) 205,000 (2014) 215,000 (2015) 230,000 (2016) 240,000 (2017) 255,000 (2018) 270,000 (2019) 285,000 (2020) 300,000 (2021) 320,000 (2022) 335,000 (2023) 355,000 (2024) 375,000 (2025)	3,930,000	3,930,000	545,000	3,385,000
Combination Tax and Revenue Refunding Bonds, Series 2010	2.00, 3.00, 3.50, 4.00 (2/1, 8/1)	05/01/10	08/01/18	170,000 (2010) 285,000 (2012) 595,000 (2013) 590,000 (2014) 575,000 (2015) 555,000 (2016) 3,470,000 (2017) 3,600,000 (2018)	9,830,000	9,830,000	1,050,000	8,780,000
Combination Tax and Revenue Refunding Bonds, Series 2010 - Premium						685,333	315,137	370,196

CITY OF WICHITA FALLS, TEXAS
COMBINED SCHEDULE OF BONDS PAYABLE (CONTD.)
SEPTEMBER 30, 2013

	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	\$ 135,000	\$ 3,065,000
Combination Tax and Revenue Certificates of Obligation, Series 2011 - Premium					98,494	14,091	84,403	
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	-	19,875,000
Combination Tax and Revenue Certificates of Obligation, Series 2013 - Premium					96,293	-	96,293	

CITY OF WICHITA FALLS, TEXAS

**COMBINED SCHEDULE OF BONDS PAYABLE (CONTD.)
SEPTEMBER 30, 2013**

	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	-	13,000,000
Total Combination Tax and Revenue Bonds					95,825,000	98,308,059	18,869,537	79,458,522
Water and Sewer System Priority Lien Refunding Revenue Bonds, Series 2007	4.00, 4.25, 4.375, 4.50 (2/1, 8/1)	02/01/07	08/01/27	225,000 (2008) 230,000 (2009) 240,000 (2010) 250,000 (2011) 260,000 (2012) 3,325,000 (2013) 3,460,000 (2014) 3,610,000 (2015) 3,765,000 (2016) 3,915,000 (2017) 4,090,000 (2018) 8,140,000 (2019) 8,500,000 (2020) 8,885,000 (2021) 9,280,000 (2022) 9,700,000 (2023) 10,140,000 (2024) 10,595,000 (2025) 11,070,000 (2026) 3,815,000 (2027)	103,495,000	103,495,000	4,530,000	98,965,000

CITY OF WICHITA FALLS, TEXAS

**COMBINED SCHEDULE OF BONDS PAYABLE (CONTD.)
SEPTEMBER 30, 2013**

	Interest Rates and (Dates)	Issue Date	Final Maturity Date	Annual Serial Payments	Bonds		
					Authorized	Issued	Retired or Refunded
Water and Sewer System Priority Lien Refunding Revenue Bonds, Series 2007 - Premium					437,938	191,069	246,869
Total Priority Lien Revenue Bonds					103,932,938	4,721,069	99,211,869
Total All Bonds					\$ 207,425,000	\$ 24,468,228	\$ 186,092,069

CITY OF WICHITA FALLS, TEXAS

DEBT SERVICE COVERAGE - REVENUE BONDS SEPTEMBER 30, 2013

Water and Sewer Revenue Bonds:		
Change in net position (Exhibit A-8)		\$ 1,110,431
Add:		
Depreciation and amortization	\$ 6,058,079	
Interest expense and paying agent fees	5,300,054	
Transfers out	<u>1,918,609</u>	13,276,742
Subtract:		
West Texas Utilities water revenues	597,919	
Gain (loss) on sale/abandonment of capital assets	(13,574)	
Capital contributions from developers	496,952	
Transfers in	<u>407,552</u>	<u>(1,488,849)</u>
Net earnings for determining debt service coverage		<u><u>\$ 12,898,324</u></u>

	Priority Lien Bonds	Subordinate Lien Bonds	
Net earnings for determining debt service coverage			\$ 12,898,324
Principal and interest requirements to maturity	\$ 137,138,737	\$ -	
Number of years remaining to pay bonds	<u>14</u>	<u>N/A</u>	
Average annual principal and interest requirement	9,795,624	N/A	
Minimum bond covenant debt service coverage	<u>1.25</u>	<u>1.10</u>	
Minimum debt service coverage requirement	<u><u>\$ 12,244,530</u></u>	<u><u>\$ -</u></u>	<u>12,244,530</u>
Excess over debt service coverage requirements			<u><u>\$ 653,794</u></u>

CITY OF WICHITA FALLS, TEXAS
CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
SCHEDULE BY FUNCTION AND ACTIVITY
SEPTEMBER 30, 2013

	Land and Bequests	Buildings and Improvements	Machinery and Equipment	Furniture and Fixtures	Infrastructure	Construction in Progress	Totals
Administrative services:							
Mayor and City Council	\$ -	\$ -	\$ -	\$ 5,218	\$ -	\$ -	\$ 5,218
City Manager	-	265,898	2,019	13,644	-	-	281,561
Personnel/Risk Management	-	-	4,658	4,660	-	-	9,318
Martin Luther King Center	-	786,763	6,206	9,120	-	-	802,089
Library	477,942	4,524,199	452,965	89,052	-	-	5,544,158
General Public Information	-	-	380,711	3,184	-	-	383,895
Building Maintenance	-	2,770,246	50,349	-	-	-	2,820,595
Nondepartmental	46,347	380,754	56,131	-	-	-	483,232
Municipal Court	230,000	316,527	212,562	1,435	-	-	760,524
Legal	-	-	3,357	-	-	-	3,357
City Clerk	-	-	1,411	-	-	-	1,411
Homeland security	-	-	806,165	-	-	-	806,165
Training Center	-	-	536,254	-	-	-	536,254
Golf course	3,808,375	531,686	45,150	-	-	-	4,385,211
Total administrative services	<u>4,592,664</u>	<u>9,576,073</u>	<u>2,557,938</u>	<u>126,313</u>	<u>-</u>	<u>-</u>	<u>16,822,988</u>
Police	1,131,749	10,231,506	15,931,844	8,760	-	205,700	27,509,559
Fire	194,065	7,079,019	250,214	-	-	-	7,523,298
Parks and recreation:							
Recreation	741,485	1,744,666	231,943	1,727	-	-	2,719,811
Park maintenance	4,625,642	913,462	60,708	-	-	-	5,599,832
Cemetery	141,685	-	9,423	-	-	-	151,108
Total parks and recreation	<u>5,508,812</u>	<u>2,658,128</u>	<u>302,074</u>	<u>1,727</u>	<u>-</u>	<u>-</u>	<u>8,470,751</u>
Accounting/finance:							
Accounting/finance	-	-	-	-	-	-	-
Information Systems	-	-	2,916,173	-	-	-	2,916,173
Total accounting/finance	<u>-</u>	<u>-</u>	<u>2,916,173</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,916,173</u>
Community development:							
Planning	-	-	26,833	-	-	-	26,833
Inspection	-	-	5,998	-	-	-	5,998
Property management	10,334,824	420,892	29,590	-	-	-	10,785,306
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>69,925</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>10,996,441</u>
Public works:							
Engineering	28,786	29,665	127,832	-	-	-	186,283
Street maintenance	10,147	100,108	34,183	-	-	-	144,438
Infrastructure	1,300,172	-	-	-	158,100,407	-	159,400,579
Total public works	<u>1,339,105</u>	<u>129,773</u>	<u>162,015</u>	<u>-</u>	<u>158,100,407</u>	<u>-</u>	<u>159,731,300</u>
Health:							
Administration	34,820	2,877,755	336,547	14,573	-	-	3,263,695
General City nursing	76,411	1,123	19,678	-	-	-	97,212
Environmental health	-	8,956	9,660	-	-	-	18,616
Lab water pollution	-	-	44,229	-	-	-	44,229
Animal reclaim center	150,737	3,321,311	30,808	-	-	-	3,502,856
Total health	<u>261,968</u>	<u>6,209,145</u>	<u>440,922</u>	<u>14,573</u>	<u>-</u>	<u>-</u>	<u>6,926,608</u>
Traffic and transportation	-	31,045	130,220	-	9,556,141	-	9,717,406
Multi-Purpose Events Center	9,560,210	37,178,600	396,445	22,116	-	-	47,157,371
Wichita Falls Business Park	1,099,507	-	-	-	-	-	1,099,507
Total capital assets used in the operation of governmental funds	<u>\$ 34,163,704</u>	<u>\$ 73,514,191</u>	<u>\$ 23,157,770</u>	<u>\$ 173,489</u>	<u>\$ 167,656,548</u>	<u>\$ 205,700</u>	<u>\$ 298,871,402</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, 2013**

	Beginning Balance 10/1/2012	Additions	Deletions	Ending Balance 9/30/2013
Administrative services:				
Mayor and City Council	\$ 5,218	\$ -	\$ -	\$ 5,218
City Manager	281,561	-	-	281,561
Personnel/Risk Management	14,092	-	4,774	9,318
Martin Luther King Center	802,089	-	-	802,089
Library	5,543,467	17,486	16,795	5,544,158
General Public Information	292,745	91,150	-	383,895
Building Maintenance	1,669,212	1,153,699	2,316	2,820,595
Nondepartmental	484,395	2,267	3,430	483,232
Municipal Court	746,785	13,739	-	760,524
Legal	1,869	1,488	-	3,357
City Clerk	1,411	-	-	1,411
Homeland security	802,766	3,399	-	806,165
Training center	536,254	-	-	536,254
Golf course	4,385,211	-	-	4,385,211
Total administrative services	<u>15,567,077</u>	<u>1,283,228</u>	<u>27,315</u>	<u>16,822,988</u>
Police	<u>27,314,366</u>	<u>211,268</u>	<u>16,075</u>	<u>27,509,559</u>
Fire	<u>7,523,298</u>	<u>-</u>	<u>-</u>	<u>7,523,298</u>
Parks and recreation:				
Recreation	2,619,751	101,632	1,572	2,719,811
Park maintenance	13,032,059	29,194	7,461,421	5,599,832
Cemetery	141,042	10,066	-	151,108
Total parks and recreation	<u>15,792,852</u>	<u>140,892</u>	<u>7,462,993</u>	<u>8,470,751</u>
Accounting/finance:				
Accounting/finance	-	-	-	-
Information Systems	2,233,148	721,098	38,073	2,916,173
Total accounting/finance	<u>2,233,148</u>	<u>721,098</u>	<u>38,073</u>	<u>2,916,173</u>
Community development:				
Planning	28,465	-	1,632	26,833
Inspection	5,998	-	-	5,998
Property management	3,227,873	7,557,433	-	10,785,306
Weed and Seed program	7,504	-	-	7,504
Hazard Mitigation Grant	170,800	-	-	170,800
Total community development	<u>3,440,640</u>	<u>7,557,433</u>	<u>1,632</u>	<u>10,996,441</u>
Public works:				
Engineering	284,172	2,318	100,207	186,283
Street maintenance	142,622	1,816	-	144,438
Infrastructure	156,596,230	3,663,955	859,606	159,400,579
Total public works	<u>157,023,024</u>	<u>3,668,089</u>	<u>959,813</u>	<u>159,731,300</u>
Health:				
Administration	3,282,391	5,976	24,672	3,263,695
General city nursing	98,412	-	1,200	97,212
Environmental health	19,998	-	1,382	18,616
Lab water pollution	44,229	-	-	44,229
Animal reclaim center	3,484,191	18,665	-	3,502,856
Total health	<u>6,929,221</u>	<u>24,641</u>	<u>27,254</u>	<u>6,926,608</u>
Traffic and transportation	<u>9,466,177</u>	<u>584,005</u>	<u>332,776</u>	<u>9,717,406</u>
Multi-Purpose Events Center	<u>45,039,473</u>	<u>2,122,297</u>	<u>4,399</u>	<u>47,157,371</u>
Wichita Falls Business Park	<u>1,099,507</u>	<u>-</u>	<u>-</u>	<u>1,099,507</u>
Total capital assets	<u>\$ 291,428,783</u>	<u>\$ 16,312,951</u>	<u>\$ 8,870,330</u>	<u>\$ 298,871,402</u>

CITY OF WICHITA FALLS, TEXAS

MUNICIPAL AIRPORT FUND CAPITAL ASSETS AND ACCUMULATED DEPRECIATION FOR THE YEAR ENDED SEPTEMBER 30, 2013

	Balance 10/1/2012	Additions	Deletions	Balance 9/30/2013
<u>Capital Assets:</u>				
Land and betterments	\$ 7,278,719	\$ 5,030,254	\$ 783,867	\$ 11,525,106
Buildings and improvements	1,698,058	-	-	1,698,058
Machinery and equipment	32,406	-	1,443	30,963
Furniture and fixtures	36,705	-	-	36,705
Construction in progress	<u>5,596,902</u>	<u>6,173,742</u>	<u>4,847,928</u>	<u>6,922,716</u>
Total capital assets	<u>14,642,790</u>	<u>11,203,996</u>	<u>5,633,238</u>	<u>20,213,548</u>
<u>Accumulated Depreciation:</u>				
Land and betterments	1,900,835	333,487	781,712	1,452,610
Buildings and improvements	1,132,485	25,763	-	1,158,248
Machinery and equipment	26,156	1,767	1,443	26,480
Furniture and fixtures	<u>36,705</u>	<u>-</u>	<u>-</u>	<u>36,705</u>
Total accumulated depreciation	<u>3,096,181</u>	<u>361,017</u>	<u>783,155</u>	<u>2,674,043</u>
Net capital assets	<u>\$ 11,546,609</u>	<u>\$ 10,842,979</u>	<u>\$ 4,850,083</u>	<u>\$ 17,539,505</u>

CITY OF WICHITA FALLS, TEXAS

KICKAPOO AIRPORT FUND CAPITAL ASSETS AND ACCUMULATED DEPRECIATION FOR THE YEAR ENDED SEPTEMBER 30, 2013

	<u>Balance 10/1/2012</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 9/30/2013</u>
<u>Capital Assets:</u>				
Land and betterments	\$ 8,694,086	\$ 77,289	\$ 1,470	\$ 8,769,905
Buildings and improvements	3,259,730	5,000	-	3,264,730
Machinery and equipment	591,325	-	-	591,325
Construction in progress	<u>35,247</u>	<u>-</u>	<u>-</u>	<u>35,247</u>
Total capital assets	<u>12,580,388</u>	<u>82,289</u>	<u>1,470</u>	<u>12,661,207</u>
<u>Accumulated Depreciation:</u>				
Land and betterments	1,227,054	259,609	221	1,486,442
Buildings and improvements	552,752	107,349	-	660,101
Machinery and equipment	<u>227,176</u>	<u>31,436</u>	<u>-</u>	<u>258,612</u>
Total accumulated depreciation	<u>2,006,982</u>	<u>398,394</u>	<u>221</u>	<u>2,405,155</u>
Net capital assets	<u><u>\$ 10,573,406</u></u>	<u><u>\$ (316,105)</u></u>	<u><u>\$ 1,249</u></u>	<u><u>\$ 10,256,052</u></u>

CITY OF WICHITA FALLS, TEXAS

TRANSIT FUND CAPITAL ASSETS AND ACCUMULATED DEPRECIATION FOR THE YEAR ENDED SEPTEMBER 30, 2013

	<u>Balance 10/1/2012</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 9/30/2013</u>
<u>Capital Assets:</u>				
Land and betterments	\$ 193,525	\$ 263,729	\$ -	\$ 457,254
Buildings and improvements	694,102	-	-	694,102
Machinery and equipment	315,410	43,070	-	358,480
Construction in progress	<u>389,950</u>	<u>3,810,613</u>	<u>170,914</u>	<u>4,029,649</u>
Total capital assets	<u>1,592,987</u>	<u>4,117,412</u>	<u>170,914</u>	<u>5,539,485</u>
<u>Accumulated Depreciation:</u>				
Land and betterments	-	5,274	-	5,274
Buildings and improvements	237,290	11,126	-	248,416
Machinery and equipment	<u>159,619</u>	<u>30,443</u>	<u>-</u>	<u>190,062</u>
Total accumulated depreciation	<u>396,909</u>	<u>46,843</u>	<u>-</u>	<u>443,752</u>
Net capital assets	<u><u>\$1,196,078</u></u>	<u><u>\$ 4,070,569</u></u>	<u><u>\$ 170,914</u></u>	<u><u>\$ 5,095,733</u></u>

CITY OF WICHITA FALLS, TEXAS

STORMWATER DRAINAGE FUND CAPITAL ASSETS AND ACCUMULATED DEPRECIATION FOR THE YEAR ENDED SEPTEMBER 30, 2013

	Balance 10/1/2012	Additions	Deletions	Balance 9/30/2013
<u>Capital Assets:</u>				
Drainage	\$ 14,498,523	\$ 2,053,208	\$ -	\$ 16,551,731
Land betterments	24,800	132,706	-	157,506
Machinery and equipment	72,508	16,509	-	89,017
Construction in progress	1,806,777	249,120	1,679,202	376,695
Total capital assets	<u>16,402,608</u>	<u>2,451,543</u>	<u>1,679,202</u>	<u>17,174,949</u>
<u>Accumulated Depreciation:</u>				
Drainage	653,699	206,946	224	860,421
Land betterments	517	2,466	-	2,983
Machinery and equipment	69,091	4,463	-	73,554
Total accumulated depreciation	<u>723,307</u>	<u>213,875</u>	<u>224</u>	<u>936,958</u>
Net capital assets	<u>\$ 15,679,301</u>	<u>\$ 2,237,668</u>	<u>\$ 1,678,978</u>	<u>\$ 16,237,991</u>

CITY OF WICHITA FALLS, TEXAS

SANITATION FUND CAPITAL ASSETS AND ACCUMULATED DEPRECIATION FOR THE YEAR ENDED SEPTEMBER 30, 2013

	<u>Balance 10/1/2012</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 9/30/2013</u>
<u>Capital Assets:</u>				
Land and betterments	\$ 6,146,195	\$ 233,154	\$ -	\$ 6,379,349
Buildings and improvements	2,669,095	195,658	-	2,864,753
Machinery and equipment	358,314	34,175	1,027	391,462
Construction in progress	<u>127,196</u>	<u>99,895</u>	<u>127,196</u>	<u>99,895</u>
Total capital assets	<u>9,300,800</u>	<u>562,882</u>	<u>128,223</u>	<u>9,735,459</u>
<u>Accumulated Depreciation:</u>				
Land and betterments	566,406	119,416	-	685,822
Buildings and improvements	1,223,174	57,084	-	1,280,258
Machinery and equipment	<u>129,037</u>	<u>27,035</u>	<u>1,027</u>	<u>155,045</u>
Total accumulated depreciation	<u>1,918,617</u>	<u>203,535</u>	<u>1,027</u>	<u>2,121,125</u>
Net capital assets	<u><u>\$ 7,382,183</u></u>	<u><u>\$ 359,347</u></u>	<u><u>\$ 127,196</u></u>	<u><u>\$ 7,614,334</u></u>

CITY OF WICHITA FALLS, TEXAS

WATER AND SEWER FUND CAPITAL ASSETS AND ACCUMULATED DEPRECIATION FOR THE YEAR ENDED SEPTEMBER 30, 2013

	Balance 10/1/2012	Additions	Deletions	Balance 9/30/2013
<u>Capital Assets:</u>				
Land and betterments	\$ 24,345,465	\$ -	\$ -	\$ 24,345,465
Buildings, systems and improvements	256,099,606	51,111,883	379,000	306,832,489
Machinery and equipment	4,905,207	445,051	-	5,350,258
Furniture and fixtures	1,164	-	-	1,164
Motor vehicles	1,235	-	-	1,235
Construction in progress	48,274,066	6,514,670	47,906,125	6,882,611
Total capital assets	<u>333,626,743</u>	<u>58,071,604</u>	<u>48,285,125</u>	<u>343,413,222</u>
<u>Accumulated Depreciation:</u>				
Land and betterments	10,066,351	243,632	-	10,309,983
Buildings, systems and improvements	88,216,750	5,639,296	355,080	93,500,966
Machinery and equipment	3,891,471	175,152	-	4,066,623
Furniture and fixtures	1,164	-	-	1,164
Motor vehicles	1,235	-	-	1,235
Total accumulated depreciation	<u>102,176,971</u>	<u>6,058,080</u>	<u>355,080</u>	<u>107,879,971</u>
Net capital assets	<u>\$ 231,449,772</u>	<u>\$ 52,013,524</u>	<u>\$ 47,930,045</u>	<u>\$ 235,533,251</u>

CITY OF WICHITA FALLS, TEXAS

WATERPARK FUND CAPITAL ASSETS AND ACCUMULATED DEPRECIATION FOR THE YEAR ENDED SEPTEMBER 30, 2013

	Balance 10/1/2012	Additions	Deletions	Balance 9/30/2013
<u>Capital Assets:</u>				
Land and betterments	\$ 389,894	\$ -	\$ -	\$ 389,894
Buildings and improvements	3,362,609	-	-	3,362,609
Machinery and equipment	188,457	-	-	188,457
Construction in progress	-	37,347	-	37,347
Total capital assets	<u>3,940,960</u>	<u>37,347</u>	<u>-</u>	<u>3,978,307</u>
<u>Accumulated Depreciation:</u>				
Buildings and improvements	500,156	168,130	-	668,286
Machinery and equipment	55,038	18,846	-	73,884
Total accumulated depreciation	<u>555,194</u>	<u>186,976</u>	<u>-</u>	<u>742,170</u>
Net capital assets	<u>\$ 3,385,766</u>	<u>\$ (149,629)</u>	<u>\$ -</u>	<u>\$ 3,236,137</u>

CITY OF WICHITA FALLS, TEXAS

FLEET MAINTENANCE FUND CAPITAL ASSETS AND ACCUMULATED DEPRECIATION FOR THE YEAR ENDED SEPTEMBER 30, 2013

	Balance 10/1/2012	Additions	Deletions	Balance 9/30/2013
<u>Capital Assets:</u>				
Land and betterments	\$ 436,269	\$ -	\$ -	\$ 436,269
Buildings and improvements	4,147,445	16,357	-	4,163,802
Machinery and equipment	1,370,488	93,820	-	1,464,308
Furniture and fixtures	2,950	-	-	2,950
Motor vehicles	<u>51,546,711</u>	<u>2,517,375</u>	<u>2,666,831</u>	<u>51,397,255</u>
Total capital assets	<u>57,503,863</u>	<u>2,627,552</u>	<u>2,666,831</u>	<u>57,464,584</u>
<u>Accumulated Depreciation:</u>				
Land and betterments - other	1,436	261	-	1,697
Buildings and improvements	2,162,424	87,826	-	2,250,250
Machinery and equipment	741,124	108,255	-	849,379
Furniture and fixtures	2,950	-	-	2,950
Motor vehicles	<u>33,451,297</u>	<u>3,705,590</u>	<u>2,665,759</u>	<u>34,491,128</u>
Total accumulated depreciation	<u>36,359,231</u>	<u>3,901,932</u>	<u>2,665,759</u>	<u>37,595,404</u>
Net capital assets	<u>\$ 21,144,632</u>	<u>\$ (1,274,380)</u>	<u>\$ 1,072</u>	<u>\$ 19,869,180</u>

CITY OF WICHITA FALLS, TEXAS

DUPLICATING SERVICES FUND CAPITAL ASSETS AND ACCUMULATED DEPRECIATION FOR THE YEAR ENDED SEPTEMBER 30, 2013

	<u>Balance 10/1/2012</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 9/30/2013</u>
<u>Capital Assets:</u>				
Machinery and equipment	\$ 14,047	\$ -	\$ 3,430	\$ 10,617
<u>Accumulated Depreciation:</u>				
Machinery and equipment	8,837	1,174	3,430	6,581
Net capital assets	<u>\$ 5,210</u>	<u>\$ (1,174)</u>	<u>\$ -</u>	<u>\$ 4,036</u>

CITY OF WICHITA FALLS, TEXAS

INFORMATION TECHNOLOGY FUND CAPITAL ASSETS AND ACCUMULATED DEPRECIATION FOR THE YEAR ENDED SEPTEMBER 30, 2013

	<u>Balance</u> <u>10/1/2012</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>9/30/2013</u>
<u>Capital Assets:</u>				
Machinery and equipment	\$ 211,593	\$ 721,098	\$ -	\$ 932,691
<u>Accumulated Depreciation:</u>				
Machinery and equipment	21,159	114,429	-	135,588
Net capital assets	<u>\$ 190,434</u>	<u>\$ 606,669</u>	<u>\$ -</u>	<u>\$ 797,103</u>

CITY OF WICHITA FALLS, TEXAS

WICHITA FALLS ECONOMIC DEVELOPMENT CORPORATION CAPITAL ASSETS AND ACCUMULATED DEPRECIATION FOR THE YEAR ENDED SEPTEMBER 30, 2013

	<u>Balance 10/1/2012</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 9/30/2013</u>
<u>Capital Assets:</u>				
Land and betterments	\$ 1,469,797	\$ -	\$ -	\$ 1,469,797
Buildings and improvements	<u>957,191</u>	<u>-</u>	<u>-</u>	<u>957,191</u>
Total capital assets	<u>2,426,988</u>	<u>-</u>	<u>-</u>	<u>2,426,988</u>
<u>Accumulated Depreciation:</u>				
Buildings and improvements	<u>124,435</u>	<u>19,143</u>	<u>-</u>	<u>143,578</u>
Net capital assets	<u><u>\$ 2,302,553</u></u>	<u><u>\$ (19,143)</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 2,283,410</u></u>

Statistical Section (Unaudited)

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

Contents	Page
Financial Trends <i>These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.</i>	105
Revenue Capacity <i>These schedules contain information to help the reader assess the government's most significant local revenue source, the property tax.</i>	111
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>	115
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>	120
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>	122

CITY OF WICHITA FALLS, TEXAS
NET POSITION BY COMPONENT
LAST TEN FISCAL YEARS (UNAUDITED)

	Fiscal Year									
	2003-2004	2004-2005	2005-2006	2006-2007	2007-2008	2008-2009	2009-2010	2010-2011	2011-2012	2012-2013
Governmental activities										
Net investment in capital assets	\$ 90,045,882	\$ 127,366,654	\$ 132,958,014	\$ 133,737,880	\$ 139,868,969	\$ 138,550,295	\$ 135,957,279	\$ 138,876,124	\$ 139,058,565	\$ 138,319,208
Restricted	626,256	1,200,845	1,373,786	1,541,859	1,631,963	1,186,730	5,006,079	6,048,238	6,931,511	6,248,074
Unrestricted	25,286,103	20,500,308	20,689,055	27,487,733	21,189,932	14,880,792	9,263,524	7,189,782	7,453,791	6,661,101
Total governmental activities net position	\$ 115,958,241	\$ 149,067,807	\$ 155,020,855	\$ 162,767,472	\$ 162,690,864	\$ 154,617,817	\$ 150,226,882	\$ 152,114,144	\$ 153,443,867	\$ 151,228,383
Business-type activities										
Net investment in capital assets	\$ 99,419,642	\$ 112,568,870	\$ 120,263,391	\$ 132,852,246	\$ 143,023,239	\$ 156,170,924	\$ 172,590,416	\$ 172,634,321	\$ 185,087,683	\$ 198,540,484
Restricted	15,436,872	15,679,474	16,234,804	12,681,053	12,945,497	12,958,909	12,942,163	11,734,924	11,374,316	11,881,663
Unrestricted	10,631,269	7,698,134	11,962,104	12,513,454	12,810,854	10,712,005	10,734,533	23,006,940	28,157,150	25,390,068
Total business-type activities net position	\$ 125,487,783	\$ 135,946,478	\$ 148,460,299	\$ 158,046,753	\$ 168,779,590	\$ 179,841,838	\$ 196,267,112	\$ 207,376,185	\$ 224,619,149	\$ 235,812,215
Primary government										
Net investment in capital assets	\$ 189,465,524	\$ 239,935,524	\$ 253,221,405	\$ 266,590,126	\$ 282,892,208	\$ 294,721,219	\$ 308,547,695	\$ 311,510,445	\$ 324,146,248	\$ 336,859,692
Restricted	16,063,128	16,880,319	17,608,590	14,222,912	14,577,460	14,145,639	17,948,242	17,783,162	18,305,827	18,129,737
Unrestricted	35,917,372	28,198,442	32,651,159	40,001,187	34,000,786	25,592,797	19,998,057	30,196,722	35,610,941	32,051,169
Total primary government net position	\$ 241,446,024	\$ 285,014,285	\$ 303,481,154	\$ 320,814,225	\$ 331,470,454	\$ 334,459,655	\$ 346,493,994	\$ 359,490,329	\$ 378,063,016	\$ 387,040,598

CITY OF WICHITA FALLS, TEXAS
CHANGES IN NET POSITION
LAST TEN FISCAL YEARS (UNAUDITED)

	Fiscal Year									
	2003-2004	2004-2005	2005-2006	2006-2007	2007-2008	2008-2009	2009-2010	2010-2011	2011-2012	2012-13
Expenses										
Governmental activities:										
Administrative services	\$ 9,524,291	\$ 9,174,786	\$ 10,648,044	\$ 10,363,134	\$ 11,662,086	\$ 12,026,311	\$ 10,043,369	\$ 10,881,691	\$ 11,934,804	\$ 12,782,404
Police	16,283,542	17,107,502	17,733,480	18,587,210	20,527,967	21,008,696	21,133,526	21,822,371	22,103,892	22,767,560
Fire	10,058,363	10,337,851	10,825,964	11,295,623	12,492,842	13,028,146	13,065,768	13,291,048	13,523,616	14,226,064
Parks and recreation	4,164,247	4,220,079	4,210,463	4,478,311	5,107,579	5,457,363	5,687,527	5,405,955	5,152,616	5,579,717
Accounting/finance	1,851,988	1,841,475	1,843,810	1,893,389	2,231,952	2,473,024	2,428,055	2,534,141	975,863	924,240
Community development	7,897,167	7,181,397	6,293,156	6,573,917	6,921,352	7,584,142	7,243,744	7,084,165	6,777,614	6,729,171
Public works	6,404,132	6,742,355	7,706,209	8,616,348	8,314,596	8,282,184	8,035,626	7,613,089	7,956,752	7,747,847
Health	4,523,907	4,435,702	4,409,374	4,736,162	4,873,643	4,995,764	4,931,859	4,911,165	5,021,625	5,167,794
Traffic and transportation	1,983,322	2,181,799	2,527,270	2,590,309	2,679,026	2,499,869	2,525,097	2,451,154	2,510,936	2,757,545
Multi-Purpose Events Center	1,589,670	2,015,329	2,166,331	4,291,434	4,335,968	4,027,612	4,181,379	4,295,871	3,895,665	4,136,952
Interest and fees on long-term debt	921,705	843,358	721,762	1,308,748	1,405,383	1,620,854	1,781,245	1,765,406	1,711,328	2,122,969
Total governmental activities expenses	65,202,334	66,081,633	69,088,863	74,734,585	80,552,394	83,303,965	81,057,195	82,056,056	81,564,711	84,942,263
Business-type activities:										
Golf	760,705	779,151	901,454	-	-	-	-	-	-	-
Municipal Airport	250,807	243,414	281,117	276,368	310,980	289,195	337,946	435,774	529,827	655,452
Kickapoo Airport	338,957	377,289	574,929	966,961	1,245,021	1,354,624	1,108,515	1,262,976	1,419,681	1,495,562
Transit	1,028,491	1,240,131	1,280,540	1,373,283	1,793,369	1,616,322	1,602,362	1,847,362	1,903,560	1,938,827
Sanitation	7,418,146	7,715,572	8,059,991	8,638,374	9,199,341	8,509,153	9,152,130	8,959,973	8,904,795	9,236,474
Water and Sewer	24,721,561	25,604,413	26,380,183	26,764,879	28,126,920	30,165,844	30,250,390	32,969,719	28,996,520	30,135,738
Stormwater drainage	112,082	125,989	328,833	355,697	407,035	477,415	785,543	533,715	406,570	430,012
Waterpark	-	-	-	-	-	-	1,253,557	1,399,255	1,375,832	1,397,270
Total business-type activities expenses	34,630,749	36,085,969	37,807,047	38,375,562	41,082,666	42,412,553	44,490,443	47,408,774	43,536,785	45,289,335
Total primary government expenses	\$ 99,833,083	\$ 102,167,602	\$ 106,892,910	\$ 113,110,147	\$ 121,635,060	\$ 125,716,518	\$ 125,547,638	\$ 129,464,830	\$ 125,101,496	\$ 130,231,598
Program Revenues										
Governmental activities:										
Charges for services:										
Administrative services	\$ 3,631,020	\$ 3,640,715	\$ 3,691,411	\$ 3,327,519	\$ 3,211,546	\$ 4,267,891	\$ 4,414,667	\$ 4,499,281	\$ 4,390,463	\$ 4,304,737
Police	372,510	361,201	402,583	700,216	600,020	470,020	495,459	527,007	541,201	624,272
Fire	3,233	1,458	5,195	5,434	2,612	4,369	2,042	11,400	14,613	18,459
Parks and recreation	479,204	465,861	473,121	443,827	517,707	513,682	515,008	513,746	525,505	524,519
Accounting/finance	-	-	-	-	-	-	-	65,000	-	-
Community development	1,265,897	1,078,293	1,195,203	1,138,671	1,124,534	891,803	1,042,574	1,017,718	942,649	1,131,684
Public works	-	-	48,871	7,286	100,000	165,363	2,600	2,740	24,420	116,035
Health	668,491	711,399	807,002	803,115	864,874	888,890	908,415	965,741	1,075,277	1,073,172
Traffic and transportation	214,266	195,585	292,234	212,911	154,941	164,350	201,961	184,138	217,262	126,163
Multi-Purpose Events Center	-	-	-	2,215,411	2,141,584	1,789,269	1,767,398	1,644,569	1,656,358	1,597,702
Operating grants and contributions	11,968,460	14,734,689	11,109,618	12,298,595	11,468,654	10,891,021	14,606,807	13,268,583	9,865,484	11,157,348
Capital grants and contributions	6,970,138	1,176,107	2,667,389	3,218,003	3,097,319	1,631,109	6,145,852	2,315,245	8,066,065	4,394,038
Total governmental activities program revenues	25,573,219	22,355,308	20,692,627	24,370,988	23,283,791	21,677,767	30,102,783	25,015,168	27,322,297	25,068,129

CITY OF WICHITA FALLS, TEXAS

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

	Fiscal Year									
	2003-2004	2004-2005	2005-2006	2006-2007	2007-2008	2008-2009	2009-2010	2010-2011	2011-2012	2012-13
Business-type activities:										
Charges for services:										
Golf	677,498	622,434	828,055	441,471	430,561	544,332	624,298	681,639	716,608	769,557
Municipal Airport	416,573	446,388	448,384	789,522	1,025,300	745,444	798,034	988,457	1,153,038	1,255,153
Kirkapoo Airport	385,871	270,194	347,761	206,109	224,856	229,483	274,577	367,374	405,852	410,737
Transit	194,388	162,018	214,771	9,917,386	10,939,617	12,025,478	11,826,882	11,911,026	12,807,160	12,606,675
Sanitation	8,920,801	9,133,955	9,517,673	30,031,969	33,042,845	33,888,553	33,264,688	40,679,751	36,771,008	32,798,786
Water and Sewer	27,857,286	30,208,286	33,436,585	30,031,969	33,042,845	33,888,553	33,264,688	40,679,751	36,771,008	32,798,786
Stormwater drainage	1,036,450	1,042,278	1,209,196	1,267,533	1,318,340	1,252,544	1,272,430	2,485,346	2,552,650	2,503,255
Waterpark	-	-	-	-	-	-	1,283,919	1,633,155	1,475,842	1,398,164
Operating grants and contributions	937,025	926,088	1,251,770	1,026,685	1,389,202	1,142,191	2,312,062	1,323,581	2,371,658	3,787,014
Capital grants and contributions	376,437	862,398	455,217	580,729	1,021,644	456,743	108,471	192,620	181,759	1,339,265
Total business-type activities program revenues	40,802,329	43,674,039	47,709,412	44,261,404	49,392,365	50,284,768	51,765,361	60,262,949	58,435,575	56,868,606
Total primary government program revenues	\$ 66,375,548	\$ 66,029,347	\$ 68,402,039	\$ 68,632,392	\$ 72,676,156	\$ 71,962,535	\$ 81,868,144	\$ 85,278,117	\$ 85,757,872	\$ 81,936,735
Net (Expense)/Revenue	\$ (39,629,115)	\$ (43,726,325)	\$ (48,393,236)	\$ (50,363,597)	\$ (57,268,603)	\$ (61,626,198)	\$ (50,954,412)	\$ (57,040,888)	\$ (54,242,414)	\$ (59,874,134)
Governmental activities	6,171,580	7,588,070	9,902,365	5,885,842	8,309,699	7,872,215	7,274,918	12,854,175	14,898,790	11,579,271
Business-type activities	\$ (33,457,535)	\$ (36,138,255)	\$ (38,490,871)	\$ (44,477,755)	\$ (48,968,904)	\$ (53,753,983)	\$ (43,679,494)	\$ (44,186,713)	\$ (39,343,624)	\$ (48,294,863)
Total primary government net expense	\$ (27,285,955)	\$ (28,550,185)	\$ (28,588,506)	\$ (38,591,913)	\$ (40,659,205)	\$ (45,881,768)	\$ (36,404,580)	\$ (31,328,696)	\$ (24,444,832)	\$ (36,715,592)
General Revenues and Other Changes in Net Position										
Governmental activities:										
Taxes:										
Property tax	\$ 21,404,857	\$ 22,578,788	\$ 23,522,746	\$ 24,975,158	\$ 26,160,116	\$ 27,869,849	\$ 27,570,092	\$ 28,556,762	\$ 28,625,696	\$ 29,107,168
Sales tax	17,192,703	17,845,505	19,272,204	20,068,529	21,353,896	20,451,906	20,033,820	21,082,993	21,406,823	22,062,365
Franchise fees	5,218,860	5,191,741	5,740,202	5,780,311	5,598,406	5,570,399	5,593,573	5,593,781	5,574,882	5,423,680
Hotel occupancy tax	1,278,102	1,262,518	1,333,747	1,417,397	1,560,353	1,506,423	1,553,674	1,572,105	1,677,100	1,578,764
Beverage tax	202,841	204,727	234,075	236,367	251,386	249,121	248,541	248,350	207,735	230,728
Bingo tax	209,825	164,128	178,666	166,223	168,864	109,739	77,883	70,747	61,696	40,122
Investment earnings	379,150	754,935	1,409,188	2,684,388	1,727,671	415,156	129,653	49,239	54,579	53,244
Gain (loss) on sale of capital assets	(24,061)	-	-	(397,404)	-	-	-	-	-	-
Miscellaneous	482,908	166,648	172,500	712,358	242,811	134,983	160,949	326,861	326,861	636,417
Transfers	2,241,628	473,644	2,482,958	1,972,819	525,898	(2,439,625)	(8,802,705)	1,754,171	(2,363,233)	(1,473,837)
Total governmental activities	48,586,813	48,642,634	54,346,286	58,013,550	57,191,997	53,867,951	46,563,480	58,928,148	55,572,139	57,658,651
Business-type activities:										
Investment earnings	1,764,311	3,417,875	5,094,418	5,575,703	2,949,036	602,872	194,428	50,858	39,865	27,902
Miscellaneous	518,133	(73,611)	-	199,174	-	147,536	153,223	(41,792)	(58,924)	149,173
Transfers	(2,241,628)	(473,644)	(2,482,958)	(1,972,819)	(525,898)	2,439,625	8,802,705	(1,754,171)	2,363,233	1,473,837
Total business-type activities	40,816	2,870,620	2,611,460	3,802,058	2,423,138	3,190,033	9,150,356	(1,745,105)	2,344,174	1,650,912
Total primary government	\$ 48,627,629	\$ 51,513,254	\$ 56,957,746	\$ 61,815,608	\$ 59,615,135	\$ 57,057,984	\$ 55,713,836	\$ 57,183,043	\$ 57,916,313	\$ 59,309,563
Change in Net Position										
Governmental activities	\$ 8,957,698	\$ 4,916,309	\$ 5,953,050	\$ 7,649,953	\$ (76,606)	\$ (7,758,247)	\$ (4,390,932)	\$ 1,887,260	\$ 1,329,725	\$ (2,215,483)
Business-type activities	6,212,396	10,458,690	12,513,825	9,687,900	10,732,837	11,062,248	16,425,274	11,109,070	17,242,964	13,230,183
Total primary government	\$ 15,170,094	\$ 15,374,999	\$ 18,466,875	\$ 17,337,853	\$ 10,656,231	\$ 3,304,001	\$ 12,034,342	\$ 12,996,330	\$ 18,572,689	\$ 11,014,700

CITY OF WICHITA FALLS, TEXAS

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

	Fiscal Year									
	2003-2004	2004-2005	2005-2006	2006-2007	2007-2008	2008-2009	2009-2010	2010-2011	2011-2012	2012-13
General Fund										
Reserved	\$ 1,516,079	\$ 2,439,595	\$ 2,393,129	\$ 3,161,776	\$ 2,686,432	\$ 1,499,613	\$ 1,392,329	\$ -	\$ -	\$ -
Unreserved	9,507,595	10,608,472	11,503,795	15,569,840	14,500,836	13,042,044	14,294,519	-	-	-
Nonspendable	-	-	-	-	-	-	-	478,617	352,835	384,574
Assigned	-	-	-	-	-	-	-	579,022	1,010,976	958,924
Unassigned	-	-	-	-	-	-	-	16,002,361	16,570,675	16,226,597
Total general fund	<u>\$ 11,023,674</u>	<u>\$ 13,048,067</u>	<u>\$ 13,896,924</u>	<u>\$ 18,731,616</u>	<u>\$ 17,187,268</u>	<u>\$ 14,541,657</u>	<u>\$ 15,686,848</u>	<u>\$ 17,060,000</u>	<u>\$ 17,934,486</u>	<u>\$ 17,570,095</u>
All other Governmental Funds										
Reserved	\$ 11,092,483	\$ 5,102,543	\$ 3,179,513	\$ 2,371,514	\$ 2,888,944	\$ 6,254,620	\$ 11,753,749	\$ -	\$ -	\$ -
Unreserved, reported in:										
Special revenue funds	4,673,755	4,299,100	4,746,615	7,089,584	6,180,559	4,808,127	1,713,168	-	-	-
Capital projects funds	3,394,688	3,738,484	4,857,539	23,458,510	15,033,333	10,963,970	1,850,806	-	-	-
Nonspendable	-	-	-	-	-	-	-	81,376	89,668	84,940
Restricted	-	-	-	-	-	-	-	10,927,373	10,744,065	26,934,100
Committed	-	-	-	-	-	-	-	1,762,248	2,305,013	2,896,812
Unassigned	-	-	-	-	-	-	-	(24,418)	(269,288)	(269,288)
Total all other governmental funds	<u>\$ 19,160,926</u>	<u>\$ 13,140,127</u>	<u>\$ 12,783,667</u>	<u>\$ 32,919,608</u>	<u>\$ 24,102,836</u>	<u>\$ 22,026,717</u>	<u>\$ 15,317,723</u>	<u>\$ 12,746,579</u>	<u>\$ 12,869,458</u>	<u>\$ 29,646,564</u>

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									
	2003-2004	2004-2005	2005-2006	2006-2007	2007-2008	2008-2009	2009-2010	2010-2011	2011-2012	2012-13
Revenues										
Taxes	\$ 45,512,949	\$ 47,236,518	\$ 50,228,509	\$ 52,637,318	\$ 55,155,574	\$ 55,752,982	\$ 55,006,901	\$ 57,122,006	\$ 57,607,312	\$ 58,613,615
Charges for services	2,452,353	2,480,148	2,597,044	3,202,699	3,270,930	3,689,717	3,715,832	3,886,160	3,710,371	3,422,621
Licenses and permits	2,292,695	2,218,119	2,206,023	2,215,813	2,116,140	1,887,434	1,990,328	2,064,972	2,002,559	2,234,081
Fines and forfeitures	2,189,001	2,161,782	2,481,816	2,127,062	1,964,391	1,970,612	2,214,884	2,209,026	2,409,792	2,435,625
Intergovernmental revenue	11,444,840	13,003,816	9,682,237	11,136,433	8,428,310	9,287,371	14,783,860	11,041,679	14,488,236	11,722,524
Contributions	7,493,758	2,906,980	4,094,770	4,366,961	6,137,663	3,234,759	5,711,904	4,542,149	3,446,313	3,828,862
Miscellaneous revenue	2,007,303	1,985,383	2,816,865	6,664,315	5,369,689	3,804,438	3,597,927	3,216,734	3,261,049	3,463,425
Total revenues	73,392,899	71,992,746	74,107,264	82,350,601	82,442,697	79,627,313	87,021,636	84,082,726	86,925,632	85,720,753
Expenditures										
Administrative services	9,330,631	8,701,521	10,103,642	9,965,494	10,873,576	11,315,351	9,694,632	10,235,720	12,158,781	12,677,867
Police	15,996,964	16,731,373	17,228,066	18,068,168	19,524,824	20,182,150	20,182,168	20,235,012	20,545,965	20,884,744
Fire	9,851,203	10,196,605	10,739,651	11,238,422	12,206,774	12,833,183	12,671,757	12,897,810	13,277,876	13,807,699
Parks and recreation	4,016,394	4,106,476	4,110,013	4,373,460	4,841,597	5,457,410	5,359,692	4,966,060	4,833,743	5,157,417
Accounting/finance	1,757,006	1,754,186	1,765,350	2,087,572	2,087,572	2,327,608	2,279,241	2,367,814	845,076	793,960
Community development	8,137,672	7,282,012	6,355,136	6,652,162	6,925,581	7,433,617	7,315,631	7,124,851	6,829,018	6,760,826
Public works	4,488,704	4,653,539	5,128,384	6,038,790	5,606,784	5,452,172	5,355,585	5,170,624	5,777,249	5,325,013
Health	4,452,507	4,391,270	4,407,758	4,728,414	4,775,418	4,950,213	4,896,841	4,796,934	4,894,351	5,004,381
Traffic and transportation	1,768,336	1,937,424	2,309,854	2,355,249	2,459,070	2,292,890	2,245,038	2,233,311	2,194,962	2,468,051
Multi-Purpose Events Center	783,244	1,205,153	1,355,846	3,498,189	3,506,091	3,208,713	3,358,470	3,436,052	3,062,507	3,365,932
Capital outlay	8,235,652	10,171,128	7,244,115	7,093,636	15,219,394	12,088,928	8,758,421	7,600,491	8,537,049	7,867,468
Debt service - principal	2,970,000	3,050,000	3,190,000	2,510,000	2,395,000	2,065,000	2,240,000	2,115,000	2,270,000	2,515,000
Debt service - interest	900,526	852,624	731,921	1,271,106	1,456,540	1,364,831	1,781,176	1,934,935	1,604,392	1,618,299
Debt service - bond issuance costs	-	-	-	-	-	-	-	-	137,461	310,777
Total expenditures	72,688,839	75,033,311	74,669,736	79,604,780	91,878,221	90,972,066	86,138,652	85,114,614	86,968,430	88,557,434
Excess of revenues over (under) expenditures	704,060	(3,040,565)	(562,472)	2,745,821	(9,435,524)	(11,344,753)	882,984	(1,031,888)	(42,798)	(2,836,681)
Other Financing Sources (Uses)										
Proceeds from bonds	7,549,000	-	-	21,702,048	-	10,840,779	3,930,000	-	7,836,338	23,869,261
Capital lease proceeds	-	-	-	-	-	-	-	-	1,452,760	2,666,243
Payment to refunded bonds escrow agent	-	-	-	-	-	-	-	-	(4,484,698)	(3,831,570)
Transfers in	7,142,007	6,922,585	3,282,459	5,922,091	7,268,938	5,530,309	5,676,896	6,239,483	6,411,855	7,181,518
Transfer out	(6,393,643)	(7,878,421)	(2,227,586)	(5,401,565)	(8,194,534)	(9,435,265)	(16,053,685)	(6,405,589)	(10,176,091)	(10,636,058)
Total other financing sources (uses)	8,297,364	(955,836)	1,054,873	22,222,574	(925,596)	6,937,823	(6,446,789)	(166,106)	1,040,164	19,249,394
Net change in fund balances	\$ 9,001,424	\$ (3,996,401)	\$ 492,401	\$ 24,968,395	\$ (10,361,120)	\$ (4,406,930)	\$ (5,563,805)	\$ (1,197,994)	\$ 997,366	\$ 16,412,713
Debt service as a percentage of noncapital expenditures	6.01%	6.02%	5.82%	5.21%	5.02%	4.35%	5.20%	5.22%	4.94%	5.12%

CITY OF WICHITA FALLS, TEXAS

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

Fiscal Year	Property	Sales	Franchise	Hotel Occupancy	Beverage	Bingo	Total
2003-2004	\$ 21,410,615	\$ 17,192,706	\$ 5,218,860	\$ 1,278,102	\$ 202,841	\$ 209,825	\$ 45,512,949
2004-2005	22,567,902	17,845,502	5,191,741	1,262,518	204,727	164,128	47,236,518
2005-2006	23,469,615	19,272,204	5,740,202	1,333,747	234,075	178,666	50,228,509
2006-2007	24,968,481	20,068,529	5,780,311	1,417,397	236,367	166,233	52,637,318
2007-2008	26,217,499	21,353,896	5,598,406	1,565,523	251,386	168,864	55,155,574
2008-2009	27,865,394	20,451,906	5,570,399	1,506,423	249,121	109,739	55,752,982
2009-2010	27,501,412	20,033,820	5,593,573	1,513,484	246,541	77,883	54,966,713
2010-2011	28,554,029	21,082,994	5,593,781	1,572,105	248,350	70,747	57,122,006
2011-2012	28,679,076	21,406,823	5,574,882	1,677,100	207,735	61,696	57,607,312
2012-2013	29,277,956	22,062,365	5,423,680	1,578,764	230,728	40,122	58,613,615

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
2003-2004	\$ 2,901,708,013	\$ 629,284,576	\$ 3,530,992,589	\$0.59246	\$ 3,530,992,589	100.00%
2004-2005	3,047,463,928	632,056,253	3,679,520,181	0.59246	3,679,520,181	100.00%
2005-2006	2,992,717,987	726,512,178	3,719,230,165	0.59246	3,719,230,165	100.00%
2006-2007	3,208,236,037	744,353,082	3,952,589,119	0.59246	3,952,589,119	100.00%
2007-2008	3,389,094,572	802,449,151	4,191,543,723	0.59246	4,191,543,723	100.00%
2008-2009	3,553,825,553	877,030,381	4,430,855,934	0.59526	4,430,855,934	100.00%
2009-2010	3,622,501,148	803,697,677	4,426,198,825	0.60526	4,426,198,825	100.00%
2010-2011	3,693,399,778	728,642,824	4,422,042,602	0.62526	4,422,042,602	100.00%
2011-2012	3,714,449,662	716,365,316	4,430,814,978	0.62526	4,430,814,978	100.00%
2012-2013	3,749,608,055	715,113,536	4,464,721,591	0.63526	4,464,721,591	100.00%

CITY OF WICHITA FALLS, TEXAS

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

Fiscal Year	<u>Tax Rates Per \$100 Valuation</u>									Grand Total
	City of Wichita Falls			Wichita County			Burkburnett ISD (1)			
	M&O	I&S	Total	M&O	I&S	Total	M&O	I&S	Total	
2003-2004	\$ 0.53	\$ 0.06	\$ 0.59	\$ 0.43	\$ 0.02	\$ 0.45	\$ 1.50	\$ 0.14	\$ 1.64	
2004-2005	0.54	0.05	0.59	0.44	0.02	0.46	1.50	0.14	1.64	
2005-2006	0.55	0.04	0.59	0.44	0.02	0.46	1.50	0.13	1.63	
2006-2007	0.57	0.02	0.59	0.43	0.02	0.45	1.37	0.13	1.50	
2007-2008	0.57	0.02	0.59	0.43	0.01	0.44	1.17	0.11	1.28	
2008-2009	0.58	0.02	0.60	0.43	-	0.43	1.17	0.14	1.31	
2009-2010	0.59	0.02	0.61	0.48	-	0.48	1.17	0.14	1.31	
2010-2011	0.61	0.01	0.62	0.52	-	0.52	1.17	0.14	1.31	
2011-2012	0.61	0.01	0.62	0.53	-	0.53	1.17	0.14	1.31	
2012-2013	0.62	0.01	0.63	0.52	-	0.52	1.17	0.13	1.30	
	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	
2003-2004	\$ 1.50	\$ 0.19	\$ 1.69	\$ 1.50	\$ 0.08	\$ 1.58	\$ 1.50	\$ 0.06	\$ 1.56	\$ 7.51
2004-2005	1.50	0.23	1.73	1.49	0.09	1.58	1.50	0.06	1.56	7.56
2005-2006	1.50	0.25	1.75	1.49	0.09	1.58	1.50	0.06	1.56	7.57
2006-2007	1.50	0.23	1.73	1.36	0.09	1.45	1.33	0.06	1.39	7.11
2007-2008	1.37	0.23	1.60	1.04	0.08	1.12	1.04	0.15	1.19	6.22
2008-2009	1.04	0.22	1.26	1.04	0.08	1.12	1.04	0.16	1.20	5.92
2009-2010	1.17	0.23	1.40	1.04	0.11	1.15	1.04	0.16	1.20	6.15
2010-2011	1.17	0.25	1.42	1.04	0.10	1.14	1.04	0.16	1.20	6.21
2011-2012	1.17	0.25	1.42	1.04	0.09	1.13	1.04	0.17	1.21	6.22
2012-2013	1.17	0.25	1.42	1.04	0.24	1.28	1.04	0.17	1.21	6.36

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, 2013

Taxpayer	2012-13			2003-2004		
	Taxable Assessed Value	Rank	Percentage of Total Assessed Valuation	Taxable Assessed Value	Rank	Percentage of Total Assessed Valuation
GGP - Sikes Senter LLC	\$ 52,243,735	1	1.17%	\$ 47,622,240	1	1.35%
Oncor Electric Delivery Co	37,907,410	2	0.85%	44,060,747	2	1.25%
Wal-Mart Stores Texas LP	21,736,750	3	0.49%	34,683,131	4	0.98%
Wal-Mart Stores East Inc	20,364,442	4	0.46%	-	N/A	0.00%
Quail Creek Crossing Ltd	19,848,000	5	0.44%	-	N/A	0.00%
Southwestern Bell	17,021,110	6	0.38%	39,378,848	3	1.12%
North American Pipe Corp	13,587,762	7	0.30%	-	N/A	0.00%
Kell West Regional Hospital	12,577,717	8	0.28%	15,758,361	5	0.45%
Atmos Energy / Mid-Tex Division	12,358,307	9	0.28%	-	N/A	0.00%
Lowe's Home Centers, Inc.	12,009,365	10	0.27%	12,894,119	9	0.37%
Clinics of North Texas	-	N/A	0.00%	13,451,980	6	0.38%
Time Warner	-	N/A	0.00%	13,422,908	7	0.38%
Southwestern Bell Wireless LLC	-	N/A	0.00%	13,023,779	8	0.37%
Sams East Inc	-	N/A	0.00%	9,553,470	10	0.27%
Totals	<u>\$ 219,654,598</u>		<u>4.92%</u>	<u>\$ 243,849,583</u>		<u>6.92%</u>

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
2003-2004	\$ 20,039,039	\$ 19,646,529	98.04%	\$ 320,872	\$ 19,967,401	99.64%
2004-2005	20,919,473	20,494,272	97.97%	320,464	20,814,736	99.50%
2005-2006	22,034,951	21,612,888	98.08%	311,425	21,924,313	99.50%
2006-2007	23,421,270	23,043,185	98.39%	282,633	23,325,818	99.59%
2007-2008	24,833,219	24,408,683	98.29%	286,891	24,695,574	99.45%
2008-2009	26,375,113	25,905,854	98.22%	341,579	26,247,433	99.52%
2009-2010	26,752,242	26,166,043	97.81%	342,125	26,508,168	99.09%
2010-2011	27,649,264	27,179,642	98.30%	240,247	27,419,889	99.17%
2011-2012	27,704,114	27,306,706	98.57%	188,089	27,494,795	99.24%
2012-2013	28,362,591	27,906,520	98.39%	-	27,906,520	98.39%

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	Note Payable	Capital Leases Payable			
2003-2004	\$ 13,060,000	\$ 6,810,000	\$ 234,186	\$ -	\$ 144,747,898	\$ 19,900,889	\$ 781,974	\$ -	\$ 185,534,947	4.56%	\$ 1,769.98
2004-2005	10,725,000	6,095,000	178,149	-	126,538,189	33,975,588	755,438	-	178,267,364	4.16%	1,667.98
2005-2006	8,270,000	5,360,000	120,443	-	124,824,242	30,961,933	728,039	-	170,264,657	3.81%	1,581.87
2006-2007	7,390,000	25,396,016	61,093	-	123,869,328	27,864,844	699,748	-	185,281,029	4.01%	1,721.38
2007-2008	6,480,000	23,867,228	-	-	121,887,613	24,479,232	670,537	-	177,384,610	3.71%	1,644.78
2008-2009	5,535,000	33,524,726	-	-	119,841,741	21,004,768	640,377	722,464	181,269,076	7.34%	1,711.13
2009-2010	4,790,000	35,918,687	-	-	107,501,744	27,744,748	609,234	549,621	177,114,034	8.03%	1,694.01
2010-2011	4,450,000	34,104,162	-	-	105,277,778	23,969,757	577,079	371,696	168,750,472	6.10%	1,614.02
2011-2012	4,116,110	35,503,123	-	1,452,760	102,566,093	19,798,342	543,877	1,704,341	165,684,646	7.11%	1,594.18
2012-2013	5,491,678	51,570,623	-	3,833,640	99,211,869	27,887,899	509,596	1,261,663	189,766,968	7.59%	1,815.05

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		
2003-2004	\$ 13,060,000	\$ 6,810,000	\$ 19,870,000	0.56%	\$ 189.56
2004-2005	10,725,000	6,095,000	16,820,000	0.46%	157.38
2005-2006	8,270,000	5,360,000	13,630,000	0.37%	126.63
2006-2007	7,390,000	25,396,016	32,786,016	0.83%	304.60
2007-2008	6,480,000	23,867,228	30,347,228	0.72%	281.39
2008-2009	5,535,000	33,524,726	39,059,726	0.88%	368.71
2009-2010	4,790,000	35,918,687	40,708,687	0.92%	389.36
2010-2011	4,450,000	34,104,162	38,554,162	0.87%	368.75
2011-2012	4,116,110	35,503,123	39,619,233	0.89%	381.21
2012-2013	5,491,678	51,570,623	57,062,301	1.28%	545.78

CITY OF WICHITA FALLS, TEXAS

DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT (UNAUDITED) SEPTEMBER 30, 2013

	<u>Gross Governmental Activities Debt (1)</u>	<u>Percentage Applicable to City of Wichita Falls (2)</u>	<u>Amount Applicable to City of Wichita Falls</u>
Direct:			
City of Wichita Falls	\$ 60,895,941	100%	\$ 60,895,941
Overlapping:			
Wichita County	195,330	100%	195,330
Burkburnett Independent School District	8,685,913	25%	2,171,478
City View Independent School District	9,525,661	90%	8,573,095
Iowa Park Consolidated Independent School District	17,549,225	2%	350,985
Wichita Falls Independent School District	<u>55,266,545</u>	99%	<u>54,713,880</u>
Total overlapping	<u>91,222,674</u>		<u>66,004,767</u>
Total direct and overlapping bonded debt	<u>\$ 152,118,615</u>		<u>\$ 126,900,708</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 2012 tax roll	\$ 4,464,721,591
Maximum tax rate *	\$ 2.25/\$100
Current tax rate for 2012 tax year	<u>.63526/\$100</u>
Maximum tax rate in excess of 2012 tax rate	<u>1.61474/\$100</u>
Total legal debt margin	<u>\$ 72,093,645</u>

	Fiscal Year									
	2003-2004	2004-2005	2005-2006	2006-2007	2007-2008	2008-2009	2009-2010	2010-2011	2011-2012	2012-2013
Assessed value	\$ 3,530,992,589	\$ 3,679,520,181	\$ 3,719,230,165	\$ 3,952,589,119	\$ 4,191,543,723	\$ 4,430,855,934	\$ 4,426,198,825	\$ 4,422,042,602	\$ 4,430,814,978	\$ 4,464,721,591
Maximum tax rate	\$ 2.25/\$100	\$ 2.25/\$100	\$ 2.25/\$100	\$ 2.25/\$100	\$ 2.25/\$100	\$ 2.25/\$100	\$ 2.25/\$100	\$ 2.25/\$100	\$ 2.25/\$100	\$ 2.25/\$100
Current tax rate	.59246/\$100	.59246/\$100	.59246/\$100	.59246/\$100	.59246/\$100	.59526/\$100	.60526/\$100	.62526/\$100	.62526/\$100	.63526/\$100
Maximum tax rate in excess of current rate	1.65754/\$100	1.65754/\$100	1.65754/\$100	1.65754/\$100	1.65754/\$100	1.65474/\$100	1.64474/\$100	1.62474/\$100	1.62474/\$100	1.61474/\$100
Total legal debt margin	\$ 58,527,615	\$ 60,989,519	\$ 61,647,728	\$ 65,515,746	\$ 69,476,514	\$ 73,319,145	\$ 72,799,463	\$ 71,846,695	\$ 71,989,223	\$ 72,093,645

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 2012 tax rate is \$.63526 per \$100 assessed valuation.

* Maximum tax levy established by City Charter

CITY OF WICHITA FALLS, TEXAS

**PLEGGED 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	
2003-2004	\$ 29,021,062	\$ 14,100,412	\$ 14,920,650	\$ 4,070,000	\$ 8,403,349	1.20
2004-2005	29,680,713	15,693,768	13,986,925	4,385,000	8,078,748	1.12
2005-2006	32,976,347	16,986,210	15,990,137	4,505,000	7,600,831	1.32
2006-2007	29,598,709	17,273,862	12,324,847	4,985,000	6,608,627	1.06
2007-2008	33,514,257	17,896,263	15,617,994	5,165,000	6,424,544	1.35
2008-2009	33,662,220	19,546,745	14,115,475	5,410,000	6,185,216	1.22
2009-2010	33,264,688	19,924,687	13,340,001	5,615,000	5,879,680	1.16
2010-2011	40,084,478	22,422,525	17,661,953	5,805,000	5,646,250	1.54
2011-2012	36,405,921	19,501,942	16,903,979	6,130,000	5,364,300	1.47
2012-2013	32,200,867	19,160,351	13,040,516	3,325,000	4,518,925	1.66

Notes:

- (1) Includes operating revenues exclusive of water sales to West Texas Utilities and capital contributions from developers of the Water and Sewer Fund (see Exhibit H-3).
- (2) Includes operating expenses of the Water and Sewer Fund exclusive of depreciation and amortization (see Exhibit H-3).
- (3) Excludes bond premium amortization.

CITY OF WICHITA FALLS, TEXAS

DEMOGRAPHIC STATISTICS - LAST TEN FISCAL YEARS (UNAUDITED)

Fiscal Year	Estimated Population (1)	Personal Income	Per Capita Personal Income (2)	Median Age	Education Level (3)	School Enrollment (3)	Unemployment Rate (4)
2003-2004	104,823	\$ 4,067,057,042	\$ 38,799	35.4	13.1	13,857	3.6%
2004-2005	106,876	4,287,700,173	40,118	35.4	13.1	13,755	4.8%
2005-2006	107,635	4,464,967,184	41,482	35.4	13.1	13,743	4.2%
2006-2007	107,635	4,616,776,069	42,893	34.9	13.1	14,707	4.1%
2007-2008	107,847	4,783,148,919	44,351	34.9	13.3	14,533	5.5%
2008-2009	105,935	2,470,050,408	23,317	33.2	13.5	15,473	8.2%
2009-2010	104,553	2,205,022,770	21,090	32.3	13.3	16,217	7.3%
2010-2011	104,553	2,766,263,274	26,458	32.8	13.2	15,539	6.6%
2011-2012	103,931	2,330,756,606	22,426	32.4	13.2	14,569	6.9%
2012-2013	104,552	2,499,106,456	23,903	32.5	13.1	14,639	6.2%

Sources:

- (1) City of Wichita Falls Planning Department for all years, except for 2009-10 and 2010-11 from US Bureau of Census.
- (2) C.A.C.I. Marketing Services
- (3) Wichita Falls I.S.D. - Educational level is grade equivalent of graduating senior
- (4) Texas Workforce Commission

CITY OF WICHITA FALLS, TEXAS

PRINCIPAL EMPLOYERS CURRENT YEAR AND TEN YEARS AGO (UNAUDITED) SEPTEMBER 30, 2013

Employer	2012-2013			2003-2004		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Sheppard Air Force Base	10,015	1	14.01%	13,088	1	18.30%
Wichita Falls ISD	2,574	2	3.60%	1,700	3	2.38%
North Texas State Hospital	1,987	3	2.78%	1,055	5	1.48%
United Regional Health Care System	1,668	4	2.33%	1,700	2	2.38%
City of Wichita Falls	1,499	5	2.10%	1,477	4	2.07%
Midwestern State University	1,309	6	1.83%	-	N/A	-
Wal-Mart - 3 locations	1,251	7	1.75%	-	N/A	-
Howmet Corporation	1,084	8	1.52%	903	8	1.26%
James B. Allred Prison Unit	980	9	1.37%	930	7	1.30%
Cryovac Division - Sealed Air Corp.	780	10	1.09%	738	9	1.03%
Vetrotex America	-	N/A	-	1,000	6	1.40%
Stanley Works, Mechanics Division	-	N/A	-	550	10	0.77%
Totals	23,147		32.37%	23,141		32.37%

Sources:

2003-2004 data is from Texas Workforce Commission. 2012-2013 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)**

	2003-2004	2004-2005	2005-2006	2006-2007	2007-2008	2008-2009	2009-2010	2010-2011	2011-2012	2012-2013
Administrative services	92.3	95.5	99.9	103.0	105.1	104.6	102.0	97.0	94.6	94.3
Police	285.5	286.5	286.5	294.0	293.0	294.0	295.0	296.5	298.5	299.5
Fire	156.0	156.0	156.0	162.0	164.0	164.0	164.0	162.0	162.0	162.5
Parks and recreation	75.8	75.8	75.8	75.8	82.9	82.9	84.8	88.7	89.7	92.9
Accounting/finance	22.4	22.4	22.4	24.5	25.5	26.0	26.0	25.0	27.0	27.0
Community development	38.7	38.7	38.7	40.7	40.5	41.0	40.1	40.0	40.0	42.0
Public works	80.0	80.2	80.2	80.2	80.2	80.8	80.8	79.2	78.5	78.5
Health	84.1	76.9	77.1	74.9	72.5	69.0	68.4	71.5	72.0	81.9
Traffic and transportation	51.3	51.5	51.5	52.6	52.6	50.6	51.7	52.6	53.6	53.6
Multi-Purpose Events Center	-	-	-	22.4	22.8	23.0	23.0	22.8	22.8	22.8
Water and sewer	169.2	172.0	177.5	179.5	179.5	179.9	180.1	179.6	180.2	182.1
Sanitation	81.0	81.0	81.0	81.0	82.0	82.5	82.5	82.5	82.5	81.5
Golf	19.8	19.7	19.2	19.4	-	-	-	-	-	-
Municipal Airport	1.0	1.0	1.0	1.6	1.6	1.6	1.6	1.6	1.6	1.6
Kickapoo Airport	4.8	5.0	5.0	4.4	4.4	4.4	5.4	5.4	5.6	6.4
Transit	19.3	19.3	19.3	19.2	19.6	22.1	21.6	21.6	22.2	24.7
Stormwater Drainage	0.3	1.3	1.3	1.3	1.3	1.3	1.3	1.3	1.3	1.8

CITY OF WICHITA FALLS, TEXAS

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

	Fiscal Year									
	2003-2004	2004-2005	2005-2006	2006-2007	2007-2008	2008-2009	2009-2010	2010-2011	2011-2012	2012-2013
General government										
Building permits issued	10,159	8,904	7,553	7,813	7,420	6,769	6,802	8,130	7,303	9,979
Building inspections conducted	12,600	13,092	12,591	12,048	11,425	9,565	11,038	13,321	11,834	12,823
Police										
Physical arrests	7,847	8,284	8,571	7,279	6,752	7,186	6,235	5,845	6,182	5,978
Parking violations	1,284	1,615	327	383	197	-	109	125	529	65
Traffic violations	23,385	21,075	24,126	17,904	16,236	23,253	25,558	23,780	21,660	21,651
Fire										
Emergency responses	7,535	7,677	8,234	8,634	8,684	8,687	8,693	9,139	9,027	8,979
Fires extinguished	668	757	792	554	1,340	718	654	703	583	591
Inspections	850	850	850	900	2,647	3,250	3,281	3,114	3,221	3,198
Refuse collection										
Refuse collected (tons)	82,973	79,555	78,165	182,855	168,681	161,243	156,630	141,251	116,961	124,250
Recyclables collected	1,926	2,328	2,018	19,034	21,624	22,010	16,923	16,780	18,743	18,884
Library										
Volumes in collection	210,976	225,941	172,391	179,728	184,231	185,009	185,009	193,064	177,229	173,986
Total volumes borrowed	304,644	295,088	293,884	302,565	352,408	368,685	368,685	344,107	327,336	276,065
Water										
New connections	335	312	325	310	212	146	48	64	119	134
Water main breaks	691	573	881	741	898	872	724	1,250	1,028	954
Average daily consumption (thousands of gallons)	20,400	22,100	23,680	19,936	22,511	19,200	19,851	25,798	20,269	15,564
Wastewater										
Average daily sewage treatment (thousands of gallons)	11,026	12,404	11,097	13,930	11,410	7,670	12,435	10,080	10,551	9,217
Transit										
Total route miles	-	450,938	435,446	476,758	488,842	530,771	536,181	552,238	586,893	572,744
Passengers	-	247,303	229,601	294,670	324,666	327,463	340,181	374,277	485,101	460,484

Notes: Data was not available for all items for all years. The City will provide more data as it becomes available.

CITY OF WICHITA FALLS, TEXAS
CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS (UNAUDITED)

	Fiscal Year									
	2003-2004	2004-2005	2005-2006	2006-2007	2007-2008	2008-2009	2009-2010	2010-2011	2011-2012	2012-2013
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol units	-	-	114	114	103	105	115	114	114	113
Fire stations	8	8	8	8	8	8	8	8	8	8
Refuse collection										
Collection trucks	-	-	34	34	36	36	36	36	36	36
Other public works										
Streets (miles)	542	585	585	587	515	529	514	514	515	515
Streetlights	7,738	7,825	7,926	7,922	7,976	8,203	7,958	8,084	7,931	7,942
Traffic signals	111	111	102	98	102	104	104	104	104	104
Parks and recreation										
Acreage	1,100	1,200	1,200	1,200	1,200	1,200	1,200	1,200	1,200	1,200
Playgrounds	45	47	47	47	47	40	39	39	39	39
Golf courses	1	1	1	1	1	1	1	1	1	1
Water										
Water mains (miles)	714	566	830	846	720	720	572	572	577	578
Fire hydrants	-	-	6,000	6,019	2,264	2,264	2,545	2,547	2,579	2,588
Storage capacity (thousands of gallons)	-	-	14,000	21,500	21,000	22,500	37,000	37,000	37,000	37,000
Wastewater										
Sanitary sewers (miles)	508	529	529	531	538	550	543	543	545	546
Storm sewers (miles)	41	96	96	96	117	117	97	97	97	98
Treatment capacity (thousands of gallons)	-	-	56,600	21,410	21,410	22,800	21,410	24,410	24,410	21,410
Transit										
Buses	12	12	12	12	12	12	14	14	14	14

Notes:
 Data was not available for all items for all years. The City will provide more data as it becomes available.

Graphics

CITY OF WICHITA FALLS, TEXAS

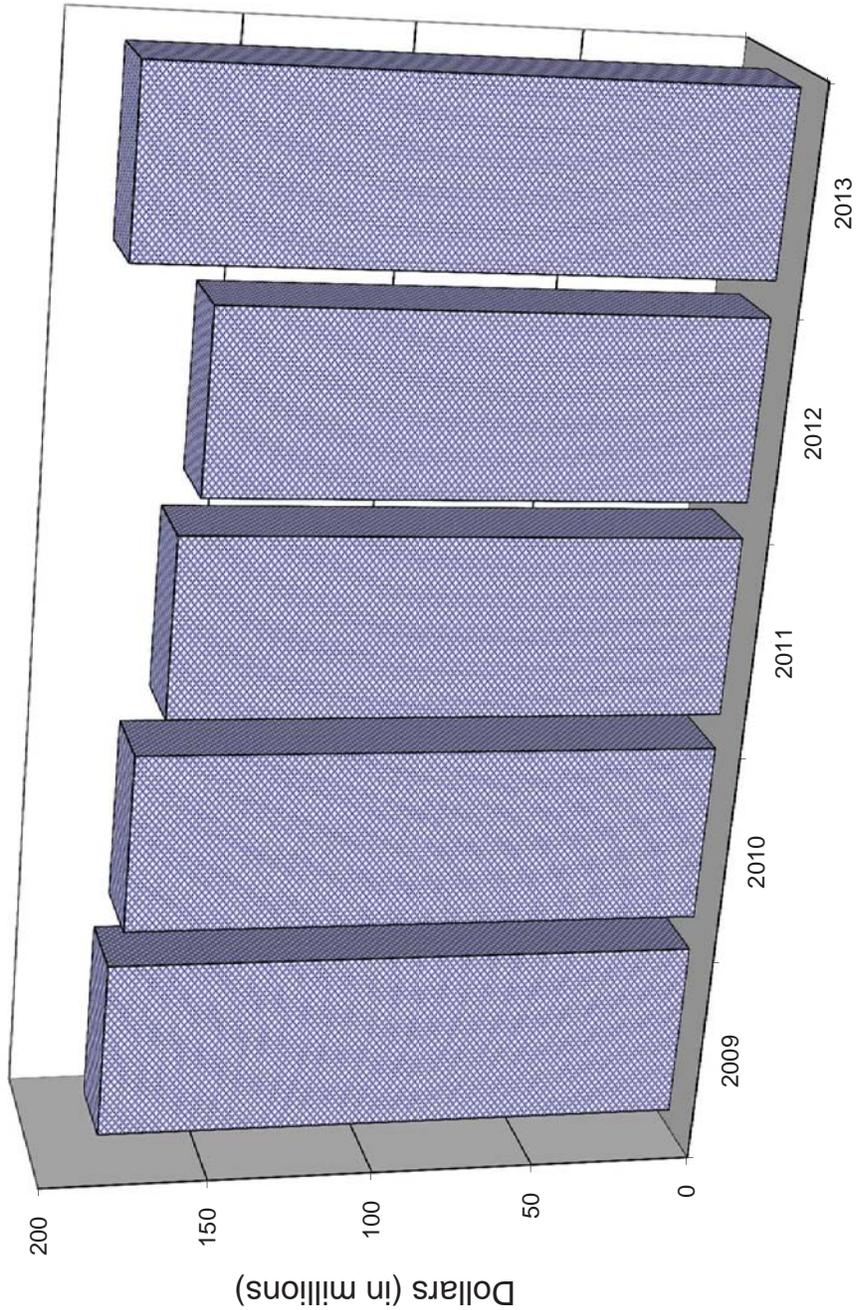
CASH AND INVESTMENTS



(UNAUDITED)

CITY OF WICHITA FALLS, TEXAS

TOTAL BONDS PAYABLE

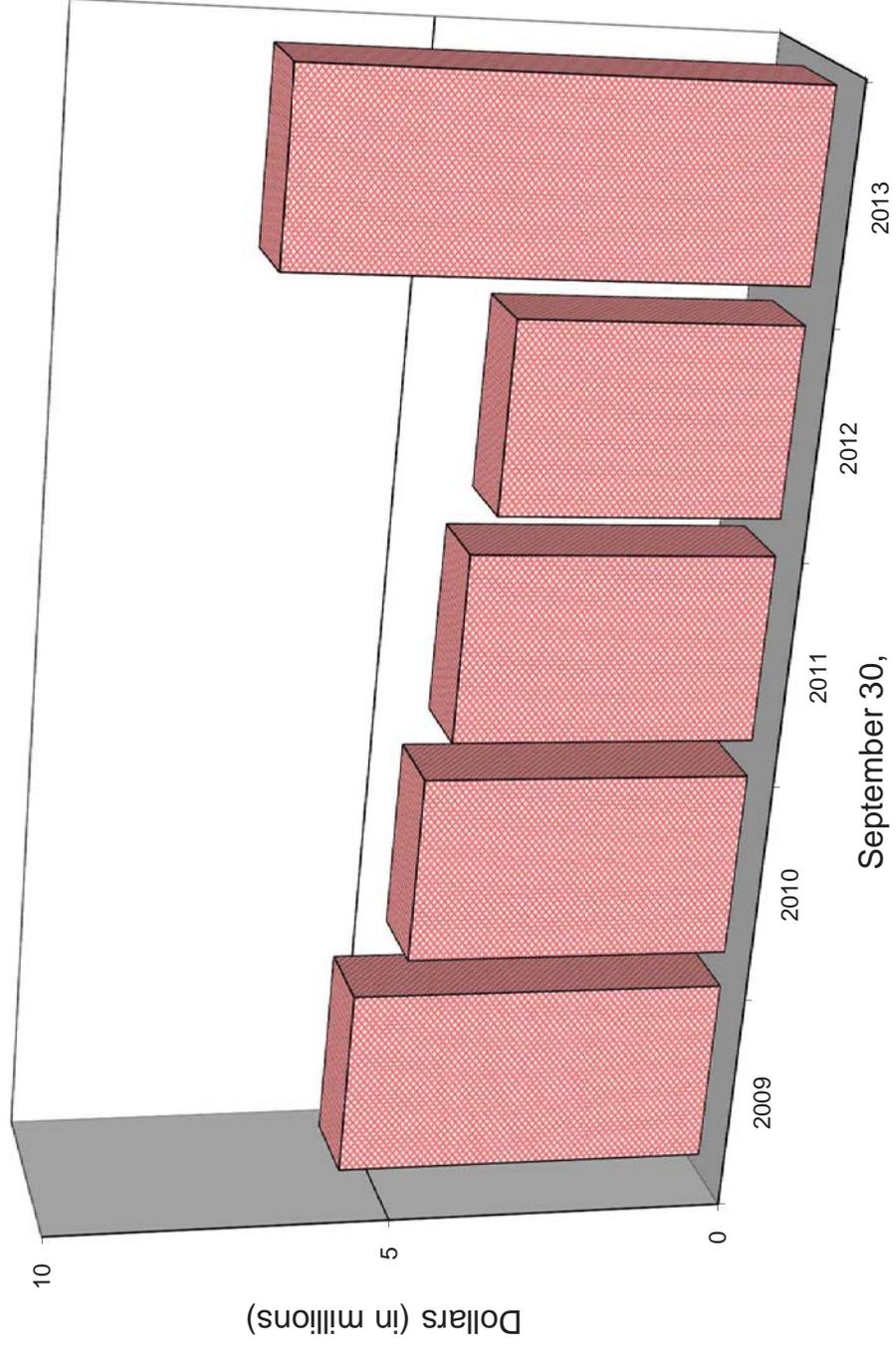


September 30,

(UNAUDITED)

CITY OF WICHITA FALLS, TEXAS

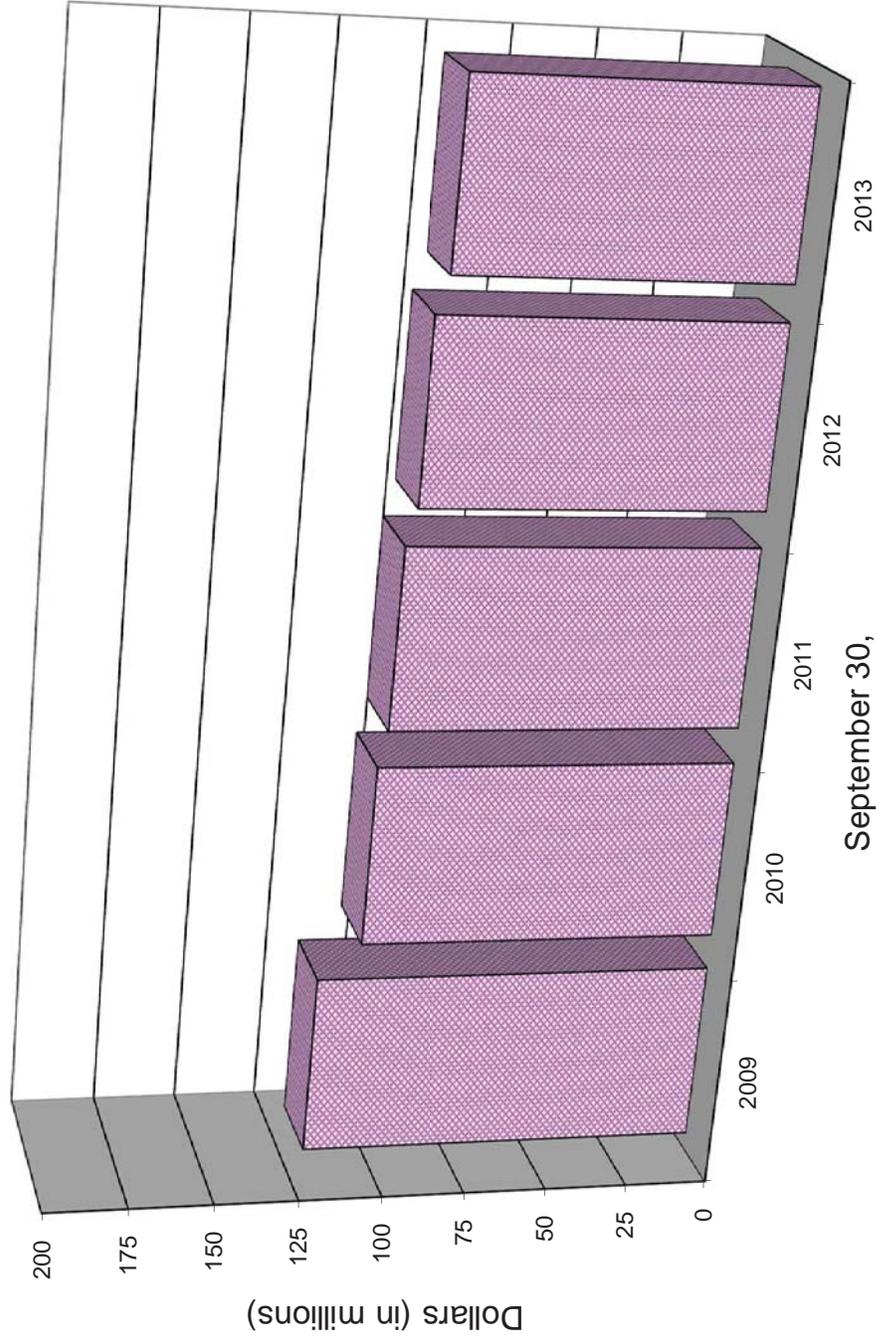
GENERAL OBLIGATION BONDS PAYABLE



(UNAUDITED)

CITY OF WICHITA FALLS, TEXAS

REVENUE BONDS PAYABLE



(UNAUDITED)

CITY OF WICHITA FALLS, TEXAS GENERAL FUND EQUITY

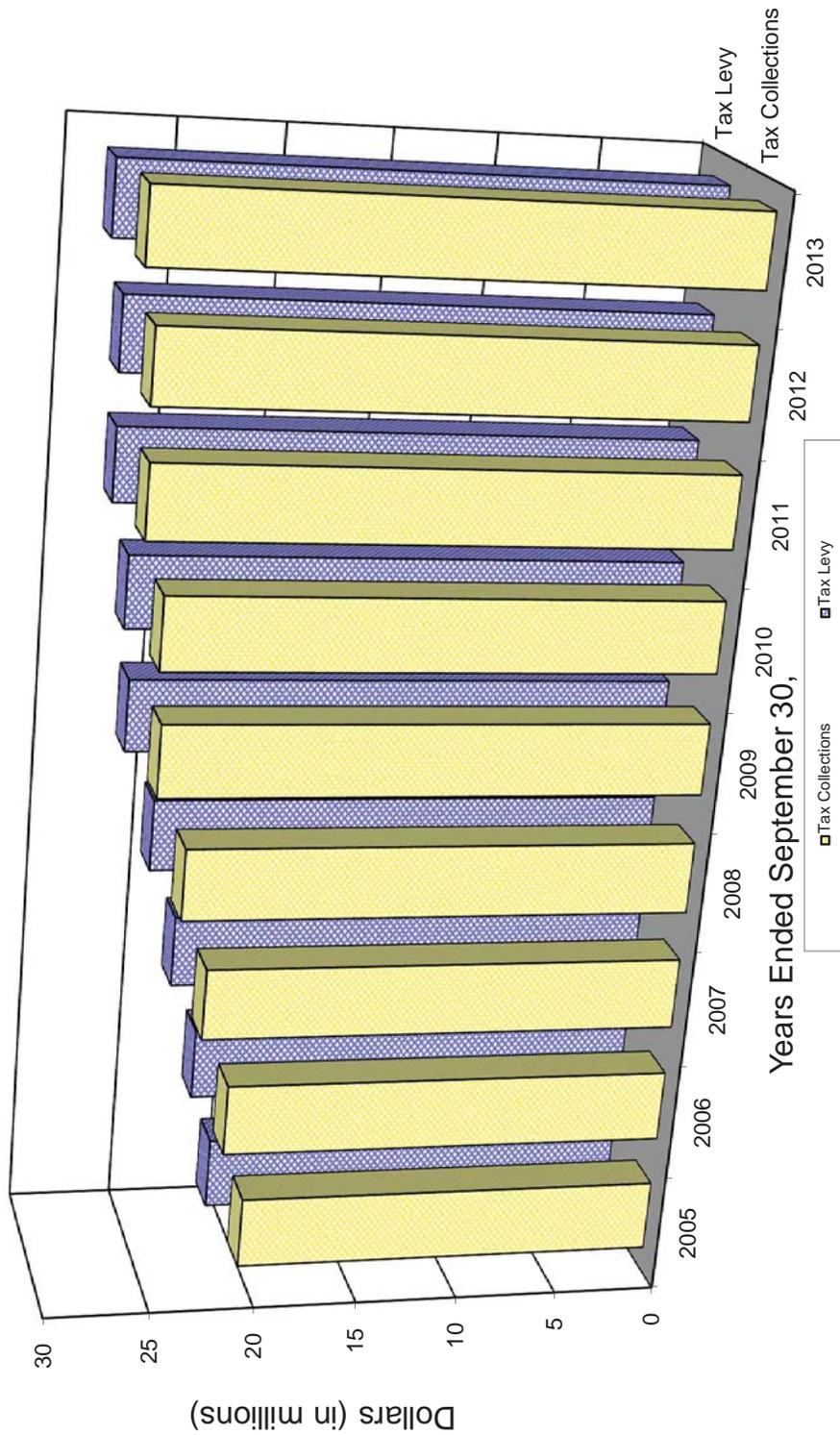


September 30,

(UNAUDITED)

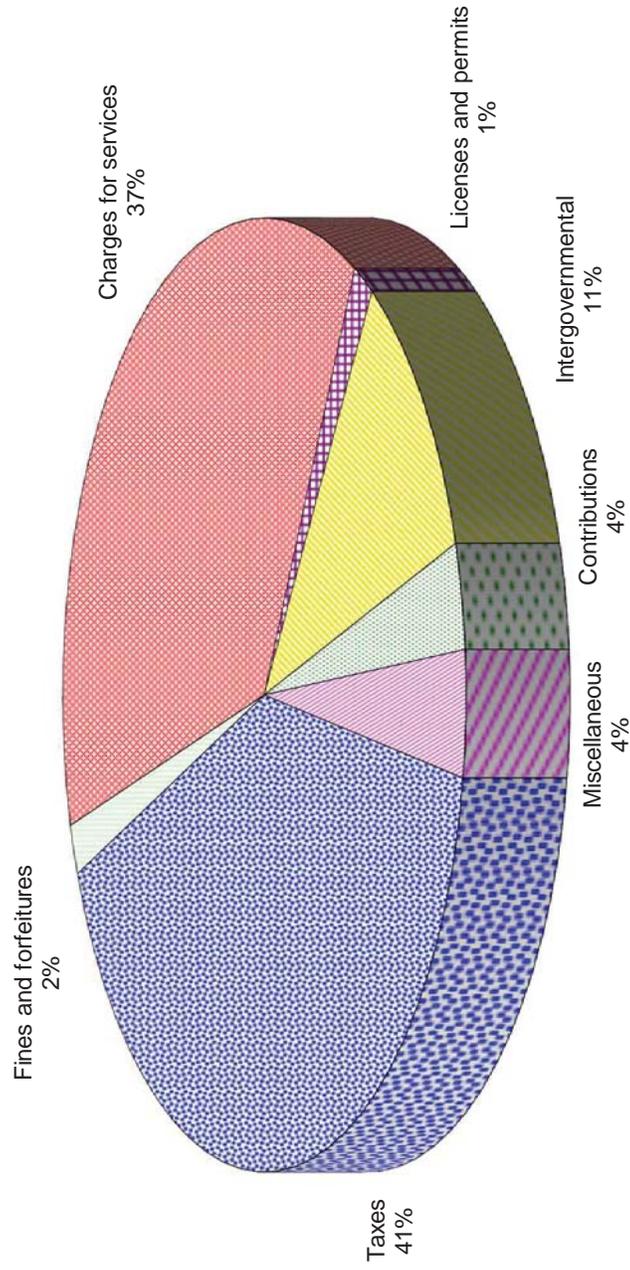
CITY OF WICHITA FALLS, TEXAS

COMPARISON OF TAX LEVY AND COLLECTIONS



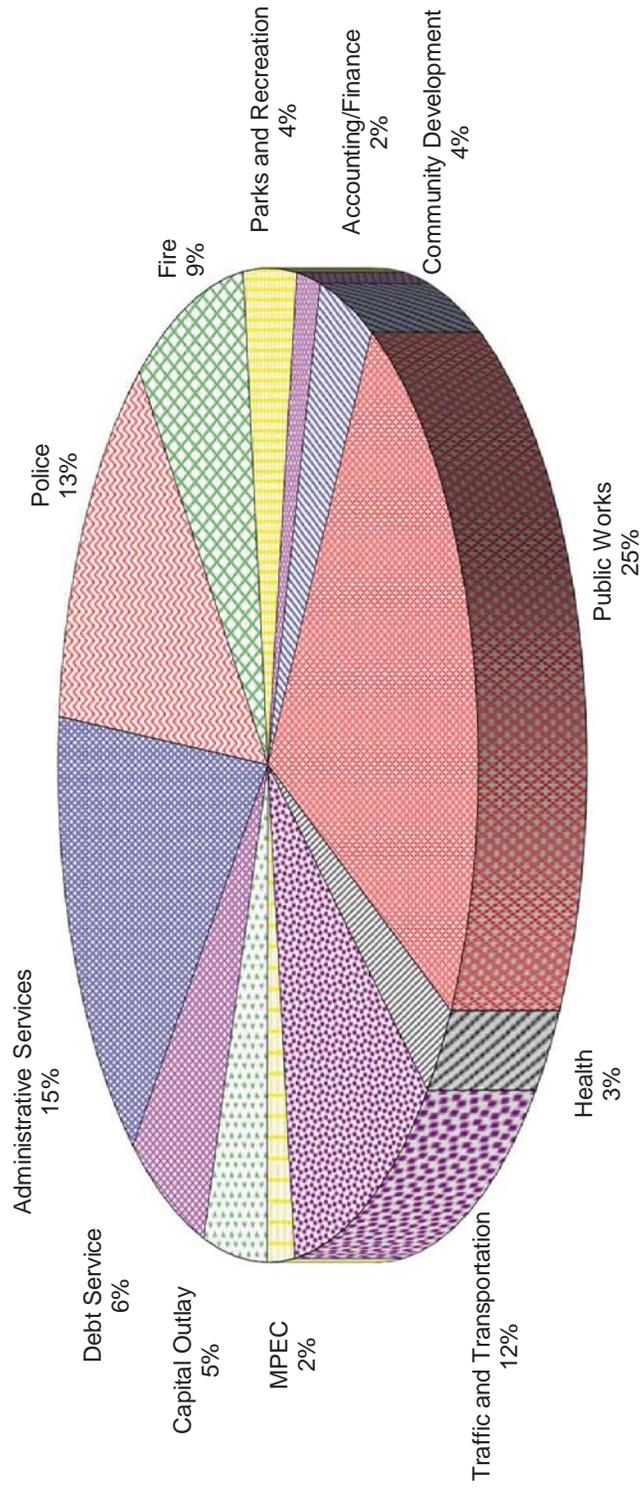
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**CITY OF WICHITA FALLS, TEXAS
REVENUES BY SOURCE - FYE 9/30/13**



(UNAUDITED)

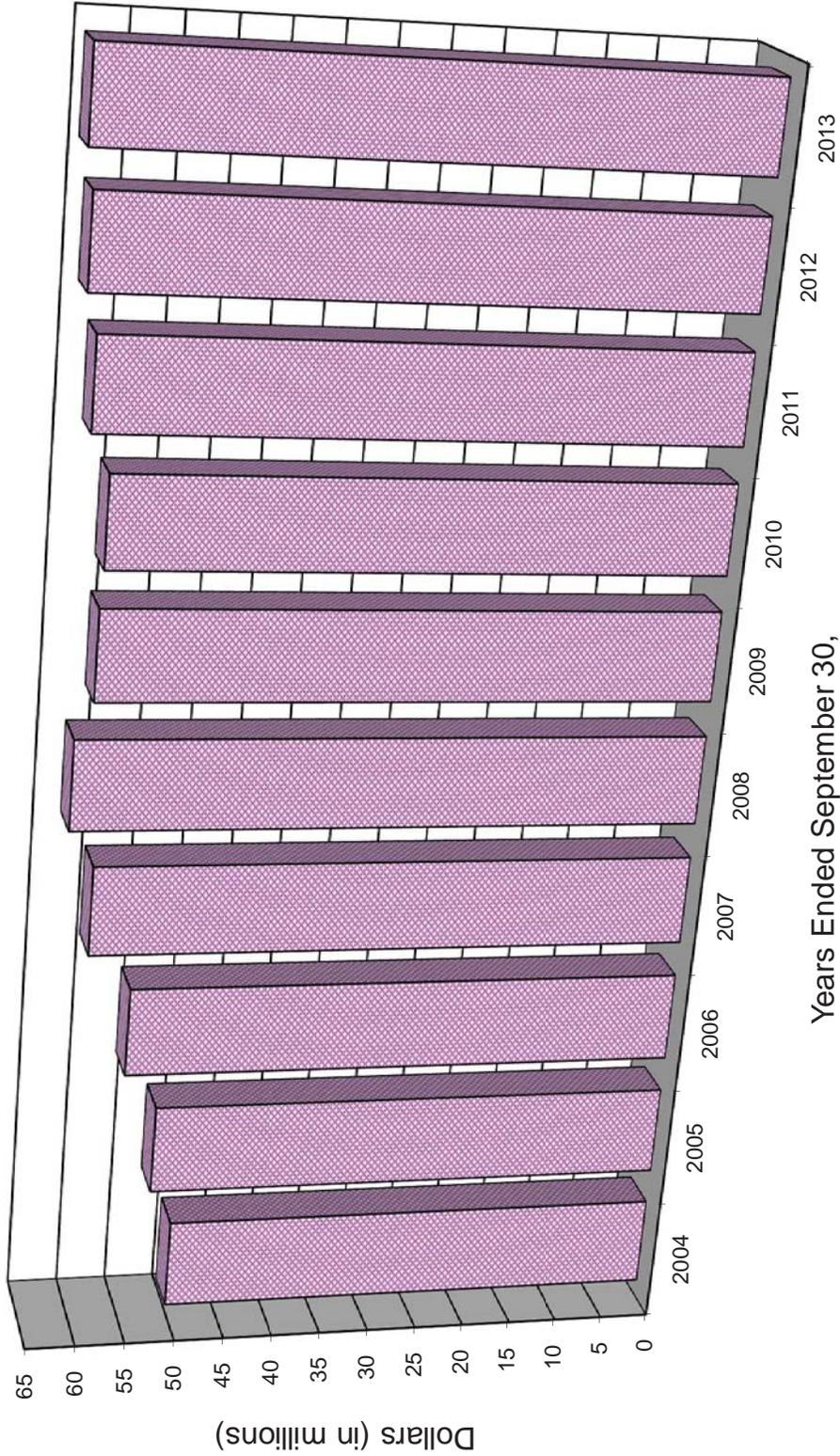
**CITY OF WICHITA FALLS, TEXAS
EXPENDITURES BY FUNCTION - FYE 9/30/13**



(UNAUDITED)

CITY OF WICHITA FALLS, TEXAS

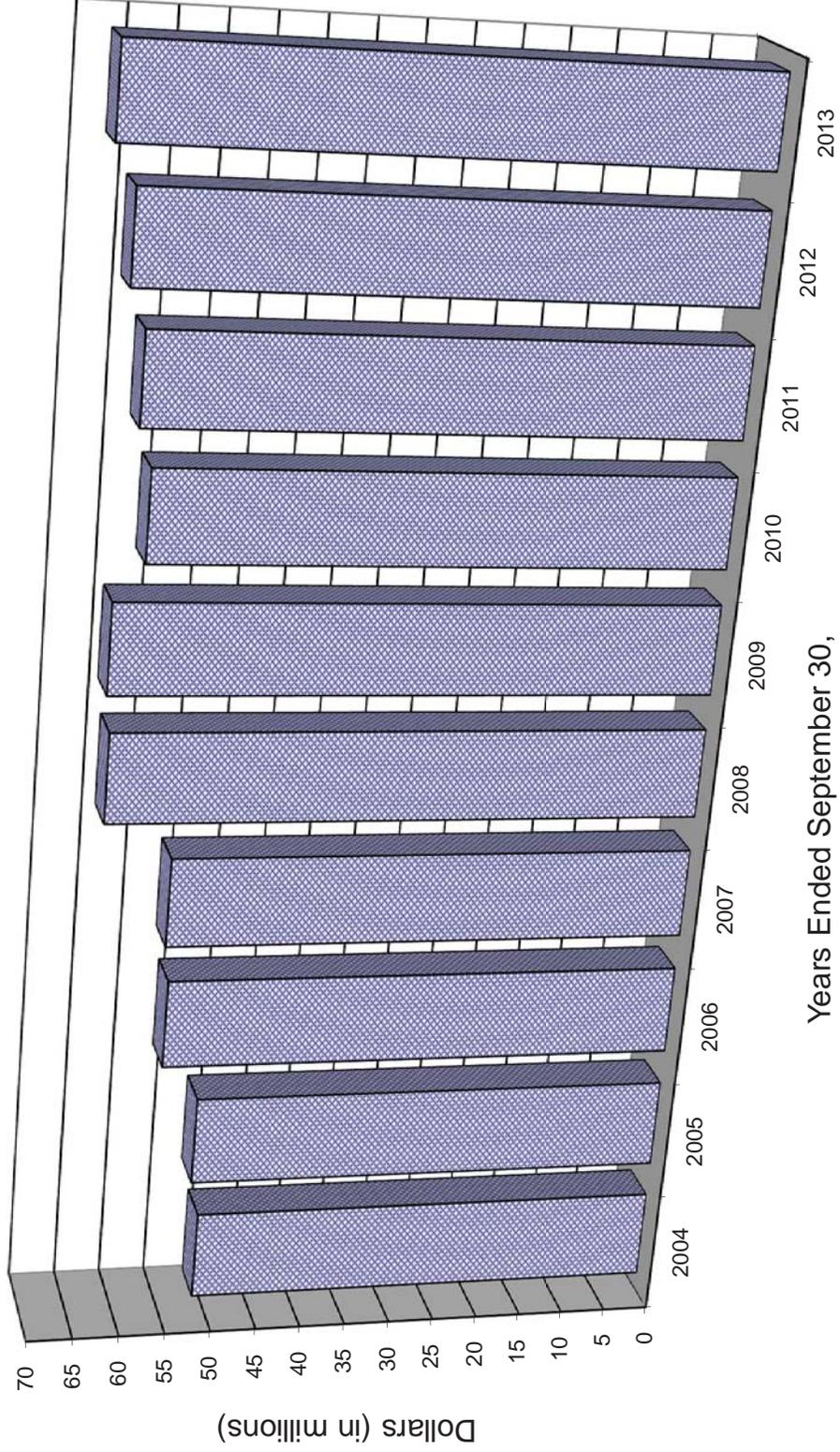
GENERAL GOVERNMENTAL REVENUES (GENERAL FUND ONLY)



(UNAUDITED)

CITY OF WICHITA FALLS, TEXAS

GENERAL GOVERNMENTAL EXPENDITURES (GENERAL FUND ONLY)



(UNAUDITED)

