



**Comprehensive
Annual
Financial Report**

Year Ended September 30, 2015



CITY OF WICHITA FALLS, TEXAS

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED SEPTEMBER 30, 2015

ISSUED BY:
DEPARTMENT OF FINANCE

CITY OF WICHITA FALLS, TEXAS

COMPREHENSIVE ANNUAL FINANCIAL REPORT FOR THE YEAR ENDED SEPTEMBER 30, 2015

TABLE OF CONTENTS

	<u>Exhibit</u>	<u>Page</u>
 <u>INTRODUCTORY SECTION</u>		
Letter of Transmittal.....		i-viii
GFOA Certificate of Achievement.....		ix
Organizational Chart.....		x
List of Principal Officials.....		xi
 <u>FINANCIAL SECTION</u>		
Independent Auditor's Report.....		1-3
Management's Discussion and Analysis (Required Supplementary Information)		4-14
 BASIC FINANCIAL STATEMENTS:		
Statement of Net Position.....	A-1	15
Statement of Activities.....	A-2	16
Balance Sheet - Governmental Funds	A-3	17
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position	A-4	18
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds.....	A-5	19
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of the Governmental Funds to the Statement of Activities.....	A-6	20
Statement of Fund Net Position - Proprietary Funds.....	A-7	21-22
Statement of Revenues, Expenses and Changes in Fund Net Position - Proprietary Funds.....	A-8	23
Statement of Cash Flows - Proprietary Funds.....	A-9	24-25
Statement of Fiduciary Assets and Liabilities	A-10	26
Notes to the Financial Statements.....		27-67
 REQUIRED SUPPLEMENTARY INFORMATION:		
Budgetary Comparison Schedule - General Fund.....	B-1	68
Notes to the Required Supplementary Information		69
Schedule of Changes in Net Pension Liability and Related Ratios – Texas Municipal Retirement System	B-2	70
Schedule of Contributions – Texas Municipal Retirement System.....	B-3	71
Schedule of Changes in Net Pension Liability and Related Ratios – Wichita Falls Firemen's Relief and Retirement Fund	B-4	72
Schedule of Contributions – Wichita Falls Firemen's Relief and Retirement Fund.....	B-5	73
Wichita Falls Retiree Health Care Plan – Analysis of Funding Progress.....	B-6	74

CITY OF WICHITA FALLS, TEXAS

COMPREHENSIVE ANNUAL FINANCIAL REPORT FOR THE YEAR ENDED SEPTEMBER 30, 2015

TABLE OF CONTENTS (CONT'D.)

	<u>Exhibit</u>	<u>Page</u>
COMBINING FINANCIAL STATEMENTS:		
Nonmajor Governmental Funds:		
Combining Balance Sheet	C-1	75
Combining Statement of Revenues, Expenditures and Changes in Fund Balances.....	C-2	76
Budgetary Comparison Schedule – Community Development Block Grant Fund	C-3	77
Budgetary Comparison Schedule – Section 8 Housing Fund	C-4	78
Budgetary Comparison Schedule – Home Investment Partnership Agreement Fund	C-5	79
Budgetary Comparison Schedule – Hotel/Motel Tax Fund	C-6	80
Budgetary Comparison Schedule – Golf Fund	C-7	81
Budgetary Comparison Schedule – MPEC Fund	C-8	82
Budgetary Comparison Schedule – Debt Service Fund	C-9	83
Nonmajor Enterprise Funds:		
Combining Statement of Net Position.....	D-1	84
Combining Statement of Revenues, Expenses and Changes in Fund Net Position	D-2	85
Combining Statement of Cash Flows	D-3	86-87
Internal Service Funds:		
Combining Statement of Net Position.....	E-1	88
Combining Statement of Revenues, Expenses and Changes in Fund Net Position	E-2	89
Combining Statement of Cash Flows	E-3	90
Agency Fund:		
Statement of Changes in Assets and Liabilities	F-1	91
Component Units:		
Combining Statement of Net Position.....	G-1	92
Combining Statement of Activities.....	G-2	93
SUPPORTING SCHEDULES:		
Combined Schedule of Bonded Debt and Interest Maturities.....	H-1	94
Combined Schedule of Bonds Payable	H-2	95-100
Debt Service Coverage – Revenue Bonds	H-3	101
Capital Assets Used in the Operation of Governmental Funds - Schedule By Function and Activity	H-4	102
Capital Assets Used in the Operation of Governmental Funds - Schedule of Changes By Function and Activity	H-5	103
Regional Airport Fund – Capital Assets and Accumulated Depreciation.....	H-6	104
Kickapoo Airport Fund – Capital Assets and Accumulated Depreciation	H-7	105
Transit Fund – Capital Assets and Accumulated Depreciation	H-8	106
Stormwater Drainage Fund - Capital Assets and Accumulated Depreciation	H-9	107
Sanitation Fund – Capital Assets and Accumulated Depreciation	H-10	108

CITY OF WICHITA FALLS, TEXAS

COMPREHENSIVE ANNUAL FINANCIAL REPORT FOR THE YEAR ENDED SEPTEMBER 30, 2015

TABLE OF CONTENTS (CONT'D.)

	<u>Exhibit</u>	<u>Page</u>
Water and Sewer Fund – Capital Assets and Accumulated Depreciation.....	H-11	109
Waterpark Fund – Capital Assets and Accumulated Depreciation.....	H-12	110
Fleet Maintenance Fund – Capital Assets and Accumulated Depreciation.....	H-13	111
Duplicating Services Fund – Capital Assets and Accumulated Depreciation.....	H-14	112
Information Technology Fund – Capital Assets and Accumulated Depreciation.....	H-15	113
Wichita Falls Economic Development Corporation – Capital Assets and Accumulated Depreciation.....	H-16	114

STATISTICAL SECTION (UNAUDITED)

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

Graphics:

Cash and Investments.....	J-1	135
Total Bonds Payable.....	J-2	136
General Obligation Bonds Payable.....	J-3	137
Revenue Bonds Payable.....	J-4	138
General Fund Equity.....	J-5	139
Comparison of Tax Levy and Collections.....	J-6	140
Revenues by Source – FYE 9/30/14.....	J-7	141
Expenditures by Function – FYE 9/30/14.....	J-8	142
General Governmental Revenues (General Fund Only).....	J-9	143
General Governmental Expenditures (General Fund Only).....	J-10	144

Introductory Section



FINANCE DEPARTMENT

March 30, 2016

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, 2015. 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, 2015, was prepared according to accounting principles as promulgated by the Governmental Accounting Standards Board (GASB). The financial statements and related notes have been audited by the independent audit firm of Edgin, Parkman, Fleming & Fleming, PC, whose report is included herein.

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

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

GENERAL INFORMATION - CITY OF WICHITA FALLS, TEXAS

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

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

community college. Principal manufacturers within the area include metal fabrication, industrial and commercial equipment, engine components, flexible packaging, and assorted plastic, glass and fiberglass. North Texas State Hospital-Wichita Falls Branch, Midwestern State University, James V. Allred Prison and Sheppard Air Force Base are also large employers located within the city. The City operates a Multi-Purpose Events Center, which includes a coliseum, exhibit hall, and an agricultural arena/show barn. The 2014 population for Wichita Falls, as estimated by the City, is 105,114, an increase of 0.54% from the 2010 Census estimates, and an increase of 0.88% over the 2000 population.

CITY SERVICES AND ORGANIZATION OF THE GOVERNMENT

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

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

ECONOMIC CONDITION AND ACTIVITY

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

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

In May 2015, the City of Wichita Falls experienced significant rainfall to the point that flooding occurred. However, a positive result from the excessive rainfall was that the City's lakes were filled to capacity and drought restrictions on outside irrigation and water usage were removed. The City did incur flood damages as a result of the excessive rainfall and FEMA issued a disaster declaration, which allowed the City to apply for reimbursement for debris removal, protective and emergency response, infrastructure damage, and administrative costs.

From 2009 to 2011, the national recession considerably affected the local economy. During that time, four local manufacturing companies closed, eliminating almost 1,200 jobs and several other companies reduced their workforce by 10 to 20 percent. In response to this downturn in the local economy, efforts were made to nearly double the economic development marketing campaigns and develop a community-wide branding, marketing and public relations campaign. Additionally, the City and the Wichita Falls Economic Development Corporation have been aggressive over the last few years in granting economic development incentives for primary job creation. Since 2010, 26 projects have been approved for incentive funding with the potential for creating and/or retaining over 2,300 jobs. Several of these projects have invested in the local economy resulting in the addition or retention of hundreds of jobs. Others are still in the early phases of their expansion plans and the results remain to be seen.

Although no major plant developments were announced during the 2014-15 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 2014-15 fiscal year are outlined below:

- Alcoa Power & Propulsion – Wichita Falls Casting Plant, Naturally Engineered Water Treatment (NEWT) Project a forgivable loan up to \$1,200,000 for the construction and operation of a reverse osmosis and natural water treatment system. Alcoa proposes to spend approximately \$2,400,000 on a prototype technology to reduce potable water usage at its plant. This project is expected to reduce potable water consumption by 65%, reducing consumption to approximately 20 million gallons a year. Incentives are for the retention of 600 local employees for the 18 month loan term.
- Pratt & Whitney Technology Enhancement Project – technology investment of approximately \$2,893,000 at the local plant for the purchase of three technology enhancement items – (1) 3D Measuring Equipment and Software; (2) Direct Metal Laser Sintering Equipment; and (3) Interactive Machining Equipment. Support for this endeavor by the Wichita Falls Economic Development Corporation is in the form of a no interest, forgivable loan of \$1,815,000 for the purchase of the technology enhancements mentioned above. The loan is forgivable over a period of seven years should the company maintain 120 jobs as part of the agreement.
- American Fuel Cell and Coated Fabric’s (AMFUEL) Project – AMFUEL, is owned by Zodiac Aerospace, a French company headquartered in Paris, France. Crosslake Investments, a Seattle based investment firm recently invested in AMFUEL’s operation, and intends to establish an operation at the old Delphi facility in Wichita Falls. AMFUEL manufactures fuel tanks for the aerospace industry, primarily commercial/military/general aviation aircraft and helicopters. Additionally, AMFUEL makes liquid storage containers for industrial chemicals, water, sewage, and ground fuel storage. This operation is approximately \$30 million per year. AMFUEL expects to create and retain 280 employees over a ten year period. The WFEDC incentives include a no interest, forgivable loan of \$800,000 for the purchase of an autoclave, valued at \$1.2 million, that is used in the manufacturing process, cash for jobs in the amount of \$844,750 for creating and retaining 280 jobs in Wichita Falls, and a grant up to a maximum of \$366,000 for skills development training should a grant application to the Governor’s Economic Development and Tourism Department not be approved.
- Cobra Kai Flight Simulator Project – Cobra Kai Flight Academy expanded its flight school career center in Wichita Falls with an additional investment of approximately \$484,000 in the purchase of hangar space, airplanes and a flight simulator. Cobra Kai expects to employ an additional 5 employees over a five year period, adding to its current labor force of 8 employees. The WFEDC incentives are based on: No Interest, Forgivable Loan of \$140,000 for the purchase of a Redbird Flight Simulator. The loan is forgivable over a period of five years should the company create and maintain the additional jobs as stipulated in the agreement.
- Lone Star Milk Producers Recruitment Project – incentives for Lone Star Milk Producers and related entities in the amount of up to \$116,000 of costs for expenditures for the retention and recruitment of primary jobs at the company headquarters facility in Wichita Falls. Lone Star Milk Producers (LSMP) was headquartered in Jack County, Texas and is a farmer owned dairy cooperative. It is ranked as the 12th largest dairy cooperative in the United States based on the annual survey in Hoard’s Dairyman, and is ranked as the 64th largest cooperative in the United States according to the National Cooperative Bank. LSMP desires relocated their main headquarters operations to Wichita Falls with staffing of twenty (20) full time positions. The incentives are based on cash for jobs in the amount of \$96,000 for twenty new positions to be created and retained with up to \$20,000 in additional incentives for high paying positions.
- Eagle Railcar Services Expansion Project – up to \$928,800 for creation of 64 new jobs, training expenses, and a forgivable loan to purchase a sponge-jet robot blaster, a global finish spray booth, a 1,500 cfm air compressor, and related equipment at the company’s facility located at 4501 Allendale Road. Eagle Railcar Services is one of the nation’s leading independent providers of rail car repair services with facilities in Cairo, Ohio, Elkhart and Roscoe, Texas, and its newest location in Wichita Falls. All of the locations provide general maintenance and repair, cleaning, painting and lining, wreck

damage repair and tank car requalification. Eagle Railcar Services seeks to expand its operations in Wichita Falls with an additional investment of more than \$4,000,000 in land, capital improvements and machinery and equipment. Eagle expects to employ an additional 64 employees over a three year period, adding to its current labor force of 47 employees. The WFEDC incentives are based on cash for new positions up to \$352,000 for the creation of at least 64 new jobs; a skills development training reimbursement up to \$76,800 if a Texas Workforce Commission Skills Development Fund grant is not obtained; and a no interest, forgivable loan of \$500,000 for the purchase of a sponge-jet robot blaster, global finish spray booth, an air compressor and related equipment. The loan is forgivable over a period of five years should the company create and maintain the additional jobs as stipulated in the agreement.

4A Economic Development Sales tax funds have also been used to assist with activities of the Military Affairs Committee, a regional organization established a few years ago to work directly with Sheppard Air Force Base (SAFB), Air Education and Training Command, the Chief of Staff for the Air Force, and our Congressional, State and Local elected officials. This Committee was formed to increase the value of SAFB, strengthen community development and build a stronger economy. The City, SAFB and surrounding communities have also conducted a Joint Land Use Study (JLUS), which was a cooperative planning initiative to promote compatible community growth that supports military training and operational missions. The inter-jurisdictional partnership resulted in the identification of actions that can be taken jointly by the community and installation to promote compatible development and address current and future encroachment. The goal of compatibility planning is to promote an environment where both entities (military and civilian) can coexist successfully. Implementation of those actions began in 2015. Also, scheduled for fall 2016 is a proposed Transportation and Perimeter Security Project for Sheppard Air Force Base is the use of \$1,250,000 of 4A Sales Tax Funds to provide improved security at the front gate entrance to minimize potential terrorist threat activity and better position SAFB for any future Base Alignment and Closure processes that the federal government may consider.

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

The value of construction permits is also an indication of economic activity in the community. Residential permits totaled \$27,308,996 during the 2014-15 fiscal year, which is a decrease of \$12,536,683, or 31% from the prior year. The value of commercial construction permits totaled \$80,046,046, which is an increase of \$18,918,149, or of 31% from the prior fiscal year. However, the prior year figures were the highest in both categories for the last five fiscal years. Additionally, several commercial construction permits issued were above \$1 million in value which directly impacts local construction contractors, and often times results in additional secondary jobs. Those permits include:

- United Regional Hospital Addition – a total of 30,918 sq. ft. with an estimated value of \$9,636,868.
- Grace Church Addition – a total of 11,334 sq. ft. with an estimated value of \$2,000,000.
- Trampoline Park – a total of 21,000 sq. ft. with an estimated value of \$2,258,550.
- Pediatric Clinic – a total of 11,200 sq. ft. with an estimated value of \$2,500,000.
- Burlington Coat Factory – a total of 64,000 sq. ft. with an estimated value of \$10,332,700.
- Red River Hospital Addition – a total of 32,000 sq. ft. with an estimated value of \$9,000,000.
- Aspen Dental & Select Comfort Offices – a total of 5,996 sq. ft. with an estimated value of \$1,258,122.
- Luxury Bath – a total of 8,362 sq. ft. with an estimated value of \$1,136,400.

Another indicator of local economic performance is the retail sales tax. During the 2014-15 fiscal year, the City generated \$29,871,209 in retail sales taxes, which was \$260,349, or 0.86% less 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. Over the last 4 years, the City of Wichita Falls experienced extreme drought conditions. Beginning in 2011 and ending in May 2015, the City experienced record setting temperatures and extremely low rainfall which decreased the City's water supply from nearly maximum lake capacity to approximately 21%. 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 May 2014, the City entered Stage V-Drought Catastrophe at 25% of lake capacity. Essentially, all outside use of potable water, with the exception of watering home foundations once per week, was eliminated, decreasing water consumption by almost 56%. 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 went on line in July 2014. These extreme water conservation measures reduced consumption from average daily use of 25 million gallons per day to approximately 11 million gallons per day. The City also borrowed \$33.8 million through the Texas Water Development Board's low interest loan program to construct a permanent below ground pipeline from the River Road Wastewater Treatment Plant to convey up to 16 million gallons of treated effluent per day to Lake Arrowhead. This system was designed to eliminate the emergency pipeline project and is expected to go on-line in the fall of 2016. Water rates were increased on average by 53% during this drought to address significantly lower water revenues resulting from these drought conditions. Fortunately, in May 2015, the watersheds received substantial rainfall, increasing the City's lake levels to full capacity. As a result, water restrictions were removed and the emergency pipeline was deactivated.

Construction of the McNeil Avenue Drainage Project, which began in the summer of 2014, with an estimated cost of \$6.5 million, with the State of Texas paying for \$2.1 million, continued during the fiscal year. The drainage project has its completion occurring in 2016. The City's share of this jointly-funded project is being paid from the City's Storm Water Utility Fund, while the State is providing funding for its share of project. The project is generally described as the construction of an underground drainage system including concrete box culverts, storm water inlets, and collection piping. The project will also relocate existing water and sewer facilities along McNeil Avenue to avoid conflicts with the new drainage improvements. TxDOT's share of the project includes the enclosure of a portion of the open channel along SW Parkway at the McNeil/Southwest Parkway intersection to facilitate the construction of a right turn lane on SW Parkway as well as signal improvements at this intersection. The limits of the project are from Pool Street to Southwest Parkway. This project will remove 30 homes from the 100 year floodplain and eliminate to continuous nuisance flooding in the area.

With the City's on-going efforts to reduce the effects of flooding within its boundaries, a contract for the 2014 Wichita River Flood Control Clearing Project was awarded to a private contractor in the amount of \$109,720 in October 2014. This project is generally described as the clearing of trees and vegetation within the flood passageway of the Wichita River, and associated work. The limits of this project extend along the south side of the river from Martin Luther King Blvd to the River Road Wastewater Treatment Plant. The area to be cleared consists of 37.4 acres.

In November 2014, a contract was approved in the amount of \$1,299,066 for Phase 1 of the City's Hike & Bike Trail from Seymour Highway to Lucy Park. This project is generally described as the construction of a concrete hike and bike trail with amenity stations/shelters in the Wichita Bluff Nature Area off of Seymour Highway, and associated work. The project is the first of two phases in connecting the Circle Trail along Seymour Highway to Lucy Park. This project will be funded with bond funds remaining from the Parks Trail Extension Project and from Special Revenue Funds.

In December 2014, a contract was approved for the 2015 8th and Ohio Intersection Enhancement Project in the amount of \$479,826. This project is generally described as the upgrade and enhancement of the 8th and Ohio intersection, and associated work, similar to the work performed on other intersections on 8th. Also included in the project is the replacement of an old deteriorated water and sewer mains under the intersection as well as improvements to the storm sewer in the intersection. 4B funds allocated for street rehab in the amount of

\$400,000 has been targeted for this project. The additional cost will be funded using remaining funds from the 2014 annual street rehabilitation project.

In December 2014, the City awarded a contract in the amount of \$224,000 for the Cypress Water Treatment Plant Ultraviolet Disinfection System Construction/Installation Contract in association with the Direct Potable Reuse Project (DPR). The work in this contract was for the installation of the Ultraviolet (UV) Disinfection Equipment, all necessary piping, valves, and all necessary coordination with the UV supplier for a complete and TCEQ approved operational system. This contract was necessitated by a reclassification of the status of the DPR Project from a “temporary” status to a “permanent” one, requiring the City to install an additional treatment process (UV) as required by TCEQ. This system was installed and used with the DPR system after the temporary status of the Pipeline exceeded six months.

In February 2015, a contract was awarded in the amount of \$1,287,790 for the 2015 Asphalt Street Rehabilitation Project. This project is to rehabilitate asphalt streets and complete base repair at various locations. Additionally, in March 2015, a contract was awarded in the amount of \$817,960 for the 2015 Concrete Street Rehabilitation Project. This project is generally described as the concrete repair of selected City streets, and associated work. The concrete replacement is funded as part of the annual street rehabilitation budget. Both of these projects make up the principal work of the Annual Street Rehabilitation Project.

In March 2015, a contract was awarded to an engineering firm in the amount not to exceed \$168,000 for preparation of a water rights application for the proposed Lake Ringgold. As part of the City’s long range planning for water resources, it was recommended that the City to pursue the development of Lake Ringgold and this contract represents the initial step in that overall process.

In June 2015, a contract was awarded in the estimated amount of \$4,603,938 for the Reconstruction of Taxiway “C” Project at Wichita Falls Regional Airport. This project will reconstruct the entire Taxiway, with the exception of the newly constructed portion at the new commercial apron, from Runway 35 to Taxiway D. The construction will replace all base material and restripe the taxiway. Construction of this project is allotted nine months to complete, and there will be extensive coordination that will be required with Sheppard Air Force Base throughout the project. The Federal Aviation Administration (FAA) will fund 90% of the cost of this project through an Airport Improvement Program grant. The FAA’s total for this project will amount to \$4,143,545. The City of Wichita Falls will pay the remaining 10% (\$460,393) from money available through bond proceeds, airport equity, and airport operational revenues.

In August 2015, a contract was awarded in the amount of \$930,604 for the 2015 Sanitary Sewer Lift Station 65 Extension Project. This project is generally described as the installation of an 18” and 10” sanitary sewer main, and associated work. The purpose of the project is to relieve surcharging of wastewater collection system south of Hwy 287. The project will reduce sewer overflows by removing the prison wastewater flow from the smaller deteriorated clay tile lines. The project is also sized to accommodate future development in the area and will eliminate an existing lift station from the collection system, which will reduce O&M costs on the system.

In September 2015, a contract was awarded for the 2015 Budget Utility Improvements Project. This project is generally described as the installation of 6-inch, 8-inch, 12-inch waterlines, reconnect services, large valve replacements, and associated work. The purpose of the project is to replace deteriorating cast iron water mains, replace broken large valves, and eliminate dead end mains. This project will help to improve the water quality, and overall reliability of the water distribution system. Funding for this project was recommended, and approved, to be funded from remaining bond proceeds from the Direct Potable Reuse (DPR) Project.

For The Future. To continue addressing our water supply needs, the City authorized the issuance of \$33.8 million of 30-Year Combination Tax and Revenue Certificates of Obligation to finance the cost of engineering and construction associated with the City’s Permanent Indirect Potable Water Reuse Project (IPR Project). This project will ultimately replace the Emergency Direct Potable Water Reuse System and involve the construction of a pump station and pipeline to convey treated wastewater effluent from the River Road Wastewater Treatment Plant to Lake Arrowhead. The project is designed to convey up to 16 mgd of treated effluent, thereby adding additional water supply to City’s water resources. Construction of this system is underway and is estimated to take approximately 1 more year to complete. The pipe that was being used for the temporary Direct Potable Reuse Project was dismantled and relocated to the Permanent IPR Project. The Certificates of Obligation were

issued through the Texas Water Development Board as part of their Clean Water State Revolving Loan Program. This financing mechanism provides loans to municipalities for wastewater projects at 1.2% lower interest rates than what the City would receive in the private market. For this particular issue, the State Loan Program will save the City approximately \$8 million in interest costs over the 30-year period.

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

Also, in December 2015, the City entered into a professional services contract with a consulting firm in the amount of \$70,900 to perform an operational and facility study for the Multi-Purpose Events Center. Essentially, the study is intended to analyze the operations and to develop findings and recommendations for improvement, which may include alternative management structures, in order to enhance the MPEC's overall marketability and financial performance with the ultimate goal of decreasing the financial subsidy required from the City.

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

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, 2015, and related appropriations are carried forward to the new fiscal year through a supplemental budgetary allocation.

In September 2012, the City adopted a fund balance policy for the General Fund, Water/Sewer Fund, and the Sanitation Fund. The policy requires the City to maintain at least 20% of expenditures in unassigned fund balance in the General Fund, 17% of expenditures (less debt service expenses) in the Water/Sewer Fund, and 15% of expenditures in the Sanitation Fund. These financial statements reflect that the policy has been followed in the General Fund and Sanitation Fund. Persisting drought conditions and water restrictions resulted in much lower water sales this fiscal year, causing the City to fall below the stated reserve requirements in the Water/Sewer Fund. However, the City Council approved substantial retail water rate increases in August 2014 in an effort to replenish these reserves over the next several years as outlined in the policy.

The City also maintains an informal policy to limit tax supported debt to no more than 5% of total assessed property value or \$1,500 per capita. As of September 30, 2015, the City's tax supported debt was approximately \$50.5 million, which is 1.09% of the taxable value of property, and \$481 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, 2014. This was the 20th consecutive year that the government has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only. We believe that our current Comprehensive Annual Financial Report continues to meet the Certificate of Achievement Program's requirements, and we are submitting it to GFOA to determine its eligibility for another certificate.

Acknowledgments

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

Respectfully submitted,



Patrick Halverson
Director of Finance



Government Finance Officers Association

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

Presented to

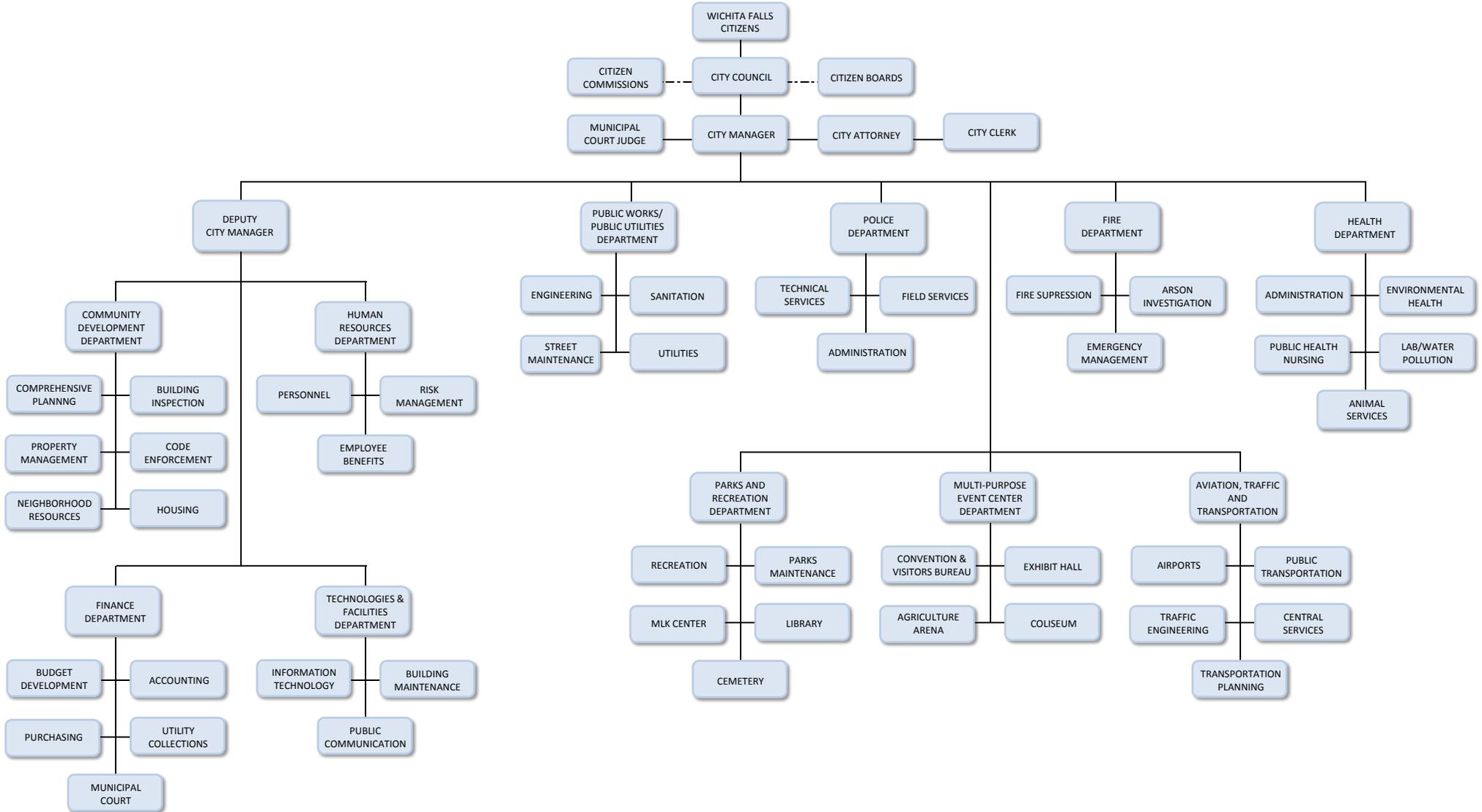
**City of Wichita Falls
Texas**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

September 30, 2014

Executive Director/CEO

CITY OF WICHITA FALLS ORGANIZATIONAL CHART



CITY OF WICHITA FALLS, TEXAS

LIST OF PRINCIPAL OFFICIALS SEPTEMBER 30, 2015

<u>Title</u>	<u>Name</u>
Mayor	Glenn Barham
Mayor Pro-Tem	Michael Smith
City Council Member	Stephen Santellana
City Council Member	Deandra Chenault
City Council Member	Brian Hooker
City Council Member	Tim Ingle
City Council Member	Tom Quintero
City Manager	Darron Leiker
City Attorney	Kinley Hegglund
Municipal Court Judge	Larry Gillen
City Clerk	Tracy Norr
Deputy City Manager	Jim Dockery
Director of Aviation, Traffic and Transportation	John Burrus
Finance Director	Patrick Halverson
Director of Public Health	Lou Kreidler
Police Chief	Manuel Borrego
Fire Chief	Jon Reese
Director of Parks and Recreation	Jack Murphy
Director of Public Works and Public Utilities	Russell Schreiber
Director of Multi-Purpose Events Center	Bob Sullivan

Financial Section

Independent Auditor's Report



EDGIN, PARKMAN, FLEMING & FLEMING, PC

CERTIFIED PUBLIC ACCOUNTANTS

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

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

Independent Auditor's Report on Financial Statements

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Wichita Falls, Texas (the City) as of and for the year ended September 30, 2015, 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, 2015, 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.

Emphasis of Matter

Change in Accounting Principle

As described in Note 1 to the financial statements, in 2015, the City adopted new accounting guidance, Government Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions*, and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an Amendment of GASB Statement No. 68*. Our opinion is not modified with respect to this matter.

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 30, 2016, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Respectfully submitted,

Edgin, Parkman, Fleming & Fleming, PC

Edgin, Parkman, Fleming & Fleming, PC

March 30, 2016

Management Discussion and Analysis



FINANCE DEPARTMENT

City of Wichita Falls, Texas Management's Discussion and Analysis September 30, 2015

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, 2015. 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, 2015, by \$351,617,157 (net position). Net position for the City decreased by \$47,665,868 over the prior year. This decrease is a result of an increase in net position of \$6,407,527 from the current fiscal year activity offset by a prior period adjustment of \$(54,073,395) as a result of the implementation of Governmental Accounting Standards Board (GASB) Statement No. 68, (GASB 68) *Accounting and Financial Reporting for Pensions-an Amendment of GASB Statement No. 27*. Among other things, GASB Statement No. 68 requires the governmental entity to record the unfunded actuarial liability for pensions on the face of the government-wide financial statements. Previous to this statement, the unfunded liability was disclosed in the footnotes, but not recorded in the financial statements. The City has implemented GASB Statement No. 68 which required prior period adjustments to report the effect of GASB 68 retroactively. (See Note 1 Sec. G, Note 8 and Note 18 for additional information).

While the unrestricted net position for Governmental Activities was (\$59,103,807), the Business-type Activities had an unrestricted net position of \$13,941,283 for an overall unrestricted net position of (\$45,162,524). This change of net position can be attributed principally to the reporting of the unfunded actuarial pension liability as promulgated under GASB Statement No. 68. Contributing to the positive change in the Business-type Activities in unrestricted net position is the Water/Sewer Fund as it reflected net change of \$4,855,896 compared to a net change of (\$2,222,245) in the prior year. This change in the Water/Sewer Fund reflected an increase in operating income of \$7.2 million compared to the prior year. This increased income resulted from water consumption restrictions being canceled in June 2015 as the City exited its prolonged drought and the effects of the water rate increase passed in August 2014 could be realized without water restrictions being in place. The Sanitation Fund had operating income of \$3.9 million while the Regional Airport reported an increase in revenues \$89,000 over the prior year, while operating expenses increased by \$681,000 due to the a full year of airport operations being recorded.

City of Wichita Falls, Texas
Management's Discussion and Analysis
September 30, 2015
(continued)

At September 30, 2015, the City's governmental funds reported combined ending fund balances of \$23,250,262. Of this amount, \$13,131,198, or 56.48%, is available for spending at the government's discretion, (unassigned fund balance).

At the end of the current fiscal year, unassigned fund balance for the General Fund was \$13,682,061 or 19.34% of total General Fund expenditures.

During the 2014-15 fiscal year, the City's total debt increased by \$22,188,392. The City issued \$33,545,000 in Combination Tax and Revenue Certificates of Obligation to pay for a Permanent Indirect Potable Water Reuse Project. The City also incurred \$48,990 in capital lease obligations to finance new equipment to be used at the Champion's Golf Course. This new debt was partially offset as the City continued to retire outstanding General Obligation Bonds, Water and Sewer System Revenue Bonds, Combination Tax and Revenue Bonds, Capital Leases and Notes Payable.

Overview of the Financial Statements

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

Government-wide Financial Statements

The government-wide financial statements, which can be found on pages 15-16 of this report, include the *Statement of Net Position* (Exhibit A-1) and the *Statement of Activities* (Exhibit A-2). These statements are designed to provide readers with a broad overview of the City's finances in a manner similar to a private-sector business. Both are prepared using the economic resources focus and the accrual basis of accounting; meaning that all current year's revenues and expenses are included regardless of when cash is received or paid. Thus, revenues and expenses are reported in 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.

City of Wichita Falls, Texas
Management's Discussion and Analysis
September 30, 2015
(continued)

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

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

Business-type activities – Activities for which the City charges fees to customers to pay most or all of the cost of a service it provides are reported as business-type activities. The City's business-type activities include water and wastewater treatment and distribution, solid waste collection and disposal, regional and municipal airports, transit system, storm water drainage improvements, fleet maintenance services and water park operations.

Component Units – 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

City of Wichita Falls, Texas
Management's Discussion and Analysis
September 30, 2015
(continued)

Sheet and the Governmental Fund Statement of Revenues, Expenditures and Changes in Fund Balances provide a reconciliation to facilitate this comparison. The reconciliation explains the differences between the government's activities reported in the government-wide statements and the information presented in the governmental funds financial statements.

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

The Basic Governmental Funds Financial Statements can be found on pages 17-20 of this report.

Proprietary Funds – When the City charges customers for services it provides, whether to outside customers or to other units within the City, the activities are generally reported in proprietary funds. The City of Wichita Falls maintains two different types of proprietary funds: enterprise funds and internal service funds.

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

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

City of Wichita Falls, Texas
Management's Discussion and Analysis
September 30, 2015
(continued)

one fiduciary fund. This fund is an agency fund used to account for property that has been abandoned or unclaimed pending escheatment to the State of Texas.

Notes to the Financial Statements

The Notes to the Financial Statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. These notes can be found on pages 27-67 of this report.

Government-Wide Financial Analysis

The City's combined net position was \$351,617,157 as of September 30, 2015, a decrease of \$47,665,868, or 11.94% 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, \$381,263,889, or 108.43%, is reflected in capital assets (land and improvements, buildings, infrastructure, machinery and equipment), less any related debt used to acquire those assets that is still outstanding. The City uses these assets to provide services to its citizens; consequently, these assets are not available for future spending. Although the City reports its capital assets net of related debt, the resources needed to repay this debt must be provided from other sources since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the City's net position, \$15,515,792, or 4.41%, represents resources that are subject to external restrictions on how they may be used.

Net Position
(in thousands)

	Governmental Activities		Business-type Activities		Total	
	2015	2014	2015	2014	2015	2014
Current and Other Assets	\$ 31,074	\$ 43,721	\$ 80,790	\$ 50,573	\$ 111,864	\$ 94,294
Capital Assets	<u>173,538</u>	<u>173,893</u>	<u>351,405</u>	<u>342,677</u>	<u>524,943</u>	<u>516,570</u>
Total Assets	<u>204,612</u>	<u>217,614</u>	<u>432,195</u>	<u>393,250</u>	<u>636,807</u>	<u>610,864</u>
Deferred Outflows of Resources	<u>5,565</u>	-	<u>3,837</u>	<u>2,330</u>	<u>9,402</u>	<u>2,330</u>
Long Term Liabilities	110,389	65,288	163,578	128,368	273,967	193,656
Other Liabilities	<u>10,333</u>	<u>13,077</u>	<u>8,023</u>	<u>7,178</u>	<u>18,356</u>	<u>20,255</u>
Total Liabilities	<u>120,722</u>	<u>78,365</u>	<u>171,601</u>	<u>135,546</u>	<u>292,323</u>	<u>213,911</u>
Deferred Inflows of Resources	<u>1,829</u>	-	<u>440</u>	-	<u>2,269</u>	-
Net Position:						
Net Investment in Capital Assets						
Assets	143,015	128,169	238,249	225,576	381,264	353,745
Restricted	3,715	5,290	11,801	11,886	15,516	17,176
Unrestricted	<u>(59,104)</u>	<u>5,790</u>	<u>13,941</u>	<u>22,572</u>	<u>(45,163)</u>	<u>28,362</u>
Total Net Position	<u>\$ 87,626</u>	<u>\$ 139,249</u>	<u>\$ 263,991</u>	<u>\$ 260,034</u>	<u>\$ 351,617</u>	<u>\$ 399,283</u>

City of Wichita Falls, Texas
Management's Discussion and Analysis
September 30, 2015
(continued)

CHANGES IN NET POSITION
(in thousands)

	Governmental		Business-type		Total	
	Activities		Activities			
	2015	2014	2015	2014	2015	2014
Revenues:						
Program Revenues:						
Charges For Services	\$ 8,661	\$ 9,035	\$ 58,398	\$ 50,856	\$ 67,059	\$ 59,891
Operating Grants and Contributions	11,020	10,837	1,827	1,830	12,847	12,667
Capital Grants and Contributions	5,349	12,957	1,559	1,018	6,908	13,975
General Revenues:						
Property Taxes	31,073	29,784	-	-	31,073	29,784
Sales Taxes	22,403	22,398	-	-	22,403	22,398
Other Taxes/Fees	7,514	7,561	-	-	7,514	7,561
Investment Earnings	21	33	15	12	36	45
Miscellaneous	529	880	87	138	616	1,018
Total Revenue	<u>86,570</u>	<u>93,485</u>	<u>61,886</u>	<u>53,854</u>	<u>148,456</u>	<u>147,339</u>
Expenses:						
Administrative Services	14,838	13,874	-	-	14,838	13,874
Police	23,705	23,195	-	-	23,705	23,195
Fire	16,455	14,387	-	-	16,455	14,387
Parks and Recreation	5,492	5,574	-	-	5,492	5,574
Accounting/Finance	876	924	-	-	876	924
Community Development	6,401	6,498	-	-	6,401	6,498
Public Works	8,117	8,156	-	-	8,117	8,156
Health	5,398	5,166	-	-	5,398	5,166
Traffic and Transportation	2,556	2,618	-	-	2,556	2,618
MPEC	4,554	4,302	-	-	4,554	4,302
Interest and Fees on Long-term Debt	1,911	1,992	-	-	1,911	1,992
Regional Airport	-	-	2,532	856	2,532	856
Kickapoo Airport	-	-	1,412	1,424	1,412	1,424
Transit	-	-	2,524	2,416	2,524	2,416
Sanitation	-	-	9,490	9,333	9,490	9,333
Water and Sewer	-	-	33,555	32,365	33,555	32,365
Stormwater Drainage	-	-	675	560	675	560
Waterpark	-	-	1,557	1,456	1,557	1,456
Total Expenses	<u>90,303</u>	<u>86,686</u>	<u>51,745</u>	<u>48,410</u>	<u>142,048</u>	<u>135,096</u>
Increase (Decrease) in Net Position						
Before Transfers	(3,733)	6,799	10,141	5,444	6,408	12,243
Transfers	<u>(2,073)</u>	<u>(18,778)</u>	<u>2,073</u>	<u>18,778</u>	-	-
Increase (Decrease) in Net Position	(5,806)	(11,979)	12,214	24,222	6,408	12,243
Net Position – Beginning of Year	139,249	151,228	260,034	235,812	399,283	387,040
Prior Period Adjustment	<u>(45,817)</u>	-	<u>(8,257)</u>	-	<u>(54,074)</u>	-
Net Position – End of Year	<u>\$87,626</u>	<u>\$139,249</u>	<u>\$263,991</u>	<u>\$260,034</u>	<u>\$351,617</u>	<u>\$399,283</u>

City of Wichita Falls, Texas
Management's Discussion and Analysis
September 30, 2015
(continued)

Governmental Activities – Governmental Activities reduced the City's net position by \$51,622,852 principally because the effects of implementation of GASB 68 for recognition of the unfunded actuarial liability for pensions on the City's financial statements.

Business-Type Activities – Business-type Activities increased the City's net position by \$3,956,984. The Sanitation Fund shows a decrease of net position of nearly \$3.0 million principally due to a transfer to the Employee Benefit Trust Fund of \$2.3 million to fund excess health claims and includes a prior period adjustment for the recognition of the net pension liability for the fund. The Storm Water Utility Fund shows improvement of nearly \$2.8 million in net position to allow unrestricted net position to grow in anticipation of the ensuing McNeil Drainage Improvement Project. Over \$689,000 is due to an increase in net position in the Information Technology Fund to allow unrestricted net position to grow in anticipation of future improvements to public safety communication systems. Water consumption restrictions for drought conditions were removed in June 2015 and the City anticipates that water consumption will gradually return to near pre-drought usage patterns. As a result of the lifting of the restrictions, the Water/Sewer Fund experienced a change in net position of \$4.8 million due to higher water consumptions which was offset by a prior period adjustment of \$4.5 million for the net pension liability of the 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, 2015, the City's governmental funds reported combined fund balances of \$23,250,262, which is a decrease of \$8,499,271 from the prior year. Virtually all of this decrease is attributable to the reduction of intergovernmental revenue over the previous fiscal year due to the completion of the Wichita Falls Regional Airport Terminal Project.

The General Fund is the chief operating fund of the City. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$13,682,061, a reduction of \$1,204,138 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 19.34% of total General Fund expenditures, while the total fund balance represents 21.19% of total General Fund expenditures.

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

City of Wichita Falls, Texas
Management's Discussion and Analysis
September 30, 2015
(continued)

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, 2015, the net position for the City's internal service funds was \$23,784,097, a decrease of \$511,816. The Fleet Maintenance Fund reflects a reduction of \$1,128,525 in net position principally because depreciation expenses were higher than equipment replacement expenses. The Employee Benefit Trust Fund reflects a reduction of \$86,361 in net position because of a higher than normal employee and retiree health claim experience during the year. The Information Technology Fund reflects an increase of \$689,339 in net position as the City continues to increase this Fund's unrestricted net position to finance future improvements to our public safety communication systems.

General Fund Budgetary Highlights

The final amended expenditure budget for the General Fund, including transfers out, was increased by \$4,304,801 from the original adopted budget. The reasons for this increase in appropriations can be briefly summarized as follows:

- Approximately \$1,950,000 of prior year encumbrances for street repair projects was carried forward to the 2014-15 amended budget.
- A total of \$925,044 was budgeted to fund a 4% cost of living increase (COLA) for employees.

Actual revenues in the General Fund for the 2014-15 fiscal year were \$66,574,649, which was \$718,598 below final budgeted figures. Reduced sales tax receipts accounted for approximately \$601,592 of this amount. Natural gas franchise revenue helped offset the reduction in sales tax receipts by exceeding the budgeted amount by approximately a \$162,000 due to higher natural gas prices. Electricity franchise revenue decreased by approximately \$97,000. A decrease in mixed beverage tax revenue of approximately \$29,000 which attributed to the overall change of revenue.

Actual expenditures in the General Fund for the 2014-15 fiscal year were \$70,763,152, which was \$1,845,241 below budgeted expenditures. Almost all of this variance was due to large encumbrances for street repairs, emergency tree watering, traffic control equipment and street lights that weren't liquidated by the close of the fiscal year that will be expended in the 2015-16 fiscal year.

City of Wichita Falls, Texas
Management's Discussion and Analysis
September 30, 2015
(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, 2015 amounts to \$524,943,198 (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 Regional Airport Facilities
- Construction in progress of the McNeil Avenue Drainage Improvement Project
- Construction in progress of the Permanent Water Reuse Project
- Completion of the Wastewater Treatment Plant Effluent Reuse Conveyance Project
- Completion of the Direct Potable Water Reuse Project
- Completion of the new slide at Castaway Cove Water Park
- Street Rehabilitation and Utility Improvement Projects

Capital Assets, net of Accumulated Depreciation
(in thousands)

	Governmental Activities		Business-type Activities		Total	
	2015	2014	2015	2014	2015	2014
Land	\$ 10,683	\$ 10,683	\$ 9,042	\$ 9,042	\$ 19,725	\$ 19,725
Land Betterments	17,184	17,682	31,967	33,679	49,151	51,361
Buildings, Systems and Improvements	51,389	52,252	283,138	243,889	334,527	296,141
Infrastructure	84,145	82,384	-	-	84,145	82,384
Machinery and Equip	9,878	10,107	2,771	2,674	12,649	12,781
Furniture and Fixtures	1	2	-	-	1	2
Motor Vehicles	-	-	15,125	15,340	15,125	15,340
Construction in Progress	<u>258</u>	<u>783</u>	<u>9,362</u>	<u>38,053</u>	<u>9,620</u>	<u>38,836</u>
Totals	<u>\$173,538</u>	<u>\$173,893</u>	<u>\$351,405</u>	<u>\$342,677</u>	<u>\$ 524,943</u>	<u>\$ 516,570</u>

Additional information on the City's capital assets can be found in Note 7 on pages 44-45 of this report.

City of Wichita Falls, Texas
Management’s Discussion and Analysis
September 30, 2015
(continued)

Long Term Debt – At the end of the current fiscal year, the City had a total bonded debt, notes and capital leases outstanding of \$203,094,009. During the 2014-15 fiscal year, the City issued \$33,545,000 in Combination Tax and Revenue Certificates of Obligation to pay for a Permanent Indirect Potable Water Reuse Project. The City also incurred \$48,990 in capital lease obligations to finance new equipment to be used at the Champion’s Golf Course. This new debt was partially offset as the City continued to retire outstanding General Obligation Bonds, Water and Sewer System Revenue Bonds, Combination Tax and Revenue Bonds, Capital Leases and Notes Payable.

As of September 30, 2015, Moody’s Investor’s Service had assigned a credit rating of Aa2 for the City’s General Obligation Bonds and a rating of A3 for the City’s Water and Sewer System Revenue Bonds. Standard & Poor’s had assigned a credit rating of AA for the City’s General Obligation Bonds and a rating of A for its Water and Sewer System Revenue Bonds.

Outstanding Debt at Year-End
(in thousands)

	Governmental Activities		Business-type Activities		Total	
	2015	2014	2015	2014	2015	2014
General Obligation Bonds	\$ 3,851	\$ 4,680	\$ 1,930	\$ 1,930	\$ 5,781	\$ 6,610
Combination Tax and Revenue Bonds	46,710	49,302	54,126	24,285	100,836	73,587
Utility System Revenue Bonds	-	-	92,086	95,724	92,086	95,724
Capital Lease Payable	3,230	3,511	723	1,000	3,953	4,511
Notes Payable	-	-	438	474	438	474
Total	\$ 53,791	\$ 57,493	\$ 149,303	\$ 123,413	\$ 203,094	\$ 180,906

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, 2015, was \$.65526 per \$100, which means that the City has a tax margin of \$1.59474 per \$100, and could generate up to \$73,753,723 additional tax revenue a year from the present assessed valuation of \$4,624,811,743 before the limit is reached. The current ratio of general bonded debt outstanding to the assessed value of all taxable property is 1.09%.

Additional information about the City’s long-term debt can be found in Note 13 on pages 59-63 of this report.

City of Wichita Falls, Texas
Management's Discussion and Analysis
September 30, 2015
(continued)

Economic Factors and Next Year's Budget and Rates

Total 2015-16 operating revenues, including transfers in from other funds, are budgeted at \$171,677,150, which is an increase of \$6,269,389, or 3.79% from the 2014-15 adopted budget.

In the 2015-16 budget, sales taxes in the General Fund are projected to generate \$22,477,092, a decrease of \$532,571, or 2.3% from the prior year adopted budget. It should be noted that this projection was based upon an estimate of 2014-15 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 \$4.77 billion, an increase of \$147.2 million, or 3.19% from the prior year. This is the seventh consecutive year that the property tax base has shown very slight growth or remained flat. The 2015-16 budget increased the property tax rate from \$0.65526 to \$0.70598 per \$100 of taxable property. This rate is estimated to generate \$3,293,035 in additional property tax revenue for the General Fund during the 2015-16 fiscal year and will be used entirely to provide increases to the City's pay plans that have remained significantly unchanged for several years. Civil service Police and Fire personnel received cost of living adjustments of 9% and 7% respectively, while all other personnel received a 1% cost of living adjustment.

The City maintains a reserve account in the General Fund to be used for major emergencies such as a widespread tornado, large legal liabilities or important one-time expenditures. The City's fund balance policy established a goal of maintaining 20% of expenditures in unassigned General Fund balance. Current figures indicate that the City will maintain this 20% General Fund balance goal which does not allow the flexibility to fund many one-time capital improvements but, nevertheless, it is necessary to transfer \$1 million to provide sufficient one-time funds to upgrade the Public Safety Radio System in the 2015-16 budget.

The 2015-16 budget maintains the water rates as approved on August 5, 2014 that included an increase of 53% to retail water rates. This rate increase was needed to provide for approximately \$1.4 million of anticipated annual debt service on the Indirect Potable Water Reuse Project, set aside \$1 million annually for a future water supply project that will be determined, and to adjust for significantly lower water sales due to lower water consumption/demand.

Requests for Information

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

Basic Financial Statements

CITY OF WICHITA FALLS, TEXAS
STATEMENT OF NET POSITION
SEPTEMBER 30, 2015

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
Assets				
Cash and cash equivalents	\$ 20,381,024	\$ 13,086,714	\$ 33,467,738	\$ 21,772,282
Receivables (net):				
Taxes and assessments	882,600	-	882,600	-
Customer and trade	-	8,065,968	8,065,968	-
Government agencies	9,480,160	1,941,870	11,422,030	1,265,626
Other	2,718,547	184,007	2,902,554	-
Internal balances	(6,156,486)	6,156,486	-	-
Inventory	245,874	1,829,362	2,075,236	-
Prepaid items	59,679	38,609	98,288	-
Other assets	155,018	-	155,018	-
Restricted assets:				
Cash and cash equivalents	3,307,799	49,487,140	52,794,939	-
Capital assets not being depreciated	10,941,020	18,404,002	29,345,022	1,469,797
Capital assets net of accumulated depreciation	162,597,022	333,001,152	495,598,174	737,597
Total assets	<u>204,612,257</u>	<u>432,195,310</u>	<u>636,807,567</u>	<u>25,245,302</u>
Deferred Outflows of Resources				
Pension-related	5,564,997	1,707,754	7,272,751	-
Deferred losses on bond refundings	-	2,128,967	2,128,967	-
Total deferred outflows of resources	<u>5,564,997</u>	<u>3,836,721</u>	<u>9,401,718</u>	<u>-</u>
Liabilities				
Accounts payable - trade	2,389,991	3,234,718	5,624,709	76,894
Accrued payroll	1,835,527	474,924	2,310,451	-
Accrued interest payable	313,596	742,419	1,056,015	-
Payable to government agencies	443,806	97,966	541,772	-
Estimated health claims payable	930,000	-	930,000	-
Other liabilities	4,383,296	530,191	4,913,487	-
Unearned revenue	37,236	-	37,236	-
Customer deposits	-	2,942,257	2,942,257	-
Long-term liabilities:				
Portion due or payable within one year	6,163,884	9,406,724	15,570,608	-
Portion due or payable after one year	56,179,421	145,044,861	201,224,282	-
Net pension liability	48,045,497	9,126,431	57,171,928	-
Total liabilities	<u>120,722,254</u>	<u>171,600,491</u>	<u>292,322,745</u>	<u>76,894</u>
Deferred Inflows of Resources				
Pension-related	1,828,930	440,453	2,269,383	-
Net Position				
Net investment in capital assets	143,014,752	238,249,137	381,263,889	2,207,394
Restricted for:				
Perpetual care (nonexpendable)	1,006,353	-	1,006,353	-
Debt service (expendable)	324,747	11,800,667	12,125,414	-
Capital projects (expendable)	959,047	-	959,047	-
Federal grant programs (expendable)	1,424,968	-	1,424,968	-
Tourism (expendable)	10	-	10	-
Unrestricted	(59,103,807)	13,941,283	(45,162,524)	22,961,014
Total net position	<u>\$ 87,626,070</u>	<u>\$ 263,991,087</u>	<u>\$ 351,617,157</u>	<u>\$ 25,168,408</u>

See accompanying notes to the basic financial statements.

CITY OF WICHITA FALLS, TEXAS
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2015

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position			Component Units
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			
					Governmental Activities	Business-type Activities	Total	
Primary government:								
Governmental activities:								
Administrative services	\$ 14,837,668	\$ 4,030,674	\$ 417,549	\$ -	\$ (10,389,445)	\$ -	\$ (10,389,445)	\$ -
Police	23,705,432	396,228	219,921	-	(23,089,283)	-	(23,089,283)	-
Fire	16,455,087	6,866	190,775	-	(16,257,446)	-	(16,257,446)	-
Parks and recreation	5,492,124	447,990	90,642	158,125	(4,795,367)	-	(4,795,367)	-
Accounting/finance	876,069	-	-	-	(876,069)	-	(876,069)	-
Community development	6,400,781	1,006,966	4,235,964	-	(1,157,851)	-	(1,157,851)	-
Public works	8,117,413	9,510	684,166	-	(7,423,737)	-	(7,423,737)	-
Health	5,398,191	995,634	1,999,854	-	(2,402,703)	-	(2,402,703)	-
Traffic and transportation	2,555,837	162,184	353,992	5,191,117	3,151,456	-	3,151,456	-
Multi-Purpose Events Center	4,553,654	1,604,828	19,000	-	(2,929,826)	-	(2,929,826)	-
Interest and fees on long-term debt	1,910,975	-	2,807,982	-	897,007	-	897,007	-
Total governmental activities	<u>90,303,231</u>	<u>8,660,880</u>	<u>11,019,845</u>	<u>5,349,242</u>	<u>(65,273,264)</u>	<u>-</u>	<u>(65,273,264)</u>	<u>-</u>
Business-type activities:								
Regional Airport	2,532,243	864,505	-	-	-	(1,667,738)	(1,667,738)	-
Kickapoo Airport	1,412,211	1,090,276	-	-	-	(321,935)	(321,935)	-
Transit	2,524,244	541,389	1,826,749	-	-	(156,106)	(156,106)	-
Sanitation	9,489,348	12,790,072	-	-	-	3,300,724	3,300,724	-
Water and sewer	33,554,406	38,855,845	-	258,587	-	5,560,026	5,560,026	-
Stormwater drainage	674,839	2,763,120	-	1,300,002	-	3,388,283	3,388,283	-
Waterpark	1,557,158	1,492,787	-	-	-	(64,371)	(64,371)	-
Total business-type activities	<u>51,744,449</u>	<u>58,397,994</u>	<u>1,826,749</u>	<u>1,558,589</u>	<u>-</u>	<u>10,038,883</u>	<u>10,038,883</u>	<u>-</u>
Total primary government	<u>\$ 142,047,680</u>	<u>\$ 67,058,874</u>	<u>\$ 12,846,594</u>	<u>\$ 6,907,831</u>	<u>(65,273,264)</u>	<u>10,038,883</u>	<u>(55,234,381)</u>	<u>-</u>
Component units:								
Community development	<u>\$ 7,650,101</u>	<u>\$ 106,800</u>	<u>\$ 498,085</u>	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(7,045,216)</u>
General revenues and transfers:								
Taxes:								
Property tax					31,072,640	-	31,072,640	563,973
Sales tax					22,403,406	-	22,403,406	7,467,802
Franchise fees					5,414,414	-	5,414,414	-
Hotel occupancy tax					1,775,372	-	1,775,372	-
Beverage tax					291,091	-	291,091	-
Bingo tax					32,764	-	32,764	-
Investment earnings					20,732	14,884	35,616	126,889
Miscellaneous					529,526	87,079	616,605	118,231
Transfers					(2,072,770)	2,072,770	-	-
Total general revenues and transfers					<u>59,467,175</u>	<u>2,174,733</u>	<u>61,641,908</u>	<u>8,276,895</u>
Change in net position					(5,806,089)	12,213,616	6,407,527	1,231,679
Net position - beginning					139,248,922	260,034,103	399,283,025	22,343,729
Prior period adjustments					(45,816,763)	(8,256,632)	(54,073,395)	1,593,000
Net position - ending					<u>\$ 87,626,070</u>	<u>\$ 263,991,087</u>	<u>\$ 351,617,157</u>	<u>\$ 25,168,408</u>

See accompanying notes to the basic financial statements.

CITY OF WICHITA FALLS, TEXAS
BALANCE SHEET - GOVERNMENTAL FUNDS
SEPTEMBER 30, 2015

	<u>General</u>	<u>Nonmajor Governmental</u>	<u>Total Governmental Funds</u>
Assets			
Cash and cash equivalents	\$ 6,621,220	\$ 8,255,896	\$ 14,877,116
Receivables (net):			
Taxes and assessments	709,772	172,828	882,600
Other City funds	10,055,789	-	10,055,789
Government agencies	4,156,324	5,323,836	9,480,160
Other	1,463,241	268,756	1,731,997
Inventory	178,456	67,217	245,673
Prepaid items	31,613	28,066	59,679
Other assets	-	155,018	155,018
Total assets	<u>\$ 23,216,415</u>	<u>\$ 14,271,617</u>	<u>\$ 37,488,032</u>
Liabilities			
Accounts payable	\$ 1,389,603	\$ 870,644	\$ 2,260,247
Accrued payroll	1,685,150	115,933	1,801,083
Payable to other City funds	-	4,037,429	4,037,429
Payable to government agencies	345,423	98,383	443,806
Other liabilities	3,568,767	814,159	4,382,926
Claims and judgments payable	38,425	-	38,425
Unearned revenue	-	37,236	37,236
Total liabilities	<u>7,027,368</u>	<u>5,973,784</u>	<u>13,001,152</u>
Deferred inflows of resources			
Unavailable revenues	<u>1,194,891</u>	<u>41,727</u>	<u>1,236,618</u>
Fund balances			
Nonspendable:			
Inventory and prepaid items	210,069	95,283	305,352
Restricted for:			
Perpetual care	-	1,006,353	1,006,353
Debt service	-	283,020	283,020
Capital projects	-	2,712,353	2,712,353
Federal and state grant programs	-	1,975,831	1,975,831
Tourism	-	10	10
Committed for:			
Golf course	-	106,889	106,889
Multi-Purpose Events Center	-	126,751	126,751
Local projects	-	2,500,479	2,500,479
Assigned for:			
Subsequent year's expenditures	1,102,026	-	1,102,026
Unassigned	13,682,061	(550,863)	13,131,198
Total fund balances	<u>14,994,156</u>	<u>8,256,106</u>	<u>23,250,262</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 23,216,415</u>	<u>\$ 14,271,617</u>	<u>\$ 37,488,032</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, 2015

Total fund balances - governmental funds (Exhibit A-3) \$ 23,250,262

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

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

Gross capital assets	\$ 305,431,374	
Related accumulated depreciation	<u>133,417,070</u>	172,014,304

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. 1,236,617

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

Bonds payable	50,561,001	
Capital lease payable	3,230,595	
Accrued vacation and sick leave	8,437,764	
Claims and judgments payable	24,752	
Accrued interest	<u>313,596</u>	(62,567,708)

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

Net pension liabilities	47,361,538	
Deferred outflows - pension related items	(5,437,013)	
Deferred inflows - pension related items	<u>1,795,922</u>	(43,720,447)

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. 7,034,628

Internal service funds are used by management to charge the costs of central garage services to the individual funds. The assets and liabilities of this fund are included with the business-type activities. This amount represents the governmental activity portion of the central garage activity. (9,621,586)

Total net position - governmental activities (Exhibit A-1) \$ 87,626,070

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, 2015

	General	Nonmajor Governmental	Total Governmental Funds
Revenues			
Taxes	\$ 58,567,665	\$ 2,439,854	\$ 61,007,519
Charges for services	2,643,506	718,666	3,362,172
Licenses and permits	1,941,205	-	1,941,205
Fines and forfeitures	2,046,542	216,239	2,262,781
Intergovernmental revenue	5,168	12,395,907	12,401,075
Contributions	359,598	3,652,211	4,011,809
Miscellaneous revenue	1,010,965	2,107,459	3,118,424
Total revenues	<u>66,574,649</u>	<u>21,530,336</u>	<u>88,104,985</u>
Expenditures			
Administrative services	13,077,874	1,335,766	14,413,640
Police	21,739,622	258,179	21,997,801
Fire	14,557,568	161,506	14,719,074
Parks and recreation	4,975,932	89,290	5,065,222
Accounting/finance	747,341	-	747,341
Community development	1,886,731	4,554,232	6,440,963
Public works	5,300,485	149,375	5,449,860
Health	2,920,626	2,297,344	5,217,970
Traffic and transportation	1,854,423	541,414	2,395,837
Multi-Purpose Events Center	-	3,747,189	3,747,189
Capital outlay	3,702,550	1,665,569	5,368,119
Debt service - principal	-	3,350,000	3,350,000
Debt service - interest and paying agent fees	-	1,998,760	1,998,760
Total expenditures	<u>70,763,152</u>	<u>20,148,624</u>	<u>90,911,776</u>
Excess of revenues over (under) expenditures	<u>(4,188,503)</u>	<u>1,381,712</u>	<u>(2,806,791)</u>
Other Financing Sources (Uses)			
Capital lease proceeds	-	47,848	47,848
Transfers in	2,911,455	14,683,455	17,594,910
Transfers out	<u>(745,776)</u>	<u>(22,589,462)</u>	<u>(23,335,238)</u>
Total other financing sources (uses)	<u>2,165,679</u>	<u>(7,858,159)</u>	<u>(5,692,480)</u>
Net change in fund balance	(2,022,824)	(6,476,447)	(8,499,271)
Fund balances - beginning	17,016,980	16,325,553	33,342,533
Prior period adjustment	-	(1,593,000)	(1,593,000)
Fund balances - ending	<u>\$ 14,994,156</u>	<u>\$ 8,256,106</u>	<u>\$ 23,250,262</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, 2015

Net change in fund balances - total governmental funds (Exhibit A-5) \$ (8,499,271)

Amounts reported for *governmental activities* in the Statement of Activities (Exhibit A-2) are different because:

Capital outlays are reported in governmental funds as expenditures. However, in the Statement of Activities, the cost of those assets are allocated over their estimated useful lives as depreciation expense. The net difference between the two is as follows:

Capital outlay during the year	\$ 5,632,764	
Depreciation expense for the year	<u>6,429,104</u>	(796,340)

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. (214,022)

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. (68,767)

The issuance of long-term debt provides current financial resources to governmental funds. However, the issuance increases long-term liabilities in the Statement of Net Position. The City issued a capital lease during 2014-15 in the amount of: (47,848)

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 2014-15 were: 3,749,572

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	(824,731)	
Claims and judgments payable	<u>12,376</u>	(812,355)

Interest on long-term debt in the Statement of Activities differs from the amount reported in the governmental funds because interest is recognized as an expenditure in the funds when it is due, and thus requires the use of current financial resources. In the Statement of Activities, however, interest expense is recognized as the interest accrues, regardless of when it is due. The decrease in accrued interest is as follows:

Accrued interest at September 30, 2014	330,011	
Accrued interest at September 30, 2015	<u>313,596</u>	16,415

The City participates in two defined benefit pension plans. Contributions to the plan are expenditures at the fund level when payments are due. At the government-wide level, pension expenses are recognized on an actuarial basis. Payments were less than the actuarial expense in the current year. (115,457)

Internal service funds are used by management to charge the costs of duplicating services, information technology and health insurance claims to the individual funds. The net revenues of these internal service funds are included with the governmental activities. 1,808,780

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. (826,796)

Change in net position of governmental activities (Exhibit A-2) \$ (5,806,089)

See accompanying notes to the basic financial statements.

CITY OF WICHITA FALLS, TEXAS
STATEMENT OF FUND NET POSITION
PROPRIETARY FUNDS
SEPTEMBER 30, 2015

	Enterprise Funds					Internal Service Funds
	Water and Sewer	Sanitation	Regional Airport	Nonmajor Enterprise Funds	Total	
Assets						
Current assets:						
Cash and cash equivalents	\$ 3,046,398	\$ 4,240,264	\$ 260,967	\$ 4,694,170	\$ 12,241,799	\$ 6,348,823
Restricted cash and cash equivalents	49,129,799	-	357,341	-	49,487,140	3,307,799
Receivables (net):						
Customer and trade	6,041,357	1,661,634	-	362,977	8,065,968	-
Government agencies	71,859	-	-	1,870,011	1,941,870	-
Other	41,235	53,836	45,138	43,798	184,007	986,550
Inventory	1,067,130	-	-	28,766	1,095,896	733,466
Prepaid items	1,889	-	32,220	4,498	38,607	55,037
Total current assets	<u>59,399,667</u>	<u>5,955,734</u>	<u>695,666</u>	<u>7,004,220</u>	<u>73,055,287</u>	<u>11,431,675</u>
Long-term assets:						
Capital assets, net of accumulated depreciation	<u>236,811,354</u>	<u>8,611,256</u>	<u>47,142,988</u>	<u>41,065,341</u>	<u>333,630,939</u>	<u>19,297,955</u>
Total long-term assets	<u>236,811,354</u>	<u>8,611,256</u>	<u>47,142,988</u>	<u>41,065,341</u>	<u>333,630,939</u>	<u>19,297,955</u>
Total assets	<u>296,211,021</u>	<u>14,566,990</u>	<u>47,838,654</u>	<u>48,069,561</u>	<u>406,686,226</u>	<u>30,729,630</u>
Deferred Outflows of Resources						
Pension-related	950,603	374,490	9,534	165,054	1,499,681	336,057
Deferred losses on bond refundings	<u>2,128,967</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,128,967</u>	<u>-</u>
Total deferred outflows of resources	<u>3,079,570</u>	<u>374,490</u>	<u>9,534</u>	<u>165,054</u>	<u>3,628,648</u>	<u>336,057</u>

See accompanying notes to the basic financial statements.

CITY OF WICHITA FALLS, TEXAS
STATEMENT OF FUND NET POSITION
PROPRIETARY FUNDS
SEPTEMBER 30, 2015

	Enterprise Funds					Internal Service Funds
	Water and Sewer	Sanitation	Regional Airport	Nonmajor Enterprise Funds	Total	
Liabilities						
Current liabilities:						
Accounts payable - trade	2,772,930	35,752	18,107	121,477	2,948,266	416,196
Accrued payroll	256,005	100,724	6,538	51,275	414,542	94,829
Accrued vacation and sick leave	420,973	176,891	3,748	47,538	649,150	157,003
Payable to other City funds	139,435	-	-	2,572,872	2,712,307	3,306,052
Payable to government agencies	-	93,117	431	4,418	97,966	-
Estimated health claims payable	-	-	-	-	-	930,000
Other liabilities	178,540	-	28,138	323,513	530,191	370
Payable to U.S. Government - current maturity	36,548	-	-	-	36,548	-
Capital leases - current maturities	25,378	-	-	-	25,378	245,326
Revenue bonds - current maturities	8,524,452	-	-	-	8,524,452	-
Accrued interest - revenue bonds	742,419	-	-	-	742,419	-
Total current liabilities	13,096,680	406,484	56,962	3,121,093	16,681,219	5,149,776
Long-term liabilities:						
Payable to U.S. Government, less current maturities	401,104	-	-	-	401,104	-
Capital leases, less current maturities	202,814	-	-	-	202,814	249,219
Revenue bonds, less current maturities	139,617,573	-	-	-	139,617,573	-
Estimated liability for landfill closure and post-closure care costs	-	4,393,786	-	-	4,393,786	-
Customer deposits	2,942,257	-	-	-	2,942,257	-
Net pension liability	5,080,127	2,001,315	50,953	882,070	8,014,465	1,795,925
Total long-term liabilities	148,243,875	6,395,101	50,953	882,070	155,571,999	2,045,144
Total liabilities	161,340,555	6,801,585	107,915	4,003,163	172,253,218	7,194,920
Deferred Inflows of Resources						
Pension-related	245,173	96,586	2,459	42,570	386,788	86,673
Net Position						
Net investment in capital assets	124,149,880	8,611,256	47,142,988	41,065,341	220,969,465	18,803,410
Restricted for debt service	11,800,667	-	-	-	11,800,667	-
Unrestricted	1,754,316	(567,947)	594,826	3,123,541	4,904,736	4,980,684
Total net position	\$ 137,704,863	\$ 8,043,309	\$ 47,737,814	\$ 44,188,882	237,674,868	\$ 23,784,094
Adjustment to reflect the consolidation of internal service funds activities related to enterprise funds					26,316,219	
Net position of business type activities					\$ 263,991,087	

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, 2015

	Enterprise Funds					Internal Service Funds
	Water and Sewer	Sanitation	Regional Airport	Nonmajor Enterprise Funds	Total	
Operating revenues:						
Charges for services	\$ 38,680,712	\$ 12,735,141	\$ -	\$ 4,272,269	\$ 55,688,122	\$ 13,697,095
Rents, concessions and other	175,133	54,931	864,505	1,615,303	2,709,872	1,539,216
Contributions	-	-	-	-	-	11,986,245
Total operating revenues	<u>38,855,845</u>	<u>12,790,072</u>	<u>864,505</u>	<u>5,887,572</u>	<u>58,397,994</u>	<u>27,222,556</u>
Operating expenses:						
Personnel services	9,198,493	3,695,787	181,151	2,122,217	15,197,648	3,196,446
Supplies and materials	2,432,298	331,411	12,965	1,156,508	3,933,182	3,855,141
Maintenance and repairs	1,634,259	346,391	7,224	443,689	2,431,563	2,642,260
Utilities and other services	4,945,563	3,801,986	293,898	878,314	9,919,761	322,933
Insurance and contract support	799,108	60,421	7,736	121,095	988,360	13,917,923
Other expenses	1,467,952	399,891	113,593	357,740	2,339,176	2,057,231
Depreciation and amortization	7,431,495	251,688	966,226	999,726	9,649,135	4,148,875
Total operating expenses	<u>27,909,168</u>	<u>8,887,575</u>	<u>1,582,793</u>	<u>6,079,289</u>	<u>44,458,825</u>	<u>30,140,809</u>
Operating income (loss)	<u>10,946,677</u>	<u>3,902,497</u>	<u>(718,288)</u>	<u>(191,717)</u>	<u>13,939,169</u>	<u>(2,918,253)</u>
Nonoperating revenues (expenses):						
Interest income	8,549	3,133	373	2,829	14,884	(88,889)
Gain/(loss) on sale/abandonment of capital assets	-	51,376	(998,245)	-	(946,869)	95,277
Interest expense and paying agent fees	(5,519,369)	-	-	-	(5,519,369)	(11,557)
Bond issuance costs	(439,619)	-	-	-	(439,619)	-
Intergovernmental operating grants	-	-	-	1,826,749	1,826,749	-
Total nonoperating revenues (expenses)	<u>(5,950,439)</u>	<u>54,509</u>	<u>(997,872)</u>	<u>1,829,578</u>	<u>(5,064,224)</u>	<u>(5,169)</u>
Income (loss) before contributions and transfers	4,996,238	3,957,006	(1,716,160)	1,637,861	8,874,945	(2,923,422)
Capital contributions	258,587	-	-	1,300,002	1,558,589	-
Transfers in	1,203,393	-	8,529,250	62,298	9,794,941	4,348,366
Transfers out	<u>(1,602,322)</u>	<u>(5,136,777)</u>	<u>(404,639)</u>	<u>(947,241)</u>	<u>(8,090,979)</u>	<u>(312,000)</u>
Change in net position	4,855,896	(1,179,771)	6,408,451	2,052,920	12,137,496	1,112,944
Net position - beginning	137,444,931	11,033,659	41,375,460	42,933,965		24,295,914
Prior period adjustment	<u>(4,595,964)</u>	<u>(1,810,579)</u>	<u>(46,097)</u>	<u>(798,003)</u>		<u>(1,624,764)</u>
Net position - ending	<u>\$ 137,704,863</u>	<u>\$ 8,043,309</u>	<u>\$ 47,737,814</u>	<u>\$ 44,188,882</u>		<u>\$ 23,784,094</u>
Adjustment to reflect the consolidation of internal service funds activities related to enterprise funds					<u>130,960</u>	
Change in net position of business type activities					<u>\$ 12,268,456</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, 2015

	Enterprise Funds					Internal Service Funds
	Water and Sewer	Sanitation	Regional Airport	Nonmajor Enterprise Funds	Total	
Cash flows from operating activities:						
Received from customers and users	\$ 36,973,976	\$ 12,559,363	\$ 841,964	\$ 5,830,408	\$ 56,205,711	\$ 3,888,107
Received from interfund charges	-	-	-	-	-	22,323,768
Other operating receipts	-	-	-	-	-	49,630
Payments to suppliers	(10,192,347)	(2,029,449)	(422,992)	(3,868,131)	(16,512,919)	(22,645,420)
Payments for interfund charges	(2,255,496)	(3,971,914)	(17,953)	(346,146)	(6,591,509)	(394,081)
Payments to employees	(6,761,524)	(2,657,674)	(151,259)	(1,713,122)	(11,283,579)	(2,380,058)
Net cash provided (used) by operating activities	<u>17,764,609</u>	<u>3,900,326</u>	<u>249,760</u>	<u>(96,991)</u>	<u>21,817,704</u>	<u>841,946</u>
Cash flows from noncapital financing activities:						
Intergovernmental operating grants	-	-	-	444,667	444,667	3,205,126
Interfund loans received (repaid)	85,067	-	-	1,732,213	1,817,280	(15,720)
Transfers in from other funds	1,203,393	-	8,529,250	62,298	9,794,941	4,348,366
Transfers out to other funds	(1,602,322)	(5,136,777)	(404,639)	(947,241)	(8,090,979)	(312,000)
Net cash provided (used) by noncapital financing activities	<u>(313,862)</u>	<u>(5,136,777)</u>	<u>8,124,611</u>	<u>1,291,937</u>	<u>3,965,909</u>	<u>7,225,772</u>
Cash flows from capital and related financing activities:						
Capital contributions	-	-	-	2,005,033	2,005,033	-
Acquisition and construction of capital assets	(4,715,722)	(1,025,469)	(8,553,321)	(4,780,272)	(19,074,784)	(4,576,707)
Proceeds from sale of capital assets	-	81,423	-	-	81,423	189,593
Proceeds from issuance of long-term debt	33,545,000	-	-	-	33,545,000	-
Payment of bond issuance costs	(439,619)	-	-	-	(439,619)	-
Principal paid on long-term debt	(7,402,334)	-	-	-	(7,402,334)	(241,554)
Interest and fees paid on long-term debt	(5,576,103)	-	-	-	(5,576,103)	(11,557)
Net cash provided (used) for capital and related financing activities	<u>15,411,222</u>	<u>(944,046)</u>	<u>(8,553,321)</u>	<u>(2,775,239)</u>	<u>3,138,616</u>	<u>(4,640,225)</u>
Cash flows from investing activities:						
Interest on investments	8,549	3,133	373	2,829	14,884	(88,889)
Net cash (used) provided by investing activities	<u>8,549</u>	<u>3,133</u>	<u>373</u>	<u>2,829</u>	<u>14,884</u>	<u>(88,889)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	32,870,518	(2,177,364)	(178,577)	(1,577,464)	28,937,113	3,338,604
Cash and Cash Equivalents - Beginning	19,305,679	6,417,628	796,885	6,271,634	32,791,826	6,318,018
Cash and Cash Equivalents - Ending	<u>\$ 52,176,197</u>	<u>\$ 4,240,264</u>	<u>\$ 618,308</u>	<u>\$ 4,694,170</u>	<u>\$ 61,728,939</u>	<u>\$ 9,656,622</u>
Reconciliation of cash and cash equivalents on the balance sheet to the statement of cash flows:						
Cash and cash equivalents	\$ 3,046,398	\$ 4,240,264	\$ 260,967	\$ 4,694,170	\$ 12,241,799	\$ 6,348,823
Restricted assets - cash and cash equivalents	49,129,799	-	357,341	-	49,487,140	3,307,799
Total cash and cash equivalents at end of year	<u>\$ 52,176,197</u>	<u>\$ 4,240,264</u>	<u>\$ 618,308</u>	<u>\$ 4,694,170</u>	<u>\$ 61,728,939</u>	<u>\$ 9,656,622</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, 2015

	Enterprise Funds					Internal Service Funds
	Water and Sewer	Sanitation	Regional Airport	Nonmajor Enterprise Funds	Total	
Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities:						
Operating income (loss)	\$ 10,946,677	\$ 3,902,497	\$ (718,288)	\$ (191,717)	\$ 13,939,169	\$ (2,918,253)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:						
Depreciation and amortization	7,431,495	251,688	966,226	999,726	9,649,135	4,148,875
Customer deposits received	78,225	-	-	-	78,225	-
(Increase) decrease in assets and deferred outflows:						
Receivables:						
Customer and trade	(1,964,008)	(176,873)	-	(82,818)	(2,223,699)	-
Other	3,914	(53,836)	(22,541)	25,654	(46,809)	(958,592)
Inventory	18,163	-	-	48,765	66,928	49,240
Prepaid items	(1,889)	-	(4,576)	(22)	(6,487)	198,562
Deferred outflows - pension-related	(318,168)	(125,343)	(3,191)	(55,243)	(501,945)	(112,478)
Increase (decrease) in liabilities and deferred inflows:						
Accounts payable - trade	1,374,752	(134,223)	16,987	(864,957)	392,559	47,087
Accrued payroll	35,552	12,358	4,082	5,223	57,215	11,408
Accrued vacation and sick leave	13,647	34,511	(3,170)	8,930	53,918	9,841
Estimated health claims payable	-	-	-	-	-	334,460
Payable to government agencies	-	24,751	121	460	25,332	-
Other liabilities	49,347	-	13,138	(7,817)	54,668	(2,459)
Estimated liability for landfill closure	-	126,621	-	-	126,621	-
Net pension liability	(148,271)	(58,411)	(1,487)	(25,745)	(233,914)	(52,418)
Deferred inflows - pension-related	245,173	96,586	2,459	42,570	386,788	86,673
Total adjustments	6,817,932	(2,171)	968,048	94,726	7,878,535	3,760,199
Net cash provided (used) by operating activities	\$ 17,764,609	\$ 3,900,326	\$ 249,760	\$ (96,991)	\$ 21,817,704	\$ 841,946
Noncash capital and financing activities:						
Capital assets received from developers	\$ 258,587	\$ -	\$ -	\$ -	\$ 258,587	\$ -

See accompanying notes to the basic financial statements.

CITY OF WICHITA FALLS, TEXAS
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
SEPTEMBER 30, 2015

	Agency Fund
Assets	
Cash and cash equivalents	\$ 117,713
	<u> </u>
Liabilities	
Other liabilities	\$ 117,713
	<u> </u>

See accompanying notes to the basic financial statements.

CITY OF WICHITA FALLS, TEXAS

NOTES TO THE FINANCIAL STATEMENTS SEPTEMBER 30, 2015

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, 2015

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, 2015

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, 2015

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 (combined with deferred outflows of resources), liabilities (combined with deferred inflows of resources), revenues or expenditures/expenses of either fund category for governmental and enterprise) for the determination of major funds. The major governmental fund is the General Fund. The major enterprise funds are the Water and Sewer Fund, the Sanitation Fund and the Regional Airport Fund. Non-major funds are combined in a column in the fund financial statements. Non-major funds are detailed in the combining section of the statements.

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

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

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

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

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, 2015

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

The City reports the following major governmental funds:

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

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

The City reports the following major proprietary funds:

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

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

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

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

The City additionally reports the following fund types:

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

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.

CITY OF WICHITA FALLS, TEXAS

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.) SEPTEMBER 30, 2015

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

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

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

D. Nonexchange Transactions

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

Nonexchange transactions include the following classifications:

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

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, 2015

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, 2015

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

For the fiscal year ended September 30, 2015, the City's business-type activities incurred a total of \$5,530,926 of interest costs. This entire amount was charged to expense as there was no capitalized interest in the current year.

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

4. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. Certain amounts related to the City's participation in pension plans (See Note 8) are reported in this category, along with deferred losses on bond refunding.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred 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 items that qualify for reporting in this category. Property taxes receivable (\$784,680) and municipal court fines receivable (\$451,937) are unavailable and therefore cannot be recognized as revenue in the governmental funds until they are received. There are also certain items related to the City's participation in pension plans (See Note 8) that are reported in this category.

5. Long-Term Obligations

Long-term debt and other obligations for general government purposes are recorded in the government-wide statement of net 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, 2015

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

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

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

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, 2015

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 20 days per year. The maximum allowable accumulation is 35 days. Upon leaving the employment of the City, employees will be paid for unused vacation days which they have accrued.

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

10. Risk Management

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

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, 2015

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, 2015 is based on management's estimate of probable losses in the amount of \$63,177. The payment dates of such claims cannot be precisely determined, but are expected to be paid on a periodic basis over the next few years. Accordingly, the long-term liability has been recorded in the government-wide financial statements. \$38,425 is believed by City management to be currently payable from available resources and is recorded in the General Fund.

The following represents changes in the amount of claims liabilities for the City from October 1, 2013 to September 30, 2015:

	Health Care	Workers' Compensation
Liability balance, October 1, 2013	\$ 528,397	\$ 138,580
Incurred claims/adjustments	9,021,053	517,796
Claim payments	(8,953,910)	(528,630)
Liability balance, September 30, 2014	595,540	127,746
Incurred claims/adjustments	13,251,044	503,245
Claim payments	(12,916,584)	(567,814)
Liability balance, September 30, 2015	<u>\$ 930,000</u>	<u>\$ 63,177</u>

F. Pension Plan

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

G. New Accounting Standards Adopted

The City adopted five new statements of financial accounting standards issued by the GASB. Two of these statements had a material effect on the City's financial statements: GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*, and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*.

CITY OF WICHITA FALLS, TEXAS

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.) SEPTEMBER 30, 2015

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

Statement No. 68 establishes standards of accounting and financial reporting, but not funding or budgetary standards, for defined benefit pensions and defined contribution pensions provided to the employees of state and local government employers through pension plans that are administered through trusts or equivalent arrangements. Statement No. 68 replaces the requirements of Statement No. 27, *Accounting for Pensions by State and Local Government Employers*, as well as the requirements of Statement No. 50, *Pension Disclosures*, as they relate to pensions that are provided through pension plans within the scope of the Statement.

The requirements of Statement No. 68 apply to the financial statements of all state and local governmental employers whose employees are provided with pensions through pension plans that are administered through trusts or equivalent arrangements as described above, and to the financial statements of state and local governmental non-employer contributing entities that have a legal obligation to make contributions directly to such pension plans. Statement No. 68 establishes standards for measuring and recognizing assets, liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures related to pensions. Note disclosure and Required Supplementary Information requirements about pensions are also addressed. For defined benefit pension plans, this Statement identifies the methods and assumptions that should be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service.

The adoption of Statement No. 68 has no impact on the City's governmental fund financial statements, which continue to report expenditures in the contribution amount determined legislatively for each plan. The calculation of pension contributions is unaffected by the change. However, the adoption has resulted in the restatement of the City's beginning net position for the fiscal year 2014 government-wide and proprietary fund financial statements to reflect the reporting of net pension asset, deferred outflows of resources, and deferred inflows of resources for its qualified pension plan and the recognition of pension expense in accordance with the provisions of Statement No. 68.

Statement No. 71 amends Statement No. 68 to require that, at transition, a government recognize a beginning deferred outflow of resources for its pension contributions, if any, made subsequent to the measurement date of the beginning net pension liability. Since the measurement date of the pension plan was different than the City's year-end, the effects from the City's reported contributions to the plan subsequent to the respective measurement date of the plan is an increase in deferred outflows of resources and a decrease in net position.

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, 2015.

Deficit Fund Balances – Individual Funds

The Airport Improvement Grant Fund, a special revenue fund, had a deficit fund balance of \$550,863 as of September 30, 2015. This deficit occurred because the City only requests grant funds as disbursements are made. This deficit will be alleviated within a year.

CITY OF WICHITA FALLS, TEXAS

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.) SEPTEMBER 30, 2015

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, 2015, the total amount of the City's demand and time deposits per the general ledger was \$2,993,036, and the total amount per the City's September 30, 2015 bank statements was \$4,127,161. The entire amount of the year-end bank statement balances was covered by federal depository insurance or by collateral held by the City's agent in the City's name.

Investments

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

The investments of the City and its discretely presented component units at September 30, 2015 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	\$ 27,967,254	\$ 27,967,254	Not rated	1.00
LOGIC	11,142,840	11,142,840	Not rated	1.00
Money market account	<u>12,819,678</u>	<u>12,819,678</u>	Not rated	1.00
Total primary government investments	<u>51,929,772</u>	<u>51,929,772</u>		
Component Units:				
TexPool	<u>20,005,939</u>	<u>20,005,939</u>	Not rated	1.00
Total component unit investments	<u>20,005,939</u>	<u>20,005,939</u>		
Total investments	<u>\$ 71,935,711</u>	<u>\$ 71,935,711</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.

CITY OF WICHITA FALLS, TEXAS

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.) SEPTEMBER 30, 2015

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

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.

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.

CITY OF WICHITA FALLS, TEXAS

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.) SEPTEMBER 30, 2015

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

e. Foreign Currency Risk

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

Note 4 - PROPERTY TAXES

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

The City is permitted by its Home Rule Charter to levy taxes up to \$2.25 per \$100 of assessed valuation for general governmental services including the payment of principal and interest on long-term debt. The combined tax rate to finance general governmental services for the year ended September 30, 2015 was \$.65526 per \$100 which means that the City has a tax margin of \$1.59474 per \$100, and could raise up to \$73,753,723 additional tax revenue a year from the present assessed valuation of \$4,624,811,743 before the limit is reached.

CITY OF WICHITA FALLS, TEXAS

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

SEPTEMBER 30, 2015

Note 5 - RECEIVABLES

Receivables at September 30, 2015 consist of the following:

	<u>General</u>	<u>Nonmajor Governmental Funds</u>	<u>Water and Sewer</u>	<u>Sanitation</u>	<u>Regional Airport</u>	<u>Nonmajor Enterprise Funds</u>	<u>Internal Service</u>	<u>Totals Primary Government</u>	<u>Component Units</u>	<u>Totals Reporting Entity</u>
Receivables:										
Taxes and assessments	\$ 1,224,325	\$ 193,593	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,417,918	\$ -	\$ 1,417,918
Customer and trade	-	-	7,691,449	2,247,754	-	462,363	-	10,401,566	-	10,401,566
Other City funds	10,055,789	-	-	-	-	-	-	10,055,789	-	10,055,789
Government agencies	4,156,324	5,323,836	71,859	-	-	1,870,011	-	11,422,030	1,265,626	12,687,656
Other	<u>1,463,242</u>	<u>268,756</u>	<u>41,235</u>	<u>53,836</u>	<u>45,138</u>	<u>43,798</u>	<u>986,550</u>	<u>2,902,555</u>	<u>-</u>	<u>2,902,555</u>
Gross receivables	16,899,680	5,786,185	7,804,543	2,301,590	45,138	2,376,172	986,550	36,199,858	1,265,626	37,465,484
Less: Allowance for uncollectible accounts	(<u>514,552</u>)	(<u>20,765</u>)	(<u>1,650,092</u>)	(<u>586,120</u>)	-	(<u>99,386</u>)	-	(<u>2,870,915</u>)	-	(<u>2,870,915</u>)
Net total receivables	<u>\$16,385,128</u>	<u>\$5,765,420</u>	<u>\$6,154,451</u>	<u>\$1,715,470</u>	<u>\$45,138</u>	<u>\$2,276,786</u>	<u>\$986,550</u>	<u>\$33,328,943</u>	<u>\$1,265,626</u>	<u>\$34,594,569</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 \$1,417,918 total delinquent property taxes within a year. This amount is similar to the amounts collected in previous years.

CITY OF WICHITA FALLS, TEXAS

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.) SEPTEMBER 30, 2015

Note 6 - RESTRICTED ASSETS

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

Water and Sewer restricted assets are comprised of the following:

For Debt Service:	
Cash and cash equivalents	\$11,800,667
For Capital Improvements:	
Cash and cash equivalents	<u>37,329,132</u>
Total	<u>\$49,129,799</u>

Regional Airport restricted assets are comprised of the following:

For Passenger Facility Charges:	
Cash and cash equivalents	\$ 3,689
For Customer Facility Charges:	
Cash and cash equivalents	<u>353,652</u>
Total	<u>\$357,341</u>

Internal Service Fund restricted assets are comprised of the following:

For Employee Insurance:	
Cash and cash equivalents	<u>\$3,307,799</u>

CITY OF WICHITA FALLS, TEXAS

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.) SEPTEMBER 30, 2015

Note 7 - CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2015 was as follows:

Governmental activities:	Balance October 1, <u>2014</u>	<u>Increases</u>	<u>Decreases</u>	Balance September 30, <u>2015</u>
Capital assets not being depreciated:				
Land	\$ 10,682,820	\$ -	\$ -	\$ 10,682,820
Construction in progress	<u>783,079</u>	<u>52,500</u>	<u>577,379</u>	<u>258,200</u>
Total capital assets not being depreciated	<u>11,465,899</u>	<u>52,500</u>	<u>577,379</u>	<u>10,941,020</u>
Capital assets being depreciated:				
Land betterments	23,422,644	-	-	23,422,644
Buildings, systems and improvements	73,420,800	826,388	25,407	74,221,781
Infrastructure	171,477,465	4,494,838	491,222	175,481,081
Machinery and equipment	22,720,927	1,816,325	1,143,632	23,393,620
Furniture and fixtures	<u>164,368</u>	<u>-</u>	<u>2,633</u>	<u>161,735</u>
Total capital assets being depreciated	<u>291,206,204</u>	<u>7,137,551</u>	<u>1,662,894</u>	<u>296,680,861</u>
Less accumulated depreciation for:				
Land betterments	5,739,929	498,316	-	6,238,245
Buildings, systems and improvements	21,169,029	1,679,115	14,873	22,833,271
Infrastructure	89,093,152	2,717,082	473,752	91,336,482
Machinery and equipment	12,614,101	1,858,785	957,615	13,515,271
Furniture and fixtures	<u>162,738</u>	<u>465</u>	<u>2,633</u>	<u>160,570</u>
Total accumulated depreciation	<u>128,778,949</u>	<u>6,753,763</u>	<u>1,448,873</u>	<u>134,083,839</u>
Total capital assets being depreciated, net	<u>162,427,255</u>	<u>383,788</u>	<u>214,021</u>	<u>162,597,022</u>
Governmental activities capital assets, net	<u>\$173,893,154</u>	<u>\$ 436,288</u>	<u>\$ 791,400</u>	<u>\$173,538,042</u>

Depreciation expense was charged to functions as follows:

Governmental activities:	
Administrative services	\$ 980,492
Police	1,324,574
Fire	148,501
Parks and recreation	244,158
Accounting/finance	94,538
Community development	7,385
Public works	2,421,360
Health	159,044
Traffic and transportation	369,980
Multi-Purpose Events Center	<u>1,003,731</u>
Total governmental depreciation	<u>\$6,753,763</u>

CITY OF WICHITA FALLS, TEXAS

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.) SEPTEMBER 30, 2015

Note 7 - CAPITAL ASSETS (CONT'D.)

	Balance October 1, <u>2014</u>	<u>Increases</u>	<u>Decreases</u>	Balance September 30, <u>2015</u>
Business-type activities:				
Capital assets not being depreciated:				
Land	\$ 9,042,199	\$ -	\$ -	\$ 9,042,199
Construction in progress	<u>38,052,969</u>	<u>6,850,712</u>	<u>35,541,878</u>	<u>9,361,803</u>
Total capital assets not being depreciated	<u>47,095,168</u>	<u>6,850,712</u>	<u>35,541,878</u>	<u>18,404,002</u>
Capital assets being depreciated:				
Land betterments	48,140,344	118,374	793,467	47,465,251
Buildings, systems and improvements	351,112,221	47,830,147	1,297,115	397,645,253
Machinery and equipment	8,801,612	569,694	19,478	9,351,828
Furniture and fixtures	39,174	-	35,060	4,114
Motor vehicles	<u>52,711,312</u>	<u>3,497,543</u>	<u>2,714,216</u>	<u>53,494,639</u>
Total capital assets being depreciated	<u>460,804,663</u>	<u>52,015,758</u>	<u>4,859,336</u>	<u>507,961,085</u>
Less accumulated depreciation for:				
Land betterments	14,461,781	1,269,950	233,422	15,498,309
Buildings, systems and improvements	107,223,074	8,113,794	829,894	114,506,974
Machinery and equipment	6,127,926	471,490	18,457	6,580,959
Furniture and fixtures	39,174	-	35,060	4,114
Motor vehicles	<u>37,371,356</u>	<u>3,618,122</u>	<u>2,619,901</u>	<u>38,369,577</u>
Total accumulated depreciation	<u>165,223,311</u>	<u>13,473,356</u>	<u>3,736,734</u>	<u>174,959,933</u>
Total capital assets being depreciated, net	<u>295,581,352</u>	<u>38,542,402</u>	<u>1,122,602</u>	<u>333,001,152</u>
Business-type activities capital assets, net	<u>\$342,676,520</u>	<u>\$45,393,114</u>	<u>\$36,664,480</u>	<u>\$351,405,154</u>

Depreciation expense was charged to programs as follows:

Business-type activities:	
Regional Airport	\$ 970,643
Kickapoo Airport	431,478
Transit	553,988
Sanitation	2,831,367
Water and sewer	8,229,865
Stormwater drainage	238,225
Waterpark	<u>217,790</u>
Total business-type depreciation	<u>\$13,473,356</u>

CITY OF WICHITA FALLS, TEXAS

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.) SEPTEMBER 30, 2015

Note 8 - PENSION PLANS

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

The table below summarizes the amounts reported by the City for each plan as of September 30, 2015. Detailed information for each plan follows.

	TMRS	WFFRRF	Total
Net pension liability	\$32,438,115	\$24,733,813	\$57,171,928
Deferred outflows of resources	6,069,880	1,202,871	7,272,751
Deferred inflows of resources	1,565,501	703,882	2,269,383
Pension expense	4,030,154	2,354,834	6,384,988

Texas Municipal Retirement System

Plan Description

The City participates as one of 860 plans in the nontraditional, joint contributory, hybrid defined benefit plan administered by the TMRS. TMRS is an agency created by the State of Texas and administered in accordance with the TMRS Act, Subtitle G, Title 8, Texas Government Code (the TMRS Act) as an agent multiple-employer retirement system for municipal employees in the State of Texas. The TMRS Act places the general administration and management of the System with a six-member Board of Trustees. Although the Governor, with the advice and consent of the Senate, appoints the Board, TMRS is not fiscally dependent on the State of Texas. TMRS's defined benefit pension plan is a tax-qualified plan under Section 401(a) of the Internal Revenue Code. TMRS issues a publicly available comprehensive annual financial report (CAFR) that can be obtained at www.tmr.com.

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

Benefits Provided

TMRS provides retirement, disability, and death benefits. Benefit provisions are adopted by the City Council, within the options available in the governing state statutes of TMRS.

At retirement, the benefit is calculated as if the sum of the employee's contributions, with interest, and the City-financed monetary credits with interest were used to purchase an annuity. Members may choose to receive their retirement benefit in one of seven payment options. Members may also choose to receive a portion of their benefit as a Partial Lump Sum Distribution in an amount equal to 12, 24, or 36 monthly payments, which cannot exceed 75% of the member's deposits and interest.

CITY OF WICHITA FALLS, TEXAS

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.) SEPTEMBER 30, 2015

Note 8 - PENSION PLANS (CONT'D.)

Employees Covered by Benefit Terms

At the December 31, 2014 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	591
Inactive employees entitled to but not yet receiving benefits	331
Active employees	1,005

Contributions

The contribution rates for employees in TMRS are either 5%, 6%, or 7% of employee gross earnings, and the participating city matching percentages are either 100%, 150%, or 200%, both as adopted by the governing body of the participating city. Under the state law governing TMRS, the contribution rate for each city is determined annually by the actuary, using the Entry Age Normal (EAN) actuarial cost method. The actuarially determined rate is the estimated amount necessary to finance the cost of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability.

Employees of the City were required to contribute 5% of their annual gross earnings during the fiscal year. The contribution rates for the City were 14.26% and 15.08% in calendar years 2014 and 2015, respectively. The City's contributions to TMRS for the year ended September 30, 2015, were \$5,443,008, and were equal to the required contributions.

Net Pension Liability

The City's Net Pension Liability (NPL) was measured as of December 31, 2014, and the Total Pension Liability used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date.

Actuarial Assumptions

The Total Pension Liability in the December 31, 2014 actuarial valuation was determined using the following actuarial assumptions:

Inflation	3.0% per year
Overall payroll growth	3.0% per year
Investment rate of return	7.0%, net of pension plan investment expense, including inflation

Salary increases were based on a service-related table. Mortality rates for active members, retirees, and beneficiaries were based on the gender-distinct RP2000 Combined Healthy Mortality Table, with male rates multiplied by 109% and female rates multiplied by 103%. Based on the size of the City, rates are multiplied by a factor of 95.0%. The rates are projected on a fully generational basis by scale BB to account for future mortality improvements. For disabled annuitants, the gender-distinct RP2000 Disabled Retiree Mortality Table is used, with slight adjustments.

CITY OF WICHITA FALLS, TEXAS

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.) SEPTEMBER 30, 2015

Note 8 - PENSION PLANS (CONT'D.)

Actuarial assumptions used in the December 31, 2014, valuation were based on the results of actuarial experience studies. The experience study in TMRS was for the period January 1, 2006 through December 31, 2009, first used in the December 31, 2010 valuation. Healthy post-retirement mortality rates and annuity purchase rates were updated based on a Mortality Experience Investigation Study covering 2009 through 2011, and dated December 31, 2013. These assumptions were first used in the December 31, 2013 valuation, along with a change to the Entry Age Normal (EAN) actuarial cost method. Assumptions are reviewed annually. No additional changes were made for the 2014 valuation.

The long-term expected rate of return on pension plan investments is 7.0%. The pension plan's policy in regard to the allocation of invested assets is established and may be amended by the TMRS Board of Trustees. Plan assets are managed on a total return basis with an emphasis on both capital appreciation as well as the production of income, in order to satisfy the short-term and long-term funding needs of TMRS.

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return (Arithmetic)</u>
Domestic Equity	17.5%	4.80%
International Equity	17.5%	6.05%
Core Fixed Income	30.0%	1.50%
Non-Core Fixed Income	10.0%	3.50%
Real Return	5.0%	1.75%
Real Estate	10.0%	5.25%
Absolute Return	5.0%	4.25%
Private Equity	<u>5.0%</u>	8.50%
Total	<u>100.0%</u>	

Discount Rate

The discount rate used to measure the Total Pension Liability was 7.0%. The projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at the rates specified in statute. Based on that assumption, the pension plan's Fiduciary Net Position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the Total Pension Liability.

CITY OF WICHITA FALLS, TEXAS

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.) SEPTEMBER 30, 2015

Note 8 - PENSION PLANS (CONT'D.)

Changes in Net Pension Liability

	Increase (Decrease)		
	Total Pension Liability (a)	Fiduciary Net Position (b)	Net Pension Liability (a) – (b)
Balances as of December 31, 2013	\$227,614,915	\$194,230,044	\$33,384,871
Changes for the year:			
Service cost	4,098,031	-	4,098,031
Interest on total pension liability	15,665,423	-	15,665,423
Change of benefit terms	-	-	-
Difference between expected and actual experience	(2,042,671)	-	(2,042,671)
Change of assumptions	-	-	-
Contributions – employer	-	5,379,333	(5,379,333)
Contributions – employee	-	2,303,770	(2,303,770)
Net investment income	-	11,109,980	(11,109,980)
Benefit payments, including refunds of employee contributions	(11,744,340)	(11,744,340)	-
Administrative expense	-	(116,005)	116,005
Other changes	-	(9,538)	9,538
Balances as of December 31, 2014	<u>\$233,591,358</u>	<u>\$201,153,244</u>	<u>\$32,438,114</u>

Sensitivity Analysis

The following presents the net pension asset of the City, calculated using the discount rate of 7.0%, as well as what the City's net pension liability / (asset) would be if it were calculated using a discount rate that is 1 percentage point lower (6.0%) or 1 percentage point higher (8.0%) than the current rate.

	1% Decrease 6.0%	Current Discount Rate 7.0%	1% Increase 8.0%
Net pension liability	\$64,198,381	\$32,438,114	\$6,339,291

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

For the year ended September 30, 2015, the City recognized pension expense of \$4,030,154 related to its participation in TMRS.

CITY OF WICHITA FALLS, TEXAS

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.) SEPTEMBER 30, 2015

Note 8 - PENSION PLANS (CONT'D.)

At September 30, 2015, the City reported deferred outflows of resources and deferred inflows of resources related to TMRS from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 1,565,501
Net difference between projected and actual earnings	1,988,898	-
Contributions made subsequent to measurement date	<u>4,080,982</u>	<u>-</u>
Total	<u>\$6,069,880</u>	<u>\$ 1,565,501</u>

\$4,080,982 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability for the year ending September 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ended December 31:</u>	
2015	\$ 20,055
2016	20,055
2017	20,055
2018	363,232
2019	-
Thereafter	-
Total	<u>\$423,397</u>

Wichita Falls Firemen's Relief and Retirement Fund

Plan Description

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

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

Benefits Provided

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

CITY OF WICHITA FALLS, TEXAS

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.) SEPTEMBER 30, 2015

Note 8 - PENSION PLANS (CONT'D.)

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

The valuations used for this plan are based on a valuation performed as of December 31, 2014.

Employees Covered by Benefit Terms

At the December 31, 2014 measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	115
Inactive employees entitled to but not yet receiving benefits	3
Active employees	156

Contributions

The contribution rate for the firefighters is 12% and the City contributes 12.95%. Both the firefighters and City make contributions bi-weekly. Contribution requirements are not actuarially determined, however, state law requires that each plan of benefits adopted by the Fund must be approved by a qualified actuary. The actuary certifies that the contribution commitments by the firefighters and the City provide an adequate financing arrangement. Using the individual entry age normal cost method, the plan's normal cost is determined as a percentage of payroll.

The City's contributions to the Plan for the year ended September 30, 2015, were \$1,248,549, and were equal to the required contributions.

Net Pension Liability

The City's Net Pension Liability (NPL) was measured as of December 31, 2014, and the Total Pension Liability used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date.

Actuarial Assumptions

The Total Pension Liability in the December 31, 2014, actuarial valuation was determined using the following actuarial assumptions:

Inflation	3.0% per year
Overall payroll growth	4.5% per year
Investment rate of return	8.0%, net of pension plan investment expense, including inflation

CITY OF WICHITA FALLS, TEXAS

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.) SEPTEMBER 30, 2015

Note 8 - PENSION PLANS (CONT'D.)

Salary increases were based on a service-related table. Mortality rates for employee and healthy annuitant combined rates were taken from RP2000 Mortality Table, projected to 2015 using Scale AA, with separate rates for males and females.

Actuarial assumptions used in the valuation were based on the results of actuarial experience studies. The experience study was last performed for the December 31, 2014 valuation.

The long-term expected rate of return on pension plan investments is 8.0%. The pension plan's policy in regard to the allocation of invested assets is established and may be amended by the Plan's Board of Trustees.

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return (Arithmetic)</u>
Cash & Short-term Fixed Income	0.65%	0.60%
Fixed Income:		
Investment Grade	26.07%	3.60%
High Yield	3.93%	5.00%
Equities, Real Estate & Other		
All-cap	14.38%	6.78%
Large-cap (S&P 500)	16.18%	6.78%
Large-cap (Russell index)	5.27%	7.47%
Mid-cap	5.62%	9.07%
Small-cap	1.33%	8.03%
International Equity	13.72%	6.78%
Real Estate	4.14%	7.50%
Alternative Investments	<u>8.71%</u>	6.08%
 Total	 <u>100.00%</u>	

Discount Rate

The discount rate used to measure the Total Pension Liability was 8.0%. The projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at the rates specified in statute. Based on that assumption, the pension plan's Fiduciary Net Position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the Total Pension Liability.

CITY OF WICHITA FALLS, TEXAS

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.) SEPTEMBER 30, 2015

Note 8 - PENSION PLANS (CONT'D.)

Changes in Net Pension Liability

	Increase (Decrease)		
	Total Pension Liability (a)	Fiduciary Net Position (b)	Net Pension Liability (a) – (b)
Balances as of December 31, 2013	\$69,628,166	\$45,558,298	\$24,069,868
Changes for the year:			
Service cost	1,447,068	-	1,447,068
Interest on total pension liability	5,537,931	-	5,537,931
Change of benefit terms	-	-	-
Difference between expected and actual experience	(320,862)	-	(320,862)
Change of assumptions	(423,984)	-	(423,984)
Contributions – employer	-	1,232,957	(1,232,957)
Contributions – employee	-	1,144,644	(1,144,644)
Net investment income	-	3,284,243	(3,284,243)
Benefit payments, including refunds of employee contributions	(3,616,549)	(3,616,549)	-
Administrative expense	-	(85,636)	85,636
Other changes	-	-	-
Balances as of December 31, 2014	<u>\$72,251,770</u>	<u>\$47,517,957</u>	<u>\$24,733,813</u>

Sensitivity Analysis

The following presents the net pension liability of the City, calculated using the discount rate of 8.0%, as well as what the City's net pension liability / (asset) would be if it were calculated using a discount rate that is 1 percentage point lower (7.0%) or 1 percentage point higher (9.0%) than the current rate.

	1% Decrease <u>7.0%</u>	Current Discount Rate <u>8.0%</u>	1% Increase <u>9.0%</u>
Net pension liability	\$33,010,993	\$24,733,013	\$17,769,397

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

For the year ended September 30, 2015, the City recognized pension expense of \$2,354,834 related to the Wichita Falls Firemen's Relief and Retirement Fund.

CITY OF WICHITA FALLS, TEXAS

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.) SEPTEMBER 30, 2015

Note 8 - PENSION PLANS (CONT'D.)

At September 30, 2015, the City reported deferred outflows of resources and deferred inflows of resources related to the WFFRRF from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 303,216
Difference due to changes in actuarial assumptions	-	400,666
Net difference between projected and actual earnings	245,950	-
Contributions made subsequent to measurement date	<u>956,921</u>	<u>-</u>
Total	<u>\$1,202,871</u>	<u>\$ 703,882</u>

\$956,921 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability for the year ending September 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ended December 31:</u>	
2015	\$ 20,524
2016	20,524
2017	20,524
2018	20,522
2019	(40,964)
Thereafter	<u>(499,062)</u>
Total	<u>(\$457,932)</u>

CITY OF WICHITA FALLS, TEXAS

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.) SEPTEMBER 30, 2015

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 Premiums

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

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

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

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

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

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

Benefits for Spouses of Retired Employees

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

Vision Coverage

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

CITY OF WICHITA FALLS, TEXAS

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.) SEPTEMBER 30, 2015

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

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

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

Funding Policy and Annual OPEB Cost

The City's annual other post-employment benefits (OPEB) cost is based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of accrual that, if paid on an ongoing basis, is projected to cover the normal cost each year and to amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The City's OPEB cost for the year ended September 30, 2015 is as follows:

Annual Required Contribution	\$2,476,733
Interest on OPEB obligation	9,746
Adjustment to ARC	<u>(7,802)</u>
Annual OPEB cost (expense) end of year	2,478,677
Net estimated employer contributions	<u>(2,513,506)</u>
Increase (decrease) in net OPEB obligation	(34,829)
Net OPEB obligation – beginning of year	<u>129,950</u>
Net OPEB obligation – end of year	<u>\$ 95,121</u>

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the fiscal year ending September 30, 2015 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, 2013	\$2,444,427	\$2,444,427	100.0%	\$ -
September 30, 2014	2,404,595	2,274,645	94.6%	129,950
September 30, 2015	2,478,677	2,513,506	101.4%	95,121

CITY OF WICHITA FALLS, TEXAS

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.) SEPTEMBER 30, 2015

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

Schedule of Actuarial Liabilities and Funding Status

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

Actuarial Methods and Assumptions

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

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

Inflation rate	2.50% per annum
Investment rate of return	7.25%, net of expenses
Actuarial cost method	Individual entry-age
Amortization method	Level as a percentage of employee payroll
Amortization period	13-year closed amortization
Salary growth	3.0% per annum
Healthcare cost trend rate	Initial rate of 7.00% declining to an ultimate rate of 4.25% after 14 years

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

CITY OF WICHITA FALLS, TEXAS

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.) SEPTEMBER 30, 2015

Note 10 - DEFERRED COMPENSATION PLAN

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

Note 11 - AIRPORT LEASE

The Regional Airport facilities are located on land at Sheppard Air Force Base. The land is leased from the Department of the Air Force for a period of fifty years, beginning May 15, 2009 and expiring May 14, 2059. The City's expense for the year ended September 30, 2015 was \$43,152. 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, 2015.

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, 2015:

Year ending September 30:	
2016	\$ 157,029
2017	140,691
2018	110,204
2019	68,702
2020	46,874
2021-2025	246,064
2026-2030	282,851
2031-2035	327,902
2036-2040	380,128
2041-2045	440,672
2046-2050	510,860
2051-2055	592,227
2056-2059	<u>541,008</u>
Total minimum payments required	<u>\$3,845,212</u>

The total rental expenses for all operating leases for the year ended September 30, 2015 was \$157,029. There were no contingent rentals during the year ended September 30, 2015.

CITY OF WICHITA FALLS, TEXAS

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.) SEPTEMBER 30, 2015

Note 13 - LONG-TERM LIABILITIES

Long-term liabilities transactions for the year ended September 30, 2015 are summarized as follows:

	Balance at October 1, 2014	Issued	Retired and Transferred (1)	Balance at September 30, 2015	Due Within One Year
Governmental Activities:					
General obligation bonds	\$ 4,679,866	\$ -	\$ 829,160	\$ 3,850,706	\$ 822,122
Combination tax and revenue bonds	49,302,503	-	2,592,209	46,710,294	2,679,908
Accrued vacation and sick leave payable	7,667,389	2,241,705	1,420,562	8,488,532	2,250,000
Capital lease payable	3,510,950	48,990	329,345	3,230,595	372,177
Claims and judgments payable	<u>127,746</u>	<u>503,245</u>	<u>567,814</u>	<u>63,177</u>	<u>38,425</u>
Total governmental activities	<u>65,288,454</u>	<u>2,793,940</u>	<u>5,739,090</u>	<u>62,343,304</u>	<u>6,162,632</u>
Business-type Activities:					
Utility system revenue bonds, net of premium (discount)	95,723,505	-	3,637,413	92,086,092	3,791,421
Combination tax and revenue bonds	24,284,987	33,545,000	3,704,054	54,125,933	2,803,032
General obligation bonds	1,930,000	-	-	1,930,000	1,930,000
Accrued vacation and sick leave payable	681,120	681,862	607,598	755,384	625,000
Note payable	474,200	-	36,548	437,652	37,737
Capital leases payable	999,606	-	276,869	722,737	272,569
Landfill closure, post-closure costs	<u>4,267,165</u>	<u>126,621</u>	<u>-</u>	<u>4,393,786</u>	<u>-</u>
Total business-type activities	<u>128,360,583</u>	<u>34,353,483</u>	<u>8,262,482</u>	<u>154,451,584</u>	<u>9,459,759</u>
Total long-term liabilities	<u>\$193,649,037</u>	<u>\$37,147,423</u>	<u>\$14,001,572</u>	<u>\$216,794,888</u>	<u>\$15,622,391</u>

(1) Includes bond premium amortization of \$24,160 related to the general obligation bonds, \$47,209 related to combination tax and revenue bonds (governmental activities), \$27,413 related to revenue bonds, and \$139,054 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, 2015, 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 9/30/15
General Obligation Bonds:					
General Obligation Refunding Bonds, Series 2011 Plus bond premium	1.50% - 3.00%	9/01/21	\$405,000 to \$485,000	\$ 4,365,000	\$ 2,715,000 85,706
General Obligation Refunding Bonds, Series 2013	1.50% - 3.00%	9/01/18	\$335,000 to \$2,305,000	3,740,000	<u>2,980,000</u>
Total General Obligation Bonds					<u>5,780,706</u>

CITY OF WICHITA FALLS, TEXAS

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.) SEPTEMBER 30, 2015

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

	Range of Interest Rates	Final Maturity Date	Annual Serial Payments	Bonds Authorized	Bonds Outstanding at 9/30/15
Combination Tax and Revenue Bonds:					
Combination Tax and Revenue Refunding Bonds, Series 2005 Plus bond premium	4.90% - 5.00%	8/01/16	\$115,000 to \$2,650,000	14,020,000	740,000 27,350
Combination Tax and Revenue Certificates of Obligation, Series 2006A Plus bond premium	3.55% - 5.00%	9/01/26	\$580,000 to \$1,225,000	16,875,000	10,830,000 168,369
Combination Tax and Revenue Certificates of Obligation, Series 2006B Plus bond premium	5.20% - 6.25%	9/01/26	\$130,000 to \$345,000	4,275,000	2,870,000 39,232
Combination Tax and Revenue Certificates of Obligation, Series 2009	2.25% - 4.75%	10/01/29	\$340,000 to \$780,000	10,820,000	8,350,000
Combination Tax and Revenue Certificates of Obligation, Series 2010	5.60%	2/01/25	\$165,000 to \$375,000	3,930,000	2,965,000
Combination Tax and Revenue Refunding Bonds, Series 2010 Plus bond premium	2.00% - 4.00%	8/01/18	\$170,000 to \$3,600,000	9,830,000	7,625,000 193,583
Combination Tax and Revenue Certificates of Obligation, Series 2011 Plus bond premium	2.00% - 4.00%	9/01/31	\$135,000 to \$220,000	3,200,000	2,790,000 70,037
Combination Tax and Revenue Certificates of Obligation, Series 2013 Plus bond premium	2.00% - 3.375%	9/01/33	\$530,000 to \$1,315,000	19,875,000	18,550,000 77,656
Combination Tax and Revenue Certificates of Obligation, Series 2013A	2.00% - 4.625%	9/01/33	\$505,000 to \$905,000	13,000,000	11,995,000
Combination Tax and Surplus Revenue Bonds, Series 2015	0.00% - 2.12%	3/01/45	\$890,000 to \$1,425,000	33,545,000	33,545,000
Total Combination Tax and Revenue Bonds					<u>100,836,227</u>
Revenue Bonds:					
Water & Sewer System Priority Lien Refunding Revenue Bonds, Series 2007 Plus bond premium	4.00% - 4.50%	8/01/27	\$225,000 to \$11,070,000	103,495,000	91,895,000 191,092
Total Revenue Bonds					<u>92,086,092</u>
Total All Bonds					<u>\$ 198,703,025</u>

CITY OF WICHITA FALLS, TEXAS
NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)
SEPTEMBER 30, 2015

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

Aggregate maturities of the long-term debt (principal and interest) for the years subsequent to September 30, 2015 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
2016	\$2,752,122	\$101,103	\$ 5,482,940	\$ 2,441,342	\$ 3,791,420	\$ 4,059,030	\$ 37,737	\$ 14,237	\$ 644,746	\$ 97,937	\$ 12,708,965	\$ 6,713,649
2017	789,373	60,777	7,787,324	2,365,597	3,940,386	3,900,052	38,964	13,009	666,926	83,431	13,222,973	6,422,866
2018	801,559	44,841	7,978,114	2,171,959	4,114,310	3,734,740	40,232	11,742	329,098	68,372	13,263,313	6,031,654
2019	468,681	28,619	4,447,395	1,968,971	8,163,252	3,572,198	41,541	10,433	336,852	59,476	13,457,721	5,639,697
2020	479,266	19,384	4,584,505	1,870,932	8,520,949	3,218,376	42,892	9,082	352,178	50,771	13,979,790	5,168,545
2021-2025	489,705	9,844	25,229,838	7,283,820	48,665,334	10,037,391	236,286	23,549	1,623,532	107,231	76,244,695	17,461,835
2026-2030	-	-	20,012,072	3,719,175	14,890,441	836,058	-	-	-	-	34,902,513	4,555,233
2031-2035	-	-	12,294,039	1,858,584	-	-	-	-	-	-	12,294,039	1,858,584
2036-2040	-	-	6,180,000	1,036,616	-	-	-	-	-	-	6,180,000	1,036,616
2041-2045	-	-	<u>6,840,000</u>	<u>367,555</u>	-	-	-	-	-	-	<u>6,840,000</u>	<u>367,555</u>
Totals	<u>\$5,780,706</u>	<u>\$264,568</u>	<u>\$100,836,227</u>	<u>\$25,084,551</u>	<u>\$92,086,092</u>	<u>\$29,357,845</u>	<u>\$437,652</u>	<u>\$ 82,052</u>	<u>\$3,953,332</u>	<u>\$467,218</u>	<u>\$203,094,009</u>	<u>\$55,256,234</u>

CITY OF WICHITA FALLS, TEXAS

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.) SEPTEMBER 30, 2015

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

All of the General Obligation Bonds were issued on the full faith and credit of the City and are secured by ad valorem taxes levied against all taxable property. With the exception of a portion of the Series 2013 General Obligation Refunding Bonds, these bonds are serviced by the Debt Service Fund with an apportionment of the ad valorem tax levy. At September 30, 2015, this fund had a deficit fund balance of \$408.

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, Series 2005, and Series 2015 Certificates will be serviced by the net revenues of the Water and Sewer Fund, as well as the Series 2010 Combination Tax and Revenue Refunding Certificates. A portion of the Series 2013 General Obligation Refunding Bonds will also be serviced by these net revenues.

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

Notes Payable

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

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

This contractual arrangement is strictly a cost-sharing agreement and is not considered a joint venture as defined in Section J50 of the Codification of Governmental Accounting and Financial Reporting Standards. The remaining debt payable to the U.S. Government at September 30, 2015 is classified as follows:

Long-term	\$ 399,915
Current portion	<u>37,737</u>
Total	<u>\$ 437,652</u>

Capital Leases Payable

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

CITY OF WICHITA FALLS, TEXAS

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.) SEPTEMBER 30, 2015

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

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

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

Note 14 - INTERFUND BALANCES

<u>Due To Fund</u>	<u>Due From Fund</u>	<u>Amount</u>	<u>Purpose</u>
General Fund	Nonmajor Governmental Funds	\$ 4,037,429	Short-term loan
General Fund	Water and Sewer Fund	139,435	Short-term loan
General Fund	Nonmajor Enterprise Funds	2,572,872	Short-term loan
General Fund	Internal Service Funds	<u>3,306,052</u>	Short-term loan
	Total	<u>\$10,055,788</u>	

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

Transfers to and from other funds during the year ended September 30, 2015 were as follows:

<u>Transfers From</u>	<u>Transfers To</u>	<u>Amount</u>	<u>Reason</u>
General Fund	Nonmajor Governmental Funds	\$ 556,459	Supplement capital projects
General Fund	Nonmajor Governmental Funds	171,437	Supplement operating deficits
General Fund	Nonmajor Enterprise Funds	13,228	Supplement operating deficits
General Fund	Internal Service Funds	4,652	Purchase capital assets
Nonmajor Governmental Funds	Nonmajor Governmental Funds	955,098	Fund debt service payment
Nonmajor Governmental Funds	Nonmajor Governmental Funds	1,682,664	Fund operating deficits
Nonmajor Governmental Funds	Nonmajor Governmental Funds	9,969,962	Fund capital projects
Nonmajor Governmental Funds	Regional Airport Fund	8,529,250	Supplement capital projects
Nonmajor Governmental Funds	Water and Sewer Fund	1,203,393	Fund capital projects
Nonmajor Governmental Funds	Nonmajor Enterprise Funds	49,070	Fund capital projects
Nonmajor Governmental Funds	Internal Service Funds	200,024	Purchase capital assets
Water and Sewer Fund	General Fund	983,964	Administrative overhead
Water and Sewer Fund	Nonmajor Governmental Funds	500,000	Fund debt service payment
Water and Sewer Fund	Internal Service Funds	118,358	Purchase capital assets
Sanitation Fund	General Fund	1,411,401	Administrative overhead
Sanitation Fund	Internal Service Funds	1,382,376	Purchase capital assets
Sanitation Fund	Internal Service Funds	2,343,000	Fund operating deficits
Regional Airport Fund	General Fund	54,054	Administrative overhead
Regional Airport Fund	Nonmajor Governmental Funds	300,585	Fund debt service payment
Regional Airport Fund	Nonmajor Governmental Funds	50,000	Supplement operating grant
Nonmajor Enterprise Funds	General Fund	150,036	Administrative overhead
Nonmajor Enterprise Funds	Nonmajor Governmental Funds	47,977	Supplement operating grant
Nonmajor Enterprise Funds	Nonmajor Governmental Funds	449,273	Fund debt service payment
Nonmajor Enterprise Funds	Internal Service Funds	299,955	Purchase capital assets
Internal Service Funds	General Fund	<u>312,000</u>	Administrative overhead
	Total	<u>\$31,738,216</u>	

CITY OF WICHITA FALLS, TEXAS

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.) SEPTEMBER 30, 2015

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 \$4,326,610 as of September 30, 2015, which is based on 20% usage of the landfill. The City will recognize the remaining estimated cost of closure and postclosure care of \$17,306,439 as the remaining estimated capacity is filled. The landfill is expected to be filled to capacity in 2153. Additionally, the City has recorded a liability of \$67,176 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 - COMMITMENTS AND CONTINGENCIES

Litigation

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

Contract Commitment With West Texas Utilities Company

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

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

For water actually consumed, the Company shall pay the City and Wichita County Water Improvement District Number 2 equally, at the base rate of \$0.23 per one thousand gallons, which is adjusted annually. The rate for the year ended September 30, 2015 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.

CITY OF WICHITA FALLS, TEXAS

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.) SEPTEMBER 30, 2015

Note 16 - COMMITMENTS AND CONTINGENCIES (CONT'D.)

Contract Commitments

At September 30, 2015, 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	\$ 1,072,422
Nonmajor Governmental Funds	5,988,878
Water and Sewer Fund	4,846,935
Sanitation Fund	328,322
Nonmajor Enterprise Funds	1,220,084
Internal Service Funds	<u>366,244</u>
Total contract commitments - City	<u>\$13,822,885</u>

Additionally, component units are committed to various contracts as of September 30, 2015. The remaining commitments are as follows:

Wichita Falls Economic Development Corporation	\$ 476,300
Wichita Falls 4B Sales Tax Corporation	\$ 65,977

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, 2015

Note 17 - 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, 2015 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	\$18,858,458	\$3,881,084	\$ -	\$298,366	\$23,037,908
Capital assets, net of accumulated depreciation	<u>2,207,394</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,207,394</u>
Total assets	<u>21,065,852</u>	<u>3,881,084</u>	<u>-</u>	<u>298,366</u>	<u>25,245,302</u>
Accounts payable and other					
current liabilities	<u>59,341</u>	<u>17,553</u>	<u>-</u>	<u>-</u>	<u>76,894</u>
Total liabilities	<u>59,341</u>	<u>17,553</u>	<u>-</u>	<u>-</u>	<u>76,894</u>
Net position	<u>\$21,006,511</u>	<u>\$3,863,531</u>	<u>\$ -</u>	<u>\$298,366</u>	<u>\$25,168,408</u>
Condensed statement of activities:					
Expenses:					
Community development	<u>\$ 2,643,205</u>	<u>\$4,508,811</u>	<u>\$498,085</u>	<u>\$ -</u>	<u>\$ 7,650,101</u>
Program revenues:					
Charges for services	106,800	-	-	-	106,800
Operating grants and contributions	<u>-</u>	<u>498,085</u>	<u>-</u>	<u>-</u>	<u>498,085</u>
Total program revenues	<u>106,800</u>	<u>498,085</u>	<u>-</u>	<u>-</u>	<u>604,885</u>
Net program expense	(<u>2,536,405</u>)	(<u>4,010,726</u>)	(<u>498,085</u>)	<u>-</u>	(<u>7,045,216</u>)
General revenues:					
Tax revenues	3,733,901	3,733,901	497,991	65,982	8,031,775
Non-tax general revenues	<u>127,787</u>	<u>117,106</u>	<u>94</u>	<u>133</u>	<u>245,120</u>
Total general revenues	<u>3,861,688</u>	<u>3,851,007</u>	<u>498,085</u>	<u>66,115</u>	<u>8,276,895</u>
Change in net position	1,325,283	(159,719)	-	66,115	1,231,679
Beginning net position (restated)	<u>19,681,228</u>	<u>4,023,250</u>	<u>-</u>	<u>232,251</u>	<u>23,936,729</u>
Ending net position	<u>\$21,006,511</u>	<u>\$3,863,531</u>	<u>\$ -</u>	<u>\$298,366</u>	<u>\$25,168,408</u>

CITY OF WICHITA FALLS, TEXAS

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.) SEPTEMBER 30, 2015

Note 18 - PRIOR PERIOD ADJUSTMENTS

Contribution from Component Unit

In the prior year, the City received a contribution from the Wichita Falls 4B Sales Tax Corporation in the amount of \$1,593,000. This contribution was dependent on a specific project being funded. However, that project was not ultimately funded. The contribution was returned to the Corporation in the current year. The contribution should have been reported as a loan from the Corporation until the project was funded. The contribution was returned to the Corporation in the current year.

Implementation of New Standards

In the current year the City implemented GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – An Amendment to GASB Statement No. 27*, and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – An Amendment of GASB Statement No. 68*, as those statements are effective for fiscal years beginning on or after June 15, 2014. Implementation of this statement was made to improve accounting and financial reporting by the City for pensions provided by the TMRS as described in Note 8. Implementation required a prior period adjustment to beginning net position as of October 1, 2014.

The total prior period adjustments are shown below:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total Primary Government</u>	<u>Component Unit</u>
<u>Government-wide:</u>				
<i>Texas Municipal Retirement System</i>				
Net pension liability	(\$23,992,073)	(\$9,392,798)	(\$33,384,871)	\$ -
Deferred outflows of resources - contributions	2,902,116	1,136,166	4,038,282	-
 <i>Wichita Falls Firemen's Relief and Retirement Fund</i>				
Net pension liability	(24,069,868)	-	(24,069,868)	-
Deferred outflows of resources - contributions	936,062	-	936,062	-
Contribution from component unit	<u>(1,593,000)</u>	<u>-</u>	<u>(1,593,000)</u>	<u>1,593,000</u>
Total prior period adjustment	<u>(\$45,816,763)</u>	<u>(\$8,256,632)</u>	<u>(\$54,073,395)</u>	<u>\$1,593,000</u>

At the fund level, the adjustment related to the implementation of new standards decreased beginning net position in the Water and Sewer Fund (\$4,595,964), Sanitation Fund (\$1,810,579), Regional Airport Fund (\$46,097), Nonmajor Enterprise Funds (\$798,003) and Internal Service Funds (\$1,624,764). The adjustment related to the contribution from the component unit decreased beginning fund balance by \$1,593,000 in Nonmajor Governmental Funds.

Since pension liability data is not available for periods prior to September 30, 2014, the effect of the prior period adjustment on the change in net position for the fiscal year ended September 30, 2014, is not determinable. The contribution from the component unit would have decreased the change in net position for governmental activities in the prior year by \$1,593,000 and increased the change in net position for the component unit by \$1,593,000.

Required Supplementary Information

CITY OF WICHITA FALLS, TEXAS

REQUIRED SUPPLEMENTARY INFORMATION BUDGETARY COMPARISON SCHEDULE - GENERAL FUND FOR THE YEAR ENDED SEPTEMBER 30, 2015

	Budgeted Amounts		Actual	Variance With
	Original	Final		Final Budget - Positive (Negative)
Revenues:				
Taxes	\$ 59,200,098	\$ 59,200,098	\$ 58,567,665	\$ (632,433)
Charges for services	2,770,586	2,770,586	2,643,506	(127,080)
Licenses and permits	1,972,913	1,972,913	1,941,205	(31,708)
Fines and forfeitures	2,173,000	2,173,000	2,046,542	(126,458)
Intergovernmental revenue	14,746	14,746	5,168	(9,578)
Contributions	158,057	158,057	359,598	201,541
Miscellaneous revenue	1,003,847	1,003,847	1,010,965	7,118
Total revenues	<u>67,293,247</u>	<u>67,293,247</u>	<u>66,574,649</u>	<u>(718,598)</u>
Expenditures:				
Current:				
Administrative services	12,313,320	13,371,996	13,077,874	294,122
Police	21,340,667	21,810,643	21,739,622	71,021
Fire	13,551,421	14,557,571	14,557,568	3
Parks and recreation	5,211,477	5,272,340	4,975,932	296,408
Accounting/finance	796,416	770,739	747,341	23,398
Community development	1,962,127	2,052,168	1,886,731	165,437
Public works	5,306,840	5,300,491	5,300,485	6
Health	3,008,853	2,942,139	2,920,626	21,513
Traffic and transportation	1,838,249	1,873,504	1,854,423	19,081
Capital outlay	3,303,486	4,656,802	3,702,550	954,252
Total expenditures	<u>68,632,856</u>	<u>72,608,393</u>	<u>70,763,152</u>	<u>1,845,241</u>
Excess of revenues over (under) expenditures	<u>(1,339,609)</u>	<u>(5,315,146)</u>	<u>(4,188,503)</u>	<u>1,126,643</u>
Other financing sources (uses):				
Transfers in	2,852,759	2,911,455	2,911,455	-
Transfers out	<u>(411,861)</u>	<u>(741,125)</u>	<u>(745,776)</u>	<u>(4,651)</u>
Total other financing sources (uses)	<u>2,440,898</u>	<u>2,170,330</u>	<u>2,165,679</u>	<u>(4,651)</u>
Excess of revenues and other sources over (under) expenditures and other uses	1,101,289	(3,144,816)	(2,022,824)	1,121,992
Fund balance - beginning	<u>17,016,980</u>	<u>17,016,980</u>	<u>17,016,980</u>	<u>-</u>
Fund balance - ending	<u>\$ 18,118,269</u>	<u>\$ 13,872,164</u>	<u>\$ 14,994,156</u>	<u>\$ 1,121,992</u>

CITY OF WICHITA FALLS, TEXAS

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION SEPTEMBER 30, 2015

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 \$3,975,537 were approved by the City Council. The reported budgetary data includes amendments made during the year.

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

CITY OF WICHITA FALLS, TEXAS

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

	2014
Total Pension Liability	
Service cost	\$ 4,098,031
Interest on total pension liability	15,665,423
Changes of benefit terms	-
Difference between expected and actual experience	(2,042,671)
Changes of assumptions	-
Benefit payments/refunds of contributions	(11,744,340)
Net change in total pension liability	5,976,443
Total pension liability, beginning	227,614,915
Total pension liability, ending (a)	\$ 233,591,358
Fiduciary Net Pension	
Contributions - employer	\$ 5,379,333
Contributions - employee	2,303,770
Net investment income	11,109,980
Benefit payments/refunds of contributions	(11,744,340)
Administrative expenses	(116,005)
Other	(9,538)
Net change in fiduciary net position	6,923,200
Fiduciary net pension, beginning	194,230,044
Fiduciary net pension, ending (b)	\$ 201,153,244
Net pension liability / (asset), ending = (a) - (b)	\$ 32,438,114
Fiduciary net position as a % of total pension liability	86.11%
Covered employee payroll	\$ 41,538,672
Net pension liability (asset) as a % of covered payroll	78.09%

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

CITY OF WICHITA FALLS, TEXAS

REQUIRED SUPPLEMENTARY INFORMATION SCHEDULE OF CONTRIBUTIONS TEXAS MUNICIPAL RETIREMENT SYSTEM

	2015
Actuarial determined contribution	\$ 5,422,031
Contributions in relation to the actuarially determined contribution	(5,422,031)
Contribution deficiency	\$ -
Covered employee payroll	\$ 42,951,296
Contributions as a percentage of covered employee payroll	12.62%

Valuation Date:

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

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage of Payroll, Closed
Remaining Amortization Period	19 years
Asset Valuation Method	10 Year smoothed market; 15% soft corridor
Inflation	3.0%
Salary Increases	3.50% to 12.00% including inflation
Investment Rate of Return	7.00%
Retirement Age	Experience-based table of rates that are specific to the City's plan of benefits. Last updated for the 2010 valuation pursuant to an experience study of the period 2005-2009
Mortality	RP2000 Combined Mortality Table with Blue Collar Adjustment with male rates multiplied by 109% and female rates multiplied by 103% and projected on a fully generational basis with scale BB

Other Information:

There were no benefit changes during the year.

CITY OF WICHITA FALLS, TEXAS

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

	2014
Total Pension Liability	
Service cost	\$ 1,447,068
Interest on total pension liability	5,537,931
Changes of benefit terms	-
Difference between expected and actual experience	(320,862)
Changes of assumptions	(423,984)
Benefit payments/refunds of contributions	(3,616,549)
Net change in total pension liability	2,623,604
Total pension liability, beginning	69,628,166
Total pension liability, ending (a)	\$ 72,251,770
Fiduciary Net Pension	
Contributions - employer	\$ 1,232,957
Contributions - employee	1,144,644
Net investment income	3,284,243
Benefit payments/refunds of contributions	(3,616,549)
Administrative expenses	(85,636)
Other	-
Net change in fiduciary net position	1,959,659
Fiduciary net pension, beginning	45,558,298
Fiduciary net pension, ending (b)	\$ 47,517,957
Net pension liability / (asset), ending = (a) - (b)	\$ 24,733,813
Fiduciary net position as a % of total pension liability	65.77%
Covered employee payroll	\$ 9,629,250
Net pension liability (asset) as a % of covered payroll	256.86%

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

CITY OF WICHITA FALLS, TEXAS

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

	2015
Actuarial determined contribution	\$ 1,248,549
Contributions in relation to the actuarially determined contribution	(1,248,549)
Contribution deficiency	\$ -
Covered employee payroll	\$ 9,629,250
Contributions as a percentage of covered employee payroll	12.97%

Valuation Date:

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

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial Cost Method	Individual Entry Age Normal
Amortization Method	Level Percentage of Payroll, Closed
Remaining Amortization Period	105.9 years
Asset Valuation Method	5-year smoothed market with a 20% of market value corridor
Inflation	3.0%
Salary Increases	SS Table 0515
Investment Rate of Return	8.00%
Retirement Age	RR Table 0515
Mortality	Employee and healthy annuitant combined rates from the RP-2000 Mortality Table, projected to 2024 using Scale AA, with separate rates for males and females

Other Information:

There were no benefit changes during the year.

CITY OF WICHITA FALLS, TEXAS

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

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

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

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

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

Combining Financial Statements

Nonmajor Governmental Funds

Special Revenue Funds

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

Community Development Block Grant Fund

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

Section 8 Housing Fund

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

Home Investment Partnership Agreement Fund

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

Hotel/Motel Tax Fund

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

Airport Improvement Grant Fund

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

Golf Fund

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

MPEC Fund

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

Miscellaneous Special Revenue Fund

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

Debt Service Funds

Debt Service Fund

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

Excess Sales Tax Fund

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

Capital Projects Funds

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

4B Sales Tax Projects

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

Airport Construction Fund

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

Miscellaneous Capital Projects Funds

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

Permanent Fund

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

CITY OF WICHITA FALLS, TEXAS

**COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2015**

	Special Revenue							Debt Service		Capital Projects			Permanent Fund	Total Nonmajor Governmental Funds	
	Community Development Block Grant	Section 8 Housing	Home Investment Partnership Agreement	Hotel/Motel Tax	Airport Improvement Grant	Golf Fund	MPEC Fund	Miscellaneous Special Revenue	Debt Service	Excess Sales Tax	4B Sales Tax Projects	Airport Construction Fund	Miscellaneous Capital Projects		Perpetual Care
ASSETS															
Cash and cash equivalents	\$ -	\$ 949,465	\$ 38,764	\$ -	\$ -	\$ 37,851	\$ 525,437	\$ 2,377,342	\$ 2,170	\$ 283,429	\$ 20,875	\$ 343,951	\$ 2,670,259	\$ 1,006,353	\$ 8,255,896
Receivables:															
Taxes and assessments	-	-	-	145,279	-	-	-	-	27,549	-	-	-	-	-	172,828
Government agencies	912,971	(21,013)	509,206	-	2,910,620	-	-	995,704	16,348	-	-	-	-	-	5,323,836
Other	1,274	-	-	-	-	-	75,033	192,449	-	-	-	-	-	-	268,756
Inventory	-	-	-	-	-	-	67,217	-	-	-	-	-	-	-	67,217
Prepaid items	-	-	-	-	-	2,892	11,424	13,750	-	-	-	-	-	-	28,066
Other assets	-	-	-	-	-	152,018	-	3,000	-	-	-	-	-	-	155,018
Total assets	\$ 914,245	\$ 928,452	\$ 547,970	\$ 145,279	\$ 2,910,620	\$ 192,761	\$ 679,111	\$ 3,582,245	\$ 46,067	\$ 283,429	\$ 20,875	\$ 343,951	\$ 2,670,259	\$ 1,006,353	\$ 14,271,617
LIABILITIES AND FUND BALANCE															
Liabilities															
Accounts payable - trade	\$ 81,349	\$ 677	\$ 9,814	\$ -	\$ 360,754	\$ 82,298	\$ 103,618	\$ 84,411	\$ -	\$ -	\$ -	\$ 122,083	\$ 25,640	\$ -	\$ 870,644
Accrued payroll	5,834	8,733	330	-	-	-	50,111	50,925	-	-	-	-	-	-	115,933
Payable to other City funds	160,962	-	-	145,269	2,895,459	-	-	830,228	4,749	-	-	-	762	-	4,037,429
Payable to government agencies	-	72,460	20,000	-	-	-	3,621	2,302	-	-	-	-	-	-	98,383
Other liabilities	-	29,933	24,744	-	205,270	682	316,369	62,914	-	-	-	143,454	30,793	-	814,159
Unearned revenue	-	-	-	-	-	-	-	37,236	-	-	-	-	-	-	37,236
Total liabilities	248,145	111,803	54,888	145,269	3,461,483	82,980	473,719	1,068,016	4,749	-	-	265,537	57,195	-	5,973,784
Deferred inflows of resources															
Unavailable revenues	-	-	-	-	-	-	-	-	41,727	-	-	-	-	-	41,727
Fund balance:															
Nonspendable:															
Inventory and prepaid items	-	-	-	-	-	2,892	78,641	13,750	-	-	-	-	-	-	95,283
Restricted for:															
Perpetual care	-	-	-	-	-	-	-	-	-	-	-	-	-	1,006,353	1,006,353
Debt service	-	-	-	-	-	-	-	-	(409)	283,429	-	-	-	-	283,020
Capital projects	-	-	-	-	-	-	-	-	-	-	20,875	78,414	2,613,064	-	2,712,353
Federal and state grant programs	666,100	816,649	493,082	-	-	-	-	-	-	-	-	-	-	-	1,975,831
Tourism	-	-	-	10	-	-	-	-	-	-	-	-	-	-	10
Committed for:															
Golf course	-	-	-	-	-	106,889	-	-	-	-	-	-	-	-	106,889
Multi-Purpose Events Center	-	-	-	-	-	-	126,751	-	-	-	-	-	-	-	126,751
Local projects	-	-	-	-	-	-	-	2,500,479	-	-	-	-	-	-	2,500,479
Unassigned	-	-	-	-	(550,863)	-	-	-	-	-	-	-	-	-	(550,863)
Total fund balance	666,100	816,649	493,082	10	(550,863)	109,781	205,392	2,514,229	(409)	283,429	20,875	78,414	2,613,064	1,006,353	8,256,106
Total liabilities, deferred inflows of resources and fund balances	\$ 914,245	\$ 928,452	\$ 547,970	\$ 145,279	\$ 2,910,620	\$ 192,761	\$ 679,111	\$ 3,582,245	\$ 46,067	\$ 283,429	\$ 20,875	\$ 343,951	\$ 2,670,259	\$ 1,006,353	\$ 14,271,617

CITY OF WICHITA FALLS, TEXAS

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2015

	Special Revenue							Debt Service		Capital Projects			Permanent Fund	Total Nonmajor Governmental Funds	
	Community Development Block Grant	Section 8 Housing	Home Investment Partnership Agreement	Hotel/Motel Tax	Airport Improvement Grant	Golf Fund	MPEC Fund	Miscellaneous Special Revenue	Debt Service	Excess Sales Tax	4B Sales Tax Projects	Airport Construction Fund	Miscellaneous Capital Projects		Perpetual Care
Revenues:															
Taxes	\$ -	\$ -	\$ -	\$ 1,744,321	\$ -	\$ -	\$ -	\$ -	\$ 695,533	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,439,854
Charges for services	-	-	-	-	-	434,373	244,952	39,341	-	-	-	-	-	-	718,666
Fines and forfeitures	-	-	-	-	-	-	-	216,239	-	-	-	-	-	-	216,239
Intergovernmental revenue	1,112,813	3,062,514	291,390	-	4,981,550	-	-	2,947,640	-	-	-	-	-	-	12,395,907
Contributions	-	-	-	-	-	-	19,000	457,537	2,407,982	-	400,000	209,567	158,125	-	3,652,211
Miscellaneous revenue	-	8,479	-	-	-	278,658	1,359,876	378,175	105	250	-	34	38,707	43,175	2,107,459
Total revenues	<u>1,112,813</u>	<u>3,070,993</u>	<u>291,390</u>	<u>1,744,321</u>	<u>4,981,550</u>	<u>713,031</u>	<u>1,623,828</u>	<u>4,038,932</u>	<u>3,103,620</u>	<u>250</u>	<u>400,000</u>	<u>209,601</u>	<u>196,832</u>	<u>43,175</u>	<u>21,530,336</u>
Expenditures:															
Current:															
Administrative services	116,845	-	-	91,368	-	863,167	-	264,386	-	-	-	-	-	-	1,335,766
Police	-	-	-	-	-	-	-	258,179	-	-	-	-	-	-	258,179
Fire	-	-	-	-	-	-	-	161,506	-	-	-	-	-	-	161,506
Parks and recreation	-	-	-	-	-	-	-	88,094	-	-	-	-	220	976	89,290
Community development	745,730	3,272,106	536,396	-	-	-	-	-	-	-	-	-	-	-	4,554,232
Public works	100,000	-	-	-	-	-	-	46,575	-	-	-	-	2,800	-	149,375
Health	-	-	-	-	-	-	-	2,243,984	-	-	-	-	53,360	-	2,297,344
Traffic and transportation	13,908	-	-	-	83,958	-	-	417,289	-	-	-	26,259	-	-	541,414
Multi-Purpose Events Center	-	-	-	-	-	-	3,733,910	-	-	-	13,279	-	-	-	3,747,189
Capital outlay	-	-	-	-	-	-	12,380	355,766	-	-	784,153	-	513,270	-	1,665,569
Debt service:															
Principal retirement	-	-	-	-	-	-	-	-	3,350,000	-	-	-	-	-	3,350,000
Interest and paying agent fees	-	-	-	-	-	-	-	-	1,998,760	-	-	-	-	-	1,998,760
Total expenditures	<u>976,483</u>	<u>3,272,106</u>	<u>536,396</u>	<u>91,368</u>	<u>83,958</u>	<u>863,167</u>	<u>3,746,290</u>	<u>3,835,779</u>	<u>5,348,760</u>	<u>-</u>	<u>797,432</u>	<u>26,259</u>	<u>569,650</u>	<u>976</u>	<u>20,148,624</u>
Excess of revenues over (under) expenditures	<u>136,330</u>	<u>(201,113)</u>	<u>(245,006)</u>	<u>1,652,953</u>	<u>4,897,592</u>	<u>(150,136)</u>	<u>(2,122,462)</u>	<u>203,153</u>	<u>(2,245,140)</u>	<u>250</u>	<u>(397,432)</u>	<u>183,342</u>	<u>(372,818)</u>	<u>42,199</u>	<u>1,381,712</u>
Other financing sources (uses):															
Capital lease proceeds	-	-	-	-	-	47,848	-	-	-	-	-	-	-	-	47,848
Transfers in	-	-	-	-	-	102,288	2,091,484	314,765	2,204,956	-	-	9,811,962	158,000	-	14,683,455
Transfers out	-	-	-	(1,682,664)	(4,987,572)	-	-	(609,599)	-	(280,000)	(106,035)	(13,992,650)	(930,942)	-	(22,589,462)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,682,664)</u>	<u>(4,987,572)</u>	<u>150,136</u>	<u>2,091,484</u>	<u>(294,834)</u>	<u>2,204,956</u>	<u>(280,000)</u>	<u>(106,035)</u>	<u>(4,180,688)</u>	<u>(772,942)</u>	<u>-</u>	<u>(7,858,159)</u>
Net change in fund balance	136,330	(201,113)	(245,006)	(29,711)	(89,980)	-	(30,978)	(91,681)	(40,184)	(279,750)	(503,467)	(3,997,346)	(1,145,760)	42,199	(6,476,447)
Fund balance - beginning	529,770	1,017,762	738,088	29,721	(460,883)	109,781	236,370	2,605,910	39,775	563,179	2,117,342	4,075,760	3,758,824	964,154	16,325,553
Prior period adjustment	-	-	-	-	-	-	-	-	-	-	(1,593,000)	-	-	-	(1,593,000)
Fund balance - ending	<u>\$ 666,100</u>	<u>\$ 816,649</u>	<u>\$ 493,082</u>	<u>\$ 10</u>	<u>\$ (550,863)</u>	<u>\$ 109,781</u>	<u>\$ 205,392</u>	<u>\$ 2,514,229</u>	<u>\$ (409)</u>	<u>\$ 283,429</u>	<u>\$ 20,875</u>	<u>\$ 78,414</u>	<u>\$ 2,613,064</u>	<u>\$ 1,006,353</u>	<u>\$ 8,256,106</u>

CITY OF WICHITA FALLS, TEXAS

BUDGETARY COMPARISON SCHEDULE - COMMUNITY DEVELOPMENT BLOCK GRANT FUND FOR THE YEAR ENDED SEPTEMBER 30, 2015

	Budgeted Amounts		Actual	Variance With Final Budget - Positive (Negative)
	Original	Final		
Revenues:				
Charges for services	\$ -	\$ -	\$ -	\$ -
Intergovernmental revenue	1,156,356	1,112,813	1,112,813	-
Total revenues	<u>1,156,356</u>	<u>1,112,813</u>	<u>1,112,813</u>	<u>-</u>
Expenditures:				
Administrative services	120,000	116,845	116,845	-
Community development	819,271	1,122,934	745,730	377,204
Public works	100,000	100,000	100,000	-
Traffic and transportation	-	13,908	13,908	-
Capital outlay	157,085	253,957	-	253,957
Total expenditures	<u>1,196,356</u>	<u>1,607,644</u>	<u>976,483</u>	<u>631,161</u>
Excess of revenues over (under) expenditures	<u>(40,000)</u>	<u>(494,831)</u>	<u>136,330</u>	<u>631,161</u>
Fund balance - beginning	<u>542,358</u>	<u>542,358</u>	<u>529,770</u>	<u>(12,588)</u>
Fund balance - ending	<u>\$ 502,358</u>	<u>\$ 47,527</u>	<u>\$ 666,100</u>	<u>\$ 618,573</u>

CITY OF WICHITA FALLS, TEXAS

BUDGETARY COMPARISON SCHEDULE - SECTION 8 HOUSING FUND FOR THE YEAR ENDED SEPTEMBER 30, 2015

	Budgeted Amounts		Actual	Variance With Final Budget - Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental revenue	\$ 3,569,066	\$ 3,606,998	\$ 3,062,514	\$ (544,484)
Miscellaneous revenue	-	-	8,479	8,479
Total revenues	<u>3,569,066</u>	<u>3,606,998</u>	<u>3,070,993</u>	<u>(536,005)</u>
Expenditures:				
Community development	3,567,650	3,605,498	3,272,106	333,392
Capital outlay	1,416	1,500	-	1,500
Total expenditures	<u>3,569,066</u>	<u>3,606,998</u>	<u>3,272,106</u>	<u>334,892</u>
Excess of revenues under expenditures	<u>-</u>	<u>-</u>	<u>(201,113)</u>	<u>(201,113)</u>
Fund balance - beginning	<u>1,234,910</u>	<u>1,234,910</u>	<u>1,017,762</u>	<u>(217,148)</u>
Fund balance - ending	<u>\$ 1,234,910</u>	<u>\$ 1,234,910</u>	<u>\$ 816,649</u>	<u>\$ (418,261)</u>

CITY OF WICHITA FALLS, TEXAS

BUDGETARY COMPARISON SCHEDULE - HOME INVESTMENT PARTNERSHIP AGREEMENT FUND FOR THE YEAR ENDED SEPTEMBER 30, 2015

	Budgeted Amounts		Actual	Variance With Final Budget - Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental revenue	\$ 325,444	\$ 291,390	\$ 291,390	\$ -
Total revenues	<u>325,444</u>	<u>291,390</u>	<u>291,390</u>	<u>-</u>
Expenditures:				
Community development	325,444	927,344	536,396	390,948
Total expenditures	<u>325,444</u>	<u>927,344</u>	<u>536,396</u>	<u>390,948</u>
Excess of revenues over (under) expenditures	<u>-</u>	<u>(635,954)</u>	<u>(245,006)</u>	<u>390,948</u>
Fund balance - beginning	<u>807,431</u>	<u>807,431</u>	<u>738,088</u>	<u>(69,343)</u>
Fund balance - ending	<u>\$ 807,431</u>	<u>\$ 171,477</u>	<u>\$ 493,082</u>	<u>\$ 321,605</u>

CITY OF WICHITA FALLS, TEXAS

BUDGETARY COMPARISON SCHEDULE - HOTEL/MOTEL TAX FUND FOR THE YEAR ENDED SEPTEMBER 30, 2015

	Budgeted Amounts		Actual	Variance With Final Budget - Positive (Negative)
	Original	Final		
Revenues:				
Taxes	\$ 1,600,000	\$ 1,744,322	\$ 1,744,321	\$ (1)
Total revenues	<u>1,600,000</u>	<u>1,744,322</u>	<u>1,744,321</u>	<u>(1)</u>
Expenditures:				
Administrative services	93,500	91,369	91,368	1
Total expenditures	<u>93,500</u>	<u>91,369</u>	<u>91,368</u>	<u>1</u>
Excess of revenues over expenditures	<u>1,506,500</u>	<u>1,652,953</u>	<u>1,652,953</u>	<u>-</u>
Other financing sources (uses):				
Transfers out	(1,535,920)	(1,682,665)	(1,682,664)	1
Total other financing sources (uses)	<u>(1,535,920)</u>	<u>(1,682,665)</u>	<u>(1,682,664)</u>	<u>1</u>
Excess of revenues and other sources over (under) expenditures and other uses	(29,420)	(29,712)	(29,711)	1
Fund balance - beginning	<u>17,391</u>	<u>17,391</u>	<u>29,721</u>	<u>12,330</u>
Fund balance - ending	<u>\$ (12,029)</u>	<u>\$ (12,321)</u>	<u>\$ 10</u>	<u>\$ 12,331</u>

CITY OF WICHITA FALLS, TEXAS

BUDGETARY COMPARISON SCHEDULE - GOLF FUND FOR THE YEAR ENDED SEPTEMBER 30, 2015

	Budgeted Amounts		Actual	Variance With Final Budget - Positive (Negative)
	Original	Final		
Revenues:				
Charges for services	\$ 740,000	\$ 740,000	\$ 434,373	\$ (305,627)
Miscellaneous revenue	-	-	278,658	278,658
Total revenues	<u>740,000</u>	<u>740,000</u>	<u>713,031</u>	<u>(26,969)</u>
Expenditures:				
Administrative services	850,000	842,000	863,167	(21,167)
Total expenditures	<u>850,000</u>	<u>842,000</u>	<u>863,167</u>	<u>(21,167)</u>
Excess of revenues over (under) expenditures	<u>(110,000)</u>	<u>(102,000)</u>	<u>(150,136)</u>	<u>(48,136)</u>
Other financing sources (uses):				
Capital lease proceeds	-	-	47,848	47,848
Transfers in	110,000	102,000	102,288	288
Total other financing sources (uses)	<u>110,000</u>	<u>102,000</u>	<u>150,136</u>	<u>48,136</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>109,781</u>	<u>78,001</u>
Fund balance - ending	<u><u>\$ 31,780</u></u>	<u><u>\$ 31,780</u></u>	<u><u>\$ 109,781</u></u>	<u><u>\$ 78,001</u></u>

CITY OF WICHITA FALLS, TEXAS

BUDGETARY COMPARISON SCHEDULE - MPEC FUND FOR THE YEAR ENDED SEPTEMBER 30, 2015

	Budgeted Amounts		Actual	Variance With Final Budget - Positive (Negative)
	Original	Final		
Revenues:				
Charges for services	\$ 180,644	\$ 232,427	\$ 244,952	\$ 12,525
Contributions	-	-	19,000	19,000
Miscellaneous revenue	1,516,823	1,425,443	1,359,876	(65,567)
Total revenues	<u>1,697,467</u>	<u>1,657,870</u>	<u>1,623,828</u>	<u>(34,042)</u>
Expenditures:				
MPEC	3,246,014	3,737,407	3,733,910	3,497
Capital outlay	-	12,380	12,380	-
Total expenditures	<u>3,246,014</u>	<u>3,749,787</u>	<u>3,746,290</u>	<u>3,497</u>
Excess of revenues over (under) expenditures	<u>(1,548,547)</u>	<u>(2,091,917)</u>	<u>(2,122,462)</u>	<u>(30,545)</u>
Other financing sources (uses):				
Transfers in	1,548,547	2,129,485	2,091,484	(38,001)
Total other financing sources (uses)	<u>1,548,547</u>	<u>2,129,485</u>	<u>2,091,484</u>	<u>(38,001)</u>
Excess of revenues and other sources over (under) expenditures and other uses	-	37,568	(30,978)	(68,546)
Fund balance - beginning	<u>236,370</u>	<u>236,370</u>	<u>236,370</u>	<u>-</u>
Fund balance - ending	<u>\$ 236,370</u>	<u>\$ 273,938</u>	<u>\$ 205,392</u>	<u>\$ (68,546)</u>

CITY OF WICHITA FALLS, TEXAS

BUDGETARY COMPARISON SCHEDULE - DEBT SERVICE FUND FOR THE YEAR ENDED SEPTEMBER 30, 2015

	Budgeted Amounts		Actual	Variance With Final Budget - Positive (Negative)
	Original	Final		
Revenues:				
Taxes	\$ 718,884	\$ 720,912	\$ 695,533	\$ (25,379)
Contributions	4,606,535	4,576,850	2,407,982	(2,168,868)
Miscellaneous revenue	-	-	105	105
Total revenues	<u>5,325,419</u>	<u>5,297,762</u>	<u>3,103,620</u>	<u>(2,194,142)</u>
Expenditures:				
Debt service - principal	3,000,000	3,350,000	3,350,000	-
Debt service - interest and paying agent fees	2,375,419	1,997,762	1,998,760	(998)
Total expenditures	<u>5,375,419</u>	<u>5,347,762</u>	<u>5,348,760</u>	<u>(998)</u>
Excess of revenues over (under) expenditures	<u>(50,000)</u>	<u>(50,000)</u>	<u>(2,245,140)</u>	<u>(2,195,140)</u>
Other financing sources (uses):				
Transfers in	-	-	2,204,956	2,204,956
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>2,204,956</u>	<u>2,204,956</u>
Excess of revenues and other sources over (under) expenditures and other uses	(50,000)	(50,000)	(40,184)	9,816
Fund balance - beginning	<u>70,448</u>	<u>70,448</u>	<u>39,775</u>	<u>(30,673)</u>
Fund balance - ending	<u>\$ 20,448</u>	<u>\$ 20,448</u>	<u>\$ (409)</u>	<u>\$ (20,857)</u>

Nonmajor Enterprise Funds

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

Kickapoo Airport Fund

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

Transit Fund

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

Stormwater Drainage Fund

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

Waterpark Fund

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

CITY OF WICHITA FALLS, TEXAS

COMBINING STATEMENT OF NET POSITION NONMAJOR ENTERPRISE FUNDS SEPTEMBER 30, 2015

	Kickapoo Airport	Transit	Stormwater Drainage	Waterpark	Total Nonmajor Enterprise Funds
Assets					
Current assets:					
Cash and cash equivalents	\$ 416,116	\$ -	\$ 3,940,802	\$ 337,252	\$ 4,694,170
Receivables (net of allowance for uncollectible accounts):					
Customer and trade	-	-	362,977	-	362,977
Government agencies	-	1,768,270	101,741	-	1,870,011
Other	43,798	-	-	-	43,798
Inventory	28,766	-	-	-	28,766
Prepaid items	4,498	-	-	-	4,498
Total current assets	<u>493,178</u>	<u>1,768,270</u>	<u>4,405,520</u>	<u>337,252</u>	<u>7,004,220</u>
Capital assets, net of accumulated depreciation	<u>9,483,773</u>	<u>5,269,499</u>	<u>22,298,733</u>	<u>4,013,336</u>	<u>41,065,341</u>
Total assets	<u>9,976,951</u>	<u>7,037,769</u>	<u>26,704,253</u>	<u>4,350,588</u>	<u>48,069,561</u>
Deferred outflows of resources					
Pension-related	<u>20,444</u>	<u>106,807</u>	<u>23,750</u>	<u>14,053</u>	<u>165,054</u>
Liabilities					
Current liabilities payable from current assets:					
Accounts payable - trade	7,505	16,528	97,444	-	121,477
Accrued payroll	7,648	33,438	6,244	3,945	51,275
Accrued vacation and sick leave	9,674	16,878	11,898	9,088	47,538
Payable to other City funds	-	2,572,872	-	-	2,572,872
Payable to government agencies	166	-	-	4,252	4,418
Other liabilities	20,059	21,909	281,545	-	323,513
Total current liabilities payable from current assets	<u>45,052</u>	<u>2,661,625</u>	<u>397,131</u>	<u>17,285</u>	<u>3,121,093</u>
Long-term liabilities:					
Net pension liability	<u>109,254</u>	<u>570,789</u>	<u>126,924</u>	<u>75,103</u>	<u>882,070</u>
Deferred inflows of resources					
Pension-related	<u>5,273</u>	<u>27,547</u>	<u>6,125</u>	<u>3,625</u>	<u>42,570</u>
Net position					
Net investment in capital assets	9,483,773	5,269,499	22,298,733	4,013,336	41,065,341
Unrestricted	354,043	(1,384,884)	3,899,090	255,292	3,123,541
Total net position	<u>\$ 9,837,816</u>	<u>\$ 3,884,615</u>	<u>\$ 26,197,823</u>	<u>\$ 4,268,628</u>	<u>\$ 44,188,882</u>

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, 2015

	Kickapoo Airport	Transit	Stormwater Drainage	Waterpark	Total Nonmajor Enterprise Funds
Operating revenues:					
Charges for services	\$ -	\$ 504,374	\$ 2,685,558	\$ 1,082,337	\$ 4,272,269
Rents, concessions and other	1,090,276	37,015	77,562	410,450	1,615,303
Total operating revenues	<u>1,090,276</u>	<u>541,389</u>	<u>2,763,120</u>	<u>1,492,787</u>	<u>5,887,572</u>
Operating expenses:					
Personnel services	238,233	1,156,487	242,934	484,563	2,122,217
Supplies and materials	599,591	332,047	5,823	219,047	1,156,508
Maintenance and repairs	1,965	368,548	23,830	49,346	443,689
Utilities and other services	121,279	116,807	152,708	487,520	878,314
Insurance and contract support	12,931	45,857	1,756	60,551	121,095
Other expenses	62,779	256,711	5,905	32,345	357,740
Depreciation and amortization	400,611	143,100	238,225	217,790	999,726
Total operating expenses	<u>1,437,389</u>	<u>2,419,557</u>	<u>671,181</u>	<u>1,551,162</u>	<u>6,079,289</u>
Operating income (loss)	<u>(347,113)</u>	<u>(1,878,168)</u>	<u>2,091,939</u>	<u>(58,375)</u>	<u>(191,717)</u>
Nonoperating revenues (expenses):					
Interest income	225	-	2,393	211	2,829
Intergovernmental operating grants	-	1,826,749	-	-	1,826,749
Total nonoperating revenues (expenses)	<u>225</u>	<u>1,826,749</u>	<u>2,393</u>	<u>211</u>	<u>1,829,578</u>
Income (loss) before contributions and transfers	<u>(346,888)</u>	<u>(51,419)</u>	<u>2,094,332</u>	<u>(58,164)</u>	<u>1,637,861</u>
Capital contributions	-	-	1,300,002	-	1,300,002
Transfers in	-	13,228	49,070	-	62,298
Transfers out	<u>(47,977)</u>	<u>(383,138)</u>	<u>(516,126)</u>	<u>-</u>	<u>(947,241)</u>
Change in net position	<u>(394,865)</u>	<u>(421,329)</u>	<u>2,927,278</u>	<u>(58,164)</u>	<u>2,052,920</u>
Net position - beginning	10,331,522	4,822,334	23,385,372	4,394,737	42,933,965
Prior period adjustment	<u>(98,841)</u>	<u>(516,390)</u>	<u>(114,827)</u>	<u>(67,945)</u>	<u>(798,003)</u>
Net position - ending	<u>\$ 9,837,816</u>	<u>\$ 3,884,615</u>	<u>\$ 26,197,823</u>	<u>\$ 4,268,628</u>	<u>\$ 44,188,882</u>

CITY OF WICHITA FALLS, TEXAS

**COMBINING STATEMENT OF CASH FLOWS
NONMAJOR ENTERPRISE FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2015**

	Kickapoo Airport	Transit	Stormwater Drainage	Waterpark	Total Nonmajor Enterprise Funds
Cash flows from operating activities:					
Receipts from customers and users	\$1,115,930	\$ 541,389	\$ 2,680,302	\$ 1,492,787	\$ 5,830,408
Payments to suppliers	(731,691)	(1,332,966)	(910,168)	(893,306)	(3,868,131)
Payments for interfund services	(69,560)	(100,838)	(155,693)	(20,055)	(346,146)
Payments to employees	(183,325)	(914,555)	(195,402)	(419,840)	(1,713,122)
Net cash provided (used) by operating activities	<u>131,354</u>	<u>(1,806,970)</u>	<u>1,419,039</u>	<u>159,586</u>	<u>(96,991)</u>
Cash flows from noncapital financing activities:					
Intergovernmental operating grants	-	444,667	-	-	444,667
Interfund loan received	-	1,732,213	-	-	1,732,213
Transfers out to other funds	(47,977)	(383,138)	(516,126)	-	(947,241)
Transfers from other funds	-	13,228	49,070	-	62,298
Net cash provided (used) by noncapital financing activities	<u>(47,977)</u>	<u>1,806,970</u>	<u>(467,056)</u>	<u>-</u>	<u>1,291,937</u>
Cash flows from capital and related financing activities:					
Capital contributions	-	-	2,005,033	-	2,005,033
Acquisition and construction of capital assets	(647)	-	(4,146,074)	(633,551)	(4,780,272)
Net cash provided (used) for capital and related financing activities	<u>(647)</u>	<u>-</u>	<u>(2,141,041)</u>	<u>(633,551)</u>	<u>(2,775,239)</u>
Cash flows from investing activities:					
Interest on investments	225	-	2,393	211	2,829
Net cash provided by investing activities	<u>225</u>	<u>-</u>	<u>2,393</u>	<u>211</u>	<u>2,829</u>
Net Increase (Decrease) in Cash and Cash Equivalents	82,955	-	(1,186,665)	(473,754)	(1,577,464)
Cash and Cash Equivalents - Beginning	<u>333,161</u>	<u>-</u>	<u>5,127,467</u>	<u>811,006</u>	<u>6,271,634</u>
Cash and Cash Equivalents - Ending	<u>\$ 416,116</u>	<u>\$ -</u>	<u>\$ 3,940,802</u>	<u>\$ 337,252</u>	<u>\$ 4,694,170</u>

CITY OF WICHITA FALLS, TEXAS

**COMBINING STATEMENT OF CASH FLOWS (CONT'D.)
NONMAJOR ENTERPRISE FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2015**

	<u>Kickapoo Airport</u>	<u>Transit</u>	<u>Stormwater Drainage</u>	<u>Waterpark</u>	<u>Totals</u>
Cash flows from operating activities:					
Operating income (loss)	\$ (347,113)	\$ (1,878,168)	\$ 2,091,939	\$ (58,375)	\$ (191,717)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:					
Depreciation and amortization	400,611	143,100	238,225	217,790	999,726
(Increase) decrease in assets and deferred outflows of resources:					
Receivables:					
Customer and trade	-	-	(82,818)	-	(82,818)
Other	25,654	-	-	-	25,654
Inventory	48,765	-	-	-	48,765
Prepaid items	(22)	-	-	-	(22)
Deferred outflows - pension-related	(6,843)	(35,748)	(7,949)	(4,703)	(55,243)
Increase (decrease) in liabilities and deferred inflows of resources:					
Accounts payable - trade	3,806	(39,165)	(829,098)	(500)	(864,957)
Accrued payroll	2,143	1,599	948	533	5,223
Accrued vacation and sick leave	2,213	-	3,715	3,002	8,930
Payable to government agencies	54	-	-	406	460
Other liabilities	2	(9,475)	1,656	-	(7,817)
Net pension liability	(3,189)	(16,660)	(3,704)	(2,192)	(25,745)
Deferred inflows - pension-related	5,273	27,547	6,125	3,625	42,570
Total adjustments	<u>478,467</u>	<u>71,198</u>	<u>(672,900)</u>	<u>217,961</u>	<u>94,726</u>
Net cash provided by (used in) operating activities	<u>\$ 131,354</u>	<u>\$ (1,806,970)</u>	<u>\$ 1,419,039</u>	<u>\$ 159,586</u>	<u>\$ (96,991)</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, 2015

	Fleet Maintenance	Duplicating Services	Employee Benefit Trust	Information Technology Fund	Totals
Assets					
Current assets:					
Cash and cash equivalents	\$ 844,915	\$ -	\$ 2,344,945	\$ 3,158,963	\$ 6,348,823
Restricted cash and cash equivalents	-	-	3,307,799	-	3,307,799
Receivables:					
Other	-	-	986,550	-	986,550
Inventory	733,466	-	-	-	733,466
Prepaid items	-	201	-	54,836	55,037
Total current assets	<u>1,578,381</u>	<u>201</u>	<u>6,639,294</u>	<u>3,213,799</u>	<u>11,431,675</u>
Capital assets, net of accumulated depreciation	<u>17,774,217</u>	<u>1,687</u>	<u>-</u>	<u>1,522,051</u>	<u>19,297,955</u>
Total assets	<u>19,352,598</u>	<u>1,888</u>	<u>6,639,294</u>	<u>4,735,850</u>	<u>30,729,630</u>
Deferred outflows of resources					
Pension-related	<u>208,073</u>	<u>754</u>	<u>10,408</u>	<u>116,822</u>	<u>336,057</u>
Liabilities					
Current liabilities:					
Accounts payable - trade	286,452	5,867	7,477	116,400	416,196
Accrued payroll	60,382	413	2,507	31,527	94,829
Accrued vacation and sick leave	106,235	-	-	50,768	157,003
Payable to other City funds	-	31,196	3,274,856	-	3,306,052
Estimated health claims payable	-	-	930,000	-	930,000
Other liabilities	(1)	-	371	-	370
Capital leases - current maturities	245,326	-	-	-	245,326
Total current liabilities	<u>698,394</u>	<u>37,476</u>	<u>4,215,211</u>	<u>198,695</u>	<u>5,149,776</u>
Long-term liabilities:					
Capital leases, less current maturities	249,219	-	-	-	249,219
Net pension liability	1,111,966	4,029	55,622	624,308	1,795,925
Total long-term liabilities	<u>1,361,185</u>	<u>4,029</u>	<u>55,622</u>	<u>624,308</u>	<u>2,045,144</u>
Total liabilities	<u>2,059,579</u>	<u>41,505</u>	<u>4,270,833</u>	<u>823,003</u>	<u>7,194,920</u>
Deferred inflows of resources					
Pension-related	<u>53,665</u>	<u>194</u>	<u>2,684</u>	<u>30,130</u>	<u>86,673</u>
Net position					
Net investment in capital assets	17,279,672	1,687	-	1,522,051	18,803,410
Unrestricted	167,755	(40,744)	2,376,185	2,477,488	4,980,684
Total net position	<u>\$ 17,447,427</u>	<u>\$ (39,057)</u>	<u>\$ 2,376,185</u>	<u>\$ 3,999,539</u>	<u>\$ 23,784,094</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, 2015

	Fleet Maintenance	Duplicating Services	Employee Benefit Trust	Information Technology Fund	Totals
Operating revenues:					
Charges for services	\$ 9,570,852	\$ 143,808	\$ -	\$ 3,982,435	\$ 13,697,095
Rents, concessions and other	40,398	-	1,498,818	-	1,539,216
Contributions	-	-	11,986,245	-	11,986,245
Total operating revenues	<u>9,611,250</u>	<u>143,808</u>	<u>13,485,063</u>	<u>3,982,435</u>	<u>27,222,556</u>
Operating expenses:					
Personnel services	2,005,566	10,212	99,822	1,080,846	3,196,446
Supplies and materials	3,228,801	1,432	196	624,712	3,855,141
Maintenance and repairs	2,098,783	-	-	543,477	2,642,260
Utilities and other services	86,205	2,425	80,135	154,168	322,933
Insurance and contract support	55,979	-	13,861,944	-	13,917,923
Other expenses	206,587	111,193	1,733,117	6,334	2,057,231
Depreciation and amortization	3,824,216	1,174	-	323,485	4,148,875
Total operating expenses	<u>11,506,137</u>	<u>126,436</u>	<u>15,775,214</u>	<u>2,733,022</u>	<u>30,140,809</u>
Operating income (loss)	<u>(1,894,887)</u>	<u>17,372</u>	<u>(2,290,151)</u>	<u>1,249,413</u>	<u>(2,918,253)</u>
Nonoperating revenues (expenses):					
Interest income	-	-	(88,889)	-	(88,889)
Gain on sale of capital assets	90,542	-	-	4,735	95,277
Interest expense	(11,557)	-	-	-	(11,557)
Total nonoperating revenues (expenses)	<u>78,985</u>	<u>-</u>	<u>(88,889)</u>	<u>4,735</u>	<u>(5,169)</u>
Income (loss) before transfers	<u>(1,815,902)</u>	<u>17,372</u>	<u>(2,379,040)</u>	<u>1,254,148</u>	<u>(2,923,422)</u>
Transfers in	2,005,366	-	2,343,000	-	4,348,366
Transfers out	(312,000)	-	-	-	(312,000)
Change in net position	<u>(122,536)</u>	<u>17,372</u>	<u>(36,040)</u>	<u>1,254,148</u>	<u>1,112,944</u>
Net position - beginning	18,575,952	(52,784)	2,462,546	3,310,200	24,295,914
Prior period adjustment	(1,005,989)	(3,645)	(50,321)	(564,809)	(1,624,764)
Net position - ending	<u>\$ 17,447,427</u>	<u>\$ (39,057)</u>	<u>\$ 2,376,185</u>	<u>\$ 3,999,539</u>	<u>\$ 23,784,094</u>

CITY OF WICHITA FALLS, TEXAS

**COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2015**

	Fleet Maintenance	Duplicating Services	Employee Benefit Trust	Information Technology Fund	Totals
Cash flows from operating activities:					
Received from customers and users	\$ 280,176	\$ -	\$ 3,607,931	\$ -	\$ 3,888,107
Received from interfund charges	9,355,950	143,808	8,841,575	3,982,435	22,323,768
Other operating receipts	-	-	49,630	-	49,630
Payments to suppliers	(5,584,945)	(118,172)	(15,365,511)	(1,576,792)	(22,645,420)
Payments for interfund services	(263,055)	(4,011)	(13,370)	(113,645)	(394,081)
Payments to employees	(1,474,707)	(5,905)	(73,829)	(825,617)	(2,380,058)
Net cash provided (used) by operating activities	<u>2,313,419</u>	<u>15,720</u>	<u>(2,953,574)</u>	<u>1,466,381</u>	<u>841,946</u>
Cash flows from noncapital financing activities:					
Interfund loans received	-	-	3,205,126	-	3,205,126
Interfund loans repaid	-	(15,720)	-	-	(15,720)
Transfers in from other funds	2,005,366	-	2,343,000	-	4,348,366
Transfers out to other funds	(312,000)	-	-	-	(312,000)
Net cash provided (used) by noncapital financing activities	<u>1,693,366</u>	<u>(15,720)</u>	<u>5,548,126</u>	<u>-</u>	<u>7,225,772</u>
Cash flows from capital and related financing activities:					
Acquisition of capital assets	(3,596,797)	-	-	(979,910)	(4,576,707)
Proceeds from sale of capital assets	184,858	-	-	4,735	189,593
Principal paid on long-term debt	(241,554)	-	-	-	(241,554)
Interest and fees paid on long-term debt	(11,557)	-	-	-	(11,557)
Net cash used for capital and related financing activities	<u>(3,665,050)</u>	<u>-</u>	<u>-</u>	<u>(975,175)</u>	<u>(4,640,225)</u>
Cash flows from investing activities:					
Interest on investments	-	-	(88,889)	-	(88,889)
Net cash used by investing activities	<u>-</u>	<u>-</u>	<u>(88,889)</u>	<u>-</u>	<u>(88,889)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	341,735	-	2,505,663	491,206	3,338,604
Cash and Cash Equivalents - Beginning	503,180	-	3,147,081	2,667,757	6,318,018
Cash and Cash Equivalents - Ending	<u>\$ 844,915</u>	<u>\$ -</u>	<u>\$ 5,652,744</u>	<u>\$ 3,158,963</u>	<u>\$ 9,656,622</u>
Cash flows from operating activities:					
Operating income (loss)	\$ (1,894,887)	\$ 17,372	\$ (2,290,151)	\$ 1,249,413	\$ (2,918,253)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:					
Depreciation and amortization	3,824,216	1,174	-	323,485	4,148,875
(Increase) decrease in assets and deferred outflows:					
Receivables:					
Other	27,993	-	(986,585)	-	(958,592)
Inventory	49,240	-	-	-	49,240
Prepaid items	253,111	287	-	(54,836)	198,562
Deferred outflows - pension-related	(69,642)	(252)	(3,483)	(39,101)	(112,478)
Increase (decrease) in liabilities and deferred outflows:					
Accounts payable - trade	84,872	(2,343)	(9,672)	(25,770)	47,087
Accrued payroll	6,993	(594)	139	4,870	11,408
Accrued vacation and sick leave	13,429	-	-	(3,588)	9,841
Estimated health claims payable	-	-	334,460	-	334,460
Other liabilities	(3,117)	-	658	-	(2,459)
Net pension liability	(32,454)	(118)	(1,624)	(18,222)	(52,418)
Deferred outflows - pension-related	53,665	194	2,684	30,130	86,673
Total adjustments	<u>4,208,306</u>	<u>(1,652)</u>	<u>(663,423)</u>	<u>216,968</u>	<u>3,760,199</u>
Net cash provided (used) by operating activities	<u>\$ 2,313,419</u>	<u>\$ 15,720</u>	<u>\$ (2,953,574)</u>	<u>\$ 1,466,381</u>	<u>\$ 841,946</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, 2015

	<u>Balance 10/1/2014</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance 9/30/2015</u>
<u>ESCHEATMENT FUND</u>				
Assets				
Cash and cash equivalents	<u>\$ 103,132</u>	<u>\$ 31,642</u>	<u>\$ 17,061</u>	<u>\$ 117,713</u>
Liabilities				
Other liabilities	<u>\$ 103,132</u>	<u>\$ 31,642</u>	<u>\$ 17,061</u>	<u>\$ 117,713</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, 2015

	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	\$ 18,225,416	\$ 3,248,042	\$ -	\$ 298,824	\$ 21,772,282
Receivables:					
Government agencies	633,042	633,042	-	(458)	1,265,626
Capital assets, net of accumulated depreciation	2,207,394	-	-	-	2,207,394
 Total assets	 <u>21,065,852</u>	 <u>3,881,084</u>	 <u>-</u>	 <u>298,366</u>	 <u>25,245,302</u>
Liabilities					
Accounts payable - trade	59,341	17,553	-	-	76,894
Total liabilities	<u>59,341</u>	<u>17,553</u>	<u>-</u>	<u>-</u>	<u>76,894</u>
Net position					
Net investment in capital assets	2,207,394	-	-	-	2,207,394
Unrestricted	18,799,117	3,863,531	-	298,366	22,961,014
Total net position	<u>\$ 21,006,511</u>	<u>\$ 3,863,531</u>	<u>\$ -</u>	<u>\$ 298,366</u>	<u>\$ 25,168,408</u>

CITY OF WICHITA FALLS, TEXAS

**COMBINING STATEMENT OF ACTIVITIES
COMPONENT UNITS
FOR THE YEAR ENDED SEPTEMBER 30, 2015**

	Program Revenue			Net (Expense) Revenue and Changes in Net Position				Totals
	Expenses	Charges for Services	Operating Grants and Contributions	Wichita Falls Economic Development Corporation	Wichita Falls 4B Sales Tax Corporation	Wichita Falls Reinvestment Zone #2	Wichita Falls Reinvestment Zone #3	
Community development								
Wichita Falls Economic Development Corporation	\$ 2,643,205	\$ 106,800	\$ -	\$ (2,536,405)	\$ -	\$ -	\$ -	\$ (2,536,405)
Wichita Falls 4B Sales Tax Corporation	4,508,811	-	498,085	-	(4,010,726)	-	-	(4,010,726)
Wichita Falls Reinvestment Zone #2	498,085	-	-	-	-	(498,085)	-	(498,085)
Wichita Falls Reinvestment Zone #3	-	-	-	-	-	-	-	-
Total component units	<u>\$ 7,650,101</u>	<u>\$ 106,800</u>	<u>\$ 498,085</u>	<u>(2,536,405)</u>	<u>(4,010,726)</u>	<u>(498,085)</u>	<u>-</u>	<u>(7,045,216)</u>
General revenues and special item:								
Taxes:								
Property tax				-	-	497,991	65,982	563,973
Sales tax				3,733,901	3,733,901	-	-	7,467,802
Investment earnings				9,556	117,106	94	133	126,889
Miscellaneous				118,231	-	-	-	118,231
Total general revenues and special item				<u>3,861,688</u>	<u>3,851,007</u>	<u>498,085</u>	<u>66,115</u>	<u>8,276,895</u>
Change in net position				1,325,283	(159,719)	-	66,115	1,231,679
Net position - beginning				19,681,228	2,430,250	-	232,251	22,343,729
Prior period adjustment				-	1,593,000	-	-	1,593,000
Net position - ending				<u>\$ 21,006,511</u>	<u>\$ 3,863,531</u>	<u>\$ -</u>	<u>\$ 298,366</u>	<u>\$ 25,168,408</u>

Supporting Schedules

CITY OF WICHITA FALLS, TEXAS

**COMBINED SCHEDULE OF BONDED DEBT AND INTEREST MATURITIES
SEPTEMBER 30, 2015**

Fiscal Year Ending September 30,	General Obligation Bonds			Combination Tax and Revenue Bonds			Water and Sewer Priority Lien Revenue Bonds			Totals - All Bonded Debt		
	Serial Bond Maturities (1)	Interest on Bonds	Total Bonds and Interest	Serial Bond Maturities (2)	Interest on Bonds	Total Bonds and Interest	Serial Bond Maturities (3)	Interest on Bonds	Total Bonds and Interest	Serial Bond Maturities	Interest on Bonds	Total Bonds and Interest
2016	\$ 2,752,122	\$ 101,103	\$ 2,853,225	\$ 5,482,940	\$ 2,441,342	\$ 7,924,282	\$ 3,791,420	\$ 4,059,030	\$ 7,850,450	\$ 12,026,482	\$ 6,601,475	\$ 18,627,957
2017	789,373	60,777	850,150	7,787,325	2,365,598	10,152,923	3,940,386	3,900,052	7,840,438	12,517,084	6,326,427	18,843,511
2018	801,559	44,841	846,400	7,978,114	2,171,958	10,150,072	4,114,310	3,734,740	7,849,050	12,893,983	5,951,539	18,845,522
2019	468,681	28,619	497,300	4,447,395	1,968,971	6,416,366	8,163,252	3,572,198	11,735,450	13,079,328	5,569,788	18,649,116
2020	479,266	19,384	498,650	4,584,505	1,870,932	6,455,437	8,520,949	3,218,376	11,739,325	13,584,720	5,108,692	18,693,412
2021	489,705	9,844	499,549	4,726,446	1,747,622	6,474,068	8,903,475	2,838,350	11,741,825	14,119,626	4,595,816	18,715,442
2022	-	-	-	4,873,112	1,614,997	6,488,109	9,295,889	2,441,111	11,737,000	14,169,001	4,056,108	18,225,109
2023	-	-	-	5,034,223	1,466,865	6,501,088	9,713,189	2,026,211	11,739,400	14,747,412	3,493,076	18,240,488
2024	-	-	-	5,200,154	1,310,105	6,510,259	10,150,366	1,592,534	11,742,900	15,350,520	2,902,639	18,253,159
2025	-	-	-	5,395,902	1,144,231	6,540,133	10,602,415	1,139,185	11,741,600	15,998,317	2,283,416	18,281,733
2026	-	-	-	5,191,434	979,936	6,171,370	11,074,332	665,493	11,739,825	16,265,766	1,645,429	17,911,195
2027	-	-	-	3,726,747	818,179	4,544,926	3,816,109	170,565	3,986,674	7,542,856	988,744	8,531,600
2028	-	-	-	3,840,717	729,271	4,569,988	-	-	-	3,840,717	729,271	4,569,988
2029	-	-	-	3,969,658	636,177	4,605,835	-	-	-	3,969,658	636,177	4,605,835
2030	-	-	-	3,283,516	555,612	3,839,128	-	-	-	3,283,516	555,612	3,839,128
2031	-	-	-	3,377,340	491,481	3,868,821	-	-	-	3,377,340	491,481	3,868,821
2032	-	-	-	3,251,120	424,899	3,676,019	-	-	-	3,251,120	424,899	3,676,019
2033	-	-	-	3,350,579	364,231	3,714,810	-	-	-	3,350,579	364,231	3,714,810
2034	-	-	-	1,145,000	299,782	1,444,782	-	-	-	1,145,000	299,782	1,444,782
2035	-	-	-	1,170,000	278,191	1,448,191	-	-	-	1,170,000	278,191	1,448,191
2036	-	-	-	1,185,000	255,699	1,440,699	-	-	-	1,185,000	255,699	1,440,699
2037	-	-	-	1,215,000	232,357	1,447,357	-	-	-	1,215,000	232,357	1,447,357
2038	-	-	-	1,235,000	208,162	1,443,162	-	-	-	1,235,000	208,162	1,443,162
2039	-	-	-	1,260,000	183,148	1,443,148	-	-	-	1,260,000	183,148	1,443,148
2040	-	-	-	1,285,000	157,250	1,442,250	-	-	-	1,285,000	157,250	1,442,250
2041	-	-	-	1,310,000	130,455	1,440,455	-	-	-	1,310,000	130,455	1,440,455
2042	-	-	-	1,340,000	102,761	1,442,761	-	-	-	1,340,000	102,761	1,442,761
2043	-	-	-	1,370,000	74,237	1,444,237	-	-	-	1,370,000	74,237	1,444,237
2044	-	-	-	1,395,000	44,997	1,439,997	-	-	-	1,395,000	44,997	1,439,997
2045	-	-	-	1,425,000	15,105	1,440,105	-	-	-	1,425,000	15,105	1,440,105
	<u>\$ 5,780,706</u>	<u>\$ 264,568</u>	<u>\$ 6,045,274</u>	<u>\$ 100,836,227</u>	<u>\$ 25,084,551</u>	<u>\$ 125,920,778</u>	<u>\$ 92,086,092</u>	<u>\$ 29,357,845</u>	<u>\$ 121,443,937</u>	<u>\$ 198,703,025</u>	<u>\$ 54,706,964</u>	<u>\$ 253,409,989</u>

(1) Includes amortization of bond premium of \$85,706.

(2) Includes amortization of bond premium of \$576,227.

(3) Includes amortization of bond premium of \$191,092.

CITY OF WICHITA FALLS, TEXAS

**COMBINED SCHEDULE OF BONDS PAYABLE
SEPTEMBER 30, 2015**

	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	\$ 1,650,000	\$ 2,715,000
General Obligation Refunding Bonds, Series 2011 - Premium					-	194,300	108,594	85,706
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	760,000	2,980,000
Total General Obligation Bonds					8,105,000	8,299,300	2,518,594	5,780,706
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 (2005) 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	13,280,000	740,000
Combination Tax and Revenue Refunding Bonds, Series 2005 - Premium					-	1,050,891	1,023,541	27,350

CITY OF WICHITA FALLS, TEXAS

**COMBINED SCHEDULE OF BONDS PAYABLE (CONT'D.)
SEPTEMBER 30, 2015**

	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	6,045,000	10,830,000
Combination Tax and Revenue Certificates of Obligation, Series 2006A - Premium					-	448,769	280,400	168,369
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	1,405,000	2,870,000
Combination Tax and Revenue Certificates of Obligation, Series 2006B - Premium					-	103,279	64,047	39,232

CITY OF WICHITA FALLS, TEXAS

**COMBINED SCHEDULE OF BONDS PAYABLE (CONT'D.)
SEPTEMBER 30, 2015**

	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	10/01/29	340,000 (2010) 405,000 (2011) 415,000 (2012) 425,000 (2013) 435,000 (2014) 450,000 (2015) 460,000 (2016) 475,000 (2017) 490,000 (2018) 505,000 (2019) 525,000 (2020) 550,000 (2021) 570,000 (2022) 595,000 (2023) 620,000 (2024) 650,000 (2025) 675,000 (2026) 710,000 (2027) 745,000 (2028) 780,000 (2029)	10,820,000	10,820,000	2,470,000	8,350,000
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	965,000	2,965,000
Combination Tax and Revenue Refunding Bonds, Series 2010	2.00, 3.00, 3.50, 4.00 (2/1, 8/1)	05/01/10	08/01/18	170,000 (2010) 285,000 (2012) 595,000 (2013) 580,000 (2014) 575,000 (2015) 555,000 (2016) 3,470,000 (2017) 3,600,000 (2018)	9,830,000	9,830,000	2,205,000	7,625,000
Combination Tax and Revenue Refunding Bonds, Series 2010 - Premium					-	685,333	491,750	193,583

CITY OF WICHITA FALLS, TEXAS
COMBINED SCHEDULE OF BONDS PAYABLE (CONT'D.)
SEPTEMBER 30, 2015

	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	410,000	2,790,000
Combination Tax and Revenue Certificates of Obligation, Series 2011 - Premium					-	98,494	28,457	70,037
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	1,325,000	18,550,000
Combination Tax and Revenue Certificates of Obligation, Series 2013 - Premium					-	96,293	18,637	77,656

CITY OF WICHITA FALLS, TEXAS

**COMBINED SCHEDULE OF BONDS PAYABLE (CONT'D.)
SEPTEMBER 30, 2015**

	Interest Rates and (Dates)	Issue Date	Final Maturity Date	Annual Serial Payments	Bonds			
					Authorized	Issued	Retired or Refunded	Outstanding
Combination Tax and Revenue Certificates of Obligation, Series 2013A	2.00, 3.00, 3.125, 3.25, 3.625, 3.75, 4.00, 4.25, 4.375, 4.50, 4.625 (3/1, 9/1)	08/15/13	09/01/33	505,000 (2014) 500,000 (2015) 510,000 (2016) 520,000 (2017) 530,000 (2018) 545,000 (2019) 560,000 (2020) 580,000 (2021) 595,000 (2022) 615,000 (2023) 630,000 (2024) 650,000 (2025) 675,000 (2026) 700,000 (2027) 730,000 (2028) 760,000 (2029) 795,000 (2030) 830,000 (2031) 865,000 (2032) 905,000 (2033)	13,000,000	13,000,000	1,005,000	11,995,000
Combination Tax and Revenue Certificates of Obligation, Series 2015	0.00, 0.09, 0.40, 0.68, 0.89, 1.05, 1.16, 1.29, 1.40, 1.47, 1.53, 1.59 1.64, 1.69, 1.74, 1.79 1.84, 1.89, 1.93, 1.96 1.99, 2.02, 2.05, 2.08 2.10, 2.11, 2.12 (3/1, 9/1)	01/02/15	03/01/45	890,000 (2016) 960,000 (2017) 960,000 (2018) 960,000 (2019) 965,000 (2020) 970,000 (2021) 975,000 (2022) 980,000 (2023) 990,000 (2024) 1,005,000 (2025) 1,015,000 (2026) 1,030,000 (2027) 1,040,000 (2028) 1,060,000 (2029) 1,080,000 (2030) 1,090,000 (2031) 1,110,000 (2032) 1,130,000 (2033) 1,145,000 (2034) 1,170,000 (2035) 1,185,000 (2036)	33,545,000	33,545,000	-	33,545,000

CITY OF WICHITA FALLS, TEXAS
COMBINED SCHEDULE OF BONDS PAYABLE (CONT'D.)
SEPTEMBER 30, 2015

	Interest Rates and (Dates)	Issue Date	Final Maturity Date	Annual Serial Payments	Bonds			
					Authorized	Issued	Retired or Refunded	Outstanding
				1,215,000 (2037)				
				1,235,000 (2038)				
				1,260,000 (2039)				
				1,285,000 (2040)				
				1,310,000 (2041)				
				1,345,000 (2042)				
				1,370,000 (2043)				
				1,395,000 (2044)				
				1,425,000 (2045)				
Total Combination Tax and Revenue Bonds					129,370,000	131,853,059	31,016,832	100,836,227
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)	103,495,000	103,495,000	11,600,000	91,895,000
				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)				
Water and Sewer System Priority Lien Refunding Revenue Bonds, Series 2007 - Premium					-	437,938	246,846	191,092
Total Priority Lien Revenue Bonds					103,495,000	103,932,938	11,846,846	92,086,092
Total All Bonds					\$ 240,970,000	\$ 244,085,297	\$ 45,382,272	\$ 198,703,025

CITY OF WICHITA FALLS, TEXAS

DEBT SERVICE COVERAGE - REVENUE BONDS SEPTEMBER 30, 2015

Water and Sewer Revenue Bonds:		
Change in net position (Exhibit A-8)		\$ 4,855,896
Add:		
Depreciation and amortization	\$ 7,431,495	
Interest expense and paying agent fees	5,519,369	
Transfers out	<u>1,602,322</u>	14,553,186
Subtract:		
West Texas Utilities water revenues	399,738	
Gain (loss) on sale/abandonment of capital assets	-	
Capital contributions from developers	258,587	
Transfers in	<u>1,203,393</u>	<u>(1,861,718)</u>
Net earnings for determining debt service coverage		<u><u>\$ 17,547,364</u></u>

	Priority Lien Bonds	Subordinate Lien Bonds	
Net earnings for determining debt service coverage			\$ 17,547,364
Principal and interest requirements to maturity	\$ 121,443,937	\$ -	
Number of years remaining to pay bonds	<u>12</u>	<u>N/A</u>	
Average annual principal and interest requirement	10,120,328	N/A	
Minimum bond covenant debt service coverage	<u>1.25</u>	<u>1.10</u>	
Minimum debt service coverage requirement	<u><u>\$ 12,650,410</u></u>	<u><u>\$ -</u></u>	<u>12,650,410</u>
Excess over debt service coverage requirements			<u><u>\$ 4,896,954</u></u>

CITY OF WICHITA FALLS, TEXAS

**CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
SCHEDULE BY FUNCTION AND ACTIVITY
SEPTEMBER 30, 2015**

	Land and Betterments	Buildings and Improvements	Machinery and Equipment	Furniture and Fixtures	Infrastructure	Construction in Progress	Totals
Administrative services:							
Mayor and City Council	\$ -	\$ -	\$ -	\$ 5,218	\$ -	\$ -	\$ 5,218
City Manager	-	265,898	2,019	13,644	-	-	281,561
Personnel/Risk Management	-	-	4,658	4,660	-	-	9,318
Martin Luther King Center	-	749,447	-	-	-	-	749,447
Library	477,942	4,511,041	636,642	86,417	-	-	5,712,042
General Public Information	-	-	420,914	3,184	-	-	424,098
Building Maintenance	-	2,770,246	139,556	-	-	-	2,909,802
Nondepartmental	46,347	380,754	76,380	-	-	-	503,481
Municipal Court	230,000	316,527	189,899	1,435	-	-	737,861
Legal	-	-	1,488	-	-	-	1,488
City Clerk	-	-	1,411	-	-	-	1,411
Homeland security	-	-	721,006	-	-	-	721,006
Training Center	-	-	536,254	-	-	-	536,254
Golf course	3,808,375	786,801	94,140	-	-	-	4,689,316
Total administrative services	4,562,664	9,780,714	2,824,367	114,558	-	-	17,282,303
Police	1,131,749	10,231,506	14,842,231	8,760	-	205,700	26,419,946
Fire	190,565	7,051,522	204,922	-	-	-	7,447,009
Parks and recreation:							
Recreation	754,606	1,744,656	252,880	1,727	-	-	2,753,869
Park maintenance	4,586,567	642,417	61,938	-	-	-	5,290,922
Cemetery	141,685	-	9,423	-	-	-	151,108
Total parks and recreation	5,482,858	2,387,073	324,241	1,727	-	-	8,195,899
Accounting/finance:							
Information Systems	-	-	3,895,195	-	-	-	3,895,195
Total accounting/finance	-	-	3,895,195	-	-	-	3,895,195
Community development:							
Planning	-	-	26,833	-	-	-	26,833
Inspection	-	-	3,610	-	-	-	3,610
Property management	10,334,824	420,892	26,999	-	-	-	10,782,715
Weed and Seed program	-	-	7,504	-	-	-	7,504
Hazard Mitigation grant	170,800	-	-	-	-	-	170,800
Total community development	10,505,624	420,892	64,946	-	-	-	10,991,462
Public works:							
Engineering	-	13,744	125,848	-	-	-	139,592
Street maintenance	10,147	100,108	36,963	-	-	-	147,218
Infrastructure	1,300,172	-	-	-	164,475,899	-	165,776,071
Total public works	1,310,319	113,852	162,811	-	164,475,899	-	166,062,881
Health:							
Administration	34,820	2,877,755	329,550	14,573	-	-	3,256,698
General City nursing	76,411	1,123	19,678	-	-	-	97,212
Environmental health	-	-	21,911	-	-	-	21,911
Lab water pollution	-	-	37,273	-	-	-	37,273
Animal reclaim center	150,737	3,321,311	30,808	-	-	52,500	3,555,356
Total health	261,968	6,200,189	439,220	14,573	-	52,500	6,968,450
Traffic and transportation	-	31,045	136,177	-	11,005,182	-	11,172,404
Multi-Purpose Events Center	9,560,210	38,004,988	499,510	22,117	-	-	48,086,825
Wichita Falls Business Park	1,099,507	-	-	-	-	-	1,099,507
Total capital assets used in the operation of governmental funds	\$ 34,105,464	\$ 74,221,781	\$ 23,393,620	\$ 161,735	\$ 175,481,081	\$ 258,200	\$ 307,621,881

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, 2015

	Beginning Balance 10/1/2014	Additions	Deletions	Ending Balance 9/30/2015
Administrative services:				
Mayor and City Council	\$ 5,218	\$ -	\$ -	\$ 5,218
City Manager	281,561	-	-	281,561
Personnel/Risk Management	9,318	-	-	9,318
Martin Luther King Center	749,447	-	-	749,447
Library	5,553,613	170,764	12,335	5,712,042
General Public Information	419,023	30,791	25,716	424,098
Building Maintenance	2,822,859	86,943	-	2,909,802
Nondepartmental	472,615	30,866	-	503,481
Municipal Court	737,861	-	-	737,861
Legal	3,357	-	1,869	1,488
City Clerk	1,411	-	-	1,411
Homeland security	725,792	10,425	15,211	721,006
Training center	536,254	-	-	536,254
Golf course	4,385,211	304,105	-	4,689,316
Total administrative services	<u>16,703,540</u>	<u>633,894</u>	<u>55,131</u>	<u>17,282,303</u>
Police	<u>27,232,461</u>	<u>176,086</u>	<u>988,601</u>	<u>26,419,946</u>
Fire	<u>7,485,707</u>	<u>-</u>	<u>38,698</u>	<u>7,447,009</u>
Parks and recreation:				
Recreation	2,747,365	9,308	2,804	2,753,869
Park maintenance	5,561,987	-	271,065	5,290,922
Cemetery	151,108	-	-	151,108
Total parks and recreation	<u>8,460,460</u>	<u>9,308</u>	<u>273,869</u>	<u>8,195,899</u>
Accounting/finance:				
Information Systems	2,965,215	1,124,931	194,951	3,895,195
Total accounting/finance	<u>2,965,215</u>	<u>1,124,931</u>	<u>194,951</u>	<u>3,895,195</u>
Community development:				
Planning	26,833	-	-	26,833
Inspection	4,970	-	1,360	3,610
Property management	10,782,715	-	-	10,782,715
Weed and Seed program	7,504	-	-	7,504
Hazard Mitigation Grant	170,800	-	-	170,800
Total community development	<u>10,992,822</u>	<u>-</u>	<u>1,360</u>	<u>10,991,462</u>
Public works:				
Engineering	136,510	3,082	-	139,592
Street maintenance	147,218	-	-	147,218
Infrastructure	162,223,120	3,929,548	376,597	165,776,071
Total public works	<u>162,506,848</u>	<u>3,932,630</u>	<u>376,597</u>	<u>166,062,881</u>
Health:				
Administration	3,257,850	-	1,152	3,256,698
General city nursing	97,212	-	-	97,212
Environmental health	21,362	13,000	12,451	21,911
Lab water pollution	44,229	-	6,956	37,273
Animal reclaim center	3,502,856	52,500	-	3,555,356
Total health	<u>6,923,509</u>	<u>65,500</u>	<u>20,559</u>	<u>6,968,450</u>
Traffic and transportation	<u>10,717,777</u>	<u>569,252</u>	<u>114,625</u>	<u>11,172,404</u>
Multi-Purpose Events Center	<u>47,584,257</u>	<u>502,568</u>	<u>-</u>	<u>48,086,825</u>
Wichita Falls Business Park	<u>1,099,507</u>	<u>-</u>	<u>-</u>	<u>1,099,507</u>
Total capital assets	<u>\$ 302,672,103</u>	<u>\$ 7,014,169</u>	<u>\$ 2,064,391</u>	<u>\$ 307,621,881</u>

CITY OF WICHITA FALLS, TEXAS

REGIONAL AIRPORT FUND CAPITAL ASSETS AND ACCUMULATED DEPRECIATION FOR THE YEAR ENDED SEPTEMBER 30, 2015

	Balance 10/1/2014	Additions	Deletions	Balance 9/30/2015
<u>Capital Assets:</u>				
Land and betterments	\$ 15,686,316	\$ -	\$ 793,467	\$ 14,892,849
Buildings and improvements	1,675,076	33,315,418	1,201,454	33,789,040
Machinery and equipment	52,908	24,071	16,500	60,479
Furniture and fixtures	35,060	-	35,060	-
Construction in progress	<u>25,640,821</u>	<u>854,651</u>	<u>25,640,821</u>	<u>854,651</u>
Total capital assets	<u>43,090,181</u>	<u>34,194,140</u>	<u>27,687,302</u>	<u>49,597,019</u>
<u>Accumulated Depreciation:</u>				
Land and betterments	1,320,636	611,271	233,422	1,698,485
Buildings and improvements	1,161,028	348,349	763,706	745,671
Machinery and equipment	19,319	6,607	16,051	9,875
Furniture and fixtures	<u>35,060</u>	<u>-</u>	<u>35,060</u>	<u>-</u>
Total accumulated depreciation	<u>2,536,043</u>	<u>966,227</u>	<u>1,048,239</u>	<u>2,454,031</u>
Net capital assets	<u>\$ 40,554,138</u>	<u>\$ 33,227,913</u>	<u>\$ 26,639,063</u>	<u>\$ 47,142,988</u>

CITY OF WICHITA FALLS, TEXAS

KICKAPOO AIRPORT FUND CAPITAL ASSETS AND ACCUMULATED DEPRECIATION FOR THE YEAR ENDED SEPTEMBER 30, 2015

	<u>Balance 10/1/2014</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 9/30/2015</u>
<u>Capital Assets:</u>				
Land and betterments	\$ 8,769,905	\$ -	\$ -	\$ 8,769,905
Buildings and improvements	3,264,730	-	-	3,264,730
Machinery and equipment	593,715	-	-	593,715
Construction in progress	<u>61,035</u>	<u>647</u>	<u>-</u>	<u>61,682</u>
Total capital assets	<u>12,689,385</u>	<u>647</u>	<u>-</u>	<u>12,690,032</u>
<u>Accumulated Depreciation:</u>				
Land and betterments	1,747,946	261,504	-	2,009,450
Buildings and improvements	767,534	107,432	-	874,966
Machinery and equipment	<u>290,167</u>	<u>31,676</u>	<u>-</u>	<u>321,843</u>
Total accumulated depreciation	<u>2,805,647</u>	<u>400,612</u>	<u>-</u>	<u>3,206,259</u>
Net capital assets	<u><u>\$ 9,883,738</u></u>	<u><u>\$ (399,965)</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 9,483,773</u></u>

CITY OF WICHITA FALLS, TEXAS

TRANSIT FUND CAPITAL ASSETS AND ACCUMULATED DEPRECIATION FOR THE YEAR ENDED SEPTEMBER 30, 2015

	<u>Balance 10/1/2014</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 9/30/2015</u>
<u>Capital Assets:</u>				
Land and betterments	\$ 457,254	\$ -	\$ -	\$ 457,254
Buildings and improvements	5,135,957	-	-	5,135,957
Machinery and equipment	<u>357,867</u>	<u>-</u>	<u>1,833</u>	<u>356,034</u>
Total capital assets	<u>5,951,078</u>	<u>-</u>	<u>1,833</u>	<u>5,949,245</u>
<u>Accumulated Depreciation:</u>				
Land and betterments	15,823	10,549	-	26,372
Buildings and improvements	304,101	100,244	-	404,345
Machinery and equipment	<u>218,555</u>	<u>32,307</u>	<u>1,833</u>	<u>249,029</u>
Total accumulated depreciation	<u>538,479</u>	<u>143,100</u>	<u>1,833</u>	<u>679,746</u>
Net capital assets	<u><u>\$5,412,599</u></u>	<u><u>\$ (143,100)</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 5,269,499</u></u>

CITY OF WICHITA FALLS, TEXAS

STORMWATER DRAINAGE FUND CAPITAL ASSETS AND ACCUMULATED DEPRECIATION FOR THE YEAR ENDED SEPTEMBER 30, 2015

	Balance 10/1/2014	Additions	Deletions	Balance 9/30/2015
<u>Capital Assets:</u>				
Drainage	\$ 17,243,558	\$ 191,540	\$ -	\$17,435,098
Land betterments	157,506	4,091	-	161,597
Machinery and equipment	89,017	-	-	89,017
Construction in progress	1,865,764	4,154,673	-	6,020,437
Total capital assets	<u>19,355,845</u>	<u>4,350,304</u>	<u>-</u>	<u>23,706,149</u>
<u>Accumulated Depreciation:</u>				
Drainage	1,085,723	231,191	-	1,316,914
Land betterments	7,798	4,918	-	12,716
Machinery and equipment	75,670	2,116	-	77,786
Total accumulated depreciation	<u>1,169,191</u>	<u>238,225</u>	<u>-</u>	<u>1,407,416</u>
Net capital assets	<u>\$ 18,186,654</u>	<u>\$ 4,112,079</u>	<u>\$ -</u>	<u>\$22,298,733</u>

CITY OF WICHITA FALLS, TEXAS

SANITATION FUND CAPITAL ASSETS AND ACCUMULATED DEPRECIATION FOR THE YEAR ENDED SEPTEMBER 30, 2015

	<u>Balance 10/1/2014</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 9/30/2015</u>
<u>Capital Assets:</u>				
Land and betterments	\$ 6,939,935	\$ 96,779	\$ -	\$ 7,036,714
Buildings and improvements	2,872,039	738,972	86,661	3,524,350
Machinery and equipment	<u>396,243</u>	<u>189,719</u>	<u>1,145</u>	<u>584,817</u>
Total capital assets	<u>10,208,217</u>	<u>1,025,470</u>	<u>87,806</u>	<u>11,145,881</u>
<u>Accumulated Depreciation:</u>				
Land and betterments	814,005	137,815	-	951,820
Buildings and improvements	1,342,415	77,355	57,186	1,362,584
Machinery and equipment	<u>184,276</u>	<u>36,518</u>	<u>573</u>	<u>220,221</u>
Total accumulated depreciation	<u>2,340,696</u>	<u>251,688</u>	<u>57,759</u>	<u>2,534,625</u>
Net capital assets	<u><u>\$ 7,867,521</u></u>	<u><u>\$ 773,782</u></u>	<u><u>\$ 30,047</u></u>	<u><u>\$ 8,611,256</u></u>

CITY OF WICHITA FALLS, TEXAS

WATER AND SEWER FUND CAPITAL ASSETS AND ACCUMULATED DEPRECIATION FOR THE YEAR ENDED SEPTEMBER 30, 2015

	Balance 10/1/2014	Additions	Deletions	Balance 9/30/2015
<u>Capital Assets:</u>				
Land and betterments	\$ 24,345,465	\$ 17,504	\$ -	\$ 24,362,969
Buildings, systems and improvements	313,394,450	12,378,158	9,000	325,763,608
Machinery and equipment	5,657,194	292,447	-	5,949,641
Furniture and fixtures	1,164	-	-	1,164
Motor vehicles	1,235	-	-	1,235
Construction in progress	9,899,586	1,791,691	9,315,294	2,375,983
Total capital assets	<u>353,299,094</u>	<u>14,479,800</u>	<u>9,324,294</u>	<u>358,454,600</u>
<u>Accumulated Depreciation:</u>				
Land and betterments	10,553,615	243,632	-	10,797,247
Buildings, systems and improvements	99,387,370	6,962,704	9,000	106,341,074
Machinery and equipment	4,277,368	225,158	-	4,502,526
Furniture and fixtures	1,164	-	-	1,164
Motor vehicles	1,235	-	-	1,235
Total accumulated depreciation	<u>114,220,752</u>	<u>7,431,494</u>	<u>9,000</u>	<u>121,643,246</u>
Net capital assets	<u><u>\$ 239,078,342</u></u>	<u><u>\$ 7,048,306</u></u>	<u><u>\$ 9,315,294</u></u>	<u><u>\$ 236,811,354</u></u>

CITY OF WICHITA FALLS, TEXAS

WATERPARK FUND CAPITAL ASSETS AND ACCUMULATED DEPRECIATION FOR THE YEAR ENDED SEPTEMBER 30, 2015

	Balance 10/1/2014	Additions	Deletions	Balance 9/30/2015
<u>Capital Assets:</u>				
Land and betterments	\$ 389,894	\$ -	\$ -	\$ 389,894
Buildings and improvements	3,362,609	1,206,059	-	4,568,668
Machinery and equipment	188,457	13,253	-	201,710
Construction in progress	585,761	-	585,761	-
Total capital assets	<u>4,526,721</u>	<u>1,219,312</u>	<u>585,761</u>	<u>5,160,272</u>
<u>Accumulated Depreciation:</u>				
Buildings and improvements	836,416	198,282	-	1,034,698
Machinery and equipment	92,730	19,508	-	112,238
Total accumulated depreciation	<u>929,146</u>	<u>217,790</u>	<u>-</u>	<u>1,146,936</u>
Net capital assets	<u>\$ 3,597,575</u>	<u>\$ 1,001,522</u>	<u>\$ 585,761</u>	<u>\$ 4,013,336</u>

CITY OF WICHITA FALLS, TEXAS

FLEET MAINTENANCE FUND CAPITAL ASSETS AND ACCUMULATED DEPRECIATION FOR THE YEAR ENDED SEPTEMBER 30, 2015

	Balance 10/1/2014	Additions	Deletions	Balance 9/30/2015
<u>Capital Assets:</u>				
Land and betterments	\$ 436,269	\$ -	\$ -	\$ 436,269
Buildings and improvements	4,163,802	-	-	4,163,802
Machinery and equipment	1,466,208	50,204	-	1,516,412
Furniture and fixtures	2,950	-	-	2,950
Motor vehicles	52,710,077	3,497,543	2,714,216	53,493,404
Construction in progress	-	49,050	-	49,050
Total capital assets	<u>58,779,306</u>	<u>3,596,797</u>	<u>2,714,216</u>	<u>59,661,887</u>
<u>Accumulated Depreciation:</u>				
Land and betterments - other	1,958	261	-	2,219
Buildings and improvements	2,338,485	88,235	-	2,426,720
Machinery and equipment	969,841	117,600	-	1,087,441
Furniture and fixtures	2,950	-	-	2,950
Motor vehicles	<u>37,370,119</u>	<u>3,618,120</u>	<u>2,619,899</u>	<u>38,368,340</u>
Total accumulated depreciation	<u>40,683,353</u>	<u>3,824,216</u>	<u>2,619,899</u>	<u>41,887,670</u>
Net capital assets	<u>\$ 18,095,953</u>	<u>\$ (227,419)</u>	<u>\$ 94,317</u>	<u>\$ 17,774,217</u>

CITY OF WICHITA FALLS, TEXAS

**DUPLICATING SERVICES FUND
CAPITAL ASSETS AND ACCUMULATED DEPRECIATION
FOR THE YEAR ENDED SEPTEMBER 30, 2015**

	<u>Balance 10/1/2014</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 9/30/2015</u>
<u>Capital Assets:</u>				
Machinery and equipment	<u>\$ 10,617</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 10,617</u>
<u>Accumulated Depreciation:</u>				
Machinery and equipment	<u>7,756</u>	<u>1,174</u>	<u>-</u>	<u>8,930</u>
Net capital assets	<u><u>\$ 2,861</u></u>	<u><u>\$ (1,174)</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 1,687</u></u>

CITY OF WICHITA FALLS, TEXAS

INFORMATION TECHNOLOGY FUND CAPITAL ASSETS AND ACCUMULATED DEPRECIATION FOR THE YEAR ENDED SEPTEMBER 30, 2015

	<u>Balance 10/1/2014</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 9/30/2015</u>
<u>Capital Assets:</u>				
Machinery and equipment	\$ 1,054,958	\$ 1,124,931	\$ -	\$ 2,179,889
Construction in progress	<u>145,021</u>	<u>-</u>	<u>145,021</u>	<u>-</u>
Total capital assets	<u>1,199,979</u>	<u>1,124,931</u>	<u>145,021</u>	<u>2,179,889</u>
<u>Accumulated Depreciation:</u>				
Machinery and equipment	<u>334,353</u>	<u>323,485</u>	<u>-</u>	<u>657,838</u>
Net capital assets	<u>\$ 865,626</u>	<u>\$ 801,446</u>	<u>\$ 145,021</u>	<u>\$ 1,522,051</u>

CITY OF WICHITA FALLS, TEXAS

WICHITA FALLS ECONOMIC DEVELOPMENT CORPORATION CAPITAL ASSETS AND ACCUMULATED DEPRECIATION FOR THE YEAR ENDED SEPTEMBER 30, 2015

	<u>Balance</u> <u>10/1/2014</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>9/30/2015</u>
<u>Capital Assets:</u>				
Land and betterments	\$ 1,432,069	\$ -	\$ -	\$ 1,432,069
Buildings and improvements	<u>957,191</u>	<u>-</u>	<u>-</u>	<u>957,191</u>
Total capital assets	<u>2,389,260</u>	<u>-</u>	<u>-</u>	<u>2,389,260</u>
<u>Accumulated Depreciation:</u>				
Buildings and improvements	<u>162,722</u>	<u>19,144</u>	<u>-</u>	<u>181,866</u>
Net capital assets	<u><u>\$ 2,226,538</u></u>	<u><u>\$ (19,144)</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 2,207,394</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>	115
Revenue Capacity <i>These schedules contain information to help the reader assess the government's most significant local revenue source, the property tax.</i>	121
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>	125
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>	130
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>	132

CITY OF WICHITA FALLS, TEXAS

NET POSITION BY COMPONENT
LAST TEN FISCAL YEARS (UNAUDITED)

	Fiscal Year									
	2005-2006	2006-2007	2007-2008	2008-2009	2009-2010	2010-2011	2011-2012	2012-2013	2013-2014	2014-2015
Governmental activities										
Net investment in capital assets	\$ 132,958,014	\$ 133,737,880	\$ 139,868,969	\$ 138,550,295	\$ 135,957,279	\$ 138,876,124	\$ 139,058,565	\$ 138,319,208	\$ 128,168,873	\$ 143,014,752
Restricted	1,373,786	1,541,859	1,631,963	1,186,730	5,006,079	6,048,238	6,931,511	6,248,074	5,290,076	3,715,125
Unrestricted	20,689,055	27,487,733	21,189,932	14,880,792	9,263,524	7,189,782	7,453,791	6,661,101	5,789,973	(59,103,807)
Total governmental activities net position	<u>\$ 155,020,855</u>	<u>\$ 162,767,472</u>	<u>\$ 162,690,864</u>	<u>\$ 154,617,817</u>	<u>\$ 150,226,882</u>	<u>\$ 152,114,144</u>	<u>\$ 153,443,867</u>	<u>\$ 151,228,383</u>	<u>\$ 139,248,922</u>	<u>\$ 87,626,070</u>
Business-type activities										
Net investment in capital assets	\$ 120,263,391	\$ 132,852,246	\$ 143,023,239	\$ 156,170,924	\$ 172,590,416	\$ 172,634,321	\$ 185,087,683	\$ 198,540,484	\$ 225,576,460	\$ 238,249,137
Restricted	16,234,804	12,681,053	12,945,497	12,958,909	12,942,163	11,734,924	11,374,316	11,881,663	11,885,698	11,800,667
Unrestricted	11,962,104	12,513,454	12,810,854	10,712,005	10,734,533	23,006,940	28,157,150	25,390,068	22,571,945	13,941,283
Total business-type activities net position	<u>\$ 148,460,299</u>	<u>\$ 158,046,753</u>	<u>\$ 168,779,590</u>	<u>\$ 179,841,838</u>	<u>\$ 196,267,112</u>	<u>\$ 207,376,185</u>	<u>\$ 224,619,149</u>	<u>\$ 235,812,215</u>	<u>\$ 260,034,103</u>	<u>\$ 263,991,087</u>
Primary government										
Net investment in capital assets	\$ 253,221,405	\$ 266,590,126	\$ 282,892,208	\$ 294,721,219	\$ 308,547,695	\$ 311,510,445	\$ 324,146,248	\$ 336,859,692	\$ 353,745,333	\$ 381,263,889
Restricted	17,608,590	14,222,912	14,577,460	14,145,639	17,948,242	17,783,162	18,305,827	18,129,737	17,175,774	15,515,792
Unrestricted	32,651,159	40,001,187	34,000,786	25,592,797	19,998,057	30,196,722	35,610,941	32,051,169	28,361,918	(45,162,524)
Total primary government net position	<u>\$ 303,481,154</u>	<u>\$ 320,814,225</u>	<u>\$ 331,470,454</u>	<u>\$ 334,459,655</u>	<u>\$ 346,493,994</u>	<u>\$ 359,490,329</u>	<u>\$ 378,063,016</u>	<u>\$ 387,040,598</u>	<u>\$ 399,283,025</u>	<u>\$ 351,617,157</u>

CITY OF WICHITA FALLS, TEXAS

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

	Fiscal Year									
	2005-2006	2006-2007	2007-2008	2008-2009	2009-2010	2010-2011	2011-2012	2012-2013	2013-2014	2014-2015
Expenses										
Governmental activities:										
Administrative services	\$ 10,648,044	\$ 10,363,134	\$ 11,662,086	\$ 12,026,311	\$ 10,043,369	\$ 10,881,691	\$ 11,934,804	\$ 12,782,404	\$ 13,873,741	\$ 14,837,668
Police	17,733,480	18,587,210	20,527,967	21,008,696	21,133,526	21,822,371	22,103,892	22,767,560	23,195,421	23,705,432
Fire	10,825,964	11,295,623	12,492,842	13,028,146	13,065,768	13,291,048	13,523,616	14,226,064	14,387,072	16,455,087
Parks and recreation	4,210,463	4,478,311	5,107,579	5,757,363	5,687,527	5,405,955	5,152,616	5,579,717	5,574,156	5,492,124
Accounting/finance	1,843,810	1,893,389	2,231,952	2,473,024	2,428,055	2,534,141	975,863	924,240	923,727	876,069
Community development	6,293,156	6,573,917	6,921,352	7,584,142	7,243,744	7,084,165	6,777,614	6,729,171	6,497,467	6,400,781
Public works	7,706,209	8,616,348	8,314,596	8,282,184	8,035,626	7,613,089	7,956,752	7,747,847	8,155,640	8,117,413
Health	4,409,374	4,736,162	4,873,643	4,995,764	4,931,859	4,911,165	5,021,625	5,167,794	5,166,135	5,398,191
Traffic and transportation	2,527,270	2,590,309	2,679,026	2,499,869	2,525,097	2,451,154	2,510,936	2,757,545	2,617,801	2,555,837
Multi-Purpose Events Center	2,166,331	4,291,434	4,335,968	4,027,612	4,181,379	4,295,871	3,895,665	4,136,952	4,302,368	4,553,654
Interest and fees on long-term debt	721,762	1,308,748	1,405,383	1,620,854	1,781,245	1,765,406	1,711,328	2,122,969	1,992,169	1,910,975
Total governmental activities expenses	<u>69,085,863</u>	<u>74,734,585</u>	<u>80,552,394</u>	<u>83,303,965</u>	<u>81,057,195</u>	<u>82,056,056</u>	<u>81,564,711</u>	<u>84,942,263</u>	<u>86,685,697</u>	<u>90,303,231</u>
Business-type activities:										
Golf	901,454	-	-	-	-	-	-	-	-	-
Municipal Airport	281,117	276,368	310,980	289,195	337,946	435,774	529,827	655,452	855,765	2,532,243
Kickapoo Airport	574,929	966,961	1,245,021	1,354,624	1,108,515	1,262,976	1,419,681	1,495,562	1,423,952	1,412,211
Transit	1,280,540	1,373,283	1,793,369	1,616,322	1,602,362	1,847,362	1,903,560	1,938,827	2,416,274	2,524,244
Sanitation	8,059,991	8,638,374	9,199,341	8,509,153	9,152,130	8,959,973	8,904,795	9,236,474	9,333,512	9,489,348
Water and Sewer	26,380,183	26,764,879	28,126,920	30,165,844	30,250,390	32,969,719	28,996,520	30,135,738	32,364,514	33,554,406
Stormwater drainage	328,833	355,697	407,035	477,415	785,543	533,715	406,570	430,012	560,389	674,839
Waterpark	-	-	-	-	1,253,557	1,399,255	1,375,832	1,397,270	1,456,084	1,557,158
Total business-type activities expenses	<u>37,807,047</u>	<u>38,375,562</u>	<u>41,082,666</u>	<u>42,412,553</u>	<u>44,490,443</u>	<u>47,408,774</u>	<u>43,536,785</u>	<u>45,289,335</u>	<u>48,410,490</u>	<u>51,744,449</u>
Total primary government expenses	<u>\$ 106,892,910</u>	<u>\$ 113,110,147</u>	<u>\$ 121,635,060</u>	<u>\$ 125,716,518</u>	<u>\$ 125,547,638</u>	<u>\$ 129,464,830</u>	<u>\$ 125,101,496</u>	<u>\$ 130,231,598</u>	<u>\$ 135,096,187</u>	<u>\$ 142,047,680</u>
Program Revenues										
Governmental activities:										
Charges for services:										
Administrative services	\$ 3,691,411	\$ 3,327,519	\$ 3,211,546	\$ 4,267,891	\$ 4,414,667	\$ 4,499,281	\$ 4,390,463	\$ 4,304,737	\$ 4,220,786	\$ 4,030,674
Police	402,583	700,216	600,020	470,020	495,459	527,007	541,201	624,272	339,867	396,228
Fire	5,195	5,434	2,612	4,369	2,042	11,400	14,613	18,459	15,854	6,866
Parks and recreation	473,121	443,827	517,707	513,682	515,008	513,746	525,505	524,519	530,305	447,990
Accounting/finance	-	-	-	-	-	65,000	-	-	-	-
Community development	1,195,203	1,138,671	1,124,534	891,803	1,042,574	1,017,718	942,649	1,131,684	1,094,904	1,006,966
Public works	48,871	7,286	100,000	165,363	2,600	2,740	24,420	116,035	94,772	9,510
Health	807,002	803,115	864,874	888,890	908,415	965,741	1,075,277	1,073,172	1,051,444	995,634
Traffic and transportation	292,234	212,911	154,941	164,350	201,961	184,138	217,262	126,163	133,133	162,184
Multi-Purpose Events Center	-	2,215,411	2,141,584	1,789,269	1,767,398	1,644,569	1,656,358	1,597,702	1,553,729	1,604,828
Operating grants and contributions	11,109,618	12,298,595	11,468,654	10,891,021	14,606,807	13,268,583	9,868,484	11,157,348	10,837,248	11,019,845
Capital grants and contributions	2,667,389	3,218,003	3,097,319	1,631,109	6,145,852	2,315,245	8,066,065	4,394,038	12,956,740	5,349,242
Total governmental activities program revenues	<u>20,692,627</u>	<u>24,370,988</u>	<u>23,283,791</u>	<u>21,677,767</u>	<u>30,102,783</u>	<u>25,015,168</u>	<u>27,322,297</u>	<u>25,068,129</u>	<u>32,828,782</u>	<u>25,029,967</u>

CITY OF WICHITA FALLS, TEXAS

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

	Fiscal Year									
	2005-2006	2006-2007	2007-2008	2008-2009	2009-2010	2010-2011	2011-2012	2012-2013	2013-2014	2014-2015
Business-type activities:										
Charges for services:										
Golf	828,055	-	-	-	-	-	-	-	-	-
Municipal Airport	448,384	441,471	430,561	544,332	624,298	681,639	716,608	769,557	775,829	864,505
Kickapoo Airport	347,761	789,522	1,025,300	745,444	798,034	988,457	1,153,038	1,255,153	1,239,973	1,090,276
Transit	214,771	206,109	224,856	229,483	274,577	367,374	405,852	410,737	476,716	541,389
Sanitation	9,517,673	9,917,386	10,939,617	12,025,478	11,826,882	11,911,026	12,807,160	12,606,675	13,196,489	12,790,072
Water and Sewer	33,436,585	30,031,969	33,042,845	33,888,553	33,264,688	40,679,751	36,771,008	32,798,786	31,272,972	38,855,845
Stormwater drainage	1,209,196	1,267,533	1,318,340	1,252,544	1,272,430	2,485,346	2,552,650	2,503,255	2,601,158	2,763,120
Waterpark	-	-	-	-	1,283,919	1,633,155	1,475,842	1,398,164	1,292,639	1,492,787
Operating grants and contributions	1,251,770	1,026,685	1,389,202	1,142,191	2,312,062	1,323,581	2,371,658	3,787,014	1,830,334	1,826,749
Capital grants and contributions	455,217	580,729	1,021,644	456,743	108,471	192,620	181,759	1,339,265	1,017,827	1,558,589
Total business-type activities program revenues	<u>47,709,412</u>	<u>44,261,404</u>	<u>49,392,365</u>	<u>50,284,768</u>	<u>51,765,361</u>	<u>60,262,949</u>	<u>58,435,575</u>	<u>56,868,606</u>	<u>53,703,937</u>	<u>61,783,332</u>
Total primary government program revenues	<u>\$ 68,402,039</u>	<u>\$ 68,632,392</u>	<u>\$ 72,676,156</u>	<u>\$ 71,962,535</u>	<u>\$ 81,868,144</u>	<u>\$ 85,278,117</u>	<u>\$ 85,757,872</u>	<u>\$ 81,936,735</u>	<u>\$ 86,532,719</u>	<u>\$ 86,813,299</u>
Net (Expense)/Revenue										
Governmental activities	\$ (48,393,236)	\$ (50,363,597)	\$ (57,268,603)	\$ (61,626,198)	\$ (50,954,412)	\$ (57,040,888)	\$ (54,242,414)	\$ (59,874,134)	\$ (53,856,915)	\$ (65,273,264)
Business-type activities	9,902,365	5,885,842	8,309,699	7,872,215	7,274,918	12,854,175	14,898,790	11,579,271	5,293,447	10,038,883
Total primary government net expense	<u>\$ (38,490,871)</u>	<u>\$ (44,477,755)</u>	<u>\$ (48,958,904)</u>	<u>\$ (53,753,983)</u>	<u>\$ (43,679,494)</u>	<u>\$ (44,186,713)</u>	<u>\$ (39,343,624)</u>	<u>\$ (48,294,863)</u>	<u>\$ (48,563,468)</u>	<u>\$ (55,234,381)</u>
General Revenues and Other Changes in Net Position										
Governmental activities:										
Taxes:										
Property tax	\$ 23,522,746	\$ 24,975,158	\$ 26,160,116	\$ 27,869,849	\$ 27,570,092	\$ 28,556,762	\$ 28,625,696	\$ 29,107,168	\$ 29,784,202	\$ 31,072,640
Sales tax	19,272,204	20,068,529	21,353,896	20,451,906	20,033,820	21,082,993	21,406,823	22,062,365	22,397,536	22,403,406
Franchise fees	5,740,202	5,780,311	5,598,406	5,570,399	5,593,573	5,593,781	5,574,882	5,423,680	5,558,600	5,414,414
Hotel occupancy tax	1,333,747	1,417,397	1,560,353	1,506,423	1,553,674	1,572,105	1,677,100	1,578,764	1,684,329	1,775,372
Beverage tax	234,075	236,367	251,386	249,121	246,541	248,350	207,735	230,728	281,598	291,091
Bingo tax	178,666	166,223	168,864	109,739	77,883	70,747	61,696	40,122	36,688	32,764
Investment earnings	1,409,188	2,684,388	1,727,671	415,156	129,653	49,239	54,579	53,244	33,309	20,732
Gain (loss) on sale of capital assets	-	-	(397,404)	-	-	-	-	-	-	-
Miscellaneous	172,500	712,358	242,811	134,983	160,949	-	326,861	636,417	879,538	529,526
Transfers	2,482,958	1,972,819	525,898	(2,439,625)	(8,802,705)	1,754,171	(2,363,233)	(1,473,837)	(18,778,342)	(2,072,770)
Total governmental activities	<u>54,346,286</u>	<u>58,013,550</u>	<u>57,191,997</u>	<u>53,867,951</u>	<u>46,563,480</u>	<u>58,928,148</u>	<u>55,572,139</u>	<u>57,658,651</u>	<u>41,877,458</u>	<u>59,467,175</u>
Business-type activities:										
Investment earnings	5,094,418	5,575,703	2,949,036	602,872	194,428	50,858	39,865	27,902	11,680	14,884
Miscellaneous	-	199,174	-	147,536	153,223	(41,792)	(58,924)	149,173	138,419	87,079
Transfers	(2,482,958)	(1,972,819)	(525,898)	2,439,625	8,802,705	(1,754,171)	2,363,233	1,473,837	18,778,342	2,072,770
Total business-type activities	<u>2,611,460</u>	<u>3,802,058</u>	<u>2,423,138</u>	<u>3,190,033</u>	<u>9,150,356</u>	<u>(1,745,105)</u>	<u>2,344,174</u>	<u>1,650,912</u>	<u>18,928,441</u>	<u>2,174,733</u>
Total primary government	<u>\$ 56,957,746</u>	<u>\$ 61,815,608</u>	<u>\$ 59,615,135</u>	<u>\$ 57,057,984</u>	<u>\$ 55,713,836</u>	<u>\$ 57,183,043</u>	<u>\$ 57,916,313</u>	<u>\$ 59,309,563</u>	<u>\$ 60,805,899</u>	<u>\$ 61,641,908</u>
Change in Net Position										
Governmental activities	\$ 5,953,050	\$ 7,649,953	\$ (76,606)	\$ (7,758,247)	\$ (4,390,932)	\$ 1,887,260	\$ 1,329,725	\$ (2,215,483)	\$ (11,979,457)	\$ (5,806,089)
Business-type activities	12,513,825	9,687,900	10,732,837	11,062,248	16,425,274	11,109,070	17,242,964	13,230,183	24,221,888	12,213,616
Total primary government	<u>\$ 18,466,875</u>	<u>\$ 17,337,853</u>	<u>\$ 10,656,231</u>	<u>\$ 3,304,001</u>	<u>\$ 12,034,342</u>	<u>\$ 12,996,330</u>	<u>\$ 18,572,689</u>	<u>\$ 11,014,700</u>	<u>\$ 12,242,431</u>	<u>\$ 6,407,527</u>

CITY OF WICHITA FALLS, TEXAS

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

	Fiscal Year									
	2005-2006	2006-2007	2007-2008	2008-2009	2009-2010	2010-2011	2011-2012	2012-2013	2013-2014	2014-2015
General Fund										
Reserved	\$ 2,393,129	\$ 3,161,776	\$ 2,686,432	\$ 1,499,613	\$ 1,392,329	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved	11,503,795	15,569,840	14,500,836	13,042,044	14,294,519	-	-	-	-	-
Nonspendable	-	-	-	-	-	478,617	352,835	384,574	180,992	210,069
Assigned	-	-	-	-	-	579,022	1,010,976	958,924	1,949,792	1,102,026
Unassigned	-	-	-	-	-	16,002,361	16,570,675	16,226,597	14,886,199	13,682,061
Total general fund	<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>	<u>\$ 17,016,983</u>	<u>\$ 14,994,156</u>
All other Governmental Funds										
Reserved	\$ 3,179,513	\$ 2,371,514	\$ 2,888,944	\$ 6,254,620	\$ 11,753,749	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved, reported in:										
Special revenue funds	4,746,615	7,089,584	6,180,559	4,808,127	1,713,168	-	-	-	-	-
Capital projects funds	4,857,539	23,458,510	15,033,333	10,963,970	1,850,806	-	-	-	-	-
Nonspendable	-	-	-	-	-	81,376	89,668	84,940	120,573	95,283
Restricted	-	-	-	-	-	10,927,373	10,744,065	26,934,100	13,834,375	5,977,567
Committed	-	-	-	-	-	1,762,248	2,305,013	2,896,812	2,831,488	2,734,119
Unassigned	-	-	-	-	-	(24,418)	(269,288)	(269,288)	(460,883)	(550,863)
Total all other governmental funds	<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>	<u>\$ 16,325,553</u>	<u>\$ 8,256,106</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									
	2005-2006	2006-2007	2007-2008	2008-2009	2009-2010	2010-2011	2011-2012	2012-2013	2013-2014	2014-2015
Revenues										
Taxes	\$ 50,228,509	\$ 52,637,318	\$ 55,155,574	\$ 55,752,982	\$ 55,006,901	\$ 57,122,006	\$ 57,607,312	\$ 58,613,615	\$ 59,739,545	\$ 61,007,519
Charges for services	2,597,044	3,202,699	3,270,930	3,689,717	3,715,832	3,886,160	3,710,371	3,422,621	3,331,183	3,362,172
Licenses and permits	2,206,023	2,215,813	2,116,140	1,887,434	1,990,328	2,064,972	2,002,559	2,234,081	2,048,293	1,941,205
Fines and forfeitures	2,481,816	2,127,062	1,964,391	1,970,612	2,214,884	2,209,026	2,409,792	2,435,625	2,402,794	2,262,781
Intergovernmental revenue	9,682,237	11,136,433	8,428,310	9,287,371	14,783,860	11,041,679	14,488,236	11,722,524	18,081,798	12,401,075
Contributions	4,094,770	4,366,961	6,137,663	3,234,759	5,711,904	4,542,149	3,446,313	3,828,862	5,712,190	4,011,809
Miscellaneous revenue	2,816,865	6,664,315	5,369,689	3,804,438	3,597,927	3,216,734	3,261,049	3,463,425	3,642,155	3,118,424
Total revenues	74,107,264	82,350,601	82,442,697	79,627,313	87,021,636	84,082,726	86,925,632	85,720,753	94,957,958	88,104,985
Expenditures										
Administrative services	10,103,642	9,965,494	10,873,576	11,315,351	9,694,632	10,235,720	12,158,781	12,677,867	13,347,029	14,413,640
Police	17,228,066	18,068,168	19,524,824	20,182,150	20,182,168	20,235,012	20,545,965	20,884,744	21,539,820	21,997,801
Fire	10,739,651	11,238,422	12,206,774	12,833,183	12,671,757	12,897,810	13,277,876	13,807,699	14,085,219	14,719,074
Parks and recreation	4,110,013	4,373,460	4,841,597	5,457,410	5,359,692	4,966,060	4,833,743	5,157,417	5,197,591	5,065,222
Accounting/finance	1,765,350	1,811,690	2,087,572	2,327,608	2,279,241	2,367,814	845,076	793,960	831,313	747,341
Community development	6,355,136	6,652,162	6,925,581	7,433,617	7,315,631	7,124,851	6,829,018	6,760,826	6,559,064	6,440,963
Public works	5,128,384	6,038,790	5,606,784	5,452,172	5,355,585	5,170,624	5,777,249	5,325,013	5,613,107	5,449,860
Health	4,407,758	4,728,414	4,775,418	4,950,213	4,896,841	4,796,934	4,894,351	5,004,381	5,057,946	5,217,970
Traffic and transportation	2,309,854	2,355,249	2,459,070	2,292,890	2,245,038	2,233,311	2,194,962	2,468,051	2,274,249	2,395,837
Multi-Purpose Events Center	1,355,846	3,498,189	3,506,091	3,208,713	3,358,470	3,436,052	3,062,507	3,365,932	3,536,661	3,747,189
Capital outlay	7,244,115	7,093,636	15,219,394	12,088,928	8,758,421	7,600,491	8,537,049	7,867,468	5,230,269	5,368,119
Debt service - principal	3,190,000	2,510,000	2,395,000	2,065,000	2,240,000	2,115,000	2,270,000	2,515,000	3,000,000	3,350,000
Debt service - interest	731,921	1,271,106	1,456,540	1,364,831	1,781,176	1,934,935	1,604,392	1,618,299	2,342,331	1,998,760
Debt service - bond issuance costs	-	-	-	-	-	-	137,461	310,777	-	-
Total expenditures	74,669,736	79,604,780	91,878,221	90,972,066	86,138,652	85,114,614	86,968,430	88,557,434	88,614,599	90,911,776
Excess of revenues over (under) expenditures	(562,472)	2,745,821	(9,435,524)	(11,344,753)	882,984	(1,031,888)	(42,798)	(2,836,681)	6,343,359	(2,806,791)
Other Financing Sources (Uses)										
Proceeds from bonds	-	21,702,048	-	10,840,779	3,930,000	-	7,836,338	23,869,261	-	-
Capital lease proceeds	-	-	-	-	-	-	1,452,760	2,666,243	-	47,848
Payment to refunded bonds escrow agent	-	-	-	-	-	-	(4,484,698)	(3,831,570)	-	-
Transfers in	3,282,459	5,922,091	7,268,938	5,530,309	5,676,896	6,239,483	6,411,855	7,181,518	16,643,513	17,594,910
Transfer out	(2,227,586)	(5,401,565)	(8,194,534)	(9,433,265)	(16,053,685)	(6,405,589)	(10,176,091)	(10,636,058)	(36,860,991)	(23,335,238)
Total other financing sources (uses)	1,054,873	22,222,574	(925,596)	6,937,823	(6,446,789)	(166,106)	1,040,164	19,249,394	(20,217,478)	(5,692,480)
Net change in fund balances	\$ 492,401	\$ 24,968,395	\$(10,361,120)	\$ (4,406,930)	\$ (5,563,805)	\$ (1,197,994)	\$ 997,366	\$ 16,412,713	\$ (13,874,119)	\$ (8,499,271)
Debt service as a percentage of noncapital expenditures	5.82%	5.21%	5.02%	4.35%	5.20%	5.22%	4.94%	5.12%	6.41%	6.25%

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
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
2013-2014	29,780,795	22,397,536	5,558,599	1,684,329	281,598	36,688	59,739,545
2014-2015	31,090,472	22,403,406	5,414,414	1,775,372	291,091	32,764	61,007,519

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
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%
2013-2014	3,777,010,620	771,002,233	4,548,012,853	0.63526	4,548,012,853	100.00%
2014-2015	3,859,560,337	765,251,406	4,624,811,743	0.65526	4,624,811,743	100.00%

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	
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	
2013-2014	0.62	0.01	0.63	0.51	-	0.51	1.17	0.12	1.29	
2014-2015	0.64	0.02	0.66	0.51	-	0.51	1.17	0.14	1.31	
	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	Grand Total
2005-2006	\$ 1.50	\$ 0.23	\$ 1.73	\$ 1.36	\$ 0.09	\$ 1.45	\$ 1.33	\$ 0.06	\$ 1.39	\$ 7.25
2006-2007	1.37	0.23	1.60	1.04	0.08	1.12	1.04	0.15	1.19	6.45
2007-2008	1.04	0.22	1.26	1.04	0.08	1.12	1.04	0.16	1.20	5.89
2008-2009	1.17	0.23	1.40	1.04	0.11	1.15	1.04	0.16	1.20	6.09
2009-2010	1.17	0.25	1.42	1.04	0.10	1.14	1.04	0.16	1.20	6.16
2010-2011	1.17	0.25	1.42	1.04	0.09	1.13	1.04	0.17	1.21	6.21
2011-2012	1.17	0.25	1.42	1.04	0.24	1.28	1.04	0.17	1.21	6.37
2012-2013	1.17	0.25	1.42	1.04	0.24	1.28	1.04	0.17	1.21	6.36
2013-2014	1.17	0.25	1.42	1.04	0.24	1.28	1.04	0.17	1.21	6.34
2014-2015	1.17	0.25	1.42	1.04	0.23	1.27	1.04	0.10	1.14	6.31

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, 2015

Taxpayer	2014-2015			2005-2006		
	Taxable Assessed Value	Rank	Percentage of Total Assessed Valuation	Taxable Assessed Value	Rank	Percentage of Total Assessed Valuation
GGP - Sikes Senter LLC	\$ 58,000,000	1	1.25%	\$ 53,866,528	1	1.16%
Oncor Electric Delivery Co	39,946,434	2	0.86%	39,409,836	2	0.85%
Wal-Mart Stores Texas LP	23,673,540	3	0.51%	34,786,987	3	0.75%
Wal-Mart Stores East Inc	20,645,100	4	0.45%	-	N/A	0.00%
Quail Creek Crossing Ltd	18,581,000	5	0.40%	-	N/A	0.00%
North American Pipe Corp	17,654,203	6	0.38%	-	N/A	0.00%
Southwestern Bell	14,928,053	7	0.32%	30,782,822	4	0.66%
Atmos Energy / Mid-Tex Division	14,899,486	8	0.32%	-	N/A	0.00%
Kell West Regional Hospital	13,951,556	9	0.30%	11,895,939	8	0.26%
Alon USA LP	12,651,296	10	0.27%	-	N/A	0.00%
Clinics of North Texas	-	N/A	0.00%	15,975,977	5	0.34%
Lowe's Home Improvement Center	-	N/A	0.00%	13,185,428	6	0.28%
Cingular Wireless LLC	-	N/A	0.00%	12,955,444	7	0.28%
HD Development Properties	-	N/A	0.00%	11,718,281	9	0.25%
Time Warner Cable	-	N/A	0.00%	11,011,985	10	0.24%
Totals	\$ 234,930,668		5.08%	\$ 235,589,227		5.07%

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
2005-2006	\$ 22,034,951	\$ 21,612,888	98.08%	\$ 325,484	\$ 21,938,372	99.56%
2006-2007	23,421,270	23,043,185	98.39%	298,013	23,341,198	99.66%
2007-2008	24,833,219	24,408,683	98.29%	304,751	24,713,434	99.52%
2008-2009	26,375,113	25,905,854	98.22%	366,363	26,272,217	99.61%
2009-2010	26,752,242	26,166,043	97.81%	386,521	26,552,564	99.25%
2010-2011	27,649,264	27,179,642	98.30%	306,238	27,485,880	99.41%
2011-2012	27,704,114	27,306,706	98.57%	282,346	27,589,052	99.58%
2012-2013	28,362,591	27,906,520	98.39%	245,519	28,152,039	99.26%
2013-2014	28,876,552	28,375,563	98.27%	191,870	28,567,433	98.93%
2014-2015	30,270,748	29,809,308	98.48%	-	29,809,308	98.48%

CITY OF WICHITA FALLS, TEXAS

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

Fiscal Year	Governmental Activities				Business-type Activities					Total Primary Government	Percentage of Personal Income	Per Capita
	General Obligation Bonds	Combination Tax and Revenue Bonds	Note Payable	Capital Lease Payable	Utility System Revenue Bonds	Combination Tax and Revenue Bonds	General Obligation Bonds	Note Payable	Capital Leases Payable			
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	1,930,000	509,596	1,261,663	191,696,968	7.67%	1,833.51
2013-2014	4,679,866	49,302,503	-	3,510,950	95,723,505	24,284,987	1,930,000	474,200	999,606	180,905,617	7.74%	1,724.59
2014-2015	3,850,706	46,710,294	-	3,230,595	92,086,092	54,125,933	1,930,000	437,652	722,737	203,094,009	8.47%	1,932.13

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		
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
2013-2014	4,679,866	49,302,503	53,982,369	1.19%	514.62
2014-2015	3,850,706	46,710,294	50,561,000	1.09%	481.01

CITY OF WICHITA FALLS, TEXAS

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

Total assessed property value per 2014 tax roll	\$ 4,624,811,743
Maximum tax rate *	\$ 2.25/\$100
Current tax rate for 2014 tax year	<u>.65526/\$100</u>
Maximum tax rate in excess of 2014 tax rate	<u>1.61474/\$100</u>
Total legal debt margin	<u>\$ 74,678,685</u>

	Fiscal Year									
	2005-2006	2006-2007	2007-2008	2008-2009	2009-2010	2010-2011	2011-2012	2012-2013	2013-2014	2014-2015
Assessed value	\$ 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	\$ 4,548,012,853	\$ 4,624,811,743
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	.59526/\$100	.60526/\$100	.62526/\$100	.62526/\$100	.63526/\$100	.63526/\$100	.65526/\$100
Maximum tax rate in excess of current rate	<u>1.65754/\$100</u>	<u>1.65754/\$100</u>	<u>1.65754/\$100</u>	<u>1.65474/\$100</u>	<u>1.64474/\$100</u>	<u>1.62474/\$100</u>	<u>1.62474/\$100</u>	<u>1.61474/\$100</u>	<u>1.61474/\$100</u>	<u>1.61474/\$100</u>
Total legal debt margin	<u>\$ 61,647,728</u>	<u>\$ 65,515,746</u>	<u>\$ 69,476,514</u>	<u>\$ 73,319,145</u>	<u>\$ 72,799,463</u>	<u>\$ 71,846,695</u>	<u>\$ 71,989,223</u>	<u>\$ 72,093,645</u>	<u>\$ 73,438,583</u>	<u>\$ 74,678,685</u>

There is no debt limit established by law. The limit is, therefore, governed by the City's ability to levy and collect taxes to service the outstanding indebtedness. The City's maximum legal tax rate established under its Charter is \$2.25 per \$100 assessed valuation. The 2013 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	Total	
2005-2006	\$ 32,976,347	\$ 16,986,210	\$ 15,990,137	\$4,505,000	\$ 7,600,831	\$ 12,105,831	1.32
2006-2007	29,598,709	17,273,862	12,324,847	4,985,000	6,608,627	11,593,627	1.06
2007-2008	33,514,257	17,896,263	15,617,994	5,165,000	6,424,544	11,589,544	1.35
2008-2009	33,662,220	19,546,745	14,115,475	5,410,000	6,185,216	11,595,216	1.22
2009-2010	33,264,688	19,924,687	13,340,001	5,615,000	5,879,680	11,494,680	1.16
2010-2011	40,084,478	22,422,525	17,661,953	5,805,000	5,646,250	11,451,250	1.54
2011-2012	36,405,921	19,501,942	16,903,979	6,130,000	5,364,300	11,494,300	1.47
2012-2013	32,200,867	19,160,351	13,040,516	3,325,000	4,518,925	7,843,925	1.66
2013-2014	30,839,265	20,981,384	9,857,881	3,460,000	4,385,925	7,845,925	1.26
2014-2015	38,456,107	20,477,673	17,978,434	3,610,000	4,238,875	7,848,875	2.29

Notes:

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

CITY OF WICHITA FALLS, TEXAS

DEMOGRAPHIC STATISTICS - LAST TEN FISCAL YEARS (UNAUDITED)

Fiscal Year	Estimated Population (1)	Personal Income	Per Capita Personal Income (2)	Median Age	Education Level (3)	School Enrollment (3)	Unemployment Rate (4)
2005-2006	107,635	\$ 4,464,915,070	\$ 41,482	35.4	13.1	13,743	4.2%
2006-2007	107,635	4,616,722,182	42,892	34.9	13.1	14,707	4.1%
2007-2008	107,847	4,783,093,091	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%
2013-2014	104,898	2,336,602,950	22,275	32.5	13.2	15,181	4.9%
2014-2015	105,114	2,397,229,884	22,806	32.5	13.2	15,155	4.4%

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 NINE YEARS AGO (UNAUDITED) SEPTEMBER 30, 2015

Employer	2014-2015			2005-2006		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Sheppard Air Force Base	10,015	1	14.01%	11,670	1	15.94%
North Texas State Hospital	2,071	2	2.90%	2,016	3	2.75%
Wichita Falls ISD	1,925	3	2.69%	2,023	2	2.76%
United Regional Health Care System	1,739	4	2.43%	1,871	4	2.56%
Midwestern State University	1,297	5	1.81%	-	N/A	-
City of Wichita Falls	1,175	6	1.64%	1,096	6	1.50%
Howmet Corporation	1,090	7	1.52%	988	7	1.35%
Wal-Mart - 3 locations	1,026	8	1.43%	-	N/A	-
Cryovac Division - Sealed Air Corp.	896	9	1.25%	750	10	1.02%
James B. Allred Prison Unit	869	10	1.22%	1,120	5	1.53%
Vetrotex America	-	N/A	-	888	8	1.21%
Stanley Works, Mechanics Division	-	N/A	-	787	9	1.08%
Totals	22,103		30.90%	23,209		31.70%

Sources:

2005-2006 data is from Texas Workforce Commission. 2014-2015 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)

	2005-2006	2006-2007	2007-2008	2008-2009	2009-2010	2010-2011	2011-2012	2012-2013	2013-2014	2014-2015
Administrative services	99.9	103.0	105.1	104.6	102.0	97.0	94.6	94.3	94.1	95.1
Police	286.5	294.0	293.0	294.0	295.0	296.5	298.5	299.5	300.0	299.0
Fire	156.0	162.0	164.0	164.0	164.0	162.0	162.0	162.5	162.5	162.5
Parks and recreation	75.8	75.8	82.9	82.9	84.8	88.7	89.7	92.9	92.1	92.6
Accounting/finance	22.4	24.5	25.5	26.0	26.0	25.0	27.0	27.0	27.0	26.4
Community development	38.7	40.7	40.5	41.0	40.1	40.0	40.0	42.0	42.0	41.0
Public works	80.2	80.2	80.2	80.8	80.8	79.2	78.5	78.5	78.5	78.5
Health	77.1	74.9	72.5	69.0	68.4	71.5	72.0	81.9	78.7	77.5
Traffic and transportation	51.5	52.6	52.6	50.6	51.7	52.6	53.6	53.6	56.1	56.1
Multi-Purpose Events Center	-	22.4	22.8	23.0	23.0	22.8	22.8	22.8	22.8	22.8
Water and sewer	177.5	179.5	179.5	179.9	180.1	179.6	180.2	182.1	189.1	187.7
Sanitation	81.0	81.0	82.0	82.5	82.5	82.5	82.5	81.5	83.5	83.5
Golf	19.2	19.4	-	-	-	-	-	-	-	-
Municipal Airport	1.0	1.6	1.6	1.6	1.6	1.6	1.6	1.6	1.6	3.0
Kickapoo Airport	5.0	4.4	4.4	4.4	5.4	5.4	5.6	6.4	3.4	3.4
Transit	19.3	19.2	19.6	22.1	21.6	21.6	22.2	24.7	26.2	26.7
Stormwater Drainage	1.3	1.3	1.3	1.3	1.3	1.3	1.3	1.8	1.8	1.8

CITY OF WICHITA FALLS, TEXAS

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

	Fiscal Year									
	2005-2006	2006-2007	2007-2008	2008-2009	2009-2010	2010-2011	2011-2012	2012-2013	2013-2014	2014-2015
General government										
Building permits issued	7,553	7,813	7,420	6,769	6,802	8,130	7,303	9,979	8,542	7,399
Building inspections conducted	12,591	12,048	11,425	9,565	11,038	13,321	11,834	12,823	13,472	12,852
Police										
Physical arrests	8,571	7,279	6,752	7,186	6,235	5,845	6,182	5,978	6,042	5,036
Parking violations	327	383	197	-	109	125	529	65	43	90
Traffic violations	24,126	17,904	16,236	23,253	25,558	23,780	21,660	21,651	22,538	18,792
Fire										
Emergency responses	8,234	8,634	8,684	8,687	8,693	9,139	9,027	8,979	8,708	9,392
Fires extinguished	792	554	1,340	718	654	703	583	591	452	432
Inspections	850	900	2,647	3,250	3,281	3,114	3,221	3,198	3,316	2,931
Refuse collection										
Refuse collected (tons)	78,165	182,855	168,681	161,243	156,630	141,251	116,961	124,250	121,502	76,145
Recyclables collected	2,018	19,034	21,624	22,010	16,923	16,780	18,743	18,884	14,643	1,384
Library										
Volumes in collection	172,391	179,728	184,231	185,009	185,009	193,064	177,229	173,996	174,993	194,715
Total volumes borrowed	293,884	302,565	352,408	368,685	368,685	344,107	327,336	276,065	293,860	293,364
Water										
New connections	325	310	212	146	48	64	119	134	(344)	74
Water main breaks	881	741	898	872	724	1,250	1,028	954	944	863
Average daily consumption (thousands of gallons)	23,680	19,936	22,511	19,200	19,851	25,798	20,269	15,564	13,207	12,051
Wastewater										
Average daily sewage treatment (thousands of gallons)	11,097	13,930	11,410	7,670	12,435	10,080	10,551	9,217	6,452	8,440
Transit										
Total route miles	435,446	476,758	488,842	530,771	536,181	552,238	586,893	572,744	575,004	591,417
Passengers	229,601	294,670	324,666	327,463	340,181	374,277	485,101	460,484	462,853	486,104

CITY OF WICHITA FALLS, TEXAS

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

	Fiscal Year									
	2005-2006	2006-2007	2007-2008	2008-2009	2009-2010	2010-2011	2011-2012	2012-2013	2013-2014	2014-2015
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol units	114	114	103	105	115	114	114	113	113	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	36	36
Other public works										
Streets (miles)	585	587	515	529	514	514	515	515	515	515
Streetlights	7,926	7,922	7,976	8,203	7,958	8,084	7,931	7,942	7,972	7,996
Traffic signals	102	98	102	104	104	104	104	104	104	104
Parks and recreation										
Acreage	1,200	1,200	1,200	1,200	1,200	1,200	1,200	1,200	1,200	1,200
Playgrounds	47	47	47	40	39	39	39	39	39	39
Golf courses	1	1	1	1	1	1	1	1	1	1
Water										
Water mains (miles)	830	846	720	720	572	572	577	578	579	580
Fire hydrants	6,000	6,019	2,264	2,264	2,545	2,547	2,579	2,588	2,588	2,593
Storage capacity (thousands of gallons)	14,000	21,500	21,000	22,500	37,000	37,000	37,000	37,000	37,000	37,000
Wastewater										
Sanitary sewers (miles)	529	531	538	550	543	543	545	546	547	548
Storm sewers (miles)	96	96	117	117	97	97	97	98	98	98
Treatment capacity (thousands of gallons)	56,600	21,410	21,410	22,800	21,410	24,410	24,410	21,410	21,410	21,410
Transit										
Buses	12	12	12	12	14	14	14	14	14	13

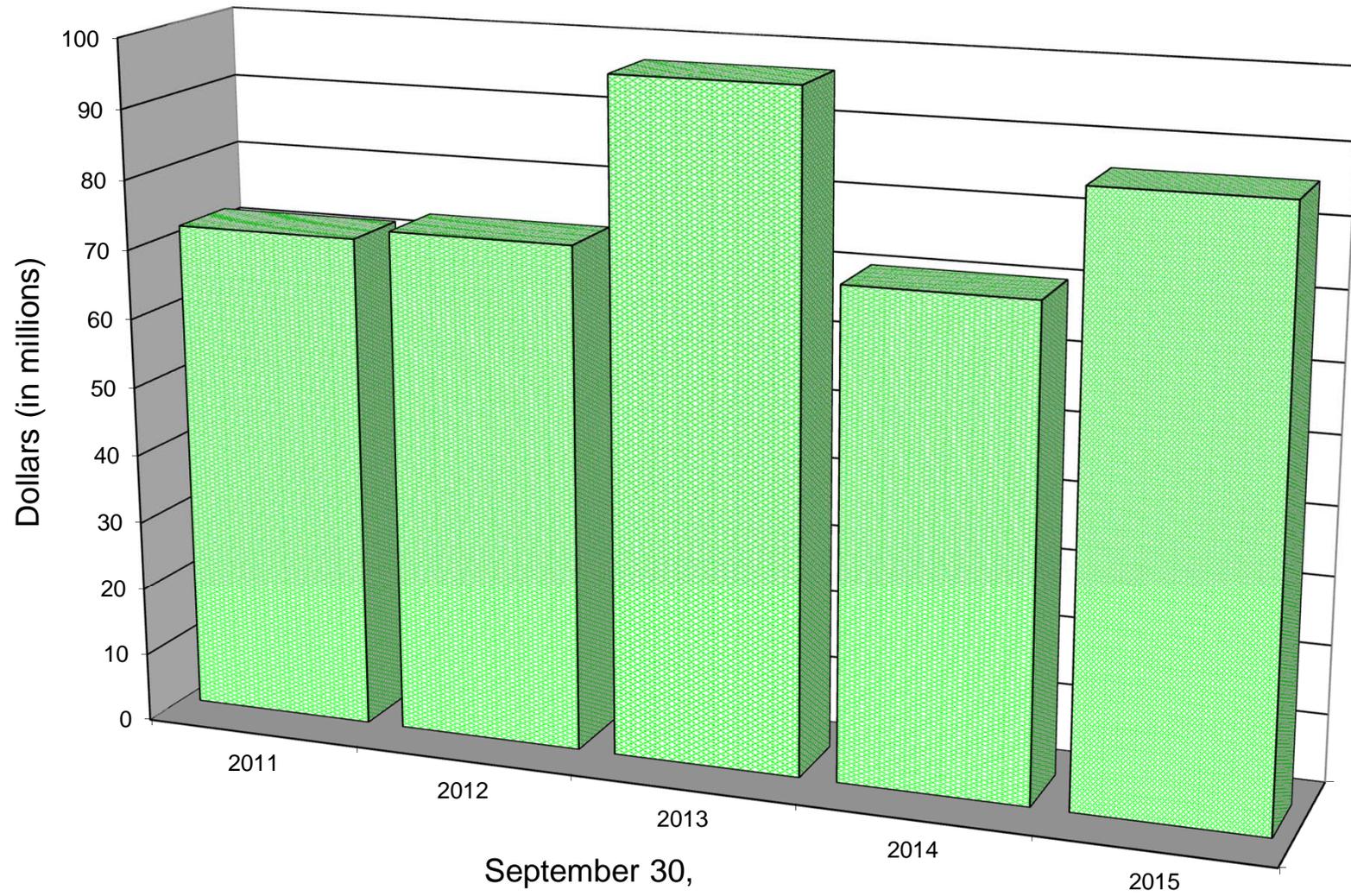
Notes:

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

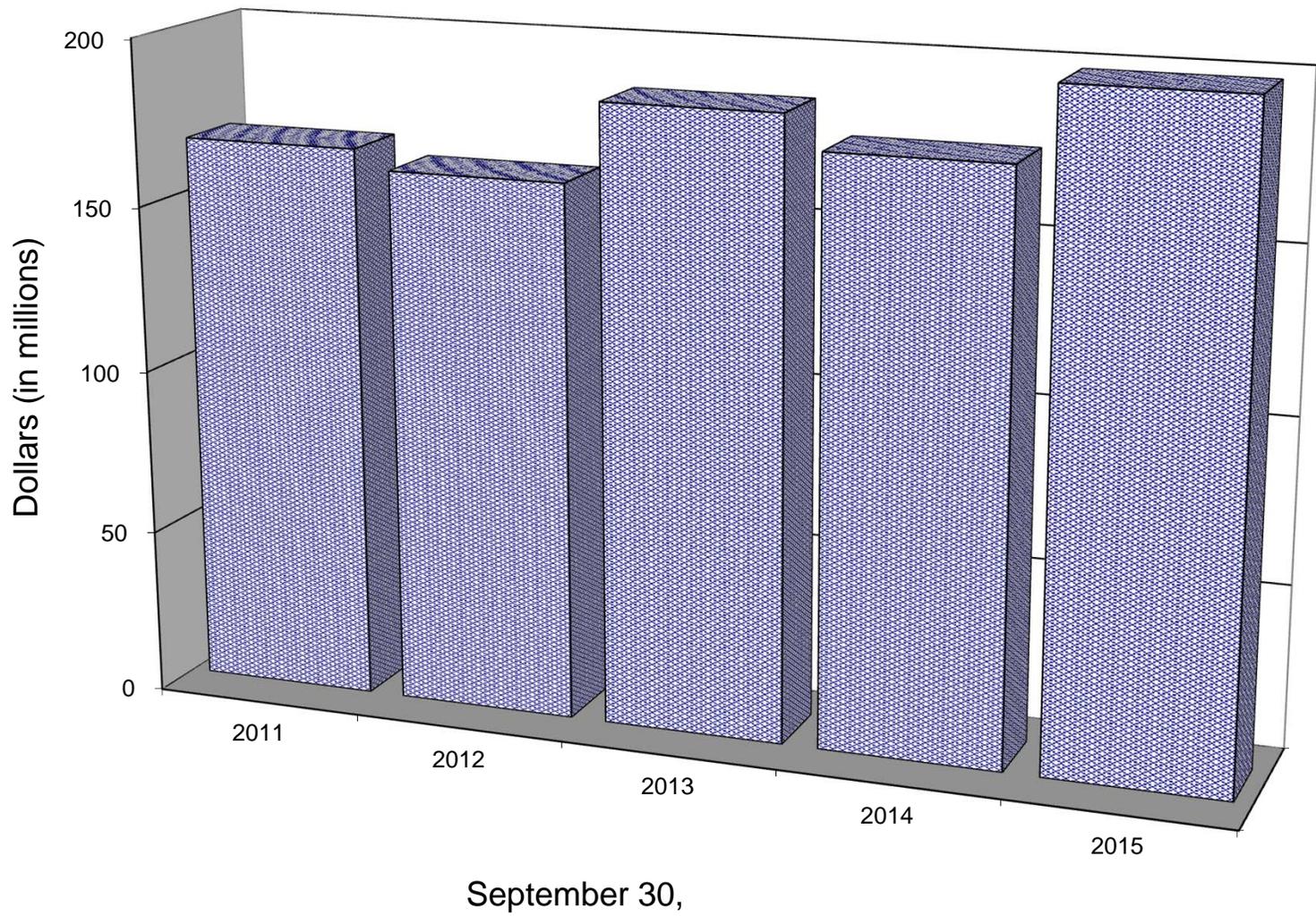
CASH AND INVESTMENTS



(UNAUDITED)

CITY OF WICHITA FALLS, TEXAS

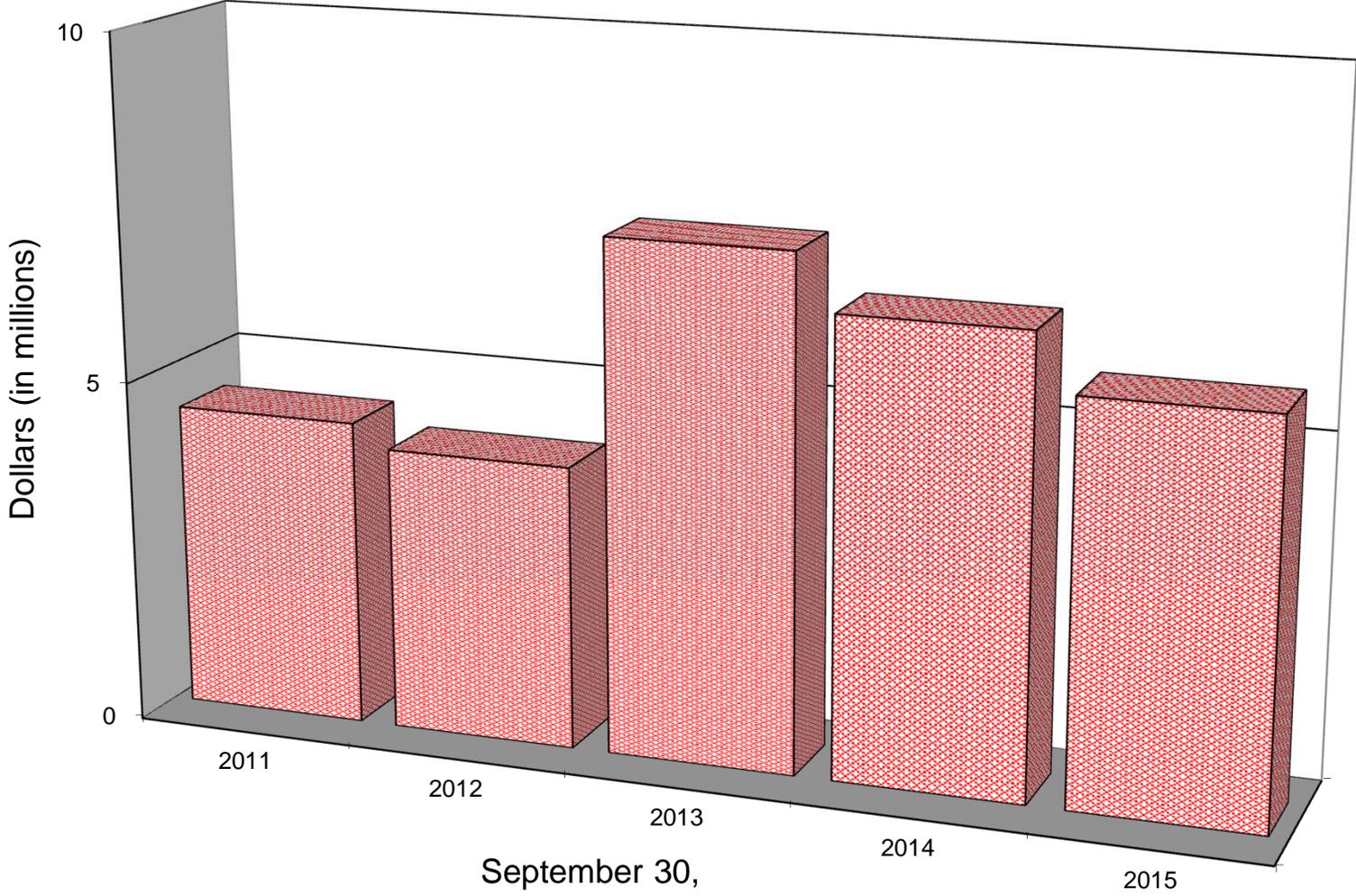
TOTAL BONDS PAYABLE



(UNAUDITED)

CITY OF WICHITA FALLS, TEXAS

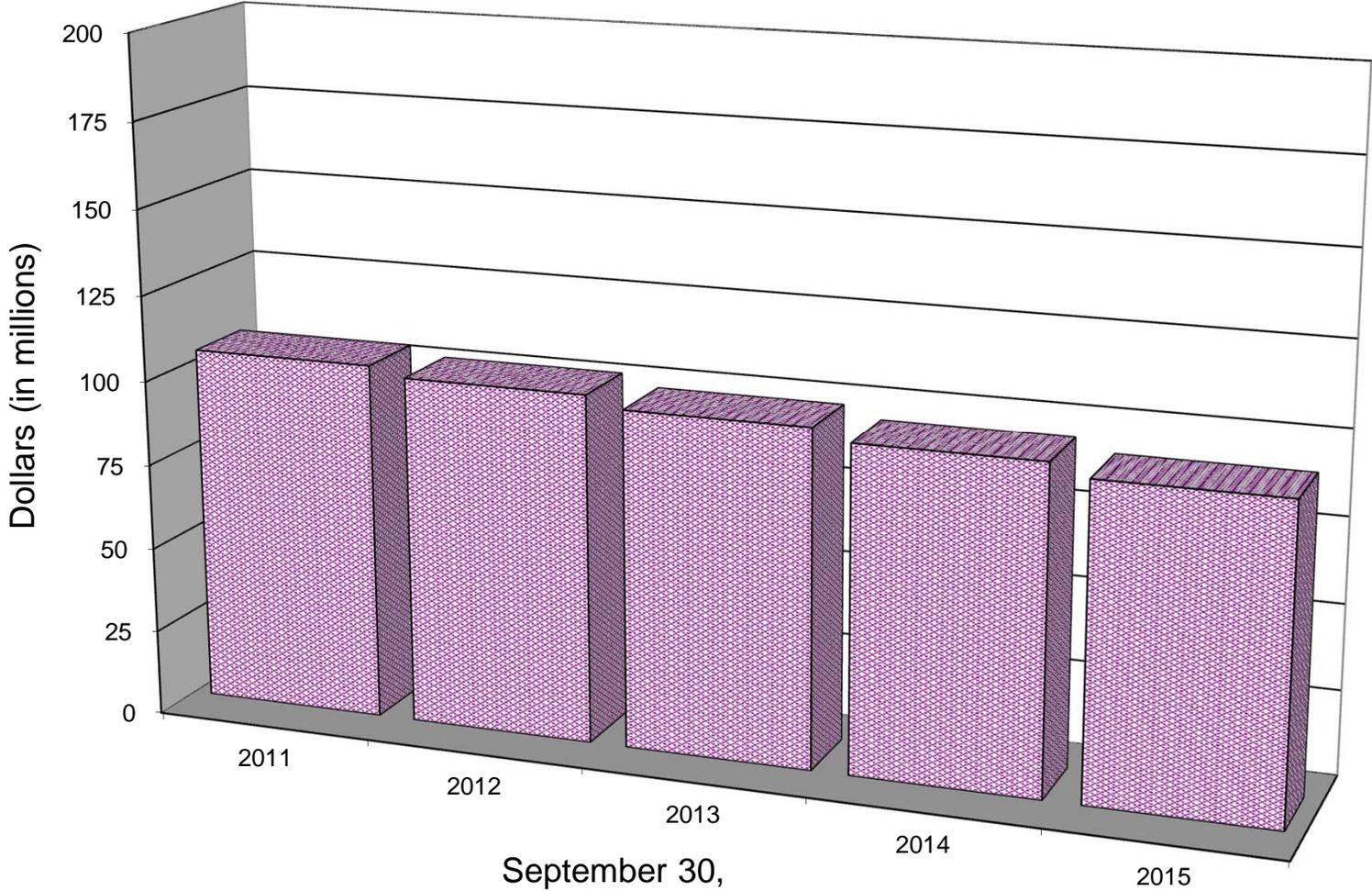
GENERAL OBLIGATION BONDS PAYABLE



(UNAUDITED)

CITY OF WICHITA FALLS, TEXAS

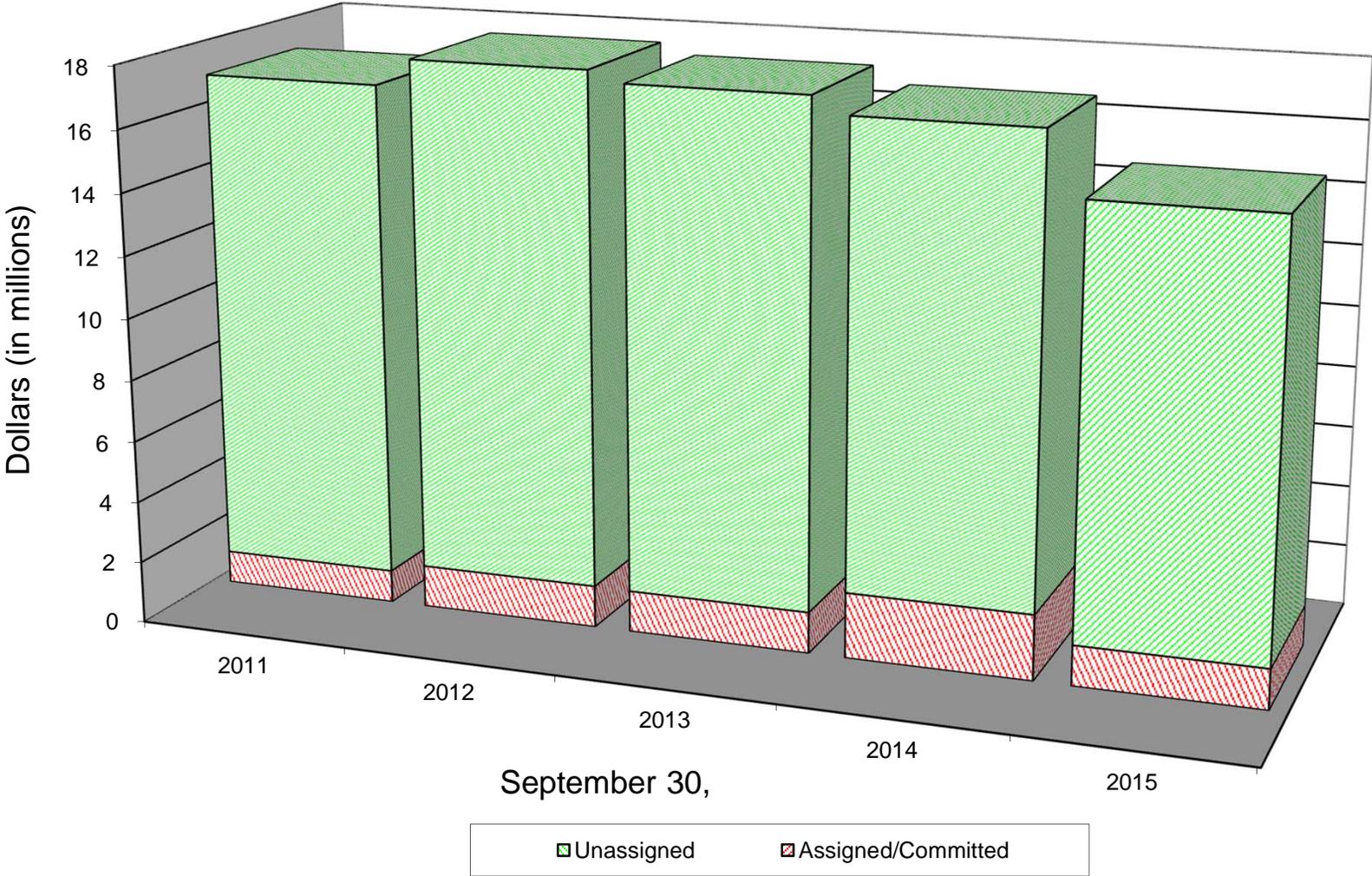
REVENUE BONDS PAYABLE



(UNAUDITED)

CITY OF WICHITA FALLS, TEXAS

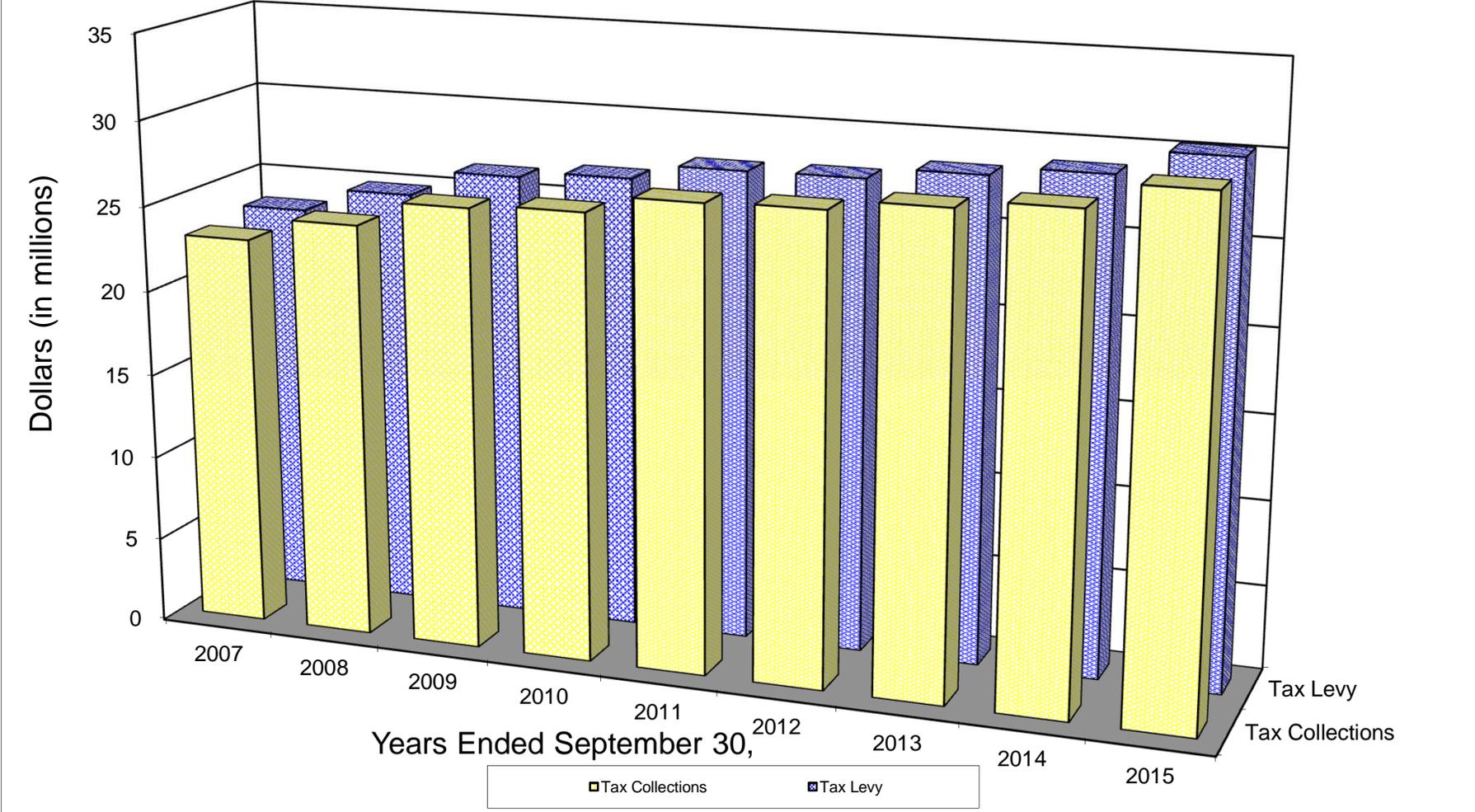
GENERAL FUND EQUITY



(UNAUDITED)

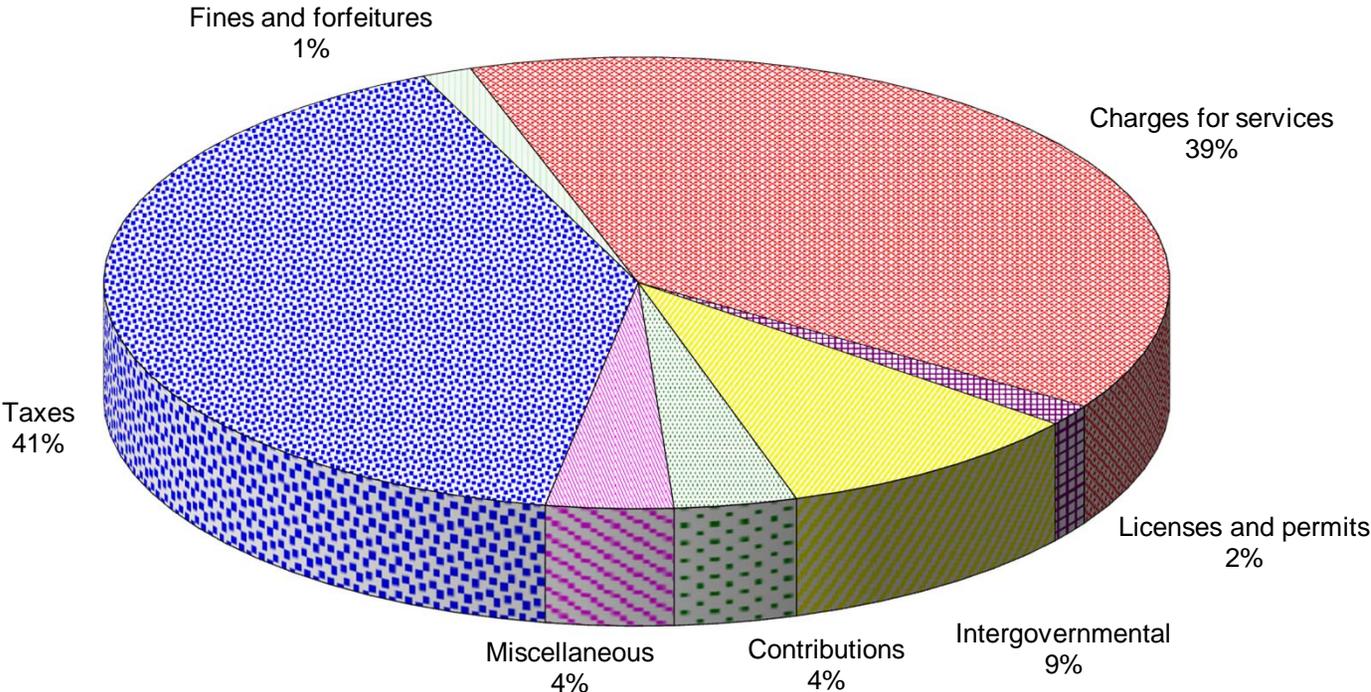
CITY OF WICHITA FALLS, TEXAS

COMPARISON OF TAX LEVY AND COLLECTIONS



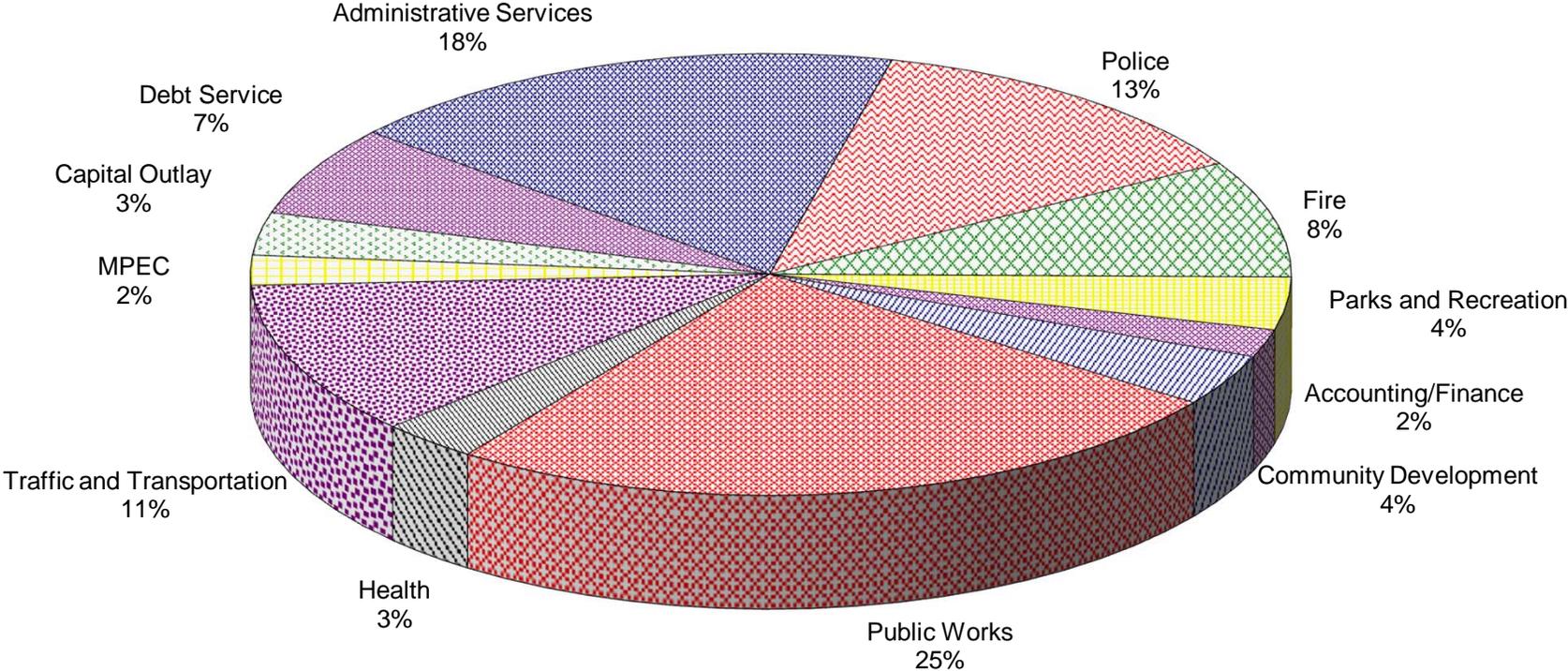
(UNAUDITED)

**CITY OF WICHITA FALLS, TEXAS
REVENUES BY SOURCE - FYE 9/30/15**



(UNAUDITED)

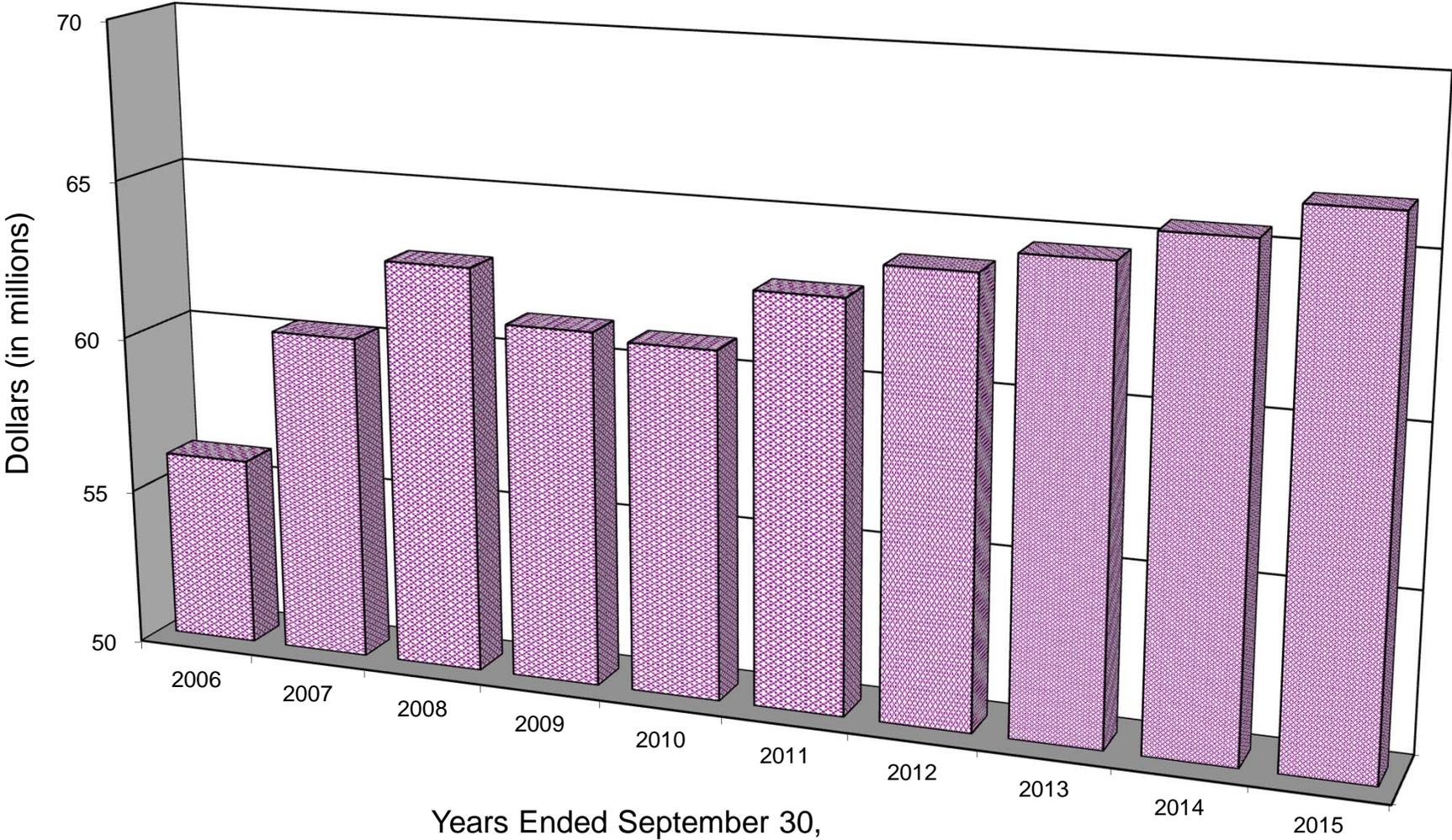
**CITY OF WICHITA FALLS, TEXAS
EXPENDITURES BY FUNCTION - FYE 9/30/15**



(UNAUDITED)

CITY OF WICHITA FALLS, TEXAS

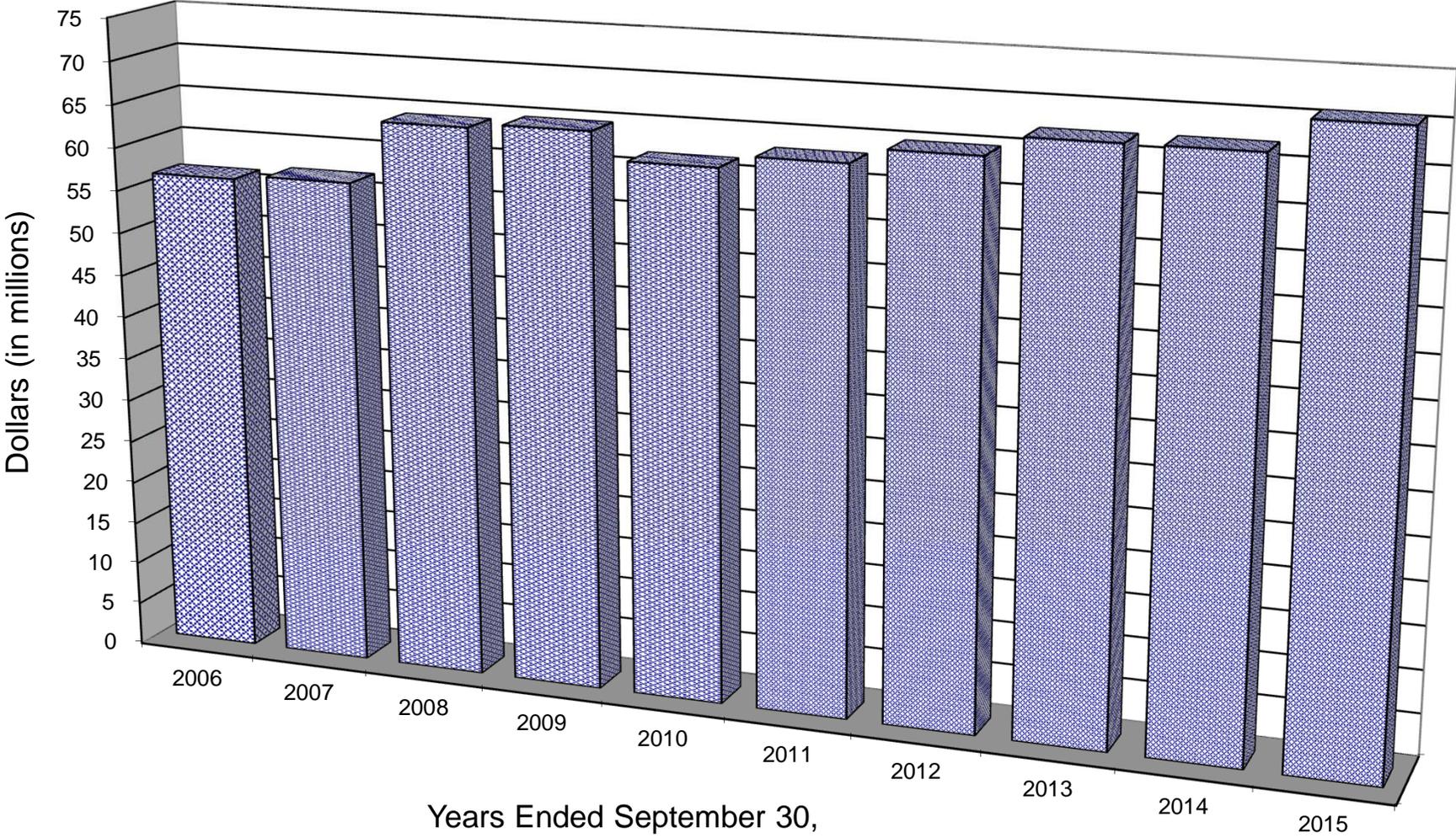
GENERAL GOVERNMENTAL REVENUES (GENERAL FUND ONLY)



(UNAUDITED)

CITY OF WICHITA FALLS, TEXAS

GENERAL GOVERNMENTAL EXPENDITURES (GENERAL FUND ONLY)



(UNAUDITED)

