

CITY OF WICHITA FALLS, TEXAS

POPULAR ANNUAL FINANCIAL REPORT



**Fiscal Year Ended
September 30, 2023**

CONTACT US :

www.wichitafallstx.gov

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WELCOME MESSAGE

01

I am pleased to present to you the City of Wichita Falls, Popular Annual Financial report for the fiscal year ended September 30, 2023. This report is designed to provide summary view of the financial activities of the City and compliments the City's other financial reporting. The City's Annual Comprehensive Financial Report, Annual Operating Budget, and Budget in Brief as well as additional information on the City's finances can be found on the section of the City's website dedicated to Financial Transparency.

For last year's report, the Government Finance Officers Association of the United States and Canada (GFOA) has given an Award for Outstanding Achievement in Popular Annual Financial Reporting to the City of Wichita Falls Popular Annual Financial Report for fiscal year ended September 30, 2022. In order to receive an Award for Outstanding Achievement in Popular Annual Financial Reporting, a government unit must publish a Popular Annual Financial Report, whose contents conform to program standards of creativity, presentation, understandability, and reader appeal. An Award for Outstanding Achievement in Popular Annual Financial Reporting is valid for a period of one year only. We believe our current report continues to conform to the Popular Annual Financial Reporting requirements, and we are submitting it to GFOA to determine its eligibility for another Award.

The information in this report is drawn from the City of Wichita Falls Annual Comprehensive Financial Report for the fiscal year ended September 30, 2023. The City's Annual Comprehensive Financial Report is prepared by Management and audited by an outside audit firm on an annual basis. It is then reviewed by the Government Finance Officers Association, which has repeatedly awarded the City with the organization's award for Excellence in Financial Reporting. The Annual Report includes detailed information on all of the City's funds and financial activities.

The report is consistent with Generally Accepted Accounting Principles and reports information pertaining to the City's government wide financial statements and the general fund. The report also references information from the City's Operating Budget for the fiscal year ended September 30, 2024. For more information on any of these topics, the reader is encouraged to visit the city's financial information available at www.wichitafallstx.gov.

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



Darron Leiker
City of Wichita Falls, City Manager



WICHITA FALLS CITY COUNCIL

AS OF MARCH 31, 2024

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TIM SHORT

MAYOR



BOBBY WHITELEY

AT LARGE



MICHAEL SMITH

DISTRICT 1



LARRY NELSON

DISTRICT 2



JEFF BROWNING

DISTRICT 3



MIKE BATTAGLINO

DISTRICT 4



TOM TAYLOR

DISTRICT 5

The City of Wichita Falls operates under a Council-Manager form of Government. This system combines the strong political leadership of elected officials in the form of a City Council, with the strong managerial experience of an appointed City Manager. The City of Wichita Falls has a Mayor and a six-member Council who are elected into 3 year terms in non-partisan elections.

City Organizational Chart

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WICHITA FALLS AT A GLANCE



Incorporated in
1889



Population
102,644



Median List
Price
\$164K



Unemployment
Rate
3.7%



Sales Tax
8.25%
(NO STATE TAX)

The City of Wichita Falls is located in north-central Texas and now encompasses 70.1 square miles. 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. 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.

TOP EMPLOYERS

Sheppard Air Force Base
United Regional Health Care System
Wichita Falls ISD
Midwestern State University
City of Wichita Falls
Wal-Mart
North Texas State Hospital
James V. Allred Prison Unit
United Supermarkets
Howmet Corporation

HOME TO

- ★ Museum of North TX History
- ★ Hotter N' Hell Hundred
- ★ World's Littlest Skyscraper

- ★ Sheppard Air Force Base
- ★ Euro-NATO Joint Jet Pilot Training
- ★ Midwestern State University



CITY HALL WE HAVE MOVED

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In 2024, the City Council of Wichita Falls unanimously approved a resolution for the Memorial Auditorium Building Renovation project. This project includes remodeling the public gathering spaces for the Auditorium Performance Hall, improving and doubling the number of restroom facilities, remodeling the City Council Chambers and renovating office spaces. The project aims to make City Hall more visitor-friendly and create a better work environment for city staff. Approximately

95% of the work performed will be done by local subcontractors. The renovation is expected to be complete in late 2026.



Wichita Tower
800 Indiana Ave.
Finance & Utility Collection
Planning & Building Inspections
Public Works

MPEC Exhibit Hall
1000 5th St.
Public Information Office
City Council Chambers

Big Blue Properties
719 Scott Ave.
City Manager's Office
Property Management
Human Resources & City Clerk

Neighborhood Services
1800 7th St.
(Permanent Location)



NOW OPEN

In October 2023, The City of Wichita Falls celebrated the grand opening of a full-service hotel and convention center. The new project offers 200 rooms and over 35,000 square feet of convention center space.

FINANCIAL REPORTING

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The Popular Annual Financial Report (PAFR) is intended to summarize and simplify the financial information from the Annual Comprehensive Financial Report (ACFR). This report is designed to provide a summary of the City's overall financial condition in a user friendly format available to citizens. The ACFR was prepared in accordance with Generally Accepted Accounting Principles (GAAP) and was audited by an independent certified public accountant.



The City of Wichita Falls is dedicated to increasing fiscal transparency. The City participates in the Texas State Comptrollers Transparency Star program, which recognizes government entities for going above and beyond in their transparency efforts.



Government Finance Officers Association

Award for
Outstanding
Achievement in
Popular Annual
Financial Reporting

Presented to

**City of Wichita Falls
Texas**

For its Annual Financial Report
For the Fiscal Year Ended

September 30, 2022

Christopher P. Morill
Executive Director/CEO



2022 Triple Crown

- Distinguished Budget Presentation Award
- Certificate of Achievement for Excellence in Financial Reporting
- Popular Annual Financial Reporting Award



For additional details, visit the City's website at www.wichitafallstx.gov.

CITY FUNDS & FUND TYPES

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GOVERNMENTAL FUNDS

Governmental Funds are primarily used to manage most of the City's activities. Financial statements for these funds follow the modified accrual basis of accounting, which tracks cash and easily convertible financial assets. These funds prioritize short-term inflows and outflows of resources, as well as available resources for future spending at the end of the fiscal year. The Net Position represents the fund balance in governmental funds. The General Fund serves as the main operating fund, accounting for all general tax revenues and unallocated receipts. It covers general operating expenses, fixed charges, and certain capital improvement costs not covered by other funds. Special Revenue Funds manage revenue from specific sources earmarked for purposes other than debt service or capital projects.

PROPRIETARY FUNDS

When the City charges customers for its services, whether to external customers or other units within the City, these activities are typically recorded in proprietary funds. The City of Wichita Falls manages two types of proprietary funds: enterprise funds and internal service funds. Proprietary funds are accounted for using the economic resources measurement focus and the accrual basis of accounting in the City's financial statements. The fund balance in a proprietary fund is termed 'working capital' in accounting, representing the difference between current assets and liabilities. This is because proprietary funds account for long-term commitments not covered in governmental funds.

Enterprise funds are used to manage various City operations, including water and sewer services, sanitation collection, airports, transit, stormwater management, event centers, golf courses, and water parks. Internal service funds are utilized to report activities providing supplies and services to other City programs, such as fleet maintenance, printing, information technology, and employee benefits. As these services benefit both governmental and business-type functions, they are allocated between governmental and business-type activities in the government-wide financial statements. Enterprise funds adhere to the accrual basis of accounting and the economic resources measurement focus.

Fund Name	Fund Type
Governmental Funds	
General Fund	General Fund
Debt Service Fund	Debt Service
Hotel/Motel Fund	Special Revenue
Water & Sewer Capital Fund	Capital
Microfiltration and Reverse Osmosis	Capital
Lake Ringgold Fund	Capital
Community Development Fund	Special Revenue
Section 8 Housing Fund	Special Revenue
HOME Fund	Special Revenue
Transportation Planning Grant Fund	Special Revenue
State Routine Airport Main. Fund	Special Revenue
Community & Rural Health Fund	Special Revenue
TX Healthy Communities	Special Revenue
Infectious Disease Fund	Special Revenue
Tuberculosis Grant	Special Revenue
Immunization Grant Program Fund	Special Revenue
Comprehensive Cancer Central Fund	Special Revenue
WIC Fund	Special Revenue
Emergency Management Fund	Special Revenue
Proprietary Funds	
Water & Sewer Fund	Enterprise
Sanitation Fund	Enterprise
Regional Airport Fund	Enterprise
Kickapoo Airport Fund	Enterprise
Transit Fund	Enterprise
Storm Water Fund	Enterprise
Waterpark Fund	Enterprise
Golf Course Fund	Enterprise
Fleet Fund	Internal Service
Information Technology Fund	Internal Service
Duplicating Services Fund	Internal Service



GOVERNMENT-WIDE FINANCIAL STATEMENTS

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



Condensed Government-wide Statement of Net Position

	<u>Primary Government</u>			
	Governmental Activities	Business Type		Component Units
		Activities	Total	
Assets	\$299,961,061	\$500,665,769	\$800,626,830	\$73,067,941
Deferred Outflows of Resources	\$48,100,094	\$10,495,406	\$58,595,500	-
Less: Liabilities	\$217,729,093	\$118,320,507	\$336,049,600	\$29,708,527
Less: Deferred Inflows of Resources	\$18,801,758	\$143,611	\$18,945,369	-
Increase (Decrease) in Net Position	\$111,530,304	\$392,697,057	\$504,227,361	\$43,356,414

Statement of Net Position:

The statement of net position offers a thorough view of the city's assets and liabilities, encompassing capital assets and long-term obligations. It acknowledges the variance between the city's assets and deferred outflows (consumption of net assets), as well as liabilities and deferred inflows (acquisition of net assets), leading to the net position. Changes in net position over time provide valuable insights into the city's financial standing. To conduct a more comprehensive evaluation of the city's financial health, readers should also take into account any alterations in the property tax base and the condition of the city's infrastructure.

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



Condensed Government-wide Statement of Activities

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	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position	
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government Total	Component Units
Governmental Activities	\$ 120,867,950	\$ 12,630,563	\$ 22,509,058	\$ 1,451,564	\$ (84,276,765)	-
Business-Type Activities	62,317,199	76,389,096	4,605,539	2,274,480	20,951,916	-
Total Primary Government	183,185,149	89,019,659	27,114,597	3,726,044	(63,324,849)	-
Component Units :						
Community Development	\$ 8,944,836	-	\$ 358,735	-	\$ (8,586,101)	
					General Revenues and Transfers	\$ 94,871,932
					Change in Net Position	\$ 14,078,976
					Net Position - Ending	31,547,083
						\$ 504,227,361
						\$ 43,359,414

Statement of Activities:

This statement illustrates the changes in the city's net position over the latest fiscal year, encompassing both gross and net costs of government services, along with all current year revenues and expenses. It categorizes the city's activities into three main types:

1. Governmental activities: This section covers the majority of the city's essential services, such as fire, police, parks, recreation, public works, public health, traffic, transportation, community development, planning, duplicating services, information technology, health insurance claims, the MPEC, Golf Course, and general administration. Primary sources of revenue include property tax, sales tax, franchise fees, and various grant programs.
2. Business-type activities: These are activities for which the city charges fees to cover most or all of the service costs. Examples include water and wastewater treatment and distribution, solid waste collection and disposal, regional and municipal airports, transit system, stormwater drainage improvements, fleet maintenance services, and water park operations.
3. Component units: The city is financially responsible for five legally separate entities, which include three tax increment financing districts and two sales tax corporations



REVENUE & EXPENSES

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Revenue by Source



Most of the revenue comes from fees for services like water, sewer, and sanitation. These fees increased by 2% in FY 2023 due to a 5% rise in water rates, although lower water usage partially offset this increase. Property taxes and sales taxes also contribute to the general fund. Property tax earnings rose by 3% in FY 2023, despite a lower tax rate, thanks to higher property values.

	FY 2021	FY 2022	FY 2023
Property Taxes	\$ 43,019,695	\$ 45,229,447	\$ 46,719,098
Sales Taxes	28,362,467	31,099,772	30,988,808
Other Taxes	8,421,903	8,915,246	9,244,233
Investment earnings	71,402	915,689	6,948,111
Miscellaneous	521,187	568,103	971,682
Charges for Services	80,601,801	87,601,878	89,019,659
Grants and Contributions	28,760,704	26,281,010	30,840,641
Total Revenues	\$ 189,759,159	\$ 200,611,145	\$ 214,732,232

Expenses by Function

The biggest part of the budget goes to public safety. Spending increased because Police and Fire personnel received higher pay, and fuel and equipment costs went up. Water and sewer expenses also grew notably in FY 2023 due to higher costs for chemicals and infrastructure.

Primary Government

Governmental Activities:

General Government	\$ 16,783,004	\$ 17,423,657	\$ 20,275,875
Public Safety	52,264,608	48,053,820	56,240,160
Parks and Recreation	5,134,632	5,810,019	6,554,341
Community Development	6,955,276	7,498,256	10,261,349
Public Works	7,894,812	8,620,682	9,329,189
Health	6,229,228	7,065,470	7,585,313
Traffic and Transportation	2,412,555	3,076,440	3,265,753
Multi-Purpose Events Center	2,848,607	5,134,193	6,049,052
Interest and Fees on Long-Term Debt	1,695,662	1,455,563	1,306,918

Business-Type Activities:

Regional Airport	2,753,360	2,929,361	3,041,535
Kickapoo Airport	1,185,924	1,642,866	1,549,000
Transit	2,254,674	3,123,714	3,377,663
Sanitation	10,138,273	10,857,203	11,688,957
Water and Sewer	33,126,472	33,728,464	39,661,150
Stormwater Drainage	1,137,854	1,147,940	1,118,252
Waterpark	1,605,187	1,681,431	1,880,642

Total Primary Government

\$ 154,420,128 \$ 159,249,079 \$ 183,185,149



GENERAL FUND COMPARISON

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The General Fund is the City's primary operating fund, accounting for resources that have no specific restrictions. These resources may be used for general city operations. Each year, the City reports the status of the General Fund in a separate statement in the Annual Comprehensive Financial Report. This statement is listed on the next page. The statement shows the reader the Fund's revenues, current expenditures, excesses of revenues and expenditures, other financing sources and total ending fund balance. Fund balances listed on this statement do not necessarily exclude uses of fund balance committed for future years by the City's Council. Additional information about the City's Fund Balance Policies and uses are available in the City's Annual Operating Budget, available at www.wichitafallstx.gov.

				Variance With Final Budget - Positive (Negative)
	Budgeted Amounts			
	Original	Final	Actual	
Revenues:				
Taxes	\$ 81,473,096	\$ 81,473,096	\$ 81,770,690	\$ 297,594
Charges for services	2,958,582	2,958,582	3,016,851	58,269
Licenses and permits	1,711,453	1,711,453	2,016,267	304,814
Fines and forfeitures	2,516,357	2,516,357	2,920,650	404,293
Contributions	213,419	213,419	277,285	63,866
Miscellaneous revenue	11,369,806	11,369,806	4,996,850	(6,372,956)
Total revenues	100,242,713	100,242,713	94,998,593	(5,244,120)
Expenditures:				
Current:				
Administrative services	16,369,329	17,527,058	16,227,221	1,299,837
Police	30,658,019	30,658,019	29,405,472	1,252,547
Fire	20,144,703	20,234,151	20,096,678	137,473
Parks and recreation	7,249,107	7,290,267	6,266,600	1,023,667
Accounting/finance	1,123,132	1,123,132	1,020,253	102,879
Community development	2,762,443	2,762,443	2,514,594	247,849
Public works	5,937,082	5,937,082	5,786,398	150,684
Health	4,092,608	4,094,476	3,746,879	347,597
Traffic and transportation	2,155,910	2,155,910	2,029,219	126,691
Capital outlay	7,976,673	10,108,511	4,440,806	5,667,705
Total expenditures	98,469,006	101,891,049	91,534,120	10,356,929
Excess of revenues over (under) expenditures	1,773,707	(1,648,336)	3,464,473	5,112,809
Other financing sources (uses):				
Transfers in	3,108,889	3,108,889	3,108,889	-
Transfers out	(4,882,597)	(4,882,597)	(3,969,471)	913,126
Total other financing sources (uses)	(1,773,708)	(1,773,708)	(860,582)	913,126
Excess of revenues and other sources over (under) expenditures and other uses	(1)	(3,422,044)	2,603,891	6,025,935
Fund balance - beginning	46,061,229	46,061,229	46,061,229	-
Fund balance - ending	\$ 46,061,228	\$ 42,639,185	\$ 48,665,120	\$ 6,025,935

FY 2024 ADOPTED OPERATING BUDGET

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The City's Operating Budget for the fiscal year ended September 30, 2024 (FY 2024) was adopted by the City Council on September 5, 2023. The revenue across all funds was budgeted at \$232,952,356 which was a decrease of \$864,606 or -0.37% from the previous year's budget. This reduction is primarily due to the use of \$19.3 million in fund balance for use in one-time projects in FY 2023.

Two main sources of revenue in the City's budget are Property Taxes and Sales Taxes which provide funding for many City services including Police, Fire, and Health. Property Tax revenue was budgeted at \$48,354,569 for FY 2024 which was a 7.19% increase in anticipated revenues due to increased property market values and new property added to the tax base. The City reduced the property tax rate by 2.06% from .694321 to .680000. Sales Tax Revenue was budgeted at \$31,725,000 which was a 3.41% increase from the previous year's budget.

Revenue from Service Charges was budgeted at \$97,026,937 which was a 6.93% increase from the previous year's budget. The Water & Sewer, Sanitation, and Stormwater funds receive the majority of their revenues from service charges on each utility bill. The FY 2024 budget included a 5% increase in retail water rates to support the increased cost of replacing water and sewer infrastructure and maintain market competitive salaries. The FY 2024 budget also included a 6% increase all curbside and commercial customers and a 13% increase for alley customers. This represented the first increase in Sanitation rates in three years and was needed to support the increased cost of equipment used in trash collection and to maintain market competitive salaries. Additional service charges in the City Budget include internal service charges which help to ensure that Fleet, Information Technology, and other administrative costs are appropriately reflected in the funds responsible for that cost.

Operating Revenue All Funds	2021-22 Actual	2022-23 Adopted Budget	2023-24 Adopted Budget	Percent Change
Property Taxes	\$ 43,165,659	\$ 45,112,664	\$ 48,354,569	7.19%
Sales Tax	31,102,272	30,680,000	31,725,000	3.41%
Franchise Fees	5,684,241	5,465,100	5,527,634	1.14%
Payments in Lieu of Taxes	1,439,374	1,550,000	1,438,446	-7.20%
Other Taxes	3,813,711	3,631,427	3,861,500	6.34%
Service Charges	89,070,802	90,742,569	97,026,937	6.93%
Licenses & Permits	2,296,894	1,701,991	2,049,700	20.43%
Fines & Forfeitures	2,375,884	2,516,357	2,940,400	16.85%
Intergovernmental Rev.	13,091,644	12,285,508	12,378,000	0.75%
Contributions	2,352,418	2,126,644	1,981,356	-6.83%
Interest Income	855,397	2,504,947	5,433,200	116.90%
Misc. Revenues	7,911,570	6,656,021	5,930,401	-10.90%
Operating Revenues	\$203,159,866	\$ 204,973,228	\$ 218,647,143	6.67%
Transfer In	13,360,233	9,534,859	7,942,567	-16.70%
Other Financing Sources	2,002,298	19,308,875	6,362,646	-67.05%
Consolidated Revenues	\$218,522,397	\$ 233,816,962	\$ 232,952,356	-0.37%

FY 2024 BUDGET EXPENDITURES

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The FY 2024 budget for expenditures across all funds is \$232,952,356 which was a decrease of \$864,606 or -0.37% from the previous year's budget. Personnel expenses make up the largest category of spending at 45.0% of total expenditures. Utilities and Other Services like professional fees and fleet maintenance costs are 12.3% of the total budget.

Expenditures All Funds	2021-22 Actual Expenditures	2022-23 Adopted Budget	2023-24 Adopted Budget	Percent Change
Personnel Services	\$ 90,770,593	\$ 97,981,335	\$ 104,741,916	6.90%
Supplies	12,403,097	16,303,433	15,838,944	-2.85%
Maintenance & Repair	8,418,369	9,550,830	10,378,043	8.66%
Utilities/Other Services	22,813,304	25,824,625	28,573,613	10.64%
Insurance & Contract Supp.	3,249,143	3,478,367	3,381,856	-2.77%
Debt Expenditures	18,037,329	19,467,705	20,030,328	2.89%
Other Expenditures	11,679,896	13,574,669	14,507,717	6.87%
Non Capital Improvements	142,358	160,541	414,634	158.27%
Capital Improvements	18,129,297	38,711,168	30,041,703	-22.40%
Transfers Out	6,405,767	8,764,290	5,043,602	-42.45%
Total Expenditures	\$ 192,049,153	\$ 233,816,962	\$ 232,952,356	-0.37%

The City also invests in Capital Improvements which are expenditures for items that last longer than one year. Funding for capital improvements decreased from \$38,711,168 to \$30,041,703. This reduction is primarily due to the use of \$19.3 million in fund balance for use in one-time projects in FY 2023.

Capital Improvements	Amount
Street Rehab and Improvement	\$ 5,290,500
Lake Ringgold - Federal Permitting	5,000,000
Water and Sewer Line Replacements	3,000,000
Water System Infrastructure	2,488,800
Vehicles (Fleet)	2,453,923
Sanitation Trucks	2,078,823
Stormwater System Improvements	2,000,000
Information Technology	1,715,154
Facility Improvements	1,401,195
Buses (Public Transportation)	1,110,000
Castaway Cove - New Attraction	1,100,000
All Other	2,403,308
Total Capital Improvements	\$ 30,041,703



This report was prepared and presented by the City of Wichita Falls
Finance Department.

Copies of the City's Annual Operating Budget and Annual
Comprehensive Financial Report may be found on the City's website
at www.wichitafallstx.gov.