



**Annual Financial Report
For The Ten Months Ended
June 30, 2019**

WICHITA FALLS INDEPENDENT SCHOOL DISTRICT

WICHITA FALLS, TEXAS

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Annual Financial Report

Wichita Falls Independent School District

Wichita Falls, Texas

For the Ten Months Ended June 30, 2019

**Prepared by
Wichita Falls ISD Finance Department**

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Wichita Falls Independent School District
Annual Financial Report
For the Ten Months Ended June 30, 2019
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Certificate of Board

Wichita Falls Independent School District
Name of School District

Wichita
County

243-905
Co.-Dist. Number

We, the undersigned, certify that the attached annual financial reports of the above-named school district were reviewed and (check one) approved disapproved for the ten months ended June 30, 2019 at a meeting of the Board of Trustees of such school district on the 12th day of November, 2019.



Signature of Board Secretary



Signature of Board President

If the Board of Trustees disapproved of the auditors' report, the reason(s) for disapproving it is (are):

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Financial Section

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Independent Auditor's Report

To the Board of Trustees
Wichita Falls Independent School District
Wichita Falls, Texas

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Wichita Falls Independent School District (the District), as of and for the ten months ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

The District's 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 entity'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 entity'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 presentation of the financial statements.

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, each major fund, and the aggregate remaining fund information of the District, as of June 30, 2019, and the respective changes in financial position and, where applicable, cash flows thereof for the ten months then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the required supplementary information, as listed in the table of contents, 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 District's basic financial statements. The other supplementary information and Schedule of Required Responses to Selected School FIRST Indicators are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by requirements of Title 2 U.S. Code of Federal Regulations, Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

The other supplementary information and schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic 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 other supplementary information and schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The Schedule of Required Responses to Selected School FIRST Indicators 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 it.

The Board of Trustees
Wichita Falls Independent School District

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 12, 2019 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely 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 effectiveness of 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 District's internal control over financial reporting and compliance.

Weaver and Tidwell, L.L.P.

WEAVER AND TIDWELL, L.L.P.

Dallas, Texas
November 12, 2019

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Management's Discussion and Analysis

Our discussion and analysis of Wichita Falls Independent School District's (the District) financial performance provides an overview of the District's financial activities for the ten months ended June 30, 2019. Please read it in conjunction with the District's financial statements, which follow this section.

Financial Highlights

- The liabilities and deferred inflows of resources exceeded the assets and deferred outflows of resources of the District at the close of the most recent fiscal year by a deficit of \$3.2 million (net position).
- During the year, the District expensed \$140.3 million, which was \$8.1 million less than the District's revenue of \$148.4 million. Of this, \$40.1 million was program revenue and \$108.3 million was general revenue.
- The fund balance of the General Fund was \$30.2 million, which was an increase of \$7.2 million. Unassigned fund balance of the general fund was \$28.1 or 27 percent of the year's total general fund expenditures.
- The fund balance of the Child Nutrition Fund was \$1.3 million, which was an increase of \$200 thousand.
- The District elected to change its fiscal year end from August 31 to June 30 in the current period.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The basic financial statements are composed of: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements and required supplementary information. This report also contains other supplementary information in addition to the basic financial statements.

The basic financial statements include two kinds of statements that present different views of the District:

The first are government-wide financial statements, which provide both long-term and short-term information about the District's overall financial status. The remaining statements are fund financial statements that focus on individual parts of the government, reporting the District's operations in more detail than the government-wide statements.

The governmental fund financial statements tell how general government services were financed in the short-term as well as what remains for future spending.

Proprietary fund financial statements offer short-term and long-term financial information about the activities the District operates like businesses, such as self-insurance. The District has internal service funds reflected in the proprietary fund financial statements.

Fiduciary fund financial statements provide information about the financial relationships in which the District acts solely as a trustee or agent for the benefit of others, to whom the resources belong.

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the information in the financial statements.

Government-Wide Financial Statements. The government-wide statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes all of the District's assets, liabilities, and deferred inflows/outflows of resources, with the difference reported as net position. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid. The two government-wide statements report the District's net position and how they have changed. Net position is one way to measure the District's financial health or position.

Over time, increases or decreases in the District's net position is an indicator of whether its financial health is improving or deteriorating, respectively. To assess the overall health of the District, you need to consider additional nonfinancial factors such as changes in the District's tax base.

Most of the District's basic services are included in the governmental activities, such as instruction, extracurricular activities, curriculum and staff development, health services, and general administration. Property taxes and grants finance most of these activities.

Fund Financial Statements. The fund financial statements provide more detailed information about the District's most significant funds—not the District 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. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the District can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental Funds. Most of the District's basic services are included in governmental funds, which focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental fund statements provide a detailed short-term view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, we provide additional information on the reconciliations that explain the relationship (or differences) between them.

Proprietary Funds. Services for which the District charges customers a fee are generally reported in proprietary funds. Proprietary funds, like the government-wide statements, provide both long-term and short-term financial information. The District's proprietary funds are internal service funds. Internal service funds are an accounting device used to accumulate and allocate costs internally among various functions.

Fiduciary Funds. The District is the trustee, or fiduciary, for certain funds. It is also responsible for other assets that—because of a trust arrangement—can be used only for the trust beneficiaries. The District is responsible for ensuring that the assets reported in these funds are used for their intended purposes. All of the District's fiduciary activities are reported in a separate statement of fiduciary net position and a statement of changes in fiduciary net position. Fiduciary funds are excluded from the District's government-wide financial statements because the District cannot use these assets to finance its operations.

Notes to the Financial Statements. The notes provide additional information that is necessary to acquire a full understanding of the data provided in the government-wide and fund financial statements.

Other Information. In addition to the basic financial statements and accompanying notes, this report also presents required supplementary information concerning the budgetary comparison of the general fund and child nutrition fund and the TRS pension and OPEB schedules.

Financial Analysis of the District as a Whole

Net position. The District's overall net position increased between fiscal year 2018 (twelve months) and the ten months ended June 30, 2019 – a deficit of \$3,221,431. (See Table A-1).

Table A-1
Wichita Falls Independent School District's Net Position

	Governmental Activities			Percentage Change
	June 30, 2019	August 31, 2018	Increase (Decrease)	
Assets				
Current and other assets	\$ 55,449,795	\$ 41,985,949	\$ 13,463,846	32%
Capital assets, net	136,906,493	140,023,381	(3,116,888)	-2%
Total assets	192,356,288	182,009,330	10,346,958	30%
Total deferred outflows of resources	27,875,624	12,586,967	15,288,657	121%
Liabilities				
Long-term debt	179,438,709	163,399,189	16,039,520	10%
Other liabilities	23,855,844	19,263,242	4,592,602	24%
Total liabilities	203,294,553	182,662,431	20,632,122	34%
Total deferred inflows of resources	20,158,790	23,268,457	(3,109,667)	-13%
Net position				
Net investment in capital assets	49,063,415	45,345,587	3,717,828	8%
Restricted	2,571,485	1,748,812	822,673	47%
Unrestricted	(54,856,331)	(58,428,990)	3,572,659	-6%
Total net position	\$ (3,221,431)	\$ (11,334,591)	\$ 8,113,160	49%

Changes in net position. The District's total revenues were \$148.4 million, an increase of \$23.7 million. (See Table A-2.) General revenues decreased due to decreases in state aid allotment, coupled with increases in tax collections as a result of rising property values and investment earnings. Operating grants and contributions increased \$26.8 million due to the implementation of GASB 75 in the prior year. During the 2017-2018 fiscal year, changes to the District's proportionate share of the State's Net OPEB Liability resulted in a decrease of expenses of approximately \$36.5 million and a decrease of revenues of \$20.2 million. This additionally made up a large portion of the increase in total expenses. Lastly, because of the change in fiscal year end, there were only 10 months of expenses, which led the increase to be lower than expected after prior year.

Governmental Activities. Table A-2 compares the District's operating and general revenues and functional expenses for both the prior year and the ten months ended June 30, 2019. Following the table, we provide explanations for the significant fluctuations between the two periods.

Table A-2
Changes in the Wichita Falls Independent School District's Net Position

	Governmental Activities			
	Ten Months Ended June 30, 2019	Twelve Months Ended August 31, 2018	Increase (Decrease)	Percentage Change
Program revenues:				
Charges for services	\$ 2,631,933	\$ 2,399,543	\$ 232,390	10%
Operating grants and contributions	37,472,590	10,719,790	26,752,800	250%
General revenues:				
Property taxes	53,881,605	52,948,044	933,561	2%
Unrestricted operating grants (mostly state aid)	53,508,235	57,945,952	(4,437,717)	-8%
Investment earnings	760,539	595,542	164,997	28%
Miscellaneous	111,390	102,667	8,723	8%
Total revenues	148,366,292	124,711,538	23,654,754	19%
Expenses:				
Instruction	82,456,571	56,068,181	26,388,390	47%
Instructional resources and media services	1,604,723	1,089,342	515,381	47%
Curriculum and staff development	1,845,595	1,954,464	(108,869)	-6%
Instructional leadership	3,417,782	2,352,319	1,065,463	45%
School leadership	7,431,175	5,466,452	1,964,723	36%
Guidance, counseling and evaluation services	6,037,052	4,514,269	1,522,783	34%
Social work services	534,867	475,580	59,287	12%
Health services	1,665,218	1,117,384	547,834	49%
Student transportation	2,673,090	2,744,139	(71,049)	-3%
Food services	7,500,608	8,223,982	(723,374)	-9%
Extracurricular activities	3,893,822	3,307,809	586,013	18%
General administration	3,901,803	2,552,349	1,349,454	53%
Facilities maintenance and operations	10,309,622	11,808,739	(1,499,117)	-13%
Security and monitoring services	727,313	676,808	50,505	7%
Data processing services	2,854,342	1,982,694	871,648	44%
Community services	434,579	447,559	(12,980)	-3%
Debt service	2,224,002	2,946,686	(722,684)	-25%
Bond issuance costs and fees	2,250	3,000	(750)	-25%
Payments for shared service arrangements	179,590	181,504	(1,914)	-1%
Payments related to juvenile justice programs	11,896	11,911	(15)	0%
Other intergovernmental charges	547,232	545,411	1,821	0%
Total expenses	140,253,132	108,470,582	31,782,550	29%
Change in net position	\$ 8,113,160	\$ 16,240,956	\$ (8,127,796)	-50%

Sources of Revenues for Fiscal Year 2019 Graph A-1

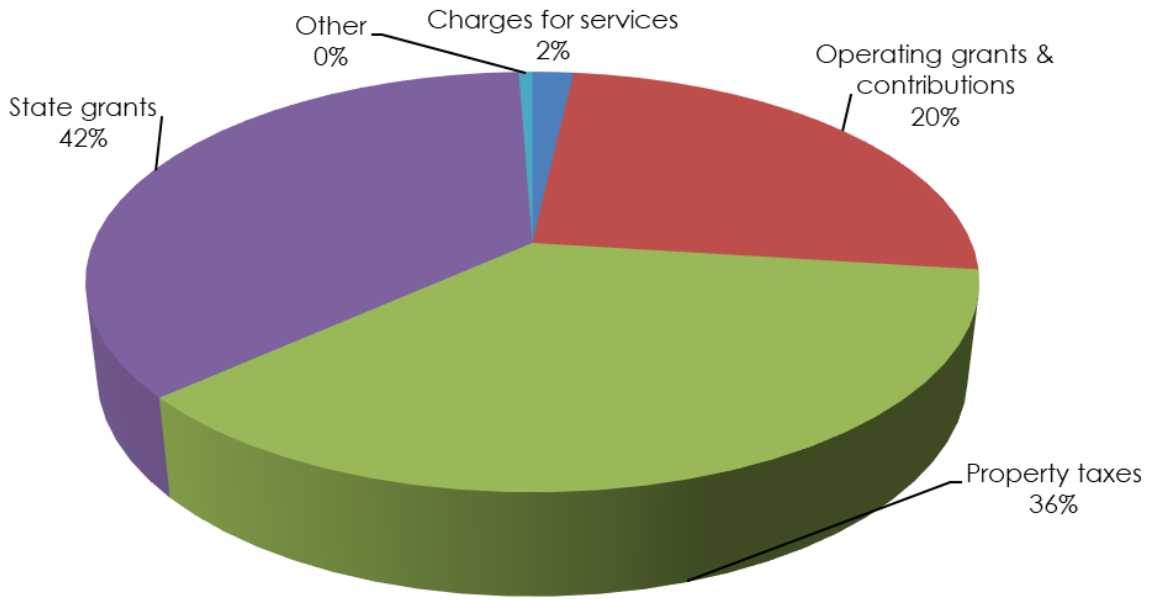


Table A-3 presents the cost of each of the District's largest functions as well as each function's net cost (total cost less fees generated by the activities and intergovernmental aid). The net cost shows the financial burden that was placed on the District's taxpayers by each of these functions.

Table A-3
Wichita Falls Independent School District
Net Cost of Selected District Functions

	Total Cost of Services			
	Ten Months Ended June 30, 2019	Twelve Months Ended August 31, 2018	Increase (Decrease)	Percentage Change
Instruction	\$ 82,456,571	\$ 56,068,181	\$ 26,388,390	47.1%
School leadership	7,431,175	5,466,452	1,964,723	35.9%
General administration	3,901,803	2,552,349	1,349,454	52.9%
Facilities maintenance and operations	10,309,622	11,808,739	(1,499,117)	-12.7%
	Net Cost of Services			
	Ten Months Ended 2019	Twelve Months Ended 2018	Increase (Decrease)	Percentage Change
Instruction	\$ 59,146,809	\$ 60,521,486	\$ (1,374,677)	-2.3%
School leadership	6,130,650	4,224,225	1,906,425	45.1%
General administration	3,217,911	1,972,228	1,245,683	63.2%
Facilities maintenance and operations	8,353,952	9,119,972	(766,020)	-8.4%

The cost of all governmental activities this year was \$140.3 million; however, the amount our taxpayers paid for these activities through property taxes was \$53.9 million. Some of the cost was paid by those who directly benefited from the programs, through charges for services - \$2.6 million, or by operating grants and contributions - \$37.5 million. The amount funded by the state was \$53.5 million in formula grants and state aid.

Financial Analysis of the District's Funds

As noted earlier, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds. The focus of the District's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the District's financing requirements. In particular, unassigned fund balance may serve as a useful measure of the District's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the District's governmental funds reported combined ending fund balances of \$34.8 million. Approximately \$27.9 million constitutes the unassigned fund balance. The remainder of fund balance is nonspendable, restricted, or committed to indicate that it is not available for new spending because it has already been: 1) restricted for retirement of long-term debt and 2) restricted, committed for other purposes, or nonspendable.

The general fund is the primary operating fund of the District. At the end of the current fiscal year, unassigned fund balance of the general fund was \$28.1 million, while the total fund balance of all governmental funds was \$34.8 million.

The general fund reported an ending fund balance of \$30,246,650. The net change in fund balance resulted in an increase in the general fund balance from the prior year in the amount of \$7,155,265. The increase in fund balance was the result of increased federal revenues due to SHARS and E-Rate, combined with decrease in state revenue from the state aid allotment.

General Fund Budgetary Highlights

Over the course of the year, the District recommended and the Board approved several revisions to budgeted revenues and appropriations. The amendments fall into the following categories:

- Amendments throughout the year to revise estimates for local and state revenue based on the latest information on student attendance and tax collections.
- Amendments throughout the year for transfers to and from other funds and federal indirect cost calculations.
- Amendments throughout the year for unexpected occurrences.
- Amendments throughout the year for resignations and employment of new personnel.

After appropriations were amended as described above, actual revenues for the general fund were \$440,381 less than the final budgeted amounts. The District saw a decrease in state program revenues, due to changes in the state funding template, an increase in reimbursement requested through SHARS and E-Rate, and an increase in interest rates on investments. Actual expenditures were \$11,732,882 below final budgeted amounts, primarily due to the change in fiscal year. Over the course of the year, the District recommended and the Board approved several revisions to budgeted revenues and appropriations.

Capital Assets and Debt Administration

Capital Assets. The District's investment in capital assets for its governmental activities as of June 30, 2019, amounts to \$136.9 million (net of accumulated depreciation). This amount represents a net decrease (including additions and deletions) of \$3.1 million or 2%. The investment in capital assets includes land, buildings and improvements, vehicles, equipment, and construction in progress.

Table A-4
Wichita Falls Independent School District's Capital Assets

	Governmental Activities			
	June 30, 2019	August 31, 2018	Increase (Decreases)	Percentage Change
Land	\$ 12,015,106	\$ 12,015,106	\$ -	0%
Bldgs and improvements	204,297,544	202,254,062	2,043,482	1%
Equipment	17,663,293	17,819,984	(156,691)	-1%
Property under cap lease	2,682,717	2,682,717	-	0%
Construction in progress	985,728	511,295	474,433	93%
Totals at historical cost	237,644,388	235,283,164	2,361,224	1%
Less accumulated depreciation	100,737,895	95,259,783	5,478,112	6%
Net capital assets	\$ 136,906,493	\$ 140,023,381	\$ (3,116,888)	-2%

Additional information on the District's capital assets can be found in the notes to the financial statements.

Capital Projects Fund. Several projects were completed in 2019 including structural repairs to Joe Golding Memorial Stadium and new roof on portions of Hirschi High School.

Long-term Debt. At June 30, 2019 the District had \$90.6 million in long term debt – a decrease of 7.3% over last year – as shown in Table A-5.

Table A-5
Wichita Falls Independent School District's Long-term Debt

	Governmental Activities			
	June 30, 2019	August 31, 2018	Increase (Decrease)	Percentage Change
General obligation bonds	\$ 75,470,000	\$ 80,460,000	\$ (4,990,000)	-6.2%
Premium on bonds	6,109,229	7,045,300	(936,071)	-13.3%
Total bonds payable	81,579,229	87,505,300	(5,926,071)	-6.8%
Note payable	7,140,000	8,080,000	(940,000)	100.0%
Capital leases payable	838,538	1,058,074	(219,536)	-20.7%
Compensated absences	1,047,437	1,115,655	(68,218)	-6.1%
Total long-term obligations	\$ 90,605,204	\$ 97,759,029	\$ (7,153,825)	-7.3%

Economic Factors and Next Year's Budgets and Tax Rates

The District's certified property values for 2019 reflect a 1.04% increase in property values, from the prior year. House Bill (HB) 3 provided for additional state aid to the basic allotment and a compression to the maintenance and operations tax rate to provide additional state funding while providing tax relief.

The maintenance and operating tax rate of \$1.04 is now compressed down to \$0.97. A total decrease of \$0.09, under provisions of HB 3.

The District's 2019-20 refined average daily attendance was budgeted at 12,935.

The Administration is carefully monitoring future and outstanding debt, as well as fund balance, to maintain a tax rate not to exceed \$0.50 for debt service payments. The debt service tax rate was continued at \$0.18 for the 2019 year.

The Board of Trustees adopted a 2019-2020 general fund budget reflecting revenues and transfers in of \$147,635,006 and expenditures and transfers out of \$147,383,515. This budget included additional teaching staff, teacher payscale increase ranging from 13% - 17%, and a 10% general pay increase for other employees.

The District will continue to review its priorities to maintain the level of service to its children and taxpayers for future budget years.

Requests for Information

This financial report is designed to provide a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the District's Chief Financial Officer or Director of Finance.

Basic Financial Statements

Wichita Falls Independent School District

Statement of Net Position

June 30, 2019

Exhibit A-1

1

<u>Data Control Codes</u>		<u>Governmental Activities</u>
ASSETS		
1110	Cash and cash equivalents	\$ 4,440,513
1120	Current investments	30,412,075
1220	Property taxes receivables (net)	1,912,387
1240	Due from other governments	17,211,379
1290	Other receivables	7,399
1300	Inventories	883,415
1410	Prepaid items	582,627
	Capital assets:	
1510	Land	12,015,106
1520	Buildings and improvements, net	119,238,185
1530	Furniture and equipment, net	2,772,024
1550	Capital lease assets, net	1,895,450
1580	Construction in progress	985,728
1000	Total assets	<u>192,356,288</u>
DEFERRED OUTFLOWS OF RESOURCES		
1701	Deferred charges from refunding bonds	1,386,924
1705	Deferred outflows of resources - pensions	22,193,223
1706	Deferred outflows of resources - OPEB	4,295,477
1700	Total deferred outflows of resources	<u>27,875,624</u>
LIABILITIES		
2110	Accounts payable	865,813
2150	Payroll deductions and withholdings	1,334,526
2165	Accrued liabilities	10,639,228
2140	Interest payable	1,436,375
2180	Due to other governments	1,612,779
2300	Unearned revenue	1,313,117
	Noncurrent liabilities:	
2501	Due within one year	6,654,006
2502	Due in more than one year	83,951,198
2590	Claims and judgments	378,000
2540	Net pension liability (District's share)	42,369,006
2545	Net OPEB liability (District's share)	52,740,505
2000	Total liabilities	<u>203,294,553</u>
DEFERRED INFLOWS OF RESOURCES		
2605	Deferred inflows of resources - pensions	2,871,781
2606	Deferred inflows of resources - OPEB	17,287,009
2600	Total deferred inflows of resources	<u>20,158,790</u>
NET POSITION		
3200	Net investment in capital assets	49,063,415
	Restricted for:	
3820	Retirement of long-term debt	1,198,112
3850	Grants	1,373,373
3900	Unrestricted	(54,856,331)
3000	TOTAL NET POSITION	<u><u>\$ (3,221,431)</u></u>

The Notes to the Financial Statements are an integral part of this statement.

Wichita Falls Independent School District

Statement of Activities

For the Ten Months ended June 30, 2019

Exhibit B-1

Data Control Codes	Functions/Programs	1 Expenses	Program Revenues		Net (expense) Revenue and Changes in Net Position 6 Governmental Activities
			3 Charges for Services	4 Operating Grants and Contributions	
PRIMARY GOVERNMENT					
Governmental activities:					
11	Instruction	\$ 82,456,571	\$ 46,985	\$ 23,262,777	\$ (59,146,809)
12	Instructional resources and media services	1,604,723	-	265,532	(1,339,191)
13	Curriculum and staff development	1,845,595	-	323,488	(1,522,107)
21	Instructional leadership	3,417,782	-	599,055	(2,818,727)
23	School leadership	7,431,175	-	1,300,525	(6,130,650)
31	Guidance, counseling, and evaluation services	6,037,052	-	1,058,150	(4,978,902)
32	Social work services	534,867	-	93,749	(441,118)
33	Health services	1,665,218	-	291,873	(1,373,345)
34	Student transportation	2,673,090	-	468,528	(2,204,562)
35	Food services	7,500,608	1,611,734	5,484,715	(404,159)
36	Cocurricular/extracurricular activities	3,893,822	799,664	639,507	(2,454,651)
41	General administration	3,901,803	-	683,892	(3,217,911)
51	Facilities maintenance and operations	10,309,622	173,550	1,782,120	(8,353,952)
52	Security and monitoring services	727,313	-	127,480	(599,833)
53	Data processing services	2,854,342	-	500,297	(2,354,045)
61	Community services	434,579	-	76,171	(358,408)
72	Interest on long-term debt	2,224,002	-	514,731	(1,709,271)
73	Bond issuance costs and fees	2,250	-	-	(2,250)
93	Payments related to shared services arrangements	179,590	-	-	(179,590)
95	Payments related to juvenile justice programs	11,896	-	-	(11,896)
99	Other intergovernmental charges	547,232	-	-	(547,232)
TG	Total governmental activities	140,253,132	2,631,933	37,472,590	(100,148,609)
TOTAL PRIMARY GOVERNMENT		<u>\$ 140,253,132</u>	<u>\$ 2,631,933</u>	<u>\$ 37,472,590</u>	(100,148,609)
General revenues:					
MT	Property taxes, levied for general purposes				45,944,770
DT	Property taxes, levied for debt service				7,936,835
GC	Grants and contributions not restricted to specific programs				53,508,235
IE	Investment earnings				760,539
MI	Miscellaneous				111,390
TR	Total general revenues				108,261,769
CN	Change in net position				8,113,160
NB	Net position - beginning				(11,334,591)
NE	NET POSITION (DEFICIT), ending				<u>\$ (3,221,431)</u>

The Notes to the Financial Statements are an integral part of this statement.

Wichita Falls Independent School District

Balance Sheet – Governmental Funds

June 30, 2019

Data Control Codes		10 General Fund	24 Child Nutrition Fund
ASSETS			
1110	Cash and cash equivalents	\$ 914,960	\$ 218,039
1120	Current investments	26,162,439	1,033,870
1220	Taxes receivable	2,359,171	-
1230	Allowance for uncollectible taxes (credit)	(760,473)	-
1240	Due from other governments	14,550,256	-
1260	Due from other funds	3,956,239	-
1290	Other receivables	378	3,609
1300	Inventories	442,384	432,158
1410	Prepays	571,511	-
1000	TOTAL ASSETS	\$ 48,196,865	\$ 1,687,676
LIABILITIES			
Current liabilities:			
2110	Accounts payable	\$ 735,049	\$ 51,577
2150	Payroll deductions and withholdings	1,189,950	31,818
2160	Accrued wages payable	9,677,166	119,549
2170	Due to other funds	3,416,325	8,928
2180	Due to other governments	1,442,482	-
2300	Unearned revenue	24,146	138,404
2000	Total liabilities	16,485,118	350,276
DEFERRED INFLOWS OF RESOURCES			
2600	Unavailable revenue	1,465,097	-
	Total deferred inflows of resources	1,465,097	-
FUND BALANCES			
Nonspendable fund balances:			
3410	Inventories	442,384	-
3430	Prepaid items	571,511	-
Restricted fund balances:			
3450	Federal/state funds grant restrictions	-	1,337,400
3480	Retirement of long-term debt	-	-
Committed fund balance:			
3540	Self-insurance	100,000	-
3545	Other committed fund balance	1,047,437	-
Assigned:			
3550	Reserve for capital projects transfer in	-	-
3600	Unassigned	28,085,318	-
3000	Total fund balances	30,246,650	1,337,400
4000	TOTAL LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCES	\$ 48,196,865	\$ 1,687,676

The Notes to the Financial Statements are an integral part of this statement.

Exhibit C-1

50 Debt Service Fund	60 Capital Projects Fund	Other Governmental Funds	98 Total Governmental Funds
\$ 14,118	\$ 163,843	\$ 3,027,348	\$ 4,338,308
2,448,907	213,923	-	29,859,139
379,422	-	-	2,738,593
(65,733)	-	-	(826,206)
2,664	-	2,658,459	17,211,379
-	-	-	3,956,239
-	-	3,412	7,399
-	-	8,873	883,415
-	-	-	571,511
<u>\$ 2,779,378</u>	<u>\$ 377,766</u>	<u>\$ 5,698,092</u>	<u>\$ 58,739,777</u>
\$ -	\$ 50,000	\$ 29,187	\$ 865,813
-	-	112,758	1,334,526
-	-	842,513	10,639,228
-	-	2,948,564	6,373,817
144,891	-	25,406	1,612,779
-	-	1,150,567	1,313,117
144,891	50,000	5,108,995	22,139,280
298,044	-	-	1,763,141
298,044	-	-	1,763,141
-	-	-	442,384
-	-	-	571,511
-	-	35,973	1,373,373
2,336,443	-	-	2,336,443
-	-	-	100,000
-	-	658,337	1,705,774
-	327,766	-	327,766
-	-	(105,213)	27,980,105
2,336,443	327,766	589,097	34,837,356
<u>\$ 2,779,378</u>	<u>\$ 377,766</u>	<u>\$ 5,698,092</u>	<u>\$ 58,739,777</u>

Wichita Falls Independent School District
 Reconciliation of the Governmental Funds Balance Sheet
 to the Government-Wide Statement of Net Position
 June 30, 2019

Exhibit C-1R

TOTAL FUND BALANCES - GOVERNMENTAL FUNDS, balance sheet		\$ 34,837,356
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources; therefore are not reported in the governmental fund financial statements.		236,998,508
Accumulated depreciation has not been included in the governmental fund financial statements.		(100,173,761)
Long-term debt and other contractual liabilities have not been included in the governmental fund financial statements:		
Bond payable	\$ (82,610,000)	
Compensated absences	(1,047,437)	
Capital Lease	(838,538)	(84,495,975)
Interest is accrued on outstanding debt in the government-wide financial statements, whereas in the governmental fund financial statements, interest expenditures are reported when due.		(1,436,375)
Premiums on the issuance of current interest bonds are capitalized, net of amortization, on the government-wide financial statements.		(6,109,229)
In the governmental fund financial statements, refunding losses are expensed when incurred, whereas in the government-wide financial statements they are capitalized, net of amortization.		1,386,924
Revenue reported as a deferred inflow of resources in the governmental fund financial statements is recorded as revenue in the government-wide financial statements.		1,763,141
Internal service funds are used by management to charge the costs of various services to the individual funds. The assets and liabilities of the internal service funds are included in the governmental activities.		2,787,581
The District's net pension liability and related deferred outflows and inflows related to its proportionate share of the state Teacher Retirement System (TRS) pension are not due and payable in the current period and are, therefore, not reported in the governmental funds financial statements. These items consist of:		
Net pension liability	\$ (42,369,006)	
Deferred outflows - pension related items	22,193,223	
Deferred inflows - pension related items	(2,871,781)	(23,047,564)
The District's net OPEB liability and related deferred outflows and inflows related to its proportionate share of TRS-Care are not due and payable in the current period and are, therefore, not reported in the governmental funds financial statements. These items consist of:		
Net OPEB liability	\$ (52,740,505)	
Deferred outflows - OPEB related items	4,295,477	
Deferred inflows - OPEB related items	(17,287,009)	(65,732,037)
TOTAL NET POSITION - GOVERNMENTAL ACTIVITIES, statement of net position		<u>\$ (3,221,431)</u>

The Notes to the Financial Statements are an integral part of this statement.

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Wichita Falls Independent School District
Statement of Revenues, Expenditures,
and Changes in Fund Balances – Governmental Funds
For the Ten Months Ended June 30, 2019

Data Control Codes		10	24
		General Fund	Child Nutrition Fund
REVENUES			
5700	Local and intermediate sources	\$ 46,642,428	\$ 1,625,207
5800	State program revenues	56,868,066	33,664
5900	Federal program revenues	7,722,932	5,846,040
5020	Total revenues	111,233,426	7,504,911
EXPENDITURES			
Current:			
0011	Instruction	61,078,928	-
0012	Instructional resources and media services	1,250,017	-
0013	Curriculum and staff development	964,052	-
0021	Instructional leadership	2,257,591	-
0023	School leadership	5,947,977	-
0031	Guidance, counseling, and evaluation services	3,499,873	-
0032	Social work services	251,887	-
0033	Health services	1,371,919	-
0034	Student transportation	2,881,050	-
0035	Food services	-	7,077,541
0036	Cocurricular/extracurricular activities	3,184,072	-
0041	General administration	3,301,730	-
0051	Facilities maintenance and operations	9,461,104	-
0052	Security and monitoring services	671,846	-
0053	Data processing services	3,688,002	-
0061	Community services	3,004	-
Debt service:			
0071	Principal on long-term debt	1,159,536	-
0072	Interest on long-term debt	95,654	-
0073	Bond issuance costs and fees	-	-
Capital outlay:			
0081	Facilities maintenance and operations	1,485,901	-
Intergovernmental charges:			
0093	Payments to shared service arrangements	69,590	-
0095	Payments related to juvenile justice alternative education program	11,896	-
0099	Other intergovernmental charges	547,232	-
6030	Total expenditures	103,182,861	7,077,541
1100	Excess (deficiency) of revenues over (under) expenditures	8,050,565	427,370
OTHER FINANCING SOURCES (USES)			
7912	Sale of real or personal property	32,875	165
7915	Transfers in	413,000	-
8911	Transfers out	(1,341,175)	(193,000)
7080	Total other financing sources and (uses)	(895,300)	(192,835)
1200	Net change in fund balances	7,155,265	234,535
0100	Fund balances, beginning, September 1	23,091,385	1,102,865
3000	FUND BALANCES, ending, June 30	\$ 30,246,650	\$ 1,337,400

The Notes to the Financial Statements are an integral part of this statement.

50	60	98	
Debt Service Fund	Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
\$ 7,879,698	\$ 7,942	\$ 1,392,518	\$ 57,547,793
514,731	-	1,548,849	58,965,310
-	-	8,715,657	22,284,629
<u>8,394,429</u>	<u>7,942</u>	<u>11,657,024</u>	<u>138,797,732</u>
-	50,000	7,528,333	68,657,261
-	-	94,123	1,344,140
-	-	700,289	1,664,341
-	-	691,164	2,948,755
-	-	321,293	6,269,270
-	-	1,723,671	5,223,544
-	-	213,318	465,205
-	-	3,321	1,375,240
-	-	14,179	2,895,229
-	-	53,104	7,130,645
-	-	228,691	3,412,763
-	-	32,016	3,333,746
-	-	14,969	9,476,073
-	-	-	671,846
-	-	-	3,688,002
-	-	407,591	410,595
4,990,000	-	-	6,149,536
1,761,775	-	-	1,857,429
2,250	-	-	2,250
-	216,266	-	1,702,167
-	-	110,000	179,590
-	-	-	11,896
-	-	-	547,232
<u>6,754,025</u>	<u>266,266</u>	<u>12,136,062</u>	<u>129,416,755</u>
1,640,404	(258,324)	(479,038)	9,380,977
-	-	-	33,040
-	175,000	1,166,175	1,754,175
-	-	(220,000)	(1,754,175)
-	<u>175,000</u>	<u>946,175</u>	<u>33,040</u>
1,640,404	(83,324)	467,137	9,414,017
696,039	411,090	121,960	25,423,339
<u>\$ 2,336,443</u>	<u>\$ 327,766</u>	<u>\$ 589,097</u>	<u>\$ 34,837,356</u>

Wichita Falls Independent School District

Exhibit C-2R

Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances to the Government-Wide Statement of Activities For the Ten Months Ended June 30, 2019

TOTAL NET CHANGE IN FUND BALANCES - GOVERNMENTAL FUNDS	\$ 9,414,017
Amounts reported for governmental activities in the statement of activities are different because:	
Current year capital outlays are expenditures in the fund financial statements, but they are shown as increases in capital assets in the government-wide financial statements.	3,877,991
Depreciation is not recognized as an expenditure in the governmental fund financial statements since it does not use current financial resources. Current year depreciation is:	(6,942,007)
Long-term debt principal payments are expenditures in the governmental fund financial statements, but are reported as reductions of long-term debt in the government-wide financial statements. Current year long-term debt principal payments are:	5,930,000
Capital lease payments are expenditures in the governmental fund financial statements, but are reported as reductions of long-term debt in the government-wide financial statements.	219,536
Interest is accrued on long-term debt in the government-wide financial statements, whereas interest is reported when due in the governmental fund financial statements. Accrued interest increased by:	(1,129,279)
Changes in liabilities for compensated absences are not reflected in the governmental fund financial statements, but are reported as increases and decreases in long-term liabilities of the government-wide financial statements. The liability for compensated absences increased by:	68,218
Bond premiums are expended when incurred in the governmental fund financial statements, but capitalized and amortized over the maturity of the debt for government-wide financial statements. Current year bond premium amortization is:	936,071
Amortization of deferred losses on refundings is only reported in the government-wide financial statements. Current year amortization is:	(173,365)
Revenue from property taxes is deferred in the governmental fund financial statements until it is considered available to finance current year expenditures, but is recognized when assessed, net of an allowance for uncollectible accounts, in the government-wide financial statements.	691,317
Internal service funds are used by management to charge the costs of various services to the individual funds. The change in net position of the internal service funds is reported in the governmental activities.	151,843
The net change in the net pension liability, deferred outflows and deferred inflows is reported in the statement of activities but does not provide or require the use of current financial resources and is not reported as revenues or expenditures in the governmental funds. The net change consists of:	
Deferred outflows increase	\$ 11,902,957
Deferred inflows increase	981,260
Net pension liability decrease	<u>(17,177,208)</u>
	(4,292,991)
The net change in the net OPEB liability, deferred outflows and deferred inflows is reported in the statement of activities but does not provide or require the use of current financial resources and is not reported as revenues or expenditures in the governmental funds. The net change consists of:	
Deferred outflows increase	3,559,065
Deferred inflows increase	2,128,407
Net OPEB liability decrease	<u>(6,325,663)</u>
	<u>(638,191)</u>
CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	\$ 8,113,160

The Notes to Financial Statements are an integral part of this statement.

Wichita Falls Independent School District
Statement of Net Position – Proprietary Funds
June 30, 2019

Exhibit D-1

<u>Data Control Codes</u>		<u>Internal Service Funds</u>
ASSETS		
	Current assets:	
1110	Cash and cash equivalents	\$ 102,205
1120	Investments	552,936
	Receivables:	
1260	Due from other funds	3,416,325
1410	Prepays	11,116
	Total current assets	<u>4,082,582</u>
	Noncurrent assets	
	Capital assets:	
1530	Furniture and equipment	308,262
1550	Assets purchased under capital leases	337,618
1570	Accumulated depreciation	<u>(564,134)</u>
	Total noncurrent assets	<u>81,746</u>
1000	Total assets	4,164,328
LIABILITIES		
	Current liabilities:	
2170	Due to other funds	<u>998,747</u>
	Total current liabilities	998,747
	Noncurrent liabilities:	
2590	Claims and judgments	<u>378,000</u>
	Total noncurrent liabilities	<u>378,000</u>
2000	Total liabilities	1,376,747
NET POSITION		
3200	Net investment in capital assets	81,746
3900	Unrestricted	<u>2,705,835</u>
3000	TOTAL NET POSITION	<u><u>\$ 2,787,581</u></u>

The Notes to the Financial Statements are an integral part of this statement.

Wichita Falls Independent School District
Statement of Revenues, Expenses, and Changes
in Fund Net Position – Proprietary Funds
For the Ten Months Ended June 30, 2019

Exhibit D-2

<u>Data Control Codes</u>		<u>Internal Service Funds</u>
	OPERATING REVENUES	
5700	Total local and intermediate sources	\$ 903,351
5020	Total operating revenues	903,351
	OPERATING EXPENSES	
6100	Payroll costs	148,691
6200	Professional and contracted services	140,222
6300	Supplies and materials	13,403
6400	Other operating costs	459,660
6030	Total operating expenses	761,976
	Operating income	141,375
	NONOPERATING REVENUES	
7955	Earnings from temporary deposits and investments	10,468
8030	Total non-operating revenues	10,468
1300	Change in net position	151,843
0100	Net position, beginning, September 1	2,635,738
3300	TOTAL NET POSITION, ending, June 30	\$ 2,787,581

Wichita Falls Independent School District
Statement of Cash Flows – Proprietary Funds
For the Ten Months Ended June 30, 2019

Exhibit D-3

	Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash receipts for quasi-external operating transactions with others	\$ 681,384
Cash payments to employees for services	(148,691)
Cash payments to other suppliers for goods and services	(632,892)
	<hr/>
Net cash used in operating activities	(100,199)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Purchase of capital assets	(6,595)
	<hr/>
Net cash used in capital and related financing activities	(6,595)
Cash Flows from Investing Activities:	
Purchase of investments	(10,468)
Interest and dividends on investments	10,468
	<hr/>
Net cash provided by investing activities	-
	<hr/>
Net decrease in cash and cash equivalents	(106,794)
CASH AND CASH EQUIVALENTS, beginning of year	<hr/> 208,999
CASH AND CASH EQUIVALENTS, end of year	<hr/> <u>\$ 102,205</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH CASH USED IN OPERATING ACTIVITIES	
Operating income	\$ 141,375
Adjustments to reconcile operating income to net cash used in operating activities:	
Depreciation	59,467
Change in assets and liabilities:	
Increase in due from other funds	(794,388)
Increase in prepaids	(11,116)
Decrease in accounts payable	(13,958)
Increase in due to other funds	572,421
Decrease in claims liability	(54,000)
	<hr/>
NET CASHED USED IN OPERATING ACTIVITIES	<hr/> <u>\$ (100,199)</u>

Wichita Falls Independent School District
Statement of Fiduciary Net Position – Fiduciary Funds
June 30, 2019

Exhibit E-1

<u>Data Control Codes</u>		<u>Private-Purpose Trust Funds</u>	<u>Agency Fund</u>
	ASSETS		
1110	Cash and cash equivalents	\$ 713,384	\$ 234,363
1290	Other receivables	-	38,476
1000	TOTAL ASSETS	713,384	<u>\$ 272,839</u>
	LIABILITIES		
2190	Due to student groups	-	272,839
2000	TOTAL LIABILITIES	-	<u>\$ 272,839</u>
	NET POSITION		
3000	Held in trust	713,384	
	TOTAL NET POSITION	<u>\$ 713,384</u>	

Wichita Falls Independent School DistrictStatement of Changes in Fiduciary Net Position – Fiduciary Funds
For the Ten Months Ended June 30, 2019**Exhibit E-2**

	Private-Purpose Trust Funds
ADDITIONS	
Return of scholarship funds	\$ 2,000
Change in net position	2,000
Net position, beginning	711,384
NET POSITION, ending	\$ 713,384

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Wichita Falls Independent School District

Notes to the Financial Statements

Note 1. Summary of Significant Accounting Policies

Wichita Falls Independent School District (the District) prepares its basic financial statements in conformity with generally accepted accounting principles promulgated by the Governmental Accounting Standards Board (GASB) and it complies with the requirements of the appropriate version of Texas Education Agency's Financial Accountability System Resource Guide (the Resource Guide) and the requirements of contracts and grants of agencies from which it receives funds.

A. Reporting Entity

The Board of School Trustees (the Board), a seven member group, has governance responsibilities over all activities related to public elementary and secondary education within the jurisdiction of the District. The Board is elected by the public and has the exclusive power and duty to govern and oversee the management of the public schools of the District. All powers and duties not specifically delegated by statute to the Texas Education Agency (Agency) or to the State Board of Education are reserved for the Board, and the Agency may not substitute its judgment for the lawful exercise of those powers and duties by the Board. The District is not included in any other governmental "reporting entity".

As required by generally accepted accounting principles, the financial statements of the reporting entity include those of the District (primary government) and its component units. There are no component units of the District that are required to be presented in the financial statements.

The District receives funding from local, state, and federal government sources and must comply with the requirements of these funding source entities.

House Bill 98 enacted by the 76th Legislature of the state of Texas allowed school districts to change their fiscal year-end from August 31 to June 30 beginning with the 2001-2002 fiscal year. The District elected to take advantage of this opportunity and chose to change its fiscal year beginning with the 2018-2019 reporting period. As such, the financial statements are presented for a ten-month period of September 1, 2018 through June 30, 2019.

B. Government-Wide and Fund Financial Statements

The statement of net position and the statement of activities are government-wide financial statements. They report information on all of the District's nonfiduciary activities with most of the interfund activities removed except for interfund services provided and used which are not eliminated. *Governmental activities* include programs supported primarily by taxes, state foundation funds, grants and other intergovernmental revenues.

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. *Direct expenses* are those that are clearly identified with a specific function. *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 and 2) grants and contributions that are restricted to meeting operational or capital requirements of a particular function. Revenues that are not classified as program revenues, including taxes, are reported as *general revenues*.

The fund financial statements provide information on the financial condition and results of operations for three fund categories - governmental, proprietary, and fiduciary. Since the resources in the fiduciary funds cannot be used for District operations, they are not included in the government-wide statements. The emphasis on fund financial statements is on major governmental funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as nonmajor funds.

Wichita Falls Independent School District

Notes to the Financial Statements

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. All other revenues and expenses are nonoperating.

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements use the economic resources measurement focus and the accrual basis of accounting, as do the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. The effect of interfund activity has been eliminated from the government-wide financial statements. Agency funds also use the accrual basis of accounting, however, they have no measurement focus.

Governmental fund financial statements use the current financial resources measurement focus and the modified accrual basis of accounting. With this measurement focus, only current assets, current liabilities and fund balances are included on the balance sheet. Operating statements of these funds present net increases and decreases in current assets (i.e., revenues and other financing sources and expenditures and other financing uses).

The modified accrual basis of accounting recognizes revenues in the accounting period in which they become both measurable and available and it recognizes expenditures in the accounting period in which the fund liability is incurred, if measurable, except for unmatured interest and principal on long-term debt, which is recognized when due. The expenditures related to certain compensated absences and claims and judgments are recognized when the obligations are expected to be liquidated with expendable available financial resources. The District considers all revenues available if they are collectible within 60 days after year end.

Revenues from local sources consist primarily of property taxes. Property tax revenues and revenues received from the State are recognized under the susceptible-to-accrual concept. Miscellaneous revenues are recorded as revenue when received in cash because they are generally not measurable until actually received. Investment earnings are recorded as earned, since they are both measurable and available.

Grant funds are considered to be earned to the extent of expenditures made under the provisions of the grant. Accordingly, when such funds are received, they are recorded as unearned revenues until related and authorized expenditures have been made. If balances have not been expended by the end of the project period, grantors sometimes require the District to refund all or part of the unused amount.

The proprietary fund types are accounted for on a flow of economic resources measurement focus and utilize the accrual basis of accounting. This basis of accounting recognizes revenues in the accounting period in which they are earned and become measurable and expenses in the accounting period in which they are incurred and become measurable.

Wichita Falls Independent School District

Notes to the Financial Statements

Fund Accounting

The District reports the following major governmental funds:

The General Fund

The general fund is the District's primary operating fund. It accounts for all financial resources except those required to be accounted for in another fund.

Child Nutrition Fund

This fund accounts for the child nutrition program's transactions. The child nutrition fund is considered a special revenue fund because it meets the following criteria: 1) user fees are charged to supplement the national school lunch program (NSLP), 2) the general fund subsidizes the child nutrition program for all expenditures in excess of NSLP, and 3) the District does not consider the child nutrition program completely self-supporting. Child nutrition fund balances are used exclusively for child nutrition program purposes.

Debt Service Fund

The District accounts for resources accumulated and payments made for principal and interest on long-term general obligation debt of governmental funds in a debt service fund.

Capital Projects Funds

The proceeds from long-term debt financing and revenues and expenditures related to authorized construction and other capital asset acquisitions are accounted for in the capital projects funds.

Additionally, the District reports the following fund types:

Governmental Funds

Special Revenue Funds

The District accounts for resources restricted to, or designated for, a specific purpose by the District or a grantor in a special revenue fund. Most federal and some state financial assistance is accounted for in a special revenue fund and sometimes unused balances must be returned to the grantor at the close of specified project periods.

Proprietary Fund

Internal Service Funds

This fund is used to account for revenues and expenses related to services provided to parties inside the District. This fund facilitates the distribution of support costs to the users of support services on a cost-reimbursement basis. Because the principal users of the internal services are the District's governmental activities, this fund type is included in the "governmental activities" column of the government-wide financial statements.

Fiduciary Funds

Private Purpose Trust Funds

The District accounts for donations for which the donor stipulated that both the principal and the income may be used for purposes that benefit parties outside the District. The District's private purpose trust funds include the Ryan Scholarship Fund and Renton Aviation Fund.

Wichita Falls Independent School District

Notes to the Financial Statements

Agency Funds

The District accounts for resources held for others in a custodial capacity in agency funds. The District's agency fund is the student activity fund. Agency funds typically involve only the receipt, temporary investment, and remittance of resources to individuals, private organizations, or governments.

Financial Statement Amounts

Cash and Cash Equivalents

For purposes of the statement of cash flows for proprietary and similar fund-types, the District considers highly liquid investments to be cash equivalents if they have a maturity of three months or less when purchased.

Investments

The District's general policy is to report money market investments and short-term participating interest-earning investment contracts at amortized cost and to report nonparticipating interest-bearing investment contracts using a cost-based measure. However, if the fair value of an investment is significantly affected by an impairment of the credit standing of the issuer or by other factors, it is reported at fair value. All other investments are reported at fair value unless a legal contract exists which guarantees a higher value. The term "short-term" refers to investments, which have a remaining term of one year or less at time of purchase. The term nonparticipating means that the investment value does not vary with the market interest rate changes.

Inventory and Prepaid Items

The District records purchases of supplies as expenditures, utilizing the purchase method of accounting for inventory in accordance with the Resource Guide.

Certain payments to vendors, if any, reflect costs applicable to future accounting periods and are recorded as prepaid items.

Property Taxes

Property taxes are levied by October 1 on the assessed value listed as of the prior January 1 for all real and business personal property located in the District in conformity with Subtitle E, Texas Property Tax Code. Taxes are due on receipt of the tax bill and are delinquent if not paid before February 1 of the year following the year in which they were imposed. On January 1 of each year, a tax lien attaches to property to secure the payment of all taxes, penalties, and interest ultimately imposed. Property tax revenues are considered available (1) when they become due or past due and receivable within the current period and (2) when they are expected to be collected during a 60-day period after the close of the school fiscal year.

Delinquent taxes are prorated between maintenance and debt service based on rates adopted for the year of the levy. Allowances for uncollectible tax receivables within the general and debt service funds are based on historical experience in collecting property taxes. Uncollectible personal property taxes are periodically reviewed and written off, but the District is prohibited from writing off real property taxes without specific statutory authority from the Texas legislature.

The tax rates assessed for the year ended June 30, 2019 to finance general fund operations and the payment of principal and interest on general obligation debt were \$1.04 and \$0.18 per \$100 valuation, respectively, for a total of \$1.22 per \$100 valuation.

Wichita Falls Independent School District

Notes to the Financial Statements

Capital Assets

Capital assets, which include land, construction in progress, buildings, furniture, and equipment, are reported in the applicable governmental activities columns in the government-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of \$5,000 or more 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 acquisition value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

Land improvements, buildings, furniture and equipment of the District are depreciated using the straight line method over the following estimated useful lives:

<u>Asset Class</u>	<u>Estimated Useful Lives</u>
Buildings	40
Building Improvements	20-40
Vehicles	5-10
Other Equipment	5-7
Capital Lease Assets	7-10

Long-term Debt

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities or proprietary fund type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Gains or losses on refunding are deferred and amortized over the lesser of the remaining life of the old debt or the life of the new debt using the straight line method and are presented as deferred inflows/outflows in the government-wide financial statements. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Compensated Absences

It is the District's policy to permit employees to accumulate earned but unused sick pay benefits. School Board Policy contains a provision to compensate all employees in the District for accrued leave days upon retirement. This policy allows any employee who retires from the District through the Teacher Retirement System of Texas (TRS) to receive, following termination of employment, a lump sum payment for accrued leave days.

School Board Policy also contains a provision to compensate all twelve month employees for accrued local and state leave days upon a resignation from the District up to a maximum of 90 days.

Wichita Falls Independent School District

Notes to the Financial Statements

Fund Balances and Net Position

Government-Wide Financial Statements

Net position on the statement of net position includes the following:

Net investment in capital assets -- the component of net position that reports the difference between capital assets less both the accumulated depreciation and the outstanding balance of debt, net of premiums and discounts, excluding unspent proceeds, that is directly attributable to the acquisition, construction or improvement of these capital assets.

Restricted for debt service -- the component of net position that reports the difference between assets and liabilities with constraints placed on their use by the bond covenants.

Restricted for federal and state grants -- the component of net position that reports the difference between assets and liabilities with constraints placed on their use by the U.S. Department of Agriculture or other federal and state agencies.

Unrestricted -- the difference between the assets and liabilities that is not reported in net position invested in capital assets, net of related debt, restricted for federal and state grants, net position restricted for food service or net position restricted for debt service.

Governmental Fund Financial Statements

The District classifies governmental fund balances as follows:

Nonspendable -- includes amounts that cannot be spent because they are either not in spendable form, or, for legal or contractual reasons, must be kept intact. This classification includes inventories and prepaid items.

Restricted -- includes fund balance amounts that are constrained for specific purposes which are externally imposed by providers, such as creditors or amounts restricted due to constitutional provisions or enabling legislation. This classification includes the child nutrition program, retirement of long term debt, construction programs and other federal and state grants.

Committed -- includes fund balance amounts that are constrained for specific purposes that are internally imposed by the District through formal action of the highest level of decision making authority. Committed fund balance is reported pursuant to resolution passed by the District's Board of Trustees. At June 30, 2019, the Board has committed fund balances as follows:

	General Fund	Other Governmental Funds	Totals
Self-insurance	\$ 100,000	\$ -	\$ 100,000
Accumulated sick leave benefits obligations	1,047,437	-	1,047,437
Campus Activity Funds	-	658,337	658,337
Totals	\$ 1,147,437	\$ 658,337	\$ 1,805,774

Assigned -- includes fund balance amounts that are self-imposed by the District to be used for a particular purpose. Fund balance can be assigned by the District's Board, the Superintendent, or the Assistant Superintendent of Finance and Human Resources. This classification includes insurance deductibles, encumbrances, program start-up costs, projected budget deficit for subsequent years and other legal uses.

Wichita Falls Independent School District

Notes to the Financial Statements

Unassigned -- includes residual positive fund balance within the General Fund which has not been classified within the other above mentioned categories. Unassigned fund balance may also include negative balances for any governmental fund if expenditures exceed amounts restricted, committed, or assigned for those specific purposes.

The order of spending is to first use committed fund balance, then assigned fund balance, and last of all, unassigned fund balance. Restricted fund balance will be used before the unrestricted portion.

Interfund Activities

Interfund activity results from loans, service provided, reimbursements or transfers between funds. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures or expenses. Reimbursements occur when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers in and transfers out are netted and presented as a single "transfer" line on the government-wide statement of activities. Similarly, interfund receivables and payables are netted and presented as a single "internal balances" line on the government-wide statement of net position.

Data Control Codes

Data control codes refer to the account code structure prescribed by the Agency in the Resource Guide. The Agency requires the District to display these codes in its financial statements filed with the Agency in order to ensure accuracy in building a statewide database for policy development and funding plans.

Account Code Reporting

In accordance with Texas Education Code, Chapter 44, Subchapter A, the District adopted and implemented an accounting system which at least meets the minimum requirements prescribed by the State Board of Education and approved by the state auditor. The District's accounting system uses codes and the code structure presented in the accounting code section of the *Resource Guide*. Mandatory codes are utilized in the form provided in that section.

Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

The amount of state foundation revenue a school district earns for a year can and does vary until the time when final values for each of the factors in the formula become available. Availability can be as late as midway into the next fiscal year. It is at least reasonably possible that the foundation revenue estimates as of June 30, 2019 will change.

Pensions

The fiduciary net position of the Teacher Retirement System of Texas (TRS) Pension Plan has been determined using the flow of economic resources measurement focus and full accrual basis of accounting. This includes for purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, pension expense, and information about assets, liabilities and additions to/deductions from TRS's Pension Plan fiduciary net position. Benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Wichita Falls Independent School District

Notes to the Financial Statements

Other Postemployment Benefits

The fiduciary net position of the Teacher Retirement System of Texas (TRS) TRS Care Plan has been determined using the flow of economic resources measurement focus and full accrual basis of accounting. This includes for purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to other postemployment benefits, OPEB expense, and information about assets, liabilities and additions to/deductions from TRS Care's fiduciary net position. Benefit payments are recognized when due and payable in accordance with the benefit terms. There are no investments as this is a pay-as-you-go plan and all cash is held in a cash account.

Note 2. Cash, Cash Equivalents and Investments

Cash Deposits

The District's funds are required to be deposited and invested under the terms of a depository contract pursuant to the Texas School Depository Act. The depository bank pledges securities which comply with state law and these securities are held for safekeeping and trust with the District's and the depository banks' agent bank. The pledged securities shall be in an amount sufficient to protect District funds on a day-to-day basis during the period of the contract. The pledge of approved securities is waived only to the extent of the depository bank's dollar amount of Federal Deposit Insurance Corporation (FDIC) insurance.

Investments

The District's investment policy is in accordance with the Public Funds Investment Act, the Public Funds Collateral Act, and federal and state laws. For the ten months ended June 30, 2019, the District invested in TexPool and TexasTERM.

The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. GASB Statement No. 72, Fair Value Measurement and Application provides a framework for measuring fair value which establishes a three-level fair value hierarchy that describes the inputs that are used to measure assets and liabilities.

- Level 1 inputs are quoted prices (unadjusted) for identical assets or liabilities in active markets that a government can access at the measurement date.
- Level 2 inputs are inputs - other than quoted prices included within Level 1- that are observable for an asset or liability, either directly or indirectly.
- Level 3 inputs are unobservable inputs for an asset or liability.

The fair value hierarchy gives the highest priority to Level 1 inputs and the lowest priority to Level 3 inputs. If a price for an identical asset or liability is not observable, a government should measure fair value using another valuation technique that maximizes the use of relevant observable inputs and minimizes the use of unobservable inputs. If the fair value of an asset or a liability is measured using inputs from more than one level of the fair value hierarchy, the measurement is considered to be based on the lowest priority level input that is significant to the entire measurement.

The District's investments are in investment pools and are not subject to fair value measurements and are not required to be reported by levels.

Wichita Falls Independent School District

Notes to the Financial Statements

TexasTERM Local Government Investment Pool (TexasTERM) has been organized in conformity with the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code, and the Public Funds Investment Act, Chapter 2256 of the Texas Government Code (PFIA). TexasTERM offers a series of professionally managed portfolios that are available to municipalities, counties, school districts, special districts and other governmental entities in the State of Texas. An Advisory Board is responsible for the overall management of TexasTERM. With respect to TexasTERM, the Advisory Board's responsibilities include the formulation and implementation of its investment and operating policies. TexasTERM complies with statutory investment restrictions for Texas local governments as provided in the PFIA. The Investment Advisor and Administrator for TexasTERM is PFM Asset Management LLC. Weighted average maturity for TexasTERM is 34 days.

The District is a voluntary participant in TexPool. The State Comptroller of Public Accounts exercises responsibility over TexPool. Oversight includes the ability to significantly influence operations, designation of management, and accountability for fiscal matters. Additionally, the State Comptroller has established an advisory board composed of both participants in TexPool and other persons who do not have a business relationship with TexPool. TexPool operates in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940. TexPool uses amortized cost rather than the market value to report net position to compute share prices. Accordingly, the fair value of the position in TexPool is the same as the value of TexPool shares. Weighted average maturity for TexPool is 35 days.

Cash and investments as of June 30, 2019 are classified in the accompanying financial statements as follows:

Statement of net position:	
Cash and cash equivalents	\$ 4,440,513
Investments	30,412,075
Fiduciary funds:	
Cash and cash equivalents	<u>947,747</u>
Total cash and investments	\$ 35,800,335
Cash on hand	\$ 4,382
Deposits with financial institutions	5,383,878
Investments	<u>30,412,075</u>
Total cash and investments	\$ 35,800,335

Credit Risk

For the ten months ended June 30, 2019, the District invested in TexasTERM and Texpool Investment Pool. The TexasTERM portfolio is a fixed rate, fixed term portfolio option rated AAAM by Standard & Poor's rating agency. TexPool is rated AAAM by Standard & Poor's rating agency. This rating is the highest principal stability fund rating assigned by Standard & Poor's.

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of the investments. The District monitors interest rate risk and at year end, was not exposed to interest rate risk.

Wichita Falls Independent School District

Notes to the Financial Statements

Concentration of Credit Risk

The District's investment policy dictates that no individual investment transaction shall be undertaken that jeopardizes the total capital position of the overall portfolio.

Custodial Credit Risk – Deposits

In the case of deposits, this is the risk that in the event of a bank failure, the District's deposits may not be returned to it. As of June 30, 2019, the District's bank balance of \$5,592,824, including fiduciary activity, was not exposed to custodial credit risk because it was insured and collateralized with securities held by the District's agent and in the District's name. With the exception of the date of highest balance, June 24, 2019, the District's cash deposits for the ten months ended June 30, 2019 were covered by the FDIC and pledged securities.

The following is disclosed regarding coverage of combined balances on the date of highest deposit:

- a. Depository: American National Bank.
- b. The market value of securities pledged as of the date of the highest combined balance on deposit was \$12,465,552.
- c. The highest combined balances of cash, savings, and time deposit accounts amounted to \$12,829,414 and occurred on June 24, 2019.
- d. Total amount of FDIC coverage at the time of the highest combined balance was \$250,000.

Custodial Credit Risk – Investments

For an investment, this is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The District is not exposed to custodial risk due to the investments are insured or registered, or securities held by the District or its agent in the District's name.

Note 3. Interfund Receivables, Payables, and Transfers

Interfund balances at June 30, 2019 consisted of the following individual fund receivables and payables:

<u>Payable Fund</u>	<u>Receivable Fund</u>	<u>Amount</u>	<u>Primary Purpose</u>
General Fund	Internal Service Funds	\$ 3,416,325	Short-term borrowing
Nonmajor Governmental Funds	General Fund	2,948,564	Short-term borrowing
Child Nutrition Fund	General Fund	8,928	Short-term borrowing
Internal Service Fund	General Fund	998,747	Short-term borrowing
		<u>\$ 7,372,564</u>	

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

Wichita Falls Independent School District

Notes to the Financial Statements

The detail transfer schedule for the year ended June 30, 2019 includes the following:

Transferred From	Transferred To	Amount	Purpose
General Fund	Capital Projects Fund	\$ 175,000	Supplement other funds
Child Nutrition Fund	General Fund	193,000	Supplement other funds
Nonmajor governmental funds	General Fund	220,000	Transfer McCoy Foundation funds
General Fund	Nonmajor governmental funds	1,166,175	Supplement Head Start
		<u>\$ 1,754,175</u>	

Note 4. Capital Asset Activity

Capital asset activity for the District for the ten months ended June 30, 2019, was as follows:

	Beginning Balance	Additions	Retirements	Transfers	Ending Balance
Governmental activities:					
Capital assets not being depreciated:					
Land	\$ 12,015,106	\$ -	\$ -	\$ -	\$ 12,015,106
Construction in progress	511,295	985,728	-	(511,295)	985,728
Total capital assets not being depreciated	12,526,401	985,728	-	(511,295)	13,000,834
Capital assets being depreciated:					
Buildings and improvements	202,254,062	1,532,187	-	511,295	204,297,544
Furniture and equipment	17,819,984	1,366,671	(1,523,362)	-	17,663,293
Property under capital lease	2,682,717	-	-	-	2,682,717
Total capital assets being depreciated	222,756,763	2,898,858	(1,523,362)	511,295	224,643,554
Less accumulated depreciation for:					
Buildings and improvements	79,338,466	5,720,893	-	-	85,059,359
Furniture and equipment	15,315,493	1,099,138	(1,523,362)	-	14,891,269
Property under capital lease	605,824	181,443	-	-	787,267
Total accumulated depreciation	95,259,783	7,001,474	(1,523,362)	-	100,737,895
Total capital assets being depreciated, net	127,496,980	(4,102,616)	-	511,295	123,905,659
Governmental activities capital assets, net	<u>\$ 140,023,381</u>	<u>\$ (3,116,888)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 136,906,493</u>

Wichita Falls Independent School District

Notes to the Financial Statements

Depreciation expense was charged to governmental functions as follows:

Governmental Function	Depreciation
Instruction	\$ 3,985,092
Instructional resources and media services	73,269
Curriculum and staff development	97,216
Instructional leadership	172,241
School leadership	365,537
Guidance, counseling and evaluation services	305,115
Social work services	27,173
Health services	80,330
Student transportation	169,115
Food services	369,963
Co-curricular/ Extracurricular activities	185,019
General administration	339,260
Plant maintenance and operations	553,495
Security and monitoring services	39,243
Data processing services	215,422
Community services	23,984
Total depreciation expense	\$ 7,001,474

Note 5. Long-term Debt

Long-term obligation activity

Long-term obligation activities during the ten months ended June 30, 2019, were as follows:

	Beginning Balance	Additions	Retired	Ending Balance	Due Within One Year
Governmental Activities					
Bonds payable:					
General obligation bonds	\$ 80,460,000	\$ -	\$ (4,990,000)	\$ 75,470,000	\$ 5,215,000
Bond premium (discount)	7,045,300	-	(936,071)	6,109,229	-
Total bonds payable	87,505,300	-	(5,926,071)	81,579,229	5,215,000
Note payable	8,080,000	-	(940,000)	7,140,000	960,000
Capital leases payable	1,058,074	-	(219,536)	838,538	267,982
Compensated absences	1,115,655	386,324	(454,542)	1,047,437	211,024
Total long-term liabilities	\$ 97,759,029	\$ 386,324	\$ (7,540,149)	\$ 90,605,204	\$ 6,654,006

The District issues unlimited tax bonds for the governmental activities to provide funds for the acquisition and construction of major capital facilities. Unlimited tax bonds are direct obligations and pledge the full faith and credit of the District. Bonded indebtedness of the District is reflected in the statement of net position. The bonds issued require the District to levy an ad valorem tax annually to retire the current maturities.

Wichita Falls Independent School District

Notes to the Financial Statements

Unlimited tax bonds and the maintenance tax note outstanding as of June 30, 2019 are as follows:

Purpose and Lawful Authority	Interest Rate	Amount	Amounts Outstanding 8/31/2018	Issued	Retired	Amounts Outstanding 6/30/2019
Unlimited Tax Refunding Bonds, Series 2015	2.125% to 5.00%	\$ 35,350,000	\$ 32,425,000	\$ -	\$ 3,045,000	\$ 29,380,000
Unlimited Tax School Building Bonds, Series 2015	1.00% to 5.00%	53,645,000	48,035,000	-	1,945,000	46,090,000
Maintenance Tax Notes, Series 2016	2.00%	9,000,000	8,080,000	-	940,000	7,140,000
			<u>\$ 88,540,000</u>	<u>\$ -</u>	<u>\$ 5,930,000</u>	<u>\$ 82,610,000</u>

Debt service requirements are as follows:

Years Ending June 30,	Principal Requirements	Interest Requirements	Total Requirements
2020	\$ 6,175,000	\$ 3,447,300	\$ 9,622,300
2021	6,445,000	3,199,050	9,644,050
2022	6,655,000	2,906,200	9,561,200
2023	6,865,000	2,768,813	9,633,813
2024	7,160,000	2,495,350	9,655,350
2025 - 2029	28,120,000	8,002,450	36,122,450
2030- 2034	17,205,000	3,639,100	20,844,100
2035	3,985,000	199,250	4,184,250
	<u>\$ 82,610,000</u>	<u>\$ 26,657,513</u>	<u>\$ 109,267,513</u>

There are a number of limitations and restrictions contained in the unlimited tax school building and refunding bond indentures. Management has indicated that the District is in compliance with all significant limitations and restrictions at June 30, 2019.

Note 6. Capital Leases

The District is obligated under certain leases that meet the criteria to be accounted for as capital leases. The leased assets have a stated cost of \$2,682,717 and the interest rates range from 1.38% to 3.35%. Future minimum lease payments are as follows:

Years Ending June 30,	Principal Requirements	Interest Requirements	Total Requirements
2020	\$ 267,982	\$ 13,286	\$ 281,268
2021	273,021	8,247	281,268
2022	217,956	3,304	221,260
2023	79,579	482	80,061
	<u>\$ 838,538</u>	<u>\$ 25,319</u>	<u>\$ 863,857</u>

Wichita Falls Independent School District

Notes to the Financial Statements

Note 7. Revenue from Local and Intermediate Sources

During the ten months ended June 30, 2019, the District received revenues from local and intermediate sources consisting of the following:

	General Fund	Child Nutrition Fund	Debt Service Fund	Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
Property taxes-current	\$ 44,545,361	\$ -	\$ 7,709,658	\$ -	\$ -	\$ 52,255,019
Property taxes-delinquent	414,884	-	72,097	-	-	486,981
Penalties, interest, and other	392,811	-	55,477	-	-	448,288
Investment earnings	696,658	13,473	42,466	7,942	-	760,539
Rent	173,550	-	-	-	-	173,550
Food service income	-	1,611,734	-	-	-	1,611,734
Gifts and bequest	6,813	-	-	-	446,938	453,751
Campus activity	-	-	-	-	541,034	541,034
Cocurricular/extracurricular activities	258,630	-	-	-	-	258,630
Other	153,721	-	-	-	404,546	558,267
Total local revenue	\$ 46,642,428	\$ 1,625,207	\$ 7,879,698	\$ 7,942	\$ 1,392,518	\$ 57,547,793

Note 8. Employees' Retirement Plan

A. Plan Description

The District participates in a cost-sharing multiple-employer defined benefit pension plan that has a special funding situation. The plan is administered by the Teacher Retirement System of Texas (TRS). It is a defined benefit pension plan established and administered in accordance with the Texas Constitution, Article XVI, Section 67 and Texas Government Code, Title 8, Subtitle C. The pension trust fund is a qualified pension trust under Section 401(a) of the Internal Revenue Code. The Texas Legislature establishes benefits and contribution rates within the guidelines of the Texas Constitution. The pension's Board of Trustees does not have the authority to establish or amend benefit terms.

All employees of public, state-supported educational institutions in Texas who are employed for one-half or more of the standard work load and who are not exempted from membership under Texas Government Code, Title 8, Section 822.002 are covered by the system.

B. Pension Plan Fiduciary Net Position

Detailed information about the Teacher Retirement System's fiduciary net position is available in a separately-issued Comprehensive Annual Financial Report (CAFR) that includes financial statements and required supplementary information. That report may be obtained on the Internet at <http://www.trs.state.tx.us/about/documents/cafr.pdf#CAFR> or by writing to TRS at 1000 Red River Street, Austin, TX, 78701-2698; or by calling (512) 542-6592.

C. Benefits Provided

TRS provides service and disability retirement, as well as death and survivor benefits, to eligible employees (and their beneficiaries) of public and higher education in Texas. The pension formula is calculated using 2.3 percent (multiplier) times the average of the five highest annual creditable salaries times years of credited service to arrive at the annual standard annuity except for members who are grandfathered, the three highest annual salaries are used. The normal service retirement is at age 65 with 5 years of credited service or when the sum of the member's age and years of credited service equals 80 or more years.

Wichita Falls Independent School District

Notes to the Financial Statements

Early retirement is at age 55 with 5 years of service credit or earlier than 55 with 30 years of service credit. There are additional provisions for early retirement if the sum of the member's age and years of service credit total at least 80, but the member is less than age 60 or 62 depending on date of employment, or if the member was grandfathered in under a previous rule. There are no automatic postemployment benefit changes; including automatic cost of living adjustments. Ad hoc postemployment benefit changes, including ad hoc cost of living adjustments can be granted by the Texas Legislature as noted in the Plan description above.

D. Contributions

Contribution requirements are established or amended pursuant to Article 16, section 67 of the Texas Constitution which requires the Texas legislature to establish a member contribution rate of not less than 6% of the member's annual compensation and a state contribution rate of not less than 6% and not more than 10% of the aggregate annual compensation paid to members of the system during the fiscal year. Texas Government Code section 821.006 prohibits benefit improvements, if as a result of the particular action, the time required to amortize TRS' unfunded actuarial liabilities would be increased to a period that exceeds 31 years, or, if the amortization period already exceeds 31 years, the period would be increased by such action.

Employee contribution rates are set in state statute, Texas Government Code 825.402. Senate Bill 1458 of the 83rd Texas Legislature amended Texas Government Code 825.402 for member contributions and established employee contribution rates for fiscal years 2014 thru 2017. The 85th Texas Legislature, General Appropriations Act (GAA) affirmed that the employer contribution rates for fiscal years 2018 and 2019 would remain the same:

	Contribution Rates	
	2018	2019
Member	7.7%	7.7%
Non-employer contributing entity (state)	6.8%	6.8%
Employers	6.8%	6.8%

2019 District contributions	\$	1,897,605
2019 Member contributions		5,263,169
2019 NECE on-behalf contributions (State)		3,704,446

Contributors to the plan include members, employers and the State of Texas as the only non-employer contributing entity. The State is the employer for senior colleges, medical schools and state agencies including TRS. In each respective role, the State contributes to the plan in accordance with state statutes and the GAA.

Wichita Falls Independent School District

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As the non-employer contributing entity for public education and junior colleges, the State of Texas contributes to the retirement system an amount equal to the current employer contribution rate times the aggregate annual compensation of all participating members of the pension trust fund during that fiscal year reduced by the amounts described below which are paid by the employers. Employers (public school, junior college, other entities or the State of Texas as the employer for senior universities and medical schools) are required to pay the employer contribution rate in the following instances:

- On the portion of the member's salary that exceeds the statutory minimum for members entitled to the statutory minimum under Section 21.402 of the Texas Education Code.
- During a new member's first 90 days of employment.
- When any part or all of an employee's salary is paid by federal funding sources, a privately sponsored source, from non-educational and general, or local funds.
- When the employing district is a public junior college or junior college district, the employer shall contribute to the retirement system an amount equal to 50% of the state contribution rate for certain instructional or administrative employees; and 100% of the state contribution rate for all other employees.

In addition to the employer contributions listed above, there are two additional surcharges an employer is subject to.

- When employing a retiree of the Teacher Retirement System the employer shall pay both the member contribution and the state contribution as an employment after retirement surcharge.
- When a school district or charter school does not contribute to the Federal Old-Age, Survivors and Disability Insurance (OASDI) Program for certain employees, they must contribute 1.5% of the state contribution rate for certain instructional or administrative employees; and 100% of the state contribution rate for all other employees.

E. Actuarial Assumptions

The total pension liability in the August 31, 2017 actuarial valuation rolled forward to August 31, 2018 was determined using the following actuarial assumptions:

Valuation date	August 31, 2017 rolled forward to August 31, 2018
Actuarial cost method	Individual entry age normal
Asset valuation method	Market value
Single discount rate	6.907%
Long-term expected rate	7.25%
Municipal bond rate	3.69*
Last year ending August 31 in projection period (100 years)	2116
Inflation	2.30%
Salary increases	3.05% to 9.05% including inflation
Ad hoc post-employment benefit changes	None

* Source for the rate is the Fixed Income Market Data/Yield Curve/Data Municipal Bonds with 20 years to maturity that include only federally tax-exempt municipal bonds as reported in Fidelity Index's "20-Year Municipal GO AA Index."

The actuarial methods and assumptions are based primarily on a study of actual experience for the three year period ending August 31, 2017 and adopted in July 2018.

Wichita Falls Independent School District

Notes to the Financial Statements

F. Discount Rate

The discount rate used to measure the total pension liability was 6.907%. The single discount rate was based on the expected rate of return on pension plan investments of 7.25 percent and a municipal bond rate of 3.69 percent. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers and the non-employer contributing entity are made at the statutorily required rates. Based on those assumptions, the pension plan's fiduciary net position was sufficient to finance the benefit payments until the year 2069. As a result, the long-term expected rate of return on pension plan investments was applied to projected benefit payments through the year 2069, and the municipal bond rate was applied to all benefit payments after that date. The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimates 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 weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the Systems target asset allocation as of August 31, 2018 are summarized below:

Asset Class	Target Allocation*	Long-term Expected Geometric Real Rate of Return**	Expected Contribution to Long-term Portfolio
Global equity:			
U.S	18.0%	5.7%	1.0%
Non-U.S. developed	13.0%	6.9%	0.9%
Emerging markets	9.0%	8.9%	0.8%
Directional hedge funds	4.0%	3.5%	0.1%
Private equity	13.0%	10.2%	1.3%
Stable value:			
U.S. treasuries	11.0%	1.1%	0.1%
Absolute return	0.0%	0.0%	0.0%
Hedge funds (stable value)	4.0%	3.1%	0.1%
Cash	1.0%	-0.3%	0.0%
Real return:			
Global inflation linked-bonds	3.0%	70.0%	0.0%
Real assets	14.0%	5.2%	0.7%
Energy and natural resources	5.0%	7.5%	0.4%
Commodities	0.0%	0.0%	0.0%
Risk parity:			
Risk parity	5.0%	3.7%	0.2%
Inflation expectation			2.3%
Volatility drag ***			-0.8%
Total	100.0%		7.1%

* Target allocations are based on the FY2016 policy model

** Capital market assumptions come from Aon Hewitt (2017 Q4)

*** The volatility drag resulting from the conversion between arithmetic and geometric mean returns.

Wichita Falls Independent School District

Notes to the Financial Statements

G. Discount Rate Sensitivity Analysis

The following schedule shows the impact of the Net Pension Liability if the discount rate used was 1% less than and 1% greater than the discount rate that was used (6.907%) in measuring the Net Pension Liability.

1 % Decrease (5.907%)	Current Discount Rate (6.907%)	1% Increase (7.907%)
\$ 63,944,990	\$ 42,369,006	\$ 24,901,968

H. Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2019, the District reported a liability of \$42,369,006 for its proportionate share of the TRS's net pension liability. This liability reflects a reduction for State pension support provided to the District. The amount recognized by the District as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with the District are as follows:

District's proportionate share of the collective net pension liability	\$ 42,369,006
State's proportionate share that is associated with District	<u>64,754,864</u>
Total	<u><u>\$ 107,123,870</u></u>

The net pension liability was measured as of August 31, 2017 and rolled forward to August 31, 2018 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of August 31, 2017 rolled forward to August 31, 2018. The District's proportion of the net pension liability was based on the District's contributions to the pension plan relative to the contributions of all employers to the plan for the period September 1, 2017 thru August 31, 2018.

At August 31, 2018 the District's proportion of the collective net pension liability was 0.0769752% which was a decrease of 0.0018117% from its proportion measured as of August 31, 2017.

I. Changes Since the Prior Actuarial Valuation.

The following were changes to the actuarial assumptions or other inputs that affected measurement of the total pension liability since the prior measurement period.

- The Total Pension Liability as of August 31, 2018 was developed using a roll-forward method from the August 31, 2017 valuation.
- Demographic assumptions including post-retirement mortality, termination rates, and rates of retirement were updated based on the experience study performed for TRS for the period ending August 31, 2017.
- Economic assumptions including rates of salary increase for individual participants was updated based on the same experience study.
- The discount rate changed from 8.0 percent as of August 31, 2017 to 6.907 percent as of August 31, 2018.
- The long-term assumed rate of return changed from 8.0 percent to 7.25 percent.
- The change in the long-term assumed rate of return combined with the change in the single discount rate was the primary reason for the increase in the Net Pension Liability.

Wichita Falls Independent School District

Notes to the Financial Statements

There were no changes of benefit terms that affected measurement of the total pension liability during the measurement period.

For the ten months ended June 30, 2019, the District recognized pension expense of \$12,599,602 and revenue of \$6,409,006 for support provided by the state.

At June 30, 2019, the District reported its proportionate share of the TRS's deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 264,094	\$ 1,039,568
Changes in actuarial assumptions	15,276,067	477,377
Difference between projected and actual investment earnings	-	803,922
Changes in proportion and difference between the employer's contributions and the proportionate share of contributions	4,755,457	550,914
Contributions paid to TRS subsequent to the measurement date	1,897,605	-
Total	<u><u>\$ 22,193,223</u></u>	<u><u>\$ 2,871,781</u></u>

\$1,897,605 reported as deferred outflows of resources resulting from the District's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2020. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30,	Pension Expense (Income)
2020	\$ 4,743,890
2021	3,052,094
2022	2,566,537
2023	2,813,664
2024	2,635,630
Thereafter	1,612,022
Total	<u><u>\$ 17,423,837</u></u>

Note 9. Defined Other Postemployment Benefit Plan

A. Plan Description

The District participates in the Texas Public School Retired Employees Group Insurance Program (TRS-Care). It is a multiple-employer, cost-sharing defined Other Postemployment Benefit (OPEB) plan that has a special funding situation. The plan is administered through a trust by the Teacher Retirement System of Texas (TRS) Board of Trustees. It is established and administered in accordance with the Texas Insurance Code, Chapter 1575.

Wichita Falls Independent School District

Notes to the Financial Statements

B. OPEB Plan Fiduciary Net Position

Detail information about the TRS-Care's fiduciary net position is available in the separately-issued TRS Comprehensive Annual Financial Report that includes financial statements and required supplementary information. That report may be obtained on the Internet at <http://www.trs.state.tx.us/about/documents/cafr.pdf#CAFR>; by writing to TRS at 1000 Red River Street, Austin, TX, 78701-2698; or by calling (512) 542-6592.

C. Benefits Provided

TRS-Care provides a basic health insurance coverage (TRS-Care 1), at no cost to all retirees from public schools, charter schools, regional education service centers and other educational districts who are members of the TRS pension plan. Optional dependent coverage is available for an additional fee.

Eligible retirees and their dependents not enrolled in Medicare may pay premiums to participate in one of two optional insurance plans with more comprehensive benefits (TRS-Care 2 and TRS-Care 3). Eligible retirees and dependents enrolled in Medicare may elect to participate in one of the two Medicare health plans for an additional fee. To qualify for TRS-Care coverage, a retiree must have at least 10 years of service credit in the TRS pension system. The Board of Trustees is granted the authority to establish basic and optional group insurance coverage for participants as well as to amend benefit terms as needed under Chapter 1575.052. There are no automatic post-employment benefit changes; including automatic COLAs.

The premium rates for the optional health insurance are based on years of service of the member. The schedule below shows the monthly rates for a retiree with and without Medicare coverage.

TRS-Care Plan Premium Rates
Effective January 1, 2018 - December 31, 2018

	<u>Medicare</u>	<u>Non-medicare</u>
Retiree*	\$ 135	\$ 200
Retiree and spouse	529	689
Retiree* and children	468	408
Retiree and family	1,020	999

*or surviving spouse

D. Contributions

Contribution rates for the TRS-Care plan are established in state statute by the Texas Legislature, and there is no continuing obligation to provide benefits beyond each fiscal year. The TRS-Care plan is currently funded on a pay-as-you-go basis and is subject to change based on available funding. Funding for TRS-Care is provided by retiree premium contributions and contributions from the state, active employees, and school districts based upon public school district payroll. The TRS Board of trustees does not have the authority to set or amend contribution rates.

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Notes to the Financial Statements

Texas Insurance Code, section 1575.202 establishes the state's contribution rate which is 1.25 percent of the employee's salary. Section 1575.203 establishes the active employee's rate which is .75 percent of pay. Section 1575.204 establishes an employer contribution rate of not less than 0.25 percent or not more than 0.75 percent of the salary of each active employee of the public. The actual employer contribution rate is prescribed by the Legislature in the General Appropriations Act. The following table shows contributions to the TRS-Care plan by type of contributor.

	2019	2018
Active employee	0.65%	0.65%
Non-employer contribution entity (state)	1.25%	1.25%
Employers/District	0.75%	0.75%
Federal/private funding remitted by employers	1.25%	1.25%

The contribution amounts for the District for the ten months ending June 30, 2019 are as follows:

2019 District contributions	\$ 607,232
2019 Member contributions	444,293
2019 NECE on-behalf contributions (state)	1,251,953

In addition, the State of Texas contributed \$317,669 and \$256,212, in 2019 and 2018, respectively, for on-behalf payments for Medicare Part D.

In addition to the employer contributions listed above, there is an additional surcharge all TRS employers are subject to (*regardless of whether or not they participate in the TRS Care OPEB program*). When employers hire a TRS retiree, they are required to pay to TRS Care, a monthly surcharge of \$535 per retiree.

TRS-Care received supplemental appropriations from the State of Texas as the Non-Employer Contributing Entity in the amount of \$182.6 million in fiscal year 2018. The 85th Texas Legislature, House Bill 30 provided an additional \$212 million in one-time, supplemental funding for the FY2018-19 biennium to continue to support the program. This was also received in FY2018 bringing the total appropriations received in fiscal year 2018 to \$394.6 million.

E. Actuarial Assumptions

The total OPEB liability in the August 31, 2017 was rolled forward to August 31, 2018. The actuarial valuation was determined using the following actuarial assumptions:

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Notes to the Financial Statements

The following assumptions and other inputs used for members of TRS-Care are identical to the assumptions used in the August 31, 2017 TRS pension actuarial valuation that was rolled forward to August 31, 2018:

Rates of mortality	General inflation
Rates of retirement	Wage inflation
Rates of termination	Expected payroll growth
Rates of disability incidence	
Additional Actuarial Methods and Assumptions:	
Valuation date	August 31, 2017 rolled forward August 31, 2018
Actuarial cost method	Individual entry age normal
Inflation	2.30%
Single discount rate*	3.69%*
Aging factors	Based on plan specific experience
Expenses	Third-party administrative expenses related to the delivery of health care benefits are included in the age-adjusted claims costs.
Projected salary increases**	3.05% to 9.05%**
Election rates	Normal retirement: 70% participation prior to age 65 and 75% participation after age 65
Ad hoc post-employment benefit changes	None

*Source: Sourced from fixed Income municipal bonds with 20 years to maturity that include only federal tax-exempt municipal bonds as reported in Fidelity Index's "20-Year Municipal GO AA Index" as of August 31, 2018.

**Includes inflation at 2.30%

Other information - In this valuation, the impact of the Cadillac Tax has been calculated as a portion of the trend assumption. Assumptions and methods used to determine the impact of the Cadillac Tax include:

- 2018 thresholds of \$850/\$2,292 were indexed annually by 2.50 percent.
- Premium data submitted was not adjusted for permissible exclusions to the Cadillac Tax.
- There were no special adjustments to the dollar limit other than those permissible for non-Medicare retirees over 55. Results indicate that the value of the excise tax would be reasonably represented by a 25 basis point addition to the long-term trend rate assumption.

F. Discount Rate

A single discount rate of 3.69% was used to measure the total OPEB liability. There was an increase of .27 percent in the discount rate since the previous year. Because the plan is essentially a "pay-as-you-go" plan, the single discount rate is equal to the prevailing municipal bond rate. The projection of cash flows used to determine the discount rate assumed that contributions from active members and those of the contributing employers and the non-employer contributing entity are made at the statutorily required rates. Based on those assumptions, the OPEB plan's fiduciary net position was projected to *not be able* to make all future benefit payments of current plan members. Therefore, the municipal bond rate was applied to all periods of projected benefit payments to determine the total OPEB liability.

Wichita Falls Independent School District

Notes to the Financial Statements

G. Sensitivity of the Net OPEB Liability

Discount Rate

The following schedule shows the impact of the net OPEB liability if the discount rate used was 1% less than and 1% greater than the discount rate that was used (3.69%) in measuring the net OPEB liability.

Sensitivity of the Net OPEB Liability to the Single Discount Rate Assumptions		
1% Decrease (2.69%)	Current Discount Rate (3.69%)	1% Increase (4.69%)
\$ 62,779,321	\$ 52,740,505	\$ 44,799,154

Healthcare Cost Trend Rates

The following presents the net OPEB liability of the District's using the assumed healthcare cost trend rate, as well as what the net OPEB liability would be if it were calculated using a trend rate that is 1% lower or 1% higher than the assumed health-care cost trend rate.

Sensitivity of the Net OPEB Liability to the Healthcare Cost Trend Rate Assumption		
1% Decrease	Current Healthcare Cost Trend Rate	1% Increase
\$ 43,801,848	\$ 52,740,505	\$ 64,512,909

H. OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEBs

At June 30, 2019, the District reported a liability of \$52,740,505 for its proportionate share of the TRS's net OPEB liability. This liability reflects a reduction for State OPEB support provided to the District. The amount recognized by the District as its proportionate share of the net OPEB liability, the related State support, and the total portion of the net OPEB liability that was associated with the District were as follows:

District's proportionate share of the net OPEB liability	\$ 52,740,505
State's proportionate share of the net OPEB liability associated with the District	66,948,830
	<u>\$ 119,689,335</u>

The net OPEB liability was measured as of August 31, 2017 and rolled forward to August 31, 2018 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. The employer's proportion of the net OPEB liability was based on the employer's contributions to the OPEB plan relative to the contributions of all employers to the plan for the period September 1, 2017 through August 31, 2018.

At August 31, 2018 the employer's proportion of the collective net OPEB liability was 0.1056270% which was a decrease of 0.0011076% from its proportion measured as of August 31, 2017.

Wichita Falls Independent School District

Notes to the Financial Statements

Changes since the Prior Actuarial Valuation - The following were changes to the actuarial assumptions or other inputs that affected measurement of the total OPEB liability since the prior measurement period:

- Adjustments were made for retirees that were known to have discontinued their health care coverage in fiscal year 2018. This change increased the Total OPEB Liability.
- The health care trend rate assumption was updated to reflect the anticipated return of the Health Insurer Fee (HIF) in 2020. This change increased the Total OPEB Liability.
- Demographic and economic assumptions were updated based on the experience study performed for TRS for the period ending August 31, 2017. This change increased the Total OPEB Liability.
- The discount rate was changed from 3.42 percent as of August 31, 2017 to 3.69 percent as of August 31, 2018. This change lowered the Total OPEB Liability \$2.3 billion.
- Change of Benefit Terms Since the Prior Measurement Date – Please see the 2018 TRS CAFR, page 68, section B. for a list of changes made effective September 1, 2017 by the 85th Texas Legislature.

For the ten months ended June 30, 2019, the District recognized total OPEB expense of \$3,680,620 and revenue of \$2,435,197 for support provided by the State.

At June 30, 2019, the District reported its proportionate share of the TRS's deferred outflows of resources and deferred inflows of resources related to other post-employment benefits from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 2,798,742	\$ 832,323
Changes of assumptions	880,096	15,845,495
Net difference between projected and actual earnings on pension plan investments	9,224	-
Changes in proportion and differences between District contributions and proportionate share of contributions (cost-sharing plan)	183	609,191
District contributions after measurement date	607,232	-
	<u>\$ 4,295,477</u>	<u>\$ 17,287,009</u>

\$607,232 reported as deferred outflows of resources related to OPEB resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2020. The net amounts of the employer's balances of deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Years Ending June 30,	
2020	\$ (2,151,497)
2021	(2,151,497)
2022	(2,151,497)
2023	(2,153,241)
2024	(2,154,239)
Thereafter	(2,836,793)
	<u>\$ (13,598,764)</u>

Wichita Falls Independent School District

Notes to the Financial Statements

Note 10. Risk Management

Self-insured Worker's Compensation Plan

The District maintains a self-insured worker's compensation plan. The District has third party insurance coverage for any losses in excess of \$350,000 per claim and a maximum of \$1,000,000 per claim. The District is responsible for claims up to \$350,000 per claim.

As of June 30, 2019, the worker's compensation benefit obligation consisted of \$378,000 in reported claims and estimated incurred but not reported claims. These amounts represent estimated ultimate costs to settle claims. A summary of the changes in the benefit obligation is as follows:

	2019	2018
Claims payable, beginning of year	\$ 432,000	\$ 730,000
Claims incurred	331,000	393,000
Claim payments	(206,000)	(588,000)
Excess coverage	(179,000)	(103,000)
Claims payable, end of year	\$ 378,000	\$ 432,000

Other Risk Management

The District is exposed to various risks of loss related to torts; thefts of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During the ten months ended June 30, 2019, the District purchased commercial insurance to cover these liabilities. There were no significant reductions in coverage in the past fiscal year, and there were no settlements exceeding insurance coverage for each of the past three fiscal years.

Note 11. Commitments and Contingencies

The District is a party to various legal actions, none of which are believed by administration to have a material effect on the financial condition of the District. Accordingly, no provision for losses has been recorded in the accompanying basic financial statements for such contingencies. The District participates in numerous state and federal grant programs that are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that the District has not complied with the rules and regulations governing the grants, if any, refunds of any money received may be required and the collectability of any related receivable at June 30, 2019 may be impaired. In the opinion of the District, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provision has been recorded in the accompanying financial statements for such contingencies.

The Tax Reform Act of 1986 imposed regulations on tax-exempt bond issues. Governmental bonds issued after August 31, 1986 are subject to the rebate provisions of the Tax Reform Act of 1986. The rebate applies to earnings from bond issue proceeds investments that exceed bond issue stated interest rates. There is a complicated formula based on a five year history, therefore the exact amount of liability, if any, is not known until five years from the bond issuance date. There was no rebate liability as of June 30, 2019.

The District entered into a variety of construction related contracts through June 30, 2019. The remaining commitment is \$758,013 to finish the deck coating and repairs to the stadium.

Wichita Falls Independent School District

Notes to the Financial Statements

Note 12. Shared Service Arrangement

The District is the fiscal agent for a Shared Service Arrangement which provides a regional day school for the deaf to member districts. All services are provided by the District as a fiscal agent. The member districts provide funds to the fiscal agent for operations. According to TEA guidance, the District has accounted for the fiscal agent activities of the SSA in special revenue funds 315, 316, 317, and 435 and such activities have been accounted for using Module 3 in the SSA section of TEA's Resource Guide. These expenditures of the SSA are summarized as follows:

Member Districts	#315	#435	Totals
Big Four Special Education Coop	\$ 2,169	\$ 44,895	\$ 47,064
Burkburnett ISD	2,530	66,892	69,422
Clay-Jack Coop	4,337	77,181	81,518
Graham ISD	723	18,706	19,429
Greenbelt Coop	1,084	10,265	11,349
Haskell/Knox Coop	-	5,588	5,588
Montague County Coop	3,614	73,439	77,053
Vernon ISD	361	3,730	4,091
West Wichita County Coop	2,891	84,674	87,565
Wichita Falls ISD	6,506	307,665	314,171
Totals	\$ 24,215	\$ 693,035	\$ 717,250

Note 14. Nonmonetary Transactions

During the ten months ended June 30, 2019, the District received textbooks purchased by the State of Texas for the benefit of the District for a purchase price of \$1,281,786. The district receives the textbooks as part of state funding for textbook allotment. The textbooks have been recorded in the amount of \$1,281,786 in a special revenue fund as both state revenues and expenditures, which represents the amount of consideration given by the State of Texas.

Required Supplementary Information

Wichita Falls Independent School District
 Budgetary Comparison Schedule – General Fund
 For the Ten Months Ended June 30, 2019

Exhibit G-1
 Page 1 of 2

Data Control Codes	1		2	3	Variance With Final Budget Positive (Negative)
	Budgeted Amounts				
	Original	Final	Actual		
REVENUES					
5700	Local and intermediate sources	\$ 46,382,466	\$ 46,389,279	\$ 46,642,428	\$ 253,149
5800	State program revenues	60,826,702	60,826,702	56,868,066	(3,958,636)
5900	Federal program revenues	4,457,826	4,457,826	7,722,932	3,265,106
5020	Total revenues	111,666,994	111,673,807	111,233,426	(440,381)
EXPENDITURES					
Current:					
Instruction & instructional related services:					
0011	Instruction	67,886,867	67,813,307	61,078,928	6,734,379
0012	Instructional resources and media services	1,453,774	1,451,127	1,250,017	201,110
0013	Curriculum and staff development	1,595,668	1,652,494	964,052	688,442
	Total instruction & inst. related services	70,936,309	70,916,928	63,292,997	7,623,931
Instructional and school leadership:					
0021	Instructional leadership	2,148,803	2,198,859	2,257,591	(58,732)
0023	School leadership	6,967,490	7,035,651	5,947,977	1,087,674
	Total instructional & school leadership	9,116,293	9,234,510	8,205,568	1,028,942
Support services - student (pupil) :					
0031	Guidance, counseling, and evaluation services	3,911,679	4,026,529	3,499,873	526,656
0032	Social work services	288,213	288,213	251,887	36,326
0033	Health services	1,661,816	1,667,111	1,371,919	295,192
0034	Student transportation	2,697,750	3,167,985	2,881,050	286,935
0036	Cocurricular/extracurricular activities	3,671,591	3,710,846	3,184,072	526,774
	Total support services - student (pupil)	12,231,049	12,860,684	11,188,801	1,671,883
Administration support services:					
0041	General administration	4,055,179	3,887,229	3,301,730	585,499
	Total administrative support service	4,055,179	3,887,229	3,301,730	585,499
Support services:					
0051	Facilities maintenance and operations	10,149,126	10,607,889	9,461,104	1,146,785
0052	Security and monitoring services	622,323	635,329	671,846	(36,517)
0053	Data processing services	2,798,333	2,941,399	3,688,002	(746,603)
	Total support services - nonstudent based	13,569,782	14,184,617	13,820,952	363,665
Ancillary services:					
0061	Community services	2,100	3,385	3,004	381
	Total ancillary services	2,100	3,385	3,004	381
Debt service:					
0071	Principal on long-term debt	1,206,192	1,203,853	1,159,536	44,317
0072	Interest on long-term debt	167,276	169,615	95,654	73,961
	Total debt services	1,373,468	1,373,468	1,255,190	118,278
Capital outlay:					
0081	Capital outlay	1,103,073	1,784,029	1,485,901	298,128
	Total capital outlay	1,103,073	1,784,029	1,485,901	298,128
Intergovernmental charges:					
0093	Payments to fiscal agent/member dist. - SSA	100,000	100,000	69,590	30,410
0095	Payments related to juvenile justice alternative education program	12,000	12,000	11,896	104
0099	Other intergovernmental charges	558,893	558,893	547,232	11,661
	Total intergovernmental charges	670,893	670,893	628,718	42,175
6030	Total expenditures	113,058,146	114,915,743	103,182,861	11,732,882

Wichita Falls Independent School District

Budgetary Comparison Schedule – General Fund – Continued
 For the Ten Months Ended June 30, 2019

Exhibit G-1

Page 2 of 2

<u>Data Control Codes</u>		Budgeted Amounts		3 Actual	Variance With Final Budget Positive (Negative)
		1 Original	2 Final		
1100	Excess (deficiency) of revenues over (under) expenditures	(1,391,152)	(3,241,936)	8,050,565	11,292,501
	OTHER FINANCING SOURCES (USES)				
7912	Sale of real or personal property	50,000	50,000	32,875	(17,125)
7915	Transfers in	413,000	413,000	413,000	-
8911	Transfers out	(175,000)	(175,000)	(1,341,175)	(1,166,175)
7080	Total other financing sources (uses)	288,000	288,000	(895,300)	(1,183,300)
1200	Net change in fund balance	(1,103,152)	(2,953,936)	7,155,265	10,109,201
0100	Fund balances, beginning	23,091,385	23,091,385	23,091,385	-
3000	FUND BALANCES, ending	\$ 21,988,233	\$ 20,137,449	\$ 30,246,650	\$ 10,109,201

Wichita Falls Independent School District

Budgetary Comparison Schedule – Child Nutrition Fund
For the Ten Months Ended June 30, 2019

Exhibit G-2

Data Control Codes		1 Budgeted Amounts		3	Variance With Final Budget Positive (Negative)
		Original	Final	Actual	
REVENUES					
5700	Total local and intermediate sources	\$ 1,556,149	\$ 1,556,149	\$ 1,625,207	\$ 69,058
5800	State program revenues	152,247	152,247	33,664	(118,583)
5900	Federal program revenues	6,080,042	6,080,042	5,846,040	(234,002)
5020	Total revenues	7,788,438	7,788,438	7,504,911	(283,527)
EXPENDITURES					
0035	Food service	7,343,945	7,343,945	7,077,541	266,404
6030	Total expenditures	7,343,945	7,343,945	7,077,541	266,404
1100	Excess of revenues over expenditures	444,493	444,493	427,370	(17,123)
OTHER FINANCING SOURCES (USES)					
7912	Sale of property	-	-	165	165
8911	Transfers out	(193,000)	(193,000)	(193,000)	-
6030	Total other financing sources (uses)	(193,000)	(193,000)	(192,835)	165
1200	Net change in fund balances	251,493	251,493	234,535	(16,958)
0100	Fund balance, beginning	1,102,865	1,102,865	1,102,865	-
3000	FUND BALANCE, ending	\$ 1,354,358	\$ 1,354,358	\$ 1,337,400	\$ (16,958)

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Wichita Falls Independent School District

Schedule of the District's Proportionate
Share of the Net Pension Liability - TRS
For the Last Five Fiscal Years*

	<u>2019</u>
District's proportion of the net pension liability	0.0769752%
District's proportionate share of net pension liability	\$ 42,369,006
State's proportionate share of the net pension liability associated with the District	<u>64,754,864</u>
TOTAL	<u><u>\$ 107,123,870</u></u>
District's covered payroll	\$ 82,044,781
District's proportionate share of the net pension liability as a percentage of its covered payroll	51.64%
Plan fiduciary net position as a percentage of the total pension liability	73.74%

Note: GASB 68,81,2,a requires that the information on this schedule be data from the period corresponding with the period covered as of the measurement date of August 31, 2018 - the period from September 1, 2017 - August 31, 2018.

* Ten years of data is not available.

<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
0.0787869%	0.0736353%	0.0768421%	0.0469081%
\$ 25,191,798	\$ 27,825,674	\$ 27,162,660	\$ 12,529,802
<u>39,446,573</u>	<u>48,749,401</u>	<u>46,921,674</u>	<u>41,778,062</u>
<u>\$ 64,638,371</u>	<u>\$ 76,575,075</u>	<u>\$ 74,084,334</u>	<u>\$ 54,307,864</u>
\$ 81,886,153	\$ 78,562,967	\$ 77,683,359	\$ 74,925,429
30.76%	35.42%	34.97%	16.72%
82.17%	78.00%	78.43%	83.25%

Wichita Falls Independent School District

Schedule of the District's Contributions - TRS

For the Last Five Fiscal Years***

	<u>2019*</u>
Contractually required contribution	\$ 1,897,605
Contribution in relation to the contractually required contribution	<u>(1,897,605)</u>
CONTRIBUTION DEFICIENCY (EXCESS)	<u><u>\$ -</u></u>
District's covered payroll	\$ 68,352,841
Contributions as a percentage of covered payroll	2.78%

Note: GASB 68, Paragraph 81.2.b requires that the data in this schedule be presented as of the District's current fiscal year as opposed to the time period covered by the measurement date of September 1, 2017 - August 31, 2018.

* The amounts presented for the period was determined as of the District's fiscal period (ten months) ended June 30.

** The amounts presented for the fiscal years was determined as of the District's fiscal year ended August 31.

*** Ten years of data is not available.

Exhibit G-4

<u>2018**</u>	<u>2017**</u>	<u>2016**</u>	<u>2015 **</u>
\$ 2,559,998	\$ 2,687,750	\$ 2,445,845	\$ 2,258,375
<u>(2,559,998)</u>	<u>(2,687,750)</u>	<u>(2,445,845)</u>	<u>(2,258,375)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 82,044,781	\$ 81,886,153	\$ 78,562,967	\$ 77,683,359
3.12%	3.28%	3.11%	2.91%

Wichita Falls Independent School District**Exhibit G-5**

Schedule of the District's Proportionate Share of the Net OPEB Liability of a Cost-Sharing Multiple-Employer OPEB Plan Teacher Retirement System of Texas Last Two Fiscal Years*

	<u>2019</u>	<u>2018</u>
District's proportion of the net OPEB liability	0.1056270%	0.1067345%
District's proportionate share of net OPEB liability	\$ 52,740,505	\$ 46,414,842
State's proportionate share of the net OPEB liability associated with the District	<u>66,948,830</u>	<u>60,491,454</u>
TOTAL	<u>\$ 119,689,335</u>	<u>\$ 106,906,296</u>
District's covered payroll	\$ 82,044,781	\$ 81,886,153
District's proportionate share of the net OPEB liability as a percentage of its covered payroll	64.28%	56.68%
Plan fiduciary net position as a percentage of the total OPEB liability	1.57%	0.91%

Note: The amounts presented for the fiscal year were determined as of the Plan's fiscal year end, August 31, of the prior year.

* Ten years of data is not available.

Wichita Falls Independent School District
 Schedule of the District's Contributions to the
 Teacher Retirement System of Texas OPEB Plan
 Last Two Fiscal Years***

Exhibit G-6

	<u>2019 *</u>	<u>2018 **</u>
Contractually required contribution	\$ 607,232	\$ 729,149
Contribution in relation to the contractually required contribution	<u>(607,232)</u>	<u>(729,149)</u>
CONTRIBUTION DEFICIENCY (EXCESS)	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 68,352,841	\$ 82,044,781
Contributions as a percentage of covered payroll	0.89%	0.89%

* The amounts presented for the fiscal period was determined as of the District's fiscal period (ten months) ended June 30.

** The amounts presented for the fiscal year were determined as of the District's fiscal year ended August 31.

*** Ten years of data is not available.

Wichita Falls Independent School District
 Notes to the Required Supplementary Information

Note 1. Budgetary Data

A. Budgetary Information

The official budget was prepared for adoption for the general, child nutrition, and debt service funds. The following procedures are followed in establishing the budgetary data reflected in the basic financial statements:

1. Prior to June 20 of the preceding fiscal year, the District prepares a budget for the next succeeding fiscal year beginning July 1.
2. A meeting of the Board is called for the purpose of adopting the proposed budget with public notice given at least 10 days prior to the meeting.
3. Prior to July 1, the budget is adopted by the Board.

After adoption, the budget may be amended through action by the Board. Budget amendments are approved at the functional expenditure level. All amendments are before the fact and reflected in the official minutes of the Board. Budgets are controlled at the functional level by personnel responsible for the organizational financial reporting.

B. Variances with Budget

Negative budget variances were noted in the following functions. These functions' expenditures exceeded appropriations. Instructional Leadership exceeded appropriations due to a position change that was not taken to the board of trustees. Security and monitoring services exceeded appropriations due to unexpected overtime for police officers. Finally, Data processing services exceeded appropriations due to recording of E-rate in revenue and expenditures without amending the budget.

Function	Final Budget	Actual Expenditures	Variance
Instructional leadership	\$ 2,198,859	\$ 2,257,591	\$ (58,732)
Security and monitoring services	635,329	671,846	(36,517)
Data processing services	2,941,399	3,688,002	(746,603)

Combining Statements and Schedules

Wichita Falls Independent School District

Combining Balance Sheet
 Nonmajor Governmental Funds
 June 30, 2019

Data Control Codes	205	206	211	213
Data Control Codes	Head Start	ESEA Title X Part C Homeless	ESEA Title I Improving Basic Programs	ESEA Title I Part B - Even St. Family Literacy
ASSETS				
1110	Cash and cash equivalents	\$ 1,169,532	\$ 179	\$ -
1240	Due from other governments	449,423	1,886	6,866
1290	Other receivables	-	-	2,600
1300	Inventories	-	-	-
1000	TOTAL ASSETS	1,618,955	2,065	398,506
LIABILITIES				
Current liabilities;				
2110	Accounts payable	375	39	3
2150	Payroll deductions & withholdings	41,629	196	23,659
2160	Accrued wages payable	278,751	1,690	210,141
2170	Due to other funds	1,298,200	140	164,703
2180	Due to other governments	-	-	-
2300	Unearned revenues	-	-	-
2000	Total liabilities	1,618,955	2,065	398,506
FUND BALANCES				
Restricted:				
3450	Federal/state funds grant restrictions	-	-	-
Committed:				
3545	Other committed fund balance	-	-	-
3600	Unassigned	-	-	-
3000	Total fund balances	-	-	-
4000	TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	<u>\$ 1,618,955</u>	<u>\$ 2,065</u>	<u>\$ 398,506</u>
		<u>\$ 9,466</u>		<u>\$ 9,466</u>

215 ESEA Title I Part A Capital Expenses	224 IDEA-B Formula	225 IDEA-B Preschool Grant	226 IDEA-B High Cost	244 Career and Tech Basic Grant	255 ESEA Title II Training & Recruiting	263 Title III Part A Language
\$ 7,941	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
11,621	1,250,576	42,635	1,723	15,664	25,914	3,365
93	-	-	-	-	-	719
-	-	-	-	-	-	-
19,655	1,250,576	42,635	1,723	15,664	25,914	4,084
-	-	-	-	-	-	-
1,563	28,722	590	-	-	1,274	-
8,223	197,335	5,940	-	-	4,994	-
9,869	1,024,519	13,184	1,723	15,664	19,646	4,084
-	-	22,921	-	-	-	-
-	-	-	-	-	-	-
19,655	1,250,576	42,635	1,723	15,664	25,914	4,084
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
\$ 19,655	\$ 1,250,576	\$ 42,635	\$ 1,723	\$ 15,664	\$ 25,914	\$ 4,084

Wichita Falls Independent School District
Combining Balance Sheet
Nonmajor Governmental Funds – Continued
June 30, 2019

Data Control Codes		265 Community Learning Centers	272 MAC Program	287/291 Department of Defense Grant	288 HIPPY Grant
ASSETS					
1110	Cash and cash equivalents	\$ -	\$ 288,832	\$ -	\$ -
1240	Due from other governments	-	-	97,026	115,320
1290	Other receivables	-	-	-	-
1300	Inventories	-	-	-	-
1000	Total assets	-	288,832	97,026	115,320
LIABILITIES					
Current liabilities					
2110	Accounts payable	-	(11)	-	403
2150	Payroll deductions & withholdings	-	-	263	1,228
2160	Accrued wages payable	-	-	8,334	14,345
2170	Due to other funds	-	-	88,429	97,587
2180	Due to other governments	-	728	-	1,757
2300	Unearned revenues	-	288,115	-	-
2000	Total liabilities	-	288,832	97,026	115,320
FUND BALANCES					
Restricted:					
3450	Federal/state funds grant restrictions	-	-	-	-
Committed:					
3545	Other committed fund balance	-	-	-	-
3600	Unassigned	-	-	-	-
3000	Total fund balances	-	-	-	-
4000	TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	<u>\$ -</u>	<u>\$ 288,832</u>	<u>\$ 97,026</u>	<u>\$ 115,320</u>

289	315	316	317	340	397
Summer School	IDEA-B Discretionary	IDEA-B Deaf	IDEA-B Preschool Deaf	IDEA-C Deaf	Advanced Placement Incentives
\$ -	\$ 268	\$ 18	\$ -	\$ -	\$ 23,515
4,755	2,203	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
4,755	2,471	18	-	-	23,515
-	-	18	-	-	23,515
-	-	-	-	-	-
-	-	-	-	-	-
4,755	2,471	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
4,755	2,471	18	-	-	23,515
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
\$ 4,755	\$ 2,471	\$ 18	\$ -	\$ -	\$ 23,515

Wichita Falls Independent School District
Combining Balance Sheet
Nonmajor Governmental Funds – Continued
June 30, 2019

Data Control Codes		410 State Textbook Fund	415 Kindergarten and Pre-K Grant	427 HOPES Grant	429 State Funded Special Revenue Fund
	ASSETS				
1110	Cash and cash equivalents	\$ 726,588	\$ -	\$ 1,984	\$ 12,682
1240	Due from other governments	-	50	16,550	-
1290	Other receivables	-	-	-	-
1300	Inventories	-	-	-	-
1000	TOTAL ASSETS	726,588	50	18,534	12,682
	LIABILITIES				
	Current liabilities				
2110	Accounts payable	-	-	201	4,632
2150	Payroll deductions & withholdings	-	-	516	-
2160	Accrued wages payable	-	-	4,171	-
2170	Due to other funds	-	2,653	10,098	-
2180	Due to other governments	-	-	-	-
2300	Unearned revenues	694,163	-	-	19,649
2000	Total liabilities	694,163	2,653	14,986	24,281
	FUND BALANCES				
	Restricted:				
3450	Federal/state funds grant restrictions	32,425	-	3,548	-
	Committed:				
3545	Other committed fund balance	-	-	-	-
3600	Unassigned	-	(2,603)	-	(11,599)
3000	Total fund balances	32,425	(2,603)	3,548	(11,599)
4000	TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 726,588	\$ 50	\$ 18,534	\$ 12,682

435 Regional Day School for the Deaf	461 Campus Activity Funds	480 No Kid Hungry Grant	489 West Foundation	499 CIS	Total Nonmajor Governmental Funds
\$ -	\$ 658,337	\$ -	\$ 131,779	\$ 5,693	\$ 3,027,348
214,376	-	-	-	-	2,658,459
-	-	-	-	-	3,412
-	-	-	8,873	-	8,873
214,376	658,337	-	140,652	5,693	5,698,092
-	-	-	12	-	29,187
13,118	-	-	-	-	112,758
108,589	-	-	-	-	842,513
181,373	-	-	-	-	2,948,564
-	-	-	-	-	25,406
-	-	-	142,947	5,693	1,150,567
303,080	-	-	142,959	5,693	5,108,995
-	-	-	-	-	35,973
-	658,337	-	-	-	658,337
(88,704)	-	-	(2,307)	-	(105,213)
(88,704)	658,337	-	(2,307)	-	589,097
<u>\$ 214,376</u>	<u>\$ 658,337</u>	<u>\$ -</u>	<u>\$ 140,652</u>	<u>\$ 5,693</u>	<u>\$ 5,698,092</u>

Wichita Falls Independent School District

Combining Statement of Revenues, Expenditures and Changes

In Fund Balance – Nonmajor Governmental Funds

For the Ten Months Ended June 30, 2019

Data Control Codes	205 Head Start	206 ESEA Title X Part C Homeless	211 ESEA Title I Improving Basic Programs	213 ESEA Title I Part B - Even St. Family Literacy
REVENUES				
5700	Local and intermediate sources	\$ -	\$ -	\$ -
5800	State program revenues	-	-	-
5900	Federal program revenues	1,753,594	21,054	95,939
5020	Total revenues	1,753,594	21,054	95,939
EXPENDITURES				
Current:				
0011	Instruction	1,823,846	7,326	2,172,260
0012	Instructional resources and media services	-	-	75,256
0013	Curriculum and staff development	11,973	-	-
0021	Instructional leadership	6,395	-	268,618
0023	School leadership	265,212	-	344,139
0031	Guidance, counseling, and evaluation services	99,335	-	-
0032	Social work services	164,454	13,229	35,635
0033	Health services	3,321	-	-
0034	Student transportation	-	-	13,508
0035	Food services	-	-	-
0036	Cocurricular/extracurricular activities	-	-	-
0041	General administration	-	499	5,823
0051	Facilities maintenance and operations	7,923	-	-
0061	Community services	1,005	-	53,772
Intergovernmental:				
0093	Payments to member districts of SSA	-	-	-
6030	Total expenditures	2,383,464	21,054	2,893,755
1100	Excess (deficiency) of revenues over (under) expenditures	(629,870)	-	-
OTHER FINANCING SOURCES (USES)				
7915	Transfers in	1,166,175	-	-
8911	Transfers out	-	-	-
7080	Total other financing sources (uses)	1,166,175	-	-
1200	Net change in fund balances	536,305	-	-
0100	Fund balances, beginning	(536,305)	-	-
3000	FUND BALANCES, ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

215 ESEA Title I Part A Capital Expenses	224 IDEA-B Formula	225 IDEA-B Preschool Grant	226 IDEA-B High Cost	244 Career and Tech Basic Grant	255 ESEA Title II Training & Recruiting	263 Title III Part A Language
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-
64,580	2,636,975	40,339	21,723	148,132	235,999	117,414
64,580	2,636,975	40,339	21,723	148,132	235,999	117,414
59,786	684,736	40,339	-	17,528	88,274	100,338
-	-	-	-	-	-	-
-	200,241	-	-	1,739	83,220	10,535
1,882	90,954	-	-	128,865	58,032	1,882
-	-	-	-	-	-	-
-	1,551,044	-	21,723	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
2,912	-	-	-	-	6,473	4,659
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	110,000	-	-	-	-	-
64,580	2,636,975	40,339	21,723	148,132	235,999	117,414
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

Wichita Falls Independent School District

Combining Statement of Revenues, Expenditures and Changes
 In Fund Balance – Nonmajor Governmental Funds – Continued
 For the Ten Months Ended June 30, 2019

Data Control Codes	265 Community Learning Centers	272 MAC Program	287/291 Department of Defense Grant	288 HIPPIY Grant
REVENUES				
5700	Local and intermediate sources	\$ -	\$ -	\$ -
5800	State program revenues	-	-	-
5900	Federal program revenues	-	174,848	280,021
5020	Total revenues	-	174,848	280,021
EXPENDITURES				
Current:				
0011	Instruction	-	103,358	-
0012	Instructional resources and media services	-	-	-
0013	Curriculum and staff development	-	6,184	-
0021	Instructional leadership	-	48,236	-
0023	School leadership	-	-	-
0031	Guidance, counseling, and evaluation services	-	-	-
0032	Social work services	-	-	-
0033	Health services	-	-	-
0034	Student transportation	-	-	-
0035	Food services	-	-	-
0036	Cocurricular/extracurricular activities	-	17,070	-
0041	General administration	-	-	-
0051	Facilities maintenance and operations	-	6,090	-
0061	Community services	-	-	280,021
Intergovernmental:				
0093	Payments to member districts of SSA	-	-	-
6030	Total expenditures	-	174,848	280,021
1100	Excess (deficiency) of revenues over (under) expenditures	-	-	-
OTHER FINANCING SOURCES (USES)				
7915	Transfers in	-	-	-
8911	Transfers out	-	-	-
7080	Total other financing sources (uses)	-	-	-
1200	Net change in fund balances	-	-	-
0100	Fund balances, beginning	-	-	-
3000	FUND BALANCES, ending	\$ -	\$ -	\$ -

289	315	316	317	340	397
Summer School	IDEA-B Discretionary	IDEA-B Deaf	IDEA-B Preschool Deaf	IDEA-C Deaf	Advanced Placement Incentives
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	2,424
179,481	24,215	-	-	238	-
179,481	24,215	-	-	238	2,424
65,675	21,143	-	-	238	2,424
-	-	-	-	-	-
67,440	1,011	-	-	-	-
2,144	-	-	-	-	-
-	712	-	-	-	-
37,086	1,349	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
671	-	-	-	-	-
-	-	-	-	-	-
6,465	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
179,481	24,215	-	-	238	2,424
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

Wichita Falls Independent School District

Combining Statement of Revenues, Expenditures and Changes
 In Fund Balance – Nonmajor Governmental Funds – Continued
 For the Ten Months Ended June 30, 2019

<u>Data Control Codes</u>		<u>410 State Textbook Fund</u>	<u>415 Kindergarten and Pre-K Grant</u>	<u>427 HOPES Grant</u>
REVENUES				
5700	Local and intermediate sources	\$ -	\$ -	\$ -
5800	State program revenues	1,281,786	-	71,957
5900	Federal program revenues	-	-	-
5020	Total revenues	1,281,786	-	71,957
EXPENDITURES				
Current:				
0011	Instruction	1,287,019	-	-
0012	Instructional resources and media services	-	-	-
0013	Curriculum and staff development	-	-	-
0021	Instructional leadership	-	-	-
0023	School leadership	-	-	-
0031	Guidance, counseling, and evaluation services	-	-	-
0032	Social work services	-	-	-
0033	Health services	-	-	-
0034	Student transportation	-	-	-
0035	Food services	-	-	-
0036	Cocurricular/extracurricular activities	-	-	-
0041	General administration	-	-	-
0051	Facilities maintenance and operations	-	-	-
0061	Community services	-	-	72,793
Intergovernmental:				
0093	Payments to member districts of SSA	-	-	-
6030	Total expenditures	1,287,019	-	72,793
1100	Excess (deficiency) of revenues over (under) expenditures	(5,233)	-	(836)
OTHER FINANCING SOURCES (USES)				
7915	Transfers in	-	-	-
8911	Transfers out	-	-	-
7080	Total other financing sources (uses)	-	-	-
1200	Net change in fund balances	(5,233)	-	(836)
0100	Fund balances, beginning	37,658	(2,603)	4,384
3000	FUND BALANCES, ending	<u>\$ 32,425</u>	<u>\$ (2,603)</u>	<u>\$ 3,548</u>

429 State Funded Special Revenue Fund	435 Regional Day School for the Deaf	461 Campus Activity Funds	480 No Kid Hungry Grant	489 West Foundation	499 CIS	Total Nonmajor Governmental Funds
\$ -	\$ 404,538	\$ 541,042	\$ 53,070	\$ 173,868	\$ 220,000	\$ 1,392,518
-	192,682	-	-	-	-	1,548,849
-	-	-	-	-	-	8,715,657
-	597,220	541,042	53,070	173,868	220,000	11,657,024
370	693,035	148,184	-	134,719	-	7,528,333
-	-	93,429	-	694	-	94,123
-	-	2,640	-	28,070	-	700,289
-	-	-	-	-	-	691,164
-	-	55,369	-	-	-	321,293
-	-	923	-	-	-	1,723,671
-	-	-	-	-	-	213,318
-	-	-	-	-	-	3,321
-	-	-	-	-	-	14,179
-	-	-	53,104	-	-	53,104
-	-	194,738	-	10,418	-	228,691
-	-	-	-	11,650	-	32,016
-	-	956	-	-	-	14,969
-	-	-	-	-	-	407,591
-	-	-	-	-	-	110,000
370	693,035	496,239	53,104	185,551	-	12,136,062
(370)	(95,815)	44,803	(34)	(11,683)	220,000	(479,038)
-	-	-	-	-	-	1,166,175
-	-	-	-	-	(220,000)	(220,000)
-	-	-	-	-	(220,000)	946,175
(370)	(95,815)	44,803	(34)	(11,683)	-	467,137
(11,229)	7,111	613,534	34	9,376	-	121,960
<u>\$ (11,599)</u>	<u>\$ (88,704)</u>	<u>\$ 658,337</u>	<u>\$ -</u>	<u>\$ (2,307)</u>	<u>\$ -</u>	<u>\$ 589,097</u>

Wichita Falls Independent School District

Exhibit H-3

Combining Statement of Net Position

Internal Service Funds

June 30, 2019

Data Control Codes	752 Print Shop Fund	753 Insurance Fund	Total Internal Service Fund
ASSETS			
Current Assets			
1110	\$ 15,840	\$ 86,365	\$ 102,205
1120	-	552,936	552,936
Receivables			
1260	80	3,416,245	3,416,325
1410	-	11,116	11,116
	15,920	4,066,662	4,082,582
Total current assets			
Noncurrent assets:			
Capital assets:			
1530	308,262	-	308,262
1550	337,618	-	337,618
1570	(564,134)	-	(564,134)
	81,746	-	81,746
Total noncurrent assets			
1000	<u>\$ 97,666</u>	<u>\$ 4,066,662</u>	<u>\$ 4,164,328</u>
LIABILITIES			
Current Liabilities:			
2170	\$ 552,816	\$ 445,931	\$ 998,747
	552,816	445,931	998,747
Total current liabilities			
Noncurrent liabilities:			
2590	-	378,000	378,000
	-	378,000	378,000
Total noncurrent liabilities			
2000	552,816	823,931	1,376,747
NET POSITION			
3200	81,746	-	81,746
3900	(536,896)	3,242,731	2,705,835
3000	<u>\$ (455,150)</u>	<u>\$ 3,242,731</u>	<u>\$ 2,787,581</u>
TOTAL NET POSITION			

Wichita Falls Independent School District

Exhibit H-4

Combining Statement of Revenues, Expenses and Changes
 In Fund Net Position – Internal Service Funds
 For the Ten Months Ended June 30, 2019

<u>Data Control Codes</u>	<u>752 Print Shop Fund</u>	<u>753 Insurance Fund</u>	<u>Total Internal Service Funds</u>
OPERATING REVENUES			
5700 Local and intermediate sources	\$ 105,854	\$ 797,497	\$ 903,351
5020 Total operating revenues	105,854	797,497	903,351
OPERATING EXPENSES			
6100 Payroll costs	63,224	85,467	148,691
6200 Professional and contracted services	138,872	1,350	140,222
6300 Supplies and materials	10,818	2,585	13,403
6400 Other operating costs	59,467	400,193	459,660
6030 Total operating expenses	272,381	489,595	761,976
Operating income (loss)	(166,527)	307,902	141,375
NON-OPERATING REVENUES (EXPENSES)			
7955 Earnings from temp. deposits and investments	-	10,468	10,468
8030 Total non-operating revenues (expenses)	-	10,468	10,468
1300 Change in net position	(166,527)	318,370	151,843
0100 Net position, beginning	(288,623)	2,924,361	2,635,738
3300 TOTAL NET POSITION, ending	<u>\$ (455,150)</u>	<u>\$ 3,242,731</u>	<u>\$ 2,787,581</u>

Wichita Falls Independent School District
Combining Statement of Cash Flows
Internal Service Funds
For the Ten Months Ended June 30, 2019

Exhibit H-5

	752 Print Shop Fund	753 Insurance Fund	Total Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash receipts for quasi-external operating transactions with other funds	\$ 235,607	\$ 445,777	\$ 681,384
Cash payments to employees for services	(63,224)	(85,467)	(148,691)
Cash payments to suppliers for goods and services	(163,648)	(469,244)	(632,892)
Net cash provided by (used in) operating activities	8,735	(108,934)	(100,199)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Purchase of capital assets	(6,595)	-	(6,595)
Net cash used in capital and related financing activities	(6,595)	-	(6,595)
Net increase (decrease) in cash and cash equivalents	2,140	(108,934)	(106,794)
CASH AND CASH EQUIVALENTS, beginning of year	<u>13,700</u>	<u>195,299</u>	<u>208,999</u>
CASH AND CASH EQUIVALENTS, end of year	<u>\$ 15,840</u>	<u>\$ 86,365</u>	<u>\$ 102,205</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES			
Operating income (loss)	\$ (166,527)	\$ 307,902	\$ 141,375
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities			
Depreciation	59,467	-	59,467
Change in assets and liabilities			
Decrease (increase) in due from other funds	3,109	(797,497)	(794,388)
Increase in prepaids	-	(11,116)	(11,116)
Decrease in accounts payable	(13,958)	-	(13,958)
Increase in due to other funds	126,644	445,777	572,421
Decrease in claims liabilities	-	(54,000)	(54,000)
Total adjustments	<u>115,795</u>	<u>(416,836)</u>	<u>(301,041)</u>
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	<u>\$ 8,735</u>	<u>\$ (108,934)</u>	<u>\$ (100,199)</u>

Wichita Falls Independent School District
Combining Statement of Fiduciary Net Position
Private-Purpose Trust Funds
June 30, 2019

Exhibit H-6

<u>Data Control Codes</u>	828 Ryan Scholarship Fund	829 Renton Aviation Fund	Total Private Purpose Trust
ASSETS			
1110 Cash and cash equivalents	\$ 710,384	\$ 3,000	\$ 713,384
1000 TOTAL ASSETS	<u>\$ 710,384</u>	<u>\$ 3,000</u>	<u>\$ 713,384</u>
LIABILITIES:			
2190 Due to student groups	\$ -	\$ -	\$ -
2000 Total liabilities	-	-	-
NET POSITION			
3800 Held in trust	710,384	3,000	713,384
3000 TOTAL NET POSITION	<u>\$ 710,384</u>	<u>\$ 3,000</u>	<u>\$ 713,384</u>

Wichita Falls Independent School District**Exhibit H-7**

Combining Statement of Changes in Fiduciary Net Position

Private-Purpose Trust Funds

For the Ten Months Ended June 30, 2019

	828 Ryan Scholarship Fund	829 Renton Aviation Fund	Total Private Purpose Trust
ADDITIONS			
Return of scholarship funds	\$ 2,000	\$ -	\$ 2,000
Changes in net position	2,000	-	2,000
Net position, beginning of year	708,384	3,000	711,384
NET POSITION, end of year	\$ 710,384	\$ 3,000	\$ 713,384

T.E.A. Required Schedules

Wichita Falls Independent School District

Schedule of Delinquent Taxes Receivable

For the Ten Months Ended June 30, 2019

Last Ten Years Ended August 31,	1		2		3
	Tax Rates				Net Assessed/Appraised Value For School Tax Purposes
	Maintenance		Debt Service		
2010 and prior years	\$	Various	\$	Various	Various
2011		1.04		0.160	3,870,054,417
2012		1.04		0.165	3,877,945,145
2013		1.04		0.170	3,944,910,744
2014		1.04		0.165	4,035,873,693
2015		1.04		0.095	4,123,975,683
2016		1.04		0.190	4,257,991,182
2017		1.04		0.190	4,335,535,584
2018		1.04		0.190	4,429,361,935
2019		1.04		0.180	4,556,179,129
1000 TOTALS					

Exhibit J-1

10 Beginning Balance 9/1/2018	20 Current Year's Total Levy	31 Maintenance Collections	32 Debt Service Collections	40 Entire Year's Adjustments	50 Ending Balance 6/30/2019
\$ 333,923	\$ -	\$ 8,917	\$ 1,372	\$ (25,950)	\$ 297,684
58,217	-	2,279	351	(139)	55,448
57,052	-	2,380	378	(136)	54,158
76,975	-	5,269	861	(131)	70,714
114,956	-	13,332	2,115	(178)	99,331
141,654	-	19,375	1,770	(1,406)	119,103
208,761	-	35,108	6,414	1,418	168,657
375,542	-	45,909	8,387	(31,818)	289,428
680,196	-	181,446	33,149	(86,528)	379,073
-	53,775,492	44,544,684	7,709,657	(316,154)	1,204,997
<u>\$ 2,047,276</u>	<u>\$ 53,775,492</u>	<u>\$ 44,858,699</u>	<u>\$ 7,764,454</u>	<u>\$ (461,022)</u>	<u>\$ 2,738,593</u>

Wichita Falls Independent School District

Schedule of Delinquent Taxes Receivable
For the Twelve Months Ended June 30, 2019

Last Ten Years Ended August 31,	1		2		3
	Tax Rates				Net Assessed/Appraised Value For School Tax Purposes
	Maintenance		Debt Service		
2010 and prior years	\$	Various	\$	Various	Various
2011		1.04		0.160	3,870,054,417
2012		1.04		0.165	3,877,945,145
2013		1.04		0.170	3,944,910,744
2014		1.04		0.165	4,035,873,693
2015		1.04		0.095	4,123,975,683
2016		1.04		0.190	4,257,991,182
2017		1.04		0.190	4,335,535,584
2018		1.04		0.190	4,429,361,935
2019		1.04		0.180	4,556,179,129

1000 TOTALS

* Fiscal years 2018 and prior ended on August 31; however, for 2019, the fiscal period consisted of the ten month period of September 1, 2018 through June 30, 2019. The Schedule of Delinquent Taxes Receivable is reported for both the ten months ended June 30, 2019 and the twelve months ended August 31, 2018 to comply with TEA requirements.

Exhibit J-2

10	20	31	32	40	50
Beginning	Current	Maintenance	Debt Service	Entire	Ending
Balance	Year's	Collections	Collections	Year's	Balance
9/1/2018	Total Levy			Adjustments	8/31/2019
\$ 333,923	\$ -	\$ 10,161	\$ 1,563	\$ (42,759)	\$ 279,440
58,217	-	2,446	376	(1,662)	53,733
57,052	-	2,648	420	(2,592)	51,392
76,975	-	6,228	1,018	(2,869)	66,860
114,956	-	14,646	2,324	(4,737)	93,249
141,654	-	21,356	1,951	(8,494)	109,853
208,761	-	42,134	7,697	(33,270)	125,660
375,542	-	58,682	10,721	(108,461)	197,678
680,196	-	206,081	37,649	(74,735)	361,731
-	53,775,492	44,890,760	7,769,555	(212,765)	902,412
<u>\$ 2,047,276</u>	<u>\$ 53,775,492</u>	<u>\$ 45,255,142</u>	<u>\$ 7,833,274</u>	<u>\$ (492,344)</u>	<u>\$ 2,242,008</u>

Wichita Falls Independent School District
 Budgetary Comparison Schedule – Debt Service Fund
 For the Ten Months Ended June 30, 2019

Exhibit J-3

Data Control Codes		Budgeted Amounts		Actual	Variance Final Budget Positive or (Negative)
		Original	Final		
REVENUES					
5700	Local and intermediate sources	\$ (7,766,915)	\$ (7,766,915)	\$ 7,879,698	\$ 15,646,613
5800	State program revenues	(905,611)	(905,611)	514,731	1,420,342
5020	Total revenues	(8,672,526)	(8,672,526)	8,394,429	17,066,955
EXPENDITURES					
Debt service:					
0071	Principal on long-term debt	4,990,000	4,990,000	4,990,000	-
0072	Interest on long-term debt	3,414,025	3,414,025	1,761,775	1,652,250
0073	Bond issuance costs and fees	5,000	5,000	2,250	2,750
	Total debt service	8,409,025	8,409,025	6,754,025	1,655,000
6030	Total expenditures	8,409,025	8,409,025	6,754,025	1,655,000
1100	Excess (deficiency) of revenues over (under) expenditures	(17,081,551)	(17,081,551)	1,640,404	15,411,955
0100	Fund balances, beginning	696,039	696,039	696,039	-
3000	FUND BALANCES, ending	<u>\$ (16,385,512)</u>	<u>\$ (16,385,512)</u>	<u>\$ 2,336,443</u>	<u>\$ 15,411,955</u>

Overall Compliance and Internal Controls Section

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**Independent Auditor's Report on Internal Control Over
Financial Reporting and on Compliance and Other
Matters Based on an Audit of Financial Statements Performed in
Accordance with Government Auditing Standards**

To the Board of Trustees
Wichita Falls Independent School District

We have audited, 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, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Wichita Falls Independent School District (the District) as of and for the ten months ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated November 12, 2019.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

The Board of Trustees
Wichita Falls Independent School District

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Weaver and Tidwell, L.L.P.

WEAVER AND TIDWELL, L.L.P.

Dallas, Texas
November 12, 2019

**Independent Auditor's Report on Compliance for Each Major
Federal Program and Report on Internal Control over Compliance in
Accordance with the Uniform Guidance**

To the Board of Trustees
Wichita Falls Independent School District

Report on Compliance for Each Major Federal Program

We have audited Wichita Falls Independent School District's (the District) compliance with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the ten months ended June 30, 2019. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and terms and conditions of federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for the District's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Award* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However our audit does not provide a legal determination of the District's compliance.

Opinion on Compliance for Each Major Federal Program

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the ten months ended June 30, 2019.

Report on Internal Control over Compliance

Management of the District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Weaver and Tidwell, L.L.P.

WEAVER AND TIDWELL, L.L.P.

Dallas, Texas
November 12, 2019

Wichita Falls Independent School District

Schedule of Findings and Questioned Costs

For the Ten Months Ended June 30, 2019

Section 1. Summary of the Auditor's Results

Financial Statements

An unmodified opinion was issued on the financial statements.

Internal control over financial reporting:

Material weakness(es) identified? _____ Yes X No

Significant deficiency(ies) identified that are not considered a material weakness? _____ Yes X None reported

Noncompliance material to financial statements noted _____ Yes X No

Major Programs

Internal control over major programs:

Material weakness(es) identified? _____ Yes X No

Significant deficiency(ies) identified that are not considered a material weakness? _____ Yes X None reported

An unmodified opinion was issued on compliance for major programs.

Any audit findings disclosed that were required to be Reported in accordance with section 2 CFR 200.516(a) _____ Yes X No

Identification of major federal programs:

- 10.553, 10.555, 10.559 – Child Nutrition Cluster
- 84.027, 84.173 – Special Education Cluster

The dollar threshold used to distinguish between Type A and Type B programs: \$750,000

Auditee qualified as a low-risk auditee? _____ Yes X No

Wichita Falls Independent School District

Schedule of Findings and Questioned Costs

For the Ten Months Ended June 30, 2019

Section 2. Findings Relating To the Financial Statements

None

Section 3. Findings and Questioned Costs

None

Section 4. Prior Year Findings and Questioned Costs

Finding 2018-001

Material Weakness in Internal Control over Financial Reporting – Financial Statement Adjustments

Responsible Party – Tim Sherrod, Chief Financial Officer

Corrective Action – As part of the year-end close process and prior to sending the auditors a trial balance, the District performed balance sheet reconciliations and were adequately reviewed for accuracy. Reconciliations agreed to the reconciled balances to the general ledger.

Status – Corrected

Wichita Falls Independent School District
 Schedule of Expenditures of Federal Awards
 For the Ten Months Ended June 30, 2019

Exhibit K-1

Federal Grantor/ Pass-Through Grantor/ Program Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			
Passed Through Region IX Education Service Center:			
Head Start	93.600	06CH7009/18	\$ 326,359
Head Start	93.600	06CH7009/19	1,427,235
Total Passed Through Region IX Education Service Center			1,753,594
Passed Through North Texas Area United Way:			
Maternal, Infant, and Early Childhood Home Visiting Program	93.505	529-14-0109-00001	306,465
Passed Through Fairbanks, LLC:			
Medicaid Administrative Claiming Program - MAC	93.778	529-08-0177-00005	27,350
Total U.S. Department of Health and Human Services			2,087,409
U.S. DEPARTMENT OF EDUCATION			
Direct Programs:			
Impact Aid - P.L.	84.041	N/A	159,898
Passed Through Region 10:			
Texas McKinney-Vento Program 2	84.196A	14-007	22,082
Passed Through State Department of Education:			
ESEA Title I Part A - Improving Basic Programs	84.010A	18610101243905	10,211
ESEA Title I Part A - Improving Basic Programs	84.010A	19610101243905	3,028,430
ESEA Title I - School Improvement Program	84.010A	18610112243905000	7,425
ESEA Title I - School Improvement Program	84.010A	19610412243905000	93,330
ESEA Title I Part D, Subpart 2 - Delinquent Programs	84.010A	18610103243905	20
ESEA Title I Part D, Subpart 2 - Delinquent Programs	84.010A	19610103243905	67,567
Total CFDA Number 84.010A			3,206,983
Special Education Cluster:			
IDEA-B Formula	84.027A	186600012439056600	746,090
IDEA-B Formula	84.027A	196600012439056600	2,023,590
SSA IDEA-B Discretionary Deaf	84.027A	186600112439056673	25,430
IDEA-B High Cost	84.027A	226-543-19-19-031	21,723
IDEA-B Preschool	84.173A	186610012439056610	6,388
IDEA-B Preschool	84.173A	196610012439056610	35,804
Total Special Education Cluster			2,859,025
Vocational Education - Basic Grant	84.048A	18420006243905	156,127
IDEA C Early Intervention	84.181A	173911012439053911	238
ESEA Title III-LEP	84.365A	19671001243905	123,353
ESEA Title II, Part A - Teacher & Principal Training & Recruiting	84.367A	19694501243905	248,387
ESEA Title IV Part A - Subpart 1	84.424A	19680101243905	187,142
Total Passed Through State Department of Education			6,781,255
Total U.S. Department of Education			6,963,235

Wichita Falls Independent School District
 Schedule of Expenditures of Federal Awards – Continued
 For the Ten Months Ended June 30, 2019

Exhibit K-1

<u>Federal Grantor/ Pass-Through Grantor/ Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Federal Expenditures</u>
U. S. DEPARTMENT OF AGRICULTURE			
Passed Through State Department of Agriculture:			
Child Nutrition Cluster:			
Food Distribution - SBP - Noncash assistance	10.553	243008A	302,362
Food Distribution - NSLP - Noncash assistance	10.555	243008A	375,013
Total Passed Through State Department of Agriculture			<u>677,375</u>
Passed Through State Department of Education:			
School Breakfast Program	10.553	7140901	1,458,457
National School Lunch Program	10.555	7130901	3,651,245
Total Passed Through State Department of Education			<u>5,109,702</u>
Passed Through State Department of Human Services:			
Summer Feeding Program	10.559	TX-2431005SU	58,963
Total Passed Through Texas Department of Human Services			<u>58,963</u>
Total Child Nutrition Cluster			<u>5,846,040</u>
Total U.S. Department of Agriculture			<u>5,846,040</u>
U. S. DEPARTMENT OF DEFENSE			
Direct programs:			
ROTC (Instructional Reimbursement)	12.000	243-905	142,717
Military-Connected Academic and Support Programs	12.557	HE12541510030	76,940
Military-Connected Academic and Support Programs	12.556	HE12541710010	97,908
Total U.S. Department of Defense			<u>317,565</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u><u>\$ 15,214,249</u></u>

Wichita Falls Independent School District

Notes to Schedule of Expenditures of Federal Awards
For the Ten Months Ended June 30, 2019

Basis of Presentation

The modified accrual basis of accounting is used for the governmental funds. Accordingly, the schedule of expenditures of federal awards was prepared under this basis of accounting, which requires that revenues are recognized in the accounting period in which they become susceptible to accrual, i.e., both measurable and available. Expenditures are recognized in the accounting period in which the fund liability is incurred, if measurable, except for interest on long-term debt, which is recognized when due, and certain compensated absences and claims and judgments, which are recognized when the obligations are expected to be liquidated with expendable available financial resources.

Federal grant funds are considered to be earned to the extent of expenditures made under the provisions of the grant, and accordingly, when such funds are received, they are recorded as deferred revenues until earned.

The following table reconciles total expenditures per the schedule of expenditures of federal awards (Exhibit K-1) to the federal program revenues per Exhibit C-2:

Total expenditures of federal awards per Exhibit K-1	\$	15,214,249
E-Rate program		1,272,376
SHARS revenue		<u>5,798,004</u>
Total federal program revenues per Exhibit C-2	\$	<u><u>22,284,629</u></u>

Indirect Cost Rate

The District has elected not to use the 10% de minimis indirect cost rate.

Wichita Falls Independent School District

Schedule of Required Responses to Selected
 School FIRST Indicators (Unaudited)
 For the Ten Months Ended June 30, 2019

<u>Data Control Codes</u>		<u>Response</u>
SF2	Were there any disclosures in the Annual Financial Report and/or other sources of information concerning nonpayment of any terms of any debt agreement at fiscal year end?	No
SF4	Was there an unmodified opinion in the Annual Financial Report?	Yes
SF5	Did the Annual Financial Report disclose any instances of material weaknesses in internal controls over financial reporting and compliance for local, state, or federal funds?	No
SF6	Was there any disclosure in the Annual Financial Report of material noncompliance for grants, contracts, and laws related to local, state, or federal funds?	No
SF7	Did the school district make timely payments to the Teachers Retirement System (TRS), Texas Workforce Commission (TWC), Internal Revenue Service (IRS), and other government agencies?	Yes
SF8	Did the school district not receive an adjusted repayment schedule for more than one fiscal year for an over allocation of Foundation School Program (FSP) funds as a result of a financial hardship?	Yes
SF10	What was the total accumulated accretion on capital appreciation bonds (CABs) included in government-wide financial statements at fiscal year-end?	\$ -
SF11	Net Pension Assets (object 1920) at fiscal year-end.	\$ -
SF12	Net Pension Liabilities (object 2540) at fiscal year-end.	\$ 42,369,006