



**Annual Financial Report
For The Fiscal Year Ended
August 31, 2017**

WICHITA FALLS INDEPENDENT SCHOOL DISTRICT

WICHITA FALLS, TEXAS

Annual Financial Report

Wichita Falls Independent School District

Wichita Falls, Texas

For the Year Ended August 31, 2017

**Prepared by
Wichita Falls ISD Finance Department**

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Wichita Falls Independent School District

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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 year ended August 31, 2017 at a meeting of the Board of Trustees of such school district on the 16th day of January, 2018.



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

Board of Trustees
Wichita Falls Independent School District

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 year ended August 31, 2017, 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

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 August 31, 2017, and the respective changes in financial position, and, where applicable, cash flows thereof for the year 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 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 School First Questionnaire, as listed in the table of contents, 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 Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and is also not a required part of the basic financial statements.

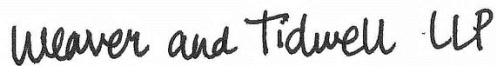
The other supplementary information and schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing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

Board of Trustees
Wichita Falls Independent School District

The School First Questionnaire has 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.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 8, 2018 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 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 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.

Dallas, Texas
January 8, 2018

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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 year ended August 31, 2017. Please read it in conjunction with the District's financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of resources of the District exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$53.8 million (net position). Of this amount, \$10.2 million (unrestricted net position) is available to meet the District's future obligations.
- During the year, the District expensed \$153.5 million, which was \$8.0 million more than the District's revenue of \$145.5 million. Of this, \$32.9 million was program revenue and \$110.1 million was general revenue.
- The primary components of the \$8.0 million decrease in net position were related to continued expenditures related to the bond program.
- The fund balance of the General Fund was \$26.5 million, which was a decrease of \$2.9 million.
- The fund balance of the Capital Projects Fund was (\$1.8) million, which was a decrease of \$25.1 million as the bond program was completed.
- The fund balance of the Child Nutrition Fund was \$2.0 million, which was a decrease of \$6 thousand.

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 schedules.

Financial Analysis of the District as a Whole

Net position. The District's overall net position decreased between fiscal years 2016 and 2017 - by - \$8,001,567. (See Table A-1).

Table A-1

Wichita Falls Independent School District's Net Position

	Governmental Activities		Increase (Decrease)	Percentage Change
	2017	2016		
Assets:				
Current and other assets	\$ 46,574,123	\$ 77,485,210	\$ (30,911,087)	-40%
Capital assets, net	143,237,088	127,887,340	15,349,748	12%
Total assets	<u>189,811,211</u>	<u>205,372,550</u>	<u>(15,561,339)</u>	<u>-28%</u>
Total deferred outflows of resources	<u>13,810,809</u>	<u>18,590,326</u>	<u>(4,779,517)</u>	<u>-26%</u>
Long-term debt	127,246,837	133,786,603	(6,539,766)	-5%
Other liabilities	20,958,258	23,468,705	(2,510,447)	-11%
Total liabilities	<u>148,205,095</u>	<u>157,255,308</u>	<u>(9,050,213)</u>	<u>-16%</u>
Total deferred inflows of resources	<u>1,604,327</u>	<u>4,893,403</u>	<u>(3,289,076)</u>	<u>-67%</u>
Net position:				
Net investment in capital assets	41,287,530	43,160,400	(1,872,870)	-4%
Restricted	2,340,671	2,112,678	227,993	11%
Unrestricted	10,184,397	16,541,087	(6,356,690)	-38%
Total net position	<u>\$ 53,812,598</u>	<u>\$ 61,814,165</u>	<u>\$ (8,001,567)</u>	<u>-32%</u>

Changes in net position. The District's total revenues were \$145.4 million, an increase of \$2.6 million. (See Table A-2.) A significant portion, 35.6%, of the District's revenue comes from taxes and 39.7% comes from state allocations and from federal and state grants. The remaining 24.7% relates to charges for services, investment earnings, and miscellaneous revenues. The total cost of all programs and services were \$153.5 million. The District's expenses cover a range of services.

Governmental Activities

Table A-2 compares the District's operating and general revenues and functional expenses for both the prior and current years. Following the table, we provide explanations for the significant fluctuations between the two years.

Table A-2

Changes in the Wichita Falls Independent School District's Net Position

	Governmental Activities		Increase (Decrease)	Percentage Change
	Year Ended 2017	Year Ended 2016		
Program revenues:				
Charges for services	\$ 2,435,489	\$ 3,447,628	\$ (1,012,139)	-29%
Operating grants and contributions	32,904,741	28,391,598	4,513,143	16%
General revenues:				
Property taxes	51,788,786	50,765,659	1,023,127	2%
Unrestricted operating grants (mostly state aid)	57,758,474	59,752,477	(1,994,003)	-3%
Investment earnings	432,677	273,536	159,141	58%
Miscellaneous	129,664	227,717	(98,053)	-43%
Total revenues	145,449,831	142,858,615	2,591,216	2%
Expenses:				
Instruction	90,156,483	77,143,761	13,012,722	17%
Instructional resources and media services	1,590,609	1,473,945	116,664	8%
Curriculum and staff development	2,089,590	1,986,509	103,081	5%
Instructional leadership	2,857,743	2,694,320	163,423	6%
School leadership	8,068,872	7,139,903	928,969	13%
Guidance, counseling and evaluation services	6,006,736	5,702,189	304,547	5%
Social work services	559,118	704,796	(145,678)	-21%
Health services	1,682,070	1,554,120	127,950	8%
Student transportation	2,735,426	2,114,678	620,748	29%
Food services	7,463,261	7,130,964	332,297	5%
Extracurricular activities	4,556,084	5,466,407	(910,323)	-17%
General administration	4,111,371	3,357,396	753,975	22%
Facilities maintenance and operations	13,560,110	11,683,313	1,876,797	16%
Security and monitoring services	671,966	656,558	15,408	2%
Data processing services	3,419,732	5,282,628	(1,862,896)	-35%
Community services	426,588	54,029	372,559	690%
Debt service	2,731,838	2,552,681	179,157	7%
Bond issuance costs and fees	5,000	43,200	(38,200)	-88%
Payments for shared service arrangements	204,064	181,250	22,814	13%
Payments related to juvenile justice programs	10,188	5,900	4,288	0%
Other intergovernmental charges	544,549	539,502	5,047	1%
Total expenses	153,451,398	137,468,049	15,983,349	12%
Change in net position	\$ (8,001,567)	\$ 5,390,566	\$ (13,392,133)	-248%

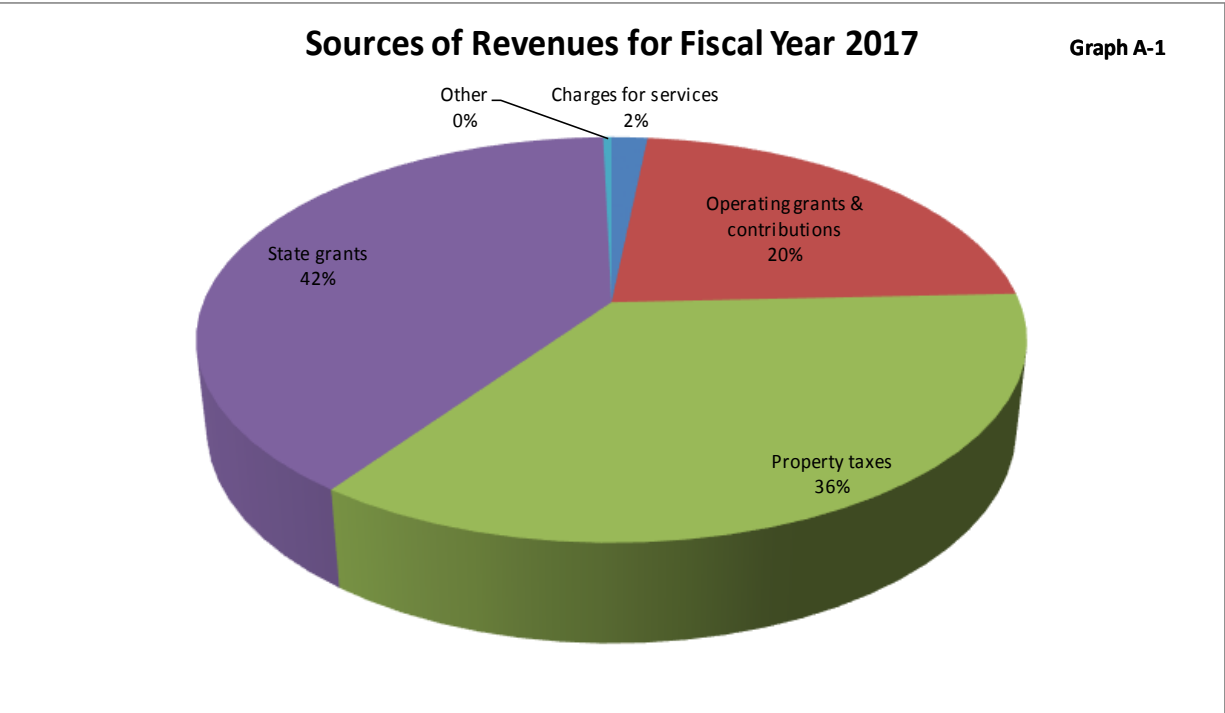


Table A-3 presents the cost of each of the District's largest functions as well as each function's net cost (total cost less fees generated by the activities and intergovernmental aid). The net cost shows the financial burden that was placed on the District's taxpayers by each of these functions.

Table A-3

Wichita Falls Independent School District Net Cost of Selected District Functions

	Total Cost of Services			
	Year Ended 2017	Year Ended 2016	Increase (Decrease)	% Change
Instruction	\$ 90,156,483	\$ 77,143,761	\$ 13,012,722	16.9%
School leadership	8,068,872	7,139,903	928,969	13.0%
General administration	4,111,371	3,357,396	753,975	22.5%
Facilities maintenance and operations	13,560,110	11,683,313	1,876,797	16.1%

	Net Cost of Services			
	Year Ended 2017	Year Ended 2016	Increase (Decrease)	% Change
Instruction	\$ 71,305,263	\$ 63,725,076	\$ 7,580,187	11.9%
School leadership	6,837,552	6,026,016	811,536	13.5%
General administration	3,483,971	2,800,688	683,283	24.4%
Facilities maintenance and operations	11,666,036	9,760,383	1,905,653	19.5%

The cost of all governmental activities this year was \$153.5 million; however, the amount our taxpayers paid for these activities through property taxes was \$51.8 million. Some of the cost was paid by those who directly benefited from the programs, through charges for services - \$2.4 million, or by operating grants and contributions - \$32.9 million. The amount funded by the state was \$57.8 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 \$28.4 million. Approximately \$23.3 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 million, 2) restricted for capital projects, and 3) 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 \$24.5 million, while the total fund balance of all governmental funds was \$28.4 million.

The general fund reported an ending fund balance of \$26,545,563. The net change in fund balance resulted in a decrease in the general fund balance from the prior year in the amount of \$2,932,194. The decrease in fund balance was the result of increased expenditures, including payments on the leased buses, which was due to the closure of the transportation fund, an internal service fund.

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 \$1,903,064 more than the final budgeted amounts. The District saw an increase in state program revenues, due to changes in the state funding template, amount received through E-Rate, and an increase in reimbursement requested through SHARS. Actual expenditures were \$1,238,638 below final budgeted amounts, primarily due to Maintenance Tax Note projects that were not completed and carried forward into the next year's budget. 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 August 31, 2017, amounts to \$143.2 million (net of accumulated depreciation). This amount represents a net increase (including additions and deletions) of \$15.3 million or 12.0%. 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		Increases (Decreases)	% Change
	2017	2016		
Land	\$ 11,868,728	\$ 11,876,696	\$ (7,968)	0%
Bldgs and improvements	173,293,495	171,701,712	1,591,783	1%
Equipment	16,184,382	24,639,168	(8,454,786)	-34%
Property under cap lease	2,682,717	2,682,717	-	0%
Construction in progress	27,604,764	9,786,711	17,818,053	182%
Totals at historical cost	231,634,086	220,687,004	10,947,082	5%
Less accumulated depreciation	88,396,998	92,799,664	(4,402,666)	-5%
Net capital assets	<u>\$ 143,237,088</u>	<u>\$ 127,887,340</u>	<u>\$ 15,349,748</u>	12%

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 2017 from bonds issued in 2015 including the new Career and Technical Education Center.

Long-Term Debt

At year-end the District had \$104.9 million in long term debt – a decrease of 6.2% over last year – as shown in Table A-5.

Table A-5

Wichita Falls Independent School District's Long Term Debt

	2017	2016	Increase (Decrease)	% Change
General obligation bonds	\$ 85,275,000	\$ 90,460,000	\$ (5,185,000)	-5.7%
Premium on bonds	8,043,357	9,371,101	(1,327,744)	-14.2%
Total bonds payable	93,318,357	99,831,101	(6,512,744)	-6.5%
Note payable	9,000,000	9,000,000	-	100.0%
Capital leases payable	1,364,855	1,732,571	(367,716)	-21.2%
Compensated absences	1,280,505	1,340,478	(59,973)	-4.5%
Total long-term obligations	<u>\$ 104,963,717</u>	<u>\$ 111,904,150</u>	<u>\$ (6,940,433)</u>	-6.2%

Economic Factors and Next Year's Budgets and Tax Rates

The District's certified property values for 2017 reflect a 1.82% increase in property values, from the prior year. This increase in property values was offset by a decrease in state revenue for the general fund, as provided for under current state law. This provision does not apply to the debt service fund.

The maintenance and operating tax rate of \$1.04 is the same as the prior year. A total of 4 cents above \$1.00 is allowable at the local level, under provisions of HB 1. The District is now at its maximum maintenance and operating tax rate, and will remain at this rate until the Board of Trustees call for a tax ratification election to access up to 13 additional pennies.

The District's 2017-18 refined average daily attendance was budgeted at 13,038.

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 \$0.40 for the 2017 tax year.

The Board of Trustees adopted a 2017-2018 general fund budget reflecting revenues and transfers from other funds of \$126,058,459 and expenditures of \$127,272,856. This budget included additional teaching staff and a 1.0% general pay increase for all 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

August 31, 2017

Exhibit A-1

1

<u>Data Control Codes</u>	<u>Governmental Activities</u>
ASSETS	
1110 Cash and cash equivalents	\$ 3,993,196
1120 Current investments	33,997,863
1220 Property taxes receivables (net)	1,221,619
1240 Due from other governments	5,772,113
1290 Other receivables	58,089
1300 Inventories	1,345,637
1410 Prepaid items	185,606
Capital assets:	
1510 Land	11,868,728
1520 Buildings and improvements, net	99,395,253
1530 Furniture and equipment, net	2,110,007
1550 Capital lease assets, net	2,258,336
1580 Construction in progress	27,604,764
1000 Total assets	189,811,211
DEFERRED OUTFLOWS OF RESOURCES	
1701 Deferred charges from refunding bonds	1,733,654
1705 Pension related deferred outflows	12,077,155
1700 Total deferred outflows of resources	13,810,809
LIABILITIES	
2110 Accounts payable	5,085,888
2150 Payroll deductions and withholdings	725,431
2165 Accrued liabilities	5,899,964
2140 Interest payable	319,954
2180 Due to other governments	2,096,585
2300 Unearned revenue	557,882
Noncurrent liabilities:	
2501 Due within one year	6,272,554
2502 Due in more than one year	98,691,163
2590 Claims and judgments	730,000
2540 Net pension liability	27,825,674
2000 Total liabilities	148,205,095
DEFERRED INFLOWS OF RESOURCES	
2605 Pension related deferred inflows	1,604,327
2600 Total deferred inflows of resources	1,604,327
NET POSITION	
3200 Net investment in capital assets	41,287,530
Restricted for:	
3820 Retirement of long-term debt	264,269
3850 Grants	2,076,402
3900 Unrestricted	10,184,397
3000 Total net position	\$ 53,812,598

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

Wichita Falls Independent School District
Statement of Activities
For the Year Ended August 31, 2017

Exhibit B-1

Data Control Codes	1	Program Revenues		Net (Expense) Revenue and Changes in Net Position
		3	4	6
		Expenses	Charges for Services	Operating Grants and Contributions
Governmental Activities				
11	\$ 90,156,483	\$ 34,208	\$ 18,817,012	\$ (71,305,263)
12	1,590,609	-	242,729	(1,347,880)
13	2,089,590	-	318,874	(1,770,716)
21	2,857,743	-	436,095	(2,421,648)
23	8,068,872	-	1,231,320	(6,837,552)
31	6,006,736	-	916,635	(5,090,101)
32	559,118	-	85,322	(473,796)
33	1,682,070	-	256,686	(1,425,384)
34	2,735,426	-	417,429	(2,317,997)
35	7,463,261	1,334,875	5,842,379	(286,007)
36	4,556,084	971,886	695,264	(2,888,934)
41	4,111,371	-	627,400	(3,483,971)
51	13,560,110	94,520	1,799,554	(11,666,036)
52	671,966	-	102,543	(569,423)
53	3,419,732	-	521,855	(2,897,877)
61	426,588	-	65,098	(361,490)
72	2,731,838	-	528,546	(2,203,292)
73	5,000	-	-	(5,000)
93	204,064	-	-	(204,064)
95	10,188	-	-	(10,188)
99	544,549	-	-	(544,549)
TG	153,451,398	2,435,489	32,904,741	(118,111,168)
General Revenues:				
MT	Property taxes, levied for general purposes			43,803,818
DT	Property taxes, levied for debt service			7,984,968
GC	Grants and contributions not restricted to specific programs			57,758,474
IE	Investment earnings			432,677
MI	Miscellaneous			129,664
TR	Total general revenues			110,109,601
CN	Change in net position			(8,001,567)
NB	Net position - beginning			61,814,165
NE	Net position - ending			\$ 53,812,598

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

Wichita Falls Independent School District

Balance Sheet
 Governmental Funds
 August 31, 2017

<u>Data Control Codes</u>	<u>10 General Fund</u>	<u>24 Child Nutrition Fund</u>
ASSETS		
1110	\$ 793,691	\$ 224,787
1120	30,179,826	1,309,544
1220	1,778,206	-
1230	(760,473)	-
1240	3,572,958	317,673
1260	1,542,855	23,591
1290	54,413	3,676
1300	509,579	827,185
1410	185,606	-
1000	<u>\$ 37,856,661</u>	<u>\$ 2,706,456</u>
Liabilities:		
Current liabilities:		
2110	\$ 1,374,967	\$ 571,533
2150	695,937	1,845
2160	5,340,191	99,998
2170	1,004,346	1,571
2180	1,987,379	-
2300	24,146	-
2000	<u>10,426,966</u>	<u>674,947</u>
Deferred inflows of resources:		
2600	884,132	-
	<u>884,132</u>	<u>-</u>
Fund balances (deficit):		
Nonspendable fund balances:		
3410	509,579	-
3430	185,606	-
Restricted fund balances:		
3450	-	2,031,509
3480	-	-
Committed fund balance:		
3540	100,000	-
3545	1,248,614	-
3600	24,501,764	-
3000	<u>26,545,563</u>	<u>2,031,509</u>
4000	<u>\$ 37,856,661</u>	<u>\$ 2,706,456</u>

Exhibit C-1

50 Debt Service Fund	60 Capital Projects Fund	Other Governmental Funds	98 Total Governmental Funds
\$ 21,368	\$ 279,207	\$ 1,197,897	\$ 2,516,950
461,973	1,511,882	-	33,463,225
269,619	-	-	2,047,825
(65,733)	-	-	(826,206)
3,933	-	1,877,549	5,772,113
-	-	-	1,566,446
-	-	-	58,089
-	-	8,873	1,345,637
-	-	-	185,606
<u>\$ 691,160</u>	<u>\$ 1,791,089</u>	<u>\$ 3,084,319</u>	<u>\$ 46,129,685</u>
\$ -	\$ 2,964,101	\$ 163,483	\$ 5,074,084
-	-	27,163	724,945
-	-	459,775	5,899,964
-	-	1,307,986	2,313,903
106,937	-	2,269	2,096,585
-	-	533,736	557,882
<u>106,937</u>	<u>2,964,101</u>	<u>2,494,412</u>	<u>16,667,363</u>
188,241	-	-	1,072,373
<u>188,241</u>	<u>-</u>	<u>-</u>	<u>1,072,373</u>
-	-	-	509,579
-	-	-	185,606
-	-	44,893	2,076,402
395,982	-	-	395,982
-	-	-	100,000
-	-	545,014	1,793,628
-	(1,173,012)	-	23,328,752
<u>395,982</u>	<u>(1,173,012)</u>	<u>589,907</u>	<u>28,389,949</u>
<u>\$ 691,160</u>	<u>\$ 1,791,089</u>	<u>\$ 3,084,319</u>	<u>\$ 46,129,685</u>

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Wichita Falls Independent School District
 Reconciliation of the Governmental Funds Balance Sheet
 to the Government-Wide Statement of Net Position
 August 31, 2017

Exhibit C-1R

Total fund balances - governmental funds balance sheet	\$	28,389,949	
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.			230,994,801
Accumulated depreciation has not been included in the governmental fund financial statements.			(87,951,796)
Long-term debt and other contractual liabilities have not been included in the governmental fund financial statements:			
Bond payable	\$	(94,275,000)	
Compensated absences		(1,280,505)	
Capital Lease		(1,317,057)	(96,872,562)
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.			(319,954)
Premiums on the issuance of current interest bonds are capitalized, net of amortization, on the government-wide financial statements.			(8,043,357)
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.			1,733,654
Revenue reported as a deferred inflow of resources in the governmental fund financial statements is recorded as revenue in the government-wide financial statements.			1,072,373
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.			2,162,336
The District's net pension liability and related deferred outflows and inflows related to its proportionate share of the state Teacher Retirement System 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	\$	(27,825,674)	
Deferred outflows - pension related items		12,077,155	
Deferred inflows - pension related items		(1,604,327)	(17,352,846)
Net position of governmental activities - statement of net position	\$		<u>53,812,598</u>

Wichita Falls Independent School District

Statement of Revenues, Expenditures, and Changes in Fund Balances

Governmental Funds

For the Year Ended August 31, 2017

Data Control Codes		General Fund
REVENUES		
5700	Local and intermediate sources	\$ 44,768,862
5800	State program revenues	62,140,917
5900	Federal program revenues	3,369,777
5020	Total revenues	<u>110,279,556</u>
EXPENDITURES		
Current:		
0011	Instruction	67,117,355
0012	Instructional resources and media services	1,331,923
0013	Curriculum and staff development	1,231,749
0021	Instructional leadership	2,058,583
0023	School leadership	6,957,517
0031	Guidance, counseling, and evaluation services	3,778,767
0032	Social work services	260,578
0033	Health services	1,397,202
0034	Student transportation	3,261,859
0035	Food services	-
0036	Cocurricular/extracurricular activities	3,586,264
0041	General administration	3,576,650
0051	Facilities maintenance and operations	11,097,053
0052	Security and monitoring services	637,916
0053	Data processing services	3,097,428
0061	Community services	1,915
Debt Service:		
0071	Principal on long-term debt	724,203
0072	Interest on long-term debt	295,528
0073	Bond issuance costs and fees	-
Capital Outlay:		
0081	Facilities maintenance and operations	2,146,283
0093	Payments to shared service arrangements	94,064
0095	Payments related to juvenile justice alternative education program	10,188
0099	Other intergovernmental charges	544,549
6030	Total expenditures	<u>113,207,574</u>
1100	Excess (deficiency) of revenues over (under) expenditures	<u>(2,928,018)</u>
OTHER FINANCING SOURCES (USES):		
7912	Sale of real or personal property	151,289
7915	Transfers in	269,535
8911	Transfers out	(425,000)
7080	Total other financing sources and (uses)	<u>(4,176)</u>
1200	Net Change in fund balances	(2,932,194)
0100	Fund balance - September 1 (beginning)	29,477,757
3000	Fund balance - August 31 (ending)	<u>\$ 26,545,563</u>

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

Child Nutrition Fund	Debt Service Fund	Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
\$ 1,344,547	\$ 7,982,895	\$ 109,962	\$ 1,529,143	\$ 55,735,409
74,240	528,546	-	1,432,846	64,176,549
5,933,421	-	-	11,181,520	20,484,718
<u>7,352,208</u>	<u>8,511,441</u>	<u>109,962</u>	<u>14,143,509</u>	<u>140,396,676</u>
-	-	131,875	9,480,865	76,730,095
-	-	-	98,696	1,430,619
-	-	-	713,423	1,945,172
-	-	-	546,050	2,604,633
-	-	-	316,010	7,273,527
-	-	-	1,708,108	5,486,875
-	-	-	251,776	512,354
-	-	-	112,912	1,510,114
-	-	-	-	3,261,859
7,219,426	-	-	-	7,219,426
-	-	-	618,557	4,204,821
-	-	-	1,144	3,577,794
-	-	-	14,733	11,111,786
-	-	-	-	637,916
-	-	-	-	3,097,428
-	-	-	407,179	409,094
-	4,715,000	-	-	5,439,203
-	3,766,525	-	-	4,062,053
-	5,000	-	-	5,000
-	-	25,255,812	-	27,402,095
-	-	-	110,000	204,064
-	-	-	-	10,188
-	-	-	-	544,549
<u>7,219,426</u>	<u>8,486,525</u>	<u>25,387,687</u>	<u>14,379,453</u>	<u>168,680,665</u>
<u>132,782</u>	<u>24,916</u>	<u>(25,277,725)</u>	<u>(235,944)</u>	<u>(28,283,989)</u>
3,992	-	-	-	155,281
-	-	175,000	250,000	694,535
(143,000)	-	-	-	(568,000)
<u>(139,008)</u>	<u>-</u>	<u>175,000</u>	<u>250,000</u>	<u>281,816</u>
(6,226)	24,916	(25,102,725)	14,056	(28,002,173)
2,037,735	371,066	23,929,713	575,851	56,392,122
<u>\$ 2,031,509</u>	<u>\$ 395,982</u>	<u>\$ (1,173,012)</u>	<u>\$ 589,907</u>	<u>\$ 28,389,949</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 Year Ended August 31, 2017

Total Net Change in Fund Balances - Governmental Funds \$ (28,002,173)

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. 27,202,244

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: (5,607,554)

The disposal of capital assets is not recognized in the governmental fund financial statements. (6,185,474)

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: 5,185,000

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. 254,203

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: 175,923

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: 59,973

Bond premiums are expensed 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: 1,327,744

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. (5,870)

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. The change has been reduced by a \$2,845,553 transfer of non-monetary
assets already included in the governmental activities. (252,128)

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 decrease (4,606,152)
Deferred inflows decrease 3,289,076
Net pension liability increase (663,014)

Change in Net Position - Governmental Activities \$ (8,001,567)

Wichita Falls Independent School District

Statement of Net Position

Proprietary Funds

August 31, 2017

Exhibit D-1

Data Control Codes		Internal Service Funds
	ASSETS	
	Current assets:	
1110	Cash and cash equivalents	\$ 1,476,246
1120	Investments	534,638
1260	Due from other funds	980,755
	Total current assets	2,991,639
	Noncurrent assets:	
	Capital assets:	
1530	Furniture and equipment	301,667
1550	Assets purchased under capital leases	337,618
1570	Accumulated depreciation	(445,202)
	Total noncurrent assets	194,083
1000	Total assets	3,185,722
	LIABILITIES:	
	Current liabilities:	
2110	Accounts payable	11,804
2150	Payroll deductions and withholdings	486
2170	Due to other funds	233,298
	Total current liabilities	245,588
	Noncurrent liabilities:	
2501	Due within one year	47,798
2590	Claims and judgments	730,000
	Total noncurrent liabilities	777,798
2000	Total liabilities	1,023,386
	NET POSITION:	
3200	Net investment in capital assets	146,285
3900	Unrestricted	2,016,051
3000	Total net position	\$ 2,162,336

The Notes to 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 Year Ended August 31, 2017

Exhibit D-2

Data Control Codes		Internal Service Funds
	OPERATING REVENUES	
5700	Total local and intermediate sources	\$ 1,109,992
5020	Total operating revenues	<u>1,109,992</u>
	OPERATING EXPENSES	
6100	Payroll costs	138,406
6200	Professional and contracted services	181,084
6300	Supplies and materials	29,505
6400	Other operating costs	888,371
6500	Debt service	<u>1,630</u>
6030	Total operating expenses	<u>1,238,996</u>
	Operating loss	<u>(129,004)</u>
	NONOPERATING REVENUES	
7955	Earnings from temporary deposits and investments	<u>3,412</u>
8030	Total non-operating revenues	<u>3,412</u>
8911	TRANSFERS OUT	<u>(2,972,088)</u>
1300	Change in net position	(3,097,680)
0100	Total net position, beginning (September 1)	5,260,016
3300	Total net position, ending (August 31)	<u>\$ 2,162,336</u>

Wichita Falls Independent School District
Statement of Cash Flows
Proprietary Funds
For the Year Ended August 31, 2017

Exhibit D-3

	<u>Internal Service Funds</u>
CASH FLOWS FROM OPERATING ACTIVITIES:	
Cash received from quasi-external operating transactions with others	\$ 1,053,156
Cash payment to employees for services	(138,406)
Cash payments to other suppliers for goods and services	(1,158,321)
Net cash used in operating activities	<u>(243,571)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:	
Transfers to other funds	(2,972,088)
Net cash used in noncapital financing activities	<u>(2,972,088)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:	
Proceeds from the sale of capital assets	2,845,553
Principal paid on long-term debt	(113,513)
Net cash provided by capital and related financing activities	<u>2,732,040</u>
Cash Flows from Investing Activities:	
Purchase of investments	(3,412)
Interest and dividends on investments	3,412
Net cash provided by investing activities	<u>-</u>
Net decrease in cash and cash equivalents	(483,619)
Cash and cash equivalents at beginning of year	1,959,865
Cash and cash equivalents at end of year	<u>\$ 1,476,246</u>
Reconciliation of Operating Loss to Net Cash Used In Operating Activities:	
Operating loss	\$ (129,004)
Adjustments to reconcile operating loss to net cash used in operating activities	
Depreciation	59,467
Change in assets and liabilities	
Increase in due from other funds	(290,134)
Decrease in accounts payable	(342,512)
Increase in payroll deduction & withholding	476
Increase in due to other funds	233,136
Increase in claims liability	225,000
Net cash used in operating activities	<u>\$ (243,571)</u>

Wichita Falls Independent School District

Statement of Fiduciary Net Position

Fiduciary Funds

August 31, 2017

Exhibit E-1

Data Control Codes		Private-Purpose Trust Funds	Agency Fund
		<u> </u>	<u> </u>
ASSETS			
1110	Cash and cash equivalents	\$ 739,319	\$ 228,761
1290	Other receivables	-	3,722
1000	Total assets	<u>739,319</u>	<u>232,483</u>
LIABILITIES			
2110	Accounts payable	-	1,245
2190	Due to student groups	-	231,238
2000	Total liabilities	<u>-</u>	<u>\$ 232,483</u>
NET POSITION			
3000	Held in trust	739,319	
	Total net position	<u>\$ 739,319</u>	

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

Wichita Falls Independent School District
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Year Ended August 31, 2017

Exhibit E-2

	Private-Purpose Trust Funds
	<hr/>
Additions:	
Gifts and bequests	\$ 201,341
Deductions:	
Scholarship awards	<hr/> (161,000)
Change in Net Position	40,341
Net position, beginning of the year	698,978
Net position, end of the year	<hr/> <hr/> \$ 739,319

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.

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.

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.

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.

Wichita Falls Independent School District

Notes to the Financial Statements

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.

Fund Accounting

The District reports the following major governmental funds:

1. **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.

Wichita Falls Independent School District

Notes to the Financial Statements

- 2. 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.
- 3. 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.
- 4. 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:

- 1. 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:

- 1. 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:

- 1. 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.
- 2. 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.

Wichita Falls Independent School District

Notes to the Financial Statements

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 August 31, 2017 to finance general fund operations and the payment of principal and interest on general obligation debt were \$1.04 and \$0.19 per \$100 valuation, respectively, for a total of \$1.23 per \$100 valuation.

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.

Wichita Falls Independent School District

Notes to the Financial Statements

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.

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.

Wichita Falls Independent School District

Notes to the Financial Statements

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 August 31, 2017, 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	1,248,614	-	1,248,614
Campus Activity Funds	-	545,014	545,014
Totals	<u>\$ 1,348,614</u>	<u>\$ 545,014</u>	<u>\$ 1,893,628</u>

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.

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.

Wichita Falls Independent School District

Notes to the Financial Statements

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 August 31, 2017 will change.

Pensions

The fiduciary net position of the Teacher Retirement System of Texas (TRS) 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 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

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 fiscal year 2017, 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.

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 35 days.

Wichita Falls Independent School District

Notes to the Financial Statements

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 37 days.

Cash and investments as of August 31, 2017 are classified in the accompanying financial statements as follows:

Statement of net position:	
Cash and cash equivalents	\$ 3,993,196
Investments	33,997,863
Fiduciary funds:	
Cash and cash equivalents	<u>968,080</u>
Total cash and investments	<u>\$ 38,959,139</u>
Cash on hand	\$ 9,348
Deposits with financial institutions	4,951,928
Investments	<u>33,997,863</u>
Total cash and investments	<u>\$ 38,959,139</u>

Credit Risk

For fiscal year 2017, the District invested in TexasTERM and Texpool Investment Pool. The TexasTERM portfolio is a fixed rate, fixed term portfolio option rated AA+ by Standard & Poor's rating agency. TexPool is rated AA+ 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.

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.

Wichita Falls Independent School District

Notes to the Financial Statements

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 August 31, 2017, the District's bank balance of \$6,131,987, 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. In addition, at the date of highest combined balance, June 22, 2017, the District's bank balance of \$13,360,228 was fully insured by federal depository insurance or collateralized with securities pledged to the District.

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 August 31, 2017 consisted of the following individual fund receivables and payables:

Payable Fund	Receivable Fund	Amount	Primary Purpose
General Fund	Child Nutrition Fund	\$ 23,591	Short-term borrowing
General Fund	Internal Service Funds	980,755	Short-term borrowing
Child Nutrition Fund	General Fund	1,571	Short-term borrowing
Internal Service Fund	General Fund	233,298	Short-term borrowing
Nonmajor Governmental Funds	General Fund	1,307,986	Short-term borrowing
		<u>\$ 2,547,201</u>	

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

The detail transfer schedule for the year ended August 31, 2017 includes the following:

Transferred From	Transferred To	Amount	Purpose
Child Nutrition Fund	General Fund	\$ 143,000	Supplement other funds
General Fund	NonMajor Funds	250,000	Supplement other funds
General Fund	Capital Projects Fund	175,000	Supplement other funds
Internal Service Fund	General Fund	126,535	Supplement other funds
Internal Service Fund	*	2,845,553	Transfer of capital assets and capital leases
		<u>\$ 3,540,088</u>	

* Transfers out of the Internal Service Fund include a \$2,845,553 transfer of capital assets and capital lease liabilities to the Governmental Activities.

Wichita Falls Independent School District

Notes to the Financial Statements

Note 4. Capital Asset Activity

Capital asset activity for the District for the year ended August 31, 2017, was as follows:

	Beginning Balance	Additions	Retirements	Transfers	Ending Balance
Governmental Activities:					
Capital assets not being depreciated:					
Land	\$ 11,876,696	\$ -	\$ (7,968)	\$ -	\$ 11,868,728
Construction in progress	9,786,711	26,389,932	-	(8,571,879)	27,604,764
Total capital assets not being depreciated	21,663,407	26,389,932	(7,968)	(8,571,879)	39,473,492
Capital assets being depreciated:					
Buildings and improvements	171,701,712	-	(6,051,659)	7,643,442	173,293,495
Furniture and equipment	24,639,168	812,312	(10,195,535)	928,437	16,184,382
Property under capital lease	2,682,717	-	-	-	2,682,717
Total capital assets being depreciated	199,023,597	812,312	(16,247,194)	8,571,879	192,160,594
Less accumulated depreciation for:					
Buildings and improvements	72,945,277	4,142,535	(3,189,570)	-	73,898,242
Furniture and equipment	19,489,473	1,465,019	(6,880,117)	-	14,074,375
Property under capital lease	364,914	59,467	-	-	424,381
Total accumulated depreciation	92,799,664	5,667,021	(10,069,687)	-	88,396,998
Total capital assets being depreciated, net	106,223,933	(4,854,709)	(6,177,507)	8,571,879	103,763,596
Governmental activities capital assets, net	\$ 127,887,340	\$ 21,535,223	\$ (6,185,475)	\$ -	\$ 143,237,088

Wichita Falls Independent School District

Notes to the Financial Statements

Depreciation expense was charged to governmental functions as follows:

<u>Governmental Function</u>	<u>Depreciation</u>
Instruction	\$ 3,283,004
Instructional resources and media services	61,318
Curriculum and staff development	83,334
Instructional leadership	111,639
School leadership	311,754
Guidance, counseling and evaluation services	235,176
Social work services	21,960
Health services	64,726
Student transportation	139,701
Food services	309,435
Co-curricular/ Extracurricular activities	180,225
General administration	210,869
Plant maintenance and operations	476,268
Security and monitoring services	27,342
Data processing services	132,760
Community services	17,510
	<hr/>
Total depreciation expense	<u>\$ 5,667,021</u>

Wichita Falls Independent School District

Notes to the Financial Statements

Note 5. Long-Term Debt

Long-term obligation activity

Long-term obligation activities during the year ended August 31, 2017, were as follows:

	Beginning Balance	Additions	Retired	Ending Balance	Due Within One Year
Governmental Activities					
Bonds payable:					
General obligation bonds	\$ 90,460,000	\$ -	\$ (5,185,000)	\$ 85,275,000	\$ 4,815,000
Bond premium (discount)	9,371,001	-	(1,327,644)	8,043,357	-
Total bonds payable	99,831,001	-	(6,512,644)	93,318,357	4,815,000
Note payable	9,000,000	-	-	9,000,000	920,000
Capital leases payable	1,732,571	-	(367,716)	1,364,855	306,781
Compensated absences	1,340,477	835,910	(895,882)	1,280,505	230,773
Total long-term liabilities	\$ 111,904,049	\$ 835,910	\$ (7,776,242)	\$ 104,963,717	\$ 6,272,554

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.

Unlimited tax bonds and the maintenance tax note outstanding as of August 31, 2017 are as follows:

Purpose and Lawful Authority	Interest Rate	Amount	Amounts Outstanding 8/31/2016	Issued	Retired	Amounts Outstanding 8/31/2017
Unlimited Tax School Building Bonds, Series 2007	4.00% to 5.00%	\$ 58,832,652	\$ 2,880,000	\$ -	\$ 2,880,000	\$ -
Maintenance Tax Refunding Bonds, Series 2011	1.90% to 2.75%	2,515,000	470,000	-	470,000	-
Unlimited Tax Refunding Bonds, Series 2015	2.125% to 5.00%	35,350,000	35,350,000	-	-	35,350,000
Unlimited Tax School Building Bonds, Series 2015	1.00% to 5.00%	53,645,000	51,760,000	-	1,835,000	49,925,000
Maintenance Tax Notes, Series 2016	2.00%	9,000,000	9,000,000	-	-	9,000,000
			\$ 99,460,000	\$ -	\$ 5,185,000	\$ 94,275,000

Wichita Falls Independent School District

Notes to the Financial Statements

Debt service requirements are as follows:

Year Ending August 31	Principal Requirements	Interest Requirements	Total Requirements
2018	\$ 5,735,000	\$ 3,762,300	\$ 9,497,300
2019	5,930,000	3,566,225	9,496,225
2020	6,175,000	3,323,175	9,498,175
2021	6,445,000	3,052,625	9,497,625
2022	6,655,000	2,837,506	9,492,506
2023 - 2027	36,330,000	10,048,656	46,378,656
2028 - 2032	15,625,000	4,799,400	20,424,400
2033 - 2036	11,380,000	872,500	12,252,500
	<u>\$ 94,275,000</u>	<u>\$ 32,262,387</u>	<u>\$ 126,537,387</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 August 31, 2017.

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:

Year Ending August 31	Principal Requirements	Interest Requirements	Total Requirements
2018	\$ 306,781	\$ 22,463	\$ 329,244
2019	263,853	17,415	281,268
2020	268,815	12,453	281,268
2021	273,870	7,398	281,268
2022	194,607	2,649	197,256
2023	56,929	259	57,188
	<u>\$ 1,364,855</u>	<u>\$ 62,637</u>	<u>\$ 1,427,492</u>

Wichita Falls Independent School District

Notes to the Financial Statements

Note 7. Revenue from Local and Intermediate Sources

During the year ended August 31, 2017, 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	\$ 42,418,211	\$ -	\$ 7,749,480	\$ -	\$ -	\$ 50,167,691
Property taxes-delinquent	897,632	-	148,403	-	-	1,046,035
Penalties, interest, and other	507,551	-	73,379	-	-	580,930
Investment earnings	301,608	9,474	11,633	109,962	-	432,677
Rent	94,520	-	-	-	-	94,520
Food service income	-	1,335,073	-	-	-	1,335,073
Gifts and bequest	-	-	-	-	546,983	546,983
Campus activity	-	-	-	-	573,360	573,360
Cocurricular/extracurricular activities	375,982	-	-	-	-	375,982
Other	173,358	-	-	-	408,800	582,158
Total local revenue	<u>\$ 44,768,862</u>	<u>\$ 1,344,547</u>	<u>\$ 7,982,895</u>	<u>\$ 109,962</u>	<u>\$ 1,529,143</u>	<u>\$ 55,735,409</u>

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). TRS's defined benefit pension plan is 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 https://www.trs.texas.gov/TRS%20Documents/cafr_2016.pdf 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 post-employment benefit changes; including automatic COLAs. Ad hoc post-employment benefit changes, including ad hoc COLAs 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 83rd Texas Legislature, General Appropriations Act (GAA) established the employer contribution rates for fiscal years 2014 and 2015. The 84th Texas Legislature, General Appropriations Act (GAA) established the employer contribution rates for Plan fiscal years 2016 and 2017.

Contribution Rates

	<u>2016</u>	<u>2017</u>
Member	7.2%	7.7%
Non-Employer Contributing Entity (State)	6.8%	6.8%
Employers	6.8%	6.8%
2017 District Contributions		\$ 2,339,579
2017 Member Contributions		\$ 5,656,534
2017 NECE On-behalf Contributions (State)		\$ 4,106,995

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 General Appropriations Act (GAA).

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.

Wichita Falls Independent School District

Notes to the Financial Statements

- 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, 2016 actuarial valuation was determined using the following actuarial assumptions:

Valuation Date	August 31, 2016
Actuarial Cost Method	Individual Entry Age Normal
Asset Valuation Method	Market Value
Single Discount Rate	8.00%
Long-term Expected Investment Rate of Return	8.00%
Inflation	2.5%
Salary Increases Includes Inflation	3.5% to 9.5%
Payroll Growth Rate	2.5%
Benefit Changes During the Year	None
Ad Hoc Post-employment Benefit Changes	None

The actuarial methods and assumptions are primarily based on a study of actual experience for the four year period ending August 31, 2014 and adopted on September 24, 2015.

F. Discount Rate

The discount rate used to measure the total pension liability was 8.0%. There was no change in the discount rate since the previous year. 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 projected to be available to make all future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The long-term rate of return on pension plan investments is 8%. 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.

Wichita Falls Independent School District

Notes to the Financial Statements

Best estimates of geometric real rates of return for each major asset class included in the Systems target asset allocation as of August 31, 2016 are summarized below:

	Target Allocation	Long-Term Expected Geometric Real Rate of Return	Expected Contribution to Long- Term Portfolio Returns*
Global Equity			
U.S.	18.0%	4.6%	1.0%
Non-U.S. Developed	13.0%	5.1%	0.8%
Emerging Markets	9.0%	5.9%	0.7%
Directional Hedge Funds	4.0%	3.2%	0.1%
Private Equity	13.0%	7.0%	1.1%
Stable Value			
U.S. Treasuries	11.0%	0.7%	0.1%
Absolute Return	0.0%	1.8%	0.0%
Hedge Funds (Stable Value)	4.0%	3.0%	0.1%
Cash	1.0%	-0.2%	0.0%
Real Return			
Global Inflation Linked-Bonds	3.0%	0.9%	0.0%
Real Assets	16.0%	5.1%	1.1%
Energy and Natural Resources	3.0%	6.6%	0.2%
Commodities	0.0%	1.2%	0.0%
Risk Parity			
Risk Parity	5.0%	6.7%	0.3%
Inflation Expectation			2.2%
Alpha			1.0%
Total	<u>100.0%</u>		<u>8.7%</u>

*The expected contribution to returns incorporates the volatility drag resulting from the conversion between arithmetic and geometric mean returns.

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 (8%) in measuring the Net Pension Liability.

	1% Decrease in Discount Rate (7.00%)	Discount Rate (8.0%)	1% Increase in Discount Rate (9.0%)
District's proportionate share of the net pension liability:	\$43,064,770	\$27,825,674	\$14,899,840

Wichita Falls Independent School District

Notes to the Financial Statements

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

At August 31, 2017, the District reported a liability of \$27,825,674 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	\$	27,825,674
State's proportionate share that is associated with District		48,749,401
Total		\$ 76,575,075

The net pension liability was measured as of August 31, 2016 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. 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, 2015 thru August 31, 2016.

At August 31, 2016 the District's proportion of the collective net pension liability was 0.0736353% which was a decrease of .0032068% from its proportion measured as of August 31, 2015.

Changes Since the Prior Actuarial Valuation – There were no changes to the actuarial assumptions or other inputs that affected measurement of the total pension liability since the prior measurement period.

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

For the year ended August 31, 2017, the District recognized pension expense of \$7,039,115 and revenue of \$5,059,025 for support provided by the state.

At August 31, 2017, 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	\$ 436,301	\$ 830,858
Changes in actuarial assumptions	848,077	771,291
Difference between projected and actual investment earnings	2,356,220	
Changes in proportion and difference between the employer's contributions and the proportionate share of contributions	5,880,752	2,178
Contributions paid to TRS subsequent to the measurement date	2,555,805	-
Total	\$ 12,077,155	\$ 1,604,327

Wichita Falls Independent School District

Notes to the Financial Statements

\$2,555,805 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended August 31, 2018. Other amounts reported as deferred outflows of resources (deferred inflows of resources) related to pensions will be recognized in pension expense (income) as follows:

	Pension Expense (Income)
	<hr/>
Year ended August 31:	
2018	\$ 1,411,167
2019	1,411,167
2020	2,914,079
2021	1,295,691
2022	826,346
Thereafter	<hr/> 58,573
Total	<hr/> <hr/> \$ 7,917,023

Note 9. Retiree Health Plan

Plan Description - The District contributes to the Texas Public School Retired Employees Group Insurance Program (TRS-Care), a cost-sharing multiple-employer defined benefit postemployment health care plan administered by the Teacher Retirement System of Texas. TRS-Care Retired Plan provides health care coverage for certain persons (and their dependents) who retired under the Teacher Retirement System of Texas.

The statutory authority for the program is Texas Insurance Code, Chapter 1575. Section 1575.052 grants the TRS Board of Trustees the authority to establish and amend basic and optional group insurance coverage for participants. The TRS issues a publicly available financial report that includes financial statements and required supplementary information for TRS-Care. That report may be obtained by visiting the TRS web site at www.trs.state.tx.us, by writing to the Communications Department of the Teacher Retirement System of Texas at 1000 Red River Street, Austin, Texas 78701, or by calling 1-800-223-8778.

Funding Policy - Contribution requirements are not actuarially determined but are legally established each biennium by the Texas Legislature. Texas Insurance Code, Sections 1575.202, 203, and 204 establish state, active employee, and public school contributions, respectively. The State of Texas and active public school employee contribution rates were 1.0% and 0.65% of public school payroll, respectively, with school districts contributing a percentage of payroll set at 0.55% for fiscal years 2015, 2016, and 2017. Per Texas Insurance Code, Chapter 1575, the public school contribution may not be less than 0.25% or greater than 0.75% of the salary of each active employee of the public school.

For the years ended August 31, 2017, 2016 and 2015, the State's contributions to TRS-Care were \$818,862, \$785,630, and \$762,003, respectively, the active member contributions were \$532,260, \$510,659, and \$495,302, respectively, and the District's contributions were \$450,374, \$432,096, and \$419,102, respectively, which equaled the required contributions each year. In addition to the pension plan and TRS-Care on behalf, the District is allocated a portion of the Medicare Part D retiree drug subsidy the TRS-Care receives. The amount allocated on behalf for the year ended is estimated by TRS at \$246,441.

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 August 31, 2017, the worker's compensation benefit obligation consisted of \$730,000 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:

	2017	2016
Claims Payable-Beginning	\$ 505,000	\$ 343,000
Claims Incurred	622,000	380,000
Claim Payments	(397,000)	(218,000)
Claims Payable-Ending	<u>\$ 730,000</u>	<u>\$ 505,000</u>

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 fiscal year 2017, 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 August 31, 2017 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 August 31, 2017.

The District entered into a variety of construction related contracts through August 31, 2017. The remaining commitment is \$797,705.

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	\$ 1,636	\$ 20,162	\$ 21,798
Burkburnett ISD	3,272	37,694	40,966
Clay-Jack Coop	5,999	93,359	99,358
Graham ISD	1,091	31,558	32,649
Greenbelt Coop	545	3,506	4,051
Haskell/Knox Coop	-	877	877
Montague County Coop	4,909	58,734	63,643
Vernon ISD	545	1,753	2,298
West Wichita County Coop	5,454	87,880	93,334
Wichita Falls ISD	13,537	358,649	372,186
Totals	<u>\$ 36,988</u>	<u>\$ 694,172</u>	<u>\$ 731,160</u>

Note 13. Deficit Fund Balance

At August 31, 2017, the capital projects fund, a major fund, has a deficit fund balance of \$1,173,012. This deficit was caused by the completion of the construction related to the District's bond program. This deficit will be eliminated as resources are obtained (e.g. from revenues and transfers in).

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Required Supplementary Information

Wichita Falls Independent School District
Budgetary Comparison Schedule – General Fund
For the Year Ended August 31, 2017

Exhibit G-1

Data Control Codes		1		2	3	Variance With
		Budgeted Amounts		Final	Actual	Final Budget Positive (Negative)
		Original				
REVENUES						
5700	Local and intermediate sources	\$ 45,082,897	\$ 45,082,897	\$ 44,768,862	\$ (314,035)	
5800	State program revenues	60,473,452	60,538,575	62,140,917	1,602,342	
5900	Federal program revenues	2,755,000	2,755,000	3,369,777	614,777	
5020	Total revenues	108,311,349	108,376,472	110,279,556	1,903,084	
EXPENDITURES						
Current:						
Instruction & instructional related services:						
0011	Instruction	65,768,349	66,528,921	67,117,355	(588,434)	
0012	Instructional resources and media services	1,346,327	1,379,672	1,331,923	47,749	
0013	Curriculum and staff development	1,153,794	1,233,862	1,231,749	2,113	
	Total instruction & inst. related services	68,268,470	69,142,455	69,681,027	(538,572)	
Instructional and school leadership:						
0021	Instructional leadership	1,976,810	2,075,005	2,058,583	16,422	
0023	School leadership	6,493,789	6,611,556	6,957,517	(345,961)	
	Total instructional & school leadership	8,470,599	8,686,561	9,016,100	(329,539)	
Support services - student (pupil) :						
0031	Guidance, counseling, and evaluation services	3,520,361	3,520,759	3,778,767	(258,008)	
0032	Social work services	270,590	270,589	260,578	10,011	
0033	Health services	1,396,792	1,403,026	1,397,202	5,824	
0034	Student transportation	2,789,500	3,536,029	3,261,859	274,170	
0036	Cocurricular/extracurricular activities	3,454,401	3,456,555	3,586,264	(129,709)	
	Total support services - student (pupil)	11,431,644	12,186,958	12,284,670	(97,712)	
Administration support services:						
0041	General administration	4,082,888	3,585,544	3,576,650	8,894	
	Total administrative support service	4,082,888	3,585,544	3,576,650	8,894	
Support services						
0051	Facilities maintenance and operations	10,814,876	11,182,647	11,097,053	85,594	
0052	Security and monitoring services	426,852	445,125	637,916	(192,791)	
0053	Data processing services	2,899,129	3,105,148	3,097,428	7,720	
	Total support services - nonstudent based	14,140,857	14,732,920	14,832,397	(99,477)	
Ancillary services:						
0061	Community services	1,400	2,761	1,915	846	
	Total ancillary services	1,400	2,761	1,915	846	
Debt service:						
0071	Principal on long-term debt	724,204	724,204	724,203	1	
0072	Interest on long-term debt	295,529	295,529	295,528	1	
	Total debt services	1,019,733	1,019,733	1,019,731	2	
Capital outlay:						
0081	Capital outlay	3,140,000	4,430,030	2,146,283	2,283,747	
	Total capital outlay	3,140,000	4,430,030	2,146,283	2,283,747	
Intergovernmental charges:						
0093	Payments to fiscal agent/member dist. - SSA	95,250	95,250	94,064	1,186	
0095	Payments related to juvenile justice alternative education program	12,000.00	12,000	10,188	1,812	
0099	Other intergovernmental charges	552,000	552,000	544,549	7,451	
	Total intergovernmental charges	659,250	659,250	648,801	10,449	
6030	Total expenditures	111,214,841	114,446,212	113,207,574	1,238,638	

See accompanying Notes to Required Supplementary Information

Wichita Falls Independent School District
 Budgetary Comparison Schedule – General Fund
 For the Year Ended August 31, 2017

Exhibit G-1

Data Control Codes		Budgeted Amounts		3 Actual	Variance With Final Budget Positive (Negative)
		1 Original	2 Final		
1100	Excess (deficiency) of revenues over (under) expenditures	(2,903,492)	(6,069,740)	(2,928,018)	3,141,722
	Other financing sources (uses):				
7912	Sale of real or personal property	50,000	50,000	151,289	101,289
7915	Transfers in	143,000	143,000	269,535	126,535
8911	Transfers out	(425,000)	(425,000)	(425,000)	-
7080	Total other financing sources (uses)	(232,000)	(232,000)	(4,176)	227,824
1200	Net change in fund balance	(3,135,492)	(6,301,740)	(2,932,194)	3,369,546
0100	Fund balance - beginning	29,477,757	29,477,757	29,477,757	-
3000	Fun balance - ending	<u>\$ 26,342,265</u>	<u>\$ 23,176,017</u>	<u>\$ 26,545,563</u>	<u>\$ 3,369,546</u>

Wichita Falls Independent School District

Exhibit G-2

Budgetary Comparison Schedule – Child Nutrition Fund
For the Year Ended August 31, 2017

Data Control Codes	Budgeted Amounts			Variance With Final Budget Positive (Negative)	
	1 Original	2 Final	3 Actual		
REVENUES					
5700	Total local and intermediate sources	\$ 1,644,555	\$ 1,644,555	\$ 1,344,547	\$ (300,008)
5800	State program revenues	206,000	206,000	74,240	(131,760)
5900	Federal program revenues	5,691,047	5,691,047	5,933,421	242,374
5020	Total revenues	7,541,602	7,541,602	7,352,208	(189,394)
EXPENDITURES					
0035	Food service	7,326,601	7,326,601	7,219,426	107,175
6030	Total expenditures	7,326,601	7,326,601	7,219,426	107,175
1100	Excess of revenues over expenditures	215,001	215,001	132,782	(82,219)
OTHER FINANCING SOURCES (USES)					
7912	Sale of property	-	-	3,992	3,992
8911	Transfers out	(143,000)	(143,000)	(143,000)	-
6030	Total other financing sources (uses)	(143,000)	(143,000)	(139,008)	3,992
1200	Net change in fund balances	72,001	72,001	(6,226)	(78,227)
0100	Fund balance - beginning	2,037,735	2,037,735	2,037,735	-
3000	Fund balance - ending	\$ 2,109,736	\$ 2,109,736	\$ 2,031,509	\$ (78,227)

Wichita Falls Independent School District

Schedule of the District's Proportionate
Share of the Net Pension Liability - TRS
For the Year Ended August 31, 2017

Exhibit G-3

	<u>2017</u>	<u>2016</u>	<u>2015</u>
District's proportion of the net pension liability	0.0736353%	0.0768421%	0.0469081%
District's proportionate share of net pension liability	\$ 27,825,674	\$ 27,162,660	\$ 12,529,802
State's proportionate share of the net pension liability associated with the District	<u>48,749,401</u>	<u>46,921,674</u>	<u>41,778,062</u>
Total	<u>\$ 76,575,075</u>	<u>\$ 74,084,334</u>	<u>\$ 54,307,864</u>
District's covered employee payroll	<u>\$ 78,562,967</u>	<u>\$ 77,683,359</u>	<u>\$ 74,925,429</u>
District's proportionate share of the net pension liability as a percentage of its covered employee payroll	<u>35.42%</u>	<u>34.97%</u>	<u>16.72%</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>78.00%</u>	<u>78.43%</u>	<u>83.25%</u>

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, 2016 - the period from September 1, 2015 - August 31, 2016.

Note: Ten years of data is not available.

Wichita Falls Independent School District
 Schedule of the District's Contributions- TRS
 For the Year Ended August 31, 2017

Exhibit G-4

	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 2,687,750	\$ 2,445,845	\$ 2,258,375
Contribution in relation to the contractually required contribution	<u>(2,687,750)</u>	<u>(2,445,845)</u>	<u>(2,258,375)</u>
Contribution deficiency (excess)	-	-	-
District's covered employee payroll	81,886,153	78,562,967	77,683,359
Contributions as a percentage of covered employee payroll	3.28%	3.11%	2.91%

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, 2015 - August 31, 2016.

Note: Ten years of data is not available.

Wichita Falls Independent School District
Notes to Required Supplementary Information
For the Year Ended August 31, 2017

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 August 20 of the preceding fiscal year, the District prepares a budget for the next succeeding fiscal year beginning September 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 September 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 due to the payroll costs during 2016-2017.

Function	Final Budget	Actual Expenditures	Variance
Instruction	\$ 66,528,921	\$ 67,117,355	\$ (588,434)
School leadership	6,611,556	6,957,517	(345,961)
Guidance, counseling, and evaluation services	3,520,759	3,778,767	(258,008)
Cocurricular/extracurricular activities	3,456,555	3,586,264	(129,709)
Security and monitoring services	445,125	637,916	(192,791)

Note 2. Pension Liability

TRS – Actuarial Assumptions for Contribution Rate

Actuarial Assumptions – The information presented in the following table was used in the actuarial valuation for determining the actuarially determined contribution rate. The assumptions are as follows:

Valuation Date	August 31, 2016
Actuarial Cost Method	Individual Entry Age Normal
Amortization Method	Level percentage of Payroll, Floating
Remaining Amortization Period	33 years
Asset Valuation Method	5 Year Smoothed Market
Actuarial Assumptions:	
Inflation	2.50%
Salary Increases	3.50% to 9.50% including inflation
Investment Rate of Return	8.0%
Ad Hoc Post-employment Benefit Changes	None
Benefit Changes During the Year	None

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Combining Statements and Schedules

Wichita Falls Independent School District
Combining Balance Sheet
Nonmajor Governmental Funds
August 31, 2017

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
ASSETS				
1110	\$ -	\$ -	\$ -	\$ -
1240	452,380	8,452	574,819	107,359
1300	-	-	-	-
1000	<u>\$ 452,380</u>	<u>\$ 8,452</u>	<u>\$ 574,819</u>	<u>\$ 107,359</u>
LIABILITIES AND FUND BALANCES				
Current liabilities				
2110	\$ 745	\$ 1,452	\$ 2,001	\$ 43,002
2150	14,267	125	4,729	989
2160	152,905	1,925	165,594	(2,600)
2170	284,463	4,950	402,495	65,968
2180	-	-	-	-
2300	-	-	-	-
2000	<u>452,380</u>	<u>8,452</u>	<u>574,819</u>	<u>107,359</u>
Fund balances:				
Restricted fund balances				
3450	-	-	-	-
Committed fund balances:				
3545	-	-	-	-
3000	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
4000	<u>\$ 452,380</u>	<u>\$ 8,452</u>	<u>\$ 574,819</u>	<u>\$ 107,359</u>

Exhibit H-1

215 ESEA Title I Part A Capital Expenses	224 IDEA-B Formula	225 IDEA-B Preschool Grant	244 Career and Tech Basic Grant	255 ESEA Title II Training & Recruiting
\$ 1,302	\$ -	\$ -	\$ -	\$ -
2,574	319,846	4,610	11,966	102,328
-	-	-	-	-
<u>\$ 3,876</u>	<u>\$ 319,846</u>	<u>\$ 4,610</u>	<u>\$ 11,966</u>	<u>\$ 102,328</u>
\$ 791	\$ 105	\$ -	\$ -	\$ 24,525
2	4,397	211	389	(512)
2,182	45,278	4,159	-	28,915
901	270,066	10	11,577	49,400
-	-	230	-	-
-	-	-	-	-
<u>3,876</u>	<u>319,846</u>	<u>4,610</u>	<u>11,966</u>	<u>102,328</u>
-	-	-	-	-
-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ 3,876</u>	<u>\$ 319,846</u>	<u>\$ 4,610</u>	<u>\$ 11,966</u>	<u>\$ 102,328</u>

Wichita Falls Independent School District

Combining Balance Sheet
 Nonmajor Governmental Funds
 August 31, 2017

Data Control Codes	263 Title III Part A Language	272 MAC Program	287 Department of Defense Grant
ASSETS			
1110	\$ -	\$ 200,561	\$ -
1240	3,912	-	11,489
1300	-	-	-
1000	\$ 3,912	\$ 200,561	\$ 11,489
LIABILITIES AND FUND BALANCES			
Current liabilities			
2110	\$ (719)	\$ 775	\$ 1,458
2150	(183)	-	28
2160	-	-	2,306
2170	4,814	-	7,697
2180	-	728	-
2300	-	199,058	-
2000	3,912	200,561	11,489
Fund balances:			
Restricted fund balances			
3450	-	-	-
Committed fund balances:			
3545	-	-	-
3000	-	-	-
4000	\$ 3,912	\$ 200,561	\$ 11,489

Exhibit H-1

288	289	315	316	317	340	397
HIPPY Grant	Summer School	IDEA-B Discretionary	IDEA-B Deaf	IDEA-B Preschool Deaf	IDEA-C Deaf	Advanced Placement Incentives
\$ -	\$ -	\$ 18	\$ -	\$ -	\$ -	\$ 23,515
62,608	-	5,169	-	-	-	-
-	-	-	-	-	-	-
<u>\$ 62,608</u>	<u>\$ -</u>	<u>\$ 5,187</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 23,515</u>
\$ 1,694	\$ -	\$ 796	\$ -	\$ -	\$ -	\$ 23,515
1,420	-	15	-	-	-	-
-	-	-	-	-	-	-
58,183	-	4,376	-	-	-	-
1,311	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>62,608</u>	<u>-</u>	<u>5,187</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>23,515</u>
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>\$ 62,608</u>	<u>\$ -</u>	<u>\$ 5,187</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 23,515</u>

Wichita Falls Independent School District

Combining Balance Sheet
 Nonmajor Governmental Funds
 August 31, 2017

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	\$ 86,547	\$ -	\$ -	\$ 24,375
1240	Due from other governments	-	33,034	13,939	-
1300	Inventories	-	-	-	-
1000	Total assets	\$ 86,547	\$ 33,034	\$ 13,939	\$ 24,375
LIABILITIES AND FUND BALANCES					
Current liabilities					
2110	Accounts payable	\$ 41,654	\$ 4,472	\$ 4,411	\$ 4,633
2150	Payroll deductions & withholdings	-	347	14	93
2160	Accrued wages payable	-	-	-	-
2170	Due to other funds	-	28,215	9,514	-
2180	Due to other governments	-	-	-	-
2300	Unearned revenues	-	-	-	19,649
2000	Total liabilities	41,654	33,034	13,939	24,375
Fund balances:					
Restricted fund balances					
3450	Federal/state funds grant restrictions	44,893	-	-	-
Committed fund balances:					
3545	Other committed fund balance	-	-	-	-
3000	Total fund balances	44,893	-	-	-
4000	Total liabilities, deferred inflows of resources and fund balances	\$ 86,547	\$ 33,034	\$ 13,939	\$ 24,375

Exhibit H-1

435 Regional Day School for the Deaf	461 Campus Activity Funds	489 West Foundation	499 CIS	Total Nonmajor Governmental Funds
\$ -	\$ 554,872	\$ 276,014	\$ 30,693	\$ 1,197,897
163,064	-	-	-	1,877,549
-	-	8,873	-	8,873
<u>\$ 163,064</u>	<u>\$ 554,872</u>	<u>\$ 284,887</u>	<u>\$ 30,693</u>	<u>\$ 3,084,319</u>
\$ -	\$ 7,668	\$ 505	\$ -	\$ 163,483
786	-	46	-	27,163
59,111	-	-	-	459,775
103,167	2,190	-	-	1,307,986
-	-	-	-	2,269
-	-	284,336	30,693	533,736
<u>163,064</u>	<u>9,858</u>	<u>284,887</u>	<u>30,693</u>	<u>2,494,412</u>
-	-	-	-	44,893
-	545,014	-	-	545,014
-	545,014	-	-	589,907
<u>\$ 163,064</u>	<u>\$ 554,872</u>	<u>\$ 284,887</u>	<u>\$ 30,693</u>	<u>\$ 3,084,319</u>

Wichita Falls Independent School District
Combining Statement of Revenues, Expenditures and Changes
In Fund Balance – Nonmajor Governmental Funds
For the Year Ended August 31, 2017

Data Control Codes		205	206	211	213
		Head Start	ESEA Title X Part C Homeless	ESEA Title I Improving Basic Programs	ESEA Title I Part B - Even St. Family Literacy
REVENUES					
5700	Local and intermediate sources	\$ -	\$ -	\$ -	\$ -
5800	State program revenues	-	-	-	-
5900	Federal program revenues	2,291,980	30,435	4,275,649	277,521
5020	Total revenues	2,291,980	30,435	4,275,649	277,521
EXPENDITURES					
Current:					
0011	Instruction	1,794,015	8,081	3,508,983	213,824
0012	Instructional resources and media services	-	-	-	-
0013	Curriculum and staff development	10,792	-	347,983	63,697
0021	Instructional leadership	9,303	-	368,795	-
0023	School leadership	277,053	-	-	-
0031	Guidance, counseling, and evaluation services	122,490	-	-	-
0032	Social work services	200,896	21,210	29,670	-
0033	Health services	112,912	-	-	-
0036	Cocurricular/extracurricular activities	-	-	-	-
0041	General administration	-	1,144	-	-
0051	Facilities maintenance and operations	13,949	-	-	-
0061	Community services	570	-	20,218	-
0093	Payments to member districts of SSA	-	-	-	-
6030	Total expenditures	2,541,980	30,435	4,275,649	277,521
1100	Excess (deficiency) of revenues over (under) expenditures	(250,000)	-	-	-
Other Financing Sources (Uses):					
7915	Transfers in	250,000	-	-	-
7080	Total other financing sources (uses)	250,000	-	-	-
1200	Net change in fund balances	-	-	-	-
0100	Fund balance - (beginning)	-	-	-	-
3000	Fund balance - (ending)	\$ -	\$ -	\$ -	\$ -

Exhibit H-2

215 ESEA Title I Part A Capital Expenses	224 IDEA-B Formula	225 IDEA-B Preschool Grant	244 Career and Tech Basic Grant	255 ESEA Title II Training & Recruiting
\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-
60,810	2,556,384	56,054	213,455	863,671
<u>60,810</u>	<u>2,556,384</u>	<u>56,054</u>	<u>213,455</u>	<u>863,671</u>
60,810	858,256	56,054	72,087	713,389
-	-	-	-	-
-	42,022	-	8,183	108,245
-	-	-	87,148	42,037
-	-	-	14,473	-
-	1,546,106	-	31,564	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	110,000	-	-	-
<u>60,810</u>	<u>2,556,384</u>	<u>56,054</u>	<u>213,455</u>	<u>863,671</u>
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Wichita Falls Independent School District

Combining Statement of Revenues, Expenditures and Changes

In Fund Balance – Nonmajor Governmental Funds

For the Year Ended August 31, 2017

Data Control Codes	263 Title III Part A Language	272 MAC Program	287 Department of Defense Grant
REVENUES			
5700	\$ -	\$ -	\$ -
5800	-	-	-
5900	97,615	19,665	83,521
5020	<u>97,615</u>	<u>19,665</u>	<u>83,521</u>
EXPENDITURES			
Current:			
0011	88,447	4,829	37,054
0012	-	-	-
0013	9,168	-	5,284
0021	-	6,888	31,879
0023	-	-	-
0031	-	7,948	-
0032	-	-	-
0033	-	-	-
0036	-	-	9,304
0041	-	-	-
0051	-	-	-
0061	-	-	-
0093	-	-	-
6030	<u>97,615</u>	<u>19,665</u>	<u>83,521</u>
1100	<u>-</u>	<u>-</u>	<u>-</u>
Other Financing Sources (Uses):			
7915	-	-	-
7080	<u>-</u>	<u>-</u>	<u>-</u>
1200	-	-	-
0100	<u>-</u>	<u>-</u>	<u>-</u>
3000	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Exhibit H-2

288	289	315	316	317	340	397
HIPPY Grant	Summer School	IDEA-B Discretionary	IDEA-B Deaf	IDEA-B Preschool Deaf	IDEA-C Deaf	Advanced Placement Incentives
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	12,645
315,221	2,330	36,988	-	-	221	-
<u>315,221</u>	<u>2,330</u>	<u>36,988</u>	<u>-</u>	<u>-</u>	<u>221</u>	<u>12,645</u>
-	2,330	29,175	-	-	221	12,645
-	-	-	-	-	-	-
-	-	6,471	-	-	-	-
-	-	-	-	-	-	-
-	-	1,342	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
315,221	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>315,221</u>	<u>2,330</u>	<u>36,988</u>	<u>-</u>	<u>-</u>	<u>221</u>	<u>12,645</u>
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Wichita Falls Independent School District
Combining Statement of Revenues, Expenditures and Changes
In Fund Balance – Nonmajor Governmental Funds
For the Year Ended August 31, 2017

Data Control Codes	410 State Textbook Fund	415 Kindergarten and Pre-K Grant	427 HOPEs Grant	429 State Funded Special Revenue Fund
REVENUES				
5700 Local and intermediate sources	\$ 12,860	\$ -	\$ -	\$ -
5800 State program revenues	599,413	408,278	71,170	43,108
5900 Federal program revenues	-	-	-	-
5020 Total revenues	<u>612,273</u>	<u>408,278</u>	<u>71,170</u>	<u>43,108</u>
EXPENDITURES				
Current:				
0011 Instruction	592,599	408,252	-	43,108
0012 Instructional resources and media services	-	-	-	-
0013 Curriculum and staff development	-	26	-	-
0021 Instructional leadership	-	-	-	-
0023 School leadership	-	-	-	-
0031 Guidance, counseling, and evaluation services	-	-	-	-
0032 Social work services	-	-	-	-
0033 Health services	-	-	-	-
0036 Cocurricular/extracurricular activities	-	-	-	-
0041 General administration	-	-	-	-
0051 Facilities maintenance and operations	-	-	-	-
0061 Community services	-	-	71,170	-
0093 Payments to member districts of SSA	-	-	-	-
6030 Total expenditures	<u>592,599</u>	<u>408,278</u>	<u>71,170</u>	<u>43,108</u>
1100 Excess (deficiency) of revenues over (under) expenditures	<u>19,674</u>	<u>-</u>	<u>-</u>	<u>-</u>
Other Financing Sources (Uses):				
7915 Transfers in	-	-	-	-
7080 Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
1200 Net change in fund balances	19,674	-	-	-
0100 Fund balance - (beginning)	<u>25,219</u>	<u>-</u>	<u>-</u>	<u>-</u>
3000 Fund balance - (ending)	<u>\$ 44,893</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Exhibit H-2

435 Regional Day School for the Deaf	461 Campus Activity Funds	489 West Foundation	499 CIS	Total Nonmajor Governmental Funds
\$ 395,940	\$ 671,607	\$ 228,736	\$ 220,000	\$ 1,529,143
298,232	-	-	-	1,432,846
-	-	-	-	11,181,520
<u>694,172</u>	<u>671,607</u>	<u>228,736</u>	<u>220,000</u>	<u>14,143,509</u>
694,172	48,251	14,283	220,000	9,480,865
-	98,696	-	-	98,696
-	217	111,335	-	713,423
-	-	-	-	546,050
-	23,142	-	-	316,010
-	-	-	-	1,708,108
-	-	-	-	251,776
-	-	-	-	112,912
-	506,135	103,118	-	618,557
-	-	-	-	1,144
-	784	-	-	14,733
-	-	-	-	407,179
-	-	-	-	110,000
<u>694,172</u>	<u>677,225</u>	<u>228,736</u>	<u>220,000</u>	<u>14,379,453</u>
-	(5,618)	-	-	(235,944)
-	-	-	-	250,000
-	-	-	-	250,000
-	(5,618)	-	-	14,056
-	550,632	-	-	575,851
<u>\$ -</u>	<u>\$ 545,014</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 589,907</u>

Wichita Falls Independent School District
 Combining Statement of Net Position
 Internal Service Funds
 August 31, 2017

Data Control Codes	751 Transportation Fund	752 Print Shop Fund	753 Insurance Fund	Total Internal Service Fund
Assets				
Current Assets				
1110	\$ -	\$ -	\$ 1,476,246	\$ 1,476,246
1120	-	-	534,638	534,638
1260	-	199	980,556	980,755
	<u>-</u>	<u>199</u>	<u>2,991,440</u>	<u>2,991,639</u>
Noncurrent assets:				
Capital assets:				
1530	-	301,667	-	301,667
1550	-	337,618	-	337,618
1570	-	(445,202)	-	(445,202)
	<u>-</u>	<u>194,083</u>	<u>-</u>	<u>194,083</u>
1000	<u>-</u>	<u>194,282</u>	<u>2,991,440</u>	<u>3,185,722</u>
Liabilities				
Current Liabilities:				
2110	-	11,398	406	11,804
2150	-	81	405	486
2170	-	233,217	81	233,298
	<u>-</u>	<u>244,696</u>	<u>892</u>	<u>245,588</u>
Noncurrent liabilities:				
2501	-	47,798	-	47,798
2590	-	-	730,000	730,000
	<u>-</u>	<u>47,798</u>	<u>730,000</u>	<u>777,798</u>
2000	<u>-</u>	<u>292,494</u>	<u>730,892</u>	<u>1,023,386</u>
Net position:				
3200	-	146,285	-	146,285
3900	-	(244,497)	2,260,548	2,016,051
3000	<u>\$ -</u>	<u>\$ (98,212)</u>	<u>\$ 2,260,548</u>	<u>\$ 2,162,336</u>

Wichita Falls Independent School District
 Combining Statement of Revenues, Expenses and Changes
 In Fund Net Position – Internal Service Funds
 For the Year Ended August 31, 2017

Data Control Codes		751 Transportation Fund	752 Print Shop Fund	753 Insurance Fund	Total Internal Service Funds
	OPERATING REVENUES:				
5700	Local and intermediate sources	\$ -	\$ 129,418	\$ 980,574	\$ 1,109,992
5020	Total operating revenues	<u>-</u>	<u>129,418</u>	<u>980,574</u>	<u>1,109,992</u>
	OPERATING EXPENSES:				
6100	Payroll costs	-	74,163	64,243	138,406
6200	Professional and contracted services	-	180,107	977	181,084
6300	Supplies and materials	-	27,959	1,546	29,505
6400	Other operating costs	-	62,208	826,163	888,371
6500	Debt service	-	1,630	-	1,630
6030	Total operating expenses	<u>-</u>	<u>346,067</u>	<u>892,929</u>	<u>1,238,996</u>
	Operating income (loss)	<u>-</u>	<u>(216,649)</u>	<u>87,645</u>	<u>(129,004)</u>
	NON-OPERATING REVENUES (EXPENSES):				
7955	Earnings from temp. deposits and investments	-	-	3,412	3,412
8030	Total non-operating revenues (expenses)	<u>-</u>	<u>-</u>	<u>3,412</u>	<u>3,412</u>
8911	TRANSFERS OUT	<u>(2,972,088)</u>	<u>-</u>	<u>-</u>	<u>(2,972,088)</u>
1300	Change in net position	(2,972,088)	(216,649)	91,057	(3,097,680)
0100	Total net position - beginning	2,972,088	118,437	2,169,491	5,260,016
3300	Total net position - ending	<u>\$ -</u>	<u>\$ (98,212)</u>	<u>\$ 2,260,548</u>	<u>\$ 2,162,336</u>

Wichita Falls Independent School District
 Combining Statement of Cash Flows
 Internal Service Funds
 For the Year Ended August 31, 2017

	Transportation Fund	Print Shop Fund	Insurance Fund	Total Internal Service Funds
Cash Flows from Operating Activities				
Cash receipts for quasi-external operating transactions with other funds	\$ -	\$ 367,437	\$ 685,719	\$ 1,053,156
Cash payments to employees for services	-	(74,163)	(64,243)	(138,406)
Cash payments to suppliers for goods and services	(339,605)	(214,857)	(603,859)	(1,158,321)
Net cash provided by (used in) operating activities	<u>(339,605)</u>	<u>78,417</u>	<u>17,617</u>	<u>(243,571)</u>
Cash Flows from Noncapital Financing Activities:				
Transfers to other funds	(2,972,088)	-	-	(2,972,088)
Net cash used in noncapital financing activities	<u>(2,972,088)</u>	<u>-</u>	<u>-</u>	<u>(2,972,088)</u>
Cash Flows from Capital and Related Financing Activities:				
Proceeds from the sale of capital assets	2,845,553	-	-	2,845,553
Principal paid on long-term debt	-	(113,513)	-	(113,513)
Net cash provided by (used in) capital and related financing activities	<u>2,845,553</u>	<u>(113,513)</u>	<u>-</u>	<u>2,732,040</u>
Cash Flows from Investing Activities:				
Purchase of investments	-	-	(3,412)	(3,412)
Interest and dividends on investments	-	-	3,412	3,412
Net cash used in investing activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net increase (decrease) in cash and cash equivalents	(466,140)	(35,096)	17,617	(483,619)
Cash and cash equivalents at beginning of year	466,140	35,096	1,458,629	1,959,865
Cash and cash equivalents at end of year	<u>-</u>	<u>-</u>	<u>1,476,246</u>	<u>1,476,246</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used In) Operating Activities:				
Operating income (loss)	-	(216,649)	87,645	(129,004)
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	-	4,802	(294,936)	(290,134)
Decrease in accounts payable	(339,605)	(2,411)	(496)	(342,512)
Increase in payroll deduction & withholding	-	71	405	476
Increase (decrease) in accrued wages payable	-	(80)	80	-
Increase (decrease) in due to other funds	-	233,217	(81)	233,136
Increase in claims liabilities	-	-	225,000	225,000
Total adjustments	<u>(339,605)</u>	<u>235,599</u>	<u>(70,028)</u>	<u>(174,034)</u>
Net cash provided by (used in) operating activities	<u>\$ (339,605)</u>	<u>\$ 78,417</u>	<u>\$ 17,617</u>	<u>\$ (243,571)</u>

Wichita Falls Independent School District
 Combining Statement of Fiduciary Net Position
 Private-Purpose Trust Funds
 August 31, 2017

<u>Data Control Codes</u>		<u>828 Ryan Scholarship Fund</u>	<u>829 Renton Aviation Fund</u>	<u>Total Private Purpose Trust</u>
	ASSETS:			
1110	Cash and cash equivalents	\$ 736,319	\$ 3,000	\$ 739,319
1000	Total assets	<u>736,319</u>	<u>3,000</u>	<u>739,319</u>
	NET POSITION:			
3800	Held in trust	736,319	3,000	739,319
3000	Total net position	<u>\$ 736,319</u>	<u>\$ 3,000</u>	<u>\$ 739,319</u>

Wichita Falls Independent School District
 Combining Statement of Changes in Fiduciary Net Position
 Private-Purpose Trust Funds
 For the Year Ended August 31, 2017

	828 Ryan Scholarship Fund	829 Renton Aviation Fund	Total Private Purpose Trust
Additions:			
Gifts and bequests	\$ 201,341	\$ -	\$ 201,341
Total additions	<u>201,341</u>	<u>-</u>	<u>201,341</u>
Deductions:			
Scholarship awards	(161,000)	-	(161,000)
Total deductions	<u>(161,000)</u>	<u>-</u>	<u>(161,000)</u>
Change in Net Position	40,341	-	40,341
Net position-beginning of the year	<u>695,978</u>	<u>3,000</u>	<u>698,978</u>
Net position-end of the year	<u>\$ 736,319</u>	<u>\$ 3,000</u>	<u>\$ 739,319</u>

T.E.A. Required Schedules

Wichita Falls Independent School District
 Schedule of Delinquent Taxes Receivable
 For the Year Ended August 31, 2017

Last Ten Years Ended August 31	Tax Rates		3 Net Assessed/Appraised Value For School Tax Purposes
	1 Maintenance	2 Debt Service	
2008 and prior years	Various	Various	Various
2009	1.04	0.159	4,075,065,685
2010	1.04	0.160	3,859,503,833
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 (School year under audit)	1.04	0.190	4,335,535,584
1000 TOTALS			

Exhibit J-1

10	20	31	32	40	50
Beginning Balance 9/1/2016	Current Year's Total Levy	Maintenance Collections	Debt Service Collections	Entire Year's Adjustments	Ending Balance 8/31/2017
\$ 359,216	\$ -	\$ 24,014	\$ 3,440	\$ 64,995	\$ 266,767
59,581	-	3,481	532	1,681	53,887
80,301	-	4,872	750	1,670	73,009
81,331	-	7,283	1,120	2,982	69,946
97,022	-	14,743	2,339	5,202	74,738
137,993	-	25,574	4,180	8,079	100,160
241,314	-	59,447	9,431	19,593	152,843
365,673	-	95,985	8,768	57,626	203,294
631,264	-	253,681	46,346	2,613	328,624
-	51,454,035	42,763,406	7,812,545	153,527	724,557
<u>\$ 2,053,695</u>	<u>\$ 51,454,035</u>	<u>\$ 43,252,486</u>	<u>\$ 7,889,451</u>	<u>\$ 317,968</u>	<u>\$ 2,047,825</u>

Wichita Falls Independent School District
 Budgetary Comparison Schedule – Debt Service Fund
 For the Year Ended August 31, 2017

Data Control Codes	Budgeted Amounts		Actual	Variance Final Budget Positive or (Negative)	
	Original	Final			
REVENUES					
5700	Local and intermediate sources	\$ 8,009,505	\$ 8,009,505	\$ 7,982,895	\$ (26,610)
5800	State program revenues	382,788	382,788	528,546	145,758
5020	Total revenues	<u>8,392,293</u>	<u>8,392,293</u>	<u>8,511,441</u>	<u>119,148</u>
EXPENDITURES					
Debt service:					
0071	Principal on long-term debt	4,715,000	4,715,000	4,715,000	-
0072	Interest on long-term debt	3,766,525	3,766,525	3,766,525	-
0073	Bond issuance costs and fees	5,000	5,000	5,000	-
6030	Total expenditures	<u>8,486,525</u>	<u>8,486,525</u>	<u>8,486,525</u>	<u>-</u>
1100	Excess (deficiency) of revenues over (under) expenditures	(94,232)	(94,232)	24,916	119,148
0100	Fund balance - beginning	371,066	371,066	371,066	-
3000	Fund balance - ending	<u>\$ 276,834</u>	<u>\$ 276,834</u>	<u>\$ 395,982</u>	<u>\$ 119,148</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 the 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 year ended August 31, 2017, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated January 8, 2018.

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 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*.

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.

A handwritten signature in black ink that reads "Weaver and Tidwell LLP". The signature is written in a cursive, slightly slanted style.

WEAVER AND TIDWELL, L.L.P.

Dallas, Texas
January 8, 2018



**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 year ended August 31, 2017. 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 the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of 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 Awards* (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 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 year ended August 31, 2017.

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 LLP

WEAVER AND TIDWELL, L.L.P

Dallas, Texas
January 8, 2018

Wichita Falls Independent School District
 Schedule of Findings and Questioned Costs
 For the Year Ended August 31, 2017

I. Summary of the Auditor's Results

Financial Statements

- a. An unmodified opinion was issued on the financial statements.
- b. Internal control over financial reporting:
 - Material weakness(es) identified? Yes No
 - Significant deficiency(ies) identified that are not considered a material weakness? Yes None Reported
- c. Noncompliance material to financial statements noted Yes No

Major Programs

- d. Internal control over major programs:
 - Material weakness(es) identified? Yes No
 - Significant deficiency(ies) identified that are not considered a material weakness? Yes None Reported
- e. An unmodified opinion was issued on compliance for major programs.
- f. Any audit findings disclosed that were required to be Reported in accordance with section 2 CFR 200.516(a) Yes No
- g. Identification of major programs:

Title I, Part A	84.010A
Head Start	93.600
- h. The dollar threshold used to distinguish between Type A and Type B programs. \$750,000
- i. Auditee qualified as a low-risk auditee. Yes No

Wichita Falls Independent School District
Schedule of Findings and Questioned Costs
For the Year Ended August 31, 2017

II. Findings Relating To the Financial Statements

None

III. Findings and Questioned Costs

None

IV. Prior Year Findings and Questioned Costs

Finding 2016-001 – Year End Closing Procedures

Status: The District has implemented effective year end closing procedures for the year ended August 31, 2017.

Wichita Falls Independent School District
Schedule of Expenditures of Federal Awards
For the Year Ended August 31, 2017

Federal Grantor/ Pass-Through Grantor/ Program Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
<u>U. S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</u>			
Passed Through Region IX Education Service Center:			
Head Start	93.600	06CH7009/16	\$ 267,904
Head Start	93.600	06CH7009/17	2,024,076
Total Passed Through Region IX Education Service Center			<u>2,291,980</u>
Passed Through North Texas Area United Way:			
Maternal, Infant, and Early Childhood Home Visiting Program	93.505	529-14-0109-00001	346,743
Passed Through Fairbanks, LLC:			
Medicaid Administrative Claiming Program - MAC	93.778	529-08-0177-00005	<u>19,665</u>
Total U. S. Department of Health and Human Services			<u>2,658,388</u>
<u>U. S. DEPARTMENT OF EDUCATION</u>			
Direct Programs:			
Impact Aid - P.L.	84.041	N/A	144,807
Passed Through Region 10:			
Texas McKinney-Vento Program 2	84.196A	14-007	30,908
Passed Through State Department of Education:			
ESEA Title I Part A - Improving Basic Programs	84.010A	16610101243905	166,404
ESEA Title I Part A - Improving Basic Programs	84.010A	17610101243905	4,174,492
ESEA Title I - School Improvement Program	84.010A	16610112243905000	3,321
ESEA Title I - School Improvement Program	84.010A	17610112243905000	278,524
ESEA Title I Part D, Subpart 2 - Delinquent Programs	84.010A	17610103243905	59,531
ESEA Title I Part D, Subpart 2 - Delinquent Programs	84.010A	18610103243905	2,182
Total CFDA Number 84.010A			<u>4,684,454</u>
Special Education Cluster:			
IDEA-B Formula	84.027A	166600012439056600	126,949
IDEA-B Formula	84.027A	176600012439056600	2,426,765
IDEA-B Formula	84.027A	186600012439056600	45,279
SSA IDEA-B Discretionary Deaf	84.027A	166600112439056673	190
SSA IDEA-B Discretionary Deaf	84.027A	176600112439056673	36,798
IDEA-B Preschool	84.173A	166610012439056610	4,516
IDEA-B Preschool	84.173A	176610012439056610	47,790
IDEA-B Preschool	84.173A	186610012439056610	4,610
Total Special Education Cluster			<u>2,692,897</u>
Vocational Education - Basic Grant			
IDEA C Early Intervention	84.048A	17420006243905	216,744
IDEA C Early Intervention	84.181A	173911012439053911	221
ESEA Title III-LEP	84.365A	17671001243905	99,119
ESEA Title II, Part A - Teacher & Principal Training & Recruiting			
ESEA Title II, Part A - Teacher & Principal Training & Recruiting	84.367A	16694501243905	12,419
ESEA Title II, Part A - Teacher & Principal Training & Recruiting	84.367A	17694501243905	827,374
ESEA Title II, Part A - Teacher & Principal Training & Recruiting	84.367A	18694501243905	36,623
Total CFDA Number 84.367A			<u>876,416</u>
Summer School LEP	84.369A	69550902	<u>2,330</u>
Total Passed Through State Department of Education			<u>8,572,181</u>
Total U. S. Department of Education			<u>8,747,896</u>

Wichita Falls Independent School District
 Schedule of Expenditures of Federal Awards
 For the Year Ended August 31, 2017

Federal Grantor/ Pass-Through Grantor/ Program Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
<u>U. S. DEPARTMENT OF AGRICULTURE</u>			
Child Nutrition Cluster:			
Passed Through State Department of Agriculture:			
Food Distribution - SBP - Noncash assistance	10.553	243008A	156,642
Food Distribution - NSLP - Noncash assistance	10.555	243008A	415,106
Total Passed Through State Department of Agriculture			571,748
Passed Through State Department of Education:			
School Breakfast Program	10.553	7140901	1,455,718
National School Lunch Program	10.555	7130901	3,857,705
Total Passed Through State Department of Education			5,313,423
Passed Through State Department of Human Services:			
Summer Feeding Program	10.559	TX-2431005SU	48,250
Total Passed Through Texas Department of Human Services			48,250
Total Child Nutrition Cluster and U. S. Department of Agriculture			5,933,421
<u>U. S. DEPARTMENT OF DEFENSE</u>			
Direct programs:			
ROTC (Instructional Reimbursement)	12.000	243-905	161,800
Military-Connected Academic and Support Programs	12.557	HE12541510030	83,521
Total U. S. Department of Defense			245,321
TOTAL EXPENDITURES OF FEDERAL AWARDS			\$ 17,585,026

Wichita Falls Independent School District
 Notes to Schedule of Expenditures of Federal Awards
 For the Year Ended August 31, 2017

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	\$ 17,585,026
E-Rate program	513,262
SHARS revenue	<u>2,386,430</u>
Total federal programs revenue per Exhibit C-2	<u>\$ 20,484,718</u>

Indirect Cost Rate

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

Wichita Falls Independent School District

School First Questionnaire (Unaudited)

For the Year Ended August 31, 2017

Data Control Codes		Response
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.	\$ 27,825,674
SF13	Pension Expense (object 6147) at fiscal year-end.	\$ 1,980,090