



# **Annual Financial Report**

**For The Fiscal year Ended  
August 31, 2016**

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**WICHITA FALLS INDEPENDENT SCHOOL DISTRICT**

**WICHITA FALLS, TEXAS**

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**ANNUAL FINANCIAL REPORT**

**Wichita Falls Independent School District**

**Wichita Falls, Texas**

**FOR THE YEAR ENDED AUGUST 31, 2016**

**Prepared by  
Wichita Falls ISD Finance Department**

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**WICHITA FALLS INDEPENDENT SCHOOL DISTRICT  
ANNUAL FINANCIAL REPORT  
FOR THE YEAR ENDED AUGUST 31, 2016**

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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, 2016 at a meeting of the Board of Trustees of such school district on the 26<sup>th</sup> day of January, 2017.

  
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, 2016, 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, 2016, 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.

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 25, 2017 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 LLP*

WEAVER AND TIDWELL, L.L.P.

Dallas, Texas  
January 25, 2017

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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, 2016. 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 \$61.8 million (net position). Of this amount, \$16.5 million (unrestricted net position) is available to meet the District's future obligations.
- During the year, the District expensed \$137.5 million, which was \$5.4 million less than the District's revenue of \$142.9 million. Of this, \$31.9 million was program revenue and \$111.0 million was general revenue.
- The primary components of the \$5.4 million increase in net position were related to increases in tax revenue and grants and contributions.
- The fund balance of the General Fund was \$29.4 million, which was an increase of \$5.1 million.
- The fund balance of the Capital Projects Fund was \$23.9 million, which was a decrease of \$35.0 million as proceeds from the sale of bonds from the May, 2015 bond election were spent.
- The fund balance of the Child Nutrition Fund was \$2.0 million, which was an increase of \$0.8 million.

### 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 increased between fiscal years 2015 and 2016 - by \$5,390,566. (See Table A-1).

**Table A-1**

**Wichita Falls Independent School District's Net Position**

	<b>Governmental Activities</b>		<b>Increase (Decrease)</b>	<b>Percentage Change</b>
	<b>2016</b>	<b>2015</b>		
<b>Assets:</b>				
Current and other assets	\$ 77,485,210	\$ 98,704,650	\$ (21,219,440)	-21%
Capital assets, net	127,887,340	87,150,633	40,736,707	47%
<b>Total assets</b>	<u>205,372,550</u>	<u>185,855,283</u>	<u>19,517,267</u>	<u>25%</u>
<b>Total deferred outflows of resources</b>	<u>18,590,326</u>	<u>5,346,987</u>	<u>13,243,339</u>	<u>248%</u>
Long-term debt	133,786,603	121,890,763	11,895,840	10%
Other liabilities	23,468,705	9,055,005	14,413,700	159%
<b>Total liabilities</b>	<u>157,255,308</u>	<u>130,945,768</u>	<u>26,309,540</u>	<u>169%</u>
<b>Total deferred inflows of resources</b>	<u>4,893,403</u>	<u>3,832,903</u>	<u>1,060,500</u>	<u>28%</u>
<b>Net position:</b>				
Net investment in capital assets	43,160,400	40,125,024	3,035,376	8%
Restricted	2,112,678	1,490,574	622,104	42%
Unrestricted	<u>16,541,087</u>	<u>14,808,001</u>	<u>1,733,086</u>	<u>12%</u>
<b>Total net position</b>	<u>\$ 61,814,165</u>	<u>\$ 56,423,599</u>	<u>\$ 5,390,566</u>	<u>61%</u>

**Changes in net position.** The District's total revenues were \$142.9 million, an increase of \$12.7 million. (See Table A-2.) A significant portion, 36% of the District's revenue comes from taxes and 42% comes from state allocations and from federal and state grants. The remaining 23% relates to charges for services, investment earnings, and miscellaneous revenues. The total cost of all programs and services were \$137.5 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 2016	Year Ended 2015		
<b>Program revenues:</b>				
Charges for services	\$ 3,447,628	\$ 2,940,988	\$ 506,640	17%
Operating grants and contributions	28,391,598	23,019,795	5,371,803	23%
<b>General revenues:</b>				
Property taxes	50,765,659	47,188,783	3,576,876	8%
Unrestricted operating grants (mostly state aid)	59,752,477	56,887,283	2,865,194	5%
Investment earnings	273,536	35,266	238,270	676%
Miscellaneous	227,717	95,484	132,233	138%
<b>Total revenues</b>	<b>142,858,615</b>	<b>130,167,599</b>	<b>12,691,016</b>	<b>0</b>
<b>Expenses:</b>				
Instruction	77,143,761	72,983,648	4,160,113	6%
Instructional resources and media services	1,473,945	1,380,425	93,520	7%
Curriculum and staff development	1,986,509	1,358,191	628,318	46%
Instructional leadership	2,694,320	2,661,500	32,820	1%
School leadership	7,139,903	6,392,795	747,108	12%
Guidance, counseling and evaluation services	5,702,189	5,228,732	473,457	9%
Social work services	704,796	478,136	226,660	47%
Health services	1,554,120	1,466,850	87,270	6%
Student transportation	2,114,678	2,535,454	(420,776)	-17%
Food services	7,130,964	6,897,404	233,560	3%
Extracurricular activities	5,466,407	4,351,095	1,115,312	26%
General administration	3,357,396	3,731,244	(373,848)	-10%
Facilities maintenance and operations	11,683,313	12,299,180	(615,867)	-5%
Security and monitoring services	656,558	575,268	81,290	14%
Data processing services	5,282,628	2,750,749	2,531,879	92%
Community services	54,029	22,671	31,358	138%
Debt service	2,552,681	1,631,472	921,209	56%
Bond issuance costs and fees	43,200	858,892	(815,692)	-95%
Payments for shared service arrangements	181,250	215,735	(34,485)	-16%
Payments related to juvenile justice programs	5,900	-	5,900	0%
Other intergovernmental charges	539,502	531,399	8,103	2%
<b>Total expenses</b>	<b>137,468,049</b>	<b>128,350,840</b>	<b>9,117,209</b>	<b>7%</b>
<b>Change in net position</b>	<b>\$ 5,390,566</b>	<b>\$ 1,816,759</b>	<b>\$ 3,573,807</b>	<b>197%</b>

## Sources of Revenues for Fiscal Year 2016

Graph A-1

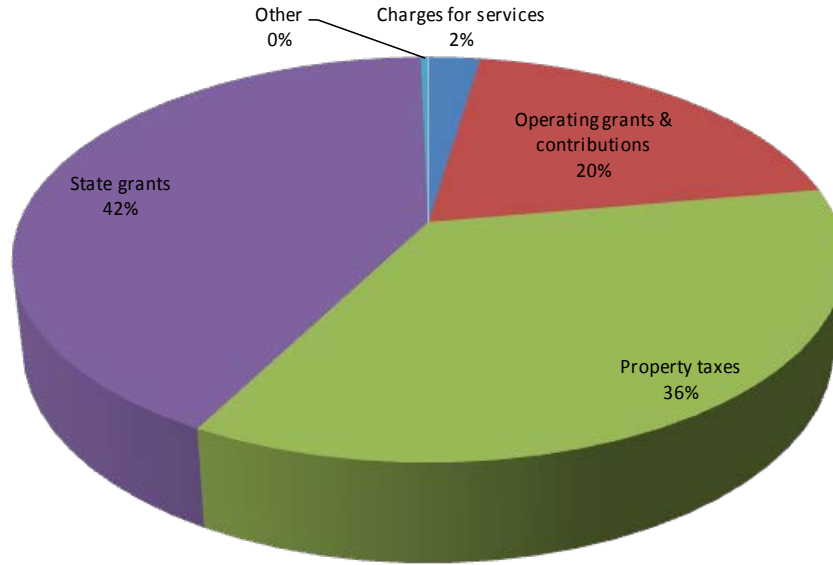


Table A-3 presents the cost of each of the District's largest functions as well as each function's net cost (total cost less fees generated by the activities and intergovernmental aid). The net cost shows the financial burden that was placed on the District's taxpayers by each of these functions.

Table A-3

### Wichita Falls Independent School District Net Cost of Selected District Functions

	<b>Total Cost of Services</b>			
	<b>Year Ended 2016</b>	<b>Year Ended 2015</b>	<b>Increase (Decrease)</b>	<b>% Change</b>
Instruction	\$ 77,143,761	\$ 72,983,648	\$ 4,160,113	5.7%
School leadership	7,139,903	6,392,795	747,108	11.7%
General administration	3,357,396	3,731,244	(373,848)	-10.0%
Facilities maintenance and operations	11,683,313	12,299,180	(615,867)	-5.0%

	<b>Net Cost of Services</b>			
	<b>Year Ended 2016</b>	<b>Year Ended 2015</b>	<b>Increase (Decrease)</b>	<b>% Change</b>
Instruction	\$ 63,725,076	\$ 60,005,868	\$ 3,719,208	6.2%
School leadership	6,026,016	5,745,831	280,185	4.9%
General administration	2,800,688	3,575,175	(774,487)	-21.7%
Facilities maintenance and operations	9,760,383	11,823,531	(2,063,148)	-17.4%

The cost of all governmental activities this year was \$137.5 million; however, the amount our taxpayers paid for these activities through property taxes was \$50.8 million. Some of the cost was paid by those who directly benefited from the programs, through charges for services - \$3.4 million, or by operating grants and contributions - \$28.4 million. The amount funded by the state was \$59.8 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 \$56.4 million. Approximately 49% of this total amount or \$27.5 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 \$27.5 million, while the total fund balance of all governmental funds was \$56.4 million.

The general fund reported an ending fund balance of \$29,477,757. The net change in fund balance resulted in an increase in the general fund balance from the prior year in the amount of \$5,053,417. The increase in fund balance was the result of increased revenues of state funding and property tax collections as well as an issuance of a note payable of \$9,000,000 that is reported as an other financing source.

### **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 \$3,143,591 more than the final budgeted amounts. The District saw an increase in state program revenues, due to the increase in Refined Average Daily Attendance of 79 students. Actual expenditures were \$5,116,111 below final budgeted amounts, primarily due to a budget amendment for an increase in costs due to the increase in student count for 2015-2016. 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, 2016, amounts to \$127.9 million (net of accumulated depreciation). This amount represents a net increase (including additions and deletions) of \$40.7 million or 46.7%. 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
	2016	2015		
Land	\$ 11,876,696	\$ 4,242,406	\$ 7,634,290	180%
Bldgs and improvements	171,701,712	146,949,614	24,752,098	17%
Equipment	24,639,168	23,543,549	1,095,619	5%
Property under cap lease	2,682,717	1,781,176	901,541	51%
Construction in progress	9,786,711	849,537	8,937,174	1052%
<b>Totals at historical cost</b>	<b>220,687,004</b>	<b>177,366,282</b>	<b>43,320,722</b>	<b>24%</b>
Less accumulated depreciation	92,799,664	90,215,649	2,584,015	3%
<b>Net capital assets</b>	<b>\$ 127,887,340</b>	<b>\$ 87,150,633</b>	<b>\$ 40,736,707</b>	<b>47%</b>

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 2016 from bonds issued in 2015: a new Career and Technical Education Center, junior high additions and renovations, safety and security initiatives, technology infrastructure and Memorial Stadium improvements.

### Long-Term Debt

At year-end the District had \$111.9 million in long term debt – an increase of 2.3% over last year – as shown in Table A-5.

Table A-5

#### Wichita Falls Independent School District's Long Term Debt

	2016	2015	Increase (Decrease)	% Change
General obligation bonds	\$ 90,460,000	\$ 95,770,000	\$ (5,310,000)	-5.5%
Premium on bonds	9,371,101	11,015,913	(1,644,812)	-14.9%
Total bonds payable	99,831,101	106,785,913	(6,954,812)	-6.5%
Note payable	9,000,000	-	9,000,000	100.0%
Capital leases payable	1,732,571	1,250,064	482,507	38.6%
Compensated absences	1,340,478	1,324,984	15,494	1.2%
Total long-term obligations	<b>\$ 111,904,150</b>	<b>\$ 109,360,961</b>	<b>\$ 2,543,189</b>	<b>2.3%</b>

## **ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND TAX RATES**

The District's certified property values for 2016 reflect a 3% 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 2016-17 refined average daily attendance is expected to increase at 13,095 with increases in the career and technology contact hours.

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 2016 tax year.

The Board of Trustees adopted a 2016-2017 general fund budget reflecting revenues and transfers from other funds of \$123,870,244 and expenditures of \$127,027,969. This budget included additional teaching staff necessary for increased enrollment and a 3.0% 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, 2016**

Data Control Codes	1
	<b>Governmental Activities</b>
	<hr/>
<b>ASSETS</b>	
1110 Cash and cash equivalents	\$ 4,635,361
1120 Current investments	63,746,618
1220 Property taxes receivables (net)	1,227,489
1240 Due from other governments	4,470,940
1290 Other receivables	1,629,269
1300 Inventories	1,601,389
1410 Prepaid items	174,144
Capital assets:	
1510 Land	11,876,696
1520 Buildings and improvements, net	98,756,435
1530 Furniture and equipment, net	5,149,695
1550 Capital lease assets, net	2,317,803
1580 Construction in progress	9,786,711
	<hr/>
1000 Total assets	205,372,550
	<hr/>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
1701 Deferred charges from refunding bonds	1,907,019
1705 Pension related deferred outflows	16,683,307
	<hr/>
1700 Total deferred outflows of resources	18,590,326
	<hr/>
<b>LIABILITIES</b>	
2110 Accounts payable	8,990,311
2150 Payroll deductions and withholdings	653,840
2165 Accrued liabilities	4,725,246
2140 Interest payable	495,877
2180 Due to other governments	2,343,946
2300 Unearned revenue	474,278
Noncurrent liabilities:	
2501 Due within one year	5,785,207
2502 Due in more than one year	106,118,943
2590 Claims and judgments	505,000
2540 Net pension liability	27,162,660
	<hr/>
2000 Total liabilities	157,255,308
	<hr/>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
2605 Pension related deferred inflows	4,893,403
	<hr/>
2600 Total deferred inflows of resources	4,893,403
	<hr/>
<b>NET POSITION</b>	
3200 Net investment in capital assets	43,160,400
Restricted for:	
3820 Retirement of long-term debt	49,724
3850 Grants	2,062,954
3900 Unrestricted	16,541,087
	<hr/>
3000 Total net position	\$ 61,814,165
	<hr/> <hr/>

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, 2016**

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	
<b>Governmental Activities</b>					
11	Instruction	\$ 77,143,761	\$ 15,567	\$ 13,403,118	\$ (63,725,076)
12	Instructional resources and media services	1,473,945	-	229,948	(1,243,997)
13	Curriculum and staff development	1,986,509	-	309,913	(1,676,596)
21	Instructional leadership	2,694,320	-	420,337	(2,273,983)
23	School leadership	7,139,903	-	1,113,887	(6,026,016)
31	Guidance, counseling, and evaluation services	5,702,189	-	889,591	(4,812,598)
32	Social work services	704,796	-	109,954	(594,842)
33	Health services	1,554,120	-	242,456	(1,311,664)
34	Student transportation	2,114,678	-	395,081	(1,719,597)
35	Food services	7,130,964	1,465,458	6,295,857	630,351
36	Cocurricular/extracurricular activities	5,466,407	1,866,371	858,294	(2,741,742)
41	General administration	3,357,396	-	556,708	(2,800,688)
51	Facilities maintenance and operations	11,683,313	100,232	1,822,698	(9,760,383)
52	Security and monitoring services	656,558	-	102,429	(554,129)
53	Data processing services	5,282,628	-	824,136	(4,458,492)
61	Community services	54,029	-	8,429	(45,600)
72	Interest on long-term debt	2,552,681	-	627,512	(1,925,169)
73	Bond issuance costs and fees	43,200	-	-	(43,200)
93	Payments related to shared services arrangements	181,250	-	181,250	-
95	Payments related to juvenile justice programs	5,900	-	-	(5,900)
99	Other intergovernmental charges	539,502	-	-	(539,502)
TG	Total governmental activities	137,468,049	3,447,628	28,391,598	(105,628,823)
<b>General Revenues:</b>					
	Property taxes, levied for general purposes				42,974,748
	Property taxes, levied for debt service				7,790,911
	Grants and contributions not restricted to specific programs				59,752,477
	Investment earnings				273,536
	Miscellaneous				227,717
	Total general revenues				111,019,389
	Change in net position				5,390,566
	Net position - beginning				56,423,599
	Net position - ending				\$ 61,814,165

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

**WICHITA FALLS INDEPENDENT SCHOOL DISTRICT  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
AUGUST 31, 2016**

Data Control Codes	10 General Fund	24 Child Nutrition Fund	
<b>ASSETS</b>			
1110	Cash and cash equivalents	\$ 754,865	\$ 106,241
1120	Current investments	32,992,840	928,390
1220	Taxes receivable	1,797,782	-
1230	Allowance for uncollectible taxes (credit)	(760,473)	-
1240	Due from other governments	2,659,545	231,494
1260	Due from other funds	905,793	12,105
1290	Other receivables	1,625,391	3,878
1300	Inventories	443,254	1,149,262
1410	Prepays	174,144	-
<b>1000</b>	<b>Total assets</b>	<b>\$ 40,593,141</b>	<b>\$ 2,431,370</b>
<b>Liabilities:</b>			
Current liabilities:			
2110	Accounts payable	\$ 2,419,354	\$ 194,761
2150	Payroll deductions and withholdings	626,740	1,892
2160	Accrued wages payable	4,080,169	192,927
2170	Due to other funds	698,986	4,055
2180	Due to other governments	2,335,295	-
2300	Unearned revenue	51,132	-
<b>2000</b>	<b>Total liabilities</b>	<b>10,211,676</b>	<b>393,635</b>
<b>Deferred inflows of resources:</b>			
2600	Unavailable revenue	903,708	-
	Total deferred inflows of resources	903,708	-
<b>Fund balances:</b>			
Nonspendable fund balances:			
3410	Inventories	443,254	-
3430	Prepaid items	174,144	-
Restricted fund balances			
3450	Federal/state funds grant restrictions	-	2,037,735
3480	Retirement of long-term debt	-	-
3490	Construction	-	-
Committed fund balance			
3540	Self-insurance	100,000	-
3545	Other committed fund balance	1,248,614	-
3600	Unassigned	27,511,745	-
<b>3000</b>	<b>Total fund balances</b>	<b>29,477,757</b>	<b>2,037,735</b>
<b>4000</b>	<b>Total liabilities, deferred inflows, and fund balances</b>	<b>\$ 40,593,141</b>	<b>\$ 2,431,370</b>

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

EXHIBIT C-1

50 Debt Service Fund	60 Capital Projects Fund	Other Governmental Funds	98 Total Governmental Funds
\$ 26,366	\$ 665,541	\$ 1,122,483	\$ 2,675,496
331,051	28,963,111	-	63,215,392
255,913	-	-	2,053,695
(65,733)	-	-	(826,206)
4,616	-	1,575,285	4,470,940
-	-	54	917,952
-	-	-	1,629,269
-	-	8,873	1,601,389
-	-	-	174,144
<u>\$ 552,213</u>	<u>\$ 29,628,652</u>	<u>\$ 2,706,695</u>	<u>\$ 75,912,071</u>
\$ -	\$ 5,698,939	\$ 322,940	\$ 8,635,994
-	-	25,047	653,679
-	-	452,140	4,725,236
-	-	905,532	1,608,573
6,612	-	2,039	2,343,946
-	-	423,146	474,278
<u>6,612</u>	<u>5,698,939</u>	<u>2,130,844</u>	<u>18,441,706</u>
<u>174,535</u>	<u>-</u>	<u>-</u>	<u>1,078,243</u>
<u>174,535</u>	<u>-</u>	<u>-</u>	<u>1,078,243</u>
-	-	-	443,254
-	-	-	174,144
-	-	25,219	2,062,954
371,066	-	-	371,066
-	23,929,713	-	23,929,713
-	-	-	100,000
-	-	550,632	1,799,246
-	-	-	27,511,745
<u>371,066</u>	<u>23,929,713</u>	<u>575,851</u>	<u>56,392,122</u>
<u>\$ 552,213</u>	<u>\$ 29,628,652</u>	<u>\$ 2,706,695</u>	<u>\$ 75,912,071</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, 2016**

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Total fund balances - governmental funds balance sheet		\$	56,392,122
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.			210,705,075
Accumulated depreciation has not been included in the governmental fund			(87,488,098)
Long-term debt and other contractual liabilities have not been included in the governmental fund financial statements:			
Bond payable	\$	(99,460,000)	
Compensated absences		<u>(1,340,478)</u>	(100,800,478)
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.			(495,877)
Premiums on the issuance of current interest bonds are capitalized, net of amortization, on the government-wide financial statements.			(9,371,101)
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.			1,907,019
Revenue reported as a deferred inflow of resources in the governmental fund financial statements are recorded as revenue in the government-wide financial statements.			1,078,243
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.			5,260,016
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	\$	(27,162,660)	
Deferred outflows - pension related items		16,683,307	
Deferred inflows - pension related items		<u>(4,893,403)</u>	<u>(15,372,756)</u>
Net position of governmental activities - statement of net position		\$	<u>61,814,165</u>

**WICHITA FALLS INDEPENDENT SCHOOL DISTRICT  
STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED AUGUST 31, 2016**

Data Control Codes		General Fund
<b>REVENUES</b>		
5700	Local and intermediate sources	\$ 43,757,117
5800	State program revenues	63,083,078
5900	Federal program revenues	4,160,530
5020	Total revenues	<u>111,000,725</u>
<b>EXPENDITURES</b>		
Current:		
0011	Instruction	64,254,416
0012	Instructional resources and media services	1,354,651
0013	Curriculum and staff development	1,228,971
0021	Instructional leadership	1,918,076
0023	School leadership	6,530,052
0031	Guidance, counseling, and evaluation services	3,592,410
0032	Social work services	292,304
0033	Health services	1,433,098
0034	Student transportation	3,144,008
0035	Food services	-
0036	Cocurricular/extracurricular activities	3,616,865
0041	General administration	3,403,567
0051	Facilities maintenance and operations	11,103,595
0052	Security and monitoring services	632,971
0053	Data processing services	4,769,045
0061	Community services	3,430
Debt Service:		
0071	Principal on long-term debt	670,000
0072	Interest on long-term debt	21,300
0073	Bond issuance costs and fees	43,200
Capital Outlay:		
0081	Facilities maintenance and operations	7,114,244
0093	Payments to shared service arrangements	89,030
0095	Payments related to juvenile justice alternative education program	5,900
0099	Other intergovernmental charges	539,502
6030	Total expenditures	<u>115,760,635</u>
1100	Excess (deficiency) of revenues over (under) expenditures	<u>(4,759,910)</u>
<b>OTHER FINANCING SOURCES (USES):</b>		
7911	Tax note issued	9,000,000
7912	Sale of real or personal property	59,067
7915	Transfers in	997,000
8911	Transfers out	<u>(242,740)</u>
7080	Total other financing sources and (uses)	<u>9,813,327</u>
1200	Net Change in fund balances	5,053,417
0100	Fund balance - September 1 (beginning)	24,424,340
3000	Fund balance - August 31 (ending)	<u>\$ 29,477,757</u>

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

EXHIBIT C-2

Child Nutrition Fund	Debt Service Fund	Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
\$ 1,494,402	\$ 7,796,648	\$ 127,186	\$ 2,194,626	\$ 55,369,979
36,637	627,512	-	1,513,370	65,260,597
6,362,261	-	-	9,975,499	20,498,290
<u>7,893,300</u>	<u>8,424,160</u>	<u>127,186</u>	<u>13,683,495</u>	<u>141,128,866</u>
-	-	131,570	8,582,818	72,968,804
-	-	-	20,028	1,374,679
-	-	-	663,951	1,892,922
-	-	-	609,529	2,527,605
-	-	-	259,694	6,789,746
-	-	-	1,731,250	5,323,660
-	-	-	226,035	518,339
-	-	-	41,984	1,475,082
-	-	-	-	3,144,008
6,936,769	-	-	-	6,936,769
-	-	-	1,648,274	5,265,139
-	-	-	680	3,404,247
184,480	-	-	36,127	11,324,202
-	-	-	-	632,971
-	-	506,320	-	5,275,365
-	-	-	47,941	51,371
-	4,640,000	-	-	5,310,000
-	3,837,308	-	-	3,858,608
-	-	-	-	43,200
-	-	34,489,567	-	41,603,811
-	-	-	92,220	181,250
-	-	-	-	5,900
-	-	-	-	539,502
<u>7,121,249</u>	<u>8,477,308</u>	<u>35,127,457</u>	<u>13,960,531</u>	<u>180,447,180</u>
<u>772,051</u>	<u>(53,148)</u>	<u>(35,000,271)</u>	<u>(277,036)</u>	<u>(39,318,314)</u>
-	-	-	-	9,000,000
13,224	-	-	-	72,291
-	-	-	242,740	1,239,740
-	-	-	-	(242,740)
<u>13,224</u>	<u>-</u>	<u>-</u>	<u>242,740</u>	<u>10,069,291</u>
785,275	(53,148)	(35,000,271)	(34,296)	(29,249,023)
1,252,460	424,214	58,929,984	610,147	85,641,145
<u>\$ 2,037,735</u>	<u>\$ 371,066</u>	<u>\$ 23,929,713</u>	<u>\$ 575,851</u>	<u>\$ 56,392,122</u>

**WICHITA FALLS INDEPENDENT SCHOOL DISTRICT  
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, 2016**

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Total Net Change in Fund Balances - Governmental Funds \$ (29,249,023)

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. 42,551,980

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: (3,259,579)

Issuances of long-term debt are other financing sources in the governmental financial statements, but are reported as increases in long-term liabilities in the government-wide financial statements. The District issued the following long-term debt in the current year:

Note payable (9,000,000)

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: 5,310,000

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: (176,653)

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: (15,494)

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: 1,644,812

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. 19,055

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. 15,487

The net change in the net pension liability, deferred outflows and deferred inflows is reported in the statement of activities but does not provide or require the use of current financial resources and is not reported as revenues or expenditures in the governmental funds. The net change consists of:

Deferred outflows increase 13,416,704  
Deferred inflows increase (1,060,500)  
Net pension liability increase (14,632,858)

Change in Net Position - Governmental Activities \$ 5,390,566



**WICHITA FALLS INDEPENDENT SCHOOL DISTRICT  
STATEMENT OF NET POSITION  
PROPRIETARY FUNDS  
AUGUST 31, 2016**

Data Control Codes		Internal Service Funds
	<b>ASSETS</b>	
	Current assets:	
1110	Cash and cash equivalents	\$ 1,959,865
1120	Investments	531,226
	Receivables:	
1260	Due from other funds	690,621
	Total current assets	<u>3,181,712</u>
	Noncurrent assets:	
	Capital Assets:	
1530	Furniture and equipment	7,299,212
1550	Assets purchased under capital leases	2,682,717
1570	Accumulated depreciation	<u>(5,311,566)</u>
	Total noncurrent assets	<u>4,670,363</u>
1000	Total assets	<u>7,852,075</u>
	<b>LIABILITIES:</b>	
	Current liabilities:	
2110	Accounts payable	354,317
2150	Payroll deductions and withholdings	161
2160	Accrued wages payable	10
	Total current liabilities	<u>354,488</u>
	Noncurrent liabilities	
2501	Due within one year	367,717
2500	Due in more than one year	1,364,854
2590	Claims and judgments	<u>505,000</u>
	Total noncurrent liabilities	<u>2,237,571</u>
2000	Total liabilities	<u>2,592,059</u>
	<b>NET POSITION:</b>	
3200	Net investment in capital assets	2,937,792
3900	Unrestricted	<u>2,322,224</u>
3000	Total net position	<u>\$ 5,260,016</u>

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, 2016**

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Data Control Codes		Internal Service Funds
	<b>OPERATING REVENUES</b>	
5700	Total local and intermediate sources	\$ 3,997,513
5020	Total operating revenues	<u>3,997,513</u>
	<b>OPERATING EXPENSES</b>	
6100	Payroll costs	180,325
6200	Professional and contracted services	1,873,739
6300	Supplies and materials	227,886
6400	Other operating costs	693,903
6500	Debt service	29,988
6030	Total expenses	<u>3,005,841</u>
	Operating income	<u>991,672</u>
	<b>NONOPERATING REVENUES</b>	
7955	Earnings from temporary deposits and investments	1,261
8951	Gain on sale of real and personal property	19,554
8030	Total non-operating revenues (expenses)	<u>20,815</u>
8911	<b>TRANSFERS OUT</b>	<u>(997,000)</u>
1300	Change in net position	15,487
0100	Total net position, beginning (September 1)	<u>5,244,529</u>
3300	Total net position, ending (August 31)	<u>\$ 5,260,016</u>

**WICHITA FALLS INDEPENDENT SCHOOL DISTRICT  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED AUGUST 31, 2016**

	<b>Internal Service Funds</b>
	<u>                    </u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>	
Cash received from quasi-external operating transactions with others	\$ 3,476,011
Cash payment to employees for services	(180,325)
Cash payments to other suppliers for goods and services	(2,310,206)
Net cash provided by operating activities	<u>985,480</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>	
Transfers to other funds	(997,000)
Net cash used in noncapital financing activities	<u>(997,000)</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>	
Purchase of capital assets	(646,076)
Proceeds from the sale of capital assets	19,554
Principal paid on long-term debt	(419,034)
Net cash used in capital and related financing activities	<u>(1,045,556)</u>
<b>Cash Flows from Investing Activities:</b>	
Purchase of investments	(158,133)
Interest and dividends on investments	1,261
Net cash provided used in investing activities	<u>(156,872)</u>
Net decrease in cash and cash equivalents	(1,213,948)
Cash and cash equivalents at beginning of year	3,173,813
Cash and cash equivalents at end of year	<u>\$ 1,959,865</u>
<b>Reconciliation of Operating Income to Net Cash Provided by Operating Activities:</b>	
Operating income	\$ 991,672
Adjustments to reconcile operating income to net cash provided by operating activities	
Depreciation	103,310
Change in assets and liabilities	
Increase in due from other funds	(522,663)
Decrease in other receivables	1,161
Increase in accounts payable	18,997
Increase in payroll deduction & withholding	151
Decrease in accrued wages payable	(148)
Increase in claims liability	393,000
Net cash provided by operating activities	<u>\$ 985,480</u>
<b>Noncash Financing and Investing Activities:</b>	
Capital lease	\$ 901,541
Total noncash financing and investing activities	<u>\$ 901,541</u>

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

**WICHITA FALLS INDEPENDENT SCHOOL DISTRICT  
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES  
FIDUCIARY FUNDS  
AUGUST 31, 2016**

Data Control Codes		Private-Purpose Trust Funds	Agency Fund
	<b>ASSETS</b>		
1110	Cash and cash equivalents	\$ 698,978	\$ 204,982
1290	Other receivables	-	91,904
1000	Total Assets	698,978	296,886
	<b>LIABILITIES</b>		
2110	Accounts payable	-	6,524
2190	Due to student groups	-	290,362
2000	Total liabilities	-	296,886
3800	<b>NET POSITION</b>		
3000	Held in trust	698,978	-
	Total net position	\$ 698,978	\$ -

**WICHITA FALLS INDEPENDENT SCHOOL DISTRICT  
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
FIDUCIARY FUNDS  
FOR THE YEAR ENDED AUGUST 31, 2016**

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	Private-Purpose Trust Funds
<b>Additions:</b>	
Gifts and bequests	\$ 219,206
<b>Deductions:</b>	
Scholarship awards	<u>(128,000)</u>
<b>Change in Net Position</b>	91,206
Net position, beginning of the year	<u>607,772</u>
Net position, end of the year	<u><u>\$ 698,978</u></u>

**WICHITA FALLS INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED AUGUST 31, 2016**

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**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*.

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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.

**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.

**WICHITA FALLS INDEPENDENT SCHOOL DISTRICT  
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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.
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.



**WICHITA FALLS INDEPENDENT SCHOOL DISTRICT  
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**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.

**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

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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, 2016 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 or business-type 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 fair market value at the date of donation.

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

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

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

**Long-Term Debt**

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

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

**WICHITA FALLS INDEPENDENT SCHOOL DISTRICT  
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**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.

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.

**WICHITA FALLS INDEPENDENT SCHOOL DISTRICT  
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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, 2016, 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	-	550,632	550,632
Totals	<u>\$ 1,348,614</u>	<u>\$ 550,632</u>	<u>\$ 1,899,246</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.

**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.

**WICHITA FALLS INDEPENDENT SCHOOL DISTRICT  
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**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, 2016 will change.

**Pensions**

In government-wide financial statements, pensions are required to be recognized and disclosed using the accrual basis of accounting, regardless of the amount recognized as pension expenditures on the modified accrual basis of accounting. The District recognizes a net pension liability for the qualified pension plan in which it participates, which represents the excess of the total pension liability over the fiduciary net position of the qualified pension plan, or the District's proportionate share thereof in the case of a cost-sharing multiple-employer plan, measured as of the respective pensions' fiscal year-end. Changes in the net pension liability during the period are recorded as pension expense, or as deferred inflows of resources or deferred outflows of resources depending on the nature of the change, in the period incurred. Those changes in net pension liability that are recorded as deferred inflows of resources or deferred outflows of resources that arise from changes in actuarial assumptions or other inputs and differences between expected or actual experience are amortized over the weighted average remaining service life of all participants in the respective qualified pension plan and recorded as a component of pension expense beginning with the period in which they are incurred. Projected earnings on qualified pension plan investments are recognized as a component of pension expense. Differences between projected and actual investment earnings are reported as deferred inflows of resources or deferred outflows of resources and amortized as a component of pension expense on a closed basis over a five-year period beginning with the period in which the difference occurred.

**WICHITA FALLS INDEPENDENT SCHOOL DISTRICT  
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**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 2016, 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 53 days.

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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 47 days.

Cash and investments as of August 31, 2016 are classified in the accompanying financial statements as follows:

Statement of net position:	
Cash and cash equivalents	\$ 4,635,361
Investments	63,746,618
Fiduciary funds:	
Cash and cash equivalents	<u>903,960</u>
Total cash and investments	<u>\$ 69,285,939</u>
Cash on hand	\$ 7,479
Deposits with financial institutions	5,531,842
Investments	<u>63,746,618</u>
Total cash and investments	<u>\$ 69,285,939</u>

**Credit Risk**

For fiscal year 2016, the District invested in TexasTERM and Texpool Investment Pool. The TexasTERM portfolio is a fixed rate, fixed term portfolio option rated AAAs by Standard & Poor's rating agency. TexPool is rated AAAs 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.

**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, 2016, the District's bank balance of \$5,707,409, including

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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.

**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, 2016 consisted of the following individual fund receivables and payables:

<u>Payable Fund</u>	<u>Receivable Fund</u>	<u>Amount</u>	<u>Primary Purpose</u>
General Fund	Child Nutrition Fund	\$ 8,365	Short-term borrowing
General Fund	Internal Service Funds	690,621	Short-term borrowing
Child Nutrition Fund	General Fund	4,055	Short-term borrowing
Nonmajor Governmental Funds	Nonmajor Governmental Funds	54	Short-term borrowing
Nonmajor Governmental Funds	Child Nutrition Fund	3,740	Short-term borrowing
Nonmajor Governmental Funds	General Fund	901,738	Short-term borrowing
		<u>\$ 1,608,573</u>	

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

The detail transfer schedule for the year ended August 31, 2016 includes the following:

<u>Transferred From:</u>	<u>Transferred To:</u>	<u>Amount:</u>	<u>Purpose:</u>
Internal Service Funds	General Fund	\$ 997,000	Supplement other funds
General Fund	Nonmajor Governmental Funds	242,740	Supplement other funds
		<u>\$ 1,239,740</u>	



**WICHITA FALLS INDEPENDENT SCHOOL DISTRICT  
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**NOTE 4. CAPITAL ASSET ACTIVITY**

Capital asset activity for the District for the year ended August 31, 2016, was as follows:

	Beginning Balance	Additions	Retirements	Transfers	Ending Balance
Governmental Activities:					
Capital assets not being depreciated:					
Land	\$ 4,242,406	\$ 7,634,290	\$ -	\$ -	\$ 11,876,696
Construction in progress	849,537	9,786,711	-	(849,537)	9,786,711
Total capital assets not being depreciated	5,091,943	17,421,001	-	(849,537)	21,663,407
Capital assets being depreciated:					
Buildings and improvements	146,949,614	24,511,313	(608,752)	849,537	171,701,712
Furniture and equipment	23,543,549	1,265,741	(170,122)	-	24,639,168
Property under capital lease	1,781,176	901,541	-	-	2,682,717
Total capital assets being depreciated	172,274,339	26,678,595	(778,874)	849,537	199,023,597
Less accumulated depreciation for:					
Buildings and improvements	71,074,760	2,649,391	(778,874)	-	72,945,277
Furniture and equipment	18,789,089	700,384	-	-	19,489,473
Property under capital lease	351,800	13,114	-	-	364,914
Total accumulated depreciation	90,215,649	3,362,889	(778,874)	-	92,799,664
Total capital assets being depreciated, net	82,058,690	23,315,706	-	849,537	106,223,933
Governmental activities capital assets, net	\$ 87,150,633	\$ 40,736,707	\$ -	\$ -	\$ 127,887,340

Depreciation expense was charged to governmental functions as follows:

Governmental Function	Depreciation
Instruction	\$ 1,582,149
Instructional resources and media services	42,937
Curriculum and staff development	59,124
Instructional leadership	81,759
School leadership	81,759
Guidance, counseling and evaluation services	212,071
Social work services	172,387
Health services	16,189
Student transportation	46,072
Food services	216,663
Co-curricular/ Extracurricular activities	169,416
General administration	142,549
Plant maintenance and operations	353,669
Security and monitoring services	19,770
Data processing services	164,771
Community services	1,604
Total depreciation expense	\$ 3,362,889

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**NOTE 5. LONG-TERM DEBT**

**Long-term obligation activity**

Long-term obligation activities during the year ended August 31, 2016, were as follows:

	Beginning Balance	Additions	Retired	Ending Balance	Due Within One Year
Government Activities					
Bonds payable:					
General obligation bonds	\$ 95,770,000	\$ -	\$ (5,310,000)	\$ 90,460,000	\$ 5,185,000
Bond premium (discount)	11,015,913	-	(1,644,812)	9,371,101	-
Total bonds payable	106,785,913	-	(6,954,812)	99,831,101	5,185,000
Note payable	-	9,000,000	-	9,000,000	-
Capital leases payable	1,250,064	901,541	(419,034)	1,732,571	367,717
Compensated absences	1,324,984	33,502	(18,009)	1,340,477	232,490
Total long-term liabilities	<u>\$ 109,360,961</u>	<u>\$ 9,935,043</u>	<u>\$ (7,391,855)</u>	<u>\$ 111,904,149</u>	<u>\$ 5,785,207</u>

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, 2016 are as follows:

Purpose and Lawful Authority	Interest Rate	Amount	Amounts Outstanding 9/1/2015	Issued	Retired	Amounts Outstanding 8/31/2016
Unlimited Tax School Building Bonds, Series 2007	4.00% to 0.05	\$ 58,832,652	\$ 5,640,000	\$ -	\$ 2,760,000	\$ 2,880,000
Maintenance Tax Refunding Bonds, Series 2011	1.90% to 0.0275	2,515,000	1,140,000	-	670,000	470,000
Unlimited Tax Refunding Bonds, Series 2015	2.125% to 0.05	35,350,000	35,350,000	-	-	35,350,000
Unlimited Tax School Building Bonds, Series 2015	1.00% to 0.05	53,645,000	53,640,000	-	1,880,000	51,760,000
Maintenance Tax Notes, Series 2016	0.02	9,000,000	-	9,000,000	-	9,000,000
			<u>\$ 95,770,000</u>	<u>\$ 9,000,000</u>	<u>\$ 5,310,000</u>	<u>\$ 99,460,000</u>

**WICHITA FALLS INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED AUGUST 31, 2016**

Debt service requirements are as follows:

Year Ending August 31	Principal Requirements	Interest Requirements	Total Requirements
2017	\$ 5,185,000	\$ 4,034,988	\$ 9,219,988
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 - 2026	36,000,000	11,471,087	47,471,087
2027 - 2031	19,180,000	5,559,725	24,739,725
2032 - 2035	14,810,000	1,527,250	16,337,250
	<u>\$ 99,460,000</u>	<u>\$ 36,297,375</u>	<u>\$ 135,757,375</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, 2016.

**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
2017	\$ 367,717	\$ 28,695	\$ 396,412
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 - 2023	251,535	2,908	254,443
	<u>\$ 1,732,571</u>	<u>\$ 91,332</u>	<u>\$ 1,823,903</u>

**NOTE 7. REVENUE FROM LOCAL AND INTERMEDIATE SOURCES**

During the year ended August 31, 2016, 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	\$ 41,655,122	\$ -	\$ 7,610,069	\$ -	\$ -	\$ 49,265,191
Property taxes-delinquent	793,834	-	115,511	-	-	909,345
Penalties, interest, and other	506,737	-	65,331	-	-	572,068
Investment earnings	137,204	3,409	5,737	127,186	-	273,536
Rent	100,232	-	-	-	-	100,232
Food service income	-	1,490,993	-	-	-	1,490,993
Gifts and bequest	36,000	-	-	-	331,063	367,063
Campus activity	-	-	-	-	1,477,017	1,477,017
Cocurricular/extracurricular activities	388,507	-	-	-	-	388,507
Other	139,481	-	-	-	386,546	526,027
Total local revenue	<u>\$ 43,757,117</u>	<u>\$ 1,494,402</u>	<u>\$ 7,796,648</u>	<u>\$ 127,186</u>	<u>\$ 2,194,626</u>	<u>\$ 55,369,979</u>

**WICHITA FALLS INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED AUGUST 31, 2016**

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**NOTE 8. EMPLOYEES' RETIREMENT PLAN**

**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.

**Pension Plan Fiduciary Net Position**

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

**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. 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.

**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.

**WICHITA FALLS INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED AUGUST 31, 2016**

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**NOTE 8. EMPLOYEES' RETIREMENT PLAN - CONTINUED**

**Contributions - Continued**

Employee contribution rates are set in state statute, Texas Government Code 825.402. Senate Bill 1458 of the 83<sup>rd</sup> Texas Legislature amended Texas Government Code 825.402 for member contributions and established employee contribution rates for fiscal years 2014 thru 2017. The 83<sup>rd</sup> Texas Legislature, General Appropriations Act (GAA) established the employer contribution rates for fiscal years 2014 and 2015. The 84<sup>th</sup> Texas Legislature, General Appropriations Act (GAA) established the employer contribution rates for Plan fiscal years 2-6 and 2017.

**Contribution Rates**

	<u>2016</u>	<u>2015</u>	<u>2014</u>
Member	7.2%	6.7%	6.4%
Non-Employer Contributing Entity (State)	6.8%	6.8%	6.8%
Employers	6.8%	6.8%	6.8%

The contribution amounts for the District's fiscal year 2016 are as follows:

2015 District Contributions	\$ 2,275,327
2015 Member Contributions	\$ 4,728,126
2015 NECE On-behalf Contributions (State)	\$ 3,931,642

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.
- 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.

**WICHITA FALLS INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED AUGUST 31, 2016**

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**NOTE 8. EMPLOYEES' RETIREMENT PLAN - CONTINUED**

**Contributions - Continued**

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.

**Actuarial Assumptions**

The total pension liability in the August 31, 2015 actuarial valuation was determined using the following actuarial assumptions:

Valuation Date	August 31, 2015
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	2.50%
Salary Increases Includes Inflation	3.50% to 9.50%
Payroll Growth Rate	2.50%
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.

**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  
FOR THE YEAR ENDED AUGUST 31, 2016**

**NOTE 8. EMPLOYEES' RETIREMENT PLAN - CONTINUED**

**Discount Rate**

Best estimates of geometric real rates of return for each major asset class included in the Systems target asset allocation as of August 31, 2015 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	100.0%		8.7%

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

The following table presents the District's proportionate share of net pension liability for TRS calculated using the discount rate of 8.0%, as well as the District's proportionate share of the respective net pension liability if it was calculated using a discount rate that is 1-percentage-point lower (7%) or 1-percentage-point higher (9%) than the current rate:

	1% Decrease (7.00%)	Current Discount Rate (8.0%)	1% Increase (9.0%)
District's proportionate share of the net pension liability:	\$42,558,768	\$27,162,660	\$14,338,658

**WICHITA FALLS INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED AUGUST 31, 2016**

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**NOTE 8. EMPLOYEES' RETIREMENT PLAN - CONTINUED**

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

At August 31, 2016, the District reported a liability of \$27,162,660 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	\$ 27,162,660
State's proportionate share that is associated with District	<u>46,921,674</u>
Total	<u>\$ 74,084,334</u>

The net pension liability was measured as of August 31, 2015 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, 2014 thru August 31, 2015.

At August 31, 2015 the District's proportion of the collective net pension liability was 0.0768421% which was an increase of .0299340% from its proportion measured as of August 31, 2014.

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

Economic Assumptions

- The inflation assumption was decreased from 3.00% to 2.50%.
- The ultimate merit assumption for long-service employees was decreased from 1.25% to 1.00%.
- In accordance with the observed experience, there were small adjustments in the service-based promotional/longevity component of the salary scale.
- The payroll growth assumption was lowered from 3.50% to 2.50%.



**WICHITA FALLS INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED AUGUST 31, 2016**

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**NOTE 8. EMPLOYEES' RETIREMENT PLAN - CONTINUED**

**Changes Since the Prior Actuarial Valuation - Continued**

Mortality Assumptions

- The post-retirement mortality tables for non-disabled retirees were updated to reflect recent TRS member experience. Mortality rates will be assumed to continue to improve the future using a fully generational approach and Scale BB.
- The post-retirement mortality tables for disabled retirees were updated to reflect recent TRS member experience. Mortality rates will be assumed to continue to improve in the future using a fully generational approach and Scale BB.
- The pre-retirement mortality tables for active employees were updated to use 90% of the recently published RP-2014 mortality table for active employees. Mortality rates will be assumed to continue to improve in the future using a fully generational approach and Scale BB.

Other Demographic Assumptions

- Previously, it was assumed 10% of all members who had contributed in the past 5 years to be an active member. This was an implicit rehire assumption because teachers have historically had a high incidence of terminating employment for a time and then returning to the workforce at a later date. This methodology was modified to add a more explicit valuation of the rehire incidence in the termination liabilities, and therefore these 10% are no longer being counted as active members.
- There were adjustments to the termination patterns for members consistent with experiences and future expectations. The termination patterns were adjusted to reflect the rehire assumption. The timing of the termination decrement was also changed from the middle of the year to the beginning to match the actual pattern in the data.
- Small adjustments were made to the retirement patterns for members consistent with experience and future expectations.
- Small adjustments were made to the retirement patterns for members consistent with experience and future expectations.
- Small adjustments to the disability patterns were made for members consistent with experience and future expectations. Two separate patterns were created based on whether the member has 10 years of service or more.
- For members that become disabled in the future, it is assumed 20% of them will choose a 100% joint and survivor annuity option.

Actuarial Methods and Policies

- The method of using celled data in the valuation process was changed to now using individual data records to allow for better reporting of some items, such as actuarial gains and losses by source.

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

**WICHITA FALLS INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED AUGUST 31, 2016**

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**NOTE 8. EMPLOYEES' RETIREMENT PLAN - CONTINUED**

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - Continued**

For the year ended August 31, 2016, the District recognized pension expense of \$6,685,583 and revenue of \$6,685,583 for support provided by the state.

At August 31, 2016, 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	\$ 161,158	\$ 1,043,885
Changes in actuarial assumptions	677,352	969,045
Difference between projected and actual investment earnings	6,689,558	2,872,214
Changes in proportion and difference between the employer's contributions and the proportionate share of contributions	6,841,044	8,259
Contributions paid to TRS subsequent to the measurement date	<u>2,314,195</u>	<u>-</u>
Total	<u>\$ 16,683,307</u>	<u>\$ 4,893,403</u>

\$2,314,195 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, 2017. 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)
Year ended August 31:	
2017	\$ 1,701,136
2018	1,701,136
2019	1,701,136
2020	2,658,541
2021	976,106
Thereafter	<u>737,654</u>
Total	<u>\$ 9,475,709</u>

**WICHITA FALLS INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED AUGUST 31, 2016**

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**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](http://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 2014, 2015, and 2016. 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, 2016, 2015 and 2014, the State's contributions to TRS-Care were \$785,630, \$762,003, and \$749,254, respectively, the active member contributions were \$510,659, \$495,302, and \$487,015, respectively, and the District's contributions were \$432,096, \$419,102, and \$412,090, 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 \$306,047.

**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.

**WICHITA FALLS INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED AUGUST 31, 2016**

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As of August 31, 2016, the worker's compensation benefit obligation consisted of \$505,000 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:

	2016	2015
Claims Payable-Beginning	\$ 343,000	\$ 345,000
Claims Incurred	380,000	216,000
Claim Payments	(218,000)	(218,000)
Claims Payable-Ending	\$ 505,000	\$ 343,000

**Other Risk Management**

The District is exposed to various risks of loss related to torts; thefts of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 2016, 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, 2016 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, 2016.

The District entered into a variety of construction related contracts through August 31, 2016. The remaining commitment is \$24,761,110.

**WICHITA FALLS INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED AUGUST 31, 2016**

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**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	#316	#317	#435	Totals
Big Four Special Education Coop	\$ 490	\$ 584	\$ -	\$ 19,684	\$ 20,758
Burkburnett ISD	1,834	2,191	-	71,579	75,604
Clay-Jack Coop	1,956	2,337	-	68,895	73,188
Graham ISD	489	584	-	32,210	33,283
Greenbelt Coop	734	876	-	3,579	5,189
Haskell/Knox Coop	245	292	-	1,789	2,326
Montague County Coop	1,957	2,338	-	59,054	63,349
Vernon ISD	245	292	-	3,579	4,116
West Wichita County Coop	2,507	2,995	-	93,500	99,002
Wichita Falls ISD	6,602	7,887	2,301	324,340	341,130
Totals	<u>\$ 17,059</u>	<u>\$ 20,376</u>	<u>\$ 2,301</u>	<u>\$ 678,209</u>	<u>\$ 717,945</u>

**NOTE 13. FISCAL AGENT – COMMUNITIES IN SCHOOLS OF GREATER WICHITA FALLS AREA, INC.**

The District is the fiscal agent on behalf of the communities in schools of Greater Wichita Falls Area, Inc. (CIS). As such, the District reports the activity of CIS in an agency fund. For the year ended August 31, 2016, the additions and deletions for CIS were as follows:

Additions		\$ 285,573
Deletions		
21 Instructional Leadership	90,013	
31 Guidance, Counseling, and Evaluation Services	195,560	
Total deletions		<u>285,573</u>
Net change		<u>\$ -</u>

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## **REQUIRED SUPPLEMENTARY INFORMATION**

EXHIBIT G-1

**WICHITA FALLS INDEPENDENT SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE – GENERAL FUND  
FOR THE YEAR ENDED AUGUST 31, 2016**

Data Control Codes		1 Budgeted Amounts		3	Variance With Final Budget Positive Negative
		Original	Final	Actual	(Negative)
	REVENUES				
5700	Local and intermediate sources	\$ 43,866,947	\$ 43,680,237	\$ 43,757,117	\$ 76,880
5800	State program revenues	61,097,759	60,155,235	63,083,078	2,927,843
5900	Federal program revenues	2,795,000	4,021,662	4,160,530	138,868
5020	Total revenues	<u>107,759,706</u>	<u>107,857,134</u>	<u>111,000,725</u>	<u>3,143,591</u>
	EXPENDITURES				
	Current:				
	Instruction & instructional related services:				
0011	Instruction	64,238,482	64,035,514	64,254,416	(218,902)
0012	Instructional resources and media services	1,442,563	1,385,760	1,354,651	31,109
0013	Curriculum and staff development	1,274,642	1,324,268	1,228,971	95,297
	Total instruction & inst. related services	<u>66,955,687</u>	<u>66,745,542</u>	<u>66,838,038</u>	<u>(92,496)</u>
	Instructional and school leadership:				
0021	Instructional leadership	2,190,807	2,063,989	1,918,076	145,913
0023	School leadership	6,505,413	6,573,868	6,530,052	43,816
	Total instructional & school leadership	<u>8,696,220</u>	<u>8,637,857</u>	<u>8,448,128</u>	<u>189,729</u>
	Support services - student (pupil) :				
0031	Guidance, counseling, and evaluation services	4,338,697	3,694,727	3,592,410	102,317
0032	Social work services	302,005	296,938	292,304	4,634
0033	Health services	1,459,538	1,448,856	1,433,098	15,758
0034	Student transportation	2,672,824	3,614,824	3,144,008	470,816
0036	Cocurricular/extracurricular activities	3,568,598	3,696,467	3,616,865	79,602
	Total support services - student (pupil)	<u>12,341,662</u>	<u>12,751,812</u>	<u>12,078,685</u>	<u>673,127</u>
	Administration support services:				
0041	General administration	3,365,239	3,619,110	3,403,567	215,543
	Total administrative support service	<u>3,365,239</u>	<u>3,619,110</u>	<u>3,403,567</u>	<u>215,543</u>
	Support services				
0051	Facilities maintenance and operations	11,181,058	11,255,775	11,103,595	152,180
0052	Security and monitoring services	581,013	752,101	632,971	119,130
0053	Data processing services	2,577,411	4,894,284	4,769,045	125,239
	Total support services - nonstudent based	<u>14,339,482</u>	<u>16,902,160</u>	<u>16,505,611</u>	<u>396,549</u>
	Ancillary services:				
0061	Community services	7,581	8,406	3,430	4,976
	Total ancillary services	<u>7,581</u>	<u>8,406</u>	<u>3,430</u>	<u>4,976</u>
	Debt service:				
0071	Principal on long-term debt	699,075	670,000	670,000	-
0072	Interest on long-term debt	600	29,675	21,300	8,375
0073	Bond issuance costs and fees	0	43,200	43,200	-
	Total debt services	<u>699,675</u>	<u>742,875</u>	<u>734,500</u>	<u>8,375</u>
	Capital outlay:				
0081	Capital outlay	997,856	10,765,984	7,114,244	3,651,740
	Total capital outlay	<u>997,856</u>	<u>10,765,984</u>	<u>7,114,244</u>	<u>3,651,740</u>
	Intergovernmental charges:				
0093	Payments to fiscal agent/member dist. - SSA	245,000	145,000	89,030	55,970
0095	Payments related to juvenile justice alternative education program	-	6,000	5,900	100
0099	Other intergovernmental charges	552,000	552,000	539,502	12,498
	Total intergovernmental charges	<u>797,000</u>	<u>703,000</u>	<u>634,432</u>	<u>68,568</u>
6030	Total expenditures	<u>108,200,402</u>	<u>120,876,746</u>	<u>115,760,635</u>	<u>5,116,111</u>

See accompanying Notes to Required Supplementary Information



EXHIBIT G-1

**WICHITA FALLS INDEPENDENT SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE – GENERAL FUND  
FOR THE YEAR ENDED AUGUST 31, 2016**

Data Control Codes		1		2	3	Variance With Final Budget Positive (Negative)
		Budgeted Amounts		Final	Actual	
		Original				
1100	Excess (deficiency) of revenues over (under) Expenditures	(440,696)	(13,019,612)	(4,759,910)	8,259,702	
	Other financing sources (uses):					
7911	Tax note issued	-	9,000,000	9,000,000	-	
7912	Sale of real or personal property	50,000	50,000	59,067	9,067	
7915	Transfers in	-	997,000	997,000	-	
8911	Transfers out	(437,551)	(542,924)	(242,740)	300,184	
7080	Total other financing sources and (uses)	(387,551)	9,504,076	9,813,327	309,251	
1200	Net change in fund balance	(828,247)	(3,515,536)	5,053,417	8,568,953	
0100	Fund balance - beginning	24,424,340	24,424,340	24,424,340	-	
3000	Fun balance - ending	\$ 23,596,093	\$ 20,908,804	\$ 29,477,757	\$ 8,568,953	

**WICHITA FALLS INDEPENDENT SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE – CHILD NUTRITION FUND  
FOR THE YEAR ENDED AUGUST 31, 2016**

Data Control Codes	1 Budgeted Amounts		3	Variance With Final Budget Positive (Negative)	
	Original	Final	Actual		
<b>REVENUES</b>					
5700	Total local and intermediate sources	\$ 1,604,855	\$ 1,606,455	\$ 1,494,402	\$ (112,053)
5800	State program revenues	210,000	210,000	36,637	(173,363)
5900	Federal program revenues	5,665,889	5,665,889	6,362,261	696,372
5020	Total revenues	7,480,744	7,482,344	7,893,300	410,956
<b>EXPENDITURES</b>					
0035	Food service	7,485,260	7,485,260	6,936,769	548,491
0051	Facilities maintenance and operations	194,500	194,500	184,480	10,020
6030	Total expenditures	7,679,760	7,679,760	7,121,249	558,511
1100	Excess of revenues over expenditures	(199,016)	(197,416)	772,051	969,467
<b>OTHER FINANCING USES</b>					
7912	Sale of property	-	-	13,224	13,224
6030	Total other financing uses	-	-	13,224	13,224
1200	Net change in fund balances	(199,016)	(197,416)	785,275	982,691
0100	Fund balance - beginning	1,252,460	1,252,460	1,252,460	-
3000	Fund balance - ending	\$ 1,053,444	\$ 1,055,044	\$ 2,037,735	\$ 982,691

**WICHITA FALLS INDEPENDENT SCHOOL DISTRICT  
SCHEDULE OF THE DISTRICT'S PROPORTIONATE  
SHARE OF THE NET PENSION LIABILITY - TRS  
FOR THE YEAR ENDED AUGUST 31, 2016**

	<u>2016</u>	<u>2015</u>
District's proportion of the net pension liability	0.0768421%	0.0469081%
District's proportionate share of net pension liability	\$ 27,162,660	\$ 12,529,802
State's proportionate share of the net pension liability associated with the District	<u>46,921,674</u>	<u>41,778,062</u>
Total	<u>\$ 74,084,334</u>	<u>\$ 54,307,864</u>
District's covered employee payroll	<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>34.97%</u>	<u>16.72%</u>
Plan fiduciary net position as a percentage of the total pension liability	<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, 2015 for year 2016 and August 31, 2014 for year 2015.

Note: Ten years of data is not available.

**EXHIBIT G-4****WICHITA FALLS INDEPENDENT SCHOOL DISTRICT  
SCHEDULE OF THE DISTRICT'S CONTRIBUTIONS- TRS  
FOR THE YEAR ENDED AUGUST 31, 2016**

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

Note: Ten years of data is not available.

**WICHITA FALLS INDEPENDENT SCHOOL DISTRICT  
 NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
 FOR THE YEAR ENDED AUGUST 31, 2016**

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**NOTE 1. BUDGETARY DATA**

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.

A negative budget variance was noted in function 11- Instruction in the general fund of \$218,902. This function's expenditures exceeded appropriations due to the payroll costs during 2015-2016.

**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, 2015
Actuarial Cost Method	Ultimate Entry Age Normal
Amortization Method	Level Percentage of Payroll, Open
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	8.00%
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, 2016**

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	
<b>ASSETS</b>					
1110	Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -
1240	Due from other governments	291,584	8,168	449,982	24,446
1260	Due from other funds	-	-	-	-
1300	Inventories	-	-	-	-
1000	Total assets	<u>\$ 291,584</u>	<u>\$ 8,168</u>	<u>\$ 449,982</u>	<u>\$ 24,446</u>
<b>LIABILITIES AND FUND BALANCES</b>					
Current liabilities					
2110	Accounts payable	\$ 14,021	\$ 865	\$ 76,900	\$ 3,505
2150	Payroll deductions & withholdings	12,816	122	87	1,122
2160	Accrued wages payable	126,788	1,819	149,451	2,600
2170	Due to other funds	137,959	5,362	223,544	17,219
2180	Due to other governments	-	-	-	-
2300	Unearned revenues	-	-	-	-
2000	Total liabilities	<u>291,584</u>	<u>8,168</u>	<u>449,982</u>	<u>24,446</u>
<b>Fund balances:</b>					
Restricted fund balances					
3450	Federal/state funds grant restrictions	-	-	-	-
Committed fund balances:					
3545	Other committed fund balance	-	-	-	-
3000	Total fund balances	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
4000	Total liabilities, deferred inflows of resources and fund balances	<u>\$ 291,584</u>	<u>\$ 8,168</u>	<u>\$ 449,982</u>	<u>\$ 24,446</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
\$ -	\$ -	\$ -	\$ -	\$ -
5,459	295,900	8,856	22,409	178,652
-	-	-	-	-
-	-	-	-	-
<u>\$ 5,459</u>	<u>\$ 295,900</u>	<u>\$ 8,856</u>	<u>\$ 22,409</u>	<u>\$ 178,652</u>
\$ 87	\$ 17,225	\$ 334	\$ 1,639	\$ 7,343
-	4,869	183	391	2,830
2,824	63,622	4,463	-	49,292
2,548	210,184	3,876	20,379	119,187
-	-	-	-	-
-	-	-	-	-
<u>5,459</u>	<u>295,900</u>	<u>8,856</u>	<u>22,409</u>	<u>178,652</u>
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
<u>\$ 5,459</u>	<u>\$ 295,900</u>	<u>\$ 8,856</u>	<u>\$ 22,409</u>	<u>\$ 178,652</u>

**WICHITA FALLS INDEPENDENT SCHOOL DISTRICT  
 COMBINING BALANCE SHEET  
 NONMAJOR GOVERNMENTAL FUNDS  
 AUGUST 31, 2016**

Data Control Codes	263 Title III Part A Language	272 MAC Program	287 Department of Defense Grant
<b>ASSETS</b>			
1110	\$ -	\$ 179,210	\$ -
1240	5,721	-	17,615
1260	-	-	-
1300	-	-	-
1000	<u>\$ 5,721</u>	<u>\$ 179,210</u>	<u>\$ 17,615</u>
<b>LIABILITIES AND FUND BALANCES</b>			
Current liabilities			
2110	\$ 963	\$ -	\$ 29
2150	-	-	29
2160	-	-	2,005
2170	4,758	-	15,552
2180	-	728	-
2300	-	178,482	-
2000	<u>5,721</u>	<u>179,210</u>	<u>17,615</u>
<b>Fund balances:</b>			
Restricted fund balances			
3450	-	-	-
Committed fund balances:			
3545	-	-	-
3000	<u>-</u>	<u>-</u>	<u>-</u>
4000	<u>\$ 5,721</u>	<u>\$ 179,210</u>	<u>\$ 17,615</u>

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
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 10,870
63,572	-	5,618	9,403	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>\$ 63,572</u>	<u>\$ -</u>	<u>\$ 5,618</u>	<u>\$ 9,403</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 10,870</u>
\$ 2,497	\$ -	\$ -	\$ 1,483	\$ -	\$ -	\$ 10,870
1,315	-	-	62	-	-	-
28	-	-	-	-	-	-
58,421	-	5,618	7,858	-	-	-
1,311	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>63,572</u>	<u>-</u>	<u>5,618</u>	<u>9,403</u>	<u>-</u>	<u>-</u>	<u>10,870</u>
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>\$ 63,572</u>	<u>\$ -</u>	<u>\$ 5,618</u>	<u>\$ 9,403</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 10,870</u>

**WICHITA FALLS INDEPENDENT SCHOOL DISTRICT  
COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
AUGUST 31, 2016**

<b>Data Control Codes</b>	<b>410 State Textbook Fund</b>	<b>415 Kindergarten and Pre-K Grant</b>	<b>427 HOPES Grant</b>	<b>429 State Funded Special Revenue Fund</b>
<b>ASSETS</b>				
1110 Cash and cash equivalents	\$ 93,234	\$ -	\$ -	\$ 19,649
1240 Due from other governments	-	62,625	21,322	-
1260 Due from other funds	-	-	-	-
1300 Inventories	-	-	-	-
1000 Total assets	<u>\$ 93,234</u>	<u>\$ 62,625</u>	<u>\$ 21,322</u>	<u>\$ 19,649</u>
<b>LIABILITIES AND FUND BALANCES</b>				
Current liabilities				
2110 Accounts payable	\$ 68,015	\$ 62,407	\$ 1,755	\$ -
2150 Payroll deductions & withholdings	-	-	138	-
2160 Accrued wages payable	-	-	201	-
2170 Due to other funds	-	218	19,228	-
2180 Due to other governments	-	-	-	-
2300 Unearned revenues	-	-	-	19,649
2000 Total liabilities	<u>68,015</u>	<u>62,625</u>	<u>21,322</u>	<u>19,649</u>
<b>Fund balances:</b>				
Restricted fund balances				
3450 Federal/state funds grant restrictions	25,219	-	-	-
Committed fund balances:				
3545 Other committed fund balance	-	-	-	-
3000 Total fund balances	<u>25,219</u>	<u>-</u>	<u>-</u>	<u>-</u>
4000 Total liabilities, deferred inflows of resources and fund balances	<u>\$ 93,234</u>	<u>\$ 62,625</u>	<u>\$ 21,322</u>	<u>\$ 19,649</u>

EXHIBIT H-1

435 Regional Day School for the Deaf	461 Campus Activity Funds	489 West Foundation	499 CIS	Total Nonmajor Governmental Funds
\$ -	\$ 601,355	\$ 212,472	\$ 5,693	\$ 1,122,483
103,953	-	-	-	1,575,285
-	-	54	-	54
-	-	8,873	-	8,873
<u>\$ 103,953</u>	<u>\$ 601,355</u>	<u>\$ 221,399</u>	<u>\$ 5,693</u>	<u>\$ 2,706,695</u>
\$ 1,030	\$ 49,949	\$ 2,023	\$ -	\$ 322,940
1,029	-	54	-	25,047
49,047	-	-	-	452,140
52,847	774	-	-	905,532
-	-	-	-	2,039
-	-	219,322	5,693	423,146
<u>103,953</u>	<u>50,723</u>	<u>221,399</u>	<u>5,693</u>	<u>2,130,844</u>
-	-	-	-	25,219
-	550,632	-	-	550,632
-	550,632	-	-	575,851
<u>\$ 103,953</u>	<u>\$ 601,355</u>	<u>\$ 221,399</u>	<u>\$ 5,693</u>	<u>\$ 2,706,695</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, 2016**

<b>Data Control Codes</b>	<b>205 Head Start</b>	<b>206 ESEA Title X Part C Homeless</b>	<b>211 ESEA Title I Improving Basic Programs</b>	<b>213 ESEA Title I Part B - Even St. Family Literacy</b>
<b>REVENUES</b>				
5700	Local and intermediate sources	\$ -	\$ -	\$ -
5800	State program revenues	-	-	-
5900	Federal program revenues	1,908,627	33,736	87,729
5020	Total revenues	<u>1,908,627</u>	<u>33,736</u>	<u>87,729</u>
<b>EXPENDITURES</b>				
Current:				
0011	Instruction	1,540,073	10,280	2,890,914
0012	Instructional resources and media services	-	-	-
0013	Curriculum and staff development	8,497	-	312,648
0021	Instructional leadership	3,182	-	427,382
0023	School leadership	252,736	-	-
0031	Guidance, counseling, and evaluation services	87,951	-	-
0032	Social work services	180,759	22,776	22,500
0033	Health services	41,984	-	-
0036	Cocurricular/extracurricular activities	-	-	-
0041	General administration	-	680	-
0051	Facilities maintenance and operations	35,988	-	-
0061	Community services	197	-	16,383
0093	Payments to member districts of SSA	-	-	-
6030	Total expenditures	<u>2,151,367</u>	<u>33,736</u>	<u>3,669,827</u>
1100	Excess (deficiency) of revenues over (under) expenditures	<u>(242,740)</u>	<u>-</u>	<u>-</u>
<b>Other Financing Sources (Uses):</b>				
7915	Transfers in	242,740	-	-
7080	Total other financing sources (uses)	<u>242,740</u>	<u>-</u>	<u>-</u>
1200	Net change in fund balances	-	-	-
0100	Fund balance - (beginning)	-	-	-
3000	Fund balance - (ending)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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
\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-
34,510	2,548,694	53,739	189,281	921,650
<u>34,510</u>	<u>2,548,694</u>	<u>53,739</u>	<u>189,281</u>	<u>921,650</u>
34,510	829,210	53,289	74,706	733,084
-	-	-	-	-
-	47,701	450	8,620	146,879
-	-	-	64,126	41,687
-	-	-	2,896	-
-	1,579,563	-	38,933	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	92,220	-	-	-
<u>34,510</u>	<u>2,548,694</u>	<u>53,739</u>	<u>189,281</u>	<u>921,650</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, 2016**

Data Control Codes	263 Title III Part A Language	272 MAC Program	287 Department of Defense Grant
<b>REVENUES</b>			
5700	Local and intermediate sources	\$ -	\$ -
5800	State program revenues	-	-
5900	Federal program revenues	60,307	85,463
5020	Total revenues	<u>60,307</u>	<u>85,463</u>
<b>EXPENDITURES</b>			
Current:			
0011	Instruction	56,394	53,782
0012	Instructional resources and media services	-	-
0013	Curriculum and staff development	3,913	-
0021	Instructional leadership	-	31,681
0023	School leadership	-	-
0031	Guidance, counseling, and evaluation services	-	8,177
0032	Social work services	-	-
0033	Health services	-	-
0036	Cocurricular/extracurricular activities	-	-
0041	General administration	-	-
0051	Facilities maintenance and operations	-	-
0061	Community services	-	-
0093	Payments to member districts of SSA	-	-
6030	Total expenditures	<u>60,307</u>	<u>85,463</u>
1100	Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>-</u>
<b>Other Financing Sources (Uses):</b>			
7915	Transfers in	-	-
7080	Total other financing sources (uses)	<u>-</u>	<u>-</u>
1200	Net change in fund balances	-	-
0100	Fund balance - (beginning)	-	-
3000	Fund balance - (ending)	<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
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	10,870
<u>318,112</u>	<u>2,226</u>	<u>17,059</u>	<u>20,376</u>	<u>2,301</u>	<u>200</u>	<u>-</u>
<u>318,112</u>	<u>2,226</u>	<u>17,059</u>	<u>20,376</u>	<u>2,301</u>	<u>200</u>	<u>10,870</u>
318,084	2,226	13,510	14,100	2,301	200	10,870.00
-	-	-	-	-	-	-
-	-	2,371	6,276	-	-	-
-	-	-	-	-	-	-
-	-	1,178	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
28	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>318,112</u>	<u>2,226</u>	<u>17,059</u>	<u>20,376</u>	<u>2,301</u>	<u>200</u>	<u>10,870</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, 2016**

<b>Data Control Codes</b>	<b>410 State Textbook Fund</b>	<b>415 Kindergarten and Pre-K Grant</b>	<b>427 HOPES Grant</b>	<b>429 State Funded Special Revenue Fund</b>
<b>REVENUES</b>				
5700	Local and intermediate sources	\$ 7,542	\$ -	\$ -
5800	State program revenues	1,109,306	62,625	31,333
5900	Federal program revenues	-	-	-
5020	Total revenues	<u>1,116,848</u>	<u>62,625</u>	<u>31,333</u>
<b>EXPENDITURES</b>				
Current:				
0011	Instruction	1,091,629	62,625	-
0012	Instructional resources and media services	-	-	27
0013	Curriculum and staff development	-	-	-
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	-	-	31,333
0093	Payments to member districts of SSA	-	-	-
6030	Total expenditures	<u>1,091,629</u>	<u>62,625</u>	<u>31,333</u>
1100	Excess (deficiency) of revenues over (under) expenditures	<u>25,219</u>	<u>-</u>	<u>-</u>
<b>Other Financing Sources (Uses):</b>				
7915	Transfers in	-	-	-
7080	Total other financing sources (uses)	-	-	-
1200	Net change in fund balances	25,219	-	-
0100	Fund balance - (beginning)	-	-	-
3000	Fund balance - (ending)	<u>\$ 25,219</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
\$ 379,000	\$ 1,541,980	\$ 212,456	\$ 53,648	\$ 2,194,626
299,209	-	-	-	1,513,370
-	-	-	-	9,975,499
<u>678,209</u>	<u>1,541,980</u>	<u>212,456</u>	<u>53,648</u>	<u>13,683,495</u>
678,209	38,358	20,327	-	8,582,818
-	19,337	664	-	20,028
-	-	83,968	-	663,951
-	-	-	37,022	609,529
-	2,884	-	-	259,694
-	-	-	16,626	1,731,250
-	-	-	-	226,035
-	-	-	-	41,984
-	1,540,777	107,497	-	1,648,274
-	-	-	-	680
-	139	-	-	36,127
-	-	-	-	47,941
-	-	-	-	92,220
<u>678,209</u>	<u>1,601,495</u>	<u>212,456</u>	<u>53,648</u>	<u>13,960,531</u>
-	(59,515)	-	-	(277,036)
-	-	-	-	242,740
-	-	-	-	242,740
-	(59,515)	-	-	(34,296)
-	610,147	-	-	610,147
<u>\$ -</u>	<u>\$ 550,632</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 575,851</u>

**WICHITA FALLS INDEPENDENT SCHOOL DISTRICT  
COMBINING STATEMENT OF NET POSITION  
INTERNAL SERVICE FUNDS  
AUGUST 31, 2016**

Data Control Codes		751 Transportation Fund	752 Print Shop Fund	753 Insurance Fund	Total Internal Service Fund
<b>Assets</b>					
Current Assets					
1110	Cash and cash equivalents	\$ 466,140	\$ 35,096	\$ 1,458,629	\$ 1,959,865
1120	Investments	-	-	531,226	531,226
Receivables					
1260	Due from other funds	-	5,001	685,620	690,621
	Total current assets	<u>466,140</u>	<u>40,097</u>	<u>2,675,475</u>	<u>3,181,712</u>
Noncurrent assets:					
Capital assets:					
1530	Furniture and equipment	6,997,545	301,667	-	7,299,212
1550	Assets purchased under capital leases	2,345,099	337,618	-	2,682,717
1570	Accumulated depreciation	(4,925,831)	(385,735)	-	(5,311,566)
	Total noncurrent assets	<u>4,416,813</u>	<u>253,550</u>	<u>-</u>	<u>4,670,363</u>
1000	Total assets	<u>4,882,953</u>	<u>293,647</u>	<u>2,675,475</u>	<u>7,852,075</u>
<b>Liabilities</b>					
Current Liabilities:					
2110	Accounts payable	339,605	13,809	903	354,317
2150	Payroll deduction & withholdings	-	80	81	161
2160	Accrued wages payable	-	10	-	10
	Total current liabilities	<u>339,605</u>	<u>13,899</u>	<u>984</u>	<u>354,488</u>
Noncurrent liabilities:					
2501	Due in one year	254,204	113,513	-	367,717
2502	Due in more than one year	1,317,056	47,798	-	1,364,854
2590	Claims and judgments	-	-	505,000	505,000
	Total noncurrent liabilities	<u>1,571,260</u>	<u>161,311</u>	<u>505,000</u>	<u>2,237,571</u>
2000	Total liabilities	<u>1,910,865</u>	<u>175,210</u>	<u>505,984</u>	<u>2,592,059</u>
Net position:					
3200	Net investment in capital assets	2,845,553	92,239	-	2,937,792
3900	Unrestricted	126,535	26,198	2,169,491	2,322,224
3000	Total net position	<u>\$ 2,972,088</u>	<u>\$ 118,437</u>	<u>\$ 2,169,491</u>	<u>\$ 5,260,016</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, 2016**

Data Control Codes	751 Transportation Fund	752 Print Shop Fund	753 Insurance Fund	Total Internal Service Funds
<b>OPERATING REVENUES:</b>				
5700 Local and intermediate sources	\$ 3,124,983	\$ 186,991	\$ 685,539	\$ 3,997,513
5020 Total revenues	<u>3,124,983</u>	<u>186,991</u>	<u>685,539</u>	<u>3,997,513</u>
<b>OPERATING EXPENSES:</b>				
6100 Payroll costs	-	72,372	107,953	180,325
6200 Professional and contracted services	1,818,084	54,853	802	1,873,739
6300 Supplies and materials	191,766	35,708	412	227,886
6400 Other operating costs	47,066	58,254	588,583	693,903
6500 Debt service	26,680	3,308	-	29,988
6030 Total expenses	<u>2,083,596</u>	<u>224,495</u>	<u>697,750</u>	<u>3,005,841</u>
Operating income (loss)	<u>1,041,387</u>	<u>(37,504)</u>	<u>(12,211)</u>	<u>991,672</u>
<b>NON-OPERATING REVENUES (EXPENSES):</b>				
7955 Earnings from temp. deposits and investments	-	-	1,261	1,261
8951 Gain on sale of real or personal property	19,554	-	-	19,554
8030 Total non-operating revenues (expenses)	<u>19,554</u>	<u>-</u>	<u>1,261</u>	<u>20,815</u>
8911 <b>TRANSFERS OUT</b>	<u>(997,000)</u>	<u>-</u>	<u>-</u>	<u>(997,000)</u>
1300 Change in net position	63,941	(37,504)	(10,950)	15,487
0100 Total net position - beginning	<u>2,908,147</u>	<u>155,941</u>	<u>2,180,441</u>	<u>5,244,529</u>
3300 Total net position - ending	<u>\$ 2,972,088</u>	<u>\$ 118,437</u>	<u>\$ 2,169,491</u>	<u>\$ 5,260,016</u>

**WICHITA FALLS INDEPENDENT SCHOOL DISTRICT  
COMBINING STATEMENT OF CASH FLOWS  
INTERNAL SERVICE FUNDS  
FOR THE YEAR ENDED AUGUST 31, 2016**

	Transportation Fund	Print Shop Fund	Insurance Fund	Total Internal Service Funds
<b>Cash Flows from Operating Activities</b>				
Cash receipts for quasi-external operating transactions with other funds	\$ 3,126,144	\$ 193,075	\$ 156,792	\$ 3,476,011
Cash payments to employees for services	-	(72,372)	(107,953)	(180,325)
Cash payments to suppliers for goods and services	(1,788,849)	(93,313)	(428,044)	(2,310,206)
Net cash provided by (used in) operating activities	<u>1,337,295</u>	<u>27,390</u>	<u>(379,205)</u>	<u>985,480</u>
<b>Cash Flows from Noncapital Financing Activities:</b>				
Transfers to other funds	(997,000)	-	-	(997,000)
Net cash used in noncapital financing activities	<u>(997,000)</u>	<u>-</u>	<u>-</u>	<u>(997,000)</u>
<b>Cash Flows from Capital and Related Financing Activities:</b>				
Purchase of capital assets	(646,076)	-	-	(646,076)
Proceeds from the sale of capital assets	19,554	-	-	19,554
Principal paid on long-term debt	(307,199)	(111,835)	-	(419,034)
Net cash provided by (used in) capital and related financing activities	<u>(933,721)</u>	<u>(111,835)</u>	<u>-</u>	<u>(1,045,556)</u>
<b>Cash Flows from Investing Activities:</b>				
Purchase of investments	-	-	(158,133)	(158,133)
Interest and dividends on investments	-	-	1,261	1,261
Net cash used in investing activities	<u>-</u>	<u>-</u>	<u>(156,872)</u>	<u>(156,872)</u>
Net decrease in cash and cash equivalents	(593,426)	(84,445)	(536,077)	(1,213,948)
Cash and cash equivalents at beginning of year	1,059,566	119,541	1,994,706	3,173,813
Cash and cash equivalents at end of year	<u>466,140</u>	<u>35,096</u>	<u>1,458,629</u>	<u>1,959,865</u>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used In) Operating Activities:</b>				
Operating income (loss)	1,041,387	(37,504)	(12,211)	991,672
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities				
Depreciation	46,072	57,238	-	103,310
Change in assets and liabilities				
Decrease (increase) in due from other funds	-	6,084	(528,747)	(522,663)
Decrease (increase) in other receivables	1,161	-	-	1,161
Increase (decrease) in accounts payable	248,675	1,569	(231,247)	18,997
Increase (decrease) in payroll deduction & withholding	-	70	81	151
Increase (decrease) in accrued wages payable	-	(67)	(81)	(148)
Increase (decrease) in due to other funds	-	-	-	-
Increase (decrease) in accrued expenses	-	-	-	-
Increase (decrease) in claims liabilities	-	-	393,000	393,000
Total adjustments	<u>249,836</u>	<u>7,656</u>	<u>(366,994)</u>	<u>(109,502)</u>
Net cash provided by (used in) operating activities	<u>\$ 1,337,295</u>	<u>\$ 27,390</u>	<u>\$ (379,205)</u>	<u>\$ 985,480</u>
<b>Noncash Financing and Investing Activities:</b>				
Capital lease	\$ 901,541	\$ -	\$ -	901,541
Total noncash financing and investing activities	<u>\$ 901,541</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 901,541</u>

**WICHITA FALLS INDEPENDENT SCHOOL DISTRICT  
 COMBINING STATEMENT OF FIDUCIARY NET POSITION  
 PRIVATE-PURPOSE TRUST FUNDS  
 AUGUST 31, 2016**

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Data Control Codes		<b>828 Ryan Scholarship Fund</b>	<b>829 Renton Aviation Fund</b>	<b>Total Private Purpose Trust</b>
	<b>ASSETS:</b>			
1110	Cash and cash equivalents	<u>\$ 695,978</u>	<u>3,000</u>	<u>\$ 698,978</u>
1000	Total assets	<u>695,978</u>	<u>3,000</u>	<u>698,978</u>
	<b>NET POSITION:</b>			
3800	Held in trust	<u>695,978</u>	<u>3,000</u>	<u>698,978</u>
3000	Total net position	<u><u>\$ 695,978</u></u>	<u><u>\$ 3,000</u></u>	<u><u>\$ 698,978</u></u>

**WICHITA FALLS INDEPENDENT SCHOOL DISTRICT  
 COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
 PRIVATE-PURPOSE TRUST FUNDS  
 FOR THE YEAR ENDED AUGUST 31, 2016**

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	<b>828 Ryan Scholarship Fund</b>	<b>829 Renton Aviation Fund</b>	<b>Total Private Purpose Trust</b>
<b>Additions:</b>			
Gifts and bequests	\$ 219,206	\$ -	\$ 219,206
Total additions	<u>219,206</u>	<u>-</u>	<u>219,206</u>
<b>Deductions:</b>			
Scholarship awards	(128,000)	-	(128,000)
Total deductions	<u>(128,000)</u>	<u>-</u>	<u>(128,000)</u>
<b>Change in Net Position</b>	91,206	-	91,206
Net position-beginning of the year	<u>604,772</u>	<u>3,000</u>	<u>607,772</u>
Net position-end of the year	<u>\$ 695,978</u>	<u>\$ 3,000</u>	<u>\$ 698,978</u>



## **T.E.A. REQUIRED SCHEDULES**

**WICHITA FALLS INDEPENDENT SCHOOL DISTRICT  
SCHEDULE OF DELINQUENT TAXES RECEIVABLE  
FOR THE YEAR ENDED AUGUST 31, 2016**

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Last Ten Years Ended August 31	Tax Rates		3 Net Assessed/Appraised Value For School Tax Purposes
	1 Maintenance	2 Debt Service	
2007 and prior years	Various	Various	Various
2008	1.04	0.149	3,830,850,210
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 (School year under audit)	1.04	0.190	4,257,991,182
1000 TOTALS			

**EXHIBIT J-1**

<b>10</b> Beginning Balance 9/1/2015	<b>20</b> Current Year's Total Levy	<b>31</b> Maintenance Collections	<b>32</b> Debt Service Collections	<b>40</b> Entire Year's Adjustments	<b>50</b> Ending Balance 8/31/2016
\$ 417,765	\$ -	\$ 29,814	\$ 1,426	\$ 82,563	\$ 303,962
60,252	-	3,871	555	572	55,254
67,304	-	6,014	919	790	59,581
92,847	-	9,771	1,503	1,272	80,301
100,432	-	16,361	2,517	223	81,331
123,760	-	25,498	4,045	(2,805)	97,022
193,488	-	49,950	8,165	(2,620)	137,993
360,516	-	105,156	16,683	(2,637)	241,314
618,682	-	201,696	18,424	32,889	365,673
-	50,464,174	41,952,222	7,664,348	216,340	631,264
<u>\$ 2,035,046</u>	<u>\$ 50,464,174</u>	<u>\$ 42,400,353</u>	<u>\$ 7,718,585</u>	<u>\$ 326,587</u>	<u>\$ 2,053,695</u>

**WICHITA FALLS INDEPENDENT SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE – DEBT SERVICE FUND  
FOR THE YEAR ENDED AUGUST 31, 2016**

Data Control Codes		Budgeted Amounts		Actual	Variance Final Budget Positive or (Negative)
		Original	Final		
	<b>REVENUES</b>				
5700	Local and intermediate sources	\$ 7,855,924	\$ 7,859,724	\$ 7,796,648	\$ (63,076)
5800	State program revenues	625,475	385,994	627,512	241,518
5020	Total revenues	<u>8,481,399</u>	<u>8,245,718</u>	<u>8,424,160</u>	<u>178,442</u>
	<b>EXPENDITURES</b>				
	Debt service:				
0071	Principal on long-term debt	4,640,000	4,640,000	4,640,000	-
0072	Interest on long-term debt	3,837,308	3,837,308	3,837,308	-
0073	Bond issuance costs and fees	2,500	2,500	-	2,500
6030	Total expenditures	<u>8,479,808</u>	<u>8,479,808</u>	<u>8,477,308</u>	<u>2,500</u>
1100	Excess (deficiency) of revenues over (under) expenditures	1,591	(234,090)	(53,148)	175,942
0100	Fund balance - beginning	424,214	424,214	424,214	-
3000	Fund balance - ending	<u>\$ 425,805</u>	<u>\$ 190,124</u>	<u>\$ 371,066</u>	<u>\$ 175,942</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, 2016, 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 25, 2017.

### 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. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs that we consider to be significant deficiencies (2016-001).

### 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*.

### **District's Response to the Finding**

The District's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The District's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

### **Purpose of this Report**

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

*Weaver and Tidwell LLP*

WEAVER AND TIDWELL, L.L.P.

Dallas, Texas  
January 25, 2017





**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, 2016. 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, 2016.

## 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 25, 2017

**WICHITA FALLS INDEPENDENT SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED AUGUST 31, 2016**

**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      X   No
  - Significant deficiency(ies) identified that are not considered a material weakness? \_\_\_\_\_ Yes      X   None Reported
- c. Noncompliance material to financial statements noted \_\_\_\_\_ Yes      X   No

Major Programs

- d. Internal control over major programs:
- Material weakness(es) identified? \_\_\_\_\_ Yes      X   No
  - Significant deficiency(ies) identified that are not considered a material weakness? \_\_\_\_\_ Yes      X   None Reported
- 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      X   No
- g. Identification of major programs:
- |  |                  |
|--|------------------|
| Special Education Cluster                    | 84.027A, 84.173A |
| Title II, Part A - Improving Teacher Quality | 84.367A          |
- 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      X   No

**WICHITA FALLS INDEPENDENT SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED AUGUST 31, 2016**

**II. Findings Relating To the Financial Statements**

Finding 2016-001 – Year End Closing Procedures

*Type of finding:* Significant Deficiency

*Criteria*

The District did not complete the year-end close process timely, due to significant turnover in the finance department.

*Condition*

Due to turnover in the finance department, the trial balance and accounting records were not reconciled in time for the audit. This resulted in the need for the auditors to expand testing in several areas, including cash, receivables, and capital assets. A significant number of journal entries were posted during the course of the audit.

*Effect*

The District did not have a system or the resources to ensure that the accounting records were complete and accurate. This resulted in an increased risk of misstatement due to lack of internal controls over the District's closing policies.

We noted the following in our testing:

- Bank reconciliations were not completed timely or accurately throughout the year, resulting in a backlog of reconciliations to be completed around the end of the year and errors being made in the process. This caused other areas to need adjustments as a result of corrections made during the bank reconciliation process.
- Receivables and related revenues were not reconciled to payments received or amounts reported by the TEA, resulting in adjustments needed for the balances to be in agreement.
- Accounts payable and certain accrued liability accounts were not reconciled to the underlying detail.
- Capital asset schedules were not maintained or completed until several months after year end.

*Recommendation*

To maintain a more efficient and reliable accounting system, we suggest that the District's staff be able to provide the necessary audit assistance in schedule preparation, document location, and account verification. The maintenance of accurate and efficient accounting records throughout the year will help to make the audit an easier process. This will require proper training, as well as adequate planning and supervision by management personnel.

*Management's Response*

The open positions have been filled and roles and responsibilities for the year-end close process have been determined. We anticipate a timely year-end close process in 2017.

**WICHITA FALLS INDEPENDENT SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED AUGUST 31, 2016**

**III. Findings And Questioned Costs**

None

**IV. Prior Year Findings and Questioned Costs**

None

EXHIBIT K-1

**WICHITA FALLS INDEPENDENT SCHOOL DISTRICT  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED AUGUST 31, 2016**

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	06CH7009/15	\$ 114,489
Head Start	93.600	06CH7009/16	1,794,138
Total Passed Through Region IX Education Service Center			<u>1,908,627</u>
Passed Through North Texas Area United Way:			
Maternal, Infant, and Early Childhood Home Visiting Program	93.505	529-14-0109-00001	\$ 318,112
Passed Through Fairbanks, LLC:			
Medicaid Administrative Claiming Program - MAC	93.778	529-08-0177-00005	21,662
Total U. S. Department of Health and Human Services			<u>2,248,401</u>
<u>U. S. DEPARTMENT OF EDUCATION</u>			
Direct Programs:			
Impact Aid - P.L.	84.041	N/A	123,771
Passed Through Region 10			
Texas McKinney-Vento Program 2	84.196A	14-007	33,736
Passed Through State Department of Education:			
ESEA Title I Part A - Improving Basic Programs	84.010A	15610101243905	27,480
ESEA Title I Part A - Improving Basic Programs	84.010A	16610101243905	3,712,395
ESEA Title I - School Improvement Program	84.010A	15610104243905125	2,038
ESEA Title I - School Improvement Program	84.010A	16610112243905000	85,691
ESEA Title I Part D, Subpart 2 - Delinquent Programs	84.010A	16610103243905	34,510
Total CFDA Number 84.010A			<u>3,862,114</u>
Special Education Cluster:			
IDEA-B Formula	84.027A	166600012439056600	2,610,134
SSA IDEA-B Discretionary Deaf	84.027A	166600112439056673	17,059
SSA IDEA-B Deaf	84.027A	156600012439056601	117
SSA IDEA-B Deaf	84.027A	166600012439056601	20,259
IDEA-B Preschool	84.173A	156610012439056610	4,274
IDEA-B Preschool	84.173A	166610012439056610	49,465
SSA IDEA-B Preschool Deaf	84.173A	166610012439056611	2,301
Total Special Education Cluster			<u>2,703,609</u>
Vocational Education - Basic Grant			
IDEA C Early Intervention	84.048A	16420006243905	189,281
ESEA Title III-LEP	84.181A	1639110124396053911	200
	84.365A	16671001243905	63,222
ESEA Title II, Part A - Teacher & Principal Training & Recruiting			
ESEA Title II, Part A - Teacher & Principal Training & Recruiting	84.367A	15694501243905	6,877
ESEA Title II, Part A - Teacher & Principal Training & Recruiting	84.367A	16694501243905	928,215
Total CFDA Number 84.367A			<u>935,092</u>
Summer School LEP	84.369A	69550902	2,226
Total Passed Through State Department of Education			<u>7,755,744</u>
Total U. S. Department of Education			<u>7,913,251</u>

**WICHITA FALLS INDEPENDENT SCHOOL DISTRICT  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED AUGUST 31, 2016**

Federal Grantor/ Pass-Through Grantor/ Program Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
<b>U. S. DEPARTMENT OF AGRICULTURE</b>			
Child Nutrition Cluster:			
Passed Through State Department of Agriculture:			
Food Distribution - SBP - Noncash assistance	10.553	243008A	283,571
Food Distribution - NSLP - Noncash assistance	10.555		785,714
Total Passed Through State Department of Agriculture			1,069,285
Passed Through State Department of Education:			
School Breakfast Program	10.553	7140901	1,394,751
National School Lunch Program	10.555	7130901	3,864,545
Total Passed Through State Department of Education			5,259,296
Passed Through State Department of Human Services:			
Summer Feeding Program	10.559	TX-2431005SU	33,680
Total Passed Through Texas Department of Human Services			33,680
Total Child Nutrition Cluster and U. S. Department of Agriculture			6,362,261
<b>U.S. DEPARTMENT OF DEFENSE</b>			
Direct programs			
ROTC (Instructional Reimbursement)	12.000	243-905	165,716
Military-Connected Academic and Support Programs	12.557	HE12541510030	85,463
Total U. S. Department of Defense			251,179
<b>TOTAL EXPENDITURES OF FEDERAL AWARDS</b>			<b>\$ 16,775,092</b>

**WICHITA FALLS INDEPENDENT SCHOOL DISTRICT  
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED AUGUST 31, 2016**

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**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	\$ 16,775,092
E-Rate program	1,620,908
SHARS revenue	<u>2,102,290</u>
Total federal programs revenue per Exhibit C-2	<u>\$ 20,498,290</u>



**WICHITA FALLS INDEPENDENT SCHOOL DISTRICT  
SCHOOL FIRST QUESTIONNAIRE (UNAUDITED)  
FOR THE YEAR ENDED AUGUST 31, 2016**

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<u>Data Control Codes</u>		<u>Response</u>
SF2	Were there any disclosures in the Annual Financial Report and/or other sources of information concerning nonpayment of any terms of any debt agreement at fiscal year end?	No
SF4	Was there an unmodified opinion in the Annual Financial Report?	Yes
SF5	Did the Annual Financial Report disclose any instances of material weaknesses in internal controls over financial reporting and compliance for local, state, or federal funds?	No
SF6	Was there any disclosure in the Annual Financial Report of material noncompliance for grants, contracts, and laws related to local, state, or federal funds?	No
SF7	Did the school district make timely payments to the Teachers Retirement System (TRS), Texas Workforce Commission (TWC), Internal Revenue Service (IRS), and other government agencies?	Yes
SF8	Did the school district not receive an adjusted repayment schedule for more than one fiscal year for an over allocation of Foundation School Program (FSP) funds as a result of a financial hardship?	Yes
SF10	What was the total accumulated accretion on capital appreciation bonds (CABs) included in government-wide financial statements at fiscal year-end?	\$ -
SF11	Net Pension Assets (object 1920) at fiscal year-end.	\$ -
SF12	Net Pension Liabilities (object 2540) at fiscal year-end.	\$ 27,162,660
SF13	Pension Expense (object 6147) at fiscal year-end.	\$ 3,915,057