

WICHITA FALLS INDEPENDENT SCHOOL DISTRICT

ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED AUGUST 31, 2010

Wichita Falls Independent School District
Annual Financial Report
For The Year Ended August 31, 2010

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Introductory Section

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, 2010, at a meeting of the board of trustees of such school district on the 24 day of January, 2011.



Signature of Board Secretary



Signature of Board President

If the board of trustees disapproved of the auditor's report, the reason(s) for disapproving it is (are):
(attach list as necessary)

Financial Section



EDGIN, PARKMAN, FLEMING & FLEMING, PC

CERTIFIED PUBLIC ACCOUNTANTS

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J. MARK FLEMING, CPA

Independent Auditor's Report on Financial Statements

Board of Trustees
Wichita Falls Independent School District
PO Box 97533
Wichita Falls, Texas 76307-7533

Members of the Board of Trustees:

We have audited the accompanying financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of Wichita Falls Independent School District as of and for the year ended August 31, 2010, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Wichita Falls Independent School District's management. 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of Wichita Falls Independent School District as of August 31, 2010, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 13, 2011, on our consideration of Wichita Falls Independent School 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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis and the budgetary comparison information identified as Required Supplementary Information in the table of contents are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was performed for the purpose of forming opinions on the financial statements which collectively comprise the Wichita Falls Independent School District's basic financial statements. The accompanying schedule of expenditures of federal awards required by U. S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations* and the combining financial statements, and supporting schedules listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. This information, except for that portion marked "unaudited" on which we express no opinion, has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Respectfully submitted,

Edgin, Parkman, Fleming & Fleming, PC

Edgin, Parkman, Fleming & Fleming, PC

January 13, 2011



WICHITA FALLS INDEPENDENT SCHOOL DISTRICT

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Wichita Falls, Texas 76307-7533
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MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of Wichita Falls Independent School District's annual financial report presents our discussion and analysis of the District's financial performance during this fiscal year. It should be read in conjunction with the District's financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

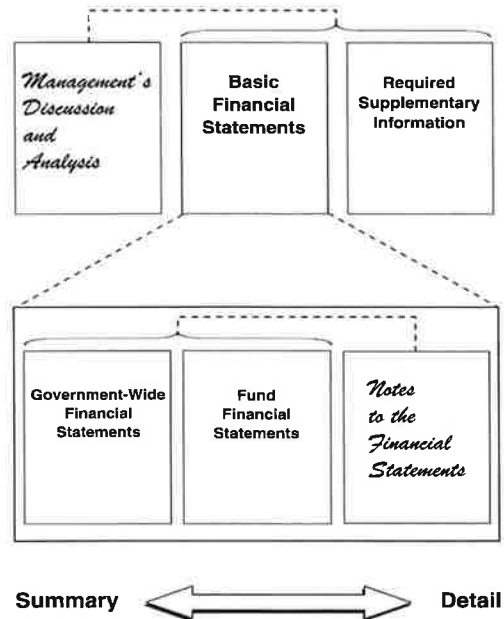
- The assets of the District exceeded its liabilities at the close of the most recent fiscal year by \$45.8 million (net assets). Of this amount, \$16.7 million (unrestricted net assets) is available to meet the District's future obligations.
- During the year, the District expensed \$131.5 million, which was \$1.5 million less than the District's revenue of \$133 million. Of this, \$34.7 million was program revenue and \$98.4 million was general revenue.
- The primary components of the \$1.8 million increase in net assets were the following items:
 - 1) a reduction of \$5.5 million in long-term debt;
 - 2) an increase in capital assets of \$.9 million;
 - 3) a reduction of \$5.8 million in current net assets;
 - 4) a reduction of \$1.2 million in other liabilities.
- The fund balance of the General Fund was \$13.6 million, which was a decrease of \$0.3 million. The fund balance decrease was due to an operating deficit of \$0.6 million, reduced by a correction to prior year revenues of \$0.3 million.
- The fund balance of other governmental funds was \$1.6 million, a decrease of \$0.3 million. The decrease was due primarily to an operating deficit this year.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of three parts—*management's discussion and analysis* (this section), the *basic financial statements*, and *required supplementary information*. The basic financial statements include two kinds of statements that present different views of the District:

- The first two statements are *government-wide financial statements* that 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 funds* statements tell how *general government* services were financed in the *short term* as well as what remains for future spending.
- *Proprietary fund* statements offer *short-* and *long-term* financial information about the activities that the government operates *like businesses*, such as self-insurance.
- *Fiduciary fund* 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 in question belong.

Figure A-1
Required Components of the District's
Annual Financial Report



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. Figure A-1 shows how the required parts of this annual report are arranged and related to one another.

Figure A-2 summarizes the major features of the District's financial statements, including the portion of the District government they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis explains the structure and contents of each of the statements.

Figure A-2. Major Features of the District's Government-wide and Fund Financial Statements

<i>Type of Statements</i>	Fund Statements			
	Government-wide	Governmental Funds	Proprietary Funds	Fiduciary Funds
<i>Scope</i>	Entire Agency's government (except fiduciary funds) and the Agency's component units	The activities of the district that are not proprietary or fiduciary	Activities the district operates similar to private businesses: self insurance	Instances in which the district is the trustee or agent for someone else's resources
<i>Required financial statements</i>	♦ Statement of net assets	♦ Balance sheet	♦ Statement of net assets	♦ Statement of fiduciary net assets
	♦ Statement of activities	♦ Statement of revenues, expenditures & changes in fund balances	♦ Statement of revenues, expenses and changes in fund net assets ♦ Statement of cash flows	♦ Statement of changes in fiduciary net assets
<i>Accounting basis and measurement focus</i>	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
<i>Type of asset/liability information</i>	All assets and liabilities, both financial and capital, short-term and long-term	Only assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets included	All assets and liabilities, both financial and capital, and short-term and long-term	All assets and liabilities, both short-term and long-term; the Agency's funds do not currently contain capital assets, although they can
<i>Type of inflow/outflow information</i>	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payment is due during the year or soon thereafter	All revenues and expenses during year, regardless of when cash is received or paid	All revenues and expenses during year, regardless of when cash is received or paid

Government-wide 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 assets includes all of the government's assets and liabilities. 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 assets and how they have changed. Net assets—the difference between the District's assets and liabilities—are one way to measure the District's financial health or position.

- Over time, increases or decreases in the District's net assets are an indicator of whether its financial health is improving or deteriorating, respectively.
- To assess the overall health of the District, one needs to consider additional non-financial factors such as changes in the District's tax base.

The government-wide financial statements of the District include the Governmental activities. The District's basic services are included here, 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. Funds are accounting devices that the District uses to keep track of specific sources of funding and spending for particular purposes.

- Some funds are required by State law and by bond covenants.
- The Board of Trustees establishes other funds to control and manage money for particular purposes or to show that it is properly using certain taxes and grants.

The District has the following kinds of 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 at the bottom of the governmental funds statement, or on the subsequent page, 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. We use internal service funds and enterprise funds to report activities that provide supplies and services for the District's other programs and activities.
- **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 assets and a statement of changes in fiduciary net assets. We exclude these activities from the District's government-wide financial statements because the District cannot use these assets to finance its operations.

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

Net assets. The District's combined net assets were \$45,758,280 at year end. (See Table A-1).

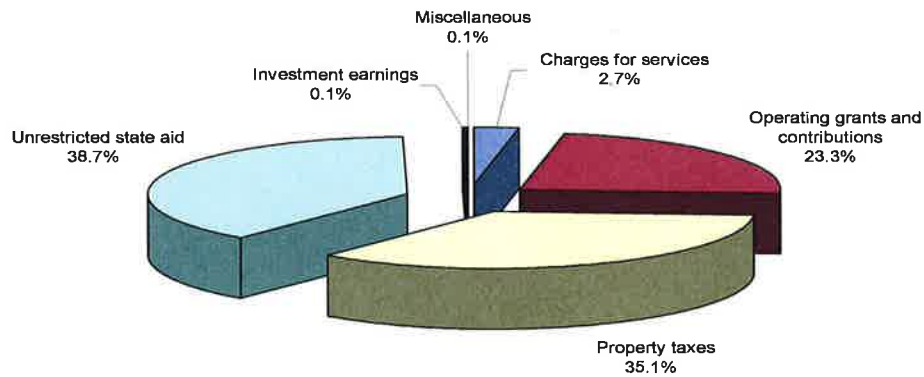
Table A-1
Wichita Falls Independent School District Net Assets

	Governmental Activities		Increase (Decrease)	Percentage Change
	2009	2010	2009-2010	2009-2010
Current and other assets	\$37,441,154	\$31,663,675	(\$5,777,479)	(15.43)%
Capital assets, net	98,122,959	98,973,723	850,764	0.87%
Total assets	135,564,113	130,637,398	(4,926,715)	(3.63)%
Long-term debt	79,590,076	74,058,291	(5,531,785)	(6.95)%
Other liabilities	12,011,984	10,820,827	(1,191,157)	(9.92)%
Total liabilities	91,602,060	84,879,118	(6,722,942)	(7.34)%
Net assets				
invested in capital assets, net of related debt	25,782,971	27,867,401	2,084,430	8.08%
Restricted	1,354,797	1,141,301	(213,496)	(15.76)%
Unrestricted	16,824,285	16,749,578	(74,707)	(0.44)%
Total net assets	\$43,962,053	\$45,758,280	\$1,796,227	4.09%

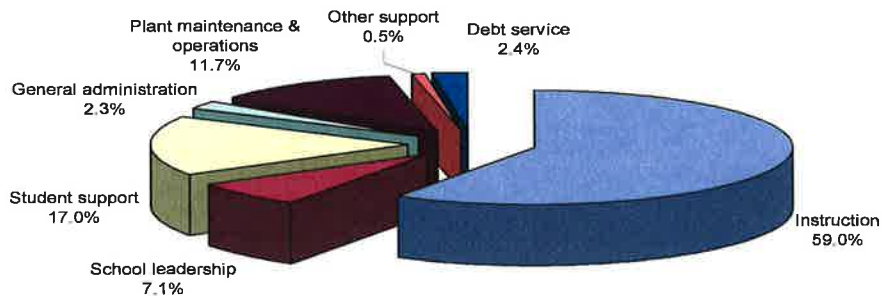
Changes in net assets. The District's total revenues were \$133 million, which was an increase of \$1.9 million, or 1.5%, over the prior year total of \$131.1 million. A significant portion, 35.1%, of the District's revenue came from property taxes (see Figure A-3). 38.7% came from unrestricted state and federal aid, and 26% came from operating grants, contributions and charges for services.

Total cost of all programs and services was \$131.5 million. 59% of these costs were for instructional and related services (Functions 11-13). Campus and school leadership (Functions 21 and 23) was 7.1% and student support services (Functions 31-36) was 17%. The remaining 16.9% supports instruction indirectly through general administration (2.3%), facilities maintenance, utilities, security, and data processing (11.7%) debt service (2.4%) and other expense (0.5%) (See Figure A-4).

**Figure A-3
Sources of Revenue for this Fiscal Year**



**Figure A-4
Functional Expenses for this Fiscal Year**



Governmental Activities

Table A-2 compares the District's operating and general revenues and functional expenses for both the prior and current years, as disclosed in the audited schedule Exhibit B-1. Following the table, we provide explanations for the significant or unusual fluctuations between the two years.

Table A-2

	Governmental Activities		Increase (Decrease)	Percentage Change
	2009	2010	2009-2010	2009-2010
Revenues				
Program revenues				
Charges for services	\$3,660,432	\$3,535,673	(\$124,759)	(3.41)%
Operating grants and contributions	25,900,377	31,128,274	5,227,897	20.18%
General revenues, and special items				
Property taxes	48,851,590	46,671,430	(2,180,160)	(4.46)%
Unrestricted state aid	51,076,248	51,471,143	394,895	0.77%
Unrestricted federal grant (reclassified)				
Investment earnings	911,821	89,906	(821,915)	(90.14)%
Miscellaneous	237,923	159,404	(78,519)	(33.00)%
Other	479,502		(479,502)	(100.00)%
Total revenues	131,117,893	133,055,830	1,937,937	1.48%
Expenses				
11-Instruction	68,864,906	73,755,901	4,890,995	7.10%
12-Instructional resources and media services	1,703,007	1,584,624	(118,383)	(6.95)%
13-Curriculum and staff development	1,587,684	2,291,844	704,160	44.35%
21-Instructional leadership	2,876,870	2,896,136	19,266	0.67%
23-School leadership	6,542,596	6,425,506	(117,090)	(1.79)%
31-Guidance, counseling and evaluation svcs	5,375,917	5,480,257	104,340	1.94%
32-Social work services	726,237	597,537	(128,700)	(17.72)%
33-Health services	1,319,191	1,326,030	6,839	0.52%
34-Student transportation	2,503,789	2,516,688	12,899	0.52%
35-Food services	7,092,826	7,457,551	364,725	5.14%
36-Extracurricular activities	4,914,767	4,926,064	11,297	0.23%
41-General administration	3,025,922	2,982,963	(42,959)	(1.42)%
51-Plant maintenance and operations	12,073,405	12,536,534	463,129	3.84%
52-Security and monitoring services	450,889	571,700	120,811	26.79%
53-Data processing services	2,544,723	2,318,344	(226,379)	(8.90)%
61-Community services	22,552	33,521	10,969	48.64%
72-Debt service	3,317,905	3,072,811	(245,094)	(7.39)%
73-Bond issuance costs and fees	57,972	26,663	(31,309)	(54.01)%
81-Facilities acquisition & construction				
93-Payments to shared service arrangements	150,000	172,015	22,015	14.68%
99-Other governmental charges	562,323	553,141	(9,182)	(1.63)%
Total expenses	125,713,481	131,525,830	5,812,349	4.62%
Increase in net assets from operations	\$5,404,412	\$1,530,000	(\$3,874,412)	(71.69)%
Prior period correction		<u>266,227</u>		
Increase in net assets		<u>\$1,796,227</u>		

Revenues

- Charges for services decreased by \$124,759, or 3.41%, from the previous year. All of the sources were down slightly.
- Revenue from operating grants and contributions are designated for specific projects/purposes, such as grants from private foundations; the state’s contribution to employee retirement accounts on the District’s behalf; National School Lunch/Breakfast and Commodities; and various federal programs funded by the federal government. The increase of \$5,227,897 (20.18%) was due to receipt of ARRA stimulus funds from the federal government.
- Property taxes revenue decreased \$2,180,160, or 4.46%, due to a reduction in the tax base.
- State aid formula grants increased by \$394,895, or 0.77%. State aid increases to offset property taxes were in turn supplanted by federal stimulus dollars funded by the ARRA.
- Investment earnings decreased by \$821,915, or 90.14%, because of depressed interest rates.
- Miscellaneous and other revenues decreased \$558,021, or 78%, primarily because of other reductions in local and federal funding.

Expenses

- Overall expenditures increased a total of \$5,812,349, or 4.62%, due primarily to increases in funding from the federal government for stimulus dollars provided by the ARRA. These amounts were primarily expended in the instructional function.

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 reflects amounts funded by state revenues as well as local tax dollars.

- The cost of all governmental activities this year was \$131,525,830. The amount that our taxpayers paid for these activities through property taxes was \$46,671,430.
- Some of the cost was paid by those who directly benefited from the programs through charges for services - \$3,535,673 – and by grants and contributions - \$31,128,274.
- The amount funded by the state was \$51,471,143 in formula grants and direct state aid.

**Table A-3
Net Cost of Governmental Activities**

	Total Expenses		Increase	%
	Before Program Revenue		(Decrease)	Change
	2009	2010	2009-2010	2009-2010
Instruction	\$68,864,906	\$73,755,901	\$4,890,995	7.10%
Instr resources/media	1,703,007	1,584,624	(118,383)	(6.95)%
School leadership	6,542,596	6,425,506	(117,090)	(1.79)%
Guidance & counseling	5,375,917	5,480,257	104,340	1.94%
Food services	7,092,826	7,457,551	364,725	5.14%
Extracurricular activities	4,914,767	4,926,064	11,297	0.23%
General administration	3,025,922	2,982,963	(42,959)	(1.42)%
Plant maint & optns	12,073,405	12,536,534	463,129	3.84%

	<u>Net Cost Of Services</u>		<u>Increase</u>	<u>%</u>
	<u>2009</u>	<u>2010</u>	<u>(Decrease)</u>	<u>Change</u>
			<u>2009-2010</u>	<u>2009-2010</u>
Instruction	\$55,052,981	\$54,426,399	(\$626,642)	(1.14)%
Instr resources/media	1,474,380	1,418,043	(56,337)	(3.82)%
School leadership	5,878,424	5,826,361	(52,063)	(0.89)%
Guidance & counseling	3,221,327	4,184,174	962,847	29.89%
Food services	124,152	69,754	(54,398)	(43.82)%
Extracurricular activities	3,740,587	3,726,762	(13,825)	(0.37)%
General administration	2,911,610	2,859,523	(52,087)	(1.79)%
Plant maint & optns	11,680,370	12,225,656	545,286	4.67%

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

Revenues from governmental fund types on a modified accrual basis totaled \$132,908,881, an increase of \$2,312,558 (1.8%) over revenues of \$130,596,323 from the preceding year. Revenues consist of three reported revenue sources: local, state, and federal. Local revenues decreased primarily due to reduction in property tax receipts, interest income, and other local income. State revenues reductions were due primarily to supplanting of additional state aid offsetting property tax reductions with increases to federal stimulus funding from ARRA. Federal revenues increased primarily due to federal stimulus funds from ARRA.

General Fund Revenue Highlights

- General fund local revenues were \$41,123,630 for the year. This was \$2,386,103 lower than the previous year, or 5.5% decrease. The total varied \$40,669 below the amended budget. The primary component of local revenues is property taxes, which decreased due to reductions in the tax base.
- Total state program revenues were \$54,068,093, an increase of \$1,087,627 (2.05%). The total was \$374,264 less than budgeted estimates.
- Federal program revenues were \$1,912,304, a decrease of \$600,438 (23.9%), which was \$36,356 less than the amended budget.
- Over the course of the year, the District revised its general fund budget. The difference in the original budget and final amended expenditure budget was a decrease of \$0.9 million due primarily to lowered revenue expectations.

General Fund Expenditure Highlights

- General fund expenditures were \$95,667,077, down \$662,164 from the prior year and were \$23,194 below the final amended budget.
- Instructional expenditures were \$56,490,927, down \$1,662,087, which was in excess of the final amended budget by \$440,037. Most of this decrease was due to supplanting of general fund expenditures by ARRA federal stimulus funds.
- Support service expenditures were up \$806,759, which was below budget by \$326,875. This increase was due to guidance and counseling expenditure increases.
- Support services (non-student) of \$14,837,823, an increase of \$387,275, were \$87,271 over budget. Maintenance expenditures were higher than the last year.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

The District has invested \$171,650,145 in a broad range of capital assets, including land, equipment, buildings, and vehicles. (See Table A-4) This amount represents a net increase (including additions and retirements) of \$5 million over last year.

**Table A-4
Capital Assets**

	Governmental Activities		Increase (Decrease)	% Change
	<u>2009</u>	<u>2010</u>	<u>2009-2010</u>	<u>2009-2010</u>
Land	\$3,387,361	\$3,481,231	\$93,870	2.77%
Bldgs and improvements	141,250,582	145,628,460	4,377,878	3.10%
Equipment	20,809,386	22,000,024	1,190,638	5.72%
Property under cap lease	1,070,022	517,497	(552,525)	(51.64)%
Construction in progress	163,992	22,933	(141,059)	(86.02)%
Cost of capital assets	166,681,343	171,650,145	4,968,802	2.98%
Accumulated depreciation	68,558,384	72,676,422	4,118,038	6.01%
Capital assets, net of depreciation	<u>\$98,122,959</u>	<u>\$98,973,723</u>	<u>\$850,764</u>	0.87%

Capital Projects Fund

Bonds issued in 2007 focused on remodeling and upgrading elementary facilities, renovating bathrooms and kitchens and adding classrooms where needed, building two new elementary schools, remodeling science labs, and air conditioning junior high and high school competition gyms. The projects began in 2006-07, and those exceeding \$100,000 to any one campus, primarily re-roofing and paving projects, were capitalized as an addition to the cost of the facility. \$4,446,489 was expended in the capital projects fund this year. Three buses were purchased for \$134,951.

Long-term Debt and Other Obligations

At year-end the District had \$71,788,592 in bonds and capital leases and \$1,723,040 in accrued leave outstanding as shown in Table A-5. More detailed information about the District's debt is presented in the notes to the financial statements.

**Table A-5
Outstanding Debt**

	Governmental Activities		Increase (Decrease)	% Change
	<u>2009</u>	<u>2010</u>	<u>2009-2010</u>	<u>2009-2010</u>
Gen. obligation bonds	\$75,008,317	\$69,700,802	(\$5,307,515)	(7.08)%
Cap leases payable	1,469,665	706,132	(763,533)	(51.96)%
Unamortized prem on bonds	1,465,755	1,381,658	(84,097)	(5.74)%
Long-term debt	<u>\$77,943,737</u>	<u>\$71,788,592</u>	<u>(\$6,155,145)</u>	<u>(7.90)%</u>
Accrued vacation & sick days	1,646,339	1,723,040	76,701	4.66%
Total long-term obligations	<u>\$79,590,076</u>	<u>\$73,511,632</u>	<u>(\$6,078,444)</u>	<u>(7.64)%</u>

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

- The appraised value, adjusted for the effect of frozen taxes, used for next year's budget preparation is \$3.59 billion, an increase of \$17 million, or 0.5%.
- General fund spending per student decreased to \$6,607 per student, a decrease of \$101 per student. This is a 1.5% decrease.
- The District's refined average daily attendance is expected to decrease to approximately 13,425.

These indicators were taken into account when adopting the general fund budget for 2011. Amounts available for appropriation in the general fund budget are \$95.7 million, which is a decrease of \$3.4 million. Property tax revenues will remain stable and an additional \$2. million will be supplanted by federal ARRA stimulus funds.

General fund expenditures, budgeted to be \$99.1 million, represent an increase of \$2.2 million from the prior year. If these estimates are realized, the District's general fund balance is expected to remain steady.

The District has received \$6.7 million in State Fiscal Stabilization Funds provided by the Federal American Recovery and Reinvestment Act that has offset state aid to the general fund. These amounts will pay for salaries that would have otherwise been paid from the general fund.

The District has budgeted \$2.7 million in federal stimulus grants funded by the American Recovery and Reinvestment Act. These grants focus primarily on students at risk of dropping out of school and for students with special needs. Expenditures include payroll, supplies and technology purchases.

The Wichita Falls Economic Factors appear to be down for the coming school year. Interest rates are at record lows, housing starts are down and little or no growth is projected. Commercial development is down, with unemployment high. Even during these difficult economic times, our student enrollment is holding.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with 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 and Operations Officer or Director of Finance/Budget.

Basic Financial Statements

WICHITA FALLS INDEPENDENT SCHOOL DISTRICT

STATEMENT OF NET ASSETS

AUGUST 31, 2010

Data Control Codes	1	2	3	
	Governmental Activities	Business-type Activities	Total	
ASSETS:				
1110	Cash and Cash Equivalents	\$ 8,775,994	\$ 1,229	\$ 8,777,223
1120	Current Investments	9,477,573	--	9,477,573
1225	Property Taxes Receivable, Net	2,358,353	--	2,358,353
1240	Due from Other Governments	7,961,267	--	7,961,267
1260	Internal Balances	9,507	--	9,507
1290	Other Receivables	473,904	--	473,904
1300	Inventories	1,810,386	--	1,810,386
1410	Deferred Expenses	388,683	--	388,683
1420	Capital Bond and Other Debt Issuance Costs, Net	406,779	--	406,779
Capital Assets:				
1510	Land	3,481,231	--	3,481,231
1520	Buildings and Improvements, Net	90,465,506	--	90,465,506
1530	Furniture and Equipment, Net	4,568,178	--	4,568,178
1550	Capital Lease Assets, Net	435,875	--	435,875
1580	Construction in Progress	22,933	--	22,933
1000	Total Assets	130,636,169	1,229	130,637,398
LIABILITIES:				
2110	Accounts Payable	2,270,836	--	2,270,836
2150	Payroll Deductions & Withholdings	994,272	--	994,272
2165	Accrued Liabilities	4,493,618	--	4,493,618
2180	Due to Other Governments	89,478	--	89,478
2200	Accrued Expenses	883,848	--	883,848
2300	Unearned Revenue	2,088,775	--	2,088,775
Noncurrent Liabilities:				
2501	Due Within One Year	6,918,384	--	6,918,384
2502	Due in More Than One Year	67,139,907	--	67,139,907
2000	Total Liabilities	84,879,118	--	84,879,118
NET ASSETS				
3200	Invested in Capital Assets, Net of Related Debt	27,867,401	--	27,867,401
Restricted For:				
3820	Debt Service	307,759	--	307,759
3850	Food Service	833,542	--	833,542
3900	Unrestricted	16,748,349	1,229	16,749,578
3000	Total Net Assets	\$ 45,757,051	\$ 1,229	\$ 45,758,280

The accompanying notes are an integral part of this statement.

WICHITA FALLS INDEPENDENT SCHOOL DISTRICT

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED AUGUST 31, 2010

Data Control Codes	Functions/Programs	1 Expenses	3 Program Revenues	
			Charges for Services	4 Operating Grants and Contributions
	Governmental Activities:			
11	Instruction	\$ 73,755,901	\$ 204,411	\$ 19,125,151
12	Instructional Resources and Media Services	1,584,624	92,114	74,467
13	Curriculum and Staff Development	2,291,844	138,122	1,204,464
21	Instructional Leadership	2,896,136	--	994,050
23	School Leadership	6,425,506	64,430	534,715
31	Guidance, Counseling, & Evaluation Services	5,480,257	--	1,296,083
32	Social Work Services	597,537	--	268,129
33	Health Services	1,326,030	--	134,107
34	Student Transportation	2,516,688	--	369,708
35	Food Service	7,457,551	1,980,619	5,407,178
36	Cocurricular/Extracurricular Activities	4,926,064	967,870	231,432
41	General Administration	2,982,963	--	123,440
51	Plant Maintenance and Operations	12,536,534	88,107	222,771
52	Security and Monitoring Services	571,700	--	26,027
53	Data Processing Services	2,318,344	--	75,358
61	Community Services	33,521	--	24,560
72	Interest on Long-term Debt	3,072,811	--	1,016,634
73	Bond Issuance Costs and Fees	26,663	--	--
93	Payments Related to Shared Services Arrangements	172,015	--	--
99	Other Intergovernmental Charges	553,141	--	--
TG	Total Governmental Activities	<u>131,525,830</u>	<u>3,535,673</u>	<u>31,128,274</u>
	Business-type Activities:			
01	WFHS Tutoring	15,517	16,746	--
TP	Total Primary Government	<u>\$ 131,541,347</u>	<u>\$ 3,552,419</u>	<u>\$ 31,128,274</u>
	General Revenues:			
MT	Property Taxes, Levied for General Purposes			
DT	Property Taxes, Levied for Debt Service			
IE	Investment Earnings			
GC	Grants and Contributions Not Restricted to Specific Programs			
MI	Miscellaneous			
TR	Total General Revenues			
CN	Change in Net Assets			
NB	Net Assets - Beginning			
NE	Net Assets - Ending			

The accompanying notes are an integral part of this statement.

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Net (Expense) Revenue and Changes in Net Assets

Governmental Activities	Business-type Activities	Total
\$ (54,426,339)		\$ (54,426,339)
(1,418,043)		(1,418,043)
(949,258)		(949,258)
(1,902,086)		(1,902,086)
(5,826,361)		(5,826,361)
(4,184,174)		(4,184,174)
(329,408)		(329,408)
(1,191,923)		(1,191,923)
(2,146,980)		(2,146,980)
(69,754)		(69,754)
(3,726,762)		(3,726,762)
(2,859,523)		(2,859,523)
(12,225,656)		(12,225,656)
(545,673)		(545,673)
(2,242,986)		(2,242,986)
(8,961)		(8,961)
(2,056,177)		(2,056,177)
(26,663)		(26,663)
(172,015)		(172,015)
(553,141)		(553,141)
<u>(96,861,883)</u>		<u>(96,861,883)</u>
--	\$ 1,229	1,229
<u>(96,861,883)</u>	<u>1,229</u>	<u>(96,860,654)</u>
40,480,520	--	40,480,520
6,190,910	--	6,190,910
89,906	--	89,906
51,471,143	--	51,471,143
159,404	--	159,404
98,391,883	--	98,391,883
1,530,000	1,229	1,531,229
44,227,051	--	44,227,051
<u>\$ 45,757,051</u>	<u>\$ 1,229</u>	<u>\$ 45,758,280</u>

WICHITA FALLS INDEPENDENT SCHOOL DISTRICT

BALANCE SHEET - GOVERNMENTAL FUNDS

AUGUST 31, 2010

Data Control Codes	10 General Fund	60 Capital Projects Fund	Other Governmental Funds	98 Total Governmental Funds
ASSETS:				
1110 Cash and Cash Equivalents	\$ 2,652,044	\$ 1,769,456	\$ 2,978,201	\$ 7,399,701
1120 Current Investments	8,132,516	4,569	1,092,157	9,229,242
1225 Taxes Receivable, Net	2,146,392	--	211,961	2,358,353
1240 Due from Other Governments	4,991,743	--	2,969,524	7,961,267
1260 Due from Other Funds	4,189,094	--	86,545	4,275,639
1290 Other Receivables	457,985	--	15,919	473,904
1300 Inventories	568,298	--	1,235,588	1,803,886
1410 Deferred Expenditures	388,683	--	--	388,683
1000 Total Assets	\$ 23,526,755	\$ 1,774,025	\$ 8,589,895	\$ 33,890,675
LIABILITIES:				
Current Liabilities:				
2110 Accounts Payable	\$ 857,700	\$ 451,214	\$ 301,257	\$ 1,610,171
2150 Payroll Deductions & Withholdings	994,172	--	100	994,272
2160 Accrued Wages Payable	3,332,165	3,448	1,156,224	4,491,837
2170 Due to Other Funds	1,843,194	24,856	4,142,422	6,010,472
2180 Due to Other Governments	3,577	65,578	20,340	89,495
2300 Unearned Revenue	2,936,695	--	1,372,491	4,309,186
2000 Total Liabilities	9,967,503	545,096	6,992,834	17,505,433
FUND BALANCES:				
Reserved Fund Balances:				
3410 Investments in Inventory	568,298	--	453,608	1,021,906
3420 Debt Service	--	--	341,797	341,797
3450 Food Service	--	--	379,934	379,934
3490 Other Reserves	--	--	421,722	421,722
Designated Fund Balance:				
3510 Construction	--	1,228,929	--	1,228,929
3540 Self-Insurance	100,000	--	--	100,000
3590 Other Designations	1,271,766	--	--	1,271,766
3600 Unreserved, Undesignated	11,619,188	--	--	11,619,188
3000 Total Fund Balances	13,559,252	1,228,929	1,597,061	16,385,242
4000 Total Liabilities and Fund Balances	\$ 23,526,755	\$ 1,774,025	\$ 8,589,895	\$ 33,890,675

The accompanying notes are an integral part of this statement.

WICHITA FALLS INDEPENDENT SCHOOL DISTRICT
*RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
 TO THE STATEMENT OF NET ASSETS*
 AUGUST 31, 2010

Total fund balances - governmental funds balance sheet		\$ 16,385,242
Amounts reported for governmental activities in the statement of net assets are different because:		
Capital assets used in governmental activities are not financial resources; therefore, are not reported in the governmental fund financial statements.		165,491,153
Accumulated depreciation has not been included in the governmental fund financial statements.		(68,467,661)
Long-term debt and other contractual liabilities have not been included in the governmental fund financial statements:		
Bonds payable	\$ 69,700,802	
Capital leases payable	706,132	
Compensated absences	<u>1,723,040</u>	(72,129,974)
Interest is accrued on outstanding debt in the government-wide financial statements, whereas in the governmental financial statements, interest expenditures are reported when due.		(229,267)
In the governmental financial statements, bond issuance costs are expensed when incurred, whereas in the government-wide financial statements they are capitalized, net of amortization.		406,779
Premiums on the issuance of current interest bonds are capitalized, net of amortization, on the government-wide financial statements.		(1,381,658)
Revenue reported as unearned revenue in the governmental fund financial statements are recorded as revenue in the government-wide financial statements.		2,220,411
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.		<u>3,462,026</u>
Net assets of governmental activities - statement of net assets		<u>\$ 45,757,051</u>

The accompanying notes are an integral part of this statement.

WICHITA FALLS INDEPENDENT SCHOOL DISTRICTSTATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED AUGUST 31, 2010

Data Control Codes	10 General Fund	60 Capital Projects Fund	Other Governmental Funds	98 Total Governmental Funds
REVENUES:				
5700 Local and Intermediate Sources	\$ 41,123,630	\$ 18,487	\$ 9,938,032	\$ 51,080,149
5800 State Program Revenues	54,068,093	--	2,942,295	57,010,388
5900 Federal Program Revenues	1,912,304	--	22,906,040	24,818,344
5020 Total Revenues	<u>97,104,027</u>	<u>18,487</u>	<u>35,786,367</u>	<u>132,908,881</u>
EXPENDITURES:				
Current:				
0011 Instruction	54,175,616	--	17,837,787	72,013,403
0012 Instructional Resources and Media Services	1,403,702	--	97,423	1,501,125
0013 Curriculum and Staff Development	911,609	--	1,320,892	2,232,501
0021 Instructional Leadership	1,923,171	--	896,951	2,820,122
0023 School Leadership	5,963,604	--	295,707	6,259,311
0031 Guidance, Counseling, & Evaluation Services	4,252,996	--	1,081,861	5,334,857
0032 Social Work Services	308,027	--	274,284	582,311
0033 Health Services	1,215,073	--	77,321	1,292,394
0034 Student Transportation	2,369,471	--	376,622	2,746,093
0035 Food Service	--	--	7,142,585	7,142,585
0036 Cocurricular/Extracurricular Activities	4,221,027	--	583,901	4,804,928
0041 General Administration	2,879,164	--	55	2,879,219
0051 Plant Maintenance and Operations	12,089,593	--	66,499	12,156,092
0052 Security and Monitoring Services	617,887	--	--	617,887
0053 Data Processing Services	2,130,343	--	--	2,130,343
0061 Community Services	1,971	--	30,670	32,641
0071 Principal on Long-term Debt	441,757	--	5,600,000	6,041,757
0072 Interest on Long-term Debt	36,910	--	2,807,592	2,844,502
0073 Bond Issuance Costs and Fees	--	--	2,010	2,010
0081 Capital Outlay	--	4,446,489	--	4,446,489
0093 Payments to Shared Service Arrangements	172,015	--	--	172,015
0099 Other Intergovernmental Charges	553,141	--	--	553,141
6030 Total Expenditures	<u>95,667,077</u>	<u>4,446,489</u>	<u>38,492,160</u>	<u>138,605,726</u>
1100 Excess (Deficiency) of Revenues Over (Under)				
1100 Expenditures	<u>1,436,950</u>	<u>(4,428,002)</u>	<u>(2,705,793)</u>	<u>(5,696,845)</u>
Other Financing Sources and (Uses):				
7912 Sale of Real or Personal Property	16,744	--	6,268	23,012
7914 Non-Current Loan Proceeds	375,116	--	--	375,116
7915 Transfers In	--	--	2,386,035	2,386,035
7949 Other Resources	--	53,543	--	53,543
8911 Transfers Out	(2,460,461)	--	--	(2,460,461)
7080 Total Other Financing Sources and (Uses)	<u>(2,068,601)</u>	<u>53,543</u>	<u>2,392,303</u>	<u>377,245</u>
1200 Net Change in Fund Balances	<u>(631,651)</u>	<u>(4,374,459)</u>	<u>(313,490)</u>	<u>(5,319,600)</u>
0100 Fund Balances - Beginning	14,190,903	5,603,388	1,910,551	21,704,842
3000 Fund Balances - Ending	<u>\$ 13,559,252</u>	<u>\$ 1,228,929</u>	<u>\$ 1,597,061</u>	<u>\$ 16,385,242</u>

The accompanying notes are an integral part of this statement.

WICHITA FALLS INDEPENDENT SCHOOL DISTRICT
*RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
 TO THE STATEMENT OF ACTIVITIES
 FOR THE YEAR ENDED AUGUST 31, 2010*

Net change in fund balances - total governmental funds	\$ (5,319,600)
Amounts reported for governmental activities in the statement of activities are different because:	
Current year capital outlays are expenditures in the governmental fund financial statements, but are shown as increases in capital assets in the government-wide financial statements.	5,203,745
Depreciation is not recognized as an expenditure in the governmental fund financial statements since it does not use current financial resources. Current year depreciation expense is:	(4,132,833)
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:	6,039,757
Issuance of long-term debt are other sources in the governmental fund financial statements, but are reported as additions of long-term debt in the government-wide financial statements. Current year long-term debt issued was:	(375,116)
Accretion on capital appreciation bonds is not reflected in the governmental fund financial statements, but is reflected as an increase in accreted interest in the government-wide financial statements. The current year accretion is:	(292,485)
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 decreased by:	9,398
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:	(76,701)
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 premiums were:	83,737
Amortization of debt issuance costs is only reported in the government-wide financial statements. Current year amortization is:	(24,653)
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.	69,896
Internal service funds are used by management to charge the costs of various services to the individual funds. The change in net assets of the internal service funds is reported in the governmental activities.	344,855
Change in net assets of governmental activities - statement of activities	<u>\$ 1,530,000</u>

The accompanying notes are an integral part of this statement.

WICHITA FALLS INDEPENDENT SCHOOL DISTRICT

STATEMENT OF NET ASSETS

PROPRIETARY FUNDS

AUGUST 31, 2010

Data Control Codes	Nonmajor Enterprise Fund	Internal Service Funds
	WFHS Tutoring	
ASSETS:		
Current Assets:		
1110	\$ 1,229	\$ 1,376,293
1120	--	248,331
Receivables:		
1260	--	1,756,649
1310	--	6,500
	<u>1,229</u>	<u>3,387,773</u>
Noncurrent Assets:		
Capital Assets:		
1530	--	6,016,613
1550	--	142,380
1570	--	(4,208,762)
	<u>--</u>	<u>1,950,231</u>
1000	<u>1,229</u>	<u>5,338,004</u>
LIABILITIES:		
Current Liabilities:		
2110	--	660,665
2120	--	136,751
2130	--	22,098
2160	--	1,781
2170	--	12,309
2180	--	(17)
2200	--	654,581
	<u>--</u>	<u>1,488,168</u>
Noncurrent Liabilities:		
2500	--	387,810
	<u>--</u>	<u>387,810</u>
2000	<u>--</u>	<u>1,875,978</u>
NET ASSETS:		
3200	--	1,403,571
3900	1,229	2,058,455
3000	<u>\$ 1,229</u>	<u>\$ 3,462,026</u>

The accompanying notes are an integral part of this statement.

WICHITA FALLS INDEPENDENT SCHOOL DISTRICT

STATEMENT OF REVENUES, EXPENSES, AND CHANGES
 IN FUND NET ASSETS - PROPRIETARY FUNDS
 FOR THE YEAR ENDED AUGUST 31, 2010

Data Control Codes	Nonmajor Enterprise Fund		Internal Service Funds
	WFHS Tutoring		
OPERATING REVENUES:			
5700	<i>Local and Intermediate Sources</i>	\$ 16,746	\$ 4,430,593
5020	Total Revenues	16,746	4,430,593
OPERATING EXPENSES:			
6100	<i>Payroll Costs</i>	5,512	195,987
6200	<i>Professional and Contracted Services</i>	9,735	2,408,454
6300	<i>Supplies and Materials</i>	270	433,587
6400	<i>Other Operating Costs</i>	--	1,231,803
6500	<i>Debt Service</i>	--	26,960
6030	Total Expenses	15,517	4,296,791
	Operating Income	1,229	133,802
NON-OPERATING REVENUES (EXPENSES):			
7955	<i>Earnings from Temp. Deposits and Investments</i>	--	498
7956	<i>Insurance Recovery</i>	--	1,178
8030	Total Non-operating Revenues (Expenses)	--	1,676
	Income before Contributions and Transfers	1,229	135,478
7915	<i>Transfers In</i>	--	74,426
7957	<i>Contributed Capital</i>	--	134,951
1300	Change in Net Assets	1,229	344,855
0100	Total Net Assets - Beginning	--	3,117,171
3300	Total Net Assets - Ending	\$ 1,229	\$ 3,462,026

The accompanying notes are an integral part of this statement.

WICHITA FALLS INDEPENDENT SCHOOL DISTRICT

STATEMENT OF CASH FLOWS

PROPRIETARY FUNDS

FOR THE YEAR ENDED AUGUST 31, 2010

	Nonmajor Enterprise Fund	Internal Service Funds
	WFHS Tutoring	
Cash Flows from Operating Activities:		
<i>Cash Received for Quasi-external Operating Transactions with Others</i>	\$ 16,746	\$ 4,950,880
<i>Cash Payments to Employees for Services</i>	(5,512)	(194,685)
<i>Cash Payments to Other Suppliers for Goods and Services</i>	(10,005)	(3,305,244)
Net Cash Provided by Operating Activities	<u>1,229</u>	<u>1,450,951</u>
Cash Flows from Non-capital Financing Activities:		
<i>Transfers from Other Funds</i>	--	74,426
Cash Flows from Capital and Related Financing Activities:		
<i>Proceeds from Insurance Recovery</i>	--	1,178
<i>Principal Paid</i>	--	(152,233)
Net Cash Used by Capital and Related Financing Activities	<u>--</u>	<u>(151,055)</u>
Cash Flows from Investing Activities:		
<i>Purchase of Investment Securities</i>	--	(496)
<i>Interest and Dividends on Investments</i>	--	497
Net Cash Provided for Investing Activities	<u>--</u>	<u>1</u>
Net Increase in Cash and Cash Equivalents	1,229	1,374,323
Cash and Cash Equivalents at Beginning of Year	--	1,970
Cash and Cash Equivalents at End of Year	<u>\$ 1,229</u>	<u>\$ 1,376,293</u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:		
Operating Income	\$ 1,229	\$ 133,802
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities		
<i>Depreciation</i>	--	355,099
Change in Assets and Liabilities:		
<i>Decrease (Increase) in Due from Other Funds</i>	--	511,713
<i>Decrease (Increase) in Other Receivables</i>	--	8,574
<i>Decrease (Increase) in Deferred Expenses</i>	--	37,379
<i>Increase (Decrease) in Accounts Payable</i>	--	153,696
<i>Increase (Decrease) in Accrued Wages Payable</i>	--	1,302
<i>Increase (Decrease) in Due to Other Funds</i>	--	10,702
<i>Increase (Decrease) in Accrued Expenses</i>	--	238,684
Total Adjustments	<u>--</u>	<u>1,317,149</u>
Net Cash Provided by Operating Activities	<u>\$ 1,229</u>	<u>\$ 1,450,951</u>

The accompanying notes are an integral part of this statement.

WICHITA FALLS INDEPENDENT SCHOOL DISTRICT

STATEMENT OF FIDUCIARY NET ASSETS

FIDUCIARY FUNDS

AUGUST 31, 2010

Data Control Codes	Private-Purpose Trust Fund	Renton Aviation Fund	Agency Funds
ASSETS:			
1110		3,000	205,982
1240		--	100,153
1290		--	17,035
1000		<u>3,000</u>	<u>323,170</u>
LIABILITIES:			
Current Liabilities:			
2110		--	13,185
2160		--	21,234
2170		--	9,507
2190		--	279,244
2000		<u>--</u>	<u>323,170</u>
NET ASSETS			
3800		3,000	--
3000		<u>\$ 3,000</u>	<u>\$ --</u>

The accompanying notes are an integral part of this statement.

WICHITA FALLS INDEPENDENT SCHOOL DISTRICT*STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS**FIDUCIARY FUNDS**FOR THE YEAR ENDED AUGUST 31, 2010*

	Private-Purpose Trust Fund
	Renton Aviation Fund
Additions:	
None	\$ --
Deductions:	
None	--
Change in Net Assets	--
Net Assets-Beginning of the Year	3,000
Net Assets-End of the Year	<u>\$ 3,000</u>

The accompanying notes are an integral part of this statement.

WICHITA FALLS INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED AUGUST 31, 2010

A. Summary of Significant Accounting Policies

The basic financial statements of Wichita Falls Independent School District (District) have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) applicable to governmental units in conjunction with the Texas Education Agency's Financial Accountability System Resource Guide (Resource Guide). The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

1. Reporting Entity

The Board of School Trustees (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 (TEA) or to the State Board of Education are reserved for the Board, and the TEA may not substitute its judgment for the lawful exercise of those powers and duties by the Board. The District receives funding from local, state and federal government sources and must comply with the requirements of those funding entities. However, the District is not included in any other governmental "reporting entity" as defined by the GASB in its Statement No. 14, "The Financial Reporting Entity" and there are no component units included within the reporting entity.

2. Basis of Presentation, Basis of Accounting

a. Basis of Presentation

Government-wide Statements: The statement of net assets and the statement of activities include the financial activities of the overall government, except for fiduciary activities. Eliminations have been made to minimize the double-counting of internal activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions.

The statement of activities presents a comparison between direct expenses and program revenues for each function of the District's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. The District does not allocate indirect expenses in the statement of activities. Program revenues include (a) fees, fines, and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Fund Financial Statements: The fund financial statements provide information about the District's funds, with separate statements presented for each fund category. The emphasis of 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 fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Nonoperating revenues, such as subsidies and investment earnings, result from nonexchange transactions or ancillary activities.

The District reports the following major governmental funds:

General Fund: This is the District's primary operating fund. It accounts for all financial resources of the District except those required to be accounted for in another fund.

Capital Projects Funds: The proceeds from long-term debt financing and revenues and expenditures related to authorized construction and other capital asset acquisitions are accounted for in these funds.

WICHITA FALLS INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2010

In addition, the District reports the following fund types:

Governmental Funds:

Special Revenue Funds: The District accounts for resources restricted to, or designated for, a specific purpose by the District or a grantor in a special revenue fund. Most federal and some state financial award programs are accounted for in these funds and sometimes unused balances must be returned to the grantor at the close of specified project periods.

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.

Proprietary Funds:

Enterprise Fund: This fund is used to account for revenues and expenses related to services sold to parties outside the District. The District's only Enterprise Fund is tutoring services.

Internal Service Funds: Revenues and expenses related to services provided to organizations inside the District on a cost reimbursement basis are accounted for in an internal service fund. The District's most significant Internal Service Funds are a transportation fund, self-insured worker's compensation insurance plan, an employee wellness benefit program, and a print shop.

Fiduciary Funds:

Private Purpose Trust Fund: 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 Fund includes the Renton Aviation Fund.

Agency Funds: The District accounts for resources held for others in a custodial capacity in agency funds. The District's Agency Funds include the Student Activity Fund and Communities in Schools, which the District is the fiscal agent.

b. **Measurement Focus, Basis of Accounting**

Government-wide Statements: These financial statements are reported using the economic resources measurement focus. The government-wide fund financial statements are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Nonexchange transactions, in which the District gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, entitlements, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Governmental Fund Financial Statements: Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The District does not consider revenues collected after its year-end to be available in the current period. 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. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds.

WICHITA FALLS INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED AUGUST 31, 2010

Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

When the District incurs an expenditure or expense for which both restricted and unrestricted resources may be used, it is the District's policy to use restricted resources first, then unrestricted resources.

3. Financial Statement Amounts

a. Cash and Cash Equivalents

For purposes of the statement of cash flows, if required, highly liquid investments are considered to be cash equivalents if they have a maturity of three months or less when purchased.

b. Interfund Receivables and Payables

Activities between funds that are representative of lending or borrowing arrangements outstanding at the end of the fiscal year are referred to as either 'due to/from other funds' (i.e., the current portion of the interfund loans) or 'advances to/from other funds' (i.e., the non-current portion of the interfund loans).

c. 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 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 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 when they become due or past due and receivable within the current period.

Allowances for uncollectible tax receivables within the General Fund are based upon historical experience in collecting property taxes. Uncollectible personal property taxes are periodically reviewed and written off, but the District is prohibited from writing off real property taxes without specific statutory authority from the Texas Legislature.

At August 31, 2010, net property taxes receivable is calculated as follows:

Gross property taxes receivable	\$	3,308,526
Allowance for uncollectible taxes		(950,173)
Net property taxes receivable	\$	<u>2,358,353</u>

d. 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.

e. Inventories 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.

WICHITA FALLS INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2010

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

f. Capital Assets

Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated fixed assets are recorded at their estimated fair value at the date of the donation. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized. A capitalization threshold of \$5,000 is used.

Capital assets are being 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

g. Receivable and Payable Balances

The District believes that sufficient detail of receivable and payable balances is provided in the financial statements to avoid the obscuring of significant components by aggregation. Therefore, no disclosure is provided which disaggregates those balances.

There are no significant receivables, except delinquent taxes receivable, which are not scheduled for collection within one year of year end. Of the \$3,308,526 outstanding at August 31, 2010, it is expected that the District will collect approximately \$660,000 during the upcoming year.

h. Liability for 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 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 leave days upon resignation from the District up to a maximum of 90 days.

i. Arbitrage Payable

The Federal Tax Reform Act of 1986 requires issuers of tax-exempt debt to make payments to the United States Treasury for investment income received at yields that exceed the issuer's tax exempt borrowing rates. The United States Treasury requires payments for each issue every five years. The estimated liability is updated annually for all tax-exempt issuances or changes in yields until such time payment of the calculated liability is due.

WICHITA FALLS INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED AUGUST 31, 2010

j. Long-Term Debt

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the Statement of Net Assets for governmental activities. Bond premiums and discounts, as well as issuance costs 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. Bonds payable are reported net of applicable bond premium or discount and gain or loss on refunding. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

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 the 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.

k. Use of Estimates

The preparation of financial statements in conformity with GAAP requires the use of management's estimates. Accordingly, actual results could differ from those estimates.

The amount of Foundation revenues 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 reasonably possible that Foundation revenue estimates as of August 31, 2010 will change.

l. Data Control Codes

Data Control Codes appear in the rows and above the columns of certain financial statements. The TEA requires the display of these codes in the financial statements filed with TEA in order to insure accuracy in building a Statewide database for policy development and funding plans.

m. Risk Management

The District is exposed to various risks of loss related to torts, theft, damage or destruction of assets, errors and omissions, injuries to employees, and natural disasters. During fiscal year 2010, the District purchased commercial insurance to cover general liabilities, except for worker's compensation. 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.

B. Compliance and Accountability

1. Finance-Related Legal and Contractual Provisions

The District did not have any violations of finance-related legal and contractual provisions during the year ended August 31, 2010 except the District overexpended the budgeted amounts in three functional categories in the General Fund.

2. Deficit Fund Balance or Fund Net Assets of Individual Funds

None of the District's funds had a deficit fund balance or net asset balance at August 31, 2010.

WICHITA FALLS INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2010

C. Cash and Investments

The District's funds are required to be deposited and invested under the terms of a depository contract. The depository bank deposits for safekeeping and trust with the District's agent bank approved pledged securities 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.

Cash

At August 31, 2010, the carrying amount of the District's deposits (cash, certificates of deposit, and interest-bearing savings accounts included in temporary investments) was \$8,964,913 and the bank balance was \$9,838,885. The District's cash deposits at August 31, 2010 and during the year ended August 31, 2010 were entirely covered by FDIC insurance or by pledged collateral held by the District's agent in the District's name.

Investments

The District is required by Government Code Chapter 2256, The Public Funds Investment Act (Act), to adopt, implement, and publicize an investment policy. That policy must address the following areas: (1) safety of principal and liquidity, (2) portfolio diversification, (3) allowable investments, (4) acceptable risk levels, (5) expected rates of return, (6) maximum allowable stated maturity of portfolio investments, (7) maximum average dollar-weighted maturity allowed based on the stated maturity date for the portfolio, (8) investment staff quality and capabilities, and (9) bid solicitation preferences for certificates of deposit.

The Act requires an annual audit of investment practices. Audit procedures in this area conducted as a part of the audit of the basic financial statements disclosed that in the areas of investment practices, management reports and establishment of appropriate policies, the District adhered to the requirements of the Act. Additionally, investment practices of the District were in accordance with local policies.

The Act determines the types of investments which are allowable for the District. These include, with certain restrictions, 1) obligations of the U.S. Treasury, U.S. agencies, and the State of Texas, 2) certificates of deposit, 3) certain municipal securities, 4) securities lending program, 5) repurchase agreements, 6) bankers acceptances, 7) mutual funds, 8) investment pools, 9) guaranteed investment contracts, and 10) commercial paper.

Reporting

Cash and investments as of August 31, 2010 are classified in the accompanying financial statements as follows:

Governmental Activities Statement of Net Assets	
Cash and cash equivalents	\$ 8,775,994
Current investments	9,477,573
Business-Type Activities Statement of Net Assets	
Cash and cash equivalents	1,229
Fiduciary Funds - Statement of Fiduciary Net Assets	
Cash and cash equivalents	<u>208,982</u>
Total cash and investments	<u>\$ 18,463,778</u>
Cash and investments as of August 31, 2010 consist of the following:	
Cash on hand	\$ 21,292
Deposits in financial institutions	8,964,913
Investments	<u>9,477,573</u>
Total cash and investments	<u>\$ 18,463,778</u>

WICHITA FALLS INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2010

The District's investments at August 31, 2010 are shown below.

<u>Investment or Investment Type</u>	<u>Weighted Average Maturity (Months)</u>	<u>Fair Value</u>
Held in governmental funds:		
TexPool	1	\$ 7,141,304
Texas Term	1	2,087,938
		<u>9,229,242</u>
Held in internal service funds:		
TexPool	1	248,331
		<u>248,331</u>
Total investments		<u>\$ 9,477,573</u>

Analysis of Specific Deposit and Investment Risks

GASB Statement No. 40 requires a determination as to whether the District was exposed to the following specific investment risks at year end and if so, the reporting of certain related disclosures:

a. Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The ratings of securities by nationally recognized rating agencies are designed to give an indication of credit risk. Presented below is the minimum rating required by, where applicable, the Public Funds Investment Act, the District's investment policy, or debt agreements, and the actual rating as of year end for each investment type.

<u>Investment Type</u>	<u>Minimum Legal Rating</u>	<u>Rating as of Year End</u>
TexPool	N/A	AAA
Texas Term	N/A	AAA

b. Custodial Credit Risk

Deposits are exposed to custodial credit risk if they are not covered by depository insurance and the deposits are uncollateralized, collateralized with securities held by the pledging financial institution, or collateralized with securities held by the pledging financial institution's trust department or agent but not in the District's name.

Investment securities are exposed to custodial credit risk if the securities are uninsured, are not registered in the name of the government, and are held by either the counterparty or the counterparty's trust department or agent but not in the District's name.

At year end, the District was not exposed to custodial credit risk.

c. Concentration of Credit Risk

This risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. At year end, the District was not exposed to concentration of credit risk, except for the external investment pools which invest in numerous individual investments.

WICHITA FALLS INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2010

d. Interest Rate Risk

This is the risk that changes in interest rates will adversely affect the fair value of an investment. At year end, the District was not exposed to interest rate risk.

e. Foreign Currency Risk

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

Investment Accounting Policy

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-earning investment contracts using a cost-based measure. However, if the fair value of an investment is significantly affected by the 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's value does not vary with market interest rate changes. Nonnegotiable certificates of deposit are examples of nonparticipating interest-earning investment contracts.

Public Funds Investment Pools

Public funds investment pools in Texas (Pools) are established under the authority of the Interlocal Cooperation Act, Chapter 79 of the Texas Government Code, and are subject to the provisions of the Act, Chapter 2256 of the Texas Government Code. In addition to other provisions of the Act designed to promote liquidity and safety of principal, the Act requires Pools to: 1) have an advisory board composed of participants in the pool and other persons who do not have a business relationship with the pool and are qualified to advise the pool; 2) maintain a continuous rating of no lower than AAA or AAA-m or an equivalent rating by at least one nationally recognized rating service; and 3) maintain the market value of its underlying investment portfolio within one half of one percent of the value of its shares.

The District's investments in Pools are reported at an amount determined by the fair value per share of the pool's underlying portfolio, unless the pool is 2a7-like, in which case they are reported at share value. A 2a7-like pool is one which is not registered with the Securities and Exchange Commission (SEC) as an investment company, but nevertheless has a policy that it will, and does, operate in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940.

WICHITA FALLS INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2010

D. Capital Assets

Capital asset activity for the year ended August 31, 2010 was as follows:

	Beginning Balances	Increases/ Transfers	Decreases/ Transfers	Ending Balances
<i>Governmental activities:</i>				
<i>Capital assets not being depreciated:</i>				
Land	\$ 3,387,361	\$ 93,870	\$ --	\$ 3,481,231
Construction in progress	163,992	4,236,819	4,377,878	22,933
Total capital assets not being depreciated	<u>3,551,353</u>	<u>4,330,689</u>	<u>4,377,878</u>	<u>3,504,164</u>
<i>Capital assets being depreciated:</i>				
Buildings and improvements	141,250,582	4,377,878	--	145,628,460
Furniture and equipment	20,809,386	1,560,532	369,894	22,000,024
Property under capital lease	1,070,022	375,116	927,641	517,497
Total capital assets being depreciated	<u>163,129,990</u>	<u>6,313,526</u>	<u>1,297,535</u>	<u>168,145,981</u>
Less accumulated depreciation for:				
Buildings and improvements	51,954,448	3,208,506	--	55,162,954
Furniture and equipment	16,245,106	1,556,634	369,894	17,431,846
Property under capital lease	358,830	14,238	291,446	81,622
Total accumulated depreciation	<u>68,558,384</u>	<u>4,779,378</u>	<u>661,340</u>	<u>72,676,422</u>
Total capital assets being depreciated, net	<u>94,571,606</u>	<u>1,534,148</u>	<u>636,195</u>	<u>95,469,559</u>
Governmental activities capital assets, net	<u>\$ 98,122,959</u>	<u>\$ 5,864,837</u>	<u>\$ 5,014,073</u>	<u>\$ 98,973,723</u>

Reconciliation of depreciation expense per above:

Increase/transfers in accumulated depreciation above	\$ 4,779,378
Less reclassification of accumulated depreciation for assets under capital lease which were paid off in 2009-10	291,446
Total depreciation expense for the year	<u>\$ 4,487,932</u>

Depreciation was charged to functions as follows:

Instruction	\$ 2,171,030
Instructional Resources and Media Services	83,772
Curriculum and Staff Development	58,316
Instructional Leadership	78,964
School Leadership	166,479
Guidance, Counseling, & Evaluation Services	142,863
Social Work Services	15,087
Health Services	33,483
Student Transportation	346,880
Food Services	354,081
Extracurricular Activities	137,588
General Administration	106,095
Plant Maintenance and Operations	464,865
Security and Monitoring Services	28,902
Data Processing Services	298,682
Community Services	845
	<u>\$ 4,487,932</u>

WICHITA FALLS INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2010

E. Interfund Balances

Balances due to and from other funds at August 31, 2010 consisted of the following:

Due From Fund	Due To Fund	Amount	Purpose
General Fund	Capital Projects Fund	\$ 24,856	Supplement other funds
General Fund	Other Governmental Funds	4,142,422	Supplement other funds
General Fund	Internal Service Fund	12,309	Supplement other funds
General Fund	Agency Fund	9,507	Supplement other funds
Other Governmental Funds	General Fund	86,545	Supplement other funds
Internal Service Fund	General Fund	1,756,649	Supplement other funds
Total		\$ 6,032,288	

The interfund balances are anticipated to be repaid within one year.

Balances transferred to and from other funds during the year ended August 31, 2010 consisted of the following:

Transfer Out Fund	Transfer In Fund	Amount	Purpose
General Fund	Other Governmental Funds	\$ 2,386,035	Supplement other funds
General Fund	Internal Service Fund	74,426	Supplement other funds
Total		\$ 2,460,461	

F. Long-Term Obligations

1. Long-Term Obligation Activity

Long-term obligations include debt and other long-term liabilities. Changes in long-term obligations for the year ended August 31, 2010 are as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
Governmental activities:					
Bonds Payable:					
General Obligation Bonds	\$ 70,425,732	\$ --	\$ 3,030,000	\$ 67,395,732	\$ 5,775,000
Accreted Interest	4,582,585	292,485	2,570,000	2,305,070	--
Premium on Bonds	1,465,755	--	84,097	1,381,658	--
Total Bonds Payable	76,474,072	292,485	5,684,097	71,082,460	5,775,000
Note Payable	636,457	--	130,994	505,463	136,751
Capital Leases Payable	833,208	375,116	460,996	747,328	277,628
Compensated Absences *	1,646,339	895,464	818,763	1,723,040	729,005
Total governmental activities	\$ 79,590,076	\$ 1,563,065	\$ 7,094,850	\$ 74,058,291	\$ 6,918,384

* Compensated absences are considered other long-term liabilities and are typically liquidated in the General Fund.

WICHITA FALLS INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2010

2. Debt Service Requirements

Debt service requirements on long-term debt at August 31, 2010 are as follows:

Year Ending August 31,	Governmental Activities		
	Principal	Interest	Total
2011	\$ 6,189,379	\$ 2,699,282	\$ 8,888,661
2012	6,450,230	2,500,252	8,950,482
2013	6,551,231	2,329,021	8,880,252
2014	6,531,951	2,190,268	8,722,219
2015	3,300,000	2,054,411	5,354,411
2016-2020	15,025,000	8,449,375	23,474,375
2021-2025	18,805,000	4,666,484	23,471,484
2026-2027	8,935,000	452,375	9,387,375
Subtotals	71,787,791	25,341,468	97,129,259
Remaining accretion	(834,198)	--	(834,198)
Totals	\$ 70,953,593	\$ 25,341,468	\$ 96,295,061

The difference between the cumulative principal debt service requirements of \$71,787,791 and the amount reflected in the summary schedule above of \$70,953,593 relates to the remaining accretion of \$834,198 on the capital appreciation bonds.

3. General Obligation Bonds

Debt service requirements for the above listed general obligation bonds are as follows:

Year Ending August 31,	General Obligation Bonds		Total
	Principal	Interest	Requirements
2011	\$ 5,775,000	\$ 2,661,496	\$ 8,436,496
2012	6,025,000	2,477,206	8,502,206
2013	6,215,000	2,319,999	8,534,999
2014	6,455,000	2,189,292	8,644,292
2015	3,300,000	2,054,411	5,354,411
2016-2020	15,025,000	8,449,375	23,474,375
2021-2025	18,805,000	4,666,484	23,471,484
2026-2027	8,935,000	452,375	9,387,375
Subtotals	70,535,000	25,270,638	95,805,638
Remaining accretion	(834,198)	--	(834,198)
Totals	\$ 69,700,802	\$ 25,270,638	\$ 94,971,440

The difference between the cumulative principal debt service requirements of \$70,535,000 and the amount reflected in the summary schedule above of \$69,700,802 relates to the remaining accretion of \$834,198 on the capital appreciation bonds.

WICHITA FALLS INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2010

A summary of changes in general obligation bonds and notes for the year ended August 31, 2010 is as follows:

	Amounts Outstanding 9/1/09	Issued	Interest Accretion	Retired	Amounts Outstanding 8/31/10
* Unlimited Tax School Building and Refunding Bonds, Series 1994 Interest Range 5.30% -5.70%	\$ 2,529,924	\$ --	\$ 40,076	\$ 2,570,000	\$ --
* Unlimited Tax Refunding Bonds, Series 1998 Interest Range 3.35% -5.00%	5,063,393	--	252,409	--	5,315,802
** Maintenance Tax Notes, Series 2003 Interest Range 1.80% -4.35%	1,390,000	--	--	255,000	1,135,000
** Maintenance Tax Notes, Series 2004 Interest Range 1.50% -3.80%	500,000	--	--	100,000	400,000
* Unlimited Tax Refunding Bonds, Series 2004 Interest Range 1.50% -3.80%	400,000	--	--	--	400,000
** Maintenance Tax Notes, Series 2005 Interest Range 2.35% -4.25%	1,695,000	--	--	170,000	1,525,000
* Unlimited Tax School Building Bonds, Series 2007 Interest Range 4.00% -5.00%	57,210,000	--	--	2,175,000	55,035,000
* Unlimited Tax Refunding Bonds, Series 2009 Interest 2.32%	6,220,000	--	--	330,000	5,890,000
Totals	\$ 75,008,317	\$ --	\$ 292,485	\$ 5,600,000	\$ 69,700,802

* Principal and interest payments provided by the Interest and Sinking tax assessments.

** Principal and interest payments provided by the District's operations annually.

Limitations and Restrictions

There are a number of limitations and restrictions contained in the general obligation bond indenture. Management has indicated that the District is in compliance with all significant limitations and restrictions.

WICHITA FALLS INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED AUGUST 31, 2010

4. Note Payable

The District issued a note payable to a local financial institution to finance the purchase of six school buses. The original note was for \$700,000 to be repaid over five years at 4.25%. The note calls for monthly payments of \$12,988, including interest, from March 2009 through February 2014. Debt service requirements on the note payable at August 31, 2010 are as follows:

Year Ending August 31:	Note Payable		Total Requirements
	Principal	Interest	
2011	\$ 136,751	\$ 19,103	\$ 155,854
2012	142,726	13,128	155,854
2013	149,035	6,820	155,855
2014	76,951	976	77,927
Totals	\$ 505,463	\$ 40,027	\$ 545,490

5. Capital Leases

The Public Property Finance Act gives the District the authority to enter into leases for the acquisition of personal property. The District is obligated under certain leases accounted for as capital leases. These leases meet the criteria of a capital lease as defined by Statement of Financial Accounting Standards No. 13, 'Accounting for Leases', which defines a capital lease generally as one which transfers benefits and risks of ownership to the lessee. The leased assets are recorded under 'Property under capital lease' in the capital assets with a stated cost of \$1,070,022. The interest rates on the capital leases range from 2.09% to 5.58%. Future minimum lease payments under these leases are as follows:

Year Ending August 31:	Capital Leases		Total Requirements
	Principal	Interest	
2011	\$ 277,628	\$ 18,683	\$ 296,311
2012	282,504	9,918	292,422
2013	187,196	2,202	189,398
Totals	\$ 747,328	\$ 30,803	\$ 778,131

6. Compensated Absences

Vacation Leave

At August 31, 2010, the District had \$362,748 in accumulated unpaid vacation leave payable. These amounts have been reported in the government-wide financial statements. These obligations are not recognized in the governmental fund financial statements until they are due and payable because they are not considered to be uses of current financial resources until that time.

Sick Leave

Upon termination, retirement, or death of certain employees, the District pays any accrued sick leave in a lump sum cash payment to such employee or his/her estate at a reduced rate. At August 31, 2010, the accumulated sick leave liability was \$1,271,766.

Comp Time

From time-to-time, employees work more than their contracted hours. The District allows some employees to defer the payment of hours until a later date. The liability for comp time is accrued and at August 31, 2010 was \$88,526.

WICHITA FALLS INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2010

7. Continuing Disclosure Requirements

The District has entered into a continuing disclosure undertaking to provide Annual Reports and Material Event Notices to the State Information Depository of Texas, which is the Municipal Advisory Council. The information is required under SEC Rule 15c2-12 to enable investors to analyze the financial condition and operations of the District.

G. Pension Plan

1. Plan Description

The District contributes to the Teacher Retirement System of Texas (System), a public employee retirement system. It is a cost-sharing, multiple-employer defined benefit pension plan with one exception: all risks and costs are not shared by the District, but are the liability of the State of Texas. The System provides service retirement and disability retirement benefits, and death benefits to plan members and beneficiaries. The System operates primarily under the provisions of the Texas Constitution and Texas Government Code, Title 8, Subtitle C. The Texas legislature has the authority to establish or amend benefit provisions. The System issues a publicly available financial report that includes financial statements and required supplementary information for the District. That report may be obtained by writing the Teacher Retirement System of Texas, 1000 Red River Street, Austin, TX 78701-2698 or by calling (800) 877-0123.

2. Funding Policy

Under provisions in State law, plan members are required to contribute 6.4% of their annual covered salary and the State of Texas contributes an amount equal to 6.58% of the District's covered payroll. The District's employees' contributions to the System for the years ending August 31, 2010, 2009, and 2008 were \$5,081,759, \$4,945,004, and \$4,841,384, respectively, and were equal to the required contributions for each year. Other contributions made from federal and private grants and from the District for salaries above the statutory minimum for the years ending August 31, 2010, 2009, and 2008 were \$1,203,110, \$1,345,537, and \$1,365,829, respectively, and were equal to the required contributions for each year. The amount contributed by the State on behalf of the District was \$4,414,091 for the year ended August 31, 2010, which includes \$200,321 in on-behalf payments related to Medicare Part D.

H. Retiree Health Care Plan

1. 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 System. TRS-Care Retired Plan provides health care coverage for certain persons (and their dependents) who retired under the System. The statutory authority for the program is the Texas Insurance Code, Chapter 1575. Section 1575.052 grants the System's Board of Trustees the authority to establish and amend basic and optional group insurance coverage for participants. The System 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 System's web site at www.trs.state.tx.us, by writing to Communications Department of the Teachers Retirement System of Texas at 1000 Red River Street, Austin, Texas 78701-2698, or by calling (800) 223-8778.

WICHITA FALLS INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2010

2. 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 school district contributions, respectively. The State of Texas and active school district employee contribution rates were 1.00% and 0.65% of school district payroll, respectively, with the school districts contributing a percentage of payroll set at 0.55% for fiscal years 2010, 2009, and 2008. Per Texas Insurance Code, Chapter 1575, the school districts contribution may not be less than 0.25% or greater than 0.75% of the salary of each active employee of the school district. For the years ended August 31, 2010, 2009, and 2008, the State's contributions to TRS-Care were \$794,025, \$772,657, and \$756,466, respectively, the active member contributions were \$516,162, \$502,227, and \$491,703, respectively, and the District's contributions were \$436,714, \$424,961, and \$416,056, respectively, which equaled the required contributions for the year.

I. 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.

The estimated claims benefit obligation for the self-insured worker's compensation plan of \$1,231,249 at August 31, 2010 includes requirements of GASB Statement No. 10, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicated that it is probable that a liability has been incurred as of the date of the financial statements, and the amount of the loss can be reasonably estimated. Because actual claim liabilities depend on such complex factors as inflation, changes in legal doctrines, and damage awards, the process used in computing the liability does not result necessarily in an exact amount. The liability recorded was the undiscounted estimate of the third party administrator at August 31, 2010.

The District's ultimate liability is the sum of the District's loss fund as determined by the third party administrator. The District is not responsible for claims and claims allocation expense beyond its stop loss insurance coverage noted above.

As of August 31, 2010, the worker's compensation benefit obligation consisted of \$1,211,063 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:

Balance at September 1, 2009		\$	830,120
Incurred claims:			
Provision for insured events for 2009-10	\$	1,000,000	
Provision for insured events for prior years		(326,472)	673,528
Payments:			
Claims attributed to insured events for 2009-10		12,946	
Claims attributed to insured events for prior years		279,639	292,585
Balance at August 31, 2010		\$	<u>1,211,063</u>

WICHITA FALLS INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2010

J. Commitments and Contingencies

1. Contingencies

The District participates in grant programs which 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, refunds of any money received may be required and the collectibility of any related receivable 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 basic financial statements for such contingencies.

2. Construction

At August 31, 2010, the District had construction projects in progress for several campus renovations throughout the District. The District had \$240,518 of commitments outstanding on the construction projects, which will be funded with the Capital Projects Fund.

K. Shared Service Arrangement

The District is the fiscal agent for a Shared Service Arrangement (SSA) which provides a regional day school for the deaf to member districts listed below. All services are provided by the District as 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 No. 315, 316, 317 and 435 and such activities have been accounted for using Module 3 in the SSA section of TEA's Resource Guide. The expenditures of the SSA are summarized as follows:

Member Districts	#315	#316	#317	#435	Totals
Big Four Special Education Coop	\$ 1,591	\$ 1,096	\$ --	\$ 10,276	\$ 12,963
Burkburnett ISD	2,386	1,645	249	69,359	73,639
Clay-Jack Coop	2,784	1,918	--	48,295	52,997
Graham ISD	398	274	--	19,523	20,195
Greenbelt Coop	796	548	--	21,578	22,922
Haskell/Knox Coop	398	274	249	10,789	11,710
Montague County Coop	1,989	1,370	498	27,743	31,600
Vernon ISD	795	548	--	6,165	7,508
West Wichita County Coop	3,181	2,192	--	129,470	134,843
Wichita Falls ISD	13,123	9,047	1,497	290,233	313,900
Totals	\$ 27,441	\$ 18,912	\$ 2,493	\$ 633,431	\$ 682,277

L. 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 (Fund 864). For the year ended August 31, 2010, the additions and deletions for CIS were as follows:

Additions		\$ 285,872
Deletions:		
11 Instruction	\$ 1,452	
21 Instructional Leadership	105,235	
31 Guidance, Counseling, & Evaluation Services	179,185	
Total deletions		285,872
Net Change		\$ --

WICHITA FALLS INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2010

M. Designated Fund Balance

At August 31, 2010, the District had designated portions of the General Fund's Unreserved Fund Balance for the following purposes:

Self-insurance	\$	100,000
Accumulated sick leave benefits obligations		1,271,766
Total designated portion of the General Fund's unreserved fund balance	\$	<u>1,371,766</u>

Required Supplementary Information

Required supplementary information includes financial information and disclosures required by the Governmental Accounting Standards Board but not considered a part of the basic financial statements.

WICHITA FALLS INDEPENDENT SCHOOL DISTRICT

GENERAL FUND

BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED AUGUST 31, 2010

EXHIBIT G-1
Page 1 of 2

Data Control Codes	1		2		3		Variance with Final Budget Positive (Negative)
	Budgeted Amounts				Actual		
	Original	Final					
REVENUES:							
5700	Local and Intermediate Sources	\$ 41,412,749	\$ 41,164,299	\$ 41,123,630	\$	(40,669)	
5800	State Program Revenues	55,873,698	54,442,357	54,068,093		(374,264)	
5900	Federal Program Revenues	1,835,000	1,948,660	1,912,304		(36,356)	
5020	Total Revenues	99,121,447	97,555,316	97,104,027		(451,289)	
EXPENDITURES:							
Current:							
Instruction & Instructional Related Services:							
0011	Instruction	54,135,283	53,668,519	54,175,616		(507,097)	
0012	Instructional Resources and Media Services	1,459,231	1,433,591	1,403,702		29,889	
0013	Curriculum and Staff Development	925,533	948,780	911,609		37,171	
	Total Instruction & Instr. Related Services	56,520,047	56,050,890	56,490,927		(440,037)	
Instructional and School Leadership:							
0021	Instructional Leadership	2,056,825	1,957,445	1,923,171		34,274	
0023	School Leadership	6,053,459	6,013,764	5,963,604		50,160	
	Total Instructional & School Leadership	8,110,284	7,971,209	7,886,775		84,434	
Support Services - Student (Pupil):							
0031	Guidance, Counseling and Evaluation Services	4,199,610	4,269,164	4,252,996		16,168	
0032	Social Work Services	421,732	342,732	308,027		34,705	
0033	Health Services	1,222,118	1,262,818	1,215,073		47,745	
0034	Student (Pupil) Transportation	2,679,608	2,597,487	2,369,471		228,016	
0036	Cocurricular/Extracurricular Activities	4,143,476	4,221,268	4,221,027		241	
	Total Support Services - Student (Pupil)	12,666,544	12,693,469	12,366,594		326,875	
Administrative Support Services:							
0041	General Administration	2,962,355	2,935,444	2,879,164		56,280	
	Total Administrative Support Services	2,962,355	2,935,444	2,879,164		56,280	
Support Services - Nonstudent Based:							
0051	Plant Maintenance and Operations	12,130,697	12,089,791	12,089,593		198	
0052	Security and Monitoring Services	549,369	563,138	617,887		(54,749)	
0053	Data Processing Services	2,394,808	2,097,623	2,130,343		(32,720)	
	Total Support Services - Nonstudent Based	15,074,874	14,750,552	14,837,823		(87,271)	
Ancillary Services:							
0061	Community Services	36,615	37,060	1,971		35,089	
	Total Ancillary Services	36,615	37,060	1,971		35,089	
Debt Service:							
0071	Principal on Long-Term Debt	441,757	446,757	441,757		5,000	
0072	Interest on Long-Term Debt	36,910	36,910	36,910		--	
	Total Debt Service	478,667	483,667	478,667		5,000	
Intergovernmental Charges:							
0093	Payments to Fiscal Agent/Member Dist.-SSA	191,080	191,080	172,015		19,065	
0099	Other Intergovernmental Charges	576,900	576,900	553,141		23,759	
	Total Intergovernmental Charges	767,980	767,980	725,156		42,824	
6030	Total Expenditures	96,617,366	95,690,271	95,667,077		23,194	

WICHITA FALLS INDEPENDENT SCHOOL DISTRICT

GENERAL FUND

BUDGETARY COMPARISON SCHEDULE

FOR THE YEAR ENDED AUGUST 31, 2010

EXHIBIT G-1

Page 2 of 2

Data Control Codes		1	2	3	Variance with Final Budget Positive (Negative)
		Budgeted Amounts		Actual	
		Original	Final		
1100	Excess (Deficiency) of Revenues Over (Under)				
1100	Expenditures	2,504,081	1,865,045	1,436,950	(428,095)
	Other Financing Sources (Uses):				
7912	Sale of Real or Personal Property	25,000	30,300	16,744	(13,556)
7914	Non-Current Loan Proceeds	--	375,116	375,116	--
8911	Transfers Out	(2,529,081)	(2,270,461)	(2,460,461)	(190,000)
7080	Total Other Financing Sources and (Uses)	(2,504,081)	(1,865,045)	(2,068,601)	(203,556)
1200	Net Change in Fund Balance	--	--	(631,651)	(631,651)
0100	Fund Balance - Beginning	14,190,903	14,190,903	14,190,903	--
3000	Fund Balance - Ending	\$ 14,190,903	\$ 14,190,903	\$ 13,559,252	\$ (631,651)

*Combining Statements
as Supplementary Information*

This supplementary information includes financial statements and schedules not required by the Governmental Accounting Standards Board, nor a part of the basic financial statements, but are presented for purposes of additional analysis.

WICHITA FALLS INDEPENDENT SCHOOL DISTRICT*COMBINING BALANCE SHEET**NONMAJOR GOVERNMENTAL FUNDS**AUGUST 31, 2010*

Data Control Codes	Special Revenue Funds	Debt Service Fund	Total Nonmajor Governmental Funds (See Exhibit C-1)	
ASSETS:				
1110	Cash and Cash Equivalents	\$ 2,970,470	\$ 7,731	\$ 2,978,201
1120	Current Investments	871,659	220,498	1,092,157
1225	Taxes Receivable, Net	--	211,961	211,961
1240	Due from Other Governments	2,872,687	96,837	2,969,524
1260	Due from Other Funds	86,545	--	86,545
1290	Other Receivables	15,919	--	15,919
1300	Inventories	1,235,588	--	1,235,588
1000	Total Assets	\$ 8,052,868	\$ 537,027	\$ 8,589,895
LIABILITIES:				
Current Liabilities:				
2110	Accounts Payable	\$ 301,257	\$ --	\$ 301,257
2150	Payroll Deductions & Withholdings	100	--	100
2160	Accrued Wages Payable	1,156,224	--	1,156,224
2170	Due to Other Funds	4,142,422	--	4,142,422
2180	Due to Other Governments	20,340	--	20,340
2300	Unearned Revenue	1,177,261	195,230	1,372,491
2000	Total Liabilities	6,797,604	195,230	6,992,834
FUND BALANCES:				
Reserved Fund Balances:				
3410	Investments in Inventory	453,608	--	453,608
3420	Debt Service	--	341,797	341,797
3450	Food Service	379,934	--	379,934
3490	Other Reserves	421,722	--	421,722
3000	Total Fund Balances	1,255,264	341,797	1,597,061
4000	Total Liabilities and Fund Balances	\$ 8,052,868	\$ 537,027	\$ 8,589,895

WICHITA FALLS INDEPENDENT SCHOOL DISTRICT

COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED AUGUST 31, 2010

Data Control Codes	Special Revenue Funds	Debt Service Fund	Total Nonmajor Governmental Funds (See Exhibit C-2)
REVENUES:			
5700 <i>Local and Intermediate Sources</i>	\$ 3,770,032	\$ 6,168,000	\$ 9,938,032
5800 <i>State Program Revenues</i>	1,925,661	1,016,634	2,942,295
5900 <i>Federal Program Revenues</i>	22,906,040	--	22,906,040
5020 Total Revenues	<u>28,601,733</u>	<u>7,184,634</u>	<u>35,786,367</u>
EXPENDITURES:			
Current:			
0011 <i>Instruction</i>	17,837,787	--	17,837,787
0012 <i>Instructional Resources and Media Services</i>	97,423	--	97,423
0013 <i>Curriculum and Staff Development</i>	1,320,892	--	1,320,892
0021 <i>Instructional Leadership</i>	896,951	--	896,951
0023 <i>School Leadership</i>	295,707	--	295,707
0031 <i>Guidance, Counseling, & Evaluation Services</i>	1,081,861	--	1,081,861
0032 <i>Social Work Services</i>	274,284	--	274,284
0033 <i>Health Services</i>	77,321	--	77,321
0034 <i>Student Transportation</i>	376,622	--	376,622
0035 <i>Food Service</i>	7,142,585	--	7,142,585
0036 <i>Cocurricular/Extracurricular Activities</i>	583,901	--	583,901
0041 <i>General Administration</i>	55	--	55
0051 <i>Plant Maintenance and Operations</i>	66,499	--	66,499
0061 <i>Community Services</i>	30,670	--	30,670
0071 <i>Principal on Long-term Debt</i>	--	5,600,000	5,600,000
0072 <i>Interest on Long-term Debt</i>	--	2,807,592	2,807,592
0073 <i>Bond Issuance Costs and Fees</i>	--	2,010	2,010
6030 Total Expenditures	<u>30,082,558</u>	<u>8,409,602</u>	<u>38,492,160</u>
1100 Excess (Deficiency) of Revenues Over (Under)			
1100 Expenditures	<u>(1,480,825)</u>	<u>(1,224,968)</u>	<u>(2,705,793)</u>
Other Financing Sources and (Uses):			
7912 <i>Sale of Real or Personal Property</i>	6,268	--	6,268
7915 <i>Transfers In</i>	1,729,756	656,279	2,386,035
7080 Total Other Financing Sources and (Uses)	<u>1,736,024</u>	<u>656,279</u>	<u>2,392,303</u>
1200 Net Change in Fund Balances	<u>255,199</u>	<u>(568,689)</u>	<u>(313,490)</u>
0100 Fund Balances - Beginning	<u>1,000,065</u>	<u>910,486</u>	<u>1,910,551</u>
3000 Fund Balances - Ending	<u>\$ 1,255,264</u>	<u>\$ 341,797</u>	<u>\$ 1,597,061</u>

WICHITA FALLS INDEPENDENT SCHOOL DISTRICT

COMBINING BALANCE SHEET

NONMAJOR SPECIAL REVENUE FUNDS

AUGUST 31, 2010

Data Control Codes	204 ESEA Title IV SDFSC	205 Head Start	211 ESEA Title I Improving Basic Programs	213 ESEA Title I Pt B-Even St Family Literacy	
ASSETS:					
1110	Cash and Cash Equivalents	\$ (19,436)	\$ (174,338)	\$ 214,018	\$ (22,689)
1120	Current Investments	--	--	--	--
1240	Due from Other Governments	28,586	497,996	509,801	33,257
1260	Due from Other Funds	1,375	--	--	--
1290	Other Receivables	--	--	--	--
1300	Inventories	--	--	--	--
1000	Total Assets	\$ 10,525	\$ 323,658	\$ 723,819	\$ 10,568
LIABILITIES:					
Current Liabilities:					
2110	Accounts Payable	\$ 400	\$ 9,587	\$ 570	\$ --
2150	Payroll Deductions & Withholdings	--	100	--	--
2160	Accrued Wages Payable	10,125	67,177	154,042	951
2170	Due to Other Funds	--	246,794	569,207	9,617
2180	Due to Other Governments	--	--	--	--
2300	Unearned Revenue	--	--	--	--
2000	Total Liabilities	10,525	323,658	723,819	10,568
FUND BALANCES:					
Reserved Fund Balances:					
3410	Investments in Inventory	--	--	--	--
3450	Reserve for Food Service	--	--	--	--
3490	Other Reserves of Fund Balance	--	--	--	--
3000	Total Fund Balances	--	--	--	--
4000	Total Liabilities and Fund Balances	\$ 10,525	\$ 323,658	\$ 723,819	\$ 10,568

215 ESEA Title I Part A Capital Expenses	224 IDEA-B Formula	225 IDEA-B Preschool Grant	240 National School Breakfast/Lunch Program	242 Summer Feeding Program
\$ 2,902	\$ 116,631	\$ 2,255	\$ 93,179	\$ 34,929
--	--	--	871,659	--
8,314	327,596	10,811	187,423	--
--	--	--	85,170	--
--	--	--	2,422	--
--	--	--	1,235,588	--
<u>\$ 11,216</u>	<u>\$ 444,227</u>	<u>\$ 13,066</u>	<u>\$ 2,475,441</u>	<u>\$ 34,929</u>
\$ --	\$ 3,971	\$ --	\$ 233,508	\$ --
--	--	--	--	--
3,038	101,240	5,275	125,195	--
8,178	339,016	7,791	501,217	34,929
--	--	--	--	--
--	--	--	781,979	--
<u>11,216</u>	<u>444,227</u>	<u>13,066</u>	<u>1,641,899</u>	<u>34,929</u>
--	--	--	453,608	--
--	--	--	379,934	--
--	--	--	--	--
<u>--</u>	<u>--</u>	<u>--</u>	<u>833,542</u>	<u>--</u>
<u>\$ 11,216</u>	<u>\$ 444,227</u>	<u>\$ 13,066</u>	<u>\$ 2,475,441</u>	<u>\$ 34,929</u>

WICHITA FALLS INDEPENDENT SCHOOL DISTRICT

COMBINING BALANCE SHEET

NONMAJOR SPECIAL REVENUE FUNDS

AUGUST 31, 2010

Data Control Codes	244 Vo Ed Basic Grant	255 ESEA Title II Training & Recruiting	262 Enhancing Education through Technology	263 English Lang. Acquisition and Enhancement	
ASSETS:					
1110	Cash and Cash Equivalents	\$ (5,227)	\$ 4,299	\$ 8,968	\$ 28,482
1120	Current Investments	--	--	--	--
1240	Due from Other Governments	17,821	146,245	4,114	3,710
1260	Due from Other Funds	--	--	--	--
1290	Other Receivables	--	--	--	--
1300	Inventories	--	--	--	--
1000	Total Assets	\$ 12,594	\$ 150,544	\$ 13,082	\$ 32,192
LIABILITIES:					
Current Liabilities:					
2110	Accounts Payable	\$ --	\$ --	\$ 4,608	\$ --
2150	Payroll Deductions & Withholdings	--	--	--	--
2160	Accrued Wages Payable	(503)	15,021	--	331
2170	Due to Other Funds	13,097	135,523	8,474	31,861
2180	Due to Other Governments	--	--	--	--
2300	Unearned Revenue	--	--	--	--
2000	Total Liabilities	12,594	150,544	13,082	32,192
FUND BALANCES:					
Reserved Fund Balances:					
3410	Investments in Inventory	--	--	--	--
3450	Reserve for Food Service	--	--	--	--
3490	Other Reserves of Fund Balance	--	--	--	--
3000	Total Fund Balances	--	--	--	--
4000	Total Liabilities and Fund Balances	\$ 12,594	\$ 150,544	\$ 13,082	\$ 32,192

265 21st Century Community Learning Centers	266 ARRA of 2009 Title XIV State Fiscal Stabilization	272 MAC Program	276 Title I SIP Academy Grant	279 Enhancing Education through Tech-ARRA
\$ (150,402)	\$ 1,158,620	\$ 84,536	\$ 28,943	\$ 8,042
--	--	--	--	--
317,852	231,566	--	11,504	1,378
--	--	--	--	--
--	--	--	--	--
<u>\$ 167,450</u>	<u>\$ 1,390,186</u>	<u>\$ 84,536</u>	<u>\$ 40,447</u>	<u>\$ 9,420</u>
\$ 993	\$ --	\$ --	\$ --	\$ --
--	--	--	--	--
(3,763)	345,145	--	984	--
170,220	1,045,041	--	39,463	9,420
--	--	--	--	--
--	--	84,536	--	--
<u>167,450</u>	<u>1,390,186</u>	<u>84,536</u>	<u>40,447</u>	<u>9,420</u>
--	--	--	--	--
--	--	--	--	--
--	--	--	--	--
<u>167,450</u>	<u>1,390,186</u>	<u>84,536</u>	<u>40,447</u>	<u>9,420</u>

WICHITA FALLS INDEPENDENT SCHOOL DISTRICT

COMBINING BALANCE SHEET

NONMAJOR SPECIAL REVENUE FUNDS

AUGUST 31, 2010

Data Control Codes	280 Education for Homeless Children & Youth-ARRA	283 IDEA - Part B Formula - ARRA	284 IDEA-B Part B Preschool ARRA	285 Title I Part A Improving Basic Pgms - ARRA	
ASSETS:					
1110	Cash and Cash Equivalents	\$ (173)	\$ 26,463	\$ 21,276	\$ 351,280
1120	Current Investments	--	--	--	--
1240	Due from Other Governments	2,290	122,141	2,739	204,269
1260	Due from Other Funds	--	--	--	--
1290	Other Receivables	--	--	--	--
1300	Inventories	--	--	--	--
1000	Total Assets	\$ 2,117	\$ 148,604	\$ 24,015	\$ 555,549
LIABILITIES:					
Current Liabilities:					
2110	Accounts Payable	\$ --	\$ 10,389	\$ --	\$ 1,038
2150	Payroll Deductions & Withholdings	--	--	--	--
2160	Accrued Wages Payable	--	51,982	507	126,314
2170	Due to Other Funds	2,117	86,233	3,168	428,197
2180	Due to Other Governments	--	--	20,340	--
2300	Unearned Revenue	--	--	--	--
2000	Total Liabilities	2,117	148,604	24,015	555,549
FUND BALANCES:					
Reserved Fund Balances:					
3410	Investments in Inventory	--	--	--	--
3450	Reserve for Food Service	--	--	--	--
3490	Other Reserves of Fund Balance	--	--	--	--
3000	Total Fund Balances	--	--	--	--
4000	Total Liabilities and Fund Balances	\$ 2,117	\$ 148,604	\$ 24,015	\$ 555,549

286 Title I SIP Academy Grant ARRA	287 Head Start ARRA	288 Title I Part D Juv Detention ARRA	289 Begin Grant	315 IDEA-B Discretionary
\$ (20,606)	\$ (37,039)	\$ (6,725)	\$ (3,342)	\$ (9,204)
--	--	--	--	--
21,725	81,184	8,455	15,814	12,536
--	--	--	--	--
--	--	--	--	--
<u>\$ 1,119</u>	<u>\$ 44,145</u>	<u>\$ 1,730</u>	<u>\$ 12,472</u>	<u>\$ 3,332</u>
\$ --	\$ 14,696	\$ --	\$ --	\$ 681
--	--	--	--	--
1,117	2,187	699	27	--
2	27,262	1,031	12,445	1,931
--	--	--	--	--
--	--	--	--	720
<u>1,119</u>	<u>44,145</u>	<u>1,730</u>	<u>12,472</u>	<u>3,332</u>
--	--	--	--	--
--	--	--	--	--
<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
<u>\$ 1,119</u>	<u>\$ 44,145</u>	<u>\$ 1,730</u>	<u>\$ 12,472</u>	<u>\$ 3,332</u>

WICHITA FALLS INDEPENDENT SCHOOL DISTRICT

COMBINING BALANCE SHEET

NONMAJOR SPECIAL REVENUE FUNDS

AUGUST 31, 2010

Data Control Codes	316 IDEA-B Deaf	317 IDEA-B Preschool Deaf	394 Life Skills Program	397 Advanced Placement Incentives
ASSETS:				
1110 Cash and Cash Equivalents	\$ 112	\$ (75)	\$ (4,829)	\$ 8,839
1120 Current Investments	--	--	--	--
1240 Due from Other Governments	2,167	75	6,615	--
1260 Due from Other Funds	--	--	--	--
1290 Other Receivables	--	--	--	--
1300 Inventories	--	--	--	--
1000 Total Assets	\$ 2,279	\$ --	\$ 1,786	\$ 8,839
LIABILITIES:				
Current Liabilities:				
2110 Accounts Payable	\$ 1,297	\$ --	\$ 1,786	\$ --
2150 Payroll Deductions & Withholdings	--	--	--	--
2160 Accrued Wages Payable	--	--	--	--
2170 Due to Other Funds	982	--	--	--
2180 Due to Other Governments	--	--	--	--
2300 Unearned Revenue	--	--	--	8,839
2000 Total Liabilities	2,279	--	1,786	8,839
FUND BALANCES:				
Reserved Fund Balances:				
3410 Investments in Inventory	--	--	--	--
3450 Reserve for Food Service	--	--	--	--
3490 Other Reserves of Fund Balance	--	--	--	--
3000 Total Fund Balances	--	--	--	--
4000 Total Liabilities and Fund Balances	\$ 2,279	\$ --	\$ 1,786	\$ 8,839

401 Optional Extended Year Program	404 Student Success Initiative	410 State Textbook Fund	411 Technology Allotment	415 Kindergarten and Prekindergarten Grants
\$ 45,099	\$ (29,146)	\$ 315	\$ 92,636	\$ 329,996
--	--	--	--	--
4,527	46,652	--	--	--
--	--	--	--	--
--	--	--	--	--
<u>\$ 49,626</u>	<u>\$ 17,506</u>	<u>\$ 315</u>	<u>\$ 92,636</u>	<u>\$ 329,996</u>
\$ --	\$ 4,850	\$ --	\$ --	\$ --
--	--	--	--	--
--	--	--	--	119,138
49,626	12,656	--	--	210,858
--	--	--	--	--
--	--	315	92,636	--
<u>49,626</u>	<u>17,506</u>	<u>315</u>	<u>92,636</u>	<u>329,996</u>
--	--	--	--	--
--	--	--	--	--
--	--	--	--	--
<u>\$ 49,626</u>	<u>\$ 17,506</u>	<u>\$ 315</u>	<u>\$ 92,636</u>	<u>\$ 329,996</u>

WICHITA FALLS INDEPENDENT SCHOOL DISTRICT

COMBINING BALANCE SHEET

NONMAJOR SPECIAL REVENUE FUNDS

AUGUST 31, 2010

Data Control Codes	429 State Funded Special Revenue Fund	435 Regional Day School for the Deaf	461 Campus Activity Funds
ASSETS:			
1110 Cash and Cash Equivalents	\$ 12,988	\$ 97,145	\$ 418,440
1120 Current Investments	--	--	--
1240 Due from Other Governments	3,524	--	--
1260 Due from Other Funds	--	--	--
1290 Other Receivables	--	--	13,497
1300 Inventories	--	--	--
1000 Total Assets	\$ 16,512	\$ 97,145	\$ 431,937
LIABILITIES:			
Current Liabilities:			
2110 Accounts Payable	\$ 2,022	\$ --	\$ 10,385
2150 Payroll Deductions & Withholdings	--	--	--
2160 Accrued Wages Payable	--	38,143	--
2170 Due to Other Funds	--	58,782	--
2180 Due to Other Governments	--	--	--
2300 Unearned Revenue	14,490	--	--
2000 Total Liabilities	16,512	96,925	10,385
FUND BALANCES:			
Reserved Fund Balances:			
3410 Investments in Inventory	--	--	--
3450 Reserve for Food Service	--	--	--
3490 Other Reserves of Fund Balance	--	220	421,552
3000 Total Fund Balances	--	220	421,552
4000 Total Liabilities and Fund Balances	\$ 16,512	\$ 97,145	\$ 431,937

489 West Foundation	490 Academic Success Initiative	499 CIS-Local Special Revenue	Total Nonmajor Special Revenue Funds (See Exhibit H-1)
\$ 212,100	\$ 4,641	\$ 46,567	\$ 2,970,470
--	--	--	871,659
--	--	--	2,872,687
--	--	--	86,545
--	--	--	15,919
--	--	--	1,235,588
<u>\$ 212,100</u>	<u>\$ 4,641</u>	<u>\$ 46,567</u>	<u>\$ 8,052,868</u>
\$ 476	\$ --	\$ --	\$ 301,257
--	--	--	100
(7,988)	(160)	--	1,156,224
72,483	4,801	--	4,142,422
--	--	--	20,340
147,129	--	46,617	1,177,261
<u>212,100</u>	<u>4,641</u>	<u>46,617</u>	<u>6,797,604</u>
--	--	--	453,608
--	--	--	379,934
--	--	(50)	421,722
--	--	(50)	<u>1,255,264</u>
<u>\$ 212,100</u>	<u>\$ 4,641</u>	<u>\$ 46,567</u>	<u>\$ 8,052,868</u>

WICHITA FALLS INDEPENDENT SCHOOL DISTRICT

COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED AUGUST 31, 2010

Data Control Codes	204 ESEA Title IV SDFSC	205 Head Start	211 ESEA Title I Improving Basic Programs	213 ESEA Title I Pt B-Even St Family Literacy
REVENUES:				
5700 Local and Intermediate Sources	\$ --	\$ --	\$ --	\$ --
5800 State Program Revenues	--	--	--	--
5900 Federal Program Revenues	80,824	1,630,494	3,534,672	145,124
5020 Total Revenues	<u>80,824</u>	<u>1,630,494</u>	<u>3,534,672</u>	<u>145,124</u>
EXPENDITURES:				
Current:				
0011 Instruction	65,904	1,213,483	3,069,996	109,612
0012 Instructional Resources and Media Services	--	--	--	--
0013 Curriculum and Staff Development	2,716	10,169	18,013	5,575
0021 Instructional Leadership	--	37,383	302,136	29,429
0023 School Leadership	--	136,029	10,079	--
0031 Guidance, Counseling, & Evaluation Services	--	57,596	29,811	--
0032 Social Work Services	12,204	163,902	83,363	--
0033 Health Services	--	75,577	--	--
0034 Student Transportation	--	77,263	4,616	--
0035 Food Service	--	--	--	--
0036 Cocurricular/Extracurricular Activities	--	--	--	--
0041 General Administration	--	55	--	--
0051 Plant Maintenance and Operations	--	48,052	--	--
0061 Community Services	--	865	16,658	508
6030 Total Expenditures	<u>80,824</u>	<u>1,820,374</u>	<u>3,534,672</u>	<u>145,124</u>
1100 Excess (Deficiency) of Revenues Over (Under)				
1100 Expenditures	--	(189,880)	--	--
Other Financing Sources and (Uses):				
7912 Sale of Real or Personal Property	--	--	--	--
7915 Transfers In	--	189,880	--	--
7080 Total Other Financing Sources and (Uses)	--	189,880	--	--
1200 Net Change in Fund Balances	--	--	--	--
0100 Fund Balances - Beginning	--	--	--	--
3000 Fund Balances - Ending	\$ --	\$ --	\$ --	\$ --

215 ESEA Title I Part A Capital Expenses	224 IDEA-B Formula	225 IDEA-B Preschool Grant	240 National School Breakfast/Lunch Program	242 Summer Feeding Program
\$ --	\$ --	\$ --	\$ 1,983,376	\$ 146
--	--	--	209,090	--
75,965	3,305,171	90,418	5,119,186	78,902
<u>75,965</u>	<u>3,305,171</u>	<u>90,418</u>	<u>7,311,652</u>	<u>79,048</u>
75,953	2,659,427	90,418	--	--
--	--	--	--	--
--	10,750	--	--	--
12	4,749	--	--	--
--	--	--	--	--
--	485,955	--	--	--
--	--	--	--	--
--	144,290	--	--	--
--	--	--	7,032,497	79,048
--	--	--	--	--
--	--	--	--	--
--	--	--	--	--
<u>75,965</u>	<u>3,305,171</u>	<u>90,418</u>	<u>7,032,497</u>	<u>79,048</u>
--	--	--	279,155	--
--	--	--	6,268	--
--	--	--	--	--
--	--	--	6,268	--
--	--	--	285,423	--
--	--	--	548,119	--
\$ --	\$ --	\$ --	\$ 833,542	\$ --

WICHITA FALLS INDEPENDENT SCHOOL DISTRICT

COMBINING STATEMENT OF REVENUES, EXPENDITURES,

AND CHANGES IN FUND BALANCES

NONMAJOR SPECIAL REVENUE FUNDS

FOR THE YEAR ENDED AUGUST 31, 2010

Data Control Codes	244 Vo Ed Basic Grant	255 ESEA Title II Training & Recruiting	262 Enhancing Education through Technology	263 English Lang. Acquisition and Enhancement
REVENUES:				
5700 <i>Local and Intermediate Sources</i>	\$ --	\$ --	\$ --	\$ --
5800 <i>State Program Revenues</i>	--	--	--	--
5900 <i>Federal Program Revenues</i>	191,687	882,749	42,683	95,275
5020 Total Revenues	<u>191,687</u>	<u>882,749</u>	<u>42,683</u>	<u>95,275</u>
EXPENDITURES:				
Current:				
0011 <i>Instruction</i>	79,649	381,788	26,776	89,847
0012 <i>Instructional Resources and Media Services</i>	--	--	--	--
0013 <i>Curriculum and Staff Development</i>	10,294	369,228	15,825	3,593
0021 <i>Instructional Leadership</i>	78,928	80,264	82	273
0023 <i>School Leadership</i>	898	47,447	--	--
0031 <i>Guidance, Counseling, & Evaluation Services</i>	21,918	4,022	--	--
0032 <i>Social Work Services</i>	--	--	--	--
0033 <i>Health Services</i>	--	--	--	--
0034 <i>Student Transportation</i>	--	--	--	--
0035 <i>Food Service</i>	--	--	--	--
0036 <i>Cocurricular/Extracurricular Activities</i>	--	--	--	--
0041 <i>General Administration</i>	--	--	--	--
0051 <i>Plant Maintenance and Operations</i>	--	--	--	--
0061 <i>Community Services</i>	--	--	--	1,562
6030 Total Expenditures	<u>191,687</u>	<u>882,749</u>	<u>42,683</u>	<u>95,275</u>
1100 Excess (Deficiency) of Revenues Over (Under)				
1100 Expenditures	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
Other Financing Sources and (Uses):				
7912 <i>Sale of Real or Personal Property</i>	--	--	--	--
7915 <i>Transfers In</i>	--	--	--	--
7080 Total Other Financing Sources and (Uses)	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
1200 Net Change in Fund Balances	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
0100 Fund Balances - Beginning	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
3000 Fund Balances - Ending	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>

265 21st Century Community Learning Centers	266 ARRA of 2009 Title XIV State Fiscal Stabilization	276 Title I SIP Academy Grant	279 Enhancing Education through Tech-ARRA	280 Education for Homeless Child. & Youth-ARRA
\$ --	\$ --	\$ --	\$ --	\$ --
--	--	--	--	--
487,828	3,928,072	101,148	59,915	8,706
<u>487,828</u>	<u>3,928,072</u>	<u>101,148</u>	<u>59,915</u>	<u>8,706</u>
180,356	3,928,072	7,030	48,403	6,649
--	--	--	--	--
--	--	46,414	11,232	1,471
59,496	--	46,209	--	386
--	--	1,495	--	--
242,919	--	--	--	--
--	--	--	--	200
--	--	--	--	--
--	--	--	--	--
--	--	--	--	--
--	--	--	--	--
--	--	--	280	--
5,057	--	--	--	--
<u>487,828</u>	<u>3,928,072</u>	<u>101,148</u>	<u>59,915</u>	<u>8,706</u>
--	--	--	--	--
--	--	--	--	--
--	--	--	--	--
--	--	--	--	--
--	--	--	--	--
\$ --	\$ --	\$ --	\$ --	\$ --

WICHITA FALLS INDEPENDENT SCHOOL DISTRICT

COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED AUGUST 31, 2010

Data Control Codes	283 IDEA - Part B Formula - ARRA	284 IDEA-B Part B Preschool ARRA	285 Title I Part A Improving Basic Pgms - ARRA	286 Title I SIP Academy Grant ARRA
REVENUES:				
5700 Local and Intermediate Sources	\$ --	\$ --	\$ --	\$ --
5800 State Program Revenues	--	--	--	--
5900 Federal Program Revenues	1,406,270	45,018	1,207,127	82,256
5020 Total Revenues	<u>1,406,270</u>	<u>45,018</u>	<u>1,207,127</u>	<u>82,256</u>
EXPENDITURES:				
Current:				
0011 Instruction	853,669	42,577	865,921	71,024
0012 Instructional Resources and Media Services	--	--	2,197	--
0013 Curriculum and Staff Development	217,915	--	140,558	--
0021 Instructional Leadership	85,134	--	141,924	11,156
0023 School Leadership	--	--	18,608	--
0031 Guidance, Counseling, & Evaluation Services	158,158	2,441	--	--
0032 Social Work Services	--	--	7,576	--
0033 Health Services	--	--	599	--
0034 Student Transportation	89,434	--	25,389	--
0035 Food Service	--	--	--	--
0036 Cocurricular/Extracurricular Activities	--	--	--	--
0041 General Administration	--	--	--	--
0051 Plant Maintenance and Operations	1,960	--	430	--
0061 Community Services	--	--	3,925	76
6030 Total Expenditures	<u>1,406,270</u>	<u>45,018</u>	<u>1,207,127</u>	<u>82,256</u>
1100 Excess (Deficiency) of Revenues Over (Under)	--	--	--	--
1100 Expenditures	--	--	--	--
Other Financing Sources and (Uses):				
7912 Sale of Real or Personal Property	--	--	--	--
7915 Transfers In	--	--	--	--
7080 Total Other Financing Sources and (Uses)	--	--	--	--
1200 Net Change in Fund Balances	--	--	--	--
0100 Fund Balances - Beginning	--	--	--	--
3000 Fund Balances - Ending	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>

287 Head Start ARRA	288 Title I Part D Juv Detention ARRA	289 Begin Grant	315 IDEA-B Discretionary	316 IDEA-B Deaf
\$ --	\$ --	\$ --	\$ --	\$ --
--	--	--	--	--
164,682	51,379	41,643	27,441	18,912
<u>164,682</u>	<u>51,379</u>	<u>41,643</u>	<u>27,441</u>	<u>18,912</u>
157,798	12,049	3,079	21,187	18,912
--	--	--	--	--
--	--	--	5,697	--
2,796	--	10,956	--	--
--	8,290	--	557	--
--	--	27,608	--	--
924	--	--	--	--
1,145	--	--	--	--
--	--	--	--	--
--	31,040	--	--	--
--	--	--	--	--
--	--	--	--	--
--	--	--	--	--
2,019	--	--	--	--
<u>164,682</u>	<u>51,379</u>	<u>41,643</u>	<u>27,441</u>	<u>18,912</u>
--	--	--	--	--
--	--	--	--	--
--	--	--	--	--
--	--	--	--	--
--	--	--	--	--
\$ --	\$ --	\$ --	\$ --	\$ --

WICHITA FALLS INDEPENDENT SCHOOL DISTRICT

COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED AUGUST 31, 2010

Data Control Codes	317 IDEA-B Preschool Deaf	394 Life Skills Program	397 Advanced Placement Incentives	401 Optional Extended Year Program
REVENUES:				
5700 Local and Intermediate Sources	\$ --	\$ --	\$ --	\$ --
5800 State Program Revenues	--	53,680	22,335	50,460
5900 Federal Program Revenues	2,493	--	--	--
5020 Total Revenues	<u>2,493</u>	<u>53,680</u>	<u>22,335</u>	<u>50,460</u>
EXPENDITURES:				
Current:				
0011 Instruction	2,493	16,592	17,835	50,460
0012 Instructional Resources and Media Services	--	--	--	--
0013 Curriculum and Staff Development	--	1,458	4,500	--
0021 Instructional Leadership	--	--	--	--
0023 School Leadership	--	--	--	--
0031 Guidance, Counseling, & Evaluation Services	--	--	--	--
0032 Social Work Services	--	--	--	--
0033 Health Services	--	--	--	--
0034 Student Transportation	--	35,630	--	--
0035 Food Service	--	--	--	--
0036 Cocurricular/Extracurricular Activities	--	--	--	--
0041 General Administration	--	--	--	--
0051 Plant Maintenance and Operations	--	--	--	--
0061 Community Services	--	--	--	--
6030 Total Expenditures	<u>2,493</u>	<u>53,680</u>	<u>22,335</u>	<u>50,460</u>
1100 Excess (Deficiency) of Revenues Over (Under)				
1100 Expenditures	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
Other Financing Sources and (Uses):				
7912 Sale of Real or Personal Property	--	--	--	--
7915 Transfers In	--	--	--	--
7080 Total Other Financing Sources and (Uses)	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
1200 Net Change in Fund Balances	--	--	--	--
0100 Fund Balances - Beginning	--	--	--	--
3000 Fund Balances - Ending	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>

404 Student Success Initiative	411 Technology Allotment	415 Kindergarten and Prekindergarten Grants	429 State Funded Special Revenue Fund	435 Regional Day School for the Deaf
\$ --	\$ --	\$ --	\$ --	\$ 308,228
86,624	396,984	768,220	13,065	325,203
--	--	--	--	--
<u>86,624</u>	<u>396,984</u>	<u>768,220</u>	<u>13,065</u>	<u>633,431</u>
84,227	396,494	2,289,654	12,694	633,431
--	--	--	371	--
2,397	--	881	--	--
--	--	365	--	--
--	--	5,957	--	--
--	--	5,432	--	--
--	--	5,807	--	--
--	--	--	--	--
--	--	--	--	--
--	--	--	--	--
--	490	--	--	--
--	--	--	--	--
<u>86,624</u>	<u>396,984</u>	<u>2,308,096</u>	<u>13,065</u>	<u>633,431</u>
--	--	(1,539,876)	--	--
--	--	--	--	--
--	--	1,539,876	--	--
--	--	<u>1,539,876</u>	--	--
--	--	--	--	--
--	--	--	--	220
<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 220</u>

WICHITA FALLS INDEPENDENT SCHOOL DISTRICT

COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED AUGUST 31, 2010

Data Control Codes	461 Campus Activity Funds	489 West Foundation
REVENUES:		
5700 <i>Local and Intermediate Sources</i>	\$ 1,015,825	\$ 400,875
5800 <i>State Program Revenues</i>	--	--
5900 <i>Federal Program Revenues</i>	--	--
5020 Total Revenues	<u>1,015,825</u>	<u>400,875</u>
EXPENDITURES:		
Current:		
0011 <i>Instruction</i>	190,800	63,528
0012 <i>Instructional Resources and Media Services</i>	94,855	--
0013 <i>Curriculum and Staff Development</i>	142,231	299,975
0021 <i>Instructional Leadership</i>	--	--
0023 <i>School Leadership</i>	66,347	--
0031 <i>Guidance, Counseling, & Evaluation Services</i>	--	--
0032 <i>Social Work Services</i>	--	--
0033 <i>Health Services</i>	--	--
0034 <i>Student Transportation</i>	--	--
0035 <i>Food Service</i>	--	--
0036 <i>Cocurricular/Extracurricular Activities</i>	546,529	37,372
0041 <i>General Administration</i>	--	--
0051 <i>Plant Maintenance and Operations</i>	5,287	--
0061 <i>Community Services</i>	--	--
6030 Total Expenditures	<u>1,046,049</u>	<u>400,875</u>
1100 Excess (Deficiency) of Revenues Over (Under)		
1100 Expenditures	<u>(30,224)</u>	<u>--</u>
Other Financing Sources and (Uses):		
7912 <i>Sale of Real or Personal Property</i>	--	--
7915 <i>Transfers In</i>	--	--
7080 Total Other Financing Sources and (Uses)	<u>--</u>	<u>--</u>
1200 Net Change in Fund Balances	<u>(30,224)</u>	<u>--</u>
0100 Fund Balances - Beginning	451,776	--
3000 Fund Balances - Ending	<u>\$ 421,552</u>	<u>\$ --</u>

490 Academic Success Initiative	499 CIS-Local Special Revenue	Total Nonmajor Special Revenue Funds (See Exhibit H-2)
\$ 46,001	\$ 15,581	\$ 3,770,032
--	--	1,925,661
--	--	22,906,040
<u>46,001</u>	<u>15,581</u>	<u>28,601,733</u>
--	--	17,837,787
--	--	97,423
--	--	1,320,892
--	5,273	896,951
--	--	295,707
46,001	--	1,081,861
--	308	274,284
--	--	77,321
--	--	376,622
--	--	7,142,585
--	--	583,901
--	--	55
--	10,000	66,499
--	--	30,670
<u>46,001</u>	<u>15,581</u>	<u>30,082,558</u>
--	--	(1,480,825)
--	--	6,268
--	--	1,729,756
--	--	1,736,024
--	--	255,199
--	(50)	1,000,065
<u>\$ --</u>	<u>\$ (50)</u>	<u>\$ 1,255,264</u>

WICHITA FALLS INDEPENDENT SCHOOL DISTRICT

COMBINING STATEMENT OF NET ASSETS

INTERNAL SERVICE FUNDS

AUGUST 31, 2010

Data Control Codes	751 Transportation Fund	752 Print Shop Fund
ASSETS:		
Current Assets:		
1110 Cash and Cash Equivalents	\$ 651,216	\$ (166)
1120 Investments	--	--
Receivables:		
1260 Due from Other Funds	676,383	12,815
1310 Inventories, at Cost	--	--
Total Current Assets	<u>1,327,599</u>	<u>12,649</u>
Noncurrent Assets:		
Capital Assets:		
1530 Furniture and Equipment	5,718,016	298,597
1550 Assets Purchased Under Capital Leases	142,380	--
1570 Accumulated Depreciation	(3,914,276)	(294,486)
Total Noncurrent Assets	<u>1,946,120</u>	<u>4,111</u>
1000 Total Assets	<u>3,273,719</u>	<u>16,760</u>
LIABILITIES:		
Current Liabilities:		
2110 Accounts Payable	81,195	3,001
2120 Bonds, Notes and Loans Payable	136,751	--
2130 Capital Leases Payable	22,098	--
2160 Accrued Wages Payable	--	1,415
2170 Due to Other Funds	--	12,309
2180 Due to Other Governments	--	(17)
2200 Accrued Expenditures/Expenses	--	--
Total Current Liabilities	<u>240,044</u>	<u>16,708</u>
Noncurrent Liabilities:		
2500 Bonds, Notes and Loans Payable	387,810	--
Total Noncurrent Liabilities	<u>387,810</u>	<u>--</u>
2000 Total Liabilities	<u>627,854</u>	<u>16,708</u>
NET ASSETS:		
3200 Investment in Capital Assets, Net of Related Debt	1,399,460	4,111
3900 Unrestricted Net Assets	1,246,405	(4,059)
3000 Total Net Assets	<u>\$ 2,645,865</u>	<u>\$ 52</u>

753 Insurance Fund	754 Computer Operations Fund	Total Internal Service Funds (See Exhibit D-1)
\$ 725,283	\$ (40)	\$ 1,376,293
248,331	--	248,331
1,067,451	--	1,756,649
--	6,500	6,500
<u>2,041,065</u>	<u>6,460</u>	<u>3,387,773</u>
--	--	6,016,613
--	--	142,380
--	--	(4,208,762)
--	--	1,950,231
<u>2,041,065</u>	<u>6,460</u>	<u>5,338,004</u>
576,302	167	660,665
--	--	136,751
--	--	22,098
366	--	1,781
--	--	12,309
--	--	(17)
654,581	--	654,581
<u>1,231,249</u>	<u>167</u>	<u>1,488,168</u>
--	--	387,810
--	--	387,810
<u>1,231,249</u>	<u>167</u>	<u>1,875,978</u>
--	--	1,403,571
809,816	6,293	2,058,455
<u>\$ 809,816</u>	<u>\$ 6,293</u>	<u>\$ 3,462,026</u>

WICHITA FALLS INDEPENDENT SCHOOL DISTRICT

COMBINING STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN FUND NET ASSETS
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED AUGUST 31, 2010

Data Control Codes	751 Transportation Fund	752 Print Shop Fund
OPERATING REVENUES:		
5700 <i>Local and Intermediate Sources</i>	\$ 3,113,866	\$ 183,711
5020 Total Revenues	<u>3,113,866</u>	<u>183,711</u>
OPERATING EXPENSES:		
6100 <i>Payroll Costs</i>	--	110,089
6200 <i>Professional and Contracted Services</i>	2,301,429	45,559
6300 <i>Supplies and Materials</i>	326,763	35,713
6400 <i>Other Operating Costs</i>	346,881	8,219
6500 <i>Debt Service</i>	26,960	--
6030 Total Expenses	<u>3,002,033</u>	<u>199,580</u>
Operating Income (Loss)	<u>111,833</u>	<u>(15,869)</u>
NON-OPERATING REVENUES (EXPENSES):		
7955 <i>Earnings from Temp. Deposits and Investments</i>	--	--
7956 <i>Insurance Recovery</i>	1,178	--
8030 Total Non-operating Revenues (Expenses)	<u>1,178</u>	<u>--</u>
Income (Loss) before Contributions and Transfers	<u>113,011</u>	<u>(15,869)</u>
7915 <i>Transfers In</i>	67,826	6,600
7957 <i>Contributed Capital</i>	134,951	--
1300 Change in Net Assets	<u>315,788</u>	<u>(9,269)</u>
0100 Total Net Assets - Beginning	2,330,077	9,321
3300 Total Net Assets - Ending	<u>\$ 2,645,865</u>	<u>\$ 52</u>

753 Insurance Fund	754 Computer Operations Fund	Total Internal Service Funds (See Exhibit D-2)
\$ 1,060,472	\$ 72,544	\$ 4,430,593
<u>1,060,472</u>	<u>72,544</u>	<u>4,430,593</u>
85,898	--	195,987
61,466	--	2,408,454
4,481	66,630	433,587
876,703	--	1,231,803
--	--	26,960
<u>1,028,548</u>	<u>66,630</u>	<u>4,296,791</u>
31,924	5,914	133,802
498	--	498
--	--	1,178
<u>498</u>	<u>--</u>	<u>1,676</u>
32,422	5,914	135,478
--	--	74,426
--	--	134,951
<u>32,422</u>	<u>5,914</u>	<u>344,855</u>
777,394	379	3,117,171
<u>\$ 809,816</u>	<u>\$ 6,293</u>	<u>\$ 3,462,026</u>

WICHITA FALLS INDEPENDENT SCHOOL DISTRICT

COMBINING STATEMENT OF CASH FLOWS

ALL INTERNAL SERVICE FUNDS

FOR THE YEAR ENDED AUGUST 31, 2010

	751 Transportation Fund	752 Print Shop Fund
Cash Flows from Operating Activities:		
<i>Cash Receipts for Quasi-external Operating Transactions with Other Funds</i>	\$ 3,395,526	\$ 174,589
<i>Cash Payments to Employees</i>	--	(108,674)
<i>Cash Payments to Suppliers for Goods and Services</i>	(2,661,081)	(68,457)
Net Cash Provided (Used) by Operating Activities	<u>734,445</u>	<u>(2,542)</u>
Cash Flows from Non-capital Financing Activities:		
<i>Transfers From Other Funds</i>	<u>67,826</u>	<u>6,600</u>
Cash Flows from Capital and Related Financing Activities:		
<i>Proceeds from Insurance Recovery</i>	1,178	--
<i>Principal Paid</i>	(152,233)	--
Net Cash Used for Capital and Related Financing Activities	<u>(151,055)</u>	<u>--</u>
Cash Flows from Investing Activities:		
<i>Purchase of Investment Securities</i>	--	--
<i>Interest and Dividends on Investments</i>	--	--
Net Cash Provided for Investing Activities	<u>--</u>	<u>--</u>
Net Increase (Decrease) in Cash and Cash Equivalents	651,216	4,058
Cash and Cash Equivalents at Beginning of Year	--	(4,224)
Cash and Cash Equivalents at End of Year	<u>\$ 651,216</u>	<u>\$ (166)</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:		
Operating Income (Loss)	\$ 111,833	\$ (15,869)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities		
<i>Depreciation</i>	346,881	8,218
Change in Assets and Liabilities:		
<i>Decrease (Increase) in Due from Other Funds</i>	273,105	(9,122)
<i>Decrease (Increase) in Other Receivables</i>	8,555	--
<i>Decrease (Increase) in Deferred Expenses</i>	--	--
<i>Increase (Decrease) in Accounts Payable</i>	(5,929)	2,114
<i>Increase (Decrease) in Accrued Wages Payable</i>	--	1,415
<i>Increase (Decrease) in Due to Other Funds</i>	--	10,702
<i>Increase (Decrease) in Accrued Expenses</i>	--	--
Total Adjustments	<u>622,612</u>	<u>13,327</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ 734,445</u>	<u>\$ (2,542)</u>

753 Insurance Fund	754 Computer Operations Fund	Total Internal Service Funds (See Exhibit D-3)
\$ 1,308,221	\$ 72,544	\$ 4,950,880
(86,011)	--	(194,685)
(509,243)	(66,463)	(3,305,244)
<u>712,967</u>	<u>6,081</u>	<u>1,450,951</u>
--	--	74,426
--	--	1,178
--	--	(152,233)
<u>--</u>	<u>--</u>	<u>(151,055)</u>
(496)	--	(496)
497	--	497
<u>1</u>	<u>--</u>	<u>1</u>
712,968	6,081	1,374,323
12,315	(6,121)	1,970
<u>\$ 725,283</u>	<u>\$ (40)</u>	<u>\$ 1,376,293</u>
\$ 31,924	\$ 5,914	\$ 133,802
--	--	355,099
247,730	--	511,713
19	--	8,574
37,379	--	37,379
157,344	167	153,696
(113)	--	1,302
--	--	10,702
238,684	--	238,684
681,043	167	1,317,149
<u>\$ 712,967</u>	<u>\$ 6,081</u>	<u>\$ 1,450,951</u>

WICHITA FALLS INDEPENDENT SCHOOL DISTRICT
 COMBINING STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
 AGENCY FUNDS
 AUGUST 31, 2010

Data Control Codes	864 Communities in Schools	865 Student Activity	Total Agency Funds (See Exhibit E-1)
ASSETS:			
1110	\$ (67,140)	\$ 273,122	\$ 205,982
1240	100,153	--	100,153
1290	--	17,035	17,035
1000	<u>\$ 33,013</u>	<u>\$ 290,157</u>	<u>\$ 323,170</u>
LIABILITIES:			
Current Liabilities:			
2110	\$ 2,272	\$ 10,913	\$ 13,185
2160	21,234	--	21,234
2170	9,507	--	9,507
2190	--	279,244	279,244
2000	<u>\$ 33,013</u>	<u>\$ 290,157</u>	<u>\$ 323,170</u>

Other Supplementary Information

This section includes financial information and disclosures not required by the Governmental Accounting Standards Board and not considered a part of the basic financial statements. It may, however, include information which is required by other entities.

WICHITA FALLS INDEPENDENT SCHOOL DISTRICT

SCHEDULE OF DELINQUENT TAXES RECEIVABLE

FOR THE YEAR ENDED AUGUST 31, 2010

Year Ended August 31	1		2		3	
	Tax Rates				Assessed/Appraised Value For School Tax Purposes	
	Maintenance		Debt Service			
2001 and Prior Years	\$	Various	\$	Various	\$	Various
2002		1.50		.0436		2,922,747,409
2003		1.50		.0636		2,995,884,369
2004		1.50		.0636		3,085,223,093
2005		1.50		.0636		3,201,175,556
2006		1.50		.0636		3,357,610,770
2007		1.33		.0636		3,595,382,821
2008		1.04		.149		3,830,850,210
2009		1.04		.159		4,075,065,685
2010 (School Year Under Audit)		1.04		.16		3,859,503,833
1000 Totals						

This schedule includes the 1991 and 1992 Wichita County Education District taxes assigned to Wichita Falls ISD on 9/1/2003.

Wichita Falls ISD did not pay any monies to the Tax Increment Fund under Chapter 311, Tax Code, during the year ended August 31, 2010.

10 Beginning Balance 9/1/09	20 Current Year's Total Levy	31 Maintenance Collections	32 Debt Service Collections	40 Entire Year's Adjustments	50 Ending Balance 8/31/10
\$ 713,521	\$ --	\$ 22,219	\$ 1,966	\$ (31,966)	\$ 657,370
144,539	--	5,991	174	(1,456)	136,918
181,745	--	10,383	440	(2,285)	168,637
215,933	--	15,828	671	(1,324)	198,110
256,802	--	48,506	2,057	(2,579)	203,660
298,153	--	60,492	2,565	436	235,532
281,155	--	71,673	3,427	2,633	208,688
374,380	--	104,227	14,932	2,708	257,929
764,278	--	261,793	40,024	(10,810)	451,651
--	46,314,046	39,292,402	6,044,986	(186,627)	790,031
<u>\$ 3,230,506</u>	<u>\$ 46,314,046</u>	<u>\$ 39,893,514</u>	<u>\$ 6,111,242</u>	<u>\$ (231,270)</u>	<u>\$ 3,308,526</u>

WICHITA FALLS INDEPENDENT SCHOOL DISTRICT

EXHIBIT J-2

*SCHEDULE OF EXPENDITURES FOR COMPUTATION OF INDIRECT COST FOR 2011-2012
GENERAL AND SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED AUGUST 31, 2010*

FUNCTION 41 AND RELATED FUNCTION 53 - GENERAL ADMINISTRATION AND FUNCTION 99 - APPRAISAL DISTRICT COST

Account Number	Account Name	1 (702) School Board	2 (703) Tax Collection	3 (701) Supt's Office	4 (750) Indirect Cost	5 (720) Direct Cost	6 (Other) Misc.	7 Total
611X-6146	Payroll Costs	\$ --	\$ --	\$ 255,386	\$ 1,639,748	\$ 77,409	\$ 506,493	\$ 2,479,036
6149	Fringe Benefits (Unused Leave for Separating Employees in Function 41 and Related 53)	--	--	--	--	--	--	--
6149	Fringe Benefits (Unused Leave for Separating Employees in all Functions except Function 41 and Related 53)	--	--	--	--	--	--	--
6211	Legal Services	12,926	--	7,502	--	43,451	--	63,879
6212	Audit Services	--	--	--	53,250	--	--	53,250
6213	Tax Appraisal and Collection	--	596,960	--	--	--	--	596,960
621X	Other Prof. Services	21,503	--	--	450	--	49,465	71,418
6220	Tuition and Transfer Payments	--	--	--	--	--	--	--
6230	Education Service Centers	--	--	--	5,000	--	--	5,000
6240	Contr. Maint. and Repair	--	--	--	--	53,369	--	53,369
6250	Utilities	--	--	--	--	--	--	--
6260	Rentals	--	--	--	177	--	1,948	2,125
6290	Miscellaneous Contr.	5,837	--	1,790	59,102	526	14,043	81,298
6310	Operational Supplies, Materials	--	--	--	--	--	--	--
6320	Textbooks and Reading	--	--	--	99	--	172	271
6330	Testing Materials	--	--	--	--	--	--	--
63XX	Other Supplies, Materials	5,194	--	2,762	84,882	3,703	27,346	123,887
6410	Travel, Subsistence, Stipends	4,084	--	3,997	36,464	4,176	6,735	55,456
6420	Ins. and Bonding Costs	--	--	--	--	--	83,474	83,474
6430	Election Costs	512	--	--	--	--	--	512
6490	Miscellaneous Operating	6,302	--	5,474	25,646	505	18,312	56,239
6500	Debt Service	--	--	--	--	--	--	--
6600	Capital Outlay	--	--	--	--	--	100,495	100,495

Total \$ 56,358 \$ 596,960 \$ 276,911 \$ 1,904,818 \$ 183,139 \$ 808,483 \$ 3,826,669

Total Expenditures for General and Special Revenue Funds (9) \$ 125,924,213

LESS: Deductions of Unallowable Costs

FISCAL YEAR

Total Capital Outlay (6600)	(10)	\$ 892,207
Total Debt & Lease (6500)	(11)	478,667
Plant Maintenance (Function 51, 6100-6400)	(12)	12,075,997
Food (Function 35, 6341 and 6499)	(13)	2,610,829
Stipends (6413)	(14)	--
Column 4 (above) - Total Indirect Cost		<u>1,904,818</u>

Subtotal 17,962,518

Net Allowed Direct Cost \$ 107,961,695

CUMULATIVE

Total Cost of Buildings Before Depreciation (1520)	(15)	\$ 145,628,460
Historical Cost of Buildings over 50 years old	(16)	2,305,293
Amount of Federal Money in Building Cost (Net of #16)	(17)	94,035
Total Cost of Furniture & Equipment Before Depreciation (1530 & 1540)	(18)	22,517,521
Historical Cost of Furniture & Equipment over 16 years old	(19)	3,164,940
Amount of Federal Money in Furniture & Equipment (Net of #19)	(20)	3,305,527

(8) Note A - \$394,364 in Function 53 expenditures and \$553,141 in Function 99 expenditures are included in this report on administrative costs.

WICHITA FALLS INDEPENDENT SCHOOL DISTRICT
FUND BALANCE AND CASH FLOW CALCULATION WORKSHEET (UNAUDITED)
GENERAL FUND
AS OF AUGUST 31, 2010

EXHIBIT J-3

Data Control Codes	Explanation	Amount
1	Total General Fund Fund Balance as of August 31, 2010 (Exhibit C-1 object 3000 for the General Fund only)	\$ 13,559,252
2	Total General Fund Reserved Fund Balance (from Exhibit C-1 - total of object 3400s for the General Fund only)	568,298
3	Total General Fund Designated Fund Balance (from Exhibit C-1 - total of object 3500s for the General Fund only)	1,371,766
4	Estimated amount needed to cover fall cash flow deficits in the General Fund (net of borrowed funds and funds representing deferred revenues)	2,751,510
5	Estimate of one month's average cash disbursements during the regular school session (9/1/10 - 5/31/11)	9,478,064
6	Estimate of delayed payments from state sources (58XX) including August payment delays	--
7	Estimate of underpayment from state sources equal to variance between Legislative Payment Estimate (LPE) and District Planning Estimate (DPE) or District's calculated earned state aid amount	--
8	Estimate of delayed payments from federal sources (59XX)	--
9	Estimate of expenditures to be reimbursed to General Fund from Capital Projects Fund (uses of General Fund cash after bond referendum and prior to issuance of bonds)	--
10	General Fund Optimum Fund Balance and Cash Flow (Lines 2+3+4+5+6+7+8+9)	14,169,638
11	Excess (Deficit) Undesignated Unreserved General Fund Fund Balance (Line 1 minus Line 10)	\$ (610,386)

WICHITA FALLS INDEPENDENT SCHOOL DISTRICT
NATIONAL SCHOOL BREAKFAST AND LUNCH PROGRAM
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED AUGUST 31, 2010

EXHIBIT J-4

Data Control Codes	1		2	3	Variance with Final Budget Positive (Negative)
	Budgeted Amounts			Actual	
	Original	Final			
REVENUES:					
5700	<i>Local and Intermediate Sources</i>	\$ 2,406,546	\$ 1,979,168	\$ 1,983,376	\$ 4,208
5800	<i>State Program Revenues</i>	207,000	223,494	209,090	(14,404)
5900	<i>Federal Program Revenues</i>	5,017,000	5,097,500	5,119,186	21,686
5020	Total Revenues	<u>7,630,546</u>	<u>7,300,162</u>	<u>7,311,652</u>	<u>11,490</u>
EXPENDITURES:					
Current:					
Support Services - Student (Pupil):					
0035	<i>Food Services</i>	7,630,546	7,284,879	7,032,497	252,382
	Total Support Services - Student (Pupil)	<u>7,630,546</u>	<u>7,284,879</u>	<u>7,032,497</u>	<u>252,382</u>
6030	Total Expenditures	<u>7,630,546</u>	<u>7,284,879</u>	<u>7,032,497</u>	<u>252,382</u>
1100	Excess (Deficiency) of Revenues Over (Under)				
1100	Expenditures	--	15,283	279,155	263,872
Other Financing Sources (Uses):					
7912	<i>Sale of Real or Personal Property</i>	--	--	6,268	6,268
7080	Total Other Financing Sources and (Uses)	<u>--</u>	<u>--</u>	<u>6,268</u>	<u>6,268</u>
1200	Net Change in Fund Balance	<u>--</u>	<u>15,283</u>	<u>285,423</u>	<u>270,140</u>
0100	Fund Balance - Beginning	548,119	548,119	548,119	--
3000	Fund Balance - Ending	<u>\$ 548,119</u>	<u>\$ 563,402</u>	<u>\$ 833,542</u>	<u>\$ 270,140</u>

WICHITA FALLS INDEPENDENT SCHOOL DISTRICT

EXHIBIT J-5

DEBT SERVICE FUND

BUDGETARY COMPARISON SCHEDULE

FOR THE YEAR ENDED AUGUST 31, 2010

Data Control Codes	1	2	3	Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
REVENUES:				
5700	\$ 6,193,423	\$ 6,193,423	\$ 6,168,000	\$ (25,423)
5800	940,921	940,921	1,016,634	75,713
5020	<u>7,134,344</u>	<u>7,134,344</u>	<u>7,184,634</u>	<u>50,290</u>
EXPENDITURES:				
Debt Service:				
0071	5,176,983	5,176,983	5,600,000	(423,017)
0072	3,241,444	3,241,444	2,807,592	433,852
0073	--	--	2,010	(2,010)
	<u>8,418,427</u>	<u>8,418,427</u>	<u>8,409,602</u>	<u>8,825</u>
6030	<u>8,418,427</u>	<u>8,418,427</u>	<u>8,409,602</u>	<u>8,825</u>
1100				
1100	(1,284,083)	(1,284,083)	(1,224,968)	59,115
Other Financing Sources (Uses):				
7915	656,280	656,280	656,279	(1)
7080	656,280	656,280	656,279	(1)
1200	<u>(627,803)</u>	<u>(627,803)</u>	<u>(568,689)</u>	<u>59,114</u>
0100	910,486	910,486	910,486	--
3000	<u>\$ 282,683</u>	<u>\$ 282,683</u>	<u>\$ 341,797</u>	<u>\$ 59,114</u>



EDGIN, PARKMAN, FLEMING & FLEMING, PC

CERTIFIED PUBLIC ACCOUNTANTS

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

Independent Auditor's Report

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

Board of Trustees
Wichita Falls Independent School District
PO Box 97533
Wichita Falls, Texas 76307-7533

Members of the Board of Trustees:

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Wichita Falls Independent School District as of and for the year ended August 31, 2010, which collectively comprise the Wichita Falls Independent School District's basic financial statements and have issued our report thereon dated January 13, 2011. 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Wichita Falls Independent School District's internal control over financial reporting as a basis for designing our auditing procedures 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 Wichita Falls Independent School District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Wichita Falls Independent School District's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the accompanying schedule of findings and questioned costs, we identified a certain deficiency in internal control over financial reporting that we consider to be a material weakness and other deficiencies that we consider to be significant deficiencies.

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. We consider the deficiency described in the accompanying schedule of findings and questioned costs as finding 2010-01 to be a material weakness.

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. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as findings 2010-02 and 2010-03 to be significant deficiencies.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Wichita Falls Independent School District's financial statements are free of 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 an instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and questioned costs as finding 2010-04.

We noted certain matters that we reported to management of Wichita Falls Independent School District in a separate letter dated January 13, 2011.

Wichita Falls Independent School District's responses to the findings identified in our audit are described in the accompanying Corrective Action Plan. We did not audit the District's responses and, accordingly, we express no opinion on the responses.

This report is intended solely for the information and use of the audit committee, management, others within the entity, the Board of Trustees, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Respectfully submitted,

Edgin, Parkman, Fleming & Fleming, PC

Edgin, Parkman, Fleming & Fleming, PC

January 13, 2011



EDGIN, PARKMAN, FLEMING & FLEMING, PC

CERTIFIED PUBLIC ACCOUNTANTS

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J. MARK FLEMING, CPA

Independent Auditor's Report

Report on Compliance with Requirements That Could Have a Direct and Material Effect on Each Major Program and on Internal Control over Compliance In Accordance With OMB Circular A-133

Board of Trustees
Wichita Falls Independent School District
PO Box 97533
Wichita Falls, Texas 76307-7533

Members of the Board of Trustees:

Compliance

We have audited Wichita Falls Independent School District's compliance with the types of compliance requirements described in the U. S. Office of Management and Budget (OMB) Circular A-133 *Compliance Supplement* that could have a direct and material effect on each of Wichita Falls Independent School District's major federal programs for the year ended August 31, 2010. Wichita Falls Independent School District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of Wichita Falls Independent School District's management. Our responsibility is to express an opinion on Wichita Falls Independent School District's compliance based on our audit.

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 OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 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 Wichita Falls Independent School 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. Our audit does not provide a legal determination of Wichita Falls Independent School District's compliance with those requirements.

In our opinion, Wichita Falls Independent School District complied, in all material respects, with the 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, 2010. However, the results of our auditing procedures disclosed instances of noncompliance with those requirements, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying Schedule of Findings and Questioned Costs as findings 2010-05 and 2010-06.

Internal Control Over Compliance

Management of Wichita Falls Independent School District is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered Wichita Falls Independent School District's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in

accordance with OMB Circular A-133, 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 Wichita Falls Independent School 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.

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 deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we considered to be material weaknesses, as defined above.

Wichita Falls Independent School District's responses to the findings identified in our audit are described in the accompanying Corrective Action Plan. We did not audit the District's responses and, accordingly, we express no opinion on the responses.

This report is intended solely for the information and use of the audit committee, management, others within the entity, the Board of Trustees, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Respectfully submitted,

Edgin, Parkman, Fleming & Fleming, PC

Edgin, Parkman, Fleming & Fleming, PC

January 13, 2011

WICHITA FALLS INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED AUGUST 31, 2010

A. Summary of Auditor's Results

1. Financial Statements

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

One or more material weaknesses identified? X Yes No

One or more significant deficiencies identified that are not considered to be material weaknesses? X Yes None Reported

Noncompliance material to financial statements noted? X Yes No

2. Federal Awards

Internal control over major programs:

One or more material weaknesses identified? Yes X No

One or more significant deficiencies identified that are not considered to be material weaknesses? X Yes None Reported

Type of auditor's report issued on compliance for major programs: Unqualified

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133? X Yes No

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
84.010A / 84.389	ESEA Title I Part A Cluster
84.027 / 84.173 / 84.391 / 84.392	Special Education Cluster
84.318 / 84.386	Education Technology Cluster
84.367A	ESEA Title II Part A - Teacher & Principal Training
84.394	ARRA of 2009 Title XIV State Fiscal Stabilization Fund
93.600 / 93.708	Head Start Cluster

Dollar threshold used to distinguish between type A and type B programs: \$705,331

Auditee qualified as low-risk auditee? X Yes No

WICHITA FALLS INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED AUGUST 31, 2010

B. Financial Statement Findings

Finding 2010-01 - Material Weakness in Financial Reporting - Material Audit Adjustment

Criteria or Specified Requirement

Management is responsible for establishing and maintaining effective internal control over financial reporting under Generally Accepted Accounting Principles (GAAP), in addition to controls for internal reporting, to ensure that the District's external financial statements are fairly presented in accordance with GAAP.

Condition and Effect

During the audit, we identified a misstatement in the District's accounting records that is material to the financial statements. This misstatement was not identified prior to the audit by internal control procedures used by District's management.

Cause

The District did not make all of the necessary entries to properly record the District's state revenues for the year ended August 31, 2010.

Effect

Prior to audit procedures, the material misstatement of the District's current year financial statements was not identified and corrected by the internal control procedures utilized by District's management.

Recommendation

We recommend management more closely review all of the significant activity and make any necessary adjustments to the District's accounting records and financial statements, especially at year-end.

Views of Responsible Officials and Planned Corrective Actions

Refer to Corrective Action Plan prepared by District management.

Finding 2010-02 - Significant Deficiency in Financial Reporting - Payroll

Criteria or Specified Requirement

Management is responsible for establishing and maintaining effective internal control over financial reporting under GAAP, in addition to controls for internal reporting, to ensure that the District's external financial statements are fairly presented in accordance with GAAP.

Condition and Effect

The District is in the process of converting to a new accounting software. During the year ended August 31, 2010, the District implemented the payroll module of the new TEAMS system. Numerous day-to-day accounting issues were incurred throughout the year and still continue. Though improvements have been made, there were significant delays in posting payroll activity, preparing bank reconciliations, and requesting drawdowns for state and federal grants. Additionally, standard payroll journals and reports do not exist within the system and have to be generated through database extractions and manipulations.

Additionally, the database extractions and manipulations are done manually, which potential human errors may be made and not be detected.

Cause

The cause of the condition is the limitations of the TEAMS payroll system. It was not fully developed when the module was implemented by the District and is still a work in process.

WICHITA FALLS INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED AUGUST 31, 2010

Effect

As noted above, there are numerous day-to-day accounting issues, delays in posting payroll activity, preparing bank statements, and requesting drawdowns from state and federal grants. Standard payroll journals and reports do not exist within the system. All reports, including accrued wages details, have to be prepared outside of the TEAMS system and are only done by one person; consequently, errors could be made and not be detected.

Recommendation

We recommend that the District set a deadline for the complete implementation of the TEAMS payroll system since this appears to be ongoing.

Views of Responsible Officials and Planned Corrective Actions

Refer to Corrective Action Plan prepared by District management.

Finding 2010-03 - Significant Deficiency in Financial Reporting - Food Service

Criteria or Specified Requirement

Management is responsible for establishing and maintaining effective internal control over financial reporting under GAAP, in addition to controls for internal reporting, to ensure that the District's external financial statements are fairly presented in accordance with GAAP.

Condition and Effect

Though the accounting for Food Service is included in the same accounting system as the District's other funds and programs, the management and oversight of the accounting process is not under the responsibility of the Finance Department. Food Service has its own accountant responsible for the accounting and reporting aspects, including making the proper budget amendments and journal entries into the accounting system.

Significantly all the journal entries made do not have adequate supporting documentation and none of them are reviewed and approved prior to posting to the general ledger. Additionally, budget entries were posted incorrectly and did not agree with the final approved budget by the Board of Trustees.

Cause

There is a general lack of supervision and review of the work of the Food Service accountant.

Effect

Significant errors could be made in the accounting records and the financial statements without adequate supervision and review.

Recommendation

We recommend that the District review this position and determine if it needs to be part of the Finance Department so it can be under the same accounting and reporting controls and procedures of the other funds and departments of the District.

Views of Responsible Officials and Planned Corrective Actions

Refer to Corrective Action Plan prepared by District management.

WICHITA FALLS INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED AUGUST 31, 2010

Finding 2010-04 - Noncompliance - Overexpended Budget

Criteria or Specified Requirement

The Board of Trustees approves the original budget on or before August 20th each year and budget amendments are approved throughout the year to make changes to the original budget. At no time should the expenditures exceed the amended budget amounts by functional category.

Condition and Effect

The expenditures exceeded the amended budget in the following functional categories in the General Fund during the year ended August 31, 2010:

Instruction	\$ 507,097
Security and monitoring services	54,749
Data processing services	32,720

Cause

The amended budgets were overexpended as the result of delays in posting payroll expenditures and more than anticipated wages being accrued at year-end.

Effect

The delays in posting the payroll expenditures and adjustments of the accrued wages at August 31, 2010 caused the expenditures to exceed budgeted amounts in three functional categories.

Recommendation

We recommend that the District continue to finalize the implementation of the TEAMS payroll module and closely monitor and review year-end accruals to ensure adequate budgeted amounts exist in all functional categories.

Views of Responsible Officials and Planned Corrective Actions

Refer to Corrective Action Plan prepared by District management.

C. Federal Award Findings and Questioned Costs

Finding 2010-05 - Time and Effort Documentation

Allowable Costs and Cost Principles - Material Noncompliance with Grant Requirements

Program: Head Start (CFDA# 93.600) - Pass Through Numbers 06CH7009/09 and 06CH7009/10

Criteria or Specified Requirement

In accordance with OMB Circular A-87, personnel costs must be supported by (1) semi-annual certifications if the employee works solely on a single federal award or (2) personnel activity reports if the employee works on multiple activities or cost objectives.

Condition and Effect

During our testing of the Head Start expenditures, we selected 57 transactions to test of which 52 were payroll expenditures. Of the payroll expenditures tested, 7 employees' time and effort requirements or semi-annual certifications differed from what was recorded in the accounting records and eventually requested to be reimbursed by the grant.

Questioned Costs

The excess payroll costs recorded and reimbursed totalled \$94,999.

WICHITA FALLS INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED AUGUST 31, 2010

Cause

There is a general lack of reconciliation of the time and effort reports and semi-annual certifications to the accounting records and the related payroll records including possible adjustments to the accounting records.

Effect

The District did not comply with the federal documentation requirements relative to personnel costs.

Recommendation

We recommend that at least quarterly the time and effort reports and the semi-annual certification information be compared to the actual payroll costs recorded in the grant. Any differences should be adjusted accordingly.

Views of Responsible Officials and Planned Corrective Actions

Refer to Corrective Action Plan prepared by District management.

Finding 2010-06 - Allowable Costs

Allowable Costs and Cost Principles - Material Noncompliance with Grant Requirements

Program: Title I Cluster (CFDA# 84.010A & 84.389) Pass Through Numbers 1061010243905 & 10551001243905

Criteria or Specified Requirement

In accordance with OMB Circular A-87, all costs must be allocable to the federal award program.

Condition and Effect

During our testing of the Title I expenditures, it was determined there were errors in the District's accrued wages for this program. These errors caused the accrued wages at August 31, 2010 to be overstated.

Questioned Costs

The excess accrued wages at August 31, 2010 and related questioned costs were as follows:

<u>Program</u>	<u>Pass Through #</u>	<u>Excess Wages</u>	<u>Questioned Costs</u>
ESEA Title I Part A	1061010243905	\$ 44,509	\$ --
ARRA - ESEA Title I Part A	1061010243905	116,108	--

The reasons the over accrued wages are not questioned costs is that the District had not claimed the amount on a claim for reimbursement from the Texas Education Agency or has adjusted the claim accordingly.

Cause

The accrued wages at August 31, 2010 were computed manually and contained errors that were not detected by District's management.

Effect

The District incorrectly included non-allowable costs in the accounting records of the District for these two grant funds.

WICHITA FALLS INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED AUGUST 31, 2010

Recommendation

We recommend that the District closely review the computation of the accrued wages at year-end to ensure only allowable costs are included.

Views of Responsible Officials and Planned Corrective Actions

Refer to Corrective Action Plan prepared by District management.

WICHITA FALLS INDEPENDENT SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED AUGUST 31, 2010

<u>Finding/Recommendation</u>	<u>Current Status</u>	<u>Management's Explanation If Not Implemented</u>
There were no prior year findings or questioned costs.		

WICHITA FALLS INDEPENDENT SCHOOL DISTRICT
CORRECTIVE ACTION PLAN
FOR THE YEAR ENDED AUGUST 31, 2010

Finding 2010-01 - Material Weakness in Financial Reporting - Audit Material Adjustment

A clerical error occurred in the computation of the District's state revenue computation. Administration has and will continue to make every effort to review all journal entries posted.

Contact Person: Laura Lee Brock, Director of Finance

Finding 2010-02 - Significant Deficiency in Financial Reporting - Payroll Issues

The District has worked for the past year to implement a software program for its payroll accounting. Management has considered for several months the prospects of continuing with the current system or to consider alternative software. In January 2011, a decision will be made in relation to the continued efforts on this system.

Contact Person: Tim Turner, CFO

Finding 2010-03 - Significant Deficiency in Financial Reporting - Supervision and Review of Food Service Accounting Records

The District will consider the reassignment of the Food Service accountant position to be supervised by the Director of Finance. The reassignment would provide consistency of the accounting controls and procedures as with the other funds of the District.

Contact Person: Tim Turner, CFO

Finding 2010-04 - Noncompliance - Overexpended Budget

The District has worked for the past year to implement a software program for its payroll accounting. The payroll postings were delayed for months as the software was being corrected. This delay, though it occurred for several months, has improved after August 31, 2010. Administration continues to monitor payroll journal entries for accuracy and timeliness. Management has considered for several months the prospects of continuing with the current system or to consider alternative software. In January 2011, a decision will be made in relation to the continued efforts on this system.

Contact Person: Laura Lee Brock, Director of Finance and Tim Turner, CFO

Finding 2010-05 - Material Noncompliance with Grant Requirement - Allowable Costs and Cost Principles

The Director of Finance has contacted the Head Start Director and provided tools to assure the appropriate periodic certifications and personnel activity reports are obtained from employees. Certifications and reports for the 2010-11 year have been obtained and appropriate procedures are in place to assure the payroll expenditures recorded in the accounting records agree to the reports. Accordingly, procedures have been established to incorporate the appropriate notifications to budget managers as account code changes are made.

Contact Person: Laura Lee Brock, Director of Finance

WICHITA FALLS INDEPENDENT SCHOOL DISTRICT
CORRECTIVE ACTION PLAN
FOR THE YEAR ENDED AUGUST 31, 2010

Finding 2010-06 - Material Noncompliance with Grant Requirement - Allowable Costs and Cost Principles

The District has worked for the past year to implement a software program for its payroll accounting. The payroll postings were delayed, including accrual entries, for months as the software was being corrected. This delay, though it occurred for several months, has improved after August 31, 2010. Administration continues to monitor payroll journal entries for accuracy and timeliness. Consequently, management has considered for several months the prospects of continuing with the current system or to consider alternative software. In January 2011, a decision will be made in relation to the continued efforts on this system.

Contact Person: Laura Lee Brock, Director of Finance and Tim Turner, CFO

WICHITA FALLS INDEPENDENT SCHOOL DISTRICT

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED AUGUST 31, 2010

EXHIBIT K-1
Page 1 of 2

(1)	(2)	(2A)	(3)
Federal Grantor/ Pass-Through Grantor/ Program Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
U. S. DEPARTMENT OF THE TREASURY			
Direct Program:			
<i>ROTC (Instructional Reimbursement)</i>	21.XXX	243-905	\$ 257,759
Total U.S. Department of The Treasury			<u>257,759</u>
U. S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			
Passed Through Region 9 Education Service Center:			
<i>Head Start</i>	93.600	06CH7009/09	278,352
<i>Head Start</i>	93.600	06CH7009/10	1,352,142
Total CFDA Number 93.600			<u>1,630,494</u>
<i>ARRA - Head Start Expansion Grant</i>	93.708	06SH7009	164,682
Total Passed Through Region 9 Education Service Center			<u>1,795,176</u>
Total U. S. Department of Health and Human Services			<u>1,795,176</u>
U. S. DEPARTMENT OF EDUCATION			
Direct Program:			
<i>Impact Aid - P.L. 81.874</i>	84.041	N/A	123,489
Passed Through Midwestern State University:			
<i>Begin Grant</i>	84.336	2009-10	38,564
Passed Through Education Service Center Region 10:			
<i>McKinney-Veto Homeless Education - ARRA</i>	84.387	A09-044	8,879
Passed Through State Department of Education:			
<i>ESEA Title I Part A - Improving Basic Programs</i>	84.010A	1061010243905	3,605,522
<i>ESEA Title I School Improvement Programs</i>	84.010A	1061010243905004	147,906
<i>ESEA Title I Part D, Subpart 2 - Delinquent Programs</i>	84.010A	10610103243905	77,516
Total CFDA Number 84.010A			<u>3,830,944</u>
<i>IDEA-B Formula</i>	84.027	106600012439056600	3,363,465
<i>SSA IDEA-B Discretionary</i>	84.027	106600022439056673	27,441
<i>SSA IDEA-B Deaf</i>	84.027	96600012439056601	18,912
Total CFDA Number 84.027			<u>3,409,818</u>
<i>Vocational Education - Basic Grant</i>	84.048	10420006243905	179,446
<i>Vocational Education - Basic Grant</i>	84.048	11420006243905	15,546
Total CFDA Number 84.048			<u>194,992</u>
<i>IDEA-B Preschool</i>	84.173	106610012439056610	92,062
<i>SSA IDEA-B Preschool Deaf</i>	84.173	106610012439056611	2,493
Total CFDA Number 84.173			<u>94,555</u>
<i>ESEA Title IV Part A-Safe & Drug-Free Schools & Communities Act</i>	84.186A	10691001243905	82,312
<i>Title IV Part B21st Century Community Learning Centers</i>	84.287	96950127110027	211,693
<i>Title IV Part B21st Century Community Learning Centers</i>	84.287	106950127110027	7,428
<i>Title IV Part B21st Century Community Learning Centers</i>	84.287	96951037110046	266,874
<i>Title IV Part B21st Century Community Learning Centers</i>	84.287	106950137110060	9,045
Total CFDA Number 84.287			<u>495,040</u>
<i>Title II Part D Enhancing Education Through Technology</i>	84.318	10630001243905	43,514

WICHITA FALLS INDEPENDENT SCHOOL DISTRICT

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED AUGUST 31, 2010

EXHIBIT K-1
Page 2 of 2

(1)	(2)	(2A)	(3)
Federal Grantor/ Pass-Through Grantor/ Program Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
<i>Title III Part A English Language Acquisition and Enhancement</i>	84.365A	10671001243905	97,183
<i>ESEA Title II Part A - Teacher & Principal Training & Recruiting</i>	84.367A	10694501243905	900,460
<i>Summer School LEP</i>	84.369	69550902	3,079
<i>Title I SIP Academy Grant</i>	84.377	10610701243905004	102,524
<i>ARRA - Title II Part D Subpart 1-Enhancing Education ThruTech</i>	84.386	10553001243905	61,098
<i>ARRA - ESEA, Title I, Part A - Improving Basic Programs</i>	84.389	10551001243905	1,230,349
<i>ARRA - ESEA, Title I - School Improvement</i>	84.389	10551004243905004	83,800
<i>ARRA - ESEA, Title D, Subpart 2 Juvenile Detention</i>	84.389	10551003243905	20,708
<i>Total CFDA Number 84.389</i>			1,334,857
<i>ARRA - IDEA-Part B Formula</i>	84.391	10554001243905	1,432,748
<i>ARRA - IDEA-B Part B Preschool</i>	84.392A	10555001243905	45,018
<i>ARRA of 2009 Title XIV State Fiscal Stabilization Fund</i>	84.394	10557001243905	3,928,072
Total Passed Through State Department of Education			16,056,214
Total U. S. Department of Education			16,227,146
U. S. DEPARTMENT OF AGRICULTURE			
Passed Through State Department of Agriculture:			
<i>Food Distribution</i>	10.550	243008A	445,599
<i>Food Service Grant for Equipment - ARRA</i>	10.579	6TX340332	31,040
Total Passed Through State Department of Agriculture			476,639
Passed Through State Department of Education:			
<i>School Breakfast Program</i>	10.553	7140901	1,248,654
<i>National School Lunch Program</i>	10.555	7130901	3,426,757
Total Passed Through State Department of Agriculture			4,675,411
Passed Through State Department of Human Services:			
<i>Summer Feeding Program</i>	10.559	TX-2431005SU	78,902
Total Passed Through State Department of Human Services			78,902
Total U. S. Department of Agriculture			5,230,952
TOTAL EXPENDITURES OF FEDERAL AWARDS			\$ 23,511,033

The accompanying notes are an integral part of this schedule.

WICHITA FALLS INDEPENDENT SCHOOL DISTRICT
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED AUGUST 31, 2010

Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Wichita Falls Independent School District and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, AUDITS OF STATES, LOCAL GOVERNMENTS, AND NON-PROFIT ORGANIZATIONS. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

Reconciliation

A reconciliation of the Schedule of Expenditures of Federal Awards to the federal revenue per Exhibit C-2 is as follows:

Total expenditures per the Schedule of Expenditures of Federal Awards	\$	23,511,033
School Health and Related Services (not considered to be a federal award)		955,806
E-Rate Program (not considered to be a federal award)		<u>351,505</u>
Federal revenue per Exhibit C-2	\$	<u><u>24,818,344</u></u>

WICHITA FALLS INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF REQUIRED RESPONSES TO SELECTED SCHOOL FIRST INDICATORS
AS OF AUGUST 31, 2010

<u>Data Control Codes</u>		<u>Responses</u>
SF2	Were there any disclosures in the Annual Financial Report and/or other sources of information concerning default on bonded indebtedness obligations?	No
SF4	Did the District receive a clean audit? - Was there an unqualified opinion in the Annual Financial Report?	Yes
SF5	Did the Annual Financial Report disclose any instances of material weaknesses in internal controls?	Yes
SF9	Was there any disclosure in the Annual Financial Report of material noncompliance?	Yes
SF10	What was the total accumulated accretion on capital appreciation bonds included in the government-wide financial statements at fiscal year-end?	\$ 2,305,070



EDGIN, PARKMAN, FLEMING & FLEMING, PC

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DAVID L. PARKMAN, CPA, CFE
A. PAUL FLEMING, CPA
J. MARK FLEMING, CPA

January 13, 2011

Board of Trustees
Wichita Falls Independent School District
P.O. Box 97533
Wichita Falls, Texas 76307-7533

Members of the Board of Trustees:

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Wichita Falls Independent School District (District) for the year ended August 31, 2010. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, *Government Auditing Standards* and OMB Circular A-133, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated April 1, 2010. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the District are described in Note A to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the year. We noted no transactions entered into by the governmental unit during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimate(s) affecting the District's financial statements was:

- Management's estimate of the state aid accruals and deferrals is based on various calculations and reports from the Texas Education Agency.
- Management's estimate of the allowance for property taxes is based on historical collection percentages and information from the appraisal district.
- Management's estimate of useful lives of capital assets used for recording depreciation expense is based on the general knowledge and history of the individual capital assets.

We evaluated the key factors and assumptions used to develop the above estimates in determining that they are reasonable in relation to the financial statements taken as a whole.

Board of Trustees
Wichita Falls Independent School District
Wichita Falls, Texas
January 13, 2011

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Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosure(s) affecting the financial statements were:

- Note A – Summary of Significant Accounting Policies,
- Note D – Capital Assets, and
- Note F – Long-Term Obligations

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit, except for some delays in receiving the information requested when we arrived. Management stated that the delays were related to the software conversion and would not be an issue in the future.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Exhibit 1 summarizes uncorrected misstatements of the financial statements. Management has determined that their effects are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

Exhibit 2 summarizes material misstatements detected as a result of audit procedures which were corrected by management.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated January 13, 2011.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the governmental unit's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the governmental unit's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Board of Trustees
Wichita Falls Independent School District
Wichita Falls, Texas
January 13, 2011

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Concluding Comments

This information is intended solely for the use of the Board of Trustees and management of Wichita Falls Independent School District and is not intended to be and should not be used by anyone other than these specified parties.

Sincerely,

Edgin, Parkman, Fleming & Fleming, PC

EDGIN, PARKMAN, FLEMING & FLEMING, PC
Certified Public Accountants

**Wichita Falls Independent School District
Exhibit 1 - Uncorrected Misstatements
August 31, 2010**

Description	Increase (Decrease) In					
	Asset	Liability	Equity - 9/1	Revenue	Expenditure	Other
Prior year passed entries:						
Difference in instructional day accrual	-	-	200,000	(200,000)	-	-
PY HS start transfer not recorded	-	-	(131,147)	-	-	131,147
Current year passed entries:						
Transfer of bus purchase	-	-	-	-	(45,517)	45,517
PY HS start transfer made thru expenditures	-	-	-	-	131,147	(131,147)
Accrued wages difference	-	207,539	-	-	207,539	-
SHARS revenue recognized in CY	-	-	113,749	(113,749)	-	-
SHARS deferral not recorded as PPAJE	-	(476,071)	476,071	-	-	-
TRS On-Behalf error - wrong rate	-	-	-	123,037	123,037	-
Total General Fund	-	(268,532)	658,673	(190,712)	416,206	45,517
Prior year passed entries:						
None	-	-	-	-	-	-
Current year passed entries:						
None	-	-	-	-	-	-
Total Capital Projects Fund	-	-	-	-	-	-
Prior year passed entries:						
461 payable to 199 not recorded	-	-	(54,735)	-	(54,735)	-
Current year passed entries:						
Additional accounts payable	-	72,836	-	-	72,836	-
Additional AR due to additional AP	46,575	-	-	46,575	-	-
Accrued wages difference	-	(195,673)	-	-	(195,673)	-
Reduction in AR due to additional AP	195,673	-	-	195,673	-	-
Transfer of bus purchase	-	-	-	-	(89,434)	89,434
Total Aggregate Remaining Funds	242,248	(122,837)	(54,735)	242,248	(267,006)	89,434
GW flow from Fund Level above	242,248	(391,369)	603,938	51,536	149,200	134,951
Prior year passed entries:						
None	-	-	-	-	-	-
Current year passed entries:						
None	-	-	-	-	-	-
Total Government-Wide	242,248	(391,369)	603,938	51,536	149,200	134,951

**Wichita Falls Independent School District
Exhibit 2 - Material Misstatements Corrected
August 31, 2010**

Description	Increase (Decrease) In					
	Asset	Liability	Equity - 9/1	Revenue	Expenditure	Other
State Aid adjustment	(1,055,420)	(489,937)	-	(565,483)	-	-
Total General Fund	(1,055,420)	(489,937)	-	(565,483)	-	-
None	-	-	-	-	-	-
Total Capital Projects Fund	-	-	-	-	-	-
None	-	-	-	-	-	-
Total Aggregate Remaining Funds	-	-	-	-	-	-
GW flow from Fund Level above	(1,055,420)	(489,937)	-	(565,483)	-	-
None	-	-	-	-	-	-
Total Government-Wide	(1,055,420)	(489,937)	-	(565,483)	-	-



EDGIN, PARKMAN, FLEMING & FLEMING, PC

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January 13, 2011

Audit Committee
Wichita Falls Independent School District
P.O. Box 97533
Wichita Falls, Texas 76307-7533

Members of the Audit Committee:

In planning and performing our audit of the financial statements of Wichita Falls Independent School District (District) for the year ended August 31, 2010, we considered the District's internal control in order to determine our auditing procedures for the purpose of expressing an opinion on the financial statements and not to provide assurance on internal control.

However, during our audit, we became aware of several matters that are opportunities for strengthening internal controls and operating efficiency. This letter does not affect our report dated January 13, 2011 on the financial statements of the District.

We will review the status of these comments during our next audit engagement. We have already discussed these comments and suggestions with various District personnel, and we will be pleased to discuss these comments in further detail at your convenience, to perform any additional study of these matters, or to assist you in implementing the recommendations. Our comments are summarized as follows and are in no particular order:

Prior Year Comments

Based on our review of the prior year comments, some of our observations and recommendations have been addressed. We commend the District on its actions. However, there were some observations and recommendations not addressed. The following is a list of the prior year comments updated for the current year.

Activity Funds

The District maintains both campus and student activity funds. The accounting for both types of activity funds are handled at the individual campuses and then summarized and reported in the District's accounting records monthly. The internal auditor performs annual reviews of the accounting processes of the secondary campuses and less frequent reviews of the elementary campuses. During our review of the activity funds, we have the following comments and observations:

- We reviewed the internal auditor's reports for the past three years. In doing so, we noted some common deficiencies at the various campuses and an apparent lack of follow-up except for the internal auditor's annual audits at the larger campuses. We recommend that the District be more proactive relative to the findings noted in the internal auditor's reports to eliminate potential systemic problems. Since the prior year, copies of the internal audit reports are being provided to the Finance Department and individual campuses for their review and assistance in resolving the common deficiencies. However, some of the deficiencies continue year after year.

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- In the past three years, there has been limited specific training with the campus principals and secretaries who are responsible for the activity funds, and with the sponsors who are responsible for the fundraisers, cash collecting, etc. We recommend that annual training for these individuals be performed at least annually as a group and possibly more often as necessary with the larger secondary campuses. In visiting with management, training was planned for 2009-10, but has been delayed until 2010-11.
- The District's Student Activity Manual has not been updated since 2002. However, several changes have been made to the procedures, but not incorporated into the manual. We recommend that the manual be reviewed and modified accordingly to incorporate the changes may be necessary. Furthermore, the manual should be reviewed annually for possible changes, additions, deletions, or clarifications. In visiting with management, the Student Activity Manual was scheduled to be reviewed and updated in 2009-10, but has been delayed until 2010-11.

Food Service

The management, accounting, and reporting of the District's Food Service operations are handled outside of the District's Finance Department. Furthermore, the Food Service has a designated accountant responsible for the accounting and reporting for Food Service. In the prior year, we noted several deficiencies, including a general lack of supervision and review of the Food Service accountant. During the current year, we noted no change and, due to the size and complexity of the operations, we listed this as a significant deficiency in the 2009-10 *Governmental Auditing Standards Report* in the Annual Financial Report.

We recommend management closely review the Food Service accountant's position and incorporate the adequate supervision and review of the work of this position. It may be advantageous to determine if the position needs to be under the direction of the Finance Department like all other accountants in the District to allow adequate supervision and review of the Food Service accounting processes.

New Accounting Software

In August 2007, the District entered into a Software License and Support Services Agreement (Agreement) with Prologic Technology Systems, Inc. (Prologic) for the use of three TEAMS modules to be developed; Human Resources/Payroll, Finance, and Student Management. Last year, we noted the following:

- Per our review of the Agreement, the specified completion dates for the modules to be completed and fully functional were not met by Prologic by no fault of the District. Because of the inability of Prologic to meet the specified dates, the District did not pay the final license fee of \$311,043 plus interest due in September 2009, which we concurred.
- In September 2009, the District began to use the TEAMS Human Resources/Payroll module to generate payroll for its employees. However, numerous day-to-day issues occurred causing delays in posting payroll to the District's accounting system, preparing payroll bank reconciliations, requesting reimbursements from grantors, and preparing internal financial statements.

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- Because of the payroll related issues, the District decided to delay the implementation of the other two Finance modules until Prologic has completed additional working products and has completely implemented the Human Resources/Payroll module.

As of the current year audit, the balance of the license fee has still not been paid and no other modules have been implemented. Though improvements have been made relative to the processing of payroll, there are still day-to-day issues and delays in posting payroll and general accounting processes. Also, the District has to extract data from TEAMS to test the information before it could be posted to the general ledger and there are no payroll ledgers, journals, registers, and reports in TEAMS. These have to be generated through extractions of TEAMS information.

Furthermore, the extractions into Microsoft Access are done manually. Simple human errors can occur and not be detected which is happened relative to two grant funds as the accrued wages at year-end were overstated.

Furthermore, during our specific payroll tests, new, additional 'glitches' in the payroll system were noted, which were not detected by the District.

However, we want to emphasize that though there are day-to-day processing difficulties and glitches, we did not find any issues relative to the actual payroll checks; these issues noted relate to the earned wages and the process itself.

Due to the limitations and issues noted with the TEAMS payroll, three findings in the Annual Financial Report were made as follows:

- Significant deficiency in financial reporting related to payroll due to the issues noted above.
- Material noncompliance due to the overexpended budget in the General Fund due to the delays in payroll posting and additional accrued wages being recorded at year-end.
- Material noncompliance with grant requirements due to excess accrued wages at year-end in two Title I Part A grants.

In summary, though improvements have been made since September 2009, there are still issues every day that takes time and effort to investigate and resolve. There are still delays in the accounting processes as well. We encourage the District to continue to monitor and review the implementation issues with TEAMS.

Inventories

The District's two largest inventories are for warehouse, which includes both maintenance supplies, and office and school supplies, and food service. We had the following comments:

Page Four

- Warehouse Inventory - The warehouse has a written Stock Level Policy covering a variety of areas, including obsolete and surplus stock. Though it does not define when a stock item becomes obsolete or surplus, it does address the procedures for handling the items. Based on inquiries with warehouse staff, the general consensus is the item is considered obsolete if it has not been used in two years. However, a review of the items over two years old revealed over 600 items in the maintenance inventory at August 31, 2009 (the total dollar amount could not be determined). Though there appears there could be some items that are excess or obsolete and needs to be disposed of, we are not aware of any surplus items disposed of in 2009-10.
- Food Service Inventory - Based on inquiries with food service staff, a written policy for inventory does not exist. During the prior year audit, a review of their inventory list revealed over 230 non-food items with a cost of over \$45,000 in excess of one year old. Some of these items are older, such as small equipment no longer used at the campuses. We recommend that the Food Service department develop written policies for its warehouse operations, including obsolete and surplus stock. In 2009-10, we noted that Food Service scrapped several older items and sold them as surplus.

We continue to recommend that the District closely monitor inventory items for potential obsolete or surplus items and known items disposed of through its surplus property sales. Also, we recommend that Food Service develop a written inventory policy that covers excess or obsolete items.

Current Year Comment

Communities in Schools of Greater Wichita Falls Area, Inc. (CIS)

The District entered into a contract in August 2008 to be the fiscal agent for CIS. The first year fee of 1% of the total CIS annual budget was waived. In summary, the District handles all of the accounting relative to CIS, including payroll processing, for a fee of 1% of CIS's annual budget, which was waived for 2008-09.

The District accounts for the CIS activities using the District's general ledger thus recording and reporting CIS's operations just like any other fund of the District. However, for the District's internal and external reporting, this is not correct as revenues and expenditures are incorrectly recorded of the District's accounting records. To correct this, an audit adjustment had to be made to eliminate the CIS revenues and expenditures and move the fund from a Governmental Fund to an Agency Fund.

Relative to this accounting, all payments for CIS activities, including payroll, are on the checks of the District. Furthermore, the employees are reported as District employees and have the same benefits as such.

We recommend that the District investigate the legalities of this operation to make sure the District is not exposed to any unforeseen legal issues especially as it relates to payroll matters. Furthermore, we recommend that the CIS revenues and expenditures be eliminated for both internal and external reporting purposes.

Audit Committee
Wichita Falls Independent School District
Wichita Falls, Texas
January 13, 2011

Page Five

Closing Comments

We wish to thank management and all of those with whom we worked for their support and assistance during our audit.

This report is intended solely for the information and use of the Board of Trustees, management, and others within the District and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

Edgin, Parkman, Fleming & Fleming, PC

EDGIN, PARKMAN, FLEMING & FLEMING, PC
Certified Public Accountants