

Wichita Falls Independent School District
Annual Financial Report
For The Year Ended August 31, 2009

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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, 2009, at a meeting of the board of trustees of such school district on the 19 day of January, 2010.

K. H. Hays
Signature of Board Secretary

[Signature]
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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WICHITA FALLS, TEXAS 76307-0750
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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, each major fund, and the aggregate remaining fund information of Wichita Falls Independent School District as of and for the year ended August 31, 2009, 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, each major fund, and the aggregate remaining fund information of Wichita Falls Independent School District as of August 31, 2009, 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 7, 2010, 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 7, 2010



WICHITA FALLS INDEPENDENT SCHOOL DISTRICT

1104 Broad • P.O. Box 97533
Wichita Falls, Texas 76307-7533
Phone (940) 235-1003 • FAX (940) 235-1317
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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

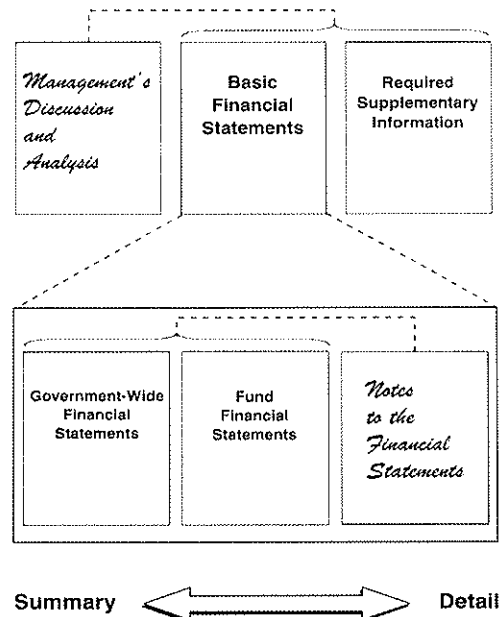
- The assets of the District exceeded its liabilities at the close of the most recent fiscal year by \$44 million (net assets). Of this amount, \$16.8 million (unrestricted net assets) is available to meet the District's future obligations.
- During the year, the District expensed \$125.7 million, which was \$5.4 million less than the District's revenue of \$131.1 million. Of this, \$29.6 million was program revenue and \$101.5 million was general revenue.
- The primary components of the \$5.4 million increase in net assets were the following items:
 - 1) a reduction of \$4.3 million in long-term debt;
 - 2) an increase in capital assets of \$14.4 million;
 - 3) a reduction of \$13.3 million in current net assets;
- The fund balance of the General Fund was \$13.9 million, which was an increase of \$0.5 million. The fund balance increase was due to revenue receipts exceeding budget.
- The fund balance of other governmental funds was \$1.9 million, an increase of \$0.7 million. The increase was due primarily to receipt of Instructional Facilities in the Debt Service Fund that are being used to reduce required I & S taxes in 2010.

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** 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 \$43,962,053 at year end. (See Table A-1).

Table A-1
Wichita Falls Independent School District Net Assets

	Governmental Activities		Increase (Decrease)	Percentage Change
	<u>2008</u>	<u>2009</u>	<u>2008-2009</u>	<u>2008-2009</u>
Current and other assets	\$52,321,095	\$37,441,154	(\$14,879,941)	(28.44)%
Capital assets, net	83,675,898	98,122,959	14,447,061	17.27%
Total assets	135,996,993	135,564,113	(432,880)	(0.32)%
Long-term debt	83,887,625	79,589,715	(4,297,910)	(5.12)%
Other liabilities	13,551,726	12,012,345	(1,539,381)	(11.36)%
Total liabilities	97,439,351	91,602,060	(5,837,291)	(5.99)%
Net assets				
invested in capital assets, net of related debt	22,529,438	25,782,971	3,253,533	14.44%
Restricted	657,094	1,354,797	697,703	106.18%
Unrestricted	15,371,110	16,824,285	1,453,175	9.45%
Total net assets	\$38,557,642	43,962,053	5,404,411	14.02%

Changes in net assets. The District's total revenues were \$131.1 million, which was an increase of \$0.4 million, or 0.3%, over the prior year total of \$130.7 million. A significant portion, 37.3%, of the District's revenue came from property taxes (see Figure A-3). 38.9% came from unrestricted state aid, and 19.7% came from operating grants and contributions.

Total cost of all programs and services was \$125.7 million. 57.4% of these costs were for Instructional and Related Services (Functions 11-13). Campus operations were also directly impacted by Instructional and School Leadership at 7.5% (Functions 21 and 23) and Student Support Services at 17.5% (Functions 31-36). The remaining 17.6% supports instruction indirectly through general administration (2.4%), facilities maintenance and utilities (12%), and debt service (2.6%) (See Figure A-4).

Figure A-3
Sources of Revenue for this Fiscal Year

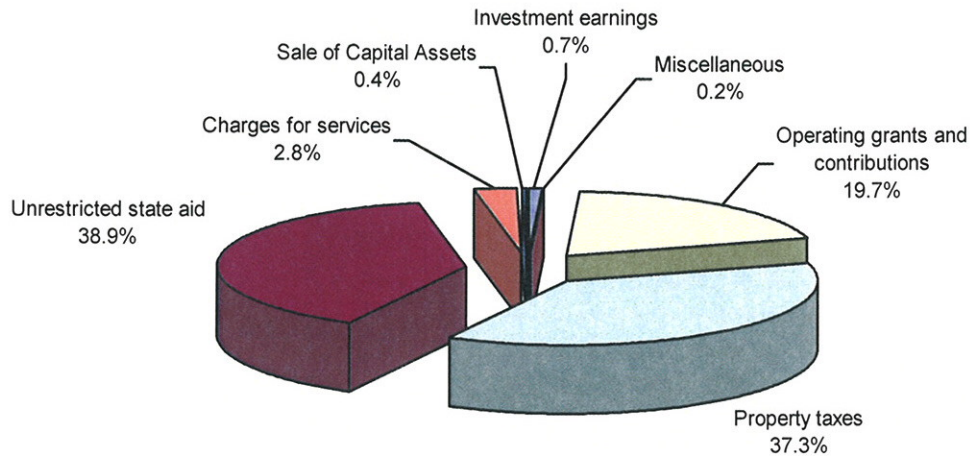
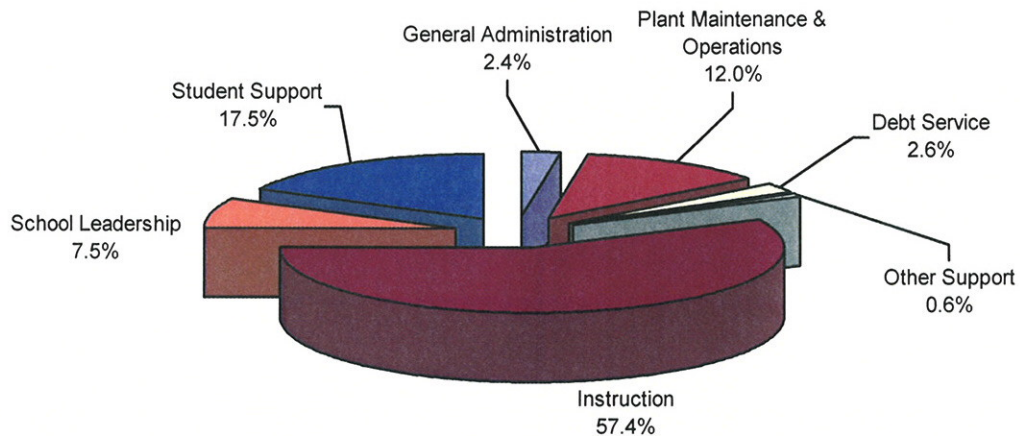


Figure A-4
Functional Expenses for this Fiscal Year



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
	<u>2008</u>	<u>2009</u>	<u>2008-2009</u>	<u>2008-2009</u>
Revenues				
Program revenues				
Charges for services	\$3,726,734	\$3,660,432	(\$66,302)	(1.78)%
Operating grants and contributions	26,480,561	25,900,377	(580,184)	(2.19)%
General revenues, and Special Items				
Property taxes	45,671,328	48,851,590	3,180,262	6.96%
Unrestricted state aid	51,908,364	51,076,248	(832,116)	(1.60)%
Unrestricted federal grant (reclassified)				
Investment earnings	2,771,799	911,821	(1,859,978)	(67.10)%
Miscellaneous	134,777	237,923	103,146	76.53%
Other	12,683	479,502	466,819	3680.67%
Total revenues	130,706,246	131,117,893	411,647	0.31%
Expenses				
11-Instruction	67,726,036	68,864,906	1,138,870	1.68%
12-Instructional resources and media services	3,395,311	1,703,007	(1,692,304)	(49.84)%
13-Curriculum and staff development	2,165,816	1,587,684	(578,132)	(26.69)%
21-Instructional leadership	2,923,950	2,876,870	(47,080)	(1.61)%
23-School leadership	6,127,706	6,542,596	414,890	6.77%
31-Guidance, counseling and evaluation svcs	5,209,926	5,375,917	165,991	3.19%
32-Social work services	755,846	726,237	(29,609)	(3.92)%
33-Health services	1,279,635	1,319,191	39,556	3.09%
34-Student transportation	2,925,784	2,503,789	(421,995)	(14.42)%
35-Food services	7,006,859	7,092,826	85,967	1.23%
36-Extracurricular activities	5,062,717	4,914,767	(147,950)	(2.92)%
41-General administration	2,726,663	3,025,922	299,259	10.98%
51-Plant maintenance and operations	11,551,116	12,073,405	522,289	4.52%
52-Security and monitoring services	731,802	450,889	(280,913)	(38.39)%
53-Data processing services	1,006,191	2,544,723	1,538,532	152.91%
61-Community services	47,081	22,552	(24,529)	(52.10)%
72-Debt service	3,539,684	3,317,905	(221,779)	(6.27)%
73-Bond Issuance Costs and Fees		57,972	57,972	100.00%
81-Facilities acquisition & construction	13,680		(13,680)	(100.00)%
93-Payments to Shared Service Arrangements		150,000	150,000	100.00%
99-Other governmental changes	532,077	562,323	30,246	5.68%
Total expenses	124,727,880	125,713,481	985,601	0.79%
Increase (Decrease) in net assets	\$5,978,366	\$5,404,412	(\$573,954)	(9.60)%

Revenues

- Charges for Services decreased by \$66,302, or 1.78%, from the previous year.
- Revenue from operating grants and contributions decreased by \$580,184, or 2.19%. These revenues were designated for specific projects/purposes, consisting primarily of: 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.
- Property taxes revenue increased \$3,180,262, or 6.96%, due to an increase in the interest and sinking fund tax levy collected for the 2007 bonds.
- State aid formula grants decreased by \$832,116, or 1.60%, primarily due to the funding formula's changes due to additional revenues granted to offset the mandated reduction in property taxes.
- Investment earnings decreased by \$1,859,978, or 67.10%, because of the decline in interest rates.
- Miscellaneous and other revenues increased \$569,965, or 386.52%, primarily because of the sale of the McGaha School property for \$750,000.

Expenses

- Overall expenditures increased a total of \$985,601, or 0.79%, due primarily to increases in payroll across all functions, increases in technology, and offsetting reductions in Library and media, staff development and security expenditures.

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 \$125,713,481. The amount that our taxpayers paid for these activities through property taxes was \$48,851,590.
- Some of the cost was paid by those who directly benefited from the programs through charges for services - \$3,660,432 – and by grants and contributions - \$25,900,377.
- The amount funded by the state was \$51,076,248 in formula grants and direct State Aid.

Table A-3
Net Cost of Governmental Activities

	Total Expenses		Increase (Decrease)	% Change
	<u>2008</u>	<u>2009</u>	<u>2008-2009</u>	<u>2008-2009</u>
Instruction	\$67,726,036	\$68,864,906	\$1,138,870	1.68%
Instr Resources/Media	3,395,311	1,703,007	(1,692,304)	(49.84)%
School leadership	6,127,706	6,542,596	414,890	6377%
Guidance & Counseling	5,209,926	5,375,917	165,991	3.19%
Food services	7,006,859	7,092,826	85,967	1.23%
Extracurricular activities	5,062,717	4,914,767	(147,950)	(2.92)%
General Administration	2,726,663	3,025,922	299,259	10.98%
Plant Maint & Optns	11,551,116	12,073,405	522,289	4.52%

	<u>Net Cost Of Services</u>		<u>Increase (Decrease)</u>	<u>% Change</u>
	<u>2008</u>	<u>2009</u>	<u>2008-2009</u>	<u>2008-2009</u>
Instruction	\$54,318,228	\$55,052,981	\$734,753	1.35%
Instr Resources/Media	2,944,217	1,474,380	(1,469,837)	(49.92)%
School leadership	5,548,306	5,878,424	330,118	5.95%
Guidance & Counseling	3,223,848	3,221,327	(2,521)	(0.08)%
Food services	315,287	124,152	(191,135)	(60.62)%
Extracurricular activities	3,835,068	3,740,587	(94,481)	(2.46)%
General Administration	2,619,887	2,911,610	291,723	11.13%
Plant Maint & Optns	11,028,955	11,680,370	651,415	5.91%

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

Revenues from governmental fund types on a modified accrual basis totaled \$130,596,323, a decrease of \$358,857 (.27%) from the preceding year. Revenues consist of three reported revenue sources: local, state, and federal. Local revenues increased primarily due to increases in tax receipts reduced by declines in investment income. State Revenues decreased due to reductions in state aid. Federal revenues decreased primarily due to reductions in impact aid e-rate reimbursements.

General Fund Budgetary Highlights

- General Fund local revenues were \$43,509,733 for the year. This was \$1,480,527 higher than the previous year, or 3.5% increase. The total varied \$224,056 above the amended budget (.52%). The primary component of local revenues is property taxes, which increased because of higher than expected property tax collections.
- Total State program revenues were \$52,980,466, a decrease of \$1,847,729 (3.37%). The total was \$200,853 more than budgeted estimates.
- Federal program revenues were \$2,512,742, an increase of \$466,131 (22.78%), which was \$227,442 more than expected.
- Over the course of the year, the District revised its General Fund budget five times. The difference in the original budget and final amended expenditure budget was an increase of \$2.2 million, summarized as follows:

Revised payroll estimates	\$659,262
Pre-K costs transferred to general fund	540,000
Head Start supplement	141,922
Various operational costs	113,900
Bond refinancing	31,000
WFHS gym and soccer field	101,000
E-rate financed equipment	505,500
Costs carried from 2007/08	100,100
Other	57,294

Total budget increase \$2,249,978

- Actual expenditures of \$96,329,241 in the General Fund were \$0.7 million below the final amended budget, or 0.7%.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

The District has invested \$166,681,343 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 \$16.9 million over last year.

**Table A-4
Capital Assets**

	Governmental Activities		Increase (Decrease)	% Change
	<u>2008</u>	<u>2009</u>	<u>2008-2009</u>	<u>2008-09</u>
Land	\$3,325,420	\$3,387,361	\$61,941	1.86%
Bldgs and improvements	112,171,182	141,250,582	29,079,400	25.92%
Equipment	19,270,119	20,809,386	1,539,267	7.99%
Property under cap lease	1,581,862	1,070,022	(511,840)	(32.36)%
Construction in progress	13,440,135	163,992	(13,276,143)	(98.78)%
	<u>\$149,788,718</u>	<u>\$166,681,343</u>	<u>\$16,892,625</u>	11.28%

General Fund

The General Fund purchased \$502,473 of technology equipment, \$111,993 for vehicles, and other equipment totaling \$94,396. In conjunction with long-range facilities management plans, land was purchased costing \$49,907.

Capital Projects Fund

Bonds issued in 2007 focused on remodeling and upgrading elementary facilities, 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. The second of two new schools was completed this year, as well as renovations at numerous other schools.

Internal Service Fund

Nine buses were purchased for our transportation fund totaling \$1,041,136.

Long-term Debt and Other Obligations

At year-end the District had \$77,943,737 in bonds and capital leases and \$1,646,339 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>2008</u>	<u>2009</u>	<u>2008-2009</u>	<u>2008-09</u>
Gen. Obligation Bonds	\$79,186,707	\$75,008,317	(\$4,178,390)	(5.28)%
Accrued Vacation & Sick Days	1,744,374	1,646,339	(98,035)	(5.62)%
Cap Leases Payable-Gen	1,411,412	1,469,665	58,253	4.13%
Unamortized Prem on Bonds	1,545,132	1,465,755	(79,377)	(5.14)%
	<u>\$83,887,625</u>	<u>\$79,590,076</u>	<u>(4,297,549)</u>	(5.12)%

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 \$3.75 billion, an increase of \$169 million, or 4.7%.
- General Fund spending per student increased to \$6,708 per student, an increase of \$157 per student. This is a 3.2% increase.
- The District's refined average daily attendance is expected to decrease to approximately 13,650.

These indicators were taken into account when adopting the General Fund budget for 2010. Amounts available for appropriation in the General Fund budget are \$99.1 million, which is an increase of \$2.2 million. Property tax revenues will increase due to valuation increases, offset by decreases to state revenue.

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 \$4.1 million in State Fiscal Stabilization Funds funded 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 \$3.6 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, 2009

Data Control Codes		1	Governmental Activities
	ASSETS:		
1110	Cash and Cash Equivalents	\$	669,729
1120	Current Investments		27,885,410
1225	Property Taxes Receivable, Net		2,304,109
1240	Due from Other Governments		2,789,486
1290	Other Receivables		1,443,015
1300	Inventories		1,559,089
1410	Deferred Expenses		358,884
1420	Capital Bond and Other Debt Issuance Costs, Net		431,432
	Capital Assets:		
1510	Land		3,387,361
1520	Buildings and Improvements, Net		89,296,134
1530	Furniture and Equipment, Net		4,564,280
1550	Property under Capital Lease, Net		711,192
1580	Construction in Progress		163,992
1000	Total Assets		135,564,113
	LIABILITIES:		
2110	Accounts Payable		3,231,474
2150	Payroll Deductions & Withholdings		791,382
2165	Accrued Liabilities		3,908,623
2180	Due to Other Governments		197,573
2200	Accrued Expenses		654,562
2300	Unearned Revenue		3,228,731
	Noncurrent Liabilities:		
2501	Due Within One Year		6,595,333
2502	Due in More Than One Year		72,994,382
2000	Total Liabilities		91,602,060
	NET ASSETS		
	Restricted For:		
3200	Invested in Capital Assets, Net of Related Debt		25,782,971
	Restricted For:		
3820	Debt Service		841,121
3850	Food Service		513,676
3900	Unrestricted		16,824,285
3000	Total Net Assets	\$	43,962,053

The accompanying notes are an integral part of this statement.

WICHITA FALLS INDEPENDENT SCHOOL DISTRICT

STATEMENT OF ACTIVITIES

YEAR ENDED AUGUST 31, 2009

Data Control Codes	Functions/Programs	1	3	4	6
		Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Assets
			Charges for Services	Operating Grants and Contributions	Governmental Activities
	<i>Government Activities:</i>				
11	Instruction	\$ 68,864,906	\$ 231,048	\$ 13,580,877	\$ (55,052,981)
12	Instructional Resources and Media Services	1,703,007	94,820	133,807	(1,474,380)
13	Curriculum and Staff Development	1,587,684	142,179	783,672	(661,833)
21	Instructional Leadership	2,876,870	--	1,081,509	(1,795,361)
23	School Leadership	6,542,596	66,323	597,849	(5,878,424)
31	Guidance, Counseling, & Evaluation Services	5,375,917	--	2,154,590	(3,221,327)
32	Social Work Services	726,237	--	336,011	(390,226)
33	Health Services	1,319,191	--	145,602	(1,173,589)
34	Student Transportation	2,503,789	--	217,471	(2,286,318)
35	Food Services	7,092,826	2,022,707	4,945,967	(124,152)
36	Cocurricular/Extracurricular Activities	4,914,767	976,188	197,992	(3,740,587)
41	General Administration	3,025,922	--	114,312	(2,911,610)
51	Plant Maintenance and Operations	12,073,405	127,167	265,868	(11,680,370)
52	Security and Monitoring Services	450,889	--	24,167	(426,722)
53	Data Processing Services	2,544,723	--	73,815	(2,470,908)
61	Community Services	22,552	--	16,801	(5,751)
72	Interest on Long-term Debt	3,317,905	--	--	(3,317,905)
73	Bond Issuance Costs and Fees	57,972	--	1,230,067	1,172,095
93	Payments to Shared Service Arrangements	150,000	--	--	(150,000)
99	Other Governmental Charges	562,323	--	--	(562,323)
TG	Total Governmental Activities	\$ 125,713,481	\$ 3,660,432	\$ 25,900,377	(96,152,672)
	<i>General Revenues and Special Item:</i>				
MT	Property Taxes, Levied for General Purposes				42,411,650
DT	Property Taxes, Levied for Debt Service				6,439,940
IE	Investment Earnings				911,821
GC	Grants and Contributions Not Restricted to Specific Programs				51,076,248
MI	Miscellaneous				237,923
	<i>Special Item:</i>				
S1	Gain on Sale of Capital Assets				479,502
TR	Total General Revenues and Special Item				101,557,084
CN	Change in Net Assets				5,404,412
NB	Net Assets - Beginning				38,557,641
NE	Net Assets - Ending				\$ 43,962,053

The accompanying notes are an integral part of this statement.

WICHITA FALLS INDEPENDENT SCHOOL DISTRICT**BALANCE SHEET - GOVERNMENTAL FUNDS**

AUGUST 31, 2009

Data Control Codes	10 General Fund	60 Capital Projects Fund	Other Governmental Funds	98 Total Governmental Funds
ASSETS:				
1110 Cash and Cash Equivalents	\$ 125,552	\$ 4,138	\$ 538,069	\$ 667,759
1120 Current Investments	20,278,416	6,342,896	1,016,264	27,637,576
1225 Taxes Receivable, Net	2,117,413	--	186,696	2,304,109
1240 Due from Other Governments	1,469,188	--	1,320,298	2,789,486
1260 Due from Other Funds	26,833	712,500	159,907	899,240
1290 Other Receivables	1,084,723	342,332	7,386	1,434,441
1300 Inventories	557,613	--	994,976	1,552,589
1410 Deferred Expenditures	321,505	--	--	321,505
1000 Total Assets	\$ 25,981,243	\$ 7,401,866	\$ 4,223,596	\$ 37,606,705
LIABILITIES:				
Current Liabilities:				
2110 Accounts Payable	\$ 811,141	\$ 1,727,123	\$ 186,241	\$ 2,724,505
2150 Payroll Deductions & Withholdings	791,282	--	100	791,382
2160 Accrued Wages Payable	3,078,766	--	827,771	3,906,537
2170 Due to Other Funds	3,140,770	5,777	21,055	3,167,602
2180 Due to Other Governments	122,038	65,578	9,974	197,590
2300 Unearned Revenue	4,111,343	--	1,267,903	5,379,246
2000 Total Liabilities	12,055,340	1,798,478	2,313,044	16,166,862
FUND BALANCES:				
Reserved Fund Balances:				
3410 Investments in Inventory	557,613	--	355,890	913,503
3420 Debt Service	--	--	910,486	910,486
3450 Reserve for Food Service	--	--	192,230	192,230
3490 Other Reserves of Fund Balance	--	--	451,946	451,946
Designated Fund Balance:				
3510 Construction	--	5,603,388	--	5,603,388
3540 Self-Insurance	100,000	--	--	100,000
3590 Other Designated Fund Balance	1,360,155	--	--	1,360,155
3600 Unreserved	11,908,135	--	--	11,908,135
3000 Total Fund Balances	13,925,903	5,603,388	1,910,552	21,439,843
4000 Total Liabilities and Fund Balances	\$ 25,981,243	\$ 7,401,866	\$ 4,223,596	\$ 37,606,705

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, 2009

Total fund balances - governmental funds balance sheet	\$ 21,439,843
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.	160,584,607
Accumulated depreciation has not been included in the governmental fund financial statements.	(64,632,027)
Long-term debt and other contractual liabilities have not been included in the governmental fund financial statements:	
Bonds payable	\$ 75,008,317
Capital leases payable	770,773
Compensated absences	1,646,339
	(77,425,429)
Interest is accrued on outstanding debt in the government-wide financial statements, whereas in the governmental financial statements, interest expenditures are reported when due.	(238,665)
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.	431,432
Premiums on the issuance of current interest bonds are capitalized, net of amortization, on the government-wide financial statements.	(1,465,395)
Revenue reported as unearned revenue in the governmental fund financial statements are recorded as revenue in the government-wide financial statements.	2,150,515
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.	3,117,172
Net assets of governmental activities - statement of net assets	\$ 43,962,053

The accompanying notes are an integral part of this statement.

WICHITA FALLS INDEPENDENT SCHOOL DISTRICT**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES****IN FUND BALANCES - GOVERNMENTAL FUNDS****FOR THE YEAR ENDED AUGUST 31, 2009**

Data Control Codes	10 General Fund	60 Capital Projects Fund	Other Governmental Funds	98 Total Governmental Funds
REVENUES:				
5700 Local and Intermediate Sources	\$ 43,509,733	\$ 623,149	\$ 10,162,480	\$ 54,295,362
5800 State Program Revenues	52,980,466	--	5,229,683	58,210,149
5900 Federal Program Revenues	2,512,742	--	15,578,070	18,090,812
5020 Total Revenues	99,002,941	623,149	30,970,233	130,596,323
EXPENDITURES:				
Current:				
0011 Instruction	56,100,465	--	11,399,631	67,500,096
0012 Instructional Resources and Media Services	1,417,040	--	156,067	1,573,107
0013 Curriculum and Staff Development	635,509	--	914,001	1,549,510
0021 Instructional Leadership	1,817,132	--	993,707	2,810,839
0023 School Leadership	6,031,208	--	354,600	6,385,808
0031 Guidance, Counseling, & Evaluation Services	3,261,361	--	1,993,104	5,254,465
0032 Social Work Services	379,271	--	329,873	709,144
0033 Health Services	1,198,599	--	89,586	1,288,185
0034 Student Transportation	2,451,572	--	218,485	2,670,057
0035 Food Service	38,532	--	7,017,075	7,055,607
0036 Cocurricular/Extracurricular Activities	4,230,500	--	555,780	4,786,280
0041 General Administration	2,940,226	--	--	2,940,226
0051 Plant Maintenance and Operations	11,639,615	--	145,104	11,784,719
0052 Security and Monitoring Services	558,177	--	4,258	562,435
0053 Data Processing Services	2,252,756	--	--	2,252,756
0061 Community Services	5,136	--	16,970	22,106
0071 Principal on Long-term Debt	558,095	--	4,515,000	5,073,095
0072 Interest on Long-term Debt	21,044	--	3,047,890	3,068,934
0073 Bond Issuance Costs and Fees	30,773	--	2,546	33,319
0081 Capital Outlay	49,907	16,729,052	--	16,778,959
0093 Payments to Shared Service Arrangements	150,000	--	--	150,000
0099 Other Intergovernmental Charges	562,323	--	--	562,323
6030 Total Expenditures	96,329,241	16,729,052	31,753,677	144,811,970
1100 Excess (Deficiency) of Revenues Over (Under)				
1100 Expenditures	2,673,700	(16,105,903)	(783,444)	(14,215,647)
Other Financing Sources and (Uses):				
7911 Capital-Related Debt Issued (Regular Bonds)	--	--	6,220,000	6,220,000
7912 Sale of Real or Personal Property	731,475	--	8,868	740,343
7915 Transfers In	--	712,500	1,488,683	2,201,183
7949 Other Resources	48,642	--	--	48,642
8911 Transfers Out	(2,900,902)	--	--	(2,900,902)
8949 Other Uses	--	--	(6,220,000)	(6,220,000)
7080 Total Other Financing Sources and (Uses)	(2,120,785)	712,500	1,497,551	89,266
1200 Net Change in Fund Balances	552,915	(15,393,403)	714,107	(14,126,381)
0100 Fund Balances - Beginning	13,372,988	20,996,791	1,196,445	35,566,224
3000 Fund Balances - Ending	\$ 13,925,903	\$ 5,603,388	\$ 1,910,552	\$ 21,439,843

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, 2009

Net change in fund balances - total governmental funds	\$ (14,126,381)
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.	17,780,117
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:	(3,786,234)
Book value of the capital assets disposed of during the year are not recognized in the governmental fund financial statements, but are in the government-wide financial statements. The net book value of the capital assets disposed of during the year ended August 31, 2009 were:	(260,841)
Long-term debt principal payments are expenditures in the governmental fund financial statements, but are reported as reductions of long-term debt in the government-wide financial statements. Current year long-term debt principal payments are:	5,072,794
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:	(336,610)
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:	25,514
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 decreased by:	98,035
Bond premiums are expended when incurred in the governmental fund financial statements, but capitalized and amortized over the maturity of the debt for government-wide financial statements. Current year bond premiums were:	79,737
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 are recognized when assessed, net of an allowance for uncollectible accounts, in the government-wide financial statements.	(9,190)
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, net of current year capital contributions of \$1,351,800.	892,124
Change in net assets of governmental activities - statement of activities	<u>\$ 5,404,412</u>

The accompanying notes are an integral part of this statement.

WICHITA FALLS INDEPENDENT SCHOOL DISTRICT**STATEMENT OF NET ASSETS****INTERNAL SERVICE FUNDS**

AUGUST 31, 2009

Data Control Codes		Internal Service Funds
ASSETS:		
Current Assets:		
1110	Cash and Cash Equivalents	\$ 1,970
1120	Investments	247,834
Receivables:		
1260	Due from Other Funds	2,268,362
1290	Other Receivables	8,574
1310	Inventories, at Cost	6,500
1410	Deferred Expenditures	37,379
	Total Current Assets	2,570,619
Noncurrent Assets:		
Capital Assets:		
1530	Furniture and Equipment	5,954,357
1550	Assets Purchased Under Capital Leases	142,380
1570	Accumulated Depreciation	(3,926,358)
	Total Noncurrent Assets	2,170,379
1000	Total Assets	4,740,998
LIABILITIES:		
Current Liabilities:		
2110	Accounts Payable	506,969
2120	Bonds, Notes and Loans Payable	130,994
2130	Capital Leases Payable	21,238
2160	Accrued Wages Payable	2,086
2180	Due to Other Governments	(17)
2200	Accrued Expenditures/Expenses	415,897
	Total Current Liabilities	1,077,167
Noncurrent Liabilities:		
2500	Bonds, Notes and Loans Payable	546,659
	Total Noncurrent Liabilities	546,659
2000	Total Liabilities	1,623,826
NET ASSETS:		
3200	Investment in Capital Assets, Net of Related Debt	1,471,488
3900	Unrestricted Net Assets	1,645,684
3000	Total Net Assets	\$ 3,117,172

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 - INTERNAL SERVICE FUNDS

FOR THE YEAR ENDED AUGUST 31, 2009

Data Control Codes		Internal Service Funds
	OPERATING REVENUES:	
5700	Local and Intermediate Sources	\$ 3,756,845
5020	Total Revenues	3,756,845
	OPERATING EXPENSES:	
6100	Payroll Costs	147,364
6200	Professional and Contracted Services	2,365,994
6300	Supplies and Materials	353,073
6400	Other Operating Costs	683,314
6500	Debt Service	17,311
6030	Total Expenses	3,567,056
	Operating Income	189,789
	NON-OPERATING REVENUES	
7955	Earnings from Temp. Deposits and Investments	2,614
8030	Total Non-operating Revenues	2,614
	Income before Contributions and Transfers	192,403
7915	Transfers In	699,721
7957	Contributed Capital	1,351,800
1300	Change in Net Assets	2,243,924
0100	Total Net Assets - Beginning	873,248
3300	Total Net Assets - Ending	\$ 3,117,172

The accompanying notes are an integral part of this statement.

WICHITA FALLS INDEPENDENT SCHOOL DISTRICT

STATEMENT OF CASH FLOWS

INTERNAL SERVICE FUNDS

FOR THE YEAR ENDED AUGUST 31, 2009

	Internal Service Funds
Cash Flows from Operating Activities:	
<i>Cash Received for Quasi-external Operating Transactions with Other Funds</i>	\$ 2,809,204
<i>Cash Payments to Employees for Services</i>	(145,278)
<i>Cash Payments to Other Suppliers for Goods and Services</i>	(3,053,826)
Net Cash Used by Operating Activities	(389,900)
Cash Flows from Non-capital Financing Activities:	
<i>Transfers from Other Funds</i>	699,721
Cash Flows from Capital and related Financing Activities:	
<i>Proceeds from Issuance of Long-term Debt</i>	700,000
<i>Principal Paid</i>	(83,955)
<i>Acquisition or Construction of Capital Assets</i>	(1,041,136)
Net Cash Used by Capital and Related Financing Activities	(425,091)
Cash Flows from Investing Activities:	
<i>Purchase of Investment Securities</i>	(2,614)
<i>Interest and Dividends on Investments</i>	2,614
Net Cash Provided for Investing Activities	--
Net Decrease in Cash and Cash Equivalents	(115,270)
Cash and Cash Equivalents at Beginning of Year	117,240
Cash and Cash Equivalents at End of Year	\$ 1,970
Reconciliation of Operating Income to Net Cash	
Provided by Operating Activities:	
Operating Income	\$ 189,789
Adjustments to Reconcile Operating Income to Net Cash	
Provided by Operating Activities	
<i>Depreciation</i>	327,118
Change in Assets and Liabilities:	
<i>Decrease (Increase) in Due from Other Funds</i>	(939,067)
<i>Decrease (Increase) in Other Receivables</i>	(8,574)
<i>Decrease (Increase) in Inventories</i>	(6,500)
<i>Decrease (Increase) in Deferred Expenses</i>	4,485
<i>Increase (Decrease) in Accounts Payable</i>	35,658
<i>Increase (Decrease) in Accrued Wages Payable</i>	2,086
<i>Increase (Decrease) in Due to Other Governments</i>	(17)
<i>Increase (Decrease) in Accrued Expenses</i>	5,122
Total Adjustments	(579,689)
Net Cash Used by Operating Activities	\$ (389,900)

The accompanying notes are an integral part of this statement.

WICHITA FALLS INDEPENDENT SCHOOL DISTRICT**STATEMENT OF FIDUCIARY NET ASSETS****FIDUCIARY FUNDS**

AUGUST 31, 2009

Data Control Codes		Private-Purpose Trust Fund	Agency Fund
		Renton Aviation Fund	Student Activity
	ASSETS:		
1110	Cash and Cash Equivalents	\$ 3,000	\$ 285,237
1290	Other Receivables	--	21,686
1000	Total Assets	3,000	306,923
	LIABILITIES:		
	Current Liabilities:		
2110	Accounts Payable	--	21,686
2190	Due to Student Groups	--	285,237
2000	Total Liabilities	--	306,923
	NET ASSETS		
3800	Held in Trust	3,000	--
3000	Total Net Assets	\$ 3,000	\$ --

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, 2009**

	Private-Purpose Trust Fund

	Renton Aviation Fund

Additions:	
None	\$ ---
Deductions:	
Supplies	500

Change in Net Assets	(500)
Net Assets-Beginning of the Year	3,500
Net Assets-End of the Year	\$ 3,000

The accompanying notes are an integral part of this statement.

WICHITA FALLS INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2009

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, 2009

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 Fund:

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 Fund is the Student Activity Fund.

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

WICHITA FALLS INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2009

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, 2009, net property taxes receivable is calculated as follows:

Gross property taxes receivable	\$ 3,230,506
Allowance for uncollectible taxes	(926,397)
Net property taxes receivable	<u>\$ 2,304,109</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.

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

WICHITA FALLS INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2009

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 \$3,230,506 outstanding at August 31, 2009, it is expected that the District will collect approximately \$600,000 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, 2009

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, 2009 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 2009, 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, 2009.

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, 2009.

WICHITA FALLS INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2009

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, 2009, the carrying amount of the District's deposits (cash, certificates of deposit, and interest-bearing savings accounts included in temporary investments) was \$669,729 and the bank balance was \$2,192,673. The District's cash deposits at August 31, 2009 and during the year ended August 31, 2009 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, 2009 are classified in the accompanying financial statements as follows:

Governmental Activities Statement of Net Assets

Cash and cash equivalents	\$ 669,729
Current investments	27,885,410

Fiduciary Funds - Statement of Fiduciary Net Assets

Cash and cash equivalents	288,237
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Total cash and investments	\$ 28,843,376
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Cash and investments as of August 31, 2009 consist of the following:

Cash on hand	\$ 5,754
Deposits in financial institutions	952,212
Investments	27,885,410

Total cash and investments	\$ 28,843,376
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WICHITA FALLS INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2009

The District's investments at August 31, 2009 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	\$ 17,550,989
Texas Term	1	10,086,587
		<u>27,637,576</u>
Held in internal service funds:		
TexPool	1	247,834
Total investments		<u>\$ 27,885,410</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, 2009

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, 2009

D. Capital Assets

Capital asset activity for the year ended August 31, 2009 was as follows:

	Beginning Balances	Increases/ Transfers	Decreases/ Transfers	Ending Balances
<i>Governmental activities:</i>				
<i>Capital assets not being depreciated:</i>				
Land	\$ 3,325,420	\$ 97,491	\$ 35,550	\$ 3,387,361
Construction in progress	13,440,135	16,613,692	29,889,835	163,992
Total capital assets not being depreciated	16,765,555	16,711,183	29,925,385	3,551,353
<i>Capital assets being depreciated:</i>				
Buildings and improvements	112,171,182	29,889,835	810,435	141,250,582
Furniture and equipment	19,270,119	2,621,910	1,082,643	20,809,386
Property under capital lease	1,581,862	--	511,840	1,070,022
Total capital assets being depreciated	133,023,163	32,511,745	2,404,918	163,129,990
Less accumulated depreciation for:				
Buildings and improvements	49,671,700	2,867,891	585,143	51,954,448
Furniture and equipment	16,125,507	1,291,478	1,171,879	16,245,106
Property under capital lease	315,613	185,528	320,783	180,358
Total accumulated depreciation	66,112,820	4,344,897	2,077,805	68,379,912
Total capital assets being depreciated, net	66,910,343	28,166,848	327,113	94,750,078
Governmental activities capital assets, net	\$ 83,675,898	\$ 44,878,031	\$ 30,252,498	\$ 98,301,431

Reconciliation of depreciation expense per above:

Increases/transfers in accumulated depreciation above	\$ 4,344,897
Less reclassification of accumulated depreciation for assets under capital lease which were paid off in 2008-09	231,546
Total depreciation expense for the year	\$ 4,113,351

Depreciation was charged to functions as follows:

Instruction	\$ 1,931,340
Instructional Resources and Media Services	130,256
Curriculum and Staff Development	41,419
Instructional Leadership	72,670
School Leadership	160,163
Guidance, Counseling, & Evaluation Services	128,386
Social Work Services	17,327
Health Services	31,475
Student Transportation	317,732
Food Services	313,672
Extracurricular Activities	129,882
General Administration	90,259
Plant Maintenance and Operations	431,205
Security and Monitoring Services	25,393
Data Processing Services	291,632
Community Services	540
	\$ 4,113,351

WICHITA FALLS INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2009

E. Interfund Balances

Balances due to and from other funds at August 31, 2009 consisted of the following:

Due From Fund	Due To Fund	Amount	Purpose
General Fund	Capital Projects Fund	\$ 712,500	Supplement other funds
General Fund	Other Governmental Funds	159,907	Supplement other funds
General Fund	Internal Service Fund	2,268,362	Supplement other funds
Capital Projects Fund	General Fund	5,777	Supplement other funds
Other Governmental Funds	General Fund	21,056	Supplement other funds
Total		\$ 3,167,602	

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

Balances transferred to and from other funds during the year ended August 31, 2009 consisted of the following:

Transfer Out Fund	Transfer In Fund	Amount	Purpose
General Fund	Capital Projects Fund	\$ 712,500	Cover bond fund deficiencies
General Fund	Other Governmental Funds	1,488,682	Supplement other funds
General Fund	Internal Service Fund	699,721	Start-up funds for new fund
Total		\$ 2,900,903	

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, 2009 are as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
Governmental activities:					
Bonds Payable:					
General Obligation Bonds	\$ 74,940,732	\$ 6,220,000	\$ 10,735,000	\$ 70,425,732	\$ 5,600,000
Accreted Interest	4,245,975	336,610	--	4,582,585	--
Premium on Bonds	1,545,132	--	79,377	1,465,755	--
Total Bonds Payable	80,731,839	6,556,610	10,814,377	76,474,072	5,600,000
Note Payable	--	700,000	63,543	636,457	130,994
Capital Leases Payable	1,411,412	--	578,204	833,208	460,995
Compensated Absences *	1,744,374	294,330	392,365	1,646,339	403,344
Total governmental activities	\$ 83,887,625	\$ 7,550,940	\$ 11,848,489	\$ 79,590,076	\$ 6,595,333

* 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, 2009

2. Debt Service Requirements

Debt service requirements on long-term debt at August 31, 2009 are as follows:

Year Ending August 31,	Governmental Activities		
	Principal	Interest	Total
2010	\$ 6,191,989	\$ 2,873,464	\$ 9,065,453
2011	6,067,314	2,691,648	8,758,962
2012	6,325,215	2,495,568	8,820,783
2013	6,423,196	2,327,357	8,750,553
2014	6,531,951	2,190,268	8,722,219
2015-2019	15,065,000	9,067,978	24,132,978
2020-2024	17,920,000	5,251,917	23,171,917
2025-2027	13,080,000	1,002,750	14,082,750
Subtotals	77,604,665	27,900,950	105,505,615
Remaining accretion	(1,126,683)	--	(1,126,683)
Totals	\$ 76,477,982	\$ 27,900,950	\$ 104,378,932

The difference between the cumulative principal debt service requirements of \$77,604,665 and the amount reflected in the summary schedule above of \$76,477,982 relates to the remaining accretion of \$1,126,683 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
2010	\$ 5,600,000	\$ 2,807,595	\$ 8,407,595
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
2015-2019	15,065,000	9,067,978	24,132,978
2020-2024	17,920,000	5,251,917	23,171,917
2025-2027	13,080,000	1,002,750	14,082,750
Subtotals	76,135,000	27,778,233	103,913,233
Remaining accretion	(1,126,683)	--	(1,126,683)
Totals	\$ 75,008,317	\$ 27,778,233	\$ 102,786,550

The difference between the cumulative principal debt service requirements of \$76,135,000 and the amount reflected in the summary schedule above of \$75,008,317 relates to the remaining accretion of \$1,126,683 on the capital appreciation bonds.

WICHITA FALLS INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED AUGUST 31, 2009

A summary of changes in general obligation bonds and notes for the year ended August 31, 2009 is as follows:

	Amounts Outstanding 9/1/08	Issued	Interest Accretion	Retired	Amounts Outstanding 8/31/09
* Unlimited Tax School Building and Refunding Bonds, Series 1994 Interest Range 5.30% -5.70%	\$ 2,433,742	\$ --	\$ 96,182	\$ --	\$ 2,529,924
* Unlimited Tax Refunding Bonds, Series 1998 Interest Range 3.35% -5.00%	13,787,965	--	240,428	8,965,000	5,063,393
** Maintenance Tax Notes, Series 2003 Interest Range 1.80% -4.35% Interest Range 4.40% -5.00%	1,635,000	--	--	245,000	1,390,000
** Maintenance Tax Notes, Series 2004 Interest Range 1.50% -3.80%	600,000	--	--	100,000	500,000
* Unlimited Tax Refunding Bonds, Series 2004 Interest Range 1.50% -3.80%	485,000	--	--	85,000	400,000
** Maintenance Tax Notes, Series 2005 Interest Range 2.35% -4.25%	1,855,000	--	--	160,000	1,695,000
* Unlimited Tax School Building Bonds, Series 2007 Interest Range 4.00% -5.00%	58,390,000	--	--	1,180,000	57,210,000
* Unlimited Tax Refunding Bonds, Series 2009 Interest 2.32%	--	6,220,000	--	--	6,220,000
Totals	\$ 79,186,707	\$ 6,220,000	\$ 336,610	\$ 10,735,000	\$ 75,008,317

* 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, 2009

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, 2009 are as follows:

Year Ending August 31:	Note Payable		Total
	Principal	Interest	Requirements
2010	\$ 130,994	\$ 24,860	\$ 155,854
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	\$ 636,457	\$ 64,887	\$ 701,344

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
	Principal	Interest	Requirements
2010	\$ 460,995	\$ 41,009	\$ 502,004
2011	155,563	11,049	166,612
2012	157,489	5,234	162,723
2013	59,161	538	59,699
Totals	\$ 833,208	\$ 57,830	\$ 891,038

6. Compensated Absences

Vacation Leave

At August 31, 2009, the District had \$333,407 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, 2009, the accumulated sick leave liability was \$1,312,932.

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.

WICHITA FALLS INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2009

8. Refunded Debt

On April 15, 2009, the District issued \$6,220,000 of Unlimited Tax Refunding Bonds, Series 2009, with an interest rate of 2.32%. The debt was issued to advance refund a portion of the Unlimited Tax Refunding Bonds, Series 1998, with interest rates at 4.30% and a par value of \$6,220,000. The bonds refunded matured through February 2012, but were callable immediately. The new bonds were sold in a private placement at par with the entire proceeds used to refund the existing bonds.

As a result of the advance refunding, the District reduced its total debt service requirements by \$289,089 and resulted in an economic gain (difference between the present value of the debt service payments on the old and new debt, less the cost of issuing the new debt) of \$249,188.

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% (6.0% for plan years 2007 and prior) of the District's covered payroll. The District's employees' contributions to the System for the years ending August 31, 2009, 2008, and 2007 were \$4,945,004, \$4,841,384, and \$4,246,273, 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, 2009, 2008, and 2007 were \$1,345,537, \$1,365,829, and \$1,247,430, respectively, and were equal to the required contributions for each year. The amount contributed by the State on behalf of the District was \$4,338,369 for the year ended August 31, 2009, which includes \$175,035 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, 2009

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 2009, 2008, and 2007. 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, 2009, 2008, and 2007, the State's contributions to TRS-Care were \$772,657, \$756,466, and \$663,480, respectively, the active member contributions were \$502,227, \$491,703, and \$431,262, respectively, and the District's contributions were \$424,961, \$416,056, and \$364,914, 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 \$834,855 at August 31, 2009 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, 2009.

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, 2009, the worker's compensation benefit obligation consisted of \$830,120 in reported claims and estimated incurred but not reported claims. These amounts represent estimated ultimate cost to settle claims. A summary of the changes in the benefit obligation is as follows:

Balance at September 1, 2008		\$	879,701
Included claims:			
Provision for insured events for 2008-09	\$	513,856	
Provision for insured events for prior years		(208,474)	305,382
Payments:			
Claims attributed to insured events for 2008-09		157,154	
Claims attributed to insured events for prior years		197,809	354,963
Balance at August 31, 2009		\$	830,120

WICHITA FALLS INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2009

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, 2009, the District had construction projects in progress for several campus renovations throughout the District. The District had \$1,878,808 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	\$ --	\$ --	\$ --	\$ 2,132	\$ 2,132
Burkburnett ISD	2,290	1,229	326	68,348	72,193
City View ISD	2,290	1,229	--	150,193	153,712
Electra ISD	--	--	163	--	163
Henrietta ISD	1,145	614	163	45,963	47,885
Holliday ISD	2,290	1,229	--	--	3,519
Greenbelt Coop	--	--	81	9,359	9,440
Iowa Park CISD	4,581	2,458	163	--	7,202
Jacksboro ISD	--	--	163	--	163
Nocona ISD	--	--	--	2,132	2,132
Vernon ISD	--	--	--	2,132	2,132
Wichita Falls ISD	17,178	9,215	651	319,781	346,825
Totals	\$ 29,774	\$ 15,974	\$ 1,710	\$ 600,040	\$ 647,498

L. Designated Fund Balance

At August 31, 2009, 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	1,360,155
Total designated portion of the General Fund's unreserved fund balance	\$ 1,460,155

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, 2009

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	\$ 43,330,427	\$ 43,285,677	\$ 43,509,733	\$ 224,056
5800	State Program Revenues	51,774,311	52,779,613	52,980,466	200,853
5900	Federal Program Revenues	1,745,000	2,285,300	2,512,742	227,442
5020	Total Revenues	96,849,738	98,350,590	99,002,941	652,351
	EXPENDITURES:				
	Current:				
	Instruction & Instructional Related Services:				
0011	Instruction	54,990,505	56,135,924	56,100,465	35,459
0012	Instructional Resources and Media Services	2,426,605	1,476,555	1,417,040	59,515
0013	Curriculum and Staff Development	720,276	702,646	635,509	67,137
	Total Instruction & Instr. Related Services	58,137,386	58,315,124	58,153,014	162,110
	Instructional and School Leadership:				
0021	Instructional Leadership	1,683,327	1,822,571	1,817,132	5,439
0023	School Leadership	5,479,063	6,032,618	6,031,208	1,410
	Total Instructional & School Leadership	7,162,390	7,855,189	7,848,340	6,849
	Support Services - Student (Pupil):				
0031	Guidance, Counseling and Evaluation Services	3,357,187	3,318,326	3,261,361	56,965
0032	Social Work Services	418,210	393,432	379,271	14,161
0033	Health Services	1,131,293	1,216,347	1,198,599	17,748
0034	Student (Pupil) Transportation	2,059,513	2,471,941	2,451,572	20,369
0035	Food Services	--	38,532	38,532	--
0036	Cocurricular/Extracurricular Activities	4,255,559	4,257,977	4,230,500	27,477
	Total Support Services - Student (Pupil)	11,221,762	11,696,554	11,559,835	136,719
	Administrative Support Services:				
0041	General Administration	2,788,431	2,955,979	2,940,226	15,753
	Total Administrative Support Services	2,788,431	2,955,979	2,940,226	15,753
	Support Services - Nonstudent Based:				
0051	Plant Maintenance and Operations	11,243,929	11,874,272	11,639,615	234,657
0052	Security and Monitoring Services	945,580	613,776	558,177	55,599
0053	Data Processing Services	1,553,000	2,321,668	2,252,756	68,912
	Total Support Services - Nonstudent Based	13,742,509	14,809,716	14,450,548	359,168
	Ancillary Services:				
0061	Community Services	4,013	9,737	5,136	4,601
	Total Ancillary Services	4,013	9,737	5,136	4,601
	Debt Service:				
0071	Principal on Long-Term Debt	602,855	553,559	558,095	(4,536)
0072	Interest on Long-Term Debt	23,972	49,513	21,044	28,469
0073	Bond Issuance Costs and Fees	551,426	31,000	30,773	227
	Total Debt Service	1,178,253	634,072	609,912	24,160
	Capital Outlay:				
0081	Capital Outlay	--	56,000	49,907	6,093
	Total Capital Outlay	--	56,000	49,907	6,093

WICHITA FALLS INDEPENDENT SCHOOL DISTRICT

GENERAL FUND

BUDGETARY COMPARISON SCHEDULE

FOR THE YEAR ENDED AUGUST 31, 2009

EXHIBIT G-1

Page 2 of 2

Data Control Codes		1	2	3	Variance with Final Budget Positive (Negative)
		Budgeted Amounts			
		Original	Final	Actual	
	Intergovernmental Charges:				
0093	Payments to Fiscal Agent/Member Dist.-SSA	--	150,000	150,000	--
0099	Other Intergovernmental Charges	560,000	562,350	562,323	27
	Total Intergovernmental Charges	560,000	712,350	712,323	27
6030	Total Expenditures	94,794,744	97,044,722	96,329,241	715,481
1100	Excess (Deficiency) of Revenues Over (Under)				
1100	Expenditures	2,054,994	1,305,868	2,673,700	1,367,832
	Other Financing Sources (Uses):				
7912	Sale of Real or Personal Property	25,000	737,500	731,475	(6,025)
7949	Other Resources	--	48,300	48,642	342
8911	Transfers Out	(2,149,761)	(2,877,566)	(2,900,902)	(23,336)
7080	Total Other Financing Sources and (Uses)	(2,124,761)	(2,091,766)	(2,120,785)	(29,019)
1200	Net Change in Fund Balance	(69,767)	(785,898)	552,915	1,338,813
0100	Fund Balance - Beginning	13,372,988	13,372,988	13,372,988	--
3000	Fund Balance - Ending	\$ 13,303,221	\$ 12,587,090	\$ 13,925,903	\$ 1,338,813

*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, 2009**

Data Control Codes	Special Revenue Funds	Debt Service Fund	Total Nonmajor Governmental Funds (See Exhibit C-1)
ASSETS:			
1110 <i>Cash and Cash Equivalents</i>	\$ 529,072	\$ 8,997	\$ 538,069
1120 <i>Current Investments</i>	146,048	870,216	1,016,264
1225 <i>Taxes Receivable, Net</i>	--	186,696	186,696
1240 <i>Due from Other Governments</i>	1,306,476	13,822	1,320,298
1260 <i>Due from Other Funds</i>	159,907	--	159,907
1290 <i>Other Receivables</i>	7,331	55	7,386
1300 <i>Inventories</i>	994,976	--	994,976
1000 Total Assets	\$ 3,143,810	\$ 1,079,786	\$ 4,223,596
LIABILITIES:			
Current Liabilities:			
2110 <i>Accounts Payable</i>	\$ 186,241	\$ --	\$ 186,241
2150 <i>Payroll Deductions & Withholdings</i>	100	--	100
2160 <i>Accrued Wages Payable</i>	827,771	--	827,771
2170 <i>Due to Other Funds</i>	21,055	--	21,055
2180 <i>Due to Other Governments</i>	9,974	--	9,974
2300 <i>Unearned Revenue</i>	1,098,603	169,300	1,267,903
2000 Total Liabilities	2,143,744	169,300	2,313,044
FUND BALANCES:			
Reserved Fund Balances:			
3410 <i>Investments in Inventory</i>	355,890	--	355,890
3420 <i>Debt Service</i>	--	910,486	910,486
3450 <i>Reserve for Food Service</i>	192,230	--	192,230
3490 <i>Other Reserves of Fund Balance</i>	451,946	--	451,946
3000 Total Fund Balances	1,000,066	910,486	1,910,552
4000 Total Liabilities and Fund Balances	\$ 3,143,810	\$ 1,079,786	\$ 4,223,596

WICHITA FALLS INDEPENDENT SCHOOL DISTRICT

COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED AUGUST 31, 2009

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>	\$ 3,735,651	\$ 6,426,829	\$ 10,162,480
5800 <i>State Program Revenues</i>	3,999,616	1,230,067	5,229,683
5900 <i>Federal Program Revenues</i>	15,578,070	--	15,578,070
5020 Total Revenues	<u>23,313,337</u>	<u>7,656,896</u>	<u>30,970,233</u>
EXPENDITURES:			
Current:			
0011 <i>Instruction</i>	11,399,631	--	11,399,631
0012 <i>Instructional Resources and Media Services</i>	156,067	--	156,067
0013 <i>Curriculum and Staff Development</i>	914,001	--	914,001
0021 <i>Instructional Leadership</i>	993,707	--	993,707
0023 <i>School Leadership</i>	354,600	--	354,600
0031 <i>Guidance, Counseling, & Evaluation Services</i>	1,993,104	--	1,993,104
0032 <i>Social Work Services</i>	329,873	--	329,873
0033 <i>Health Services</i>	89,586	--	89,586
0034 <i>Student Transportation</i>	218,485	--	218,485
0035 <i>Food Service</i>	7,017,075	--	7,017,075
0036 <i>Cocurricular/Extracurricular Activities</i>	555,780	--	555,780
0051 <i>Plant Maintenance and Operations</i>	145,104	--	145,104
0052 <i>Security and Monitoring Services</i>	4,258	--	4,258
0061 <i>Community Services</i>	16,970	--	16,970
0071 <i>Principal on Long-term Debt</i>	--	4,515,000	4,515,000
0072 <i>Interest on Long-term Debt</i>	--	3,047,890	3,047,890
0073 <i>Bond Issuance Costs and Fees</i>	--	2,546	2,546
6030 Total Expenditures	<u>24,188,241</u>	<u>7,565,436</u>	<u>31,753,677</u>
1100 Excess (Deficiency) of Revenues Over (Under)			
1100 Expenditures	<u>(874,904)</u>	<u>91,460</u>	<u>(783,444)</u>
Other Financing Sources and (Uses):			
7911 <i>Capital-Related Debt Issued (Regular Bonds)</i>	--	6,220,000	6,220,000
7912 <i>Sale of Real or Personal Property</i>	8,868	--	8,868
7915 <i>Transfers In</i>	835,405	653,278	1,488,683
8949 <i>Other Uses</i>	--	(6,220,000)	(6,220,000)
7080 Total Other Financing Sources and (Uses)	<u>844,273</u>	<u>653,278</u>	<u>1,497,551</u>
1200 Net Change in Fund Balances	<u>(30,631)</u>	<u>744,738</u>	<u>714,107</u>
0100 Fund Balances - Beginning	1,030,697	165,748	1,196,445
3000 Fund Balances - Ending	<u>\$ 1,000,066</u>	<u>\$ 910,486</u>	<u>\$ 1,910,552</u>

WICHITA FALLS INDEPENDENT SCHOOL DISTRICT

COMBINING BALANCE SHEET

NONMAJOR SPECIAL REVENUE FUNDS

AUGUST 31, 2009

Data Control Codes	204 ESEA Title IV SDFSC	205 Head Start	211 ESEA Title I Improving Basic Programs	212 ESEA Title I, Part C Migrant Children
ASSETS:				
1110 Cash and Cash Equivalents	\$ (175)	\$ (11,693)	\$ (70,903)	\$ (2)
1120 Current Investments	--	--	--	--
1240 Due from Other Governments	859	72,002	185,301	2
1260 Due from Other Funds	--	--	--	--
1290 Other Receivables	--	--	--	--
1300 Inventories	--	--	--	--
1000 Total Assets	\$ 684	\$ 60,309	\$ 114,398	\$ --
LIABILITIES:				
Current Liabilities:				
2110 Accounts Payable	\$ --	\$ 1,475	\$ 1,340	\$ --
2150 Payroll Deductions & Withholdings	--	100	--	--
2160 Accrued Wages Payable	684	58,734	113,058	--
2170 Due to Other Funds	--	--	--	--
2180 Due to Other Governments	--	--	--	--
2300 Unearned Revenue	--	--	--	--
2000 Total Liabilities	684	60,309	114,398	--
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	\$ 684	\$ 60,309	\$ 114,398	\$ --

213 ESEA Title I Part B-Even Start Family Literacy	214 ESEA Title I Part A Capital Expenses	224 IDEA-B Formula	225 IDEA-B Preschool Grant	226 IDEA-B Discretionary
\$ (2,014)	\$ --	\$ 3,392	\$ 183	\$ --
--	--	--	--	--
2,560	3,234	106,816	4,789	--
--	--	--	--	--
--	--	--	--	--
--	--	--	--	--
<u>\$ 546</u>	<u>\$ 3,234</u>	<u>\$ 110,208</u>	<u>\$ 4,972</u>	<u>\$ --</u>
\$ 546	\$ --	\$ 1,467	\$ --	\$ --
--	--	--	--	--
--	3,234	105,003	4,789	--
--	--	--	--	--
--	--	3,738	183	--
--	--	--	--	--
<u>546</u>	<u>3,234</u>	<u>110,208</u>	<u>4,972</u>	<u>--</u>
--	--	--	--	--
--	--	--	--	--
--	--	--	--	--
<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
<u>\$ 546</u>	<u>\$ 3,234</u>	<u>\$ 110,208</u>	<u>\$ 4,972</u>	<u>\$ --</u>

WICHITA FALLS INDEPENDENT SCHOOL DISTRICT

COMBINING BALANCE SHEET

NONMAJOR SPECIAL REVENUE FUNDS

AUGUST 31, 2009

Data Control Codes		240 National School Breakfast/Lunch Program	242 Summer Feeding Program	244 Vo Ed Basic Grant	255 ESEA Title II Training & Recruiting
ASSETS:					
1110	Cash and Cash Equivalents	\$ 109,576	\$ (89,098)	\$ (31,162)	\$ 442
1120	Current Investments	146,048	--	--	--
1240	Due from Other Governments	151,074	89,098	35,086	33,458
1260	Due from Other Funds	16,278	--	--	--
1290	Other Receivables	558	--	--	--
1300	Inventories	994,976	--	--	--
1000	Total Assets	\$ 1,418,510	\$ --	\$ 3,924	\$ 33,900
LIABILITIES:					
Current Liabilities:					
2110	Accounts Payable	\$ 107,647	\$ --	\$ 3,924	\$ --
2150	Payroll Deductions & Withholdings	--	--	--	--
2160	Accrued Wages Payable	102,602	--	--	30,890
2170	Due to Other Funds	21,055	--	--	--
2180	Due to Other Governments	--	--	--	3,010
2300	Unearned Revenue	639,086	--	--	--
2000	Total Liabilities	870,390	--	3,924	33,900
FUND BALANCES:					
Reserved Fund Balances:					
3410	Investments in Inventory	355,890	--	--	--
3450	Reserve for Food Service	192,230	--	--	--
3490	Other Reserves of Fund Balance	--	--	--	--
3000	Total Fund Balances	548,120	--	--	--
4000	Total Liabilities and Fund Balances	\$ 1,418,510	\$ --	\$ 3,924	\$ 33,900

262 Enhancing Education through Technology	263 English Lang. Acquisition and Enhancement	265 21st Century Community Learning Centers	266 ARRA of 2009 Title XIV State Fiscal Stabilization	272 MAC Program
\$ 650	\$ 2,393	\$ (16,401)	\$ --	\$ 40,075
--	--	--	--	--
--	1,374	20,189	229,500	--
--	--	--	--	--
--	--	--	--	--
<u>\$ 650</u>	<u>\$ 3,767</u>	<u>\$ 3,788</u>	<u>\$ 229,500</u>	<u>\$ 40,075</u>
\$ --	\$ --	\$ 1,608	\$ --	\$ --
--	--	--	--	--
--	1,374	2,180	229,500	--
--	--	--	--	--
650	2,393	--	--	--
--	--	--	--	40,075
<u>650</u>	<u>3,767</u>	<u>3,788</u>	<u>229,500</u>	<u>40,075</u>
--	--	--	--	--
--	--	--	--	--
--	--	--	--	--
<u>\$ 650</u>	<u>\$ 3,767</u>	<u>\$ 3,788</u>	<u>\$ 229,500</u>	<u>\$ 40,075</u>

WICHITA FALLS INDEPENDENT SCHOOL DISTRICT

COMBINING BALANCE SHEET

NONMAJOR SPECIAL REVENUE FUNDS

AUGUST 31, 2009

Data Control Codes	276 Title I SIP Academy Grant	283 IDEA - Part B Formula - ARRA	284 IDEA-B Part B Preschool ARRA	285 ESEA Title 1 Pt A Impr. Basic Prgms-ARRA
ASSETS:				
1110 Cash and Cash Equivalents	\$ (10,361)	\$ --	\$ --	\$ --
1120 Current Investments	--	--	--	--
1240 Due from Other Governments	51,719	35,399	2,739	4,301
1260 Due from Other Funds	--	--	--	--
1290 Other Receivables	--	--	--	--
1300 Inventories	--	--	--	--
1000 Total Assets	\$ 41,358	\$ 35,399	\$ 2,739	\$ 4,301
LIABILITIES:				
Current Liabilities:				
2110 Accounts Payable	\$ 41,358	\$ --	\$ --	\$ --
2150 Payroll Deductions & Withholdings	--	--	--	--
2160 Accrued Wages Payable	--	35,399	2,739	4,301
2170 Due to Other Funds	--	--	--	--
2180 Due to Other Governments	--	--	--	--
2300 Unearned Revenue	--	--	--	--
2000 Total Liabilities	41,358	35,399	2,739	4,301
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	\$ 41,358	\$ 35,399	\$ 2,739	\$ 4,301

288 Title I Part D Juv Detention ARRA	289 Begin Grant	315 IDEA-B Discretionary	316 IDEA-B Deaf	317 IDEA-B Preschool Deaf
\$ (12,019)	\$ (7,579)	\$ (4,287)	\$ --	\$ --
--	--	--	--	--
12,019	9,289	5,389	--	--
--	--	--	--	--
--	--	--	--	--
--	--	--	--	--
\$ --	\$ 1,710	\$ 1,102	\$ --	\$ --
\$ --	\$ --	\$ 382	\$ --	\$ --
--	--	--	--	--
--	1,710	--	--	--
--	--	--	--	--
--	--	--	--	--
--	--	720	--	--
--	1,710	1,102	--	--
--	--	--	--	--
--	--	--	--	--
--	--	--	--	--
\$ --	\$ 1,710	\$ 1,102	\$ --	\$ --

WICHITA FALLS INDEPENDENT SCHOOL DISTRICT

COMBINING BALANCE SHEET

NONMAJOR SPECIAL REVENUE FUNDS

AUGUST 31, 2009

Data Control Codes		340 IDEA-C Deaf	394 Life Skills Program	396 Communities in Schools	397 Advanced Placement Incentives
ASSETS:					
1110	Cash and Cash Equivalents	\$ (173)	\$ (4,557)	\$ (19,637)	\$ 26,674
1120	Current Investments	--	--	--	--
1240	Due from Other Governments	173	5,128	26,105	--
1260	Due from Other Funds	--	--	--	--
1290	Other Receivables	--	--	--	--
1300	Inventories	--	--	--	--
1000	Total Assets	\$ --	\$ 571	\$ 6,468	\$ 26,674
LIABILITIES:					
Current Liabilities:					
2110	Accounts Payable	\$ --	\$ 571	\$ 3,261	\$ --
2150	Payroll Deductions & Withholdings	--	--	--	--
2160	Accrued Wages Payable	--	--	3,207	--
2170	Due to Other Funds	--	--	--	--
2180	Due to Other Governments	--	--	--	--
2300	Unearned Revenue	--	--	--	26,674
2000	Total Liabilities	--	571	6,468	26,674
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	\$ --	\$ 571	\$ 6,468	\$ 26,674

401 Optional Extended Year Program	404 Student Success Initiative	410 State Textbook Fund	411 Technology Allotment	414 Reading, Math and Science Initiative
\$ (321)	\$ (51,511)	\$ 315	\$ 101,200	\$ --
--	--	--	--	--
321	53,169	--	--	--
--	--	--	--	--
--	--	--	--	--
--	--	--	--	--
\$ --	\$ 1,658	\$ 315	\$ 101,200	\$ --
\$ --	\$ 1,658	\$ --	\$ --	\$ --
--	--	--	--	--
--	--	--	--	--
--	--	--	--	--
--	--	--	--	--
--	--	315	101,200	--
--	1,658	315	101,200	--
--	--	--	--	--
--	--	--	--	--
--	--	--	--	--
\$ --	\$ 1,658	\$ 315	\$ 101,200	\$ --

WICHITA FALLS INDEPENDENT SCHOOL DISTRICT

COMBINING BALANCE SHEET

NONMAJOR SPECIAL REVENUE FUNDS

AUGUST 31, 2009

Data Control Codes		415 Kindergarten & Prekindergarten Grants	416 Tx Early Education Model-Pre-K	428 High School Allotment
ASSETS:				
1110	Cash and Cash Equivalents	\$ --	\$ --	\$ 118,189
1120	Current Investments	--	--	--
1240	Due from Other Governments	97,580	--	--
1260	Due from Other Funds	--	--	--
1290	Other Receivables	--	--	1,183
1300	Inventories	--	--	--
1000	Total Assets	\$ 97,580	\$ --	\$ 119,372
LIABILITIES:				
Current Liabilities:				
2110	Accounts Payable	\$ --	\$ --	\$ 1,040
2150	Payroll Deductions & Withholdings	--	--	--
2160	Accrued Wages Payable	97,580	--	--
2170	Due to Other Funds	--	--	--
2180	Due to Other Governments	--	--	--
2300	Unearned Revenue	--	--	118,332
2000	Total Liabilities	97,580	--	119,372
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	\$ 97,580	\$ --	\$ 119,372

429 State Funded Special Revenue Fund	435 Regional Day School for the Deaf	461 Campus Activity Funds	489 West Foundation	490 Academic Success Initiative
\$ (35,118)	\$ 220	\$ 451,775	\$ --	\$ 3,103
--	--	--	--	--
37,016	30,787	--	--	--
--	--	--	143,629	--
--	--	5,590	--	--
--	--	--	--	--
\$ 1,898	\$ 31,007	\$ 457,365	\$ 143,629	\$ 3,103
\$ 1,766	\$ --	\$ 5,589	\$ 6,950	\$ 102
--	--	--	--	--
--	30,787	--	--	--
--	--	--	--	--
--	--	--	--	--
132	--	--	136,679	3,001
1,898	30,787	5,589	143,629	3,103
--	--	--	--	--
--	--	--	--	--
--	220	451,776	--	--
--	220	451,776	--	--
\$ 1,898	\$ 31,007	\$ 457,365	\$ 143,629	\$ 3,103

WICHITA FALLS INDEPENDENT SCHOOL DISTRICT

COMBINING BALANCE SHEET

NONMAJOR SPECIAL REVENUE FUNDS

AUGUST 31, 2009

Data Control Codes	498 IB Middle Years Programs	499 CIS-Local Special Revenue	Total Nonmajor Special Revenue Funds (See Exhibit H-1)
ASSETS:			
1110 Cash and Cash Equivalents	\$ 2,114	\$ 35,782	\$ 529,072
1120 Current Investments	--	--	146,048
1240 Due from Other Governments	--	--	1,306,476
1260 Due from Other Funds	--	--	159,907
1290 Other Receivables	--	--	7,331
1300 Inventories	--	--	994,976
1000 Total Assets	\$ 2,114	\$ 35,782	\$ 3,143,810
LIABILITIES:			
Current Liabilities:			
2110 Accounts Payable	\$ --	\$ 5,557	\$ 186,241
2150 Payroll Deductions & Withholdings	--	--	100
2160 Accrued Wages Payable	--	--	827,771
2170 Due to Other Funds	--	--	21,055
2180 Due to Other Governments	--	--	9,974
2300 Unearned Revenue	2,114	30,275	1,098,603
2000 Total Liabilities	2,114	35,832	2,143,744
FUND BALANCES:			
Reserved Fund Balances:			
3410 Investments in Inventory	--	--	355,890
3450 Reserve for Food Service	--	--	192,230
3490 Other Reserves of Fund Balance	--	(50)	451,946
3000 Total Fund Balances	--	(50)	1,000,066
4000 Total Liabilities and Fund Balances	\$ 2,114	\$ 35,782	\$ 3,143,810

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, 2009

Data Control Codes	204 ESEA Title IV SDFSC	205 Head Start	211 ESEA Title I Improving Basic Programs	212 ESEA Title I, Part C Migrant Children
REVENUES:				
5700 Local and Intermediate Sources	\$ --	\$ --	\$ --	\$ --
5800 State Program Revenues	--	--	--	--
5900 Federal Program Revenues	34,446	1,549,142	3,854,400	1,208
5020 Total Revenues	34,446	1,549,142	3,854,400	1,208
EXPENDITURES:				
Current:				
0011 Instruction	22,610	1,195,034	2,975,895	1,153
0012 Instructional Resources and Media Services	--	329	--	--
0013 Curriculum and Staff Development	257	7,465	29,768	--
0021 Instructional Leadership	--	36,459	616,683	--
0023 School Leadership	--	105,308	26,243	--
0031 Guidance, Counseling, & Evaluation Services	--	60,426	32,495	--
0032 Social Work Services	11,579	169,845	122,913	--
0033 Health Services	--	75,871	2,814	55
0034 Student Transportation	--	12,078	30,524	--
0035 Food Service	--	--	--	--
0036 Cocurricular/Extracurricular Activities	--	--	--	--
0051 Plant Maintenance and Operations	--	26,239	--	--
0052 Security and Monitoring Services	--	--	4,258	--
0061 Community Services	--	2,010	12,807	--
6030 Total Expenditures	34,446	1,691,064	3,854,400	1,208
1100 Excess (Deficiency) of Revenues Over (Under)	--	(141,922)	--	--
1100 Expenditures	--	--	--	--
Other Financing Sources and (Uses):				
7912 Sale of Real or Personal Property	--	--	--	--
7915 Transfers In	--	141,922	--	--
7080 Total Other Financing Sources and (Uses)	--	141,922	--	--
1200 Net Change in Fund Balances	--	--	--	--
0100 Fund Balances - Beginning	--	--	--	--
3000 Fund Balances - Ending	\$ --	\$ --	\$ --	\$ --

213 ESEA Title I Part B-Even Start Family Literacy	214 ESEA Title I Part A Capital Expenses	224 IDEA-B Formula	225 IDEA-B Preschool Grant	226 IDEA-B Discretionary
\$ --	\$ --	\$ --	\$ --	\$ --
--	--	--	--	--
39,174	3,234	3,286,301	113,684	869
39,174	3,234	3,286,301	113,684	869
13,476	3,234	1,888,497	113,684	869
--	--	--	--	--
25,698	--	6,415	--	--
--	--	43,718	--	--
--	--	222	--	--
--	--	1,208,483	--	--
--	--	--	--	--
--	--	--	--	--
--	--	138,966	--	--
--	--	--	--	--
--	--	--	--	--
--	--	--	--	--
--	--	--	--	--
39,174	3,234	3,286,301	113,684	869
--	--	--	--	--
--	--	--	--	--
--	--	--	--	--
--	--	--	--	--
--	--	--	--	--
\$ --	\$ --	\$ --	\$ --	\$ --

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, 2009

Data Control Codes		240 National School Breakfast/Lunch Program	242 Summer Feeding Program	244 Vo Ed Basic Grant	255 ESEA Title II Training & Recruiting
REVENUES:					
5700	Local and Intermediate Sources	\$ 2,028,626	\$ 94	\$ --	\$ --
5800	State Program Revenues	198,379	--	--	--
5900	Federal Program Revenues	4,719,583	89,097	193,529	936,908
5020	Total Revenues	6,946,588	89,191	193,529	936,908
EXPENDITURES:					
Current:					
0011	Instruction	--	--	105,890	385,287
0012	Instructional Resources and Media Services	--	--	820	--
0013	Curriculum and Staff Development	--	--	19,241	331,164
0021	Instructional Leadership	--	--	55,500	77,081
0023	School Leadership	--	--	325	143,037
0031	Guidance, Counseling, & Evaluation Services	--	--	11,753	339
0032	Social Work Services	--	--	--	--
0033	Health Services	--	--	--	--
0034	Student Transportation	--	--	--	--
0035	Food Service	6,913,190	89,191	--	--
0036	Cocurricular/Extracurricular Activities	--	--	--	--
0051	Plant Maintenance and Operations	108,200	--	--	--
0052	Security and Monitoring Services	--	--	--	--
0061	Community Services	--	--	--	--
6030	Total Expenditures	7,021,390	89,191	193,529	936,908
1100	Excess (Deficiency) of Revenues Over (Under)				
1100	Expenditures	(74,802)	--	--	--
Other Financing Sources and (Uses):					
7912	Sale of Real or Personal Property	8,868	--	--	--
7915	Transfers In	--	--	--	--
7080	Total Other Financing Sources and (Uses)	8,868	--	--	--
1200	Net Change in Fund Balances	(65,934)	--	--	--
0100	Fund Balances - Beginning	614,054	--	--	--
3000	Fund Balances - Ending	\$ 548,120	\$ --	\$ --	\$ --

262 Enhancing Education through Technology	263 English Lang. Acquisition and Enhancement	265 21st Century Community Learning Centers	266 ARRA of 2009 Title XIV State Fiscal Stabilization	272 MAC Program
\$ --	\$ --	\$ --	\$ --	\$ --
--	--	--	--	--
38,142	75,547	216,866	229,500	--
38,142	75,547	216,866	229,500	--
17,761	46,556	30,933	229,500	--
--	--	--	--	--
18,202	4,067	--	--	--
2,179	12	42,791	--	--
--	--	--	--	--
--	--	141,499	--	--
--	24,595	--	--	--
--	--	--	--	--
--	--	--	--	--
--	--	--	--	--
--	--	--	--	--
--	317	1,643	--	--
38,142	75,547	216,866	229,500	--
--	--	--	--	--
--	--	--	--	--
--	--	--	--	--
--	--	--	--	--
--	--	--	--	--
\$ --	\$ --	\$ --	\$ --	\$ --

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, 2009

Data Control Codes		276 Title I SIP Academy Grant	283 IDEA - Part B Formula - ARRA	284 IDEA-B Part B Preschool ARRA	285 ESEA Title 1 Pt A Impr. Basic Prgms-ARRA
REVENUES:					
5700	Local and Intermediate Sources	\$ --	\$ --	\$ --	\$ --
5800	State Program Revenues	--	--	--	--
5900	Federal Program Revenues	51,719	35,399	2,739	4,301
5020	Total Revenues	51,719	35,399	2,739	4,301
EXPENDITURES:					
Current:					
0011	Instruction	--	14,633	2,477	3,416
0012	Instructional Resources and Media Services	--	--	--	--
0013	Curriculum and Staff Development	51,719	16,602	--	--
0021	Instructional Leadership	--	--	--	1,306
0023	School Leadership	--	--	--	(421)
0031	Guidance, Counseling, & Evaluation Services	--	4,164	262	--
0032	Social Work Services	--	--	--	--
0033	Health Services	--	--	--	--
0034	Student Transportation	--	--	--	--
0035	Food Service	--	--	--	--
0036	Cocurricular/Extracurricular Activities	--	--	--	--
0051	Plant Maintenance and Operations	--	--	--	--
0052	Security and Monitoring Services	--	--	--	--
0061	Community Services	--	--	--	--
6030	Total Expenditures	51,719	35,399	2,739	4,301
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	\$ --	\$ --	\$ --	\$ --

60

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, 2009

Data Control Codes	340 IDEA-C Deaf	394 Life Skills Program	396 Communities in Schools	397 Advanced Placement Incentives
REVENUES:				
5700 Local and Intermediate Sources	\$ --	\$ --	\$ --	\$ --
5800 State Program Revenues	--	58,004	280,122	32,474
5900 Federal Program Revenues	173	--	--	--
5020 Total Revenues	173	58,004	280,122	32,474
EXPENDITURES:				
Current:				
0011 Instruction	173	20,243	2,770	22,574
0012 Instructional Resources and Media Services	--	--	--	--
0013 Curriculum and Staff Development	--	844	--	9,900
0021 Instructional Leadership	--	--	94,004	--
0023 School Leadership	--	--	--	--
0031 Guidance, Counseling, & Evaluation Services	--	--	183,268	--
0032 Social Work Services	--	--	80	--
0033 Health Services	--	--	--	--
0034 Student Transportation	--	36,917	--	--
0035 Food Service	--	--	--	--
0036 Cocurricular/Extracurricular Activities	--	--	--	--
0051 Plant Maintenance and Operations	--	--	--	--
0052 Security and Monitoring Services	--	--	--	--
0061 Community Services	--	--	--	--
6030 Total Expenditures	173	58,004	280,122	32,474
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	\$ --	\$ --	\$ --	\$ --

401 Optional Extended Year Program	404 Student Success Initiative	410 State Textbook Fund	411 Technology Allotment	414 Reading, Math and Science Initiative
\$ --	\$ --	\$ --	\$ --	\$ --
36,587	332,143	--	364,941	5,000
--	--	--	--	--
36,587	332,143	--	364,941	5,000
36,587	324,008	--	304,040	5,000
--	--	--	58,139	--
--	8,135	--	--	--
--	--	--	--	--
--	--	--	102	--
--	--	--	--	--
--	--	--	--	--
--	--	--	--	--
--	--	--	--	--
--	--	--	--	--
--	--	--	2,660	--
--	--	--	--	--
--	--	--	--	--
36,587	332,143	--	364,941	5,000
--	--	--	--	--
--	--	--	--	--
--	--	--	--	--
--	--	--	--	--
\$ --	\$ --	\$ --	\$ --	\$ --

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, 2009

Data Control Codes		415 Kindergarten & Prekindergarten Grants	416 Tx Early Education Model-Pre-K	428 High School Allotment
REVENUES:				
5700	Local and Intermediate Sources	\$ --	\$ --	\$ --
5800	State Program Revenues	934,850	25,152	1,069,460
5900	Federal Program Revenues	--	--	--
5020	Total Revenues	934,850	25,152	1,069,460
EXPENDITURES:				
Current:				
0011	Instruction	1,612,000	10,393	824,479
0012	Instructional Resources and Media Services	--	--	1,177
0013	Curriculum and Staff Development	15,676	14,230	20,134
0021	Instructional Leadership	--	529	1,201
0023	School Leadership	(136)	--	--
0031	Guidance, Counseling, & Evaluation Services	314	--	222,259
0032	Social Work Services	479	--	--
0033	Health Services	--	--	--
0034	Student Transportation	--	--	--
0035	Food Service	--	--	--
0036	Cocurricular/Extracurricular Activities	--	--	--
0051	Plant Maintenance and Operations	--	--	210
0052	Security and Monitoring Services	--	--	--
0061	Community Services	--	--	--
6030	Total Expenditures	1,628,333	25,152	1,069,460
1100	Excess (Deficiency) of Revenues Over (Under)			
1100	Expenditures	(693,483)	--	--
Other Financing Sources and (Uses):				
7912	Sale of Real or Personal Property	--	--	--
7915	Transfers In	693,483	--	--
7080	Total Other Financing Sources and (Uses)	693,483	--	--
1200	Net Change in Fund Balances	--	--	--
0100	Fund Balances - Beginning	--	--	--
3000	Fund Balances - Ending	\$ --	\$ --	\$ --

429 State Funded Special Revenue Fund	435 Regional Day School for the Deaf	461 Campus Activity Funds	489 West Foundation	490 Academic Success Initiative
\$ --	\$ 281,460	\$ 1,031,267	\$ 276,135	\$ 63,117
343,924	318,580	--	--	--
--	--	--	--	--
343,924	600,040	1,031,267	276,135	63,117
306,727	600,040	184,352	54,419	--
4,028	--	91,574	--	--
369	--	137,312	188,635	--
656	--	--	--	--
14,221	--	64,053	--	--
4,402	--	--	--	53,119
--	--	--	--	--
10,846	--	--	--	--
--	--	--	--	--
2,675	--	--	--	--
--	--	512,701	33,081	9,998
--	--	5,972	--	--
--	--	--	--	--
--	--	--	--	--
343,924	600,040	995,964	276,135	63,117
--	--	35,303	--	--
--	--	--	--	--
--	--	--	--	--
--	--	--	--	--
--	--	35,303	--	--
--	220	416,473	--	--
\$ --	\$ 220	\$ 451,776	\$ --	\$ --

WICHITA FALLS INDEPENDENT SCHOOL DISTRICTCOMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES

NONMAJOR SPECIAL REVENUE FUNDS

FOR THE YEAR ENDED AUGUST 31, 2009

Data Control Codes	498 IB Middle Years Programs	499 CIS-Local Special Revenue	Total Nonmajor Special Revenue Funds (See Exhibit H-2)
REVENUES:			
5700 <i>Local and Intermediate Sources</i>	\$ --	\$ 54,952	\$ 3,735,651
5800 <i>State Program Revenues</i>	--	--	3,999,616
5900 <i>Federal Program Revenues</i>	--	--	15,578,070
5020 Total Revenues	--	54,952	23,313,337
EXPENDITURES:			
Current:			
0011 <i>Instruction</i>	--	959	11,399,631
0012 <i>Instructional Resources and Media Services</i>	--	--	156,067
0013 <i>Curriculum and Staff Development</i>	--	500	914,001
0021 <i>Instructional Leadership</i>	--	21,588	993,707
0023 <i>School Leadership</i>	--	--	354,600
0031 <i>Guidance, Counseling, & Evaluation Services</i>	--	29,895	1,993,104
0032 <i>Social Work Services</i>	--	382	329,873
0033 <i>Health Services</i>	--	--	89,586
0034 <i>Student Transportation</i>	--	--	218,485
0035 <i>Food Service</i>	--	--	7,017,075
0036 <i>Cocurricular/Extracurricular Activities</i>	--	--	555,780
0051 <i>Plant Maintenance and Operations</i>	--	1,628	145,104
0052 <i>Security and Monitoring Services</i>	--	--	4,258
0061 <i>Community Services</i>	--	--	16,970
6030 Total Expenditures	--	54,952	24,188,241
1100 Excess (Deficiency) of Revenues Over (Under)			
1100 Expenditures	--	--	(874,904)
Other Financing Sources and (Uses):			
7912 <i>Sale of Real or Personal Property</i>	--	--	8,868
7915 <i>Transfers In</i>	--	--	835,405
7080 Total Other Financing Sources and (Uses)	--	--	844,273
1200 Net Change in Fund Balances	--	--	(30,631)
0100 Fund Balances - Beginning	--	(50)	1,030,697
3000 Fund Balances - Ending	\$ --	\$ (50)	\$ 1,000,066

WICHITA FALLS INDEPENDENT SCHOOL DISTRICT

COMBINING STATEMENT OF NET ASSETS

INTERNAL SERVICE FUNDS

AUGUST 31, 2009

Data Control Codes	751 Transportation Fund	752 Print Shop Fund
ASSETS:		
Current Assets:		
1110 Cash and Cash Equivalents	\$ --	\$ (4,224)
1120 Investments	--	--
Receivables:		
1260 Due from Other Funds	949,488	3,693
1290 Other Receivables	8,555	--
1310 Inventories, at Cost	--	--
1410 Deferred Expenditures	--	--
Total Current Assets	958,043	(531)
Noncurrent Assets:		
Capital Assets:		
1530 Furniture and Equipment	5,649,139	305,218
1550 Assets Purchased Under Capital Leases	142,380	--
1570 Accumulated Depreciation	(3,633,469)	(292,889)
Total Noncurrent Assets	2,158,050	12,329
1000 Total Assets	3,116,093	11,798
LIABILITIES:		
Current Liabilities:		
2110 Accounts Payable	87,124	887
2120 Bonds, Notes and Loans Payable	130,994	--
2130 Capital Leases Payable	21,238	--
2160 Accrued Wages Payable	--	1,607
2180 Due to Other Governments	--	(17)
2200 Accrued Expenditures/Expenses	--	--
Total Current Liabilities	239,356	2,477
Noncurrent Liabilities:		
2500 Bonds, Notes and Loans Payable	546,659	--
Total Noncurrent Liabilities	546,659	--
2000 Total Liabilities	786,015	2,477
NET ASSETS:		
3200 Investment in Capital Assets, Net of Related Debt	1,459,159	12,330
3900 Unrestricted Net Assets	870,919	(3,009)
3000 Total Net Assets	\$ 2,330,078	\$ 9,321

753 Insurance Fund	754 Computer Operations Fund	Total Internal Service Funds (See Exhibit D-1)
\$ 12,315	\$ (6,121)	\$ 1,970
247,834	--	247,834
1,315,181	--	2,268,362
19	--	8,574
--	6,500	6,500
37,379	--	37,379
1,612,728	379	2,570,619
--	--	5,954,357
--	--	142,380
--	--	(3,926,358)
--	--	2,170,379
1,612,728	379	4,740,998
418,958	--	506,969
--	--	130,994
--	--	21,238
479	--	2,086
--	--	(17)
415,897	--	415,897
835,334	--	1,077,167
--	--	546,659
--	--	546,659
835,334	--	1,623,826
--	--	1,471,489
777,394	379	1,645,683
\$ 777,394	\$ 379	\$ 3,117,172

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, 2009

Data Control Codes	751 Transportation Fund	752 Print Shop Fund
OPERATING REVENUES:		
5700 <i>Local and Intermediate Sources</i>	\$ 3,076,116	\$ 210,252
5020 <i>Total Revenues</i>	3,076,116	210,252
OPERATING EXPENSES:		
6100 <i>Payroll Costs</i>	--	112,133
6200 <i>Professional and Contracted Services</i>	2,301,748	21,947
6300 <i>Supplies and Materials</i>	290,368	41,278
6400 <i>Other Operating Costs</i>	317,732	9,386
6500 <i>Debt Service</i>	17,311	--
6030 <i>Total Expenses</i>	2,927,159	184,744
Operating Income (Loss)	148,957	25,508
NON-OPERATING REVENUES		
7955 <i>Earnings from Temp. Deposits and Investments</i>	--	--
8030 <i>Total Non-operating Revenues</i>	--	--
Income (Loss) before Contributions and Transfers	148,957	25,508
7915 <i>Transfers In</i>	699,721	--
7957 <i>Contributed Capital</i>	1,351,800	--
1300 <i>Change in Net Assets</i>	2,200,478	25,508
0100 <i>Total Net Assets - Beginning</i>	129,600	(16,187)
3300 <i>Total Net Assets - Ending</i>	\$ 2,330,078	\$ 9,321

753 Insurance Fund	754 Computer Operations Fund	Total Internal Service Funds (See Exhibit D-2)
\$ 460,207	\$ 10,270	\$ 3,756,845
460,207	10,270	3,756,845
35,231	--	147,364
42,299	--	2,365,994
10,816	10,611	353,073
356,196	--	683,314
--	--	17,311
444,542	10,611	3,567,056
15,665	(341)	189,789
2,614	--	2,614
2,614	--	2,614
18,279	(341)	192,403
--	--	699,721
--	--	1,351,800
18,279	(341)	2,243,924
759,115	720	873,248
\$ 777,394	\$ 379	\$ 3,117,172

WICHITA FALLS INDEPENDENT SCHOOL DISTRICT

COMBINING STATEMENT OF CASH FLOWS

ALL INTERNAL SERVICE FUNDS

FOR THE YEAR ENDED AUGUST 31, 2009

	751 Transportation Fund	752 Print Shop Fund
Cash Flows from Operating Activities:		
<i>Cash Receipts for Quasi-external Operating Transactions with Other Funds</i>	\$ 2,118,073	\$ 214,552
<i>Cash Payments to Employees</i>	--	(110,526)
<i>Cash Payments to Suppliers for Goods and Services</i>	(2,522,303)	(62,972)
Net Cash Provided (Used) by Operating Activities	(404,230)	41,054
Cash Flows from Non-capital Financing Activities:		
<i>Transfers From Other Funds</i>	699,721	--
Cash Flows from Capital and Related Financing Activities:		
<i>Proceeds from Issuance of Long-term Debt</i>	700,000	--
<i>Principal Paid</i>	(83,955)	--
<i>Acquisition or Construction of Capital Assets</i>	(1,041,136)	--
Net Cash Used for Capital and Related Financing Activities	(425,091)	--
Cash Flows from Investing Activities:		
<i>Purchase of Investment Securities</i>	--	--
<i>Interest and Dividends on Investments</i>	--	--
Net Cash Provided (Used) for Investing Activities	--	--
Net Increase (Decrease) in Cash and Cash Equivalents	(129,600)	41,054
Cash and Cash Equivalents at Beginning of Year	129,600	(45,278)
Cash and Cash Equivalents at End of Year	\$ --	\$ (4,224)
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:		
Operating Income (Loss)	\$ 148,957	\$ 25,508
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities		
<i>Depreciation</i>	317,732	9,386
Change in Assets and Liabilities:		
<i>Decrease (Increase) in Due from Other Funds</i>	(949,488)	4,300
<i>Decrease (Increase) in Other Receivables</i>	(8,555)	--
<i>Decrease (Increase) in Inventories</i>	--	--
<i>Decrease (Increase) in Deferred Expenses</i>	--	--
<i>Increase (Decrease) in Accounts Payable</i>	87,124	270
<i>Increase (Decrease) in Accrued Wages Payable</i>	--	1,607
<i>Increase (Decrease) in Due to Other Governments</i>	--	(17)
<i>Increase (Decrease) in Accrued Expenses</i>	--	--
Total Adjustments	(553,187)	15,546
Net Cash Provided (Used) by Operating Activities	\$ (404,230)	\$ 41,054

EXHIBIT H-7

753 Insurance Fund	754 Computer Operations Fund	Total Internal Service Funds (See Exhibit D-3)
\$ 466,309	\$ 10,270	\$ 2,809,204
(34,752)	--	(145,278)
(451,440)	(17,111)	(3,053,826)
(19,883)	(6,841)	(389,900)
--	--	699,721
--	--	700,000
--	--	(83,955)
--	--	(1,041,136)
--	--	(425,091)
(2,614)	--	(2,614)
2,614	--	2,614
--	--	--
(19,883)	(6,841)	(115,270)
32,198	720	117,240
\$ 12,315	\$ (6,121)	\$ 1,970
\$ 15,665	\$ (341)	\$ 189,789
--	--	327,118
6,121	--	(939,067)
(19)	--	(8,574)
--	(6,500)	(6,500)
4,485	--	4,485
(51,736)	--	35,658
479	--	2,086
--	--	(17)
5,122	--	5,122
(35,548)	(6,500)	(579,689)
\$ (19,883)	\$ (6,841)	\$ (389,900)

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, 2009*

Year Ended August 31	1		2		3	
	Tax Rates				Assessed/Appraised Value For School Tax Purposes	
	Maintenance		Debt Service			
2000 and Prior Years	\$	Various	\$	Various	\$	Various
2001		1.50		.0436		2,785,221,914
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 (School Year Under Audit)		1.04		.159		4,075,065,685
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, 2009.

10 Beginning Balance 9/1/08	20 Current Year's Total Levy	31 Maintenance Collections	32 Debt Service Collections	40 Entire Year's Adjustments	50 Ending Balance 8/31/09
\$ 643,866	\$ --	\$ 31,605	\$ 3,196	\$ (40,557)	\$ 568,508
182,068	--	34,357	999	(1,699)	145,013
158,464	--	11,262	327	(2,336)	144,539
206,955	--	22,194	941	(2,075)	181,745
250,032	--	29,425	1,248	(3,426)	215,933
309,690	--	50,964	2,160	236	256,802
380,075	--	67,872	2,878	(11,172)	298,153
412,344	--	113,319	5,419	(12,451)	281,155
718,213	--	248,340	35,579	(59,914)	374,380
--	48,452,531	41,250,771	6,306,609	(130,873)	764,278
\$ 3,261,707	\$ 48,452,531	\$ 41,860,109	\$ 6,359,356	\$ (264,267)	\$ 3,230,506

WICHITA FALLS INDEPENDENT SCHOOL DISTRICT

EXHIBIT J-2

SCHEDULE OF EXPENDITURES FOR COMPUTATION OF INDIRECT COST FOR 2010-2011

GENERAL AND SPECIAL REVENUE FUNDS

FOR THE YEAR ENDED AUGUST 31, 2009

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	\$ --	\$ --	\$ 225,895	\$ 1,621,284	\$ 172,494	\$ 469,592	\$ 2,489,265
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	12,234	--	15,845	--	113,791	--	141,870
6212	Audit Services	--	--	--	55,125	--	--	55,125
6213	Tax Appraisal and Collection	--	606,163	--	--	--	--	606,163
621X	Other Prof. Services	12,333	--	--	12,709	--	30,143	55,185
6220	Tuition and Transfer Payments	--	--	--	--	--	--	--
6230	Education Service Centers	--	--	--	5,000	--	1,700	6,700
6240	Contr. Maint. and Repair	--	--	--	--	113,542	--	113,542
6250	Utilities	--	--	--	--	--	--	--
6260	Rentals	--	--	--	344	1,630	939	2,913
6290	Miscellaneous Contr.	5,252	--	26,100	43,736	3,988	10,212	89,288
6310	Operational Supplies, Materials	--	--	--	--	--	--	--
6320	Textbooks and Reading	--	--	--	426	--	173	599
6330	Testing Materials	--	--	--	--	--	--	--
63XX	Other Supplies, Materials	6,110	--	2,906	84,681	4,140	115,283	213,120
6410	Travel, Subsistence, Stipends	5,318	--	5,724	26,939	6,641	40,974	85,596
6420	Ins. and Bonding Costs	--	--	--	--	--	86,921	86,921
6430	Election Costs	--	--	--	--	--	--	--
6490	Miscellaneous Operating	2,942	--	7,981	21,209	8,503	16,923	57,558
6500	Debt Service	--	--	--	--	--	--	--
6600	Capital Outlay	--	--	--	--	--	136,876	136,876
Total		\$ 44,189	\$ 606,163	\$ 284,451	\$ 1,871,453	\$ 424,729	\$ 909,736	\$ 4,140,721

Total Expenditures for General and Special Revenue Funds (9) \$ 120,517,482

LESS: Deductions of Unallowable Costs

FISCAL YEAR

Total Capital Outlay (6600)	(10)	\$ 1,051,066
Total Debt & Lease (6500)	(11)	\$ 609,912
Plant Maintenance (Function 51, 6100-6400)	(12)	\$ 11,642,878
Food (Function 35, 6341 and 6499)	(13)	\$ 2,689,252
Stipends (6413)	(14)	\$ --
Column 4 (above) - Total Indirect Cost		\$ 1,871,453

Subtotal 17,864,561

Net Allowed Direct Cost \$ 102,652,921

CUMULATIVE

Total Cost of Buildings Before Depreciation (1520)	(15)	\$ 141,250,582
Historical Cost of Buildings over 50 years old	(16)	2,333,659
Amount of Federal Money in Building Cost (Net of #16)	(17)	94,035
Total Cost of Furniture & Equipment Before Depreciation (1530 & 1540)	(18)	21,879,408
Historical Cost of Furniture & Equipment over 16 years old	(19)	3,029,507
Amount of Federal Money in Furniture & Equipment (Net of #19)	(20)	3,179,007

(8) Note A - \$838,172 in Function 53 expenditures and \$562,323 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, 2009

EXHIBIT J-3

Data Control Codes	Explanation	Amount
1	Total General Fund Fund Balance as of August 31, 2009 (Exhibit C-1 object 3000 for the General Fund only)	\$ 13,925,903
2	Total General Fund Reserved Fund Balance (from Exhibit C-1 - total of object 3400s for the General Fund only)	560,752
3	Total General Fund Designated Fund Balance (from Exhibit C-1 - total of object 3500s for the General Fund only)	1,460,155
4	Estimated amount needed to cover fall cash flow deficits in the General Fund (net of borrowed funds and funds representing deferred revenues)	6,141,322
5	Estimate of one month's average cash disbursements during the regular school session (9/1/09 - 5/31/10)	8,644,662
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)	16,806,891
11	Excess (Deficit) Undesignated Unreserved General Fund Fund Balance (Line 1 minus Line 10)	\$ (2,880,988)

WICHITA FALLS INDEPENDENT SCHOOL DISTRICT

EXHIBIT J-4

NATIONAL SCHOOL BREAKFAST AND LUNCH PROGRAM

BUDGETARY COMPARISON SCHEDULE

FOR THE YEAR ENDED AUGUST 31, 2009

Data Control Codes		1	2	3	Variance with Final Budget Positive (Negative)
		Budgeted Amounts			
		Original	Final	Actual	
REVENUES:					
5700	Local and Intermediate Sources	\$ 2,047,800	\$ 2,009,488	\$ 2,028,626	\$ 19,138
5800	State Program Revenues	198,000	222,351	198,379	(23,972)
5900	Federal Program Revenues	4,685,000	4,818,000	4,719,583	(98,417)
5020	Total Revenues	6,930,800	7,049,839	6,946,588	(103,251)
EXPENDITURES:					
Current:					
Support Services - Student (Pupil):					
0035	Food Services	6,739,111	7,021,320	6,913,190	108,130
	Total Support Services - Student (Pupil)	6,739,111	7,021,320	6,913,190	108,130
Support Services - Nonstudent Based:					
0051	Plant Maintenance and Operations	115,000	115,000	108,200	6,800
	Total Support Services - Nonstudent Based	115,000	115,000	108,200	6,800
Capital Outlay:					
0081	Capital Outlay	163,400	163,400	--	163,400
	Total Capital Outlay	163,400	163,400	--	163,400
6030	Total Expenditures	7,017,511	7,299,720	7,021,390	278,330
1100	Excess (Deficiency) of Revenues Over (Under)				
1100	Expenditures	(86,711)	(249,881)	(74,802)	175,079
Other Financing Sources (Uses):					
7912	Sale of Real or Personal Property	--	--	8,868	8,868
7080	Total Other Financing Sources and (Uses)	--	--	8,868	8,868
1200	Net Change in Fund Balance	(86,711)	(249,881)	(65,934)	183,947
0100	Fund Balance - Beginning	614,054	614,054	614,054	--
3000	Fund Balance - Ending	\$ 527,343	\$ 364,173	\$ 548,120	\$ 183,947

WICHITA FALLS INDEPENDENT SCHOOL DISTRICT

EXHIBIT J-5

DEBT SERVICE FUND

BUDGETARY COMPARISON SCHEDULE

FOR THE YEAR ENDED AUGUST 31, 2009

Data Control Codes		1	2	3	Variance with Final Budget Positive (Negative)
		Budgeted Amounts			
		Original	Final	Actual	
	REVENUES:				
5700	Local and Intermediate Sources	\$ 6,383,147	\$ 6,383,147	\$ 6,426,829	\$ 43,682
5800	State Program Revenues	545,343	1,184,836	1,230,067	45,231
5020	Total Revenues	6,928,490	7,567,983	7,656,896	88,913
	EXPENDITURES:				
	Debt Service:				
0071	Principal on Long-Term Debt	4,515,000	4,515,000	4,515,000	--
0072	Interest on Long-Term Debt	3,084,132	3,084,132	3,047,890	36,242
0073	Bond Issuance Costs and Fees	5,000	5,000	2,546	2,454
	Total Debt Service	7,604,132	7,604,132	7,565,436	38,696
6030	Total Expenditures	7,604,132	7,604,132	7,565,436	38,696
1100	Excess (Deficiency) of Revenues Over (Under)				
1100	Expenditures	(675,642)	(36,149)	91,460	127,609
	Other Financing Sources (Uses):				
7911	Capital-Related Debt Issued (Regular Bonds)	--	--	6,220,000	6,220,000
7915	Transfers In	653,278	653,278	653,278	--
8949	Other Uses	--	--	(6,220,000)	(6,220,000)
7080	Total Other Financing Sources and (Uses)	653,278	653,278	653,278	--
1200	Net Change in Fund Balance	(22,364)	617,129	744,738	127,609
0100	Fund Balance - Beginning	165,748	165,748	165,748	--
3000	Fund Balance - Ending	\$ 143,384	\$ 782,877	\$ 910,486	\$ 127,609



EDGIN, PARKMAN, FLEMING & FLEMING, PC

CERTIFIED PUBLIC ACCOUNTANTS

4501 NORTHWEST FWY. • P.O. Box 750
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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, each major fund, and the aggregate remaining fund information of Wichita Falls Independent School District as of and for the year ended August 31, 2009, which collectively comprise the Wichita Falls Independent School District's basic financial statements and have issued our report thereon dated January 7, 2010. 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.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Wichita Falls Independent School District's ability to initiate, authorize, record, process or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the Wichita Falls Independent School District's financial statements that is more than inconsequential will not be prevented by the Wichita Falls Independent School District's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Wichita Falls Independent School District's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we considered to be material weaknesses, as defined above.

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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We also noted other matters that we reported to management of Wichita Falls Independent School District in a separate letter dated January 7, 2010.

This report is intended solely for the information and use of 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,

A handwritten signature in cursive script that reads "Edgin, Parkman, Fleming & Fleming, PC".

Edgin, Parkman, Fleming & Fleming, PC

January 7, 2010



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 Compliance with Requirements Applicable
To 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 the compliance of Wichita Falls Independent School District with the types of compliance requirements described in the *U. S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended August 31, 2009. 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 requirements referred to above that are applicable to each of its major federal programs for the year ended August 31, 2009.

Internal Control Over Compliance

The 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 in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, 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 control deficiency in an entity's internal control over compliance 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 noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be 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.

This report is intended solely for the information and use of 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 7, 2010

WICHITA FALLS INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED AUGUST 31, 2009

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? Yes X No

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

Noncompliance material to financial statements noted? Yes X 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? Yes X 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? Yes X No

Identification of major programs:

CFDA Number(s)	Name of Federal Program or Cluster
Food Service Cluster:	
10.553	School Breakfast Program
10.555	National School Lunch Program
10.559	Summer Feeding Program
32.XXX	Universal Service Fund E-Rate Program
Special Education Cluster:	
84.027	IDEA-B Formula
84.173	IDEA-B Preschool
84.394	Fiscal Stabilization Funds
93.600	Head Start

Dollar threshold used to distinguish between type A and type B programs: \$529,805

Auditee qualified as low-risk auditee? Yes X No

WICHITA FALLS INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED AUGUST 31, 2009

B. Financial Statement Findings

None

C. Federal Award Findings and Questioned Costs

None

WICHITA FALLS INDEPENDENT SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED AUGUST 31, 2009

Finding/Recommendation	Current Status	Management's Explanation If Not Implemented
<u>Finding 2008-01 - Unsecured Deposits</u>		
<p>On September 25, 2007, the District's deposits were not adequately secured by Federal Deposit Insurance Corporation (FDIC) coverage and pledged securities by \$1,698,107. The cause of the unsecured deposit that day was the receipt of a large TEA deposit, but the District failed to transfer the funds to its Texpool account until the next day.</p> <p>Since December 2008, the District has made arrangements with TEA for all payments to be deposited directly into the District's Texpool account where pledged securities are not required.</p>	Implemented	
<u>Finding 2008-02 - Time and Effort Documentation</u>		
<p>For the year ended August 31, 2008, the District failed to obtain the certifications of time and effort at least semi-annually in accordance with federal requirements for personnel charged to the Head Start program.</p> <p>For the year ended August 31, 2009, the required semi-annual certifications were obtained for the Head Start program.</p>	Implemented	

WICHITA FALLS INDEPENDENT SCHOOL DISTRICT

CORRECTIVE ACTION PLAN

FOR THE YEAR ENDED AUGUST 31, 2009

There are no current year findings and questioned costs; therefore, no corrective action plan is required.

WICHITA FALLS INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED AUGUST 31, 2009
EXHIBIT K-1
Page 1 of 3

	(1)	(2)	(2A)	(3)
Data Control Codes	Federal Grantor/ Pass-Through Grantor/ Program Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
	U. S. DEPARTMENT THE TREASURY			
	Direct Program:			
314	ROTC (Instructional Reimbursement)	21.XXX	243-905	\$ 229,619
	Total U.S. Department of the Treasury			229,619
	U. S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			
	Passed Through Region 9 Education Service Center:			
205	Head Start	93.600	06CH7009/08	83,542
205	Head Start	93.600	06CH7009/09	1,465,600
	Total CFDA Number 93.600			1,549,142
	Total passed through Region 9 Education Service Center			1,549,142
	Total U.S. Department of Health and Human Services			1,549,142
	U. S. DEPARTMENT OF EDUCATION			
	Direct Program:			
311	Impact Aid - P.L. 81.874	84.041	N/A	456,459
	Passed Through Midwestern State University:			
399	Begin Grant	84.336	2008-2009	38,716
399	Begin Grant	84.336	2009-2010	1,710
	Total CFDA Number 84.336			40,426
	Passed Through State Department of Education:			
211	ESEA Title I Part A - Improving Basic Programs	84.010A	961010243905	3,825,721
211	ESEA Title I Part A - Improving Basic Programs	84.010A	1061010243905	117,208
211	ESEA Title I - School Improvement Programs	84.010A	9610104243905004	37,755
211	ESEA Title I - School Improvement Programs	84.010A	1061010424390500	1,919
	Total CFDA Number 84.010A			3,982,603
212	ESEA Title I Part C - Education of Migratory Children	84.011	9615001243905	1,236
215	ESEA Title I Part D, Subpart 2 - Delinquent Programs	84.013	10610103243905	3,234
224	IDEA-B Formula	84.027	9660001243905660	3,254,883
224	IDEA-B Formula	84.027	1066000124390566	106,816
224	IDEA-B High Cost Risk Pool	84.027	9660002643905	869
226	SSA IDEA-B Discretionary	84.027	9660002243905667	29,774
227	SSA IDEA-B Deaf	84.027	9660001243905660	15,974
	Total CFDA Number 84.027			3,408,316
244	Vocational Education - Basic Grant	84.048A	9420006243905	187,650
244	Vocational Education - Basic Grant	84.048A	10420006243905	10,246
	Total CFDA Number 84.048A			197,896
225	IDEA-B Preschool	84.173	9661001243905661	111,457
225	IDEA-B Preschool	84.173	1066100124390566	4,789
228	SSA IDEA-B Preschool Deaf	84.173	9661001243905661	1,710
	Total CFDA Number 84.173			117,956

WICHITA FALLS INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED AUGUST 31, 2009

EXHIBIT K-1
Page 2 of 3

	(1)	(2)	(2A)	(3)
Data Control Codes	Federal Grantor/ Pass-Through Grantor/ Program Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
253	SSA IDEA-C Early Intervention (Deaf)	84.181A	8391101243905391	173
204	ESEA Title IV Part A-Safe & Drug-Free Schools & Communities Act	84.186A	9691001243905	34,572
204	ESEA Title IV Part A-Safe & Drug-Free Schools & Communities Act	84.186A	10691001243905	684
	Total CFDA Number 84.186A			35,256
265	Title IV Part B 21st Century Community Learning Centers	84.287	86950127110029	207,947
265	Title IV Part B 21st Century Community Learning Centers	84.287	96950127110027	12,185
265	Title IV Part B 21st Century Community Learning Centers	84.287	96950137110046	1,246
	Total CFDA Number 84.287			221,378
262	Title II Part D Enhancing Education Through Technology	84.318	9630001243905	39,055
263	Title III Part A English Lang. Acquis. & Lang. Enhancement	84.365A	9671001243905	75,885
263	Title III Part A English Lang. Acquis. & Lang. Enhancement	84.365A	10671001243905	1,374
	Total CFDA Number 84.365A			77,259
255	ESEA Title II Part A - Teacher & Principal Training & Recruiting	84.367A	9694501243905	924,957
255	ESEA Title II Part A - Teacher & Principal Training & Recruiting	84.367A	1069450243905	33,458
	Total CFDA Number 84.367A			958,415
267	Summer School LEP	84.369A	69550802	2,206
539	Title I SIP Academy Grant	84.377	9610701243905004	51,719
285	ESEA, Title I, Part A - Improving Basic Programs - ARRA	84.389	10557001243905	4,301
283	IDEA-Part B Formula - ARRA	84.391	10554001243905	35,399
266	ARRA of 2009 Title XIV State Fiscal Stabilization Fund	84.394	10557001243905	229,500
284	IDEA-B Part B Preschool - ARRA	84.392A	10555001243905	2,739
	Total Passed Through State Department of Education			9,368,641
	Total U. S. Department of Education			9,865,526
	U. S. DEPARTMENT OF AGRICULTURE			
	Passed Through State Department of Agriculture:			
561	Food Service Grant for Equipment - ARRA	10.579	Unknown	12,019
240	Food Distribution	10.550	243008A	358,241
	Total Passed Through State Department of Agriculture			370,260
	Passed Through State Department of Education:			
559	School Breakfast Program	10.553	7140901	1,184,423
240	National School Lunch Program	10.555	7130901	3,176,917
	Total Passed Through State Department of Education			4,361,340

WICHITA FALLS INDEPENDENT SCHOOL DISTRICT**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS****FOR THE YEAR ENDED AUGUST 31, 2009****EXHIBIT K-1**

Page 3 of 3

	(1)	(2)	(2A)	(3)
Data Control Codes	Federal Grantor/ Pass-Through Grantor/ Program Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
242	Passed Through State Department of Human Services: <i>Summer Feeding Program</i>	10.559	TX-2431005SU	89,098
	Total Passed Through State Department of Human Services			89,098
	Total U. S. Department of Agriculture			4,820,698
	FEDERAL COMMUNICATIONS COMMISSION			
380	Passed Through Universal Services Administrative Co. (USAC): <i>Universal Service Fund E-Rate Program</i>	32.XXX	243-905	1,195,197
	TOTAL EXPENDITURES OF FEDERAL AWARDS			\$ 17,660,182

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, 2009

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	\$ 17,660,182
School Health and Related Services (not considered to be a federal award)	<u>430,630</u>
Federal revenue per Exhibit C-2	\$ <u>18,090,812</u>

WICHITA FALLS INDEPENDENT SCHOOL DISTRICT

*SCHEDULE OF REQUIRED RESPONSES TO SELECTED SCHOOL FIRST INDICATORS
AS OF AUGUST 31, 2009*

Data Control Codes	Responses
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?	No
SF9 Was there any disclosure in the Annual Financial Report of material noncompliance?	No
SF10 What was the total remaining accretion on capital appreciation bonds included in the government-wide financial statements at fiscal year-end?	\$ 1,126,683



EDGIN, PARKMAN, FLEMING & FLEMING, PC

CERTIFIED PUBLIC ACCOUNTANTS

4501 NORTHWEST FWY. ▪ P.O. Box 750
WICHITA FALLS, TEXAS 76307-0750
PH. (940) 766-5550 ▪ FAX (940) 766-5778

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

January 7, 2010

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, each major fund, and the aggregate remaining fund information of Wichita Falls Independent School District (District) for the year ended August 31, 2009. 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 May 7, 2009. 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.

Board of Trustees
Wichita Falls Independent School District
Wichita Falls, Texas
January 7, 2010

Page Two

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. Management has corrected all such misstatements, except for those listed in the attached schedule that were deemed immaterial. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole.

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 7, 2010.

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 7, 2010

Page Three

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
Summary of Passed Adjustments
August 31, 2009**

Description	Increase (Decrease) In				
	Asset	Liability	Equity - 9/1	Revenue	Expenditure
Prior year passed entries:					
E-Rate - record at modified basis of accounting	-	-	379,459	(379,459)	-
Current year passed entries					
Difference in instructional day accrual	200,000	-	-	200,000	-
ProLogics capital expenditure issue	-	-	25,903	-	25,903
Total General Fund	200,000	-	405,362	(179,459)	25,903
Prior year passed entries:					
None	-	-	-	-	-
Current year passed entries					
None	-	-	-	-	-
Total Capital Projects Fund	-	-	-	-	-
Prior year passed entries:					
None	-	-	-	-	-
Current year passed entries					
461 payable to 199 not recorded	-	54,735	-	-	54,735
Food Service AP noted	53,978	53,978	-	-	-
Head Start receivable adjustment	129,713	129,713	-	-	-
Aggregate Remaining Funds	183,691	238,426	-	-	54,735
GW flow from Fund Level above	383,691	238,426	405,362	(179,459)	80,638
Prior year passed entries:					
None	-	-	-	-	-
Current year passed entries					
None	-	-	-	-	-
Total Government-Wide	383,691	238,426	405,362	(179,459)	80,638

Planning Materiality is as follows:

General Fund	660,000
Capital Projects Funds	140,000
Aggregate Remaining Funds	279,220
Government Wide	860,000

Based on the above, none of the passed entries need to be made in order for the financial statements to be fairly stated.

None of the above passed entries are indicative of fraud.



EDGIN, PARKMAN, FLEMING & FLEMING, PC

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J. MARK FLEMING, CPA

January 7, 2010

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, 2009, 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 7, 2010 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

At the conclusion of the prior year audit, we issued a similar letter to the Audit Committee summarizing our comments noted during the audit process. We are pleased to inform you that the District addressed substantially all of the comments during the year ended August 31, 2009. Consequently, we commend the District on its efforts.

Time and Effort Reporting

For one of the federal programs tested in the Single Audit Act, we noted that the District did not comply with the requirements of OMB Circular A-87 which requires employees who work solely for a federal program to complete periodic certifications that the employee worked solely on that program for the period covered by the certification. While testing the IDEA-B Special Education program for the year ended August 31, 2009, we noted that employees working exclusively for the IDEA-B Preschool program did not complete the required semi-annual certifications. Because of the dollar amount of the immaterial amount of payroll in IDEA-B Preschool, this did not qualify as a finding relative to the Single Audit.

Since this was a material noncompliance finding with the Head Start program in the prior year and it was noted again this year regarding the IDEA-B Preschool program, we recommend that the District review all of the employees charged exclusively to a single federal program to ensure the District is in full compliance with the requirements of OMB Circular A-87 in the future.

Activity Funds

The District maintains both campus and student activity funds. The accounting for both of the 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 two 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. For example, copies of the internal audit reports should be provided to the Finance Department and individual campuses for their review and assistance in resolving the common deficiencies. Furthermore, additional guidance may be necessary from the audit committee to the internal auditor as to what she needs to do to assist in the process.
- In the past two 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, it is our understanding that annual training will be implemented in 2009-10.
- In reviewing the District's Student Accounting Manual, it 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 and others that may be necessary. Furthermore, the manual should be reviewed annually for possible changes, additions, deletions, or clarifications. In visiting with management, it is our understanding that the Student Accounting Manual will be reviewed and updated accordingly in 2009-10.

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. During various procedures relative to Food Service, we noted the following:

- The Food Service budget in the District's accounting system did not agree to the budget approved by the District's Board of Trustees at year-end. Several budget entries had to be made to correct the budget. We recommend that the budget be closely monitored to ensure the amounts in the District's accounting system agree to the Board approved amounts at all times.
- In reviewing some Food Service payments to vendors, it appears the department is not following District policies and procedures. Some of the observations are as follows:
 - Some invoices submitted for payment did not have purchase orders attached.
 - Some purchase orders were issued after the invoice date, indicating the purchase was made without a purchase order.
 - Some did not have any documentation of the receiving information on the purchase order.
 - Some of the items received were not timely entered into the department's inventory system.

We recommend that Food Service adhere to the same policies and procedures the other departments must follow in the future.

- No one reviews and approves the journal entries prepared by the Food Service Accountant; consequently, inadvertent errors may be made without anyone's knowledge. We recommend that all journal entries over a certain dollar amount be reviewed and approved by another individual to ensure the entry is necessary and appropriate.
- We also noted that substantially all of the Food Service journal entries lack the supporting documentation for the entry. We recommend that the paper journal entry and related supporting documentation for the entry be maintained together.

Written Contract

In reviewing larger contracts that the District has entered into, the current agreement for lawn care services could not be located. It was finally resolved that a current agreement had not been formalized into a written contract. It should be noted, it appears the District is paying the vendor the amount approved by the Board of Trustees, but the details of the agreement are not in writing.

We recommend that the agreement be in a formal written contract with all specifics detailed accordingly.

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. During the audit, we noted the following:

- As of August 31, 2009, none of the modules were fully implemented and used by the District. Based on management's estimates, the Human Resources/Payroll module was 56% implemented, the Finance module was 10%, and Student Management was 89%.
- Per our review of the Agreement, the specified completion dates for the modules to be completed and be fully functional were not met by Prologic by no fault of the District. Additionally, the Agreement does not appear to have any penalty clauses for not having the modules fully functional by specified dates. Because of the inability of Prologic to meet the specified dates above, the District did not pay the final license fee of \$311,043 plus interest due in September 2009.
- In September 2009, the District began to use the TEAMS Human Resources/Payroll module to generate payroll for its employees. However, the payroll amounts have not been posting to the District's accounting system. Because of this, the payroll bank account has not been reconciled since August 31, 2009 nor has the District requested any reimbursement from grantors for payroll funded by grants for the months of September, October, and November. Additionally, because payroll is not posted to the accounting records, internal financial statements since year-end have not been available to the Board of Trustees and management. These observations were as the last day of our audit fieldwork.

Since the completion of audit fieldwork, it is our understanding that payroll is now posting to TEAMS, the District's new accounting system; however, District personnel is still verifying the data before it is posted to CIMS, the District's current accounting system. Once that is done, the District will be able to reconcile the payroll bank accounts and prepare internal financial statements. Furthermore, District requested reimbursements from grantors for payroll funded by grants for the months of September, October, and November.

From our inquiries with management, we understand that the District has decided to delay the implementation of the Finance and Student Management modules until Prologic has completed additional working products and has completely implemented the Human Resources/Payroll module. Based on the known issues and time requirements involved to date, we concur with this decision.

Inventories

The District's two largest inventories are for warehouse, which includes both maintenance supplies, and office and school supplies, and food service. During our procedures relative to inventories we have the following comments:

- 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 census 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 (the total dollar amount could not be determined). Consequently, there appears there could be some items that are excess or obsolete and needs to be disposed of.
- Food Service Inventory - Based on inquiries with food service staff, a written policy for inventory does not exist. However, 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, 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.

Furthermore, there are numerous inventory items with zero costs assigned to an inventory item. It appears that these items are mostly older items; however, all items should be assigned the cost. We recommend that the District review these items and assign the appropriate cost to each (the purchase price of the item). It is possible several of these items are obsolete or surplus and could be disposed of as well.

In summary, we recommend that the District closely monitor inventory items for potential obsolete or surplus items and known items disposed of through its surplus property sales.

- In both inventories, the dollar amount increased as follows:
 - Warehouse inventory was \$538,558 at August 31, 2009, an increase of \$81,547 or 18% from the prior year.
 - Food service inventory was \$994,976 at August 31, 2009, an increase of \$101,076 or 11% from the prior year.

We understand that there are price increases annually which will cause some growth in the inventory amounts, but it appears the inventory levels continue to grow each year. We recommend that the District continue to closely monitor these levels and keep them at modest levels.

Audit Committee
Wichita Falls Independent School District
Wichita Falls, Texas
January 7, 2010

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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