

WINK-LOVING INDEPENDENT SCHOOL DISTRICT

ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED AUGUST 31, 2020

BOLINGER, SEGARS, GILBERT & MOSS, L.L.P.

CERTIFIED PUBLIC ACCOUNTANTS

LUBBOCK, TEXAS

WINK-LOVING INDEPENDENT SCHOOL DISTRICT

ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED AUGUST 31, 2020

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CERTIFICATE OF BOARD

Wink-Loving Independent School District
Name of School District

Winkler
County

248-902
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, 2020, at a meeting of the Board of Trustees of such school district on the 19th day of November, 2020.

Signature of Board Secretary

Signature of Board President

If the Board of Trustees disapproved of the Auditor's report, the reason(s) for disapproving it is (are):
(Attach list as necessary)

FINANCIAL SECTION

BOLINGER, SEGARS, GILBERT & MOSS, L.L.P.

CERTIFIED PUBLIC ACCOUNTANTS

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8215 NASHVILLE AVENUE

LUBBOCK, TEXAS 79423-1954

Independent Auditor's Report

UNMODIFIED OPINIONS ON THE BASIC FINANCIAL STATEMENTS

Board of School Trustees
Wink-Loving Independent School District
Wink, Texas

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Wink-Loving Independent School District (the District), as of and for the year ended August 31, 2020, and related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Wink-Loving Independent School District, as of August 31, 2020, and the respective changes in financial position and, where applicable, the cash flows thereof and for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4-11, budgetary comparison information on page 51, and pension and other post-employment benefit (OPEB) liability information on pages 52-57 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Wink-Loving Independent School District's basic financial statements. The other supplementary information comprised of combining balance sheets and statements of revenues, expenditures and changes in fund balance for all non-major governmental funds, combining balance sheets, statements of revenues, expenses and changes in net position and combining statements of cash flow for all proprietary funds, and required Texas Education Agency (TEA) schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The other supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other supplementary information is fairly stated in all material respects in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 4, 2020, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Wink-Loving Independent School District's internal control over financial reporting and compliance.

Bolinger, Segars, Gilbert & Moss LLP

Certified Public Accountants

Lubbock, Texas

November 4, 2020

WINK-LOVING INDEPENDENT SCHOOL DISTRICT MANAGEMENT'S DISCUSSION AND ANALYSIS

INTRODUCTION

Our discussion and analysis of the Wink-Loving Independent School District (the District) provides an overview of the District's financial performance for the year ended August 31, 2020. It should be read in conjunction with the District's Basic Financial Statements and Independent Auditor's Report.

The Management's Discussion and Analysis (MD&A) is an element of the financial reporting model adopted by the Governmental Accounting Standards Board (GASB) in their Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*.

FINANCIAL HIGHLIGHTS

- The net position of the District increased by \$44,812,122. The District's Statement of Activities shows total revenues of \$140,564,133, and expenses totaled \$95,752,011.
- The District ended the year, August 31, 2020, with total net position of \$104,176,450, including unrestricted net position of \$28,893,689. The balance of cash and investments at August 31, 2020, was \$121,816,967.
- Total government-wide expenses were \$95,752,011 for the year ended August 31, 2020. This compares with expenses of \$54,331,270 for the year ended August 31, 2019. Most of the increase is due to the increase in recapture paid to the state and interest expense related to new debt issued during the year.
- The District's total revenues on the Statement of Activities increased from \$71,764,291 in 2018-19 to \$140,564,133 in 2019-20. Most of this increase is due to increased property taxes due to increased mineral values in the district as well as an increase in investment earnings.
- The District made principal payments on bonds of \$5,994,569 during the year ended August 31, 2020, including \$2,854,569 in the early defeasance of one bond. Bonds payable at August 31, 2020 total \$44,400,000. This compares to a balance of \$50,385,000 in 2019.
- Total general fund expenditures were \$92,365,987 for the year ended August 31, 2020. This compares with general fund expenditures of \$48,711,369 for the year ended August 31, 2019. This increase is described above in the analysis of government-wide expenses.
- The District's general fund balance increased by \$10,188,745 during 2019-20.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of a series of financial statements and notes to those statements. The statements are organized so the reader can understand the District as a whole and then proceed to provide an increasingly detailed look at specific financial activities.

The government-wide financial statements include the Statement of Net Position and the Statement of Activities. These provide information about the activities of the District as a whole and present a longer-term view of the District's property and debt obligations and other financial matters. They reflect the flow of total economic resources in a manner similar to the financial reports of a business enterprise.

Fund financial statements report the District's operations in more detail than the government-wide statements by providing information about the District's most significant funds. For governmental activities, these statements tell how services were financed in the short-term as well as what resources remain for future spending. They reflect the flow of current financial resources and supply the basis for tax levies and the appropriations budget. For proprietary activities, fund financial statements tell how the services of the District were sold to departments within the District. The fiduciary statements provide financial information about activities for which the District acts solely as a trustee.

The notes to the financial statements provide narrative explanations and additional data needed for full disclosure in the government-wide statements and the fund financial statements.

The combining statements for non-major funds contain information about the District's individual non-major funds. The sections labeled TEA Required Schedules contain data used by monitoring or regulatory agencies for assurance that the District is using funds supplied in compliance with the terms of grants.

Reporting the District as a Whole

Government-Wide Financial Statements

The analysis of the District's overall financial condition and operations is presented in the Statement of Net Position and the Statement of Activities. Its primary purpose is to show whether the District is better off or worse off as a result of the year's activities. The Statement of Net Position includes all the District's assets and liabilities at the end of the year while the Statement of Activities includes all the revenues and expenses generated by the District's operations during the year. These statements apply the accrual basis of accounting which is the basis used by private sector companies.

All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid. The District's revenues are divided into those provided by outside parties who share the costs of some programs, such as tuition received from students from outside the district and grants provided by the U.S. Department of Education to assist children with disabilities or from disadvantaged backgrounds (program revenues), and revenues provided by the taxpayers or by TEA in equalization funding processes (general revenues). All the District's assets are reported whether they serve the current year or future years. Liabilities are considered regardless of whether they must be paid in the current or future years.

These two statements report the District's net position and changes in them. The District's net position (the difference between assets and liabilities) provide one measure of the District's financial health, or financial position. Over time, increases or decreases in the District's net position are one indicator of whether its financial health is improving or deteriorating. To fully assess the overall health of the District, however, you should consider nonfinancial factors as well, such as changes in the District's average daily attendance or its property tax base and the condition of the District's facilities.

In the Statement of Net Position and the Statement of Activities, the District is reporting its governmental activities. The District currently has no business-type activities or component units as defined in the GASB Statement No. 34.

- Governmental activities – All of the District's basic services are reported here, including the instruction, counseling, co-curricular activities, food services, transportation, maintenance, community services, and general administration. Property taxes, tuition, fees, and state and federal grants finance most of these activities.

Reporting the District's Most Significant Funds

Fund Financial Statements

The fund financial statements provide detailed information about the most significant funds—not the District as a whole. Laws and contracts require the District to establish some funds, such as grants received from the U.S. Department of Education through TEA. The District's administration establishes many other funds to help it control and manage money for particular purposes.

The District's three fund types – governmental, proprietary and fiduciary – use different accounting approaches.

- Governmental funds – Most of the District's basic services are included in governmental funds. These use modified accrual accounting (a method that measures the receipt and disbursement of cash and all other financial assets that can be readily converted to cash) and report balances that are available for future spending. The governmental fund statements provide a detailed short-term view of the District's general operations and the basic services it provides. We describe the differences between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds in reconciliation schedules following the fund financial statements.
- Proprietary funds – The District reports the activities for which it charges users (other units of the District) in proprietary funds using the same accounting methods employed in the Statement of Net Position and the Statement of Activities. The internal service funds (the District's only category of proprietary funds) report activities that provide workers' compensation and medical insurance coverage to the District's other programs and activities.
- Fiduciary funds – The District is the trustee, or fiduciary, for money raised by student activities. The District is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. We exclude these activities from the government-wide financial statements because the District cannot use these assets to finance its operations.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

The District's net position increased during the year ended August 31, 2020, by \$44,812,122 mainly due to increases in property values (see Table II). Unrestricted net position – the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements – increased \$10,510,294 from 18,383,395 in 2019 to \$28,893,689 in 2020.

Our analysis focuses on the net position (Table I) and changes in net position (Table II) of the District's governmental and business-type activities.

Table I
Wink-Loving Independent School District
Net Position

	August 31,	
	2020	2019
Cash and Current Investments	\$ 121,816,967	\$ 91,033,419
Receivables and Other Current Assets	1,756,991	762,998
Capital Assets, Net of Accumulated Depreciation	38,149,299	33,943,141
Total Assets	<u>\$ 161,723,257</u>	<u>\$ 125,739,558</u>
Deferred Outflows of Resources	\$ 1,088,351	\$ 1,133,071
Current Liabilities	\$ 3,809,002	\$ 7,820,003
Unearned Revenues	1,967,095	
Long-Term Liabilities	51,595,969	58,874,649
Total Liabilities	<u>\$ 57,372,066</u>	<u>\$ 66,694,652</u>
Deferred Inflows of Resources	\$ 1,263,092	\$ 813,649
Net Position		
Net Investment in Capital Assets	\$ 37,975,156	\$ 31,372,378
Restricted for Debt Service	37,307,605	9,608,555
Unrestricted Net Position	28,893,689	18,383,395
Total Net Position	<u>\$ 104,176,450</u>	<u>\$ 59,364,328</u>

The District's total revenues increased from fiscal year 2019 to fiscal year 2020 by \$68,799,842. The total expenses of the District increased by \$41,420,741. The main cause of the increase in revenue and expenses is the property tax revenue increase and associated recapture expense increase.

Other factors impacting the District's financial position include the following:

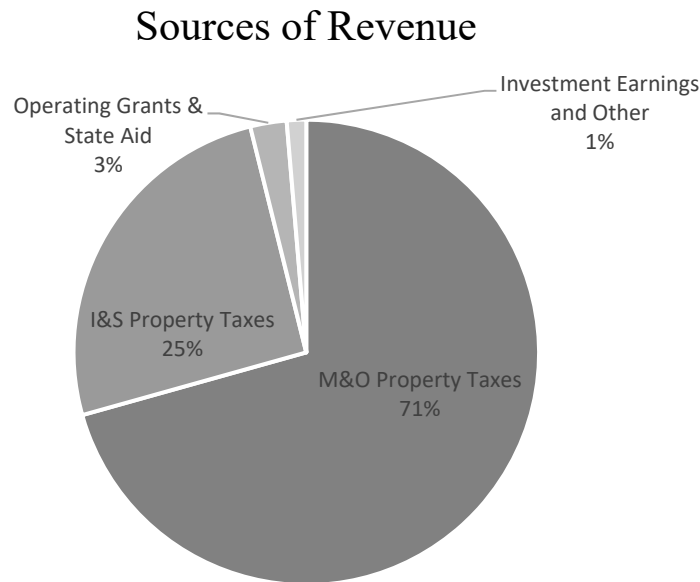
- The District's appraised valuation of taxable property increased from \$4,444,392,592 to \$9,719,557,966, an increase of 118.7%. The total school property taxes assessed for school year 2020 were \$128,298,165. This is an increase of \$69,632,183 from the \$58,665,982 assessed in 2019.

Total tax collections for 2020 were \$133,652,296 (104.2% of the current year levy). This was due to approximately \$6 million in supplements added to the tax roll after the levy. The tax collections for 2019 were \$69,279,381 (118.1% of that year's levy).

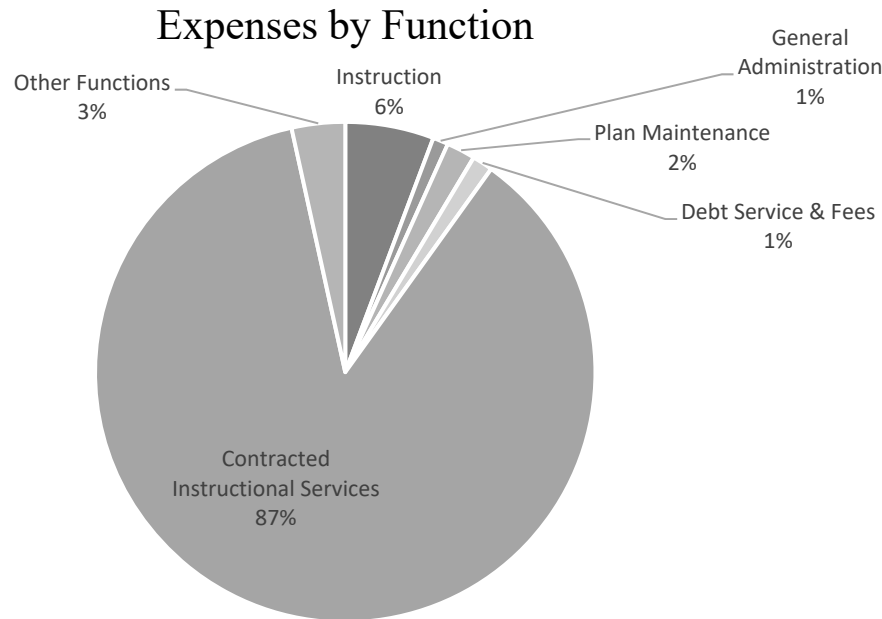
Table II
Wink-Loving Independent School District
Changes in Net Position

	August 31,	
	2020	2019
Revenues:		
Program Revenues:		
Charges For Services	\$ 147,238	\$ 175,553
Operating Grants and Contributions	802,286	862,004
General Revenues:		
Maintenance and Operations Taxes	99,311,976	52,648,161
Debt Service Taxes	35,811,162	14,212,490
State Aid - Formula Grants	2,743,765	1,561,854
Investment Earnings	1,445,278	2,194,476
Miscellaneous	302,428	109,753
Total Revenues	<u>\$ 140,564,133</u>	<u>\$ 71,764,291</u>
Expenses:		
Instruction	\$ 5,424,424	\$ 5,264,660
Instructional Resources and Media Services	60,050	59,588
Curriculum and Instructional Staff Development	2,916	43,181
School Leadership	582,727	532,077
Guidance, Counseling, and Evaluation Services	58,329	221,015
Health Services	93,170	90,656
Student Transportation	144,879	219,142
Food Services	422,761	449,478
Co-Curricular / Extracurricular Activities	985,997	980,486
General Administration	957,712	1,246,950
Plant Maintenance and Operations	1,781,034	1,415,995
Debt Service - Interest and Fees	1,268,028	2,661,335
Contracted Instructional Services Between Schools	82,957,363	40,490,111
Payments to Shared Service Arrangements	169,160	143,828
Other Intergovernmental Charges	843,461	512,768
Total Expenses	<u>\$ 95,752,011</u>	<u>\$ 54,331,270</u>
Increase in Net Position	<u>\$ 44,812,122</u>	<u>\$ 17,433,021</u>

Sources of Revenue for the 2019-20 year consisted of the following:



Expenses by function are as follows:



Fund Balances

The District’s total Governmental Funds fund balance is \$116,232,285. This fund balance is reported in the various Governmental funds as follows:

General Fund: \$31,437,185 – Of this balance, \$2,300,000 is committed for future construction and equipment purchases and other expenditures. This balance is available for current spending; however, it has been the practice of the District to try and maintain a fund balance that is at least several months operating expenses. The balance in the General Fund in 2019 was \$21,248,440.

Debt Service Fund: \$36,929,810 – This balance is restricted for extinguishing of long-term debt. The fund balance restricted for Debt Service in 2019 was \$9,482,377.

Capital Projects Fund: \$47,865,290 – This balance is restricted for capital acquisition and represents the unspent bond proceeds for the project. The fund balance restricted for Capital Acquisition in 2019 was \$52,520,349.

Table III
Wink-Loving Independent School District
Governmental Funds - Fund Balances

	General Fund	Debt Service Fund	Capital Projects Fund	Totals
Restricted for:				
Retirement of Long-Term Debt	\$	\$ 36,929,810	\$	\$ 36,929,810
Capital Acquisition and Contractual Obligations			47,865,290	47,865,290
Committed for:				
Construction - Other	2,300,000			2,300,000
Unassigned	29,137,185			29,137,185
Total Fund Balances	<u>\$ 31,437,185</u>	<u>\$ 36,929,810</u>	<u>\$ 47,865,290</u>	<u>\$ 116,232,285</u>

Budgetary Highlights

Over the course of the year, the Board of Trustees revised the District's budget several times. These budget amendments were necessary to reflect the revised estimates of revenues and expenses.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At August 31, 2020, the District has \$38,149,299 of capital assets, net of accumulated depreciation. Financial statement Footnote No. 6 discloses the capital asset activity of the District for the year ended August 31, 2020.

Debt

At August 31, 2020, the District's long-term debt included \$44,400,000 in bonds payable, \$3,510,471 in unamortized bond premiums, and \$145,198 in accrued leave liability. Interest and Sinking property taxes will fund these debt service payments. Financial statement Footnote No. 10 discloses the debt activity of the District for the year ended August 31, 2020.

FACTORS BEARING ON THE DISTRICT'S FUTURE

The District's elected and appointed officials considered many factors when setting the 2020-2021 fiscal year budget and tax rates. Among the factors considered is the economy, the District's population growth during the past few years, employment issues, property values, decisions before the Texas Legislature concerning state funding, and available grants from various agencies.

In the 2020-2021 budget, amounts available for appropriation in the General Fund budget are \$97,796,962, an increase of 3.9% over the adopted 2019-2020 budget of \$94,082,538. The District will use its revenue to finance programs currently offered. Conversely, budgeted expenditures of \$95,944,127 are expected to increase about 7.3% as compared to the adopted 2019-2020 budget of \$89,413,581. Most of this increase in expected revenue and expenditures are due to expected increases in property taxes received and resulting recapture paid to the state. For normal district operations, the District has added no new major programs or initiatives to the 2020-2021 budget.

The property values of the District remain volatile due to the oil and gas activity in Winkler and Loving Counties. The taxes assessed on these property values affects the amount of money received from the state as well as the amount of recapture the District must pay in a year.

If these estimates are realized, the District's budgetary General Fund balance is expected to increase modestly or remain unchanged by the close of the 2020-2021 fiscal year.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, and creditors with a general overview of the District's finances and to show 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 business office, at Wink-Loving Independent School District, P.O. Box 637, Wink, Texas 79789.

BASIC FINANCIAL STATEMENTS

WINK-LOVING INDEPENDENT SCHOOL DISTRICT

Exhibit A-1

STATEMENT OF NET POSITION
AUGUST 31, 2020

<u>Data Control Codes</u>		<u>Primary Governmental Activities</u>
	ASSETS AND OTHER DEBITS:	
1110	Cash	\$ 4,282,366
1120	Current Investments	117,534,601
1220	Property Taxes - Delinquent	1,539,709
1230	Allowance for Uncollectible Taxes	(23,808)
1240	Due from Other Governments	154,421
1250	Accrued Interest	7,399
1267	Due from Fiduciary Funds	1,143
1490	Other Current Assets	78,127
	Capital Assets:	
1510	Land	151,600
1520	Buildings, Net	30,617,721
1530	Vehicles and Equipment, Net	724,229
1580	Construction in Progress	6,655,749
1000	Total Assets	<u>\$ 161,723,257</u>
	DEFERRED OUTFLOWS OF RESOURCES:	
1702	Deferred Outflows - Loss on Bond Defeasance	\$ 42,571
1705	Deferred Outflows Related to Pension Liability	779,148
1706	Deferred Outflows Related to OPEB Liability	266,632
	Total Deferred Outflows of Resources	<u>\$ 1,088,351</u>
	LIABILITIES:	
2110	Accounts Payable	\$ 1,224,366
2141	Accrued Interest Payable	57,787
2150	Payroll Deductions Payable	155
2160	Accrued Wages Payable	264,893
2180	Due to Other Governments	2,259,851
2190	Due to Student Groups	1,950
2300	Unearned Revenue	1,967,095
	Noncurrent Liabilities:	
2501	Due Within One Year	2,740,000
2502	Due in More Than One Year	41,660,000
2516	Premium on Issuance of Bonds	3,510,471
2540	Net Pension Liability	1,590,941
2545	Net OPEB Liability	1,949,359
2590	Accrued Leave Liability	145,198
2000	Total Liabilities	<u>\$ 57,372,066</u>
	DEFERRED INFLOWS OF RESOURCES:	
2602	Deferred Inflows - Gain from Debt Refunding	\$ 113,746
2605	Deferred Inflows Related to Pension Liability	305,981
2606	Deferred Inflows Related to OPEB Liability	843,365
	Total Deferred Inflows of Resources	<u>\$ 1,263,092</u>
	NET POSITION:	
3200	Net Investment in Capital Assets	\$ 37,975,156
3850	Restricted for Debt Service	37,307,605
3900	Unrestricted Net Position	28,893,689
3000	Total Net Position	<u>\$ 104,176,450</u>

The accompanying notes are an integral part of these financial statements.

WINK-LOVING INDEPENDENT SCHOOL DISTRICT

Exhibit B-1

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED AUGUST 31, 2020

Data Control Codes		1	Program Revenues		Net (Expense) Revenue and Changes in Net Position
			3	4	
		Expenses	Charges for Services	Operating Grants and Contributions	Total Governmental Activities
11	Instruction	\$ 5,424,424	\$	\$ 456,544	\$ (4,967,880)
12	Instructional Resources and Media Services	60,050		2,901	(57,149)
13	Curriculum and Staff Development	2,916		84	(2,832)
23	School Leadership	582,727		32,314	(550,413)
31	Guidance, Counseling, and Evaluation Services	58,329		3,189	(55,140)
33	Health Services	93,170		5,161	(88,009)
34	Student Transportation	144,879		7,955	(136,924)
35	Food Services	422,761	63,421	106,622	(252,718)
36	Extracurricular Activities	985,997	20,779	40,236	(924,982)
41	General Administration	957,712		46,520	(911,192)
51	Plant Maintenance and Operations	1,781,034	63,038	99,728	(1,618,268)
72	Debt Service - Interest	1,255,978		1,032	(1,254,946)
73	Bond Issuance Costs and Fees	12,050			(12,050)
91	Contracted Instructional Services Between Schools	82,957,363			(82,957,363)
93	Payments to Fiscal Agent/Member Districts	169,160			(169,160)
99	Other Intergovernmental Charges	843,461			(843,461)
TP	Total Primary Government	\$ 95,752,011	\$ 147,238	\$ 802,286	\$ (94,802,487)

Data Control Codes	General Revenues:	
MT	Property Taxes, Levied for General Purposes	\$ 99,311,976
DT	Property Taxes, Levied for Debt Service	35,811,162
SF	State Aid - Formula Grants	2,743,765
IE	Investment Earnings	1,445,278
MI	Miscellaneous Local and Intermediate Revenue	302,428
TR	Total General Revenues, Special Items, and Transfers	\$ 139,614,609
CN	Change in Net Position	\$ 44,812,122
NB	Net Position - Beginning	59,364,328
NE	Net Position - Ending	\$ 104,176,450

The accompanying notes are an integral part of these financial statements.

WINK-LOVING INDEPENDENT SCHOOL DISTRICT

Exhibit C-1

**BALANCE SHEET
GOVERNMENTAL FUNDS
AUGUST 31, 2020**

Data Control Codes		Major Funds			Non-Major Governmental Funds	98 Total Governmental Funds
		10 General Fund	50 Debt Service Fund	60 Capital Projects Fund		
	ASSETS AND OTHER DEBITS:					
1110	Cash and Temporary Investments	\$ 3,804,571	\$ 423,932	\$	\$ 7,386	\$ 4,235,889
1120	Investments	31,757,591	36,872,130	48,904,880		117,534,601
1220	Property Taxes - Delinquent	1,161,752	377,957			1,539,709
1230	Allowance for Uncollectible Taxes	(23,646)	(162)			(23,808)
1240	Due from Other Governments				154,421	154,421
1250	Accrued Interest	7,399				7,399
1260	Due from Other Funds	532,535				532,535
1490	Other Current Assets	6,423				6,423
1000	Total Assets	<u>\$ 37,246,625</u>	<u>\$ 37,673,857</u>	<u>\$ 48,904,880</u>	<u>\$ 161,807</u>	<u>\$ 123,987,169</u>
	LIABILITIES:					
2110	Accounts Payable	\$ 184,776	\$	\$ 1,039,590	\$	\$ 1,224,366
2150	Payroll Deductions Payable	155				155
2160	Accrued Wages Payable	257,507			7,386	264,893
2170	Due to Other Funds		366,252		154,421	520,673
2180	Due to Other Governments	2,259,851				2,259,851
2190	Due to Student Groups	1,950				1,950
2300	Unearned Revenues	1,967,095				1,967,095
2000	Total Liabilities	<u>\$ 4,671,334</u>	<u>\$ 366,252</u>	<u>\$ 1,039,590</u>	<u>\$ 161,807</u>	<u>\$ 6,238,983</u>
	DEFERRED INFLOWS OF RESOURCES:					
2601	Unavailable Revenue - Property Taxes	\$ 1,138,106	\$ 377,795	\$ 0	\$ 0	\$ 1,515,901
2600	Total Deferred Inflows	<u>\$ 1,138,106</u>	<u>\$ 377,795</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 1,515,901</u>
	FUND BALANCES:					
	Restricted for:					
3470	Capital Acquisition and Contractual Obligations	\$	\$	\$ 47,865,290	\$	\$ 47,865,290
3480	Retirement of Long-Term Debt		36,929,810			36,929,810
	Committed for:					
3510	Construction	2,300,000				2,300,000
3600	Unassigned	29,137,185				29,137,185
3000	Total Fund Balances	<u>\$ 31,437,185</u>	<u>\$ 36,929,810</u>	<u>\$ 47,865,290</u>	<u>\$ 0</u>	<u>\$ 116,232,285</u>
4000	Total Liabilities, Deferred Inflows and Fund Balances	<u>\$ 37,246,625</u>	<u>\$ 37,673,857</u>	<u>\$ 48,904,880</u>	<u>\$ 161,807</u>	<u>\$ 123,987,169</u>

The accompanying notes are an integral part of these financial statements.

WINK-LOVING INDEPENDENT SCHOOL DISTRICT

Exhibit C-2

RECONCILIATION OF THE GOVERNMENTAL FUNDS
BALANCE SHEET TO THE STATEMENT
OF NET POSITION
AUGUST 31, 2020

Data
Control
Codes

	Total Fund Balances - Governmental Funds (Exhibit C-1)	\$ 116,232,285
1	The District uses internal service funds to charge the costs of certain activities, such as workers compensation, to appropriate functions in other funds. The assets and liabilities of the internal service fund are included in governmental activities in the Statement of Net Position. The net effect of this consolidation is to increase net position.	107,462
2	General capital assets are not financial resources and are not reported in the fund financial statements. This amount is the cost, net of accumulated depreciation, of the District's general capital assets.	38,149,299
3	Long-term liabilities (e.g., bonds, compensated absences, etc.) do not require current financial resources and are not reported in the funds. This amount is the District's total long-term liabilities.	(44,545,198)
4	Governmental funds report the effect of debt premiums, discounts, and similar items when the debt is issued; these amounts are recorded as an asset in the Statement of Net Position and amortized over the life of the related debt. This amount is the net effect of these differences.	(3,510,471)
5	The district recognized a financial gain or loss when refunding of bonds for purposes of the government-wide financial statements. This balance of this net unamortized loss resulted in a increase to net position.	(71,175)
6	A liability for accrued interest on long-term debt is not recognized on the fund financial statement, but it is included on the government-wide financial statement. The net effect of including this liability is to decrease net position.	(57,787)
8	Included in the items related to debt is the recognition of the District's proportionate share of the net pension liabilities required by GASB 68, a deferred resource inflow, and a deferred resource outflow. This amounted to a decrease in net position.	(1,117,774)
9	Included in the items related to debt is the recognition of the District's proportionate share of the net post employment obligation liabilities required by GASB 75, a deferred resource inflow, and a deferred resource outflow. This amounted to a decrease in net position.	(2,526,092)
10	Various other reclassifications and eliminations are necessary to convert from the modified accrual basis of accounting to accrual basis of accounting. These include recognizing deferred revenue as revenue and eliminating interfund transactions. The net effect of these reclassifications and recognitions is to increase net position.	<u>1,515,901</u>
19	Total Net Position of Governmental Activities (Exhibit A-1)	\$ <u><u>104,176,450</u></u>

The accompanying notes are an integral part of these financial statements.

WINK-LOVING INDEPENDENT SCHOOL DISTRICT

Exhibit C-3

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED AUGUST 31, 2020**

		Major Funds				
		10	50	60		98
Data Control Codes		General Fund	Debt Service Fund	Capital Projects Fund	Non-Major Governmental Funds	Total Governmental Funds
Revenues:						
5700	Local and Intermediate Sources	\$ 99,647,019	\$ 35,766,107	\$ 640,927	\$ 63,421	\$ 136,117,474
5800	State Program Revenues	3,040,200	1,033		35,758	3,076,991
5900	Federal Program Revenues				242,142	242,142
5020	Total Revenues	\$ 102,687,219	\$ 35,767,140	\$ 640,927	\$ 341,321	\$ 139,436,607
Expenditures:						
0011	Instruction	\$ 3,929,337	\$	\$	\$ 178,816	\$ 4,108,153
0012	Instructional Resources and Media Services	46,425				46,425
0013	Curriculum and Staff Development	2,370				2,370
0023	School Leadership	436,835				436,835
0031	Guidance, Counseling, and Evaluation Services	42,909				42,909
0033	Health Services	69,753				69,753
0034	Student Transportation	148,156				148,156
0035	Food Services				334,874	334,874
0036	Extracurricular Activities	722,867		275,850		998,717
0041	General Administration	715,939		11,778		727,717
0051	Plant Maintenance and Operations	2,258,412				2,258,412
0071	Debt Service - Principal		3,140,000			3,140,000
0072	Debt Service - Interest		2,313,088			2,313,088
0073	Debt Service - Bond Issuance Cost and Fees		12,050			12,050
0081	Facilities Acquisition and Construction	23,000		5,008,358		5,031,358
0091	Contracted Instructional Services Between Schools	82,957,363				82,957,363
0093	Payments to Fiscal Agent/Member Districts	169,160				169,160
0099	Other Intergovernmental Charges	843,461				843,461
6030	Total Expenditures	\$ 92,365,987	\$ 5,465,138	\$ 5,295,986	\$ 513,690	\$ 103,640,801
1100	Excess (Deficiency) of Revenues Under Expenditures	\$ 10,321,232	\$ 30,302,002	\$ (4,655,059)	\$ (172,369)	\$ 35,795,806
Other Financing Sources (Uses):						
7912	Proceeds from Sale of Capital Assets	\$ 79,882	\$	\$	\$	\$ 79,882
7915	Transfers In				172,369	172,369
8911	Transfers Out (Use)	(212,369)				(212,369)
8949	Other (Uses)		(2,854,569)			(2,854,569)
7080	Total Other Financing Sources (Uses)	\$ (132,487)	\$ (2,854,569)	\$ 0	\$ 172,369	\$ (2,814,687)
1200	Net Change in Fund Balance	\$ 10,188,745	\$ 27,447,433	\$ (4,655,059)	\$ 0	\$ 32,981,119
0100	September 1 - Fund Balance	21,248,440	9,482,377	52,520,349	0	83,251,166
3000	August 31 - Fund Balance	\$ 31,437,185	\$ 36,929,810	\$ 47,865,290	\$ 0	\$ 116,232,285

The accompanying notes are an integral part of these financial statements.

WINK-LOVING INDEPENDENT SCHOOL DISTRICT

Exhibit C-4

RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCE
OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED AUGUST 31, 2020

Net Change in Fund Balance - Total Governmental Funds (Exhibit C-3)	\$ 32,981,119
Amounts reported for governmental activities in the Statement of Activities (Exhibit B-1) are different because:	
Internal service funds are used by management to charge the costs of certain activities, such as workers' compensation, to individual funds. The net revenue (expense) of the internal service fund is reported with governmental activities (Exhibit D-2).	(66,988)
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.	4,578,135
Net gain or loss on retirement of fixed assets is not reported in governmental funds. The effect of including a net loss from retirement of fixed assets is to decrease net position.	(371,977)
Property tax revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.	900,607
A liability for accrued interest on long-term debt is not recognized on the fund financial statement, but it is included on the government-wide financial statement. The net effect of including the change in this liability is to decrease the change in net position.	6,709
A liability for compensated absences is not recognized on the fund financial statement, but it is included on the government-wide financial statement. The net effect of including the change in this liability is to increase the change in net position.	(28,154)
Repayment of the bonds and other long-term debt principal of \$3,140,000 is an expenditure in the governmental funds, but repayment reduces long-term liabilities in the Statement of Net Position. Also, amortizations of bond premiums and gain on refunding amounted to \$1,165,885 and \$1,169, respectively.	4,307,054
In addition, the payment to escrow for the bond defeasance is recognized as an other financing use in the governmental funds, but reduces long-term liabilities in the Statement of Net Position.	2,737,916
GASB 68 and 75 required that certain expenditures be de-expended and recorded as deferred resource outflows. These contributions made after the measurement date of August 31, 2020 are recognized as deferred outflows. The District's share of the unrecognized deferred inflows and outflows as of the measurement date had to be amortized. The impact of these transactions is to decrease the change in net position.	(232,299)
Change in Net Position of Governmental Activities (Exhibit B-1)	\$ <u>44,812,122</u>

The accompanying notes are an integral part of these financial statements.

WINK-LOVING INDEPENDENT SCHOOL DISTRICT

Exhibit D-1

STATEMENT OF NET POSITION
PROPRIETARY FUND
AUGUST 31, 2020

		Governmental Activities Internal Service Fund
ASSETS:		
Cash and Temporary Investments	\$	46,477
Prepayments		<u>71,704</u>
Total Assets	\$	<u>118,181</u>
LIABILITIES:		
Due to Other Funds	\$	<u>10,719</u>
NET POSITION:		
Unrestricted Net Position	\$	<u><u>107,462</u></u>

The accompanying notes are an integral part of these financial statements.

WINK-LOVING INDEPENDENT SCHOOL DISTRICT

Exhibit D-2

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN
NET POSITION
PROPRIETARY FUND
FOR THE YEAR ENDED AUGUST 31, 2020

	Governmental Activities <u>Internal Service Fund</u>
OPERATING REVENUES:	
Employer Contributions	\$ 620,263
Employee Contributions	147,649
Interest Income	14
	<u>\$ 767,926</u>
OPERATING EXPENSES:	
Fixed Costs and Insurance Premiums	\$ 841,822
Claims Paid	33,092
	<u>\$ 874,914</u>
Income (Loss) Before Transfers	(106,988)
Transfers In	<u>40,000</u>
Change in Net Position	\$ (66,988)
Net Position - September 1 (Beginning)	<u>174,450</u>
Net Position - August 31 (Ending)	<u><u>\$ 107,462</u></u>

The accompanying notes are an integral part of these financial statements.

WINK-LOVING INDEPENDENT SCHOOL DISTRICT

Exhibit D-3

STATEMENT OF CASH FLOWS
PROPRIETARY FUND
FOR THE YEAR ENDED AUGUST 31, 2020

		Governmental Activities <u>Internal Service Fund</u>
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		
Cash Flows from Operating Activities		
Cash Receipts from Charges to Other Funds	\$	620,263
Cash Receipts from Transfers from Other Funds		40,000
Cash Receipts from Employees		147,649
Interest Income		14
Cash Payments to Suppliers for Services		<u>(882,087)</u>
Net Cash From Operating Activities	\$	<u>(74,161)</u>
Net Change in Cash and Cash Equivalents	\$	(74,161)
Cash and Cash Equivalents at Beginning of the Year		<u>120,638</u>
Cash and Cash Equivalents at End of Year	\$	<u><u>46,477</u></u>
RECONCILIATION OF OPERATING LOSS TO NET CASH FROM OPERATING ACTIVITIES		
Operating Income	\$	(66,988)
Changes in Assets and Liabilities		
Increase in Prepayments		<u>(7,173)</u>
Net Cash From Operating Activities	\$	<u><u>(74,161)</u></u>

The accompanying notes are an integral part of these financial statements.

WINK-LOVING INDEPENDENT SCHOOL DISTRICT

Exhibit E-1

STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUND
AUGUST 31, 2020

	Private Purpose Trust Funds	Agency Funds
ASSETS:		
Cash and Temporary Investments	\$	\$ 60,663
Restricted Assets	<u>41,312</u>	<u></u>
Total Assets	\$ <u>41,312</u>	\$ <u>60,663</u>
LIABILITIES:		
Due to Other Funds	\$	\$ 1,143
Due to Student Groups	<u></u>	<u>59,520</u>
Total Liabilities	\$ <u>0</u>	\$ <u>60,663</u>
NET POSITION:		
Restricted Net Position	\$ <u><u>41,312</u></u>	\$ <u><u>0</u></u>

The accompanying notes are an integral part of these financial statements.

WINK-LOVING INDEPENDENT SCHOOL DISTRICT

Exhibit E-2

STATEMENT OF CHANGES IN FIDUCIARY FUND NET POSITION
FIDUCIARY FUND
AUGUST 31, 2020

	Private Purpose Trust Funds
ADDITIONS:	
Interest Income	\$ <u>72</u>
Total Additions	\$ <u>72</u>
DEDUCTIONS:	
Other Operating Costs	\$ <u>0</u>
Total Deductions	\$ <u>0</u>
Change in Net Position	\$ 72
Net Position - September 1 (Beginning)	<u>41,240</u>
Net Position - August 31 (Ending)	\$ <u><u>41,312</u></u>

The accompanying notes are an integral part of these financial statements.

WINK-LOVING INDEPENDENT SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Wink-Loving Independent School District (the District) is a public education agency operating under the applicable laws and regulations of the State of Texas. The District prepares its basic financial statements in conformity with accounting principles generally accepted in the United States of America promulgated by the Governmental Accounting Standards Board (GASB) applicable to governmental units. The District also complies with the appropriate version of the Texas Education Agency's (TEA) Financial Accountability System Resource Guide (FASRG) and the requirements of contracts and grants of agencies from which it receives funds. GASB is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The more significant accounting policies of the District are described below.

A. REPORTING ENTITY

The Board of School Trustees (the Board), a seven-member group, has fiscal accountability over all activities related to public elementary and secondary education within the jurisdiction of the District. The Board of School Trustees is elected by the public. The Board has the exclusive power and duty to govern and oversee the management of the District. All powers and duties not specifically delegated by statute to the Texas Education Agency (the Agency) or to the State Board of Education are reserved for the Board, and the Agency may not substitute its judgment for the lawful exercise of those powers and duties by the Board. The District is not included in any other governmental "reporting entity" as defined in governmental accounting and financial reporting standards. There are no component units included within the reporting entity.

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

B. BASIS OF ACCOUNTING AND PRESENTATION

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The Statement of Net Position and the Statement of Activities display information about the government-wide entity as a whole. These statements report information on all of the non-fiduciary activities of the District. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes, state foundation funds, grants, and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support (i.e., internal service funds are considered governmental activities and not business-type activities). The District currently has no business-type activities.

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities or statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds. Bond issuance costs are charged to expense.

WINK-LOVING INDEPENDENT SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

These government-wide financial statements were prepared using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned, and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The Statement of Activities demonstrates how other people or entities that participate in programs the District operates have shared in the payment of the direct costs. The "charges for services" column includes payments made by parties that purchase, use, or directly benefit from goods or services provided by a given function or segment of the District. Examples include tuition paid by students not residing in the District, school lunch charges, etc. The "grants and contributions" column includes amounts paid by organizations outside the District to help meet the operational or capital requirements of a given function. Examples include grants under the Elementary and Secondary Education Act. If a revenue is not a program revenue, it is a general revenue used to support all of the District's functions. Taxes are always general revenues.

The District reports all direct expenses by function in the Statement of Activities. Direct expenses are those that are clearly identifiable with a function. Indirect expenses of other functions are not allocated to those functions but are reported separately in the Statement of Activities. Depreciation expense is specifically identified by function and is included in the direct expense to each function allocated. Interest on general long-term debt is considered an indirect expense and is reported separately on the Statement of Activities.

Interfund activities between governmental funds and between governmental funds and proprietary funds appear as due to/due from on the Governmental Fund Balance Sheet and Proprietary Fund Statement of Net Position and as other resources and other uses on the Governmental Fund Statement of Revenues, Expenditures and Changes in Fund Balance and on the Proprietary Fund Statement of Revenues, Expenses, and Changes in Fund Net Position. All interfund transactions between governmental funds and between governmental funds and internal service funds are eliminated on the government-wide statements. Interfund activities between governmental funds and fiduciary funds remain as due to/due from on the government-wide Statement of Activities.

FUND FINANCIAL STATEMENTS

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds. Since the resources in the fiduciary funds cannot be used for District operation, they are not included in the government-wide statements. Major governmental funds are reported as separate columns in the fund financial statements.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period.

WINK-LOVING INDEPENDENT SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

Revenues from local sources consist primarily of property taxes. No amounts have been recorded for property tax revenues collected after August 31, 2020. State revenues 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 generally are recorded when a liability is incurred as under accrual accounting. However, debt service expenditures and claims and judgments are recorded only when payment is due.

In the fund financial statements, governmental fund types recognize bond issue costs in the current period. The face amount of the debt issued is reported as other financing sources. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures. Premiums and discounts on bonds issued, as well as applicable gain or loss on refinancing of bonds, are recognized on the statement of net position and amortized over the life of the applicable bonds.

The proprietary fund and the fiduciary fund financial statements were reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned, and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. The District applies all GASB pronouncements, as well as the Financial Accounting Standards Board pronouncements issued on or before November 30, 1989, unless these pronouncements conflict or contradict GASB pronouncements.

Propriety funds distinguish operating revenues and expenses from non-operating items. Operating revenues result from providing goods and services in connection with a propriety fund's principal ongoing operations, they usually come from exchange or exchange-like transactions. All other revenues are non-operating.

Agency Funds utilize the accrual basis of accounting but do not have a measurement focus as they report only assets and liabilities.

GOVERNMENTAL FUND TYPES

The District reports the following major governmental funds:

General Fund – This fund is established to account for resources used for general operations. All general tax revenues and other receipts that are not allocated by law or contractual agreement to some other fund are accounted for in this fund. This is a budgeted fund and unassigned fund balances are considered resources available for current operations.

Debt Service Fund – This fund is used to account for payment of principal and interest on long-term general obligation debt and other long-term debts for which tax has been dedicated. This is a budgeted fund, and any unused sinking fund balances will be transferred to the general fund after all of the related debt obligations have been met.

WINK-LOVING INDEPENDENT SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

Capital Projects Fund – This governmental fund is established to account for proceeds, on a modified accrual basis, from the sale of bonds and other resources to be used for the Board authorized acquisition, construction, or renovation, as well as, furnishing and equipping of major capital facilities. Upon completion of a project, any unused bond proceeds are transferred to the debt service fund and are used to retire related bond principal.

Additionally, the government reports the following governmental fund types:

Special Revenue Funds – These funds are used to account for resources restricted to, or designated for, specific purposes by a grantor. Federal financial assistance generally is accounted for in a special revenue fund. Except for the food service fund, any unused balances are returned to the grantor at the close of specified project periods.

The District's food service is considered a special revenue fund since the general fund only subsidizes the food service program for all expenditures in excess of NSLP and user fees. For all other funds in this fund type, project accounting is employed to maintain integrity for the various sources of funds.

PROPRIETARY FUND TYPES

Internal Service Funds – Internal service funds are used to account for revenues and expenses related to services provided to parties inside the District, specifically for the operation of the District's partially self-funded insurance plans for workers' compensation and medical insurance on a cost-reimbursement basis.

FIDUCIARY FUND TYPES

Private Purpose Trust Fund – The District accounts for donations for which the donor has stipulated may be used for purposes that benefit parties outside the District. The District's Private Purpose trust fund is a scholarship fund, with annual scholarships to be awarded to past students of the District in accordance with donor stipulations.

Agency Funds – These custodial funds are used to account for activities of student groups and other organizational activities. Financial resources for the agency funds are recorded as assets and liabilities; therefore, these funds do not include revenues and expenditures and have no fund equity. Student activity organizations exist with the explicit approval of, and are subject to revocation by, the District's Board of School Trustees. If any unused resources are declared a surplus by the student groups, they are transferred to the general fund with a recommendation to the Board for an appropriate utilization through a budgeted program.

C. BASIS OF ACCOUNTING APPLICABLE TO ALL FINANCIAL STATEMENTS

Capital assets, which include buildings and improvements, furniture and equipment, and vehicles, are reported in the government-wide financial statements. Capital assets are defined by the District as assets with an individual cost of more than \$5,000. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed.

WINK-LOVING INDEPENDENT SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the asset's useful life are not capitalized.

Revenues from state and federal grants are considered to be earned to the extent of expenditures made under the provisions of the grant. Funds received but unexpended are reflected as deferred revenues, and funds expended but not yet received are shown as receivables. If balances have not been expended by the end of the project period, grantors generally require the District to refund all or part of the unused amount.

Supplies and materials are debited as expenditures when purchased.

It is the District's policy to permit some employees to accumulate earned but unused vacation and sick pay benefits. The vacation leave is paid upon termination and, therefore, is recognized as a liability on the Statement of Net Position. There is no liability for unpaid accumulated sick leave since the District does not have a policy to pay any amounts when employees separate from service with the District.

Since Internal Service Funds support the operations of governmental funds, they are consolidated with the governmental funds in the government-wide financial statements. The expenditures of governmental funds that create the revenues of internal service funds are eliminated to avoid "grossing up" the revenues and expenses of the District as a whole.

When the District incurs an expense for which it may use either restricted or unrestricted assets, it uses the restricted assets first whenever they will have to be returned if they are not used.

In accordance with the FASRG, the District has adopted and installed an accounting system which exceeds the minimum requirements prescribed by the State Board of Education and approved by the State Auditor. Specifically, the District's accounting system uses codes and the code structure presented in the Accounting Code Section of the FASRG. Mandatory codes are utilized in the form provided in that section.

D. BUDGETARY DATA

The official budget was prepared on the modified accrual basis of accounting, which is consistent with accounting principles generally accepted in the United States of America, for the general fund, debt service fund, and the food service special revenue fund. The remaining special revenue funds adopt project-length budgets which do not correspond to the District's fiscal year.

The following procedures are followed in establishing the budgetary data reflected in the basic financial statements:

- a. Prior to August 20 of the preceding fiscal year, the District prepares a budget for the next succeeding fiscal year beginning September 1. The operating budget includes proposed expenditures and the means of financing them.

WINK-LOVING INDEPENDENT SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

- b. A meeting of the Board is then called for the purpose of adopting the proposed budget. At least 10 days public notice of the meeting must be given.
- c. Prior to September 1, the budget is legally enacted through passage of a resolution by the Board.

The budget is prepared and controlled at the function level within each fund and is amended at this level as needed. Amendments are presented to the Board at its regular meetings. Each amendment must have Board approval. Such amendments are made before the fact, and they are reflected in the official minutes of the Board. During the year, several amendments were necessary, and expenditures for two functions were over budget.

E. ENCUMBRANCE ACCOUNTING

Encumbrances for goods or purchased services are documented by purchase orders or contracts. Under Texas law, appropriations lapse at August 31, and encumbrances outstanding at that time are to be either cancelled or appropriately provided for in the subsequent year's budget. There were no outstanding encumbrances at August 31, 2020.

F. FUND EQUITY

The District has adopted GASB Statement 54, which redefined how fund balances of the governmental funds are presented in the financial statements. Fund balances are classified as follows:

Restricted – Amounts that can be spent only for specific purposes because of restrictions by external sources (creditors, laws of other governments, etc.) or by constitutional provision or enabling legislation.

Committed – Amounts that can be used only for specific purposes determined by formal action by the Board of School Trustees, the highest level of decision making authority.

Assigned – Amounts that can be used for a specific purpose as expressed by the authorized administrator, the Superintendent.

Unassigned – Amounts not included in other spendable classifications.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the District considers restricted funds to have been spent first. When an expenditure for which committed, assigned, or unassigned fund balances are available, the District considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the Board has provided otherwise in its commitment or assignment actions.

WINK-LOVING INDEPENDENT SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

G. NET POSITION ON THE STATEMENT OF NET POSITION

Net position on the Statement of Net Position includes the following:

Net Investment in Capital Assets – this component of net position represents the difference between capital assets less accumulated depreciation and the outstanding balance of debt, which is directly attributable to the acquisition, construction, or improvement of those assets.

Restricted for Debt Service – this component of net position represents the difference between assets and liabilities of the Debt Service Fund that consists of assets with constraints placed on their use by creditors.

Unrestricted – the difference between assets and liabilities that is not reported in Net Investment in Capital Assets or Net Position Restricted for Debt Service.

H. PENSIONS

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

I. OTHER POST-EMPLOYMENT BENEFITS (OPEB)

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

J. MANAGEMENT'S USE OF ESTIMATES

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

WINK-LOVING INDEPENDENT SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

K. CASH AND CASH EQUIVALENTS – PROPRIETARY FUNDS

For purposes of the Statement of Cash Flows for proprietary fund types, the District considers highly liquid investments to be cash equivalents if they have a maturity of three months or less when purchased.

2. DEPOSITS AND INVESTMENTS

Legal and Contractual Provisions Governing Deposits and Investments

The **Public Funds Investment Act**, Government Code Chapter 2256 (the Act) contains specific provisions in the areas of investment practices, management reports and establishment of appropriate policies. Among other things, it requires the District 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.

Statutes authorize the District to invest in (1) obligations of the U.S. Treasury, certain U.S. agencies, and the State of Texas; (2) certificates of deposit, (3) certain municipal securities, (4) money market savings accounts, (5) repurchase agreements, (6) bankers acceptances, (7) mutual funds, (8) investment pools, (9) guaranteed investment contracts, and (10) common trust funds. The Act also requires the District to have independent auditors perform test procedures related to investment practices as provided by the Act. The District is in substantial compliance with the requirements of the Act and with local policies.

Policies Governing Deposits and Investments

In compliance with the **Public Funds Investment Act**, the District has adopted a deposit and investment policy. That policy does not address the following risks:

- a. Custodial Credit Risk – Deposits and Investments: In the case of deposits, this is the risk that in the event of a bank failure, the government's deposits and investments may not be returned to it. The District's policy does not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits and investments, other than the following: The State of Texas requires that a financial institution secure deposits and investments made by state or local governments by pledging securities in excess of the highest cash balance of the government. The District is not exposed to custodial credit risk because its deposits are all covered by depository insurance and pledged securities held by a third party in the District's name.
- b. Concentration of Credit Risk – The investment policy of the District contains no limitations on the amount that can be invested in any one issuer. Investments in any one issuer (other than U.S. Treasury securities, mutual funds, and external investment pools) that represent five percent or more of the total entity investments represent a concentration risk. At August 31, 2020, all of the District's investments are in external investment pools, and as such the District has no risk.

WINK-LOVING INDEPENDENT SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

- c. Credit Risk – The risk that an issuer of 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. At August 31, 2020, the District was not significantly exposed to credit risk.
- d. Interest Rate Risk – Not applicable
- e. Foreign Currency Risk – Not applicable

The carrying amount of the District's cash and current investments at August 31, 2020, are recognized or approximate fair value and consist of the following:

	Amount	Percent	Maturity in Less than 1 Year	Credit Rating
Cash on Hand	\$ 3,000	0.0%	3,000	N/A
Cash in Bank	4,381,341	3.6%	4,381,341	N/A
TexPool Investments	108,098,483	88.7%	108,098,483	AAAm
FFCB Senior Debenture	3,536,999	2.9%	3,536,999	AA+
FHLB Senior Debenture	4,021,768	3.3%	4,021,768	AA+
Government Bonds	1,877,351	1.5%	1,007,906	A+, AAA
	<u>\$ 121,918,942</u>	<u>100.0%</u>	<u>121,049,497</u>	

	Cash	Investments	Total
Statement of Net Position	\$ 4,282,366	\$ 117,534,601	\$ 121,816,967
Statement of Fiduciary Net Position:			
Agency Funds	60,663		60,663
Restricted Cash	41,312		41,312
	<u>\$ 4,384,341</u>	<u>\$ 117,534,601</u>	<u>\$ 121,918,942</u>

Public Funds Investment Pools

Public Funds Investment Pools in Texas (Pools) are established under the authority of the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code and are subject to the provisions of the Public Funds Investment 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.

WINK-LOVING INDEPENDENT SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

The District's investment 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 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.

3. PROPERTY TAXES

Property taxes are levied by October 1 on the assessed value listed as of the prior January 1 for all real and business personal property located in the District in conformity with Subtitle E, Texas Property Tax Code. Taxes are due on receipt of the tax bill and are delinquent if not paid before February 1 of the year following the year in which 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.

Delinquent taxes are prorated between maintenance and debt service based on rates adopted for the year of the levy. All property taxes remaining uncollected after ten years are provided for in the allowance for uncollectible 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.

4. DUE FROM OTHER GOVERNMENTS

The amount due from other governments consisted of \$154,421 due from the state for various special revenue fund programs at August 31, 2020.

5. INTERFUND RECEIVABLES AND PAYABLES

Interfund balances at August 31, 2020, consisted of the following individual fund receivables and payables:

<u>Due to Other Funds</u>	<u>Due from Other Funds General Fund</u>
Special Revenue Funds	\$ 154,421
Debt Service Fund	366,252
Internal Service Funds	10,719
Fiduciary Funds	1,143
	<u>\$ 532,535</u>

WINK-LOVING INDEPENDENT SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

6. CAPITAL ASSETS

Capital asset activity for the year ended August 31, 2020 was as follows:

	<u>9/1/2019</u>	<u>Additions</u>	<u>Retirements</u>	<u>8/31/2020</u>
Capital Assets:				
Land	\$ 181,600	\$	\$ (30,000)	\$ 151,600
Building	45,010,498	1,061,699	(1,519,736)	44,552,461
Equipment/Vehicles	2,578,586	335,034	(46,085)	2,867,535
Construction Work In Progress	1,647,391	5,008,358		6,655,749
	<u>\$ 49,418,075</u>	<u>\$ 6,405,091</u>	<u>\$ (1,595,821)</u>	<u>\$ 54,227,345</u>
Accumulated Depreciation:				
Buildings	\$ 13,521,978	\$ 1,605,115	\$ (1,192,353)	\$ 13,934,740
Equipment/Vehicles	1,952,956	221,841	(31,491)	2,143,306
	<u>\$ 15,474,934</u>	<u>\$ 1,826,956</u>	<u>\$ (1,223,844)</u>	<u>\$ 16,078,046</u>
Total Net Value of Capital Assets	<u>\$ 33,943,141</u>	<u>\$ 4,578,135</u>	<u>\$ (371,977)</u>	<u>\$ 38,149,299</u>
Salvage			86,882	
Other Net Loss on Retirement			<u>\$ (285,095)</u>	

Capital assets are being depreciated using the straight-line method over the following useful lives:

Buildings and Improvements	15 – 30 years
Furniture and Equipment	5 – 20 years
Vehicles	5 – 10 years

Depreciation expense and net loss on sale of fixed assets was charged to functions of the primary government as follows:

	<u>Depreciation</u>	<u>Net Loss</u>
Instruction	\$ 818,090	\$ 127,662
Instructional Resources and Media Services	9,245	1,443
Curriculum and Instructional Staff Development	472	74
School Leadership	86,990	13,575
Guidance, Counseling, and Evaluation Services	8,545	1,333
Health Services	13,890	2,168
Student Transportation	29,503	4,604
Food Services	66,686	10,406
Extracurricular Activities	198,883	31,035
General Administration	144,916	22,614
Plant Maintenance and Operations	449,736	70,181
	<u>\$ 1,826,956</u>	<u>\$ 285,095</u>

WINK-LOVING INDEPENDENT SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

7. DUE TO OTHER GOVERNMENTS

Amounts due to other governments include \$2,259,851 due to the state for Chapter 41 property tax recapture amounts owed as of August 31, 2020.

8. DEFERRED REVENUE

Amounts recognized as deferred revenue include \$1,967,095 overpayment by the State for foundation revenue that will reduce this state revenue in the 2020-2021 school year.

9. DEFERRED OUTFLOWS AND INFLOWS OF RESOURCES

The financial statements report separate sections for deferred outflows and inflows of resources. Deferred outflows represent an acquisition of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until that time. Deferred inflows represent an acquisition of fund balance that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time.

Deferred Inflows and Outflows on the Statement on Net Position consist of the following:

	Deferred Outflows	Deferred Inflows
Pension Related (See Note 12)	\$ 779,148	\$ 305,981
OPEB Related (See Note 13)	266,632	843,365
Unamortized Loss (See Note 10)	42,571	
Unamortized Gain (See Note 10)		113,746
Deferred Outflows/Inflows	<u>\$ 1,088,351</u>	<u>\$ 1,263,092</u>

Deferred Inflows on the Balance Sheet – Governmental Funds consist of the following:

	General Fund	Debt Service Fund	Total
Property Taxes - Delinquent	\$ 1,161,752	\$ 377,957	\$ 1,539,709
Less: Allowance for Uncollectible Taxes	<u>23,646</u>	<u>162</u>	<u>23,808</u>
Total Unavailable Tax Revenues (Exhibit C-1)	<u>\$ 1,138,106</u>	<u>\$ 377,795</u>	<u>\$ 1,515,901</u>

WINK-LOVING INDEPENDENT SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

10. LONG-TERM LIABILITIES

Accrued Leave Liability

A liability related to the unused vacation leave that is paid upon termination is recorded as a long-term liability on the Statement of Net Position. At August 31, 2020, this amounted to \$145,198.

Bonds Payable

A summary of general obligation bonds outstanding as of August 31, 2020, is as follows:

Description	Interest Rates	Amounts Originally Issued	Interest Expense	Due within 1 Year
2015 Unlimited Tax School Building Bonds	2.0% - 3.25%	\$ 5,295,000	\$ 51,963	\$ 0
2016 Unlimited Tax Refunding Bonds	2.0% - 5.0%	6,205,000	97,500	1,645,000
2018 Unlimited Tax School Building Bonds	5.0%	49,170,000	2,163,625	1,095,000
Total Unlimited Tax Bonds		\$ 70,035,000	\$ 2,313,088	\$ 2,740,000

A summary of changes in bonds payable for the year ended August 31, 2020, is as follows:

Description	Amounts Outstanding 9/1/2019	Increases Current Year	Retired Current Year	Amount Outstanding 8/31/2020
2015 Unlimited Tax School Building Bonds	\$ 3,365,000	\$	\$ 3,365,000	\$ 0
2016 Unlimited Tax Refunding Bonds	3,230,000		1,585,000	1,645,000
2018 Unlimited Tax School Building Bonds	43,790,000		1,035,000	42,755,000
Total Unlimited Tax Bonds	\$ 50,385,000	\$ 0	\$ 5,985,000	\$ 44,400,000

Accrued interest payable at year end amounted to \$57,787 and is shown as a payable on the Statement of Net Position. As of August 31, 2020 the balance of the Unamortized Bond Premiums is \$3,510,471.

In September 2013, the District issued \$9,365,000 in Unlimited Tax School Building Bonds with interest rates of 2.0% - 3.5% for capital improvements. During the year ended August 31, 2019, the District extinguished this debt through an in-substance defeasance resulting in a loss of \$50,534. The unamortized loss on this refunding at August 31, 2020 is \$42,571. At August 31, 2020, \$6,095,000 of defeased bond principal remains in escrow and will be retired annually from 2021 through 2024.

WINK-LOVING INDEPENDENT SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

In May 2015, the District issued \$5,295,000 in Unlimited Tax School Building Bonds with interest rates of 2.0% to 3.25% for capital improvements. During the year ended August 31, 2020, the District extinguished this debt through an in-substance defeasance resulting in a gain of \$107,084. At August 31, 2020, \$2,845,000 of defeased bond principal remains in escrow and will be retired annually from 2021 through 2025.

In September 2016, the District issued \$6,205,000 in Unlimited Tax Refunding Bonds with interest rates from 2.0% to 5.0% to refund \$6,605,000 of 2012 Unlimited Tax Building Bonds with interest rates from 2.0% to 4.0%. The District completed the current refunding in order to reduce its total debt service payments over the next four years. This resulted in a financial gain reported on the statement of net position. The unamortized gain on refunding at August 31, 2020 is \$6,662.

In September 2018, the District issued \$49,170,000 in Unlimited Tax School Building Bonds with an average interest rate of 5.0% for capital improvements.

Debt service requirements are as follows:

Fiscal Year Ending August 31,	Principal	Interest	Total
2021	\$ 2,740,000	\$ 2,143,275	\$ 4,883,275
2022	2,870,000	2,011,250	4,881,250
2023	3,015,000	1,864,125	4,879,125
2024	3,175,000	1,709,375	4,884,375
2025	3,335,000	1,546,625	4,881,625
2026-2030	22,930,000	4,564,500	27,494,500
2031-2032	6,335,000	209,375	6,544,375
	<u>\$ 44,400,000</u>	<u>\$ 14,048,525</u>	<u>\$ 58,448,525</u>

11. REVENUES FROM LOCAL AND INTERMEDIATE SOURCES

During the current year, revenues from local and intermediate sources consisted of the following:

	General Fund	Special Revenue Fund	Debt Service Fund	Capital Projects Fund	Total
Property Taxes, Penalties, Interest, and Other Tax-Related Income	\$ 98,662,985	\$	\$ 35,559,546	\$	\$ 134,222,531
Food Sales		63,421			63,421
Interest Income	597,789		206,561	640,927	1,445,277
Insurance Recovery	269,343				269,343
Co-Curricular Student Activities	20,779				20,779
Rental Income	63,038				63,038
Other	33,085				33,085
	<u>\$ 99,647,019</u>	<u>\$ 63,421</u>	<u>\$ 35,766,107</u>	<u>\$ 640,927</u>	<u>\$ 136,117,474</u>

WINK-LOVING INDEPENDENT SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

12. DEFINED BENEFIT PENSION PLAN

Plan Description

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

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

Pension Plan Fiduciary Net Position

Detailed information about the TRS's fiduciary net position is available in a separately-issued Comprehensive Annual Financial Report that includes financial statements and required supplementary information. That report may be obtained on the Internet at <https://www.trs.texas.gov>; by writing to TRS at 1000 Red River Street, Austin, TX, 78701-2698; or by calling (512) 542-6592. The information provided in the Notes to the Financial Statements in the 2018 Comprehensive Annual Financial Report for TRS provides the following information regarding the Pension Plan fiduciary net position as of August 31, 2019 and 2018.

Net Pension Liability	2019	2018
Total Pension Liability	\$ 209,961,325,288	\$ 209,611,328,793
Less: Plan Fiduciary Net Position	(157,978,199,075)	(154,568,901,833)
Net Pension Liability	\$ 51,983,126,213	\$ 55,042,426,960
Net Position as Percentage of Total Pension Liability	75.24%	73.74%

Benefits Provided

TRS provides service and disability retirement, as well as death and survivor benefits, to eligible employees (and their beneficiaries) of public and higher education in Texas. The pension formula is calculated using 2.3% (multiplier) times the average of the five highest annual creditable salaries times years of credited service to arrive at the annual standard annuity, except for members who are grandfathered, the three highest annual salaries are used. The normal service retirement is at age 65 with five years of credited service or when the sum of the member's age and years of credited service equals 80 or more years. Early retirement is at age 55 with five years of service credit or, if earlier than 55 with 30 years of service credit. There are additional provisions for early retirement if the sum of the member's age and years of service credit total at least 80, but the member is less than age 60 or 62 depending on date of employment, or if the member was grandfathered in under a previous rule. There are no automatic post-employment benefit changes; including automatic COLAs. Ad hoc post-employment benefit changes, including ad hoc COLAs can be granted by the Texas Legislature as noted in the Plan description above.

WINK-LOVING INDEPENDENT SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

Texas Government Code Section 821.006 prohibits benefit improvements if, as a result of the particular action, the time required to amortize TRS's unfunded actuarial liabilities would be increased to a period that exceeds 31 years, or, if the amortization period already exceeds 31 years, the period would be increased by such action.

In May 2019, the 86th Texas Legislature approved the TRS Pension Reform Bill (Senate Bill 12) that provides for gradual contribution increases from the state, participating employers and active employees to make the pension fund actuarially sound. These increases immediately made the pension fund actuarially sound and the legislature approved funding for a 13th check. All eligible members retired as of December 31, 2018 received an extra annuity check in September 2019 in either the matching amount of their monthly annuity or \$2,000, whichever was less.

Contributions

Contribution requirements are established or amended pursuant to Article 16, Section 67 of the Texas Constitution which requires the Texas Legislature to establish a member contribution rate of not less than 6.0% of the member's annual compensation and a state contribution rate of not less than 6.0% and not more than 10.0% of the aggregate annual compensation paid to members of TRS during the fiscal year.

Employee contribution rates are set in state statute, Texas Government Code 825.402. The 85th Texas Legislature, General Appropriations Act (GAA) affirmed that the employer contribution rates for fiscal years 2018 and 2019 would remain the same. The TRS Pension Reform Bill (Senate Bill 12) of the 86th Texas Legislature amended the Texas Government Code 825.402 for member contributions and increased employee and employer contribution rates for fiscal years 2020 through 2025.

	Contribution Rates	
	2019	2020
Member	7.70%	7.70%
Non-Employer Contributing Entity (State)	6.80%	7.50%
Employers	6.80%	7.70%
2020 Employer Contributions	\$	125,096
2020 Member Contributions		314,492
2019 NECE On-Behalf Contributions		199,462

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

As the non-employer contributing entity for public education, the State of Texas contributes to the retirement system an amount equal to the current employer contribution rate times the aggregate annual compensation of all participating members of the pension trust fund during that fiscal year reduced by the amounts described below which are paid by the employers.

WINK-LOVING INDEPENDENT SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

Employers including public schools are required to pay the employer contribution rate in the following instances:

- On the portion of the member's salary that exceeds the statutory minimum for members entitled to the statutory minimum under Section 21.402 of the Texas Education Code.
- During a new member's first 90 days of employment.
- When any part or all of an employee's salary is paid by federal funding source or a privately sponsored source.
- When the employer district is a public or charter school, the employer shall contribute 1.5% of covered payroll to the pension fund beginning in fiscal year 2020. This contribution rate called the Public Education Employer Contribution will replace the Non Federal Old-Age, Survivors and Disability Insurance (OASDI) surcharge that was in effect in fiscal year 2019.

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

- When employing a retiree of the Teacher Retirement System, the employer shall pay both the member contribution and the state contribution as an employment after retirement surcharge.
- When a school district or charter school does not contribute to the Federal Old-Age, Survivors and Disability Insurance (OASDI) Program for certain employees, they must contribute 1.5% of the state contribution rate for certain instruction or administrative employees; and 100% of the state contribution rate for all other employees. This surcharge was in effect through fiscal year 2019 and was replaced with the Public Education Employer Contribution explained above.

Actuarial Assumptions

Roll Forward – The actuarial valuation was performed as of August 31, 2018. Update procedures were used to roll forward the total pension liability to August 31, 2019.

The total pension liability is determined by an annual actuarial valuation. The actuarial methods and assumptions were selected by the Board of Trustees based upon analysis and recommendations by TRS's actuary. The Board of Trustees has the sole authority to determine the actuarial assumptions used for the Plan. The actuarial methods and assumptions were primarily based on a study of actual experience for the three-year period ending August 31, 2018 and were adopted in July 2018.

The active mortality rates were based on 90 percent of the RP 2014 Employee Mortality Tables for males and females. The post-retirement mortality rates were based on the 2018 TRS of Texas Healthy Pensioner Mortality Tables.

WINK-LOVING INDEPENDENT SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

The following table discloses the assumptions that were applied to the measurement period:

Valuation Date	August 31, 2018 rolled forward to August 31, 2019
Actuarial Cost Method	Individual Entry Age - Normal
Asset Valuation Method	Market Value
Discount Rate	7.250%
Long-Term Expected Investment Rate of Return	7.250%
Municipal Bond Rate at August 31, 2018	2.630% *
Last year ending August 31 in Projection	
Period (100 years)	2116
Inflation	2.300%
Salary Increases Including Inflation	3.050% to 9.050% including inflation
Ad hoc Post-Employment Benefit Changes	None

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

Discount Rate

The single discount rate of 7.25% was used to measure the total pension liability. The single discount rate was based on the expected rate of return on pension plan investments of 7.25%. The projection of cash flows used to determine the discount rate assumed that contributions from active members, employers, and the non-employer contributing entity will be made at the rates set by the legislature during the 2019 session. It is assumed that future employer and state contributions will be 8.50% of payroll in fiscal year 2020 gradually increasing to 9.55% of payroll over the next several years. This includes all employer and state contributions for active and rehired retirees.

Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

The long-term rate of return on pension plan investments is 7.25%. The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimates ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

WINK-LOVING INDEPENDENT SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

Best estimates of geometric real rates of return for each major asset class included in TRS's target asset allocation as of August 31, 2019 are summarized below:

Asset Class	FY 2019 Target Allocation*	New Target Allocation*	Long-Term Expected Geometric Real Rate of Returns**
Global Equity			
U.S.	18.00%	18.00%	6.40%
Non-U.S. Developed	13.00%	13.00%	6.30%
Emerging Markets	9.00%	9.00%	7.30%
Directional Hedge Funds	4.00%		
Private Equity	13.00%	14.00%	8.40%
Stable Value			
U.S. Treasuries***	11.00%	16.00%	3.10%
Stable Value Hedge Funds	4.00%	5.00%	4.50%
Real Return			
Global Inflation-Linked Bonds***	3.00%		
Real Estate	14.00%	15.00%	8.50%
Energy, Natural Resources, and Infrastructure	5.00%	6.00%	7.30%
Risk Parity			
Risk Parity	5.00%	8.00%	****
Asset Allocation Leverage Cash	1.00%	2.00%	2.50%
Asset Allocation Leverage		-6.00%	2.70%
Total	<u>100.00%</u>	<u>100.00%</u>	<u>7.23%</u>

* - FY 2019 Target Allocations and New Target Allocations are based on the Strategic Asset Allocation dated 10/01/2018

** - 10-Year annualized geometric nominal returns include the real rate of return plus inflation of 2.10%

*** - New Target Allocation groups Government Bonds within the stable value allocations. This includes global sovereign nominal and inflation-linked bonds

**** - 5.80% (6.50%) return expectation corresponds to Risk Parity with a 10% (12%) target volatility

Discount Rate Sensitivity Analysis

The following schedule shows the impact of the net pension liability if the discount rate used was 1% less than and 1% greater than the discount rate that was used (7.25%) in measuring the Net Pension Liability.

	1% Decrease in Discount Rate (6.25%)	Discount Rate (7.25%)	1% Increase in Discount Rate (8.25%)
District's Proportionate Share of the Net Pension Liability	\$ <u>2,445,507</u>	\$ <u>1,590,941</u>	\$ <u>898,577</u>

WINK-LOVING INDEPENDENT SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

Pension Liabilities and Pension Expense

At August 31, 2020, the District reported a liability of \$1,590,941 for its proportionate share of the TRS's net pension liability. This liability reflects a reduction for State pension support provided to the District. The amount recognized by the District as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with the District were as follows:

District's Proportionate Share of the Collective Net Pension Liability	\$	1,590,941
State's Proportionate Share that is Associated with the District		<u>2,962,493</u>
Total	\$	<u><u>4,553,434</u></u>

The net pension liability was measured as of August 31, 2018 and rolled forward to August 31, 2019 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of August 31, 2018 rolled forward to August 31, 2019. The employer's proportion of the net pension liability was based on the employer's contributions to the pension plan relative to the contributions of all employers to the plan for the period September 1, 2018 through August 31, 2019.

At August 31, 2019 the employer's proportion of the collective net pension liability was 0.00306050% which was a decrease of 0.00007484% from its proportion measured as of August 31, 2018.

For the year ended August 31, 2020, the District recognized pension expense of \$465,366 and revenue of \$199,462 for support provided by the State.

Changes since the Prior Actuarial Valuation

Assumptions, methods, and plan changes which are specific to the Pension Trust Fund were updated from the prior year's report. The Net Pension Liability decreased since the prior measurement date due partially due to a change in the following actuarial assumptions:

- The total pension liability as of August 31, 2019 was developed using a roll-forward method from the August 31, 2018 valuation.
- The single discount rate as of August 31, 2018 was a blended rate of 6.907%, and that has changed to a long-term expected rate of return of 7.25% as of August 31, 2019.
- With the enactment of Senate Bill 3 by the 86th Texas Legislature, an assumption has been made about how this would impact future salaries. It is assumed that eligible active members will receive a \$2,700 increase in fiscal year 2020. This is in addition to the salary increase expected based on the actuarial assumptions.
- The Texas Legislature approved funding for a 13th check. All eligible members retired as of December 31, 2018 will receive an extra annuity check in September 2019 in either the matching amount of their monthly payment or \$2,000, whichever is less.

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

WINK-LOVING INDEPENDENT SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At August 31, 2020, the District reported its proportionate share of the TRS's deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Economic Experience	\$ 6,683	\$ 55,240
Changes in Actuarial Assumptions	493,588	203,974
Difference Between Projected and Actual Investment Earnings	15,975	
Changes in Proportion and Difference Between the Employer's Contributions and the Proportionate Share of Contributions	137,806	46,767
Contributions Paid to TRS Subsequent to the Measurement Date	125,096	
Total	<u>\$ 779,148</u>	<u>\$ 305,981</u>

The net amounts of the employer's balances of deferred outflows and inflows of resources related to pensions (not including the deferred contribution paid subsequent to the measurement date) will be recognized in pension expense as follows:

	Pension Expense Amount
2021	\$ 97,228
2022	77,414
2023	81,483
2024	75,951
2025	29,033
Thereafter	(13,038)

13. DEFINED OTHER POST-EMPLOYMENT BENEFIT PLANS

Plan Description

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

Other Post-Employment Benefit Plan Fiduciary Net Position

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

WINK-LOVING INDEPENDENT SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

Components of the net OPEB liability of the TRS-Care plan as of August 31, 2019 and 2018 are as follows:

Net OPEB Liability	2019	2018
Total OPEB Liability	\$ 48,583,247,239	\$ 50,729,490,103
Less: Plan Fiduciary Net Position	(1,292,022,349)	(798,574,633)
Net OPEB Liability	\$ 47,291,224,890	\$ 49,930,915,470
Net Position as Percentage of Total OPEB Liability	2.66%	1.57%

Benefits Provided

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

Eligible non-Medicare retirees and their dependents may enroll in TRS-Care Standard, a high deductible health plan. Eligible Medicare retirees and their dependents may enroll in the TRS-Care Medicare Advantage medical plan and the TRS-Care Medicare Rx prescription drug plan. To qualify for TRS-Care coverage, a retiree must have at least 10 years of service credit in the TRS pension system. The Board of Trustees is granted the authority to establish basic and optional group insurance coverage for participants as well as to amend benefit terms as needed under Chapter 1575.052. There are no automatic post-employment benefit changes; including automatic COLAs.

The General Appropriations Act passed by the 86th Legislature included funding to maintain TRS-Care premiums at their current level through 2021. The 86th Legislature also passed Senate Bill 1682 which requires TRS to establish a contingency reserve in the TRS-Care fund equal to 60 days of expenditures.

The premium rates for retirees are presented below:

TRS-Care Plan Premium Rates		
	Medicare	Non-Medicare
Retiree or Surviving Spouse	\$ 135	\$ 200
Retiree and Spouse	529	689
Retiree or Surviving Spouse and Children	468	408
Retiree and Family	1,020	999

Contributions

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

WINK-LOVING INDEPENDENT SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

Texas Insurance Code, Section 1575.202 establishes the state's contribution rate which is 1.25% of the employee's salary. Section 1575.203 establishes the active employee's rate which is 0.65% of pay. Section 1575.204 establishes an employer contribution rate of not less than 0.25% or not more than 0.75% of the salary of each active employee of the employer. The actual employer contribution rate is prescribed by the Legislature in the General Appropriations Act which is 0.75% of each active employee's pay for fiscal year 2019. The following tables show contributions to the TRS-Care plan by type of contributor:

	Contribution Rates	
	2019	2020
Active Employee	0.65%	0.65%
Non-Employer Contributing Entity (State)	1.25%	1.25%
Employers	0.75%	0.75%
Federal/Private Funding Remitted by Employers	1.25%	1.25%
2020 Employer Contributions	\$	31,065
2020 Member Contributions		26,548
2019 NECE On-Behalf Contributions		38,871

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

TRS-Care received supplemental appropriations from the State of Texas related to House Bill 1 in the amount of \$73.6 million in the fiscal year 2020. The District recognized \$9,512 in fiscal year ended August 31, 2020.

Actuarial Assumptions

The total OPEB liability in the August 31, 2018 actuarial valuation was rolled forward to August 31, 2019. The actuarial valuation was determined using the following actuarial assumptions.

The following assumptions and other inputs used for members of TRS-Care are identical to the assumptions used in the August 31, 2018 TRS pension actuarial valuation that was rolled forward to August 31, 2019:

Rates of Mortality	General Inflation
Rates of Retirement	Wage Inflation
Rates of Termination	Expected Payroll Growth
Rates of Disability Incidence	

WINK-LOVING INDEPENDENT SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

Additional Actuarial Methods and Assumptions:

Valuation Date	August 31, 2018 rolled forward to August 31, 2019
Actuarial Cost Method	Individual Entry Age Normal
Inflation	2.30%
Single Discount Rate	2.63% as of August 31, 2019
Aging Factors	Based on Plan Specific Experience
Election Rates	Normal Retirement: 65% participation prior to age 65 and 50% participation after age 65
Expenses	Third-party administrative expenses related to the delivery of health care benefits are included in the age-adjusted claims costs
Projected Salary Increases	3.05% to 9.05%
Ad Hoc Post-Employment Benefit Changes	None

The impact of the Cadillac Tax that is returning in fiscal year 2023 has been calculated as a portion of the trend assumption. Assumptions and methods used to determine the impact of the Cadillac Tax include:

- 2018 thresholds of \$850/\$2,292 were indexed annually by 2.30%.
- Premium data submitted was not adjusted for permissible exclusions to the Cadillac Tax.
- There were no special adjustments to the dollar limit other than those permissible for non-Medicare retirees over 55.

Results indicate that the value of the excise tax would be reasonably represented by a 25 basis point addition to the long-term trend rate assumption.

Discount Rate

A single discount rate of 2.63% was used to measure the total OPEB liability. There was a decrease change of 1.06% in the discount rate since the previous year. Because the plan is essentially a "pay-as-you-go" plan, the single discount rate is equal to the prevailing municipal bond rate. The projection of cash flows used to determine the discount rate assumed that contributions from active members and those of the contributing employers and the non-employer contributing entity are made at the statutorily required rates. Based on those assumptions, the OPEB plan's fiduciary net position was projected to not be able to make all future benefit payments of current plan members. Therefore, the municipal bond rate was applied to all periods of projected benefit payments to determine the total OPEB liability.

WINK-LOVING INDEPENDENT SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

Discount Rate Sensitivity Analysis

The following schedule shows the impact of the Net OPEB Liability if the discount rate used was 1% less than and 1% greater than the discount rate that was used (2.63%) in measuring the Net OPEB Liability.

	1% Decrease in Discount Rate (1.63%)	Discount Rate (2.63%)	1% Increase in Discount Rate (3.63%)
District's Proportionate Share of the Net OPEB Liability	\$ 2,353,501	\$ 1,949,359	\$ 1,633,197

Healthcare Cost Trend Rates Sensitivity Analysis

The following presents the Net OPEB Liability of the plan using the assumed healthcare cost trend rate, as well as what the Net OPEB Liability would be if it were calculated using a trend rate that is 1% point lower or 1% point higher than the assumed healthcare cost trend rate.

	1% Decrease	Current Healthcare Cost Trend Rate	1% Increase
District's Proportionate Share of the Net OPEB Liability	\$ 1,590,218	\$ 1,949,359	\$ 2,430,441

OPEB Liabilities and OPEB Expense

At August 31, 2020, the District reported a liability of \$1,949,359 for its proportionate share of the TRS's net OPEB liability. This liability reflects a reduction for State OPEB support provided to the District. The amount recognized by the District as its proportionate share of the net OPEB liability, the related State support, and the total portion of the net OPEB liability that was associated with the District were as follows:

District's Proportionate Share of the Collective Net OPEB Liability	\$ 1,949,359
State's Proportionate Share that is Associated with the District	2,590,261
Total	\$ 4,539,620

The Net OPEB Liability was measured as of August 31, 2019 and the Total OPEB Liability used to calculate the Net OPEB Liability was determined by an actuarial valuation as of that date. The employer's proportion of the Net OPEB Liability was based on the employer's contributions to the OPEB plan relative to the contributions of all employers to the plan for the period September 1, 2018 thru August 31, 2019.

At August 31, 2019, the employer's proportion of the collective net OPEB liability was 0.00412203% which was an increase of 0.00001060% from its proportion measured as of August 31, 2018.

For the year ended August 31, 2020, the District recognized OPEB expense of \$68,269 and revenue of \$38,871 for support provided by the State.

WINK-LOVING INDEPENDENT SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

Changes Since the Prior Actuarial Valuation

The following were changes to the actuarial assumptions or other inputs that affected measurement of the Total OPEB liability since the prior measurement period:

- This discount rate changed from 3.69% as of August 31, 2018 to 2.63% as of August 31, 2019. The change increased the total OPEB liability.
- The trend rates were reset to better reflect the plan's anticipated experience. This change increased the total OPEB liability.
- The participation rate for pre-65 retirees was lowered from 70% to 65%. The participation rate for post 65 retirees was lowered from 75% to 50%. 25% of pre-65 retirees are assumed to discontinue their coverage at age 65. There was no lapse assumption in the prior valuation. These changes decreased the total OPEB liability.
- The percentage of retirees who are assumed to have two-person coverage was lowered from 20% to 15%. In addition, the participation assumptions for surviving spouses of employees that die while actively employed was lowered from 20% to 10%. These changes decreased the total OPEB liability.

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

Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEBs

At August 31, 2020, the District reported its proportionate share of the TRS's deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Actuarial Experience	\$ 95,633	\$ 318,992
Changes in Actuarial Assumptions	108,272	524,330
Difference Between Projected and Actual Investment Earnings	253	43
Changes in Proportion and Difference Between the Employer's Contributions and the Proportionate Share of Contributions	31,409	
Contributions Paid to TRS Subsequent to the Measurement Date	31,065	
Total	<u>\$ 266,632</u>	<u>\$ 843,365</u>

WINK-LOVING INDEPENDENT SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

The net amounts of the employer's balances of deferred outflows and inflows of resources (not including the deferred contribution paid subsequent to the measurement date) related to OPEBs will be recognized in OPEB expense as follows:

	Pension Expense Amount
2021	\$ (103,196)
2022	(103,197)
2023	(103,266)
2024	(103,305)
2025	(103,294)
Thereafter	(91,540)

14. SELF-INSURANCE – WORKMEN'S COMPENSATION

The District participates in a public entity risk pool for Workmen's Compensation Insurance. Over 100 school districts participate in the pool administered by Claims Administrative Services, Inc. The agreement between the District and the pool is renewable annually on September 1. The District's maximum loss under the agreement for 2020 was set at \$53,408, excluding fixed costs of \$14,629.

The pool is protected against unanticipated catastrophic loss by stop-loss coverage provided through Midwest Employers Casualty Corporation. The stop-loss policy covers individual claims in excess of \$1,000,000 per incident. The District accounts for its costs associated with the pool through an internal service fund.

The claims administrator for the pool has estimated the District's share of unpaid claims as of August 31, 2020, to be \$32,691, including estimated claims incurred but not reported of \$11,835. The District has not recorded any claims payable as of August 31, 2020.

15. HEALTH CARE COVERAGE

The District contributes \$435 per month per employee to the health care plan and the employees, at their option, authorize payroll withholdings to pay premiums for dependents' health insurance coverage. The District does not provide any post-retirement health benefits to employees.

In addition, payments made on behalf of the District by the state for Medicare, Part D fringe benefits and salaries amounted to \$16,813 and \$14,678 for the years ended August 31, 2020 and 2019, respectively.

16. LITIGATION

There is no litigation pending against the District which would have a material effect on the financial statements.

WINK-LOVING INDEPENDENT SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

17. CHAPTER 313 AGREEMENT

The District entered into agreements with Phoebe Energy Project, LLC and Winkler Solar, LLC. In order to qualify for a value limitation agreement, each applicant has been required to meet a series of capital investment, job creation, and wage requirements specified by state law. At the time of the application's approval, each of the agreements were deemed to have done so by both the District's Board of Trustees and the Texas Comptroller's Office, which recommended approval of the projects. After approval, the applicants must maintain a viable presence in the District for the entire period of the value limitation plus a period of years thereafter. In addition, there are specific reporting requirements, which are monitored on an annual and biennial basis in order to ensure that relevant job, wage, and operational requirements are being met. The first year of value limitation under these agreements is tax year 2020. Therefore there are no value limitation amounts to report for the year ended August 31, 2020.

18. COMMITMENTS AND CONTINGENCIES

Federal and State Funding

The District participates in numerous state and federal 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 collectability 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 combined financial statements for such contingencies.

Construction

The District has entered into contracts for engineering and construction of new facilities. At August 31, 2020 the District was had contracts totaling approximately \$28.2 million, with approximately \$21.6 million remaining on the contracts.

REQUIRED SUPPLEMENTARY INFORMATION

WINK-LOVING INDEPENDENT SCHOOL DISTRICT

Exhibit G-1

BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE YEAR ENDED AUGUST 31, 2020

Data Control Codes	1 Budgeted Amounts		2	3	Variance With Final Budget Favorable (Unfavorable)
	Original	Amended	Actual		
Revenues:					
5700 Local and Intermediate Sources	\$ 89,683,798	\$ 90,408,846	\$ 99,647,019	\$	9,238,173
5800 State Program Revenues	<u>4,398,740</u>	<u>4,398,740</u>	<u>3,040,200</u>		<u>(1,358,540)</u>
5020 Total Revenues	\$ <u>94,082,538</u>	\$ <u>94,807,586</u>	\$ <u>102,687,219</u>	\$	<u>7,879,633</u>
Expenditures:					
0011 Instruction	\$ 3,939,596	\$ 4,005,064	\$ 3,929,337	\$	75,727
0012 Instructional Resources and Media Services	85,898	85,898	46,425		39,473
0013 Curriculum and Staff Development	81,850	81,850	2,370		79,480
0023 School Leadership	396,908	447,458	436,835		10,623
0031 Guidance, Counseling, and Evaluation Services	170,323	74,305	42,909		31,396
0033 Health Services	70,891	70,891	69,753		1,138
0034 Student Transportation	304,600	304,600	148,156		156,444
0036 Extracurricular Activities	838,771	838,771	722,867		115,904
0041 General Administration	783,884	783,884	715,939		67,945
0051 Plant Maintenance and Operations	1,395,516	2,423,109	2,258,412		164,697
0081 Facilities Acquisition and Construction	190,000	150,000	23,000		127,000
0091 Contracted Instructional Services Between School Districts	80,255,344	82,342,757	82,957,363		(614,606)
0093 Payments to Fiscal Agent/Member Districts of SSA	150,000	170,000	169,160		840
0099 Other Intergovernmental Charges	<u>750,000</u>	<u>750,000</u>	<u>843,461</u>		<u>(93,461)</u>
6030 Total Expenditures	\$ <u>89,413,581</u>	\$ <u>92,528,587</u>	\$ <u>92,365,987</u>	\$	<u>162,600</u>
1100 Excess of Revenues Over Expenditures	\$ <u>4,668,957</u>	\$ <u>2,278,999</u>	\$ <u>10,321,232</u>	\$	<u>8,042,233</u>
Other Financing Sources (Uses):					
7912 Proceeds from Sale of Capital Assets	\$	\$	79,882	\$	79,882
8911 Transfers Out (Use)	<u>(320,000)</u>	<u>(320,000)</u>	<u>(212,369)</u>		<u>107,631</u>
7080 Total Other Financing Sources (Uses)	\$ <u>(320,000)</u>	\$ <u>(320,000)</u>	\$ <u>(132,487)</u>	\$	<u>187,513</u>
1200 Net Change in Fund Balance	\$ 4,348,957	\$ 1,958,999	\$ 10,188,745	\$	8,229,746
0100 September 1 - Fund Balance	<u>21,248,440</u>	<u>21,248,440</u>	<u>21,248,440</u>		<u>0</u>
3000 August 31 - Fund Balance	\$ <u>25,597,397</u>	\$ <u>23,207,439</u>	\$ <u>31,437,185</u>	\$	<u>8,229,746</u>

WINK-LOVING INDEPENDENT SCHOOL DISTRICT

Exhibit G-2

**SCHEDULES OF THE DISTRICT'S PROPORTIONATE SHARE
OF THE NET PENSION LIABILITY
TEACHERS RETIREMENT SYSTEM
FOR THE YEAR ENDED AUGUST 31**

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
	<u>Plan Yr 2019</u>	<u>Plan Yr 2018</u>	<u>Plan Yr 2017</u>	<u>Plan Yr 2016</u>	<u>Plan Yr 2015</u>	<u>Plan Yr 2014</u>
District's Proportion of the Net Pension Liability	0.00306050%	0.00298565%	0.00303077%	0.00321111%	0.00326590%	0.00194000%
District's Proportionate Share of Net Pension Liability	\$ 1,590,941	\$ 1,643,374	\$ 969,077	\$ 1,213,430	\$ 1,154,452	\$ 518,254
State's Proportionate Share of the Net Pension Liability Associated with the District	<u>2,962,493</u>	<u>3,263,936</u>	<u>1,987,242</u>	<u>2,488,375</u>	<u>2,504,147</u>	<u>2,301,766</u>
Total	<u>\$ 4,553,434</u>	<u>\$ 4,907,310</u>	<u>\$ 2,956,319</u>	<u>\$ 3,701,805</u>	<u>\$ 3,658,599</u>	<u>\$ 2,820,020</u>
District's Covered Payroll	\$ 3,906,465	\$ 3,798,329	\$ 3,755,093	\$ 3,711,355	\$ 3,665,751	\$ 3,896,258
District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	40.73%	43.27%	25.81%	32.70%	31.49%	13.30%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	75.24%	73.74%	82.17%	78.00%	78.43%	83.25%

Note: GASB 68, Paragraph 81 requires that the information on this schedule be data from the period corresponding with the periods covered as of the measurement dates ending August 31 for each plan year.

Note: In accordance with GASB 68, paragraph 138, only six years of data are presented this reporting period. "The information for all periods for the ten year schedules that are required to be presented as required supplementary information may not be available initially. In these cases, during the transition period, that information should be presented for as many years as are available. The schedules should not include information that is not measured in accordance with the requirements of this Statement."

WINK-LOVING INDEPENDENT SCHOOL DISTRICT

Exhibit G-3

SCHEDULES OF DISTRICT CONTRIBUTIONS
FOR PENSIONS
TEACHERS RETIREMENT SYSTEM
FOR THE YEAR ENDED AUGUST 31

	2020	2019	2018	2017	2016	2015
Contractually Required Contribution	\$ 107,121	\$ 100,579	\$ 99,331	\$ 102,025	\$ 96,704	\$ 49,189
Contribution in Relation to the Contractually Required Contribution	(107,121)	(100,579)	(99,331)	(102,025)	(96,704)	(49,189)
Contribution Deficiency (Excess)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
District's Covered Payroll	\$ 4,084,311	\$ 3,906,465	\$ 3,798,329	\$ 3,755,093	\$ 3,711,355	\$ 3,665,751
Contributions as a Percentage of Covered Payroll	2.62%	2.57%	2.62%	2.72%	2.61%	1.34%

Note: Only six years of data is presented in accordance with GASB 68, paragraph 138. "The information for all periods for the ten year schedules that are required to be presented as required supplementary information may not be available initially. In these cases, during the transition period, that information should be presented for as many years as are available. The schedules should not include information that is not measured in accordance with the requirements of this Statement."

WINK-LOVING INDEPENDENT SCHOOL DISTRICT

Exhibit G-4

**SCHEDULES OF THE DISTRICT'S PROPORTIONATE SHARE
OF THE NET OPEB LIABILITY
TEACHERS RETIREMENT SYSTEM
FOR THE YEARS ENDED AUGUST 31**

	<u>2020</u> <u>Plan Yr 2019</u>	<u>2019</u> <u>Plan Yr 2018</u>	<u>2018</u> <u>Plan Yr 2017</u>
District's Proportion of the Net OPEB Liability	0.00412203%	0.00411143%	0.00405808%
District's Proportionate Share of Net OPEB Liability	\$ 1,949,359	\$ 2,052,875	\$ 1,764,706
State's Proportionate Share of the Net OPEB Liability Associated with the District	<u>2,590,261</u>	<u>3,363,858</u>	<u>3,086,865</u>
Total	<u>\$ 4,539,620</u>	<u>\$ 5,416,733</u>	<u>\$ 4,851,571</u>
District's Covered Payroll	\$ 3,906,465	\$ 3,798,329	\$ 3,755,093
District's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	49.90%	54.05%	47.00%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	2.73%	1.60%	0.91%

Note: GASB Codification, Vol. 2, P50.238 states that the information on this schedule be determined as of the measurement dates ending August 31 for each plan year.

Note: This schedule shows only three years for which this information is available. Additional information will be added until ten years of data are available and reported.

WINK-LOVING INDEPENDENT SCHOOL DISTRICT

Exhibit G-5

**SCHEDULES OF THE DISTRICT CONTRIBUTIONS
FOR OTHER POST-EMPLOYMENT BENEFITS
TEACHERS RETIREMENT SYSTEM
FOR THE YEARS ENDED AUGUST 31**

	<u>2020</u>	<u>2019</u>	<u>2018</u>
Contractually Required Contribution	\$ 30,633	\$ 28,642	\$ 28,081
Contribution in Relation to the Contractually Required Contribution	<u>(30,633)</u>	<u>(28,642)</u>	<u>(28,081)</u>
Contribution Deficiency (Excess)	\$ <u>0</u>	\$ <u>0</u>	\$ <u>0</u>
District's Covered Payroll	\$ 4,084,311	\$ 3,906,465	\$ 3,798,329
Contributions as a Percentage of Covered Payroll	0.75%	0.73%	0.74%

Note: GASB Codification, Vol. 2, P50.238 requires that the data in this schedule be presented as of the District's respective fiscal years as opposed to the time periods covered by the measurement dates ending August 31 of the preceding year.

Note: This schedule shows only three years for which this information is available. Additional information will be added until ten years of data are available and reported.

WINK-LOVING INDEPENDENT SCHOOL DISTRICT

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

A. NOTES TO SCHEDULES FOR THE TRS PENSION

Changes of Benefit Terms

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

Changes of Assumptions

Assumptions, methods, and plan changes which are specific to the Pension Trust Fund were updated from the prior year's report. The Net Pension Liability increased significantly since the prior measurement date due to a change in the following actuarial assumptions:

- The total pension liability as of August 31, 2019 was developed using a roll-forward method from the August 31, 2018 valuation.
- The single discount rate as of August 31, 2018 was a blended rate of 6.907%, and that has changed to a long-term expected rate of return of 7.25% as of August 31, 2019.
- With the enactment of Senate Bill 3 by the 86th Texas Legislature, an assumption has been made about how this would impact future salaries. It is assumed that eligible active members will receive a \$2,700 increase in fiscal year 2020. This is in addition to the salary increase expected based on the actuarial assumptions.
- The Texas Legislature approved funding for a 13th check. All eligible members retired as of December 31, 2018 will receive an extra annuity check in September 2019 in either the matching amount of their monthly payment or \$2,000, whichever is less.

B. NOTES TO SCHEDULES FOR THE TRS OPEB PLAN

Changes of Benefit Terms

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

Changes of Assumptions

The following were changes to the actuarial assumptions or other inputs that affected measurement of the Total OPEB liability since the prior measurement period:

- This discount rate changed from 3.69% as of August 31, 2018 to 2.63% as of August 31, 2019. The change increased the total OPEB liability.
- The trend rates were reset to better reflect the plan's anticipated experience. This change increased the total OPEB liability.
- The participation rate for pre-65 retirees was lowered from 70% to 65%. The participation rate for post 65 retirees was lowered from 75% to 50%. 25% of pre-65 retirees are assumed to discontinue their coverage at age 65. There was no lapse assumption in the prior valuation. These changes decreased the total OPEB liability.

WINK-LOVING INDEPENDENT SCHOOL DISTRICT

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

- The percentage of retirees who are assumed to have two-person coverage was lowered from 20% to 15%. In addition, the participation assumptions for surviving spouses of employees that die while actively employed was lowered from 20% to 10%. These changes decreased the total OPEB liability.

The impact of the Cadillac Tax that is returning in fiscal year 2023 has been calculated as a portion of the trend assumption. Assumptions and methods used to determine the impact of the Cadillac Tax include:

- 2018 thresholds of \$850/\$2,292 were indexed annually by 2.30%.
- Premium data submitted was not adjusted for permissible exclusions to the Cadillac Tax.
- There were no special adjustments to the dollar limit other than those permissible for non-Medicare retirees over 55.

Results indicate that the value of the excise tax would be reasonably represented by a 25 basis point addition to the long-term trend rate assumption.

OTHER SUPPLEMENTARY INFORMATION
EXHIBITS H-1 THROUGH J-3

WINK-LOVING INDEPENDENT SCHOOL DISTRICT

Exhibit H-1

COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
AUGUST 31, 2020

	211 ESEA Title I Part A Improving Basic Programs	240 National Breakfast and Lunch Program	255 ESEA II, A Training and Recruiting	270 ESEA VI, B Rural & Low Income	289 ESEA Title IV Part A Subpart 1	Total Non-Major Governmental Funds
ASSETS:						
Cash and Temporary Investments	\$	\$ 7,386	\$	\$	\$	\$ 7,386
Due from Other Governments	<u>59,928</u>		<u>9,860</u>	<u>74,633</u>	<u>10,000</u>	<u>154,421</u>
Total Assets	<u>\$ 59,928</u>	<u>\$ 7,386</u>	<u>\$ 9,860</u>	<u>\$ 74,633</u>	<u>\$ 10,000</u>	<u>\$ 161,807</u>
LIABILITIES AND FUND BALANCE:						
Liabilities						
Accrued Wages Payable	\$	\$ 7,386	\$	\$	\$	\$ 7,386
Due to Other Funds	<u>59,928</u>		<u>9,860</u>	<u>74,633</u>	<u>10,000</u>	<u>154,421</u>
Total Liabilities	<u>\$ 59,928</u>	<u>\$ 7,386</u>	<u>\$ 9,860</u>	<u>\$ 74,633</u>	<u>\$ 10,000</u>	<u>\$ 161,807</u>
Fund Balance	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Total Liabilities and Fund Balance	<u>\$ 59,928</u>	<u>\$ 7,386</u>	<u>\$ 9,860</u>	<u>\$ 74,633</u>	<u>\$ 10,000</u>	<u>\$ 161,807</u>

WINK-LOVING INDEPENDENT SCHOOL DISTRICT

Exhibit H-2

**COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NON-MAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED AUGUST 31, 2020**

	Special Revenue Funds						
	211 ESEA I, A Improving Basic Programs	240 National Breakfast and Lunch Program	255 ESEA II, A Training and Recruiting	270 ESEA VI, B Rural & Low Income	289 ESEA Title IV Part A Subpart 1	410 State Textbook Fund	Total Non-Major Governmental Funds
REVENUES:							
Local and Intermediate Sources	\$	\$ 63,422	\$	\$	\$	\$	\$ 63,422
State Program Revenues		11,362				24,396	35,758
Federal Program Revenues	59,928	87,721	9,860	74,633	10,000		242,142
Total Revenues	\$ 59,928	\$ 162,505	\$ 9,860	\$ 74,633	\$ 10,000	\$ 24,396	\$ 341,322
EXPENDITURES:							
Instruction	\$ 59,928	\$	\$ 9,860	\$ 74,633	\$ 10,000	\$ 24,396	\$ 178,817
Food Services		334,874					334,874
Total Expenditures	\$ 59,928	\$ 334,874	\$ 9,860	\$ 74,633	\$ 10,000	\$ 24,396	\$ 513,691
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ 0	\$ (172,369)	\$ 0	\$ 0	\$ 0	\$ 0	\$ (172,369)
OTHER FINANCING SOURCES:							
Transfers In	\$	\$ 172,369	\$	\$	\$	\$	\$ 172,369
Total Other Financing Sources	\$ 0	\$ 172,369	\$ 0	\$ 0	\$ 0	\$ 0	\$ 172,369
Net Change in Fund Balance	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Fund Balance - September 1 (Beginning)	0	0	0	0	0	0	0
Fund Balance - August 31 (Ending)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0

WINK-LOVING INDEPENDENT SCHOOL DISTRICT

Exhibit H-3

COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS
AUGUST 31, 2020

	Internal Service Funds		
	753	756	Total
	Medical	Self-Insured	Internal
	Insurance	Workers'	Service
		Compensation	Funds
ASSETS:			
Cash and Temporary Investments	\$ 12,242	\$ 34,235	\$ 46,477
Prepayments	<u>71,704</u>		<u>71,704</u>
Total Assets	<u>\$ 83,946</u>	<u>\$ 34,235</u>	<u>\$ 118,181</u>
LIABILITIES AND NET POSITION:			
Liabilities:			
Due to Other Funds	\$ <u>10,719</u>	\$ <u></u>	\$ <u>10,719</u>
Net Position:			
Unrestricted Net Position	<u>\$ 73,227</u>	<u>\$ 34,235</u>	<u>\$ 107,462</u>

WINK-LOVING INDEPENDENT SCHOOL DISTRICT

Exhibit H-4

COMBINING STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION
INTERNAL SERVICE FUNDS
AUGUST 31, 2020

	Internal Service Funds		
	753	756	Total
	Medical	Self-Insured	Internal
	Insurance	Workers'	Service
		Compensation	Funds
OPERATING REVENUES:			
Employer Contributions	\$ 620,263	\$	\$ 620,263
Employee Contributions	147,649		147,649
Interest Income	10	4	14
Total Operating Revenues	\$ 767,922	\$ 4	\$ 767,926
OPERATING EXPENSES:			
Fixed Costs and Insurance Premiums	\$ 827,193	\$ 14,629	\$ 841,822
Claims Paid	28,705	4,387	33,092
Total Operating Expenses	\$ 855,898	\$ 19,016	\$ 874,914
Income (Loss) Before Transfers	\$ (87,976)	\$ (19,012)	\$ (106,988)
Transfers In		40,000	40,000
Change in Net Position	\$ (87,976)	\$ 20,988	\$ (66,988)
Net Position - September 1 (Beginning)	161,203	13,247	174,450
Net Position - August 31 (Ending)	\$ 73,227	\$ 34,235	\$ 107,462

WINK-LOVING INDEPENDENT SCHOOL DISTRICT

Exhibit H-5

COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
AUGUST 31, 2020

	Internal Service Funds		
	753	756	Total
	Self-Insured	Self-Insured	Internal
	Medical	Workers'	Service
	Insurance	Compensation	Funds
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS			
Cash Flows from Operating Activities			
Cash Receipts from Charges to Other Funds	\$ 620,263	\$	\$ 620,263
Cash Receipts from Transfers from Other Funds		40,000	40,000
Cash Receipts from Employees	147,649		147,649
Interest Income	10	4	14
Cash Payments to Suppliers for Services	<u>(863,071)</u>	<u>(19,016)</u>	<u>(882,087)</u>
Net Cash from Operating Activities	\$ <u>(95,149)</u>	\$ 20,988	\$ <u>(74,161)</u>
Net Change in Cash and Cash Equivalents	\$ (95,149)	\$ 20,988	\$ (74,161)
Cash and Cash Equivalents at Beginning of the Year	<u>107,391</u>	<u>13,247</u>	<u>120,638</u>
Cash and Cash Equivalents at End of Year	\$ <u><u>12,242</u></u>	\$ <u><u>34,235</u></u>	\$ <u><u>46,477</u></u>
RECONCILIATION OF OPERATING LOSS TO NET CASH FROM OPERATING ACTIVITIES			
Operating Loss	\$ (87,976)	\$ 20,988	\$ (66,988)
Changes in Assets and Liabilities			
Increase in Prepayments	<u>(7,173)</u>		<u>(7,173)</u>
Net Cash From Operating Activities	\$ <u><u>(95,149)</u></u>	\$ <u><u>20,988</u></u>	\$ <u><u>(74,161)</u></u>

WINK-LOVING INDEPENDENT SCHOOL DISTRICT

Exhibit J-1

SCHEDULE OF DELINQUENT TAXES RECEIVABLE
FOR THE YEAR ENDED AUGUST 31, 2020

Last Ten Years Ended August 31	1		2		Assessed/ Appraised Value for School Tax Purposes	10		20		31		32		40		50	
	Tax Rates		Debt Service	Beginning Balance 9/1/2019		Current Year's Total Levy	Maintenance Total Collections	Debt Service Total Collections	Entire Year's Adjustments	Ending Balance 8/31/2020							
	Maintenance	Various									Various	Various	Various	Various	Various	Various	
2010 and Prior Years	Various	Various	Various	Various	\$	\$ 34,216	\$	\$	\$	\$ 1,132	\$	\$ 19	\$	(9,257)	\$	23,808	
2011	1.04000	0.00000	1,394,595,630	7,939						129						7,810	
2012	1.04000	0.00000	1,258,584,519	3,570						109						3,461	
2013	1.04000	0.28000	1,289,545,705	13,613						156		42		(8,349)		5,066	
2014	1.04000	0.28000	1,355,100,378	7,746						529		142		(1,541)		5,534	
2015	1.04000	0.28000	1,954,533,598	20,588						684		184		(1,541)		18,179	
2016	1.04000	0.28000	1,783,499,206	26,933						1,701		458		(2,101)		22,673	
2017	1.04000	0.28000	1,726,734,777	33,684						(6,956)		(1,873)		(349)		42,164	
2018	1.04000	0.28000	2,790,772,877	105,401						23,853		6,422		(1,007)		74,119	
2019	1.04000	0.28000	4,444,392,592	386,877						346,617		93,320		284,347		231,287	
2020 (School Year Under Audit)	0.97000	0.35000	9,719,557,966						128,298,165	97,871,257		35,314,371		5,993,071		1,105,608	
1000 TOTALS					\$	640,567	\$ 128,298,165	\$ 98,239,211	\$ 35,413,085	\$ 6,253,273	\$ 1,539,709						

Tax Collection Summary:	Gen. Fund		Debt Serv.		Total
	(M&O)	Fund	(M&O)	Fund	
Base Tax Collections	\$ 98,239,211	\$ 35,413,085	\$ 35,413,085	\$ 133,652,296	
Penalty and Interest	334,466	119,229	119,229	453,695	
Total	\$ 98,573,677	\$ 35,532,314	\$ 35,532,314	\$ 134,105,991	

WINK-LOVING INDEPENDENT SCHOOL DISTRICT

Exhibit J-2

**BUDGETARY COMPARISON SCHEDULE
CHILD NUTRITION FUND
FOR THE YEAR ENDED AUGUST 31, 2020**

Data Control Codes	1 Budgeted Amounts		3	Variance With Final Budget Favorable (Unfavorable)
	Original	Amended	Actual	
Revenues:				
5700 Local and Intermediate	\$ 110,000	\$ 110,000	\$ 63,422	\$ (46,578)
5800 State Program Revenues	8,200	8,200	11,362	3,162
5900 Federal Program Revenues	<u>104,000</u>	<u>104,000</u>	<u>87,721</u>	<u>(16,279)</u>
5020 Total Revenues	\$ <u>222,200</u>	\$ <u>222,200</u>	\$ <u>162,505</u>	\$ <u>(59,695)</u>
Expenditures:				
0035 Food Services	\$ <u>332,200</u>	\$ <u>339,577</u>	\$ <u>334,874</u>	\$ <u>4,703</u>
6030 Total Expenditures	\$ <u>332,200</u>	\$ <u>339,577</u>	\$ <u>334,874</u>	\$ <u>4,703</u>
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ <u>(110,000)</u>	\$ <u>(117,377)</u>	\$ <u>(172,369)</u>	\$ <u>(54,992)</u>
Other Financing Sources:				
7915 Transfers In	\$ <u>110,000</u>	\$ <u>110,000</u>	\$ <u>172,369</u>	\$ <u>62,369</u>
1200 Net Change in Fund Balance	\$ 0	\$ (7,377)	\$ 0	\$ 7,377
0100 September 1 - Fund Balance	<u>21,731</u>	<u>(12,663)</u>	<u>0</u>	<u>12,663</u>
3000 August 31 - Fund Balance	\$ <u><u>21,731</u></u>	\$ <u><u>(20,040)</u></u>	\$ <u><u>0</u></u>	\$ <u><u>20,040</u></u>

WINK-LOVING INDEPENDENT SCHOOL DISTRICT

Exhibit J-3

**BUDGETARY COMPARISON SCHEDULE
DEBT SERVICE FUND
FOR THE YEAR ENDED AUGUST 31, 2020**

Data Control Codes	1 Budgeted Amounts		3	Variance With Final Budget Favorable (Unfavorable)
	Original	Amended	Actual	
Revenues:				
5700 Local and Intermediate	\$ 25,906,454	\$ 25,906,454	\$ 35,766,107	\$ 9,859,653
5800 State Program Revenues			1,033	1,033
5020 Total Revenues	\$ 25,906,454	\$ 25,906,454	\$ 35,767,140	\$ 9,860,686
Expenditures:				
0071 Debt Service - Principal	\$ 3,140,000	\$ 3,140,000	\$ 3,140,000	\$ 0
0072 Debt Service - Interest	2,396,750	2,396,750	2,313,088	83,662
0073 Debt Service - Fees	5,500	5,500	12,050	(6,550)
6030 Total Expenditures	\$ 5,542,250	\$ 5,542,250	\$ 5,465,138	\$ 77,112
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ 20,364,204	\$ 20,364,204	\$ 30,302,002	\$ 9,937,798
8949 Other (Uses)	\$ 0	\$ 0	\$ (2,854,569)	\$ (2,854,569)
7080 Total Other Financing Sources (Uses)	\$ 0	\$ 0	\$ (2,854,569)	\$ (2,854,569)
1200 Net Change in Fund Balance	\$ 20,364,204	\$ 20,364,204	\$ 27,447,433	\$ 7,083,229
0100 September 1 - Fund Balance	9,482,377	9,482,377	9,482,377	0
3000 August 31 - Fund Balance	\$ 29,846,581	\$ 29,846,581	\$ 36,929,810	\$ 7,083,229

OVERALL COMPLIANCE AND INTERNAL CONTROL SECTION

BOLINGER, SEGARS, GILBERT & MOSS, L.L.P.

CERTIFIED PUBLIC ACCOUNTANTS

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LUBBOCK, TEXAS 79423-1954

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF THE FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

Independent Auditor's Report

Board of School Trustees
Wink-Loving Independent School District
Wink, Texas

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Wink-Loving Independent School District (the District) as of and for the year ended August 31, 2020, and related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated November 4, 2020.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Wink-Loving 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*.

Purpose of this Report

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

Bolinger, Segars, Gilbert & Moss LLP

Certified Public Accountants

Lubbock, Texas

November 4, 2020

WINK-LOVING INDEPENDENT SCHOOL DISTRICT

**SCHEDULE OF STATE FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED AUGUST 31, 2020**

Current Year Findings –

None

Corrective Action Plan –

N/A

Status of Prior Year Findings –

N/A