

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

INTRODUCTION

Our discussion and analysis of the Wink-Loving Independent School District's (the District) financial performance provides an overview of the District's financial performance for the year ended August 31, 2014. It should be read in conjunction with the District's Basic Financial Statements and Independent Auditors' 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*, issued June, 1999. The Texas Education Agency mandated all school districts in Texas adopt the new financial reporting model effective September 1, 2001.

FINANCIAL HIGHLIGHTS

- The net position of the District increased by \$2,353,468. The District's statement of activities shows total revenues of ~~\$20,799,313~~20,855,808, and expenses totaled ~~\$18,445,845~~18,502,340.
- The District ended the year, August 31, 2014, with total net position of \$17,578,571, including unrestricted net position of \$3,736,163. The balance of cash and investments at August 31, 2014, was \$15,321,801.
- Total government-wide expenses were ~~\$18,445,845~~18,502,340 for the year ended August 31, 2014. This compares with expenses of \$17,766,824 for the year ended August 31, 2013.
- The District's total revenues on the Statement of Activities increased from \$20,781,381 in 2012-13 to ~~\$20,799,313~~20,855,808 in 2013-14.
- The District's general fund balance increased by \$70,821 during 2013-14.
- The District reduced the deficit in the Cafeteria fund significantly in the current year. The District showed a deficit of \$303,035 in 2012-13 and a deficit of \$180,194 in 2013-14. This amounts to a \$122,841 reduction to this deficit in one year.

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.

Changes in Net Position

The District's net position increased during the year ended August 31, 2014, by \$2,353,468 (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 – decreased \$2,180,144 from \$5,916,307 in 2013 to \$3,736,163 in 2014.

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

	August 31,		
	2014	Amended	2013
Revenues:			
Program Revenues:			
Charges For Services	\$ 169,737	169,737	\$ 82,944
Operating Grants and Contributions	470,698	527,193	365,670
General Revenues:			
Maintenance and Operations Taxes	14,259,600	14,259,600	14,068,322
Debt Service Taxes	3,809,209	3,809,209	3,721,016
State Aid - Formula Grants	2,071,367	2,071,367	2,477,453
Investment Earnings	7,873	7,873	20,197
Miscellaneous	10,829	10,829	45,779
Total Revenue	\$ 20,799,313	20,855,808	\$ 20,781,381
Expenses:			
Instruction	\$ 3,961,566	4,018,061	\$ 3,976,296
Instructional Resources and Media Services	94,542	94,542	100,149
Curriculum and Instructional Staff Development	63,614	63,614	23,196
Instructional Leadership	103,354	103,354	34,141
School Leadership	427,609	427,609	399,606
Guidance, Counseling, and Evaluation Services	86,770	86,770	122,345
Health Services	72,962	72,962	65,754
Student Transportation	120,079	120,079	163,714
Food Services	465,289	465,289	486,748
Co-curricular / Extracurricular Activities	774,476	774,476	775,027
General Administration	1,131,824	1,131,824	1,125,199
Plant Maintenance and Operations	1,271,895	1,271,895	1,212,782
Community Services	485,776	485,776	24,000
Debt Service - Interest and Fees	232,517	232,517	411,485
Contracted Instructional Services Between Schools	8,705,069	8,705,069	8,330,160
Payments to Shared Service Arrangements	109,001	109,001	139,235
Other Intergovernmental Charges	339,502	339,502	376,987
	\$ 18,445,845	18,502,340	\$ 17,766,824
Increase (Decrease) in Net Position	\$ 2,353,468	2,353,468	\$ 3,014,557
Prior Period Adjustment			(355,729)
Net Change to Net Position	\$ 2,353,468	2,353,468	\$ 2,658,828

The District's total revenues increased from \$20,781,381 in fiscal year 2013 to ~~\$20,799,313~~\$20,855,808 in fiscal year 2014, an increase of ~~\$17,932,744~~\$17,932,744,427. The total expenses of the District increased by ~~\$679,024~~\$735,516 from \$17,766,824 to ~~\$18,445,845~~\$18,502,340. This increase is mainly due to the increase in recapture payments made.

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

- The District's appraised valuation of taxable property increased from \$1,289,545,705 to \$1,355,100,378, an increase of 5.08%. The total school property taxes assessed for school year 2014 were \$17,887,325. This is an increase of \$865,322 from the \$17,022,003 assessed in 2013.
- Total tax collections for 2014 were \$17,807,025 (99.6% of the current year levy). The tax collections for 2013 were \$17,327,813 (100.2% of that year's levy).

Fund Balances

The District's total Governmental Funds fund balance is \$11,743,342. This fund balance is reported in the various Governmental funds as follows:

General Fund: \$2,881,739 – Of this balance, \$800,000 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 2013 was \$2,810,918.

Debt Service Fund: \$647,113 – This balance is restricted for extinguishing of long-term debt. The fund balance restricted for Debt Service in 2013 was \$391,611.

Capital Projects Fund: \$8,214,490 – This balance represents unspent bond proceeds and is restricted for capital expenditures related to the bond issuance. The fund balance restricted for Capital Projects in 2013 was \$9,819,768.

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, 2014, the District has \$26,132,133 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, 2014.

Debt

At August 31, 2014, the District's long-term debt included \$20,335,000 in Bonds Payable, \$818,216 in Unamortized Bond Premiums, \$16,244 in Capital Leases Payable, and \$47,307 in accrued leave liability. The funding for the payment of liabilities come from operating revenues. Interest and Sinking property taxes will assist in making bond payments. Financial statement Footnote No. 8 discloses the debt activity of the District for the year ended August 31, 2014.

WINK-LOVING INDEPENDENT SCHOOL DISTRICT

Exhibit B-1

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED AUGUST 31, 2014

Data Control Codes	1	Program Revenues			6		
		Expenses	Amended	Charges for Services		Operating Grants and Contributions	Amended
11	Instruction	\$ 3,961,566	4,018,061	\$	\$ 198,572	255,067	\$ (3,762,994)
12	Instructional Resources and Media Services	94,542	94,542		2,983	2,983	(91,559)
13	Curriculum and Staff Development	63,614	63,614		1,988	1,988	(61,626)
21	Instructional Leadership	103,354	103,354		56,716	56,716	(46,638)
23	School Leadership	427,609	427,609		13,480	13,480	(414,129)
31	Guidance, Counseling, and Evaluation Services	86,770	86,770		3,072	3,072	(83,698)
33	Health Services	72,962	72,962		2,300	2,300	(70,662)
34	Student Transportation	120,079	120,079		3,792	3,792	(116,287)
35	Food Services	465,289	465,289	129,246	84,350	84,350	(251,693)
36	Extracurricular Activities	774,476	774,476	11,964	24,623	24,623	(737,889)
41	General Administration	1,131,824	1,131,824		21,938	21,938	(1,109,886)
51	Plant Maintenance and Operations	1,271,895	1,271,895	28,527	40,566	40,566	(1,202,802)
72	Debt Service - Interest	485,776	485,776				(485,776)
73	Bond Issuance Costs and Fees	232,517	232,517				(232,517)
91	Contracted Instructional Services Between Schools	8,705,069	8,705,069				(8,705,069)
93	Payments to Fiscal Agent/Member Districts	109,001	109,001		3,966	3,966	(105,035)
99	Other Intergovernmental Charges	339,502	339,502		12,352	12,352	(327,150)
TP	Total Primary Government	\$ 18,445,845	18,502,340	\$ 169,737	\$ 470,698	527,193	\$ (17,805,410)

Data Control Codes	General Revenues:	
MT	Property Taxes, Levied for General Purposes	\$ 14,259,600
DT	Property Taxes, Levied for Debt Service	3,809,209
SF	State Aid - Formula Grants	2,071,367
IE	Investment Earnings	7,873
MI	Miscellaneous Local and Intermediate Revenue	10,829
TR	Total General Revenues, Special Items, and Transfers	\$ 20,158,878
CN	Change in Net Position	\$ 2,353,468
NB	Net Position - Beginning	15,225,103
NE	Net Position - Ending	\$ 17,578,571

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, 2014

Data Control Codes	Major Funds			Nonmajor Governmental Funds	Amended	98 Total Governmental		
	10 General Fund	50 Debt Service Fund	60 Capital Projects Fund			Funds	Amended	
Revenues:								
5700	Local and Intermediate Sources	\$ 14,291,714	\$ 3,777,544	\$	\$ 129,246	129,246	\$ 18,198,504	18,198,504
5800	State Program Revenues	2,326,157			58,077	58,077	2,384,234	2,384,234
5900	Federal Program Revenues				157,831	214,326	157,831	214,326
5020	Total Revenues	\$ 16,617,871	\$ 3,777,544	\$ 0	\$ 345,154	401,649	\$ 20,740,569	20,797,064
Expenditures:								
0011	Instruction	\$ 3,356,819	\$	\$	\$ 76,440	132,935	\$ 3,433,259	3,489,754
0012	Instructional Resources and Media Services	82,001					82,001	82,001
0013	Curriculum and Staff Development	54,630					54,630	54,630
0021	Instructional Leadership	34,141			55,474	55,474	89,615	89,615
0023	School Leadership	370,513					370,513	370,513
0031	Guidance, Counseling, and Evaluation Services	84,423					84,423	84,423
0033	Health Services	63,214					63,214	63,214
0034	Student Transportation	104,222					104,222	104,222
0035	Food Services	9,794			393,434	393,434	403,228	403,228
0036	Extracurricular Activities	676,755			6,693	6,693	683,448	683,448
0041	General Administration	602,965					602,965	602,965
0051	Plant Maintenance and Operations	1,114,957					1,114,957	1,114,957
0071	Debt Service - Principal	6,472	2,860,000				2,866,472	2,866,472
0072	Debt Service - Interest	2,378	661,542				663,920	663,920
0073	Debt Service - Bond Issuance Cost and Fees		500	232,017			232,517	232,517
0081	Facilities Acquisition and Construction			11,105,278			11,105,278	11,105,278
0091	Contracted Instructional Services Between Schools	8,705,069					8,705,069	8,705,069
0093	Payments to Fiscal Agent/Member Districts	109,001					109,001	109,001
0099	Other Intergovernmental Charges	339,502					339,502	339,502
6030	Total Expenditures	\$ 15,716,856	\$ 3,522,042	\$ 11,337,295	\$ 532,041	588,536	\$ 31,108,234	31,164,729
1100	Excess (Deficiency) of Revenues Under Expenditures	\$ 901,015	\$ 255,502	\$ (11,337,295)	\$ (186,887)	(186,887)	\$ (10,367,665)	(10,367,665)
Other Financing Sources (Uses):								
7911	Capital Related Debt Issued	\$	\$	\$ 9,365,000	\$	\$	\$ 9,365,000	9,365,000
7915	Transfers In				180,194	180,194	180,194	180,194
7916	Premium on Issuance of Bonds			367,017			367,017	367,017
8911	Transfers Out (Use)	(830,194)					(830,194)	(830,194)
7080	Total Other Financing Sources (Uses)	\$ (830,194)	\$ 0	\$ 9,732,017	\$ 180,194	180,194	\$ 9,082,017	9,082,017
1200	Net Change in Fund Balance	\$ 70,821	\$ 255,502	\$ (1,605,278)	\$ (6,693)	(6,693)	\$ (1,285,648)	(1,285,648)
0100	September 1 - Fund Balance	2,810,918	391,611	9,819,768	6,693	6,693	13,028,990	13,028,990
3000	August 31 - Fund Balance	\$ 2,881,739	\$ 647,113	\$ 8,214,490	\$ 0	0	\$ 11,743,342	11,743,342

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

