

**WINK-LOVING
INDEPENDENT SCHOOL DISTRICT**

**ANNUAL FINANCIAL AND
COMPLIANCE REPORT**

**FOR THE YEAR ENDED
AUGUST 31, 2012**

WINK-LOVING INDEPENDENT SCHOOL DISTRICT
ANNUAL FINANCIAL AND COMPLIANCE REPORT
FOR THE YEAR ENDED AUGUST 31, 2012

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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 and compliance report of the above-named school district were reviewed and (check one) X approved ___ disapproved for the year ended August 31, 2012 at a meeting of the Board of Trustees of such school district on the 11TH day of February, 2013.

*Authorized signature available on
Original report on file with TEA.*

Signature of Board Secretary

*Authorized signature available on
Original report on file with TEA.*

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)

UNQUALIFIED OPINION ON BASIC FINANCIAL STATEMENTS ACCOMPANIED BY REQUIRED
SUPPLEMENTARY INFORMATION AND OTHER SUPPLEMENTARY INFORMATION

Independent Auditor's Report

Board of Trustees
Wink-Loving Independent School District
P.O. Box 637
Wink-Loving, Texas 79789

Members of the Board:

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, 2012, which collectively comprise the District's basic financial statements, as listed in the table of contents. These financial statements are the responsibility of the District's administrators. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Wink-Loving Independent School District as of August 31, 2012, and the respective changes in financial position and the respective budgetary comparison for the general fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Management's discussion and analysis on pages 3 through 8 is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 18, 2013, 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 and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Our audit was performed for the purpose of forming an opinion on the financial statements that collectively comprise Wink-Loving Independent School District's basic financial statements.

Although the combining fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements, they have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

The Texas Education Agency requires school districts to include certain information in the Annual Financial and Compliance Report in conformity with laws and regulations of the State of Texas. This information is in Exhibits identified in the Table of Contents as Exhibits J-1 through J-3. These schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

*Authorized signature available on
Original report on file with TEA.*

Smith & Rives, PC
Monahans, Texas
January 18, 2013

MANAGEMENT'S DISCUSSION AND ANALYSIS

In this section of the Annual Financial and Compliance Report, we, the managers of Wink-Loving Independent School District, discuss and analyze the District's financial performance for the fiscal year ended August 31, 2012. Please read it in conjunction with our Independent Auditor's Report on page 1 and the District's Basic Financial Statements, which begin on page 9.

FINANCIAL HIGHLIGHTS

The District's net assets decreased by \$1,674,836 as a result of this year's operations. Our District does not have any business-type activities; so all changes are attributable to our governmental activities. (See Exhibit B-1)

During the year, the District had expenditures that were \$4,243,085 more than the \$17,977,282 generated in tax and other revenues for governmental programs (before special items). This compares to last year when expenditures were less than revenues by \$2,499,449. (See Exhibit C-3)

Total cost of all of the District's programs increased by 7.66%. The increase is due primarily to higher instruction costs, and increases for purchase of attendance credits. (See Exhibit B-1)

The General Fund ended the year with a fund balance of \$2,188,300. (See Exhibit C-3)

The resources available for appropriation were \$773,419 more than budgeted for the General Fund. The primary reason for this is due to the District receiving more State funding than expected. (See Exhibit C-5)

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The government-wide financial statements include the Statement of Net Assets and the Statement of Activities (on pages 9 and 10). 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 (starting on page 11) 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. The remaining statements, fiduciary statements, provide financial information about activities for which the District acts solely as a trustee or agent for the benefit of those outside of the District.

The notes to the financial statements (starting on page 18) provide narrative explanations or additional data needed for full disclosure in the government-wide statements or the fund financial statements.

The combining statements for non-major funds contain even more information about the District's individual funds. These are not required by TEA. The sections labeled TEA Required Schedules and Federal Awards Section 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

The Statement of Net Assets and the Statement of Activities

The analysis of the District's overall financial condition and operations begins on page 3. 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 Assets (page 9) includes all the District's assets and liabilities at the end of the year while the Statement of Activities (page 10) includes all the revenues and expenses generated by the District's operations during the year. These 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 assets and changes in them. The District's net assets (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 assets 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 non-financial 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 Assets and the Statement of Activities we present only the following activity:

Governmental Activities - Most 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 begin on page 11 and 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 under ESEA Title I, Part A from the U.S. Department of Education. The District's administration establishes many other funds to help it control and manage money for particular purposes (like campus activities). The District's governmental funds use an accounting approach as follows:

Most of the District's basic services are reported 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 Assets and the Statement of Activities) and governmental funds in reconciliation schedules following each of the fund financial statements.

The District as Trustee

Reporting the District's Fiduciary Responsibilities

The District is the trustee, or fiduciary, for money raised by student activities and alumni scholarship programs. All of the District's fiduciary activities are reported in separate Statements of Fiduciary Net Assets and Changes in Fiduciary Net Assets on pages 16 and 17. We exclude these resources from the District's other financial statements because the District cannot use these assets to finance its operations. The District is only responsible for ensuring that the assets reported in these funds are used for their intended purposes.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net assets of the District's governmental activities decreased from \$13,607,832 to \$11,925,477. Unrestricted net assets - the part of net assets that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements - were \$1,780,677 at August 31, 2012. Governmental net assets were impacted by the following three factors. First, the District's revenues reflected a substantial decrease in the combination of property tax collections and state revenues when compared to the prior year. Related to that, the District sent TEA and other school districts \$11,451,057 for attendance credits. Second, the District acquired capital assets in the amount of \$2,836,189. Third, the District recorded depreciation of \$680,327, which is a non-cash expense.

Table I
Wink-Loving Independent School District

NET ASSETS

	Governmental Activities	
	2012	2011
Current and other assets	16,840,407	3,700,717
Capital assets	10,748,583	10,235,853
Total assets	12,737,728	13,936,570
Long-term liabilities	17,387,307	3,118
Other liabilities	265,351	325,619
Total liabilities	17,652,658	328,737
Net Assets:		
Invested in capital assets, net of related debt	10,135,267	10,216,645
Restricted	9,533	8,064
Unrestricted	1,780,677	3,383,123
Total Net Assets	11,925,477	13,607,832

Table II
Wink-Loving Independent School District

CHANGES IN NET ASSETS

	Governmental Activities	
	2012	2011
Revenues:		
Program Revenues:		
Charges for Services	83,155	220,294
Operating Grants and Contributions	546,124	542,043
General Revenues:		
Maintenance and Operations Taxes	12,913,724	14,276,906
Grants & Contributions not restricted	4,295,856	5,048,635
Investment Earnings	74,371	8,415
Miscellaneous	112,615	185,622
Total Revenue	<u>18,025,845</u>	<u>20,281,915</u>
Expenses:		
Instruction, Curriculum, & Media Services	4,099,265	3,975,111
Instructional and School Leadership	394,865	398,971
Student Support Services	301,143	304,684
Child Nutrition	411,719	418,381
Co-curricular Activities	740,658	810,991
General Administration	612,844	584,540
Plant, Maintenance, Security, & Data Processing	1,258,737	1,304,957
Community Services	0	1,000
Debt Services	4,359	2,198
Contracted Instructional Services Between Schools	11,451,057	10,199,770
Payments to Fiscal Agent/Member Districts of SSA	106,228	102,019
Other Intergovernmental Charges	319,806	196,186
Total Expenses	<u>19,700,681</u>	<u>18,299,101</u>
Increase in Net Assets before Transfers and Special Items	(1,674,836)	1,982,814
Transfers	0	0
Prior Period Adjustments	(7,519)	0
Net Assets - September 1	<u>13,607,832</u>	<u>11,625,018</u>
Net Assets - August 31	<u><u>11,925,477</u></u>	<u><u>13,607,832</u></u>

The District's governmental fund type revenues decreased by 12.92% (from \$20.30 million to \$17.98 million) (Exhibit C-3). The cost of all governmental activities this year was \$19.70 million compared to \$18.30 million last year (Exhibit B-1). However, as shown in the Statement of Activities on page 10, some of the costs were paid by those who directly benefited from the programs (\$83,155) or by other governments and organizations that subsidized certain programs with grants and contributions (\$546,124) or by State equalization funding (\$4,295,856).

THE DISTRICT'S FUNDS

As the District completed the year, its governmental funds (as presented in the balance sheet on page 11) reported a combined fund balance of \$2,188,300, which is less than last year's total of \$3,314,350.

Over the course of the year, the Board of Trustees revised the District's budget several times. These budget amendments fall into three categories. The first category includes amendments to increase amounts budgeted for the purchase of attendance credits. The second category includes amendments to increase amounts of salaries and related expenditures to cover the level of staffing necessary for the school year. The third category involved amendments moving funds from programs that did not need all the resources originally appropriated to them to programs with resource needs.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of 2012, the District had \$23,322,752 invested in a broad range of capital assets, including facilities and equipment for instruction, transportation, athletics, administration, and maintenance. This amount represents an increase of about \$2,783,190, or 13.55%, compared to last year. The increase is attributable to construction/renovations and purchases of equipment.

Major additions placed in service and assets retired in the current year include:

Swimming Pool Pump	\$	21,802
Construction In Progress		2,746,347
Copiers		27,018
Air Conditioners		16,424
Gym Boiler		<u>24,598</u>
Total Additions	\$	<u>2,836,189</u>

Debt

At August 31, 2012, the outstanding debts included capital leases in the amount of \$31,578. The debt also included the issuance of Unlimited School Tax Bonds of \$16,560,000. Debt service payments will begin on the bonds in the subsequent year. More detailed information about the District's long-term liabilities is presented in the Notes to the Financial Statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The District's elected and appointed officials considered many factors when setting the 2012-2013 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 foundations.

These indicators were taken into account when adopting the General Fund 2012-2013 budget. Amounts available for appropriation in the General Fund budget are \$16,900,000, an increase of 1.54% over the original 2011-2012 budget of \$16,643,000. The District will use its revenues to finance programs we currently offer. Conversely, budgeted expenditures are expected to increase about 3.48% as compared to the original 2011-2012 budget. For normal district operations, the District has added no major new programs or initiatives to the 2012-2013 budget.

The District also set a debt service tax rate that will generate revenues budgeted at \$3,702,000. These revenues will be used to service the debt as scheduled in Note F of the Notes to the Financial Statements as presented on page 26.

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 2012-2013 fiscal year. More importantly, however, this will have been accomplished in spite of un-funded mandates.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of the District's finances and to 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, Post Office Box 637, Wink, Texas, 79789.

BASIC FINANCIAL STATEMENTS

WINK-LOVING INDEPENDENT SCHOOL DISTRICT
STATEMENT OF NET ASSETS
AUGUST 31, 2012

Data Control Codes	Primary Government Governmental Activities
ASSETS	
1110 Cash and Cash Equivalents	\$ 15,356,201
1220 Property Taxes Receivable (Delinquent)	357,036
1230 Allowance for Uncollectible Taxes	(303,481)
1240 Due from Other Governments	1,427,160
1250 Accrued Interest	264
1300 Inventories	3,227
1420 Capitalized Bond and Other Debt Issuance Costs	355,729
Capital Assets:	
1510 Land	67,708
1520 Buildings, Net	8,887,210
1530 Furniture and Equipment, Net	658,268
1550 Leased Property Under Capital Leases, Net	24,957
1580 Construction in Progress	2,743,856
1000 Total Assets	29,578,135
LIABILITIES	
2110 Accounts Payable	1,071
2160 Accrued Wages Payable	264,280
Noncurrent Liabilities	
2501 Due Within One Year	2,738,862
2502 Due in More Than One Year	14,648,445
2000 Total Liabilities	17,652,658
NET ASSETS	
3200 Invested in Capital Assets, Net of Related Debt	10,135,267
3820 Restricted for Federal and State Programs	3,227
3870 Restricted for Campus Activities	6,306
3900 Unrestricted Net Assets	1,780,677
3000 Total Net Assets	\$ 11,925,477

The notes to the financial statements are an integral part of this statement.

WINK-LOVING INDEPENDENT SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED AUGUST 31, 2012

EXHIBIT B-1

Data	Program Revenues			Net (Expense)
Control	1	3	4	Revenue and
Codes	Expenses	Charges for	Operating	Changes in Net
		Services	Grants and	Assets
			Contributions	Primary Gov.
				Governmental
				Activities

Primary Government:

GOVERNMENTAL ACTIVITIES:

11 Instruction	\$ 3,997,885	\$ -	\$ 265,937	\$ (3,731,948)
12 Instructional Resources and Media Services	79,801	-	2,865	(76,936)
13 Curriculum and Staff Development	21,579	-	-	(21,579)
21 Instructional Leadership	39,485	-	-	(39,485)
23 School Leadership	355,380	-	92,907	(262,473)
31 Guidance, Counseling and Evaluation Services	107,415	-	3,837	(103,578)
33 Health Services	70,594	-	2,823	(67,771)
34 Student (Pupil) Transportation	123,134	-	2,996	(120,138)
35 Food Services	411,719	32,127	115,645	(263,947)
36 Extracurricular Activities	740,658	25,516	16,780	(698,362)
41 General Administration	612,844	2,622	18,163	(592,059)
51 Facilities Maintenance and Operations	1,258,737	22,890	24,171	(1,211,676)
72 Debt Service - Interest on Long Term Debt	4,359	-	-	(4,359)
91 Contracted Instructional Services Between Schools	11,451,057	-	-	(11,451,057)
93 Payments related to Shared Services Arrangements	106,228	-	-	(106,228)
99 Other Intergovernmental Charges	319,806	-	-	(319,806)
[TP] TOTAL PRIMARY GOVERNMENT:	\$ 19,700,681	\$ 83,155	\$ 546,124	(19,071,402)

Data				
Control				
Codes				
	General Revenues:			
	Taxes:			
MT	Property Taxes, Levied for General Purposes			12,913,724
GC	Grants and Contributions not Restricted			4,295,856
IE	Investment Earnings			74,371
MI	Miscellaneous Local and Intermediate Revenue			112,615
TR	Total General Revenues			17,396,566
CN	Change in Net Assets			(1,674,836)
NB	Net Assets--Beginning			13,607,832
PA	Prior Period Adjustment			(7,519)
NE	Net Assets--Ending			\$ 11,925,477

The notes to the financial statements are an integral part of this statement.

WINK-LOVING INDEPENDENT SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
AUGUST 31, 2012

Data Control Codes	10 General Fund	60 Capital Projects	Other Funds	Total Governmental Funds
ASSETS				
1110 Cash and Cash Equivalents	\$ 973,980	\$ 14,375,915	\$ 6,306	\$ 15,356,201
1220 Property Taxes - Delinquent	357,036	-	-	357,036
1230 Allowance for Uncollectible Taxes (Credit)	(303,481)	-	-	(303,481)
1240 Receivables from Other Governments	1,419,710	-	7,450	1,427,160
1250 Accrued Interest	264	-	-	264
1260 Due from Other Funds	59,697	-	-	59,697
1300 Inventories	-	-	3,227	3,227
1000 Total Assets	<u>\$ 2,507,206</u>	<u>\$ 14,375,915</u>	<u>\$ 16,983</u>	<u>\$ 16,900,104</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
2110 Accounts Payable	\$ 1,071	\$ -	\$ -	\$ 1,071
2160 Accrued Wages Payable	264,280	-	-	264,280
2170 Due to Other Funds	-	52,247	7,450	59,697
2300 Deferred Revenues	53,555	-	-	53,555
2000 Total Liabilities	<u>318,906</u>	<u>52,247</u>	<u>7,450</u>	<u>378,603</u>
Fund Balances:				
Nonspendable Fund Balance:				
3410 Inventories	-	-	3,227	3,227
Committed Fund Balance:				
3510 Construction	200,000	-	-	200,000
3530 Capital Expenditures for Equipment	100,000	-	-	100,000
3545 Other Committed Fund Balance	500,000	-	-	500,000
3600 Unassigned Fund Balance	1,388,300	14,323,668	6,306	15,718,274
3000 Total Fund Balances	<u>2,188,300</u>	<u>14,323,668</u>	<u>9,533</u>	<u>16,521,501</u>
4000 Total Liabilities and Fund Balances	<u>\$ 2,507,206</u>	<u>\$ 14,375,915</u>	<u>\$ 16,983</u>	<u>\$ 16,900,104</u>

The notes to the financial statements are an integral part of this statement.

WINK-LOVING INDEPENDENT SCHOOL DISTRICT
 RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE
 STATEMENT OF NET ASSETS
 AUGUST 31, 2012

Total Fund Balances - Governmental Funds	\$	16,521,501
1 Capital assets used in governmental activities are not financial resources and therefore are not reported in governmental funds. At the beginning of the year, the cost of these assets was \$20,539,562 and the accumulated depreciation was \$10,303,709. In addition, long-term liabilities, including bonds payable, are not due and payable in the current period, and, therefore are not reported as liabilities in the funds. The net effect of including the beginning balances for capital assets (net of depreciation) and long-term debt in the governmental activities is to increase net assets.		10,216,644
2 Current year capital outlays and long-term debt principal payments are expenditures in the fund financial statements, but they should be shown as increases in capital assets and reductions in long-term debt in the government-wide financial statements. The net effect of including the 2012 capital outlays and debt principal payments is to increase net assets. This also includes bond proceeds and related costs which reduce net assets.		(14,185,896)
3 The 2012 depreciation expense increases accumulated depreciation. The net effect of the current year's depreciation is to decrease net assets.		(680,327)
4 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, eliminating interfund transactions, reclassifying the proceeds of bond sales as an increase in bonds payable, and recognizing the liabilities associated with maturing long-term debt and interest. The net effect of these reclassifications and recognitions is to increase (decrease) net assets.		53,555
19 Net Assets of Governmental Activities	<u>\$</u>	<u>11,925,477</u>

The notes to the financial statements are an integral part of this statement.

WINK-LOVING INDEPENDENT SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED AUGUST 31, 2012

Data Control Codes	10 General Fund	60 Capital Projects	Other Funds	Total Governmental Funds
REVENUES:				
5700 Total Local and Intermediate Sources	\$ 13,120,562	\$ 579	\$ 46,286	\$ 13,167,427
5800 State Program Revenues	4,529,352	-	50,482	4,579,834
5900 Federal Program Revenues	-	-	230,021	230,021
5020 Total Revenues	<u>17,649,914</u>	<u>579</u>	<u>326,789</u>	<u>17,977,282</u>
EXPENDITURES:				
Current:				
0011 Instruction	3,527,439	-	78,169	3,605,608
0012 Instructional Resources and Media Services	72,537	-	-	72,537
0013 Curriculum and Instructional Staff Development	21,183	-	-	21,183
0021 Instructional Leadership	-	-	35,273	35,273
0023 School Leadership	236,415	-	83,543	319,958
0031 Guidance, Counseling and Evaluation Services	95,683	-	-	95,683
0033 Health Services	63,056	-	-	63,056
0034 Student (Pupil) Transportation	116,540	-	-	116,540
0035 Food Services	-	-	384,368	384,368
0036 Extracurricular Activities	679,265	-	14,492	693,757
0041 General Administration	562,999	-	-	562,999
0051 Facilities Maintenance and Operations	1,257,784	-	-	1,257,784
Debt Service:				
0071 Principal on Long Term Debt	8,095	355,729	-	363,824
0072 Interest on Long Term Debt	4,359	-	-	4,359
Capital Outlay:				
0081 Facilities Acquisition and Construction	2,492	2,743,855	-	2,746,347
Intergovernmental:				
0091 Contracted Instructional Services Between Schools	11,451,057	-	-	11,451,057
0093 Payments to Fiscal Agent/Member Districts of SSA	106,228	-	-	106,228
0099 Other Intergovernmental Charges	319,806	-	-	319,806
6030 Total Expenditures	<u>18,524,938</u>	<u>3,099,584</u>	<u>595,845</u>	<u>22,220,367</u>
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(875,024)</u>	<u>(3,099,005)</u>	<u>(269,056)</u>	<u>(4,243,085)</u>
OTHER FINANCING SOURCES (USES):				
7911 Capital Related Debt Issued (Regular Bonds)	-	16,560,000	-	16,560,000
7913 Capital Leases	27,018	-	-	27,018
7915 Transfers In	-	-	270,525	270,525
7916 Premium or Discount on Issuance of Bonds	-	795,729	-	795,729
7917 Prepaid Interest	-	66,944	-	66,944
8911 Transfers Out (Use)	(270,525)	-	-	(270,525)
7080 Total Other Financing Sources (Uses)	<u>(243,507)</u>	<u>17,422,673</u>	<u>270,525</u>	<u>17,449,691</u>
1200 Net Change in Fund Balances	(1,118,531)	14,323,668	1,469	13,206,606
0100 Fund Balance - September 1 (Beginning)	3,314,350	-	8,064	3,322,414
1300 Increase (Decrease) in Fund Balance	(7,519)	-	-	(7,519)
3000 Fund Balance - August 31 (Ending)	<u>\$ 2,188,300</u>	<u>\$ 14,323,668</u>	<u>\$ 9,533</u>	<u>\$ 16,521,501</u>

The notes to the financial statements are an integral part of this statement.

WINK-LOVING INDEPENDENT SCHOOL DISTRICT
 RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
 FOR THE YEAR ENDED AUGUST 31, 2012

Total Net Change in Fund Balances - Governmental Funds	\$	13,206,606
Current year capital outlays and long-term debt principal payments are expenditures in the fund financial statements, but they should be shown as increases in capital assets and reductions in long-term debt in the government-wide financial statements. The net effect of removing the 2012 capital outlays and debt principal payments is to increase (decrease) net assets. This also includes proceeds from bond sales and related costs which reduce net assets.		(14,185,896)
Depreciation is not recognized as an expense in governmental funds since it does not require the use of current financial resources. The net effect of the current year's depreciation is to decrease net assets.		(680,327)
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, adjusting current year revenue to show the revenue earned from the current year's tax levy, eliminating interfund transactions, reclassifying the proceeds of bond sales, and recognizing the liabilities associated with maturing long-term debt and interest. The net effect of these reclassifications and recognitions is to increase (decrease) net assets.		(15,219)
Change in Net Assets of Governmental Activities	\$	(1,674,836)

The notes to the financial statements are an integral part of this statement.

WINK-LOVING INDEPENDENT SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED AUGUST 31, 2012

Data Control Codes	Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)
	Original	Final		
REVENUES:				
5700 Total Local and Intermediate Sources	\$ 12,700,000	\$ 13,346,016	\$ 13,120,562	\$ (225,454)
5800 State Program Revenues	3,941,000	3,528,479	4,529,352	1,000,873
5900 Federal Program Revenues	2,000	2,000	-	(2,000)
5020 Total Revenues	16,643,000	16,876,495	17,649,914	773,419
EXPENDITURES:				
Current:				
0011 Instruction	3,624,050	3,776,545	3,527,439	249,106
0012 Instructional Resources and Media Services	166,200	169,065	72,537	96,528
0013 Curriculum and Instructional Staff Development	60,500	60,500	21,183	39,317
0023 School Leadership	326,400	335,764	236,415	99,349
0031 Guidance, Counseling and Evaluation Services	108,120	111,957	95,683	16,274
0033 Health Services	66,130	68,953	63,056	5,897
0034 Student (Pupil) Transportation	233,500	231,496	116,540	114,956
0036 Extracurricular Activities	756,650	778,430	679,265	99,165
0041 General Administration	574,800	592,963	562,999	29,964
0051 Facilities Maintenance and Operations	1,442,650	1,466,821	1,257,784	209,037
0061 Community Services	10,000	10,000	-	10,000
Debt Service:				
0071 Principal on Long Term Debt	22,000	22,000	8,095	13,905
0072 Interest on Long Term Debt	16,000	16,000	4,359	11,641
Capital Outlay:				
0081 Facilities Acquisition and Construction	130,000	71,217	2,492	68,725
Intergovernmental:				
0091 Contracted Instructional Services Between Schools	8,400,000	11,829,419	11,451,057	378,362
0093 Payments to Fiscal Agent/Member Districts of SSA	120,000	120,000	106,228	13,772
0099 Other Intergovernmental Charges	275,000	333,783	319,806	13,977
6030 Total Expenditures	16,332,000	19,994,913	18,524,938	1,469,975
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	311,000	(3,118,418)	(875,024)	2,243,394
OTHER FINANCING SOURCES (USES):				
7913 Capital Leases	-	-	27,018	27,018
8911 Transfers Out (Use)	-	(3,717,770)	(270,525)	3,447,245
7080 Total Other Financing Sources (Uses)	-	(3,717,770)	(243,507)	3,474,263
1200 Net Change in Fund Balances	311,000	(6,836,187)	(1,118,531)	5,717,656
0100 Fund Balance - September 1 (Beginning)	3,314,350	3,314,350	3,314,350	-
1300 Increase (Decrease) in Fund Balance	-	-	(7,519)	(7,519)
3000 Fund Balance - August 31 (Ending)	\$ 3,625,350	\$ (3,521,837)	\$ 2,188,300	\$ 5,710,137

The notes to the financial statements are an integral part of this statement.

WINK-LOVING INDEPENDENT SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
AUGUST 31, 2012

	Private Purpose Trust Funds	Agency Funds
ASSETS		
Cash and Cash Equivalents	\$ -	\$ 577,281
Other Receivables	170	-
Restricted Assets	52,042	-
Total Assets	<u>52,212</u>	<u>\$ 577,281</u>
LIABILITIES		
Payroll Deductions and Withholdings Payable	-	\$ 563,036
Due to Student Groups	-	14,245
Total Liabilities	<u>-</u>	<u>\$ 577,281</u>
NET ASSETS		
Unrestricted Net Assets	<u>52,212</u>	
Total Net Assets	<u>\$ 52,212</u>	

The notes to the financial statements are an integral part of this statement.

WINK-LOVING INDEPENDENT SCHOOL DISTRICT
 STATEMENT OF CHANGES IN FIDUCIARY FUND NET ASSETS
 FIDUCIARY FUNDS
 FOR THE YEAR ENDED AUGUST 31, 2012

	Private Purpose Trust Funds
ADDITIONS:	
Local and Intermediate Sources	\$ 1,125
Total Additions	<u>1,125</u>
DEDUCTIONS:	
Other Operating Costs	<u>1,125</u>
Total Deductions	<u>1,125</u>
Change in Net Assets	-
Total Net Assets - September 1 (Beginning)	<u>52,212</u>
Total Net Assets - August 31 (Ending)	<u><u>\$ 52,212</u></u>

The notes to the financial statements are an integral part of this statement.

WINK-LOVING INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED AUGUST 31, 2012

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Wink-Loving Independent School District (the "District") is a public educational agency operating under the applicable laws and regulations of the State of Texas. It is governed by a seven member Board of Trustees (the "Board") elected by registered voters of the District. The District prepares its basic financial statements in conformity with generally accepted accounting principles promulgated by the Governmental Accounting Standards Board and other authoritative sources identified in *Statement on Auditing Standards NO. 69* of the American Institute of Certified Public Accountants; and it complies with the requirements of the appropriate version of Texas Education Agency's *Financial Accountability System Resource Guide* (the "Resource Guide") and the requirements of contracts and grants of agencies from which it receives funds.

A. REPORTING ENTITY

The Board of Trustees is elected by the public and it has the authority to make decisions, appoint administrators and managers, and significantly influence operations. It also has the primary accountability for fiscal matters. Therefore, the District is a financial reporting entity as defined by the Governmental Accounting Standards Board ("GASB") in its Statement No. 14, "The Financial Reporting Entity." There are no component units included within the reporting entity.

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

The Statement of Net Assets and the Statement of Activities are government-wide financial statements. They report information on all of the Wink-Loving Independent School District non-fiduciary activities with most of the inter-fund activities removed. *Governmental activities* include programs supported primarily by taxes, State foundation funds, grants, and other inter-governmental revenues. The District has no *business-type activities* that rely, to a significant extent, on fees and charges for support.

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. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Inter-fund activities between governmental funds appear as due to/due from on the Governmental Fund Balance Sheet and as other resources and other uses on the Governmental Fund Statement of Revenues, expenditures, and Changes in Fund Balance. All inter-fund transactions between governmental funds are eliminated on the government-wide financial statements. Inter-fund activities between governmental funds and fiduciary funds remain as due to/due from on the Statement of Net Assets.

The fund financial statements provide reports on the financial condition and results of operations for three fund categories - governmental, proprietary, and fiduciary. Since the resources in fiduciary funds cannot be used for District operations, they are not included in the government-wide financial statements. The District considers some governmental funds major and reports their financial condition and results of operations in a separate column.

The District has no proprietary funds.

C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION

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

Governmental fund financial statements use the current financial resources measurement focus and the modified accrual basis of accounting. With this measurement focus, only current assets, current liabilities, and fund balances are included on the balance sheet. Operating statements of these funds present net increases and decreases in current assets (i.e., revenues and other financing sources and expenditures and other financing uses).

The modified accrual basis of accounting recognizes revenues in the accounting period in which they become both measurable and available, and it recognizes expenditures in the accounting period in which the fund liability is incurred, if measurable, except for un-matured interest and principal on long-term debt, which is recognized when due. The expenditures related to certain compensated absences and claims and judgments are recognized when the obligations are expected to be liquidated with expendable available financial resources. The District considers all revenues available if they are collectible within 60 days after year-end.

Revenues from local sources consist primarily of property taxes. Property tax revenues and revenues received from the State are recognized under the susceptible-to-accrual concept. Miscellaneous revenues are recorded as revenue when received in cash because they are generally not measurable until actually received. Investment earnings are recorded as earned, since they are both measurable and available.

Grant funds are considered to be earned to the extent of expenditures made under the provisions of the grant. Accordingly, when such funds are received, they are recorded as deferred revenues until related and authorized expenditures have been made. If balances have not been expended by the end of the project period, grantors sometimes require the District to refund all or part of the unused amount.

The District applies all GASB pronouncements as well as the Financial Accounting Standards board ("FASB") pronouncements issued on or before November 30, 1989, unless these announcements conflict or contradict GASB pronouncements.

D. FUND ACCOUNTING

The District reports the following major governmental fund:

General Fund - The general fund is the District's primary operating fund. It accounts for all financial resources except those required to be accounted for in another fund. This is a budgeted fund, and any fund balances are considered resources available for current operations. However, fund balances may be reserved or appropriated by the Board to implement its responsibilities.

Additionally, the District reports the following fund types:

Special Revenue Funds - The District accounts for resources restricted to, or designated for, specific purposes by a grantor in a special revenue fund. Most Federal and some State financial assistance is accounted for in a special revenue fund, and sometimes, unused balances must be returned to the grantor at the close of specified project periods.

Fiduciary Funds:

Private Purpose Trust Funds - These funds are used to account for donations that have stipulations that the principal may not be expended, and that only the income may be used for a specific purpose. The District's private purpose trust funds are the Wink High School Memorial Scholarship and the Joe Wolf Memorial Scholarship.

Agency Funds - The District accounts for resources held for others in a custodial capacity in agency funds. The District's agency funds consist of the student group activity funds, insurance claims funds, and a tax escrow fund.

E. OTHER ACCOUNTING POLICIES

1. Deposits and Investments

The District's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. Investments for the District are reported at fair value.

The funds of the District must be deposited and invested under the terms of a depository contract, the contents of which are set out in the **Depository Contract Law**. The depository bank may either place approved pledged securities for safekeeping and trust with the District's agent bank or file a corporate surety bond in the amount sufficient to protect District funds on a day-to-day basis during the period of the contract. The pledge of approved securities is waived only to the extent of the depository bank's dollar amount of FDIC Insurance.

2. Inventories and Prepaid Items

The District reports inventories of supplies on the balance sheet at cost or average cost, and they include (if applicable) consumable maintenance, instructional, office, athletic, and transportation items. Supplies are recorded as expenditures when they are consumed. Inventories of food commodities are recorded at market values supplied by the Texas Department of Human Services. Although commodities are received at no cost, their fair market value is supplied by the Texas Department of Human Services and recorded as inventory and deferred revenue when received. When requisitioned, inventory and deferred revenue are relieved, expenditures are charged, and revenue is recognized for an equal amount.

3. Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities.

4. Fund Equity

Beginning with fiscal year 2011, the District implemented GASB Statement 54 "Fund Balance Reporting and Governmental Fund Type Definitions". This statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government's fund balance more transparent. The following classifications describe the relative strength of the spending constraints placed on the purposes for which resources can be used:

- Nonspendable fund balance - amounts that are not in a spendable form (such as inventory) or are required to be maintained intact;
- Restricted fund balance - amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation;
- Committed fund balance - amounts constrained to specific purposes by a government itself, using its highest level of decision-making authority, to be reported as committed, amounts cannot be used for any other purpose unless the government takes the same highest level action to remove or change the constraint;
- Assigned fund balance - amounts a government intends to use for a specific purpose; intent can be expressed by a governing body or by an official or body to which the governing body delegates the authority;
- Unassigned fund balance - amounts that are available for any purpose, positive amounts are reported only in the general fund.

The Board of Trustees establishes (and modifies or rescinds) fund balance commitments by passage of an ordinance or resolution. Assigned fund balance is delegated by the Trustees to the superintendent or his designee.

When restricted and other fund balance resources are available for use, it is the District's policy to use restricted resources first, followed by committed, assigned and unassigned amounts, respectively.

5. Compensated Absences

The District does not accrue unused sick leave or unpaid vacation in its financial statements. The District maintains a policy that those employees eligible for paid vacation may not carryover any unused vacation at the end of the fiscal year. Vacations are to be taken within the same year they are earned, and any unused days at the end of the year are forfeited. Therefore, no liability has been accrued in the accompanying financial statements.

Employees of the District are entitled to sick leave based on category/class of employment. Sick leave is allowed to be accumulated but does not vest. Therefore, a liability for unused sick leave has not been recorded in the accompanying financial statements.

6. Use of Restricted or Unrestricted Assets

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.

7. Capital Assets

Capital assets, which include land, buildings, furniture, and equipment, are reported in the governmental activities column in the government-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of more than \$5,000 and an estimated useful life of two years or more. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the asset's life are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

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

Assets	Years
Buildings	50
Building Improvements	15
Buses	10
Vans	7
Other Vehicles	5
Office Equipment	10
Commercial Ovens	8
Computer Equipment	3 to 5

8. Data Control Codes

Data control codes refer to the account code structure prescribed by TEA in the *Financial Accountability System Resource Guide*. TEA requires school districts to display these codes in the financial statements filed with the Agency in order to insure accuracy in building a statewide database for policy development and funding plans.

II. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. BUDGETARY DATA

The Board of Trustees adopts an “appropriated budget” for the General Fund, the Food Service Fund (which is included in the General Fund), and the Debt Service Fund. The District is required to present the adopted and final amended budgeted revenues and expenditures for each of these funds. The General Fund budget report appears in Exhibit C-5 and the Food Service Fund budget report appears in Exhibit J-3.

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

1. Prior to August 20, 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.
2. A meeting of the Board of Trustees is then called for the purpose of adopting the proposed budget. At least ten days’ public notice of the meeting must be given.
3. Prior to September 1, the budget is legally enacted through passage of a resolution by the Board. Once a budget is approved, it can only be amended at the fund and function level by approval of a majority of the members of the Board. Amendments are presented to the Board at its regular meetings. Each amendment must have Board approval. As required by law, such amendments are made before the fact, are reflected in the official minutes of the Board, and are not made after fiscal year end. Because the District has a policy of careful budgetary control, several amendments were necessary during the year. However, none of these were significant.
4. Each budget is controlled by the budget coordinator at the revenue and expenditure function/object level. Budgeted amounts are as amended by the Board. All budget appropriations lapse at year-end.

5. 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 canceled or appropriately provided for in the subsequent year’s budget. There were no end-of-year outstanding encumbrances that were provided for in the subsequent year’s budget.

III. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS

A. DEPOSITS AND INVESTMENTS

At August 31, 2012, the carrying amount of the District’s deposits (cash, certificates of deposit, and interest-bearing savings accounts included in temporary investments) was \$132,625 for governmental funds and \$635,629 for fiduciary funds, and the bank balance was \$1,547,405. The District’s cash deposits at August 31, 2012, and at its highest cash balance during the year were entirely covered by a combination of FDIC insurance, letter of credit, or pledged collateral.

Concerning the coverage of combined balances on the date of highest deposit, the following is disclosed:

<u>Bank</u>	<u>Highest Deposit</u>	<u>FMV Securities Pledged</u>	<u>FDIC Insurance</u>	<u>Month</u>
SouthWest Bank	\$ 18,196,498	\$ 0	\$ 18,196,498	August 2012

District Policies and Legal and Contractual Provisions Governing Deposits

Custodial Credit Risk for Deposits – State law requires governmental entities to contract with financial institutions in which funds will be deposited to secure those deposits with insurance or pledged securities with a fair value equaling or exceeding the amount on deposit at the end of each business day. The pledged securities must be in the name of the governmental entity and held by the entity or its agent bank. The District had no custodial credit risk during the year.

Foreign Currency Risk – The District has no investments or deposits of a foreign currency.

District Policies and Legal and Contractual Provisions Governing Investments

Compliance with the Public Funds Investment Act

The **Public Funds Investment Act** (Government Code Chapter 2256) 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.

The District's temporary investments consist of balance held by TexPool. The District has no long-term investments.

The State Comptroller of Public Accounts oversees TexPool, while Lehman Brothers and Federated Investors manage the daily operations of the pool under a contract with the Comptroller. TexPool is managed conservatively to provide a safe, efficient, and liquid investment alternative to Texas governments. The pools seek to maintain a \$1.00 value per share as required by the Texas Public Funds Investment Act. TexPool investments consist exclusively of U.S. Government securities, repurchase agreements collateralized by U.S. Government Securities, and AAA-rated no-load money market mutual funds. TexPool is rated AAAM by Standard & Poor's, the highest rating a local government investment pool can achieve. The weighted average maturities of the pool cannot exceed 60 days, with the maximum maturity of any investment limited to 13 months. TexPool, like its participants, is governed by the Texas Public Funds Investment Act and is in full compliance with the Act.

B. 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 31 of each year, a tax lien attaches to property to secure the payment of all taxes, penalties, and interest ultimately imposed. Property tax revenues are considered available (1) when they become due or past due and receivable within the current period and (2) when they are expected to be collected during a 60-day period after the close of the school fiscal year.

C. DELINQUENT TAXES RECEIVABLE

Delinquent taxes are prorated between maintenance and debt service based on rates adopted for the year of the levy. Allowances for uncollectible tax receivables within the General Fund are based on historical experience in collecting property taxes. Uncollectible personal property taxes are periodically reviewed and written off, but the District is prohibited from writing off real property taxes without specific statutory authority from the Texas Legislature.

D. INTER-FUND RECEIVABLES AND PAYABLES

Inter-fund balances at August 31, 2012 consisted of the following individual fund balances:

	<u>Due From</u>	<u>Due To</u>	<u>Purpose</u>
General Fund:			
Special Revenue Fund	\$ 7,450	\$ 0	Short-Term Loan
Capital Projects Fund	\$ 52,247	\$ 0	Short-Term Loan
Total General Fund	\$ 59,697	\$ 0	
Special Revenue Funds:			
General Fund	\$ 0	\$ 7,450	Short-Term Loan
Total Special Revenue Funds	\$ 0	\$ 7,450	
Capital Projects Fund:			
General Fund	\$ 0	\$ 52,247	Short-Term Loan
Total Capital Projects Fund	\$ 0	\$ 52,247	
GRAND TOTAL	<u>\$ 59,697</u>	<u>\$ 59,697</u>	

E. CAPITAL ASSET ACTIVITY

Capital asset activity for the District for the year ended August 31, 2012, was as follows:

	Beginning Balance	Additions/ Adjustments	Retirements/ Adjustments	Ending Balance
Land	\$ 65,216	\$ 2,492	\$ 0	\$ 67,708
Buildings & Improvements	17,479,791	0	0	17,479,791
Furniture & Equipment	2,927,086	62,824	0	2,989,910
Construction in Progress	0	2,743,856	0	2,743,856
Capital Leases	67,469	27,017	(52,999)	41,487
Totals - Historical Cost	\$ 20,539,562	\$ 2,836,189	\$ (52,999)	\$ 23,322,752
Less Accumulated Depreciation:				
Buildings & Improvements	\$ (8,104,025)	\$ (488,556)	\$ 0	\$ (8,592,581)
Furniture & Equipment	(2,148,602)	(183,040)	0	(2,331,642)
Capital Leases	(51,082)	(8,731)	43,283	(16,530)
Total Accumulated Depreciation	\$ (10,303,709)	\$ (680,327)	\$ 43,283	\$ (10,940,753)
Capital Assets, Net	\$ 10,235,853	\$ 2,155,862	\$ (9,716)	\$ 12,381,999

Depreciation Expense was charged to governmental functions as follows:

Instruction	\$ 419,295
Instructional Resources & Media Services	7,264
Curriculum & Instructional Staff Development	396
Instructional Leadership	4,212
School Leadership	35,422
Guidance, Counseling, & Evaluation Services	11,732
Health Services	7,538
Student (Pupil) Transportation	6,594
Food Services	27,351
Cocurricular/Extracurricular Activities	46,901
General Administration	49,845
Plant Maintenance and Operations	63,777
Total Depreciation	\$ 680,327

F. BONDS PAYABLE

On July 1, 2012, the District issued, and on August 16, 2012, sold Unlimited Tax School Building Bonds, Series 2012, totaling \$16,560,000 (Par value of bonds, \$16,560,000, plus premium of \$795,729). The bonds consist of serial bonds, issued on a tax-exempt basis, to construct and equip school buildings and purchase vehicles for the District, and to pay the costs of issuance (\$355,729). Amortization of premium and accretion of issuance cost will begin in the next fiscal year.

Interest on the bonds accrues from July 1, 2012, and is payable February 15, 2013, and each February 15 and August 15 thereafter until maturity or prior redemption. The bonds constitute direct and voted obligations of the District, payable as to principal and interest from a continuing direct ad valorem tax levied by the District, without legal limit as to rate or amount, on all taxable property within the District. Additionally, the payment of bonds is guaranteed by the Texas Permanent School Fund.

Current requirements for principal and interest are accounted for in the Debt Service Fund. A summary of changes in bonded indebtedness for the year ended August 31, 2012, is as follows:

Description	Interest Rate Payable	Original Issue	Balance Outstanding Sept 1, 2011	Current Year Issue	Retired	Balance Outstanding August 31, 2012
Unlimited Tax School Building Bonds						
Series 2012	2% - 4%	\$ 16,560,000	\$ 0	\$ 16,560,000	\$ 0	\$ 16,560,000
Totals		<u>\$ 16,560,000</u>	<u>\$ 0</u>	<u>\$ 16,560,000</u>	<u>\$ 0</u>	<u>\$ 16,560,000</u>

Debt service requirements related to general obligations are as follows:

Year Ending August 31,	Principal	Interest	Total Requirements
2013	\$ 2,730,000	\$ 573,706	\$ 3,303,706
2014	2,860,000	438,050	3,298,050
2015	1,410,000	374,000	1,784,000
2016	1,455,000	331,025	1,786,025
2017	1,500,000	286,700	1,786,700
2018	1,555,000	233,100	1,788,100
2019	1,615,000	169,700	1,784,700
2020	1,685,000	103,700	1,788,700
2021	1,750,000	35,000	1,785,000
Totals	<u>\$ 16,560,000</u>	<u>\$ 2,544,981</u>	<u>\$ 19,104,981</u>

There are a number of limitations and restrictions contained in the general obligation bond indenture. Management has indicated that the District is in compliance with all significant limitations and restrictions at August 31, 2012.

The District has been approved to issue bonds up to a total of \$32 million that includes the bonds issued in the current year. The District has the option to issue the remaining amount of bonds in a subsequent year, all of which would be guaranteed by the Texas Permanent School Fund.

G. COMMITMENTS UNDER LEASE

The District traded in two copiers and purchased two more on a lease-purchase arrangement during the year. The lease period is for multiple years, with a stated interest rate of 12% over sixty months. The previously purchased copier is at an interest rate of 3.809% amortized over sixty months. Authority for such purchases comes from Texas Education Code Section 20.49. These assets will be owned by the District at the end of the lease period or can be purchased at a bargain purchase option. A summary of changes in commitments under lease for the year ended August 31, 2012, is as follows:

<u>Assets Leased</u>	<u>Payable Amount Outstanding September 1, 2011</u>	<u>Additions</u>	<u>Retirements/ Payments</u>	<u>Payable Amount Outstanding August 31, 2012</u>
Copiers	\$ 19,209	-	16,091	\$ 3,118
Copiers	-	33,156	4,696	28,460
Totals	<u>\$ 19,209</u>	<u>33,156</u>	<u>20,787</u>	<u>\$ 31,578</u>

The principal balance to be paid in 2012-2013 is \$8,862 and interest payments of \$3,171.

The principal balance to be paid in 2013-2014 is \$6,472 and interest payments of \$2,378.

The principal balance to be paid in 2014-2015 is \$7,294 and interest payments of \$1,557.

The principal balance to be paid in 2015-2016 is \$8,219 and interest payments of \$631.

The principal balance to be paid in 2016-2017 is \$731 and interest payments of \$8.

H. DEFINED BENEFIT PENSION PLAN

Plan Description. The District contributes to the Teacher Retirement System of Texas (TRS), a cost sharing multiple employer defined benefit pension plan. TRS administers retirement and disability annuities, a death and survivor benefits to employees and beneficiaries of employees of the public school systems of Texas. It operates primarily under the provisions of the Texas Constitution, Article XVI, Sec. 67, and Texas Government code, Title 8, Subtitle C. TRS also administers proportional retirement benefits and service credit transfer under Texas Government Code, Title 8, Chapters 803 and 805, respectively. The Texas state legislature has the authority to establish and amend benefit provisions of the pension plan and may, under certain circumstances, grant special authority to the TRS Board of Trustees. TRS issues a publicly available financial report that includes financial statements and required supplementary information for the defined benefit pension plan. That report may be obtained by writing to the TRS Communications Department, 1000 Red River Street, Austin, Texas, 78701, by calling the TRS Communications Department at 1-800-223-8778, or by downloading the report from the TRS Internet website, www.trs.state.tx.us, under the TRS Publications heading.

Funding Policy. State law provides for fiscal years 2010, 2011 and 2012, a state contribution rate of 6.0% (changed to 6.58% effective January 1, 2010) and a member contribution rate of 6.4%. In certain instances the reporting district is required to make all or a portion of the State's 6.58% contribution. Contribution requirements are not actuarially determined but are established each biennium pursuant to the following state funding policy: (1) The State Constitution requires the legislature to establish a member contribution rate of not less than 6.0% and not more than 10.0% of the aggregate annual compensation of all members of the system during that fiscal year. (2) A State statute prohibits benefit improvements or contribution reductions if, as a result of a 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 period already exceeds 31 years, the period would be increased by such action.

State contributions to TRS made on behalf of the District's employees for the years ended August 31, 2010, 2011, and 2012 were \$238,302, \$242,080, and \$246,066 respectively. The District paid additional state contributions for the year ended August 31, 2012 in the amount of \$38,922 on the portion of the employee's salaries that exceeded the statutory minimum.

Employer contributions from federal and private grants are paid from the grant itself and are not direct obligations of the District. For the year ended August 31, 2012, contributions from federal and private grants and for salaries above the statutory minimum were \$2,512.

Total District payroll for the year ended August 31, 2012 was \$4,376,929, while payroll covered by the System was \$4,066,671.

The Medicare Prescription Drug, Improvement, and Modernization Act of 2003, which was effective January 1, 2006, established prescription drug coverage for Medicare beneficiaries known as Medicare, Part D. One of the provisions of Medicare Part D allows for the Texas Public School Retired Group Insurance Program (TRS-Care) to receive retiree drug subsidy payments from the federal government to offset certain prescription drug expenditures for eligible TRS-Care participants. For the fiscal years ended August 31, 2010, 2011, and 2012, the subsidy payments received by TRS-Care on behalf of the District were \$10,219, \$9,163 and \$12,939 respectively.

I. HEALTH CARE COVERAGE

During the year ended August 31, 2012, employees of the District were covered by a health insurance plan with Partner Care (the "Plan"). The District paid premiums of \$435 per month per employee to the plan for a total contribution of \$410,793, and employees at their option, authorized payroll withholdings to pay contributions or premiums for dependents. All premiums were paid to a third party administrator acting on behalf of the licensed insurer. The Plan was authorized by Article 3.51-2, Texas Insurance Code and was documented by contractual agreement. The contract between the District and the third party administrator is renewable September 1, 2012, and terms of coverage and premium costs are included in the contractual provisions.

The District also administers a "Cafeteria Plan" in which employees of the District may participate. The plan is administered under the rules promulgated by Section 125 of the Internal Revenue Code. Employees, at their option, may contribute to the plan to cover certain medical expenses through payroll withholding. Amounts contributed by employees are non-refundable and are not included in employee taxable wages and salaries. The District collects premiums monthly from employees and pays the premiums to the insurer.

MAINTENANCE OF EFFORT:

Total District Premiums paid for health care in FYE August 31, 2012	\$ 410,793
Less: Non-medical expenditures included in the premiums	0
	<hr/>
Total 2011-2012 Maintenance of Effort	\$ 410,793
	=====

J. DEFERRED REVENUE

The Resource Guide provides that Texas school districts record net tax levies initially as deferred revenue and convert those deferrals to realized revenue when the taxes are collected. A district may convert all delinquent tax collections expected to be made in the first 60 days of the next fiscal year from deferred revenue to realized revenue of the current year. The District had deferred revenues at August 31, 2012, shown as follows:

	<u>General Fund</u>	<u>Other Funds</u>	<u>Total</u>
Net Unrealized Property Taxes	\$ 53,555	\$ 0	\$ 53,555
Less: Amounts to be collected within 60 days of year-end	0	0	0
Other Deferred Revenue	<u>0</u>	<u>0</u>	<u>0</u>
Total	<u>\$ 53,555</u>	<u>\$ 0</u>	<u>\$ 53,555</u>

K. INVENTORIES

Inventories at August 31, 2012, consisted of the following:

Food Service	\$ 3,227
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L. DUE FROM STATE AGENCIES

The District participates in a variety of federal and state programs from which it receives grants to partially or fully finance certain activities. In addition, the District receives entitlements from the State through the Per Capita Program. Amounts due from federal and state governments as of August 31, 2012 are summarized below:

<u>Fund</u>	<u>State</u>		<u>Federal Grants</u>	<u>Total</u>
	<u>Entitlements</u>	<u>Grants</u>		
State Foundation (General Fund)	\$ 1,041,348	\$ 0	\$ 0	\$ 1,041,348
Recapture Overpayment - Foundation	378,362	0	0	378,362
National Breakfast & Lunch Program	<u>0</u>	<u>0</u>	<u>7,450</u>	<u>7,450</u>
Total	<u>\$ 1,419,710</u>	<u>\$ 0</u>	<u>\$ 7,450</u>	<u>\$ 1,427,160</u>

M. REVENUE FROM LOCAL SOURCES

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

	General & Cap Proj Fund	Special Revenue Funds	Scholarship Trust Funds	Total
Property Taxes	\$ 12,948,687	\$ 0	\$ 0	\$ 12,948,687
Penalties, Interest, and Other				
Tax-related Income	128,082	0	0	128,082
Investment Income	7,427	0	1,125	8,552
Food Sales	0	32,127	0	32,127
Co-Curricular Student Activities	9,907	14,159	0	24,066
Other	27,038	0	0	27,038
Total	<u>\$ 13,121,141</u>	<u>\$ 46,286</u>	<u>\$ 1,125</u>	<u>\$ 13,168,552</u>

N. LITIGATION AND CONTINGENT LIABILITIES

The District is not currently named as a defendant (primary or secondary) in any pending litigation; thus, no action could give rise to a contingent liability. However, because of its participation in numerous state and federal grant programs, and because those programs are subject to audit and adjustment by the grantor agency, the District remains contingently liable for any refunds that might result from non-compliance with the rules and regulations governing those grants. In the opinion of the District, there are no significant contingent liabilities relating to compliance with the rules and regulations governing respective grants; therefore, no provision has been recorded in the accompanying financial statements for such contingencies.

O. SUBSEQUENT EVENTS

No event has occurred subsequent to the fiscal year end that would require disclosure in the financial statements.

P. EXPENDITURES IN EXCESS OF BUDGET

In the current year, the District did not expend more than budgeted for any function.

Q. PRIOR PERIOD ADJUSTMENTS

For the year ended August 31, 2011 an amount was accrued for the Education Jobs Fund in the amount of \$7,519. That amount was never received and the program has closed. An adjustment was made to fund balance since it applied to a prior year.

R. JOINT VENTURE

The District participates in a cooperative program for Special Education with Kermit Independent School District. Although 20.98 percent of the activity of the cooperative is attributable to Wink-Loving Independent School District's participation, the District does not account for any revenues or expenditures in this program and does not disclose them in these financial statements. Kermit Independent School District is the fiscal agent manager and is responsible for all financial activities of the cooperative. The table below represents the program costs, at 100%, related to Wink-Loving Independent School District's participation:

Expenses:		
6100	Payroll Costs	\$ 488,342
6200	Contracted Services	47,292
6300	Supplies	6,310
6400	Other Operating	3,435
6600	Capital Outlay	<u>0</u>
	Total	<u>\$ 545,379</u>

S. TAX SHELTERED ACCOUNT PLAN UNDER SEC. 403(b)

Beginning with fiscal year 2011, the District adopted a 403(b) Tax Sheltered Account Plan (the "Plan") for its eligible employees. Those who chose to participate make elective deferrals (either pre-tax or Roth) to the Plan up to the allowed limit as defined by Internal Revenue Code Sec. 402(g) and the Plan does allow for Catch-Up contributions for participants at least 50 years old. The District matches the participant's contributions up to 6% of the gross wages of the employee. The Plan was developed by Security Benefit under their program called 403(b) Plan Solutions and Bay Bridge Administrators receives and invests the participant contributions at the direction of the participant.

COMBINING STATEMENTS

WINK-LOVING INDEPENDENT SCHOOL DISTRICT
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 AUGUST 31, 2012

Data Control Codes	211 ESEA I, A Improving Basic Program	240 National Breakfast and Lunch Program	255 ESEA II, A Training and Recruiting	287 Education Jobs Fund
ASSETS				
1110	Cash and Cash Equivalents	\$ -	\$ -	\$ -
1240	Receivables from Other Governments	-	7,450	-
1300	Inventories	-	3,227	-
1000	Total Assets	<u>\$ -</u>	<u>\$ 10,677</u>	<u>\$ -</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
2170	Due to Other Funds	\$ -	\$ 7,450	\$ -
2000	Total Liabilities	<u>-</u>	<u>7,450</u>	<u>-</u>
Fund Balances:				
Nonspendable Fund Balance:				
3410	Inventories	-	3,227	-
3600	Unassigned Fund Balance	-	-	-
3000	Total Fund Balances	<u>-</u>	<u>3,227</u>	<u>-</u>
4000	Total Liabilities and Fund Balances	<u>\$ -</u>	<u>\$ 10,677</u>	<u>\$ -</u>

288 Small Rural School Ach Program	410 State Textbook Fund	461 Campus Activity Funds	Total Nonmajor Special Revenue Funds	599 Debt Service Fund	Total Nonmajor Governmental Funds
\$ -	\$ -	\$ 6,306	\$ 6,306	\$ -	\$ 6,306
-	-	-	7,450	-	7,450
-	-	-	3,227	-	3,227
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,306</u>	<u>\$ 16,983</u>	<u>\$ -</u>	<u>\$ 16,983</u>
\$ -	\$ -	\$ -	\$ 7,450	\$ -	\$ 7,450
<u>-</u>	<u>-</u>	<u>-</u>	<u>7,450</u>	<u>-</u>	<u>7,450</u>
-	-	-	3,227	-	3,227
-	-	6,306	6,306	-	6,306
<u>-</u>	<u>-</u>	<u>6,306</u>	<u>9,533</u>	<u>-</u>	<u>9,533</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,306</u>	<u>\$ 16,983</u>	<u>\$ -</u>	<u>\$ 16,983</u>

WINK-LOVING INDEPENDENT SCHOOL DISTRICT
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED AUGUST 31, 2012

Data Control Codes	211 ESEA I, A Improving Basic Program	240 National Breakfast and Lunch Program	255 ESEA II, A Training and Recruiting	287 Education Jobs Fund
REVENUES:				
5700 Total Local and Intermediate Sources	\$ -	\$ 32,127	\$ -	\$ -
5800 State Program Revenues	-	10,588	-	3,031
5900 Federal Program Revenues	35,273	72,930	10,639	80,512
5020 Total Revenues	<u>35,273</u>	<u>115,645</u>	<u>10,639</u>	<u>83,543</u>
EXPENDITURES:				
Current:				
0011 Instruction	-	-	10,639	-
0021 Instructional Leadership	35,273	-	-	-
0023 School Leadership	-	-	-	83,543
0035 Food Services	-	384,368	-	-
0036 Extracurricular Activities	-	-	-	-
6030 Total Expenditures	<u>35,273</u>	<u>384,368</u>	<u>10,639</u>	<u>83,543</u>
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>-</u>	<u>(268,723)</u>	<u>-</u>	<u>-</u>
OTHER FINANCING SOURCES (USES):				
7915 Transfers In	-	270,525	-	-
7080 Total Other Financing Sources (Uses)	<u>-</u>	<u>270,525</u>	<u>-</u>	<u>-</u>
1200 Net Change in Fund Balance	-	1,802	-	-
0100 Fund Balance - September 1 (Beginning)	<u>-</u>	<u>1,425</u>	<u>-</u>	<u>-</u>
3000 Fund Balance - August 31 (Ending)	<u>\$ -</u>	<u>\$ 3,227</u>	<u>\$ -</u>	<u>\$ -</u>

288 Small Rural School Ach Program	410 State Textbook Fund	461 Campus Activity Funds	Total Nonmajor Special Revenue Funds	599 Debt Service Fund	Total Nonmajor Governmental Funds
\$ -	\$ -	\$ 14,159	\$ 46,286	\$ -	\$ 46,286
-	36,863	-	50,482	-	50,482
30,667	-	-	230,021	-	230,021
<u>30,667</u>	<u>36,863</u>	<u>14,159</u>	<u>326,789</u>	<u>-</u>	<u>326,789</u>
30,667	36,863	-	78,169	-	78,169
-	-	-	35,273	-	35,273
-	-	-	83,543	-	83,543
-	-	-	384,368	-	384,368
-	-	14,492	14,492	-	14,492
<u>30,667</u>	<u>36,863</u>	<u>14,492</u>	<u>595,845</u>	<u>-</u>	<u>595,845</u>
-	-	(333)	(269,056)	-	(269,056)
-	-	-	270,525	-	270,525
-	-	-	270,525	-	270,525
-	-	(333)	1,469	-	1,469
-	-	6,639	8,064	-	8,064
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,306</u>	<u>\$ 9,533</u>	<u>\$ -</u>	<u>\$ 9,533</u>

WINK-LOVING INDEPENDENT SCHOOL DISTRICT
 COMBINING STATEMENT OF NET ASSETS
 PRIVATE PURPOSE TRUST FUNDS
 AUGUST 31, 2012

	816 Joe Wolf Scholarship Fund	817 High School Memorial Fund	Total Private Purpose Trust Funds
ASSETS			
Current Assets:			
Other Receivables	\$ 148	\$ 22	\$ 170
Total Current Assets	<u>148</u>	<u>22</u>	<u>170</u>
Noncurrent Assets:			
Restricted Assets	44,606	7,436	52,042
Total Noncurrent Assets	<u>44,606</u>	<u>7,436</u>	<u>52,042</u>
Total Assets	<u>44,754</u>	<u>7,458</u>	<u>52,212</u>
NET ASSETS			
Unrestricted Net Assets	<u>44,754</u>	<u>7,458</u>	<u>52,212</u>
Total Net Assets	<u><u>\$ 44,754</u></u>	<u><u>\$ 7,458</u></u>	<u><u>\$ 52,212</u></u>

WINK-LOVING INDEPENDENT SCHOOL DISTRICT
 COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
 PRIVATE PURPOSE TRUST FUNDS
 FOR THE YEAR ENDED AUGUST 31, 2012

Data Control Codes	816 Joe Wolf Scholarship Fund	817 High School Memorial Fund	Total Private Purpose Trust Funds
ADDITIONS:			
Local and Intermediate Sources	\$ 432	\$ 693	\$ 1,125
Total Additions	<u>432</u>	<u>693</u>	<u>1,125</u>
DEDUCTIONS:			
Other Operating Costs	<u>500</u>	<u>625</u>	<u>1,125</u>
Total Deductions	<u>500</u>	<u>625</u>	<u>1,125</u>
Change in Net Assets	(68)	68	-
Total Net Assets - September 1 (Beginning)	<u>44,821</u>	<u>7,391</u>	<u>52,212</u>
Total Net Assets - August 31 (Ending)	<u><u>\$ 44,753</u></u>	<u><u>\$ 7,459</u></u>	<u><u>\$ 52,212</u></u>

T.E.A. REQUIRED SCHEDULES

WINK-LOVING INDEPENDENT SCHOOL DISTRICT
 SCHEDULE OF DELINQUENT TAXES RECEIVABLE
 FISCAL YEAR ENDED AUGUST 31, 2011

Last 10 Years Ended August 31	(1)	(2)	(3)
	Tax Rates		Assessed/Appraised Value for School Tax Purposes
	Maintenance	Debt Service	
2003 and prior years	Various	Various	\$ Various
2004	1.500000	0.000000	388,628,154
2005	1.500000	0.000000	515,475,416
2006	1.500000	0.000000	797,170,790
2007	1.370000	0.000000	1,105,722,127
2008	1.040000	0.000000	1,190,890,661
2009	1.040000	0.000000	1,548,255,786
2010	1.040000	0.000000	1,334,267,364
2011	1.040000	0.000000	1,394,595,630
2012 (School year under audit)	1.040000	0.000000	1,258,584,519
1000 TOTALS			

(10) Beginning Balance 9/1/2011	(20) Current Year's Total Levy	(31) Maintenance Collections	(32) Debt Service Collections	(40) Entire Year's Adjustments	(50) Ending Balance 8/31/2012
\$ 94,081	\$ -	\$ 1,764	\$ -	\$ (2,654)	\$ 89,663
13,030	-	7,865	-	(98)	5,067
8,699	-	702	-	(90)	7,907
46,052	-	1,205	-	(90)	44,757
27,906	-	1,799	-	(84)	26,023
34,018	-	7,950	-	30	26,098
40,506	-	13,133	-	3,749	31,122
44,694	-	12,587	-	665	32,772
149,510	-	107,501	-	(150)	41,859
-	13,089,279	12,774,437	-	(263,074)	51,768
<u>\$ 458,496</u>	<u>\$ 13,089,279</u>	<u>\$ 12,928,943</u>	<u>\$ -</u>	<u>\$ (261,796)</u>	<u>\$ 357,036</u>

WINK-LOVING INDEPENDENT SCHOOL DISTRICT
 SCHEDULE OF EXPENDITURES FOR COMPUTATIONS OF INDIRECT COST FOR 2013-2014
 GENERAL AND SPECIAL REVENUE FUNDS
 AUGUST 31, 2012

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

Account Number	Account Name	1	2	3	4	5	6	7
		(702) School Board	(703) Tax Collections	(701) Supt's Office	(750) Indirect Cost	(720) Direct Cost	(other) Miscellaneous	Total
611X-6146	PAYROLL COSTS	\$ -	\$ 64,544	\$ 185,911	\$ 112,090	\$ -	\$ -	\$ 362,545
6149	Leave for Separating Employees in Fn 41 & 53	-	-	-	29,932	-	-	29,932
6149	Leave - Separating Employees not in 41 & 53	-	-	-	-	-	-	-
6211	Legal Services	13,688	-	-	-	-	-	13,688
6212	Audit Services	-	-	-	28,955	-	-	28,955
6213	Tax Appraisal/Collection - Appraisal in Fn 99	-	333,783	-	-	-	-	333,783
621X	Other Professional Services	7,304	-	7,500	-	-	-	14,804
6220	Tuition and Transfer Payments	-	-	-	-	-	-	-
6230	Education Service Centers	-	-	3,580	-	-	-	3,580
6240	Contr. Maint. and Repair	-	-	-	-	7,659	-	7,659
6250	Utilities	-	-	-	-	-	-	-
6260	Rentals	-	-	-	-	-	-	-
6290	Miscellaneous Contr.	-	-	14,785	-	-	-	14,785
6320	Textbooks and Reading	-	-	-	-	-	-	-
6330	Testing Materials	-	-	-	-	-	-	-
63XX	Other Supplies Materials	-	3,690	4,213	2,790	-	-	10,693
6410	Travel, Subsistence, Stipends	5,275	1,740	5,155	2,062	-	-	14,232
6420	Ins. and Bonding Costs	350	-	-	-	-	-	350
6430	Election Costs	3,054	-	-	-	-	-	3,054
6490	Miscellaneous Operating	-	-	43,171	1,574	-	-	44,745
6500	Debt Service	-	-	-	-	-	-	-
6600	Capital Outlay	-	-	-	-	-	-	-
6000	TOTAL	\$ 29,671	\$ 403,757	\$ 264,315	\$ 177,403	\$ 7,659	\$ -	\$ 882,805

Total expenditures/expenses for General and Special Revenue Funds: (9) \$ 19,120,782

LESS: Deductions of Unallowable Costs

FISCAL YEAR

Total Capital Outlay (6600)	(10)	\$ 87,349
Total Debt & Lease(6500)	(11)	12,454
Plant Maintenance (Function 51, 6100-6400)	(12)	1,199,944
Food (Function 35, 6341 and 6499)	(13)	136,666
Stipends (6413)	(14)	-
Column 4 (above) - Total Indirect Cost		<u>177,403</u>

SubTotal: 1,613,816

Net Allowed Direct Cost \$ 17,506,967

CUMULATIVE

Total Cost of Buildings before Depreciation (1520)	(15)	\$ 17,917,868
Historical Cost of Building over 50 years old	(16)	\$ 3,408,104
Amount of Federal Money in Building Cost (Net of #16)	(17)	\$ 24,999
Total Cost of Furniture & Equipment before Depreciation (1530 & 1540)	(18)	\$ 2,593,320
Historical Cost of Furniture & Equipment over 16 years old	(19)	\$ 385,029
Amount of Federal Money in Furniture & Equipment (Net of #19)	(20)	\$ -

(8) NOTE A: No Function 53 expenditures are included in this report on administrative costs. \$319,806 in Function 99 expenditures for appraisal district costs are included in this report on administrative costs.

WINK-LOVING INDEPENDENT SCHOOL DISTRICT
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL - CHILD NUTRITION PROGRAM
 FOR THE YEAR ENDED AUGUST 31, 2012

Data Control Codes	Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)
	Original	Final		
REVENUES:				
5700 Total Local and Intermediate Sources	\$ 40,000	\$ 40,000	\$ 32,127	\$ (7,873)
5800 State Program Revenues	2,000	11,540	10,588	(952)
5900 Federal Program Revenues	65,000	65,000	72,930	7,930
5020 Total Revenues	107,000	116,540	115,645	(895)
EXPENDITURES:				
0035 Food Services	418,000	427,540	384,368	43,172
6030 Total Expenditures	418,000	427,540	384,368	43,172
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	(311,000)	(311,000)	(268,723)	42,277
OTHER FINANCING SOURCES (USES):				
7915 Transfers In	-	276,770	270,525	(6,245)
7080 Total Other Financing Sources (Uses)	-	276,770	270,525	(6,245)
1200 Net Change in Fund Balances	(311,000)	(34,231)	1,802	36,033
0100 Fund Balance - September 1 (Beginning)	1,425	1,425	1,425	-
3000 Fund Balance - August 31 (Ending)	\$ (309,575)	\$ (32,806)	\$ 3,227	\$ 36,033

FEDERAL AWARDS SECTION

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

Independent Auditor's Report

Board of Trustees
Wink-Loving Independent School District
P O Box 637
Wink, Texas 79789

Members of the Board:

We have audited 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, 2012, which collectively comprise the District's basic financial statements and have issued our report thereon dated January 18, 2013. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control over Financial Reporting

In planning and performing our audit, we considered the District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over financial reporting.

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, or correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected and corrected on a timely basis.

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain matters that we reported to management of the District in a separate letter dated January 18, 2013.

This report is intended solely for the information and use of management, administrators, others within the District, the Texas Education Agency, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

*Authorized signature available on
Original report on file with TEA.*

Smith & Rives, PC
Monahans, Texas
January 18, 2013

WINK-LOVING INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED AUGUST 31, 2012

I. Summary of the Auditor's Results

- a. The type of report issued on the financial statements of the Wink-Loving Independent School District was an unqualified opinion.
- b. No significant deficiencies in internal control were disclosed by the audit of the financial statements.
- c. The audit disclosed no instances of noncompliance that could be material to the financial statements of Wink-Loving Independent School District.
- d. The audit disclosed no:
 - 1. Known questioned costs greater than \$10,000 for a Federal program, which is not audited as a major program.
 - 2. Known fraud affecting a Federal award, unless such fraud is otherwise reported as an audit finding in the schedule of findings and questioned costs for Federal awards.
 - 3. Instances where audit follow-up procedures disclosed that the summary schedule of prior audit findings prepared by the auditee materially misrepresents the status of any prior audit finding.
- e. The dollar threshold to distinguish between Type A and Type B programs was \$300,000.
- f. There were no major programs for the year ended August 31, 2012.
- g. The District did not qualify as a low-risk auditee.

II. Findings Relating to the Financial Statements Which Are Required to be Reported in Accordance with *Generally Accepted Auditing Standards*.

No Findings.

III. Findings and Questioned Costs for Federal Awards Including Audit Findings as Described in I.d Above

No Findings.

WINK-LOVING INDEPENDENT SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED AUGUST 31, 2012

(Prepared by the District's Administration)

Reference Number: 2011-01

While some progress is being made to completely reconcile cash on a monthly basis, further progress is needed. The needed progress will, at a minimum, address payroll accruals, transfers, monthly bank fees, and the comparison of the bank details to the detailed general ledger and supporting cash receipts and cash disbursement journals. It will also need to address those instances where the general fund is providing cash for the activity of a special revenue fund while awaiting reimbursement from a paying agency. Any differences identified in the process will generate corrections to journals or a general journal entry to adjust book balances to agree with reconciled cash balances.

WINK-LOVING INDEPENDENT SCHOOL DISTRICT
CORRECTIVE ACTION PLAN
FOR THE YEAR ENDED AUGUST 31, 2012

(Prepared by the District's Administration)

For the following corrective action plan, the contact persons are John Benham, Superintendent, and Holly Bryan, Business Manager.

There are no findings related to the financial statements which are required to be reported in accordance with *Government Auditing Standards*.

SCHOOLS FIRST QUESTIONNAIRE

WINK-LOVING ISD

Fiscal Year 2012

SF2	Were there any disclosures in the Annual Financial Report and/or other sources of information concerning default on bonded indebtedness obligations?	No
SF4	Did the district receive a clean audit? - Was there an unqualified opinion in the Annual Financial Report?	Yes
SF5	Did the Annual Financial Report disclose any instances of material weaknesses in internal controls?	No
SF9	Was there any disclosure in the Annual Financial Report of material noncompliance?	No
SF10	Total accumulated accretion on capital appreciation bonds included in government-wide financial statements at fiscal year end.	