



*Know every student by name  
and need*

**FRISCO INDEPENDENT SCHOOL DISTRICT**

**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
*for the Year Ended June 30, 2014*



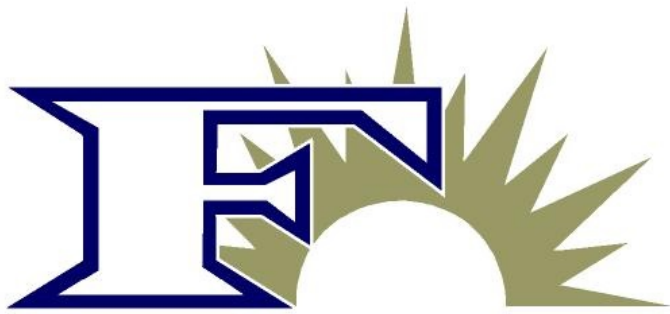
**Frisco Independent School District**  
5515 Ohio Drive  
Frisco, Texas 75035  
[www.friscoisd.org](http://www.friscoisd.org)

**FRISCO INDEPENDENT SCHOOL DISTRICT  
FRISCO, TEXAS**

**COMPREHENSIVE ANNUAL FINANCIAL REPORT**

**YEAR ENDED**

**JUNE 30, 2014**



**FRISCO INDEPENDENT SCHOOL DISTRICT**

**FRISCO INDEPENDENT SCHOOL DISTRICT  
COMPREHENSIVE ANNUAL FINANCIAL REPORT  
FOR THE YEAR ENDED JUNE 30, 2014**

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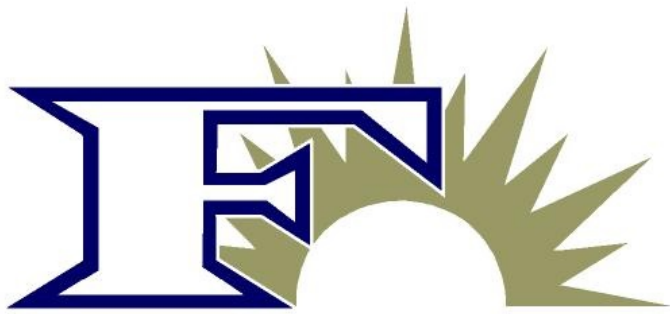
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**FRISCO INDEPENDENT SCHOOL DISTRICT**

## **INTRODUCTORY SECTION**



**CERTIFICATE OF THE BOARD**

Frisco Independent School District

Collin

043-905

Name of School District

County

County-District No.

We, the undersigned, certify that the attached annual financial reports of the above-named school district were reviewed and ✓ approved \_\_\_\_\_ disapproved for the year ended June 30, 2014 at a meeting of the Board of Trustees of such school district on the 10th \_\_\_\_\_ day of November, 2014.

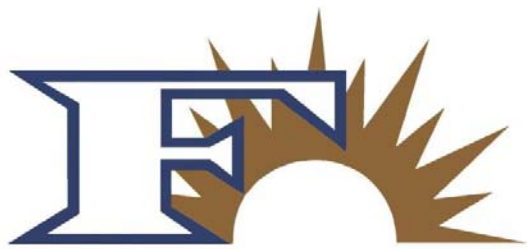
Quinn McCausland

Signature of Board President

Daleen Gillespie

Signature of Board Secretary

If the Board of Trustees disapproved of the auditor's report, the reason(s) for disapproving it is (are):



## FRISCO INDEPENDENT SCHOOL DISTRICT

5515 Ohio Drive  
Frisco, Texas 75035

(469) 633-6000  
[www.friscoisd.org](http://www.friscoisd.org)

***Know every student by name and need***

November 4, 2014

To: The Board of Trustees and the Citizens of Frisco Independent School District:

In compliance with Texas Education Code requirements, school districts must submit a set of financial statements to the Texas Education Agency within 150 days of the close of each fiscal year. The financial statements adhere to the Generally Accepted Accounting Principles (GAAP) and audited by a firm of licensed Certified Public Accountants. In relation to this requirement, we hereby submit the Comprehensive Annual Financial Report of the Frisco Independent School District for the fiscal year ended June 30, 2014.

The report consists of managements' representations concerning the finances of the District. Management assumes full responsibility for the completeness and reliability of the information presented in this report. To the best of our knowledge, this report is complete and reliable in all respects.

The financial statements of the District have been audited by Weaver and Tidwell, L.L.P. a licensed certified public accounting firm. The independent audit performed by an external auditing firm is intended to provide the District with reasonable assurance that the financial statements of the District for the fiscal year ended on June 30, 2014 are free of material misstatement. The independent audit examines evidence supporting the financial statements, analyzes accounting principles applied to the statements, and assesses significant estimates made by management in evaluating the overall reliability of the financial statements of the District. The independent auditors concluded, following their review, that there was a reasonable basis to issue an unqualified opinion that the District's financial statements for the fiscal year ended June 30, 2014 are fairly presented in conformity with Generally Accepted Accounting Principles. The independent auditor's reports presented as the first component of the Financial section of this report.

The independent audit of the financial statements is a part of broader, federally mandated single audit designed to meet the special needs of federal grantor agencies. The standards governing single audit engagements require the independent auditors to report on the audited entity's internal controls and compliance with legal requirements involving the administration of federal awards, as well the aforementioned presentation of financial statements. These reports may be found in the Federal Awards section of this report.

Generally Accepted Accounting Principles requires management to provide a narrative introduction, overview, and analysis of the basic financial statements in the form of Management Discussion and Analysis (MD&A). This letter of transmittal is intended to complement the MD&A and should be read in conjunction with it. The District's MD&A can be found in the Financial section, immediately following the independent auditor's report.

## PROFILE OF THE DISTRICT

Frisco ISD is an independent public education agency, recognized by the State of Texas, to provide appropriate educational services to the students in pre-kindergarten through grade twelve. Frisco ISD is located in Collin County, in north central Texas (Dallas-Ft. Worth metroplex area), and serves, wholly or partially, the communities of Frisco, Plano, McKinney, and Little Elm. The District's history dates back to 1876, even before the railroad and the establishment of the town of Frisco. No other district in the nation has grown faster than Frisco ISD on a percentage basis in the past 20 years. During that period of time the District has grown by approximately 2,275% and continues to grow by approximately 3,500 students per year. The District is projected to have almost 49,700 students during the 2014-15 school year.

Currently, the district has 37 elementary schools (with 1 more under construction), 13 middle schools (with 2 more under construction), and 7 high schools (with 2 more under construction). The District employs approximately 6,100 full and part-time employees, including approximately 3,130 teachers. Currently 25.1 percent of the District's staff members have advanced degrees. The District's Child Nutrition Program serves over 38,000 healthy and delicious meals per day. The Transportation Department includes 94 regular routes and 53 special needs routes, driving more than 1,600,000 miles per year.

Governance and oversight of the District is provided by a non-compensated, seven member Board of Trustees. Members of the Board are elected to office for three year terms on a rotating basis with two or three places being filled through a general election held annually on the first Saturday of May. Should a vacancy occur on the Board the position may be filled by appointment or left vacant until the next scheduled election. In addition to general oversight and governance, the Trustees are charged with calling trustee and other school elections, adopting and amending the annual operating budget, setting the tax rate, setting salary schedules, acting as a board of appeals for student and personnel matters, and employing the Superintendent of Schools. In the performance of these duties the Board must adhere to all state regulations and other legal restrictions. Since the Board is elected by the community, the decisions of the Board provide administrative guidance to the District in meeting community standards.

## EDUCATION

Frisco Independent School District believes that it should "Know every student by name and need". As such, the District strives to provide each student with the quality educational experience that has led our district to attain the highest possible ratings on the state accountability system, "Exemplary District", for the last three years under this rating system. Legislative action resulted in a change of the previous rating system to the currently released index-based approach to academic accountability. Districts and campuses are now rated either "Met Standard" or "Needs Improvement". The District and all campuses have "Met Standard" in all applicable indices of the system. The District and all campuses are measured against a target score in the following four indices: Index 1: Student Achievement; Index 2: Student Progress; Index 3: Closing Performance Gaps; Index 4: Post Secondary Readiness. In all instances, scores for the District and its campuses were well above the state targets, with several campuses earning distinctions.

The following is a summary of the measured standards and the District's scores:

### **Index 1: Student Achievement**

A look at performance of all student groups across all subject areas at the satisfactory performance standard.

Target Score: 55

Frisco ISD: 94

**Index 2: Student Progress**

A look at scores for 10 student groups, including ethnic groups, English-language learners, and special education students for reading, writing, and math scores categorized as having met or exceeded progress standards.

Target Score: 16

Frisco ISD Score: 46

**Index 3: Closing Performance Gaps**

Includes scores of students who are economically disadvantaged, and as applicable, the campus' or district's two lowest performing ethnic groups from the year before.

Target Score: 28

Frisco ISD Score: 53

**Index 4: Postsecondary Readiness**

Examines graduation rates and rates of students graduating on Recommended and Distinguished/Advanced plans.

Target Score: 57

Frisco ISD Score: 82

Other measures of student success would include results of ACT testing and drop-out rates.

<b>2013-14 ACT SCORES</b>					
	<b>English</b>	<b>Math</b>	<b>Reading</b>	<b>Science</b>	<b>Composite</b>
<b>Frisco ISD</b>	23.5	24.2	24.3	24.0	24.1
<b>State</b>	19.8	21.4	21.1	21.0	20.9

The District's 2012-13 drop-out rate was 0.1% compared to the State average rate of 2.4%.

**FINANCIAL CONTROLS***Internal Controls*

The management of the District has established an internal control structure designed to ensure that assets of the District are protected from loss, theft, or misuse, and to provide accurate and adequate financial data to be used in the compilation of the District's financial statements which comply with generally accepted accounting principles. The internal control system is designed to provide reasonable, but not absolute, assurance that these objectives are met. The management of the District monitors the internal control system to determine its effectiveness and makes appropriate revisions when necessary. The internal control system should be "cost-effective" and enhance the operations of the District in such a way as to contribute to both the effectiveness and the efficiency of the District's operations. The District's management believes that the internal control system as developed adequately meets the objectives described above.

### *Budgetary Controls*

The District has established and maintains a system of budgetary controls. The purpose of budgetary controls is to ensure that the development and administration of the budget complies with all state mandated legal provisions and locally adopted Board policies appropriate to this activity. The management of the District is responsible for developing the budget, within the established control system, and presenting the budget to the Board of Trustees for final adoption. The budget represents the allocation of resources and the plan for expending the allocated resources in the General Fund, National Lunch and Breakfast Program Fund, and Debt Service Fund. In addition to the major funds described, budgets for Special Revenue Funds are developed based on grant allocations distributed on a project basis. The District maintains budgetary control (the level at which expenditures cannot legally exceed allocations) at the functional category level for each fund. The functional categories are defined in the Financial Accountability System Resource Guide published by the Texas Education Agency. This publication describes each functional category and the allowable transactions associated with each function. Oversight of all transactions within the expenditure budgets are maintained at this level of control by the District's Finance Department staff. The District believes that this method of control provides the optimum level of oversight and flexibility to meet its budgetary needs.

## **MAJOR INITIATIVES**

### *Capital Projects*

The community supported and passed a bond authorization package for \$798 million in 2006. The bond package was designed to meet the needs of the District's growth up to 52,000 students. Since passing this bond, the District's needs for new construction are monitored by bond committee members for the appropriate usage of these funds in terms of grade level instructional buildings and locations. While the original plans for these funds have been revised, the overall objective of meeting the needs of 52,000 students has not changed. We currently have 4 elementary schools and 2 high schools under construction. Construction on an additional middle school scheduled to start during January of fiscal year 2014. The completion of these 7 construction projects will essentially deplete the remaining funds from the 2006 bond authorization. The structural capacity of the District at that time will be in excess of 58,000 students and the more realistic functional capacity of the District would be in approximately of 53,000 with a 90% occupancy rate.

The District bond committee recommended presenting a bond package of \$775 million to the voters during Fiscal Year 2014. This bond authorization is intended to meet the needs of the District as it grows to 66,000 students. The election was held May 10, 2014 and passed with a 77% approval rate. Included in this bond authorization is the construction of 3 High Schools, 3 Middle Schools, and 8 Elementary Schools. Also included is the purchase of future building sites, facilities renovations and upgrades, technology, and other miscellaneous projects.

Funding for these projects is obtained through sale of Unlimited Tax School Building Bonds. During fiscal year ended June 30, 2014 the district issued \$206,305,000 in new debt for construction, renovation of school buildings and equipment. In addition to the new debt issues the District issued \$5,155,000 in Unlimited Tax Refunding Bonds to realize the available debt service savings. While the District is retiring debt appropriately, it continues to experience rapid growth in its student population and will continue to need to issue new debt to address the facility needs associated with its growth.

### *Relevant Financial Guidelines*

The Board of Trustees and management of the District realize that maintaining an appropriate fund balance is important for the District to meet its needs during times of economic uncertainty. Additionally, maintaining a healthy fund balance has enabled the District to obtain high underlying ratings from both Standard and Poor's (AA+) and Moody's (Aa1), even with the continued high levels of new debt required to fund growth within the District. Currently, the guidelines communicated to management from the Board for appropriate levels of fund balance is to maintain at least a 20% of the General Fund in fund balance, with the goal of maintaining 25% in the future. For the fiscal year ended June 30, 2014, the General Fund has a fund balance of \$85,164,707 which represents 24.25% of the fiscal year 2014 General Fund budget.

### *Long-Term Financial Planning*

The District makes the following assumptions for budget development and planning for financial stability in subsequent fiscal years:

- Student population growth will continue with approximately 3,200 to 3,600 new students enrolling annually
- Taxable values in the District will continue to grow by approximately 8.0-10.0% per year
- Bond issuance will continue on a bi-annual basis
- Maintenance and operational costs will increase with additional buildings and aging of existing buildings
- Support activity costs will increase proportionate to the growth in student population

### *Economic Condition and Outlook*

Frisco Independent School District has enjoyed a recent upturn in the local economy. New housing developments and commercial activity is increasing in recent months. While the District experienced the impact of the recent national and state-wide recession, the effect on the District was minimal comparatively. The District's proximity to the Dallas-Fort Worth Metroplex and the dynamic nature of the communities served continues to make Frisco ISD an attractive destination for development. Joint ventures with the City of Frisco have enabled the District to avoid costly construction of necessary support facilities such as athletic complexes and multi-use facilities. The most recent cooperative project will allow the District access to the facilities being constructed for the Dallas Cowboy's World Headquarters.

The District's largest taxpayer comprises only 1.14% of the taxable value of the District. For fiscal year ended June 30, 2014 the total assessed value for all of the top ten taxpayers in the District comprises only 4.39% of its taxable value. As such, the loss of a single taxpayer would not have a significant impact on the District's ability to provide educational services or impact its ability to meet future financial obligations.

The taxable values of the District increased by approximately 13.56% for fiscal year ended June 30, 2014. The District anticipates that this trend will continue with probable increases exceeding this rate of growth in the future. The combination of continued student growth and economic development has resulted in the District enjoying a stable economic platform to plan and operate from.

## **AWARDS**

Frisco Independent School District was awarded the Certificate of Excellence for Financial Reporting by both the Government Finance Officers Association (GFOA) and the Association of School Business Officials (ASBO) for the District's Comprehensive Annual Financial Report (CAFR) for Fiscal Year 2013. This award (GFOA) is the highest form of recognition in the area of governmental accounting and financial reporting. The CAFR is judged by an impartial panel to determine if it meets the high standards of the program, demonstrating a constructive "spirit of full disclosure", to clearly communicate the District's financial story, and confirm the District's commitment to financial accountability and transparency.

A Certificate of Achievement is valid for a period of a year only. We believe that our current CAFR continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

The ASBO is granted only after an intensive review of financial reports by an expert panel of certified public accountants and practicing school business officials. Management believes that the CAFR for the fiscal year ended June 30, 2014, which will be submitted for to ASBO for review, also conforms to their principles and standards.

The state of Texas initiated the Financial Integrity Rating System of Texas (F.I.R.S.T.) program in 1999. The goal of this legislation was to develop an accountability system, similar to the academic accountability system, by which school districts could be rated on their financial management practices. Frisco ISD has received the highest possible rating of "Superior Achievement" for its financial practices, management, and monitoring for each year since the inception of the F.I.R.S.T. Report.

Frisco ISD was one of the first twelve school districts in the state to receive the Texas Comptroller Leadership Circle Platinum Award for financial reporting and transparency. In order to be considered for this award the District had to meet stringent financial reporting criteria including detailed bonded debt and repayment information, budget summaries, check registers, audit reports, and other pertinent financial information.


An integral part of the overall financial management of the District's resources is the expenditure of allocated resources. Many aspects of this process are managed by the Procurement Department. This department includes activities related to purchasing, accounts payable, and accounts receivable. The Texas Association of School Business Officials recognizes outstanding Purchasing Departments annually with its Award of Merit for Purchasing Operations. The Purchasing Department must meet certain stringent requirements and undergo a rigorous review of procedures and practice to be considered for this prestigious award. The Frisco ISD purchasing department has received this award each year since its creation in 2009, one of only 7 school districts in the state to have done so.

## ACKNOWLEDGEMENTS


The continued effort and support of the Board of Trustees, the citizens of the District, parents, and business owners, greatly contributes to the success of Frisco ISD and is very much appreciated. Without this support and effort the District could not have attained the high level of excellence it currently enjoys, nor could it strive for even greater attainment in the future for all programs supported by the District.

Additionally, we would like to recognize the cooperative spirit and contributions the employees of Frisco ISD make to successful planning and implementation of the financial activities within the District. Without this cooperation the staff of the Finance Department could not function in its role of supporting the District's operations.

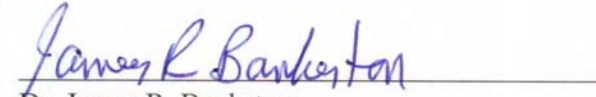
With these acknowledgements, we respectfully submit this report for your review. The information contained in this report is accurate and complete to the best of our knowledge.



Dr. Jeremy Lyon  
Superintendent



Richard Wilkinson  
Deputy Superintendent of Business Operations



Dr. James R. Bankston  
Chief Financial Office



**FRISCO INDEPENDENT SCHOOL DISTRICT  
COMPREHENSIVE ANNUAL FINANCIAL REPORT  
YEAR ENDED JUNE 30, 2014  
PRINCIPAL OFFICERS AND ADVISORS**

**BOARD OF TRUSTEES**

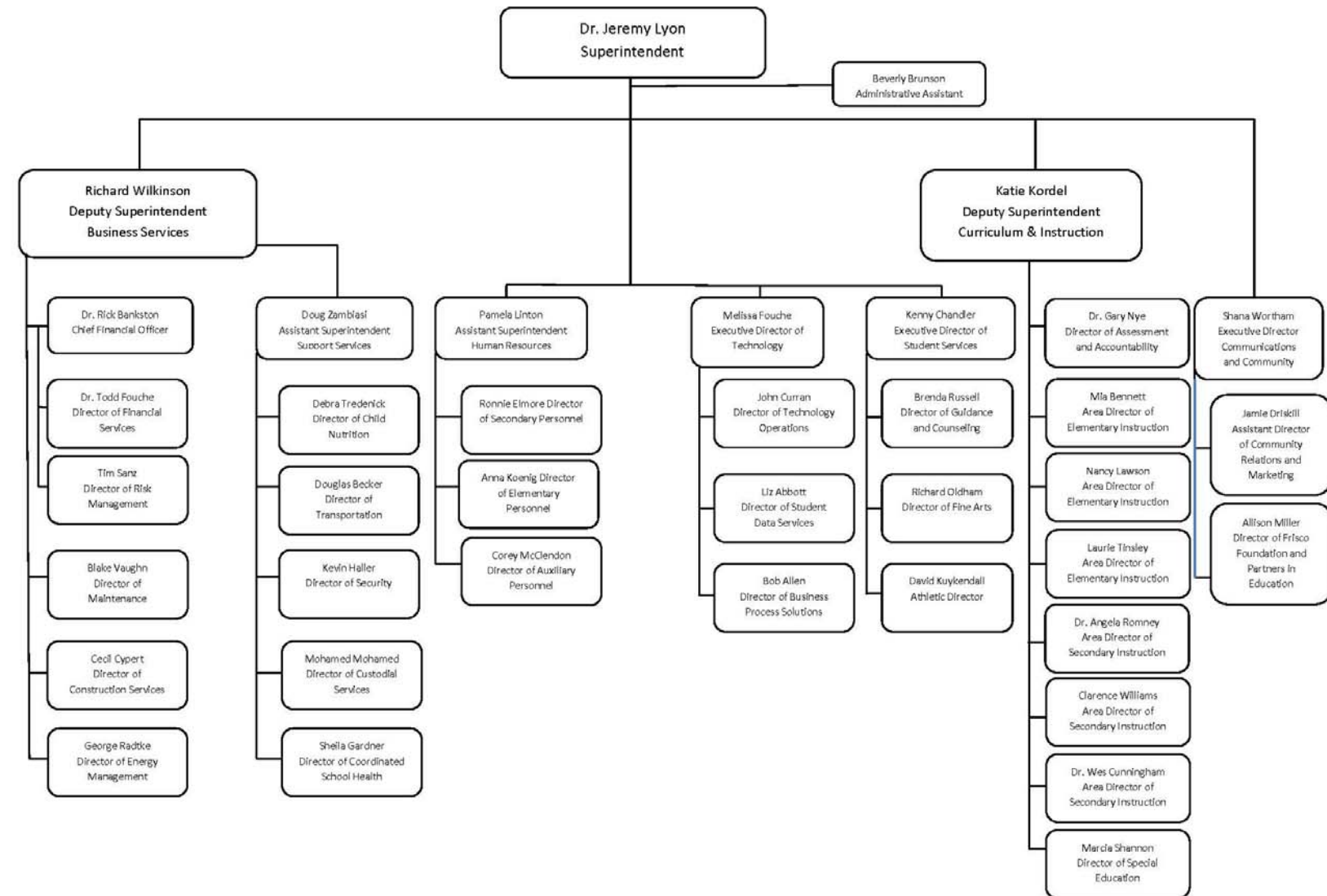
<u>Name</u>	<u>Term Expires</u>	<u>Length of Service</u>	<u>Occupation</u>
Anne McCausland, President	2017	3 Years	Homemaker
John Hoxie, Vice-President	2015	5 Years	Director of Sales Finance
Debbie Gillespie, Secretary	2017	3 Years	Homemaker
Renee Ehmke	2016	8 Years	Homemaker
Chris Todd	2015	2 Years	Chief Financial Officer
Bryan Dodson	2016	1 Year	Sales
John Classe	2015	New	

**APPOINTED OFFICIALS**

<u>Name</u>	<u>Position</u>	<u>Length of Education Service</u>
Dr. Jeremy Lyon	Superintendent	27 Years
Katie Kordel	Deputy Superintendent for Curriculum and Instruction	16 Years
Richard Wilkinson	Deputy Superintendent for Business and Operations	31 Years
Pamela Linton	Assistant Superintendent for Human Resources	24 Years
Doug Zambiasi	Assistant Superintendent for Administrative Services	31 Years
Shana McKay Wortham	Executive Director of Communications and Community Relations	24 Years
Melissa Fouche	Executive Director of Technology	20 Years
Kenny Chandler	Executive Director for Student Services	30 Years
Dr. James R. Bankston	Chief Financial Officer	36 Years

**CONSULTANTS AND ADVISORS**

Weaver and Tidwell, LLP Independent Auditors	Southwest Securities Financial Advisors
McCall, Parkhurst, & Horton, L.L.P. Bond Counsel	Law Offices of Robert E. Luna, P.G. Attorney



FRISCO INDEPENDENT SCHOOL DISTRICT ORGANIZATIONAL CHART 2014



Government Finance Officers Association

**Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting**

Presented to

**Frisco Independent School District  
Texas**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**June 30, 2013**

Executive Director/CEO

# Association of School Business Officials International



*The Certificate of Excellence in Financial Reporting Award  
is presented to*

## **Frisco Independent School District**

*For Its Comprehensive Annual Financial Report (CAFR)  
For the Fiscal Year Ended June 30, 2013*

The CAFR has been reviewed and met or exceeded  
ASBO International's Certificate of Excellence standards



A handwritten signature in black ink, reading "Terrie S. Simmons".

Terrie S. Simmons, RSBA, CSBO  
President

A handwritten signature in black ink, reading "John D. Musso".

John D. Musso, CAE, RSBA  
Executive Director



**FRISCO INDEPENDENT SCHOOL DISTRICT**

## **FINANCIAL SECTION**



**FRISCO INDEPENDENT SCHOOL DISTRICT**



## INDEPENDENT AUDITOR'S REPORT

Board of Trustees  
Frisco Independent School District  
Frisco, Texas

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Frisco Independent School District (the District) as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditor's Responsibility***

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

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

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



### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the District, as of June 30, 2014, and the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

### ***Other Matters***

#### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 4 through 10 and 42 through 43 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### ***Other Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The introductory section, combining and individual fund statements and schedules, required Texas Education Agency schedules and statistical section are presented for purposes of additional analysis and are not a required part of the financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements.

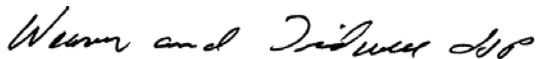
The combining and individual fund statements and schedules, required Texas Education Agency schedules, and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic

financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund statements and schedules, required Texas Education Agency schedules, and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated November 4, 2014, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* the District's internal control over financial reporting and compliance.

A handwritten signature in cursive script, reading "Weaver and Tidwell LLP".

WEAVER AND TIDWELL, L.L.P.

Dallas, Texas  
November 4, 2014



**FRISCO INDEPENDENT SCHOOL DISTRICT**

**FRISCO INDEPENDENT SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2014**  
*(Unaudited)*

This section of the Frisco Independent School District annual financial report presents the discussion and analysis of the District's financial performance during the year ended June 30, 2014. The following report and analysis will be an extension to the District's financial statements.

**Financial Highlights**

The District's total liabilities as presented on the government-wide Statement of Net Position exceeded total assets by \$149.2 million. The net position of the District increased by \$1.0 million during the year ended June 30, 2014.

The District's governmental funds financial statements reported combined ending fund balance of \$261.3 million. Of this amount, the General Fund has a total of \$85.2 million of which \$0.3 million is nonspendable and \$84.9 million is unassigned available for spending at the District's discretion. Fund balance of \$77.6 million is restricted for use by the Debt Service Fund and \$92.5 million restricted for use by the Capital Projects Fund. The Special Revenue Funds have a fund balance of \$6.0 million that is either restricted or committed with a small amount in the nonspendable prepaid classification.

**Overview of the Financial Statements**

This annual report consists of a series of financial statements. The government-wide financial statements include the Statement of Net Position (Exhibit A-1) and the Statement of Activities (Exhibit B-1). These reports provide information about the activities of the District as a whole, long-term view of the District's property, 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 with Exhibit C-1) report the District's operations in more detail than the government-wide statements by providing information about the District's most significant funds. For government activities, these statements tell how services were financed in the short term as well as what resources remain for future spending. They also reflect the flow of current financial resources, and supply the basis for tax levies and the appropriations budget. The remaining statements provide financial information about activities for which the District acts solely as a trustee or agent for the benefits of those outside of the District.

The notes to the financial statements (following Exhibit E-1) 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 and are contained in Exhibits G-2 and G-3. 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 the grants.

**Reporting the District Financial Performance as a Whole**

**Government-wide Statements: The Statement of Net Position and the Statement of Activities**

The government-wide statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The Statement of Net Position, Exhibit A-1,

includes all of the government's assets and liabilities. The Statement of Activities, Exhibit B-1, accounts for all of the current period's revenue and expenses.

The two government-wide statements report the District's Net Position and how it has changed. Net Position, the difference between District's assets and liabilities, is one way to measure the District's financial health or position.

Within the government-wide financial statements of the District, most of the District's basic services are included, such as instruction, extracurricular activities, curriculum and staff development, health services, and general administration. Property taxes, grants, and state revenues finance most of the activities.

## **Reporting the District's Most Significant Funds**

### **Fund Financial Statements**

The fund financial statements provide detailed information about the District's most significant funds, not the District as a whole. Funds are accounting devices that the District uses to keep track of specific sources of funding and spending for a particular purpose.

- Some funds are required by State law and bond covenants
- Other funds are established to control and manage money for particular purposes or to show that it is properly using certain taxes and grants

This District has two kinds of funds:

- **Governmental funds** - 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 at the end of the fiscal period. The governmental funds statements provide a detailed, short-term view of the District's general operations and the basic services it provides. The difference between the governmental activities (reported in the Statement of Net Position and Statement of Activities) and governmental funds are described in reconciliation narratives following each of the fund financial statements. (Exhibits C-2 and C-4)
- **Fiduciary funds** - The District is the trustee, or fiduciary, for money raised by student activities. All of the District's fiduciary activities are reported in the Statement of Fiduciary Assets and Liabilities (Exhibit E-1). 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 purpose

## **Financial Analysis of the District as a Whole**

The District implemented GASB Statement No. 34 during the 2001-2002 fiscal years. As of the 2013-2014 fiscal years, the analysis will present both current and prior year data and discuss significant changes in the accounts. Our analysis focuses on the net position (Table A1) and changes in net position (Table A2) of the District's governmental activities.

**Net Position** - The District's combined net position was (\$149,213,992) on June 30, 2014. The prior year's net position was (\$167,422,224) (See Table A1).

**Table A-1**  
**District's Net Position**

	<u>June 30, 2014</u>	<u>June 30, 2013</u>	<u>Percentage Change</u>
Current Assets	\$ 334,369,603	\$ 275,312,934	21.45%
Capital Assets	<u>1,272,797,870</u>	<u>1,151,054,851</u>	10.58%
Total Assets	<u>1,607,167,473</u>	<u>1,426,367,785</u>	12.68%
Deferred Outflows of Resources	<u>17,166,580</u>	<u>9,018,319</u>	90.35%
Current Liabilities	94,382,018	97,425,874	-3.12%
Long-term Liabilities	<u>1,679,166,027</u>	<u>1,505,382,454</u>	11.54%
Total Liabilities	<u>1,773,548,045</u>	<u>1,602,808,328</u>	10.65%
Net Position (Deficit):			
Net Investment in Capital Assets	(273,081,937)	(293,661,182)	-7.01%
Restricted	57,708,876	74,927,672	-22.98%
Unrestricted	<u>66,159,069</u>	<u>51,311,286</u>	28.94%
Total Net Position (Deficit)	<u>\$ (149,213,992)</u>	<u>\$ (167,422,224)</u>	-10.88%

**Table A2**  
**Changes in Net Position**

	Fiscal Year June 30, 2014	Fiscal Year June 30, 2013	Percentage Change
<b>Revenues:</b>			
Program Revenues			
Charges for Service	18,765,699	17,781,112	5.54%
Operating Grants and Contributions	26,278,448	22,544,354	16.56%
Total Program Revenues	45,044,147	40,325,466	11.70%
General Revenues			
Property Taxes	310,827,394	272,384,708	14.11%
State Aid Formula	119,733,020	117,087,935	2.26%
Investment Earnings	98,009	238,659	-58.93%
Grants and Contributions	-	516,970	-100.00%
Other	2,754,365	20,559,060	-86.60%
Total General Revenues	433,412,788	410,787,332	5.51%
Total Revenues	478,456,935	451,112,798	6.06%
<b>Expenses:</b>			
Instruction	237,776,317	220,404,517	7.88%
Instructional Resources and Media Services	7,563,264	6,878,260	9.96%
Curriculum and Staff Development	7,496,653	6,695,992	11.96%
Instructional Leadership	4,625,073	4,538,265	1.91%
School Leadership	21,657,026	22,284,476	-2.82%
Guidance, Counseling and Evaluation Services	12,828,364	12,552,997	2.19%
Social Work Services	360,371	343,427	4.93%
Health Services	3,885,439	3,738,802	3.92%
Student Transportation	10,489,264	9,854,542	6.44%
Food Services	20,138,815	18,662,958	7.91%
Extracurricular Activities	15,493,350	14,929,811	3.77%
General Administration	6,752,192	6,560,127	2.93%
Facilities Maintenance and Operations	31,796,821	30,168,059	5.40%
Security and Monitoring Services	3,595,026	2,731,959	31.59%
Data Processing Services	7,194,012	6,718,444	7.08%
Community Services	1,516,206	1,572,685	-3.59%
Debt Service - Interest on Long Term Debt	45,233,434	70,402,767	-35.75%
Debt Service - Bond Issuance Costs and Fees	1,288,269	1,034,160	24.57%
Contracted Instructional Services Between Schools	1,004,896	1,785,899	-43.73%
Payments to Juvenile Justice Alternative Ed. Prg.	23,499	44,573	-47.28%
Payments to Tax Increment Fund	17,605,466	16,558,936	6.32%
Other Intergovernmental Charges	1,924,946	1,801,088	6.88%
<b>Total Expenses</b>	460,248,703	460,262,744	0.00%
 Increase/(Decrease) in Net Position	18,208,232	(9,149,946)	299.00%
Beginning Net Position (Deficit)	(167,422,224)	(152,326,041)	-9.91%
Prior Period Adjustment	-	(5,946,237)	100.00%
Ending Net Position (Deficit)	<u>\$ (149,213,992)</u>	<u>\$ (167,422,224)</u>	10.88%

Our analysis focuses on net position and changes in net position of the District's governmental activities. The District's total net position increased by \$1.0 million. Current Assets increased by \$59.0 million which is attributable primarily to new school construction bonds sold for the completion of ongoing and future school construction projects. Capital Assets increased by \$123.0 million during fiscal year 2014 due primarily to new school construction.

Current liabilities decreased by \$1.4 million primarily due to a decrease in the amounts owed to other governmental entities.

Noncurrent liabilities increased \$173.8 million. The increase is primarily due to the issuance of new school building bonds and related bond premiums.

**Changes in net position.** The District's total revenues were \$478.5 million. A significant portion (65.0%) of the District's revenue comes from taxes, which increased by 14% over fiscal year 2013. State aid comprised 25.1% of the District's revenue while operating grants provided 5.5%. Charges for services contributed 3.9%. Interest revenue and other sources including miscellaneous local revenue are 0.5%. The total cost of all programs and services was \$477.5 million.

### **Financial Analysis of Major Governmental Funds**

General Fund: As of June 30, 2014, fund balance in the General Fund was \$85.2 million, a \$12.5 million increase over the previous year. This increase can be attributed primarily to higher property valuations and the increase in property tax collections.

Debt Service Fund: As of June 30, 2014, fund balance in the Debt Service Fund was \$77.6 million, a \$6.4 million increase over the previous year. This increase can be attributed to new properties, increased valuations, including in TIRZ #1, and the impact on the fiscal year tax collections

Capital Projects Fund: As of June 30, 2014, fund balance in the Capital Projects Fund was \$92.5 million, an \$40.9 million increase over the previous year. This increase can be attributed to increased new school construction bond sales with proceeds payable to the completion of ongoing school construction projects.

### **Budgetary Highlights:**

#### **General Fund**

In the General Fund, the final budgeted amount for revenues was \$358.0 million, an increase of \$7.7 million from the original budget. This increase consisted primarily of adjustments to the property values of the District that resulted in higher than expected assessed values which yielded greater property tax collections.

The final expenditure budget in the General Fund was \$359.0 million, which represents a \$14.7 million (4.3%) increase over the original budget. This budget increase was the result of higher than expected student growth, increasing expenditures in instruction, transportation and other related student costs.

### **Capital Assets and Debt Administration**

At the end of 2014, the District had invested \$1,272,797,870 in various capital assets, including land, furniture and equipment, buildings, and construction in progress. The following table (A3) represents the District's total Capital Assets:



**Table A3  
Capital Assets**

	<u>June 30, 2014</u>	<u>June 30, 2013</u>	<u>Percentage Change</u>
Land	\$ 147,482,951	\$ 136,355,594	8.16%
Buildings	1,126,042,027	1,098,999,728	2.46%
Furniture and Equipment	40,802,136	38,609,878	5.68%
Construction in Progress	<u>207,379,203</u>	<u>94,895,604</u>	118.53%
Total Historical Cost	<u>1,521,706,317</u>	<u>1,368,860,804</u>	11.17%
Total Accumulated Depreciation	<u>(248,908,447)</u>	<u>(217,805,953)</u>	14.28%
Net Capital Assets	<u>\$ 1,272,797,870</u>	<u>\$ 1,151,054,851</u>	10.58%

Additions to the District's capital assets during fiscal year 2014 included completion of 5 new schools, related furniture and equipment for these campuses, and land acquisitions future campuses. Additional information on capital assets is contained in Note 6 of the Notes to the Basic Financial Statements.

At the end of the 2014 fiscal year, the District had \$1,581,733,571 in bonds outstanding as compared to \$1,377,815,843 the previous fiscal year

**Table A4  
Long-Term Debt**

	<u>June 30, 2014</u>	<u>June 30, 2013</u>	<u>Percentage Change</u>
Bond Payable	\$ 1,581,733,571	\$ 1,412,524,284	11.98%
Bond Premium	56,675,458	49,810,294	13.78%
Accreted Interest	<u>40,756,998</u>	<u>35,927,858</u>	13.44%
Total Debt	<u>\$ 1,679,166,027</u>	<u>\$ 1,498,262,436</u>	

During fiscal year 2014, the Districts long-term debt increased by \$181 million primarily the result of the issuance of \$90,845,000 Unlimited Tax School Building Bonds, Series 2013 and \$111,455,000 Unlimited Tax School Building and Refunding Bonds, Series 2014. More detailed information is available about the District's debt in Note 7 of the Notes to the Basic Financial Statements.

## **Economic Factors and Next Year's Budget and Rates**

- The certified net taxable values used for the 2015 budget preparation have increased to approximately \$22,787,651,925 which represents a 13.56% increase from the prior year values of \$20,078,026,461. The District continues to have an excellent current year tax collection rate of 99.1% in fiscal year 2014 as compared to 99.21% in fiscal year 2013.
- The District's 2014-2015 student enrollment is expected to be approximately 49,700 which represents a 7.00% increase over the enrollment in 2013-2014 of 46,448. The District is expecting to see continued growth and is reported to have five of the top ten fastest growing subdivisions in the Dallas-Fort Worth Metroplex within the District's boundaries.
- The District's debt obligations will continue to have a financial impact as long as the District continues to add additional buildings and campuses.

Moody's lists the following rationale when maintaining Frisco ISD's 'Aa1' credit rating for 2014-2015:

- The District's large and diverse tax base;
  - Dallas-Fort Worth Metroplex's favorable socio-economic profile;
  - Very strong resident wealth and income;
  - Rapid enrollment growth, stable financial condition and conservative budgeting; and
  - Strong financial management and formal policies.
- Frisco ISD has received a rating of "Superior Achievement" under Texas' financial accounting rating system. The Superior Achievement rating is the state's highest, demonstrating the quality of the District's financial management and reporting system. This is the twelfth year of Schools FIRST (Financial Integrity Rating System of Texas), a financial accountability system for school districts developed by Texas Education Agency. The primary goal of FIRST is to achieve quality performance in the management of the District's financial resources. Frisco ISD has received a Superior Achievement rating for all eleven years of the program.
- The Comptroller's Financial Allocation Study for Texas (FAST) identifies school districts and campuses that combine high academic achievement with cost effective operations and groups them with "fiscal peers" that operate in similar cost environments. Frisco ISD achieved a 5 star rating in 2010 and 2013 and 4.5 stars in 2011 and 2012.
- The office of the Comptroller for the State of Texas reviews school district website postings and recognizes those districts that include specific financial reports and data in efforts to ensure financial transparency. The highest award given for this effort is the Platinum Member award. Frisco ISD received this distinction in 2014, one of only 12 school districts in the state to achieve this level of financial transparency.

## **Contacting the District's Financial Management**

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact the District's Financial Services Office.



**FRISCO INDEPENDENT SCHOOL DISTRICT**

## **BASIC FINANCIAL STATEMENTS**

## EXHIBIT A-1

**FRISCO INDEPENDENT SCHOOL DISTRICT  
STATEMENT OF NET POSITION  
JUNE 30, 2014**

Data Control Codes		<u>Primary Government Governmental Activities</u>
<b>ASSETS</b>		
1110	Cash and Cash Equivalents	\$ 322,396,367
1220	Property Taxes Receivable (Delinquent)	4,469,163
1230	Allowance for Uncollectible Taxes	(750,532)
1240	Due from Other Governments	7,812,991
1290	Other Receivables, Net	105,181
1410	Prepayments	336,433
1490	Other Current Assets	
	Non-current Assets	
	Capital Assets:	
1510	Land	147,482,951
1520	Buildings, Net	907,367,007
1530	Furniture and Equipment, Net	10,568,709
1580	Construction in Progress	207,379,203
1000	<b>Total Assets</b>	<u>1,607,167,473</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
1701	Deferred Loss on Refunding	<u>17,166,580</u>
1700	<b>Total Deferred Outflows of Resources</b>	<u>17,166,580</u>
<b>LIABILITIES</b>		
2110	Accounts Payable	18,072,209
2140	Interest Payable	23,831,617
2150	Payroll Deductions & Withholdings	2,049,711
2160	Accrued Wages Payable	41,352,983
2200	Accrued Expenses	8,943,595
2300	Unearned Revenues	131,903
	Non-Current Liabilities	
2501	Due within One Year	29,290,001
2502	Due in More than One Year	1,649,876,026
2000	<b>Total Liabilities</b>	<u>1,773,548,045</u>
<b>NET POSITION (DEFICIT)</b>		
3200	Net Investment in Capital Assets	(273,081,937)
	Restricted for:	
3820	Restricted for Federal and State Programs	3,789,148
3850	Restricted for Debt Service	53,919,728
3900	Unrestricted	66,159,069
3000	<b>Total Net Position (Deficit)</b>	<u>\$ (149,213,992)</u>

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

**EXHIBIT B-1**

**FRISCO INDEPENDENT SCHOOL DISTRICT  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2014**

		Program Revenues		Net (Expense) Revenue and Changes in Net Position	
	1	3	4	6	
Data Control Codes	Expenses	Charges for Services	Operating Grants and Contributions	Primary Gov. Governmental Activities	
Primary Government:					
GOVERNMENTAL ACTIVITIES:					
11	Instruction	\$ 237,776,317	\$ 350,717	\$ 13,893,779	\$ (223,531,821)
12	Instructional Resources and Media Services	7,563,264	-	189,719	(7,373,545)
13	Curriculum and Instructional Staff Development	7,496,653	-	670,408	(6,826,245)
21	Instructional Leadership	4,625,073	-	177,185	(4,447,888)
23	School Leadership	21,657,026	-	783,305	(20,873,721)
31	Guidance, Counseling and Evaluation Services	12,828,364	-	2,876,547	(9,951,817)
32	Social Work Services	360,371	-	14,560	(345,811)
33	Health Services	3,885,439	-	155,540	(3,729,899)
34	Student (Pupil) Transportation	10,489,264	-	314,143	(10,175,121)
35	Food Services	20,138,815	14,494,346	4,462,564	(1,181,905)
36	Extracurricular Activities	15,493,350	1,525,824	1,118,568	(12,848,958)
41	General Administration	6,752,192	-	204,841	(6,547,351)
51	Facilities Maintenance and Operations	31,796,821	2,394,812	1,063,866	(28,338,143)
52	Security and Monitoring Services	3,595,026	-	90,451	(3,504,575)
53	Data Processing Services	7,194,012	-	191,106	(7,002,906)
61	Community Services	1,516,206	-	56,360	(1,459,846)
72	Debt Service - Interest on Long Term Debt	45,233,434	-	-	(45,233,434)
73	Debt Service - Bond Issuance Costs and Fees	1,288,269	-	-	(1,288,269)
91	Contracted Instructional Services Between Schools	1,004,896	-	-	(1,004,896)
95	Payments to Juvenile Justice Alternative Ed. Prg.	23,499	-	-	(23,499)
97	Payments to Tax Increment Fund	17,605,466	-	-	(17,605,466)
99	Other Intergovernmental Charges	1,924,946	-	15,506	(1,909,440)
(TG) Total Governmental Activities:		460,248,703	18,765,699	26,278,448	(415,204,556)
(TP) TOTAL PRIMARY GOVERNMENT:		\$ 460,248,703	\$ 18,765,699	\$ 26,278,448	\$ (415,204,556)

Data		
Control General Revenues:		
Codes Taxes:		
MT Property Taxes, Levied for General Purposes		229,889,558
DT Property Taxes, Levied for Debt Service		80,937,836
SF State Aid - Formula Grants		119,733,020
IE Investment Earnings		98,009
MI Miscellaneous Local and Intermediate Revenue		2,754,365
TR Total General Revenues		433,412,788
CN Change in Net Position		18,208,232
NB Net Position - Beginning		(167,422,224)
NE Net Position - Ending		\$ (149,213,992)

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

**FRISCO INDEPENDENT SCHOOL DISTRICT  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2014**

<b>Data Control Codes</b>		<b>10 General Fund</b>	<b>50 Debt Service Fund</b>	<b>60 Capital Projects</b>
<b>ASSETS:</b>				
1110	Cash and Cash Equivalents	\$ 121,679,140	\$ 77,577,989	\$ 114,312,887
1220	Property Taxes - Delinquent	3,185,623	1,283,540	-
1230	Allowance for Uncollectible Taxes (Credit)	(534,980)	(215,552)	-
1240	Due from Other Governments	6,190,829	-	-
1260	Due from Other Funds	587,162	-	-
1290	Other Receivables	105,181	-	-
1410	Prepaid Expenditures	264,523	-	-
1000	<b>Total Assets</b>	<u>\$ 131,477,478</u>	<u>\$ 78,645,977</u>	<u>\$ 114,312,887</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>				
<b>LIABILITIES :</b>				
2110	Accounts Payable	\$ 2,697,400	\$ 12,000	\$ 13,590,186
2140	Interest Payable	-	399,769	-
2150	Payroll Deductions and Withholdings Payable	2,049,711	-	-
2160	Accrued Wages Payable	39,037,320	-	143,884
2170	Due to Other Funds	-	-	-
2200	Accrued Expenditures	894,000	-	8,049,595
2300	Unearned Revenue	122,060	-	-
2000	<b>Total Liabilities</b>	<u>44,800,491</u>	<u>411,769</u>	<u>21,783,665</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
2601	Unavailable Revenue - Property Taxes	<u>1,512,280</u>	<u>608,552</u>	<u>-</u>
2600	<b>Total Deferred Inflows of Resources</b>	<u>1,512,280</u>	<u>608,552</u>	<u>-</u>
<b>FUND BALANCES:</b>				
Nonspendable Fund Balance:				
3430	Prepaid Expenditures	264,523	-	-
Restricted Fund Balance:				
3450	Federal or State Funds Grant Restriction	-	-	-
3470	Capital Acquisitions and Contractual Obligation	-	-	92,529,222
3480	Retirement of Long-Term Debt	-	77,625,656	-
Committed				
3545	Local Special Revenue	-	-	-
3600	Unassigned Fund Balances	<u>84,900,184</u>	<u>-</u>	<u>-</u>
	<b>Total Fund Balances</b>	<u>85,164,707</u>	<u>77,625,656</u>	<u>92,529,222</u>
	<b>Total Liabilities, Deferred Inflows of Resources and Fund Balances</b>	<u>\$ 131,477,478</u>	<u>\$ 78,645,977</u>	<u>\$ 114,312,887</u>

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

**EXHIBIT C-1**

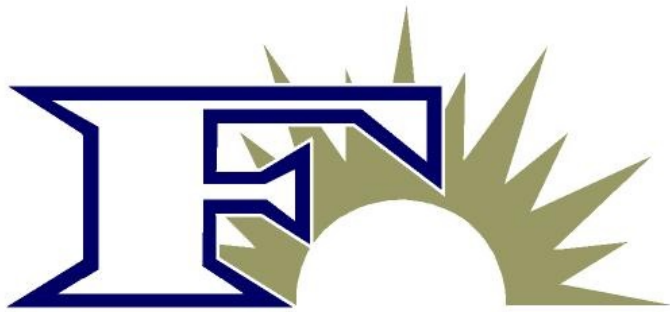
<b>Non-major Governmental Funds</b>	<b>Total Governmental Funds</b>
\$ 8,826,351	\$ 322,396,367
-	4,469,163
-	(750,532)
1,622,162	7,812,991
-	587,162
-	105,181
71,910	336,433
<u>\$ 10,520,423</u>	<u>\$ 334,956,765</u>
\$ 1,772,623	\$ 18,072,209
-	399,769
-	2,049,711
2,171,779	41,352,983
587,162	587,162
-	8,943,595
9,843	131,903
<u>4,541,407</u>	<u>71,537,332</u>
-	<u>2,120,832</u>
-	<u>2,120,832</u>
71,910	336,433
3,789,148	3,789,148
-	92,529,222
-	77,625,656
2,117,958	2,117,958
-	84,900,184
<u>5,979,016</u>	<u>261,298,601</u>
<u>\$ 10,520,423</u>	<u>\$ 334,956,765</u>



**FRISCO INDEPENDENT SCHOOL DISTRICT  
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE  
GOVERNMENT-WIDE STATEMENT OF NET POSITION  
JUNE 30, 2014**

<b>Total Fund Balances - Governmental Funds</b>	\$ 261,298,601
1 Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds financial statements.	1,521,706,317
2 Accumulated depreciation on capital assets is not reported in the governmental funds financial statements.	(248,908,447)
3 Bonds payable and contractual obligations do not require current financial resources and therefore are not reported in governmental funds financial statements.	(1,581,733,571)
4 Accreted interest for capital appreciation bonds is not reported as a liability in the governmental funds financial statements.	(40,756,998)
5 Interest is accrued on outstanding debt in the government-wide financial statements, whereas in the governmental funds financial statements, interest expenditures are reported when due.	(23,431,848)
6 Amounts reported as deferred inflows of resources in the governmental funds financial statements are recognized as revenue in the government-wide financial statements.	2,120,832
7 Premiums and discounts on the issuance of current interest bonds are reflected in the statement of net position in the government-wide financial statements, net of amortization, but are not reported in the balance sheet in the governmental funds financial statements.	(56,675,458)
8 Deferred loss on refunding amount is reflected in the statement of net position of government-wide financial statements, net of amortization, but it is not reported in governmental funds financial statements.	17,166,580
<b>Net Position of Governmental Activities</b>	<u><u>\$ (149,213,992)</u></u>

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



**FRISCO INDEPENDENT SCHOOL DISTRICT**

**FRISCO INDEPENDENT SCHOOL DISTRICT**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2014**

<b>Data Control Codes</b>		<b>10 General Fund</b>	<b>50 Debt Service Fund</b>	<b>60 Capital Projects</b>
<b>REVENUES:</b>				
5700	Total Local and Intermediate Sources	\$ 221,080,963	\$ 81,122,920	\$ 14,479,709
5800	State Program Revenues	130,548,682	-	45,447
5900	Federal Program Revenues	589,595	-	-
5020	<b>Total Revenues</b>	<b>352,219,240</b>	<b>81,122,920</b>	<b>14,525,156</b>
<b>EXPENDITURES:</b>				
Current:				
0011	Instruction	204,344,529	-	-
0012	Instructional Resources and Media Services	5,272,018	-	-
0013	Curriculum and Instructional Staff Development	7,080,895	-	-
0021	Instructional Leadership	4,614,011	-	-
0023	School Leadership	21,304,744	-	-
0031	Guidance, Counseling and Evaluation Services	10,309,406	-	-
0032	Social Work Services	360,371	-	-
0033	Health Services	3,859,005	-	-
0034	Student (Pupil) Transportation	8,769,634	-	-
0035	Food Services	-	-	-
0036	Extracurricular Activities	10,657,670	-	-
0041	General Administration	5,685,941	-	-
0051	Facilities Maintenance and Operations	28,268,625	-	30,757
0052	Security and Monitoring Services	2,510,096	-	-
0053	Data Processing Services	5,307,632	-	-
0061	Community Services	799,951	-	-
Debt Service:				
0071	Debt Service - Principal on Long Term Debt	-	27,935,713	-
0072	Debt Service- Interest on Long Term Debt	-	61,273,182	-
0073	Debt Service - Bond Issuance Cost and Fees	-	86,385	1,201,884
Capital Outlay:				
0081	Facilities Acquisition and Construction	-	-	167,713,439
Intergovernmental:				
0091	Contracted Instructional Services Between Schools	1,004,896	-	-
0095	Payments to Juvenile Justice Alternative Ed. Prg.	23,499	-	-
0097	Payments to Tax Increment Fund	17,605,466	-	-
0099	Other Intergovernmental Charges	1,924,946	-	-
6030	<b>Total Expenditures</b>	<b>339,703,335</b>	<b>89,295,280</b>	<b>168,946,080</b>
1100	Excess (Deficiency) of Revenues Over (Under) Expenditures	12,515,905	(8,172,360)	(154,420,924)
<b>OTHER FINANCING SOURCES (USES):</b>				
7911	Refunding Bonds Issued	-	4,825,000	-
7911	Capital Related Debt Issued (Regular Bonds)	-	-	197,475,000
7912	Sale of Real and Personal Property	-	-	2,253,199
7915	Transfers In	-	14,494,144	-
7916	Premium or Discount on Issuance of Bonds	-	368,157	10,067,989
8911	Transfers Out (Use)	(17,000)	-	(14,494,144)
8949	Payment to Bond Escrow Agent (Use)	-	(5,155,000)	-
7080	<b>Total Other Financing Sources (Uses)</b>	<b>(17,000)</b>	<b>14,532,301</b>	<b>195,302,044</b>
1200	Net Change in Fund Balances	12,498,905	6,359,941	40,881,120
0100	Fund Balance - July 1 (Beginning)	72,665,802	71,265,715	51,648,102
3000	Fund Balance - June 30 (Ending)	<u>\$ 85,164,707</u>	<u>\$ 77,625,656</u>	<u>\$ 92,529,222</u>

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

**EXHIBIT C-3**

<b>Nonmajor Governmental Funds</b>		<b>Total Governmental Funds</b>	
\$	17,122,586	\$	333,806,178
	3,205,566		133,799,695
	10,833,428		11,423,023
	<u>31,161,580</u>		<u>479,028,896</u>
	6,040,331		210,384,860
	318		5,272,336
	415,758		7,496,653
	11,062		4,625,073
	17,148		21,321,892
	2,517,707		12,827,113
	-		360,371
	13,926		3,872,931
	-		8,769,634
	18,146,918		18,146,918
	1,722,674		12,380,344
	-		5,685,941
	675,411		28,974,793
	-		2,510,096
	-		5,307,632
	714,434		1,514,385
	-		27,935,713
	-		61,273,182
	-		1,288,269
	-		167,713,439
	-		1,004,896
	-		23,499
	-		17,605,466
	-		1,924,946
	<u>30,275,687</u>		<u>628,220,382</u>
	<u>885,893</u>		<u>(149,191,486)</u>
	-		4,825,000
	-		197,475,000
	-		2,253,199
	17,000		14,511,144
	-		10,436,146
	-		(14,511,144)
	-		(5,155,000)
	<u>17,000</u>		<u>209,834,345</u>
	902,893		60,642,859
	5,076,123		200,655,742
\$	<u>5,979,016</u>	\$	<u>261,298,601</u>

**FRISCO INDEPENDENT SCHOOL DISTRICT  
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES,  
EXPENDITURES, AND CHANGES IN FUND BALANCES TO  
THE GOVERNMENT-WIDE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2014**

<b>Total Net Change in Fund Balances - Governmental Funds</b>	\$ 60,642,859
Current year capital outlays are expenditures in the fund financial statements, but they are shown as increases in capital assets in the government-wide financial statements. The effect of removing the 2014 capital outlays is to increase net position.	156,403,678
Current year long-term debt principal payments on bonded debt are expenditures in the fund financial statements, but are shown as reductions in long-term debt in the government-wide financial statements. This amount represents the sum of principal payments on bonds payable, \$26,956,454, and the payment of premium on capital appreciation bonds, \$979,259.	27,935,713
Interest on capital appreciation bonds is recognized as an expense when incurred in the government-wide financial statements; whereas in the fund financial statements, interest expenditures are reported when due. This amount represents the net effect of current year accretion of interest, (\$5,278,427), and payment of accreted interest, \$449,287.	(4,829,140)
Interest is accrued on outstanding debt in the government-wide financial statements. This whereas in the fund financial statements an interest expenditure is reported when due. This amount represents the current year increase in interest payable.	2,029,627
Depreciation is not recognized as an expense in governmental funds since it does not require the use of current financial resources. The effect of recording the current year's depreciation is to decrease net position.	(31,102,494)
Disposal of capital assets results in a reduction of net position, but the net effect is not reported in the governmental funds.	(3,558,165)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	(571,961)
Amortization of deferred gain on refunding and premium on issuance of bonds are not recognized on the governmental fund financial statements.	18,839,261
Proceeds from debt issued through bond proceeds are reflected as other financing sources on the governmental fund financial statements, but are shown as a long term liability in the government-wide financial statements.	(202,300,000)
Current year payment to escrow agent for refunded debt are expenditures in the fund financial statements, but are shown as reductions in long-term debt in the government-wide financial statements.	5,155,000
Premium on issuance of bonds is recognized in the fund financial statements as an other financing source, but it is amortized over the term of the bonds in the government-wide financial statements.	(10,436,146)
<b>Change in Net Position of Governmental Activities</b>	<u><u>\$ 18,208,232</u></u>

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

**FRISCO INDEPENDENT SCHOOL DISTRICT  
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES  
JUNE 30, 2014**

	Agency Fund
<hr/>	
<b>ASSETS</b>	
Cash and Cash Equivalents	\$ 817,698
	<hr/>
<b>Total Assets</b>	\$ 817,698
	<hr/> <hr/>
<b>LIABILITIES</b>	
Accounts Payable	\$ 45,139
Due to Student Groups	772,559
	<hr/>
<b>Total Liabilities</b>	\$ 817,698
	<hr/> <hr/>

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



**FRISCO INDEPENDENT SCHOOL DISTRICT**

**FRISCO INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2014**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Frisco 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 accounting principles generally accepted in the United States of America promulgated by the Governmental Accounting Standards Board 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.

**Reporting Entity**

The Board 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", as amended by Statements No. 39, "Determining Whether Certain Organizations are Component Units", and No. 61, "The Financial Reporting Entity: Omnibus - an Amendment of GASB Statements No. 14 and No. 34". There are no component units included within the reporting entity.

**Government-Wide and Fund Financial Statements**

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the non-fiduciary activities of the District. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.



**FRISCO INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2014**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED**

**Measurement Focus, Basis of Accounting and Financial Statement Presentation**

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the fiduciary fund financial statements (with the exception of Agency Funds, which are custodial in nature and, thus, do not have a measurement focus). Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. With this measurement focus, only current assets, current liabilities, deferred inflows of resources, deferred outflows of resources 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 unmatured 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, that is, when they are both measurable and available. The District considers them “available” if they will be collected within 60 days of the end of the fiscal year. 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.

**FRISCO INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2014**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED**

**Measurement Focus, Basis of Accounting and Financial Statement Presentation – Continued**

The Fiduciary Funds are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the fund Statement of Net Position. Agency Funds are custodial in nature and do not involve measurement of results or operations.

**Funds**

The District reports the following major governmental funds:

**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.

**Debt Service Fund** - The District accounts for resources accumulated and payments made for principal and interest on long-term general obligation debt of governmental funds in a debt service fund.

**Capital Projects Fund** - The proceeds from long-term debt financing and revenues and expenditures related to authorized construction and other capital asset acquisitions are accounted for in a capital projects fund.

Additionally, the District reports the following fund types(s):

**Governmental Funds:**

Special Revenue Funds - The District accounts for resources restricted to, or committed for, specific purposes by the District or 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:**

Agency Funds - The District accounts for resources held for others in a custodial capacity in agency funds. The District's Agency Fund is for student activities.

**FRISCO INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2014**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED**

**Assets, Liabilities and Net Position or Equity**

**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.

**Due From (To) Other Funds**

Inter-fund receivables and payables arise from inter-fund transactions and are recorded in all affected funds in the period in which transactions are executed in the normal course of operations.

**Prepaid Expenditures**

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in the financial statements. Prepaid expenditures are accounting for under the consumption method.

**Capital Assets**

Capital assets, which include property, plant, and equipment, are reported in the applicable governmental activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years. 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 assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed.

**FRISCO INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2014**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED**

**Assets, Liabilities and Net Position or Equity – Continued**

**Capital Assets – Continued**

Property, plant, and equipment of the District is depreciated using the straight line method over the following estimated useful lives:

<u>Asset Classification</u>	<u>Useful Life</u>
Buildings	40 years
Building improvements	20 years
Vehicles	10 years
Office equipment	7 years
Computer equipment	5 years

**Vacation and Sick Leave**

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 basic 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 basic financial statements.

**Long-term Obligations**

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as expenses when incurred.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

**FRISCO INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2014**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED**

**Assets, Liabilities and Net Position or Equity – Continued**

**Fund Equity**

The governmental fund financial statements present fund balance classifications that comprise a hierarchy that is based primarily on the extent to which the District is bound to honor constraints for which amounts in the respective governmental funds can be spent. The classifications used in the governmental fund financial statements are as follows:

Non-spendable: This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) are legally or contractually required to be maintained intact.

Restricted: This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors (such as through a debt covenant), grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation.

Committed: This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the Board. These amounts cannot be used for any other purpose unless the Board removes or changes the specified use by taking the same type of action (ordinance or resolution) that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements. The District did not have any committed resources as of June 30, 2014.

Assigned: This classification includes amounts that are constrained by the District's intent to be used for a specific purpose but are neither restricted nor committed. This intent is expressed by formal action of the Board. The authority to assign fund balance has not been delegated by the Board to any individuals at this time.

Unassigned: This classification includes residual positive fund balance within the General Fund which has not been classified within the other above mentioned categories. Unassigned fund balance may also include negative balances for any governmental fund if expenditures exceed amounts restricted, committed, or assigned for those specific purposes.

**FRISCO INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2014**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED**

**Assets, Liabilities and Net Position or Equity – Continued**

**Fund Equity – Continued**

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the District considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the District considers amounts to have been spent in the following order: restricted, committed, assigned, and unassigned.

As of June 30, 2014, fund balances are composed of the following:

	General Fund	Debt Service Fund	Capital Project Fund	Nonmajor Governmental Fund	Total Governmental Fund
Nonspendable:					
Prepaid Items	\$ 264,523	\$ -	\$ -	\$ 71,910	\$ 336,433
Restricted:					
Debt Service	-	77,625,656	-	-	77,625,656
Federal or State Grants	-	-	-	3,789,148	3,789,148
Other Capital Projects	-	-	92,529,222	-	92,529,222
Committed:					
Local Special Revenue	-	-	-	2,117,958	2,117,958
Unassigned:	84,900,184	-	-	-	84,900,184
Total Fund Balances	<u>\$ 85,164,707</u>	<u>\$ 77,625,656</u>	<u>\$ 92,529,222</u>	<u>\$ 5,979,016</u>	<u>\$ 261,298,601</u>

**Data Control Codes**

The Data Control Codes refer to the account code structure prescribed by Texas Education Agency (TEA) in the Financial Accountability System Resources 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 data base for policy development and funding plans.

**FRISCO INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2014**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED**

**Management's Use of Estimates**

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

The amount of state foundation revenue a school district earns for a year can and does vary until the time when final values for each of the factors in the formula become available. Availability can be as late as midway into the next fiscal year. It is possible that the foundation revenue estimate for the year ended June 30, 2014 will change.

**Encumbrance Accounting**

The District employs encumbrance accounting, whereby encumbrances for goods or purchased services are documented by purchase orders and contracts. An encumbrance represents a commitment or Board appropriation related to unperformed contracts for goods and services. The issuance of a purchase order or the signing of a contract creates an encumbrance but does not represent an expenditure for the period, only a commitment to expend resources. Appropriations lapse at June 30 and encumbrances outstanding at that time are either canceled or appropriately provided for in the subsequent year's budget. There were no outstanding encumbrances at year end.

**NOTE 2. DEPOSITS AND INVESTMENTS**

The funds of the District must be deposited and invested under the terms of a contract, contents of which are set out in the Depository Contract Law. The depository bank places approved pledged securities for safekeeping and trust with the District's agent bank in an amount sufficient to protect District funds on a day-to-day basis during the period of the contract. The pledge of approved securities is waived only to the extent of the depository bank's dollar amount of Federal Deposit Insurance Corporation (FDIC) insurance.

**FRISCO INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2014**

**NOTE 2. DEPOSITS AND INVESTMENTS - CONTINUED**

At June 30, 2014, the carrying amount of the District's cash, savings, and time deposits was \$17,577,482 and the bank balance was \$18,440,486. The District's combined deposits at June 30, 2014, and during the year ended June 30, 2014 were fully insured by federal depository insurance or collateralized with securities pledged to the District and held by the District's agent.

In addition the following is disclosed regarding coverage of combined balances on the date of highest deposit:

- a. Name of bank: JPMorgan Chase Bank, Frisco, Texas.
- b. The market value of securities pledged as of the date of the highest combined balance on deposit was \$40,361,734.
- c. The highest combined balances of cash, savings, and time deposit accounts amounted to \$34,711,634 and occurred on September 12, 2013.
- d. Total amount of FDIC coverage at the time of highest combined balance was \$250,000.

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 qualifications 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 account; (5) repurchase agreements, (6) bankers acceptances, (7) mutual fund; (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.



**FRISCO INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2014**

**NOTE 2. DEPOSITS AND INVESTMENTS - CONTINUED**

In compliance with the Public Funds Investment Act, the District has adopted a deposit and investment policy. That policy addresses the following risks:

Custodial Credit Risk - Deposits: In the case of deposits, this is the risk that, in the event of a bank failure, the District's deposits may not be returned to it. The District's policy regarding types of deposits allowed and collateral requirements is: the Depository may be a state bank authorized and regulated under Texas law; a national bank, savings and loan association, or savings bank authorized and regulated by federal law; or a savings and loan association or savings bank organized under Texas law; but shall not be any bank the deposits of which are not insured by the Federal Deposit Insurance Corporation (FDIC). The District is not exposed to custodial credit risk for its deposits, as all are covered by depository insurance and pledged securities.

Custodial Credit Risk - Investments: For an investment, this is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The District investments are with the Lone Star Investment Pool (Lone Star). The pool is a public funds investment pool created to provide a safe environment for the placement of local government funds in authorized short-term investments. Local investment pools operate in a manner consistent with the Security and Exchange Commission's Rule 2a7 of the Investment Company Act of 1940.

Administration of Lone Star is performed by a Board of Directors, which is an administrative agency created under the Interlocal Act. The District is not exposed to custodial credit risk for its investments.

Credit Risk - This is the risk that an issuer of an investment will be unable to fulfill its obligations. The rating of securities by nationally recognized rating agencies is designed to give an indication of credit risk. The credit quality rating for Lone Star at year end was AAA by Moody's Investor Service.

Interest Rate Risk - This is the risk that changes in interest rates will adversely affect the fair value of an investment. The District manages its exposure to declines in fair values by limiting the weighted average maturity of its investment portfolio to less than one year from the time of purchase. The weighted average maturity for the District's investment in external investment pools is less than 60 days.

Foreign Currency Risk - This is the risk that exchange rates will adversely affect the fair value of an investment. The District is not exposed to foreign currency risk.

**FRISCO INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2014**

**NOTE 2. DEPOSITS AND INVESTMENTS - CONTINUED**

Concentration of Credit Risk - This is the risk of loss attributed to the magnitude of the District's investment in a single issuer (i.e., lack of diversification). Concentration risk is defined as positions of 5 percent or more in the securities of a single issuer. Investments issued by the U. S. Government and investments in investment pools are excluded from the 5 percent disclosure requirement. The District is not exposed to concentration of credit risk.

The District's temporary investments at June 30, 2014, were as follows:

<u>Investment type:</u>	<u>Fair Value</u>
Lone Star investment pool	\$305,636,583

**NOTE 3. PROPERTY TAXES**

Property taxes are considered available when collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. The District levies its taxes on October 1 in conformity with Subtitle E, Texas Property Tax Code. Taxes are due upon receipt of the tax bill and are past due and subject to interest if not paid by February 1 of the period following the October 1 levy date. The assessed value of the property tax roll on August 1, 2013, upon which the levy for the 2013-2014 fiscal year was based, was \$19,898,789,630.

The roll was subsequently increased to a period end assessed value of \$19,916,490,481. Taxes are delinquent if not paid by January 31. Delinquent taxes are subject to both penalty and interest charges plus 20% delinquent collection fees for attorney costs after June 30.

The tax rates assessed for the year ended June 30, 2014, to finance General Fund operations and the payment of principal and interest on general obligation long-term debt were \$1.04 and \$0.42 per \$100 valuation, respectively, for the total of \$1.46 per \$100 valuation.

Total tax collections for the year ended June 30, 2014 were 99.10% of the period end adjusted tax levy. Delinquent taxes are prorated between maintenance and debt service based on rates adopted for the year of the levy. Allowances for uncollectible taxes within the General and Debt Service Funds are based on historical experience in collecting 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. As of June 30, 2014, property taxes receivable, net of estimated uncollectible taxes, totaled \$2,650,643 and \$1,067,988 for the General and Debt Service Funds, respectively.

**FRISCO INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2014**

**NOTE 4. DUE FROM OTHER GOVERNMENTS**

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 School Foundation and Per Capita Programs.

Amounts due from federal and state governments as of June 30, 2014, are summarized below. All federal grants shown below are passed through the TEA and are reported on the balance sheet as Due from Other Governments.

<u>Fund</u>	<u>State Entitlements</u>	<u>Federal Grants</u>	<u>Total</u>
General Fund	\$ 6,190,829	\$ -	\$ 6,190,829
Non-major Governmental Fund	-	1,622,162	1,622,162
Total	<u>\$ 6,190,829</u>	<u>\$ 1,622,162</u>	<u>\$ 7,812,991</u>

**NOTE 5. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS**

The composition of interfund balances in the fund financial statements as of June 30, 2014 is as follows:

	<u>Receivable</u>	<u>Payable</u>
General Fund	\$ 587,162	\$ -
Non-major Governmental Funds	-	587,162
Totals	<u>\$ 587,162</u>	<u>\$ 587,162</u>

The primary interfund transactions at year-end include amounts due to the General Fund from Non-major Governmental Funds for expenditures made by the funds prior to receiving reimbursements from the federal or state sources.

**FRISCO INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2014**

**NOTE 5. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS– CONTINUED**

Transfers made during fiscal year 2014 were as follows:

From	To	Amount	Purpose
Capital Projects Fund	Debt Service Fund	\$ 14,458,039	To transfer Tax Increment Zone funds received
Capital Projects Fund	Debt Service Fund	36,105	Additional debt proceeds received
General Fund	Nonmajor Governmental Funds		To provide school startup funding
		<u>17,000</u>	
Total Transfers		<u>\$ 14,511,144</u>	

**NOTE 6. CAPITAL ASSETS**

Capital asset activity for the period ended June 30, 2014, was as follows:

	Primary Government			
	Beginning Balance	Additions	Retirements	Ending Balance
Governmental Activities:				
Capital assets not being depreciated:				
Land	\$ 136,355,594	\$ 14,685,522	\$ (3,558,165)	\$ 147,482,951
Construction in Progress	94,895,604	139,318,624	(26,835,025)	207,379,203
Total capital assets not being depreciated	<u>231,251,198</u>	<u>154,004,146</u>	<u>(30,393,190)</u>	<u>354,862,154</u>
Capital assets being depreciated:				
Buildings and Improvements	1,098,999,728	27,042,299	-	1,126,042,027
Furniture & Equipment	38,609,878	2,192,258	-	40,802,136
Total capital assets being depreciated	<u>1,137,609,606</u>	<u>29,234,557</u>	<u>-</u>	<u>1,166,844,163</u>
Less accumulated depreciation for:				
Buildings and Improvements	(190,996,270)	(27,678,750)	-	(218,675,020)
Furniture & Equipment	(26,809,683)	(3,423,744)	-	(30,233,427)
Total accumulated depreciation	<u>(217,805,953)</u>	<u>(31,102,494)</u>	<u>-</u>	<u>(248,908,447)</u>
Total capital assets being depreciated, Net	<u>919,803,653</u>	<u>(1,867,937)</u>	<u>-</u>	<u>917,935,716</u>
Governmental Activities capital assets, net	<u>\$ 1,151,054,851</u>	<u>\$ 152,136,209</u>	<u>\$ (30,393,190)</u>	<u>\$ 1,272,797,870</u>

**FRISCO INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2014**

**NOTE 6. CAPITAL ASSETS – CONTINUED**

Depreciation expense was charged to governmental functions as follows:

Governmental activities:

Instruction	\$ 20,813,454
Instructional resources and media services	603,582
School leadership	335,134
Student transportation	1,814,594
Food services	1,755,422
Co-curricular/extracurricular activities	2,626,189
General administration	450,851
Plant maintenance and operations	1,370,421
Security and monitoring services	299,420
Data processing services	1,020,818
Community services	12,609
	<hr/>
Total depreciation expense-governmental activities	<u><u>\$ 31,102,494</u></u>

**Construction Commitments**

At June 30, 2014, the District had several projects under construction. A summary of the status of these projects and the related binding contracts with contractors is as follows:

Project	Scheduled Completion Date	Contract Amount	Cost Incurred Through 6/30/2014	Amount Retained
<b>Building Projects</b>				
Career and Technology Center Addition	May 2015	\$ 774,900	\$ 593,046	\$ -
Centennial H.S. Fine Arts Addition	December 2014	60,000	51,716	-
Craig Ranch Elementary	On Hold	-	47,793	-
Frisco H.S. Addition	August 2014	24,209,790	25,199,573	52,909
Hosp Elementary	August 2014	15,938,611	16,278,478	763,474
Independence H.S.	August 2014	71,405,763	71,998,895	3,301,769
McSpedden Elementary	August 2014	16,084,888	15,233,731	720,248
Mendenhall Middle School	August 2015	960,000	746,138	-
Miscellaneous	Various	2,050,000	865,663	-
Newman Elementary	August 2014	16,181,979	15,983,316	748,956
Ohio H.S.	August 2016	4,290,000	2,915,772	-
Reedy H.S.	August 2015	87,674,471	34,965,699	1,511,588
Scott Elementary	August 2014	15,124,711	15,107,916	695,414
Summer Projects	August 2014	1,420,346	1,434,768	-
Trent Middle School	August 2015	26,599,236	5,956,699	249,167
			<hr/>	
Total Ongoing Construction			<u><u>\$ 207,379,203</u></u>	

**FRISCO INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2014**

**NOTE 7. LONG-TERM DEBT**

**Bonds Payable**

Bonds payable activity for the year ended June 30, 2014, was as follows:

Description	Interest Rate Payable	Amounts Original Issue	Beginning Balance	Additions	Retirements	Ending Balance	Due Within One Year
<b>Bonded Indebtness:</b>							
1999 School Bldg and Refunding	5.75%	\$ 40,033,092	\$ 9,905,454	\$ -	\$ -	\$ 9,905,454	\$ -
2002A School Bldg and Refunding	5.77%	38,019,141	24,768,542	-	-	24,768,542	-
2004 School Bldg and Refunding	5.25%	60,661,071	9,035,000	-	(7,050,000)	1,985,000	1,985,000
2005A School Bldg	5.50%	40,000,000	13,175,000	-	(675,000)	12,500,000	710,000
2005B School Bldg	5.50%	25,000,000	1,230,000	-	(600,000)	630,000	630,000
2005C School Bldg and Refunding	5.00%	104,595,831	59,345,000	-	(2,630,000)	56,715,000	2,790,000
2006 School Bldg	4.58%	85,000,000	79,215,000	-	(1,450,000)	77,765,000	1,520,000
2006A School Bldg	4.86%	80,000,000	74,480,000	-	(1,275,000)	73,205,000	1,340,000
2007 School Bldg and Refunding	4.41%	95,186,595	89,960,000	-	(3,015,000)	86,945,000	3,160,000
2007A School Bldg	4.83%	100,000,000	93,590,000	-	(1,820,000)	91,770,000	1,920,000
2008 School Bldg	5.00%	90,000,000	85,890,000	-	(1,505,000)	84,385,000	1,580,000
2008A School Bldg	5.91%	100,000,000	103,727,721	-	(1,556,455)	102,171,266	1,463,897
2009 School Bldg	5.23%	85,000,000	88,354,690	-	(734,258)	87,620,432	700,575
2009 Refunding	3.76%	14,170,000	12,380,000	-	(730,000)	11,650,000	755,000
2009A School Bldg	4.63%	34,570,000	33,730,000	-	(215,000)	33,515,000	220,000
2009A Refunding	3.63%	50,680,000	45,825,000	-	(3,165,000)	42,660,000	3,210,000
2010 School Bldg	0.00%	20,195,000	18,850,000	-	(1,345,000)	17,505,000	1,345,000
2010 Refunding	2.68%	26,855,000	27,402,912	-	(3,845,000)	23,557,912	4,127,912
2011 School Bldg	4.89%	50,000,000	50,000,000	-	-	50,000,000	-
2011A School Bldg and Refunding	4.82%	83,981,260	83,981,260	-	-	83,981,260	210,000
2011 Refunding	2.50%	62,078,491	62,078,491	-	-	62,078,491	-
2012 School Bldg and Refunding	2.50%	85,531,867	86,693,477	-	-	86,693,477	220,000
2012A School Bldg and Refunding	3.48%	71,190,000	71,190,000	-	-	71,190,000	55,000
2012B School Bldg and Refunding	2.97%	99,545,000	100,204,745	-	(1,480,000)	98,724,745	464,985
2013 School Bldg and Refunding	3.02%	68,471,992	68,471,992	-	-	68,471,992	-
2013 Refunding	3.02%	19,040,000	19,040,000	-	-	19,040,000	-
2013 School Bldg	3.88%	90,845,000	-	90,845,000	-	90,845,000	-
2014 School Bldg and Refunding	3.17%	111,455,000	-	111,455,000	-	111,455,000	-
Subtotal			1,412,524,284	202,300,000	(33,090,713)	1,581,733,571	* 28,407,369
Bond Premium			49,810,294	10,436,146	(3,570,982)	56,675,458	-
Accreted Interest			35,927,858	5,278,427	(449,287)	40,756,998	882,632
Total Bonded Indebtness			<u>\$ 1,498,262,436</u>	<u>\$ 218,014,573</u>	<u>\$ (37,110,982)</u>	<u>\$ 1,679,166,027</u>	<u>\$ 29,290,001</u>

\* The amount due within one year includes the current portion of CAB premium (\$2,862,368).

**FRISCO INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2014**

**NOTE 7. LONG-TERM DEBT – CONTINUED**

**Bonds Payable – Continued**

The following table summarizes the annual debt service requirements of the outstanding debt issues at June 30, 2014, to maturity:

Year Ending June 30	Bond Principal	Bond Interest	Totals
2015	\$ 25,545,001	\$ 71,085,200	\$ 96,630,201
2016	31,060,000	69,998,341	101,058,341
2017	34,461,992	68,585,797	103,047,789
2018	38,665,000	65,260,705	103,925,705
2019	41,265,000	63,612,264	104,877,264
2020-2024	221,515,071	302,400,635	523,915,706
2025-2029	230,452,345	291,752,898	522,205,243
2030-2034	274,328,743	247,873,625	522,202,368
2035-2039	348,362,692	150,603,024	498,965,716
2040-2044	297,350,000	25,591,837	322,941,837
2045	5,905,000	118,100	6,023,100
	<u>\$ 1,548,910,844</u>	<u>\$ 1,356,882,426</u>	<u>\$ 2,905,793,270</u>
Reclass of CAB Premium	32,822,727	(32,822,727)	
	<u>\$ 1,581,733,571</u>	<u>\$ 1,324,059,699</u>	

During the year, the District issued \$90,845,000 Unlimited Tax School Building Bonds, Series 2013. Proceeds from the sale of the bonds are being used to acquire, construct, renovate, and equip school buildings in the District.

There are a number of limitations and restrictions contained in the various general obligation bonds indentures. The District is in compliance with all significant limitations and restrictions at June 30, 2014.

**Defeasance of Debt**

During the year, the District issued \$111,455,000 Unlimited Tax School Building and Refunding Bonds, Series 2014. Proceeds in the amount of \$112,335,530 are being used to acquire, construct, renovate, and equip school buildings in the District and pay the cost of issuing the bonds. Proceeds in the amount of \$5,344,557 were used to refund \$5,155,000 of Series 2004 bonds. Of these proceeds, \$5,290,141 was placed in an irrevocable trust to provide for future debt service payments on the defeased bonds. This refunding resulted in a decrease in the District's debt service payments of \$1,389,126, which resulted in an economic gain (difference between present value of debt service payments of old debt and new debt) of \$1,006,189.

In prior years, the District defeased previously issued and outstanding bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the District's financial statements. As of June 30, 2014, \$5,155,000 of outstanding bonds are considered legally defeased.

**FRISCO INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2014**

**NOTE 7. LONG-TERM DEBT – CONTINUED**

**Arbitrage**

The District is monitoring its compliance with Federal arbitrage regulations. As of June 30, 2014, the District is in compliance with Federal regulations and the District has no liability for arbitrage rebates.

**NOTE 8. UNEARNED REVENUE / DEFERRED INFLOWS OF RESOURCES**

Governmental funds report *deferred inflows of resources* in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned (unearned revenues).

As of June 30, 2014, the various components of *unearned revenue* and *deferred inflows of resources* reported in the governmental funds were as follows:

	General Fund	Debt Service Fund	Non-major Governmental Funds	Total
Unearned revenue:				
Advanced Placement Incentives	\$ -	\$ -	\$ 9,843	\$ 9,843
Summer Camp	122,060	-	-	122,060
Total unearned revenue	<u>\$ 122,060</u>	<u>\$ -</u>	<u>\$ 9,843</u>	<u>\$ 131,903</u>
Deferred inflows of resources:				
Unavailable revenue - property taxes	<u>\$ 1,512,280</u>	<u>\$ 608,552</u>	<u>\$ -</u>	<u>\$ 2,120,832</u>



**FRISCO INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2014**

**NOTE 9. REVENUE FROM LOCAL AND INTERMEDIATE SOURCES**

During the fiscal year 2014, revenues from local and intermediate sources consisted of the following:

	General Fund	Debt Service Fund	Capital Projects Fund	Non-major Governmental Funds	Total
Property Taxes	\$ 196,981,346	\$ 79,548,498	\$ -	\$ -	\$ 276,529,844
Food Sales	-	-	-	14,494,346	14,494,346
Investment Income	54,347	20,622	21,680	-	96,649
Penalties, Interest and Other					
Tax Related Income	18,857,682	1,553,800	14,458,029	-	34,869,511
Co-Curricular Student Activities	1,525,824	-	-	-	1,525,824
Rent	2,394,812	-	-	-	2,394,812
Other	1,266,952	-	-	2,628,240	3,895,192
<b>Total</b>	<b>\$ 221,080,963</b>	<b>\$ 81,122,920</b>	<b>\$ 14,479,709</b>	<b>\$ 17,122,586</b>	<b>\$ 333,806,178</b>

**NOTE 10. RISK MANAGEMENT**

The District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal 2014, the District purchased commercial insurance to cover general liabilities. There were no significant reductions in coverage in the past fiscal year, and there were no settlements exceeding insurance coverage for each of the past three fiscal years.

**Litigation and Contingencies**

The District is a party to various legal actions none of which is believed by administration to have a material effect on the financial condition of the District. Accordingly, no provision for losses has been recorded in the accompanying combined financial statements for such contingencies. The District participates in numerous state and federal grant programs which are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that the District has not complied with the rules and regulations governing the grants, if any, refunds of any money received may be required and the collectability of any related receivable at June 30, 2014, may be impaired. In the opinion of the District, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provision has been recorded in the accompanying combined financial statements for such contingencies.

**FRISCO INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2014**

**NOTE 10. RISK MANAGEMENT – CONTINUED**

**Health Care Coverage**

For the year ending June 30, 2014, all employees of the District are covered by the TRS active care insurance plan (the Plan). The District paid premiums of \$280 per month per employee to the Plan and employees, at their option, authorized payroll withholdings to pay premiums for dependents. All premiums were paid to licensed insurer. The Plan was authorized by Article 3.51-2., Texas Insurance Code, and was documented by contractual agreement.

**NOTE 11. EMPLOYEES' RETIREMENT PLAN AND RETIREE HEALTH PLAN**

**A. Retirement 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, and death and survivor benefits to employees and beneficiaries of employees of the public school systems of Texas. It operates primarily under 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](http://www.trs.state.tx.us), under the TRS Publications heading.

Funding Policy - Contribution requirements are not actuarially determined but are established and amended by the Texas state legislature. The state funding policy is as follows: (1) The state constitution requires the legislature to establish a member contribution rate of not less than 6.0% of the member's annual compensation and a state contribution rate of not less than 6.0% and not more than 10% of the aggregate annual compensation of all members of the system; (2) state statute prohibits benefit improvements if, as a result of the particular action, the time required to amortize TRS' unfunded actuarial liabilities would be increased to a period that exceeds 31 years, or, if the amortization period already exceeds 31 years, the period would be increased by such action. State law provides for a member contribution rate of 6.0% for fiscal year 2012, 2013, and 2014 and a state contribution rate of 6.0% for calendar year 2012, 6.4% for calendar year 2013 and 6.8% for 2014.

**FRISCO INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2014**

**NOTE 11. EMPLOYEES' RETIREMENT PLAN AND RETIREE HEALTH PLAN-CONTINUED**

**A. Retirement Plan – Continued**

Funding Policy – Continued

In certain instances the reporting district is required to make all or a portion of the state's contribution. State contributions to TRS made on behalf of the District's employees for the years ended June 30, 2012, 2013, and 2014 were \$10,374,951, \$11,788,983 and \$12,096,507 respectively. The District paid additional state contributions for the years ended June 30, 2012, 2013, and 2014 in the amount of \$3,648,289, \$4,235,762 and \$5,056,689 respectively, on the portion of the employees' salaries that exceeded the statutory minimum.

**B. Retiree Health Plan**

Plan Description - The District contributes to the Texas Public School Retired Employees Group Insurance Program (TRS-Care), a cost-sharing multiple-employer defined benefit postemployment health care plan administered by the Teacher Retirement System of Texas. TRS-Care Retired Plan provides health care coverage for certain persons (and their dependents) who retired under the Teacher Retirement System of Texas.

The statutory authority for the program is Texas Insurance Code, Chapter 1575. Section 1575.052 grants the TRS Board of Trustees the authority to establish and amend basic and optional group insurance coverage for participants. The TRS issues a publicly available financial report that includes financial statements and required supplementary information for TRS-Care. That report may be obtained by visiting the TRS web site at [www.trs.state.tx.us](http://www.trs.state.tx.us), by writing to the Communications Department of the Teacher Retirement System of Texas at 1000 Red River Street, Austin, Texas 78701, or by calling 1-800-223-8778.

Funding Policy - Contribution requirements are not actuarially determined but are legally established each biennium by the Texas Legislature. Texas Insurance Code, Sections 1575.202, 203, and 204 establish state, active employee, and public school contributions, respectively. The State of Texas and active public school employee contribution rates were 1.0% and 0.65% of public school payroll, respectively, with school districts contributing a percentage of payroll set at 0.55% for fiscal years 2012, 2013, and 2014. Per Texas Insurance Code, Chapter 1575, the public school contribution may not be less than 0.25% or greater than 0.75% of the salary of each active employee of the public school.

**FRISCO INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2014**

**NOTE 11. EMPLOYEES' RETIREMENT PLAN AND RETIREE HEALTH PLAN-CONTINUED**

**B. Retiree Health Plan**

Funding Policy – Continued

For the years ended June 30, 2012, June 30, 2013 and June 30, 2014, the State's contributions to TRS-Care were \$2,160,790, \$2,325,706 and \$2,501,011 respectively, the active member contributions were \$1,393,065, \$1,511,721, and \$1,625,706 respectively, and the District's contributions were \$1,178,744, \$1,279,143, and \$1,375,579 respectively, which equaled the required contributions each year. In addition to the pension plan and TRS-Care on behalf, the District is allocated a portion of the Medicare Part D retiree drug subsidy the TRS-Care receives. The amount allocated on behalf for the year ended June 30, 2014 is estimated by TRS at \$676,850.

**NOTE 12. WORKERS' COMPENSATION INSURANCE**

For its workers' compensation insurance, the District is self-funded and has an annual Interlocal Agreement with Claims Administrative Services, Inc. (CAS) to serve as the District's third party administrator. The District pays service fees to CAS for its claims management services. The District also has in place an excess workers compensation insurance policy with MECC-Midwest Employers Casualty Company for claims exceeding the specific retention of \$350,000. At June 30, 2014, the District's unpaid claims total \$894,000 including incurred but not reported (IBNR) claims of \$257,000, estimated. The District has reported the unpaid claims as a liability in the General Fund.

Changes in the balances of claims liability amounts in fiscal years 2013 and 2014 are as follows:

	2014	2013
Unpaid Claims, beginning of fiscal year	\$ 981,000	\$ 763,000
Incurred claims (including IBNR)	290,000	552,000
Claim payments during the year	<u>(377,000)</u>	<u>(334,000)</u>
Claims payable, end of fiscal year	<u><u>\$ 894,000</u></u>	<u><u>\$ 981,000</u></u>

**FRISCO INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2014**

**NOTE 13. NEW ACCOUNTING PRONOUNCEMENTS**

The GASB issued Statement No. 68, Accounting and Financial Reporting for Pensions, which will be effective for periods beginning after June 15, 2014. The objective of this Statement is to improve accounting and financial reporting of state and local governmental pension plans. This Statement applies to all state and governmental entities and replaces Statements 27 and 50. The District will evaluate the impact of the standard on its financial statements and will take the necessary steps to implement it.

The GASB issued Statement No. 69, Governmental Combinations and Disposals of Government Operations, which will be effective for periods beginning after December 15, 2013. The objective of this Statement is to establish accounting and financial reporting standards related to government combinations and disposals of government operations. The District will evaluate the impact of the standard on its financial statements and will take the necessary steps to implement it.

**NOTE 14. EVALUATION OF SUBSEQUENT EVENTS**

The District has evaluated subsequent events through November 4, 2014, the date which the financial statements were available to be issued.

## **REQUIRED SUPPLEMENTARY INFORMATION**

## EXHIBIT F-1

**FRISCO INDEPENDENT SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE YEAR ENDED JUNE 30, 2014**

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	\$ 213,957,000	\$ 219,157,000	\$ 221,080,963	\$ 1,923,963
5800	State Program Revenues	135,323,000	138,323,000	130,548,682	(7,774,318)
5900	Federal Program Revenues	1,000,000	500,000	589,595	89,595
5020	Total Revenues	350,280,000	357,980,000	352,219,240	(5,760,760)
EXPENDITURES:					
Current:					
0011	Instruction	206,924,300	209,924,300	204,344,529	5,579,771
0012	Instructional Resources and Media Services	5,383,600	6,383,600	5,272,018	1,111,582
0013	Curriculum and Instructional Staff Development	7,971,200	7,971,200	7,080,895	890,305
0021	Instructional Leadership	4,562,400	5,162,400	4,614,011	548,389
0023	School Leadership	21,389,700	22,389,700	21,304,744	1,084,956
0031	Guidance, Counseling and Evaluation Services	10,524,200	11,024,200	10,309,406	714,794
0032	Social Work Services	363,100	413,100	360,371	52,729
0033	Health Services	3,783,500	4,283,600	3,859,005	424,595
0034	Student (Pupil) Transportation	7,595,200	10,095,200	8,769,634	1,325,566
0036	Extracurricular Activities	13,371,100	12,371,000	10,657,670	1,713,330
0041	General Admininstration	5,817,200	6,317,200	5,685,941	631,259
0051	Facilities Maintenance and Operations	29,440,200	30,940,200	28,268,625	2,671,575
0052	Security and Monitoring Services	2,573,100	3,473,100	2,510,096	963,004
0053	Data Processing Services	5,666,700	6,416,700	5,307,632	1,109,068
0061	Community Services	784,100	984,100	799,951	184,149
0091	Contracted Instructional Services Between Schools	1,300,000	1,100,000	1,004,896	95,104
0095	Payments to Juvenile Justice Alternative Ed. Prg.	140,000	50,000	23,499	26,501
0097	Payments to Tax Increment Fund	15,000,000	17,700,000	17,605,466	94,534
0099	Other Intergovernmental charges	1,700,000	2,000,000	1,924,946	75,054
6030	Total Expenditures	344,289,600	358,999,600	339,703,335	19,296,265
1100	Excess of Revenues Over Expenditures	5,990,400	(1,019,600)	12,515,905	13,535,505
OTHER FINANCING SOURCES (USES):					
8911	Transfers Out (Use)	-	-	(17,000)	(17,000)
7080	Total Other Financing Sources (Uses)	-	-	(17,000)	(17,000)
1200	Net Change in Fund Balances	5,990,400	(1,019,600)	12,498,905	13,518,505
0100	Fund Balance - July 1 (Beginning)	72,665,802	72,665,802	72,665,802	-
3000	Fund Balance - June 30 (Ending)	\$ 78,656,202	\$ 71,646,202	\$ 85,164,707	\$ 13,518,505

**FRISCO INDEPENDENT SCHOOL DISTRICT  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE YEAR ENDED JUNE 30, 2014**

**OFFICIAL BUDGET**

The Board of Trustees adopts an “appropriated budget” for the General Fund, Debt Service Fund and the National Breakfast and Lunch Program Fund (which is reported as a Special Revenue Fund). The District is required to present the adopted and final amended budgeted revenues and expenditures for each of these funds. The District compares the final amended budget to actual revenues and expenditures. The General Fund Budget report appears in Exhibit F-1 and the other two reports are in Exhibit G-1 and G-4.

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

Prior to the regularly scheduled Board meeting, the District prepares a budget for the next succeeding fiscal year beginning July 1. The operating budget includes proposed expenditures and the means of financing them.

A meeting of the Board is then called for the purpose of adopting the proposed budget. At least ten days’ public notice of the meeting must be given.

Prior to July 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 function and fund 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. The budget was properly amended throughout the year by the Board.

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.





**FRISCO INDEPENDENT SCHOOL DISTRICT**

**COMBINING AND INDIVIDUAL FUND STATEMENTS  
AND SCHEDULES**

**EXHIBIT G-1**

**FRISCO INDEPENDENT SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
DEBT SERVICE FUND  
FOR THE YEAR ENDEND JUNE 30, 2014**

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	\$ 76,716,861	\$ 80,216,861	\$ 81,122,920	\$ 906,059
5020	Total Revenues	76,716,861	80,216,861	81,122,920	906,059
EXPENDITURES:					
	Debt Service:				
0071	Debt Service - Principal on Long Term Debt	33,500,000	30,000,000	27,935,713	2,064,287
0072	Debt Service - Interest on Long Term Debt	58,000,000	64,700,000	61,273,182	3,426,818
0073	Debt Service - Bond Issuance Cost and Fees	-	100,000	86,385	13,615
6030	Total Expenditures	91,500,000	94,800,000	89,295,280	5,504,720
1100	Deficiency of Revenues Under Expenditures	(14,783,139)	(14,583,139)	(8,172,360)	6,410,779
OTHER FINANCING SOURCES (USES):					
7911	Refunding Bonds Issued	-	-	4,825,000	4,825,000
7915	Transfers In	-	-	14,494,144	14,494,144
7916	Premium or Discount on Issuance of Bonds	-	-	368,157	368,157
8949	Payment to Bond Escrow Agent (Use)	-	-	(5,155,000)	(5,155,000)
7080	Total Other Financing Sources (Uses)	-	-	14,532,301	14,532,301
1200	Net Change in Fund Balances	(14,783,139)	(14,583,139)	6,359,941	20,943,080
0100	Fund Balance - July 1 (Beginning)	71,265,715	71,265,715	71,265,715	-
3000	Fund Balance - June 30 (Ending)	\$ 56,482,576	\$ 56,682,576	\$ 77,625,656	\$ 20,943,080

## **FRISCO INDEPENDENT SCHOOL DISTRICT NON MAJOR GOVERNMENTAL FUNDS**

### **Special Revenue Funds**

The Special Revenue Funds account for the proceeds of specific revenue sources that have been restricted or committed to expenditures for specific purposes other than expendable trusts or for major capital projects. The programs included within these funds are as follows:

Head Start Fund is used to account for funds granted for the Head Start Program by the U.S. Department of Health and Human Services, as passed through the State of Texas.

ESEA, Title I, Part A Fund is used to account for funds allocated by the U.S. Department of Education, as passed through Region X ESC, to enable schools to provide opportunities for children served to acquire the knowledge and skills to meet state performance standards.

IDEA-B Formula Fund is funded by the U.S. Department of Education, as passed through the State of Texas, for the purpose of providing special education and related services to children with disabilities, ages 3-21.

IDEA-B Preschool Fund is funded by the U.S. Department of Education, as passed through the State of Texas, for the purpose of providing special education and related services to children with disabilities, ages 3-5.

IDEA-B Discretionary Fund is funded by the U.S. Department of Education, as passed through the State of Texas, for the purpose of providing special education and related services to children with disabilities.

National Breakfast and Lunch Program Fund is used for programs using federal reimbursement revenues originating from the U.S. Department of Agriculture, as passed through the State of Texas, for the purpose of charging and providing meals to students.

Career and Technical Basic Grant Fund is a fund granted by the U.S. Department of Education, as passed through the State of Texas, to provide Career and Technical education to develop new and/or improve Career and Technical education programs for paid and unpaid employment. Full participation in the grant is from individuals who are members of special populations, at 1) a limited number of campuses or 2) a limited number of program areas.

ESEA, Title II, Part A – Teacher and Principal Training and Recruiting is to be used to provide financial assistance to local education agencies to (1) Increase student academic achievement through improving teacher and principal quality and increasing the number of highly qualified teachers in classrooms and highly qualified principals and assistant principals in schools, and (2) hold local education agencies and schools accountable for improving student academic achievement.

TITLE III-A English Language Acquisition is funded by the U.S. Department of Education, as passed through the State of Texas, to improve the education of limited English proficient children, by assisting the children to learn English and meet challenging State academic content and student academic achievement standards.

## **FRISCO INDEPENDENT SCHOOL DISTRICT NON MAJOR GOVERNMENTAL FUNDS**

Medicaid Administrative Claiming Program is to be used to account, on a project basis, for funds allocated to local education agencies for reimbursement of eligible administrative cost for activities attributed to the implementation of the Medicaid state plan.

Other Federal Special Revenue Funds is funded by the State of Texas, for a Required Summer School Program which provides a summer school program for limited English proficient (LEP) students who will be eligible for admission to kindergarten and first grade at the beginning of the next school year.

Visually Impaired SSVI is used to account for State Supplemental Visually Impaired funds. This fund is used by single school districts, on a project basis, to account for any of these funds received from the ESC or district fiscal agent of a shared service arrangement.

Noneducational Community Based Support is used to account, on a project basis, for the provision on noneducational community-based support services to students with disabilities who would remain or have to be placed in residential facilities for educational reasons without the provision of the services.

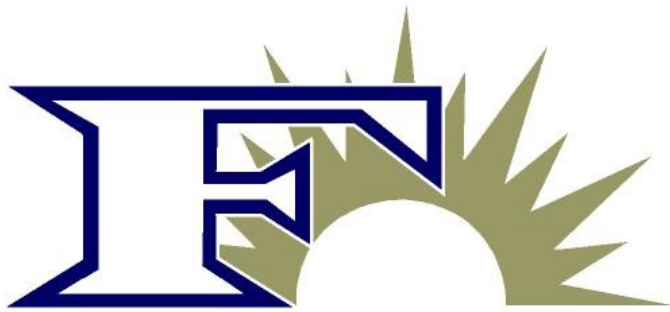
Advanced Placement Incentives is funded by the State of Texas, to provide test fee subsidies for AP and IB exams taken by public school students with demonstrated financial need. Additionally, these funds will reimburse teacher training, on TEA approved Pre-AP, AP and IB Training, for eligible teachers.

State Textbook Fund is funded by the State, to purchase technological software or equipment that contributes to student learning, or to pay for training for educational personnel involved in the use of these materials.

Campus Activity Funds each campus has an activity fund and the campus principal is accountable for all aspects of the fund at that campus. Revenues are generated by sales and fund raising events at the campus locations.

Mind Bender Academy is funded by the Frisco Education Foundation, to provide Frisco students with an enhanced study program.

Child Development Center is sponsored by Frisco Independent School District, to account for day care services provided to District employees' children.



**FRISCO INDEPENDENT SCHOOL DISTRICT**

**FRISCO INDEPENDENT SCHOOL DISTRICT  
COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
JUNE 30, 2014**

<b>Data Control Codes</b>		<b>205 Head Start</b>	<b>211 ESEA I, A Improving Basic Programs</b>	<b>224 IDEA- Part B Formula</b>	<b>225 IDEA- Part B Preschool</b>	<b>226 IDEA- Part B Discretionary</b>	<b>240 National Breakfast and Lunch Program</b>
<b>ASSETS:</b>							
1110	Cash and Cash Equivalents	\$ -	\$ -	\$ 34,941	\$ -	\$ (34,941)	\$ 4,221,070
1240	Due from Other Governments	39,065	228,396	1,101,316	6,180	95,315	-
1410	Prepaid Expenditures	-	-	-	-	-	-
1000	<b>Total Assets</b>	<u>\$ 39,065</u>	<u>\$ 228,396</u>	<u>\$ 1,136,257</u>	<u>\$ 6,180</u>	<u>\$ 60,374</u>	<u>\$ 4,221,070</u>
<b>LIABILITIES AND FUND BALANCES:</b>							
Liabilities:							
2630	Accounts Payable	\$ 209	2,737	\$ 73,657	\$ -	\$ -	\$ 54,774
2160	Accrued Wages Payable	11,799	154,375	699,363	4,667	-	1,126,341
2170	Due to Other Funds	27,057	71,284	363,237	1,513	60,374	-
2300	Unearned Revenues	-	-	-	-	-	-
2000	<b>Total Liabilities</b>	<u>39,065</u>	<u>228,396</u>	<u>1,136,257</u>	<u>6,180</u>	<u>60,374</u>	<u>1,181,115</u>
Fund Balances:							
Non Spendable							
3430	Prepaid Expenditures	-	-	-	-	-	-
Restricted							
3450	Federal and State Grant Restrictions	-	-	-	-	-	3,039,955
Committed							
3545	Local Special Revenue	-	-	-	-	-	-
3000	<b>Total Fund Balances</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,039,955</u>
4000	<b>Total Liabilities and Fund Balances</b>	<u>\$ 39,065</u>	<u>\$ 228,396</u>	<u>\$ 1,136,257</u>	<u>\$ 6,180</u>	<u>\$ 60,374</u>	<u>\$ 4,221,070</u>

**EXHIBIT G-2 (CON'T)**

<b>244 Career and Technical Basic Grant</b>	<b>255 ESEA II, A Training and Recruiting</b>	<b>263 Title III, A English Lang. Acquistion</b>	<b>272 Medicaid Administrative Claiming</b>	<b>289 Other Federal Special Revenue Funds</b>	<b>385 Visually Impaired SSVI</b>	<b>392 Non-Ed Community Based Support</b>	<b>397 Advanced Placement Incentives</b>
\$ - 64,086 -	\$ - - -	\$ - 87,804 -	\$ 13,074 - -	\$ 13,241 - -	\$ - - -	\$ - - -	\$ 9,843 - -
<u>\$ 64,086</u>	<u>\$ -</u>	<u>\$ 87,804</u>	<u>\$ 13,074</u>	<u>\$ 13,241</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 9,843</u>
\$ 23,699 - 40,387 -	\$ - - - -	\$ - 64,494 23,310 -	\$ 13,074 - - -	\$ - 13,241 - -	\$ - - - -	\$ - - - -	\$ - - - 9,843
<u>64,086</u>	<u>-</u>	<u>87,804</u>	<u>13,074</u>	<u>13,241</u>	<u>-</u>	<u>-</u>	<u>9,843</u>
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>\$ 64,086</u>	<u>\$ -</u>	<u>\$ 87,804</u>	<u>\$ 13,074</u>	<u>\$ 13,241</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 9,843</u>



**EXHIBIT G-2  
(Concluded)**

**FRISCO INDEPENDENT SCHOOL DISTRICT  
COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
JUNE 30, 2014**

<b>Data Control Codes</b>		<b>410 State Textbook Fund</b>	<b>429 Other State Special Revenue Funds</b>	<b>461 Campus Activity Funds</b>	<b>497 Mind Bender Academy</b>	<b>498 Child Development Center</b>	<b>Total Nonmajor Governmental Funds</b>
<b>ASSETS:</b>							
1110	Cash and Cash Equivalents	\$ 2,196,472	\$ -	\$ 1,931,329	\$ 46,082	\$ 395,240	\$ 8,826,351
1240	Due from Other Governments	-	-	-	-	-	1,622,162
1410	Prepaid Expenditures	-	-	71,910	-	-	71,910
1000	<b>Total Assets</b>	<u>\$ 2,196,472</u>	<u>\$ -</u>	<u>\$ 2,003,239</u>	<u>\$ 46,082</u>	<u>\$ 395,240</u>	<u>\$ 10,520,423</u>
<b>LIABILITIES AND FUND BALANCES:</b>							
Liabilities:							
2630	Accounts Payable	\$ 1,447,279	\$ -	\$ 111,010	\$ 46,082	\$ 102	\$ 1,772,623
2160	Accrued Wages Payable	-	-	-	-	97,499	2,171,779
2170	Due to Other Funds	-	-	-	-	-	587,162
2300	Unearned Revenues	-	-	-	-	-	9,843
2000	<b>Total Liabilities</b>	<u>1,447,279</u>	<u>-</u>	<u>111,010</u>	<u>46,082</u>	<u>97,601</u>	<u>\$ 4,541,407</u>
Fund Balances:							
Non Spendable							
3430	Prepaid Expenditures	-	-	71,910	-	-	71,910
Restricted							
3450	Federal and State Grant Restrictions	749,193	-	-	-	-	3,789,148
Committed							
3545	Local Special Revenue	-	-	1,820,319	-	297,639	2,117,958
3000	<b>Total Fund Balances</b>	<u>749,193</u>	<u>-</u>	<u>1,892,229</u>	<u>-</u>	<u>297,639</u>	<u>5,979,016</u>
4000	<b>Total Liabilities and Fund Balances</b>	<u>\$ 2,196,472</u>	<u>\$ -</u>	<u>\$ 2,003,239</u>	<u>\$ 46,082</u>	<u>\$ 395,240</u>	<u>\$ 10,520,423</u>



**FRISCO INDEPENDENT SCHOOL DISTRICT**

**FRISCO INDEPENDENT SCHOOL DISTRICT  
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2014**

<b>Data Control Codes</b>		<b>205 Head Start</b>	<b>211 ESEA I, A Improving Basic Programs</b>	<b>224 IDEA- Part B Formula</b>	<b>225 IDEA- Part B Preschool</b>	<b>226 IDEA- Part B Discretionary</b>	<b>240 National Breakfast and Lunch Program</b>
<b>REVENUES:</b>							
5700	Total Local and Intermediate Sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 14,495,706
5800	State Program Revenues	-	-	-	-	-	400,554
5900	Federal Program Revenues	85,011	1,041,541	4,688,905	39,365	166,241	4,062,010
5020	<b>Total Revenues</b>	85,011	1,041,541	4,688,905	39,365	166,241	18,958,270
<b>EXPENDITURES:</b>							
Current:							
0011	Instruction	84,881	773,228	2,149,998	39,365	166,241	-
0012	Instructional Resources and Media Services	-	-	-	-	-	-
0013	Curriculum and Instructional Staff Development	130	257,948	(1,318)	-	-	-
0021	Instructional Leadership	-	-	11,062	-	-	-
0023	School Leadership	-	8,799	8,349	-	-	-
0031	Guidance, Counseling and Evaluation Services	-	-	2,517,707	-	-	-
0032	Social Work Services	-	-	-	-	-	-
0033	Health Services	-	1,566	3,107	-	-	-
0035	Food Services	-	-	-	-	-	18,146,918
0036	Extracurricular Activities	-	-	-	-	-	-
0051	Facilities Maintenance and Operations	-	-	-	-	-	675,411
0061	Community Services	-	-	-	-	-	280
6030	<b>Total Expenditures</b>	85,011	1,041,541	4,688,905	39,365	166,241	18,822,609
1100	Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	-	-	-	135,661
<b>OTHER FINANCING SOURCES (USES):</b>							
7915	Transfers In	-	-	-	-	-	-
7080	<b>Total Other Financing Sources (Uses)</b>	-	-	-	-	-	-
1200	Net Change in Fund Balance	-	-	-	-	-	135,661
0100	Fund Balance - July 1 (Beginning)	-	-	-	-	-	2,904,294
3000	Fund Balance - June 30 (Ending)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,039,955

# EXHIBIT G-3 (CON'T)

244 Career and Technical Basic Grant	255 ESEA II, A Training and Recruiting	263 Title III, A English Lang. Acquisition	272 Medicaid Administrative Claiming	289 Other Federal Special Revenue Funds	385 Visually Impaired SSVI	392 Non-Ed Community Based Support	397 Advanced Placement Incentives
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	3,124	616	53,506
213,871	130,807	384,180	9,253	12,244	-	-	-
213,871	130,807	384,180	9,253	12,244	3,124	616	53,506
213,871	-	383,664	-	12,244	3,124	-	25,831
-	-	-	-	-	-	-	-
-	130,807	516	-	-	-	-	27,675
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	9,253	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	616	-
213,871	130,807	384,180	9,253	12,244	3,124	616	53,506
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

**EXHIBIT G-3  
(Concluded)**

**FRISCO INDEPENDENT SCHOOL DISTRICT  
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2014**

Data Control Codes	410 State Textbook Fund	429 Other State Special Revenue Funds	461 Campus Activity Funds	497 Mind Bender Academy	498 Child Development Center	Total Nonmajor Governmental Funds
<b>REVENUES:</b>						
5700 Total Local and Intermediate Sources	\$ -	\$ -	\$ 1,956,032	\$ -	\$ 670,848	\$ 17,122,586
5800 State Program Revenues	2,720,517	318	-	-	26,931	3,205,566
5900 Federal Program Revenues	-	-	-	-	-	10,833,428
5020 <b>Total Revenues</b>	<u>2,720,517</u>	<u>318</u>	<u>1,956,032</u>	<u>-</u>	<u>697,779</u>	<u>31,161,580</u>
<b>EXPENDITURES:</b>						
Current:						
0011 Instruction	2,187,884	-	-	-	-	6,040,331
0012 Instructional Resources and Media Services	-	318	-	-	-	318
0013 Curriculum and Instructional Staff Development	-	-	-	-	-	415,758
0021 Instructional Leadership	-	-	-	-	-	11,062
0023 School Leadership	-	-	-	-	-	17,148
0031 Guidance, Counseling and Evaluation Services	-	-	-	-	-	2,517,707
0032 Social Work Services	-	-	-	-	-	-
0033 Health Services	-	-	-	-	-	13,926
0035 Food Services	-	-	-	-	-	18,146,918
0036 Extracurricular Activities	-	-	1,722,674	-	-	1,722,674
0051 Facilities Maintenance and Operations	-	-	-	-	-	675,411
0061 Community Services	-	-	-	-	713,538	714,434
6030 <b>Total Expenditures</b>	<u>2,187,884</u>	<u>318</u>	<u>1,722,674</u>	<u>-</u>	<u>713,538</u>	<u>30,275,687</u>
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>532,633</u>	<u>-</u>	<u>233,358</u>	<u>-</u>	<u>(15,759)</u>	<u>885,893</u>
<b>OTHER FINANCING SOURCES (USES):</b>						
7915 Transfers In	-	-	17,000	-	-	17,000
7080 <b>Total Other Financing Sources (Uses)</b>	<u>-</u>	<u>-</u>	<u>17,000</u>	<u>-</u>	<u>-</u>	<u>17,000</u>
1200 Net Change in Fund Balance	532,633	-	250,358	-	(15,759)	902,893
0100 Fund Balance - July 1 (Beginning)	<u>216,560</u>	<u>-</u>	<u>1,641,871</u>	<u>-</u>	<u>313,398</u>	<u>5,076,123</u>
3000 Fund Balance - June 30 (Ending)	<u>\$ 749,193</u>	<u>\$ -</u>	<u>\$ 1,892,229</u>	<u>\$ -</u>	<u>\$ 297,639</u>	<u>\$ 5,979,016</u>

**EXHIBIT G-4**

**FRISCO INDEPENDENT SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
NATIONAL BREAKFAST AND LUNCH PROGRAM  
FOR THE YEAR ENDEND JUNE 30, 2014**

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	\$ 14,954,560	\$ 14,304,560	\$ 14,495,706	\$ 191,146
5800	State Program Revenues	75,000	65,000	400,554	335,554
5900	Federal Program Revenues	3,352,000	3,772,000	4,062,010	290,010
5020	Total Revenues	18,381,560	18,141,560	18,958,270	816,710
EXPENDITURES:					
0035	Food Services	17,630,060	18,690,060	18,146,918	543,142
0051	Facilities Maintenance and Operations	751,500	691,500	675,411	16,089
0061	Community Services	-	-	280	(280)
6030	Total Expenditures	18,381,560	19,381,560	18,822,609	558,951
1100	Excess (Deficiency) of Revenues Over (Under) Expenditures	-	(1,240,000)	135,661	1,375,661
0100	Fund Balance - July 1 (Beginning)	2,904,294	2,904,294	2,904,294	-
3000	Fund Balance - June 30 (Ending)	\$ 2,904,294	\$ 1,664,294	\$ 3,039,955	\$ 1,375,661

## EXHIBIT G-5

**FRISCO INDEPENDENT SCHOOL DISTRICT  
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
AGENCY FUND  
FOR THE YEAR ENDED JUNE 30, 2014**

	Balance July 1 2013	Additions	Deductions	Balance June 30 2014
<b>STUDENT ACTIVITIES FUNDS</b>				
Assets:				
Cash and Cash Equivalents	\$ 832,507	\$ 841,004	\$ 855,813	\$ 817,698
<b>Total Assets</b>	<u>\$ 832,507</u>	<u>\$ 841,004</u>	<u>\$ 855,813</u>	<u>\$ 817,698</u>
Liabilities:				
Accounts Payable	\$ 68,052	\$ 1,099,548	\$ 1,122,461	\$ 45,139
Due to Student Groups	764,455	60,251	52,147	772,559
<b>Total Liabilities</b>	<u>\$ 832,507</u>	<u>\$ 1,159,799</u>	<u>\$ 1,174,608</u>	<u>\$ 817,698</u>

**REQUIRED  
TEXAS EDUCATION AGENCY  
SCHEDULES**



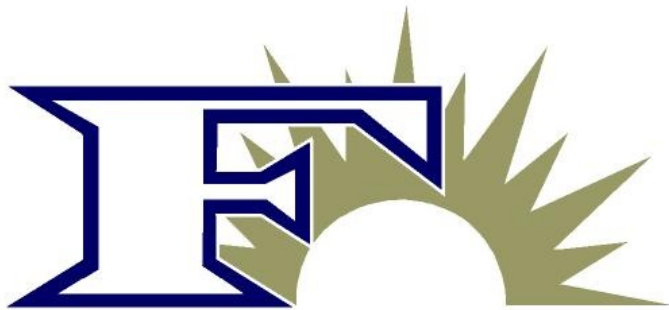
**FRISCO INDEPENDENT SCHOOL DISTRICT  
SCHEDULE OF DELINQUENT TAXES RECEIVABLE  
FISCAL YEAR ENDED JUNE 30, 2014**

<b>Last 10 Years Ended June 30</b>	<b>(1)                      (2) Tax Rates</b>			<b>(3) Assessed/Appraised Value for School Tax Purposes</b>
	<b>Maintenance</b>	<b>Debt Service</b>		
2005 & PRIOR	Various	Various	\$	Various
2006	1.3200	0.3100		10,115,256,871
2007	1.2100	0.3700		12,238,776,962
2008	0.9600	0.3900		14,041,683,185
2009	1.0000	0.3700		16,189,276,569
2010	1.0000	0.3900		16,848,644,101
2011	1.0000	0.3900		16,658,645,540
2012	1.0000	0.4200		17,208,710,493
2013	1.0400	0.4200		18,321,609,110
2014	1.0400	0.4200		19,898,789,630
1000	Totals			

9000 - Portion of Row 1000 for Taxes Paid into Tax Increment Zone Under Chapter 311, Tax Code

EXHIBIT H-1

(10) Beginning Balance July 1, 2013	(20) Current Year's Total Levy	(31) Maintenance Collections	(32) Debt Service Collections	(40) Entire Year's Adjustments	(50) Ending Balance June 30, 2014
\$ 134,338		\$ -	\$ -	\$ (449,176)	\$ (314,838)
124,610		295	69	(5,167)	119,079
91,661		90,165	27,571	(15,046)	(41,121)
125,052		94,698	38,471	141,150	133,033
201,871		335,333	124,073	538,075	280,540
243,873		347,980	135,712	605,145	365,326
300,732		329,234	128,401	541,129	384,226
341,212		208,301	87,486	346,251	391,676
1,793,864		1,333,064	538,353	628,870	551,317
-	288,554,470	206,555,720	83,416,733	4,017,908	2,599,925
<u>\$ 3,357,213</u>	<u>\$ 288,554,470</u>	<u>\$ 209,294,790</u>	<u>\$ 84,496,869</u>	<u>\$ 6,349,139</u>	<u>\$ 4,469,163</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 14,771,437</u>	<u>\$ -</u>		



**FRISCO INDEPENDENT SCHOOL DISTRICT**

## **STATISTCAL SECTION**

## **STATISTICAL SECTION** *(Unaudited)*

This section of the Frisco Independent School District's Comprehensive Annual Financial Report presents information that augments the financial statements, notes, and supplementary information contained in the annual financial report. This information is unaudited and is intended to contribute to the analysis of the District's overall financial health.

<b><u>Contents</u></b>	<b><u>Page</u></b>
<b>Financial Trends</b>	
These schedules contain trend information to help the reader understand how the District's performance and well being have changed over time.	58
<b>Revenue Capacity</b>	
These schedules contain information to help the reader assess the District's property tax valuations, it's most significant source of revenue.	68
<b>Debt Capacity</b>	
These schedules present information related to the District's current levels of outstanding debt and its ability to issue debt in the future.	73
<b>Demographic and Economic Information</b>	
These schedules offer information related to the demographic and economic indicators within the District and provides the reader with insight to the financial environment that the District operates within.	76
<b>Operational Information</b>	
These schedules contain information that assists the reader in understanding the services the District provides and activities it performs.	78

## **FINANCIAL TRENDS**

**FRISCO INDEPENDENT SCHOOL DISTRICT**  
**NET POSITION BY COMPONENT**  
**LAST TEN FISCAL YEARS**  
(Unaudited)  
(Accrual Basis of Accounting)

	<b>Fiscal Year</b>			
	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008 <sup>1</sup></b>
<b>Governmental Activities</b>				
Net Investment in Capital Assets	\$ (122,350,601)	\$ (87,158,826)	\$ (116,874,349)	\$ (122,276,884)
Restricted for Federal and State Programs	358,179	951,703	1,195,187	2,161,968
Restricted for Debt Services	747,290	779,182	4,965,217	46,270,566
Restricted for Capital Projects	72,318,600	18,467,338	20,527,925	3,083,347
Unrestricted Net Position	11,153,509	9,833,882	24,984,396	30,377,993
<b>TOTAL NET POSITION</b>	<b>\$ (37,773,023)</b>	<b>\$ (57,126,721)</b>	<b>\$ (65,201,624)</b>	<b>\$ (40,383,010)</b>

<sup>1</sup> Fiscal year 2008 represents a 10-month transitional year for the period of August 31 to June 30.

Source: Frisco ISD Annual Financial Reports

# EXHIBIT S-1

Fiscal Year					
2009	2010	2011	2012	2013	2014
\$ (171,154,403)	\$ (204,940,333)	\$ (233,522,841)	\$ (274,216,290)	\$ (293,661,182)	\$ (273,081,937)
3,121,981	2,831,739	2,606,162	3,208,210	2,904,294	3,789,148
59,011,864	68,589,961	64,478,051	71,170,986	72,023,378	53,919,728
4,187,350	7,833,126	-	-	-	-
21,933,272	22,911,965	26,295,778	47,511,053	51,311,286	66,159,069
<u>\$ (82,899,936)</u>	<u>\$ (102,773,542)</u>	<u>\$ (140,142,850)</u>	<u>\$ (152,326,041)</u>	<u>\$ (167,422,224)</u>	<u>\$ (149,213,992)</u>



**FRISCO INDEPENDENT SCHOOL DISTRICT**  
**EXPENSES, PROGRAM REVENUES, AND NET (EXPENSE)/REVENUE**  
**LAST TEN FISCAL YEARS**  
(Unaudited)  
(Accrual Basis of Accounting)

	Fiscal Year			
	2005	2006	2007	2008 <sup>1</sup>
<b>Expenses</b>				
Governmental Activities:				
Instruction	\$ 75,488,581	\$ 94,890,796	\$ 123,673,720	\$ 133,565,149
Instructional Resources & Media Services	3,719,489	4,947,752	5,814,988	4,759,048
Curriculum & Instructional Staff Development	1,504,863	1,729,223	2,316,441	2,440,703
Instructional Leadership	1,698,085	2,145,044	2,255,388	2,513,617
School Leadership	6,832,510	8,664,580	10,539,490	10,875,501
Guidance, Counseling & Evaluation Services	3,820,664	4,567,547	5,982,008	6,888,436
Social Work Services	19,626	29,725	91,325	275,107
Health Services	1,318,212	1,607,202	1,931,999	2,474,489
Student (Pupil) Transportation	3,388,736	4,503,575	5,402,592	5,889,588
Food Services	7,829,088	9,208,288	10,826,270	10,181,062
Cocurricular/Extracurricular Activities	4,903,821	6,420,903	8,638,873	9,456,889
General Administration	4,294,708	5,194,536	7,463,325	5,800,055
Facilities Maintenance & Operations	13,992,519	17,422,806	18,712,489	19,271,020
Security & Monitoring Services	4,020,120	2,883,048	1,069,644	1,077,827
Data Processing Services	1,141,268	1,494,163	2,301,139	1,785,957
Community Services	778,139	953,333	1,104,139	850,082
Debt Service - Interest on Long Term Debt	25,249,122	37,459,602	46,364,712	39,593,981
Debt Service - Bond Issuance Cost and Fees	70,680	71,890	78,352	102,649
Facilities Acquisition & Construction	-	-	-	-
Contracted Instructional Services Between Schools	18,474,675	19,595,555	14,435,582	8,276,629
Payments to Fiscal Agent/Member Districts of SSA	59,290	150,749	43,493	149,060
Payments to Juvenile Justice Alternative Ed. Prg.	98,983	42,176	108,482	115,834
Payments to Tax Increment Fund	8,975,488	9,667,109	11,226,405	11,073,196
Other Intergovernmental Charges	-	-	-	-
Total Governmental Activities Expenses	<u>187,678,667</u>	<u>233,649,602</u>	<u>280,380,856</u>	<u>277,415,879</u>
<b>Program Revenues</b>				
Governmental Activities:				
Charges for Services:				
Instruction	\$ 78,374	\$ 102,683	\$ 161,584	\$ 73,267
Food Service	5,838,449	7,381,386	8,297,447	8,619,622
Cocurricular/Extracurricular Activities	340,399	381,021	500,303	564,693
Facilities Maintenance & Operations	609,289	450,389	572,888	537,487
Community Services	-	-	627,332	539,047
Operating Grants and Contributions	9,189,343	11,385,032	13,654,337	16,447,353
Total Governmental Activities Program Revenues	<u>16,055,854</u>	<u>19,700,511</u>	<u>23,813,891</u>	<u>26,781,469</u>
<b>Net (Expense) Revenue</b>				
Total Primary Government Net Expenses	<u>\$ (171,622,813)</u>	<u>\$ (213,949,091)</u>	<u>\$ (256,566,965)</u>	<u>\$ (250,634,410)</u>

<sup>1</sup> Fiscal Year 2008 represents 10 months of financial data due to change of fiscal year end of June 30 from August 31.  
Source: Frisco ISD Annual Financial Report

# EXHIBIT S-2

Fiscal Year					
2009	2010	2011	2012	2013	2014
\$ 179,255,336	\$ 200,270,949	\$ 210,372,150	\$ 207,257,489	\$ 220,404,517	\$ 237,776,317
7,527,217	7,456,175	7,041,284	5,072,392	6,878,260	7,563,264
3,701,535	4,416,790	4,196,290	5,540,212	6,695,992	7,496,653
3,707,131	4,152,342	4,183,981	3,496,529	4,538,265	4,625,073
13,771,309	16,296,540	19,604,431	18,585,563	22,284,476	21,657,026
8,615,821	10,135,488	11,165,424	11,195,982	12,552,997	12,828,364
233,822	311,030	309,809	292,395	343,427	360,371
2,875,656	3,401,665	3,612,048	3,388,277	3,738,802	3,885,439
7,405,694	9,747,990	9,511,115	9,476,656	9,854,542	10,489,264
12,921,293	15,352,293	17,089,059	16,966,824	18,662,958	20,138,815
12,113,595	13,978,597	16,269,145	14,145,666	14,929,811	15,493,350
9,650,382	7,289,357	7,371,999	7,647,253	6,560,127	6,752,192
27,055,506	29,109,608	31,567,513	28,970,801	30,168,059	31,796,821
1,529,372	1,610,482	2,219,918	2,418,991	2,731,959	3,595,026
4,766,862	4,986,191	5,930,740	6,275,652	6,718,444	7,194,012
1,424,151	1,498,050	1,539,113	1,514,281	1,572,685	1,516,206
66,796,474	60,341,816	61,708,857	64,807,149	70,402,767	45,233,434
213,326	224,619	303,281	784,857	1,034,160	1,288,269
-	-	-	-	-	-
12,904,887	1,331,260	3,004,389	1,582,625	1,785,899	1,004,896
127,022	135,132	195,897	-	-	-
112,838	87,929	90,309	60,791	44,573	23,499
15,516,540	13,078,366	12,475,699	15,300,909	16,558,936	17,605,466
-	1,613,714	1,637,072	1,658,054	1,801,088	1,924,946
<u>392,225,769</u>	<u>406,826,383</u>	<u>431,399,523</u>	<u>426,439,348</u>	<u>460,262,744</u>	<u>460,248,703</u>
\$ 315,818	\$ 195,799	\$ 234,762	\$ 206,936	\$ 290,231	\$ 350,717
10,534,707	11,381,160	12,372,825	13,077,118	13,685,406	14,494,346
746,020	926,755	1,475,974	1,522,873	1,506,143	1,525,824
761,560	731,934	536,802	1,913,519	2,299,332	2,394,812
-	-	-	-	-	-
18,596,276	31,313,190	32,628,060	25,145,775	22,544,354	26,278,448
<u>30,954,381</u>	<u>44,548,838</u>	<u>47,248,423</u>	<u>41,866,221</u>	<u>40,325,466</u>	<u>45,044,147</u>
<u>\$ (361,271,388)</u>	<u>\$ (362,277,545)</u>	<u>\$ (384,151,100)</u>	<u>\$ (384,573,127)</u>	<u>\$ (419,937,278)</u>	<u>\$ (415,204,556)</u>

**FRISCO INDEPENDENT SCHOOL DISTRICT**  
**GENERAL REVENUES AND TOTAL CHANGES IN NET POSITION**  
**LAST TEN FISCAL YEARS**  
(Unaudited)  
(Accrual Basis of Accounting)

	<b>Fiscal Year</b>			
	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008<sup>1</sup></b>
<b>Net (Expense) Revenue</b>				
Total Primary Government Net Expense	<u>\$ (171,622,813)</u>	<u>\$ (213,949,091)</u>	<u>\$ (256,566,965)</u>	<u>\$ (250,634,410)</u>
<b>General Revenues</b>				
Governmental Activities:				
Taxes:				
Property Taxes Levied for General Purposes	\$ 110,220,382	\$ 135,336,769	\$ 150,870,075	\$ 134,235,359
Property Taxes Levied for Debt Service	22,121,243	29,254,479	42,623,152	54,533,671
State Aid-Formula Grants	7,468,039	8,769,845	27,599,183	52,027,127
Unrestricted Grants and Contributions	-	-	18,373	-
Investment Earnings	2,558,897	4,964,633	7,878,823	6,400,879
Miscellaneous	15,467,535	16,269,667	19,502,456	28,255,988
Gain (Loss) on Disposition of Capital Assets	15,044	-	-	-
<b>Total General Revenue</b>	<u>\$ 157,851,140</u>	<u>\$ 194,595,393</u>	<u>\$ 248,492,062</u>	<u>\$ 275,453,024</u>
Change in Net Position (Deficit)	\$ (13,771,673)	\$ (19,353,698)	\$ (8,074,903)	\$ 24,818,614
Net Position (Deficit) Beginning	(41,976,269)	(37,773,023)	(57,126,721)	(65,201,624)
Prior Period Adjustment	17,974,919	-	-	-
Net Position (Deficit), Ending	<u>\$ (37,773,023)</u>	<u>\$ (57,126,721)</u>	<u>\$ (65,201,624)</u>	<u>\$ (40,383,010)</u>

Fiscal Year 2008 represents 10 months of financial information due to change of fiscal year end to June 30 from

<sup>1</sup> August 31.

**EXHIBIT S-3**

<b>Fiscal Year</b>					
<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>
<u><u>\$ (361,271,388)</u></u>	<u><u>\$ (362,277,545)</u></u>	<u><u>\$ (384,151,100)</u></u>	<u><u>\$ (384,573,127)</u></u>	<u><u>\$ (419,937,278)</u></u>	<u><u>\$ (415,204,556)</u></u>
\$ 168,875,322	\$ 173,721,989	\$ 171,001,679	\$ 177,079,758	\$ 199,562,589	\$ 229,889,558
57,650,495	62,409,766	61,736,118	68,875,705	72,822,119	80,937,836
68,601,051	85,246,982	99,211,962	104,324,856	117,087,935	119,733,020
27,945	17,407	180	20,083	516,970	-
2,509,504	358,496	246,295	184,963	238,659	98,009
21,090,145	16,969,299	17,308,973	21,901,571	20,559,060	2,754,365
-	-	-	-	-	-
<u><u>\$ 318,754,462</u></u>	<u><u>\$ 338,723,939</u></u>	<u><u>\$ 349,505,207</u></u>	<u><u>\$ 372,386,936</u></u>	<u><u>\$ 410,787,332</u></u>	<u><u>\$ 433,412,788</u></u>
\$ (42,516,926)	\$ (23,553,606)	\$ (34,645,893)	\$ (12,183,191)	\$ (9,149,946)	\$ 18,208,232
(40,382,010)	(82,899,936)	(102,773,542)	(140,142,850)	(152,326,041)	(167,422,224)
-	3,680,000	(2,723,415)	-	(5,946,237)	-
<u><u>\$ (82,898,936)</u></u>	<u><u>\$ (102,773,542)</u></u>	<u><u>\$ (140,142,850)</u></u>	<u><u>\$ (152,326,041)</u></u>	<u><u>\$ (167,422,224)</u></u>	<u><u>\$ (149,213,992)</u></u>

**FRISCO INDEPENDENT SCHOOL DISTRICT  
FUND BALANCES, GOVERNMENTAL FUNDS  
LAST TEN FISCAL YEARS**

(Unaudited)  
(Modified Accrual Basis of Accounting)

	<b>Fiscal Year</b>			
	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008 <sup>1</sup></b>
General Fund				
Reserved	\$ -	\$ -	\$ -	\$ -
Nonspendable	-	-	-	-
Restricted	-	-	-	-
Committed	-	-	-	-
Unreserved /Unassigned	10,399,834	11,446,048	26,675,356	22,473,686
Total general fund	<u>\$ 10,399,834</u>	<u>\$ 11,446,048</u>	<u>\$ 26,675,356</u>	<u>\$ 22,473,686</u>
All Other Governmental Funds				
Nonspendable	\$ -	\$ -	\$ -	\$ -
Reserved/Restricted				
Debt Service Fund	747,290	779,182	495,217	46,270,566
Child Nutrition Service	358,179	951,703	1,195,187	2,161,968
Other Federal or State	-	-	-	-
Designated /Restricted				
Construction	72,318,600	18,467,338	48,231,691	80,804,147
Other Purposes	-	-	-	21,000,000
Committed				
Local Special Revenue	-	-	-	-
Unreserved/Unassigned	-	-	-	-
Special Revenue Funds	350,452	481,848	738,950	1,680,111
Total all other governmental funds	<u>\$ 73,774,521</u>	<u>\$ 20,680,071</u>	<u>\$ 50,661,045</u>	<u>\$ 151,916,792</u>
Total governmental funds	<u>\$ 84,174,355</u>	<u>\$ 32,126,119</u>	<u>\$ 77,336,401</u>	<u>\$ 174,390,478</u>

<sup>1</sup> Fiscal year 2008 represents a 10-month transitional year for the period of June 30 through August 31.

Source: Frisco ISD Annual Financial Reports

**EXHIBIT S-4**

Fiscal Year					
2009	2010	2011	2012	2013	2014
\$ -	\$ 51,281	\$ -	\$ -	\$ -	\$ -
-	-	251,404	141,684	163,824	264,523
-	-	-	-	-	-
-	-	-	-	-	-
21,962,721	46,286,952	42,818,991	60,123,335	72,501,978	84,900,184
<u>\$ 21,962,721</u>	<u>\$ 46,338,233</u>	<u>\$ 43,070,395</u>	<u>\$ 60,265,019</u>	<u>\$ 72,665,802</u>	<u>\$ 85,164,707</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 71,910
59,011,864	67,245,565	63,198,994	70,379,793	71,265,715	77,625,656
3,121,981	2,831,739	2,606,162	3,208,210	2,904,294	3,039,955
-	-	-	-	-	749,193
69,653,941	7,833,126	52,951,695	5,353,313	51,648,102	92,529,222
23,000,000	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	2,171,829	2,117,958
1,499,215	1,569,851	1,750,466	1,958,933	-	-
<u>\$ 156,287,001</u>	<u>\$ 79,480,281</u>	<u>\$ 120,507,317</u>	<u>\$ 80,900,249</u>	<u>\$ 127,989,940</u>	<u>\$ 176,133,894</u>
<u>\$ 178,249,722</u>	<u>\$ 125,818,514</u>	<u>\$ 163,577,712</u>	<u>\$ 141,165,268</u>	<u>\$ 200,655,742</u>	<u>\$ 261,298,601</u>

**FRISCO INDEPENDENT SCHOOL DISTRICT**  
**ALL GOVERNMENTAL FUNDS: CHANGES IN FUND BALANCES**  
**LAST TEN FISCAL YEARS**

(Unaudited)  
(Modified Accrual Basis of Accounting)

	Fiscal Year			
	2005	2006	2007	2008 <sup>1</sup>
Revenues:				
Total Local and Intermediate Sources	\$ 157,179,677	\$ 193,625,967	\$ 230,028,149	\$ 232,308,432
State Program Revenues	13,158,243	15,738,581	36,130,785	62,382,339
Federal Program Revenues	3,499,139	4,416,296	5,141,108	6,092,141
	<u>\$ 173,837,059</u>	<u>\$ 213,780,844</u>	<u>\$ 271,300,042</u>	<u>\$ 300,782,912</u>
Expenditures:				
Current:				
Instruction	\$ 66,235,034	\$ 82,899,266	\$ 102,230,895	\$ 118,453,890
Instructional Resources and Media Services	2,850,141	3,512,534	3,870,563	4,484,132
Curriculum and Instructional Staff Development	1,511,189	1,725,001	2,305,523	2,444,288
Instructional Leadership	1,704,411	2,140,822	2,252,464	2,517,202
School Leadership	6,713,216	8,453,565	10,291,483	10,727,046
Guidance, Counseling, and Evaluation Service	3,839,643	4,559,104	5,976,113	6,899,190
Social Work Services	19,626	29,725	91,325	275,107
Health Services	1,324,538	1,602,980	1,923,602	2,478,074
Student (Pupil) Transportation	2,726,837	3,694,387	4,264,597	4,913,154
Food Services	7,008,647	8,068,021	9,523,209	9,325,193
Cocurricular/Extracurricular Activities	3,563,742	4,341,926	5,466,654	6,426,914
General Administration	3,822,020	4,216,153	4,887,581	5,534,560
Plant Maintenance and Operations	12,040,061	14,576,147	16,718,153	17,784,247
Security and Monitoring Services	630,018	731,588	755,793	1,006,037
Data Processing Services	925,393	1,114,505	1,270,381	1,274,856
Community Services	784,465	937,077	1,089,306	849,783
Debt Services:				
Debt Service - Principal on long-term debt	6,175,000	7,693,851	10,938,899	22,670,113
Debt Service - Interest on long-term debt	22,229,920	30,942,676	37,689,296	546,209
Debt Service - Bond Issuance Costs and Fees	8,090	93,000	520,124	-
Capital Outlay:				
Facilities Acquisition & Construction	119,536,119	140,149,713	124,044,445	160,908,619
Intergovernmental Charges				
Contracted Instructional Services Between Schools	18,474,675	19,595,555	14,435,582	8,276,629
Payments to Fiscal Agent/Members District of SSA	59,290	150,749	43,493	149,060
Payments to Juvenile Justice Alternative Ed. Prog.	98,983	42,176	108,482	115,834
Payments to Tax Increment Fund	8,975,488	9,667,109	11,226,405	11,073,196
Other Intergovernmental Charges	-	-	-	-
Total Expenditures	<u>291,256,546</u>	<u>350,937,630</u>	<u>371,924,368</u>	<u>399,133,333</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(117,419,487)	(137,073,086)	(100,624,326)	(98,350,421)
Other Financing Sources (Uses):				
Capital Related Debt Issued (Regular and Refunding Bonds)	173,454,271	85,000,000	175,186,595	190,000,000
Sales of Real and Personal Property	125,000	24,850	119,699	339,103
Premium or Discount of Issuance Bonds	-	-	-	595,395
Transfers In	125,000	1,217,847	2,888,239	-
Other Resources	-	-	-	-
Transfer Out (Uses)	(125,000)	(1,217,847)	(119,699)	-
Other (Uses)	(26,688,735)	-	(27,770,226)	-
Total Other Financing Sources (Uses)	<u>146,890,536</u>	<u>85,024,850</u>	<u>150,304,608</u>	<u>190,934,498</u>
Net Change in Fund Balances	29,471,049	(52,048,236)	49,680,282	92,584,077
Fund Balances (Beginning)	54,703,306	84,174,355	32,126,119	81,806,401
Prior Period Adjustments	-	-	-	-
Fund Balance (Ending)	<u>\$ 84,174,355</u>	<u>\$ 32,126,119</u>	<u>\$ 81,806,401</u>	<u>\$ 174,390,478</u>
Debt service as a percentage of Non - Capital Expenditures	16.55%	18.34%	19.83%	9.75%

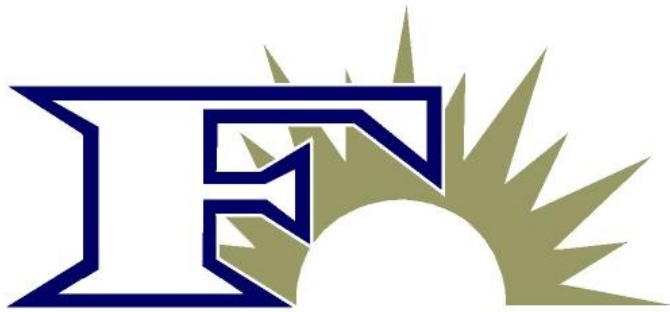
<sup>1</sup> Fiscal year 2008 represents a 10-month transitional year for the period of June 30 through August 31.

Source: Frisco ISD Annual Financial Reports

# EXHIBIT S-5

Fiscal Year					
2009	2010	2011	2012	2013	2014
\$ 262,542,603	\$ 266,355,275	\$ 265,159,734	\$ 286,574,924	\$ 309,077,472	\$ 333,806,178
80,784,250	97,190,014	111,289,016	115,321,314	129,671,656	133,799,695
6,441,022	19,387,565	20,551,186	14,169,400	10,477,603	11,423,023
<u>\$ 349,767,875</u>	<u>\$ 382,932,854</u>	<u>\$ 396,999,936</u>	<u>\$ 416,065,638</u>	<u>\$ 449,226,731</u>	<u>\$ 479,028,896</u>
\$ 150,799,050	\$ 173,467,078	\$ 182,496,322	\$ 176,860,360	\$ 196,244,658	\$ 210,384,860
5,621,291	5,119,964	5,048,034	4,411,159	5,057,068	5,272,336
3,702,110	4,417,134	4,173,666	5,497,695	6,696,310	7,496,653
3,705,939	4,152,686	4,161,357	3,452,915	4,538,583	4,625,073
13,377,731	15,986,938	19,117,432	17,936,465	21,966,564	21,321,892
8,618,090	10,136,519	11,120,177	11,067,229	12,553,335	12,827,113
233,822	311,030	309,809	292,395	343,427	360,371
2,781,160	3,386,708	3,562,679	3,328,177	3,729,920	3,872,931
5,878,917	7,832,691	7,529,367	7,454,070	8,124,128	8,769,634
11,615,911	14,103,336	15,105,284	15,090,635	16,800,946	18,146,918
8,131,289	9,615,377	11,031,634	11,480,974	12,155,988	12,380,344
6,952,987	6,228,714	6,431,057	4,991,034	5,706,743	5,685,941
23,214,246	26,336,467	28,722,255	24,674,238	27,818,925	28,974,793
1,237,700	1,326,543	1,768,526	1,923,659	1,865,957	2,510,096
1,770,527	1,775,221	2,163,063	3,309,326	5,146,610	5,307,632
1,412,118	1,496,786	1,527,079	1,502,248	1,560,970	1,514,385
14,393,638	19,153,596	20,672,773	18,376,134	20,579,605	27,935,713
47,192,970	56,970,707	55,877,774	60,861,887	62,655,429	61,273,182
3,069,950	841,153	942,386	555,641	1,034,160	1,288,269
197,245,977	92,337,806	66,948,012	97,792,344	81,302,872	167,713,439
12,904,887	1,331,260	3,004,389	1,582,625	1,785,899	1,004,896
127,022	135,132	195,897	-	-	-
112,838	87,929	90,309	60,791	44,573	23,499
15,516,540	13,078,366	12,475,699	15,300,909	16,558,936	17,605,466
-	1,613,714	1,637,072	1,658,054	1,801,088	1,924,946
<u>539,616,710</u>	<u>471,242,855</u>	<u>466,112,052</u>	<u>489,460,964</u>	<u>516,072,694</u>	<u>628,220,382</u>
(189,866,835)	(88,330,001)	(69,112,116)	(73,395,326)	(66,845,963)	(149,191,486)
199,170,000	85,250,000	181,031,260	147,610,357	258,246,992	202,300,000
17,096	-	13,057	2,412	7,464,755	2,253,199
8,865,586	2,361,017	9,692,980	11,084,272	30,271,957	10,436,146
10,491,431	28,148,312	12,325,434	8,958,340	16,486,477	14,511,144
-	-	-	270	-	-
(10,491,431)	(28,148,312)	(13,621,257)	(13,241,717)	(16,422,968)	(14,511,144)
(14,326,603)	(51,712,224)	(79,849,745)	(103,431,052)	(169,710,776)	(5,155,000)
<u>193,726,079</u>	<u>35,898,793</u>	<u>109,591,729</u>	<u>50,982,882</u>	<u>126,336,437</u>	<u>209,834,345</u>
3,859,244	(52,431,208)	40,482,613	(22,412,444)	59,490,474	60,642,859
174,390,478	178,249,722	125,818,514	163,577,712	141,165,268	200,655,742
-	-	(2,723,415)	-	-	-
<u>\$ 178,249,722</u>	<u>\$ 125,818,514</u>	<u>\$ 163,577,712</u>	<u>\$ 141,165,268</u>	<u>\$ 200,655,742</u>	<u>\$ 261,298,601</u>
18.88%	20.31%	19.41%	20.37%	19.38%	19.18%





**FRISCO INDEPENDENT SCHOOL DISTRICT**

## **REVENUE CAPACITY**

**FRISCO INDEPENDENT SCHOOL DISTRICT**  
**TAXABLE ASSESSED VALUATION BY PROPERTY USE CATEGORY LESS EXEMPTIONS**  
**LAST TEN FISCAL YEARS**  
(Unaudited)

Fiscal Year	Actual Value					
	Single Family Property	Multi-Family Property	Vacant Lots Tracts	Acreage (Land Only)	Farm and Ranch Improvements	Commercial & Industrial (Real)
2005	5,188,432,206	476,129,108	372,308,601	1,828,169,254	16,824,020	1,532,248,398
2006	6,399,818,588	557,775,749	257,888,548	1,820,443,559	16,259,801	1,781,535,583
2007	7,972,987,001	594,010,822	235,550,761	2,170,730,485	18,018,840	2,097,327,042
2008 <sup>1</sup>	9,798,010,024	697,691,492	266,328,691	2,258,395,104	21,299,008	2,640,463,134
2009	10,968,639,445	818,695,375	396,264,241	2,272,350,941	23,431,597	3,215,066,625
2010	11,318,629,269	959,222,680	379,432,588	1,978,541,543	21,394,569	3,481,674,802
2011	11,504,077,061	998,825,739	299,761,332	1,752,437,036	20,930,610	3,215,213,475
2012	12,062,374,158	1,048,925,351	305,794,907	1,726,339,089	18,546,875	3,316,365,172
2013	12,627,501,202	1,202,898,036	293,379,271	1,730,873,484	17,685,947	3,499,967,601
2014	13,675,913,279	1,413,163,612	298,801,710	1,393,693,816	321,808,894	3,764,176,806

Source: Comptroller of Public Accounts - School District Summary Worksheet

<sup>1</sup> Fiscal Year 2008 represents 10 months of financial information due to change from fiscal ending August 31 to June 30

**EXHIBIT S-6**

<b>Fiscal Year</b>	<b>Actual Value</b>			<b>Assessed Value</b>	<b>Less: Exemptions</b>	<b>Total</b>	<b>Total</b>
	<b>Utilities</b>	<b>Commercial &amp; Industrial (Personal)</b>	<b>Other</b>			<b>Taxable Value</b>	<b>District Rate <sup>1</sup></b>
2005	85,480,294	435,611,789	420,622,554	10,355,828,229	1,790,516,990	8,565,311,239	Various
2006	53,299,271	530,727,929	583,797,082	12,001,548,116	1,837,104,178	10,164,443,938	1.6900
2007	109,286,747	535,087,927	709,052,130	14,442,053,762	2,150,919,578	12,291,134,184	1.6000
2008	112,861,870	635,539,523	788,876,767	17,219,467,621	2,291,854,327	14,927,613,294	1.3300
2009	127,215,788	716,602,406	516,112,940	19,054,381,367	2,421,069,338	16,633,312,029	1.3900
2010	130,731,808	787,615,513	399,621,865	19,456,866,647	2,277,356,494	17,179,510,153	1.3900
2011	115,645,665	706,809,701	362,745,531	18,976,448,161	2,100,605,660	16,875,842,501	1.4200
2012	128,181,093	733,630,488	307,640,722	19,647,799,867	2,143,611,277	17,504,188,590	1.4200
2013	130,695,320	775,039,766	262,013,501	20,540,056,141	2,128,873,517	18,411,182,624	1.4600
2014	136,448,465	828,032,175	353,434,184	22,185,474,955	2,112,698,722	20,072,776,233	1.4600

**EXHIBIT S-7**

**FRISCO INDEPENDENT SCHOOL DISTRICT  
PROPERTY TAXES – DIRECT AND OVERLAPPING GOVERNMENTS  
LAST TEN FISCAL YEARS  
(Unaudited)**

Fiscal Year	Frisco ISD	Overlapping Rates								
		City of Frisco	Collin County	Collin Co. Community College (CCCC)	City of McKinney	City of Plano	Denton County	Town of Little Elm	City of Hackberry	Denton County FWSD
2005	1.6300	0.4450	0.2500	0.0894	0.5200	0.4535	0.2464	0.3990	0.5139	1.0000
2006	1.6300	0.4500	0.2500	0.0877	0.5200	0.4735	0.2319	0.4700	0.5230	1.0000
2007	1.5800	0.4500	0.2500	0.0870	0.5200	0.4735	0.2359	0.5358	0.5798	1.0000
2008	1.3500	0.4500	0.2450	0.0865	0.6100	0.4735	0.2357	0.5697	0.5798	1.0000
2009	1.3700	0.4650	0.2425	0.0863	0.6100	0.4886	0.2498	0.6345	0.4478	1.0000
2010	1.3900	0.4650	0.2425	0.0863	0.6100	0.4886	0.2739	0.6652	0.4754	1.0000
2011	1.3900	0.4620	0.2400	0.0863	0.6100	0.4886	0.2774	0.6650	0.4766	1.0000
2012	1.4200	0.4620	0.2400	0.0863	0.6100	0.4886	0.2829	0.6650	0.4857	1.0000
2013	1.4600	0.4620	0.2380	0.0863	0.6100	0.4886	0.2829	0.6650	0.4627	1.0000
2014	1.4600	0.4620	0.2380	0.0836	0.5855	0.4886	0.2850	0.6650	0.4627	1.0000

Source: Collin and Denton County Appraisal Districts

**EXHIBIT S-8**

**FRISCO INDEPENDENT SCHOOL DISTRICT  
PRINCIPAL PROPERTY TAXPAYERS  
CURRENT YEAR AND NINE YEARS AGO  
(Unaudited)**

		<b>2014</b>	
<b><u>Taxpayer</u></b>	<b><u>Business</u></b>	<b><u>Taxable Value</u></b>	<b><u>Percentage of Total Taxable Value</u></b>
BPR Shopping Center LP	Shopping Center	\$118,471,637	0.59 %
Capital One National Association	Banking & Finance	101,899,766	0.51
Tollway/121 Partners LTD	Real Estate Development	91,668,177	0.46
Tenet Frisco LTD	Medical Center	73,088,732	0.36
Hall Office Portfolio DB LLC	Commercial Development	60,400,000	0.30
Specified Properties LLP	Real Estate Development	58,872,060	0.28
Capital One National Association	Banking & Finance	56,214,886	0.28
HRT Properties of Texas LTD	Medical Center	52,412,013	0.26
FPMC Frisco Realty Partners LP	Real Estate Development	51,683,705	0.26
Estancia Apartment Partners	Apartments	47,843,467	0.24
Total		<u>\$ 712,554,443</u>	<u>3.54 %</u>

		<b>2005</b>	
<b><u>Taxpayer</u></b>	<b><u>Business</u></b>	<b><u>Taxable Value</u></b>	<b><u>Percentage of Total Taxable Value</u></b>
Stonebriar Mall LP	Mall	\$ 201,511,771	2.35 %
Briar Preston Ridge Partners	Shopping Center	115,204,143	1.35
Tollway/121 Partners Ltd.	Land Developer	94,023,038	1.10
Tenet Frisco LTD	Healthcare	44,203,693	0.52
OTR	Real Estate Development	40,816,529	0.48
UDR Texas Properties	Real Estate Development	38,820,600	0.45
Stonebriar Hotel, LLC	Hotel	37,248,080	0.43
Hendry Properties LTD	Real Estate Development	34,808,411	0.41
Ameritron Properties	Real Estate Development	33,478,300	0.39
Oncor Electric	Utility	32,838,615	0.38
		<u>\$ 672,953,180</u>	<u>7.86 %</u>

Source: Frisco ISD Official Statements (Bond Information)

**EXHIBIT S-9**

**FRISCO INDEPENDENT SCHOOL DISTRICT  
PROPERTY TAX LEVIES AND COLLECTIONS  
LAST TEN FISCAL YEARS  
(Unaudited)**

<b>Fiscal Year</b>	<b>Taxes Levied for Fiscal Year *</b>	<b>Collected Within the Fiscal Year of the Levy</b>		<b>Collections in Subsequent Years</b>	<b>Current Fiscal Year (2014) Adjusted Levy for For Tax Year **</b>	<b>Total Collections to Date</b>	
		<b>Amount</b>	<b>Percentage of Levy</b>			<b>Amount ***</b>	<b>Percentage of Levy</b>
2005	\$ 132,343,677	\$ 132,223,728	99.91%	\$ 1,388,838	\$ 132,431,582	\$ 133,612,566	100.00%
2006	164,518,171	162,759,840	98.93%	1,841,854	164,701,307	164,601,694	99.94%
2007	193,268,272	190,616,176	98.63%	3,942,699	194,376,664	194,558,875	100.00%
2008	188,873,783	186,511,500	98.75%	3,382,384	188,742,540	189,893,884	100.00%
2009	226,592,154	222,910,277	98.38%	3,508,751	226,699,567	226,419,028	99.88%
2010	236,338,412	232,171,603	98.24%	3,941,224	236,478,153	236,112,827	99.85%
2011	233,360,846	230,656,112	98.84%	2,221,526	233,261,863	232,877,638	99.84%
2012	246,595,889	244,576,313	99.18%	2,775,373	247,743,962	247,351,686	99.84%
2013	271,222,819	269,428,955	99.34%	1,871,402	271,851,689	271,300,357	99.80%
2014	292,572,378	289,972,452	99.10%	-	296,590,556	289,972,452	97.77%

\* Includes adjustments to levy made during current year assignment.

\*\* Includes all adjustments to tax levy made during subsequent years.

\*\*\* Includes taxes collected for listed fiscal year plus penalties and interest.

## **DEBT CAPACITY**



**FRISCO INDEPENDENT SCHOOL DISTRICT  
DEMOGRAPHIC AND ECONOMIC STATISTICS (DEBT)  
LAST TEN FISCAL YEARS  
(Unaudited)**

<b>Fiscal Year</b>	<b>Population</b>	<b>Personal Income</b>	<b>Bonded Debt</b>	<b>Bonded Debt to Personal Income</b>	<b>Bonded Debt per Capita</b>
2005	80,550	\$ 3,075,540,000	\$ 621,028,630	20.19%	\$ 7,710
2006	92,737	4,701,663,590	665,085,287	14.15%	7,172
2007	106,768	4,744,026,430	802,862,979	16.92%	7,520
2008	122,922	5,266,857,570	992,862,679	18.85%	8,077
2009	141,521	5,828,009,200	1,163,469,342	19.96%	8,221
2010	162,932	5,736,497,260	1,178,615,745	20.55%	7,234
2011	167,332	6,277,062,090	1,265,634,232	20.16%	7,564
2012	173,002	7,054,209,240	1,310,323,851	18.58%	7,574
2013	186,743	7,941,628,760	1,353,110,843	17.04%	7,246
2014	195,558	8,423,152,562	1,679,166,027	19.94%	8,587

Sources: U.S. Census Bureau, American Community Survey Data, Texas Workforce Commission, Frisco ISD Official Statements (Bond Information)

## EXHIBIT S-11

**FRISCO INDEPENDENT SCHOOL DISTRICT**  
**ESTIMATED OVERLAPPING DEBT STATEMENT**  
(Unaudited)

<u>Taxing Body</u>	<u>Amount</u>	<u>Percentage Overlapping</u>	<u>Amount Overlapping</u>
Collin County	\$ 366,185,000	17.49 %	\$ 64,045,757
Collin County CCD	37,460,000	17.49	6,551,754
Denton County	591,585,000	9.11	53,893,394
Denton County FWSD # 8-C	18,735,000	100.00	18,735,000
City of Frisco	243,817,726	91.39	222,825,020
City of Hackberry	65,000	100.00	65,000
Town of Little Elm	33,881,986	29.51	9,998,574
City of McKinney	216,310,000	15.72	34,003,932
City of Plano	324,668,487	9.61	31,200,642
Subtotal, overlapping debt			441,319,071
<b>District gross bonded debt</b>			<u>1,679,166,027</u>
<b>Total direct and overlapping debt</b>			<u><u>\$ 2,120,485,098</u></u>
Ratio of Net Direct and Overlapping Debt to Net Taxable Valuation			10.07%
Per Capita Direct and Overlapping Debt			\$ 8,789

Sources: Municipal Advisory Council of Texas

The method of determining the percentage overlapping was not disclosed to the District.

**EXHIBIT S-12**

**FRISCO INDEPENDENT SCHOOL DISTRICT**  
**RATIO OF BONDED DEBT TO TAXABLE ASSESSED VALUATION AND NET BONDED**  
**DEBT PER CAPITA**  
**LAST TEN FISCAL YEARS**  
(Unaudited)

<b>Fiscal Year</b>	<b>Taxable Assessed Value</b>	<b>Bonded Debt Outstanding at Year End</b>	<b>Ratio Bonded Debt to Taxable Assessed Valuation</b>	<b>Estimated Population</b>	<b>Taxable Assessed Valuation Per Capita</b>	<b>Bonded Debt per Capita</b>
2005	\$ 8,565,309,234	\$ 621,028,630	7.25%	80,550	\$ 106,335	\$ 7,710
2006	10,156,598,457	665,085,284	6.55%	92,737	109,520	7,172
2007	12,291,132,177	802,862,979	6.53%	106,768	115,120	7,520
2008	14,921,727,758	992,862,979	6.65%	122,922	121,392	8,077
2009	16,633,310,020	1,163,469,342	6.99%	141,521	117,532	8,221
2010	17,179,508,143	1,178,615,748	6.86%	162,932	105,440	7,234
2011	16,875,840,490	1,265,634,232	7.50%	167,332	100,852	7,564
2012	17,504,186,578	1,310,323,851	7.49%	173,002	101,179	7,574
2013	18,411,180,611	1,353,110,843	7.35%	186,743	98,591	7,246
2014	20,072,774,219	1,679,166,027	8.37%	195,558	102,644	8,587

Source: Frisco ISD Official Statement bond marketing information.

## **DEMOGRAPHIC INFORMATION**

**FRISCO INDEPENDENT SCHOOL DISTRICT  
DEMOGRAPHIC AND ECONOMIC STATISTICS  
LAST TEN FISCAL YEARS  
(Unaudited)**

<b>Fiscal Year</b>	<b>Population</b>	<b>Personal Income</b>	<b>Per Capita Personal Income</b>	<b>Unemployment Rate</b>
2005	80,550	\$ 3,075,540,000	\$ 38,182	4.30
2006	92,737	4,701,663,590	50,699	4.00
2007	106,768	4,744,026,430	44,433	3.70
2008	122,922	5,266,857,570	42,847	4.10
2009	141,521	5,828,009,200	41,181	5.90
2010	162,932	5,736,497,260	35,208	6.80
2011	167,332	6,277,062,090	37,513	6.30
2012	173,002	7,054,209,240	40,775	5.40
2013	186,743	7,941,628,760	42,527	5.00
2014	195,558	8,423,152,562	43,072	5.40

Sources: U.S. Census Bureau, American Community Survey Data, Texas Workforce Commission

**EXHIBIT S-14**

**FRISCO INDEPENDENT SCHOOL DISTRICT  
PRINCIPAL EMPLOYERS  
CURRENT YEAR AND NINE YEARS AGO  
(Unaudited)**

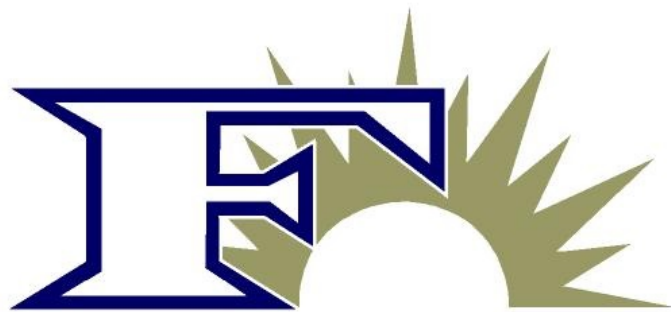
Employer	2014			Employer	2005		
	Approximate Number of Employees	Percentage of Total Estimated Employees	Rank		Approximate Number of Employees	Percentage of Total Estimated Employees	Rank
Frisco Independent School District	5,499	11.41%	1	Stonebriar Centre	2,500	11.80%	1
T-Mobile	1,500	3.42%	2	Frisco Independent School District	1,500	3.80%	2
City of Frisco	1,102	2.51%	3	Centre at Preston Ridge	1,500	3.80%	3
Mario Sinacola and Sons Excavating	603	1.38%	4	Rodman Companies	780	1.98%	4
CCCD Preston Ridge Campus	550	1.25%	5	City of Frisco	455	1.15%	5
Amerisource Bergens Specialty Group	500	1.14%	6	Mario Sinacola and Sons	380	0.96%	6
CLA USA Inc.	450	1.03%	7	Tenet Healthcare Corporation	340	0.86%	7
IKEA Frisco	400	0.92%	8	Fijitsu Transaction Solutions	300	0.76%	8
Tenet Texas RBO	300	0.68%	9	Option One Mortgage Co.	250	0.63%	9
Market Street	300	0.68%	10	EADS Telecom	250	0.63%	10
Total	<u>11,204</u>			Total	<u>8,255</u>		

Sources:

Frisco ISD, Municipal Advisory Council of Texas and Frisco Economic Development Corp.

Sources:

Oncor Economic Development Department 2005 Community Profile, Frisco ISD



**FRISCO INDEPENDENT SCHOOL DISTRICT**

## **OPERATING INFORMATION**



**EXHIBIT S-15**

**FRISCO INDEPENDENT SCHOOL DISTRICT  
FTE COUNTS OF DISTRICT EMPLOYEES BY IDENTIFIABLE ACTIVITIES  
FISCAL YEAR ENDED JUNE 30, 2014  
(Unaudited)**

	<u>FTE Count</u>	<u>Average Base Pay</u>
<b>Teaching Staff</b>		
Pre-Kindergarten	3.00	\$ 55,774
Kindergarten	239.53	50,155
Elementary (Grades 1-6)	1061.91	51,155
Middle School (Grades 6-8)	557.05	50,700
High School (Grades 9-12)	707.48	51,658
Secondary (Grades 7-12)	86.20	52,041
All Grade Levels	397.17	52,420
	<b>3052.34</b>	<b>\$ 51,986</b>
<b>Support Staff</b>		
Athletic Trainer	2.38	\$ 51,681
Counselor	92.09	65,107
Educational Diagnostician	34.60	67,655
Librarian	47.35	57,132
LSSP/Psychologist	14.00	60,855
Therapist	19.12	56,089
Other Campus Professionals	55.38	5,226
Other Non-Instructional	97.79	69,396
School Nurse	55.58	51,122
Social Workers	1.00	69,110
Speech Therapist/Pathologist	26.16	49,734
Teacher Facilitator	48.85	52,678
Tuant Officer/Visitn Teacher	3.00	68,472
	<b>497.30</b>	<b>\$ 55,712</b>
<b>Administrative Staff</b>		
Assistant Principal	92.89	\$ 71,518
Asst./Deputy Superintendent	5.00	152,854
Athletic Director	2.00	109,334
Business Manager	1.00	128,608
Director of Personnel/Human Resources	2.00	99,368
District Instructional Program Director	26.50	93,077
Principal	56.00	89,811
Superintendent	1.00	265,000
Teacher Supervisor	7.00	83,637
	<b>193.39</b>	<b>\$ 84,286</b>
<b>Paraprofessional Staff/Auxillary</b>		
Educational Aide	447.29	\$ 23,939
Auxillary	1218.58	25,453
	<b>1665.87</b>	<b>\$ 24,696</b>
<b>Total</b>	<b>5408.90</b>	<b>\$ 216,680</b>

Source: Public Education Information Management System (TEA)

**FRISCO INDEPENDENT SCHOOL DISTRICT  
EXPENDITURES, ENROLLMENT, AND PER PUPIL COSTS  
LAST TEN FISCAL YEARS  
(Unaudited)**

<b>Fiscal Year</b>	<b>Operating Expenditures</b>	<b>Enrollment</b>	<b>Cost Per Pupil</b>	<b>Student Teacher Ratio</b>	<b>Percentage of Students Receiving Free or Reduced-Price Meals</b>
2005	\$ 131,918,654	16,121	8,183	14.4	10.4 %
2006	157,934,969	19,765	7,991	14.7	11.4 %
2007	181,481,984	23,649	7,674	14.0	10.9 %
2008 *	197,743,632	27,256	7,255	13.8	10.6 %
2009	253,901,503	30,584	8,302	13.6	11.5 %
2010	266,562,107	33,757	7,896	13.5	12.8 %
2011	284,358,042	37,043	7,676	14.0	12.4 %
2012	282,133,403	39,903	7,070	15.0	12.3 %
2013	322,642,543	42,707	7,555	15.1	12.0 %
2014	339,703,335	46,053	7,376	15.1	11.3 %

Source: Frisco ISD Audited Financial Statements, TEA

\* Fiscal Year 2008 represents 10 months of financial information due to change on fiscal year end to June 30 from August 31

**FRISCO INDEPENDENT SCHOOL DISTRICT  
SCHOOL BUILDING INFORMATION (HIGH SCHOOLS)  
LAST TEN FISCAL YEARS  
(Unaudited)**

			2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
<b>High Schools: (Grades 9-12)</b>												
<b>Frisco High</b>												
Site:	45.1 acres	Square Feet	245,024	245,024	245,024	245,024	245,024	245,024	245,024	289,866	289,866	289,866
Opened:	1995	Enrollment	1,912	2,036	1,670	1,477	1,398	1,442	1,587	1,688	1,810	1,893
<b>Centennial High</b>												
Site:	76.48 acres	Square Feet	288,561	288,561	288,561	288,561	288,561	288,561	335,346	335,346	335,346	335,346
Opened:	2000	Enrollment	1,367	2,061	1,714	1,626	1,477	1,618	1,800	1,904	2,010	2,156
<b>Wakeland High</b>												
Site:	71.39 acres	Square Feet	NA	NA	302,645	302,645	302,645	302,645	302,645	339,716	339,716	339,716
Opened:	2006	Enrollment	NA	NA	854	1,459	1,857	2,056	1,727	1,639	1,868	1,993
<b>Liberty High</b>												
Site:	63.33 acres	Square Feet	NA	NA	306,179	306,179	306,179	306,179	306,179	344,261	344,261	344,261
Opened:	2007	Enrollment	NA	NA	677	1,223	1,795	1,641	1,739	1,772	2,009	2,203
<b>Heritage High</b>												
Site:	46.81 acres	Square Feet	NA	NA	NA	NA	NA	355,695	355,695	355,695	355,695	355,695
Opened:	2009	Enrollment	NA	NA	NA	NA	NA	634	1,043	1,541	1,753	1,951
<b>Lone Star High</b>												
Site:	56.32 acres	Square Feet	NA	NA	NA	NA	NA	NA	354,722	354,722	354,722	354,722
Opened:	2010	Enrollment	NA	NA	NA	NA	NA	NA	523	823	963	1,245

Source: Frisco ISD real property inventory and demographic records.

**FRISCO INDEPENDENT SCHOOL DISTRICT**  
**SCHOOL BUILDING INFORMATION (MIDDLE SCHOOLS)**  
**LAST TEN FISCAL YEARS**  
(Unaudited)

			2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
<b>Middle Schools: (Grades 6 thru 8)</b>												
<b>Staley</b>												
Site:	74.87 acres	Square Feet	128,330	128,330	128,330	128,330	128,330	128,330	128,330	128,330	128,330	128,330
Opened:	1987	Enrollment	658	701	726	669	626	610	606	643	675	717
<b>Clark</b>												
Site:	36.69 acres	Square Feet	147,926	147,926	147,926	147,926	147,926	147,926	147,926	147,926	147,926	147,926
Opened:	2000	Enrollment	756	872	937	563	658	776	800	826	865	864
<b>Pioneer</b>												
Site:	39.99 acres	Square Feet	135,803	135,803	135,803	135,803	135,803	135,803	135,803	135,803	135,803	135,803
Opened:	2000	Enrollment	758	600	664	826	919	1,012	609	701	762	897
<b>Wester</b>												
Site:	20.35 acres	Square Feet	135,803	135,803	135,803	135,803	135,803	135,803	135,803	135,803	135,803	135,803
Opened:	2002	Enrollment	992	782	842	802	801	766	809	829	879	902
<b>Griffin</b>												
Site:	31.43 acres	Square Feet	138,428	138,428	138,428	138,428	138,428	138,428	138,428	138,428	138,428	138,428
Opened:	2004	Enrollment	291	651	938	1,132	854	977	526	598	672	705
<b>Roach</b>												
Site:	20.21 acres	Square Feet	NA	138,651	138,651	138,651	138,651	138,651	138,651	138,651	138,651	138,651
Opened:	2005	Enrollment	NA	558	848	1,118	799	902	619	691	784	865
<b>Fowler</b>												
Site:	20.47 acres	Square Feet	NA	NA	NA	138,650	138,650	138,650	138,650	138,650	138,650	138,650
Opened:	2006	Enrollment	NA	NA	NA	713	851	971	1,076	1,172	859	890
<b>Scoggins</b>												
Site:	21.47 acres	Square Feet	NA	NA	NA	NA	142,108	142,108	142,108	142,108	142,108	142,108
Opened:	2008	Enrollment	NA	NA	NA	NA	550	711	820	853	586	683
<b>Stafford</b>												
Site:	21.40 acres	Square Feet	NA	NA	NA	NA	142,108	142,108	142,108	142,108	142,108	142,108
Opened:	2008	Enrollment	NA	NA	NA	NA	620	678	689	793	928	1,029
<b>Cobb</b>												
Site:	21.65 acres	Square Feet	NA	NA	NA	NA	NA	NA	143,160	143,160	143,160	143,160
Opened:	2010	Enrollment	NA	NA	NA	NA	NA	NA	643	756	817	911
<b>Maus</b>												
Site:	25.00 acres	Square Feet	NA	NA	NA	NA	NA	NA	143,160	143,160	143,160	143,160
Opened:	2010	Enrollment	NA	NA	NA	NA	NA	NA	491	604	723	831
<b>Hunt</b>												
Site:	32.44 acres	Square Feet	NA	NA	NA	NA	NA	NA	143,160	143,160	143,160	143,160
Opened:	2010	Enrollment	NA	NA	NA	NA	NA	NA	573	625	698	738
<b>Vandeventer</b>												
Site:	acres	Square Feet	NA	NA	NA	NA	NA	NA	NA	NA	143,160	143,160
Opened:	2012	Enrollment	NA	NA	NA	NA	NA	NA	NA	NA	782	891

Source: Frisco ISD real proper inventory and demographic records.

**EXHIBIT S-19**

**FRISCO INDEPENDENT SCHOOL DISTRICT  
SCHOOL BUILDING INFORMATION (ELEMENTARY SCHOOLS)  
LAST TEN FISCAL YEARS  
(Unaudited)**

Elementary Schools: (Grades K-5)			2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
<b>Rogers</b>												
Site:	9.81 acres	Square Feet	64,586	64,586	64,586	64,586	64,586	64,586	64,586	64,586	64,586	64,586
Opened:	1987	Enrollment	679	627	651	635	654	665	673	662	622	610
<b>Curtsinger</b>												
Site:	15.22 acres	Square Feet	76,762	76,762	76,762	76,762	76,762	76,762	76,762	76,762	76,762	76,762
Opened:	1995	Enrollment	779	759	751	729	707	691	672	642	660	813
<b>Smith</b>												
Site:	Shared	Square Feet	73,922	73,922	73,922	73,922	73,922	73,922	73,922	73,922	73,922	73,922
Opened:	1997	Enrollment	721	741	448	792	801	811	778	721	694	646
<b>Anderson</b>												
Site:	7.99 acres	Square Feet	74,010	74,010	74,010	74,010	74,010	74,010	74,010	74,010	74,010	74,010
Opened:	1999	Enrollment	719	826	613	635	619	654	651	717	688	656
<b>Christie</b>												
Site:	8.83 acres	Square Feet	74,010	74,010	74,010	74,010	74,010	74,010	74,010	74,010	74,010	74,010
Opened:	1999	Enrollment	614	652	659	720	667	702	735	730	700	707
<b>Shawnee</b>												
Site:	9.51 acres	Square Feet	74,977	74,977	74,977	74,977	74,977	74,977	74,977	74,977	74,977	74,977
Opened:	2000	Enrollment	666	692	772	564	573	609	681	655	614	639
<b>Borchardt</b>												
Site:	8.31 acres	Square Feet	71,806	71,806	71,806	71,806	71,806	71,806	71,806	71,806	71,806	71,806
Opened:	2001	Enrollment	549	583	551	580	668	660	637	633	662	725
<b>Bright</b>												
Site:	10.36 acres	Square Feet	74,591	74,591	74,591	74,591	74,591	74,591	74,591	74,591	74,591	74,591
Opened:	2001	Enrollment	472	516	551	540	548	509	549	535	536	541
<b>Fisher</b>												
Site:	10.00 acres	Square Feet	73,327	73,327	73,327	73,327	73,327	73,327	73,327	73,327	73,327	73,327
Opened:	2001	Enrollment	736	639	578	613	661	711	704	708	658	660
<b>Sparks</b>												
Site:	8.00 acres	Square Feet	72,399	72,399	72,399	72,399	72,399	72,399	72,399	72,399	72,399	72,399
Opened:	2002	Enrollment	736	639	578	613	661	711	704	708	658	689
<b>Spears</b>												
Site:	9.76 acres	Square Feet	71,755	71,755	71,755	71,755	71,755	71,755	71,755	71,755	71,755	71,755
Opened:	2002	Enrollment	589	953	646	706	770	636	708	732	716	741
<b>Gunstream</b>												
Site:	8.67 acres	Square Feet	71,755	71,755	71,755	71,755	71,755	71,755	71,755	71,755	71,755	71,755
Opened:	2002	Enrollment	597	501	502	644	680	687	710	695	705	709
<b>Riddle</b>												
Site:	9.38 acres	Square Feet	73,572	73,572	73,572	73,572	73,572	73,572	73,572	73,572	73,572	73,572
Opened:	2003	Enrollment	381	462	539	588	636	656	743	814	756	772
<b>Boals</b>												
Site:	8.08 acres	Square Feet	75,736	75,736	75,736	75,736	75,736	75,736	75,736	75,736	75,736	75,736
Opened:	2003	Enrollment	570	848	849	651	731	736	784	810	643	679
<b>Isbell</b>												
Site:	12.00 acres	Square Feet	75,904	75,904	75,904	75,904	75,904	75,904	75,904	75,904	75,904	75,904
Opened:	2004	Enrollment	580	671	630	670	709	740	764	782	765	737
<b>Pink</b>												
Site:	Shared	Square Feet	NA	75,326	75,326	75,326	75,326	75,326	75,326	75,326	75,326	75,326
Opened:	2005	Enrollment	NA	526	756	576	689	806	635	735	710	719
<b>Ashley</b>												
Site:	9.15 acres	Square Feet	NA	75,904	75,904	75,904	75,904	75,904	75,904	75,904	75,904	75,904
Opened:	2005	Enrollment	NA	860	753	601	631	763	570	687	754	850
<b>Bledsoe</b>												
Site:	8.00 acres	Square Feet	NA	75,326	75,326	75,326	75,326	75,326	75,326	75,326	75,326	75,326
Opened:	2005	Enrollment	NA	437	585	685	791	606	721	789	705	845

**EXHIBIT S-19 (Con't)**

**FRISCO INDEPENDENT SCHOOL DISTRICT  
SCHOOL BUILDING INFORMATION (ELEMENTARY SCHOOLS)  
LAST TEN FISCAL YEARS  
(Unaudited)**

<b>Elementary Schools: (Grades K-5)</b>			<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>
<b>Taylor</b>												
Site:	10.70 acres	Square Feet	NA	NA	75,904	75,904	75,904	75,904	75,904	75,904	75,904	75,904
Opened:	2006	Enrollment	NA	NA	371	492	543	554	565	561	615	674
<b>Corbell</b>												
Site:	9.00 acres	Square Feet	NA	NA	75,904	75,904	75,904	75,904	75,904	75,904	75,904	75,904
Opened:	2006	Enrollment	NA	NA	568	661	712	775	589	616	608	675
<b>Ogle</b>												
Site:	10.00 acres	Square Feet	NA	NA	75,904	75,904	75,904	75,904	75,904	75,904	75,904	75,904
Opened:	2006	Enrollment	NA	NA	611	782	519	554	607	643	604	684
<b>Sem</b>												
Site:	acres	Square Feet	NA	NA	75,904	75,904	75,904	75,904	75,904	75,904	75,904	75,904
Opened:	2006	Enrollment	NA	NA	503	687	470	426	464	517	514	679
<b>Carroll</b>												
Site:	12.03 acres	Square Feet	NA	NA	NA	75,902	75,902	75,902	75,902	75,902	75,902	75,902
Opened:	2007	Enrollment	NA	NA	NA	416	543	629	704	730	713	729
<b>Mooneyham</b>												
Site:	10.55 acres	Square Feet	NA	NA	NA	75,902	75,902	75,902	75,902	75,902	75,902	75,902
Opened:	2007	Enrollment	NA	NA	NA	526	668	712	627	735	792	810
<b>Robertson</b>												
Site:	7.69 acres	Square Feet	NA	NA	NA	75,902	75,902	75,902	75,902	75,902	75,902	75,902
Opened:	2007	Enrollment	NA	NA	NA	563	726	795	721	854	736	810
<b>Elliott</b>												
Site:	9.12 acres	Square Feet	NA	NA	NA	NA	75,902	75,902	75,902	75,902	75,902	75,902
Opened:	2008	Enrollment	NA	NA	NA	NA	579	682	780	829	506	553
<b>Tadlock</b>												
Site:	8.18 acres	Square Feet	NA	NA	NA	NA	77,184	77,184	77,184	77,184	77,184	77,184
Opened:	2008	Enrollment	NA	NA	NA	NA	430	462	533	617	685	783
<b>Allen</b>												
Site:	9.78 acres	Square Feet	NA	NA	NA	NA	NA	83,960	83,960	83,960	83,960	83,960
Opened:	2009	Enrollment	NA	NA	NA	NA	NA	617	683	748	614	654
<b>Purefoy</b>												
Site:	8.75 acres	Square Feet	NA	NA	NA	NA	NA	NA	79,844	79,844	79,844	79,844
Opened:	2010	Enrollment	NA	NA	NA	NA	NA	NA	625	683	713	703
<b>Sonntag</b>												
Site:	9.38 acres	Square Feet	NA	NA	NA	NA	NA	NA	77,184	77,184	77,184	77,184
Opened:	2010	Enrollment	NA	NA	NA	NA	NA	NA	511	586	668	814
<b>Comstock</b>												
Site:	15.09 acres	Square Feet	NA	NA	NA	NA	NA	NA	NA	NA	79,844	79,844
Opened:	2012	Enrollment	NA	NA	NA	NA	NA	NA	NA	NA	442	533
<b>Nichols</b>												
Site:	10.95 acres	Square Feet	NA	NA	NA	NA	NA	NA	NA	NA	83,332	83,332
Opened:	2012	Enrollment	NA	NA	NA	NA	NA	NA	NA	NA	619	717
<b>Phillips</b>												
Site:	12.52 acres	Square Feet	NA	NA	NA	NA	NA	NA	NA	NA	79,844	79,844
Opened:	2012	Enrollment	NA	NA	NA	NA	NA	NA	NA	NA	570	804

Source: Frisco ISD real propert inventory and demographic records.



**FRISCO INDEPENDENT SCHOOL DISTRICT**

## **FEDERAL AWARDS SECTION**





**FRISCO INDEPENDENT SCHOOL DISTRICT**

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

Board of Trustees  
Frisco Independent School District  
5515 Ohio Drive  
Frisco, Texas 75035

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Frisco Independent School District (the District), as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated November 4, 2014.

**Internal Control over Financial Reporting**

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

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

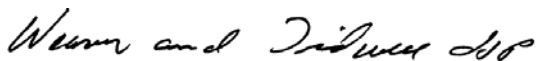
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not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

### **Compliance and Other Matters**

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

### **Purpose of this Report**

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

A handwritten signature in cursive script, reading "Weaver and Tidwell LLP".

WEAVER AND TIDWELL, L.L.P.

Dallas, Texas  
November 4, 2014

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR  
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE  
REQUIRED BY OMB CIRCULAR A-133**

Board of Trustees  
Frisco Independent School District  
5515 Ohio Drive  
Frisco, Texas 75035

**Report on Compliance for Each Major Federal Program**

We have audited Frisco Independent School District's (the District) compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2014. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of the District's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the District's compliance.

***Opinion on Each Major Federal Program***

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2014.

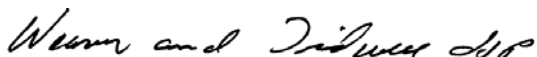
## Report on Internal Control over Compliance

Management of the District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.



WEAVER AND TIDWELL, L.L.P.

Dallas, Texas  
November 4, 2014

## EXHIBIT K-1

**FRISCO INDEPENDENT SCHOOL DISTRICT  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
YEAR ENDED JUNE 30, 2014**

FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM OR CLUSTER TITLE	FEDERAL CFDA NUMBER	PASS-THROUGH ENTITY IDENTIFYING NUMBER	FEDERAL EXPENDITURES
<b>U.S. DEPARTMENT OF EDUCATION</b>			
<u>Passed Through Region X ESC</u>			
ESEA Title I Part A - Improving Basic Programs	84.010A	14610101057950	\$ 1,041,541
Title III Part A - English Language Acquisition	84.365A	14671001057950	384,180
ESEA Title II Part A - Teacher/Principal Training	84.367A	14694501057950	130,807
Total Passed Through Region X ESC			1,556,528
<u>Passed Through State Department of Education</u>			
IDEA - Part B, Formula	84.027	14660001043905	4,688,905
IDEA - Part B, Discretionary	84.027	13660002043905	70,926
IDEA - Part B, Discretionary	84.027	14660012043905	34,941
IDEA - Part B, High Cost Risk	84.027	14660006043905	60,374
IDEA - Part B, Preschool	84.173	14661001043905	39,365
Total Special Education Cluster			4,894,511
Career and Technical - Basic Grant	84.048	14420006043905	213,871
Summer School - LEP	84.369A	14955050243905	12,244
Total Passed Through State Department of Education			5,120,626
<b>TOTAL U.S. DEPARTMENT OF EDUCATION</b>			6,677,154
<b>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>			
<u>Passed Through State Department of Education</u>			
Head Start	93.600	06CH7092	85,011
Total Passed Through State Department of Education			85,011
<u>Passed Through State Health and Human Services Commission</u>			
Medicaid Administrative Claiming	93.778		9,253
Total Passed Through State Health and Human Services Commission			9,253
<b>TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>			94,264
<b>U.S. DEPARTMENT OF AGRICULTURE</b>			
<u>Passed Through Texas Department of Human Services</u>			
*Donated Commodities	10.555		779,218
Total Passed Through Texas Department of Human Services			779,218
<u>Passed Through State Department of Agriculture</u>			
*National School Breakfast & Lunch Program	10.555		3,282,792
Total Passed Through State Department of Agriculture			3,282,792
<b>TOTAL U.S. DEPARTMENT OF AGRICULTURE</b>			4,062,010
<b>TOTAL EXPENDITURES OF FEDERAL AWARDS</b>			<b>\$ 10,833,428</b>

\*Child Nutrition Cluster

Note: School Health and Related Services reimbursements of \$589,595 are recorded as federal program revenue in the general fund, but are not considered awards for the purpose of this schedule.

**FRISCO INDEPENDENT SCHOOL DISTRICT  
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
YEAR ENDED JUNE 30, 2014**

1. The District utilizes the fund types specified in the Texas Education Agency Financial Accountability System Resource Guide.

***Special Revenue Funds*** are used to account for resources restricted to specific purposes by a grantor. Federal and state awards generally are accounted for in a Special Revenue Fund. Generally, unused balances are returned to the grantor at the close of specified grant periods.

2. The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. The Governmental Fund types are accounted for using a current financial resources measurement focus. All Federal grant funds were accounted for in a Special Revenue Fund which is a Governmental Fund type. With this measurement focus, only current assets, current liabilities, and fund balance are included on the balance sheet. Operating statements of these funds present increases and decreases in net current assets.

The modified accrual basis of accounting is used for the Governmental Fund types. This basis of accounting recognizes revenues in the accounting period in which they become susceptible to accrual, i.e., both measurable and available, and expenditures in the accounting period in which the fund liability is incurred, if measurable.

Federal grant funds are considered to be earned to the extent of expenditures made under the provisions of the grant, and, accordingly, when such funds are received, they are recorded as unearned revenues until earned.

3. The period of availability for federal grant funds for the purpose of liquidation of outstanding obligations made on or before the ending date of the federal project period extended 30 days beyond the federal project period ending date, in accordance with provisions in Section H, Period of Availability of Federal Funds, Part 3, OMB Circular A-133 Compliance Statement - Provisional 6/97.
4. The District participates in numerous state and federal grant programs, which are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustments by the grantor agencies; therefore, to the extent that the District has not complied with rules and regulations governing the grants, refund of any money received may be required and the collectability of any related receivable at June 30, 2014 may be impaired. In the opinion of the District, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provision has been recorded in the accompanying financial statements for such contingencies.

**FRISCO INDEPENDENT SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED JUNE 30, 2014**

**I. Summary of the Auditor's Results:**

Financial Statements

- a. An unmodified opinion was issued on the financial statements.
- b. Internal control over financial reporting:
- Material weakness(es) identified? \_\_\_\_\_ Yes      X   No
  - Significant deficiency(ies) identified that are not considered a material weakness? \_\_\_\_\_ Yes      X   None reported
- c. Noncompliance material to financial statements noted. \_\_\_\_\_ Yes      X   No

Major Programs

- d. Internal control over major programs:
- Material weakness(es) identified? \_\_\_\_\_ Yes      X   No
  - Significant deficiency(ies) identified that are not considered a material weakness? \_\_\_\_\_ Yes      X   None reported
- e. An unmodified opinion was issued on compliance for major programs.
- f. Any audit findings disclosed that were required to be reported under Section 510(a) of OMB Circular A-133. \_\_\_\_\_ Yes      X   No
- g. Identification of major programs:
- |                         |         |
|-------------------------|---------|
| Child Nutrition Cluster | 10.555  |
| Title III, Part A       | 84.365A |
- h. The dollar threshold used to distinguish between Type A and Type B programs. \$325,003
- i. Auditee qualified as a low-risk auditee.   X   Yes    \_\_\_\_\_ No



**FRISCO INDEPENDENT SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED JUNE 30, 2014**

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

None

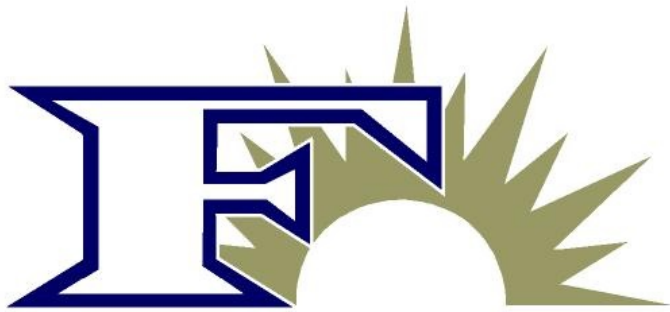
**III. Findings and Questioned Costs for Federal Awards Including Audit Findings as Described in 1.f Above**

None

**FRISCO INDEPENDENT SCHOOL DISTRICT  
SUMMARY OF PRIOR YEAR AUDIT FINDINGS  
YEAR ENDED JUNE 30, 2014**

**IV. Findings Relating to the Financial Statements Which Are Required To Be Reported in  
Accordance with *Generally Accepted Government Auditing Standards*.**

None



**FRISCO INDEPENDENT SCHOOL DISTRICT**