

# Comprehensive Annual Financial Report

for the Year Ended  
June 30, 2016



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**Our mission is to know every  
student by name and need.**

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5515 Ohio Drive | Frisco, Texas 75035 | [www.friscoisd.org](http://www.friscoisd.org)





# **COMPREHENSIVE ANNUAL FINANCIAL REPORT**

**Frisco Independent School District  
5515 Ohio Drive  
Frisco, Texas 75035**

**Fiscal Year Ended  
June 30, 2016**

**Prepared by  
Finance Department**



**FRISCO INDEPENDENT SCHOOL DISTRICT  
COMPREHENSIVE ANNUAL FINANCIAL REPORT  
FOR THE YEAR ENDED JUNE 30, 2016**

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**FRISCO INDEPENDENT SCHOOL DISTRICT  
COMPREHENSIVE ANNUAL FINANCIAL REPORT  
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## **INTRODUCTORY SECTION**

CERTIFICATE OF THE BOARD

Frisco Independent School District  
Name of School District

Collin  
County

043-905  
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, 2016, at a meeting of the Board of Trustees of such school district on the 14 day of November, 2016.

  
Signature of Board President

  
Signature of Board Secretary

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



**CERTIFICATE OF THE BOARD**

Frisco Independent School District  
Name of School District

Collin  
County

043-905  
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, 2016, at a meeting of the Board of Trustees of such school district on the \_\_\_\_\_ day of \_\_\_\_\_, 2016.

\_\_\_\_\_  
Signature of Board President

\_\_\_\_\_  
Signature of Board Secretary

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



5515 Ohio Drive  
Frisco, Texas 75035  
469.633.6000  
[www.friscoisd.org](http://www.friscoisd.org)

November 14, 2016

To the Citizens of the Frisco Independent School District:

The Comprehensive Annual Financial Report (CAFR) of the Frisco Independent School District (“FISD” or the “District”) for the fiscal year ended June 30, 2016, is hereby submitted. Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the District. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner designed to fairly present the financial position and results of operations of the various funds of FISD. All disclosures necessary to enable the reader to gain an understanding of the District’s financial activities have been included. The District discusses its financial position in greater detail in the Management’s Discussion and Analysis (MD&A) in the Financial Section of this report.

State law and District policy require an annual audit by independent certified public accountants. The financial statements for the fiscal year ended June 30, 2016, have been audited by Weaver and Tidwell, L.L.P., a licensed certified public accounting firm, and their report is presented as the first component of the Financial Section of this report.

The independent audit of the financial statements is part of a broader, federally mandated single audit designed to meet the special needs of federal grantor agencies. Information related to the single audit, including the Schedule of Expenditures of Federal Awards, findings and recommendations, and the independent auditor’s reports on internal control, compliance, and other matters are included in the Federal Awards Section of this 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 twelfth grade. The District is located in Collin County, in north central Texas (Dallas/Fort 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 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. The District has grown by 170% in the past decade, from 19,765 students in 2006 to 53,301 students in 2016. The District is projected to have just under 56,000 students by the end of the 2016-2017 school year. A schedule listing the last ten years enrollment can be found in the Statistical Section of this report.

The District now has 40 elementary schools (with 2 more under construction), 16 middle schools (with one more under construction), 9 high schools (with one more under construction) and 3 special program centers. The District employs approximately 6,500 full and part-time employees, including approximately 3,540 teachers.

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 in 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, 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 ISD's mission is to know every student by name and need. As such, the District strives to provide a quality educational experience that is personalized to each student. Curriculum is written in-house by FISD educators to emphasize critical thinking, writing and problem solving. Rigorous lessons set high standards for achievement and challenge all learners.

In addition to core classes in English, mathematics, science and social studies, the District offers a wide variety of electives as diverse as our students themselves. Students choose from courses in broadcast journalism, animal science, aerospace engineering, 3D animation, pharmacology, sports marketing, video game design and art history, just to name a few. FISD strives to provide authentic, real-world learning experiences in which students can explore their interests and get a jumpstart on a future career. Students are encouraged to challenge themselves in a growing number of Advanced Placement (AP) and Pre-AP courses. Additionally, dual-credit opportunities are available through a partnership with Collin College.

Current and emerging technology is integrated into all content areas to extend student learning and keep students engaged in the process. Special programs services are provided in the District on home campuses or through centralized programming. These include Gifted and Talented, Special Education, ESL/Bilingual, Dyslexia, Head Start, Accelerated Reading/Math Instruction, Credit Recovery and GED. The District's Career and Technical Education Center offers more than 30 programs of study for high school students to explore their future, while the Student Opportunity Center provides extra support to help struggling students reach their maximum potential. A free Pre-Kindergarten program is offered at the Early Childhood School for qualifying families.

Frisco ISD continues to raise the bar for student achievement. Test scores continue to improve and are well above state and national averages. The District and all 62 of its rated schools "Met Standard" in applicable indices of the State's accountability system, which is the highest rating available. In addition, 131 different distinction designations were earned by FISD campuses for outstanding academic performance in 2016 based on the 2015-2016 STAAR results. Distinction designations can be earned by campuses for:

- Academic Achievement in Reading/English Language Arts (elementary, middle and high school)
- Academic Achievement in Mathematics (middle and high school, based upon Algebra only)
- Academic Achievement in Science (elementary, middle and high school)
- Academic Achievement in Social Studies (middle and high school)
- Top 25 Percent: Student Progress (elementary, middle and high school)
- Top 25 Percent: Closing Performance Gaps (elementary, middle and high school)
- Postsecondary Readiness (district, elementary, middle and high school)

In addition to outstanding performance on the STAAR, FISD students earn an average ACT score of 24.6 and an average SAT score of 1061. More than 75 percent of seniors take one or more college entrance exams, and approximately 90 percent of graduating seniors plan to continue their education at a college, university, technical school or the military following high school. Each year, graduating classes earn millions of dollars in scholarships to further their education.

## **ECONOMIC CONDITION AND OUTLOOK**

### **Local Economy**

Frisco ISD has experienced dynamic growth as a result of new commercial and housing developments throughout the City of Frisco and neighboring areas. A number of major corporations have recently moved their headquarters into the area. That corporate presence combined with ongoing mixed use developments like the “\$5 Billion Mile” continue to make the communities served by Frisco ISD attractive destinations for homeowners.

Taxable values of properties within the District have increased 113% over the past decade. Values increased approximately 14% from fiscal year 2015 to fiscal year 2016. The District anticipates this rate of growth to continue for the foreseeable future. The District’s largest taxpayer comprises only 0.56% of the taxable value of the District, and the total assessed value for all of the top ten taxpayers comprises only 3.22% of the District’s taxable value. As such, the loss of a single taxpayer would not have a significant effect on the District’s ability to provide educational services or impact its ability to meet future financial obligations.

### **Capital Projects**

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 allows the District access to the City’s multi-use facility that currently serves as the Dallas Cowboy’s World Headquarters. Joint ventures such as this are paid for by tax revenue collected from a Tax Increment Reinvestment Zone comprised of commercial and multi-family residential property that was established in 1997.

In 2014, the FISD community supported and passed a bond authorization package of \$775 million to meet the capital needs associated with the District’s rapid enrollment growth. The bond package was designed to provide educational facilities for up to 66,000 students. The package was developed by a committee of 27 parents and community members who met for several months to review FISD facilities and capacities, historical growth and projections, economic indicators and growth plans of the city, along with cost estimates and financial implications. Ultimately, the group proposed a program to provide funding for 14 new schools, including eight elementary schools, three middle schools and three high schools, as well as school additions, renovations to support facilities, land purchases and instructional and student support needs. While the original plans for these funds may be revised over time, the overall objective has not changed; and this committee continues to meet regularly to provide feedback regarding the appropriate use of bond funds.

### **Long-Term Financial Planning**

Frisco ISD uses a number of financial management strategies, including multi-year financial planning, periodic analysis of peer district comparative financial data, and regular discussion with the Frisco Instructional Support Team and Board of Trustees throughout the year regarding budgetary decisions. FISD has been effective in anticipating, planning, and implementing strategies that permit it to work within the constraints of available revenues but not reduce the overall quality of its educational programs.

Projecting student enrollment growth and dealing with the limitations of the State's school funding system are two major factors affecting the District's long-term financial plans. Student enrollment continues to increase by 6-10% each year. We've added an average of 3,200 new students annually for the past 5 years, and we expect to see continued growth, although at a somewhat slower pace. District management and external demographers predict an increase of 2,200 to 2,500 new students each year for the next 3-5 years.

Although the District receives additional funding from the State for each new student enrolled, the methodology of the State's funding mechanism presents some significant challenges. Since the 1970's the State of Texas has been involved with lawsuits challenging the system of financing public schools, which has ultimately led to the funding formula that is currently in place. A ruling by the Texas Supreme Court in the most recent lawsuit regarding school funding found in favor of the constitutionality of the funding formula, although it agreed that the mechanism has "immense room for improvement." Public education recognized funding cuts of approximately \$5.4 billion over the 2011 biennium due to unprecedented budget deficits at the State level, and only a portion of that loss has since been restored. Frisco ISD has absorbed over \$100 million in lost revenue over the past 5 years due to cuts that took place in 2011. The District continues to monitor Texas Education Agency guidelines and interpretations of the Texas school finance law but can make no representation or prediction regarding legislation that may be enacted or its effect on the District or State's school finance system.

In an attempt to restore some of what was lost from the State and continue to fund the costs associated with rapid enrollment growth, the District held a tax ratification election in August 2016 to increase the maintenance and operations tax rate from \$1.04 to \$1.17 per \$100 valuation. The rate change failed voter ratification by 58% of the vote. Therefore, in an effort to meet current and potential future challenges, the District has begun a priorities-based budgeting process to realign spending with available revenues while maintaining the quality of education programs and continuing to meet the community's expectations.

## **INTERNAL CONTROL**

The Board and administration of Fisd are responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the District are protected from loss, theft or misuse and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with accounting principles generally accepted in the United States. The internal control structure is designed to provide reasonable, but not absolute assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management. District management monitors the internal control system to determine its effectiveness and makes appropriate revisions when necessary.

## **Budgetary Controls**

The District has established and maintains a system of budgetary controls. The objective of these controls is to ensure compliance with legal provisions embodied in the annual appropriated (official) budget as adopted by the Board of Trustees. District management is responsible for developing the budget, within the established control system, and presenting the budget to the Board for final adoption. The official budget represents the allocation of resources in the General Fund, Child Nutrition Fund, and Debt Service Fund. The level of budgetary control (i.e. the level at which expenditures cannot legally exceed the appropriated amount) is at the fund-function level as required by the Texas Education Agency. In addition, lower level organizational units' expenditures are controlled at varying combinations of the account code structure. Oversight control of all Fisd expenditures is maintained by the District's Finance Department staff.

The District also utilizes an encumbrance accounting system to maintain budgetary control through a transactions' life cycle. At the end of a fiscal year, outstanding encumbrances, subject to review and approval, are rolled forward into the subsequent fiscal period, with the subsequent budget amended accordingly.

The District believes that these methods of control provide the optimum level of oversight and flexibility to meet its budgetary needs.

## **AWARDS**

The Association of School Business Officials International (ASBO) awarded a Certificate of Excellence in Financial Reporting, and the Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to FISD for its comprehensive annual financial report for the fiscal year ended June 30, 2015. The ASBO award is granted only after an intensive review of financial reports by an expert panel of certified public accountants and practicing school business officials. The GFOA award is considered 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. Both certificates are valid for a period of one year only. Management believes that this CAFR for the year ended June 30, 2016, which will be submitted for review to both associations, continues to meet the criteria of both ASBO and GFOA's certificate programs.

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.

The Texas Comptroller of Public Accounts developed the Texas Comptroller Leadership Circle program in December 2009 to recognize local governments across Texas that strive to meet a high standard of financial transparency online. FISD was one of the first school districts in the state to receive the Platinum Circle Award, which was the highest award available under the Leadership Circle program. The District maintained that award through the 2016 fiscal year.

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 Purchasing Department. This department includes activities related to procuring supplies and materials, equipment, and services for the operations of the District. 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.

## ACKNOWLEDGMENTS

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 acknowledgments, we respectfully submit this report for your review.



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Dr. Jeremy Lyon, Superintendent



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Dr. Todd Fouche, Deputy Superintendent of  
Business Services



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Kimberly Pickens, Chief Financial Officer

**FRISCO INDEPENDENT SCHOOL DISTRICT  
COMPREHENSIVE ANNUAL FINANCIAL REPORT  
YEAR ENDED JUNE 30, 2016**

**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	5 years	Community and school volunteer
Bryan Dodson, Vice President	2018	3 years	Vice President of Sales, JP Morgan Chase
Debbie Gillespie, Secretary	2017	5 years	Community and school volunteer
Steven Noskin	2019	New	President, Vitrituf-Hanover Specialties Inc.
Chad Rudy	2019	1 year	Certified Financial Planner™, Retirement Investment Advisors, Inc.
John Classe	2018	2 years	Certified Financial Planner™, Bell Financial Group
John Hoxie	2018	7 years	IT Finance

**APPOINTED OFFICIALS**

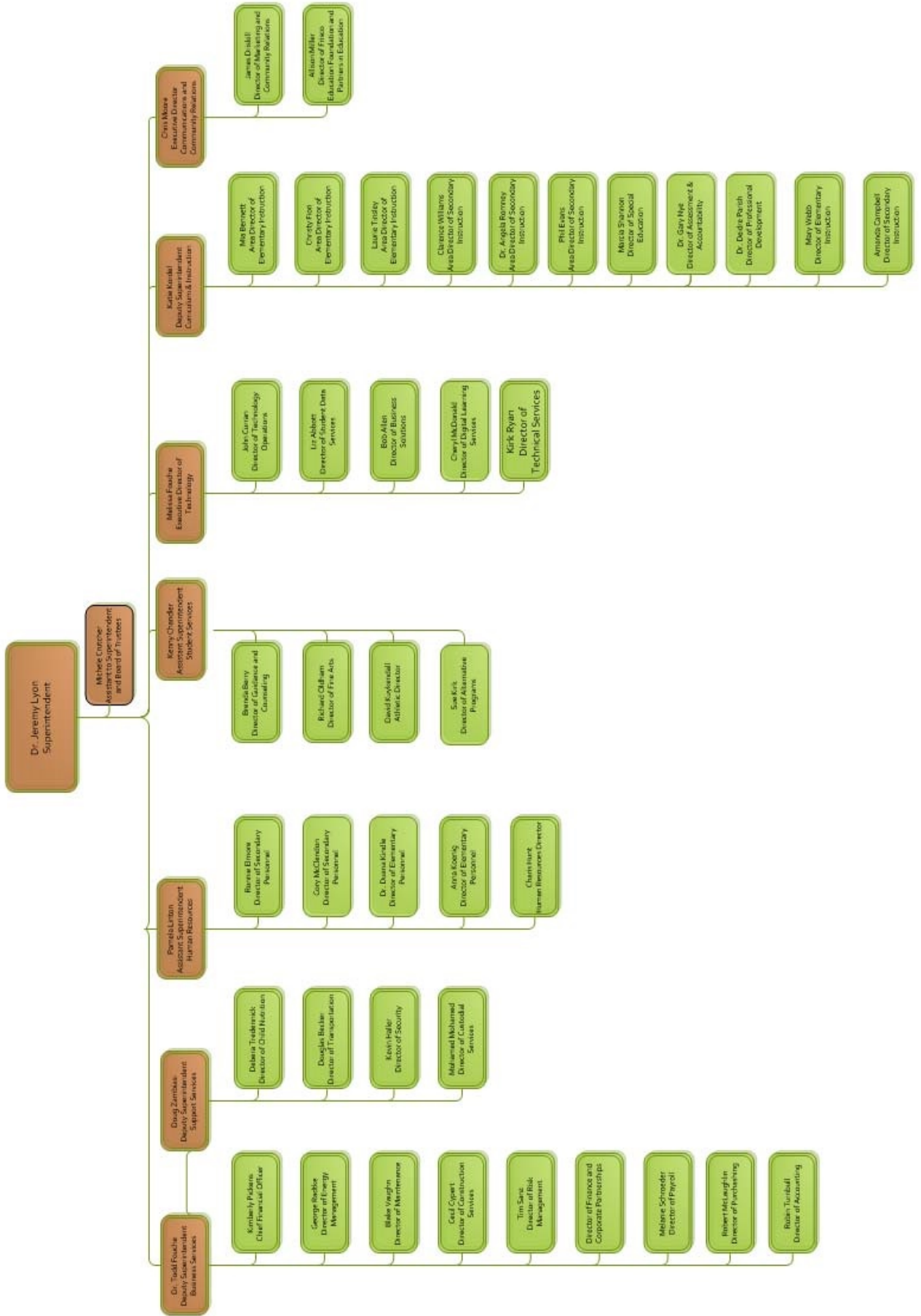
<u>Name</u>	<u>Position</u>	<u>Length of Education Service</u>
Dr. Jeremy Lyon	Superintendent	29 years
Katie Kordel	Deputy Superintendent for Curriculum and Instruction	18 years
Dr. Todd Fouche	Deputy Superintendent for Business and Operations	13 years
Doug Zambiasi	Deputy Superintendent for Support Services	33 years
Pamela Linton	Assistant Superintendent for Human Resources	26 years
Kenny Chandler	Assistant Superintendent for Student Services	32 years
Melissa Fouche	Executive Director of Technology	22 years
Chris Moore	Executive Director of Communications and Community Relations	12 years
Kimberly Pickens	Chief Financial Officer	5 years

**CONSULTANTS AND ADVISORS**

Weaver and Tidwell, L.L.P. Independent Auditors	SAMCO Capital Markets, Inc. Financial Advisors
McCall, Parkhurst & Horton, L.L.P. Bond Counsel	Law Offices of Robert E. Luna, P.G. Attorney



# FRISCO INDEPENDENT SCHOOL DISTRICT 2016 ADMINISTRATIVE ORGANIZATION CHART





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, 2015.**

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



*Brenda Burkett*

Brenda R. Burkett, CPA, CSBA, SFO  
President

*John D. Musso*

John D. Musso, CAE, RSBA  
Executive Director



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, 2015**

Executive Director/CEO

## **FINANCIAL SECTION**





## 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, 2016, 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, 2016, 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, budgetary comparison information, and TRS pension schedules on pages 4 through 16, 48 and 49, 50 and 51, respectively, 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 the audit requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), 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 basic 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 14, 2016, 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.

*Weaver and Tidwell, L.L.P.*

WEAVER AND TIDWELL, L.L.P.

Dallas, Texas  
November 14, 2016





**FRISCO INDEPENDENT SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2016  
(UNAUDITED)**

As management of the Frisco Independent School District (the "District"), we offer the readers of these financial statements this narrative overview and analysis of the District's financial performance for the fiscal year ended June 30, 2016. We encourage readers to consider the information presented here in conjunction with additional information furnished in our letter of transmittal, which can be found on pages ii-vii of this report, as well as the District's financial statements, which follow this section.

**FINANCIAL HIGHLIGHTS**

- The District ended the year with a deficit net position of (\$258,204,598), representing a decrease of \$12.8 million from the previous year. That decrease is further explained on page 8 of Management's Discussion and Analysis. Of the total net position, (\$232,937,713) represents the District's net investment in capital assets. Because Frisco ISD is fast growing, we are building three to four new schools per year, and we therefore have more debt outstanding than capital assets. As building needs slow and debt is repaid, the net investment in capital assets will shift from negative to positive. Net investment in capital assets increased by \$72.4 million from the prior year.
- The General Fund, which is the District's main operating fund, recognized a \$31 million surplus for the year, which was the result of positive variances on both revenue and expenditure budgets, but was largely attributable to state aid settlements from prior years as well as higher than projected enrollment growth. Further details are described on page 12 of Management's Discussion and Analysis. We ended the year with an unassigned fund balance of \$111,732,514, which represents 23.7% of the 2016-2017 adopted budget.
- When combined, the total fund balance for all of the District's funds increased \$9 million from the prior year due mainly to rising property values, which contributed to surplus revenues in the Debt Service Fund. We ended the year with a total combined governmental fund balance of \$329,805,275.
- The District issued \$163,355,000 of school building bonds and refinanced \$233,980,000 of existing debt during the year. The two advanced refunding transactions that were completed saved the District \$59.9 million in future debt service requirements.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

This discussion and analysis is intended to serve as an introduction to the District's financial statements, which are comprised of three components: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the 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, with a 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.

(Continued)

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 governmental 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.

Figure A-1 below summarizes the major features of the District’s financial statements, including the portion of the District’s government they cover and the types of information they contain.

**Figure A-1. Major Features of the District’s Government-Wide and Fund Financial Statements**

<b>Type of Statement</b>	<b>Government-Wide</b>	<b>Governmental Funds</b>	<b>Fiduciary Funds</b>
<b>Scope</b>	All activities of the District (except fiduciary funds)	The activities of the District that are not proprietary or fiduciary	Activities for which the District is the trustee or agent for another entity’s resources
<b>Required financial statements</b>	<ul style="list-style-type: none"> <li>– Statement of Net Position</li> <li>– Statement of Activities</li> </ul>	<ul style="list-style-type: none"> <li>– Balance sheet</li> <li>– Statement of Revenues, Expenditures, and Changes in Fund Balances</li> </ul>	<ul style="list-style-type: none"> <li>– Statement of Fiduciary Assets and Liabilities</li> </ul>
<b>Accounting basis and measurement focus</b>	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus
<b>Type of period-end information reported</b>	All assets, liabilities, and deferred inflows/outflows, both financial and capital, short-term and long-term	Only assets, liabilities, and deferred inflows/outflows expected to be used or due during the year or soon thereafter; no capital or long-term items are included	All assets, liabilities, and deferred inflows/outflows, both financial and capital, short-term and long-term; the Agency Funds do not currently contain capital assets, although they can
<b>Type of activities reported</b>	All revenues and expenses during the year, regardless of when cash is received or paid	Revenues for which cash is received during the year or soon thereafter; expenditures when goods or services have been received and payment is due during the year or soon thereafter	All revenues and expenses during the year, regardless of when cash is received or paid

(Continued)

## Government-Wide Financial Statements

Government-wide financial statements are designed to provide readers with a broad overview of the District's finances in a manner similar to private-sector business. All of the District's services are reported in the government-wide financial statements, including but not limited to instruction, student support services, student transportation, general administration, school leadership, facilities acquisition and construction, food services, and capital and debt financing. Property taxes and state and federal aid finance most of these activities.

The *Statement of Net Position* presents information on all of the District's assets, liabilities, and deferred inflows/outflows of resources, with the net of these amounts reported as net position. Net position serves as an indicator of the District's overall financial position.

The *Statement of Activities* presents how the District's net position changed over the course of the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the changes occurs, regardless of the timing of related cash flows. Therefore, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g. uncollected taxes).

The government-wide financial statements distinguish functions of the District that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). All of the activities of the District are considered *governmental activities*.

The government-wide financial statements can be found on pages 17-18 of this report.

## Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District uses fund accounting to keep track of specific sources of funding and spending for particular purposes. Some funds are required by State law and by bond covenants while others are established by the Board of Trustees for various purposes. The fund financial statements provide more detailed information about the District's most significant funds rather than the District as a whole.

All of the districts funds can be divided into two categories: governmental funds and fiduciary funds.

**Governmental Funds** are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide statements, governmental fund financial statements focus on (1) the flow of cash and other current financial assets and (2) the balance of spendable resources available at the end of the fiscal year. Such information provides a detailed, short-term view of the current financial resources available to finance the District's programs.

Because the focus of governmental funds is narrower than that of the government-wide statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide statements. By doing so, readers may better understand the long-term impact of the District's near-term financing decisions. We provide reconciliations of the fund financial statements to the government-wide financial statements in Exhibits C-1R and C-2R to facilitate the comparison.

(Continued)

The District maintains a number of governmental funds, three of which – The General Fund, Debt Service Fund, and Capital Projects Fund – are considered major funds and are reported separately on the governmental funds *Balance Sheet* and *Statement of Revenues, Expenditures, and Changes in Fund Balances*. The remaining governmental funds of the District are reported together as non-major governmental funds.

Governmental fund financial statements can be found on pages 19 and 21 of this report.

***Fiduciary Funds*** are used to account for resources held for the benefit of parties outside the District. The District acts in a trustee capacity and is responsible for ensuring that the assets reported in these funds are used for their intended purposes. However, these funds are not reported in the government-wide financial statements because their resources are not available to support the District’s operations.

The *Statement of Fiduciary Assets and Liabilities* reports all of the District’s fiduciary activities and can be found on page 23 of this report.

### **Notes to the Financial Statements**

The notes to the financial statements provide narrative explanations or additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 24-47 of this report.

### **Other Information**

The combining statements for non-major funds contain additional information about the District’s individual funds. This information may be found in Exhibits G-2 and G-3.

The Federal Awards Section contains data used by monitoring or regulatory agencies for assurance that the District is using funds supplied in compliance with the budgetary appropriations and terms of the grants awarded.

(Continued)

## GOVERNMENT-WIDE OVERALL FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of the District's overall financial positions. At June 30, 2016, the District's liabilities and deferred inflows of resources exceeded its assets and deferred outflows of resources by \$258.2 million.

**Table A-2. The District's Net Position**

	June 30, 2016	June 30, 2015	Increases / (Decreases)
<b>Assets:</b>			
Current and other assets	\$ 422,045,099	\$ 417,323,001	\$ 4,722,098
Capital assets	1,559,066,686	1,425,533,408	133,533,278
Total Assets	1,981,111,785	1,842,856,409	138,255,376
Deferred outflows of resources	68,761,824	27,157,415	41,604,409
<b>Total Assets and Deferred Outflows</b>	<b>\$ 2,049,873,609</b>	<b>\$ 1,870,013,824</b>	<b>\$ 179,859,785</b>
<b>Liabilities:</b>			
Current liabilities	\$ 156,520,769	\$ 117,589,575	\$ 38,931,194
Long-term liabilities	2,129,814,489	1,978,957,577	150,856,912
Total Liabilities	2,286,335,258	2,096,547,152	189,788,106
Deferred inflows of resources	21,742,949	18,910,013	2,832,936
<b>Net Position:</b>			
Net investment in capital assets	(232,937,713)	(305,309,356)	72,371,643
Restricted	61,576,212	59,512,551	2,063,661
Unrestricted	(86,843,097)	353,464	(87,196,561)
Total Net Position	(258,204,598)	(245,443,341)	(12,761,257)
<b>Total Liabilities, Deferred Inflows and Net Position</b>	<b>\$ 2,049,873,609</b>	<b>\$ 1,870,013,824</b>	<b>\$ 179,859,785</b>

The largest portion of the District's net position is its net investment in capital assets (e.g. land, buildings, furniture and equipment), net of any related outstanding debt that was used to acquire those assets. The District uses these capital assets to provide services to students; consequently, these assets are not available for future spending. Although the District's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay that debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate liabilities. Although the District maintains an aggressive debt repayment schedule (paying off at least 30% of principal every ten years on thirty year bonds), the majority of the District's capital assets are less than 20 years old, so total debt still outweighs the value of total capital assets, making that investment negative.

An additional portion of the District's net position (\$61.6 million) represents resources that are subject to external restrictions on how they may be used. The remaining unrestricted net position may be used to meet the District's ongoing obligations.

The District's net position decreased \$12,761,257 from June 30, 2015, to June 30, 2016 due mainly to an increase in debt service costs over the prior year. The total cost of all governmental activities for the fiscal year ended June 30, 2016 was \$617,872,516. Approximately \$57.5 million of those costs were funded by program revenues directly attributable to specific activities. The remaining costs were funded primarily by property taxes and state revenue, which are not attributable to specific programs.

(Continued)

The following Table A-3 illustrates the changes in net position over the most recent fiscal year. This information can also be found on the government-wide *Statement of Activities* (Exhibit B-1).

**Table A-3. Schedule of Changes in the District's Net Position**

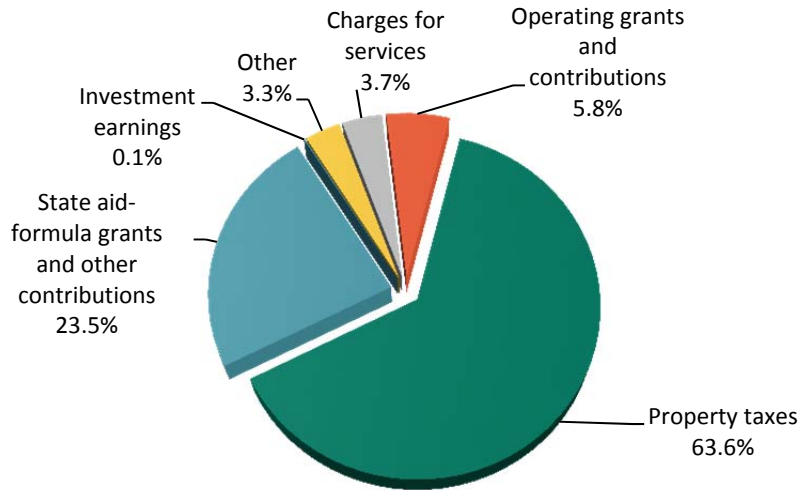
	Fiscal Year Ended June 30, 2016	Fiscal Year Ended June 30, 2015	Increases / (Decreases)
<b>Revenues:</b>			
Program Revenues:			
Charges for services	\$ 22,652,314	\$ 20,799,525	\$ 1,852,789
Operating grants and contributions	34,845,658	38,071,093	(3,225,435)
General Revenues:			
Property taxes	384,639,885	359,056,572	25,583,313
State aid- formula grants and other contributions	142,090,384	120,405,390	21,684,994
Investment earnings	720,988	166,062	554,926
Other	20,162,030	3,625,774	16,536,256
<b>Total Revenues</b>	<b>605,111,259</b>	<b>542,124,416</b>	<b>62,986,843</b>
<b>Expenses:</b>			
Instruction	305,605,412	284,653,714	20,951,698
Instructional resources and media services	9,796,673	9,187,036	609,637
Curriculum and instructional staff development	8,937,996	8,527,459	410,537
Instructional leadership	5,474,033	5,075,185	398,848
School leadership	30,178,920	28,254,017	1,924,903
Guidance, counseling and evaluation services	16,612,319	14,672,505	1,939,814
Social work services	361,960	352,044	9,916
Health services	5,183,496	4,700,476	483,020
Student transportation	12,127,267	11,631,466	495,801
Food services	25,943,835	22,671,955	3,271,880
Extracurricular activities	19,434,773	17,804,290	1,630,483
General administration	9,432,967	8,271,754	1,161,213
Facilities maintenance and operations	45,202,540	37,020,121	8,182,419
Security and monitoring services	3,916,348	3,808,630	107,718
Data processing services	9,131,244	9,499,233	(367,989)
Community services	1,857,437	1,992,750	(135,313)
Debt service - interest on long-term debt	81,825,335	73,966,028	7,859,307
Debt service - bond issuance costs and fees	3,518,708	2,511,829	1,006,879
Contracted instructional services between schools	217,771	1,177,873	(960,102)
Payments to juvenile justice alternative education programs	37,077	47,931	(10,854)
Payments to tax increment fund	20,698,870	19,317,219	1,381,651
Other intergovernmental charges	2,377,535	2,102,040	275,495
<b>Total Expenses</b>	<b>617,872,516</b>	<b>567,245,555</b>	<b>50,626,961</b>
Change in Net Position	(12,761,257)	(25,121,139)	12,359,882
Beginning Net Position	(245,443,341)	(220,322,202)	(25,121,139)
<b>Ending Net Position</b>	<b>\$ (258,204,598)</b>	<b>\$ (245,443,341)</b>	<b>\$ (12,761,257)</b>

(Continued)

During the 2015-2016 fiscal year, enrollment growth attributed to the majority of the nearly \$51 million additional expenses over the prior year. Additional costs were seen across all major functions, especially instruction, which accounts for teacher salaries. The District added approximately 270 new teachers during the year.

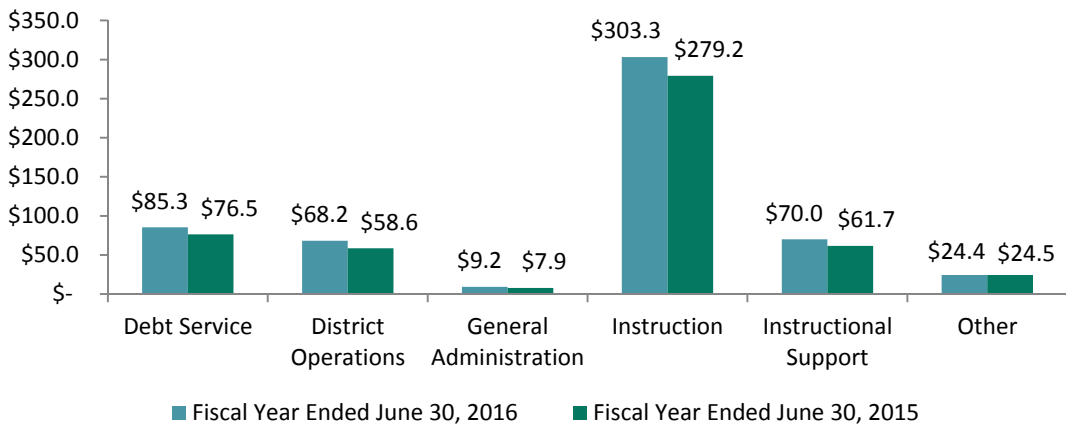
The following Figure A-4 illustrates the District’s sources of revenue for the 2015-2016 fiscal year. General revenues provide 90.5% of the funding available to cover the District’s annual expenses. The remaining 9.5% of revenues come from operating grants or charges for services specifically attributable to District programs.

**Figure A-4. Sources of Revenue for the Fiscal Year Ended June 30, 2016**



The following Figure A-5 depicts the change in net cost of services (total cost less program revenue and intergovernmental aid) for the District’s major functions for the fiscal years ended June 30, 2016, and June 30, 2015. The net cost reflects the portion funded by local tax dollars, state aid and other miscellaneous general revenues.

**Figure A-5. Net Cost of the District’s Major Functions (in millions of dollars)**



(Continued)



**FUND LEVEL FINANCIAL ANALYSIS**

As explained earlier, the district uses fund accounting to demonstrate compliance with finance-related legal requirements and to provide a more detailed account of specific District programs and activities.

The focus of the District’s governmental funds is to provide information on current inflows, outflows and balances of spendable resources. Such information is useful in assessing the District’s financing requirements. In particular, unassigned fund balance may serve as a useful measure of the District’s net resources available for discretionary use, since this is the portion of fund balance that has not yet been limited to a particular purpose.

At June 30, 2016, the District’s total combined fund balances for governmental funds were \$329,805,275, an increase of \$9 million from June 30, 2015. Approximately 33.9% (\$111,732,514) of the total combined fund balances is unassigned and available for spending at the District’s discretion. The remainder of the fund balances is either nonspendable, restricted or assigned for specific purposes:

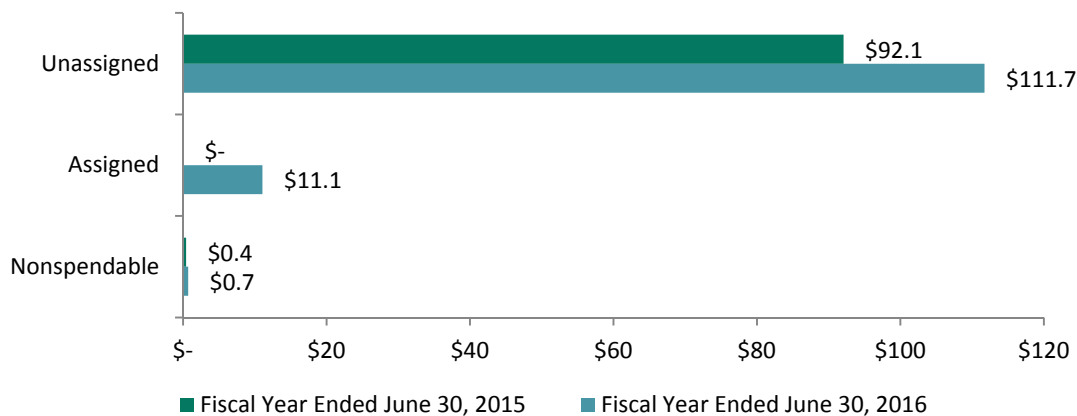
- *Nonspendable* balances of \$766,479 are not in spendable form because they relate to prepaid expenditures.
- *Restricted* balances of \$204,022,445 are either legally required to remain intact or are restricted for particular purposes by a third party.
- *Committed* balances of \$2,225,283 have been committed by the District’s Board of Trustees to service programs funded by local grants, awards or contributions.
- *Assigned* balances of \$11,058,554 have been tentatively earmarked by management for a particular program or purpose.

Further details of each type of fund balance can be found within note 1 on pages 28-29 of this report.

**General Fund**

Figure A-6 below depicts the breakdown of fund balances in the General Fund, the District’s main operating fund, for the fiscal years ended June 30, 2016, and June 30, 2015.

**Figure A-6. Components of Fund Balance – General Fund (in millions of dollars)**



(Continued)

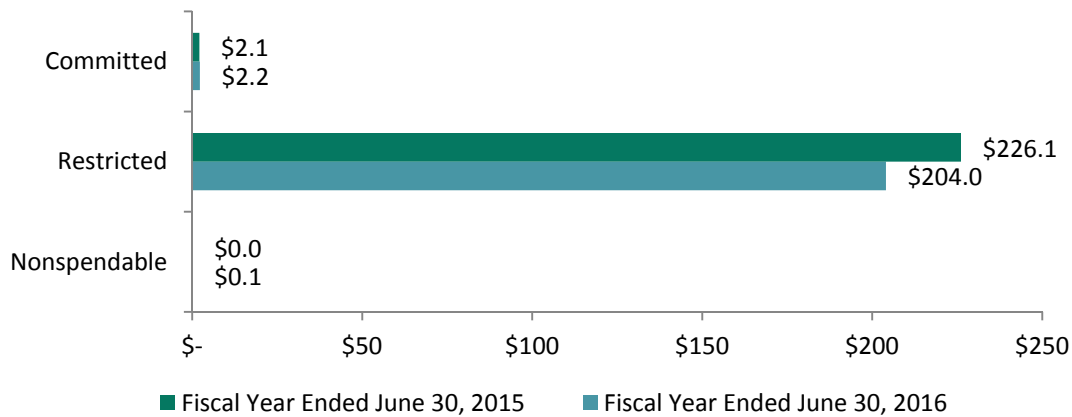
It is useful to compare unassigned fund balance to total expenditures in the General Fund as a measure of liquidity – to determine the portion of annual operating costs that could be funded without cash inflows. Due to the timing of cash inflows from the state and the property tax collection calendar, the District is cash flow negative for the first 2.5 to 3 months of each fiscal year. Therefore, we strive to maintain an unassigned fund balance equal to at least 20% of expenditures. The June 30, 2016 unassigned fund balance represents 23.7% of the subsequent fiscal year’s adopted budget.

The General Fund recognized an increase in total fund balance of \$31,014,035 over the previous year. Settle-ups with the State for prior year’s state aid calculations as well as higher than projected enrollment growth created approximately \$18 million of the surplus. These types of positive variances are considered non-recurring due to the nature and timing of the state’s funding formula. We also recognized positive variances within other areas of our revenue expenditure budgets which are regular and expected each year.

**Other Governmental Funds**

While the General Fund’s fund balance grew by \$31 million over the most recent fiscal year, the District’s combined total fund balance grew by only \$9 million from June 30, 2015, to June 30, 2016. The difference was mainly attributable to the Capital Projects Fund, which recognized a decrease in fund balance of \$27,480,034 over the previous fiscal year. That deficit was the result of construction expenditures being financed with debt proceeds that were received in the prior fiscal year. The timing of the District’s debt issuances as compared to the timing of the majority of capital spending is such that we expect an annual deficit in that fund each year, especially towards the end of a bond cycle. The change in fund balance in the Capital Projects Fund led to the decrease in total restricted fund balance illustrated in Figure A-7 below.

**Figure A-7. Components of Fund Balance – Other Governmental Funds (in millions of dollars)**



(Continued)

Changes in the fund balances of other governmental funds were as follows:

- The Debt Service Fund recognized an increase in fund balance of \$6,147,482, which is attributable to an increase in property tax collections due to rising property values.
- Non-Major Governmental Funds recognized a net decrease of \$617,420 in fund balance over the previous year. The majority of these funds are used to account for reimbursement grants, which receive revenues as expenditures occur and therefore do not carry a fund balance or recognize surpluses or deficits. The State Textbook Fund, however, is funded on a biennium cycle and therefore generally recognizes a surplus in year one and a deficit in year two due to the timing of receipts versus textbook purchases over the biennium. The 2016 fiscal year was the second year of the biennium.

### **General Fund Budgetary Highlights**

The Board of Trustees originally adopted a \$1,870,000 surplus for the 2016 fiscal year. As previously discussed, the actual surplus recognized in the General Fund was \$31,014,035.

**Revenues** exceeded original budget projections by approximately \$29.5 million:

- \$8 million relates to higher than projected enrollment growth, which generates additional funding from the State. This growth is considered recurring revenue for the District and has been built into future financial plans.
- \$9.9 million represents settle-ups from the State for prior years and is considered non-recurring revenue to the District. The nature and timing of the state's funding formula is such that adjustments to funding continue to be made well past the close of each fiscal year.
- \$5.6 million relates to higher than projected rollback taxes, penalties and interest and miscellaneous local revenue such as athletic gate receipts. These revenues tend to fluctuate from year to year and are therefore budgeted conservatively.
- The remaining \$6 million relates to contributions to the Teacher Retirement System paid by the State on behalf of the district. This additional revenue has no net effect on the District's fund balance as it was offset by additional expenditures.

**Expenditures** for the year were in line with the originally adopted budget; although as previously stated \$6 million of expenditures were offset by additional revenue. We recognized an approximate 1.7% positive variance on the portions of the expenditure budget that are not considered pass-through items (equally offset by revenue), which is in line with historical spending. This annual 1-2% positive variance allows us to continue to add to fund balance at a rate that matches our annual growth, which is important for cash flow purposes.

**Budget amendments and adjustments** were made over the course of the year to give flexibility within functional budgets. Additionally, significant amendments were made at the end of the fiscal year in anticipation of liabilities that may be owed but not paid by June 30 and to safeguard against overspending at the fund-function level. Adjustments during the year resulted in the final amended budget being \$9.6 million greater than actual expenditures.

(Continued)

## CAPITAL ASSETS AND DEBT ADMINISTRATION

### Capital Assets

The District's investment in capital assets as of June 30, 2016 was \$1,559,066,686 (net of accumulated depreciation). This investment includes land, buildings, building improvements, furniture, equipment, and vehicles and represents a 9.4% net increase in capital assets over the previous year.

**Table A-8. Capital Assets**

	<b>As of June 30, 2016</b>	<b>As of June 30, 2015</b>	<b>Increases / (Decreases)</b>
Land	\$ 160,827,205	\$ 158,655,276	\$ 2,171,929
Buildings	1,470,581,317	1,292,146,932	178,434,385
Furniture and equipment	52,469,474	46,896,769	5,572,705
Construction in progress	199,882,149	212,309,433	(12,427,284)
Total Capital Assets	<u>1,883,760,145</u>	<u>1,710,008,410</u>	<u>173,751,735</u>
Accumulated depreciation	<u>(324,693,459)</u>	<u>(284,475,002)</u>	<u>(40,218,457)</u>
Net Capital Assets	<u>\$ 1,559,066,686</u>	<u>\$ 1,425,533,408</u>	<u>\$ 133,533,278</u>

The increase in capital assets relates to new construction projects financed by the 2014 bond program to accommodate continued enrollment growth and to maintain the useful lives of the District's existing buildings. These additions were all offset by regular depreciation.

The District sold two parcels of land during the year worth \$4.3 million and exchanged another parcel worth \$3.3 million in a like-kind exchange. Net proceeds on the parcels sold were approximately \$3.9 million.

More detailed information about the District's capital assets can be found in Note 6 on page 35 of this report.

### Long-Term Debt

The District's debt management policies seek to maintain the most favorable debt profile and funding structure for the District while adhering to taxpayers' expectations that the District will be a prudent and conservative steward of public funds. Our debt repayment schedule is structured so that we generally match asset useful lives with the liabilities incurred to finance those assets. We also continuously monitor the interest rate climate and restructure debt when we are able to recognize positive savings.

During the year, the District maintained our favorable underlying bond ratings of AA1 from Moody's Investors Service, Inc. and AA+ from S&P Global Ratings. All bonds issued during the year were rated AAA due to the State's Permanent School Fund Guarantee Program. Favorable ratings result in lower debt issuance costs for the District.

At the end of the 2016 fiscal year, the District had total bonded debt outstanding of \$2,066,361,628, all of which is considered to be direct tax supported debt. The remainder of the District's long-term obligations is comprised of the District's portion of the TRS net pension liability.

(Continued)

**Table A-9. Long-Term Debt**

	As of June 30, 2016	As of June 30, 2015	Increases / (Decreases)
Bonds payable	\$ 1,916,150,437	\$ 1,801,656,203	\$ 114,494,234
Accreted interest	49,552,818	45,241,616	4,311,202
Unamortized bond premium	100,658,373	70,242,727	30,415,646
<b>Total Bonded Debt</b>	<b>2,066,361,628</b>	<b>1,917,140,546</b>	<b>149,221,082</b>
District's portion of TRS net pension liability	101,844,853	61,817,031	40,027,822
<b>Total Long-Term Liabilities</b>	<b>\$ 2,168,206,481</b>	<b>\$ 1,978,957,577</b>	<b>\$ 189,248,904</b>

Total outstanding long-term debt increased by 9.5% over the previous year due to the continuation of the 2014 bond program and the regular issuance of new debt to build schools to accommodate enrollment growth. Note 7 on pages 36-38 of this report contains more detailed information about the District's long-term debt activity, including incremental payment schedules. The amount of general bonded debt outstanding and the total primary government debt per capita are also useful indicators of the District's debt position. That data is represented in Exhibit S-11 on page 78 of this report.

**ECONOMIC FACTORS AND NEXT YEAR'S BUDGET**

Enrollment growth continues to be a significant challenge for the District. In 2016, Frisco ISD was named the fastest growing school district in Texas. We have more than doubled our enrollment in the last decade, adding an average of 3,000 students per year. Projected enrollment for 2015-2016 was 53,213, and as of the end of the fiscal year, enrollment was just over 53,800. We work with both internal and third party demographers to develop our best estimates of student growth from year to year. Our financial projections for the next three years are based on continued growth of 2,200 to 2,500 students per year.

State funding also continues to be a major issue. In May 2016, the Texas Supreme Court overturned a District Court ruling that the Texas school funding system was unconstitutional. The Texas Supreme Court stated in its ruling that "our Byzantine school funding 'system' is undeniably imperfect, with immense room for improvement. But it satisfies minimum constitutional requirements." Legislative funding cuts and limitations in the funding formula have caused the District's revenue per weighted average daily attendance (WADA) to decrease by \$442 since 2011. School finance promises to be a focus of the 2017 legislative session; although school finance proposals at the legislative level have historically had limited positive impact to Frisco ISD.

One major limitation of the State's funding formula is the ability for Districts to generate revenue locally. The District saw a 14% increase in assessed property values from the 2014 to 2015 tax year, and we project another 13% growth in values for the 2016 tax year. However, the nature of school funding in Texas is such that the beneficiary of rising property values is the State rather than local school districts. As our property values rise, our state aid is reduced by a proportionate share. One of the only ways to generate additional revenue is through the tax rate, which requires voter approval above \$1.04 per \$100 valuation. In August 2016, the District held a tax ratification election to raise the tax rate for maintenance and operations from \$1.04 to \$1.17. The tax ratification failed by a 58% majority, so future budgets and financial plans will be based on revenue at \$1.04 rather than \$1.17.

(Continued)

Appropriations in the 2016-2017 budget of \$471,402,450 were based on revenues expected from \$1.17 maintenance and operations tax rate. Since that rate failed voter ratification, administrative staff has implemented a priorities based budgeting process in which we will work with the employees, citizens and the Board of Trustees to align spending with District and community priorities and expectations. This process will engage stakeholders in identifying and examining priorities and the associated costs, which will help the District determine where and how to allocate resources moving forward and adopt a balanced and sustainable budget for the next fiscal year. District management is also working to identify savings for the 2016-2017 fiscal year to minimize any impact on fund balance that the currently appropriated budget might have.

#### **CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Chief Financial Officer at 5515 Ohio Drive, Frisco, Texas 75035, or call 469.633.6330.

(Concluded)



**GOVERNMENT-WIDE FINANCIAL STATEMENTS**



**FRISCO INDEPENDENT SCHOOL DISTRICT**  
**STATEMENT OF NET POSITION**  
**JUNE 30, 2016**

**EXHIBIT A-1**

Data Control Codes		<b>Governmental Activities</b>
	<b>ASSETS</b>	
1110	Cash and investments	\$ 396,646,043
1220	Property taxes receivable (delinquent)	5,409,538
1230	Allowance for uncollectible taxes	(919,622)
1240	Due from other governments	18,906,971
1290	Other receivables, net	1,235,690
1410	Prepaid Expenses	766,479
1510	Land	160,827,205
1520	Buildings, net	1,183,191,167
1530	Furniture and equipment, net	15,166,165
1580	Construction in progress	199,882,149
1000	<b>Total Assets</b>	<u>1,981,111,785</u>
	<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
1701	Deferred losses on debt refunding transactions	18,953,665
1705	Deferred pension outflows	49,808,159
1700	<b>Total Deferred Outflows of Resources</b>	<u>68,761,824</u>
	<b>LIABILITIES</b>	
2110	Accounts payable	23,495,197
2113	Retainage payable	10,428,785
2140	Accrued interest payable	29,751,033
2150	Payroll deductions & withholdings	2,878,438
2160	Accrued wages payable	50,176,578
2200	Accrued expenses	1,109,000
2300	Unearned revenues	289,746
	Noncurrent Liabilities:	
2501	Due within one year	38,391,992
2502	Due in more than one year	2,027,969,636
2540	Net pension liability	101,844,853
2000	<b>Total Liabilities</b>	<u>2,286,335,258</u>
	<b>DEFERRED INFLOWS OF RESOURCES</b>	
2605	Deferred pension inflows	21,742,949
2600	<b>Total Deferred Inflows of Resources</b>	<u>21,742,949</u>
	<b>NET POSITION</b>	
3200	Net Investment in Capital Assets	(232,937,713)
	Restricted for:	
3820	Federal and state grant programs	4,489,444
3850	Debt Service	57,086,768
3900	Unrestricted	(86,843,097)
3000	<b>Total Net Position</b>	<u>\$ (258,204,598)</u>

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

**FRISCO INDEPENDENT SCHOOL DISTRICT  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2016**

**EXHIBIT B-1**

Data Control Codes	1	Program Revenues		6	
		3	4		
	Expenses	Charges for Services	Operating Grants and Contributions	Net (Expense)/ Revenue and Changes in Net Position	
			Governmental Activities		
<b>GOVERNMENTAL ACTIVITIES:</b>					
11	Instruction	\$ 305,605,412	\$ 403,481	\$ 19,860,121	\$ (285,341,810)
12	Instructional resources and media services	9,796,673	-	234,908	(9,561,765)
13	Curriculum and instructional staff development	8,937,996	-	594,743	(8,343,253)
21	Instructional leadership	5,474,033	-	28,823	(5,445,210)
23	School leadership	30,178,920	-	908,837	(29,270,083)
31	Guidance, counseling and evaluation services	16,612,319	-	2,801,699	(13,810,620)
32	Social work services	361,960	-	12,546	(349,414)
33	Health services	5,183,496	-	270,706	(4,912,790)
34	Student transportation	12,127,267	-	517,241	(11,610,026)
35	Food services	25,943,835	17,585,643	6,006,486	(2,351,706)
36	Extracurricular activities	19,434,773	1,798,238	1,440,230	(16,196,305)
41	General administration	9,432,967	-	234,198	(9,198,769)
51	Facilities maintenance and operations	45,202,540	2,864,952	857,894	(41,479,694)
52	Security and monitoring services	3,916,348	-	116,733	(3,799,615)
53	Data processing services	9,131,244	-	174,559	(8,956,685)
61	Community services	1,857,437	-	785,934	(1,071,503)
72	Debt service - interest on long-term debt	81,825,335	-	-	(81,825,335)
73	Debt service - bond issuance costs and fees	3,518,708	-	-	(3,518,708)
91	Contracted instructional services between schools	217,771	-	-	(217,771)
95	Payments to juvenile justice alternative education programs	37,077	-	-	(37,077)
97	Payments to tax increment fund	20,698,870	-	-	(20,698,870)
99	Other intergovernmental charges	2,377,535	-	-	(2,377,535)
TG	<b>Total Governmental Activities</b>	<u>\$ 617,872,516</u>	<u>\$ 22,652,314</u>	<u>\$ 34,845,658</u>	<u>(560,374,544)</u>

Data Control Codes	General Revenues	
Taxes:		
MT	Property taxes, levied for general purposes	279,061,789
DT	Property taxes, levied for debt service	105,578,096
SF	State aid - formula grants	139,758,001
GC	Grants and contributions not restricted to specific programs	2,332,383
IE	Investment earnings	720,988
MI	Miscellaneous local and intermediate revenue	20,162,030
TR	<b>Total General Revenues</b>	<u>547,613,287</u>
CN	Change in net position	(12,761,257)
NB	Net position - beginning	(245,443,341)
NE	Net position - ending	<u>\$ (258,204,598)</u>

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



**GOVERNMENTAL FUNDS FINANCIAL STATEMENTS**

**FRISCO INDEPENDENT SCHOOL DISTRICT**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
**JUNE 30, 2016**

**EXHIBIT C-1**

Data Control Codes	10 General Fund	50 Debt Service Fund	60 Capital Projects Fund	Non-Major Governmental Funds	98 Total Governmental Funds	
<b>ASSETS</b>						
1110	Cash and investments	\$ 156,148,410	\$ 75,950,534	\$ 152,603,444	\$ 11,943,655	\$ 396,646,043
1220	Property taxes receivable (delinquent)	3,835,381	1,574,157			5,409,538
1230	Allowance for uncollectible taxes	(652,015)	(267,607)			(919,622)
1240	Due from other governments	17,219,497			1,687,474	18,906,971
1260	Due from other funds	4,571,710	10,431,285			15,002,995
1290	Other receivables	1,123,464		100,000	12,226	1,235,690
1410	Prepaid expenditures	702,073			64,406	766,479
1000	<b>Total Assets</b>	<u>\$ 182,948,520</u>	<u>\$ 87,688,369</u>	<u>\$ 152,703,444</u>	<u>\$ 13,707,761</u>	<u>\$ 437,048,094</u>
<b>LIABILITIES</b>						
2110	Accounts payable	1,877,577	499	21,402,244	214,877	23,495,197
2113	Retainage payable			10,428,785		10,428,785
2140	Accrued interest payable		850,069			850,069
2150	Payroll deductions and withholdings	2,878,438				2,878,438
2160	Accrued wages payable	47,838,254		196,283	2,142,041	50,176,578
2170	Due to other funds	3,331,285		7,100,000	4,571,710	15,002,995
2200	Accrued expenditures	1,109,000				1,109,000
2300	Unearned revenue	289,746				289,746
2000	<b>Total Liabilities</b>	<u>57,324,300</u>	<u>850,568</u>	<u>39,127,312</u>	<u>6,928,628</u>	<u>104,230,808</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>						
2601	Unavailable property tax revenue	2,131,079	880,932			3,012,011
2600	<b>Total Deferred Inflows of Resources</b>	<u>2,131,079</u>	<u>880,932</u>	<u>-</u>	<u>-</u>	<u>3,012,011</u>
<b>FUND BALANCES</b>						
Nonspendable:						
3430	Prepaid expenditures	702,073			64,406	766,479
Restricted for:						
3450	Federal and state grant programs				4,489,444	4,489,444
3470	Capital acquisitions and contractual obligations			113,576,132		113,576,132
3480	Retirement of long-term debt		85,956,869			85,956,869
Committed to:						
3545	Local grants, awards and contributions				2,225,283	2,225,283
Assigned to:						
3560	Claims and judgments	1,000,000				1,000,000
3570	Extraordinary repair and replacement	2,000,000				2,000,000
3590	Employee compensation	7,000,000				7,000,000
3590	Future expenditures	1,058,554				1,058,554
3600	Unassigned	111,732,514				111,732,514
3000	<b>Total Fund Balances</b>	<u>123,493,141</u>	<u>85,956,869</u>	<u>113,576,132</u>	<u>6,779,133</u>	<u>329,805,275</u>
4000	<b>Total Liabilities, Deferred Inflows of Resources and Fund Balances</b>	<u>\$ 182,948,520</u>	<u>\$ 87,688,369</u>	<u>\$ 152,703,444</u>	<u>\$ 13,707,761</u>	<u>\$ 437,048,094</u>

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

**FRISCO INDEPENDENT SCHOOL DISTRICT  
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET  
TO THE STATEMENT OF NET POSITION  
JUNE 30, 2016**

**EXHIBIT C-1R**

Total Fund Balances - Governmental Funds (Exhibit C-1)	\$ 329,805,275
<p>Amounts reported for governmental activities in the Statement of Net Position (Exhibit A-1) are different because:</p>	
<p>Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds financial statements.</p>	1,559,066,686
<p>Accounting losses resulting from debt refunding transactions are deferred outflows of resources on the government-wide Statement of Net Position and amortized over the life of the debt but are not reported in the governmental funds financial statements.</p>	18,953,665
<p>Long-term liabilities, including bonds payable, are not due and payable in the current period and are therefore not reported as liabilities on the Balance Sheet of the governmental funds. Long-term liabilities at year-end consist of:</p>	
Bonds payable	(1,916,150,437)
Accrued interest on the bonds	(28,900,964)
Accreted interest on capital appreciation bonds	(49,552,818)
Unamortized bond premiums	(100,658,373)
<p>Certain receivables will be earned this year, but are not available soon enough to pay for the current period's expenditures and are therefore deferred inflows of resources at the fund level.</p>	3,012,011
<p>The District's proportionate share of the TRS net pension liability and related deferred inflows and deferred outflows of resources are not current in nature and are therefore not reported in the governmental funds financial statements:</p>	
Proportionate share of net pension liability	(101,844,853)
Deferred pension inflows	(21,742,949)
Deferred pension outflows	49,808,159
Net Position - Governmental Activities (Exhibit A-1)	\$ (258,204,598)

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

**FRISCO INDEPENDENT SCHOOL DISTRICT**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2016**

**EXHIBIT C-2**

Data Control Codes	10 General Fund	50 Debt Service Fund	60 Capital Projects Fund	Non-Major Governmental Funds	98 Total Governmental Funds
<b>REVENUES</b>					
5700 Local and intermediate sources	\$ 289,018,829	\$ 109,734,638	\$ 14,234,359	\$ 19,701,672	\$ 432,689,498
5800 State program revenues	155,994,420	1,764,589	78,818	3,349,703	161,187,530
5900 Federal program revenues	2,332,383			11,309,018	13,641,401
5020 <b>Total Revenues</b>	<u>447,345,632</u>	<u>111,499,227</u>	<u>14,313,177</u>	<u>34,360,393</u>	<u>607,518,429</u>
<b>EXPENDITURES</b>					
Current:					
0011 Instruction	252,535,035			6,827,699	259,362,734
0012 Instructional resources and media services	5,903,628			112	5,903,740
0013 Curriculum and instructional staff development	8,571,708			237,283	8,808,991
0021 Instructional leadership	5,390,706			8,383	5,399,089
0023 School leadership	26,213,068			2,517	26,215,585
0031 Guidance, counseling and evaluation services	13,982,202			2,399,664	16,381,866
0032 Social work services	356,988				356,988
0033 Health services	5,050,855			28,220	5,079,075
0034 Student transportation	10,435,043				10,435,043
0035 Food services				23,090,610	23,090,610
0036 Extracurricular activities	13,603,768			1,259,650	14,863,418
0041 General administration	7,823,941				7,823,941
0051 Facilities maintenance and operations	32,866,208			390,758	33,256,966
0052 Security and monitoring services	3,279,043				3,279,043
0053 Data processing services	6,138,332				6,138,332
0061 Community services	830,319			752,417	1,582,736
Debt Service:					
0071 Principal on long-term debt		33,165,766			33,165,766
0072 Interest on long-term debt		79,264,169			79,264,169
0073 Bond issuance costs and fees		2,186,574	1,332,134		3,518,708
Capital Outlay:					
0081 Facilities acquisition and construction			213,578,123		213,578,123
Intergovernmental:					
0091 Contracted instructional services between schools	217,771				217,771
0095 Payments to juvenile justice alternative education programs	37,077				37,077
0097 Payments tax increment fund	20,698,870				20,698,870
0099 Other intergovernmental charges	2,377,535				2,377,535
6030 <b>Total Expenditures</b>	<u>416,312,097</u>	<u>114,616,509</u>	<u>214,910,257</u>	<u>34,997,313</u>	<u>780,836,176</u>
1100 Excess (deficiency) of revenues over (under) expenditures	<u>31,033,535</u>	<u>(3,117,282)</u>	<u>(200,597,080)</u>	<u>(636,920)</u>	<u>(173,317,747)</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
7901 Refunding bonds issued		218,285,000			218,285,000
7911 Capital related debt issued (regular bonds)			163,355,000		163,355,000
7916 Premium on issuance of bonds		25,074,281	12,977,134		38,051,415
7912 Sale of real and personal property			3,884,912		3,884,912
7915 Transfers in		7,100,000		19,500	7,119,500
8911 Transfers out	(19,500)		(7,100,000)		(7,119,500)
8949 Payment to refunded bond escrow agent		(241,194,517)			(241,194,517)
7080 <b>Total Other Financing Sources (Uses)</b>	<u>(19,500)</u>	<u>9,264,764</u>	<u>173,117,046</u>	<u>19,500</u>	<u>182,381,810</u>
1200 Net change in fund balances	31,014,035	6,147,482	(27,480,034)	(617,420)	9,064,063
0100 Fund balances - beginning	92,479,106	79,809,387	141,056,166	7,396,553	320,741,212
3000 <b>Fund balances - ending</b>	<u>\$ 123,493,141</u>	<u>\$ 85,956,869</u>	<u>\$ 113,576,132</u>	<u>\$ 6,779,133</u>	<u>\$ 329,805,275</u>

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

**FRISCO INDEPENDENT SCHOOL DISTRICT**  
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,**  
**AND CHANGES IN FUND BALANCES OF THE GOVERNMENTAL FUNDS**  
**TO THE STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2016**

**EXHIBIT C-2R**

Total Net Change in Fund Balances - Governmental Funds (Exhibit C-2)	\$ 9,064,063
Amounts reported for governmental activities in the Statement of Activities (Exhibit B-1) are different because:	
Governmental funds report capital outlays as expenditures. However in the statement of activities, the costs of those assets are capitalized and allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays (\$178,061,684) exceeded depreciation (\$40,245,740) in the current period.	
	137,815,944
In the statement of activities, only the gains or losses on asset disposals are reported, whereas in the governmental funds, the proceeds from the sale increase financial resources. Thus, the change in net position differs from the change in fund balances by the cost of the assets disposed.	
	(4,282,666)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	
	(2,407,170)
Repayment of long-term debt principal (\$267,145,766) and payments of accreted interest on capital appreciation bonds (\$694,234) are expenditures in the governmental funds, but these activities reduce long-term liabilities in the statement of activities.	
	267,840,000
Bond issuances are reported as other resources in the governmental funds but are shown as increases in long-term debt in the statement of net position:	
Bond issuances	(381,640,000)
Premiums on bonds	(38,051,415)
The excess of the reacquisition price of refunded debt over its carrying amount is deferred and amortized in the government-wide financial statements.	
	5,888,116
Certain debt related items that effect the statement of net position but are not reported in the governmental funds:	
Amortization of bond premiums	7,635,769
Amortization of deferred losses on refunding transactions	(2,085,335)
Accreted interest on capital appreciation bonds	(5,005,436)
Change in interest payable	(2,473,997)
Amortization and other changes in deferred outflows and deferred inflows related to the District's portion of the TRS net pension liabilities effect government-wide pension expense but have no impact on the governmental funds.	
Contributions prior to the measurement date	1,507,586
Contributions subject to the measurement date	7,626,885
Proportionate share of collective pension expense	(10,898,377)
Net proportionate share of deferred pension inflows/outflows	(3,295,224)
Change in Net Position of Governmental Activities (Exhibit B-1)	\$ (12,761,257)

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





**FIDUCIARY FUND FINANCIAL STATEMENTS**

**FRISCO INDEPENDENT SCHOOL DISTRICT  
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES  
JUNE 30, 2016**

**EXHIBIT E-1**

Data Control Codes		<u>Agency Fund</u>
	<b>ASSETS</b>	
1110	Cash and investments	\$ 1,092,187
	<b>Total Assets</b>	<u>\$ 1,092,187</u>
	<b>LIABILITIES</b>	
2110	Accounts payable	\$ 104,679
2190	Due to student groups	<u>987,508</u>
	<b>Total Liabilities</b>	<u>\$ 1,092,187</u>

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

**NOTES TO THE FINANCIAL STATEMENTS**



**FRISCO INDEPENDENT SCHOOL DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**AS OF JUNE 30, 2016**

**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 (GASB), and it complies with the requirements of the appropriate version of the 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 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 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 within the reporting entity.

**Government-Wide and Fund Financial Statements**

The *Statement of Net Position* and the *Statement of Activities* report information on all nonfiduciary activities of the District. Taxes and intergovernmental revenues normally support governmental activities. The effect of interfund activity has been removed from these statements.

The *Statement of Activities* demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Program revenues include (1) charges for services or privileges provided, (2) operating grants and contributions, and (3) capital grants and contributions. Program revenues included in the *Statement of Activities* reduce the cost of the function to be financed from general activities. Taxes and other items not identifiable as program revenues are reported instead as general revenues.

The District reports all direct expenses by function in the *Statement of Activities*. Direct expenses are those clearly identifiable with a function. Depreciation expense is specifically identified by function and is included in the program expenses of each function.

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

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

Government-wide Financial Statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned, and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the grantor have been met.

**FRISCO INDEPENDENT SCHOOL DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**AS OF JUNE 30, 2016**

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). Revenues are recognized in the accounting period in which they become both measurable and available. Expenditures are generally recorded when a liability is incurred, if measurable, except for unmatured principal and interest on long-term debt, which is recognized when due. 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 of year-end. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period.

Revenues from local sources consist primarily of property taxes, which are susceptible to accrual and considered available if collected within 60 days of the end of the fiscal year. Under GASB Statement No. 33, *Accounting and Financial Reporting for Non-exchange Transactions*, property taxes are imposed non-exchange revenues. Assets from imposed non-exchange transactions are recorded when the entity has an enforceable, legal claim to the asset or when the entity receives the resources, whichever comes first. The enforceable legal claim date for property taxes is the assessment date. Therefore, the District recognized taxes receivable and a deferred inflow of resources for taxes assessed as of October 1, 2015, which were not available as of June 30, 2016.

Miscellaneous revenues are recorded as revenue when received in cash because they are generally not measurable until received. Investment earnings are recorded as earned since they are both measurable and available at the earnings date.

The special revenue funds, except for the Child Nutrition Fund, include programs that are financed on a project grant basis. These projects have grant periods that range from less than twelve months to in excess of two years. Grant funds are considered to be earned to the extent expenditures are made under the provisions of the grant. When grant funds are received in advance of being earned, they are recorded as unearned revenue until earnings criteria are met.

Fiduciary Fund Financial Statements are accounted for on a flow of economic resources measurement focus. With this 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 its financial activities through the use of “fund accounting”. The activities of the District are organized on the basis of funds. The operations of each fund are accounted for within a separate set of self-balancing accounts to reflect results of activities. Fund accounting segregates funds according to their intended purposes to assist management in demonstrating compliance with finance-related legal and contractual provisions.

**FRISCO INDEPENDENT SCHOOL DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**AS OF JUNE 30, 2016**

Governmental Funds are those through which most governmental functions of the District are financed. The acquisition, use and balances of the District's expendable financial resources and the related liabilities are accounted for through the governmental funds. The following are the District's major governmental funds:

*General Fund* - The General Fund is the general operating fund of the District and accounts for all revenues and expenditures of the District not encompassed within other funds. All general tax revenues and other receipts that are not allocated by law or contractual agreement to some other fund are accounted for in this fund. General operating expenses that are not paid through other funds are paid from the General Fund.

*Debt Service Fund* - The Debt Service Fund is used to account for the accumulation of resources for, and the retirement of, long-term debt principal, interest and related costs.

*Capital Projects Fund* - The Capital Projects Fund is used to account for financial resources to be used for the acquisition, renovation or construction of major capital projects.

Other non-major governmental funds consist of special revenue funds that account for resources that are legally restricted or locally committed to expenditures for specified purposes. Most Federal and some State financial assistance is accounted for in special revenue funds.

Agency Funds are fiduciary funds that are custodial in nature (assets equal liabilities). These funds are used to account for assets held by the District in a trustee capacity or as an agent for individuals, organizations, and/or other funds. The Student Activity Fund accounts for the receipt and disbursement of monies from student activity organizations. These organizations exist with the explicit approval of, and are subject to revocation by, the District's Board of Trustees. This accounting reflects the District's agency relationship with the student activity organizations.

**Assets, Liabilities and Deferred Inflows/Outflows**

Cash and Cash Equivalents – The District's cash and cash equivalents include cash on hand, demand deposits, money markets, and short-term investments with original maturities of three months or less from the date of acquisition.

Investments – Investments, except for the investment pools, are recorded at fair value. Fair value is determined by the amount at which a financial instrument can be exchanged in a current transaction between willing parties. The investment pools operate in accordance with appropriate state laws and regulations and are reported at amortized cost. District management believes that the District adheres to the requirements of the State of Texas Public Funds Investment Act regarding investment practice, management reports and establishment of appropriate policies. Additionally, management believes that the investment practices of the District are in accordance with local policies for the current fiscal year.

Interfund Receivables and Payables – Activities between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as "due to/from other funds." All residual balances between governmental activities are eliminated in the government-wide statements.

Prepaid Expenditures – Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in the financial statements and expended in a subsequent period using the consumption method. All prepaid expenditures are offset at fiscal year-end by nonspendable fund balance in the fund financial statements.

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**FRISCO INDEPENDENT SCHOOL DISTRICT  
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Capital Assets – Capital assets, which include land, buildings, and equipment, are reported in the governmental activities column in the government-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of more than \$5,000 and an estimated useful life 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 the life of the asset are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

Capital assets are depreciated using the straight-line method over the following average 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, no liability exists for unused sick leave.

Long-term Liabilities – In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the *Statement of Net Position*. Bond premiums and discounts are reported as a liability or contra-liability, as appropriate, and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of applicable bond premium or discount. Bond issuance costs are expensed as incurred.

In the fund financial statements, the face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are also reported as other financing sources while discounts on debt issuances and payments to bond refunding escrow agents are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

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

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**FRISCO INDEPENDENT SCHOOL DISTRICT**  
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Deferred Outflows/Inflows of Resources – In addition to assets and liabilities, the government-wide *Statement of Net Position* and governmental fund *Balance Sheet* report separate sections for deferred outflows and deferred inflows of resources. Deferred outflows of resources represent a consumption of net position/fund balance that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. Deferred inflows of resources represent the acquisition of net position/fund balance that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. In addition to deferred losses on debt refunding transactions, which are reported as deferred outflows of resources, the District reports certain deferred inflows and outflows related to pensions on the government-wide *Statement of Net Position*. At the governmental fund level, earned but unavailable tax revenue is reported as a deferred inflow of resources.

**Fund Balances and Net Position**

Net position on the government-wide *Statement of Net Position* includes the following:

*Net Investment in Capital Assets* reports the difference between capital assets, net of accumulated depreciation, and the outstanding balance of debt, excluding unspent bond proceeds, that is directly attributable to the acquisition, construction or improvement of those capital assets.

*Restricted for Federal and State Grant Programs* is the component of net position restricted to be spent for specific purposes prescribed by federal and state granting agencies.

*Restricted for Debt Service* is the component of net position that is restricted for payment of debt service by constraints established by the bond covenants.

*Unrestricted Net Position* is the residual difference between assets, deferred outflows, liabilities and deferred inflows that is not invested in capital assets or restricted for specific purposes.

It is the District's policy to spend funds available from restricted sources prior to unrestricted sources.

Fund balances on the governmental funds' *Balance Sheet* include the following:

*Nonspendable Fund Balance* is the portion of the gross fund balance that is not expendable because it is either not in spendable form or it is legally or contractually required to be maintained intact.

*Restricted Fund Balance* includes amounts restricted for a specific purpose by the provider (such as a grantors, bondholders, and high levels of government), through constitutional provisions, or by enabling legislation. Debt service resources are to be used for future servicing of the District's bonded debt and are restricted through debt covenants. Capital Projects bond funds are restricted by the bondholders for the specific purpose of capital projects and capital outlays. Federal and State grant resources are restricted pursuant to the mandates of the granting agency.

*Committed Fund Balance* is that portion of fund balance that is committed to a specific purpose by the District's Board of Trustees. The Board of Trustees establishes (and modifies or rescinds) fund balance commitments by passage of a resolution. This can be done through adoption and amendment of the budget. These amounts cannot be used for any other purpose unless the Board removes or changes the constraint by exercising the same type of action originally used to commit the funds.

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**FRISCO INDEPENDENT SCHOOL DISTRICT**  
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*Assigned Fund Balance* is that portion of fund balance that is spendable or available for appropriation but has been tentatively earmarked for some specific purpose. On June 20, 2016, the Board delegated through formal action the authority to assign fund balance to the Chief Financial Officer; although the Board may also directly assign fund balance for specific purposes. As of June 30, 2016, the District has assigned fund balance in the General Fund for the following purposes:

- Claims and judgments – assigned for the coverage of legal fees and deductibles of certain insurance policies.
- Extraordinary repair and replacement – assigned to accommodate unforeseeable catastrophic events.
- Employee compensation – assigned to pay a Board approved one-time incentive payment to staff during the 2016-2017 fiscal year.
- Future Expenditures – assigned to satisfy outstanding General Fund encumbrances as of the fiscal year end.

*Unassigned Fund Balance* is the difference between the total fund balance and the total of the non-spendable, restricted, committed, and assigned fund balances and can be utilized for any legal purpose. This portion of the total fund balance in the General Fund is available to finance operating expenditures.

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

**Data Control Codes**

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

**Management's Use of Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimations and assumptions that affect the reported amounts of assets, deferred outflows, liabilities, and deferred inflows 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.

**Encumbrance Accounting**

Under encumbrance accounting, purchase orders, contracts and other commitments for the expenditure of funds are recorded in the accounting system in order to assign the portion of the applicable appropriation. This methodology is employed in the governmental fund financial statements. Encumbrances are not liabilities and are therefore not recorded as expenditures until receipt of the material or service. For budgetary purposes, appropriations lapse at fiscal year-end, and outstanding encumbrances at year-end are re-appropriated in the next fiscal year. Management has assigned a portion of fund balance for future expenditures equal to the General Fund outstanding encumbrances at June 30, 2016. None of the individual encumbrances reported are considered significant to the financial statements.

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**FRISCO INDEPENDENT SCHOOL DISTRICT  
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**NOTE 2. CASH AND INVESTMENTS**

The District's funds are required to be deposited under the terms of a depository contract pursuant to the School Depository Act. The depository bank places approved 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 dollar amount of Federal Deposit Insurance Corporation (FDIC) insurance.

At June 30, 2016, the carrying amount of the District's deposits (cash) and outstanding checks was \$20,779,481. The combined bank balance was \$19,894,476. At June 30, 2016 and during the year then ended, the District's combined deposits were fully insured by FDIC insurance or collateralized with securities held by the District's agent in the District's name.

Depository information required to be reported to the Texas Education Agency is as follows:

- A. Depository: JP Morgan Chase Bank, Frisco, TX
- B. The date of the highest deposit was July 9, 2015, when combined cash, savings and time deposits amounted to \$43,764,859.
- C. The amount of bond and pledged collateral as of the date of the highest combined balance on deposit was \$50,026,624.
- D. The total amount of FDIC coverage at the time of the largest 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, which must address the following areas:

- Safety of principal and liquidity,
- Portfolio diversification,
- Allowable investments,
- Acceptable risk levels,
- Expected rates of return,
- Maximum allowable stated maturity of portfolio investments,
- Maximum average dollar weighted maturity allowed based on the stated maturity date for the portfolio,
- Investment staff qualifications and capabilities, and
- Bid solicitation preferences for certificates of deposit.

Statutes authorize the District to invest in obligations of the U.S. Treasury and U.S. agencies, municipal securities, repurchase agreements and certain other investments. The investments owned at fiscal year-end are held by the District or its agent in the District's name.

All investment pools utilized by the District meet the requirements of the Texas Public Funds Investment Act (PFIA). The fair value of the positions in the pools is the same as the value of the pools. The District invests the following investment pools:

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- *The Lone Star Investment Pool* is governed by an 11 member board, all of whom are participants in the pool. American Beacon Advisors and BNY Mellon Cash Investment Strategies manage the investment of Lone Star's assets.
- *The TexasTERM Investment Pool*, which offers two portfolios, TexasTERM and TexasDAILY, is governed by a 7 member advisory board made up of experienced local government officials elected by the pool's investors. PFM Asset Management LLC manages the investments of TexasTERM's assets.

In compliance with the PFIA, the District has adopted a deposit and investment policy, which addresses the following risks:

- Credit risk is the risk that a security issuer may default on an interest or principal payment. The District controls and monitors this risk by purchasing quality rated instruments that have been evaluated by nationally recognized agencies such as Standard and Poor's (S&P) or Moody's Investors Service.
- Custodial credit risk is the risk that, in the event of the failure of a depository financial institution or counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover its deposits, value of its investments, or collateral securities that are in the possession of an outside party. The PFIA, the District's investment policy, and Government Code Chapter 2257 "Collateral for Public Funds" contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits and investments. The District's funds are deposited and invested under terms of a depository contract with amounts greater than the FDIC insurance coverage protected by approved pledged securities held on behalf of the District. Public funds investment pools created to function as money market mutual funds must mark their portfolios to market daily, and, to the extent reasonably possible, stabilize at a \$1 net asset value. The District's policy manages custodial credit risk by requiring securities purchased by a broker-dealer for the District to be held in a Safekeeping account in the District's name. The policy also requires that security transactions be conducted on a delivery-versus-payment basis.
- Concentration of credit risk is the risk associated with holding investments that are not pools and full faith credit securities. These risks are controlled by limiting the percentages of these investments in the District's portfolio.
- Interest rate risk is the risk that interest rates will rise and an investment in a fixed-income security will decrease in value. Interest rate risk is reduced by diversifying, investing in securities with different durations, and laddering maturity dates. The District's manages its exposure to interest rate risk 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 is the potential for loss due to fluctuations in exchange rates. The District's policy does not allow for any direct foreign investments, and therefore the District is not exposed to foreign currency risk.

**FRISCO INDEPENDENT SCHOOL DISTRICT  
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The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. GASB Statement No. 72, *Fair Value Measurement and Application* provides a framework for measuring fair value which establishes a three-level fair value hierarchy that describes the inputs used to measure assets and liabilities:

- Level 1 inputs are quoted prices (unadjusted) for identical assets or liabilities in active markets that a government can access at the measurement date.
- Level 2 inputs are inputs – other than quoted prices included within Level 1 – that are observable for an asset or liability, either directly or indirectly.
- Level 3 inputs are unobservable inputs for an asset or liability.

The fair value hierarchy gives the highest priority to Level 1 inputs and the lowest priority to Level 3 inputs. If a price for an identical asset or liability is not observable, a government should measure fair value using another valuation technique that maximizes the use of relevant observable inputs and minimizes the use of unobservable inputs. If the fair value of an asset or liability is measured using inputs from more than one level of the fair value hierarchy, the measurement is considered to be based on the lowest priority level input that is significant to the entire measurement.

The District has recurring fair value measurements as presented in the table below. The District’s investment balances and weighted average maturity of such investments are as follows:

	Value at June 30, 2016	Fair Value Measurements Using:			Percent of Total Investments	Weighted Average Maturity (Days)
		Level 1	Level 2	Level 3		
<i>Investments not Subject to Fair Value:</i>						
Lone Star Investment Pool	\$ 275,679,624				73.35%	25
<i>Investments by Fair Value Level:</i>						
TexasTERM Investment Pool	100,186,938		\$ 100,186,938		26.65%	45
Total Value	<u>\$ 375,866,562</u>		<u>\$ 100,186,938</u>			

The Lone Star investment pool is an external investment pool measured at amortized cost. In order to meet the criteria to be recorded at amortized cost, investment pools must transact at a stable net asset value per share and maintain certain maturity, quality, liquidity and diversification requirements within the investment pool. The investment pools transact at a net asset value of \$1.00 per share, have weighted average maturity of 60 days or less and weighted average life of 120 days or less, investments held are highly rated by nationally recognized statistical rating organization, have no more than 5% of portfolio with one issuer (excluding US government securities), and can meet reasonably foreseeable redemptions. Lone Star has a redemption notice period of one day and no maximum transaction amounts. The investment pool’s authorities may only impose restrictions on redemptions in the event of a general suspension of trading on major securities market, general banking moratorium or national or state emergency that affects the pool’s liquidity.

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**FRISCO INDEPENDENT SCHOOL DISTRICT**  
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The TexasTERM investment pool is an external investment pool measured at its net asset value. TexasTERM's strategy is to seek preservation of principal, liquidity and current income through investment in a diversified portfolio of short-term marketable securities. The District has no unfunded commitments related to investment pools. The District participates in two separate TexasTERM portfolios – TexasDAILY, which seeks to maintain a stable net asset value of \$1.00 per share and may be redeemed daily, and TexasTERM, which seeks to achieve a net asset value of \$1.00 per share at a stated maturity date. As of June 30, 2016, \$30,000,000 of the District's investments in the TexasTERM investment pool was invested in the TexasTERM portfolio, and the remaining balance was invested in the TexasDAILY portfolio.

**NOTE 3. PROPERTY TAXES**

The District's ad valorem property tax is levied on all real and business personal property located in the District. A lien exists on all property on January 1<sup>st</sup> of each year. Tax statements are mailed on October 1<sup>st</sup> each year or as soon thereafter as possible. Taxes are due upon receipt and become delinquent if not paid before February 1<sup>st</sup> of the following calendar year. The assessed value of the roll as of the end of the fiscal year was \$26,230,139,504.

The tax rates levied for the fiscal year ended June 30, 2016, 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 a total of \$1.46 per \$100 valuation.

Current year tax collections for the period ended June 30, 2016, were 99.41% of the levy.

The ad valorem tax rate is allocated each year between the General Fund and the Debt Service Fund. The full amount estimated to be required for general obligation bond retirement is provided by the debt service tax together with interest earned within the Debt Service Fund.

Allowances for uncollectible taxes within the General Fund and Debt Service Fund are based on historical experience. 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, 2016, the allowance for uncollectible taxes was approximately 17% of total delinquent property taxes receivable.

**Tax Increment Financing**

On January 13, 1997, the Board of Trustees approved a resolution to enter into an Interlocal Agreement with the City of Frisco, Texas and established Frisco Tax Increment Reinvestment Zone (TIRZ) Number One, in accordance with Chapter 311 of the Texas Tax Code. The purpose of the TIRZ is to promote development through the use of tax increment financing within or adjacent to the 700 acres around Stonebriar Mall.

FISD agreed to participate in the TIF, beginning with the 1997 tax year, by contributing 100% of the taxes levied and collected against the captured appraised value of real property within the zone. The proposed duration of the TIRZ is 40 years, ending December 31, 2036.

An Educational Facilities Account has been established with TIRZ proceeds to repay cash expenditures for project costs or the principal of and interest on bonds or other indebtedness for educational facilities within or adjacent to the zone. As of June 30, 2016, approximately \$155.4 million of TIRZ proceeds have been used to finance the construction of FISD educational facilities since the agreement began.

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**FRISCO INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
AS OF JUNE 30, 2016**

**NOTE 4. RECEIVABLES**

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 Foundation School Program and Available School Fund.

Receivables due from other governments as of June 30, 2016, for the District's individual major funds and Non-Major Governmental Funds are as follows:

	General Fund	Non-Major Governmental Funds	Total
Due from the State of Texas	\$ 17,139,473		\$ 17,139,473
Due from the Federal Government		\$ 1,687,474	1,687,474
Due from Other Governments	80,024		80,024
<b>Total</b>	<b>\$ 17,219,497</b>	<b>\$ 1,687,474</b>	<b>\$ 18,906,971</b>

**NOTE 5. INTERFUND TRANSACTIONS**

Interfund balances at June 30, 2016, consisted of the following individual fund receivables and payables:

	Receivable	Payable
General fund	\$ 4,571,710	\$ 3,331,285
Debt service fund	10,431,285	
Capital projects fund		7,100,000
Non-major governmental funds		4,571,710
<b>Total</b>	<b>\$ 15,002,995</b>	<b>\$ 15,002,995</b>

A \$7,100,000 transfer from the capital projects fund to the debt service fund for the use of TIRZ proceeds was made subsequent to June 30, 2016 and therefore resulted in an interfund receivable/payable balance.

All other interfund balances represent transactions between the General Fund and other funds. Non-major funds owed the General Fund for grant expenditures financed by General Fund cash prior to receiving reimbursements from federal or state agencies. The General Fund owed the Debt Service Fund for TIRZ funds received in the General Fund's bank account that belonged to the Debt Service Fund as revenue.

All interfund balances reported at June 30, 2016, were liquidated shortly after year-end.

The following is a summary of the District's internal transfers for the fiscal year ended June 30, 2016:

From	To	Amount	Purpose
Capital Projects Fund	Debt Service Fund	\$ 7,100,000	To transfer Tax Increment Zone funds
General Fund	Non-Major Funds	19,500	To provide school startup funds
<b>Total Transfers</b>		<b>\$ 7,119,500</b>	

(Continued)



**FRISCO INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
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**NOTE 6. CAPITAL ASSETS**

A summary of changes in capital assets for the fiscal year ended June 30, 2016, follows:

	Beginning Balance	Additions	Retirements/ Transfers	Ending Balance
Capital assets not being depreciated:				
Land	\$ 158,655,276	\$ 6,454,595	\$ 4,282,666	\$ 160,827,205
Construction in progress	212,309,433	166,007,101	178,434,385	199,882,149
	<u>370,964,709</u>	<u>172,461,696</u>	<u>182,717,051</u>	<u>360,709,354</u>
Capital assets being depreciated:				
Buildings and improvements	1,292,146,932	178,434,385		1,470,581,317
Furniture and equipment	46,896,769	5,599,988	27,283	52,469,474
	<u>1,339,043,701</u>	<u>184,034,373</u>	<u>27,283</u>	<u>1,523,050,791</u>
Less: Accumulated depreciation for:				
Buildings and improvements	250,932,852	36,457,298		287,390,150
Furniture and equipment	33,542,150	3,788,442	27,283	37,303,309
	<u>284,475,002</u>	<u>40,245,740</u>	<u>27,283</u>	<u>324,693,459</u>
Total capital assets for governmental activities, net	<u>\$ 1,425,533,408</u>	<u>\$ 316,250,329</u>	<u>\$ 182,717,051</u>	<u>\$ 1,559,066,686</u>

The current period's depreciation was expensed to the following functions:

<u>Function</u>	<u>Expensed</u>
11 Instruction	\$ 26,166,494
12 Instructional resources and media services	1,499,875
13 Curriculum and instructional staff development	26,159
23 School leadership	2,676,798
34 Student transportation	1,608,136
35 Food services	1,938,549
36 Extracurricular activities	3,024,519
41 General administration	1,198,757
51 Facilities maintenance and operations	1,044,484
52 Security and monitoring services	83,330
53 Data processing services	724,053
61 Community services	254,586
Total depreciation expense	<u>\$ 40,245,740</u>

**Construction Commitments**

The District was obligated at June 30, 2016, under major contracts, for construction of new facilities and renovations or repair of various existing facilities. The outstanding construction contracts associated with these projects totaled approximately \$143.1 million as of June 30, 2016.

**FRISCO INDEPENDENT SCHOOL DISTRICT  
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**NOTE 7. LONG-TERM DEBT**

A summary of changes in long-term debt for the fiscal year ended June 30, 2016, is as follows:

Description	Original Issue Amount	Interest Rate(s)	Maturity	Balance at June 30, 2015	Issued/Increases	Retired/Refunded	Balance at June 30, 2016	Amount Due Within One Year
<i>Unlimited Tax School Building Bonds:</i>								
Series 2005A	\$ 40,000,000	4.000%-5.500%	7/15/2036	\$ 11,790,000			\$ 11,790,000	
Series 2006	\$ 85,000,000	2.750%-5.250%	8/15/2039	76,245,000		\$ 64,510,000	11,735,000	\$ 1,680,000
Series 2006A	\$ 80,000,000	4.000%-6.000%	8/15/2040	71,865,000		48,745,000	23,120,000	1,475,000
Series 2007A	\$ 100,000,000	3.750%-5.250%	8/15/2038	89,850,000		73,240,000	16,610,000	2,120,000
Series 2008	\$ 90,000,000	4.125%-5.500%	8/15/2040	82,805,000		1,655,000	81,150,000	1,735,000
Series 2008A	\$ 100,000,000	5.000%-6.125%	8/15/2038	98,290,000		155,000	98,135,000	110,000
Series 2009	\$ 85,000,000	4.000%-5.500%	8/15/2041	84,490,000		25,000	84,465,000	15,000
Series 2009A	\$ 34,570,000	2.000%-5.000%	8/15/2039	33,295,000		220,000	33,075,000	230,000
Series 2010	\$ 20,195,000	0.00%	2/15/2027	16,160,000		1,345,000	14,815,000	1,345,000
Series 2011	\$ 50,000,000	4.625%-5.000%	8/15/2041	50,000,000			50,000,000	
Series 2013	\$ 90,845,000	3.000%-5.000%	8/15/2043	90,845,000		1,360,000	89,485,000	1,485,000
Series 2014	\$ 159,795,000	2.000%-5.000%	8/15/2044	159,795,000			159,795,000	2,945,000
Series 2015A	\$ 68,125,000	2.000%-5.000%	8/15/2045		\$ 68,125,000		68,125,000	
<i>Unlimited Tax School Refunding Bonds:</i>								
Series 2009	\$ 14,170,000	2.000%-4.750%	8/15/2025	10,895,000		785,000	10,110,000	815,000
Series 2009A	\$ 50,680,000	2.000%-5.000%	8/15/2029	39,450,000		3,285,000	36,165,000	3,370,000
Series 2010	\$ 26,855,000	4.000%-4.250%	8/15/2024	19,430,000		4,435,000	14,995,000	2,730,000
Series 2011	\$ 62,078,491	2.000%-5.000%	8/15/2030	62,078,491		355,000	61,723,491	365,000
Series 2013	\$ 19,040,000	2.000%-5.000%	7/15/2033	19,040,000		650,000	18,390,000	665,000
Series 2016	\$ 104,555,000	3.000%-5.000%	8/15/2037		104,555,000		104,555,000	785,000
<i>Unlimited Tax School Building &amp; Refunding Bonds:</i>								
Series 1999	\$ 40,033,092	4.300%-5.750%	8/15/2029	783,092			783,092	
Series 2002A	\$ 38,018,141	3.000%-5.375%	8/15/2034	10,174,141			10,174,141	
Series 2005C	\$ 104,595,381	3.900%-5.000%	8/15/2015	2,935,000		2,935,000	-	
Series 2007	\$ 95,186,595	4.000%-4.500%	8/15/2040	83,785,000		55,825,000	27,960,000	3,475,000
Series 2011A	\$ 83,981,260	4.000%-5.000%	8/15/2041	83,771,260		2,690,000	81,081,260	4,705,000
Series 2012	\$ 85,531,867	2.000%-5.000%	8/15/2041	85,311,867		225,000	85,086,867	230,000
Series 2012A	\$ 71,190,000	2.000%-5.000%	8/15/2041	71,135,000		50,000	71,085,000	55,000
Series 2012B	\$ 99,545,000	2.000%-5.000%	8/15/2042	98,025,000		10,000	98,015,000	255,000
Series 2013	\$ 68,471,992	2.000%-5.000%	8/15/2043	68,471,992		1,260,000	67,211,992	3,896,992
Series 2014	\$ 111,455,000	2.000%-4.000%	8/15/2044	111,455,000		1,280,000	110,175,000	2,365,000
Series 2015	\$ 139,525,000	0.420%-5.000%	8/15/2045	139,525,000			139,525,000	1,540,000
Series 2016A	\$ 208,960,000	2.000%-5.000%	8/15/2046		208,960,000		208,960,000	
Total bonded debt				1,771,695,843	381,640,000	265,040,000	1,888,295,843	38,391,992
<i>CAB Premiums:</i>								
Series 1999				9,122,362			9,122,362	
Series 2002A				14,594,401			14,594,401	
Series 2008A				2,417,369		1,226,749	1,190,620	
Series 2009				2,429,858		644,257	1,785,601	
Series 2012				1,161,610			1,161,610	
Series 2012B				234,760		234,760	-	
Total bonds payable				1,801,656,203	381,640,000	267,145,766	1,916,150,437	38,391,992
Accreted interest on capital appreciation bonds				45,241,616	5,005,436	694,234	49,552,818	
Unamortized bond premium				70,242,727	38,051,415	7,635,769	100,658,373	
District's portion of net pension liability				61,817,031	57,405,714	17,377,892	101,844,853	
Total long-term debt				\$1,978,957,577	\$ 482,102,565	\$ 292,853,661	\$2,168,206,481	\$ 38,391,992

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**FRISCO INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
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Changes in debt-related deferred outflows of resources for the fiscal year ended June 30, 2016, were:

	Balance at June 30, 2015	Issued/ Increases	Retired/ Refunded	Balance at June 30, 2016
Deferred loss on refunding transactions	\$ 15,150,884	5,888,116	2,085,335	\$ 18,953,665

During the year, the District issued the following bonds:

- \$68,125,000 (par value) of Unlimited Tax School Building Bonds, Series 2015A with interest rates of 2.00 to 5.00% to acquire, construct, renovate and equip school buildings. Proceeds were delivered on December 10, 2015.
- \$104,555,000 (par value) of Unlimited Tax School Refunding Bonds, Series 2016 with interest rates of 3.00 to 5.00%. Proceeds were delivered on March 17, 2016. Deposits to escrow agents of \$112,840,762 were used to purchase direct obligations of the U.S. government which were irrevocably pledged to the payment of \$62,910,000 of the District's Unlimited Tax School Building Bonds, Series 2006, and \$47,340,000 of the District's Unlimited Tax School Building Bonds, Series 2006A. The District's refunding resulted in an economic gain of \$24,084,185 and a book loss of \$2,015,026 which will be amortized over the life of the refunded debt. The refunding decreased the District's future debt service requirement by \$31,622,361.
- \$208,960,000 (par value) of Unlimited Tax School Building and Refunding Bonds, Series 2016A with interest rates of 2.00 to 5.00%. Proceeds were delivered on June 22, 2016. \$95,230,000 (par value) was issued to acquire, construct, renovate and equip school buildings. Deposits to escrow agents of \$131,270,365 were used to purchase direct obligations of the U.S. government which were irrevocably pledged to the payment of \$52,510,000 of the District's Unlimited Tax School Building and Refunding Bonds, Series 2007, and \$71,220,000 of the District's Unlimited Tax School Building Bonds, Series 2007A. The District's refunding resulted in an economic gain of \$21,097,076 and a book loss of \$3,873,090 which will be amortized over the life of the refunded debt. The refunding decreased the District's future debt service requirement by \$28,297,965.

**Capital Appreciation Bonds**

A capital appreciation bond (CAB) is a bond bearing no interest that is sold at a significant discount but matures at a stated value. Accreted interest is the obligation associated with CABs and reflects period increases in the obligation to reflect the bond at stated value at maturity. CAB premiums represent premium received on the issuance of these bonds which must also be paid back at maturity. Current year accreted interest expense recognized in the government-wide financial statements was \$5,005,436, and \$694,234 of outstanding accreted interest was paid off during the year. Total accreted interest on CABs at June 30, 2016 is \$49,552,818, and total premiums on CABs are \$27,854,594, both of which are reported as long-term liabilities in the government-wide financial statements.

**Defeased Debt**

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, 2016, \$233,980,000 of outstanding bonds are considered legally defeased.

(Continued)

**FRISCO INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
AS OF JUNE 30, 2016**

**Bond Authorization and Obligations**

General obligation bonds of the District are reported as long-term liabilities of the governmental activities. At June 30, 2016, \$85,956,869 was available in the Debt Service Fund to service these bonds.

There are a number of limitations and restrictions contained in the general obligation bond indenture. Management asserts that the District is in compliance with all significant limitations and restrictions at June 30, 2016.

In May 2014, voters in the District approved \$775,000,000 of general obligation bonds. As of June 30, 2016, \$335,000,000 remains authorized but unissued.

The following table summarizes the annual debt service requirements of outstanding debt at June 30, 2016, to maturity:

Year ending June 30,	Principal*	Interest	Total
2017	\$ 40,208,068	\$ 79,727,979	\$ 119,936,047
2018	47,151,145	78,754,223	125,905,367
2019	49,609,001	76,860,562	126,469,563
2020	50,246,260	75,648,487	125,894,747
2021	51,856,393	74,468,087	126,324,480
2022-2026	281,831,721	351,907,669	633,739,390
2027-2031	319,201,531	316,249,830	635,451,361
2032-2036	365,064,965	270,755,962	635,820,927
2037-2041	463,156,353	117,218,968	580,375,321
2042-2046	242,515,000	17,025,499	259,540,499
2047	5,310,000	106,200	5,416,200
Total	<u>\$ 1,916,150,437</u>	<u>\$ 1,458,723,466</u>	<u>\$ 3,374,873,902</u>

\*includes premiums on capital appreciation bonds

**NOTE 8. UNEARNED REVENUE**

Unearned revenue at June 30, 2016, consisted of the following:

	General Fund	Total
Summer school second session	\$ 132,830	\$ 132,830
Instrument rental	14,850	14,850
Fees for next school year	2,200	2,200
Athletic event pre-sales	139,866	139,866
Total	<u>\$ 289,746</u>	<u>\$ 289,746</u>

**FRISCO INDEPENDENT SCHOOL DISTRICT  
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**NOTE 9. REVENUES FROM LOCAL AND INTERMEDIATE SOURCES**

During fiscal year 2016, 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	\$ 278,834,261	\$ 105,587,594			\$ 384,421,855
Food sales				\$ 17,585,643	17,585,643
Investment income	349,090	143,789	\$ 219,191	8,919	720,989
Penalties, interest and other tax related income	1,953,230	4,003,255	13,166,943		19,123,428
Co-curricular student activities	1,798,238				1,798,238
Facilities rentals	2,864,952				2,864,952
Other	3,219,058		848,225	2,107,110	6,174,393
<b>Total</b>	<b>\$ 289,018,829</b>	<b>\$ 109,734,638</b>	<b>\$ 14,234,359</b>	<b>\$ 19,701,672</b>	<b>\$ 432,689,498</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 year 2016, 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.

**Health Care Coverage**

For the year ending June 30, 2016, all employees of the District were offered health care coverage under the TRS ActiveCare insurance plan (the Plan), which is a statewide health coverage program for public education employees established by the 77<sup>th</sup> Texas Legislature. The District contributed \$280 per month per enrolled employee to the Plan, and employees, at their option, authorized payroll withholdings to pay the additional cost of premiums for themselves and dependents.

**Workers' Compensation**

The District is self-funded for workers' compensation insurance and has an 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 maintains an excess workers compensation insurance policy with MECC-Midwest Employers Casualty Company for claims exceeding the specific retention of \$350,000. At June 30, 2016, the District's unpaid claims totaled \$1,109,000, which include incurred but not reported claims. The liability is based on the requirements of GASB Statement No. 10, which requires that a liability for claims be reported if information obtained prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. Because actual claims liabilities depend on such complex factors as inflation, changes in legal doctrines, and damage awards, the process used in computing the claims liability does not necessarily result in an exact amount. Claims liabilities are reevaluated periodically to take into consideration recently settled claims, the frequency of claims, and other economic and social factors.

(Continued)

**FRISCO INDEPENDENT SCHOOL DISTRICT  
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Changes in the workers' compensation claims liability for fiscal year 2015 and fiscal year 2016 were:

	2015	2016
Beginning liability	\$ 894,000	\$ 858,000
Claims and changes in estimates	443,000	1,326,000
Claim payments	(479,000)	(1,075,000)
Ending liability	\$ 858,000	\$ 1,109,000

**Litigation and Contingencies**

The District is the defendant in a small number of lawsuits arising principally in the normal course of operations. In the opinion of the administration, the outcome of these lawsuits will not have a materially adverse effect on the accompanying financial statements. A total of \$1,000,000 of fund balance has been assigned to cover potential legal fees and insurance deductibles for claims and judgments.

**State and Federal Programs**

The District participates in numerous state and federal funding 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 the rules and regulations governing the grants, refunds of any money received may be required and the collectability of any related receivable at June 30, 2016, 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.

**NOTE 11. PENSION PLAN AND OTHER POST EMPLOYMENT BENEFITS**

**Employee Retirement Plan**

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

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

Pension Plan Fiduciary Net Position - Detailed information about the Teacher Retirement System's fiduciary net position is available in a separately-issued Comprehensive Annual Financial Report (CAFR) that includes financial statements and required supplementary information. That report may be obtained on the Internet at <http://www.trs.state.tx.us/about/documents/cafr.pdf#CAFR>; by writing to TRS at 1000 Red River Street, Austin, TX, 78701-2698; or by calling 512.542.6592.

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**FRISCO INDEPENDENT SCHOOL DISTRICT  
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The information provided in the Notes to the Financial Statements in the 2015 CAFR for TRS provides the following information regarding the Pension Plan fiduciary net position as of August 31, 2015:

<u>Net Pension Liability</u>	<u>Total</u>
Total Pension Liability	\$ 163,887,375,172
Less: Plan Fiduciary Net Position	<u>(128,538,706,212)</u>
Net Pension Liability	<u>\$ 35,348,668,960</u>
 Net Position as a percentage of Total Pension Liability	 78.43%

Benefits Provided - TRS provides service and disability retirement, as well as death and survivor benefits, to eligible employees (and their beneficiaries) of public and higher education in Texas. The pension formula is calculated using 2.3% (multiplier) times the average of the five highest annual creditable salaries times years of credited service to arrive at the annual standard annuity, except for members who are grandfathered, when the three highest annual salaries are used. The normal service retirement is at age 65 with 5 years of credited service or when the sum of the member's age and years of credited service equals 80 or more years. Early retirement is at age 55 with 5 years of service credit or earlier than 55 with 30 years of service credit. There are additional provisions for early retirement if the sum of the member's age and years of service credit total at least 80, but the member is less than age 60 or 62 depending on date of employment, or if the member was grandfathered in under a previous rule. There are no automatic post-employment benefit changes; including automatic COLAs. Ad hoc post-employment benefit changes, including ad hoc COLAs can be granted by the Texas Legislature as noted in the plan description above.

Contributions - Contribution requirements are established or amended pursuant to Article 16, section 67 of the Texas Constitution which requires the Texas legislature to establish a member contribution rate of not less than 6% of the member's annual compensation and a state contribution rate of not less than 6% and not more than 10% of the aggregate annual compensation paid to members of the system during the fiscal year. Texas Government Code section 821.006 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.

Employee contribution rates are set in state statute, Texas Government Code 825.402. Senate Bill 1458 of the 83<sup>rd</sup> Texas Legislature amended Texas Government Code 825.402 for member contributions and established employee contribution rates for fiscal years 2014 thru 2017. The 83<sup>rd</sup> Texas Legislature, General Appropriations Act (GAA) established the employer contribution rates for plan years 2014 and 2015. The 84<sup>th</sup> Texas Legislature, General Appropriations Act (GAA) established the employer contribution rates for plan years 2016 and 2017.

<u>Contribution Rates</u>		
	<u>2015</u>	<u>2016</u>
Member	6.7%	7.2%
Non-employer contributing entity (State)	6.8%	6.8%
Employers	6.8%	6.8%
 FISD 2015 plan year member contributions		 \$ 18,879,447
FISD 2015 plan year State contributions		\$ 13,739,021
FISD 2015 plan year District contributions		\$ 8,531,212

(Continued)

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

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

- On the portion of the member's salary that exceeds the statutory minimum for members entitled to the statutory minimum under Section 21.402 of the Texas Education Code.
- During a new member's first 90 days of employment.
- When any part or all of an employee's salary is paid by federal funding sources, a privately sponsored source, from non-educational and general, or local funds.

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

- When employing a retiree of the Teacher Retirement System, the employer shall pay both the member contribution and the State contribution as an employment after retirement surcharge.
- When a school district or charter school does not contribute to the Federal Old-Age Survivors and Disability Insurance (OASDI) Program for certain employees, they must contribute 1.5% of the State contribution rate for certain instructional or administrative employees, and 100% of the State contribution rate for all other employees.

Actuarial Assumptions - The total pension liability in the August 31, 2015 actuarial valuation was determined using the following actuarial assumptions:

Valuation date	August 31, 2015
Actuarial cost method	Individual Entry Age Normal
Asset valuation method	Market Value
Single discount rate	8.00%
Long-term expected investment rate of return	8.00%
Inflation	2.5%
Salary increases including inflation	3.5% to 9.5%
Payroll growth rate	2.5%
Benefit changes during the year	None
Ad hoc post-employment benefit changes	None

The actuarial methods and assumptions are primarily based on a study of actual experience for the four year period ending August 31, 2014 and adopted on September 24, 2015.



**FRISCO INDEPENDENT SCHOOL DISTRICT  
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Discount Rate - The discount rate used to measure the total pension liability was 8.0%. There was no change in the discount rate since the previous year. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers and the non-employer contributing entity are made at the statutorily required rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The long-term rate of return on pension plan investments is 8%. The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimates ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of geometric real rates of return for each major asset class included in the System's target asset allocation as of August 31, 2015 are summarized below:

Asset Class	Target Allocation	Long-Term Expected Geometric Real Rate of Return	Expected Contribution to Long-Term Portfolio Returns*
Global Equity			
U.S.	18%	4.6%	1.0%
Non-U.S. Developed	13%	5.1%	0.8%
Emerging Markets	9%	5.9%	0.7%
Directional Hedge Funds	4%	3.2%	0.1%
Private Equity	13%	7.0%	1.1%
Stable Value			
U.S. Treasuries	11%	0.7%	0.1%
Absolute Return	0%	1.8%	0.0%
Stable Value Hedge Funds	4%	3.0%	0.1%
Cash	1%	-0.2%	0.0%
Real Return			
Global Inflation Linked Bonds	3%	0.9%	0.0%
Real Assets	16%	5.1%	1.1%
Energy and Natural Resources	3%	6.6%	0.2%
Commodities	0%	1.2%	0.0%
Risk Parity			
Risk Parity	5%	6.7%	0.3%
Inflation Expectation			2.2%
Alpha			1.0%
Total	<u>100%</u>		<u>8.7%</u>

\* The Expected Contribution to Returns incorporates the volatility drag resulting from the conversion between Arithmetic and Geometric mean returns.

**FRISCO INDEPENDENT SCHOOL DISTRICT  
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Discount Rate Sensitivity Analysis - The following schedule shows the impact of the District's proportion of the TRS Net Pension Liability if the discount rate used was 1% less than and 1% greater than the discount rate that was used (8%) in measuring the 2015 Net Pension Liability.

	1% Decrease in Discount Rate (7.0%)	Discount Rate (8.0%)	1% Increase in Discount Rate (9.0%)
FISD's proportionate share of the net pension liability:	\$ 159,571,689	\$ 101,844,853	\$ 53,761,986

Pension Liabilities, Pension Expense, and Deferred Outflows/Inflows of Resources Related to Pensions - At June 30, 2016, the District reported a liability of \$101,844,853 for its proportionate share of the TRS's net pension liability. This liability reflects a reduction for State pension support provided to the District. The amount recognized by the District as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with the District were as follows:

FISD's proportionate share of the collective net pension liability	\$ 101,844,853
State's proportionate share that is associated with FISD	163,966,586
Total	\$ 265,811,439

The net pension liability was measured as of August 31, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on the employer's contributions to the pension plan relative to the contributions of all employers to the plan for the period September 1, 2014 thru August 31, 2015.

At August 31, 2015, the District's proportion of the collective net pension liability was 0.2881151%, which was a decrease of 0.0566893% from its proportion measured as of August 31, 2014.

Changes Since the Prior Actuarial Valuation – The following are changes to the actuarial assumptions or other inputs that affected measurement of the total pension liability since the prior measurement period:

*Economic Assumptions:*

- The inflation assumption was decreased from 3.00% to 2.50%.
- The ultimate merit assumption for long-service employees was decreased from 1.25% to 1.00%.
- In accordance with the observed experience, there were small adjustments in the service-based promotional/longevity component of the salary scale.
- The payroll growth assumption was lowered from 3.50% to 2.50%.

*Mortality Assumptions*

- The post-retirement mortality tables for non-disabled retirees were updated to reflect recent TRS member experience. Mortality rates will be assumed to continue to improve in the future using a fully generational approach and Scale BB.
- The post-retirement mortality tables for disabled retirees were updated to reflect recent TRS member experience. Mortality rates will be assumed to continue to improve in the future using a fully generational approach and Scale BB.

(Continued)

**FRISCO INDEPENDENT SCHOOL DISTRICT  
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- The pre-retirement mortality tables for active employees were updated to use 90% of the recently published RP-2014 mortality table for active employees. Mortality rates will be assumed to continue to improve in the future using a fully generational approach and Scale BB.

*Other Demographic Assumptions*

- Previously, it was assumed 10% of all members who had contributed in the past 5 years were active members. This was an implicit rehire assumption because teachers have historically had a high incidence of terminating employment for a time and then returning to the workforce at a later date. This methodology was modified to add a more explicit valuation of the rehire incidence in the termination liabilities, and therefore these 10% are no longer being counted as active members.
- There were adjustments to the termination patterns for members consistent with experience and future expectations. The termination patterns were adjusted to reflect the rehire assumption. The timing of the termination decrement was also changed from the middle of the year to the beginning to match the actual pattern in the data.
- Small adjustments to the disability patterns were made for members consistent with experience and future expectations. Two separate patterns were created based on whether the member has 10 years of service or more.
- For members that become disabled in the future, it is assumed 20% of them will choose a 100% joint and survivor annuity option.

*Actuarial Methods and Policies*

- The method of using celled data in the valuation process was changed to now using individual data records to allow for better reporting of some items, such as actuarial gains and losses by source.

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

For the year ended June 30, 2016, the District recognized pension expense of \$27,921,954, including \$13,739,021 paid by the State on-behalf of the District.

At June 30, 2016, the District reported its proportionate share of the TRS's deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 795,090	\$ 3,913,989
Changes in actuarial assumptions	3,341,784	3,633,378
Difference between projected and actual investment earnings	25,082,119	14,170,357
Changes in proportion and differences between District contributions and the proportionate share of contributions	12,962,281	25,225
District contributions paid to TRS subsequent to the measurement date	7,626,885	
<b>Total</b>	<b>\$ 49,808,159</b>	<b>\$ 21,742,949</b>

(Continued)

**FRISCO INDEPENDENT SCHOOL DISTRICT  
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\$7,626,885 reported as a deferred outflow of resources resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2017	\$ 3,297,309
2018	3,297,309
2019	3,297,309
2020	8,020,761
2021	1,700,549
Thereafter	825,088
	\$ 20,438,325

**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 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 Teacher Retirement System of Texas 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) under the TRS Publications heading, by calling the TRS Communications Department at 1.800.223.8778, or by writing to the Communications Department of the Teacher Retirement System of Texas at 1000 Red River Street, Austin, Texas 78701.

Funding Policy - Contribution requirements are not actuarially determined but are legally established each biennium by the Texas Legislature. Texas Insurance Code 1575.202, 203 and 204 establish state, active employee and public school contributions, respectively. Funding for free basic coverage is provided by the program based upon public school district payroll. 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. Funding for optional coverage is provided by those participants selecting the optional coverage.

Contribution rates and amounts are shown in the table below for fiscal years 2014-2016. The District recognized contributions made by the State as revenues and expenditures in the General Fund. Actual contributions equaled required contributions for the period.

Year	Active Member		State		District	
	Rate	Amount	Rate	Amount	Rate	Amount
2016	0.65%	\$ 1,951,408	1.00%	\$ 2,953,505	0.55%	\$ 1,699,880
2015	0.65%	\$ 1,790,244	1.00%	\$ 2,705,380	0.55%	\$ 1,563,710
2014	0.65%	\$ 1,625,657	1.00%	\$ 2,254,128	0.55%	\$ 1,420,486

(Continued)

**FRISCO INDEPENDENT SCHOOL DISTRICT  
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AS OF JUNE 30, 2016**

Rates follow the TRS plan year of September 1<sup>st</sup> through August 31<sup>st</sup>. For the District's 2016 fiscal year, the State of Texas contributed an amount equal to 1.00% of public school payroll. Similarly to the TRS pension plan contributions, the District is required to pay the state's contribution of 1.00% in addition to its regular contribution when any part or all of an employee's salary is paid by federal funding sources. Those contributions are included in the District contribution amounts above.

**Medicare Part D**

The Medicare Prescription Drug, Improvement, and Modernization Act of 2003, which was effective January 1, 2006, established prescription drug coverage for Medicare beneficiaries known as Medicare Part D. One of the provisions of Medicare D allows for the Texas Public School Retired Employee Group Insurance Program (TRS-Care) to receive retiree drug subsidy payments from the federal government to offset certain prescription drug expenditures for eligible TRS-Care participants. The funds allocated to the District are considered on-behalf payments and are recognized as equal revenues and expenditures in the General Fund. For the year ended June 30, 2016, the contribution made on behalf of the District was \$930,841.

**REQUIRED SUPPLEMENTARY INFORMATION**  
(UNAUDITED)

**FRISCO INDEPENDENT SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE YEAR ENDED JUNE 30, 2016**

**EXHIBIT F-1**

Data Control Codes		<u>Budgeted Amounts</u>			Variance with Final Budget Over/(Under)
		Original	Final	Actual Amounts	
<b>REVENUES</b>					
5700	Local and intermediate sources	\$ 282,720,000	\$ 284,720,000	\$ 289,018,829	\$ 4,298,829
5800	State program revenues	133,127,000	139,127,000	155,994,420	16,867,420
5900	Federal program revenues	2,000,000	2,000,000	2,332,383	332,383
5020	<b>Total Revenues</b>	<u>417,847,000</u>	<u>425,847,000</u>	<u>447,345,632</u>	<u>21,498,632</u>
<b>EXPENDITURES</b>					
Current:					
0011	Instruction	250,193,336	252,693,336	252,535,035	(158,301)
0012	Instructional resources and media services	6,048,695	6,148,695	5,903,628	(245,067)
0013	Curriculum and instructional staff development	9,795,755	8,795,755	8,571,708	(224,047)
0021	Instructional leadership	5,979,902	5,979,902	5,390,706	(589,196)
0023	School leadership	26,392,715	26,392,715	26,213,068	(179,647)
0031	Guidance, counseling and evaluation services	12,873,321	14,048,321	13,982,202	(66,119)
0032	Social work services	386,335	486,335	356,988	(129,347)
0033	Health services	4,907,065	5,407,065	5,050,855	(356,210)
0034	Student transportation	9,315,077	10,815,077	10,435,043	(380,034)
0036	Extracurricular activities	14,894,832	14,894,832	13,603,768	(1,291,064)
0041	General administration	7,976,580	7,976,580	7,823,941	(152,639)
0051	Facilities maintenance and operations	35,372,832	35,372,832	32,866,208	(2,506,624)
0052	Security and monitoring services	2,940,136	3,690,136	3,279,043	(411,093)
0053	Data processing services	6,450,477	6,450,477	6,138,332	(312,145)
0061	Community services	869,942	1,019,942	830,319	(189,623)
Intergovernmental:					
Contracted instructional services between schools					
0091		1,600,000	2,200,000	217,771	(1,982,229)
Payments to juvenile justice alternative education programs					
0095		30,000	60,000	37,077	(22,923)
0097	Payments tax increment fund	17,750,000	21,000,000	20,698,870	(301,130)
0099	Other intergovernmental charges	2,200,000	2,500,000	2,377,535	(122,465)
6030	<b>Total Expenditures</b>	<u>415,977,000</u>	<u>425,932,000</u>	<u>416,312,097</u>	<u>(9,619,903)</u>
1100	Excess (deficiency) of revenues over (under) expenditures	<u>1,870,000</u>	<u>(85,000)</u>	<u>31,033,535</u>	<u>31,118,535</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
8911	Transfers out	-	-	(19,500)	(19,500)
7080	<b>Total Other Financing Sources (Uses)</b>	-	-	(19,500)	(19,500)
1200	Net change in fund balances	1,870,000	(85,000)	31,014,035	31,099,035
0100	Fund balances - beginning	92,479,106	92,479,106	92,479,106	-
3000	Fund balances - ending	<u>\$ 94,349,106</u>	<u>\$ 92,394,106</u>	<u>\$ 123,493,141</u>	<u>\$ 31,099,035</u>

**FRISCO INDEPENDENT SCHOOL DISTRICT**  
**NOTES TO BUDGETARY COMPARISON SCHEDULE**  
**FOR THE YEAR ENDED JUNE 30, 2016**

Budgets - Annual budgets are adopted for the General Fund, Child Nutrition Special Revenue Fund and the Debt Service Fund on a basis consistent with accounting principles generally accepted in the United States of America. To comply with those principles, each annual budget is presented on the modified accrual basis. The District is required to present the adopted and final amended budgeted revenues and expenditures for each of these funds. The Budgetary Comparison Schedules for the Debt Service Fund and Child Nutrition Fund can be found on Exhibits G-1 and G-4, respectively. The remaining special revenue funds and the Capital Projects Fund adopt project-length budgets which do not correspond to the District's fiscal year.

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

- A. Prior to June 20 of the preceding fiscal year, the District prepares a budget for the subsequent fiscal year beginning July 1. The operating budget includes proposed expenditures and the means of financing them.
- B. A meeting of the Board of Trustees is then called for the purpose of adopting the proposed budget after ten days public notice of the meeting has been given.
- C. Prior to July 1, the budget is legally enacted through passage of a resolution by the Board of Trustees.

Once a budget is approved, it can be amended at the fund and function level only. To do so requires the approval of a majority of the members of the Board of Trustees. Amendments are presented to the Board at its regular meetings. Such amendments are reflected in the official minutes of the Board. During the year, several amendments were necessary.

The Chief Financial Officer controls each budget for revenues and expenditures at the fund, function, and object level. Management is able to transfer amounts within each function. Budgeted amounts are as amended by the Board of Trustees. All budget appropriations lapse at year-end.



**FRISCO INDEPENDENT SCHOOL DISTRICT  
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE  
OF THE NET PENSION LIABILITY  
TEACHER RETIREMENT SYSTEM OF TEXAS  
FOR THE LAST TEN PLAN YEARS<sup>1</sup>**

**EXHIBIT F-2**

	<u><b>2014</b></u>	<u><b>2015</b></u>
District's proportion of the net pension liability	0.002314258	0.002881151
District's proportionate share of the net pension liability	\$ 61,817,031	\$ 101,844,853
Total	<u>\$ 61,817,031</u>	<u>\$ 101,844,853</u>
District's covered payroll <sup>(2)</sup>	\$ 253,369,679	\$ 279,985,062
District's proportionate share of the net pension liability as a percentage of its covered payroll	24.40%	36.38%
Plan fiduciary net position as a percentage of the total pension liability	83.25%	78.43%

<sup>1</sup>The amounts for each fiscal year were determined as of August 31, the pension measurement date. Information for plan years prior to 2014 is not available.

<sup>2</sup>Covered payroll includes all TRS-eligible payroll paid by the district during the plan year (September 1 - August 31).

**FRISCO INDEPENDENT SCHOOL DISTRICT  
SCHEDULE OF DISTRICT CONTRIBUTIONS  
TEACHER RETIREMENT SYSTEM OF TEXAS  
FOR THE LAST TEN FISCAL YEARS<sup>1</sup>**

	2007	2008 <sup>2</sup>	2009	2010	2011	2012	2013	2014	2015	2016
Contractually required contribution	\$ 1,447,237	\$ 1,424,850	\$ 2,003,172	\$ 2,049,495	\$ 3,349,384	\$ 3,648,289	\$ 4,235,762	\$ 5,667,342	\$ 8,087,677	\$ 9,123,803
Contributions in relation to the contractually required contribution	1,447,237	1,424,850	2,003,172	2,049,495	3,349,384	3,648,289	4,235,762	5,667,342	8,087,677	9,123,803
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered payroll <sup>(1)</sup>	\$ 122,020,612	\$ 121,747,050	\$ 171,452,886	\$ 196,423,334	\$ 214,315,590	\$ 217,577,872	\$ 232,571,151	\$ 250,101,147	\$ 275,426,852	\$ 300,219,324
Contributions as a percentage of covered payroll	1.19%	1.17%	1.17%	1.04%	1.56%	1.68%	1.82%	2.27%	2.94%	3.04%

<sup>1</sup> Covered payroll includes all TRS-eligible payroll paid by the district during the fiscal year (July 1 - June 30).

<sup>2</sup> Fiscal year 2008 represents a 10 month transitional year for the period of August 31 to June 30.



**OTHER SUPPLEMENTARY INFORMATION**

**BUDGETARY COMPARISON SCHEDULE**

**FRISCO INDEPENDENT SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
DEBT SERVICE FUND  
FOR THE YEAR ENDED JUNE 30, 2016**

**EXHIBIT G-1**

Data Control Codes	<u>Budgeted Amounts</u>			Variance with Final Budget Over/(Under)	
	Original	Final	Actual Amounts		
<b>REVENUES</b>					
5700	Local and intermediate sources	\$ 121,193,000	\$ 121,193,000	\$ 109,734,638	\$ (11,458,362)
5800	State program revenues	-	-	1,764,589	1,764,589
5020	<b>Total Revenues</b>	<u>121,193,000</u>	<u>121,193,000</u>	<u>111,499,227</u>	<u>(9,693,773)</u>
<b>EXPENDITURES</b>					
Debt Service:					
0071	Principal on long-term debt	31,100,000	33,165,766	33,165,766	-
0072	Interest on long-term debt	89,993,000	85,831,308	79,264,169	(6,567,139)
0073	Bond issuance costs and fees	100,000	2,195,926	2,186,574	(9,352)
6030	<b>Total Expenditures</b>	<u>121,193,000</u>	<u>121,193,000</u>	<u>114,616,509</u>	<u>(6,576,491)</u>
1100	Excess (deficiency) of revenues over (under) expenditures	-	-	<u>(3,117,282)</u>	<u>(3,117,282)</u>
<b>OTHER FINANCING SOURCES (USES):</b>					
7901	Refunding bonds issued	-	-	218,285,000	218,285,000
7916	Premium on issuance of bonds	-	-	25,074,281	25,074,281
7915	Transfers in	-	-	7,100,000	7,100,000
8949	Payment to refunded bond escrow agent	-	-	(241,194,517)	(241,194,517)
7080	<b>Total Other Financing Sources (Uses)</b>	<u>-</u>	<u>-</u>	<u>9,264,764</u>	<u>9,264,764</u>
1200	Net change in fund balances	-	-	6,147,482	6,147,482
0100	Fund balances - beginning	79,809,387	79,809,387	79,809,387	-
3000	Fund balances - ending	<u>\$ 79,809,387</u>	<u>\$ 79,809,387</u>	<u>\$ 85,956,869</u>	<u>\$ 6,147,482</u>

**OTHER SUPPLEMENTARY INFORMATION**

**NON-MAJOR GOVERNMENTAL FUNDS**

## 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 in 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.

*Child Nutrition Fund* is used for school lunch and breakfast programs using federal reimbursement revenues from the U.S. Department of Agriculture, as passed through the State of Texas, for the purpose of charging for 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 develop new and/or improve existing 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 Fund* is a teacher and principal training and recruiting program funded by the U.S. Department of Education, as passed through Region X ESC. Funds are 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.

*ESEA, Title III, Part A Fund* is an English language acquisition program funded by the U.S. Department of Education, as passed through Region X ESC. Funds are used to improve the education of limited English proficient children by assisting the children with challenging State academic content and helping them meet student academic achievement standards.

*Medicaid Administrative Claiming Fund* is funded by the U.S. Department of Health and Human Services, as passed through the State of Texas, and is used to account, on a project basis, for funds allocated to local education agencies for reimbursement of eligible administrative costs for activities attributed to the implementation of the Medicaid State plan.

*Summer School LEP Fund* is funded by the State of Texas for a required summer school program which provides summer school to limited English proficient students who will be eligible for admission to kindergarten and first grade at the beginning of the next school year.

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

*Visually Impaired SSVI Fund* is used to account for State supplemental visually impaired funds. This fund is used to account for, on a project basis, funds received from Region X ESC as part of a shared service arrangement.

*Advanced Placement Incentives Fund* 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. These funds also reimburse TEA approved Pre-AP, AP, and IB teacher training for eligible teachers.

*State Textbook Fund* is funded by the State of Texas 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.

*Read to Succeed Fund* is a license plate program funded by the State of Texas. The fund is designed to help generate money for public school libraries and strengthen the campus reading program. Funds are generated through the sale of specialty license plates sold to members of the community who support the District.

*Campus Activity Funds* are funds held at each campus and controlled by the campus principal to fund supplemental operating expenditures for that campus. Revenues are generated by sales and fundraising events at each campus.

*Child Development Center Fund* is a local fund used to account for day care services provided to District employees' children.



**FRISCO INDEPENDENT SCHOOL DISTRICT  
COMBINING BALANCE SHEET  
NON-MAJOR GOVERNMENTAL FUNDS  
JUNE 30, 2016**

Data Control Codes	205	211	224	225
	ESEA, Title I, Part A			
	Head Start Fund	Fund	IDEA-B Formula Fund	IDEA-B Preschool Fund
<b>ASSETS</b>				
1110			\$ 3,413,686	\$ 21,018
1240	\$ 19,709	\$ 255,927	1,075,048	8,662
1290				
1410				
1000	<u>\$ 19,709</u>	<u>\$ 255,927</u>	<u>\$ 4,488,734</u>	<u>\$ 29,680</u>
<b>LIABILITIES</b>				
2110		66,016	2,282	
2160	12,408	107,979	484,876	3,964
2170	7,301	81,932	4,001,576	25,716
2000	<u>19,709</u>	<u>255,927</u>	<u>4,488,734</u>	<u>29,680</u>
<b>FUND BALANCES</b>				
Nonspendable:				
3430				
Restricted for:				
3450				
Committed to:				
3545				
3000	-	-	-	-
4000	<u>\$ 19,709</u>	<u>\$ 255,927</u>	<u>\$ 4,488,734</u>	<u>\$ 29,680</u>

**EXHIBIT G-2**  
(Continued)

226	240	244	255	263
IDEA-B Discretionary Fund	Child Nutrition Fund	Career and Technical Basic Grant Fund	ESEA, Title II, Part A	ESEA, Title III, Part A
\$ 141,752	\$ 5,325,831	\$ 114,399		\$ 317
117,928	78,996	6,977	\$ 19,259	104,968
	1,015			
<u>\$ 259,680</u>	<u>\$ 5,405,842</u>	<u>\$ 121,376</u>	<u>\$ 19,259</u>	<u>\$ 105,285</u>
	70,092			350
	1,354,923		10	74,005
259,680		121,376	19,249	30,930
<u>259,680</u>	<u>1,425,015</u>	<u>121,376</u>	<u>19,259</u>	<u>105,285</u>
	3,980,827			
-	3,980,827	-	-	-
<u>\$ 259,680</u>	<u>\$ 5,405,842</u>	<u>\$ 121,376</u>	<u>\$ 19,259</u>	<u>\$ 105,285</u>

**FRISCO INDEPENDENT SCHOOL DISTRICT  
COMBINING BALANCE SHEET  
NON-MAJOR GOVERNMENTAL FUNDS  
JUNE 30, 2016**

Data Control Codes	272	289	385	397
	Medicaid Administrative Claiming Fund	Summer School LEP	Visually Impaired SSVI Fund	Advanced Placement Incentives Fund
<b>ASSETS</b>				
1110	\$ 40,026	\$ 5,900		
1240				
1290	11,211			
1410				
1000	<u>\$ 51,237</u>	<u>\$ 5,900</u>	<u>\$ -</u>	<u>\$ -</u>
<b>LIABILITIES</b>				
2110	1			
2160		277		
2170	23,950			
2000	<u>23,951</u>	<u>277</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCES</b>				
Nonspendable:				
3430				
Restricted for:				
3450	27,286	5,623		
Committed to:				
3545				
3000	<u>27,286</u>	<u>5,623</u>	<u>-</u>	<u>-</u>
4000	<u>\$ 51,237</u>	<u>\$ 5,900</u>	<u>\$ -</u>	<u>\$ -</u>

**EXHIBIT G-2**  
(Concluded)

410	429	461	498	
State Textbook Fund	Read to Succeed Fund	Campus Activity Fund	Child Development Center Fund	Total Non-Major Governmental Funds
\$ 482,360		\$ 2,015,754	\$ 382,612	\$ 11,943,655
				1,687,474
				12,226
		64,406		64,406
<u>\$ 482,360</u>	<u>\$ -</u>	<u>\$ 2,080,160</u>	<u>\$ 382,612</u>	<u>\$ 13,707,761</u>
6,652		69,158	326	214,877
			103,599	2,142,041
				4,571,710
<u>6,652</u>	<u>-</u>	<u>69,158</u>	<u>103,925</u>	<u>6,928,628</u>
		64,406		64,406
475,708				4,489,444
		1,946,596	278,687	2,225,283
<u>475,708</u>	<u>-</u>	<u>2,011,002</u>	<u>278,687</u>	<u>6,779,133</u>
<u>\$ 482,360</u>	<u>\$ -</u>	<u>\$ 2,080,160</u>	<u>\$ 382,612</u>	<u>\$ 13,707,761</u>

**FRISCO INDEPENDENT SCHOOL DISTRICT  
COMBINING STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES  
NON-MAJOR GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2016**

Data Control Codes	205	211	224	225
	Head Start Fund	ESEA, Title I, Part A Fund	IDEA-B Formula Fund	IDEA-B Preschool Fund
<b>REVENUES</b>				
5700	Local and intermediate sources			
5800	State program revenues			
5900	Federal program revenues			
5020	\$ 93,495	\$ 1,099,242	\$ 3,818,079	\$ 25,629
	<u>93,495</u>	<u>1,099,242</u>	<u>3,818,079</u>	<u>25,629</u>
<b>EXPENDITURES</b>				
Current:				
0011	91,815	996,061	1,389,009	25,629
0012	Instructional resources and media services			
	Curriculum and instructional staff development			
0013	1,680	101,986	18,717	
0021	Instructional leadership			
0023	School leadership			
	Guidance, counseling and evaluation services			
0031		133	2,399,531	
0033	Health services			
0035	Food services			
0036	Extracurricular activities			
0051	Facilities maintenance and operations			
0061	Community services			
6030	<u>93,495</u>	<u>1,099,242</u>	<u>3,818,079</u>	<u>25,629</u>
1100	Excess (deficiency) of revenues over (under) expenditures			
	-	-	-	-
<b>OTHER FINANCING SOURCES (USES)</b>				
7915	Transfers in			
8911	Transfers out			
7080	-	-	-	-
1200	Net change in fund balances			
0100	Fund balances - beginning			
3000	\$ -	\$ -	\$ -	\$ -

**EXHIBIT G-3**  
(Continued)

226	240	244	255	263
IDEA-B Discretionary Fund	Child Nutrition Fund	Career and Technical Basic Grant Fund	ESEA, Title II, Part A	ESEA, Title III, Part A
	\$ 17,594,562			
	714,202			
\$ 278,456	5,290,616	\$ 221,842	\$ 120,922	\$ 284,308
<u>278,456</u>	<u>23,599,380</u>	<u>221,842</u>	<u>120,922</u>	<u>284,308</u>
278,456		221,842	42,922	284,308
			78,000	
	23,090,610			
	390,758			
<u>278,456</u>	<u>23,481,368</u>	<u>221,842</u>	<u>120,922</u>	<u>284,308</u>
-	118,012	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	118,012	-	-	-
<u>-</u>	<u>3,862,815</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ -</u>	<u>\$ 3,980,827</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**FRISCO INDEPENDENT SCHOOL DISTRICT  
COMBINING STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES  
NON-MAJOR GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2016**

Data Control Codes	272 Medicaid Administrative Claiming Fund	289 Summer School LEP	385 Visually Impaired SSVI Fund	397 Advanced Placement Incentives Fund
<b>REVENUES</b>				
5700	Local and intermediate sources			
5800	State program revenues			
5900	Federal program revenues			
5020	\$ 54,522	\$ 21,907	\$ 6,171	\$ 36,900
	<u>54,522</u>	<u>21,907</u>	<u>6,171</u>	<u>36,900</u>
<b>EXPENDITURES</b>				
Current:				
0011	Instruction			
	Instructional resources and media services			
0012	Curriculum and instructional staff development			
0013	Instructional leadership			
0021	School leadership			
0023	Guidance, counseling and evaluation services			
0031	Health services			
0033	27,236			
0035	Food services			
0036	Extracurricular activities			
0051	Facilities maintenance and operations			
0061	Community services			
6030	<u>27,236</u>	<u>16,284</u>	<u>6,171</u>	<u>36,900</u>
1100	27,286	5,623	-	-
<b>OTHER FINANCING SOURCES (USES)</b>				
7915	Transfers in			
8911	Transfers out			
7080	-	-	-	-
1200	27,286	5,623	-	-
0100	Fund balances - beginning			
3000	<u>\$ 27,286</u>	<u>\$ 5,623</u>	<u>\$ -</u>	<u>\$ -</u>

**EXHIBIT G-3**  
(Concluded)

410	429	461	498	
State Textbook Fund	Read to Succeed Fund	Campus Activity Fund	Child Development Center Fund	Total Non-Major Governmental Funds
\$ 7,514		\$ 1,412,464	\$ 687,132	\$ 19,701,672
2,544,246	\$ 112		48,072	3,349,703
<u>2,551,760</u>	<u>112</u>	<u>1,412,464</u>	<u>735,204</u>	<u>11,309,018</u>
				34,360,393
3,475,202				6,827,699
	112			112
				237,283
				8,383
				2,517
				2,399,664
				28,220
				23,090,610
		1,259,650		1,259,650
				390,758
			752,417	752,417
<u>3,475,202</u>	<u>112</u>	<u>1,259,650</u>	<u>752,417</u>	<u>34,997,313</u>
(923,442)	-	152,814	(17,213)	(636,920)
		19,500		19,500
				-
<u>-</u>	<u>-</u>	<u>19,500</u>	<u>-</u>	<u>19,500</u>
(923,442)	-	172,314	(17,213)	(617,420)
1,399,150		1,838,688	295,900	7,396,553
<u>\$ 475,708</u>	<u>\$ -</u>	<u>\$ 2,011,002</u>	<u>\$ 278,687</u>	<u>\$ 6,779,133</u>



**FRISCO INDEPENDENT SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
CHILD NUTRITION FUND  
FOR THE YEAR ENDED JUNE 30, 2016**

**EXHIBIT G-4**

Data Control Codes	Budgeted Amounts			Actual Amounts	Variance with Final Budget Over/(Under)
	Original	Final			
<b>REVENUES</b>					
5700	Local and intermediate sources	\$ 17,832,000	\$ 17,832,000	\$ 17,594,562	\$ (237,438)
5800	State program revenues	445,000	645,000	714,202	69,202
5900	Federal program revenues	4,680,000	6,780,000	5,290,616	(1,489,384)
5020	<b>Total Revenues</b>	22,957,000	25,257,000	23,599,380	(1,657,620)
<b>EXPENDITURES</b>					
Current:					
0035	Food services	22,555,500	24,855,500	23,090,610	(1,764,890)
0051	Facilities maintenance and operations	401,500	401,500	390,758	(10,742)
6030	<b>Total Expenditures</b>	22,957,000	25,257,000	23,481,368	(1,775,632)
1100	Excess (deficiency) of revenues over (under) expenditures	-	-	118,012	118,012
1200	Net change in fund balances	-	-	118,012	118,012
0100	Fund balances - beginning	3,862,815	3,862,815	3,862,815	-
3000	Fund balances - ending	\$ 3,862,815	\$ 3,862,815	\$ 3,980,827	\$ 118,012

**OTHER SUPPLEMENTARY INFORMATION**

**AGENCY FUND**

**FRISCO INDEPENDENT SCHOOL DISTRICT  
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
AGENCY FUND  
FOR THE YEAR ENDED JUNE 30, 2016**

**EXHIBIT G-5**

Data Control Codes	Balance July 1, 2015	Additions	Deductions	Balance June 30, 2016
<b>ASSETS</b>				
1110	\$ 1,002,988	\$ 1,729,484	\$ 1,640,285	\$ 1,092,187
	<u>\$ 1,002,988</u>	<u>\$ 1,729,484</u>	<u>\$ 1,640,285</u>	<u>\$ 1,092,187</u>
<b>LIABILITIES</b>				
2110	\$ 62,662	\$ 1,555,610	\$ 1,513,593	\$ 104,679
2190	940,326	1,882,805	1,835,623	987,508
	<u>\$ 1,002,988</u>	<u>\$ 3,438,415</u>	<u>\$ 3,349,216</u>	<u>\$ 1,092,187</u>

**OTHER SUPPLEMENTARY INFORMATION**

**REQUIRED TEA SCHEDULE**

**FRISCO INDEPENDENT SCHOOL DISTRICT  
SCHEDULE OF DELINQUENT TAXES RECEIVABLE  
FISCAL YEAR ENDED JUNE 30, 2016**

Last Ten Fiscal Years	1 Tax Rates		2	3	10
	Maintenance	Debt Service		Assessed/Appraised Value for School Tax Purposes	Beginning Balance
Prior to 2008	Various	Various		Various	\$ (302,824)
2008	\$0.96	\$0.39		14,927,613,294	93,962
2009	\$1.00	\$0.37		16,633,312,029	231,990
2010	\$1.00	\$0.39		17,179,510,153	526,065
2011	\$1.00	\$0.39		16,875,842,501	1,066,019
2012	\$1.00	\$0.42		17,504,188,590	934,005
2013	\$1.04	\$0.42		18,411,182,624	1,080,760
2014	\$1.04	\$0.42		20,072,776,233	1,596,380
2015	\$1.04	\$0.42		23,005,771,528	2,852,646
2016	\$1.04	\$0.42		26,230,139,504	
Totals					<u>\$ 8,079,003</u>

Portion of total collections paid into Tax Increment Zone Under Chapter 311, Tax Code

20 Current Year's Total Levy	31 Maintenance Collections	32 Debt Service Collections	40 Entire Year's Adjustments	50 Ending Balance
	\$ 5,403	\$ 1,439	\$ (102,986)	(412,652)
	1,744	708	(203)	91,307
	51,981	19,233	(205)	160,571
	264,327	103,088	(415)	158,235
	913,182	356,141	678,100	474,796
	843,626	354,323	699,713	435,769
	995,520	402,037	873,371	556,574
	1,225,352	494,854	777,239	653,413
	2,564,537	1,035,678	1,811,450	1,063,881
<u>373,372,859</u>	<u>266,836,341</u>	<u>107,760,829</u>	<u>3,451,955</u>	<u>2,227,644</u>
<u>\$ 373,372,859</u>	<u>\$ 273,702,013</u>	<u>\$ 110,528,330</u>	<u>\$ 8,188,019</u>	<u>\$ 5,409,538</u>
	<u>\$ 17,367,585</u>			



**STATISTICAL SECTION**  
(UNAUDITED)



**FRISCO INDEPENDENT SCHOOL DISTRICT  
STATISTICAL SECTION  
(Unaudited)**

This section of the Frisco Independent School District's Comprehensive Annual Financial Report presents information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the District's overall health.

<b>CONTENTS</b>	<b>PAGE</b>
Financial Trends	68
<p style="padding-left: 40px;">These schedules contain trend information to help the reader understand how the District's financial performance and well-being have changed over time.</p>	
Revenue Capacity	73
<p style="padding-left: 40px;">These schedules contain information to help the reader assess the District's most significant local revenue source, the property tax.</p>	
Debt Capacity	77
<p style="padding-left: 40px;">These schedules present information to help the reader assess the affordability of the District's current levels of outstanding debt and the District's ability to issue additional debt in the future.</p>	
Demographic and Economic Information	80
<p style="padding-left: 40px;">These schedules offer demographic and economic indicators to help the reader understand the environment within which the District's financial activities take place.</p>	
Operating Information	82
<p style="padding-left: 40px;">These schedules contain service and infrastructure data to help the reader understand how the information in the District's financial report relates to the services the District provides and the activities it performs.</p>	

## **FINANCIAL TRENDS**

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

	2007	2008 <sup>1</sup>	2009	2010	2011	2012	2013	2014	2015	2016
<b>Governmental Activities</b>										
Net investment in capital assets	\$ (116,874,349)	\$ (122,276,884)	\$ (171,154,403)	\$ (204,940,333)	\$ (233,522,841)	\$ (274,216,290)	\$ (293,661,182)	\$ (273,081,937)	\$ (305,309,356)	\$ (232,937,713)
Restricted for Federal and State grant programs	1,195,187	2,161,968	3,121,981	2,831,739	2,606,162	3,208,210	2,904,294	3,789,148	5,261,965	4,489,444
Restricted for debt services	4,965,217	46,270,566	59,011,864	68,589,961	64,478,051	71,170,986	72,023,378	53,919,728	54,250,586	57,086,768
Restricted for capital projects	20,527,925	3,083,347	4,187,350	7,833,126	-	-	-	-	-	-
Unrestricted Net Position	24,984,396	30,377,993	21,933,272	22,911,965	26,295,778	47,511,053	51,311,286	66,159,069	353,464	(86,843,097)
<b>TOTAL NET POSITION</b>	<b>\$ (65,201,624)</b>	<b>\$ (40,383,010)</b>	<b>\$ (82,899,936)</b>	<b>\$ (102,773,542)</b>	<b>\$ (140,142,850)</b>	<b>\$ (152,326,041)</b>	<b>\$ (167,422,224)</b>	<b>\$ (149,213,992)</b>	<b>\$ (245,443,341)</b>	<b>\$ (258,204,598)</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

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

(Unaudited)

	2007	2008 <sup>1</sup>	2009	2010	2011	2012	2013	2014	2015	2016
<b>Expenses</b>										
Governmental Activities:										
Instruction	\$ 123,673,720	\$ 133,565,149	\$ 179,255,336	\$ 200,270,949	\$ 210,372,150	\$ 207,257,489	\$ 220,404,517	\$ 237,776,317	\$ 284,653,714	\$ 305,605,412
Instructional resources and media services	5,814,988	4,759,048	7,527,217	7,456,175	7,041,284	5,072,392	6,878,260	7,563,264	9,187,036	9,796,673
Curriculum and instructional staff development	2,316,441	2,440,703	3,701,535	4,416,790	4,196,290	5,540,212	6,695,992	7,496,653	8,527,459	8,937,996
Instructional leadership	2,255,388	2,513,617	3,707,131	4,152,342	4,183,981	3,496,529	4,538,265	4,625,073	5,075,185	5,474,033
School leadership	10,539,490	10,875,501	13,771,309	16,296,540	19,604,431	18,585,563	22,284,476	21,657,026	28,254,017	30,178,920
Guidance, counseling and evaluation services	5,982,008	6,888,436	8,615,821	10,135,488	11,165,424	11,195,982	12,552,997	12,828,364	14,672,505	16,612,319
Social work services	91,325	275,107	233,822	311,030	309,809	292,395	343,427	360,371	352,044	361,960
Health services	1,931,999	2,474,489	2,875,656	3,401,665	3,612,048	3,388,277	3,738,802	3,885,439	4,700,476	5,183,496
Student transportation	5,402,592	5,889,588	7,405,694	9,747,990	9,511,115	9,476,656	9,854,542	10,489,264	11,631,466	12,127,267
Food services	10,826,270	10,181,062	12,921,293	15,352,293	17,089,059	16,966,824	18,662,958	20,138,815	22,671,955	25,943,835
Extracurricular activities	8,638,873	9,456,889	12,113,595	13,978,597	16,269,145	14,145,666	14,929,811	15,493,350	17,804,290	19,434,773
General administration	7,463,325	5,800,055	9,650,382	7,289,357	7,371,999	7,647,253	6,560,127	6,752,192	8,271,754	9,432,967
Facilities maintenance and operations	18,712,489	19,271,020	27,055,506	29,109,608	31,567,513	28,970,801	30,168,059	31,796,821	37,020,121	45,202,540
Security and monitoring services	1,069,644	1,077,827	1,529,372	1,610,482	2,219,918	2,418,991	2,731,959	3,595,026	3,808,630	3,916,348
Data processing services	2,301,139	1,785,957	4,766,862	4,986,191	5,930,740	6,275,652	6,718,444	7,194,012	9,499,233	9,131,244
Community services	1,104,139	850,082	1,424,151	1,498,050	1,539,113	1,514,281	1,572,685	1,516,206	1,992,750	1,857,437
Debt service - interest on long-term debt	46,364,712	39,593,981	66,796,474	60,341,816	61,708,857	64,807,149	70,402,767	45,233,434	73,966,028	81,825,335
Debt service - bond issuance costs and fees	78,352	102,649	213,326	224,619	303,281	784,857	1,034,160	1,288,269	2,511,829	3,518,708
Contracted instructional services between schools	14,435,582	8,276,629	12,904,887	1,331,260	3,004,389	1,582,625	1,785,899	1,004,896	1,177,873	217,771
Payments to fiscal agent/member districts of SSA	43,493	149,060	127,022	135,132	195,897	-	-	-	-	-
Payments to juvenile justice alternative education program	108,482	115,834	112,838	87,929	90,309	60,791	44,573	23,499	47,931	37,077
Payments to tax increment fund	11,226,405	11,073,196	15,516,540	13,078,366	12,475,699	15,300,909	16,558,936	17,605,466	19,317,219	20,698,870
Other intergovernmental charges	-	-	-	1,613,714	1,637,072	1,658,054	1,801,088	1,924,946	2,102,040	2,377,535
Total Governmental Activities Expenses	<u>280,380,856</u>	<u>277,415,879</u>	<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>	<u>567,245,555</u>	<u>617,872,516</u>
<b>Program Revenues</b>										
Governmental Activities:										
Charges for Services:										
Instruction	161,584	73,267	315,818	195,799	234,762	206,936	290,231	350,717	396,872	403,481
Food services	8,297,447	8,619,622	10,534,707	11,381,160	12,372,825	13,077,118	13,685,406	14,494,346	16,242,616	17,585,643
Extracurricular activities	500,303	564,693	746,020	926,755	1,475,974	1,522,873	1,506,143	1,525,824	1,605,535	1,798,238
Facilities maintenance and operations	572,888	537,487	761,560	731,934	536,802	1,913,519	2,299,332	2,394,812	2,554,502	2,864,952
Community services	627,332	539,047	-	-	-	-	-	-	-	-
Operating Grants and Contributions	13,654,337	16,447,353	18,596,276	31,313,190	32,628,060	25,145,775	22,544,354	26,278,448	38,071,093	34,845,658
Total Governmental Activities Program Revenues	<u>23,813,891</u>	<u>26,781,469</u>	<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>58,870,618</u>	<u>57,497,972</u>
<b>Net (Expense) Revenue</b>	<u>(256,566,965)</u>	<u>(250,634,410)</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>	<u>(508,374,937)</u>	<u>(560,374,544)</u>

<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

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

	2007	2008 <sup>1</sup>	2009	2010	2011	2012	2013	2014	2015	2016
Net (Expense) Revenue	\$ (256,566,965)	\$ (250,634,410)	\$ (361,271,388)	\$ (362,277,545)	\$ (384,151,100)	\$ (384,573,127)	\$ (419,937,278)	\$ (415,204,556)	\$ (508,374,937)	\$ (560,374,544)
<b>General Revenues</b>										
Governmental Activities:										
Taxes:										
Property taxes, levied for general purposes	150,870,075	134,235,359	168,875,322	173,721,989	171,001,679	177,079,758	199,562,589	229,889,558	265,133,759	279,061,789
Property taxes, levied for debt service	42,623,152	54,533,671	57,650,495	62,409,766	61,736,118	68,875,705	72,822,119	80,937,836	93,922,813	105,578,096
State aid - formula grants	27,599,183	52,027,127	68,601,051	85,246,982	99,211,962	104,324,856	117,087,935	119,733,020	120,405,390	139,758,001
Grants and contributions not restricted to specific program	18,373	-	27,945	17,407	180	20,083	516,970	-	-	2,332,383
Investment earnings	7,878,823	6,400,879	2,509,504	358,496	246,295	184,963	238,659	98,009	166,062	720,988
Miscellaneous local and intermediate revenue	19,502,456	28,255,988	21,090,145	16,969,299	17,308,973	21,901,571	20,559,060	2,754,365	3,625,774	20,162,030
<b>Total General Revenue</b>	<b>248,492,062</b>	<b>275,453,024</b>	<b>318,754,462</b>	<b>338,723,939</b>	<b>349,505,207</b>	<b>372,386,936</b>	<b>410,787,332</b>	<b>433,412,788</b>	<b>483,253,798</b>	<b>547,613,287</b>
Change in net position	(8,074,903)	24,818,614	(42,516,926)	(23,553,606)	(34,645,893)	(12,186,191)	(9,149,946)	18,208,232	(25,121,139)	(12,761,257)
Net position - beginning, as adjusted	(57,126,721)	(65,201,624)	(40,382,010)	(79,219,936)	(105,496,957)	(140,142,850)	(158,272,278)	(167,422,224)	(220,322,202)	(245,443,341)
Net position - ending	\$ (65,201,624)	\$ (40,383,010)	\$ (82,898,936)	\$ (102,773,542)	\$ (140,142,850)	\$ (152,329,041)	\$ (167,422,224)	\$ (149,213,992)	\$ (245,443,341)	\$ (238,204,598)

<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

**FRISCO INDEPENDENT SCHOOL DISTRICT  
FUND BALANCES - GOVERNMENTAL FUNDS  
LAST TEN FISCAL YEARS  
(Unaudited)**

	2007	2008 <sup>1</sup>	2009	2010	2011	2012	2013	2014	2015	2016
General Fund										
Reserved				\$ 51,281	\$ 251,404	\$ 141,684	\$ 163,824	\$ 264,523	\$ 410,917	\$ 702,073
Nonspendable										
Restricted										
Assigned										
Unreserved /Unassigned	\$ 26,675,356	\$ 22,473,686	\$ 21,962,721	\$ 46,286,952	\$ 42,818,991	\$ 60,123,335	\$ 72,501,978	\$ 84,900,184	\$ 92,068,189	\$ 11,058,554
Total General Fund	<u>\$ 26,675,356</u>	<u>\$ 22,473,686</u>	<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>	<u>\$ 92,479,106</u>	<u>\$ 123,493,141</u>
All Other Governmental Funds										
Reserved for:										
Debt service fund	495,217	46,270,566	59,011,864	67,245,565						
Child nutrition service	1,195,187	2,161,968	3,121,981	2,831,739						
Designated for:										
Construction	48,231,691	80,804,147	69,653,941	7,833,126						
Other Purposes		21,000,000	23,000,000							
Nonspendable										
Restricted					118,756,851	78,941,316	125,818,111	71,910	45,631	64,406
Committed							2,171,829	173,944,026	226,127,518	204,022,445
Assigned								2,117,958	2,088,957	2,225,283
Unreserved/Unassigned	738,950	1,680,111	1,499,215	1,569,851	1,750,466	1,958,933				
Total All Other Governmental Funds	<u>\$ 50,661,045</u>	<u>\$ 151,916,792</u>	<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>\$ 228,262,106</u>	<u>\$ 206,312,134</u>
Total Governmental Funds	<u>\$ 77,336,401</u>	<u>\$ 174,390,478</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>	<u>\$ 320,741,212</u>	<u>\$ 329,805,275</u>

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

<sup>2</sup> Beginning with the fiscal year ended June 30, 2011, the District implemented GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Types*, which required a change in the reported classification of fund balance.

<sup>3</sup> Prior to the implementation of GASB 54, the portion of fund balance available for spending at the District's discretion was classified as "Unreserved." After the implementation of GASB 54, this amount is classified as "Unassigned."

Source: Frisco ISD Annual Financial Reports



## **REVENUE CAPACITY**



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

Fiscal Year	Actual Value													Total Taxable Value	Total District Rate
	Single Family Property	Multi-Family Property	Vacant Lots Tracts	Acreage (Land Only)	Farm and Ranch Improvements	Commercial & Industrial (Real)	Utilities	Commercial & Industrial (Personal)	Other	Total Assessed Value	Less: Exemptions	Total Taxable Value	Total District Rate		
2007	7,972,987,001	594,010,822	235,550,761	2,170,730,485	18,018,840	2,097,327,042	109,286,747	535,087,927	709,052,130	14,442,051,755	2,150,919,578	12,291,132,177	\$1.58		
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	112,861,870	635,539,523	788,876,767	17,219,465,613	2,291,854,327	14,927,611,286	\$1.35		
2009	10,968,639,445	818,695,375	396,264,241	2,272,350,941	23,431,597	3,215,066,625	127,215,788	716,602,406	516,112,940	19,054,379,358	2,421,069,338	16,633,310,020	\$1.37		
2010	11,318,629,269	959,222,680	379,432,588	1,978,541,543	21,394,569	3,481,674,802	130,731,808	787,615,513	399,621,865	19,456,864,637	2,277,356,494	17,179,508,143	\$1.39		
2011	11,504,077,061	998,825,739	299,761,332	1,752,437,036	20,930,610	3,215,213,475	115,645,665	706,809,701	362,745,531	18,976,446,150	2,100,605,660	16,875,840,490	\$1.39		
2012	12,062,374,158	1,048,925,351	305,794,907	1,726,339,089	18,546,875	3,316,365,172	128,181,093	733,630,488	307,640,722	19,647,797,855	2,143,611,277	17,504,186,578	\$1.42		
2013	12,627,501,202	1,202,898,036	293,379,271	1,730,873,484	17,685,947	3,499,967,601	130,695,320	775,039,766	262,013,501	20,540,054,128	2,128,873,517	18,411,180,611	\$1.46		
2014	13,675,913,279	1,413,163,612	298,801,710	1,393,693,816	321,808,894	3,764,176,806	136,448,465	828,032,175	353,434,184	22,185,472,941	2,112,698,722	20,072,774,219	\$1.46		
2015	15,793,610,094	1,704,527,510	397,306,356	1,564,168,999	371,885,899	4,178,276,253	151,707,976	888,658,217	361,313,589	25,411,454,893	2,405,683,365	23,005,771,528	\$1.46		
2016	18,531,227,482	1,953,611,983	432,451,349	1,691,512,254	519,090,462	4,778,991,671	163,717,344	940,465,225	398,329,187	29,409,396,957	3,179,257,453	26,230,139,504	\$1.46		

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

Source: Texas Comptroller of Public Accounts - School District Summary Worksheet

**FRISCO INDEPENDENT SCHOOL DISTRICT  
DIRECT AND OVERLAPPING TAX RATES  
LAST TEN FISCAL YEARS  
(Unaudited)**

Fiscal Year	Overlapping Rates									
	Frisco ISD	City of Frisco	Collin County	Collin County Community College (CCCC)	City of McKinney	City of Plano	Denton County	Town of Little Elm	City of Hackberry	Denton County FWSD
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
2015	1.4600	0.4600	0.2250	0.0820	0.5830	0.4886	0.2620	0.6616	0.4009	1.0000
2016	1.4600	0.4600	0.2250	0.0820	0.5830	0.4886	0.2620	0.6617	0.4010	1.0000

Source: Texas Comptroller of Public Accounts - School District Summary Worksheet

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

**Exhibit S-8**

		<b>2016</b>	
<u>Taxpayer</u>	<u>Business Type</u>	<u>Taxable Value</u>	<u>Percentage of Total Taxable Value</u>
Capital One National Association	Banking & Finance	\$ 147,883,770	0.56%
BPR Shopping Center LP	Shopping Center	121,815,390	0.46%
Tollway/121 Partners LTD	Real Estate Development	101,827,987	0.39%
TxApt 8205 Towne Main Drive LP	Real Estate Development	79,607,872	0.30%
Hall Office Portfolio DB LLC	Real Estate Development	73,100,000	0.28%
Tenet Frisco LTD	Medical Center	67,415,680	0.26%
Granite Park I LLC	Real Estate Development	66,807,851	0.25%
Frisco Station Partners LP	Real Estate Development	64,633,218	0.25%
Specified Properties LP	Real Estate Development	63,472,889	0.24%
Sabra Texas Holdings LP	Investments	61,170,486	0.23%
		<b>\$ 847,735,143</b>	<b>3.22%</b>

		<b>2007</b>	
<u>Taxpayer</u>	<u>Business Type</u>	<u>Taxable Value</u>	<u>Percentage of Total Taxable Value</u>
Stonebriar Mall LTD Partnership	Retail	\$ 209,537,242	1.40%
BPR Shopping Center LP	Retail	121,547,370	0.81%
Tenet Frisco LTD	Medical	92,547,723	0.62%
Tollway/121 Partners LTD	Real Estate Development	72,391,253	0.48%
Virtu Investments LLC	Real Estate Development	50,000,000	0.33%
GE Commercial Finance Business Property Corp.	Finance	49,999,950	0.33%
Granite Park I LLC	Real Estate Development	43,933,640	0.29%
Stonebriar Hotel LLC	Hospitality	43,827,593	0.29%
D.R. Horton - Texas LTD	Home Builder	42,784,949	0.29%
GP Park II LLC	Real Estate Development	42,505,113	0.28%
		<b>\$ 769,074,833</b>	<b>5.12%</b>

Source: Collin and Denton County Appraisal Districts

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

**Exhibit S-9**

Fiscal Year	Taxes Levied for the Fiscal Year <sup>1</sup>	Collected within the Fiscal Year of the Levy			Current Year Adjusted Levy <sup>2</sup>	Total Collections to Date	
		Amount	Percentage of Levy	Collections in Subsequent Years		Amount <sup>3</sup>	Percentage of Levy
2007	193,268,272	190,616,176	98.63%	3,948,603	194,376,427	194,564,779	100.10%
2008	188,873,783	186,511,500	98.75%	3,410,557	188,742,337	189,922,057	100.63%
2009	226,592,154	222,910,277	98.38%	3,754,215	226,699,362	226,664,492	99.98%
2010	236,338,412	232,171,603	98.24%	4,992,480	236,477,738	237,164,083	100.29%
2011	233,360,846	230,656,112	98.84%	4,139,367	233,939,963	234,795,479	100.37%
2012	246,595,889	244,576,313	99.18%	4,680,846	248,443,675	249,257,159	100.33%
2013	271,222,819	269,428,955	99.34%	4,693,189	272,725,060	274,122,144	100.51%
2014	292,572,378	289,972,452	99.11%	5,594,274	297,367,795	295,566,726	99.39%
2015	333,326,629	330,473,983	99.14%	3,600,215	335,138,079	334,074,198	99.68%
2016	376,824,814	374,597,170	99.41%		376,824,814	374,597,170	99.41%

<sup>1</sup> Includes adjustments during the year of the levy

<sup>2</sup> Includes all adjustments to the levy made in subsequent years

<sup>3</sup> Includes penalties and interest.

Sources: Frisco ISD Annual Financial Reports and Collin County Tax Office



## DEBT CAPACITY

**FRISCO INDEPENDENT SCHOOL DISTRICT**  
**ESTIMATED OVERLAPPING DEBT STATEMENT**  
**JUNE 30, 2016**  
(Unaudited)

**Exhibit S-10**

<u>Taxing Body</u>	<u>Amount</u>	<u>Percentage Overlapping</u>	<u>Amount Overlapping</u>
Collin County	\$ 366,955,000	19.08%	\$ 70,015,014
Collin County CCD	19,155,000	19.08%	3,654,774
Denton County	627,430,000	10.71%	67,197,753
Denton County FWSD # 8-C	34,779,985	92.97%	32,334,952
City of Frisco	829,730,000	91.90%	762,521,870
Town of Little Elm	90,740,000	36.34%	32,974,916
City of McKinney	264,435,000	17.52%	46,329,012
City of Plano	330,125,000	10.28%	<u>33,936,850</u>
Subtotal, overlapping debt			1,048,965,141
District gross bonded debt			<u>1,916,150,437</u>
Total direct and overlapping debt			<u><u>\$ 2,965,115,578</u></u>
Ratio of net direct and overlapping debt to net taxable valuation			11.30%
Per capita direct and overlapping debt			\$ 13,578

Source: Municipal Advisory Council of Texas

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

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

(Unaudited)

Fiscal Year	Taxable Assessed Value	Bonded Debt Outstanding at Year-End	Ratio of Bonded Debt to Taxable Assessed Value	Estimated Population	Taxable Assessed Value per Capita	Bonded Debt per Capita	Personal Income	Ratio of Bonded Debt to Personal Income
2007	12,291,132,177	802,862,979	6.53%	106,768	115,120	7,520	5,266,857,570	15.24%
2008	14,927,611,286	992,862,979	6.65%	122,922	121,440	8,077	5,828,009,200	17.04%
2009	16,633,310,020	1,163,469,342	6.99%	141,521	117,532	8,221	5,736,497,260	20.28%
2010	17,179,508,143	1,178,615,748	6.86%	162,932	105,440	7,234	6,277,062,090	18.78%
2011	16,875,840,490	1,265,634,232	7.50%	167,332	100,852	7,564	7,054,209,240	17.94%
2012	17,504,186,578	1,310,323,851	7.49%	173,002	101,179	7,574	7,941,628,760	16.50%
2013	18,411,180,611	1,353,110,843	7.35%	186,743	98,591	7,246	8,423,152,562	16.06%
2014	20,072,774,219	1,679,166,027	8.37%	195,558	102,644	8,587	8,423,152,562	19.94%
2015	23,005,771,528	1,911,006,819	8.31%	206,900	111,193	9,236	8,906,351,924	21.46%
2016	26,230,139,504	1,916,150,437	7.31%	218,374	120,116	8,775	10,430,852,484	18.37%

Sources: Collin and Denton County appraisal districts and the Municipal Advisory Council of Texas



**FRISCO INDEPENDENT SCHOOL DISTRICT  
LEGAL DEBT MARGIN INFORMATION  
LAST TEN FISCAL YEARS  
(Unaudited)**

**Exhibit S-12**

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Debt Limit	\$ 1,229,113,218	\$ 1,492,172,776	\$ 1,663,331,002	\$ 1,717,950,814	\$ 1,687,584,049	\$ 1,750,418,658	\$ 1,841,118,061	\$ 2,007,277,422	\$ 2,300,577,153	\$ 2,623,013,950
Total net debt applicable to limit	797,897,762	946,592,413	1,104,457,477	1,111,370,180	1,202,435,238	1,225,113,663	1,306,550,128	1,504,107,915	1,721,846,816	1,830,193,568
Legal debt Margin	\$ 2,027,010,980	\$ 2,438,765,189	\$ 2,767,788,479	\$ 2,829,320,994	\$ 2,890,019,287	\$ 2,975,532,321	\$ 3,147,668,189	\$ 3,511,385,337	\$ 4,022,423,969	\$ 4,453,207,518
Total net debt applicable to the limit as a percentage of the debt limit	64.92%	63.44%	66.40%	64.69%	71.25%	69.99%	70.97%	74.93%	74.84%	69.77%

**Legal Debt Margin Calculation for the Fiscal Year 2016:**

Taxable Assessed value	\$ 26,230,139,504
Debt limit (10% of assessed value) <sup>1</sup>	2,623,013,950
Total bonded debt	\$ 1,916,150,437
Less reserve for retirement of debt <sup>2</sup>	85,956,869
Debt applicable to limit	1,830,193,568
Legal debt margin	\$ 792,820,382

<sup>1</sup> Bonded Debt Limitation: Total principal amount of tax fund indebtedness cannot exceed 10% of assessed valuation of taxable property in the District according to the approved ad valorem tax roll at the time of the issuance of bonds.  
<sup>2</sup> Amount represents fund balance restricted for the retirement of long-term debt. See Exhibit C-1. This amount differs from government-wide net position restricted for debt service by amounts payable for accrued or accreted interest.

Source: Frisco ISD Annual Financial Reports

## **DEMOGRAPHIC INFORMATION**

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

**Exhibit S-13**

<u>Fiscal Year</u>	<u>Estimated Population</u>	<u>Personal Income</u>	<u>Per Capita Personal Income</u>	<u>Unemployment Rate</u>
2007	106,768	5,266,857,570	49,330	3.70%
2008	122,922	5,828,009,200	47,412	4.10%
2009	141,521	5,736,497,260	40,535	5.90%
2010	162,932	6,277,062,090	38,526	6.80%
2011	167,332	7,054,209,240	42,157	6.30%
2012	173,002	7,941,628,760	45,905	5.40%
2013	186,743	8,423,152,562	45,106	5.00%
2014	195,558	8,423,152,562	43,072	5.40%
2015	206,900	8,906,351,924	43,047	3.20%
2016	218,374	10,430,852,484	47,766	2.70%

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

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

**Exhibit S-14**

<b>2016</b>			
<u>Employer</u>	Approximate Number of Employees	Percentage of Total Estimated Employees	Rank
Frisco Independent School District	6,500	6.61%	1
T-Mobile	1,500	1.53%	2
City of Frisco	1,102	1.12%	3
Mario Sinacola & Sons Excavating	603	0.61%	4
CCCD Preston Ridge Campus	550	0.56%	5
Amerisource Bergens Specialty Group	500	0.51%	6
CLA USA, Inc.	450	0.46%	7
IKEA Frisco	400	0.41%	8
Tenet of Texas RBO	300	0.31%	9
Market Street	300	0.31%	10
	<u>12,205</u>		

<b>2007</b>			
<u>Taxpayer</u>	Approximate Number of Employees	Percentage of Total Estimated Employees	Rank
Frisco Independent School District	3090	5.95%	1
Centre of Preston Ridge	1500	2.89%	2
Rodman Companies	780	1.50%	3
IntegraSys	550	1.06%	4
Mario Sinacola & Sons	500	0.96%	5
City of Frisco	455	0.88%	6
IKEA	400	0.77%	7
Tenet of Texas RBO	340	0.65%	8
Fujitsu Transaction Solutions	300	0.58%	9
Aastra Telecom	250	0.48%	10
	<u>8,165</u>		

Sources: Texas Employment Commission and the Frisco Economic Development Corp.



## **OPERATING INFORMATION**

**FRISCO INDEPENDENT SCHOOL DISTRICT**  
**FULL-TIME-EQUIVALENT DISTRICT EMPLOYEES BY IDENTIFIABLE ACTIVITIES**  
**FISCAL YEAR ENDED JUNE 30, 2016**  
(Unaudited)

**Exhibit S-15**

	<u>FTE Count</u>	<u>Average Base Pay</u>
<b>Teaching Staff</b>		
Early Education	1.00	\$ 50,893
Pre-Kindergarten	8.00	51,832
Kindergarten	212.28	52,527
Elementary (Grades 1-6)	1,189.94	53,123
Middle School (Grades 6-8)	819.02	52,432
High School (Grades 9-12)	898.28	54,040
All Grade Levels	390.45	53,902
	<b><u>3,518.97</u></b>	<b><u>53,243</u></b>
<b>Support Staff</b>		
Counselor	108.72	66,673
Educational Diagnostician	36.00	71,170
Librarian	55.56	59,143
LSSP/Psychologist	18.00	64,375
Music Therapist	2.51	48,500
Occupational Therapist	15.81	62,010
Orientation/Mobility Specialist	1.51	57,241
Other Campus Professionals	31.91	7,289
Other Non-Instructional	117.69	76,044
Physical Therapist	4.00	66,000
School Nurse	64.75	52,553
Speech Therapist/Pathologist	63.52	64,548
Teacher Facilitator	54.97	56,289
Truant Officer/Visiting Teacher	4.00	69,639
	<b><u>578.95</u></b>	<b><u>61,777</u></b>
<b>Administrative Staff</b>		
Assistant Principal	107.10	73,647
Asst./Deputy Superintendent	2.00	156,874
Athletic Director	3.00	106,489
Business Manager	1.00	135,590
Director of Personnel/Human Resources	5.00	113,067
District Instructional Program Director	31.22	94,653
Principal	64.00	92,232
Superintendent	1.00	271,625
Teacher Supervisor	8.00	82,016
	<b><u>222.32</u></b>	<b><u>85,496</u></b>
<b>Paraprofessional Staff/Auxiliary</b>		
Educational Aide	478.99	56,052
Auxiliary	1,430.12	25,959
	<b><u>1,909.11</u></b>	<b><u>33,509</u></b>
<b>Total</b>	<b><u><u>6,229.35</u></u></b>	<b><u><u>\$ 49,131</u></u></b>

Source: Public Education Information Management System (TEA)

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

**Exhibit S-16**

<u>Fiscal Year</u>	<u>Operating Expenditures<sup>2</sup></u>	<u>Enrollment</u>	<u>Cost per Pupil</u>	<u>Student to Teacher Ratio</u>	<u>Percentage of Students Receiving Free or Reduced-price Meals</u>
2007	155,711,515	23,649	6,584	14.0	10.90%
2008 <sup>1</sup>	177,827,973	27,256	6,524	13.8	10.60%
2009	228,100,685	30,584	7,458	13.6	11.50%
2010	250,450,838	33,757	7,419	13.5	12.80%
2011	267,150,573	37,043	7,212	14.0	12.40%
2012	263,531,024	39,903	6,604	15.0	12.30%
2013	302,452,047	42,707	7,082	15.1	12.00%
2014	319,144,528	46,053	6,930	15.1	11.30%
2015	356,030,326	50,349	7,071	15.1	12.16%
2016	392,980,844	53,301	7,373	15.1	10.58%

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

<sup>2</sup> Excludes intergovernmental charges.

Source: Frisco ISD Financial Statements



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

		2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
<b>High Schools (Grades 9-12):</b>											
<b>Frisco High</b>											
Site:	45.10 acres	245,024	245,024	245,024	245,024	245,024	289,866	289,866	289,866	352,978	357,510
Opened:	1995	1,670	1,477	1,398	1,442	1,587	1,688	1,810	1,893	2,139	1,804
<b>Centennial High</b>											
Site:	76.48 acres	288,561	288,561	288,561	288,561	335,346	335,346	335,346	335,346	379,897	370,350
Opened:	2000	1,714	1,626	1,477	1,618	1,800	1,904	2,010	2,156	2,021	2,001
<b>Wakeland High</b>											
Site:	71.39 acres	302,645	302,645	302,645	302,645	302,645	339,716	339,716	339,716	345,646	354,413
Opened:	2006	854	1,459	1,857	2,056	1,727	1,639	1,868	1,993	2,199	2,031
<b>Liberty High</b>											
Site:	63.33 acres	306,179	306,179	306,179	306,179	306,179	344,261	344,261	344,261	348,496	346,994
Opened:	2007	677	1,223	1,795	1,641	1,739	1,772	2,009	2,203	2,025	2,080
<b>Heritage High</b>											
Site:	46.81 acres	NA	NA	NA	355,695	355,695	355,695	355,695	355,695	356,738	357,001
Opened:	2009	NA	NA	NA	634	1,043	1,541	1,753	1,951	1,802	1,904
<b>Lone Star High</b>											
Site:	56.32 acres	NA	NA	NA	NA	354,722	354,722	354,722	354,722	345,445	352,564
Opened:	2010	NA	NA	NA	NA	523	823	963	1,245	1,379	1,715
<b>Independence High</b>											
Site:	63.43 acres	NA	NA	NA	NA	NA	NA	NA	NA	345,969	382,158
Opened:	2014	NA	NA	NA	NA	NA	NA	NA	NA	1,168	1,692
<b>Reedy High</b>											
Site:	56 acres	NA	NA	NA	NA	NA	NA	NA	NA	NA	390,207
Opened:	2015	NA	NA	NA	NA	NA	NA	NA	NA	NA	913

Source: Frisco ISD real property inventory and demographic record:

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

		2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
<b>Middle Schools (Grades 6-8):</b>											
<b>Staley</b>											
Site:	74.87 acres	128,330	128,330	128,330	128,330	128,330	128,330	128,330	128,330	128,330	128,330
Opened:	1987	726	669	626	610	606	643	675	717	707	715
	Square Feet Enrollment										
<b>Clark</b>											
Site:	36.69 acres	147,926	147,926	147,926	147,926	147,926	147,926	147,926	147,926	147,926	147,926
Opened:	2000	937	563	658	776	800	826	865	864	853	844
	Square Feet Enrollment										
<b>Pioneer</b>											
Site:	39.99 acres	135,803	135,803	135,803	135,803	135,803	135,803	135,803	135,803	135,803	135,803
Opened:	2000	664	826	919	1,012	609	701	762	897	1,085	735
	Square Feet Enrollment										
<b>Wester</b>											
Site:	20.35 acres	135,803	135,803	135,803	135,803	135,803	135,803	135,803	135,803	135,803	135,803
Opened:	2002	842	802	801	766	809	829	879	902	877	899
	Square Feet Enrollment										
<b>Griffin</b>											
Site:	31.43 acres	138,428	138,428	138,428	138,428	138,428	138,428	138,428	138,428	138,428	138,428
Opened:	2004	938	1,132	854	977	526	598	672	705	855	853
	Square Feet Enrollment										
<b>Roach</b>											
Site:	20.21 acres	138,651	138,651	138,651	138,651	138,651	138,651	138,651	138,651	138,651	138,651
Opened:	2005	848	1,118	799	902	619	691	784	865	855	1,095
	Square Feet Enrollment										
<b>Fowler</b>											
Site:	20.47 acres	NA	138,650	138,650	138,650	138,650	138,650	138,650	138,650	138,651	138,651
Opened:	2006	NA	713	851	971	1,076	1,172	859	890	939	1,060
	Square Feet Enrollment										
<b>Scoggins</b>											
Site:	21.47 acres	NA	NA	142,108	142,108	142,108	142,108	142,108	142,108	142,108	142,108
Opened:	2008	NA	NA	550	711	820	853	586	683	805	938
	Square Feet Enrollment										
<b>Stafford</b>											
Site:	21.40 acres	NA	NA	142,108	142,108	142,108	142,108	142,108	142,108	142,108	142,108
Opened:	2008	NA	NA	620	678	689	793	928	1,029	1,134	745
	Square Feet Enrollment										
<b>Cobb</b>											
Site:	21.65 acres	NA	NA	NA	NA	143,160	143,160	143,160	143,160	143,160	143,160
Opened:	2010	NA	NA	NA	NA	643	756	817	911	906	954
	Square Feet Enrollment										

**FRISCO INDEPENDENT SCHOOL DISTRICT  
SCHOOL BUILDING INFORMATION - MIDDLE SCHOOLS  
LAST TEN FISCAL YEARS**

(Unaudited)

	Site:	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
<b>Maus</b>	25.00 acres										
Site:	Square Feet	NA	NA	NA	143,160	143,160	143,160	143,160	143,160	143,160	143,160
Opened:	Enrollment	NA	NA	NA	491	604	723	831	907	994	143,160
<b>Hunt</b>	32.44 acres										
Site:	Square Feet	NA	NA	NA	143,160	143,160	143,160	143,160	143,160	143,160	143,160
Opened:	Enrollment	NA	NA	NA	573	625	698	738	797	793	143,160
<b>Vandeventer</b>	20 acres										
Site:	Square Feet	NA	NA	NA	NA	143,160	143,160	143,160	143,160	143,160	143,160
Opened:	Enrollment	NA	NA	NA	NA	782	891	1,056			1,101
<b>Pearson</b>	25 acres										
Site:	Square Feet	NA	NA	NA	NA	NA	NA	NA	NA	NA	143,160
Opened:	Enrollment	NA	NA	NA	NA	NA	NA	NA	NA	NA	616
<b>Trent</b>	25.378 acres										
Site:	Square Feet	NA	NA	NA	NA	NA	NA	NA	NA	NA	143,160
Opened:	Enrollment	NA	NA	NA	NA	NA	NA	NA	NA	NA	652

Source: Frisco ISD real property inventory and demographic records

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

		2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
<b>Elementary Schools (Grades K-5):</b>											
<b>Rogers</b>											
Site:	9.81 acres	64,586	64,586	64,586	64,586	64,586	64,586	64,586	64,586	64,586	64,586
Opened:	1987	651	635	654	665	673	662	622	610	557	547
<b>Curtsinger</b>											
Site:	15.22 acres	76,762	76,762	76,762	76,762	76,762	76,762	76,762	76,762	76,762	76,762
Opened:	1995	751	729	707	691	672	642	660	813	661	730
<b>Smith</b>											
Site:	Shared	73,922	73,922	73,922	73,922	73,922	73,922	73,922	73,922	73,922	73,922
Opened:	1997	448	792	801	811	778	721	694	646	617	602
<b>Anderson</b>											
Site:	7.99 acres	74,010	74,010	74,010	74,010	74,010	74,010	74,010	74,010	74,010	74,010
Opened:	1999	613	635	619	654	651	717	688	656	710	714
<b>Christie</b>											
Site:	8.83 acres	74,010	74,010	74,010	74,010	74,010	74,010	74,010	74,010	74,010	74,010
Opened:	1999	659	720	667	702	735	730	700	707	640	663
<b>Shawnee</b>											
Site:	9.51 acres	74,977	74,977	74,977	74,977	74,977	74,977	74,977	74,977	74,977	74,977
Opened:	2000	772	564	573	609	681	655	614	639	583	589
<b>Borchardt</b>											
Site:	8.31 acres	71,806	71,806	71,806	71,806	71,806	71,806	71,806	71,806	71,806	71,806
Opened:	2001	551	580	668	660	637	633	662	725	725	750
<b>Bright</b>											
Site:	10.36 acres	74,591	74,591	74,591	74,591	74,591	74,591	74,591	74,591	74,591	74,591
Opened:	2001	551	540	548	509	549	535	536	541	558	494
<b>Fisher</b>											
Site:	10.00 acres	73,327	73,327	73,327	73,327	73,327	73,327	73,327	73,327	73,327	73,327
Opened:	2001	578	613	661	711	704	708	658	660	664	667
<b>Sparks</b>											
Site:	8.00 acres	72,399	72,399	72,399	72,399	72,399	72,399	72,399	72,399	72,399	72,399
Opened:	2002	578	613	661	711	704	708	658	689	710	728

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

**EXHIBIT S-19**  
(Continued)

		2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
<b>Spears</b>											
Site:	9.76 acres	71,755	71,755	71,755	71,755	71,755	71,755	71,755	71,755	71,755	71,755
Opened:	2002	646	706	770	636	708	732	716	741	780	770
<b>Gunstream</b>											
Site:	8.67 acres	71,755	71,755	71,755	71,755	71,755	71,755	71,755	71,755	71,755	71,755
Opened:	2002	502	644	680	687	710	695	705	709	708	721
<b>Riddle</b>											
Site:	9.38 acres	73,572	73,572	73,572	73,572	73,572	73,572	73,572	73,572	73,572	73,572
Opened:	2003	539	588	636	656	743	814	756	772	761	749
<b>Boals</b>											
Site:	8.08 acres	75,736	75,736	75,736	75,736	75,736	75,736	75,736	75,736	75,736	75,736
Opened:	2003	849	651	731	736	784	810	643	679	715	742
<b>Isbell</b>											
Site:	12.00 acres	75,904	75,904	75,904	75,904	75,904	75,904	75,904	75,904	75,904	75,904
Opened:	2004	630	670	709	740	764	782	765	737	684	642
<b>Pink</b>											
Site:	Shared	75,326	75,326	75,326	75,326	75,326	75,326	75,326	75,326	75,326	75,326
Opened:	2005	756	576	689	806	635	735	710	719	586	543
<b>Ashley</b>											
Site:	9.15 acres	75,904	75,904	75,904	75,904	75,904	75,904	75,904	75,904	75,904	75,904
Opened:	2005	753	601	631	763	570	687	754	850	828	573
<b>Bledsoe</b>											
Site:	8.00 acres	75,326	75,326	75,326	75,326	75,326	75,326	75,326	75,326	75,326	75,326
Opened:	2005	585	685	791	606	721	789	705	845	700	749
<b>Taylor</b>											
Site:	10.70 acres	75,904	75,904	75,904	75,904	75,904	75,904	75,904	75,904	75,904	75,904
Opened:	2006	371	492	543	554	565	561	615	674	678	652
<b>Corbell</b>											
Site:	9.00 acres	75,904	75,904	75,904	75,904	75,904	75,904	75,904	75,904	75,904	75,904
Opened:	2006	568	661	712	775	589	616	608	675	712	723
<b>Ogle</b>											
Site:	10.00 acres	75,904	75,904	75,904	75,904	75,904	75,904	75,904	75,904	75,904	75,904
Opened:	2006	611	782	519	554	607	643	604	684	647	658

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

**EXHIBIT S-19**  
(Continued)

		2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
<b>Sem</b>											
Site:	acres	75,904	75,904	75,904	75,904	75,904	75,904	75,904	75,904	75,904	75,904
Opened:	2006	503	687	470	426	464	517	514	679	651	735
<b>Carroll</b>											
Site:	12.03 acres	NA	75,902	75,902	75,902	75,902	75,902	75,902	75,902	75,902	75,902
Opened:	2007	NA	416	543	629	704	730	713	729	520	502
<b>Mooneyham</b>											
Site:	10.55 acres	NA	75,902	75,902	75,902	75,902	75,902	75,902	75,902	75,902	75,902
Opened:	2007	NA	526	668	712	627	735	792	810	807	775
<b>Robertson</b>											
Site:	7.69 acres	NA	75,902	75,902	75,902	75,902	75,902	75,902	75,902	75,902	75,902
Opened:	2007	NA	563	726	795	721	854	736	810	780	861
<b>Elliott</b>											
Site:	9.12 acres	NA	NA	75,902	75,902	75,902	75,902	75,902	75,902	75,902	75,902
Opened:	2008	NA	NA	579	682	780	829	506	553	553	534
<b>Tadlock</b>											
Site:	8.18 acres	NA	NA	77,184	77,184	77,184	77,184	77,184	77,184	77,184	77,184
Opened:	2008	NA	NA	430	462	533	617	685	783	723	721
<b>Allen</b>											
Site:	9.78 acres	NA	NA	NA	83,960	83,960	83,960	83,960	83,960	83,960	83,960
Opened:	2009	NA	NA	NA	617	683	748	614	654	630	623
<b>Purefoy</b>											
Site:	8.75 acres	NA	NA	NA	NA	79,844	79,844	79,844	79,844	79,844	79,844
Opened:	2010	NA	NA	NA	NA	625	683	713	703	690	650
<b>Sonntag</b>											
Site:	9.38 acres	NA	NA	NA	NA	77,184	77,184	77,184	77,184	77,184	77,184
Opened:	2010	NA	NA	NA	NA	511	586	668	814	696	683
<b>Comstock</b>											
Site:	15.09 acres	NA	NA	NA	NA	NA	NA	79,844	79,844	79,844	79,844
Opened:	2012	NA	NA	NA	NA	NA	NA	442	533	640	741

**EXHIBIT S-19**  
(Concluded)

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

		2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
<b>Nichols</b>											
Site:	10.95 acres	NA	NA	NA	NA	NA	NA	83,332	83,332	83,332	83,332
Opened:	2012	NA	NA	NA	NA	NA	NA	619	717	677	761
<b>Phillips</b>											
Site:	12.52 acres	NA	NA	NA	NA	NA	NA	79,844	79,844	79,844	79,844
Opened:	2012	NA	NA	NA	NA	NA	NA	570	804	758	772
<b>Newman</b>											
Site:	9.43 acres	NA	NA	NA	NA	NA	NA	NA	NA	82,530	82,530
Opened:	2014	NA	NA	NA	NA	NA	NA	NA	NA	650	838
<b>Scott</b>											
Site:	8.56 acres	NA	NA	NA	NA	NA	NA	NA	NA	82,530	82,530
Opened:	2014	NA	NA	NA	NA	NA	NA	NA	NA	618	633
<b>McSpedden</b>											
Site:	17.99 acres	NA	NA	NA	NA	NA	NA	NA	NA	81,118	81,118
Opened:	2012	NA	NA	NA	NA	NA	NA	NA	NA	587	652
<b>Hosp</b>											
Site:	9.05 acres	NA	NA	NA	NA	NA	NA	NA	NA	81,118	81,118
Opened:	2014	NA	NA	NA	NA	NA	NA	NA	NA	471	664
<b>Norris</b>											
Site:	9.254 acres	NA	NA	NA	NA	NA	NA	NA	NA	NA	79,844
Opened:	2015	NA	NA	NA	NA	NA	NA	NA	NA	NA	580

Source: Frisco ISD real property inventory and demographic records

**FEDERAL AWARDS SECTION**







**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, 2016, 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 14, 2016.

**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.

*Weaver and Tidwell, L.L.P.*

WEAVER AND TIDWELL, L.L.P.

Dallas, Texas  
November 14, 2016

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH THE UNIFORM GUIDANCE**

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 U.S. Office of Management and Budget (OMB) 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, 2016. 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 the audit requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)*. Those standards and the Uniform Guidance 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, 2016.

## 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 as a basis for designing 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 the Uniform Guidance, 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 the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

*Weaver and Tidwell, L.L.P.*

WEAVER AND TIDWELL, L.L.P.

Dallas, Texas  
November 14, 2016

**FRISCO INDEPENDENT SCHOOL DISTRICT  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2016**

**EXHIBIT K-1**

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	16610101057950	\$ 1,099,242
Title III - Part A - English Language Acquisition	84.365A	16671001057950	284,308
ESEA, Title II - Part A, Teacher/Principal Training	84.367A	16694501057950	120,922
Total passed through Region X ESC			1,504,472
<u>Passed through Texas Education Agency:</u>			
Special Education Cluster:			
IDEA B - Part B, Formula	84.027	16660012043905	3,818,079
IDEA B - Part B, Discretionary	84.027	16660012043905	278,456
IDEA B - Part B - Preschool	84.173	16661001043905	25,629
Total Special Education Cluster (IDEA)			4,122,164
Career and Technical - Basic Grant	84.048	16420006043905	221,842
Summer School - LEP	84.369A	69551502	16,284
Total passed through Texas Education Agency			4,360,290
<b>TOTAL U.S. DEPARTMENT OF EDUCATION</b>			<b>5,864,762</b>
<b>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>			
<u>Passed through Texas Education Agency:</u>			
Head Start	93.600	06CH7092	93,495
<u>Direct Program:</u>			
Medicaid Administrative Claiming	93.778		27,236
<b>TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>			<b>120,731</b>
<b>U.S DEPARTMENT OF AGRICULTURE</b>			
<u>Passed through Texas Department of Human Services:</u>			
*National School Lunch Program - Noncash Assistance (Commodities)	10.555		1,145,039
<u>Passed through Texas Department of Agriculture:</u>			
*National School Breakfast Program	10.553		482,456
*National School Lunch Program	10.555		3,663,121
Total Passed through Texas Department of Agriculture			4,145,577
<b>TOTAL U.S. DEPARTMENT OF AGRICULTURE</b>			<b>5,290,616</b>
<b>TOTAL EXPENDITURES OF FEDERAL AWARDS</b>			<b>\$ 11,276,109</b>

\*Child Nutrition Cluster

See notes to the Schedule of Expenditures of Federal Awards.

**FRISCO INDEPENDENT SCHOOL DISTRICT**  
**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE YEAR ENDED JUNE 30, 2016**

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 project 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 end date, in accordance with Section H: Period of Availability of Federal Funds, Part 3 OMB Compliance Supplement.
4. The district received like kind goods under the National School Lunch Program (CFDA 10.555), which are reported on the SEFA as a noncash award. The monetary value of those goods was \$1,145,039 for the year ended June 30, 2016.
5. School Health and Related Services reimbursements of \$2,332,383 were recorded as federal program revenue in the General Fund, but are not considered federal awards for the purposes of the Schedule of Expenditures of Federal Awards.
6. Certain programs included in the Schedule of Expenditures of Federal Awards are not cost reimbursement grants, and therefore revenues do not equal expenditures. \$32,909 of revenues were received in excess of expenditures on non-reimbursement grants during the year.
7. 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, 2016 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  
FOR THE YEAR ENDED JUNE 30, 2016**

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**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  No
  - Significant deficiency(ies) identified that are not considered a material weakness?  Yes  None reported
- c. Noncompliance material to financial statements noted.  Yes  No

Major Federal Programs

- d. Internal control over major federal programs:
- Material weakness(es) identified?  Yes  No
  - Significant deficiency(ies) identified that are not considered a material weakness?  Yes  None reported
- e. An unmodified opinion was issued on compliance for major federal programs.
- f. Any audit findings disclosed that were required to be reported in accordance with 2 CFR 200.516(a)?  Yes  No
- g. Identification of major federal programs:
- |   |                |
|---|----------------|
| Child Nutrition Cluster                         | 10.553, 10.555 |
| ESEA Title I, Part A – Improving Basic Programs | 84.010A        |
- h. The dollar threshold used to distinguish between Type A and Type B programs. \$750,000
- i. Auditee qualified as a low-risk auditee.  Yes  No



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**II. 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  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2016**

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**III. Findings and Questioned Costs for Federal Awards**

None

**IV. Summary of Prior Year Audit Findings**

None

