

Comprehensive Annual Financial Report

For the Year Ended June 30, 2017



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

5515 Ohio Drive | Frisco, Texas 75035 | www.friscoisd.org

"NATURAL BEAUTY" BY MEGHNA SAHOO
Independence High School

2017 State VASE Gold Medal
Teacher: Leonard Buscemi

The Frisco ISD Finance Department is proud to showcase the artwork of twelve Frisco ISD students whose work was honored at the 2017 State High School Visual and Scholastic Arts Event (VASE). Student artwork is featured on the cover as well as throughout the publication.

COMPREHENSIVE ANNUAL FINANCIAL REPORT

Frisco Independent School District
5515 Ohio Drive
Frisco, Texas 75035

Fiscal Year Ended
June 30, 2017

Prepared by:
Finance Department

"SELF-PORTRAIT LOOKING THROUGH A TUBE"

BY AVAGRACE DOYLE

Reedy High School

2017 State VASE Gold Medal

Teacher: Katie Gallimore



**FRISCO INDEPENDENT SCHOOL DISTRICT
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2017**

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**FRISCO INDEPENDENT SCHOOL DISTRICT
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INTRODUCTORY SECTION
(UNAUDITED)

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, 2017, at a meeting of the Board of Trustees of such school district on the 13 day of November, 2017.



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

November 13, 2017

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, 2017, 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, 2017, 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 105% in the past decade, from 27,256 students in 2007-2008 to 55,923 students in 2016-2017. The District is projected to have more than 58,000 students by the end of the 2017-2018 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 to open in 2018), 16 middle schools (with one more to open in 2018), 9 high schools (with one more to open in 2018) and 3 special program centers. The District employs approximately 6,650 full and part-time employees, including approximately 3,800 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 65 of its 66 rated schools "Met Standard" in applicable indices of the State's accountability system, which is the highest rating available. In addition, 151 different distinction designations were earned by FISD campuses for outstanding academic performance in 2017 based on the 2016-2017 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 24.5 and an average SAT score of 1179. 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 205% over the past decade. Values increased approximately 16.7% from fiscal year 2016 to fiscal year 2017. The District anticipates this rate of growth to continue for the foreseeable future. The District’s largest taxpayer comprises only 0.49% of the taxable value of the District, and the total assessed value for all of the top ten taxpayers comprises only 3.07% 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. The District has also recently developed a long-range planning committee comprised of 50 community members to serve as an advisory group to Administration and the Board of Trustees. 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 10 years, and we expect to see continued growth, although at a somewhat slower pace. District management and external demographers predict an increase of 2,000 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." Aside from the direct cuts to school funding that took place in prior years, the State has been slowly shifting the burden of public education spending to local taxpayers. Because of the nature of the equalized formula, school districts like FISD do not receive additional operating dollars when property values rise. If property values go up one year, the State reduces its share of funding the next year, effectively using local tax dollars to supplant its required contribution to public education. Since 2008, the State's share of public education spending has shifted from 44.9% to 38.4% state-wide. For FISD, state revenue constitutes only 28.2% of our 2016-2017 General Fund revenue.

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.

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, 2016. 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, 2017, 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' Transparency Stars program recognizes local governments for going above and beyond in their transparency efforts. Frisco ISD is eligible to apply for Transparency Stars in the areas of traditional finances, contracts and procurement, and debt obligations. As of June 30, 2017, Fisd has earned 2 of the 3 Transparency Stars for which we are eligible.

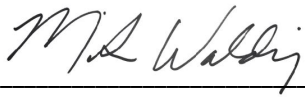
An integral part of the overall financial management of the District's resources is the expenditure of allocated resources. Many aspects of this process are managed by the Purchasing Department. This department includes activities related to procuring supplies and materials, equipment, and services for 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.



Dr. Mike Waldrip, Superintendent



Dr. Todd Fouche, Deputy Superintendent of
Business Services



Kimberly Pickens, Chief Financial Officer

**FRISCO INDEPENDENT SCHOOL DISTRICT
PRINCIPAL OFFICERS AND ADVISORS**

BOARD OF TRUSTEES

<u>NAME</u>	<u>TERM EXPIRES</u>	<u>LENGTH OF SERVICE</u>	<u>OCCUPATION</u>
John Classe, President	2018	3 years	Certified Financial Planner™, Bell Financial Group
Chad Rudy, Vice President	2019	2 years	Certified Financial Planner™, Retirement Investment Advisors, Inc.
Anne McCausland, Secretary	2020	6 years	Community and school volunteer
Bryan Dodson	2018	4 years	Vice President of Sales, JP Morgan Chase
Debbie Gillespie	2020	6 years	Community and school volunteer
John Hoxie	2018	8 years	IT Finance
Steven Noskin	2019	1 year	President, Vitrituf-Hanover Specialties Inc.

APPOINTED OFFICIALS

<u>NAME</u>	<u>POSITION</u>	<u>LENGTH OF EDUCATION SERVICE</u>
Dr. Mike Waldrip	Superintendent	35 years
Katie Kordel	Deputy Superintendent of Curriculum and Instruction	19 years
Dr. Todd Fouche	Deputy Superintendent of Business and Operations	14 years
Doug Zambiasi	Deputy Superintendent of Support Services	34 years
Pamela Linton	Assistant Superintendent of Human Resources	27 years
Kenny Chandler	Assistant Superintendent of Student Services	33 years
Melissa Fouche	Executive Director of Technology	23 years
Amanda McCune	Executive Director of Communications and Community Relations	1 year
Kimberly Pickens	Chief Financial Officer	6 years

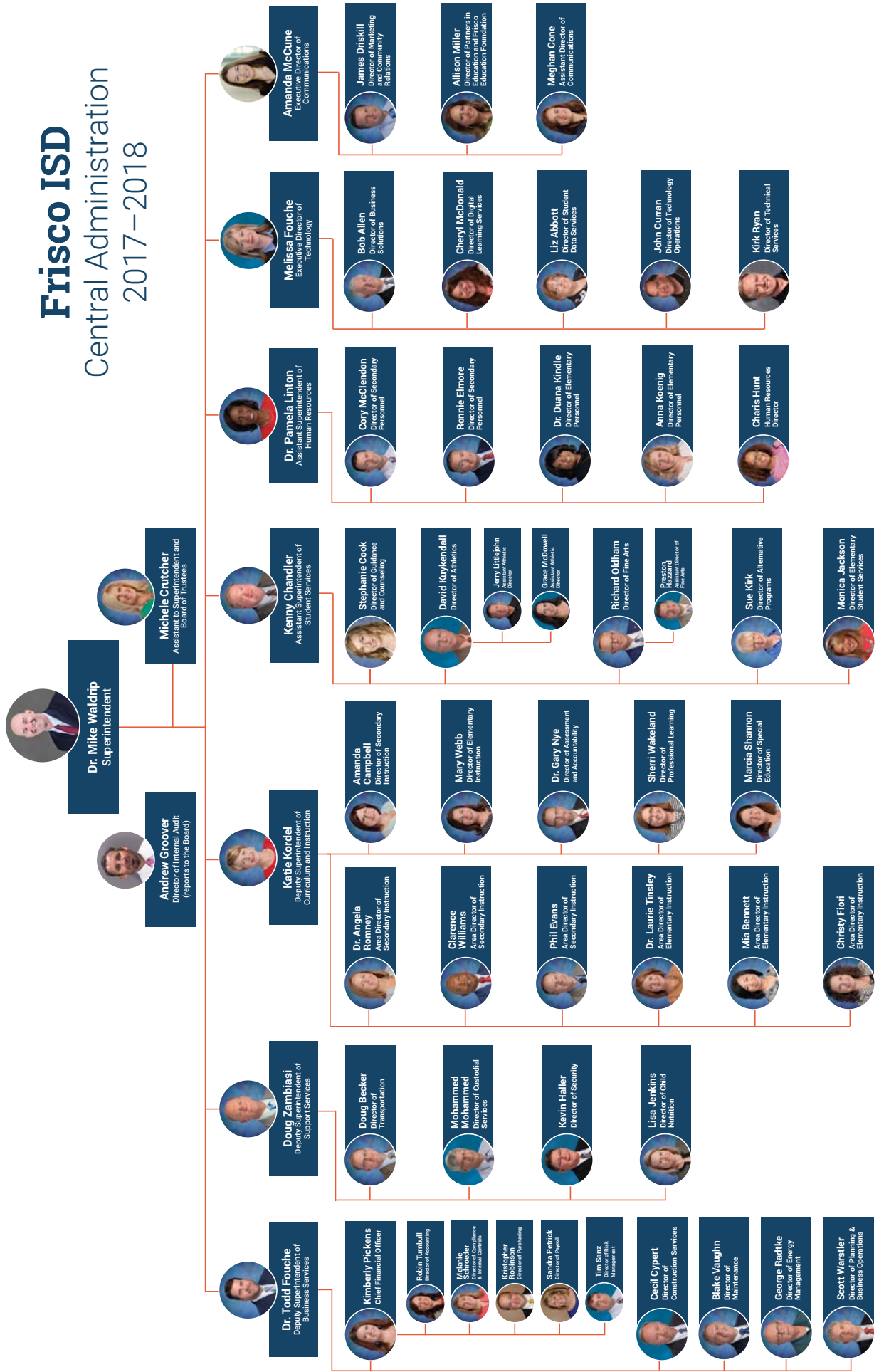
CONSULTANTS AND ADVISORS

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 ISD

Central Administration

2017–2018





ASSOCIATION OF
SCHOOL BUSINESS OFFICIALS
INTERNATIONAL

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

Frisco Independent School District

**for its Comprehensive Annual Financial Report (CAFR)
for the Fiscal Year Ended June 30, 2016.**

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



Anthony N. Dragona, Ed.D., RSBA
President

John D. Musso, CAE
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, 2016

Christopher P. Morill

Executive Director/CEO

FINANCIAL SECTION



"BROTHERLY LOVE" BY MATTHEW MELENDEZ

Independence High School

2017 State VASE Gold Medal

Teacher: Leonard Buscemi

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, 2017, 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, 2017, 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, schedule of the District's proportionate share of the net pension schedules and schedule of District contributions on pages 4 through 14, 43 and 44, 45 and 46, 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 6, 2017, 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* in considering 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 6, 2017



"SHADOWS OF LIGHT" BY JESSICA NGUYEN

Centennial High School

2017 State VASE Gold Medal

Teacher: Ashley Ham

**FRISCO INDEPENDENT SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2017**
(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, 2017. 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 (\$246,372,324), representing an increase of \$11.8 million from the previous year. That increase is further explained on page 7 of Management's Discussion and Analysis. Of the total net position, (\$232,777,187) 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 \$160 thousand from the prior year.
- The General Fund, which is the District's main operating fund, recognized a \$9.8 million surplus for the year, which was largely attributable to savings achieved within expenditure budgets. Further details are described on page 11 of Management's Discussion and Analysis. We ended the year with an unassigned fund balance of \$128,605,979, which represents 27.2% of the 2017-2018 adopted budget.
- When combined, the total fund balance for all of the District's funds decreased \$12.7 million from the prior year due mainly to the expenditure of bond funds issued in the prior fiscal year. We ended the year with a total combined governmental fund balance of \$317,086,611.
- The District issued \$103,705,000 of school building bonds and refinanced \$190,600,000 of existing debt during the year. The advance refunding transaction that was completed saved the District \$57.9 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.

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

Type of Statement	Government-Wide	Governmental Funds	Fiduciary Funds
Scope	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
Required financial statements	Statement of Net Position Statement of Activities	Balance sheet Statement of Revenues, Expenditures, and Changes in Fund Balances	Statement of Fiduciary Assets and Liabilities
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual basis of accounting, no measurement focus (custodial in nature)
Type of period-end information reported	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
Type of activities reported	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	None (custodial in nature)

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 15-16 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 District's 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.

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 17 and 19 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 21 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 22-42 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.

GOVERNMENT-WIDE OVERALL FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of the District's overall financial position. At June 30, 2017, the District's liabilities and deferred inflows of resources exceeded its assets and deferred outflows of resources by \$246.4 million.

Table A-2. The District's Net Position

	June 30, 2017	June 30, 2016	Increases / (Decreases)
Assets:			
Current and other assets	\$ 403,640,022	\$ 422,045,099	\$ (18,405,077)
Capital assets	1,663,042,754	1,559,066,686	103,976,068
Total Assets	2,066,682,776	1,981,111,785	85,570,991
Deferred outflows of resources	73,485,037	68,761,824	4,723,213
Total Assets and Deferred Outflows	\$ 2,140,167,813	\$ 2,049,873,609	\$ 90,294,204
Liabilities:			
Current liabilities	\$ 168,817,749	\$ 156,520,769	\$ 12,296,980
Long-term liabilities	2,199,499,858	2,129,814,489	69,685,369
Total Liabilities	2,368,317,607	2,286,335,258	81,982,349
Deferred inflows of resources	18,222,530	21,742,949	(3,520,419)
Net Position:			
Net investment in capital assets	(232,777,187)	(232,937,713)	160,526
Restricted	86,386,196	61,576,212	24,809,984
Unrestricted	(99,981,333)	(86,843,097)	(13,138,236)
Total Net Position	(246,372,324)	(258,204,598)	11,832,274
Total Liabilities, Deferred Inflows and Net Position	\$ 2,140,167,813	\$ 2,049,873,609	\$ 90,294,204

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 (\$86.3 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 increased \$11,832,274 from June 30, 2016, to June 30, 2017 due mainly to the capitalization of assets under construction. The total cost of all governmental activities for the fiscal year ended June 30, 2017 was \$642,012,008. Approximately \$61.3 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.

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).

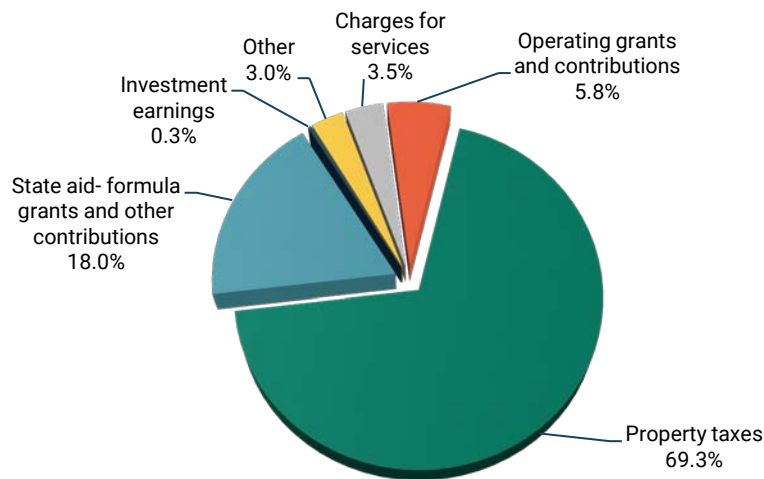
Table A-3. Schedule of Changes in the District's Net Position

	Fiscal Year Ended June 30, 2017	Fiscal Year Ended June 30, 2016	Increases / (Decreases)
Revenues:			
Program Revenues:			
Charges for services	\$ 23,042,938	\$ 22,652,314	\$ 390,624
Operating grants and contributions	38,224,087	34,845,658	3,378,429
General Revenues:			
Property taxes	452,974,194	384,639,885	68,334,309
State aid- formula grants and other contributions	117,831,537	142,090,384	(24,258,847)
Investment earnings	1,994,950	720,988	1,273,962
Other	19,776,576	20,162,030	(385,454)
Total Revenues	653,844,282	605,111,259	48,733,023
Expenses:			
Instruction	325,140,742	305,605,412	19,535,330
Instructional resources and media services	9,325,687	9,796,673	(470,986)
Curriculum and instructional staff development	9,447,290	8,937,996	509,294
Instructional leadership	6,192,970	5,474,033	718,937
School leadership	32,328,267	30,178,920	2,149,347
Guidance, counseling and evaluation services	17,508,585	16,612,319	896,266
Social work services	279,911	361,960	(82,049)
Health services	5,496,484	5,183,496	312,988
Student transportation	12,899,257	12,127,267	771,990
Food services	25,477,572	25,943,835	(466,263)
Extracurricular activities	19,440,200	19,434,773	5,427
General administration	9,747,588	9,432,967	314,621
Facilities maintenance and operations	46,480,755	45,202,540	1,278,215
Security and monitoring services	3,826,564	3,916,348	(89,784)
Data processing services	8,927,287	9,131,244	(203,957)
Community services	1,900,499	1,857,437	43,062
Debt service - interest on long-term debt	79,783,468	81,825,335	(2,041,867)
Debt service - bond issuance costs and fees	2,474,789	3,518,708	(1,043,919)
Contracted instructional services between schools	-	217,771	(217,771)
Payments to juvenile justice alternative education programs	67,814	37,077	30,737
Payments to tax increment fund	22,583,104	20,698,870	1,884,234
Other intergovernmental charges	2,683,175	2,377,535	305,640
Total Expenses	642,012,008	617,872,516	24,139,492
Change in Net Position	11,832,274	(12,761,257)	24,593,531
Beginning Net Position	(258,204,598)	(245,443,341)	(12,761,257)
Ending Net Position	\$ (246,372,324)	\$ (258,204,598)	\$ 11,832,274

During the 2016-2017 fiscal year, enrollment growth attributed to the majority of the \$24 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 298 new teachers and 173 other staff during the year.

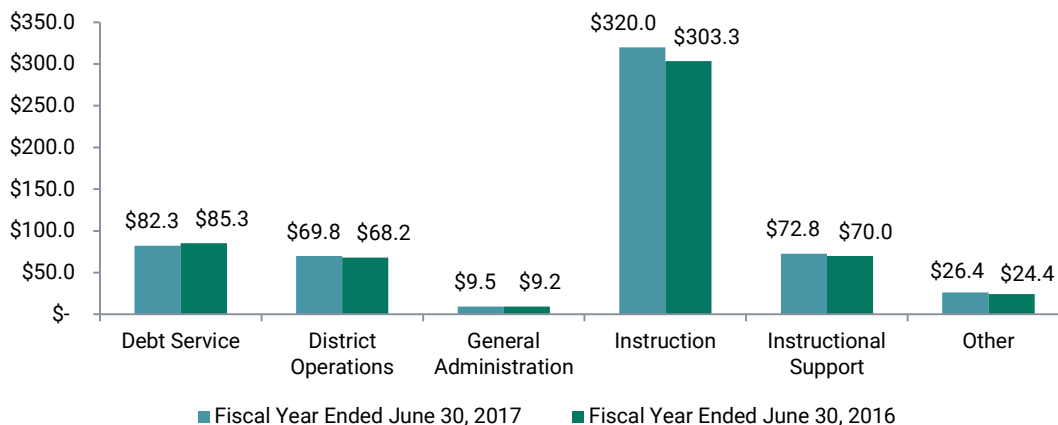
The following Figure A-4 illustrates the District's sources of revenue for the 2016-2017 fiscal year. General revenues provide 90.6% of the funding available to cover the District's annual expenses. The remaining 9.4% of revenues come from operating grants or charges for services specifically attributable to District programs.

Figure A-4. Sources of Revenue for the Fiscal Year Ended June 30, 2017



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, 2017, and June 30, 2016. 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)



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, 2017, the District's total combined fund balances for governmental funds were \$317,086,611, an decrease of \$12.7 million from June 30, 2016. Approximately 40.5% (\$128,605,979) 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, committed or assigned for specific purposes:

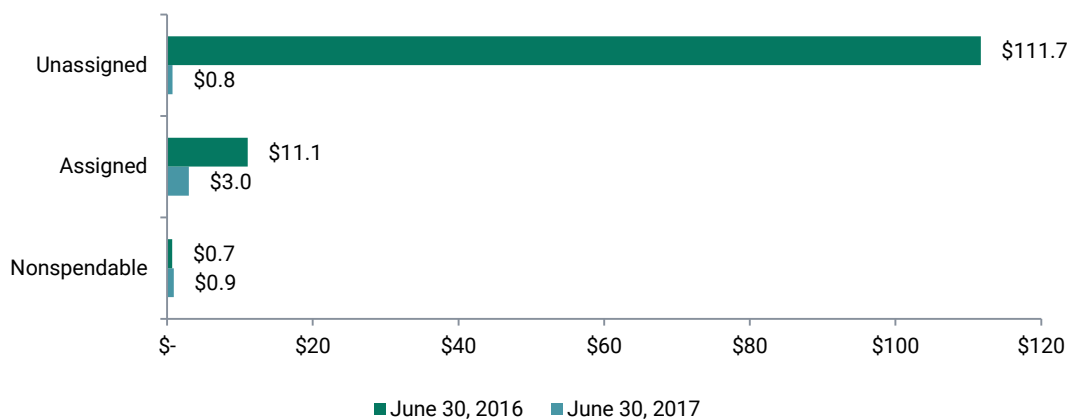
- *Nonspendable* balances of \$971,073 are not in spendable form because they relate to prepaid expenditures.
- *Restricted* balances of \$175,399,955 are either legally required to remain intact or are restricted for particular purposes by a third party.
- *Committed* balances of \$2,469,521 have been committed by the District's Board of Trustees to service programs funded by local grants, awards or contributions.
- *Assigned* balances of \$9,640,083 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 25-26 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, as of June 30, 2017 and 2016.

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



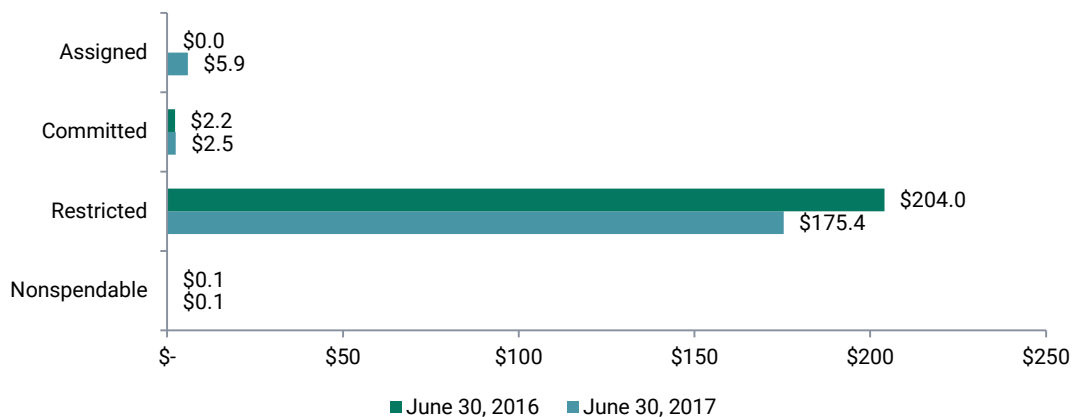
It is useful to compare unassigned fund balance to total expenditures in the General Fund as a measure of liquidity – to determine the portion of annual operating costs that could be funded without cash inflows. Due to the timing of cash inflows from the state and the property tax collection calendar, 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, 2017 unassigned fund balance represents 27.2% of the subsequent fiscal year’s adopted budget.

The General Fund recognized an increase in total fund balance of \$9,769,156 over the previous year. The 2016-2017 General Fund budget was appropriated based on revenues expected from \$1.17 maintenance and operations tax rate. That rate, which was subject to voter ratification, was rolled back to \$1.04 in August 2016, so efforts were made by District staff to achieve as much savings as possible to avoid a year-end deficit. In total, more than 3% of the original adopted budget was left unspent as a result of those efforts, resulting in a year-end surplus.

Other Governmental Funds

While the General Fund’s fund balance grew by \$9.8 million over the most recent fiscal year, the District’s combined total fund balance declined by \$12.7 million from June 30, 2016, to June 30, 2017. The difference was mainly attributable to the Capital Projects Fund, which recognized a decrease in fund balance of \$45,264,142 from the previous fiscal year. That deficit was the result of construction expenditures financed with bond 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)



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

- The Debt Service Fund recognized an increase in fund balance of \$21,545,204, which is attributable to an increase in property tax collections due to rising property values.
- Non-Major Governmental Funds recognized a net increase of \$1,231,120 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 2017 fiscal year was the first year of the biennium.

General Fund Budgetary Highlights

The Board of Trustees originally adopted a \$14,773,050 surplus for the 2017 fiscal year. As previously discussed, the actual surplus recognized in the General Fund was \$9,769,156.

Revenues were below original budget projections by approximately \$13.9 million due to the rollback of the maintenance and operating tax rate from \$1.17 to \$1.04.

Expenditures were below the originally adopted budget by approximately \$14.9 million, which was the result of budget savings previously discussed.

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 \$23.4 million greater than actual expenditures.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

The District's investment in capital assets as of June 30, 2017 was \$1,663,042,754 (net of accumulated depreciation). This investment includes land, buildings, building improvements, furniture, equipment, and vehicles and represents a 6.7% net increase in capital assets over the previous year.

Table A-8. Capital Assets

	As of June 30, 2017	As of June 30, 2016	Increases / (Decreases)
Land	\$ 178,884,504	\$ 160,827,205	\$ 18,057,299
Buildings	1,631,472,274	1,470,581,317	160,890,957
Furniture and equipment	56,641,770	52,469,474	4,172,296
Construction in progress	161,424,886	199,882,149	(38,457,263)
Total Capital Assets	2,028,423,434	1,883,760,145	144,663,289
Accumulated depreciation	(365,380,680)	(324,693,459)	(40,687,221)
Net Capital Assets	\$ 1,663,042,754	\$ 1,559,066,686	\$ 103,976,068

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.

More detailed information about the District's capital assets can be found in Note 6 on page 32 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 2017 fiscal year, the District had total bonded debt outstanding of \$2,147,871,338, 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.

Table A-9. Long-Term Debt

	As of June 30, 2017	As of June 30, 2016	Increases / (Decreases)
Bonds payable	\$ 1,967,577,369	\$ 1,916,150,437	\$ 51,426,932
Accreted interest	54,733,386	49,552,818	5,180,568
Unamortized bond premium	125,560,583	100,658,373	24,902,210
Total Bonded Debt	2,147,871,338	2,066,361,628	81,509,710
District's portion of TRS net pension liability	109,973,520	101,844,853	8,128,667
Total Long-Term Liabilities	\$ 2,257,844,858	\$ 2,168,206,481	\$ 89,638,377

Total outstanding long-term debt increased by 4.1% 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 33-35 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 77 of this report.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

Enrollment growth continues to be a significant challenge for the District. In 2017, 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 3,200 students per year. Projected enrollment for 2016-2017 was 56,649, and as of the end of the fiscal year, enrollment was just over 55,923. 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 2,000 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.” One major limitation of the State’s funding formula is the ability for Districts to generate revenue locally. The District saw a 16.7% increase in assessed property values from the 2015 to 2016 tax year, and we project another 16% growth in values for the 2017 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. As previously stated, 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 implemented a priorities based budgeting process in which we worked with employees, citizens and the Board of Trustees to achieve savings in areas that did not align with high priorities. This process engaged stakeholders in identifying and examining priorities and the associated costs, which helped the District determine where and how to allocate resources moving forward and adopt a balanced and sustainable budget for the 2017-2018 fiscal year.

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.



"PHOTO OF BOY IN COLORS" BY SEJAL JANNU

Heritage High School

2017 State VASE Gold Seal

Teacher: Sarah Watkins

GOVERNMENT-WIDE FINANCIAL STATEMENTS

FRISCO INDEPENDENT SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2017

EXHIBIT A-1

Data Control Codes		Governmental Activities
	ASSETS	
1110	Cash and investments	\$ 380,862,604
1220	Property taxes receivable (delinquent)	7,026,347
1230	Allowance for uncollectible taxes	(1,194,479)
1240	Due from other governments	15,861,170
1290	Other receivables, net	109,167
1300	Inventories	4,140
1410	Prepaid Expenses	971,073
1510	Land	178,884,504
1520	Buildings, net	1,307,068,536
1530	Furniture and equipment, net	15,664,828
1580	Construction in progress	161,424,886
1000	Total Assets	<u>2,066,682,776</u>
	DEFERRED OUTFLOWS OF RESOURCES	
1701	Deferred losses on debt refunding transactions	24,921,627
1705	Deferred pension outflows	48,563,410
1700	Total Deferred Outflows of Resources	<u>73,485,037</u>
	LIABILITIES	
2110	Accounts payable	14,033,678
2113	Retainage payable	7,732,501
2140	Accrued interest payable	28,435,851
2150	Payroll deductions and withholdings	3,328,886
2160	Accrued wages payable	54,109,469
2200	Accrued expenses	1,480,000
2300	Unearned revenues	1,352,364
	Noncurrent Liabilities:	
2501	Due within one year	58,345,000
2502	Due in more than one year	2,089,526,338
2540	Net pension liability	109,973,520
2000	Total Liabilities	<u>2,368,317,607</u>
	DEFERRED INFLOWS OF RESOURCES	
2605	Deferred pension inflows	18,222,530
2600	Total Deferred Inflows of Resources	<u>18,222,530</u>
	NET POSITION	
3200	Net investment in capital assets	(232,777,187)
	Restricted for:	
3820	Federal and state grant programs	5,475,019
3850	Debt service	80,911,177
3900	Unrestricted	(99,981,333)
3000	Total Net Position	<u>\$ (246,372,324)</u>

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

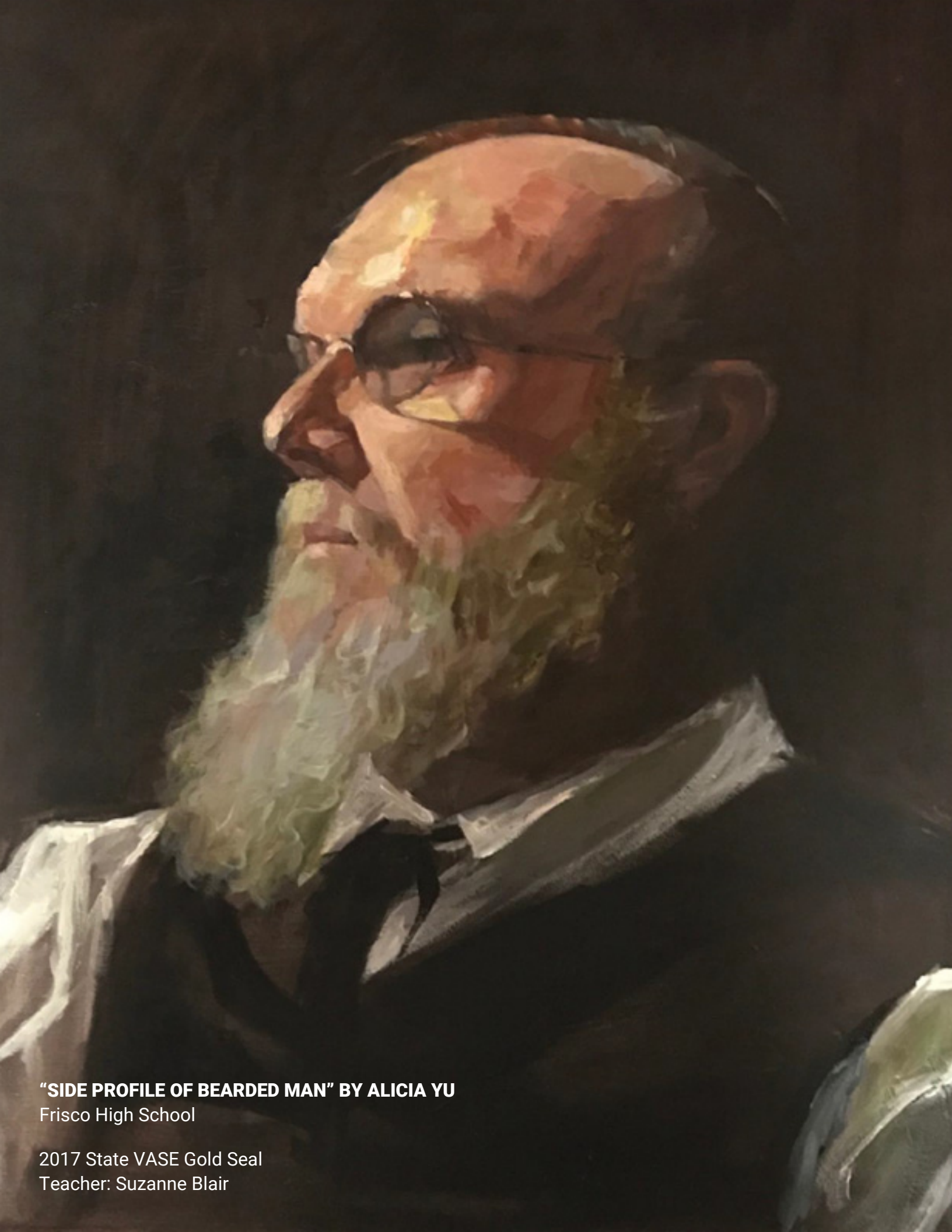
**FRISCO INDEPENDENT SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2017**

EXHIBIT B-1

					Net (Expense)/ Revenue and Changes in Net Position

Data Control Codes	General Revenues	
	Taxes:	
MT	Property taxes, levied for general purposes	328,154,575
DT	Property taxes, levied for debt service	124,819,619
SF	State aid - formula grants	115,510,634
GC	Grants and contributions not restricted to specific programs	2,320,903
IE	Investment earnings	1,994,950
MI	Miscellaneous local and intermediate revenue	19,776,576
TR	Total General Revenues	<u>592,577,257</u>
CN	Change in net position	11,832,274
NB	Net position - beginning	(258,204,598)
NE	Net position - ending	<u>\$ (246,372,324)</u>

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



"SIDE PROFILE OF BEARDED MAN" BY ALICIA YU

Frisco High School

2017 State VASE Gold Seal

Teacher: Suzanne Blair

GOVERNMENTAL FUNDS FINANCIAL STATEMENTS

FRISCO INDEPENDENT SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2017

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
ASSETS					
1110 Cash and investments	\$ 174,777,736	\$ 107,652,031	\$ 87,605,653	\$ 10,827,184	\$ 380,862,604
1220 Property taxes receivable (delinquent)	4,984,182	2,042,165			7,026,347
1230 Allowance for uncollectible taxes	(847,311)	(347,168)			(1,194,479)
1240 Due from other governments	13,490,357			2,370,813	15,861,170
1260 Due from other funds	1,401,608				1,401,608
1290 Other receivables	92,398			16,770	109,168
1300 Inventories			4,140		4,140
1410 Prepaid expenditures	905,361			65,712	971,073
1000 Total Assets	<u>\$ 194,804,331</u>	<u>\$ 109,347,028</u>	<u>\$ 87,609,793</u>	<u>\$ 13,280,479</u>	<u>\$ 405,041,631</u>
LIABILITIES					
2110 Accounts payable	1,767,059	-	11,435,459	831,160	14,033,678
2113 Retainage payable			7,732,501		7,732,501
2140 Accrued interest payable		742,596			742,596
2150 Payroll deductions and withholdings	3,328,886				3,328,886
2160 Accrued wages payable	51,681,501		129,843	2,298,125	54,109,469
2170 Due to other funds	-		-	1,401,608	1,401,608
2200 Accrued expenditures	1,480,000				1,480,000
2300 Unearned revenue	613,030			739,334	1,352,364
2000 Total Liabilities	<u>58,870,476</u>	<u>742,596</u>	<u>19,297,803</u>	<u>5,270,227</u>	<u>84,181,102</u>
DEFERRED INFLOWS OF RESOURCES					
2601 Unavailable property tax revenue	2,671,558	1,102,360			3,773,918
2600 Total Deferred Inflows of Resources	<u>2,671,558</u>	<u>1,102,360</u>	<u>-</u>	<u>-</u>	<u>3,773,918</u>
FUND BALANCES					
3430 Nonspendable: Prepaid expenditures	905,361			65,712	971,073
3450 Restricted for: Federal and state grant programs				5,475,019	5,475,019
3470 Capital acquisitions and contractual obligations			62,422,864		62,422,864
3480 Retirement of long-term debt		107,502,072			107,502,072
3545 Committed to: Local grants, awards and contributions				2,469,521	2,469,521
3560 Assigned to: Claims and judgments	1,000,000				1,000,000
3550 Construction			5,889,126		5,889,126
3570 Extraordinary repair and replacement	2,000,000				2,000,000
3590 Future expenditures	750,957				750,957
3600 Unassigned	128,605,979				128,605,979
3000 Total Fund Balances	<u>133,262,297</u>	<u>107,502,072</u>	<u>68,311,990</u>	<u>8,010,252</u>	<u>317,086,611</u>
4000 Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 194,804,331</u>	<u>\$ 109,347,028</u>	<u>\$ 87,609,793</u>	<u>\$ 13,280,479</u>	<u>\$ 405,041,631</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, 2017**

EXHIBIT C-1R

Total Fund Balances - Governmental Funds (Exhibit C-1)	\$ 317,086,611
Amounts reported for governmental activities in the Statement of Net Position (Exhibit A-1) are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds financial statements.	1,663,042,754
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.	24,921,627
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:	
Bonds payable	(1,967,577,369)
Accrued interest on the bonds	(27,693,256)
Accreted interest on capital appreciation bonds	(54,733,386)
Unamortized bond premiums	(125,560,583)
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.	3,773,918
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:	
Proportionate share of net pension liability	(109,973,520)
Deferred pension inflows	(18,222,530)
Deferred pension outflows	48,563,410
Net Position - Governmental Activities (Exhibit A-1)	<u>\$ (246,372,324)</u>

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, 2017

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
REVENUES					
5700 Local and intermediate sources	\$ 336,393,833	\$ 142,382,005	\$ 717,306	\$ 19,695,120	\$ 499,188,264
5800 State program revenues	133,522,734	2,087,417	84,541	3,494,612	139,189,304
5900 Federal program revenues	2,320,903			12,363,627	14,684,530
5020 Total Revenues	<u>472,237,470</u>	<u>144,469,422</u>	<u>801,847</u>	<u>35,553,359</u>	<u>653,062,098</u>
EXPENDITURES					
Current:					
0011 Instruction	282,993,597		63,218	5,771,314	288,828,129
0012 Instructional resources and media services	6,557,162			29,225	6,586,387
0013 Curriculum and instructional staff development	8,853,065			187,683	9,040,748
0021 Instructional leadership	6,006,327			93,665	6,099,992
0023 School leadership	28,474,277			4,904	28,479,181
0031 Guidance, counseling and evaluation services	14,309,802			2,952,941	17,262,743
0032 Social work services	275,677				275,677
0033 Health services	5,386,188			22,594	5,408,782
0034 Student transportation	11,284,361				11,284,361
0035 Food services	268,820			23,132,227	23,401,047
0036 Extracurricular activities	14,155,340		47,655	1,151,440	15,354,435
0041 General administration	8,223,475				8,223,475
0051 Facilities maintenance and operations	33,880,207			241,250	34,121,457
0052 Security and monitoring services	3,568,407				3,568,407
0053 Data processing services	5,982,344				5,982,344
0061 Community services	871,383			752,999	1,624,382
Debt Service:					
0071 Principal on long-term debt		40,208,068			40,208,068
0072 Interest on long-term debt		82,689,419			82,689,419
0073 Bond issuance costs and fees		1,504,485	970,305		2,474,790
Capital Outlay:					
0081 Facilities acquisition and construction	25,787		166,955,116		166,980,903
Intergovernmental:					
0095 Payments to juvenile justice alternative education programs	67,814				67,814
0097 Payments tax increment fund	22,583,104				22,583,104
0099 Other intergovernmental charges	2,683,175				2,683,175
6030 Total Expenditures	<u>456,450,312</u>	<u>124,401,972</u>	<u>168,036,294</u>	<u>34,340,242</u>	<u>783,228,820</u>
1100 Excess (deficiency) of revenues over (under) expenditures	<u>15,787,158</u>	<u>20,067,450</u>	<u>(167,234,447)</u>	<u>1,213,117</u>	<u>(130,166,722)</u>
OTHER FINANCING SOURCES (USES)					
7901 Refunding bonds issued		178,530,000			178,530,000
7911 Capital related debt issued (regular bonds)			103,705,000		103,705,000
7916 Premium on issuance of bonds		20,481,828	12,265,305		32,747,133
7912 Sale of real and personal property			-		-
7915 Transfers in	16,998	-	6,000,000	35,000	6,051,998
8911 Transfers out	(6,035,000)		-	(16,998)	(6,051,998)
8949 Payment to refunded bond escrow agent		(197,534,075)			(197,534,075)
7080 Total Other Financing Sources (Uses)	<u>(6,018,002)</u>	<u>1,477,753</u>	<u>121,970,305</u>	<u>18,002</u>	<u>117,448,058</u>
1200 Net change in fund balances	9,769,156	21,545,203	(45,264,142)	1,231,119	(12,718,664)
0100 Fund balances - beginning	123,493,141	85,956,869	113,576,132	6,779,133	329,805,275
3000 Fund balances - ending	<u>\$ 133,262,297</u>	<u>\$ 107,502,072</u>	<u>\$ 68,311,990</u>	<u>\$ 8,010,252</u>	<u>\$ 317,086,611</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, 2017**

EXHIBIT C-2R

Total Net Change in Fund Balances - Governmental Funds (Exhibit C-2)	\$ (12,718,664)
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 (\$144,803,454) exceeded depreciation (\$40,827,386) in the current period.	103,976,068
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	761,907
Repayment of long-term debt principal (\$230,808,068) and payments of accreted interest on capital appreciation bonds (\$852,022) are expenditures in the governmental funds, but these activities reduce long-term liabilities in the statement of activities.	231,660,090
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	(282,235,000)
Premiums on bonds	(32,747,133)
The excess of the reacquisition price of refunded debt over its carrying amount is deferred and amortized in the government-wide financial statements.	7,071,450
Certain debt related items that effect the statement of net position but are not reported in the governmental funds:	
Amortization of bond premiums	7,844,923
Amortization of deferred losses on refunding transactions	(1,103,488)
Accreted interest on capital appreciation bonds	(6,032,590)
Change in interest payable	1,207,708
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	1,619,674
Contributions subject to the measurement date	8,557,363
Proportionate share of collective pension expense	(17,393,617)
Net proportionate share of deferred pension inflows/outflows	1,363,583
Change in Net Position of Governmental Activities (Exhibit B-1)	<u><u>\$ 11,832,274</u></u>

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

"DOL" BY YUNBEEN BAE

Reedy High School

2017 State VASE Gold Medal

Teacher: Katie Gallimore



FIDUCIARY FUND FINANCIAL STATEMENTS

FRISCO INDEPENDENT SCHOOL DISTRICT
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
JUNE 30, 2017

EXHIBIT E-1

Data
Control
Codes

		Agency Fund
<hr/>		
	ASSETS	
1110	Cash and investments	\$ 1,164,781
	Total Assets	<u>\$ 1,164,781</u>
	LIABILITIES	
2110	Accounts payable	\$ 94,580
2190	Due to student groups	1,070,201
	Total Liabilities	<u>\$ 1,164,781</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, 2017**

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, 2017**

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. 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. The District considers all revenues available if they are collectible within 60 days of year-end.

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, 2016, which were not available as of June 30, 2017.

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.

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.

**FRISCO INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF JUNE 30, 2017**

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.

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 acquisition value as of 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.

**FRISCO INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF JUNE 30, 2017**

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
Buses	7 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.

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.

FRISCO INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF JUNE 30, 2017

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. 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.

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. This can be done through adoption and amendment of the budget. As of June 30, 2017, 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.
- Construction – assigned for the expenditure of funds for construction projects and capital outlay not planned to be paid with bond funds
- Extraordinary repair and replacement – assigned to accommodate unforeseeable catastrophic events.
- 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.

**FRISCO INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF JUNE 30, 2017**

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, 2017. None of the individual encumbrances reported are considered significant to the financial statements.

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, 2017, the carrying amount of the District's deposits (cash) and outstanding checks was \$21,173,405. The combined bank balance was \$12,954,551. At June 30, 2017 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 April 13, 2017, when combined cash, savings and time deposits amounted to \$50,223,152.
- C. The amount of bond and pledged collateral as of the date of the highest combined balance on deposit was \$60,019,741.
- D. The total amount of FDIC coverage at the time of the largest combined balance was \$250,000.

**FRISCO INDEPENDENT SCHOOL DISTRICT
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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:

- *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.

**FRISCO INDEPENDENT SCHOOL DISTRICT
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- 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.

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:

		Fair Value Measurements Using:				
	Value at June 30, 2017	Level 1	Level 2	Level 3	Percent of Total Investments	Weighted Average Maturity (Days)
<i>Investments not Subject to Fair Value:</i>						
Lone Star Investment Pool	\$ 258,721,777				71.93%	22
TexasTERM portfolio – Texas DAILY	50,967,422				14.17%	35
<i>Investments by Fair Value Level:</i>						
TexasTERM Investment Pool	50,000,000		\$ 50,000,000		13.90%	48
Total Value	\$ 359,689,199		\$ 50,000,000			

**FRISCO INDEPENDENT SCHOOL DISTRICT
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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. Lone Star investment pool has earned Standard & Poor's highest rating (AAA), which meets the standards set by the Public Funds Investment Act.

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, 2017, \$50,000,000 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. TexasDAILY has received a AAAM rating from S&P, and the TexasTERM portfolio has received a rating of AAAf from S&P, which meets the standards set by the Public Funds Investment Act.

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 1st of each year. Tax statements are mailed on October 1st each year or as soon thereafter as possible. Taxes are due upon receipt and become delinquent if not paid before February 1st of the following calendar year. The assessed value of the roll as of the end of the fiscal year was \$30,621,651,034.

The tax rates levied for the fiscal year ended June 30, 2017, 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, 2017, were 99.30% 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, 2017, the allowance for uncollectible taxes was approximately 17% of total delinquent property taxes receivable.

**FRISCO INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF JUNE 30, 2017**

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 TIRZ, 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, 2017, approximately \$172.8 million of TIRZ proceeds have been used to finance the construction of FISD educational facilities since the agreement began.

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, 2017, 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	\$ 13,395,909		\$ 13,395,909
Due from the Federal Government		\$ 2,370,813	2,370,813
Due from Other Governments	94,448		94,448
Total	<u>\$ 13,490,357</u>	<u>\$ 2,370,813</u>	<u>\$ 15,861,170</u>

NOTE 5. INTERFUND TRANSACTIONS

Interfund balances at June 30, 2017, consisted of the following individual fund receivables and payables:

	Receivable	Payable
General fund	\$ 1,401,608	
Non-major governmental funds		\$ 1,401,608
Total	<u>\$ 1,401,608</u>	<u>\$ 1,401,608</u>

All 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.

All interfund balances reported at June 30, 2017, were liquidated shortly after year-end.

FRISCO INDEPENDENT SCHOOL DISTRICT
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The following is a summary of the District's internal transfers for the fiscal year ended June 30, 2017:

From	To	Amount	Purpose
General Fund	Non-Major Funds	\$ 35,000	Transfer to Campus Activity Funds for Energy Reduction Contest
Non-Major Funds	General Fund	16,998	Reimbursement of Camp Payroll Costs
General Fund	Capital Project Fund	6,000,000	Transfer for Locally Defined Capital Outlay
Total Transfers		<u>\$ 6,051,998</u>	

NOTE 6. CAPITAL ASSETS

A summary of changes in capital assets for the fiscal year ended June 30, 2017, follows:

	Beginning Balance	Additions	Retirements/ Transfers	Ending Balance
Capital assets not being depreciated:				
Land	\$ 160,827,205	\$ 18,057,299		\$ 178,884,504
Construction in progress	199,882,149	122,401,477	\$ 160,858,740	161,424,886
	<u>360,709,354</u>	<u>140,458,776</u>	<u>160,858,740</u>	<u>340,309,390</u>
Capital assets being depreciated:				
Buildings and improvements	1,470,581,317	160,890,957		1,631,472,274
Furniture and equipment	52,469,474	4,312,461	140,165	56,641,770
	<u>1,523,050,791</u>	<u>165,203,418</u>	<u>140,165</u>	<u>1,688,114,044</u>
Less: Accumulated depreciation for:				
Buildings and improvements	287,390,150	37,013,588		324,403,738
Furniture and equipment	37,303,309	3,813,798	140,165	40,976,942
	<u>324,693,459</u>	<u>40,827,386</u>	<u>140,165</u>	<u>365,380,680</u>
Total capital assets for governmental activities, net	<u>\$ 1,559,066,686</u>	<u>\$ 264,834,807</u>	<u>\$ 160,858,740</u>	<u>\$ 1,663,042,754</u>

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

Function	Expensed
11 Instruction	\$ 26,689,773
12 Instructional resources and media services	1,514,956
13 Curriculum and instructional staff development	33,440
23 School leadership	2,657,708
34 Student transportation	1,548,873
35 Food services	1,977,461
36 Extracurricular activities	3,151,396
41 General administration	1,191,468
51 Facilities maintenance and operations	1,057,053
52 Security and monitoring services	79,462
53 Data processing services	665,462
61 Community services	260,334
Total depreciation expense	<u>\$ 40,827,386</u>

Construction Commitments

The District was obligated at June 30, 2017, under major contracts, for construction of new facilities and renovations or repair of various existing facilities. The outstanding construction commitments associated with these projects totaled approximately \$24.4 million as of June 30, 2017.

**FRISCO INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF JUNE 30, 2017**

NOTE 7. LONG-TERM DEBT

A summary of changes in long-term debt for the fiscal year ended June 30, 2017, is as follows:

Description	Original Issue Amount	Interest Rate(s)	Maturity	Balance at June 30, 2016	Issued/Increases	Retired/Refunded	Balance at June 30, 2017	Amount Due Within One Year
Unlimited Tax School Building Bonds:								
Series 2005A	\$ 40,000,000	4.000%-5.500%	7/15/2036	\$ 11,790,000			\$ 11,790,000	\$ 11,790,000
Series 2006	\$ 85,000,000	2.750%-5.250%	8/15/2039	11,735,000		\$ 1,680,000	10,055,000	
Series 2006A	\$ 80,000,000	4.000%-6.000%	8/15/2040	23,120,000		1,475,000	21,645,000	
Series 2007A	\$ 100,000,000	3.750%-5.250%	8/15/2038	16,610,000		2,120,000	14,490,000	2,240,000
Series 2008	\$ 90,000,000	4.125%-5.500%	8/15/2040	81,150,000		77,420,000	3,730,000	1,820,000
Series 2008A	\$ 100,000,000	5.000%-6.125%	8/15/2038	98,135,000		94,175,000	3,960,000	1,930,000
Series 2009	\$ 85,000,000	4.000%-5.500%	8/15/2041	84,465,000		15,000	84,450,000	10,000
Series 2009A	\$ 34,570,000	2.000%-5.000%	8/15/2039	33,075,000		230,000	32,845,000	235,000
Series 2010	\$ 20,195,000	0.00%	2/15/2027	14,815,000		1,345,000	13,470,000	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	89,485,000		1,485,000	88,000,000	1,650,000
Series 2014	\$ 159,795,000	2.000%-5.000%	8/15/2044	159,795,000		2,945,000	156,850,000	3,085,000
Series 2015A	\$ 68,125,000	2.000%-5.000%	8/15/2045	68,125,000			68,125,000	1,265,000
Series 2016B	\$ 75,790,000	2.500%-5.000%	8/15/2046		\$ 75,790,000		75,790,000	
Unlimited Tax School Refunding Bonds:								
Series 2009	\$ 14,170,000	2.000%-4.750%	8/15/2025	10,110,000		815,000	9,295,000	850,000
Series 2009A	\$ 50,680,000	2.000%-5.000%	8/15/2029	36,165,000		3,370,000	32,795,000	3,455,000
Series 2010	\$ 26,855,000	4.000%-4.250%	8/15/2024	14,995,000		2,730,000	12,265,000	2,830,000
Series 2011	\$ 62,078,491	2.000%-5.000%	8/15/2030	61,723,491		365,000	61,358,491	370,000
Series 2013	\$ 19,040,000	2.000%-5.000%	7/15/2033	18,390,000		665,000	17,725,000	690,000
Series 2016	\$ 104,555,000	3.000%-5.000%	8/15/2037	104,555,000		785,000	103,770,000	4,380,000
Unlimited Tax School Building & Refunding Bonds:								
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 2007	\$ 95,186,595	4.000%-4.500%	8/15/2040	27,960,000		24,325,000	3,635,000	3,635,000
Series 2011A	\$ 83,981,260	4.000%-5.000%	8/15/2041	81,081,260		4,705,000	76,376,260	4,950,000
Series 2012	\$ 85,531,867	2.000%-5.000%	8/15/2041	85,086,867		230,000	84,856,867	230,000
Series 2012A	\$ 71,190,000	2.000%-5.000%	8/15/2041	71,085,000		55,000	71,030,000	1,075,000
Series 2012B	\$ 99,545,000	2.000%-5.000%	8/15/2042	98,015,000		255,000	97,760,000	1,170,000
Series 2013	\$ 68,471,992	2.000%-5.000%	8/15/2043	67,211,992		3,896,992	63,315,000	1,210,000
Series 2014	\$ 111,455,000	2.000%-4.000%	8/15/2044	110,175,000		2,365,000	107,810,000	2,440,000
Series 2015	\$ 139,525,000	0.420%-5.000%	8/15/2045	139,525,000		1,540,000	137,985,000	4,780,000
Series 2016A	\$ 208,960,000	2.000%-5.000%	8/15/2046	208,960,000			208,960,000	910,000
Series 2017	\$ 206,445,000	2.000%-5.000%	8/15/2047		206,445,000		206,445,000	
CAB Premiums:								
Series 1999				9,122,362			9,122,362	
Series 2002A				14,594,401			14,594,401	
Series 2008A				1,190,620		1,190,620	-	
Series 2009				1,785,601		625,456	1,160,145	
Series 2012				1,161,610			1,161,610	
Total bonds payable				1,916,150,437	282,235,000	230,808,068	1,967,577,369	58,345,000
Accreted interest on capital appreciation bonds				49,552,818	6,032,590	852,022	54,733,386	
Unamortized bond premium				100,658,373	32,747,133	7,844,923	125,560,583	
Total bonded debt				2,066,361,628	321,014,723	239,505,013	2,147,871,338	58,345,000
District's portion of net pension liability				101,844,853	17,393,617	9,264,950	109,973,520	
Total long-term debt				\$ 2,168,206,481	\$ 338,408,340	\$ 248,769,963	\$ 2,257,844,858	\$ 58,345,000

**FRISCO INDEPENDENT SCHOOL DISTRICT
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Changes in debt-related deferred outflows of resources for the fiscal year ended June 30, 2017, were:

	Balance at June 30, 2016	Issued/ Increases	Retired/ Refunded	Balance at June 30, 2017
Deferred loss on refunding transactions	\$ 18,953,665	7,071,450	1,103,488	\$ 24,921,627

During the year, the District issued the following bonds:

- \$75,790,000 (par value) of Unlimited Tax School Building Bonds, Series 2016B with interest rates of 2.50 to 5.00% to acquire, construct, renovate and equip school buildings. Proceeds were delivered on December 28, 2016.
- \$206,445,000 (par value) of Unlimited Tax School Building and Refunding Bonds, Series 2017 with interest rates of 2.00 to 5.00%. Proceeds were delivered on June 15, 2017. \$27,915,000 (par value) was issued to acquire, construct, renovate and equip school buildings. Deposits to escrow agents of \$197,534,075 were used to purchase direct obligations of the U.S. government which were irrevocably pledged to the payment of \$20,850,000 of the District's Unlimited Tax School Building and Refunding Bonds, Series 2007, \$75,685,000 of the District's Unlimited Tax School Building Bonds, Series 2008 and \$94,065,000 of the District's Unlimited Tax School Building Bonds, Series 2008A. The District's refunding resulted in an economic gain of \$40,301,337 and a book loss of \$7,071,450 which will be amortized over the life of the refunded debt. The refunding decreased the District's future debt service requirement by \$57,896,189.

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 \$6,032,590, and \$852,022 of outstanding accreted interest was paid off during the year. Total accreted interest on CABs at June 30, 2017 is \$54,733,386, and total premiums on CABs are \$26,038,518, 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, 2017, \$190,600,000 of outstanding bonds are considered legally defeased.

Bond Authorization and Obligations

General obligation bonds of the District are reported as long-term liabilities of the governmental activities. At June 30, 2017, \$107,502,072 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, 2017.

In May 2014, voters in the District approved \$775,000,000 of general obligation bonds. As of June 30, 2017, \$220,000,000 remains authorized but unissued.

**FRISCO INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF JUNE 30, 2017**

The following table summarizes the annual debt service requirements of outstanding debt at June 30, 2017, to maturity:

Year ending June 30,	Principal*	Interest	Total
2018	\$ 58,941,144	78,677,987	\$137,619,131
2019	49,984,001	78,764,739	128,748,740
2020	52,461,260	77,479,974	129,941,234
2021	54,196,393	76,187,667	130,384,060
2022	56,516,762	73,774,655	130,291,417
2023-2027	300,515,868	355,121,368	655,637,236
2028-2032	346,055,198	308,963,636	655,018,834
2033-2037	394,223,238	255,612,393	649,835,631
2038-2042	479,633,505	94,887,248	574,520,753
2043-2047	173,465,000	13,103,169	186,568,169
2048	1,585,000	31,700	1,616,700
Total	\$ 1,967,577,369	\$ 1,412,604,536	\$ 3,380,181,905

*includes premiums on capital appreciation bonds

NOTE 8. UNEARNED REVENUE

Unearned revenue at June 30, 2017, consisted of the following:

	General Fund	Non-Major Fund	Total
Summer school second session	\$ 504,580		\$ 504,580
Tower Rentals	90,000		90,000
Instrument rental	16,850		16,850
Pre-K Deposits	1,600		1,600
School Lunch Deposits		\$ 739,334	739,334
Total	\$ 613,030	\$ 739,334	\$ 1,352,364

NOTE 9. REVENUES FROM LOCAL AND INTERMEDIATE SOURCES

During fiscal year 2017, 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	\$ 325,148,261	\$ 123,671,523			\$ 448,819,784
Food sales				\$ 17,491,137	17,491,137
Investment income	1,157,443	394,823	\$ 420,492	22,193	1,994,951
Penalties, interest and other tax related income	2,465,835	18,315,659			20,781,494
Co-curricular student activities	2,423,340				2,423,340
Facilities rentals	2,818,152				2,818,152
Other	2,380,802		296,814	2,181,790	4,859,406
Total	\$ 336,393,833	\$ 142,382,005	\$ 717,306	\$ 19,695,120	\$ 499,188,264

**FRISCO INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF JUNE 30, 2017**

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 2017, 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, 2017, 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 77th Texas Legislature. The District contributed \$325 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, 2017, the District's unpaid claims totaled \$1,480,000, 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.

Changes in the workers' compensation claims liability for fiscal year 2016 and fiscal year 2017 were:

	2016	2017
Beginning liability	\$ 858,000	1,109,000
Claims and changes in estimates	1,326,000	640,000
Claim payments	(1,075,000)	(269,000)
Ending liability	<u>\$1,109,000</u>	<u>\$1,480,000</u>

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.

**FRISCO INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF JUNE 30, 2017**

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, 2017, 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.

The information provided in the Notes to the Financial Statements in the 2016 CAFR for TRS provides the following information regarding the Pension Plan fiduciary net position as of August 31, 2016:

<u>Net Pension Liability</u>	<u>Total</u>
Total Pension Liability	\$ 171,797,150,487
Less: Plan Fiduciary Net Position	(134,008,637,473)
Net Pension Liability	<u>\$ 37,788,513,014</u>
Net Position as a percentage of Total Pension Liability	78.00%

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

**FRISCO INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF JUNE 30, 2017**

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 83rd Texas Legislature amended Texas Government Code 825.402 for member contributions and established employee contribution rates for fiscal years 2014 thru 2017. The 83rd Texas Legislature, General Appropriations Act (GAA) established the employer contribution rates for plan years 2014 and 2015. The 84th Texas Legislature, General Appropriations Act (GAA) established the employer contribution rates for plan years 2016 and 2017.

	<u>Contribution Rates</u>	
	<u>2016</u>	<u>2017</u>
Member	7.2%	7.7%
Non-employer contributing entity (State)	6.8%	6.8%
Employers	6.8%	6.8%
FISD 2016 plan year member contributions		\$ 21,916,565
FISD 2016 plan year State contributions		\$ 15,112,420
FISD 2016 plan year District contributions		\$ 9,264,950

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.

**FRISCO INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF JUNE 30, 2017**

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, 2016 actuarial valuation was determined using the following actuarial assumptions:

Valuation date	August 31, 2016
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.

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, 2016 are summarized as follows:

**FRISCO INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF JUNE 30, 2017**

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	100%		8.7%

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

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 2016 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:	\$170,201,977	\$109,973,520	\$58,887,630

Pension Liabilities, Pension Expense, and Deferred Outflows/Inflows of Resources Related to Pensions - At June 30, 2017, the District reported a liability of \$109,973,520 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	\$ 109,973,520
State's proportionate share that is associated with FISD	179,382,080
Total	<u>\$ 289,355,600</u>

The net pension liability was measured as of August 31, 2016, 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, 2015 thru August 31, 2016.

**FRISCO INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF JUNE 30, 2017**

At August 31, 2016, the District's proportion of the collective net pension liability was 0.2910237%, which was an increase of 0.0029086% from its proportion measured as of August 31, 2015.

Changes Since the Prior Actuarial Valuation – There were no changes to the actuarial assumptions or other inputs that affected measurement of the total pension liability since the prior measurement period.

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, 2017, the District recognized pension expense of \$30,889,162, including \$15,112,420 paid by the State on-behalf of the District.

At June 30, 2017, 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	\$ 1,724,364	\$ 3,283,745
Changes in actuarial assumptions	3,351,796	3,048,320
Difference between projected and actual investment earnings	21,192,047	11,879,717
Changes in proportion and differences between District contributions and the proportionate share of contributions	13,737,840	10,748
District contributions paid to TRS subsequent to the measurement date	8,557,363	
Total	<u>\$48,563,410</u>	<u>\$18,222,530</u>

\$8,557,363 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, 2018. 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:	
2018	\$ 3,571,079
2019	3,571,079
2020	9,510,937
2021	3,114,724
2022	1,491,758
Thereafter	523,940
	<u>\$ 21,783,517</u>

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 under the TRS Publications heading, by calling the TRS Communications Department at

**FRISCO INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF JUNE 30, 2017**

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 2015-2017. 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
2017	0.65%	\$ 2,134,657	1.00%	\$ 3,233,658	0.55%	\$ 1,806,495
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

Rates follow the TRS plan year of September 1st through August 31st. For the District's 2017 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, 2017, the contribution made on behalf of the District was \$1,161,190.

REQUIRED SUPPLEMENTARY INFORMATION
(UNAUDITED)

**FRISCO INDEPENDENT SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2017**

EXHIBIT F-1

Data Control Codes		Budgeted Amounts			Variance with Final Budget Over/(Under)
		Original	Final	Actual Amounts	
	REVENUES				
5700	Local and intermediate sources	\$ 356,841,300	\$ 356,841,300	\$ 336,393,833	\$ (20,447,467)
5800	State program revenues	127,834,200	127,834,200	133,522,734	5,688,534
5900	Federal program revenues	1,500,000	1,500,000	2,320,903	820,903
5020	Total Revenues	<u>486,175,500</u>	<u>486,175,500</u>	<u>472,237,470</u>	<u>(13,938,030)</u>
	EXPENDITURES				
	Current:				
0011	Instruction	288,053,579	292,621,897	282,993,597	(9,628,300)
0012	Instructional resources and media services	6,262,944	7,266,308	6,557,162	(709,146)
0013	Curriculum and instructional staff development	10,538,131	9,920,087	8,853,065	(1,067,022)
0021	Instructional leadership	6,183,153	6,536,683	6,006,327	(530,356)
0023	School leadership	27,789,975	29,165,266	28,474,277	(690,989)
0031	Guidance, counseling and evaluation services	15,319,654	15,182,824	14,309,802	(873,022)
0032	Social work services	479,604	734,304	275,677	(458,627)
0033	Health services	5,076,955	5,974,221	5,386,188	(588,033)
0034	Student transportation	11,118,288	12,567,991	11,284,361	(1,283,630)
0035	Food Services		281,150	268,820	(12,330)
0036	Extracurricular activities	15,813,761	15,192,039	14,155,340	(1,036,699)
0041	General administration	8,433,812	8,730,095	8,223,475	(506,620)
0051	Facilities maintenance and operations	37,093,292	37,539,549	33,880,207	(3,659,342)
0052	Security and monitoring services	2,800,718	4,400,000	3,568,407	(831,593)
0053	Data processing services	6,801,702	6,836,829	5,982,344	(854,485)
0061	Community services	686,883	1,005,983	871,383	(134,600)
0081	Facilities Acquisitions and Construction		27,200	25,787	(1,413)
	Intergovernmental:				
0091	Contracted instructional services between schools	5,700,000	-	-	-
0095	Payments to juvenile justice alternative education programs	50,000	120,000	67,814	(52,186)
0097	Payments tax increment fund	20,700,000	22,800,000	22,583,104	(216,896)
0099	Other intergovernmental charges	2,500,000	2,975,000	2,683,175	(291,825)
6030	Total Expenditures	<u>471,402,451</u>	<u>479,877,426</u>	<u>456,450,312</u>	<u>(23,427,114)</u>
1100	Excess (deficiency) of revenues over (under) expenditures	<u>14,773,049</u>	<u>6,298,074</u>	<u>15,787,158</u>	<u>9,489,084</u>
	OTHER FINANCING SOURCES (USES)				
7915	Transfers in	-	-	16,998	16,998
8911	Transfers out	-	-	(6,035,000)	(6,035,000)
7080	Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>(6,018,002)</u>	<u>(6,018,002)</u>
1200	Net change in fund balances	14,773,049	6,298,074	9,769,156	3,471,082
0100	Fund balances - beginning	123,493,141	123,493,141	123,493,141	-
3000	Fund balances - ending	<u>\$ 138,266,190</u>	<u>\$ 129,791,215</u>	<u>\$ 133,262,297</u>	<u>\$ 3,471,082</u>

**FRISCO INDEPENDENT SCHOOL DISTRICT
NOTES TO BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2017**

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

- 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 TEACHER RETIREMENT SYSTEM OF TEXAS
NET PENSION LIABILITY
FOR THE LAST TEN PLAN YEARS¹**

EXHIBIT F-2

	<u>2014</u>	<u>2015</u>	<u>2016</u>
District's proportion of the net pension liability	0.002314258	0.002881151	0.002910237
District's proportionate share of the net pension liability	\$ 61,817,031	\$ 101,844,853	\$ 109,973,520
Total	<u>\$ 61,817,031</u>	<u>\$ 101,844,853</u>	<u>\$ 109,973,520</u>
District's covered payroll ⁽²⁾	\$ 253,369,679	\$ 279,985,062	\$ 304,425,906
District's proportionate share of the net pension liability as a percentage of its covered payroll	24.40%	36.38%	36.12%
Plan fiduciary net position as a percentage of the total pension liability	83.25%	78.43%	78.00%

¹ 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.

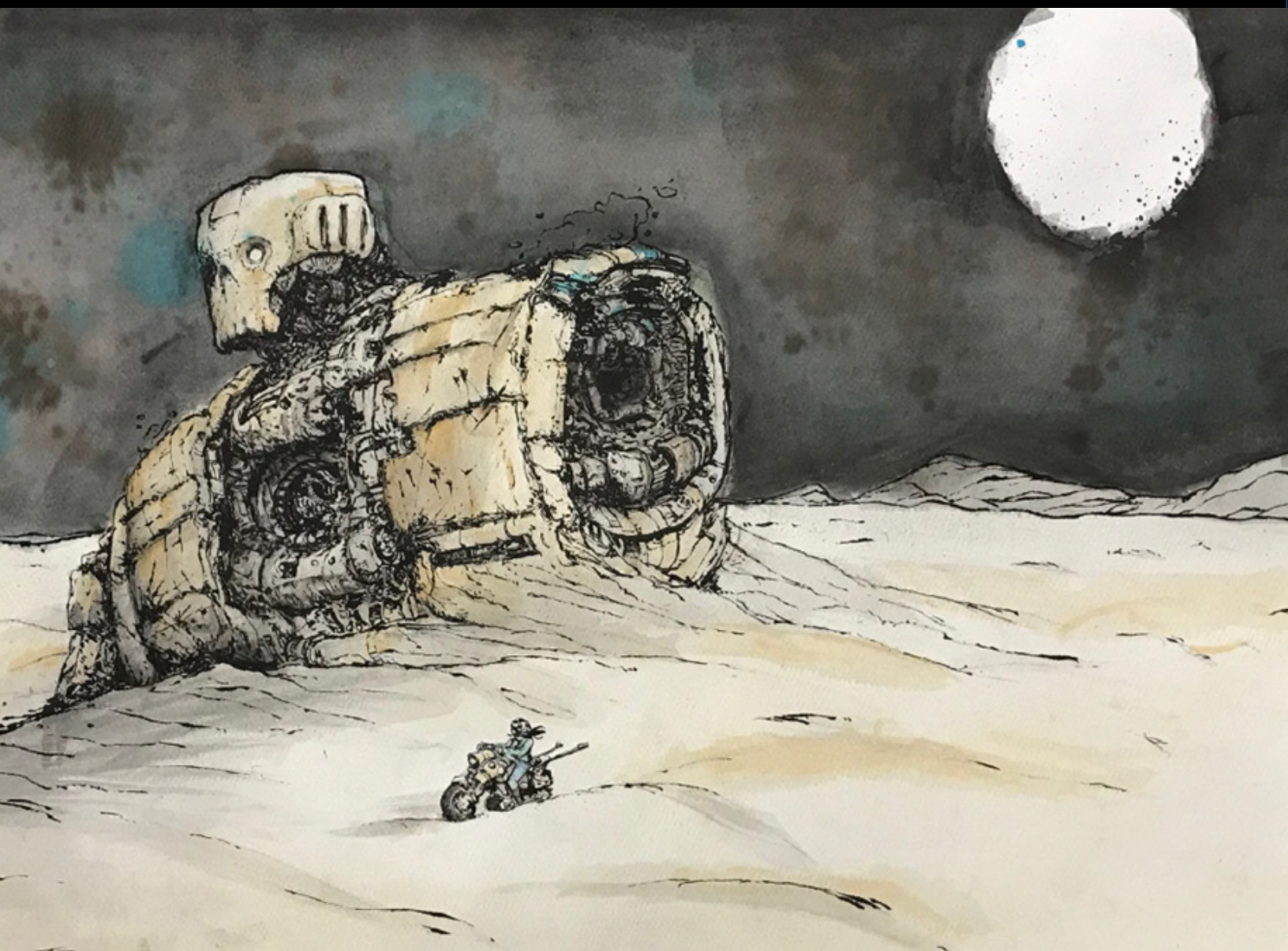
² Covered payroll includes all TRS-eligible payroll paid by the district during the plan year (September 1 - August 31)

**FRISCO INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF DISTRICT CONTRIBUTIONS
TEACHER RETIREMENT SYSTEM OF TEXAS
FOR THE LAST TEN FISCAL YEARS¹**

	2008 ²	2009	2010	2011	2012	2013	2014	2015	2016	2017
Contractually required contribution	\$ 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	\$ 10,166,019
Contributions in relation to the contractually required contribution	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	10,166,019
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered payroll ⁽¹⁾	\$ 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	\$ 328,408,774
Contributions as a percentage of covered payroll	1.17%	1.17%	1.04%	1.56%	1.68%	1.82%	2.27%	2.94%	3.04%	3.10%

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

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



"ABANDONED ROBOT IN DESERT" BY PATRICK THOMAS

Frisco High School

2017 State VASE Gold Medal

Teacher: Suzanne Blair

OTHER SUPPLEMENTARY INFORMATION

BUDGETARY COMPARISON SCHEDULE

**FRISCO INDEPENDENT SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
DEBT SERVICE FUND
FOR THE YEAR ENDED JUNE 30, 2017**

EXHIBIT G-1

Data Control Codes		Budgeted Amounts		Actual Amounts	Variance with Final Budget Over/(Under)
		Original	Final		
	REVENUES				
5700	Local and intermediate sources	\$ 136,945,000	\$ 134,945,000	\$ 142,382,005	\$ 7,437,005
5800	State program revenues	-	2,000,000	2,087,417	87,417
5020	Total Revenues	<u>136,945,000</u>	<u>136,945,000</u>	<u>144,469,422</u>	<u>7,524,422</u>
	EXPENDITURES				
	Debt Service:				
0071	Principal on long-term debt	46,555,000	45,649,000	40,208,068	(5,440,932)
0072	Interest on long-term debt	81,443,507	81,837,507	82,689,419	851,912
0073	Bond issuance costs and fees	1,000,000	1,512,000	1,504,485	(7,515)
6030	Total Expenditures	<u>128,998,507</u>	<u>128,998,507</u>	<u>124,401,972</u>	<u>(4,596,535)</u>
1100	Excess (deficiency) of revenues over (under) expenditures	<u>7,946,493</u>	<u>7,946,493</u>	<u>20,067,450</u>	<u>12,120,957</u>
	OTHER FINANCING SOURCES (USES):				
7901	Refunding bonds issued			178,530,000	178,530,000
7916	Premium on issuance of bonds			20,481,828	20,481,828
8949	Payment to refunded bond escrow agent			(197,534,075)	(197,534,075)
7080	Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>1,477,753</u>	<u>1,477,753</u>
1200	Net change in fund balances	7,946,493	7,946,493	21,545,203	13,598,710
0100	Fund balances - beginning	85,956,869	85,956,869	85,956,869	-
3000	Fund balances - ending	<u>\$ 93,903,362</u>	<u>\$ 93,903,362</u>	<u>\$ 107,502,072</u>	<u>\$ 13,598,710</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

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.

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

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.

Restricted Donations and Grants are *funds* used to account for donations or grants given by outside organization to be spent as directed donor or grantor.

Frisco Partners Fund is used to account for grants given by Frisco Education Foundation to be spent as directed.

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, 2017**

		205	211		224
Data					
Control					
Codes					
		Head Start Fund	ESEA, Title I, Part A Fund	IDEA-B Formula Fund	
	ASSETS				
1110	Cash and investments				
1240	Due from other governments	\$ 44,544	\$ 264,741	\$ 1,667,728	
1290	Other receivables				
1410	Prepaid expenditures				
1000	Total Assets	<u>\$ 44,544</u>	<u>\$ 264,741</u>	<u>\$ 1,667,728</u>	
	LIABILITIES				
2110	Accounts payable		335	91,048	
2160	Accrued wages payable	13,157	90,668	597,493	
2170	Due to other funds	31,387	173,738	979,187	
2300	Unearned revenue				
2000	Total Liabilities	<u>44,544</u>	<u>264,741</u>	<u>1,667,728</u>	
	FUND BALANCES				
	Nonspendable:				
3430	Prepaid expenditures				
	Restricted for:				
3450	Federal and state grant programs				
	Committed to:				
3545	Local grants, awards and contributions				
3000	Total Fund Balances	<u>-</u>	<u>-</u>	<u>-</u>	
4000	Total Liabilities and Fund Balances	<u>\$ 44,544</u>	<u>\$ 264,741</u>	<u>\$ 1,667,728</u>	

225	226	240	244
IDEA-B Preschool Fund	IDEA-B Discretionary Fund	Child Nutrition Fund	Career and Technical Basic Grant Fund
\$ 8,587	\$ 89,985	\$ 5,963,270	\$ 73,036
		45,984	
		6,556	
\$ 8,587	\$ 89,985	\$ 6,015,810	\$ 73,036
	32,033	47,566	
4,587		1,406,236	
4,000	57,952		73,036
		739,334	
8,587	89,985	2,193,136	73,036
		3,822,674	
-	-	3,822,674	-
\$ 8,587	\$ 89,985	\$ 6,015,810	\$ 73,036

**FRISCO INDEPENDENT SCHOOL DISTRICT
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
JUNE 30, 2017**

Data Control Codes		255	263	272
		ESEA, Title II, Part A Fund	ESEA, Title III, Part A Fund	Medicaid Administrative Claiming Fund
	ASSETS			
1110	Cash and investments			\$ 24,125
1240	Due from other governments	\$ 21,395	\$ 111,642	
1290	Other receivables			10,214
1410	Prepaid expenditures			
1000	Total Assets	<u>\$ 21,395</u>	<u>\$ 111,642</u>	<u>\$ 34,339</u>
	LIABILITIES			
2110	Accounts payable		-	1,648
2160	Accrued wages payable	762	69,369	
2170	Due to other funds	20,633	42,273	
2300	Unearned revenue			
2000	Total Liabilities	<u>21,395</u>	<u>111,642</u>	<u>1,648</u>
	FUND BALANCES			
	Nonspendable:			
3430	Prepaid expenditures			
	Restricted for:			
3450	Federal and state grant programs			32,691
	Committed to:			
3545	Local grants, awards and contributions			
3000	Total Fund Balances	<u>-</u>	<u>-</u>	<u>32,691</u>
4000	Total Liabilities and Fund Balances	<u>\$ 21,395</u>	<u>\$ 111,642</u>	<u>\$ 34,339</u>

289		385		392		397	
Summer School LEP Fund		Visually Impaired SSVI Fund		Noneducational Community Based Support Fund		Advanced Placement Incentives Fund	
\$ 8,667				\$ 4,635			
\$ 8,667		\$ -		\$ 4,635		\$ -	
286				2,281 2,354			
286		-		4,635		-	
8,381							
8,381		-		-		-	
\$ 8,667		\$ -		\$ 4,635		\$ -	

**FRISCO INDEPENDENT SCHOOL DISTRICT
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
JUNE 30, 2017**

		410	429	461
Data				
Control				
Codes				
		State Textbook Fund	Read to Succeed Fund	Campus Activity Fund
	ASSETS			
1110	Cash and investments	\$ 2,210,068		\$ 2,091,007
1240	Due from other governments		\$ 38,536	
1290	Other receivables			
1410	Prepaid expenditures			65,712
1000	Total Assets	<u>\$ 2,210,068</u>	<u>\$ 38,536</u>	<u>\$ 2,156,719</u>
	LIABILITIES			
2110	Accounts payable	598,795	7,991	39,265
2160	Accrued wages payable		13,497	
2170	Due to other funds		17,048	
2300	Unearned revenue			
2000	Total Liabilities	<u>598,795</u>	<u>38,536</u>	<u>39,265</u>
	FUND BALANCES			
	Nonspendable:			
3430	Prepaid expenditures			65,712
	Restricted for:			
3450	Federal and state grant programs	1,611,273		
	Committed to:			
3545	Local grants, awards and contributions			2,051,742
3000	Total Fund Balances	<u>1,611,273</u>	<u>-</u>	<u>2,117,454</u>
4000	Total Liabilities and Fund Balances	<u>\$ 2,210,068</u>	<u>\$ 38,536</u>	<u>\$ 2,156,719</u>

480		497		498			
Restricted Donations and Grants		Frisco Partners Fund		Child Development Center Fund		Total Non-Major Governmental Funds	
\$	179,499	\$	12,366	\$	338,182	\$	10,827,184
							2,370,813
							16,770
							65,712
\$	179,499	\$	12,366	\$	338,182	\$	13,280,479
	-		12,366		113		831,160
	-				99,789		2,298,125
							1,401,608
							739,334
	-		12,366		99,902		5,270,227
							65,712
							5,475,019
	179,499				238,280		2,469,521
	179,499		-		238,280		8,010,252
\$	179,499	\$	12,366	\$	338,182	\$	13,280,479

**FRISCO INDEPENDENT SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NON-MAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2017**

		205	211	224
Data				
Control			ESEA, Title I, Part A	
Codes		Head Start Fund	Fund	IDEA-B Formula Fund
	REVENUES			
5700	Local and intermediate sources			
5800	State program revenues			
5900	Federal program revenues	\$ 91,609	\$ 683,541	\$ 4,940,638
5020	Total Revenues	<u>91,609</u>	<u>683,541</u>	<u>4,940,638</u>
	EXPENDITURES			
	Current:			
0011	Instruction	91,609	612,714	1,960,623
0012	Instructional resources and media services			
0013	Curriculum and instructional staff development		16,818	24,579
0021	Instructional leadership		49,097	2,917
0023	School leadership		4,904	
0031	Guidance, counseling and evaluation services			2,952,519
0033	Health services		8	
0035	Food services			
0036	Extracurricular activities			
0051	Facilities maintenance and operations			
0061	Community services			
6030	Total Expenditures	<u>91,609</u>	<u>683,541</u>	<u>4,940,638</u>
1100	Excess (deficiency) of revenues over (under) expenditures	-	-	-
	OTHER FINANCING SOURCES (USES)			
7915	Transfers in			
8911	Transfers out			
7080	Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>
1200	Net change in fund balances	-	-	-
0100	Fund balances - beginning			
3000	Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

225	226	240	244
IDEA-B Preschool Fund	IDEA-B Discretionary Fund	Child Nutrition Fund	Career and Technical Basic Grant Fund
		\$ 17,513,996	
		102,150	
\$ 28,952	\$ 391,595	5,597,502	\$ 223,664
28,952	391,595	23,213,648	223,664
28,952	391,595		223,664
		23,130,551	
		241,250	
28,952	391,595	23,371,801	223,664
-	-	(158,153)	-
-	-	-	-
-	-	(158,153)	-
		3,980,827	
\$ -	\$ -	\$ 3,822,674	\$ -

**FRISCO INDEPENDENT SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NON-MAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2017**

Data Control Codes		255	263	272
		ESEA, Title II, Part A Fund	ESEA, Title III, Part A Fund	Medicaid Administrative Claiming Fund
	REVENUES			
5700	Local and intermediate sources			
5800	State program revenues			
5900	Federal program revenues	\$ 97,357	\$ 264,050	\$ 26,080
5020	Total Revenues	<u>97,357</u>	<u>264,050</u>	<u>26,080</u>
	EXPENDITURES			
	Current:			
0011	Instruction		235,529	
0012	Instructional resources and media services			
0013	Curriculum and instructional staff development	87,573		
0021	School leadership	9,784	28,367	
0023	Guidance, counseling and evaluation services			
0031	Health services		154	20,675
0035	Food services			
0036	Extracurricular activities			
0051	Facilities maintenance and operations			
0061	Community services			
6030	Total Expenditures	<u>97,357</u>	<u>264,050</u>	<u>20,675</u>
1100	Excess (deficiency) of revenues over (under) expenditures	-	-	5,405
	OTHER FINANCING SOURCES (USES)			
7915	Transfers in			
8911	Transfers out			
7080	Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>
1200	Net change in fund balances	-	-	5,405
0100	Fund balances - beginning			27,286
3000	Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 32,691</u>

289	385	392	397
Summer School LEP Fund	Visually Impaired SSVI Fund	Noneducational Community Based Support Fund	Advanced Placement Incentives Fund
\$ 18,639	\$ 6,115	\$ 4,635	\$ 56,250
18,639	6,115	-	56,250
18,639	6,115	4,635	56,250
15,881	5,865		
			56,250
	250		
		4,635	
15,881	6,115	4,635	56,250
2,758	-	-	-
-	-	-	-
2,758	-	-	-
5,623			
\$ 8,381	\$ -	\$ -	\$ -

**FRISCO INDEPENDENT SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NON-MAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2017**

		410	429	461
Data Control Codes		State Textbook Fund	Read to Succeed Fund	Campus Activity Fund
	REVENUES			
5700	Local and intermediate sources	\$ 7,297		\$ 1,228,296
5800	State program revenues	3,138,529	\$ 140,233	
5900	Federal program revenues			
5020	Total Revenues	<u>3,145,826</u>	<u>140,233</u>	<u>1,228,296</u>
	EXPENDITURES			
	Current:			
0011	Instruction	2,010,261	134,244	
0012	Instructional resources and media services		26	
0013	Curriculum and instructional staff development		2,463	
0021	Instructional leadership		3,500	
0023	School leadership			
0031	Guidance, counseling and evaluation services			
0033	Health services			
0035	Food services			
0036	Extracurricular activities			1,139,846
0051	Facilities maintenance and operations			
0061	Community services			
6030	Total Expenditures	<u>2,010,261</u>	<u>140,233</u>	<u>1,139,846</u>
1100	Excess (deficiency) of revenues over (under) expenditures	1,135,565	-	88,450
	OTHER FINANCING SOURCES (USES)			
7915	Transfers in			35,000
8911	Transfers out			(16,998)
7080	Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>18,002</u>
1200	Net change in fund balances	1,135,565	-	106,452
0100	Fund balances - beginning	475,708		2,011,002
3000	Fund balances - ending	<u>\$ 1,611,273</u>	<u>\$ -</u>	<u>\$ 2,117,454</u>

480		497		498	
Restricted Donations and Grants		Frisco Partners Fund		Child Development Center Fund	
				Total Non-Major Governmental Funds	
\$	193,596	\$	90,678	\$	661,257 46,700
					\$ 19,695,120 3,494,612 12,363,627
	193,596		90,678		707,957
					35,553,359
	7,773		52,604		5,771,314
			29,199		29,225
					187,683 93,665 4,904
	172				2,952,941
	1,757				22,594
	1,676				23,132,227
	2,719		8,875		1,151,440
	-				241,250
	-				752,999
	14,097		90,678		748,364
					748,364
	179,499		-		(40,407)
					1,213,117
					35,000 (16,998)
	-		-		-
	179,499		-		(40,407)
	-		-		278,687
\$	179,499	\$	-	\$	238,280
				\$	8,010,252

**FRISCO INDEPENDENT SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
CHILD NUTRITION FUND
FOR THE YEAR ENDED JUNE 30, 2017**

EXHIBIT G-4

Data Control Codes		Budgeted Amounts		Actual Amounts	Variance with Final Budget Over/(Under)
		Original	Final		
	REVENUES				
5700	Local and intermediate sources	\$ 19,549,000	\$ 19,549,000	\$ 17,513,996	\$ (2,035,004)
5800	State program revenues	555,000	555,000	102,150	(452,850)
5900	Federal program revenues	5,300,000	5,300,000	5,597,502	297,502
5020	Total Revenues	<u>25,404,000</u>	<u>25,404,000</u>	<u>23,213,648</u>	<u>(2,190,352)</u>
	EXPENDITURES				
	Current:				
0035	Food services	24,999,800	25,002,500	23,130,551	(1,871,949)
0051	Facilities maintenance and operations	401,500	401,500	241,250	(160,250)
0061	Community services	2,700	-	-	-
6030	Total Expenditures	<u>25,404,000</u>	<u>25,404,000</u>	<u>23,371,801</u>	<u>(2,032,199)</u>
	Excess (deficiency) of revenues over (under)				
1100	expenditures	<u>-</u>	<u>-</u>	<u>(158,153)</u>	<u>(158,153)</u>
1200	Net change in fund balances	-	-	(158,153)	(158,153)
0100	Fund balances - beginning	3,980,827	3,980,827	3,980,827	-
3000	Fund balances - ending	<u>\$ 3,980,827</u>	<u>\$ 3,980,827</u>	<u>\$ 3,822,674</u>	<u>\$ (158,153)</u>

OTHER SUPPLEMENTARY INFORMATION

AGENCY FUND

**FRISCO INDEPENDENT SCHOOL DISTRICT
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUND
FOR THE YEAR ENDED JUNE 30, 2017**

EXHIBIT G-5

Data Control Codes		Balance July 1, 2016	Additions	Deductions	Balance June 30, 2017
	ASSETS				
1110	Cash and investments	\$ 1,092,187	\$ 1,603,581	\$ 1,530,987	\$ 1,164,781
	Total Assets	<u>\$ 1,092,187</u>	<u>\$ 1,603,581</u>	<u>\$ 1,530,987</u>	<u>\$ 1,164,781</u>
	LIABILITIES				
2110	Accounts payable	\$ 104,679	\$ 1,444,770	\$ 1,454,869	\$ 94,580
2190	Due to student groups	987,508	1,602,206	1,519,513	1,070,201
	Total Liabilities	<u>\$ 1,092,187</u>	<u>\$ 3,046,976</u>	<u>\$ 2,974,382</u>	<u>\$ 1,164,781</u>

OTHER SUPPLEMENTARY INFORMATION

REQUIRED TEA SCHEDULE

**FRISCO INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF DELINQUENT TAXES RECEIVABLE
FISCAL YEAR ENDED JUNE 30, 2017**

Last Ten Fiscal Years	1	2	3	10
	Tax Rates		Assessed/Appraised Value for School Tax Purposes	Beginning Balance
	Maintenance	Debt Service		
Prior to 2009	Various	Various	Various	\$ (321,345)
2009	\$1.00	\$0.37	16,633,312,029	160,571
2010	\$1.00	\$0.39	17,179,510,153	158,235
2011	\$1.00	\$0.39	16,875,842,501	474,796
2012	\$1.00	\$0.42	17,504,188,590	435,769
2013	\$1.04	\$0.42	18,411,182,624	556,574
2014	\$1.04	\$0.42	20,072,776,233	653,413
2015	\$1.04	\$0.42	23,005,771,528	1,063,881
2016	\$1.04	\$0.42	26,230,139,504	2,227,644
2017	\$1.04	\$0.42	30,621,651,034	
Totals				<u>\$ 5,409,538</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
	\$ 4,881	\$ 1,346	\$ (50,767)	(378,339)
	13,394	4,956	-	142,221
	11,908	4,644	344	142,027
	341,421	133,154	213,133	213,354
	1,250,327	525,138	1,462,671	122,975
	1,301,906	525,770	1,909,928	638,826
	1,358,534	548,639	1,973,901	720,141
	1,545,284	624,057	2,106,981	1,001,521
	2,027,998	818,999	1,979,843	1,360,490
<u>427,954,821</u>	<u>311,428,275</u>	<u>125,769,110</u>	<u>12,305,695</u>	<u>3,063,131</u>
<u>\$ 427,954,821</u>	<u>\$ 319,283,928</u>	<u>\$ 128,955,813</u>	<u>\$ 21,901,729</u>	<u>\$ 7,026,347</u>
	<u>\$ 18,949,784</u>			



"99 HATS" BY MONTSERRAT PATINO

Independence High School

2017 State VASE Gold Medal

Teacher: Ryan Rimmer

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.

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Financial Trends	67
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These schedules contain trend information to help the reader understand how the District's financial performance and well-being have changed over time.

Revenue Capacity	72
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These schedules contain information to help the reader assess the District's most significant local revenue source, the property tax.

Debt Capacity	76
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These schedules present information to help the reader assess the of the District's current levels of outstanding debt and the District's ability to issue additional debt in the future.

Demographic and Economic Information	79
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These schedules offer demographic and economic indicators to help the understand the environment within which the District's financial activities take place.

Operating Information	81
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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.

FINANCIAL TRENDS

FRISCO INDEPENDENT SCHOOL DISTRICT

NET POSITION BY COMPONENT

LAST TEN FISCAL YEARS

(Unaudited)

EXHIBIT S-1

	2008 ¹	2009	2010	2011	2012	2013	2014	2015	2016	2017
GOVERNMENTAL ACTIVITIES										
Net Investment in capital assets	\$ (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)	\$ (232,777,187)
Restricted for Federal and State grant programs	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	5,475,019
Restricted for debt services	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	80,911,177
Restricted for capital projects	3,083,347	4,187,350	7,833,126	-	-	-	-	-	-	-
Unrestricted Net Position	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)	(99,981,333)
Total Net Position	\$ (40,383,010)	\$ (82,899,936)	\$ (102,773,542)	\$ (140,142,850)	\$ (152,326,041)	\$ (167,422,224)	\$ (149,213,992)	\$ (245,443,341)	\$ (258,204,598)	\$ (246,372,324)

¹ 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)

	2008 ¹	2009	2010	2011	2012	2013	2014	2015	2016	2017
EXPENSES										
Governmental Activities:										
Instruction	\$ 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	\$ 325,140,742
Instructional resources and media services	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	9,325,687
Curriculum and instructional staff development	2,440,703	3,701,535	4,417,990	4,196,290	5,540,212	6,695,992	7,496,653	8,527,459	8,937,996	9,447,290
Instructional leadership	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	6,192,970
School leadership	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	32,328,267
Guidance, counseling and evaluation services	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	17,508,585
Social work services	275,107	233,822	311,030	309,809	292,395	343,427	360,371	352,044	361,960	279,911
Health services	2,474,489	2,875,656	3,401,665	3,612,048	3,388,277	3,738,802	4,700,476	5,183,496	5,183,496	5,496,484
Student transportation	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	12,899,257
Food services	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	25,477,572
Extracurricular activities	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	19,440,200
General administration	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	9,747,588
Facilities maintenance and operations	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	46,480,755
Security and monitoring services	1,077,827	1,529,372	1,610,482	2,219,918	2,218,991	2,731,959	3,595,026	3,808,630	3,916,348	3,826,564
Data processing services	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	8,927,287
Community services	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	1,900,499
Debt service - interest on long-term debt	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	79,783,468
Debt service - bond issuance costs and fees	102,649	213,326	224,619	303,281	784,857	1,034,160	1,288,269	2,511,829	3,518,708	2,474,789
Contracted instructional services between schools	8,276,629	12,904,887	1,331,260	3,004,389	1,582,625	1,785,899	1,004,896	1,177,873	-	-
Payments to fiscal agent/member districts of SSA	149,060	127,022	135,132	195,897	60,791	44,573	23,499	47,931	37,077	67,814
Payments to juvenile justice alternative education programs	115,834	112,838	87,929	90,309	15,300,909	16,558,936	17,605,466	19,317,219	20,698,870	22,583,104
Payments to tax increment fund	11,073,196	15,516,540	13,078,366	12,475,699	1,658,054	1,801,088	1,924,946	2,102,040	2,377,535	2,683,175
Other intergovernmental charges			1,613,714	1,637,072	1,658,054	1,801,088	1,924,946	2,102,040	2,377,535	2,683,175
Total Governmental Activities Expenses	277,415,879	392,225,769	406,826,383	431,399,523	426,439,348	460,262,744	460,246,703	567,245,555	617,872,516	642,012,008
PROGRAM REVENUES										
Governmental Activities:										
Charges for Services:										
Instruction	73,267	315,818	195,799	234,762	206,936	290,231	350,717	396,872	403,481	310,309
Food services	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	17,491,137
Extracurricular activities	564,693	746,020	926,755	1,475,974	1,522,873	1,506,143	1,525,824	1,605,535	1,798,238	2,423,340
Facilities maintenance and operations	537,487	761,560	731,934	536,802	1,913,519	2,299,332	2,394,812	2,554,502	2,864,952	2,818,152
Community services	539,047									
Operating Grants and Contributions	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	38,224,087
Total Governmental Activities Program Revenues	26,781,469	30,954,381	44,548,838	47,248,423	41,866,221	40,325,466	45,044,147	58,870,618	57,497,972	61,267,025
Net (Expense) Revenue	(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)	(580,744,983)

¹ 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

EXHIBIT S-3

(Unaudited)

	2008 ¹	2009	2010	2011	2012	2013	2014	2015	2016	2017
Net (Expense) Revenue	\$ (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)	\$ (580,744,983)
GENERAL REVENUES										
Governmental Activities:										
Taxes:										
Property taxes, levied for general purposes	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	328,154,575
Property taxes, levied for debt service	54,533,671	57,630,495	62,409,766	61,736,118	68,875,705	72,822,119	80,537,836	93,922,813	105,576,096	124,819,619
State aid - formula grants	32,027,127	68,601,051	85,246,982	99,211,962	104,324,856	117,087,935	119,733,020	120,465,390	139,758,001	115,510,634
Grants and contributions not restricted to specific programs	-	27,945	17,407	180	20,083	516,970	-	-	2,332,383	2,320,903
Investment earnings	6,400,879	2,509,504	338,496	246,295	184,963	238,659	98,009	166,062	720,988	1,994,950
Miscellaneous local and intermediate revenue	28,255,988	21,090,145	16,969,299	17,308,973	21,901,571	20,559,060	27,543,665	3,625,774	20,162,030	19,776,576
Total General Revenue	275,453,024	318,754,462	338,723,939	349,505,207	372,386,936	410,787,332	433,412,788	483,253,798	547,613,287	592,577,257
Change in net position	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)	11,832,274
Net position - beginning, as adjusted	(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)	(258,204,598)
Net position - ending	\$ (40,383,010)	\$ (62,898,936)	\$ (102,773,542)	\$ (140,142,850)	\$ (152,329,041)	\$ (167,422,224)	\$ (149,213,992)	\$ (245,443,341)	\$ (258,204,598)	\$ (246,372,324)

¹ 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)

	2008 ¹	2009	2010	2011	2012	2013	2014	2015	2016	2017
GENERAL FUND										
Reserved			\$ 51,281	\$ 251,404	\$ 141,684	\$ 163,824	\$ 264,523	\$ 410,917	\$ 702,073	\$ 905,361
Nonspendable										
Restricted										
Assigned										
Unreserved /Unassigned	\$ 22,473,686	\$ 21,962,721	46,286,952	42,818,991	60,123,335	72,501,978	84,900,184	92,068,189	111,058,554	3,750,957
Total General Fund	22,473,686	21,962,721	46,338,233	43,070,395	60,265,019	72,665,802	85,164,707	92,479,106	123,493,141	133,262,297
ALL OTHER GOVERNMENTAL FUNDS										
Reserved for:										
Debt service fund	46,270,566	59,011,864	67,245,565							
Child nutrition service	2,161,968	3,121,981	2,831,739							
Designated for:										
Construction	80,804,147	69,653,941	7,833,126							
Other Purposes	21,000,000	23,000,000								
Nonspendable							71,910	45,631	64,406	65,712
Restricted				118,756,851	78,941,316	125,818,111	173,944,026	226,127,518	204,022,445	175,399,955
Committed						2,171,829	2,117,958	2,088,957	2,225,283	2,469,521
Assigned										5,889,126
Unreserved/Unassigned										
Total All Other Governmental Funds	1,680,111	1,499,215	1,569,851	1,750,466	1,958,933	127,989,940	176,133,894	228,262,106	206,312,134	183,824,314
Total Governmental Funds	\$ 174,390,478	\$ 178,249,722	\$ 125,818,514	\$ 163,577,712	\$ 141,165,268	\$ 200,655,742	\$ 261,298,601	\$ 320,741,212	\$ 329,805,275	\$ 317,086,611

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

² 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.

³ 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

FRISCO INDEPENDENT SCHOOL DISTRICT CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS LAST TEN FISCAL YEARS

(Unaudited)

EXHIBIT S-5

	2008 ¹	2009	2010	2011	2012	2013	2014	2015	2016	2017
REVENUES										
Local and intermediate sources	\$ 232,308,432	\$ 262,542,603	\$ 266,335,275	\$ 265,159,734	\$ 286,574,924	\$ 309,071,472	\$ 333,806,178	\$ 381,193,995	\$ 432,689,498	\$ 499,188,264
State program revenues	62,382,339	80,784,250	97,190,014	111,289,016	115,321,314	129,671,656	133,799,695	133,975,235	161,187,530	139,189,304
Federal program revenues	6,092,141	6,441,022	20,557,565	20,551,186	14,169,400	10,477,603	11,423,023	12,432,495	13,641,401	14,684,530
	300,782,912	349,767,875	382,912,854	396,999,936	416,065,638	449,226,731	479,028,896	527,601,725	607,518,429	653,062,098
EXPENDITURES										
Current:										
Instruction	118,453,890	150,799,050	173,467,078	182,496,322	176,860,360	196,244,658	210,384,860	234,760,839	259,362,734	288,828,129
Instructional resources and media services	4,484,132	5,621,291	5,119,964	5,048,034	4,411,159	5,057,068	5,272,336	5,578,571	5,903,740	6,586,387
Curriculum and instructional staff development	2,444,288	3,702,110	4,417,134	4,173,666	5,497,695	6,696,310	7,496,653	8,307,911	8,808,991	9,040,748
Instructional leadership	2,517,202	3,705,939	4,152,686	4,161,357	3,452,915	4,538,583	4,625,073	4,893,191	5,399,089	6,099,992
School leadership	10,727,046	13,377,731	15,986,938	19,117,432	17,936,465	21,966,564	21,321,892	23,588,233	26,215,585	28,479,181
Guidance, counseling and evaluation services	6,899,190	8,618,090	10,136,519	11,120,177	11,067,229	12,553,335	12,827,113	14,112,899	16,381,866	17,262,743
Social work services	275,107	233,822	311,030	309,809	292,395	343,427	360,371	343,027	356,988	275,677
Health services	2,478,074	2,781,160	3,386,708	3,562,679	3,328,177	3,723,920	3,872,931	4,566,068	5,079,075	5,408,782
Student transportation	4,913,154	5,878,917	7,832,691	7,529,367	7,454,070	8,124,128	8,769,634	9,558,458	10,435,043	11,284,361
Food services	9,325,193	11,615,911	14,103,336	15,105,284	15,090,635	16,800,946	18,146,918	19,973,220	23,090,610	23,401,047
Extracurricular activities	6,426,914	8,131,289	9,615,377	11,031,634	11,480,974	12,155,988	13,161,741	14,863,410	15,354,435	15,340,435
General administration	5,534,560	6,952,987	6,228,714	6,431,057	4,991,034	5,706,743	5,685,941	6,070,414	7,823,941	8,223,475
Facilities maintenance and operations	17,784,247	23,214,246	26,336,467	28,722,255	24,674,238	27,818,925	28,974,793	30,974,767	33,256,966	34,121,457
Security and monitoring services	1,006,037	1,237,700	1,326,543	1,768,526	1,923,659	1,865,957	2,510,096	3,091,852	3,279,043	3,568,407
Data processing services	1,274,856	1,770,527	1,775,221	2,163,063	3,309,326	5,145,610	5,307,632	6,206,388	6,138,332	5,982,344
Community services	849,783	1,412,118	1,496,786	1,527,070	1,502,248	1,560,970	1,514,385	1,633,826	1,582,736	1,624,382
Debt Service:										
Principal on long-term debt	22,670,113	14,393,638	19,153,596	20,672,773	18,376,134	20,579,605	27,935,713	28,407,368	33,165,766	40,208,068
Interest on long-term debt	546,209	47,192,970	56,970,707	55,877,774	60,861,887	62,655,429	61,273,182	70,090,988	79,264,169	82,689,419
Bond issuance costs and fees	-	3,069,950	841,153	942,386	555,641	1,034,160	1,288,269	2,511,829	3,518,708	2,474,790
Capital Outlay:										
Facilities acquisition and construction	160,908,619	197,245,977	92,337,806	66,948,012	97,792,344	81,302,872	167,713,439	231,716,698	213,578,123	166,980,903
Intergovernmental:										
Contracted instructional services between schools	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	149,060	127,022	135,132	195,897	-	-	-	-	-	67,814
Payments to juvenile justice alternative education programs	115,834	112,838	87,929	90,309	60,791	44,573	23,499	47,931	37,077	-
Payments tax increment fund	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	22,583,104
Other intergovernmental charges	-	-	1,613,714	1,637,072	1,658,054	1,801,088	1,924,946	2,102,040	2,377,535	2,683,175
	399,133,333	539,616,710	471,242,855	466,112,052	489,460,964	516,072,694	628,220,382	742,593,351	780,836,176	783,228,820
Excess (deficiency) of revenues over (under) expenditures	(98,350,421)	(189,848,835)	(88,330,001)	(69,112,116)	(73,395,326)	(66,845,963)	(149,191,486)	(214,991,626)	(173,317,747)	(130,166,722)
OTHER FINANCING SOURCES (USES)										
Capital related debt issued (regular and refunding bonds)	190,000,000	199,170,000	85,250,000	181,031,260	147,610,357	258,246,992	202,300,000	299,320,000	381,640,000	282,235,000
Premium on issuance of bonds	595,395	8,865,586	2,361,017	9,692,980	11,084,272	30,271,957	10,436,146	19,187,662	38,051,415	32,747,133
Sale of real and personal property	339,103	17,096	-	13,057	2,412	7,464,755	2,253,199	6,916,575	3,884,912	-
Transfers in	-	10,491,431	28,148,312	12,325,434	8,958,340	16,486,477	14,511,144	7,774,470	7,119,500	6,051,998
Other resources	-	-	-	-	270	-	-	-	-	-
Transfers out	-	(10,491,431)	(28,148,312)	(13,621,257)	(13,241,717)	(16,422,968)	(14,511,144)	(7,774,470)	(7,119,500)	(6,051,998)
Payment to refunded bond escrow agent	-	(14,326,603)	(51,712,224)	(79,846,745)	(103,431,052)	(169,710,776)	(5,155,000)	(50,990,000)	(241,194,517)	(197,534,075)
	190,934,498	193,726,079	35,898,793	109,594,729	50,982,882	126,336,437	209,834,345	274,434,237	182,381,810	117,448,058
Net change in fund balances	92,584,077	3,877,244	(52,431,208)	40,482,613	(22,412,444)	59,490,474	60,642,859	59,442,611	9,064,063	(12,718,664)
Fund balances - beginning, as adjusted	81,806,401	174,390,472	178,249,722	123,095,099	163,577,712	141,165,268	200,655,742	261,298,601	320,741,275	329,805,275
Fund balances - ending	\$ 174,390,478	\$ 178,267,722	\$ 125,818,514	\$ 163,577,712	\$ 141,165,268	\$ 200,655,742	\$ 261,298,601	\$ 320,741,212	\$ 329,805,275	\$ 317,086,611
Debt service as a percentage of non-capital expenditures	9.75%	18.88%	20.31%	19.41%	20.37%	19.38%	19.18%	18.35%	19.24%	19.64%

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

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 Assessed Value	Less: Exemptions	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					
2007	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	
2008 ¹	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	
2009	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	
2010	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	
2011	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	
2012	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	
2013	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	
2014	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	
2015	18,531,227,482	1,953,611,983	432,451,349	1,691,512,252	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	
2016	21,617,912,704	2,308,485,474	548,452,795	1,677,217,322	683,637,417	5,613,500,147	174,364,345	983,165,673	527,152,241	34,133,788,118	3,512,137,084	30,621,651,034	\$1.46	

¹ 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	Frisco ISD	Overlapping Rates							
		Collin County				Denton County			
		City of Frisco	Collin County	Community College (CCCC)	City of McKinney	City of Plano	City of Hackberry	Town of Little Elm	Denton County FWSD
2007	1.5800	0.4500	0.2500	0.0870	0.5200	0.4735	0.2359	0.5358	1.0000
2008	1.3500	0.4500	0.2450	0.0865	0.6100	0.4735	0.2357	0.5697	1.0000
2009	1.3700	0.4650	0.2425	0.0863	0.6100	0.4886	0.2498	0.6345	1.0000
2010	1.3900	0.4650	0.2425	0.0863	0.6100	0.4886	0.2739	0.6652	1.0000
2011	1.3900	0.4620	0.2400	0.0863	0.6100	0.4886	0.2774	0.6650	1.0000
2012	1.4200	0.4620	0.2400	0.0863	0.6100	0.4886	0.2829	0.6650	1.0000
2013	1.4600	0.4620	0.2380	0.0863	0.6100	0.4886	0.2829	0.6650	1.0000
2014	1.4600	0.4620	0.2380	0.0836	0.5855	0.4886	0.2850	0.6650	1.0000
2015	1.4600	0.4600	0.2250	0.0820	0.5830	0.4886	0.2620	0.6616	1.0000
2016	1.4600	0.4600	0.2250	0.0820	0.5830	0.4886	0.2620	0.6617	1.0000

Source: Texas Comptroller of Public Accounts - Tax Rates and Levies

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

EXHIBIT S-8

(Unaudited)

		2017	
		Taxable Value	Percentage of Total Taxable Value
<u>Taxpayer</u>	<u>Business Type</u>		
Capital One National Association	Banking & Finance	\$ 149,429,000	0.49%
BPR Shopping Center LP	Shopping Center	121,936,281	0.40%
Tollway/121 Partners LTD	Real Estate Development	114,367,577	0.37%
Granite Park I LLC	Real Estate Development	112,989,648	0.37%
TxApt 8205 Towne Main Drive LP	Real Estate Development	84,897,767	0.28%
KDC Legacy HQ Investments One LP	Real Estate Development	78,184,757	0.26%
Hall Office Portfolio DB LLC	Real Estate Development	77,440,725	0.25%
Frisco Station Partners LP	Real Estate Development	69,588,841	0.23%
PPF Amli Parkwood Boulevard LLC	Real Estate Development	66,124,988	0.22%
Specified Properties LLP	Real Estate Development	64,642,933	0.21%
		\$ 939,602,517	3.07%

		2008	
		Taxable Value	Percentage of Total Taxable Value
<u>Taxpayer</u>	<u>Business Type</u>		
Tenet Frisco LTD	Medical	\$ 91,569,865	0.55%
Tollway/121 Partners LTD	Real Estate Development	85,997,990	0.52%
Roddman LLC	Real Estate Development	69,027,693	0.42%
Capital One National Association	Finance	50,118,589	0.30%
Virtu Investments LLC	Real Estate Development	50,044,785	0.30%
Sonebriar Mall Ltd Partnership	Retail	45,542,951	0.28%
GP Park II LLC	Real Estate Development	44,000,000	0.27%
Granite Park I LLC	Real Estate Development	44,000,000	0.27%
OTR	Real Estate Development	43,767,617	0.26%
Teacher Insurance & Annuity Association	Finance	42,102,243	0.25%
		\$ 566,171,733	3.42%

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 ¹	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Current Year Adjusted Levy ²	Total Collections to Date	
		Amount	Percentage of Levy			Amount ³	Percentage of Levy
2008	193,268,272	190,616,176	98.63%	3,948,603	194,376,427	194,564,779	100.10%
2009	188,873,783	186,511,500	98.75%	3,426,455	188,742,540	189,937,955	100.63%
2010	226,592,154	222,910,277	98.38%	3,699,553	226,699,911	226,609,830	99.96%
2011	236,338,412	232,171,603	98.24%	5,099,640	236,691,286	237,271,243	100.25%
2012	233,360,846	230,656,112	98.84%	4,645,509	234,724,534	235,301,621	100.25%
2013	246,595,889	244,576,313	99.18%	5,310,573	249,653,890	249,886,886	100.09%
2014	271,222,819	269,428,955	99.34%	5,202,805	273,825,590	274,631,760	100.29%
2015	292,572,378	289,972,452	99.11%	6,043,409	298,697,537	296,015,861	99.10%
2016	333,326,629	330,473,983	99.14%	2,846,997	335,306,472	333,320,980	99.41%
2017	440,260,516	437,197,385	99.30%		440,260,516	437,197,385	99.30%

¹ Includes adjustments during the year of the levy.

² Includes all adjustments to the levy made in subsequent years.

³ Includes penalties and interest.

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



"GIRL IN BLUE SHIRT" BY TYRA HALLADAY

Heritage High School

2017 State VASE Gold Medal

Teacher: Sarah Watkins

DEBT CAPACITY

FRISCO INDEPENDENT SCHOOL DISTRICT
ESTIMATED OVERLAPPING DEBT STATEMENT
JUNE 30, 2017
(Unaudited)

EXHIBIT S-10

Taxing Body	Amount	Percentage Overlapping	Amount Overlapping
Collin County	\$ 352,380,000	19.08%	\$ 67,234,104
Collin County CCD	16,910,000	19.08%	3,226,428
Denton County	605,835,000	10.71%	64,884,929
Denton County FWSD # 8-C	40,493,277	100.00%	40,493,277
City of Frisco	414,722,478	91.90%	381,129,957
Town of Little Elm	53,941,856	36.34%	19,602,470
City of McKinney	248,335,000	17.52%	43,508,292
City of Plano	357,330,000	10.53%	37,626,849
Subtotal, overlapping debt			657,706,306
District gross bonded debt			2,147,871,338
Total direct and overlapping debt			<u><u>\$ 2,805,577,644</u></u>
Ratio of net direct and overlapping debt to net taxable valuation			9.16%
Per capita direct and overlapping debt			\$ 12,236.36

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
			Value	to Taxable Assessed	Bonded Debt					
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	2,066,361,628	7.88%			218,374	120,116	9,462	9,520,014,530	21.71%
2017	30,621,651,034	2,147,871,338	7.01%			229,282	133,555	9,368	10,951,884,012	19.61%

Sources: Collin and Denton County appraisal districts; the Municipal Advisory Council of Texas; and Population and Survey Analysts

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

(Unaudited)

EXHIBIT S-12

Legal Debt Margin Calculation for the Fiscal Year 2016:

Taxable Assessed value	\$ 30,621,651,034
Debt limit (10% of assessed value) ¹	3,062,165,103
Total bonded debt	\$ 2,147,871,338
Less reserve for retirement of debt ²	107,502,072
Debt applicable to limit	2,040,369,266
Legal debt margin	<u>\$ 1,021,795,837</u>

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Debt Limit	\$ 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	\$ 3,062,165,103
Total net debt applicable to limit	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	2,040,369,266
Legal debt Margin	<u>\$ 2,438,765,189</u>	<u>\$ 2,767,788,479</u>	<u>\$ 2,829,320,994</u>	<u>\$ 2,890,019,287</u>	<u>\$ 2,975,532,321</u>	<u>\$ 3,147,668,189</u>	<u>\$ 3,511,385,337</u>	<u>\$ 4,022,423,969</u>	<u>\$ 4,453,207,518</u>	<u>\$ 5,102,534,369</u>
Total net debt applicable to the limit as a percentage of the debt limit	63.44%	66.40%	64.69%	71.25%	69.99%	70.97%	74.93%	74.84%	69.77%	66.63%

¹ 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.

² 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

Fiscal Year	Estimated Population	Personal Income	Per Capita Personal Income	Unemployment Rate
2008	122,922	5,266,857,570	42,847	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	9,520,014,530	43,595	2.70%
2017	229,282	10,951,884,012	47,766	3.80%

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

2017			
<u>Employer</u>	<u>Approximate Number of Employees</u>	<u>Percentage of Total Estimated Employees</u>	<u>Rank</u>
Frisco Independent School District	7,500	7.32%	1
T-Mobile	1,500	1.46%	2
City of Frisco	1,102	1.07%	3
Mario Sinacola & Sons Excavating	603	0.59%	4
CCCD Preston Ridge Campus	550	0.54%	5
Amerisource Bergens Specialty Group	500	0.49%	6
CLA USA, Inc.	450	0.44%	7
IKEA Frisco	400	0.39%	8
Tenet of Texas RBO	300	0.29%	9
Market Street	300	0.29%	10
	<u>13,205</u>		

2008			
<u>Taxpayer</u>	<u>Approximate Number of Employees</u>	<u>Percentage of Total Estimated Employees</u>	<u>Rank</u>
Frisco Independent School District	4274	7.48%	1
T-Mobile	2500	4.37%	2
Rodman Companies	780	1.36%	3
IntegraSys	550	0.96%	4
Mario Sinacola & Sons	500	0.87%	5
City of Frisco	455	0.80%	6
IKEA	400	0.70%	7
Tenet of Texas RBO	340	0.59%	8
Option One Mortgage Co.	250	0.44%	9
Aastra Telecom	250	0.44%	10
	<u>10,299</u>		

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



"COMPOSED COLLISION" BY EMMA MYERS

Wakeland High School

2017 State VASE Gold Medal Teacher:
Cristen Garza

OPERATING INFORMATION

FRISCO INDEPENDENT SCHOOL DISTRICT
FULL-TIME-EQUIVALENT DISTRICT EMPLOYEES BY IDENTIFIABLE ACTIVITIES
FISCAL YEAR ENDED JUNE 30, 2017
(Unaudited)

EXHIBIT S-15

	<u>FTE Count</u>	<u>Average Base Pay</u>
Teaching Staff		
Pre-Kindergarten	19.00	53,291
Kindergarten	216.31	53,803
Elementary (Grades 1-6)	1,292.53	54,451
Middle School (Grades 6-8)	905.68	54,117
High School (Grades 9-12)	1,113.45	54,933
All Grade Levels	267.53	55,254
	3,814.50	54,526
Support Staff		
Counselor	113.68	67,247
Educational Diagnostician	39.00	69,182
Librarian	58.98	60,041
LSSP/Psychologist	21.00	64,020
Music Therapist	2.00	50,500
Occupational Therapist	16.81	62,856
Orientation/Mobility Specialist	1.50	58,396
Other Campus Professionals	22.75	14,565
Other Non-Instructional	127.09	75,506
Physical Therapist	5.00	65,511
School Nurse	67.01	53,775
Speech Therapist/Pathologist	67.48	61,431
Teacher Facilitator	60.53	56,881
Truant Officer/Visiting Teacher	3.00	72,263
	605.83	62,950
Administrative Staff		
Assistant Principal	115.62	74,556
Asst./Deputy Superintendent	4.00	162,779
Athletic Director	3.00	108,407
Business Manager	1.00	135,609
Director of Personnel/Human Resources	6.00	114,571
District Instructional Program Director	31.50	95,297
Principal	66.93	92,733
Superintendent	1.00	290,000
Teacher Supervisor	9.00	85,344
	238.05	86,898
Paraprofessional Staff/Auxiliary		
Educational Aide	543.10	24,844
Auxiliary	1,444.65	26,187
	1,987.75	25,820
Total	6,646.13	\$ 47,868

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

Fiscal Year	Operating Expenditures²	Enrollment	Cost per Pupil	Student to Teacher Ratio	Percentage of Students Receiving Free or Reduced-price Meals
2008 ¹	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%
2017	431,116,219	55,923	7,709	14.7	10.49%

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

² Excludes intergovernmental charges.

Source: Frisco ISD Financial Statements

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

EXHIBIT S-17

(Unaudited)

		2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
High Schools (Grades 9-12):											
Frisco High	Site:	45.10 acres									
	Opened:	1995	245,024 1,477	245,024 1,442	245,024 1,587	289,866 1,688	289,866 1,810	289,866 1,893	352,978 2,139	357,510 1,804	357,510 1,677
Centennial High	Site:	76.48 acres									
	Opened:	2000	288,561 1,626	288,561 1,618	335,346 1,800	335,346 1,904	335,346 2,010	335,346 2,156	379,897 2,021	370,350 2,001	370,350 2,026
Wakeland High	Site:	71.39 acres									
	Opened:	2006	302,645 1,459	302,645 2,056	302,645 1,727	339,716 1,639	339,716 1,868	339,716 1,993	345,646 2,199	354,413 2,031	354,413 2,100
Liberty High	Site:	63.33 acres									
	Opened:	2007	306,179 1,223	306,179 1,641	306,179 1,739	344,261 1,772	344,261 2,009	344,261 2,203	348,496 2,025	346,994 2,080	346,994 2,052
Heritage High	Site:	46.81 acres									
	Opened:	2009	NA NA	355,695 634	355,695 1,043	355,695 1,541	355,695 1,753	355,695 1,951	356,738 1,802	357,001 1,904	357,001 2,073
Lone Star High	Site:	56.32 acres									
	Opened:	2010	NA NA	NA NA	354,722 523	354,722 823	354,722 963	354,722 1,245	345,445 1,379	352,564 1,715	352,564 1,930
Independence High	Site:	63.43 acres									
	Opened:	2014	NA NA	NA NA	NA NA	NA NA	NA NA	NA NA	345,969 1,168	382,158 1,692	382,158 1,832
Reedy High	Site:	56 acres									
	Opened:	2015	NA NA	NA NA	NA NA	NA NA	NA NA	NA NA	NA NA	390,207 913	390,207 1,344
Lebanon Trail High	Site:	69.3 acres									
	Opened:	2016	NA NA	NA NA	NA NA	NA NA	NA NA	NA NA	NA NA	NA NA	368,260 450

Source: Frisco ISD real property inventory and demographic records

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

EXHIBIT S-18
(Continued)

(Unaudited)

		2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Middle Schools (Grades 6-8):											
Staley											
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	669	626	610	606	643	675	717	707	715	667
	Square Feet Enrollment										
Clark											
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	563	658	776	800	826	865	864	853	844	816
	Square Feet Enrollment										
Pioneer											
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	826	919	1,012	609	701	762	897	1,085	735	824
	Square Feet Enrollment										
Wester											
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	802	801	766	809	829	879	902	877	899	1,001
	Square Feet Enrollment										
Griffin											
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	1,132	854	977	526	598	672	705	855	853	900
	Square Feet Enrollment										
Roach											
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	1,118	799	902	619	691	784	865	855	1,095	770
	Square Feet Enrollment										
Fowler											
Site:	20.47 acres	138,650	138,650	138,650	138,650	138,650	138,650	138,650	138,651	138,651	138,651
Opened:	2006	713	851	971	1,076	1,172	859	890	939	1,060	1,091
	Square Feet Enrollment										
Scoggins											
Site:	21.47 acres	NA	142,108	142,108	142,108	142,108	142,108	142,108	142,108	142,108	142,108
Opened:	2008	NA	550	711	820	853	586	683	805	938	988
	Square Feet Enrollment										
Stafford											
Site:	21.40 acres	NA	142,108	142,108	142,108	142,108	142,108	142,108	142,108	142,108	142,108
Opened:	2008	NA	620	678	689	793	928	1,029	1,134	745	818
	Square Feet Enrollment										
Cobb											
Site:	21.65 acres	NA	NA	NA	143,160	143,160	143,160	143,160	143,160	143,160	143,160
Opened:	2010	NA	NA	NA	643	756	817	911	906	954	966
	Square Feet Enrollment										

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

EXHIBIT S-18
(Concluded)

(Unaudited)

		2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Maus											
Site:	25.00 acres										
Opened:	2010	NA	NA	NA	NA	143,160	143,160	143,160	143,160	143,160	143,160
		NA	NA	NA	NA	491	604	723	831	907	981
	Square Feet Enrollment										
Hunt											
Site:	32.44 acres										
Opened:	2010	NA	NA	NA	NA	143,160	143,160	143,160	143,160	143,160	143,160
		NA	NA	NA	NA	573	625	698	738	797	833
	Square Feet Enrollment										
Vandeventer											
Site:	20 acres										
Opened:	2012	NA	NA	NA	NA	NA	NA	143,160	143,160	143,160	143,160
		NA	NA	NA	NA	NA	NA	782	891	1,056	1,056
	Square Feet Enrollment										
Pearson											
Site:	25 acres										
Opened:	2015	NA	NA	NA	NA	NA	NA	NA	NA	143,160	143,160
		NA	NA	NA	NA	NA	NA	NA	NA	616	691
	Square Feet Enrollment										
Trent											
Site:	25,378 acres										
Opened:	2015	NA	NA	NA	NA	NA	NA	NA	NA	143,160	143,160
		NA	NA	NA	NA	NA	NA	NA	NA	652	786
	Square Feet Enrollment										
Nelson											
Site:	17,781 acres										
Opened:	2016	NA	NA	NA	NA	NA	NA	NA	NA	NA	145,000
		NA	NA	NA	NA	NA	NA	NA	NA	NA	653
	Square Feet Enrollment										

Source: Frisco ISD real property inventory and demographic records

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

		2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Elementary Schools (Grades K-5):											
Rogers											
Site:	9.81 acres										
Opened:	1987										
		Square Feet	64,586	64,586	64,586	64,586	64,586	64,586	64,586	64,586	64,586
		Enrollment	635	654	665	673	662	610	557	547	539
Curtisinger											
Site:	15.22 acres										
Opened:	1995										
		Square Feet	76,762	76,762	76,762	76,762	76,762	76,762	76,762	76,762	76,762
		Enrollment	729	707	691	672	660	813	661	730	812
Smith											
Site:	Shared										
Opened:	1997										
		Square Feet	73,922	73,922	73,922	73,922	73,922	73,922	73,922	73,922	73,922
		Enrollment	792	801	811	778	694	646	617	602	601
Anderson											
Site:	7.99 acres										
Opened:	1999										
		Square Feet	74,010	74,010	74,010	74,010	74,010	74,010	74,010	74,010	74,010
		Enrollment	635	619	654	651	688	656	710	714	687
Christie											
Site:	8.83 acres										
Opened:	1999										
		Square Feet	74,010	74,010	74,010	74,010	74,010	74,010	74,010	74,010	74,010
		Enrollment	720	667	702	735	700	707	640	663	611
Shawnee											
Site:	9.51 acres										
Opened:	2000										
		Square Feet	74,977	74,977	74,977	74,977	74,977	74,977	74,977	74,977	74,977
		Enrollment	564	573	609	681	614	639	583	589	584
Borchardt											
Site:	8.31 acres										
Opened:	2001										
		Square Feet	71,806	71,806	71,806	71,806	71,806	71,806	71,806	71,806	71,806
		Enrollment	580	668	660	637	662	725	725	750	716
Bright											
Site:	10.36 acres										
Opened:	2001										
		Square Feet	74,591	74,591	74,591	74,591	74,591	74,591	74,591	74,591	74,591
		Enrollment	540	548	509	549	536	541	558	494	415
Fisher											
Site:	10.00 acres										
Opened:	2001										
		Square Feet	73,327	73,327	73,327	73,327	73,327	73,327	73,327	73,327	73,327
		Enrollment	613	661	711	704	658	660	664	667	633
Sparks											
Site:	8.00 acres										
Opened:	2002										
		Square Feet	72,399	72,399	72,399	72,399	72,399	72,399	72,399	72,399	72,399
		Enrollment	613	661	711	704	658	689	710	728	736

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

		2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Spears											
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	706	770	636	708	732	716	741	780	770	722
		Square Feet									
		Enrollment									
Gunstream											
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	644	680	687	710	695	705	709	708	721	704
		Square Feet									
		Enrollment									
Riddle											
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	588	636	656	743	814	756	772	761	749	740
		Square Feet									
		Enrollment									
Boals											
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	651	731	736	784	810	643	679	715	742	759
		Square Feet									
		Enrollment									
Isbell											
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	670	709	740	764	782	765	737	684	642	617
		Square Feet									
		Enrollment									
Pink											
Site:	Shared	75,326	75,326	75,326	75,326	75,326	75,326	75,326	75,326	75,326	75,326
Opened:	2005	576	689	806	635	735	710	719	586	543	516
		Square Feet									
		Enrollment									
Ashley											
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	601	631	763	570	687	754	850	828	573	655
		Square Feet									
		Enrollment									
Bledsoe											
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	685	791	606	721	789	705	845	700	749	737
		Square Feet									
		Enrollment									
Taylor											
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	492	543	554	565	561	615	674	678	652	705
		Square Feet									
		Enrollment									
Corbell											
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	661	712	775	589	616	608	675	712	723	742
		Square Feet									
		Enrollment									
Ogle											
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	782	519	554	607	643	604	684	647	658	672
		Square Feet									
		Enrollment									

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

		2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Sem											
Site:											
Opened:											
	acres	75,904	75,904	75,904	75,904	75,904	75,904	75,904	75,904	75,904	75,904
	2006	687	470	426	464	517	514	679	651	735	810
		Square Feet									
		Enrollment									
Carroll											
Site:	12.03 acres	75,902	75,902	75,902	75,902	75,902	75,902	75,902	75,902	75,902	75,902
Opened:	2007	416	543	629	704	730	713	729	520	502	452
		Square Feet									
		Enrollment									
Mooneyham											
Site:	10.55 acres	75,902	75,902	75,902	75,902	75,902	75,902	75,902	75,902	75,902	75,902
Opened:	2007	526	668	712	627	735	792	810	807	775	810
		Square Feet									
		Enrollment									
Robertson											
Site:	7.69 acres	75,902	75,902	75,902	75,902	75,902	75,902	75,902	75,902	75,902	75,902
Opened:	2007	563	726	795	721	854	736	810	780	861	709
		Square Feet									
		Enrollment									
Elliott											
Site:	9.12 acres	NA	75,902	75,902	75,902	75,902	75,902	75,902	75,902	75,902	75,902
Opened:	2008	NA	579	682	780	829	506	553	553	534	575
		Square Feet									
		Enrollment									
Tadlock											
Site:	8.18 acres	NA	77,184	77,184	77,184	77,184	77,184	77,184	77,184	77,184	77,184
Opened:	2008	NA	430	462	533	617	685	783	723	721	685
		Square Feet									
		Enrollment									
Allen											
Site:	9.78 acres	NA	NA	83,960	83,960	83,960	83,960	83,960	83,960	83,960	83,960
Opened:	2009	NA	NA	617	683	748	614	654	630	623	639
		Square Feet									
		Enrollment									
Purefoy											
Site:	8.75 acres	NA	NA	NA	79,844	79,844	79,844	79,844	79,844	79,844	79,844
Opened:	2010	NA	NA	NA	625	683	713	703	690	650	601
		Square Feet									
		Enrollment									
Sonntag											
Site:	9.38 acres	NA	NA	NA	77,184	77,184	77,184	77,184	77,184	77,184	77,184
Opened:	2010	NA	NA	NA	511	586	668	814	696	683	625
		Square Feet									
		Enrollment									
Comstock											
Site:	15.09 acres	NA	NA	NA	NA	NA	79,844	79,844	79,844	79,844	79,844
Opened:	2012	NA	NA	NA	NA	NA	442	533	640	741	756
		Square Feet									
		Enrollment									

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

EXHIBIT S-19
(Concluded)

(Unaudited)

		2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Nichols											
Site:	10.95 acres	Square Feet	NA	NA	NA	NA	83,332	83,332	83,332	83,332	83,332
Opened:	2012	Enrollment	NA	NA	NA	NA	619	717	677	761	463
Phillips											
Site:	12.52 acres	Square Feet	NA	NA	NA	NA	79,844	79,844	79,844	79,844	79,844
Opened:	2012	Enrollment	NA	NA	NA	NA	570	804	758	772	645
Newman											
Site:	9.43 acres	Square Feet	NA	NA	NA	NA	NA	NA	82,530	82,530	82,530
Opened:	2014	Enrollment	NA	NA	NA	NA	NA	NA	650	838	762
Scott											
Site:	8.56 acres	Square Feet	NA	NA	NA	NA	NA	NA	82,530	82,530	82,530
Opened:	2014	Enrollment	NA	NA	NA	NA	NA	NA	618	633	694
McSpedden											
Site:	17.99 acres	Square Feet	NA	NA	NA	NA	NA	NA	81,118	81,118	81,118
Opened:	2012	Enrollment	NA	NA	NA	NA	NA	NA	587	652	649
Hosp											
Site:	9.05 acres	Square Feet	NA	NA	NA	NA	NA	NA	81,118	81,118	81,118
Opened:	2014	Enrollment	NA	NA	NA	NA	NA	NA	471	664	685
Norris											
Site:	9.254 acres	Square Feet	NA	NA	NA	NA	NA	NA	NA	79,844	79,844
Opened:	2015	Enrollment	NA	NA	NA	NA	NA	NA	NA	580	692
Miller											
Site:	9.549 acres	Square Feet	NA	NA	NA	NA	NA	NA	NA	NA	79,844
Opened:	2016	Enrollment	NA	NA	NA	NA	NA	NA	NA	NA	545
Vaughn											
Site:	9.675 acres	Square Feet	NA	NA	NA	NA	NA	NA	NA	NA	79,844
Opened:	2016	Enrollment	NA	NA	NA	NA	NA	NA	NA	NA	510

Source: Frisco ISD real property inventory and demographic record

FEDERAL AWARDS SECTION



"DAYDREAMING GIRL" BY KAYLIEGH KOWALESKI

Heritage High School

2017 State VASE Gold Medal

Teacher: Sarah Watkins

**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, 2017, 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 6, 2017.

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 6, 2017

**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, 2017. 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, 2017.

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 6, 2017

**FRISCO INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2017**

EXHIBIT K-1

Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. DEPARTMENT OF EDUCATION			
Direct Programs:			
Impact Aid - P.L. 81874	84.041		\$ 14,706
Total Direct Programs			<u>14,706</u>
Passed Through Region X ESC:			
ESEA, Title I - Part A - Improving Basic Programs	84.010A	17610101057950	683,541
Title III - Part A - ELA Grant for UC & Y	84.365B	156711037110020	511
Title III - Part A - Immigrant	84.365A	17671003057950	88,990
Title III - Part A - English Language Acquisition	84.365A	17671001057950	174,549
ESEA, Title II - Part A, Teacher/Principal Training	84.367A	17694501057950	97,357
Total passed through Region X ESC			<u>1,044,948</u>
Passed through Texas Education Agency:			
Special Education Cluster:			
IDEA B - Part B, Formula	84.027	17660001043905	4,940,638
IDEA B - Part B, Discretionary	84.027	17660012043905	391,595
IDEA B - Part B - Preschool	84.173	17661001043905	28,952
Total Special Education Cluster (IDEA)			<u>5,361,185</u>
Career and Technical - Basic Grant	84.048	17420006043905	223,664
Summer School - LEP	84.369A	69551502	15,881
Total passed through Texas Education Agency			<u>5,600,730</u>
TOTAL U.S. DEPARTMENT OF EDUCATION			<u><u>6,645,678</u></u>
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			
Passed through Texas Education Agency:			
Head Start	93.600	06CH7092	91,609
Direct Program:			
Medicaid Administrative Claiming	93.778		20,675
TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			<u><u>112,284</u></u>
U.S. DEPARTMENT OF AGRICULTURE			
Passed through Texas Department of Human Services:			
*National School Lunch Program - Noncash Assistance (Commodities)	10.555		1,313,843
Passed through Texas Department of Agriculture:			
*National School Breakfast Program	10.553		485,562
*National School Lunch Program	10.555		3,798,097
Total Passed through Texas Department of Agriculture			<u>4,283,659</u>
TOTAL U.S. DEPARTMENT OF AGRICULTURE			<u><u>5,597,502</u></u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u><u>\$ 12,370,170</u></u>

FRISCO INDEPENDENT SCHOOL DISTRICT
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2017

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 \$1,313,843 for the year ended June 30, 2017.
5. School Health and Related Services reimbursements of \$2,306,197 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. Expenditures on non-reimbursement grants exceeded revenues during the year by \$149,990.
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, 2017 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.
8. The District did not elect to use the 10% de minimus indirect cost rate as allowed by the Uniform Guidance, Section 414, for the year ended June 30, 2017.

**FRISCO INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2017**

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:
- | | |
|---------------------------|----------------|
| Special Education Cluster | 84.027, 84.173 |
|---------------------------|----------------|
- 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

**FRISCO INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2017**

**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, 2017**

III. Findings and Questioned Costs for Federal Awards

None

IV. Summary of Prior Year Audit Findings

None

