



**Arlington**  
INDEPENDENT SCHOOL DISTRICT  
*More Than a Remarkable Education*

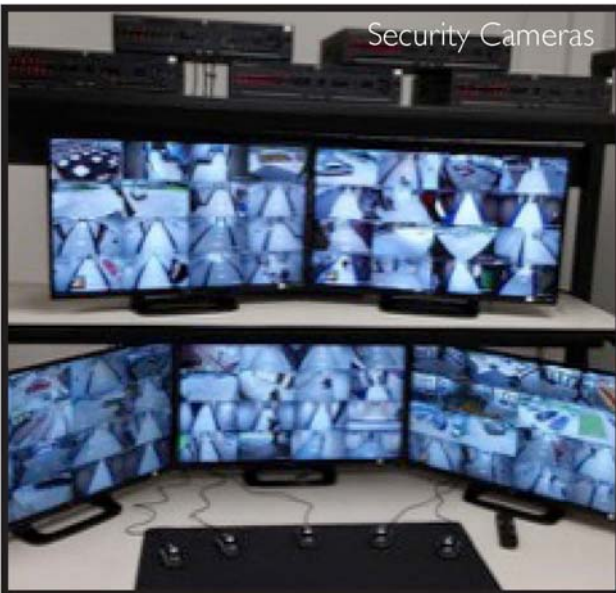
**ArlingtonISD**  
**BOND 2014**



Patrick Elementary



Fine Arts/Dual Language Academies



Security Cameras



Career and Technical Center

**Comprehensive Annual Financial Report**  
For the Fiscal Year Ended June 30, 2015  
Arlington, Texas



# **Comprehensive Annual Financial Report**

**For the Fiscal Year Ended  
June 30, 2015**

**ARLINGTON INDEPENDENT SCHOOL DISTRICT**

1203 W. Pioneer Pkwy, Arlington, TX 76013

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**Prepared By The Finance Department:**

**Cindy Powell, CPA  
Chief Financial Officer**



**ARLINGTON INDEPENDENT SCHOOL DISTRICT**  
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**Arlington**  
INDEPENDENT SCHOOL DISTRICT  
*More Than a Remarkable Education*



## **INTRODUCTORY SECTION**



# Arlington

INDEPENDENT SCHOOL DISTRICT

*More Than a Remarkable Education*

**ARLINGTON INDEPENDENT SCHOOL DISTRICT**  
**Board of Trustees and Administration**

**BOARD OF TRUSTEES**

Ms. Jamie Sullins	President
Dr. Aaron Reich	Vice President
Mr. John Hibbs	Secretary
Ms. Kecia Mays	
Ms. Polly Walton	
Ms. Kristen Hudson	
Mr. Bowie Hogg	

**SUPERINTENDENT**

Marcelo Cavazos, Ph.D.

**CHIEF ACADEMIC OFFICER**

Steven Wurtz, Ed.D.

**CHIEF FINANCIAL OFFICER**

Cindy Powell, CPA

**ASSISTANT SUPERINTENDENT OF ADMINISTRATION**

Michael Hill

**ASSISTANT SUPERINTENDENT OF TECHNOLOGY**

Chad Branum

**ASSISTANT SUPERINTENDENT OF HUMAN RESOURCES**

Scott Kahl

**AREA SUPERINTENDENT - ELEMENTARY**

Melissa Haubrich, Ed.D.

**AREA SUPERINTENDENT - ELEMENTARY**

Christi Buell

**AREA SUPERINTENDENT - ELEMENTARY**

A. Tracie Brown

**AREA SUPERINTENDENT - SECONDARY**

Michelle Wilmoth-Senato

**EXECUTIVE DIRECTOR OF FINANCE**

Tony Drollinger

**DIRECTOR OF ACCOUNTING**

Alice Hamrick, CPA

**DIRECTOR OF BUDGET/CASH MANAGEMENT**

Mandy Mew

**CHIEF INTERNAL AUDITOR**

Timothy Edwards, CIA, CFE

**ARLINGTON INDEPENDENT SCHOOL DISTRICT**  
**Board of Trustees and Administration (continued)**

**BOARD OF TRUSTEES**

**Jamie Sullins – President**

Mrs. Sullins was elected in May 2010. She has a Bachelors of Business Administration in Finance from Texas Tech University. She worked at Lockheed Martin Missiles and Advanced Programs Division in financial planning and analysis evaluating the feasibility and cost effectiveness of capital improvement projects. She also worked for Interturbine Group of Companies, as the corporate Manager of Financial Planning and Analysis for international operations.

Mrs. Sullins is a life-long community volunteer. She has served as a full-time volunteer in Arlington schools for 16 years serving on four PTA Executive boards. She is founder and past president of the North Arlington Education Alliance, a non-profit organization working in close parallel with the District to connect people and to mobilize ideas that promote educational excellence. Mrs. Sullins and her husband, Gerald, have lived in Arlington for over 23 years. They have two children; one graduated from AISD in 2007 and the other in 2011.

**Aaron Reich – Vice President**

Dr. Reich was re-elected to the Board for a third term in May of 2015. He has lived in Arlington for 23 years and is married with two children, one currently enrolled in the AISD and one, a recent graduate. He and his wife of 22 years have two businesses in Arlington; a CPA practice (his wife, Debra J. Freiheit, CPA, MS) and TRINU Healthcare (a professional development, education and consulting firm for healthcare). Dr. Reich has been an invited lecturer on a local, state and national level. He received his Doctor of Pharmacy degree from Creighton University, Omaha, Nebraska and came to Texas via his post graduate residency at UT MD Anderson Cancer Center in Houston.

Dr. Reich has served on many non-profit Boards of Directors and committees, mostly related to his professional practice and healthcare education. He is an active parent, President and co-founder of Positive Influence, a non-profit organization dedicated to parental and father figure involvement programs for primary and secondary education. He serves on the Board of Directors for Theatre Arlington, is a member of the First United Methodist Church, Ft. Worth, and enjoys his family, community advocacy, the outdoors, and traveling.

**John Hibbs – Secretary**

Mr. Hibbs was elected to the Board in May 2010. He has worked in the eye care industry for more than 24 years and currently is the National Accounts Manager for Contamac Optics located in the UK . He is also a licensed Contact Lens Examiner. Mr. Hibbs is a 1985 graduate of Texas Christian University where he received a B.A. degree.

John Hibbs and his wife Mary, have been married for 30 years. They have one son and two daughters, all of whom have attended the Arlington Independent School District. Prior to being elected to the School Board, John received both the PTSA Lifetime Membership and PTSA Extended Life Membership awards for his volunteerism within the AISD. He currently serves as a director for the Arlington Children's Toy Charities Board and serves in a leadership role in the Children's Ministry at Lake Arlington Baptist Church. His passion is his family and the community he serves.

**ARLINGTON INDEPENDENT SCHOOL DISTRICT**  
**Board of Trustees and Administration (continued)**

**BOARD OF TRUSTEES (continued)**

**Kecia Mays – Assistant Secretary**

Kecia Mays was elected to the Board in 2014, has been married for 19 years with three young men that currently attend AISD. Kecia graduated from Texas A&M University with a BBA in Accounting. She has been employed with the Texas Comptroller of Public Accounts for over 25 years as a Senior Tax Auditor.

Mrs. Mays has served in a board capacity at the local PTA level for all of her sons' schools where she has received the PTA Life Membership and PTA Extended Life Membership Awards. She currently serves on the Texas PTA State Committee as a Field Service Representative. Mrs. Mays also serves on the Board of the Dream Weaver Foundation, Black Former Students Association of Texas A&M University and Dental Health Arlington. Mrs. Mays recently completed a term on the Board of Directors for the Arlington Education Foundation where she served as Treasurer. Kecia Mays enjoys attending her sons sporting events, going to the movies and spending time with her extended family.

**Bowie Hogg**

Bowie Hogg was elected to the board in May of 2008 and is a product of the Arlington schools from kindergarten through high school graduation. Mr. Hogg graduated from The Mays Business School at Texas A&M University with a Bachelors of Business Administration degree. Mr. Hogg also represented Arlington and the Dallas-Fort Worth metroplex by being chosen out of 216,000 applicants to appear on the original edition of the Emmy nominated television show, The Apprentice. Mr. Hogg is a healthcare executive with Aon Corp., also currently serving on the Board of the Texas Association of School Boards and the Downtown Arlington Management Corp. Mr. Hogg also served his community as a Board member for the United Way of Tarrant County, Leadership Arlington, Theatre Arlington, Chamber of Commerce, and the Advisory Board for the Arlington Life Shelter and Junior League Arlington. Mr. Hogg's passions are education, healthcare and community service with his daughter and wife who is a former 5<sup>th</sup> grade teacher.

**Kristen Hudson**

Kristen Hudson is the mother of two young boys and was elected as a Trustee in the spring of 2014. She is a proud product of the Texas public school system. After graduating from the magnet program at Polytechnic High School in Fort Worth, she earned a full academic scholarship to Missouri State University and at the age of 20, graduated magna cum laude from the Honors College with her Bachelor's of Science in Communications.

Professionally, Kristen has worked in public relations, audit, underwriting and management. Additionally, she spent many years working and volunteering in local theatres and served for two years as a founding board member for PLATFORM4Life, a local non-profit established to empower at-risk girls and women and help fight recidivism.

Most recently, in the spring of 2014, Kristen left her position as an Assistant Vice-President for Bank of America to devote her time to her family and serving the Arlington Independent School District.

**ARLINGTON INDEPENDENT SCHOOL DISTRICT**  
**Board of Trustees and Administration (continued)**

**BOARD OF TRUSTEES (continued)**

**Polly Walton**

Polly Walton, elected to the Board in May 2015, is a retired AISD elementary teacher and librarian. She has lived in Arlington for 44 years and been involved with the AISD all 44 years as an educator and parent. She is currently active with Retired Teachers, on the Friends of Arlington Public Library Board, and president of her homeowners association. During her years of teaching, she was an active member of three teacher organizations, CTA, TSTA, and UEA, serving as president of all three.

Ms. Walton's degrees, a Bachelors and a Masters of Education are from Southern Methodist University, and Library Science is from Texas Woman's University. She has served in leadership roles on civic organizations including the City Arts Grants Review Board, the Board of Creative Arts Theatre and School (CATS), and PTA, including eight years on the Arlington Council of PTAs. Ms. Walton's two children graduated from AISD. She has two grandchildren who will soon be students in the AISD.

**ADMINISTRATION**

**Dr. Marcelo Cavazos –Superintendent**

Dr. Marcelo Cavazos started his teaching career as an English teacher in the Mission Consolidated ISD in 1990. In 1992, he moved to McAllen ISD where he taught English and government. He was named the secondary language arts supervisor for Mercedes ISD in 1993 and became associate adviser for San Benito Consolidated ISD in 1995. Cavazos went to work for the Texas Education Agency Department of School Finance and Support in 1998.

He joined the AISD in 1999 as associate superintendent for instruction and served as interim deputy superintendent for seven months before being named deputy superintendent in February 2009. He has previously served as a lecturer for the University of Texas at Arlington's Department of Educational Leadership and Policy Studies. Cavazos served as interim superintendent for six months before being named superintendent Dec. 6, 2012. He holds a bachelor's and a master's degree from the University of Texas – Pan American and a doctorate from the University of Texas at Austin.

In addition to his professional accomplishments, Cavazos is active in the community. He serves on the Texas School Alliance Board, United Way of Tarrant County Board Executive Committee, , the Workforce Solutions for Tarrant County Board, the River Legacy Foundation Board, the Salvation Army Youth Education Town North Texas Advisory Council and the Arlington ISD Education Foundation Board. He's an ex-officio member of the Arlington Chamber of Commerce Board. Cavazos is an associate member of the Rotary Club of Arlington, an associate member of the Greater Arlington Lions Club, a Lifetime Supporting member of the Texas Lions Camp, a member of the Knights of Columbus and active at St. Matthew Catholic Church. He received the 2009 Arlington MLK Celebration Sharing the Dream Award for Asian- American Chamber of Commerce and the 2013-2014 Elks Distinguished Citizenship Award from the Arlington Elks Lodge No. 2114. He has been married to Nora for 15 years; his children Theresa and Diego attend school at Gunn Junior High.

**ARLINGTON INDEPENDENT SCHOOL DISTRICT**  
**Board of Trustees and Administration (continued)**

**ADMINISTRATION (continued)**

**Dr. Steven Wurtz– Chief Academic Officer**

Dr. Wurtz previously served as an Area Superintendent of Elementary Schools for Arlington ISD since June 2013. Prior to that, he was the Division Director of Elementary Schools in the Irving ISD since 2011, following his position as principal at J.O. Schulze Elementary. Dr. Wurtz served as principal at Stephen F. Austin Elementary in the Grand Prairie ISD from 2007 to 2009 and as assistant principal at Paul Keyes Elementary in the Irving ISD from 2003 to 2007. He was an elementary bilingual classroom teacher in the Irving ISD within the general education, Gifted and Talented and newcomer programs. He holds a bachelor's degree from Brigham Young University, a master's degree in Educational Leadership and Policy Studies from the University of Texas at Arlington, and a doctorate from Dallas Baptist University in Educational Leadership.

Dr. Wurtz was formerly a member of the state board of directors for the Texas Elementary Principals and Supervisors Association and previously served as president-elect for the TEPSA District 10 board, the second vice president for the TEPSA District 11 board, and served on the TEPSA state advocacy committee. Dr. Wurtz is currently a member of the Texas Association of School Administrators and ASCD.

**Cindy Powell – Chief Financial Officer**

Cindy Powell has been AISD's Chief Financial Officer (previously titled Associate Superintendent of Finance) since October 2008. Mrs. Powell was originally hired in September 1993 as the District's first Internal Auditor. She served in that capacity for three years. Mrs. Powell then was named Director of Accounting in 1996 and held that position for three years before being named Executive Director of Finance in 1999. Before joining Arlington ISD, Mrs. Powell was a staff auditor for KPMG and an internal auditor for Ford Bank Group and Lubbock ISD. She has 30 years total experience in public accounting, private sector auditing, and governmental accounting. She graduated from Texas Tech University with a BBA in Accounting and is a Certified Public Accountant.

**Michael Hill – Assistant Superintendent of Administration**

Michael Hill was named Assistant Superintendent of Administration in February of 2013. He started his teaching career in 1996 as an Economics/Government teacher in the Union Parish School System in Louisiana. In 1997 he moved to Fort Worth ISD where he taught and coached at Paschal High School. In 2002 he moved to Arlington ISD and taught and coached at Bowie High School. Later he moved into administration at Bowie High School as an assistant principal, serving in that capacity for 3 years. Mr. Hill then became the Academic Associate Principal at Timberview High School in the Mansfield ISD. He served in that capacity for a little less than two years before returning to Arlington ISD as the principal at Juan Seguin High School. He served in that capacity from January 2011 until February 2013. Mr. Hill holds a master's degree in Educational Leadership and Policy Studies and a superintendent certification from the University of Texas at Arlington and a bachelor's degree from Grambling State University in Louisiana.

**ARLINGTON INDEPENDENT SCHOOL DISTRICT**  
**Board of Trustees and Administration (continued)**

**ADMINISTRATION (continued)**

**Chad Branum – Assistant Superintendent of Technology**

Chad Branum was named Assistant Superintendent of Technology for Arlington ISD in May 2013. He started his career in the business sector and transitioned to education in 1999 with Coppell ISD. He served in several roles for Coppell ISD with the most recent being the Executive Director of Technology for 12 years. He is involved with Educational Technology organizations from around the country and is an active officer for the Texas K-12 CTO Council organization. He holds a bachelor's degree from Texas A&M University and a master's degree from Western Michigan University. Additionally, Chad obtained the Certified Education Technology Leader (CETL) certification in the summer of 2014 from the Consortium for School Networking (CoSN). The CETL certification is based upon the Framework of Essential Skills of K-12 CTO and demonstrates the knowledge and skills necessary to be an effective and visionary technology leader.

**Scott Kahl -- Assistant Superintendent of Human Resources**

Scott Kahl has served as the Assistant Superintendent of Human Resources for Arlington ISD since January of 2014. Prior to his current role, Scott was the Human Resources Manager for Ecolab in Irving, Texas. Additional experiences include his position as the Human Resources Manager of Parker Hannifin's Fort Worth facility and approximately 15 years at National Semiconductor in Arlington where he last served as the Human Resources Director. His previous experiences with the school district include multiple years as a Board Member of the Arlington ISD Education Foundation and as a community member serving on the curriculum committee. He has also served multiple previous terms as a Board Member for the Tarrant County Workforce Board. Scott is certified by the Human Resources Certification Institute as a Senior Professional in Human Resources. He has a Bachelor's degree in Industrial Psychology from St. Mary's College of California and a Master of Science degree in Industrial Psychology from San Francisco State University.

**Dr. Melissa Haubrich – Area Superintendent- Elementary**

Haubrich has served as an Area Superintendent since January 2013. Prior to that, she was the director of elementary personnel for Arlington ISD, principal at Ferguson Junior High and Pearcy Elementary in Arlington and Southwest Elementary in the Belton ISD. Haubrich was also an elementary school teacher in the Belton ISD and the Killeen ISD. She has a bachelor's degree from the University of Texas at San Antonio, a master's degree from the University of Mary Hardin-Baylor, and a doctorate from Tarleton State University.

Haubrich has published articles in several psychology journals and presented at the National Council of Professors of Educational Administration. She is a member of the Texas Elementary Principals and Supervisors Association, the National Association of Bilingual Education, and the Association for Supervision and Curriculum and Development.

**Christi Buell– Area Superintendent- Elementary**

Christi Buell has served as an Area Superintendent since February 2014. Prior to that, she was a Principal at Mary Moore Elementary in Arlington ISD. She has also served as an Executive Director of School Leadership in Dallas ISD, Dallas, Texas; a Principal Coach, Curriculum Supervisor and Elementary Principal in Hillsborough County, Tampa, Florida; an Elementary Principal in Millard Public Schools, Omaha, Nebraska; a K-8 Principal in Franklin Special School District, Franklin, Tennessee; an Elementary Principal in Wylie ISD, Wylie, Texas; and an Assistant Principal and Elementary Teacher in Garland ISD, Garland, Texas. She holds a bachelor's degree from Texas A&M University, a master's degree from East Texas State University and a doctorate from Texas A&M University-Commerce. She also holds both Mid-Management and Superintendent Certifications.



**ARLINGTON INDEPENDENT SCHOOL DISTRICT**  
**Board of Trustees and Administration (continued)**

**ADMINISTRATION (continued)**

**A. Tracie Brown – Area Superintendent- Elementary**

A. Tracie Brown was appointed Area Superintendent on June 26, 2015. Prior to joining Arlington ISD, Ms. Brown served in Dallas Independent School District for 18 years, most recently as an Executive Director in which she supervised and coached a K-12 feeder pattern of schools, including alternative education campuses. In 2010-11, Ms. Brown left DISD to help launch SMU's Ed-Entrepreneur Center with the Teaching Trust. As Leadership Development Director, she worked collaboratively with SMU to construct a Master's degree program for those who wanted to specialize in urban school leadership. Ms. Brown also served as founding principal of C.A. Tatum Jr. Elementary School (a blue-ribbon nominated school) and S.S. Conner Elementary School in Dallas and as Assistant Principal and Dean of Instruction at Mata Elementary and Hood Middle School. Ms. Brown was a secondary Reading/Language Arts teacher for 7 years before joining administration. Ms. Brown received a Bachelor of Science degree in Mass Communications from Texas Woman's University and a Master of Science in Educational Leadership from Texas A&M-Commerce.

**Michelle Wilmoth-Senato – Area Superintendent- Secondary**

Michelle Wilmoth-Senato was appointed Area Superintendent of Secondary Schools in January 2013. She began her teaching career in Arlington ISD in 1980. For 19 years, she taught a variety of courses, including English, Humanities, Debate, and Psychology at both Arlington High School and Bowie High School. In 2000, she became assistant principal at Bowie High School. In 2006 she was appointed principal of Boles Junior High. In 2008, she returned to Bowie High School as principal, a position she held until her appointment as area superintendent. From 1997-1999, while teaching for AISD, she also served as adjunct instructor at the University of Texas at Arlington in the College of Education, teaching classes at both the undergraduate and graduate levels. She holds a bachelor's in Education and a master's in Humanities from the University of Dallas. She holds a master's in Educational Administration and Policy Studies from the University of Texas at Arlington. Ms Wilmoth-Senato is a member of TASA and TASSP.

**Tony Drollinger – Executive Director of Finance**

Tony Drollinger originally came to the District in October 1996 as the District's Internal Auditor. After serving in that capacity for three years, he was named Director of Accounting in 1999, and then was named Executive Director of Finance in November of 2008. Prior to coming to the District, Mr. Drollinger worked four years as a financial consultant and software trainer for Texas Educational Consultative Services (TECS) in Austin. Before that time Mr. Drollinger spent five years working for the Texas Education Agency in the areas of School Audits and PEIMS. He is a graduate of Southwest Texas State University with a BBA in Accounting, and is a member of the Texas Association of School Business Officials and the Government Finance Officers Association.

**Alice Hamrick – Director of Accounting**

Alice Hamrick was hired as the Director of Accounting in March 2015. Prior to joining the District, she worked five years as the Executive Director of Finance for Castleberry ISD. She has an additional seven years experience working in Director level positions within Finance and Payroll at various independent school districts. Prior to working in school finance, she worked twelve years in internal auditing and accounting with state agencies, federal contractors, and private corporations. She graduated from Texas A&M with a BBA in Accounting and is a Certified Public Accountant.

**ARLINGTON INDEPENDENT SCHOOL DISTRICT**  
**Board of Trustees and Administration (continued)**

**ADMINISTRATION (continued)**

**Mandy Mew – Director of Budget and Cash Management**

Mandy Mew has worked with Public School Finance since 1988. She was the Chief of School Finance for the North Carolina Department of Public Instruction until moving to Texas in 2000. After moving to Texas she worked for the Fort Worth ISD and the Hurst-Euless-Bedford ISD. In July, 2010 she moved to Arlington ISD as the Director of Budget and Cash Management. Ms. Mew graduated from Wake Forest University. She is also a graduate of the Education Policy Fellowship Program, sponsored by the Institute for Educational Leadership.

**Tim Edwards – Chief Internal Auditor**

Tim Edwards was appointed as the Chief Internal Auditor for AISD in December 2010. Previously, he served as the Chief Internal Auditor for a university system, was the Senior Manager of Corporate Audit for a Fortune 500 corporation, and led the start-up of an Internal Audit function for the largest real estate association management company in the country. Mr. Edwards has a BBA degree in Corporate Finance and is a Certified Internal Auditor and Certified Fraud Examiner.

## CERTIFICATE OF THE BOARD

Arlington Independent School District

Name of School District

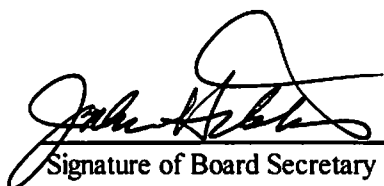
Tarrant

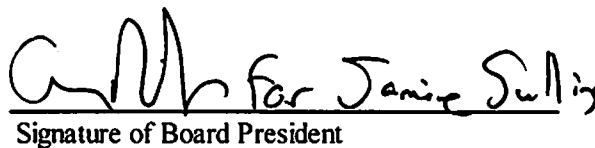
County

220-901-11

Co. - Dist. No.

We, the undersigned, certify that the attached auditors' reports of the above named school district were reviewed and X approved \_\_\_ disapproved for the year ended June 30, 2015, at a meeting of the board of school trustees of such school district on the 19th day of November, 2015.

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

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

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November 19, 2015

To the Board of Trustees and Citizens of the Arlington Independent School District:

The Texas Education Code requires that all independent school districts file a complete set of financial statements within 150 days of the close of each fiscal year with the Texas Education Agency (“TEA”). The financial statements must be presented in conformity with generally accepted accounting principles (“GAAP”), and must be audited by a firm of licensed certified public accountants in accordance with generally accepted auditing standards. Pursuant to that requirement we hereby issue the comprehensive annual financial report of the Arlington Independent School District (“District” or “AISD”) for the fiscal year ended June 30, 2015.

This report consists of management’s representations concerning the finances of the District. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this report. To the best of our knowledge and belief, we assert that this financial report is complete and reliable in all material respects.

The District’s financial statements have been audited by Whitley Penn, LLP, a firm of licensed certified public accountants. The goal of the independent audit is to provide reasonable assurance that the financial statements of the District for the fiscal year ended June 30, 2015, are free of material misstatement. The independent audit involves examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditors concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the District’s financial statements for the fiscal year ended June 30, 2015, are fairly presented in conformity with GAAP. The independent auditors’ report is presented as the first component of the financial section of this report.

GAAP also requires that management provide a narrative introduction, overview and analysis to accompany the basic financial statements in the form of Management’s Discussion and Analysis (“MD&A”). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. The District’s MD&A can be found immediately following the report of the independent auditors.

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. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited government’s internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal awards. These reports may be found in the Federal Awards section of this report.

## **District Profile**

The Arlington Independent School District was established as a political subdivision of the State of Texas and incorporated in 1902. It lies halfway between Dallas and Fort Worth and serves students in four cities - the City of Arlington, the Tarrant County portion of the City of Grand Prairie, the Town of Pantego, and the City of Dalworthington Gardens. It is fully accredited by the TEA and is regulated by the Texas Education Code as established by the Texas State Legislature. The District is not a component unit of any other entity, nor does it have any component units within its overall structure.

The Arlington Independent School District is the 11<sup>th</sup> largest school district in Texas. The District currently operates six traditional high schools, one early college high school, 10 junior high schools, 51 elementary schools, a pre-kindergarten campus and four alternative campuses (one is housed at one of the junior high school buildings). During the 2014-15 school year the District employed 8,064 full-time equivalent staff members of which 4,089 were classroom teachers. Enrollment for the 2014-15 year was 63,893 as reported to the State through the Public Education Information Management System ("PEIMS"). This enrollment figure represents a decrease of approximately 1.23% from the enrollment figure reported through PEIMS the previous year. Enrollment for 2015-16 is expected to be 63,401 at the fall PEIMS snapshot date which is .77% less than the 2014-15 official enrollment. All academic and extracurricular programs are supported by a highly qualified, culturally-diverse teaching staff. The average pupil-teacher ratio was 16 to 1 throughout the District. Texas law mandates that no more than 22 students be assigned to one classroom teacher in kindergarten through grade four.

The mission of the Arlington Independent School District is to empower and engage all students to be contributing, responsible citizens reaching their maximum potential through relevant, innovative and rigorous learning experiences. To this end, the District provides regular, special education, career/technology, gifted/talented, and bilingual/ESL curricula in order to meet the needs of the diverse student population. Additionally, a broad range of electives, extra-curricular, and concentrated advanced academic programs are also offered to enhance learning opportunities beyond core curriculum. AISD currently offers the International Baccalaureate World School Program at four of its high schools. The District also offers an Advanced Placement program that gives students the opportunity to graduate with 30 or more college credits and also offers dual-credit choices so that students at each high school can take advantage of earning on-site AISD and Tarrant County College credits.

### **Governance**

The District is under the control and management of a board of seven trustees, each of whom is elected by the District's registered voters to serve a three year term. All of the trustees are elected at-large and serve without compensation. The elections are staggered so that not all positions are voted on during the same year.

In general, the Board adopts policies, sets direction for curriculum, employs the Superintendent and oversees the operations of the District and its schools. Besides general Board business, Trustees are charged with numerous statutory regulations including appointing the tax assessor/collector, calling trustee and other school elections and canvassing the results, organizing the Board and electing its officers. The Board is also charged with setting the tax rate, acting on real property matters, setting salary schedules, acting as a board of appeals in personnel and student matters, confirming recommendations for textbook adoptions, and adopting and amending the annual budget.

## **Local Economy**

Arlington's diverse economy and unique location within the D/FW Metroplex drive the city's growth. Arlington hosts employers from a variety of industries, including defense contractors, an automobile manufacturer, high tech companies, higher education institutions, major finance companies, medical facilities and entertainment companies. The area's major transportation systems afford area businesses easy access to cities throughout the world. Arlington is only fifteen minutes from D/FW International Airport, one of the busiest airports in the world. Interstate Highways 20 and 30 are the major east/west arteries through the city. Access to Interstate Highway 35, traversing the United States from Mexico to Canada, is also convenient. Rail transportation is available for both public transportation and freight. Arlington is known as the "Entertainment Capital of Texas." Each year approximately 6.8 million people visit Arlington. The four main entertainment attractions are: Six Flags Over Texas amusement park; Globe Life Park, home of the Texas Rangers baseball team; Six Flags Hurricane Harbor water park; and AT&T Stadium, home of the Dallas Cowboys. AT&T Stadium has been in operation for six years, and has already hosted numerous NFL and college games, major concerts, the 2010 NBA All Star game, the Cotton Bowl, Super Bowl XLV, and the 2014 NCAA Final Four. The 2015 NCAA football championship game was played at AT&T Stadium in January 2015.

## **Relevant Financial Policies**

### **Factors affecting financial control**

Management of the District has established a comprehensive internal control framework that is designed both to protect the District's assets from loss, misuse or theft, and to compile sufficient reliable information for the preparation of the District's financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the District's comprehensive framework of internal controls has been designed to provide reasonable assurance rather than absolute assurance that the financial statements will be free from material misstatement.

### **Budgetary Control**

The annual budget serves as the foundation for the District's financial planning and control. Texas State law requires the Board president to call a Board meeting for the purpose of discussing and adopting the budget and the tax rate. A notice of this meeting must be published at least 10 days but not more than 30 days before the public meeting. The budget must be adopted prior to June 30.

The District maintains budgetary controls throughout all of its financial systems. The objective of budgetary controls is to ensure compliance with legal provisions embodied in the official budget adopted by the Board. The Board adopts an official budget for the General Fund, Natural Gas Special Revenue Fund, Debt Service Fund, Capital Projects Fund and Food Service Fund (which is accounted for as an Enterprise Fund). In accordance with procedures prescribed by the State Board of Education, budget amendments that affect the total amount in a fund or functional spending category must be approved by the Board prior to expenditure of funds. The functional level is specified by Board policy as the legal level of budgetary control. Budgetary control is maintained at the organizational level by the encumbrance of estimated purchase amounts prior to the release of purchase orders to vendors. Outstanding encumbrances at the end of the fiscal year are an assignment of fund balance and are treated as expenditures in the subsequent year upon receipt of goods and services.

## Major Initiatives

### *Achieve Today. Excel Tomorrow. Strategic Plan*

*Achieve Today. Excel Tomorrow.* is a three-year strategic plan adopted by the Board in August 2012. This year is the final year of the current strategic plan and a new five-year plan that bridges the district's work into the future will be designed. The *Achieve Today. Excel Tomorrow.* plan encompasses eleven goals grouped into a framework for success that includes Inspired Learners, Effective Leadership, and an Engaged Community. Current strategies to achieve our goals include the following:

- Implement a Managed Performance Empowerment model of school administration;
- Implement the Teach for Understanding Planning Cycle to deepen application of the instructional model
- Implement innovative instructional programming that enhances choice and academic program diversity
- Implement workforce development and higher education partnerships to enhance student opportunities to excel after graduation;
- Create and implement a facilities vision to provide world-class facilities that support the educational process;
- Implement a competitive compensation plan and develop a measurement tool for teacher effectiveness that positively impacts student learning;
- Develop internal teacher, student and administrator leadership training and opportunities; and
- Implement a plan to increase engagement with faith-based organizations, businesses, non-profits, governmental entities, higher education institutions, and volunteers.

*Achieve Today. Excel Tomorrow.* is a detailed roadmap for students, staff and community that defines where we want to be and how we will get there. The plan does this while maintaining the district commitment to utilize our resources in the most efficient way possible.

### *2014 Bond Program*

On May 10, 2014, voters approved a \$663.1 million bond proposition with an approval rate of almost 70 percent. Proceeds of the bonds will be used to build new facilities, upgrade and renovate existing facilities, address safety and security district-wide, upgrade technology infrastructure and equipment, provide fine arts equipment, and address transportation needs. This bond program will be completed in its entirety in five years.

During the 2014-15 year the District continued to work on designing educational specifications for many of the major projects funded with bond dollars. Educational specifications illustrate the goals and outcomes, activities to be conducted, persons to be served, spatial relationships of program areas, equipment needs, technology needs, and any special considerations for an instructional facility. Teachers, parents, students, administrators and industry specialists make up the stakeholder committees. In addition to this programming work, the District started working on the following 2014 bond program projects: activity centers at the District's six traditional high schools; the AISD Career and Technical Education Center; one of the two new elementary campuses; and two fine arts/dual language academies. Other purchases made during the year as part of this bond program include buses and white fleet vehicles, and technology infrastructure and hardware replacements.

At the start of the 2015-16 year the District opened the Corey and Jones Fine Arts and Dual Language Academies with the inaugural kindergarten cohort. Students in this program will receive core instruction in a 50/50 Spanish/English model with increased access to specialized fine arts programming including dance, drama, visual arts, and music. Also, an expansion of technical dual credit and industry certification coursework is currently underway to enhance learning experiences for students across the district in preparation for the Fall 2017 opening of the AISD Career and Technical Education Center.



### Academic Performance

Arlington ISD was rated “Met Standard” for 2015 by the Texas Education Agency, and 40 schools eligible for distinctions were awarded at least one distinction designation with an overall increase of six campuses. Four campuses received all possible distinctions available and an additional nine campuses received at least half of the distinctions of which they were eligible. To help our students and schools perform at high levels, resources and professional learning have been committed to develop and improve quality Tier I instruction, implement a system of academic interventions, reduce barriers and increase student access to dual credit and workforce readiness coursework and/or industry certifications, fully engage families and the community in the education process, secure measures to prevent campus violence, and implement strategies to improve the student completion rates.

### Curriculum Audit

The District underwent a comprehensive curriculum audit in spring 2013. The curriculum management audit is a third-party examination of the curriculum design and delivery system of a school or school district. A curriculum audit is designed to reveal the extent to which officials and professional staff of a school district have developed and implemented a sound, valid and operational system of curriculum management. Such a system, set within the framework of adopted board policies, enables the school district to make maximum use of its human and financial resources in the education of its students. When fully operational, the system assures fiscal optimization while supporting positive student outcomes. Components of the audit being implemented include the design and implementation of a curriculum management system, revision and rewrite of K-8 core curricula and high school courses including Algebra I, English I & II, U.S. History, and Biology, development of a program evaluation policy and model, and the development of a professional learning plan to address staff and student needs.

### Multi-Level Instruction

Arlington ISD is committed to providing quality learning experiences for all students. This commitment requires significant collaboration from all stakeholders, a high level of staff expertise as well as effective appropriation of resources to ensure that services rendered and classroom instruction is effectively differentiated to meet the individual learning needs each student. Professional learning and campus support have been provided to foster inclusive education for all students with an emphasis on maximizing staff and resources to design standards-based learning experiences that promote engagement and opportunities for individual student success.

### Other Major Initiatives

In alignment with the district’s strategic plan, year two of Positive Behavioral Interventions and Supports (PBIS) implementation has begun with the goal to improve student academic and behavior outcomes. PBIS emphasizes systems development guided by six important principles:

- Develop a continuum of scientifically based behavior and academic interventions and supports
- Use data to make decisions and solve problems
- Arrange the environment to prevent the development and occurrence of problem behavior
- Teach and encourage pro-social skills and behaviors
- Implement evidence-based behavioral practices with fidelity and accountability
- Screen universally and monitor student performance and progress continuously

PBIS focuses on the establishment of the behavioral supports and social culture for students to achieve academic success through learning environments that are engaging and responsive.

## **Long-term Financial Planning**

The Board recognizes the significance of adopting balanced budgets, sustaining a healthy fund balance, and long-range financial planning. To these ends, the Board has adopted a policy that sets forth parameters for annual budget development and targets the unassigned General Fund fund balance at two-months of operating expenditures. The parameters include prioritizing resources into programs that promote student achievement growth, maintaining competitive compensation to attract and retain a highly qualified workforce, board approval of staffing ratios, balancing the budget with limited use of surplus fund balance for one-time expenditures, and prioritizing any necessary reductions in areas that have the least impact on instruction. Multi-year budget forecasts are presented to the Board each summer and are considered by the Board when evaluating the impact of potential new initiatives. Strategies included in the *Achieve Today. Excel Tomorrow*. Strategic Plan focus resources and long-range planning on District priorities in a manner that will help protect the District's financial well-being.

On the state level, State District Court Judge John Dietz ruled the Texas school finance system unconstitutional on August 28, 2014. The ruling was issued in a case brought by five plaintiff groups and one intervener. Arlington ISD is a member of the Texas Taxpayer and Student Fairness Coalition ("Coalition"), a coalition of more than 400 school districts that is one of the plaintiff groups suing the State. Judge Dietz ruled that the system is inadequate, arbitrary, inequitable and has created a de facto statewide ad valorem tax in violation of the state constitution. He further ruled that the system is unsuitable for the provision of the constitutionally-required general diffusion of knowledge.

Judge Dietz issued an initial verbal ruling that the school finance system was unconstitutional in February 2013. He reopened the case in January 2014 to consider whether changes made to the funding system by the 83<sup>rd</sup> Texas Legislature in spring 2013 were sufficient to alter his initial ruling. The 83<sup>rd</sup> Texas Legislature restored \$3.4 billion of the \$5.4 billion it cut from public education during the 2011 legislative session. While most districts benefited from the additional appropriation, Judge Dietz ruled that the legislature made no changes to the formula structure to correct equity and adequacy claims set forth in the Coalition's lawsuit. The State has appealed the case directly to the Texas Supreme Court, and a final ruling is expected by early 2016. A special session could be called in spring/summer of 2016, if necessary, to address the Supreme Court's ruling.

In advance of the final ruling on the lawsuit, the 84<sup>th</sup> Texas Legislature met in session from January 13 through June 1, 2015. The budget that was adopted during the session contained \$1.5 billion more for the Foundation School Program compared to the budget for the prior biennium. The additional funding is distributed to school districts by increasing the basic allotment used throughout the state aid formulas from \$5,040 to \$5,140, and by increasing the Tier II Guaranteed Yield from \$61.86 to \$74.28 per weighted average daily attendance. Once again most districts, including Arlington, benefitted from these legislative changes.

## **Awards and Acknowledgements**

Innovative programs, teachers and volunteers are all key to the success of AISD students. TEA currently rates each district and campus as "Met Standard" or "Improvement Required." AISD has a district rating of "Met Standard," and 71 AISD campuses are rated Met Standard. Three campuses are rated "Improvement Required." This year the District is continuing its efforts to improve and is working toward a goal of having the District and all schools achieving the Met Standard rating for 2016 Accountability.


The Government Finance Officers Association ("GFOA") awarded a Certificate of Achievement for Excellence in Financial Reporting to the Arlington Independent School District for its comprehensive annual financial report for the year ended June 30, 2014. This was the 36th consecutive year that the Arlington Independent School District has received this prestigious award. In order to be awarded a Certificate of Achievement, the District published a comprehensive annual financial report that was easy to read and was efficiently organized. This report satisfied both generally accepted accounting principles and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial

report continues to meet the Certificate of Achievement Program's requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate.

Additionally, the Association of School Business Officials International (“ASBO”) awarded a Certificate of Excellence in Financial Reporting by School Systems to the Arlington Independent School District for the 26th consecutive year. The Certificate of Excellence in Financial Reporting for School Systems Program is a voluntary program sponsored by ASBO to foster excellence in the preparation and issuance of school system financial reports. A Certificate of Excellence is awarded to those school systems that have voluntarily submitted their comprehensive annual financial report (“CAFR”) for review by an ASBO Panel of Review. Upon completion of a vigorous technical review, the panel of review members concluded that the Arlington Independent School District’s financial report met the criteria for excellence in financial reporting. We believe that our current CAFR continues to meet the requirements of the Certificate of Excellence in Financial Reporting by School Systems program, and we are submitting it to ASBO to determine its eligibility for another certificate.

The preparation of this report on a timely basis could not be accomplished without the efficient and dedicated services of the entire staff of the finance department. We would like to express our appreciation to all members of the department who assisted and contributed to the preparation of this report. We would also like to thank the members of the Board of Trustees for their interest and support in planning and conducting the financial operations of the District in a responsible and progressive manner.

Sincerely,



Cindy Powell, CPA  
Chief Financial Officer



Dr. Marcelo Cavazos  
Superintendent



Government Finance Officers Association

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

Presented to

**Arlington Independent School District  
Texas**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**June 30, 2014**

Executive Director/CEO

# Association of School Business Officials International



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

## **Arlington Independent School District**

*For Its Comprehensive Annual Financial Report (CAFR)  
For the Fiscal Year Ended June 30, 2014*

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

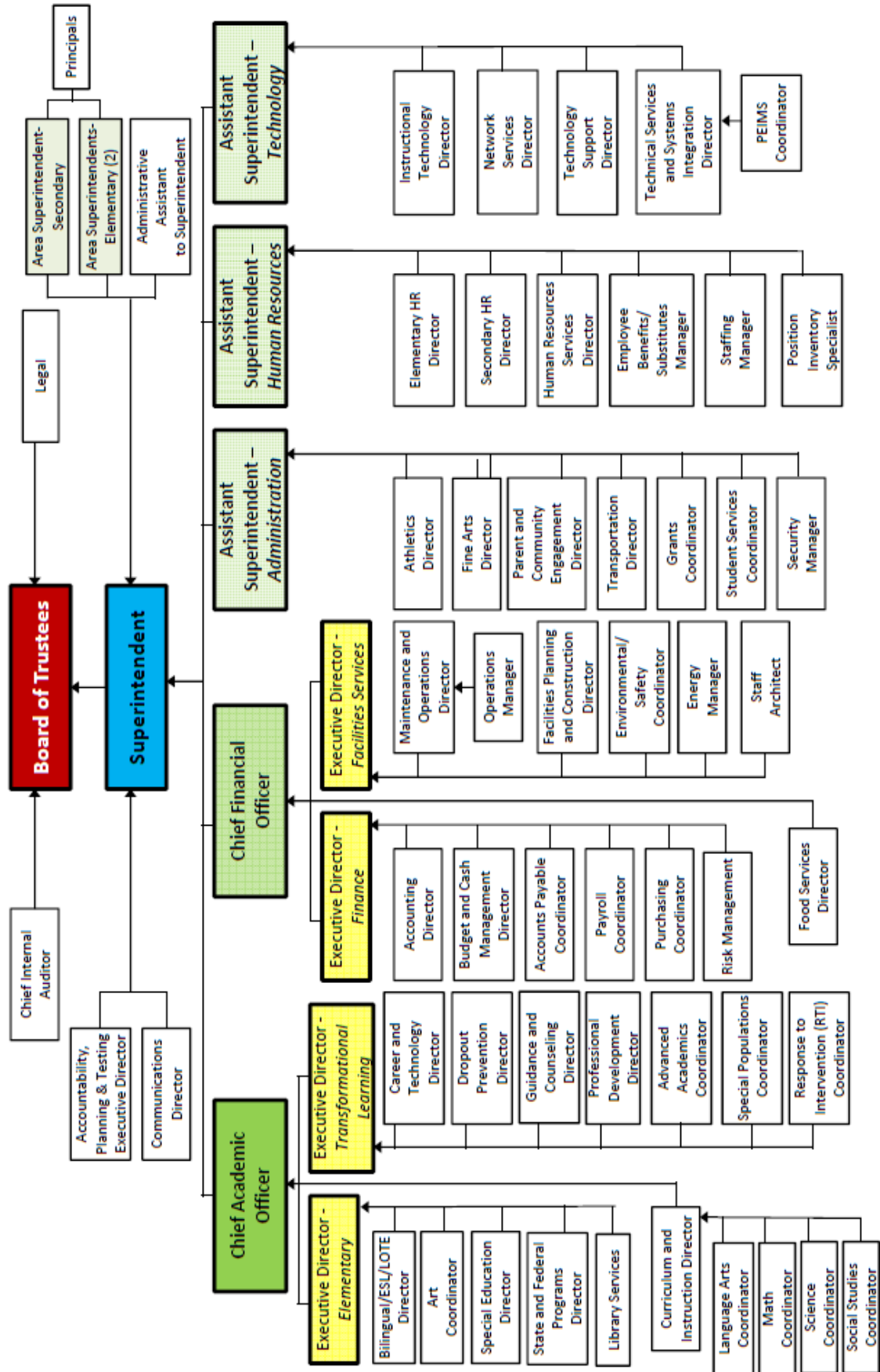


A handwritten signature in black ink, appearing to read "M. Pepera", is written over a horizontal line.

Mark C. Pepera, MBA, RSBO, SFO  
President

A handwritten signature in black ink, appearing to read "John D. Musso", is written over a horizontal line.

John D. Musso, CAE, RSBA  
Executive Director



## **FINANCIAL SECTION**



# Arlington

INDEPENDENT SCHOOL DISTRICT

*More Than a Remarkable Education*



## REPORT OF INDEPENDENT AUDITORS

To the Board of Trustees  
Arlington Independent School District

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of Arlington Independent School District (the “District”) as of and for the year ended June 30, 2015, and the related notes to 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 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 includes 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 financial statement presentation.

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, the business-type activities, each major fund, and the aggregate remaining fund information of the District as of June 30, 2015, and the respective changes in financial position, the respective budgetary comparison schedule for the general fund and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

## **Emphasis of Matter**

As discussed in Notes I. E and IV. L to the financial statements, the District adopted the provisions of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*, and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*, as of June 30, 2015. Our opinion is not modified with respect to this matter.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 7 through 22, and pension information on pages 73 through 75 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 the 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 combining and individual nonmajor fund financial statements, TEA required schedules and other supplementary information, as listed in the table of contents, and schedule of expenditures of federal awards, as required by Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and the other information, such as the introductory and statistical section are presented for the purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements, TEA required schedules and other supplementary information, as listed in the table of contents, and the schedule of federal awards is the responsibility of management and was derived from and relates 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

To the Board of Trustees  
Arlington Independent School District

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 nonmajor fund financial statements, TEA required schedules and other supplementary information, as listed in the table of contents, and the schedule of federal awards is 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 it.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated November 19, 2015, 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.

A handwritten signature in black ink that reads "Whitley Penn LLP". The signature is written in a cursive, flowing style.

Houston, Texas  
November 19, 2015



**Arlington**  
INDEPENDENT SCHOOL DISTRICT  
*More Than a Remarkable Education*

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## **MANAGEMENT'S DISCUSSION AND ANALYSIS**



# Arlington

INDEPENDENT SCHOOL DISTRICT

*More Than a Remarkable Education*

## **ARLINGTON INDEPENDENT SCHOOL DISTRICT**

### **MANAGEMENT'S DISCUSSION AND ANALYSIS**

In this section of the Comprehensive Annual Financial Report, we, the managers of Arlington Independent School District ("District"), discuss and analyze the District's financial performance for the fiscal year ended June 30, 2015. We encourage readers to consider the information presented here in conjunction with additional information furnished in our letter of transmittal on pages ix - xvii, the independent auditors' report on pages 1 through 3, and the District's basic financial statements which begin on page 25.

### **FINANCIAL HIGHLIGHTS**

- The assets and deferred outflows of the District exceeded its liabilities and deferred inflows at the close of the fiscal year by \$270,966,411 (net position). Of this amount \$143,006,519 (unrestricted net position), or 52.8%, may be used to meet the District's ongoing obligations.
- The District's total net position decreased by \$49,272,785.
- As of the close of the fiscal year, the District's governmental funds reported combined ending fund balances of \$415,193,419, which is \$143,739,770 more than the previous year. 42.1% of the combined fund balance, \$174,653,832, is available for spending at the District's discretion (unassigned balance).
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$174,656,116, or 35.1% of the total general fund expenditures.

### **USING THIS ANNUAL REPORT**

The annual report consists of a series of financial statements, notes to those statements, and other supplementary information.

The basic financial statements include two types of statements that present different views of the District:

- 1) *Government-wide financial statements* provide information about the activities of the District as a whole and present both a long-term and short-term view of the District's finances. The government-wide financial statements include the Statement of Net Position and the Statement of Activities (on pages 25 through 27).
- 2) *Fund financial statements* (starting on page 28) report the District's operations in more detail than the government-wide statements by providing information about the District's most significant funds. For general governmental activities, these statements tell how services were financed in the short term as well as what resources remain for future spending. For proprietary activities, fund financial statements tell how goods or services of the District were sold to external customers and how funds were accumulated and costs were allocated internally among various functions. The remaining fund financial statement, the fiduciary statement, provides financial information about activities for which the District acts solely as a trustee or agent for the benefit of parties outside of the District. The fiduciary statement can be found on page 39

**ARLINGTON INDEPENDENT SCHOOL DISTRICT**  
**MANAGEMENT’S DISCUSSION AND ANALYSIS (continued)**

The notes to the financial statements, which start on page 40, provide additional information that is essential to a complete understanding of the data provided in the government-wide and fund financial statements.

This annual report contains other supplementary information in addition to the basic financial statements and the notes to the financial statements. This Management’s Discussion and Analysis is required supplementary information under governmental accounting standards. The report sections labeled “Required TEA Schedules” and “Federal Awards Section” contain data used by monitoring or regulatory agencies for assurance that the District is using supplied funds in compliance with the terms of grants. The “Statistical Section,” which is unaudited, includes selected financial and demographic information, generally presented on a multi-year basis.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

Table I summarizes the major features of the District’s financial statements, including the portion of the District government they cover and the types of information they contain.

<b>Table I</b> <b>Arlington Independent School District</b> <b>MAJOR FEATURES OF THE DISTRICT’S FINANCIAL STATEMENTS</b>				
	<b>Government- wide Statements</b>	<b>Fund Statements</b>		
		<b>Governmental Funds</b>	<b>Proprietary Funds</b>	<b>Fiduciary Funds</b>
<i>Scope</i>	Entire District’s government (except fiduciary funds)	The activities of the District that are not proprietary or fiduciary	Activities the District operates similar to private businesses	Instances in which the District is the trustee or agent for someone else’s resources
<i>Required financial statements</i>	<ul style="list-style-type: none"> <li>• Statement of Net Position</li> <li>• Statement of Activities</li> </ul>	<ul style="list-style-type: none"> <li>• Balance Sheet</li> <li>• Statement of Revenues, Expenditures &amp; Changes in Fund Balances</li> </ul>	<ul style="list-style-type: none"> <li>• Statement of Net Position</li> <li>• Statement of Revenues, Expenses and Changes in Fund Net Position</li> <li>• Statement of Cash Flows</li> </ul>	<ul style="list-style-type: none"> <li>• Statement of Fiduciary Assets and Liabilities</li> </ul>
<i>Accounting basis and measurement focus</i>	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
<i>Type of asset/liability information</i>	All assets, deferred outflows/inflows of resources and liabilities, both financial and capital, short-term and long-term	Only assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets included	All assets and liabilities, both financial and capital and short-term and long-term	All assets and liabilities, both financial and capital and short-term and long-term
<i>Type of inflow/outflow information</i>	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 after year end; expenditures when goods or services have been received and payment is due during the year or soon thereafter	All revenues and expenses during the year, regardless of when cash is received or paid	Agency funds do not report revenues and expenditures



## ***Government-wide Financial Statements***

The government-wide financial statements – consisting of the Statement of Net Position and the Statement of Activities – report information about the District as a whole. These statements are designed to provide readers with a broad overview of the District’s finances. The government-wide statements apply the accrual basis of accounting, which is similar to the accounting basis used by most private-sector companies. The Statement of Net Position includes all of the District’s assets, liabilities, and deferred inflows/outflows of resources, with the difference reported as net position. The Statement of Activities presents information showing how the District’s net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows.

The two government-wide financial statements report the District’s net position and changes in them. Net position (the difference between assets, deferred inflows/outflows and liabilities) provide one measure of the District’s financial health, or financial position. Over time, increases or decreases in the District’s net position are one indicator of whether its financial health is improving or deteriorating. To fully assess the overall health of the District, however, you should consider additional factors as well, such as changes in the District’s property tax base, state funding, or its average daily attendance and the condition of the District’s facilities.

In the Statement of Net Position and the Statement of Activities, we divide the District into two kinds of activities:

- *Governmental activities* – Most of the District’s basic services are reported here, including instruction, student support services, transportation, maintenance, and general administration. Property taxes, state aid, and state and federal grants finance most of these activities.
- *Business-type activities* – The District’s food service operation is reported here. The District charges a fee to “customers” to help it cover the cost of services it provides in the food and nutrition program.

## ***Fund Financial Statements***

The fund financial statements provide detailed information about the District’s most significant funds, as opposed to the District as a whole. Laws and bond covenants require the District to establish some funds, such as grants received under the No Child Left Behind Act from the U.S. Department of Education. The District’s administration establishes other funds to help it control and manage money for particular purposes. The three kinds of funds used by the District – governmental, proprietary and fiduciary – use different accounting approaches:

- *Governmental funds* – Most of the District’s basic services are reported in governmental funds. These funds use modified accrual accounting (an accounting method that measures the receipt and disbursement of cash and all other financial assets that can be readily converted to cash) and report balances that are available for future spending. The governmental fund statements provide a detailed short-term view of the District’s general operations and the basic services it provides. Governmental fund information helps users determine the availability of financial resources to finance the District’s programs. We describe the differences between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds in reconciliation schedules following each of the fund financial statements.

- *Proprietary funds* – Services for which the District charges a fee (whether the users are outside customers or other units of the District) are reported in proprietary funds. Proprietary funds use the same accounting methods employed in the government-wide financial statements.

The District maintains two different types of proprietary funds. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The District accounts for its Food Service operation as an enterprise fund. *Internal service funds* are used to accumulate and allocate costs internally among various functions. The District accounts for its workers' compensation and Print Shop programs as internal service funds. Because these services predominantly benefit governmental rather than business-type functions, they have been included within *governmental activities* in the government-wide financial statements.

- *Fiduciary funds* – The District is the trustee, or fiduciary, for money raised by student activities. These resources can be used only for the student groups that raised the funds; therefore, they are recorded in separate fiduciary funds. We exclude these resources from the District's other financial statements because the District cannot use these assets to finance its operations. The District is only responsible for ensuring that the assets reported in these funds are used for their intended purposes.

## THE DISTRICT AS A WHOLE

**Net Position.** The District's combined net position were \$271.0 million at June 30, 2015. A large portion of net position (\$104.8 million or 39%) reflects the District's investment in capital assets (e.g., land, buildings, furniture and equipment), less any related debt used to acquire those assets that is still outstanding. 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 its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. An additional portion of the District's net position (\$23.20 million or 9%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net position* (\$143.0 million or 52.8%) may be used to meet the government's ongoing obligations.

**Table II**  
**NET POSITION**  
in thousands

	<b>Governmental Activities</b>		<b>Business-Type Activities</b>		<b>Totals</b>	
	<b>2015</b>	<b>2014</b>	<b>2015</b>	<b>2014</b>	<b>2015</b>	<b>2014</b>
Current and other assets	\$ 496,723	\$ 351,510	\$ 12,787	\$ 12,374	\$ 509,510	\$ 363,884
Capital assets	491,201	465,935	10,278	9,573	501,479	475,508
<b>Total Assets</b>	<b>987,924</b>	<b>817,445</b>	<b>23,065</b>	<b>21,947</b>	<b>1,010,989</b>	<b>839,392</b>
<b>Total Deferred Outflows of Resources</b>	<b>27,017</b>	<b>13,376</b>	<b>922</b>		<b>27,939</b>	<b>13,376</b>
Current liabilities	82,599	78,769	1,104	1,268	83,703	80,037
Long term liabilities	656,763	452,492	4,382		661,145	452,492
<b>Total Liabilities</b>	<b>739,362</b>	<b>531,261</b>	<b>5,486</b>	<b>1,268</b>	<b>744,848</b>	<b>532,529</b>
<b>Total Deferred Inflows of Resources</b>	<b>21,773</b>		<b>1,341</b>		<b>23,114</b>	
<b>Net Position</b>						
Net Investment in capital assets	94,478	63,648	10,278	9,573	104,756	73,221
Restricted	16,321	16,644	6,882	11,106	23,203	27,750
Unrestricted	143,007	219,268			143,007	219,268
<b>Total Net Position</b>	<b>\$ 253,806</b>	<b>\$ 299,560</b>	<b>\$ 17,160</b>	<b>\$ 20,679</b>	<b>\$ 270,966</b>	<b>\$ 320,239</b>

**ARLINGTON INDEPENDENT SCHOOL DISTRICT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)**

**Changes in Net Position.** Total net position of the District decreased by \$49.3 million over last year (see Table III) due to governmental activities and business-type activities throughout the year, and for prior period adjustments necessary to record the effects of the Governmental Accounting Standards Board Statement Number 68 (GASB 68). GASB 68 imposed new reporting requirements on state and local governments for pensions effective for all periods beginning after June 15, 2014. Under GASB 68, the District is required to report its proportionate share of the unfunded liability associated with the Teacher Retirement System of Texas (TRS) pension plan. The required entries to record the effects of GASB 68 and GASB 71 are book entries only in the statements for governmental activities and do not affect the funding of the District. Conversely, this liability must be expensed in the statements for business-type activities. In both cases GASB 68 and GASB 71 reporting greatly reduced the District's ending net position and is discussed in greater detail in the notes to the financial statements. Separate discussions for the changes in net position of the governmental activities and business type activities are presented below.

**Governmental activities.** Revenues from governmental activities, including special items and transfers, were \$615.2 million. The cost of all governmental programs and services were \$579.2 million. The net effect of these items resulted in an increase in net position of \$36.1 million. However, the new GASB 68 and GASB 71 reporting requirements resulted in a prior period adjustment of \$81.8 million. Combined with the increase in net position, these items caused *Governmental activities* to decrease ending net position by \$45.8 million

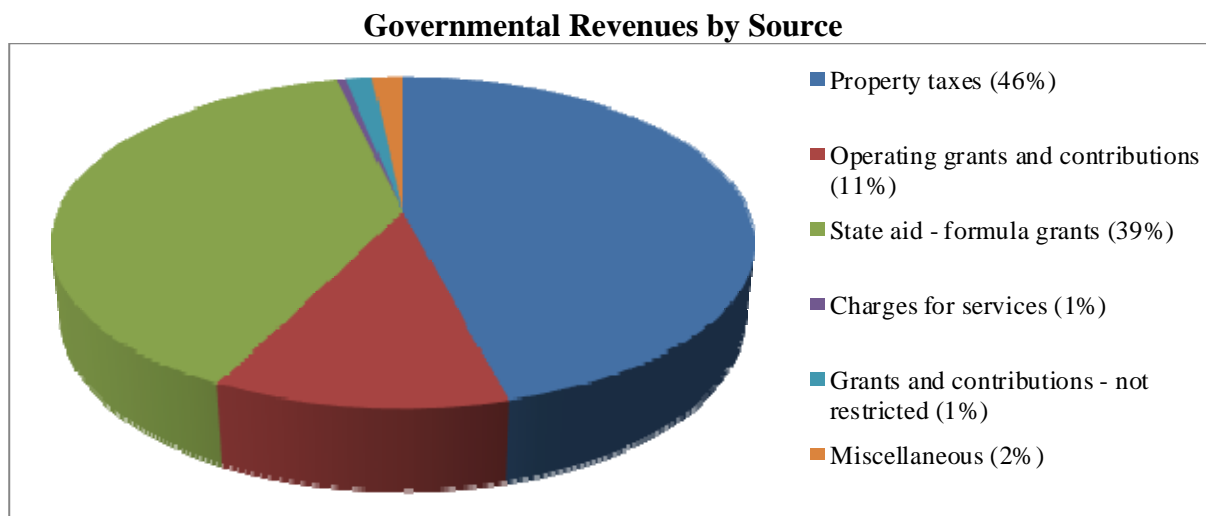
**Table III**  
**CHANGES IN NET POSITION**  
in thousands

	<b>Governmental Activities</b>		<b>Business-Type Activities</b>		<b>Totals</b>	
	<b>2015</b>	<b>2014</b>	<b>2015</b>	<b>2014</b>	<b>2015</b>	<b>2014</b>
<b>Revenues</b>						
<b>Program Revenues:</b>						
Charges for services	\$ 3,136	\$ 2,865	\$ 5,983	\$ 6,197	\$ 9,119	\$ 9,062
Operating grants	70,492	65,603	25,715	25,902	96,207	91,505
Capital grants				273		273
<b>General Revenues:</b>						
Property taxes	282,382	257,214			282,382	257,214
State Aid - Formula Grants	239,828	248,873			239,828	248,873
Grants and contributions not restricted	9,131	8,594	8		9,139	8,594
Investment earnings	459	237	6	6	465	243
Other	9,117	9,146			9,117	9,146
<b>Total Revenues</b>	<b>614,545</b>	<b>592,532</b>	<b>31,712</b>	<b>32,378</b>	<b>646,257</b>	<b>624,910</b>
<b>Expenses</b>						
Instruction, curriculum and media	339,918	365,037			339,918	365,037
Instructional and school leadership	33,373	34,378			33,373	34,378
Student support services	46,001	44,260			46,001	44,260
Food services	592	389	30,500	30,208	31,092	30,597
Cocurricular activities	8,954	9,413			8,954	9,413
General administration	7,734	7,034			7,734	7,034
Facilities maintenance, security and data processing	70,816	64,788			70,816	64,788
Community services	2,903	3,180			2,903	3,180
Debt service	21,421	15,486			21,421	15,486
Facilities repairs and maintenance	38,440	1,413			38,440	1,413
Intergovernmental charges	9,013	9,402			9,013	9,402
<b>Total Expenses</b>	<b>579,165</b>	<b>554,780</b>	<b>30,500</b>	<b>30,208</b>	<b>609,665</b>	<b>584,988</b>
Excess (deficiency) before transfers	35,380	37,752	1,212	2,170	36,592	39,922
Special items	987				987	
Transfers	(307)	(80)	307	80		
Increase (Decrease) in Net Position	36,060	37,672	1,519	2,250	37,579	39,922
<b>Net Position - Beginning</b>	<b>299,560</b>	<b>261,888</b>	<b>20,679</b>	<b>18,429</b>	<b>320,239</b>	<b>280,317</b>
<b>Prior Period Adjustment</b>	<b>(81,815)</b>		<b>(5,037)</b>		<b>(86,852)</b>	
<b>Net Position - Ending</b>	<b>\$ 253,806</b>	<b>\$ 299,560</b>	<b>\$ 17,161</b>	<b>\$ 20,679</b>	<b>\$ 270,967</b>	<b>\$ 320,239</b>

## ARLINGTON INDEPENDENT SCHOOL DISTRICT

### MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

Figure 1 graphically depicts the sources of governmental activities revenue. Property taxes and state foundation aid (accounted for as “state aid – formula grants”) are the District’s chief sources of operating revenues. Both of these revenue streams continue to change dramatically from year to year due to changes in property values and components in the funding formulas used by the State of Texas to calculate state aid payments.



**Figure 1**

The state funding formulas for state foundation aid rely heavily on student enrollment/average daily attendance and property values. Higher student attendance rates, coupled with incremental funding for students in special populations (special education, bilingual, career and technology, etc.), directly result in higher state aid for school districts. Conversely, the higher a school district’s property values, generally the less state aid the district will receive (and vice-versa). Specifically for the 2014-15 biennium the 83rd Texas Legislature restored some funding cuts that were initiated by the prior Texas Legislature in the 2012-13 biennium due to a \$4 billion shortfall in the state education budget.

Equity and adequacy concerns have plagued school finance for many years. More than 600 Texas public school districts, including Arlington, filed lawsuits during the 2012-13 year that claimed the state funding system was inadequate and unfair, and was in violation of the Texas constitution. A total of six lawsuits were originally filed and were subsequently combined into one lawsuit. In February, 2013, Judge John Dietz verbally ruled that the Texas school finance system was unconstitutional, finding it did not adequately fund public schools and that the system had evolved into a de facto statewide property tax. He reopened the case in January of 2014 to consider whether changes made to the funding system by the 83<sup>rd</sup> Texas Legislature altered the system to an extent that would change his ruling. On August 28, 2014, Judge Dietz issued his final ruling in the matter, finding that the Texas school finance system was unconstitutional. The ruling was appealed to the Texas Supreme Court, and a final ruling is expected by spring 2016. A special legislative session could be called in spring or summer of 2016, if necessary, to address the Texas Supreme Court’s ruling.

In addition to state foundation aid and property tax revenue, operating grants and contributions also play an important role in the overall funding of school districts. In the current fiscal year the district received \$70.5 million in operating grants and contributions. Included in this amount are federal entitlements and grants including the Title 1, Part A program, and the Individuals with Disabilities Education Act (IDEA, Part B).

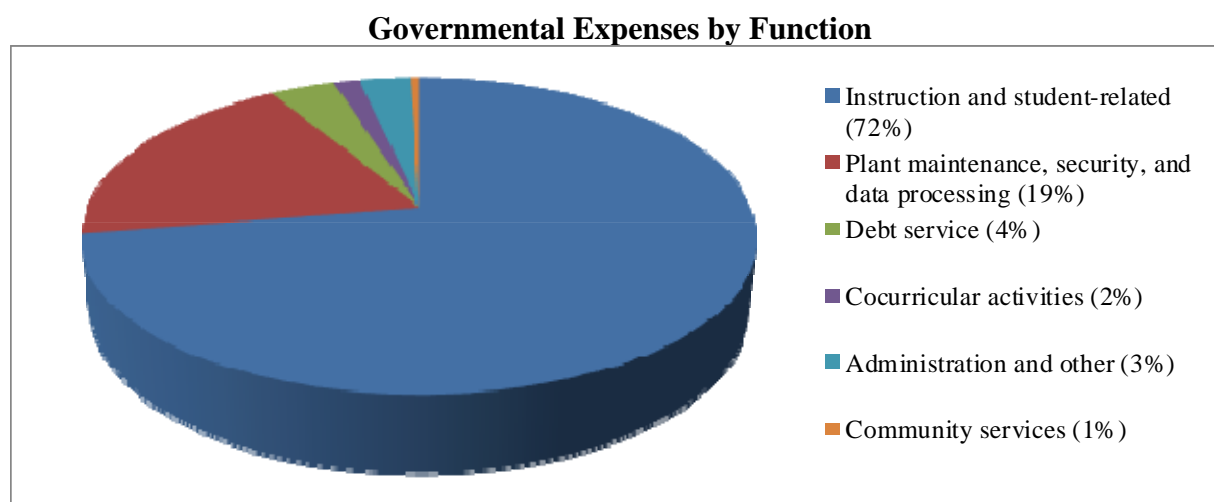
## **ARLINGTON INDEPENDENT SCHOOL DISTRICT**

### **MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)**

Revenues for governmental activities increased by \$22.0 million in 2014-15. The bulk of this increase is due to changes in state aid, property taxes and operating grants. These revenue items are examined in more detail, below:

- State aid decreased by \$9.0 million due to the net difference between lower student enrollment, legislative changes in state funding for the 2014-2015 biennium, and changes in property values. Student enrollment decreased by 795 students from the prior year. The effect of this decrease on the state funding formulas was offset by the previously mentioned restored funding from the 83<sup>rd</sup> state legislature for the 2014-15 biennium. Additionally the 83<sup>rd</sup> Texas Legislature mandated all districts contribute an additional 1.5% of eligible TRS salaries into the TRS system to help with the retirement system's financial solvency. The 2014-15 funding formulas include a one-time payment of \$4 million to offset the new mandated contribution for this year only. Finally, the effects of increases in property values on the state funding formulas caused a reduction of state aid. The overall effect of these state aid funding components resulted in the net decrease to state aid.
- In 2014-15 the District's M&O taxes increased \$10.5 million due to a 5.21% increase in certified property values, and due to increased collection trends.
- The District received \$5.4 million (or 7.6%) more for operating grants and contributions in 2015 compared to the prior year.

Expenses are summarized by functional categories that reflect the purpose of the transaction. Various operating expenses are recorded within each functional category. Total expenses increased \$24.4 million (or 4.4%) over 2014.



**Figure 2**

Payroll, accounting for approximately 84% of total expenses, is the most significant operating expense incurred by the District and is recorded in the majority of functional categories. Payroll expenses were \$14.1 million (or 3.4%) higher than last year primarily due to: a 2.0% across the board pay increase for all employees; 82 new positions including teachers and other positions that provide direct student support, and locally funded positions to support the bond program; the mandated additional 1.5% contribution into TRS for all eligible salaries; and salary adjustments as a result of a contracted salary market study related to the District's strategic plan. These higher expenses were offset by a reduction of 51 teaching positions eliminated through attrition for decreases in enrollment and by savings from position vacancies throughout the year.

# ARLINGTON INDEPENDENT SCHOOL DISTRICT

## MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

In addition to salaries, increases in contract services and textbooks contributed to the overall increase in total expenses, as follows:

- Contracted services increased by approximately \$4.4 million for projects related to the Texas State Energy Conservation Office (SECO) revolving loan program and for other projects directly linked to District needs. The SECO program provides low interest rate loans to eligible entities to complete energy related cost-reduction projects. Throughout the term of the loan, dollars from energy savings are used to make payments on the loan. Once the loan is paid in full, the on-going energy savings results in direct savings to AISD taxpayers. The District also increased funding for ongoing strategic plan investments and for technology related contracts.
- Supplies increased approximately \$6.6 million due to textbook purchases from the District's Instructional Materials Allotment provided by the state for textbooks. These costs were offset by savings from one-time purchases that were made in the prior year with grant funds that were not repeated.

Table IV presents the total costs of the District's largest programs as well as the *net costs* (total costs less fees generated by the activities and operating grants) of those programs. The net cost is the financial burden that was borne by the District's taxpayers for each of these functions.

The cost of all governmental activities this year was \$579.2 million compared to \$554.8 million last year. As shown in the Statement of Activities on pages 26 - 27 the amount that our taxpayers ultimately financed for these activities through District taxes was \$282.4 million (or 48.8%). The remaining costs were paid by state aid (\$239.8 million), those who directly benefited from the programs (\$3.1 million), other governments and organizations that subsidized certain programs with grants and contributions (\$70.5 million), and miscellaneous other revenues (\$19.4 million).

**Table IV**  
**COSTS OF SELECTED GOVERNMENTAL ACTIVITIES**  
in thousands

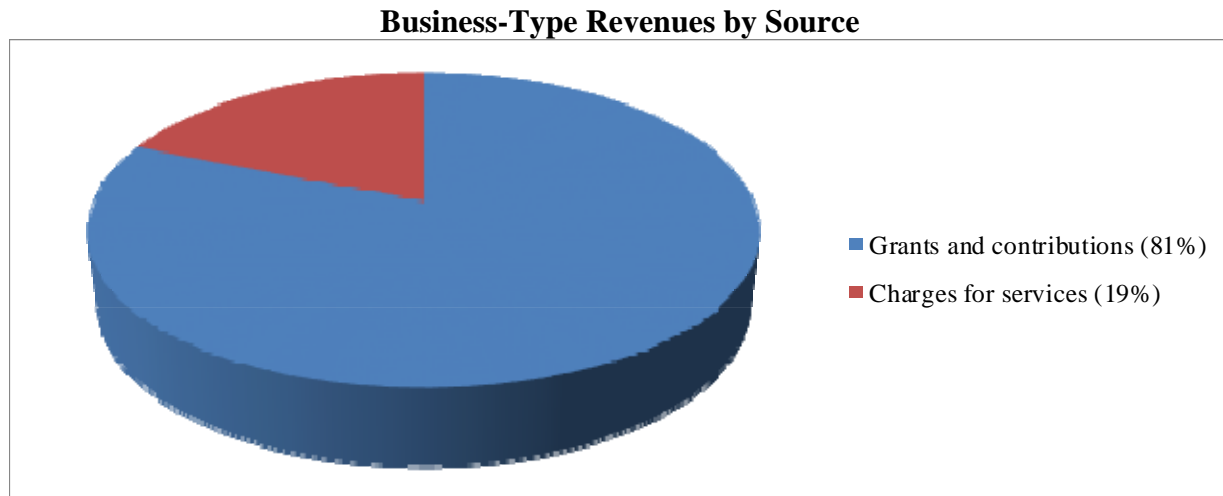
	Total Costs			Net Costs		
	2015	2014	% Change	2015	2014	% Change
Instruction	\$ 321,642	\$ 347,696	-7%	\$ 273,345	\$ 303,748	-10%
School Leadership	26,455	27,254	-3%	24,463	25,759	-5%
Plant Maintenance	49,693	51,448	-3%	46,780	49,226	-5%

**Business-type Activities.** The only business-type activity operated by the District is its food service operation. Food Service revenues and transfers were \$32.0 million, and expenses were \$30.5 million. The net effect of these items resulted in an increase in net position of \$1.5 million. Combined with the increase in net position, these items caused *Business-type activities* to decrease ending net position by \$3.5 million. This activity provides important services to our students through food service operations.

The food service operation derives its revenues from two main sources – meal sales and federal Child Nutrition Program funding (see graph at Figure 3 below). Breakfast and lunch sales generated \$5.7 million in revenues during the year, a decrease of \$138,571 over the prior year. It is important to note that prices for full-priced lunches increased by 10 cents for 2014-15, while prices for full-priced breakfasts remained the same. These increases were required in order to implement the provisions of the federal Healthy, Hunger-Free Kids Act (Act) that became effective July 1, 2011. The Act requires school districts participating in the federal National School Lunch Program to gradually increase the price of “paid” lunches to match the federal reimbursement received for “free” lunches. The Act also mandates changes in the breakfast and lunch meal requirements in order to qualify for federal reimbursement. With the increased meal prices and the changes in the menu forced by the Act, revenue from the sale of full-price meals declined slightly compared to the prior year. Conversely, the number of students qualifying for free and

**ARLINGTON INDEPENDENT SCHOOL DISTRICT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)**

reduced priced meals continues to rise each year. The 2014-15 year presented no exception to this trend, and further contributed to the reduction in meals sold. Revenues from the National School Lunch, School Breakfast, and Commodities programs totaled \$25.7 million, a decrease of \$214,655 over the prior year. The balance of revenue was generated through state matching funds at \$194,705, catering operations at \$109,919 and miscellaneous other revenues at \$3,601.



**Figure 3**

Total operating expenses were approximately \$317,000 higher than last year for several reasons. Similar to the Governmental Activities discussion, payroll costs increased by \$747,811 because of the effects of the 2% across-the-board pay increase for all employees, the addition of 12.5 new positions for new facilities and to meet the increased participation needs across the District, the additional mandated 1.5% contribution into TRS based on eligible TRS salaries and the new expense for the fund's proportionate share of the unfunded TRS pension liability required under GASB 68. Unlike the reporting requirements for governmental activities above, GASB 68 requires statements for business-type activities to record an actual expense for the appropriate unfunded liability associated with pension plans. These increases were offset by payroll decreases due to naturally occurring vacancies and unfilled positions during the year. Additional decreases were noted in contracted services and in general supplies, which decreased by \$389,549 and \$261,171, respectively.

**THE DISTRICT'S FUNDS**

As noted earlier, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements, bond covenants, and segregation for particular purposes.

**Governmental funds.** The focus of the District's governmental funds is to provide information on near-term 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 spending at the end of a fiscal year.

As the District completed the year, its governmental funds (as presented in the Balance Sheet on pages 30 - 31) reported combined fund balances of \$415.2 million, which is \$143.7 million more than last year's combined fund balances. 42% or \$174.7 million of the total amount, is *unassigned fund balance* which is available for spending at the District's discretion. The remainder of fund balance is not available for new spending because it is classified as nonspendable, restricted, committed or assigned for the following items: Inventory and prepaid items (\$1.7 million); debt service (\$22.5 million); federal, state and local grants (\$384,459); capital acquisition and liquidation of contracts and purchase orders of the prior period (\$178.0

**ARLINGTON INDEPENDENT SCHOOL DISTRICT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)**

million); special projects (\$37.4 million); and purposes related to the Texas High School Allotment (\$578,140).

The General Fund is the chief operating fund of the District. At the end of the current fiscal year, *unassigned fund balance* of the General Fund was \$174.7 million, while the total fund balance was \$188.8 million. The fund balance of the General Fund virtually remained unchanged this year compared to the prior year. The major factors that contributed to the overall fund balance are best understood in comparison to similar revenue and expenditure items from the prior year, as detailed below.

Higher overall General Fund revenues were primarily attributed to the net effect of several items. A lower overall student enrollment figure, resulting in less state aid for average daily attendance, was offset by increased funding because some legislative funding cuts for the 2012-2013 biennium were restored by the Texas legislature for the 2014-2015 biennium. Additionally the 83rd Texas Legislature mandated all districts contribute an additional 1.5% of eligible TRS salaries into the TRS system to help with financial solvency. The 2014-15 funding formulas include a one-time payment of \$4 million to offset the new mandated contribution for this year only. Finally, the effects of increases in property values on the state funding formulas caused a reduction of state aid. The net effect of these state aid funding components resulted in a net decrease to state aid of approximately \$6.7 million. This reduction in state aid was offset by two other revenue items: a \$10.4 million increase in local revenue due primarily to changes in property values and a higher tax collection percentage resulting in higher M&O property tax collections; and a \$1.7 million increase in federal School Health and Related Services (SHARS) revenue. The net effect of these items resulted in an increase of \$5.4 million in General Fund revenues compared to the prior year. On the expenditure side, savings in payroll costs due to unfilled positions and naturally occurring position vacancies, along with a reduction of 51 teaching positions eliminated through attrition for decreases in enrollment, netted against increases for: the 2% across-the-board payroll increase; 75 new positions including teachers and other positions that provide direct student support; 7 new locally funded positions to support the bond program; the mandated additional 1.5% contribution into TRS for all eligible salaries; and salary adjustments as a result of a contracted salary market study related to the District's strategic plan. These items resulted in a year over year increase of \$15.2 million in payroll expenditures. Other expenditure categories that significantly increased over the prior year included \$3.4 million in contracted services primarily for SECO Loan Star energy retrofit projects (explained in more detail in the governmental activities discussion), general maintenance contracts and technology contracts related to the District's strategic plan, and \$22.5 million in assets that were purchased out of the general fund. These capital expenditures were primarily related to construction costs for a new elementary school and for the purchase of an office building in North Arlington for administrative office space, both of which are being funded entirely out of surplus fund balance in the general fund. As a measure of the General Fund's liquidity, it is useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 35.1% of total general fund expenditures, while total fund balance represents 37.9% of total general fund expenditures.

The Natural Gas Special Revenue Fund has a total fund balance of \$28.3 million at year-end, all of which is committed for special projects. Fund balance increased \$2.5 million over the previous year primarily due to natural gas royalties received during the year and for a settlement the District received from a natural gas operator for prior charges that were billed, but were not negotiated in the original lease agreements.

The Debt Service Fund has a total fund balance of \$22.5 million at year-end, all of which is restricted to service the District's outstanding debt. Fund balance increased by \$5.3 million from the previous year-end primarily as a result of the issuance of new bonds netted against payments for bond principal and interest. The District's overall debt administration is discussed in greater detail below.

The Capital Projects Fund ended the current fiscal year with a fund balance of \$175.2 million. Of this total, \$166 million is restricted to liquidate contracts and to pay for capital acquisitions of the prior period primarily for ongoing projects from the 2009 and the 2014 bond programs. The remaining \$9.1 million is committed for future construction or to service general obligation debt. The Capital Projects fund balance



## **ARLINGTON INDEPENDENT SCHOOL DISTRICT**

### **MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)**

increased by \$136 million during the year, the net result of bond sales and project expenditures. Significant projects started and/or completed during the year included: classroom additions at several elementary campuses in east Arlington to relieve overcrowding; two new elementary schools; indoor activity centers at each of the District's six traditional high schools; repurpose of two elementary campuses into dual language/fine arts academies; a district-wide state of the art career and technology center; and purchases of new buses, technology and band instruments. Although capital expenditures reduce available fund balances, they create new assets for the District as reported in the Statement of Net Position and as discussed in Note IV.E. to the financial statements.

Nonmajor Governmental Funds, which includes Special Revenue Funds other than the Natural Gas Fund, ended the year with a combined fund balance of \$382,175, a decrease of \$12,789 over the previous year. The primary special revenue fund that traditionally carries a fund balance is the Technology Fund that is no longer funded by the state. The fund balance in the Technology Fund is restricted for purchases of technology items and/or payroll for technology staff and is being spent down each year.

**Proprietary funds.** As mentioned earlier, the District's proprietary fund statements provide the same type of information found in the government-wide financial statements, but in more detail. Net position of the Enterprise Fund, which is used to account for the District's food service operation, was \$22.3 million at year-end. Of this total, \$12.0 million was restricted for federal and state programs at year-end. Net position rose by \$1.5 million over the year because charges for meals, combined with reimbursed meals costs from participation in the National School Lunch, School Breakfast, and Commodities programs, were higher than total operating costs for the year. In the past several years, participation in the National School Lunch, School Breakfast, and Commodities programs has increased each year as more students qualified for free and reduced-priced meals. Conversely, meal sales declined each year primarily due to this same shift in participation from paid meals to free and reduced-priced meals. For the current year, revenues for NSLP and for paid meals declined by \$187,628 and \$138,571, respectively.

The overall net increase in revenue was offset by modest increases in personnel and other operating expenses. As discussed earlier, payroll costs increased by \$747,811 because of the effects of the 2% across-the-board pay increase for all employees, the addition of 12.5 new positions for new facilities and to meet the increased participation needs across the District, the additional mandated 1.5% contribution into TRS based on eligible TRS salaries, or \$148,672, and the new expense for the fund's proportionate share of the unfunded TRS pension liability required under GASB 68, or \$405,067. These increases were offset by payroll decreases due to naturally occurring vacancies and unfilled positions during the year. General supplies decreased \$261,171 while food costs remained relatively flat during the year. Finally, increases in depreciation expense of \$215,853, due to additional equipment purchases, contributed to the overall increase in net position.

### **GENERAL FUND BUDGETARY HIGHLIGHTS**

Over the course of the year, the Board of Trustees revised the District's budget several times. Significant budget amendments affected the following areas:

- 1) An amendment in the amount of \$1.3 million made shortly after the beginning of the new fiscal year to re-appropriate campus budget allocations not spent at the end of the preceding year (referred to as "carryover funds").
- 2) An amendment in the amount of \$6.9 million to purchase the Enterprise Centre, space that was previously leased to the AISD. Acquisition of the Enterprise Center permits the District to house the four core curriculum (English/Language Arts, Math, Science and Social Studies), Special Education, Accountability/Planning/Testing, and other departments which were previously located in various sites throughout the District. Housing all these departments together allows improved interdepartmental coordination and provides capacity for future growth.

**ARLINGTON INDEPENDENT SCHOOL DISTRICT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)**

- 3) An amendment for \$514,420 to purchase mostly undeveloped land adjacent to the Paul Booher Service Center which houses Plant Services, Warehouse and Transportation departments, along with school buses, maintenance vehicles, operations equipment and a fueling station. Acquisition of this property provides capacity to expand storage of district-owned vehicles and employee parking for the Paul Booher Service Center and provides capacity for possible future expansion of the Service Center to meet district operational needs.
- 4) Changes made to revise estimates of revenues and expenditures based on the latest information on property valuations, student attendance, interest earnings, and operating costs. The following is a summary of the most significant amendments in this category:
  - a. \$3,000,000 increase in property tax revenues to reflect certified property values that were higher than the estimated values used in the adopted budget.
  - b. \$200,000 increase in TIF payments based on increased property values in the TIFs. The District participates in two TIFs. A new outlet mall was built within the Grand Prairie TIF #2 zone and added to the tax rolls.
  - c. \$1.3 million increase in state foundation aid to reflect increases in average daily attendance and special student populations.
  - d. \$0.6 million decrease in SHARS revenue based on actual services provided to Medicaid eligible students.
  - e. \$800,000 increase in other revenue sources for proceeds from SECO Loan Star energy retrofit projects that were completed during the year.
  - f. \$14.7 million decrease in salary expense, including associated benefits, tutoring, and extra duty pay and substitutes, due to decreased student enrollment, staff vacancies, and analysis of actual expenditure trends.

The District's General Fund fund balance of \$188.8 million reported on pages 30 - 31 differs from the final budgetary fund balance of \$178.7 million reported in the budgetary comparison statement on page 37. The difference is largely due to the net effect of favorable and unfavorable variances as explained below:

- **Property Taxes** - Ended the year with a net \$2.8 million favorable variance mainly because collections of taxes were higher than anticipated during the fiscal year.
- **State Foundation Aid** - Higher than the final budget by \$1.7 million primarily due to higher than expected attendance by students in special populations.
- **Federal Program Revenues** – Ended the year with a favorable variance of \$1.0 million due to higher than anticipated reimbursements in the SHARS program.
- **Employee Compensation and Related Employment Benefits**- Ended the year with a \$6.0 million unfavorable variance primarily because the calculation to record Medicare Part D on-behalf amounts was incorrectly applied initially during the year. On-behalf payments are book entries only, and do not affect the finances of the District, because a corresponding revenue entry is also recorded to offset this expense.
- **Contracted services** - The total favorable variance for contracted services was \$3.1 million primarily because expenditures related to the District's strategic plan were deferred pending further review of alignment of resources to student needs.

**ARLINGTON INDEPENDENT SCHOOL DISTRICT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)**

- **Supplies and Materials** - \$3.0 million less than the final budget due in part to activities in the District's strategic plan that were deferred pending further review of alignment of resources to student needs. Also in this expenditure category are campus allotments (budgeted mainly in general supplies) that had a year-end balance of \$1.3 million that will be re-appropriated in the 2015-16 fiscal year, and \$559,234 savings in fuel expenditures due to the lower cost of fuel throughout the year.

**CAPITAL ASSET AND DEBT ADMINISTRATION**

***Capital Assets***

At the end of 2015, the District had \$501.5 million invested (net of accumulated depreciation) in a broad range of capital assets, including facilities and equipment for instruction, transportation, athletics, administration, maintenance, and food service (see Table V below).

**Table V**  
**CAPITAL ASSETS**  
 (Net of depreciation, In thousands)

	<b>Governmental Activities</b>		<b>Business-Type Activities</b>		<b>Totals</b>	
	<b>2015</b>	<b>2014</b>	<b>2015</b>	<b>2014</b>	<b>2015</b>	<b>2014</b>
Land	\$ 68,266	\$ 64,860	\$ 401	\$ 401	\$ 68,667	\$ 65,261
Buildings and improvements	371,280	366,092	2,657	2,732	373,937	368,824
Furniture and equipment	26,473	21,649	7,220	6,439	33,693	28,088
Leased assets under capital lease		21				21
Construction in progress	25,182	13,313			25,182	13,313
<b>Total</b>	<b>\$ 491,201</b>	<b>\$ 465,935</b>	<b>\$ 10,278</b>	<b>\$ 9,572</b>	<b>\$ 501,479</b>	<b>\$ 475,507</b>

In November 2009 AISD voters approved a \$197.5 million bond package to pay for new construction, building maintenance, buses, fine arts instruments and uniforms, and technology equipment. The District has issued 100% of the bonds for the 2009 authorization. The 2014-15 Capital Projects Fund budget included \$28.3 million of expenditures for 2009 bond projects, and approximately \$13.7 million was expended during the year for work on these projects:

Elementary classroom additions	\$ 3,502,253
Purchase of land for new elementary	2,500,000
Purchase of new buses for transportation	2,619,836
Replacement of technology hardware	4,593,494
Purchase of fine arts instruments and uniforms	427,536

In May 2014, Arlington voters approved a \$663.1 million bond package. Proceeds from the bond issue will be used to build new facilities, upgrade and renovate existing facilities, address safety and security districtwide, upgrade technology infrastructure and equipment, provide fine arts equipment, and address transportation and white fleet service vehicles. This bond program will be completed in its entirety in five years. The first sale of bonds was ordered by the Board of Trustees on June 26, 2014. The order allowed the sale of \$176,320,000 of the voted authorization. During the year approximately \$8.3 million was spent on projects related to the 2014 bond program. The second sale of bonds for the 2014 bond program was ordered by the Board of Trustees on June 25, 2015. The order allowed for the sale of general obligation bonds using \$233,255,000 of the voted authorization. The 2016 budget includes \$160.4 million for continued work on these projects. Additional information regarding the bond package, including a bond overview, project summaries, project schedules, and the citizens' Bond Oversight Committee may be found at the AISD Bond webpage, [www.aisd.net/bond](http://www.aisd.net/bond). The following 2014 bond projects were begun during the 2014-15 fiscal year:

**ARLINGTON INDEPENDENT SCHOOL DISTRICT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)**

Activity centers at the six traditional high schools	\$ 2,378,170
Districtwide career and technology center	781,997
New elementary campus	1,827,446
Dual language/fine arts academies	547,405
Replacement of technology hardware	1,790,777
Purchase of new buses for transportation	926,905

In addition to the 2009 bond projects, this year's major capital additions funded through other sources cost \$24.1 million and included:

Construction of a new elementary school, funded with excess fund balance from the General Fund	\$17,029,418
Purchase of the Enterprise Center office building, using excess fund balance from the General Fund	6,838,186
Field turf replacement at both of the District's competition football stadiums	280,000

Other maintenance projects and additional construction needs beyond those items included in the 2009 and the 2014 bond package may be identified during the 2016 year. These additional needs will be considered on a case-by-case basis. If necessary, Construction Fund fund balance could be used to pay for identified projects, in which case the Construction Fund budget would be amended during the year to appropriate fund balance for these purposes. More detailed information about the District's capital assets is presented in Note IV.E. to the financial statements.

***Debt***

At year-end, the District had total debt outstanding of \$585.6 million versus \$452.5 million last year – an increase of 29.4% (see Table VI.) The increase is the net result of scheduled debt retirements and the issuance of new bonds. As discussed above, AISD voters approved a \$197.5 million bond package in November 2009, and 100% of that authorization has been issued. The voters also approved a \$661.3 million bond package in May 2014. As of June 30, 2015, \$486.8 million of the authorized bonds remained unissued. However, the Board of Trustees ordered the second sale of bonds for the 2014 bond program on June 25, 2015. The order allowed for the sale of general obligation bonds using \$233,255,000 of the voted authorization with the sale closing in July, 2015. In addition to new debt, the District continues to explore opportunities to refund eligible bond issues for debt service savings. No advantageous refunding opportunities were available during the 2015 fiscal year so the District did not refund any bonds during this period.

**Table VI**  
**OUTSTANDING DEBT**  
(In thousands)

	<b>Governmental Activities</b>		<b>Business-Type Activities</b>		<b>Totals</b>	
	<b>2015</b>	<b>2014</b>	<b>2015</b>	<b>2014</b>	<b>2015</b>	<b>2014</b>
Bonds Payable	\$ 539,312	\$ 420,160	\$	\$	\$ 539,312	\$ 420,160
Bond Premiums	38,592	22,889			38,592	22,889
Accreted interest	1,141	6,064			1,141	6,064
Capital Leases						
Accrued Service Benefits	511	614			511	614
Notes Payable	6,033	2,765			6,033	2,765
	<u>\$ 585,589</u>	<u>\$ 452,492</u>	<u>\$</u>	<u>\$</u>	<u>\$ 585,589</u>	<u>\$ 452,492</u>

Moody's Investor Service, Inc. rates the District's general obligation bonds Aa1. Standard and Poor's assigned the District a credit rating of AA. Bonds with these ratings are judged to be of very high quality by all standards.

## **ARLINGTON INDEPENDENT SCHOOL DISTRICT**

### **MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)**

State statutes limit the amount of general obligation debt a governmental entity may issue to 10 percent of its total assessed property valuation. The current debt limitation for the District is \$2,680,540,404 which significantly exceeds the District's outstanding general obligation debt.

Other obligations include capital leases, accrued service benefits, a note payable and rebatable arbitrage. More detailed information about the District's long-term liabilities is presented in Note IV.F. to the financial statements.

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

The District's elected and appointed officials considered many factors when setting the 2015-16 general operating budget and tax rate. Three main issues influenced the 2015-16 budget development – the District's Strategic Plan, adopted budget parameters and fund balance. Each of these issues is discussed in detail below.

- 1) **Strategic Plan:** In early 2012, the Board of Trustees and Administration developed a strategic plan to guide the District in the upcoming years. The *Achieve Today. Excel Tomorrow*. Strategic Plan has been instrumental in the budget development process since the inception of the plan. All budget and personnel requests were examined in relationship to their necessity in helping the District achieve the goals of the Strategic Plan, which include inspired learners, effective leadership, and an engaged community. In order to achieve the District's vision to be globally acknowledged as a premier school district, the budget is focused on the following objectives.
  - a. 100 percent of students will graduate on time and excel at their school or career of choice.
  - b. 100 percent of students will reach their full academic potential.
  - c. 100 percent of students will be actively involved in extracurricular and co-curricular activities.
  - d. 100 percent of students will graduate as lifelong learners.
  - e. 100 percent of students will graduate with a commitment to their community.

More detailed information concerning the District's *Achieve Today. Excel Tomorrow*. strategic plan may be found on the District's website ([www.aisd.net](http://www.aisd.net)).

- 2) **Budget Parameters:** The Board of Trustees adopted Budget Parameters to set forth the Board's expectations for future budgets and to create a framework for annually developing a budget. These budget parameters include expectations for a balanced budget, budget allocations staffing formulas, and employee compensation. The Budget Parameters were adopted into Board Policy CE(LOCAL).
  - a. The Board recognizes the need to target resources into programming that supports achievement growth for all schools, including supplemental resources for schools facing specific additional instructional needs.
  - b. The Board seeks to maintain competitive compensation levels in an effort to recruit and retain a highly qualified workforce and shall consider adjustments necessary for the District to be competitive in this area.
  - c. Staffing ratios shall meet or exceed state standards and shall be approved by the Board before the staffing process begins.
  - d. The Board recognizes its fiduciary responsibility to adopt a balanced budget, but recognizes that some limited use of fund balance may be appropriate for non-recurring expenditures or to sustain services.
  - e. If projected expenditures exceed projected revenue and budget reductions become necessary, the District will first seek budget reductions with the least impact on classrooms.

**ARLINGTON INDEPENDENT SCHOOL DISTRICT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)**

- 3) **Fund Balance:** The District strives to maintain a fund balance that will provide a sufficient source of funds for operations during periods when the cash flow does not. Property taxes, the District's primary revenue source, are collected mainly in December and January of each fiscal year while state funds flow in the fall and in August. Expenditures occur at a fairly even pace over the twelve months of the fiscal year. When financial statements are prepared for the period ending June 30, fund balance should be close to the calculated amount necessary to fund the expenditures that will occur between the following July through December, when tax collections begin to flow in. Maintaining a sufficient fund balance allows the District to avoid the interest expense on money borrowed to meet cash flow needs. Credit rating agencies consider a district's fund balance to be adequate if it exceeds two months of operating expenditures, and they will take into account all resources available for general operations, including those in Special Revenue Funds.

The 2015-16 General Fund budget has a deficit of \$4,308,366. This deficit is due entirely to the strategic one-time use of \$4,729,182 of surplus fund balance to complete construction on Diane Patrick Elementary School in east Arlington to relieve overcrowding in that area. The Board committed surplus fund balance for this use. Without this one-time expenditure, the operating budget would have a surplus of \$420,816. Other surplus fund balance may be designated for future use. Fund balance at June 30, 2016 is projected to be \$181,476,711. This budget enables Arlington ISD to maintain a healthy total fund balance of 4.2 months of operating reserve for the fiscal year beginning July 1, 2016. This healthy fund balance provides stability given the uncertainty of future revenues and expenditures.

A summary of the 2015-16 General Operating budget is presented in Table VII below.

**Table VII**  
**Arlington Independent School District**  
**Summary of General Operating Fund Budget**

Fund	2014-2015 Original Budget	2013-2014 Original Budget	Change From 2013-14
Revenues & Other Resources	\$ 487,580,166	\$ 480,508,102	\$ 7,072,064
Expenditures & Other Uses	508,353,783	468,027,393	40,326,390
Budgeted Surplus/(Deficit)	(20,773,617)	12,480,709	(33,254,326)
Beginning Fund Balance	172,143,554*	156,291,281	15,852,273
Ending Fund Balance	\$ 151,369,937*	\$ 168,771,990*	\$ (17,402,053)

\* Projected as of date the 2014-15 budget was adopted

**CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need additional financial information, please contact the Finance Department at Arlington Independent School District, 1203 W. Pioneer Parkway, Arlington, Texas, 76013.

## **BASIC FINANCIAL STATEMENTS**



# Arlington

INDEPENDENT SCHOOL DISTRICT

*More Than a Remarkable Education*



**ARLINGTON INDEPENDENT SCHOOL DISTRICT**
**Exhibit A-1**
**STATEMENT OF NET POSITION**
**June 30, 2015**

<b>Data Control Codes</b>		<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
<b>Assets</b>				
1110	Cash and cash equivalents	\$ 413,284,103	\$ 4,819,222	\$ 418,103,325
1225	Property taxes receivables, net	8,168,195		8,168,195
1240	Due from other governments	78,602,534		78,602,534
1260	Internal balances	(5,907,453)	5,907,453	
1290	Other receivables, net	611,961	18,638	630,599
1300	Inventories	1,285,937	2,041,287	3,327,224
1410	Prepaid items	427,602		427,602
1490	Other current assets	250,000		250,000
	Capital assets not subject to depreciation:			
1510	Land	68,265,568	401,223	68,666,791
1580	Construction in progress	25,182,255		25,182,255
	Capital assets net of depreciation:			
1520	Buildings and improvements, net	371,279,814	2,657,068	373,936,882
1530	Furniture and equipment, net	26,473,446	7,219,935	33,693,381
<b>1000</b>	<b>Total Assets</b>	<b>987,923,962</b>	<b>23,064,826</b>	<b>1,010,988,788</b>
<b>Deferred Outflows of Resources</b>				
1700	Deferred charge on refunding	12,040,908		12,040,908
1705	Deferred outflows - pension	14,976,108	922,096	15,898,204
	<b>Total Deferred Outflows of Resources</b>	<b>27,017,016</b>	<b>922,096</b>	<b>27,939,112</b>
<b>Liabilities</b>				
2110	Accounts payable	10,217,221	361,089	10,578,310
2140	Interest payable	7,861,688		7,861,688
2150	Payroll deductions and withholdings	6,926,386		6,926,386
2160	Accrued wages payable	51,199,245	61,831	51,261,076
2180	Due to other governments	80,281		80,281
2200	Accrued expenses	6,254,311		6,254,311
2300	Unearned revenue	59,932	680,866	740,798
	Noncurrent Liabilities:			
2501	Due within one year	49,848,816		49,848,816
2502	Due in more than one year	535,739,339		535,739,339
2540	Net pension liability	71,174,967	4,382,319	75,557,286
<b>2000</b>	<b>Total Liabilities</b>	<b>739,362,186</b>	<b>5,486,105</b>	<b>744,848,291</b>
<b>Deferred Inflows of Resources</b>				
2605	Deferred inflows - pension	21,772,633	1,340,565	23,113,198
	<b>Total Deferred Inflows of Resources</b>	<b>21,772,633</b>	<b>1,340,565</b>	<b>23,113,198</b>
<b>Net Position</b>				
3200	Net investment in capital assets	94,478,337	10,278,226	104,756,563
	<b>Restricted for:</b>			
3820	Federal and state programs	384,459	6,882,026	7,266,485
3850	Debt service	15,936,844		15,936,844
3900	Unrestricted	143,006,519		143,006,519
<b>3000</b>	<b>Total Net Position</b>	<b>\$ 253,806,159</b>	<b>\$ 17,160,252</b>	<b>\$ 270,966,411</b>

See Notes to the Financial Statements

**ARLINGTON INDEPENDENT SCHOOL DISTRICT**
**STATEMENT OF ACTIVITIES**
*For the Year Ended June 30, 2015*

Data Control Codes	Functions/Programs	Program Revenue		
		Expenses	Charges for Services	Operating Grants and Contributions
	Governmental activities:			
11	Instruction	\$ 321,641,711	\$ 752,967	\$ 47,544,105
12	Instructional resources and media services	6,568,327		1,042,048
13	Curriculum and staff development	11,706,779		6,899,147
21	Instructional leadership	6,918,312	7,201	1,312,857
23	School leadership	26,454,600		1,992,061
31	Guidance, counseling, and evaluation services	26,178,274		3,971,115
32	Social work services	2,360,625		913,774
33	Health services	5,025,111		324,216
34	Student transportation	12,436,347	56,081	585,398
35	Food service	591,766		885,160
36	Extracurricular activities	8,954,157	647,589	272,394
41	General administration	7,733,533		272,394
51	Plant, maintenance and operations	49,693,227	1,546,537	1,366,237
52	Security and monitoring services	6,309,707		273,744
53	Data processing services	14,815,067	4,241	272,394
61	Community services	2,902,788	121,560	2,564,864
72	Interest on long-term debt	21,421,011		
81	Facilities repairs and maintenance	38,440,109		
95	Payments to Juvenile Justice Alternative Education Programs	67,467		
97	Payments to Tax Increment Fund	7,028,326		
99	Intergovernmental charges	1,916,015		
<b>TG</b>	<b>Total governmental activities</b>	<u>579,163,259</u>	<u>3,136,176</u>	<u>70,491,908</u>
	<b>Business-type activities</b>			
35	National School Breakfast and Lunch	30,500,382	5,982,774	25,714,657
<b>TB</b>	<b>Total business-type activities</b>	<u>30,500,382</u>	<u>5,982,774</u>	<u>25,714,657</u>
<b>TP</b>	<b>Total primary government</b>	<u>\$ 609,663,641</u>	<u>\$ 9,118,950</u>	<u>\$ 96,206,565</u>

**Data  
Control  
Codes**
**General revenues**
**Taxes:**

<b>MT</b>	Property taxes, levied for general purposes
<b>DT</b>	Property taxes, levied for debt service
<b>SF</b>	State-aid formula grants not restricted
<b>GC</b>	Grants and contributions not restricted
<b>IE</b>	Investment earnings
<b>MI</b>	Miscellaneous
<b>SI</b>	<i>Special item</i> - gain on sale of asset
<b>FR</b>	Transfers
<b>TR</b>	<b>Total general revenues and transfers</b>
<b>CN</b>	Change in net position
<b>NB</b>	<b>Net position - beginning</b>
<b>PA</b>	Prior period adjustments
<b>NE</b>	<b>Net position - ending</b>

See Notes to the Financial Statements

*Exhibit B-1*

<b>Net (Expense) Revenue and Changes in Net Position</b>		
<b>Primary Government</b>		
<b>Governmental Activities</b>	<b>Business- type Activities</b>	<b>Total</b>
\$ (273,344,639)	\$	\$ (273,344,639)
(5,526,279)		(5,526,279)
(4,807,632)		(4,807,632)
(5,598,254)		(5,598,254)
(24,462,539)		(24,462,539)
(22,207,159)		(22,207,159)
(1,446,851)		(1,446,851)
(4,700,895)		(4,700,895)
(11,794,868)		(11,794,868)
293,394		293,394
(8,034,174)		(8,034,174)
(7,461,139)		(7,461,139)
(46,780,453)		(46,780,453)
(6,035,963)		(6,035,963)
(14,538,432)		(14,538,432)
(216,364)		(216,364)
(21,421,011)		(21,421,011)
(38,440,109)		(38,440,109)
(67,467)		(67,467)
(7,028,326)		(7,028,326)
(1,916,015)		(1,916,015)
<u>(505,535,175)</u>		<u>(505,535,175)</u>
	1,197,049	1,197,049
	<u>1,197,049</u>	<u>1,197,049</u>
<u>(505,535,175)</u>	<u>1,197,049</u>	<u>(504,338,126)</u>

216,566,195		216,566,195
65,816,287		65,816,287
239,828,021		239,828,021
9,131,377	8,000	9,139,377
458,884	6,030	464,914
9,115,686		9,115,686
987,500		987,500
(307,475)	307,475	
<u>541,596,475</u>	<u>321,505</u>	<u>541,917,980</u>
36,061,300	1,518,554	37,579,854
299,560,048	20,679,148	320,239,196
(81,815,189)	(5,037,450)	(86,852,639)
<u>\$ 253,806,159</u>	<u>\$ 17,160,252</u>	<u>\$ 270,966,411</u>

**ARLINGTON INDEPENDENT SCHOOL DISTRICT**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
June 30, 2015

<b>Data Control Codes</b>		<b>General Fund</b>	<b>Debt Service Fund</b>	<b>Capital Projects Fund</b>	<b>Natural Gas Special Revenue Fund</b>
	<b>Assets</b>				
1110	Cash and cash equivalents	\$ 182,117,229	\$ 21,077,368	\$ 20,043,850	\$ 28,218,267
1120	Current investments			156,874,685	
	Receivables:				
1210	Property taxes receivable - current	3,563,240			
1220	Property taxes receivable - delinquent	11,366,716	3,333,930		
1230	Allowance for uncollectible taxes (credit)	(8,533,142)	(1,562,549)		
1240	Receivables from other governments	65,542,153			
1260	Due from other funds	9,901,023	995,536		81,132
1290	Other receivables	576,123			35,838
1300	Inventories, at cost	1,285,937			
1410	Prepaid items	427,602			
<b>1000</b>	<b>Total Assets</b>	<u>\$ 266,246,881</u>	<u>\$ 23,844,285</u>	<u>\$ 176,918,535</u>	<u>\$ 28,335,237</u>
	<b>Liabilities</b>				
2110	Accounts payable	\$ 7,689,127	\$ 1,000	\$ 988,481	\$
2150	Payroll deduction and withholdings	6,926,386			
2160	Accrued wages payable	48,636,908			
2170	Due to other funds	7,424,466		756,746	
2180	Payable to other governments		44,753		
2200	Accrued expenditures	2,168,797			
2300	Unearned revenue - other	3,530			
<b>2000</b>	<b>Total Liabilities</b>	<u>72,849,214</u>	<u>45,753</u>	<u>1,745,227</u>	
	<b>Deferred Inflows of Resources</b>				
2600	Unavailable revenue - property taxes	4,634,564	1,258,936		
	<b>Total Deferred Inflows of Resources</b>	<u>4,634,564</u>	<u>1,258,936</u>		
	<b>Fund Balances:</b>				
	<b>Non-Spendable:</b>				
3410	Inventories	1,285,937			
3430	Prepaid items	427,602			
	<b>Restricted:</b>				
3450	Federal/State funds grant restrictions				
3470	Capital acquisitions and contractual oblig.			166,150,566	
3480	Retirement of long-term debt		22,539,596		
3490	Texas High School Allotment	578,140			
	<b>Committed:</b>				
3510	Construction	4,729,182			
3545	Other committed			9,022,742	28,335,237
	<b>Assigned:</b>				
3590	Other purposes	7,086,126			
3600	<b>Unassigned</b>	<u>174,656,116</u>			
<b>3000</b>	<b>Total fund balances</b>	<u>188,763,103</u>	<u>22,539,596</u>	<u>175,173,308</u>	<u>28,335,237</u>
	<b>Total Liabilities, Deferred Inflows of Resources and Fund Balances</b>	<u>\$ 266,246,881</u>	<u>\$ 23,844,285</u>	<u>\$ 176,918,535</u>	<u>\$ 28,335,237</u>

See Notes to the Financial Statements.

*Exhibit C-1*

<b>Total Nonmajor Governmental Funds</b>	<b>Total Governmental Funds</b>
\$ 135,535	\$ 251,592,249
	156,874,685
	3,563,240
	14,700,646
	(10,095,691)
13,060,381	78,602,534
222,647	11,200,338
	611,961
	1,285,937
	427,602
<u>\$ 13,418,563</u>	<u>\$ 508,763,501</u>
\$ 1,389,971	\$ 10,068,579
	6,926,386
2,580,667	51,217,575
8,973,820	17,155,032
35,528	80,281
	2,168,797
56,402	59,932
<u>13,036,388</u>	<u>87,676,582</u>
	5,893,500
	5,893,500
	1,285,937
	427,602
384,459	384,459
	166,150,566
	22,539,596
	578,140
	4,729,182
	37,357,979
	7,086,126
(2,284)	174,653,832
<u>382,175</u>	<u>415,193,419</u>
<u>\$ 13,418,563</u>	<u>\$ 508,763,501</u>



# Arlington

INDEPENDENT SCHOOL DISTRICT

*More Than a Remarkable Education*

**ARLINGTON INDEPENDENT SCHOOL DISTRICT**  
**RECONCILIATION OF BALANCE SHEET FOR GOVERNMENTAL FUNDS TO**  
**THE STATEMENT OF NET POSITION**  
**June 30, 2015**

**Exhibit C-2**

<b>Data Control Codes</b>	<b>Total fund balance, governmental funds (from C-1)</b>	<b>\$ 415,193,419</b>
	Amounts reported for governmental activities in the statement of net position (A-1) are different because:	
<b>1</b>	Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds. Capital assets at historical cost, net of accumulated depreciation are reported in the governmental activities of the Statement of Net Position	491,201,083
<b>2</b>	Property taxes receivable have been levied and are due this year, but are not available soon enough to pay for the current period's expenditures, these property taxes (net of allowance for uncollectible accounts) are deferred in the fund financial statements.	5,893,500
<b>3</b>	Long-term liabilities, including bonds payable and net pension liabilities, are not due and payable in the current period, and therefore are not reported as liabilities in the funds.	(652,583,902)
<b>4</b>	Deferred inflows of resources and deferred outflow of resources related to pensions	(6,796,525)
<b>5</b>	Addition of Internal Service Fund net position.	<u>898,584</u>
<b>19</b>	<b>Net position of governmental activities</b>	<u><u>\$ 253,806,159</u></u>

**ARLINGTON INDEPENDENT SCHOOL DISTRICT**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCE - GOVERNMENTAL FUNDS**  
**For the Year Ended June 30, 2015**

<b>Data Control Codes</b>		<b>General Fund</b>	<b>Debt Service Fund</b>	<b>Capital Projects Fund</b>
<b>Revenues</b>				
5700	Local and intermediate sources	\$ 225,862,490	\$ 65,545,323	\$ 1,381,326
5800	State program revenues	264,223,711	2,506,830	
5900	Federal program revenues	3,994,884	584,617	
<b>5020</b>	<b>Total revenues</b>	<u>494,081,085</u>	<u>68,636,770</u>	<u>1,381,326</u>
<b>Expenditures</b>				
<b>Current:</b>				
0011	Instruction	298,505,867		10,414,250
0012	Instruction resources and media services	6,041,618		154,399
0013	Curriculum and staff development	5,316,915		87,110
0021	Instructional leadership	6,319,957		20,324
0023	School leadership	27,689,163		
0031	Guidance, counseling and evaluation services	25,068,990		
0032	Social work services	1,623,158		
0033	Health services	5,319,047		
0034	Student transportation	10,378,445		2,568,163
0035	Food services			
0036	Extracurricular activities	9,405,941		142,491
0041	General administration	8,073,741		72,640
0051	Facilities maintenance and operations	43,375,489		8,602,521
0052	Security and monitoring services	5,610,275		980,000
0053	Data processing services	8,449,219		6,901,049
0061	Community services	425,975		
<b>Debt service:</b>				
0071	Principal on long-term debt	846,095	40,332,234	
0072	Interest on long-term debt	114,243	23,013,348	
0073	Bond issuance costs and fees		17,200	1,358,041
<b>Capital outlay:</b>				
0081	Facilities acquisition and construction	26,652,322		11,787,787
<b>Intergovernmental:</b>				
0095	Payments to juvenile justice alt. ed. prgm.	67,467		
0097	Payments to tax increment fund	7,028,326		
0099	Other intergovernmental charges	1,916,015		
<b>6030</b>	<b>Total Expenditures</b>	<u>498,228,268</u>	<u>63,362,782</u>	<u>43,088,775</u>
<b>1100</b>	Excess (deficiency) of revenues over expenditures	<u>(4,147,183)</u>	<u>5,273,988</u>	<u>(41,707,449)</u>
<b>Other Financing Sources (Uses)</b>				
7911	Issuance of bonds			159,485,000
7912	Sale of real or personal property			2,886
7914	Loan proceeds	4,113,971		
7916	Premium or discount on issuance of bonds		1,770	18,219,411
8911	Transfers out			
<b>7080</b>	<b>Total other financing sources and uses</b>	<u>4,113,971</u>	<u>1,770</u>	<u>177,707,297</u>
<b>SPECIAL ITEM</b>				
7918	Special items (resource)			
1200	Net change in fund balances	(33,212)	5,275,758	135,999,848
0100	<b>Fund Balance - July 1 (Beginning)</b>	<u>188,796,315</u>	<u>17,263,838</u>	<u>39,173,460</u>
<b>3000</b>	<b>Fund Balance - June 30 (Ending)</b>	<u>\$ 188,763,103</u>	<u>\$ 22,539,596</u>	<u>\$ 175,173,308</u>

See Notes to the Financial Statements.



*Exhibit C-3*

<b>Natural Gas Special Revenue Fund</b>	<b>Total Nonmajor Governmental Funds</b>	<b>Total Governmental Funds</b>
\$ 1,629,332	\$ 239,218	\$ 294,657,689
	10,405,783	277,136,324
	37,557,052	42,136,553
<u>1,629,332</u>	<u>48,202,053</u>	<u>613,930,566</u>
	32,820,236	341,740,353
	769,654	6,965,671
	6,633,819	12,037,844
	1,040,709	7,380,990
	85,297	27,774,460
	2,349,053	27,418,043
	952,992	2,576,150
	51,763	5,370,810
	40,608	12,987,216
	592,272	592,272
		9,548,432
106,667		8,253,048
	4,263	51,982,273
	1,350	6,591,625
	487	15,350,755
	2,564,864	2,990,839
		41,178,329
		23,127,591
		1,375,241
		38,440,109
		67,467
		7,028,326
		1,916,015
<u>106,667</u>	<u>47,907,367</u>	<u>652,693,859</u>
<u>1,522,665</u>	<u>294,686</u>	<u>(38,763,293)</u>
		159,485,000
		2,886
		4,113,971
		18,221,181
	<u>(307,475)</u>	<u>(307,475)</u>
	<u>(307,475)</u>	<u>181,515,563</u>
<u>987,500</u>		<u>987,500</u>
<u>987,500</u>		<u>987,500</u>
2,510,165	(12,789)	143,739,770
<u>25,825,072</u>	<u>394,964</u>	<u>271,453,649</u>
<u>\$ 28,335,237</u>	<u>\$ 382,175</u>	<u>\$ 415,193,419</u>

**ARLINGTON INDEPENDENT SCHOOL DISTRICT**  
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND**  
**BALANCE OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES**  
*For the Year Ended June 30, 2015*

**Exhibit C-4**

**Data  
Control  
Codes**

Net change in fund balances - total governmental funds (from C-3) \$ 143,739,770

Amounts reported for governmental activities in the statement of activities (B-1) are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense.

<b>1</b>	Governmental funds capital outlays	49,047,453
<b>2</b>	Governmental activities depreciation expense	(23,781,542)
<b>3</b>	Property tax revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	664,884
<b>4</b>	The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.	(140,641,823)
<b>5</b>	Some expenses reported in the statement of activities do not require the use of current financial resources and these are not reported as expenditures in governmental funds.	(3,393,145)
<b>6</b>	Pension contributions made are reported as expenditures in the governmental funds and are reported as deferred outflows on the face of the statement of net position.	10,422,566
<b>7</b>	Internal service funds are used by management to charge the costs of certain activities, such as insurance and telecommunications, to individual funds. The net revenue (expense) of the internal service funds is reported as governmental activities. (See D-2)	3,137

**Change in net position of governmental activities (see B-1)** \$ 36,061,300

See Notes to the Financial Statements.

**ARLINGTON INDEPENDENT SCHOOL DISTRICT**
*Exhibit C-5*
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -**
**ORIGINAL BUDGET, AMENDED FINAL (GAAP BASIS) AND ACTUAL - GENERAL FUND**
*For the Year Ended June 30, 2015*

Data Control Codes		Budgeted Amounts		Actual Amounts, Budgetary Basis	Variance with Final Budget
		Original	Final		
	Revenues				
5700	Local revenues	\$ 219,728,250	\$ 222,806,320	\$ 225,862,490	\$ 3,056,170
5800	State program revenues	261,156,916	262,503,445	264,223,711	1,720,266
5900	Federal program revenues	3,485,000	2,885,000	3,994,884	1,109,884
5000	Total revenues	484,370,166	488,194,765	494,081,085	5,886,320
	Expenditures				
	Current:				
0011	Instruction	309,617,867	296,926,073	298,505,867	(1,579,794)
0012	Instructional resources and media services	6,099,259	6,220,033	6,041,618	178,415
0013	Curriculum and staff development	5,183,391	5,407,237	5,316,915	90,322
0021	Instructional leadership	6,882,767	6,498,430	6,319,957	178,473
0023	School leadership	27,799,431	27,866,369	27,689,163	177,206
0031	Guidance, counseling and evaluation services	25,423,158	24,948,158	25,068,990	(120,832)
0032	Social work services	1,837,763	1,801,445	1,623,158	178,287
0033	Health services	5,528,912	5,546,535	5,319,047	227,488
0034	Student transportation	11,136,968	10,723,854	10,378,445	345,409
0036	Extracurricular activities	9,731,635	9,522,767	9,405,941	116,826
0041	General administration	8,464,432	8,280,071	8,073,741	206,330
0051	Facilities maintenance and operations	45,101,772	43,512,808	43,375,489	137,319
0052	Security and monitoring services	5,197,033	5,974,946	5,610,275	364,671
0053	Data processing services	8,332,613	8,861,404	8,449,219	412,185
0061	Community services	483,143	510,022	425,975	84,047
	Debt Service:				
0071	Principal on long-term debt	754,131	982,582	846,095	136,487
0072	Interest on long-term debt	65,909	95,909	114,243	(18,334)
	Capital Outlay:				
0081	Facilities acquisition and construction	21,849,089	29,465,558	26,652,322	2,813,236
	Intergovernmental:				
0095	Payments to Juvenile Justice Alt. Ed. Prgm.	110,000	125,000	67,467	57,533
0097	Payments to tax increment fund	6,898,549	7,098,549	7,028,326	70,223
0099	Other governmental charges	1,855,962	1,921,016	1,916,015	5,001
6030	Total Expenditures	508,353,784	502,288,766	498,228,268	4,060,498
1100	Excess (deficiency) of revenues over expenditures	(23,983,618)	(14,094,001)	(4,147,183)	9,946,818
	Other Financing Sources (Uses):				
7914	Loan proceeds	3,210,000	4,010,000	4,113,971	103,971
7080	Total other financing sources (uses)	3,210,000	4,010,000	4,113,971	103,971
1200	Net change in fund balances	(20,773,618)	(10,084,001)	(33,212)	10,050,789
0100	Fund balances - beginning	188,796,315	188,796,315	188,796,315	
3000	Fund balances - ending	\$ 168,022,697	\$ 178,712,314	\$ 188,763,103	\$ 10,050,789

See Notes to the Financial Statements.

**ARLINGTON INDEPENDENT SCHOOL DISTRICT**  
**STATEMENT OF NET POSITION**  
**PROPRIETARY FUNDS**  
**June 30, 2015**

*Exhibit D-1*

	<b>Enterprise Fund</b>	<b>Internal Service Funds</b>
<b>Assets</b>		
<b>Current assets:</b>		
Cash and cash equivalents	\$ 4,819,222	\$ 4,817,169
Receivables:		
Due from other funds	5,989,944	135,207
Other receivables	18,638	
Inventories, at cost	2,041,287	
Prepaid items		250,000
<b>Total current assets</b>	<b>12,869,091</b>	<b>5,202,376</b>
<b>Capital assets:</b>		
Land	401,223	
Building and improvements	4,063,919	
Furniture and equipment	12,976,486	
Accumulated depreciation	(7,163,402)	
<b>Total non-current assets</b>	<b>10,278,226</b>	
<b>Total Assets</b>	<b>23,147,317</b>	<b>5,202,376</b>
<b>Deferred Outflows of Resources</b>		
Deferred outflows - pension	922,096	
<b>Total Deferred Outflows of Resources</b>	<b>922,096</b>	
<b>Liabilities</b>		
<b>Current Liabilities:</b>		
Accounts payable	361,089	130,311
Accrued wages payable	61,831	
Due to other funds		170,457
Accrued expenses		4,085,514
Unearned revenue	680,866	
<b>Total current liabilities</b>	<b>1,103,786</b>	<b>4,386,282</b>
<b>Non-current liabilities:</b>		
Net pension liability	4,382,319	
<b>Total non-current liabilities</b>	<b>4,382,319</b>	
<b>Total Liabilities</b>	<b>5,486,105</b>	<b>4,386,282</b>
<b>Deferred Inflows of Resources</b>		
Deferred inflows - pension	1,340,565	
<b>Total Deferred Inflows of Resources</b>	<b>1,340,565</b>	
<b>Net Position</b>		
Net investment in capital assets	10,278,226	
Restricted for food service	6,964,517	
Unrestricted		816,094
<b>Total Net Position</b>	<b>\$ 17,242,743</b>	<b>\$ 816,094</b>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds	\$ (82,491)	
Net position of business-type activities	\$ 17,160,252	

See Notes to the Financial Statements

**ARLINGTON INDEPENDENT SCHOOL DISTRICT**  
**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION**  
**PROPRIETARY FUNDS**  
**For the Year Ended June 30, 2015**

**Exhibit D-2**

	<b>Enterprise Fund</b>	<b>Internal Service Funds</b>
<b>Operating Revenues</b>		
Charges for Services	\$ 5,788,069	\$ 1,768,200
State Program Revenues	194,705	
<b>Total Operating Revenues</b>	<b>5,982,774</b>	<b>1,768,200</b>
<b>Operating Expenses</b>		
Payroll costs	11,966,987	1,337,374
Purchased and contracted services	2,389,209	266,717
Supplies and materials	14,832,801	165,359
Other operating costs	84,306	
Depreciation	1,227,078	
<b>Total Operating Expenses</b>	<b>30,500,381</b>	<b>1,769,450</b>
Operating Income (Loss)	(24,517,607)	(1,250)
<b>Non-Operating Revenues (Expenses)</b>		
Investment earnings	5,659	4,758
National School Breakfast Program	5,546,881	
National School Lunch Program	18,391,454	
Donated Commodities	1,776,322	
Operating grants and contributions	8,000	
<b>Total Nonoperating Revenues (Expenses)</b>	<b>25,728,316</b>	<b>4,758</b>
Income (Loss) before Capital Contributions and Transfers	1,210,709	3,508
Transfers in	307,475	
Change in Net Position	1,518,184	3,508
<b>Net Position - July 1 (Beginning)</b>	<b>20,762,009</b>	<b>812,586</b>
Prior period adjustments	(5,037,450)	
<b>Net Position - June 30 (Ending)</b>	<b>\$ 17,242,743</b>	<b>\$ 816,094</b>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds	\$ 370	
Change in net position of business-type activities on Exhibit B-1	\$ 1,518,554	

See Notes to the Financial Statements

**ARLINGTON INDEPENDENT SCHOOL DISTRICT**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
**For The Year Ended June 30, 2015**

*Exhibit D-3*

	<b>Enterprise Fund</b>	<b>Governmental Activities - Internal Service Funds</b>
<b>Cash Flows from Operating Activities:</b>		
Cash received from customers	\$ 5,775,184	\$ 879,600
Cash received from outside sources	194,705	
Cash payments to suppliers for other operating expenses	(5,725,297)	
Cash payments for insurance claims		(1,328,447)
Cash payments to suppliers for goods and services	(13,147,576)	(254,873)
Cash payments to employees	(12,234,234)	(165,359)
<b>Net Cash Provided by (Used for) Operating Activities</b>	<b>(25,137,218)</b>	<b>(869,079)</b>
<b>Cash Flows from Non-Capital Financing Activities:</b>		
Advances from other funds	307,475	
Federal and state assistance - Food service and related	24,521,794	
<b>Net Cash Provided by Non-Capital Financing Activities</b>	<b>24,829,269</b>	
<b>Cash Flows from Capital and Related Financing Activities:</b>		
Acquisition of capital assets	(1,931,927)	
<b>Net Cash (Used for) Capital and Related Financing Activities</b>	<b>(1,931,927)</b>	
<b>Cash Flows from Investing Activities:</b>		
Interest on investments	5,659	4,758
<b>Net Cash Provided by (Used for) Investing Activities</b>	<b>5,659</b>	<b>4,758</b>
Net Increase in Cash and Cash Equivalents	(2,234,217)	(864,321)
Cash and Cash Equivalents at Beginning of Year	7,053,439	5,681,490
<b>Cash and Cash Equivalents at End of Year</b>	<b>\$ 4,819,222</b>	<b>\$ 4,817,169</b>
<b>Reconciliation to Balance Sheet</b>		
Cash and Cash Equivalents Per Cash Flow	\$ 4,819,222	\$ 4,817,169
Cash and Cash Equivalents per Balance Sheet	\$ 4,819,222	\$ 4,817,169
<b>Reconciliation of Operating Income to Net Cash Provided by Operating Activities:</b>		
Operating (Loss)	\$ (24,517,607)	\$ (1,250)
<b>Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:</b>		
Depreciation	1,227,078	
Donated commodities	1,776,322	
<b>Change in Assets, Liabilities, Deferred Inflows and Outflows:</b>		
(Increase) decrease in Receivables	(12,885)	
(Increase) decrease in Interfund Receivables	(3,008,671)	(77,912)
(Increase) decrease in Deferred Outflows - Pensions	(578,417)	
(Increase) decrease in Inventories	(200,743)	
Increase (decrease) in Deferred Inflows - Pension	1,340,565	
Increase (decrease) in Accounts Payable	(243,111)	20,771
Increase (decrease) in Accrued Wages Payable	(30,585)	
Increase (decrease) in Interfund Payables		(810,688)
Increase (decrease) in Net Pension Liability	(998,810)	
Increase (decrease) in Unearned Revenue	109,646	
<b>Net Cash Provided by (Used for) Operating Activities</b>	<b>\$ (25,137,218)</b>	<b>\$ (869,079)</b>
<b>Supplemental information:</b>		
Non-cash transaction - Donated commodities received	\$ 1,776,322	\$
<b>Total non-cash transactions</b>	<b>\$ 1,776,322</b>	<b>\$</b>

See Notes to the Financial Statements

**ARLINGTON INDEPENDENT SCHOOL DISTRICT**  
**STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES**  
**AGENCY FUND**  
**June 30, 2015**

***Exhibit E-1***

**Assets**

Cash and cash equivalents	\$ 4,491,916
<b>Total Assets</b>	<b>\$ 4,491,916</b>

**Liabilities**

Accounts payable	\$ 110,876
Due to student groups	4,381,040
<b>Total Liabilities</b>	<b>\$ 4,491,916</b>

See Notes to the Financial Statements

## **I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Arlington Independent School District (“District”) is a public education agency operating under the applicable laws and regulations of the State of Texas. The District prepares its basic financial statements in conformity with generally accepted accounting principles promulgated by the Governmental Accounting Standards Board (“GASB”) and other authoritative sources identified in *Statement on Auditing Standards No. 69* of the American Institute of Certified Public Accountants; and it complies with the requirements of the appropriate version of the *Financial Accountability System Resource Guide*, issued by the Texas Education Agency (“TEA”), and the requirements of contracts and grants of agencies from which it receives funds.

### **A. Reporting Entity**

The Board of Trustees (“Board”), a seven member group, has governance responsibilities over all activities related to public elementary and secondary education in the City of Arlington and portions of the Cities of Grand Prairie and Dalworthington Gardens, and the Town of Pantego. Because members of the Board are elected by the public, they have the authority to make decisions, appoint administrators and managers, and significantly influence operations; and they have primary accountability for fiscal matters. The District is not included in any other governmental “reporting entity” as defined by GASB Statement No. 61, *The Financial Reporting Entity: Omnibus; an amendment of GASB Statements No. 14 and No. 34.* The District is not financially accountable for any other organizations; therefore, no component units are included within the reporting entity. The District receives funding from local, state, and federal government sources and must comply with the requirements of these funding entities.

### **B. Government-wide and Fund Financial Statements**

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

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

Interfund activities between governmental funds, and between governmental funds and proprietary funds, appear in the governmental and proprietary fund financial statements. However, all interfund transactions between governmental funds have been eliminated on the government-wide statements. Interfund transactions between governmental funds and internal service funds have not been eliminated to the extent that services have been provided and used. Interfund transactions remain in the government-wide statements for activities between governmental funds and proprietary funds.

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



**B. Government-wide and Fund Financial Statements (continued)**

**Major Governmental Funds**

General Fund - The General Fund is the District's general operating fund. It is used to account for all financial transactions except those required to be accounted for in another fund. Major revenue sources include local property taxes and state funding under the Foundation School Program. Expenditures include all costs associated with the daily operations of the schools except for costs incurred by programs accounted for in the Special Revenue Funds, Capital Projects Fund, Debt Service Fund, and Proprietary Funds. The General Fund is a budgeted fund, and any fund balances are considered resources available for current operations.

Debt Service Fund - The Debt Service Fund, which is a budgeted fund, accounts for the resources accumulated and payments made on long-term general obligation debt of government funds. Revenues include collections on general property taxes, state funding under the Instructional Facilities and Existing Debt Allotments, and earnings on investments of the fund. Expenditures of the fund are for retirement of bond principal and payment of interest on bonded debt. The fund balance represents amounts that will be used for retirement of bonds and payment of interest in the future.

Capital Projects Fund - The Capital Projects Fund accounts for all proceeds of bond issues and earnings on investments of the fund. Revenue from the sale of bonds is used for acquiring school sites, constructing and equipping new school facilities, renovating existing facilities, and replacing transportation, technology, and various other equipment. This is a budgeted fund.

Natural Gas Special Revenue Fund - During recent years, the District has engaged in leasing the mineral rights to its various properties for the extraction of natural gas. This activity has resulted in a significant inflow of contract signing bonuses and royalty payments for the District. During the year ended August 31, 2011, the Board of Trustees committed these inflows for future special projects

**Major Proprietary Funds**

Enterprise Fund - The Enterprise Fund, which is a budgeted fund, accounts for the food service operation that is financed and operated in a manner similar to a private business, where the determination of net income is necessary or useful for sound financial administration. The cost of providing meals to the student population and other outside groups is recovered primarily through meal charges and reimbursements from the federal government.

Internal Service Fund - The Internal Service Fund accounts for the management of the District's Print Shop and worker's compensation insurance. The cost of these activities are allocated to the other funds of the District on a cost reimbursement basis. These are not budgeted funds.

**Fiduciary Fund**

Agency Fund - The Agency Fund, which is an unbudgeted fund, accounts for the activities of student groups. The student activity funds account for monies collected principally through fund-raising efforts of the students and District-sponsored student groups. Collections and disbursements of these funds are generally controlled by the student group itself under the supervision of a member of the professional staff. These funds have no equity, assets are equal to liabilities, and the funds do not include revenues and expenditures for general operations of the District. The District's main involvement with these funds is to provide stewardship by accounting for the funds.

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

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

The governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Revenues susceptible to accrual are principally certain inter-governmental revenues, property taxes and investment income. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Funds received from federal, state and other grants designated for payment of specific District expenditures are considered to be earned to the extent of expenditures made under the provisions of the grant. Accordingly, when such funds are received, they are recorded as unearned revenues until related and authorized expenditures have been made. If balances have not been expended by the end of the project period, grantors sometimes require the District to refund all or part of the unused amount.

The proprietary fund types are accounted for on an economic resources measurement focus. Operating revenues and expenses are distinguished from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. Operating expenses for enterprise funds and internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses. The agency fund has no measurement focus but utilizes the accrual basis of accounting for reporting its assets and liabilities.

**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 and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

**D. Assets, Liabilities, Deferred Outflows/Inflows and Net Position or Fund Balances**

**1. Cash and cash equivalents**

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

**D. Assets, Liabilities, Deferred Outflows/Inflows and Net Position or Fund Balances (continued)**

**2. Receivables and payables**

Interfund activity results from loans, services provided, reimbursements or transfers between funds. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures or expenses. Reimbursements occur when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers in and transfers out are netted and presented as a single "transfers" line on the government-wide statement of activities. Similarly, interfund receivables and payables are netted and presented as a single "internal balances" line of the government-wide statement of net position.

Property taxes are levied each year by October 1 based upon property valuations as of January 1. Taxes are due on receipt of the tax bill and are delinquent if not paid before February 1 of the year following the year in which imposed. On January 1 of each year, a tax lien attaches to property to secure the payment of all taxes, penalties, and interest ultimately imposed.

Tax collections are prorated between the General Fund and Debt Service Fund based on the tax rate adopted by the Board. The District is permitted under the Texas Education Code to levy taxes up to \$1.17 per \$100 of assessed valuation for general governmental services other than debt service on general obligation bonds. The tax rate which may be levied to service general obligation bonds is not limited. For the current fiscal year, the Board of Trustees set tax rates applicable to general governmental services and to debt service of \$1.04 per \$100 valuation and \$0.30811 per \$100 valuation, respectively, based on a net assessed valuation of \$21,265,403,194.

Delinquent property tax receivables are prorated between the General Fund and Debt Service Fund based on rates adopted for the year of the levy. Allowance for uncollectible tax receivables is based on historical experience in collecting property taxes. Management periodically reviews outstanding property taxes and establishes an allowance adequate to reflect the anticipated net collectible balance. The District is prohibited from writing off property taxes without specific statutory authority from the Texas Legislature. The property tax receivable allowance is equal to 57.0% of total outstanding property taxes at June 30, 2015.

**3. Inventories and prepaid items**

In the General Fund, inventory is valued at cost, using the weighted-average method. A computerized inventory system automatically updates inventory values. This valuation is not materially different from the first-in, first-out valuation method. Inventories consist of expendable supplies held for consumption. The cost is recorded as an expenditure at the time individual inventory items are consumed rather than when purchased.

In the General Fund, certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid expenses in the government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/ expenses when consumed rather than when purchased.

In the Enterprise Fund, inventory is valued at cost, using the weighted-average method, except for food commodities, which are recorded at market values supplied by the Texas Department of Human Services. Commodities are received at no cost to the District; however, their fair market value is recorded as inventory and unearned revenue when received. As the commodities are consumed, inventory and unearned revenue are relieved, expenditures are charged, and revenue is recognized for an equal amount.

**D. Assets, Liabilities, Deferred Outflows/Inflows and Net Position or Fund Balances (continued)**

**4. Capital assets**

Capital assets, which include property, plant, and equipment, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. The District does not have any public domain (“infrastructure”) capital assets. Capital assets are defined by the District as assets with an initial, individual cost of more than \$5,000 and an estimated useful life of two years or more.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives, as well as the cost of land, are not depreciated.

Capital assets are depreciated over the estimated useful lives of the assets on a straight-line basis over the following estimated useful lives:

Buildings and improvements	20-40 years
Furniture and equipment	5-12 years

All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated capital assets are valued at their estimated fair market value on the date donated.

**5. Long-term obligations**

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the appropriate effective interest and straight-line methods.

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

**6. Accrued service benefits**

Accrued service benefits are accrued as a liability in the government-wide financial statements. Eligibility for accrued service benefits for the employees of the Arlington Independent School District is determined by length of continuous service with the District and approval for retirement benefits under provisions of the Teacher Retirement System of Texas.

Benefits are available to employees hired before January 1, 1985, and are based on years of experience with the District, accumulated eligible local sick leave days and accumulated ineligible local sick leave days.

**7. Compensated absences**

All administrative and full-time hourly employees of the District receive up to three weeks of vacation each calendar year. If the employee does not use the vacation time by December 31 of the following year, it is lost and may not be carried forward. Employees may accumulate as many as fifty days of local personal leave, which can be carried forward from year to year. The time is forfeited if not used before the employee leaves the District. Therefore, no accrual for compensated absences is included in the accompanying financial statements.

**D. Assets, Liabilities, Deferred Outflows/Inflows and Net Position or Fund Balances (continued)**

**8. Pensions**

The fiduciary net position of the Teacher Retirement System of Texas (TRS) has been determined using the flow of 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 when due and payable in accordance with the benefit terms. Investments are reported at fair value.

**9. Deferred outflows/inflows of resources**

Deferred outflows and inflows of resources are reported in the statement of financial position as described below:

*A deferred outflow of resources* is a consumption of a government's net assets (a decrease in assets in excess of any related decrease in liabilities or an increase in liabilities in excess of any related increase in assets) by the government that is applicable to a future reporting period. The District has two items that qualify for reporting in this category:

- Deferred outflows of resources for refunding - Reported in the government-wide statement of net position, this deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.
- Deferred outflows of resources for pension – Reported in the government wide financial statement of net position, this deferred outflow results from pension plan contributions made after the measurement date of the net pension liability and the results of differences between expected and actual actuarial experiences. The deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the next fiscal year. The other pension related deferred outflows will be amortized over the expected remaining service lives of all employees (active and inactive employees) that are provided with pensions through the pension plan which is currently 6.94 years.

*A deferred inflow of resources* is an acquisition of a government's net assets (an increase in assets in excess of any related increase in liabilities or a decrease in liabilities in excess of any related decrease in assets) by the government that is applicable to a future reporting period. The District has two items that qualify for reporting in this category:

- Deferred inflows of resources for unavailable revenues - Reported only in the governmental funds balance sheet, unavailable revenues from property taxes arise under the modified accrual basis of accounting. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.
- Deferred inflows of resources for pension – Reported in the government wide financial statement of net position, these deferred inflows result primarily from differences between projected and actual earnings on pension plan investments. These amounts will be amortized over a closed five year period.

**D. Assets, Liabilities, Deferred Outflows/Inflows and Net Position or Fund Balances (continued)**

**10. Net position and fund balances**

Net position on the Statement of Net Position include the following:

*Net investment in capital assets* – the component of net position that reports capital assets less both the accumulated depreciation and the outstanding balance of debt and is directly attributable to the acquisition, construction, or improvement of these capital assets.

*Restricted for federal and state programs* – the component of net position that reports the difference between assets and liabilities related to federal and state programs that consist of assets with constraints placed on their use by granting agencies.

*Restricted for debt service* – the component of net position that reports the difference between assets, deferred inflows of resources and liabilities adjusted on a government-wide basis that consists of assets with constraints placed on their use by the bond covenants.

*Unrestricted net position* – the difference between the assets, deferred inflows of resources and liabilities that are not reported in net position net investment in capital assets, or restricted net position.

*Net position flow assumption* - Sometimes the District will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted - net position and unrestricted -net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied.

It is the District's policy to consider restricted- net position to have been depleted before unrestricted- net position is applied.

In the fund financial statements, governmental funds report fund balances as either a non-spendable fund balance or a spendable fund balance.

*Non-spendable Fund Balance*

Non-spendable fund balance is that portion of fund balance that is not expendable. Examples of non-spendable fund balance include inventories and prepaid items.

*Spendable Fund Balance*

Spendable fund balance includes restricted, committed, assigned, and unassigned components. These components can be described as follows:

*Restricted fund balance* – the component of the spendable fund balance constrained to a specific purpose by a provider, such as a creditor, grantor, contributor, or law or regulation of other governments. Restricted fund balance includes funds for debt service, construction programs, and resources from other granting agencies.

*Committed Fund Balance* – the component of the spendable fund balance constrained to a specific purpose by Board. A Board resolution is required to establish, modify, or rescind a fund balance commitment. Only the action that constitutes the most binding constraint of the Board can be considered a commitment for fund balance classification purposes. The Board has committed the funds in the natural gas fund (\$28,335,237) and construction fund revenues and other resources generated through transactions other than bond issues for projects to be determined by the Board of Trustees.

**D. Assets, Liabilities, Deferred Outflows/Inflows and Net Position or Fund Balances (continued)**

(\$9,022,742). The District has also committed 100% of the ending fund balance in the campus activity fund for use by the respective campuses.

*Assigned Fund Balance* – the component of the spendable fund balance that is spendable or available for appropriation but has been tentatively earmarked for some specific purpose by the Superintendent. Board Policy CE (Local) was amended in August 2011 by the Board of Trustees to provide the Superintendent with this authorization. The District has assigned fund balance in the amount of \$7,086,126 for general fund encumbrances.

*Unassigned Fund Balance* – the component of the spendable fund balance which may be spent for any legal purpose. This portion of the total fund balance in the general fund is available to finance operating expenditures.

The District strives to maintain an unassigned fund balance in the general fund equal to a minimum of 16.67% of the District's general fund operating expenditures. In the event that unassigned fund balance falls below the target level, the Board shall, within 24 months, adopt a plan to restore this balance to the target level.

*Fund balance flow assumptions* - Sometimes the government will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the government's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

**10. Data control codes**

The data control codes refer to the account code structure prescribed by the TEA. The TEA requires school districts to display these codes in the financial statements filed with the agency in order to ensure accuracy in building a statewide database for policy development and funding plans.

**E. Implementation of New Standards**

In the current fiscal year, the District implemented the following new standards:

GASB Statement 68, *Accounting and Financial Reporting for Pensions* ("GASB 68") establishes accounting and financial reporting standards for pensions that are provided to the employees of state and local governmental employers through pension plans that are administered through trusts or similar arrangements that meet certain criteria. The Statement establishes standards for measuring and recognizing liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures. Implementation is reflected in the financial statements, notes to the financial statements and required supplementary information.

GASB Statement 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date* ("GASB 71") amends the transition provisions of GASB 68. GASB 71 to require that, at transition, a government recognize a beginning deferred outflow of resources for its pension contributions made subsequent to the measurement date of the beginning net pension liability. Implementation is reflected in the financial statements and the notes to the financial statements.

**II. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS**

**A. Explanation of certain differences between the governmental funds balance sheet and the government-wide statement of net position**

The governmental funds balance sheet includes a reconciliation of *total fund balances – governmental funds* to *net position of governmental activities* as reported in the government-wide statement of net position. One element of that reconciliation explains that “capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.” The details of this \$491,201,083 are as follows:

Land	\$ 68,265,568
Construction in progress	25,182,255
Buildings and improvements	746,556,721
Less: Accumulated depreciation - buildings and improvements	(375,276,907)
Furniture and equipment	62,446,151
Less: Accumulated depreciation - furniture and equipment	(35,972,705)
Capital leases (equipment)	309,393
Less: Accumulated depreciation - capital leases (equipment)	<u>(309,393)</u>
Net adjustment to increase fund balance - total governmental funds to arrive at net position - governmental activities	<u><u>\$ 491,201,083</u></u>

Another element of that reconciliation explains that “internal service funds are used by management to charge the cost of printing and risk management to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position.” The details of the \$898,584 are as follows:

Net position of the internal service funds	\$ 816,093
Add: Internal payable representing costs in excess of charges to business-type activities - prior years	82,861
Less: Internal payable representing charges in excess of cost to business-type activities - current year	<u>(370)</u>
Net adjustment to increase fund balance - total governmental funds to arrive at net position - governmental activities	<u><u>\$ 898,584</u></u>



**A. Explanation of certain differences between the governmental funds balance sheet and the government-wide statement of net position (continued)**

The final element of that reconciliation explains that “long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.” The details of this \$652,583,902 difference are as follows:

Bonds payable	\$ 539,312,485
Less: Deferred charge on refunding (to be amortized as interest expense)	(12,040,908)
Add: Issuance premium (to be amortized over life of debt)	38,591,549
Add: Accumulated accretion on capital appreciation bonds	1,140,866
Accrued service benefits	510,327
Notes payable	6,032,928
Accrued interest payable	7,861,688
Net pension liability	<u>71,174,967</u>
Net adjustment to reduce fund balance - total governmental funds to arrive at net position - governmental activities	<u>\$ 652,583,902</u>

**B. Explanation of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balance and the government-wide statement of activities**

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between *total net changes in fund balance – governmental funds* and *change in net position of governmental activities* as reported in the government-wide statement of activities. One element of that reconciliation states that “the issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.” The details of this 140,641,823 difference are as follows:

Debt issued or incurred:	
General obligation bonds	\$ 159,485,000
Plus premium	18,221,181
Loans	4,113,971
Principal repayments:	
General obligation bonds	(40,332,234)
Notes payable	<u>(846,095)</u>
Net adjustment to decrease changes in fund balance - total governmental funds to arrive at changes in net position of governmental activities	<u>\$ 140,641,823</u>

**B. Explanation of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balance and the government-wide statement of activities (continued)**

Another element of that reconciliation states that “some expenses reported in the statement of activities do not require the use of current resources and therefore are not reported as expenditures in governmental funds.” The details of the \$(3,393,145) difference are as follows:

Accrued service benefits	\$ 103,903
Accrued interest	(3,024,346)
Amortization of bond premiums	2,518,761
Amortization of deferred charge on refunding	(1,335,432)
Accretion on capital appreciation bonds	4,922,838
Pension expense for the pension plan measurement year	<u>(6,578,869)</u>
Net adjustment to decrease changes in fund balance - total governmental funds to arrive at changes in net position of governmental activities	<u>\$ (3,393,145)</u>

Another element of that reconciliation states that “internal service funds are used by management to charge the costs of printing and risk management to individual funds. The net cost of certain activities of internal service funds is reported with governmental activities.” The details of this \$3,137 difference are as follows:

Change in net position of the internal service funds	\$ 3,507
Less: income from charges to business-type activities	<u>(370)</u>
Net adjustment to decrease changes in fund balance - total governmental funds to arrive at changes in net position of governmental activities	<u>\$ 3,137</u>

### **III. STEWARDSHIP COMPLIANCE AND ACCOUNTABILITY**

#### **A. Budgets and Budgetary Accounting**

The District is legally required to adopt budgets for the General Fund, Debt Service Fund, Capital Projects Fund, and Enterprise Fund. Each budget is presented on the modified accrual basis of accounting, except for the Enterprise Fund, which is on a full accrual basis. Both modified accrual basis and full accrual basis are consistent with generally accepted accounting principles. The District is not legally required to adopt Special Revenue Fund budgets.

The District follows these procedures preparing and approving its annual budget:

1. The superintendent or his designate prepares a budget covering all estimated revenues and proposed expenditures of the District for the next succeeding fiscal year. The budget is prepared by generic fund type and function.
2. Ten days after public notice of the meeting has been given, a public hearing is held, allowing the public to comment on the proposed budget.
3. A public meeting of the Board of Trustees is called for the purpose of adopting the budget. The State Board of Education requires that the budget be prepared no later than June 30<sup>th</sup> of each year.
4. Budget data must be received by the Texas Education Agency on or before December 15 each year. The legal level of budgetary control is at the function level within each generic fund type. Budget amounts are as originally adopted, or as amended by the Board on June 21, 2015. Once a budget is approved, it can be amended at the function and fund level only by approval of a majority of the members of the Board of Trustees. Changes can be made to the budget at any detail within the function level without an amendment approved by the Board. During the year, several budget amendments were made with Board approval. The most significant amendments were for carryover funding; issuance of bonds and supplemental appropriations for bond projects; mid-year adjustment of local and state revenues and appropriations and operating costs; and year-end adjustments to revise estimates of revenues and expenditures based on the latest information on student attendance, interest earnings, and operating costs. All budget appropriations lapse at year-end.

### **IV. DETAILED NOTES ON ALL FUNDS**

#### **A. Deposits and Investments**

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

**A. Deposits and Investments (continued)**

The **Public Funds Investment Act** (Government Code Chapter 2256) contains specific provisions in the areas of investment practices, management reports and establishment of appropriate policies. Among other things, it requires the District to adopt, implement, and publicize an investment policy. That policy must address the following areas: (1) safety of principal and liquidity, (2) portfolio diversification, (3) allowable investments, (4) acceptable risk levels, (5) expected rates of return, (6) maximum allowable stated maturity of portfolio investments, (7) maximum average dollar-weighted maturity allowed based on the stated maturity date for the portfolio, (8) investment staff quality and capabilities, (9) and bid solicitation preferences for certificates of deposit. The District maintains an investment policy which authorizes the District to invest in obligations of the U.S. Treasury and U.S. agencies, municipal securities and repurchase agreements and the State Treasurer's investment pool or similar public fund investment pools. The Act also requires the District to have independent auditors perform test procedures related to investment practices as provided by the Act. The District is in substantial compliance with the requirements of the Act and with local policies.

In compliance with the Public Funds Investment Act, the District has adopted a deposit and investment policy.

**Custodial Credit Risk – Deposits** – In the case of deposits, this is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The collateral shall always be held by an independent third party with whom the District has a current custodial agreement. The District is not exposed to custodial credit risk for its deposits as all are covered by depository insurance or securities pledged to the District and held by a third-party custodian.

At June 30, 2015, the carrying value of the District's deposits (other than the temporary investments listed below) was \$22,751,816 and the bank balance was \$27,489,356. The District's cash deposits at June 30, 2015, and during the year then ended, were entirely covered by FDIC insurance or by pledged collateral held by the District's agent bank in the District's name.

The District's temporary investments at June 30, 2015, are shown below:

	<u>Fair Value</u>	<u>Percentage of Investments</u>	<u>Weighted Average Maturity (Days)</u>
<b>Investments:</b>			
Money Market	<u>\$ 50,124,064</u>	<u>12.5%</u>	
Local Government Investment Pools:			
Lone Star	10,028,723	2.5%	32
TexPool	7,208,103	1.8%	43
Logic	<u>290,112,684</u>	<u>72.6%</u>	50
Total Local Government Investment Pools	<u>307,349,510</u>	<u>76.9%</u>	
<b>Investment Securities:</b>			
Federal Home Loan Bank	<u>42,369,851</u>	<u>10.6%</u>	59
<b>Total Investment Securities</b>	<u>42,369,851</u>	<u>10.6%</u>	
Total temporary investments	<u>\$ 399,843,425</u>	<u>100.0%</u>	

**A. Deposits and Investments (continued)**

**Custodial Credit Risk – Investments** – For an investment, this is the risk that, in the event of the failure of the counterparty, the government will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The District’s investments in the external investment pools (Lonestar, TexPool and LOGIC), are not exposed to custodial risk. External investment pools are not subject to custodial risk because investments are not evidenced by securities that exist in physical or book entry form. State law limits investments in public funds investment pools to those rated no lower than AAA or AAAM or an equivalent rating by at least one nationally recognized rating service. As of June 30, 2015, the District’s investments in Lonestar, TexPool and LOGIC were rated AAAM.

**Credit Risk** – This is the risk that a security issuer may default on an interest or principal payment. State law limits investments in local government pools to those that are rated AAA or equivalent by at least one Nationally Recognized Statistical Rating Organization (NRSRO). The District controls and monitors this risk by purchasing quality rated instruments that have been evaluated by agencies such as Standard and Poor’s (S&P) or Moody’s Investors Service, or by investing in public fund investment pools rated no lower than AAA or AAAM. The District’s investments in Lonestar, TexPool and LOGIC were rated AAAM. The Federal Home Loan Bank bonds have a credit rating of AA+.

**Interest-rate Risk** – This type of risk occurs when potential purchasers of debt securities do not agree to pay face value for those securities if interest rates rise. The District’s investment policy does not allow the purchase of investments that would expose the District to interest-rate risk.

**Concentration Risk** – This type of risk is defined as positions of 5 percent or more in the securities of a single issuer. The District is not exposed to concentration risk because the investment portfolio mainly consists of external investment pools.

The fair value of investments in external investment pools is the same as the value of the pool shares. The District reports investments at amortized cost. GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, states that investments should be reported at fair value, but provides an exception which applies to all investments of AISD. Investments with a remaining maturity at time of purchase of one year or less and investments in an external pool that operates as a “2a7-like” pool may be reported at amortized cost. The external investment pools are not registered with the SEC, but are under the regulatory oversight of the Public Funds Investment Act, Chapter 2256 of the Texas Government Code.

**B. Receivables**

Receivables due from other governments, as of June 30, 2015 for the District’s major, nonmajor, and propriety funds in the aggregate are as follows:

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Other Funds</u>	<u>Enterprise Fund</u>	<u>Total</u>
Due from the State of Texas	\$ 65,440,941	\$	\$ 12,347,661	\$	\$ 77,788,602
Due from the federal agencies	<u>101,212</u>	<u></u>	<u>712,720</u>	<u></u>	<u>813,932</u>
Total Due from Other Governments	<u>\$ 65,542,153</u>	<u>\$</u>	<u>\$ 13,060,381</u>	<u>\$</u>	<u>\$ 78,602,534</u>

**C. Interfund Receivables, Payables, and Transfers**

The composite of interfund balances as of June 30, 2015, is as follows. All interfund balances are expected to be repaid within one year.

	<u>Due From Other Funds</u>	<u>Due To Other Funds</u>
General Fund:		
Debt Service Fund (major governmental fund)	\$	\$ 995,536
Capital Projects Fund (major governmental fund)	756,746	
Natural Gas Special Revenue Fund		81,132
Nonmajor Special Revenue Funds	8,973,820	222,647
Proprietary Fund		5,989,944
Internal Service Fund	170,457	135,207
Total General Fund	<u>9,901,023</u>	<u>7,424,466</u>
Debt Service Fund (major governmental fund):		
General Fund	<u>995,536</u>	
Capital Projects Fund (major governmental fund):		
General Fund		<u>756,746</u>
Natural Gas Special Revenue Fund:		
General Fund	<u>81,132</u>	
Nonmajor Special Revenue Funds:		
General Fund	222,647	8,973,820
Proprietary Fund		
	<u>222,647</u>	<u>8,973,820</u>
Proprietary Fund:		
Nonmajor Special Revenue Funds	<u>5,989,944</u>	
	<u>5,989,944</u>	
Internal Service Fund:		
General Fund	135,207	170,457
Total Internal Service Fund	<u>135,207</u>	<u>170,457</u>
<b>Total all funds</b>	<u>\$ 17,325,489</u>	<u>\$ 17,325,489</u>

These interfund balances resulted from the time lag between the dates that interfund goods and services are provided or reimbursable expenditures occur, transactions are recorded in the accounting system, and/or payments between funds are made.

The composition of interfund transfers for the year ended June 30, 2015 is as follows:

<u>Transfer Out</u>	<u>Transfer In</u>	<u>Amount</u>
Nonmajor Special Revenue Fund	Enterprise Fund	<u>\$ 307,475</u>
		<u>\$ 307,475</u>

**D. Operating Leases**

The District leases building and office facilities and other equipment under noncancelable operating leases. Total costs for such leases were \$310,809 for the year ended June 30, 2015. The future minimum lease payments for all active operating leases can be summarized as follows:

<u>Year Ending June 30,</u>	<u>Amounts</u>
2016	\$ 407,069
2017	418,507
2018	429,945
2019	441,383
Total	<u>\$ 1,696,904</u>

**E. Capital Assets**

A summary of changes in governmental activities capital assets for the year ended June 30, 2015 as follows:

	<u>Balance</u> <u>June 30, 2014</u>	<u>Additions</u>	<u>(Retirements)</u> <u>and Transfers</u>	<u>Balance</u> <u>June 30, 2015</u>
<b>Governmental Activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 64,859,817	\$ 3,405,751	\$	\$ 68,265,568
Construction in progress	13,313,477	27,798,263	(15,929,485)	25,182,255
<b>Total Capital assets, not being depreciated</b>	<u>78,173,294</u>	<u>31,204,014</u>	<u>(15,929,485)</u>	<u>93,447,823</u>
Capital assets, being depreciated:				
Land improvements				
Buildings and improvements	723,720,716	6,906,520	15,929,485	746,556,721
Furniture and equipment	52,174,604	10,936,919	(665,372)	62,446,151
Leased assets under capital lease	309,393			309,393
<b>Total Capital assets, being depreciated</b>	<u>776,204,713</u>	<u>17,843,439</u>	<u>15,264,113</u>	<u>809,312,265</u>
Less accumulated depreciation for:				
Land improvements				
Buildings and improvements	(357,628,822)	(17,648,085)		(375,276,907)
Furniture and Equipment	(30,525,932)	(6,112,145)	665,372	(35,972,705)
Leased assets under capital lease	(288,081)	(21,312)		(309,393)
<b>Total Accumulated depreciation</b>	<u>(388,442,835)</u>	<u>(23,781,542)</u>	<u>665,372</u>	<u>(411,559,005)</u>
<b>Governmental Capital Assets</b>	<u>\$ 465,935,172</u>	<u>\$ 25,265,911</u>	<u>\$</u>	<u>\$ 491,201,083</u>

**ARLINGTON INDEPENDENT SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**

**Exhibit F-1**  
**(continued)**

**E. Capital Assets (continued)**

A summary of changes in the business-type activities capital assets for the year ended June 30, 2015 is as follows:

	<b>Balance June 30, 2014</b>	<b>Additions</b>	<b>(Retirements) and Transfers</b>	<b>Balance June 30, 2015</b>
<b>Business-type Activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 401,223	\$	\$	\$ 401,223
<b>Total Capital assets, not being depreciated</b>	<u>401,223</u>			<u>401,223</u>
Capital assets, being depreciated:				
Buildings and improvements	4,042,172	21,747		4,063,919
Furniture and equipment	11,066,306	1,910,180		12,976,486
<b>Total Capital assets, being depreciated</b>	<u>15,108,478</u>	<u>1,931,927</u>		<u>17,040,405</u>
Less accumulated depreciation for:				
Buildings and improvements	(1,309,868)	(96,983)		(1,406,851)
Furniture and Equipment	(4,626,456)	(1,130,095)		(5,756,551)
<b>Total Accumulated depreciation</b>	<u>(5,936,324)</u>	<u>(1,227,078)</u>		<u>(7,163,402)</u>
<b>Business-type Capital Assets</b>	<u>\$ 9,573,377</u>	<u>\$ 704,849</u>	<u>\$</u>	<u>\$ 10,278,226</u>

Depreciation was charged to functions as follows:

<b>Function</b>	<b>Depreciation Expense</b>
<b>Governmental Activities:</b>	
Instruction	\$ 15,378,837
Instructional resources and media services	311,261
Curriculum and staff development	273,924
Instructional leadership	325,600
School leadership	1,426,528
Guidance, counseling and evaluation services	1,291,539
Social work services	83,624
Health services	274,034
Student transportation	534,691
Extracurricular activities	484,588
General administration	415,954
Plant maintenance and operations	2,234,678
Security and monitoring services	289,038
Data processing services	435,298
<b>Total Governmental Activities</b>	<u>23,781,542</u>
<b>Business-type Activities:</b>	
Food Services	<u>1,227,078</u>
<b>Total Business-type Activities:</b>	<u>1,227,078</u>
<b>Total</b>	<u>\$ 25,008,620</u>



**E. Capital Assets (continued)**

**Construction Commitments**

The District has active construction projects as of June 30, 2015. Construction in progress and remaining commitments as of June 30, 2015 are as follows:

<b>Project</b>	<b>Approved Construction Budget</b>	<b>Construction in Progress</b>	<b>Estimated Remaining Commitment</b>
New Elementary Schools	\$ 52,729,182	\$ 21,463,228	\$ 31,265,954
Multipurpose Activity Centers	9,300,000	2,378,170	6,921,830
Condition deficiencies/Life cycle replacements	6,500,000	11,454	6,488,546
Fine Arts/Dual Language Academies	14,000,000	547,406	13,452,594
CTE Center	7,383,500	781,997	6,601,503
	<u>\$ 89,912,682</u>	<u>\$ 25,182,255</u>	<u>\$ 64,730,427</u>

**F. Long-Term Debt**

Long-term debt of the District is comprised of bonds payable, capital leases payable, accrued service benefits, and two notes payable. Debt service requirements for general obligation bonds are payable from fund balance and future revenues of the Debt Service Fund which consists principally of property taxes collected by the District, state funding under the Instructional Facilities and Existing Debt Allotments and interest earnings. The General Fund has typically been used to liquidate capital leases and notes payable, in prior years.

The following is a summary of changes in long-term debt for governmental activities for the year ended June 30, 2015:

	<b>Balance July 1, 2014</b>	<b>Additions</b>	<b>Retirements</b>	<b>Balance June 30, 2015</b>	<b>Due Within One Year</b>
Bonds payable	\$ 420,159,719	\$ 159,485,000	\$ (40,332,234)	\$ 539,312,485	\$ 48,480,000
Bond premiums	22,889,129	18,221,182	(2,518,762)	38,591,549	
Accreted interest	6,063,704	329,928	(5,252,766)	1,140,866	
Capital leases payable					
Notes payable	2,765,052	4,113,971	(846,095)	6,032,928	1,209,115
Accrued service benefits	614,230		(103,903)	510,327	159,701
Total	<u>\$ 452,491,834</u>	<u>\$ 182,150,081</u>	<u>\$ (49,053,760)</u>	<u>\$ 585,588,155</u>	<u>\$ 49,848,816</u>

The notes payable is payable from the general fund. The same governmental funds used to pay the staff's salary have been used to liquidate the liability for compensated absences in the current and prior years.

**F. Long-Term Debt (continued)**

**Bond Issuances**

During fiscal year 2015, the District issued \$159,485,000 in Unlimited Tax School Building Bonds with interest rates ranging from 1.00% to 5.00%. Proceeds from the issuance will be used to acquire, construct, renovate and equip school buildings and for the purchased of school sites and school buses. In May 2014, Arlington ISD voters approved a \$663,130,000 bond package for the acquisition, construction, renovation and equipment of school buildings and for the purchase of school sites and school buses. As of June 30, 2015, \$486,810,000 of the 2014 authorized bonds are unissued.

Qualified School Construction Bonds ("QSCB's") are tax-credit bonds authorized through the American Recovery and Reinvestment Act. The QSCB program provides school districts the opportunity to issue interest free or very-low interest bonds to finance the construction, rehabilitation, or repair of a public school facility or for the acquisition of land on which such a facility is to be constructed. Purchasers of QSCB's issued in 2009 receive a federal tax credit instead of interest payments. Purchasers of QSCB's issued in 2011 receive interest payments from the issuer, and the issuer can elect to receive subsidy payments from the federal government equal to the lesser of (i) the amount of interest payable under such bond on such date, or (ii) the amount of interest which would have been payable under such bond on such date if such interest were determined at the applicable credit rate determined under section 54A(b)(3) of the Internal Revenue Code with respect to such bonds. The District received \$584,617 in subsidy payments from the federal government during the fiscal year ended June 30, 2015.

**Bonds Payable**

Bonded indebtedness of the District is reflected in the Statement of Net Position. Current requirements for principal and interest expenditures are accounted for in the Debt Service Fund in the fund financial statements.

A summary of changes in general obligation bonds for the year ended June 30, 2015, are as follows:

	Interest Rates	Original Amount	Range of Future Maturities	6/30/2014 Balances	Issued	Retired / Defeased	6/30/2015 Balances
2005 Refunding	3.00 to 5.00%	138,745,000	2015	\$ 14,095,000	\$	\$ 14,095,000	\$
2006 Refunding	4.00 to 5.00%	82,880,000	2015-26	9,455,000		560,000	8,895,000
2007 Refunding	4.00 to 5.00%	114,350,000	2015-21	55,735,000		14,665,000	41,070,000
2009 Refunding	3.00 to 4.25%	12,465,000	2015-24	10,300,000		30,000	10,270,000
2009 QSCB	0.40%	36,320,000	2018-26	36,320,000			36,320,000
2010 Building	2.00 to 4.00%	29,435,000	2015-35	16,605,000		1,180,000	15,425,000
2011A Building	2.89 to 5.00%	50,717,485	2015-36	42,602,485		2,285,000	40,317,485
2011 QSCB	5.25 to 6.00%	13,655,000	2018-26	13,655,000			13,655,000
2011 Refunding	2.00 to 4.00%	19,479,966	2015-28	18,095,000		990,000	17,105,000
2012 Building	2.00 to 5.00%	24,885,000	2015-37	24,640,000		305,000	24,335,000
2013 Building	2.75 to 5.00%	16,390,000	2017-38	16,390,000			16,390,000
2013 Refunding	0.34 to 3.007%	76,482,234	2015-25	74,067,234		2,857,234	71,210,000
2013 Building	2.00 to 5.00%	16,180,000	2016-39	16,180,000			16,180,000
2014 Refunding	5.00%	72,020,000	2017-24	72,020,000			72,020,000
2014A Building	1.00 to 5.00%	159,485,000	2015-39		159,485,000	3,365,000	156,120,000
<b>Total Bonds Payable</b>				<u>\$ 420,159,719</u>	<u>\$ 159,485,000</u>	<u>\$ 40,332,234</u>	<u>\$ 539,312,485</u>

**F. Long-Term Debt (continued)**

The annual debt service for retirement of bond principal and interest are as follows:

<b>Year Ending June 30,</b>	<b>Principal</b>	<b>Interest</b>	<b>Totals</b>
2016	\$ 48,480,000	\$ 20,277,005	\$ 68,757,005
2017	46,786,714	19,333,651	66,120,365
2018	44,700,002	17,991,091	62,691,093
2019	42,318,751	16,899,846	59,218,597
2020	37,600,048	15,432,411	53,032,459
2020 - 2024	134,451,970	57,078,945	191,530,915
2025 - 2029	66,720,000	35,649,850	102,369,850
2030 - 2034	67,640,000	22,204,100	89,844,100
2035 - 2039	50,615,000	6,090,204	56,705,204
	<u>\$ 539,312,485</u>	<u>\$ 210,957,103</u>	<u>\$ 750,269,588</u>

**Rebatable Arbitrage Payable**

The Tax Reform Act of 1986 requires that the excess interest earned on tax-exempt bond proceeds over interest cost must be remitted to the federal government. These arbitrage interest earnings are paid from the Capital Projects Funds and must be remitted every five years from date of issue. During the fiscal year ended June 30, 2015 no arbitrage payments were made to the IRS. Furthermore, there was no rebatable arbitrage liability at June 30, 2015.

**Accreted Interest**

In accordance with general obligation bond indentures, the District is required to compute, at the time of levying the tax, a rate of tax sufficient to provide a fund each year to pay the principal and interest as bonds mature and interest payments are due.

A portion of the Series 2011A and 2013 bond issues were Capital Appreciation Bonds. These bonds were issued at a discount, and there are no scheduled interest payments due until maturity of the bonds. A portion of the difference between the principal received at issuance and the total amount due at maturity is accreted each year until the total liability equals the cash due at maturity. The 2011A bonds mature in fiscal years 2017 through 2021.

Accreted interest on bonds represents the accrued interest to date on the above issues and is summarized as follows:

<b>Issue</b>	<b>Amount Due at Maturity</b>	<b>Amount Received at Issue</b>	<b>Total To Be Accreted</b>	<b>Balance 6/30/14</b>	<b>Current Year Accretion</b>	<b>Additions / Maturities</b>	<b>Balance 6/30/15</b>
2011A	\$ 10,480,000	\$ 8,217,485	\$ 2,262,515	\$ 854,699	\$ 286,167	\$	\$ 1,140,866
2013	8,110,000	8,037,902	72,098	5,209,005	43,761	(5,252,766)	
		<u>\$ 16,255,387</u>	<u>\$ 2,334,613</u>	<u>\$ 6,063,704</u>	<u>\$ 329,928</u>	<u>\$ (5,252,766)</u>	<u>\$ 1,140,866</u>

**F. Long-Term Debt (continued)**

**Prior Year Defeasance of Debt**

In prior years, the District defeased general obligation bonds by placing the proceeds of the new bonds in an irrevocable trust account to provide the for all future debt service payments on the old bonds. Accordingly, trust account assets and liabilities for the defeased bonds are not included in the District's financial statements. At June 30, 2015, \$340,420,000 of defeased bonds remain outstanding.

**Notes Payable**

The notes payable represent loans with the State of Texas Energy Conservation Office. The first phase of the project began during May 2006. Total proceeds of \$1,886,308 from the loan were to be used for energy conservation measures at school locations throughout the District. This phase was completed during the fiscal year ending August 31, 2009. The related note matured in November 2012. The second phase resulted in additional construction draws of \$4,584,295 that were taken during the years ended August 31, 2009 and 2010. The related note accrues interest at a fixed rate of 3.0% and matures in August 2017. During the 2014 fiscal year, the District entered into a loan agreement with the State of Texas Energy Conservation Office. The proceeds of the loan will be disbursed to the District as costs are incurred by the District for energy conservation projects. The proceeds of the loan will not exceed \$4,984,031. Interest will accrue at a rate of 2.5% from the date of each disbursement to the District. Construction draws totaled \$4,113,971 during the current fiscal year. The District is required by the agreement to submit quarterly principal and interest payments on both notes payable, based on 7 year amortizations. The total notes payable balance at year end is \$6,032,929 and annual maturities are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 1,209,115	\$ 151,985	\$ 1,361,100
2017	1,243,492	117,608	1,361,100
2018	534,899	86,179	621,078
2019	487,057	73,283	560,340
2020	499,348	60,992	560,340
2021 - 2024	2,059,018	114,737	2,173,755
	<u>\$ 6,032,929</u>	<u>\$ 452,799</u>	<u>\$ 5,276,613</u>

**F. Long-Term Debt (continued)**

**Capital Leases**

The District has entered into lease agreements for various types of equipment with terms of 60 months. These lease agreements qualify as capital leases for accounting purposes, and therefore, have been recorded at the present value of their future minimum lease payments as of the inception date. The effective interest rate for these agreements is 5%. The assets acquired through capital leases are as follows:

<b>Asset:</b>	<b>Governmental Activities</b>
Furniture and equipment	\$ 309,393
Less: accumulated depreciation	(288,081)
	<u>\$ 21,312</u>

The District paid the remaining balances on the capital leases during the 2014 fiscal year.

**G. Employee Benefits**

The following is a summary of the various insurance, reimbursement and retirement programs provided by the District for the benefit of District employees and their dependents:

**1. Insurance plans**

*Workers' Compensation Insurance (Self-Insured)* – The District contracts with the TASB Risk Management Fund (“the Fund”) to facilitate all claims. The Fund was created and is operated under the provisions of the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code and Chapter 504, Texas Labor Code. All districts participating in the Fund execute Interlocal Agreements that define the responsibilities of the parties.

As a self-funded member of the Fund, the District is solely responsible for all claim costs, both reported and unreported. The Fund provides administrative services to its self-funded members including claims administration and customer service. The District is protected against higher than expected claims costs through the purchase of stop loss coverage. Deposits in the amount of \$250,000 for a required Loss Deposit Fund are included in other current assets on the Statement of Net Position.

The Fund engages the service of an independent auditor to conduct a financial audit after the close of each plan year on August 31. The audit is approved by the Fund’s Board of Trustees in February of the following year.

The Fund’s audited financial statements as of August 31, 2015, are available at the TASB offices and have been filed with the Texas Department of Insurance in Austin.

The costs associated with the self-insured plan are reported as interfund transactions. Accordingly, they are treated as operating revenues of the Workers’ Compensation Fund and operating expenditures/expenses of the General Fund and Enterprise Fund.

**G. Employee Benefits (continued)**

An actuarial study is performed on the plan to estimate the claims liability at the fiscal year-end. Liabilities include an amount for claims that have been incurred but not reported (IBNRs). The resultant liability calculation is not an exact amount as it depends on many complex factors, such as inflation, changes in legal doctrines, and damage awards. Accordingly, claim liabilities are evaluated periodically. The following summarizes the self-insured plan claims and liabilities for workers' compensation:

<b>Fiscal Year</b>	<b>Beginning of Year Accrual</b>	<b>Current Year Estimates</b>	<b>Claims Payments</b>	<b>End of Year Accrual</b>
2014	\$ 4,898,689	\$ 490,056	\$ (1,303,231)	\$ 4,085,514
2015	4,085,514	1,328,447	(1,328,447)	4,085,514

*Health Insurance (TRS ActiveCare)* – Effective September 1, 2007, employees of the District were covered by TRS ActiveCare. TRS ActiveCare is a statewide health coverage program for public education employees established by the 77th Texas Legislature. The District contributed approximately \$260 per month per participant to the plan, and employees, at their option, authorized payroll withholdings to pay employee contributions and additional premiums for dependents. The TRS issues a publicly available financial report that includes financial statements and required supplementary information for TRS ActiveCare. That report may be obtained by visiting the TRS Web site at [www.trs.state.tx.us](http://www.trs.state.tx.us), by writing to the Communications Department of the Teacher Retirement System of Texas at 1000 Red River Street, Austin, Texas 78701, or by calling (800) 223-8778.

**2. Defined benefit pension plan**

**A. Plan Description**

The [employer] 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.

**B. 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 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.

**G. Employee Benefits (continued)**

**2. Defined benefit pension plan (continued)**

**C. 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 percent (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, the three highest annual salaries are used. The normal service retirement is at age 65 with 5 years of credited service or when the sum of the member's age and years of credited service equals 80 or more years. Early retirement is at age 55 with 5 years of service credit or earlier than 55 with 30 years of service credit. There are additional provisions for early retirement if the sum of the member's age and years of service credit total at least 80, but the member is less than age 60 or 62 depending on date of employment, or if the member was grandfathered in under a previous rule. There are no automatic post-employment benefit changes; including automatic COLAs. Ad hoc post-employment benefit changes, including ad hoc COLAs can be granted by the Texas Legislature as noted in the Plan description in (A) above.

**D. Contributions**

Contribution requirements are established or amended pursuant to Article 16, section 67 of the Texas Constitution which requires the Texas legislature to establish a member contribution rate of not less than 6% of the member's annual compensation and a state contribution rate of not less than 6% and not more than 10% of the aggregate annual compensation paid to members of the system during the fiscal year. Texas Government Code section 821.006 prohibits benefit improvements, if as a result of the particular action, the time required to amortize TRS' unfunded actuarial liabilities would be increased to a period that exceeds 31 years, or, if the amortization period already exceeds 31 years, the period would be increased by such action.

Employee contribution rates are set in state statute, Texas Government Code 825.402. Senate Bill 1458 of the 83<sup>rd</sup> Texas Legislature amended Texas Government Code 825.402 for member contributions and established employee contribution rates for fiscal years 2014 thru 2017. It also added a 1.5% contribution for employers not paying Old Age Survivor and Disability Insurance (OASDI) on certain employees effective for fiscal year 2015 as discussed in Note 1 of the TRS 2014 CAFR. The 83<sup>rd</sup> Texas Legislature, General Appropriations Act (GAA) established the employer contribution rates for fiscal years 2014 and 2015.

	<b>Contribution Rates</b>	
	<b>2015</b>	<b>2014</b>
Member	6.70%	6.40%
Non-Employer Contributing Entity	6.80%	6.80%
Employers	6.80%	6.80%
2014 Employer contributions		\$ 7,171,426
2014 Member contributions		\$ 6,669,080
2014 NECE on-behalf contributions		\$ 17,996,021

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).

**G. Employee Benefits (continued)**

**2. Defined benefit pension plan (continued)**

**D. Contributions**

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. Employers (public school, junior college, other entities or the State of Texas as the employer for senior universities and medical schools) are 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.
- When the employing district is a public junior college or junior college district, the employer shall contribute to the retirement system an amount equal to 50% of the state contribution rate for certain instructional or administrative employees; and 100% of the state contribution rate for all other employees.

In addition to the employer contributions listed above, 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.

**E. Actuarial Assumptions**

The total pension liability in the August 31, 2014 actuarial valuation was determined using the following actuarial assumptions:

Valuation Date	August 31, 2014
Actuarial Cost Method	Individual Entry Age Normal
Amortization Method	Level Percentage of Payroll, Open
Remaining Amortization Period	30 years
Asset Valuation Method	5 year Market Value
Discount Rate	8.00%
Long-term expected Investment Rate of Return*	8.00%
Salary Increases*	4.25% to 7.25%
Weighted-Average at Valuation Date	5.55%
Payroll Growth Rate	3.50%

*\*Includes Inflation of 3%*



**G. Employee Benefits (continued)**

**2. Defined benefit pension plan (continued)**

**E. Actuarial Assumptions**

The actuarial methods and assumptions are primarily based on a study of actual experience for the four year period ending August 31, 2010 and adopted on April 8, 2011. With the exception of the post-retirement mortality rates for healthy lives and a minor change to the expected retirement age for inactive vested members stemming from the actuarial audit performed in the Summer of 2014, the assumptions and methods are the same as used in the prior valuation. When the mortality assumptions were adopted in 2011 they contained a significant margin for possible future mortality improvement. As of the date of the valuation there has been a significant erosion of this margin to the point that the margin has been eliminated. Therefore, the post-retirement mortality rates for current and future retirees was decreased to add additional margin for future improvement in mortality in accordance with the Actuarial Standards of Practice No. 35.

**F. Discount Rate**

*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 Systems target asset allocation as of August 31, 2014 are summarized below:

**G. Employee Benefits (continued)**

**2. Defined benefit pension plan (continued)**

**F. Discount Rate**

Asset Class	Target Allocation	Real Return Geometric Basis	Long-Term Expected Portfolio Real Rate of Return*
<b>Global Equity</b>			
U.S.	18%	7.0%	1.4%
Non-U.S. Developed	13%	7.3%	1.1%
Emerging Markets	9%	8.1%	0.9%
Directional Hedge Funds	4%	5.4%	0.2%
Private Equity	13%	9.2%	1.4%
<b>Stable Value</b>			
U.S. Treasuries	11%	2.9%	0.3%
Absolute Return	0%	4.0%	0.0%
Stable Value Hedge Funds	4%	5.2%	0.2%
Cash	1%	2.0%	0.0%
<b>Real Return</b>			
Global Inflation Linked Bonds	3%	3.1%	0.0%
Real Assets	16%	7.3%	1.5%
Energy and Natural Resources	3%	8.8%	0.3%
Commodities	0%	3.4%	0.0%
<b>Risk Parity</b>			
Risk Parity	5%	8.9%	0.4%
Alpha			1.0%
<b>Total</b>	<u>100%</u>		<u>8.7%</u>

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

*Discount Rate Sensitivity Analysis* – The following schedule shows the impact of the 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 2014 Net Pension Liability.

	Discount Rate		
	1% Decrease (7%)	Current Rate (8%)	1% Increase (9%)
District's proportional share of the net pension liability	\$ 135,016,290	\$ 75,557,286	\$ 31,093,026

**G. Employee Benefits (continued)**

**2. Defined benefit pension plan (continued)**

**G. Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions**

*Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions* – At August 31, 2014, the District reported a liability of \$75,557,286 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:

District's proportionate share of the collective net pension liability	\$ 75,557,286
State's proportionate share that is associated with the District	190,008,374
Total	<u>\$ 265,565,660</u>

The net pension liability was measured as of August 31, 2014 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The employer'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, 2013 thru August 31, 2014.

At August 31, 2014 the employer's proportion of the collective net pension liability was .28287% which was a decrease of 0.0002% from its proportion measured as of August 31, 2013. The change in proportion was immaterial and therefore disregarded this year.

There were no changes of assumptions or other inputs that affected measurement of the total pension liability during the measurement period.

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

There was a change in employer contribution requirements that occurred after the measurement date of the net pension liability and the employer's reporting date. A 1.5% contribution for employers not paying Old Age Survivor and Disability Insurance (OASDI) on certain employees went into law effective September 1, 2014. The amount of the expected resultant change in the employer's proportion cannot be determined at this time.

For the year ended August 31, 2014, the District recognized pension expense of \$6,983,936 and revenue of \$17,996,021 for support provided by the State.

**G. Employee Benefits (continued)**

**2. Defined benefit pension plan (continued)**

At August 31, 2014, 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:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 1,168,518	\$
Changes of assumptions	4,911,308	
Net difference between projected and actual earnings on pension plan investments		23,093,392
Changes in proportion and differences between District contributions and proportionate share of contributions		19,806
District contributions subsequent to the measurement date	<u>9,805,475</u>	
Total	<u>\$ 15,885,301</u>	<u>\$ 23,113,198</u>

\$9,805,475 reported as deferred outflows 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 ended August 31, 2015. The net amounts of the employer's balances of deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

<b>Year ended June 30</b>	<b>Pension Expense Amount</b>
2016	\$ (4,753,246)
2017	(4,753,246)
2018	(4,753,246)
2019	(4,753,246)
2020	1,020,102
2021	<u>959,510</u>
	<u>\$ (17,033,372)</u>

**G. Employee Benefits (continued)**

**3. Retiree Health Plan**

**Plan Description** – The District contributes to the Texas Public School Retired Employees Group Insurance Program (TRS-Care), a cost-sharing multiple-employer defined benefit postemployment health care plan administered by the Teacher Retirement System of Texas. TRS-Care Retired Plan provides health care coverage for certain persons (and their dependents) who retired under the Teacher Retirement System of Texas. The statutory authority for the program is Texas Insurance Code, Chapter 1575. Section 1575.052 grants to the TRS Board of Trustees the authority to establish and amend basic and optional group insurance coverage for participants. The TRS issues a publicly available financial report that includes financial statements and required supplementary information for TRS-Care. That report may be obtained by visiting the TRS Web site at [www.trs.state.tx.us](http://www.trs.state.tx.us), by writing to the Communications Department of the Teacher Retirement System of Texas at 1000 Red River Street, Austin, Texas 78701, or by calling (800) 223-8778.

**Funding Policy** – Contribution requirements are not actuarially determined but are legally established each biennium by the Texas Legislature. Texas Insurance Code, Sections 1575.202, 203, and 204 establish state, active employee, and public school contributions, respectively. The State of Texas and active public school employee contribution rates were 1.0% and 0.65% of public school payroll, respectively, with school districts contributing a percentage of payroll set at 0.55% for fiscal years 2015, 2014, and 2013. 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. For the fiscal years ended June 30, 2015, June 30, 2014, and June 30, 2013, the District's contributions were \$2,325,049, \$2,264,533, and \$2,079,878, respectively, which equaled the required contribution for the year.

State contributions to TRS made on behalf of the District's employees for the fiscal years ended June 30, 2015, June 30, 2014, and June 30, 2013, were \$3,465,628, \$3,080,241, and \$1,859,648, respectively. The amounts have been recognized as both revenue and expenditures in the General Fund.

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. These on-behalf payments must be recognized as equal revenues and expenditures/expenses by each reporting entity. For the fiscal years ended June 30, 2015, June 30, 2014, and June 30, 2013, the contributions made on behalf of the District were \$1,127,012, \$1,004,760, and \$952,096, respectively.

The Early Retiree Reinsurance Program (ERRP) is a provision of the Patient Protection and Affordable Care Act (PPACA) and provides reimbursement to plan sponsors for portion of the cost of providing health benefits to retirees between the ages of 55-64 and their covered dependents regardless of age. An "early retiree" is defined as a plan participant aged 55-64 is eligible for Medicare and is not covered by an active employee of the plan sponsor.

## **H. Commitments and Contingencies**

### **State and Federal Grants**

The District receives monies under various state and federal grant project awards. These grants are subject to audit by the individual grantors and any disallowed costs arising from these audits would have to be refunded by the District. Management believes that the District has substantially complied with the terms and provisions of these grants, and any refunds, which might arise from these audits, would not be material.

### **Litigation**

The District is a party to various legal actions, none of which is believed by administration to have a material effect on the financial condition of the District. Accordingly, no provision for losses has been recorded in the accompanying financial statements for such contingencies.

## **I. Risk Management**

The District purchases 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.

## **J. Deficit Net Position**

On June 30, 2015, the print shop internal service fund had a deficit net position balance of \$161,141. In addition, United Way, Texas Literacy Initiative, Algebra Readiness Special Revenue Funds had a deficit fund balances of \$410, \$54, and \$1,820, respectively. The district expects subsequent period revenues to eliminate these deficits.

## **K. Excess Expenditure over Budgeted Appropriations**

During the year-ended June 30, 2015, Functions 11 and 31 expenditures exceeded budgeted appropriations in the General Fund by \$1,579,794 and \$120,832.

## **L. Prior Period Adjustment**

Net Position as of July 1, 2014, has been restated as follows for the implementation of GASB Statement No. 68, as amended by GASB Statement No. 71.

	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
<b>Beginning Net Position - As Originally Presented</b>	\$ 299,560,046	\$ 20,679,148	\$ 320,239,194
Restatement due to:			
Net pension liability (measurement date as of August 31, 2013)	(87,397,019)	(5,381,129)	(92,778,148)
Deferred Outflows:			
District contributions made to TRS during the fiscal year	5,581,830	343,679	5,925,509
<b>Beginning Net Position - As Restated</b>	<b>\$ 217,744,857</b>	<b>\$ 15,641,698</b>	<b>\$ 233,386,555</b>

## **REQUIRED SUPPLEMENTARY INFORMATION**



# Arlington

INDEPENDENT SCHOOL DISTRICT

*More Than a Remarkable Education*



**ARLINGTON INDEPENDENT SCHOOL DISTRICT**  
**SCHEDULE OF THE DISTRICT'S PROPORTIONATE**  
**SHARE OF THE NET PENSION LIABILITY**  
**TEACHERS RETIREMENT SYSTEM OF TEXAS**  
**June 30, 2015**

**Exhibit G-1**

	<u><b>2014</b></u>
District's proportion of the net pension liability	0.2829%
District's proportionate share of the net pension liability	\$ 75,557,286
State's proportionate share of the net pension liability associated with the District	<u>190,008,374</u>
Total	<u><u>\$ 265,565,660</u></u>
 District's covered-employee payroll (for Measurement Year)	 \$ 367,187,392
District's proportionate share of the net pension liability as a percentage of it's covered-employee payroll	20.58%
Plan fiduciary net position as a percentage of the total pension liability *	83.25%
Plan's net pension liability as a percentage of covered-employee payroll *	72.89%

The amounts presented for each Plan year which ends the preceding August 31 of the District's fiscal year.

Net pension liability is calculated using an new methodology and will be presented prospectively in accordance with GASB 68.

\* Per Teacher Retirement System of Texas' comprehensive annual financial report.

**ARLINGTON INDEPENDENT SCHOOL DISTRICT**  
**SCHEDULE OF THE DISTRICT'S CONTRIBUTIONS**  
**TEACHERS RETIREMENT SYSTEM OF TEXAS**  
**LAST TWO FISCAL YEARS**

*Exhibit G-2*

	<u>2015</u>	<u>2014</u>
Contractually required contributions	\$ 11,065,220	\$ 6,868,636
Contributions in relation to the contractual required contributions	<u>11,065,220</u>	<u>6,868,636</u>
Contribution deficiency (excess)	<u>\$</u>	<u>\$</u>
District's covered employee payroll	\$ 373,526,450	\$ 363,736,625
Contributions as a percentage of covered employee payroll	2.96%	1.89%

Note: The District implemented G.A.S.B. Statements No. 68 and 71.

**A. Changes in Assumptions**

Modifications to the actuarial methods and assumptions are based on a study of actual experience as adopted on April 8, 2011. The assumptions and methods used in the current valuation are the same except for the following modifications:

- Small reductions in the rates of retirements at most age and service combinations.
- Decrease in the post-retirement rates of mortality for both males and females.
- The salary increase assumption in the first year of employment was reduced.
- The method for determining the actuarial value of assets was modified to a method that sets the actuarial value of assets as the expected actuarial value of assets plus 20% of the difference between the actual market value of the assets and the expected actuarial value of assets.

Amounts reported for 2014 reflect the adoption of the new mortality assumption that the average life expectancy for members over 65 years of age will increase by roughly nine months over the next four years.



# Arlington

INDEPENDENT SCHOOL DISTRICT

*More Than a Remarkable Education*

## **OTHER SUPPLEMENTARY INFORMATION**



# Arlington

INDEPENDENT SCHOOL DISTRICT

*More Than a Remarkable Education*

## Nonmajor Governmental Funds

### Special Revenue Funds

The Special Revenue Funds are used to account for all federal, state and locally-funded grants. These grants are awarded to the District with the purpose of accomplishing specific educational goals. Grants included in the Special Revenue Funds are described below.

<b>Fund Number</b>	<b>Fund Name &amp; Description</b>
<b>206</b>	<b>McKinney - Vento Education for the Homeless Children and Youth</b> - Variety of staff development and supplemental services.
<b>211</b>	<b>Title I, Part A - Improving Basic Programs</b> - Supplemental funds to help low-performing schools provide opportunities for children to acquire skills needed to meet state student performance standards.
<b>220</b>	<b>English Literacy &amp; Civics Education</b> - Provide or support programs for educational services to adults who are beyond compulsory school attendance age, are not enrolled in school and function at less than secondary completion level.
<b>223</b>	<b>Temporary Assistance for Needy Families (TANF)</b> - Funds granted to provide education services to undereducated adult receipts of cash assistance under Temporary Assistance for Needy Families (TANF)
<b>224</b>	<b>IDEA, Part B - Formula</b> - Operate educational programs for children with disabilities.
<b>225</b>	<b>IDEA, Part B - Preschool</b> - Program for preschool children with disabilities.
<b>240</b>	<b>The Fresh Fruit and Vegetable Program</b> - Program that provides elementary children a variety of free fresh fruits and vegetables throughout the school day.
<b>242</b>	<b>Summer Feeding Program TDA</b> - Provide meals to the community based on the average number of daily participants.
<b>244</b>	<b>Carl D. Perkins Technology</b> - Provide career and technical education to develop new and/or improve career and technical education programs for paid and unpaid employment.
<b>255</b>	<b>ESEA, Title II, Part A - TPTR (Teacher and Principal Training and Recruiting)</b> - Increase student academic achievement through increasing the number of qualified teachers, assistant principals and principals.
<b>263</b>	<b>ESEA, Title III, Part A - English Language Acquisition and Language Enhancement</b> - Improve the education of limited English proficient children by assisting the children to learn English.

## Nonmajor Governmental Funds (Continued)

### Special Revenue Funds (Continued)

Fund Number	Fund Name & Description
282	<b>Adolescent and Family Life</b> - Provide care and prevention to pregnant and non-pregnant adolescents, adolescent parents, and their families.
288	<b>Foreign Language Assistance Program</b> - Provide supplemental funds to improve and expand foreign language programs for students.
289	<b>Texas Literary Initiative</b> - Improve school readiness and success in the areas of language and literacy for disadvantaged students.
309	<b>SSA - Adult Basic Education (Federal)</b> - Provide or support programs for educational services to adults who are beyond compulsory school attendance age.
315	<b>SSA - IDEA B - Discretionary</b> - Support ESC basic special education component, regional day
316	<b>SSA - IDEA B - Formula (Deaf)</b> - Operate educational programs for children with hearing
317	<b>SSA - IDEA B - Preschool (Deaf)</b> - Provide educational programs for preschool children with hearing disabilities.
340	<b>SSA - IDEA C - Early Intervention (Deaf)</b> - provides direct services to hearing impaired infants to toddlers, ages birth through two years of age.
381	<b>Adult Basic Education (ABE) - State</b> - Funds granted to provide or support programs for adult education and literact services to adults 16 and above, who do not have a high school diploma and are out of school.
385	<b>Visually Impaired State</b> - Provide teachers and services to students who are visually handicapped.
397	<b>Advanced Placement Incentives</b> - Professional development of teachers teaching advanced
404	<b>Algebra Readiness Program</b> - Implement programs that increase the preparedness of students in grades seven and eight to meet standards past future algebra assessments.
410	<b>Instructional Materials Allotment</b> - State funds allotted to school districts to purchase instructional materials and technology-related equipment and services.
411	<b>Technology Allotment</b> - Purchase technological software or equipment that contributes to student learning, or to pay for training for educational personnel involved in the use of such materials.



**Nonmajor Governmental Funds (Continued)**

**Special Revenue Funds (Continued)**

<b>Fund Number</b>	<b>Fund Name &amp; Description</b>
<b>427</b>	<b>Beginning Teacher Induction and Mentoring</b> - provides funds to establish or enhance a beginning teacher induction and mentoring program to increase retention of beginning teachers.
<b>429</b>	<b>Read to Succeed</b> - Provide educational materials for the school library through license plate purchases.
<b>431</b>	<b>SSA - Adult Basic Education</b> - Provide or support programs for educational services to adults who are beyond compulsory school attendance age, are not enrolled in school and function at less than secondary completion level.
<b>435</b>	<b>Regional Day School for the Deaf</b> - Provide funding for staff and services to students with auditory handicaps.
<b>481</b>	<b>AISD Access</b> - The communications department partners with News for My School to sell advertising in the <i>AUSD Achieving Excellence</i> e-newsletter. Proceeds are used to promote the District.
<b>494</b>	<b>Venture Child Care</b> - Provide child care for children from the age of 2 weeks to 5 years old.
<b>496</b>	<b>United Way</b> - The intent of this grant is to prepare low-income children in select areas of Tarrant County to enter kindergarten with the appropriate literacy, social, emotional, and cognitive skills necessary to be successful in the school environment.
<b>497</b>	<b>Arlington Education Foundation</b> - Nonprofit tax-exempt organization which raises private funds for the District.

**ARLINGTON INDEPENDENT SCHOOL DISTRICT**

**COMBINING BALANCE SHEET**

**NONMAJOR GOVERNMENTAL FUNDS**

*June 30, 2015*

<b>Data Control Codes</b>		<b>206  McKinney Homeless Education</b>	<b>211 Title I-A Improving Basic Programs</b>	<b>220  English Literacy &amp; Civics Ed.</b>
	<b>Assets</b>			
1110	Cash and cash equivalents	\$	\$ 135,535	\$
	Receivables:			
1240	Receivables from other governments	75,298	5,106,895	206,608
1260	Due from other funds			
1000	<b>Total Assets</b>	<u>\$ 75,298</u>	<u>\$ 5,242,430</u>	<u>\$ 206,608</u>
	<b>Liabilities:</b>			
	<b>Current Liabilities:</b>			
2110	Accounts payable	\$ (7)	\$ 762,825	\$ 8,418
2160	Accrued wages payable	18,162	865,087	54,691
2170	Due to other funds	57,143	3,614,518	143,499
2180	Due to other governments			
2300	Unearned revenue - other			
2000	<b>Total Liabilities</b>	<u>75,298</u>	<u>5,242,430</u>	<u>206,608</u>
	<b>Fund Balance:</b>			
	<b>Restricted:</b>			
3450	Federal/State funds grant restrictions			
3600	<b>Unassigned</b>			
	<b>Total Fund Balance</b>			
4000	<b>Total liabilities and fund balance</b>	<u>\$ 75,298</u>	<u>\$ 5,242,430</u>	<u>\$ 206,608</u>

<b>223</b> <b>Assistance</b> <b>for Needy</b> <b>Families</b> <b>(TANF)</b>	<b>224</b> <b>IDEA B -</b> <b>Formula</b>	<b>225</b> <b>IDEA B -</b> <b>Preschool</b>	<b>240</b> <b>Fresh Fruit</b> <b>&amp; Vegetable</b> <b>Program</b>	<b>242</b> <b>Summer</b> <b>Feeding</b> <b>Program</b> <b>TDA</b>	<b>244</b> <b>Carl D.</b> <b>Perkins</b> <b>Technology</b>
\$	\$	\$	\$	\$	\$
51,685	2,548,513			505,389	228,049
<u>\$ 51,685</u>	<u>\$ 2,548,513</u>	<u>\$</u>	<u>\$</u>	<u>\$ 505,389</u>	<u>\$ 228,049</u>
\$ (220)	\$ 75,586	\$	\$	\$ (1,298)	\$ 915
11,541	1,154,521	(80,146)		14,178	7,357
40,364	1,318,406	80,146		199,621	219,777
<u>51,685</u>	<u>2,548,513</u>	<u></u>	<u></u>	<u>212,501</u>	<u>228,049</u>
				292,888	
				<u>292,888</u>	
<u>\$ 51,685</u>	<u>\$ 2,548,513</u>	<u>\$</u>	<u>\$</u>	<u>\$ 505,389</u>	<u>\$ 228,049</u>

**ARLINGTON INDEPENDENT SCHOOL DISTRICT**

**COMBINING BALANCE SHEET**

**NONMAJOR GOVERNMENTAL FUNDS**

*June 30, 2015*

		255	263	282
<b>Data Control Codes</b>		<b>Title II-A Principal Training</b>	<b>Title III-A LEP</b>	<b>Adolescent and Family Life</b>
	<b>Assets</b>			
1110	Cash and cash equivalents	\$	\$	\$
	<b>Receivables:</b>			
1240	Receivables from other governments	719,218	283,120	201,739
1260	Due from other funds			
1000	<b>Total Assets</b>	<u>\$ 719,218</u>	<u>\$ 283,120</u>	<u>\$ 201,739</u>
	<b>Liabilities:</b>			
	<b>Current Liabilities:</b>			
2110	Accounts payable	\$ 331,617	\$ 16,053	\$ 1,713
2160	Accrued wages payable	75,495	154,041	39,158
2170	Due to other funds	312,106	113,026	160,868
2180	Due to other governments			
2300	Unearned revenue - other			
2000	<b>Total Liabilities</b>	<u>719,218</u>	<u>283,120</u>	<u>201,739</u>
	<b>Fund Balance:</b>			
	<b>Restricted:</b>			
3450	Federal/State funds grant restrictions			
3600	<b>Unassigned</b>			
	<b>Total Fund Balance</b>			
4000	<b>Total liabilities and fund balance</b>	<u>\$ 719,218</u>	<u>\$ 283,120</u>	<u>\$ 201,739</u>

288	289	309	315	316	317
Foreign Language Grant	Texas Literary Initiative	Adult Basic Education	IDEA B - Dis cretionary	IDEA B - Formula (Deaf)	IDEA B - Preschool (Deaf)
\$	\$	\$	\$	\$	\$
15,538	2,336,200		60,380	6,643	276
<u>\$ 15,538</u>	<u>\$ 2,336,200</u>	<u>\$</u>	<u>\$ 60,380</u>	<u>\$ 6,643</u>	<u>\$ 276</u>
\$	\$	\$	\$	\$	\$
4,152	126,746		572		
11,386	182,323		59,808	6,643	276
	2,027,185				
<u>15,538</u>	<u>2,336,254</u>	<u></u>	<u>60,380</u>	<u>6,643</u>	<u>276</u>
	(54)				
	(54)				
<u>\$ 15,538</u>	<u>\$ 2,336,200</u>	<u>\$</u>	<u>\$ 60,380</u>	<u>\$ 6,643</u>	<u>\$ 276</u>

**ARLINGTON INDEPENDENT SCHOOL DISTRICT**

**COMBINING BALANCE SHEET**

**NONMAJOR GOVERNMENTAL FUNDS**

*June 30, 2015*

<b>Data Control Codes</b>		<b>340 SSA - IDEA C - Early Intervention (Deaf)</b>	<b>381 Adult Basic Education (ABE)</b>	<b>385 State Visual Impairment</b>
	<b>Assets</b>			
1110	Cash and cash equivalents	\$	\$	\$
	<b>Receivables:</b>			
1240	Receivables from other governments	2,110	57,263	18,996
1260	Due from other funds			
1000	<b>Total Assets</b>	<u>\$ 2,110</u>	<u>\$ 57,263</u>	<u>\$ 18,996</u>
	<b>Liabilities:</b>			
	<b>Current Liabilities:</b>			
2110	Accounts payable	\$	\$	\$ 25
2160	Accrued wages payable		7,382	1,725
2170	Due to other funds	2,110	49,881	17,246
2180	Due to other governments			
2300	Unearned revenue - other			
2000	<b>Total Liabilities</b>	<u>2,110</u>	<u>57,263</u>	<u>18,996</u>
	<b>Fund Balance:</b>			
	<b>Restricted:</b>			
3450	Federal/State funds grant restrictions			
3600	<b>Unassigned</b>			
	<b>Total Fund Balance</b>			
4000	<b>Total liabilities and fund balance</b>	<u>\$ 2,110</u>	<u>\$ 57,263</u>	<u>\$ 18,996</u>

<b>397</b>	<b>404</b>	<b>410</b>	<b>411</b>	<b>427</b>	<b>429</b>
<b>Advanced Placement Incentive</b>	<b>Algebra Readiness</b>	<b>Instructional Materials Allotment</b>	<b>Technology Allotment</b>	<b>Beg Teacher Mentoring Program</b>	<b>Other State Programs</b>
\$	\$	\$	\$	\$	\$
		240,755		22,234	131,471
23,775			30,991		
<u>\$ 23,775</u>	<u>\$</u>	<u>\$ 240,755</u>	<u>\$ 30,991</u>	<u>\$ 22,234</u>	<u>\$ 131,471</u>
\$	\$	\$ (6,240)	\$ (651)	\$ 287	\$ 21,632
					19,639
	1,820	246,995		21,947	90,093
					107
	<u>1,820</u>	<u>240,755</u>	<u>(651)</u>	<u>22,234</u>	<u>131,471</u>
23,775			31,642		
	(1,820)				
<u>23,775</u>	<u>(1,820)</u>		<u>31,642</u>		
<u>\$ 23,775</u>	<u>\$</u>	<u>\$ 240,755</u>	<u>\$ 30,991</u>	<u>\$ 22,234</u>	<u>\$ 131,471</u>

**ARLINGTON INDEPENDENT SCHOOL DISTRICT**

**COMBINING BALANCE SHEET**

**NONMAJOR GOVERNMENTAL FUNDS**

*June 30, 2015*

		<b>431</b>	<b>435</b>	<b>481</b>
<b>Data</b>		<b>Adult</b>	<b>Regional</b>	
<b>Control</b>		<b>Basic</b>	<b>Day School</b>	<b>AISD</b>
<b>Codes</b>		<b>Education</b>	<b>for the Deaf</b>	<b>Access</b>
	<b>Assets</b>			
1110	Cash and cash equivalents	\$	\$	\$
	<b>Receivables:</b>			
1240	Receivables from other governments		242,001	
1260	Due from other funds			36,154
1000	<b>Total Assets</b>	<u>\$</u>	<u>\$ 242,001</u>	<u>\$ 36,154</u>
	<b>Liabilities:</b>			
	<b>Current Liabilities:</b>			
2110	Accounts payable	\$	\$ 16,727	\$
2160	Accrued wages payable		46,318	
2170	Due to other funds		178,956	
2180	Due to other governments			
2300	Unearned revenue - other			
2000	<b>Total Liabilities</b>	<u></u>	<u>242,001</u>	<u></u>
	<b>Fund Balance:</b>			
	<b>Restricted:</b>			
3450	Federal/State funds grant restrictions			36,154
3600	<b>Unassigned</b>			
	<b>Total Fund Balance</b>	<u></u>	<u></u>	<u>36,154</u>
4000	<b>Total liabilities and fund balance</b>	<u>\$</u>	<u>\$ 242,001</u>	<u>\$ 36,154</u>



<b>494</b>	<b>496</b>	<b>497</b>	<b>Total</b>
<b>Venture Child Care</b>	<b>United Way</b>	<b>Arlington Education Foundation</b>	<b>Nonmajor Governmental Funds</b>
\$	\$	\$	\$ 135,535
			13,060,381
	72,767	58,960	222,647
<u>\$</u>	<u>\$ 72,767</u>	<u>\$ 58,960</u>	<u>\$ 13,418,563</u>
\$	\$ 33,178	\$ 2,665	\$ 1,389,971
	4,471		2,580,667
			8,973,820
	35,528		35,528
		56,295	56,402
<u></u>	<u>73,177</u>	<u>58,960</u>	<u>13,036,388</u>
			384,459
<u></u>	<u>(410)</u>	<u></u>	<u>(2,284)</u>
<u></u>	<u>(410)</u>	<u></u>	<u>382,175</u>
<u>\$</u>	<u>\$ 72,767</u>	<u>\$ 58,960</u>	<u>\$ 13,418,563</u>

**ARLINGTON INDEPENDENT SCHOOL DISTRICT**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCE - NONMAJOR GOVERNMENTAL FUNDS**  
**For the Year Ended June 30, 2015**

<b>Data Control Codes</b>		<b>206</b>	<b>211</b>	<b>220</b>
		<b>McKinney Homeless Education</b>	<b>Title I-A Improving Basic Programs</b>	<b>English Literacy &amp; Civics Ed.</b>
	<b>Revenues</b>			
5700	Local and Intermediate Sources	\$	\$	\$
5800	State Program Revenues			
5900	Federal Program Revenues	234,680	15,528,249	338,659
5020	<b>Total Revenues</b>	234,680	15,528,249	338,659
	<b>Expenditures</b>			
	<b>Current:</b>			
0011	Instruction	32,283	10,617,183	254,719
0012	Instructional Resources and Media Services		467,131	
0013	Curriculum and Instructional Staff Development		1,678,077	13,045
0021	Instructional Leadership	30,229	738,375	64,639
0023	School Leadership		21,984	
0031	Guidance, Counseling and Evaluation Services		172,524	6,256
0032	Social work services	123,405	250,400	
0033	Health Services	4,792		
0034	Student Transportation	26,586	858	
0035	Food Services			
0036	Cocurricular/Extracurricular Activities			
0051	Plant Maintenance and Operations			
0052	Security and Monitoring Services			
0053	Data Processing Services			
0061	Community Services	17,385	1,581,717	
6030	<b>Total Expenditures</b>	234,680	15,528,249	338,659
1100	Excess (deficiency) of revenues over expenditures			
	<b>Other Financing Sources (Uses)</b>			
8911	Transfers out			
	<b>Total Other Financing Sources (Uses)</b>			
1200	Net change in fund balances			
0100	<b>Fund Balance - July 1 (Beginning)</b>			
3000	<b>Fund Balance - June 30 (Ending)</b>	\$	\$	\$

223 Temporary Assistance for Needy Families (TANF)	224 IDEA B - Formula	225 IDEA B - Preschool	240 Fresh Fruit & Vegetable Program	242 Summer Feeding Program TDA	244 Carl D. Perkins Technology
\$	\$	\$	\$	\$	\$
79,604	9,392,823	137,484	265,840	619,320	786,644
79,604	9,392,823	137,484	265,840	619,320	786,644
76,465	6,940,292	137,591			493,068
	1,101,820	(107)			39,057
	54,754				25,973
3,139	1,248,986				228,546
	46,971				
			265,840	326,432	
79,604	9,392,823	137,484	265,840	326,432	786,644
				292,888	
				(307,475)	
				(307,475)	
				(14,587)	
				307,475	
\$	\$	\$	\$	\$ 292,888	\$

**ARLINGTON INDEPENDENT SCHOOL DISTRICT**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCE - NONMAJOR GOVERNMENTAL FUNDS**  
**For the Year Ended June 30, 2015**

		255	263	282
<b>Data Control Codes</b>		<b>Title II-A Principal Training</b>	<b>Title III-A LEP</b>	<b>Adolescent and Family Life</b>
	<b>Revenues</b>			
5700	Local, Intermediate and Out-of-State	\$	\$	\$
5800	State Program Revenues			
5900	Federal Program Revenues	1,672,945	1,080,568	839,339
5020	<b>Total Revenues</b>	<u>1,672,945</u>	<u>1,080,568</u>	<u>839,339</u>
	<b>Expenditures</b>			
	<b>Current:</b>			
0011	Instruction		582,662	9,148
0012	Instructional Resources and Media Services	151,398		
0013	Curriculum and Instructional Staff Development	1,439,028	440,587	
0021	Instructional Leadership	13,925	39,068	10,250
0023	School Leadership	63,107		
0031	Guidance, Counseling and Evaluation Services	1,896		541,436
0032	Social work services	3,591		231,141
0033	Health Services			
0034	Student Transportation			10,838
0035	Food Services			
0036	Cocurricular/Extracurricular Activities			
0051	Facilities Maintenance and Operations			4,263
0052	Security and Monitoring Services			1,350
0053	Data Processing Services			
0061	Community Services		18,251	30,913
6030	<b>Total Expenditures</b>	<u>1,672,945</u>	<u>1,080,568</u>	<u>839,339</u>
1100	Excess (deficiency) of revenues over expenditures			
	<b>Other Financing Sources (Uses)</b>			
8911	Transfers out			
	<b>Total Other Financing Sources (Uses)</b>			
1200	Net change in fund balances			
0100	<b>Fund Balance - July 1 (Beginning)</b>			
3000	<b>Fund Balance - June 30 (Ending)</b>	<u>\$</u>	<u>\$</u>	<u>\$</u>

288	289	309	315	316	317
Foreign Language Grant	Texas Literary Initiative	Adult Basic Education	IDEA B - Discretionary	IDEA B - Formula (Deaf)	IDEA B - Preschool (Deaf)
\$	\$	\$	\$	\$	\$
53,437	6,387,293	2,299	90,595	16,224	11,661
53,437	6,387,293	2,299	90,595	16,224	11,661
24,090	3,481,854	2,299	90,595	16,224	11,661
	134,018				
29,072	1,873,890				
34	63,147				
	206				
	126,168				
241	2,085				
	705,925				
53,437	6,387,293	2,299	90,595	16,224	11,661
	(54)				
\$	\$ (54)	\$	\$	\$	\$

**ARLINGTON INDEPENDENT SCHOOL DISTRICT**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCE - NONMAJOR GOVERNMENTAL FUNDS**  
**For the Year Ended June 30, 2015**

<b>Data Control Codes</b>		<b>340</b>	<b>381</b>	<b>385</b>
		<b>SSA - IDEA C - Early Intervention (Deaf)</b>	<b>Adult Basic Education (ABE)</b>	<b>State Visual Impairment</b>
	<b>Revenues</b>			
5700	Local, Intermediate and Out-of-State	\$	\$	\$
5800	State Program Revenues		159,582	23,255
5900	Federal Program Revenues	2,110		
5020	<b>Total Revenues</b>	<u>2,110</u>	<u>159,582</u>	<u>23,255</u>
	<b>Expenditures</b>			
	<b>Current:</b>			
0011	Instruction	2,110	156,100	23,255
0012	Instructional Resources and Media Services			
0013	Curriculum and Instructional Staff Development			
0021	Instructional Leadership			
0023	School Leadership			
0031	Guidance, Counseling and Evaluation Services		3,482	
0032	Social work services			
0033	Health Services			
0034	Student Transportation			
0035	Food Services			
0036	Cocurricular/Extracurricular Activities			
0051	Facilities Maintenance and Operations			
0052	Security and Monitoring Services			
0053	Data Processing Services			
0061	Community Services			
6030	<b>Total Expenditures</b>	<u>2,110</u>	<u>159,582</u>	<u>23,255</u>
1100	Excess (deficiency) of revenues over expenditures			
	<b>Other Financing Sources (Uses)</b>			
8911	Transfers out			
	<b>Total Other Financing Sources (Uses)</b>			
1200	Net change in fund balances			
0100	<b>Fund Balance - July 1 (Beginning)</b>			
3000	<b>Fund Balance - June 30 (Ending)</b>	<u>\$</u>	<u>\$</u>	<u>\$</u>

397	404	410	411	427	429
Advanced Placement Incentive	Algebra Readiness	Instructional Materials Allotment	Technology Allotment	Beg Teacher Mentoring Program	Other State Programs
\$	\$	\$	\$	\$	\$
20,250		9,270,349		39,218	305,447
15,720					
35,970		9,270,349		39,218	305,447
		9,270,349			103
					107
19,350					
			315		
16,620					
				39,218	305,237
			487		
35,970		9,270,349	802	39,218	305,447
			(802)		
			(802)		
23,775	(1,820)		32,444		
\$ 23,775	\$ (1,820)	\$	\$ 31,642	\$	\$

**ARLINGTON INDEPENDENT SCHOOL DISTRICT**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCE - NONMAJOR GOVERNMENTAL FUNDS**  
*For the Year Ended June 30, 2015*

		431	435	481
<b>Data Control Codes</b>		<b>Adult Basic Education</b>	<b>Regional Day School for the Deaf</b>	<b>AISD Access</b>
	<b>Revenues</b>			
5700	Local, Intermediate and Out-of-State	\$	\$	\$ 2,600
5800	State Program Revenues	2,084	585,598	
5900	Federal Program Revenues			
5020	<b>Total Revenues</b>	<u>2,084</u>	<u>585,598</u>	<u>2,600</u>
	<b>Expenditures</b>			
	<b>Current:</b>			
0011	Instruction	2,084	583,180	
0012	Instructional Resources and Media Services			
0013	Curriculum and Instructional Staff Development			
0021	Instructional Leadership			
0023	School Leadership			
0031	Guidance, Counseling and Evaluation Services			
0032	Social work services			
0033	Health Services			
0034	Student Transportation			
0035	Food Services			
0036	Cocurricular/Extracurricular Activities			
0051	Facilities Maintenance and Operations			
0052	Security and Monitoring Services			
0053	Data Processing Services			
0061	Community Services		2,418	
6030	<b>Total Expenditures</b>	<u>2,084</u>	<u>585,598</u>	
1100	Excess (deficiency) of revenues over expenditures			<u>2,600</u>
	<b>Other Financing Sources (Uses)</b>			
8911	Transfers out			
	<b>Total Other Financing Sources (Uses)</b>			
1200	Net change in fund balances			2,600
0100	<b>Fund Balance - July 1 (Beginning)</b>			<u>33,554</u>
3000	<b>Fund Balance - June 30 (Ending)</b>	<u>\$</u>	<u>\$</u>	<u>\$ 36,154</u>



494	496	497	
Venture Child Care	United Way	Arlington Education Foundation	Total Nonmajor Governmental Funds
\$ 60	\$ 207,990	\$ 28,568	\$ 239,218
			10,405,783
1,558			37,557,052
1,618	207,990	28,568	48,202,053
	1,353	11,568	32,820,236
		17,000	769,654
			6,633,819
			1,040,709
			85,297
			2,349,053
			952,992
			51,763
			40,608
			592,272
			4,263
			1,350
			487
1,618	206,637		2,564,864
1,618	207,990	28,568	47,907,367
			294,686
			(307,475)
			(307,475)
			(12,789)
	(410)		394,964
\$	\$ (410)	\$	\$ 382,175

**ARLINGTON INDEPENDENT SCHOOL DISTRICT**  
**COMBINING STATEMENT OF NET POSITION**  
**INTERNAL SERVICE FUNDS**  
**June 30, 2015**

**Exhibit H-3**

	<b>752</b>	<b>770</b>	
	<b>Print Shop</b>	<b>Workers' Compensation Fund</b>	<b>Total</b>
<b>Assets</b>			
<b>Current assets:</b>			
Cash and cash equivalents	\$ 25,670	\$ 4,791,499	\$ 4,817,169
Receivables:			
Due from other funds		135,207	135,207
Prepaid items		250,000	250,000
<b>Total Current Assets</b>	<u>25,670</u>	<u>5,176,706</u>	<u>5,202,376</u>
<b>Total Assets</b>	<u>25,670</u>	<u>5,176,706</u>	<u>5,202,376</u>
<b>Liabilities</b>			
<b>Current Liabilities:</b>			
Accounts payable	16,354	113,957	130,311
Due to other funds	170,457		170,457
Accrued expenses		4,085,514	4,085,514
<b>Total current liabilities</b>	<u>186,811</u>	<u>4,199,471</u>	<u>4,386,282</u>
<b>Total Liabilities</b>	<u>186,811</u>	<u>4,199,471</u>	<u>4,386,282</u>
<b>Net Position</b>			
Unrestricted	(161,141)	977,235	816,094
<b>Total Net Position</b>	<u>\$ (161,141)</u>	<u>\$ 977,235</u>	<u>\$ 816,094</u>

**ARLINGTON INDEPENDENT SCHOOL DISTRICT***Exhibit H-4***COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION****INTERNAL SERVICE FUNDS***For the Year Ended June 30, 2015*

	<b>752</b>	<b>770</b>	
	<b>Print Shop</b>	<b>Workers' Compensation Fund</b>	<b>Total</b>
<b>Operating Revenues</b>			
Charges for services	\$ 430,842	\$ 1,337,358	\$ 1,768,200
<b>Total operating revenues</b>	<u>430,842</u>	<u>1,337,358</u>	<u>1,768,200</u>
<b>Operating Expenses</b>			
Payroll costs		1,337,374	1,337,374
Purchased and contracted services	266,717		266,717
Supplies and materials	165,359		165,359
<b>Total operating expenses</b>	<u>432,076</u>	<u>1,337,374</u>	<u>1,769,450</u>
Operating Income (Loss)	<u>(1,234)</u>	<u>(16)</u>	<u>(1,250)</u>
<b>Non-Operating Revenues (Expenses)</b>			
Earnings - temporary deposits and investments		4,758	4,758
<b>Total non-operating revenues (expenses)</b>		<u>4,758</u>	<u>4,758</u>
Change in Net Position	(1,234)	4,742	3,508
<b>Net Position - July 1 (Beginning)</b>	<u>(159,907)</u>	<u>972,493</u>	<u>812,586</u>
<b>Net Position - June 30 (Ending)</b>	<u>\$ (161,141)</u>	<u>\$ 977,235</u>	<u>\$ 816,094</u>

**ARLINGTON INDEPENDENT SCHOOL DISTRICT**
**Exhibit H-5**
**COMBINING STATEMENT OF CASH FLOWS**
**INTERNAL SERVICE FUNDS**
**For The Year Ended June 30, 2015**

	<b>752</b>	<b>770</b>	
	<b>Print Shop</b>	<b>Workers' Compensation Fund</b>	<b>Total</b>
<b>Increase (Decrease) in Cash and Cash Equivalents</b>			
<b>Cash Flows from Operating Activities:</b>			
Cash received from user charges	\$ 385,594	\$ 494,006	\$ 879,600
Cash payments for insurance claims		(1,328,447)	(1,328,447)
Cash payments to suppliers	(254,873)		(254,873)
Cash payments for other operating expenses	(165,359)		(165,359)
<b>Net Cash Provided by (Used for) Operating Activities</b>	<u>(34,638)</u>	<u>(834,441)</u>	<u>(869,079)</u>
<b>Cash Flows from Investing Activities:</b>			
Interest on investments		4,758	4,758
<b>Net Cash Provided by Investing Activities</b>		<u>4,758</u>	<u>4,758</u>
Net Increase (decrease) in Cash and Cash Equivalents	(34,638)	(829,683)	(864,321)
Cash and Cash Equivalents at Beginning of Year	60,308	5,621,182	5,681,490
<b>Cash and Cash Equivalents at End of Year</b>	<u>\$ 25,670</u>	<u>\$ 4,791,499</u>	<u>\$ 4,817,169</u>
<b>Reconciliation to Balance Sheet:</b>			
Cash and Cash Equivalents Per Cash Flow	\$ 25,670	\$ 4,791,499	\$ 4,817,169
Cash and Cash Equivalents per Balance Sheet	<u>\$ 25,670</u>	<u>\$ 4,791,499</u>	<u>\$ 4,817,169</u>
<b>Reconciliation of Operating Income to Net Cash</b>			
<b>Provided by operating Activities:</b>			
Operating Income (Loss)	\$ (1,234)	\$ (16)	\$ (1,250)
<b>Adjustments to Reconcile Operating Income to</b>			
<b>Net Cash Provided by Operating Activities:</b>			
<b>Change in Assets and Liabilities:</b>			
Decrease (increase) in Interfund Receivables	57,295	(135,207)	(77,912)
Increase (decrease) in Accounts Payable	11,844	8,927	20,771
Increase (decrease) in Interfund Payables	(102,543)	(708,145)	(810,688)
<b>Net Cash Provided by (Used for) Operating Activities</b>	<u>\$ (34,638)</u>	<u>\$ (834,441)</u>	<u>\$ (869,079)</u>

## **FIDUCIARY FUND**

### **Agency Fund**

Student Activity Fund – An unbudgeted fund that accounts for the receipt and disbursement of monies from student activity organizations. This fund has no equity; assets are equal to liabilities, and it does not include revenues and expenditures for general operations of the school district.



# Arlington

INDEPENDENT SCHOOL DISTRICT

*More Than a Remarkable Education*

**ARLINGTON INDEPENDENT SCHOOL DISTRICT***Exhibit H-6***STATEMENT OF CHANGES IN ASSETS AND LIABILITIES****AGENCY FUNDS***For the Year Ended June 30, 2015*

	<b>Balance July 1, 2014</b>	<b>Additions</b>	<b>Deductions</b>	<b>Balance June 30, 2015</b>
<b>Student Activities</b>				
<b>Assets</b>				
Cash and cash equivalents	\$ 4,431,623	\$ 8,783,035	\$ 8,722,742	\$ 4,491,916
<b>Liabilities</b>				
Accounts payable	\$ 124,638	\$ 110,876	\$ 124,638	\$ 110,876
Due to student groups	4,306,985	8,672,159	8,598,104	4,381,040
<b>Total liabilities</b>	\$ 4,431,623	\$ 8,783,035	\$ 8,722,742	\$ 4,491,916



**Arlington**  
INDEPENDENT SCHOOL DISTRICT  
*More Than a Remarkable Education*



## **REQUIRED TEA SCHEDULES**

Section 21.256, Texas Education Code, requires an annual audit and authorizes the State Board of Education, with the approval of the State Auditor, to prescribe minimum regulations and report forms for the annual audit. *The Financial Accountability System Resource Guide* of the Texas Education Agency prescribes the forms and formats to be filed with the Texas Education Agency. This section fulfills the requirements for certain forms and formats required to be filed with the Texas Education Agency.

**ARLINGTON INDEPENDENT SCHOOL DISTRICT**

**SCHEDULE OF DELINQUENT TAXES RECEIVABLE**

*For the Year Ended June 30, 2015*

	1	2	3	10
<b>Last Ten Fiscal Years</b>	<b>Tax Rates</b>		<b>Net Assessed/Appraised Value For School Tax Purposes</b>	<b>Beginning Balance 7/1/2014</b>
	<b>Maintenance</b>	<b>Debt Service</b>		
2006 and prior	Various	Various	Various	\$ 7,925,553
2007	1.370000	0.240000	19,155,825,422	705,440
2008	1.040000	0.238000	20,074,396,432	566,376
2009	1.040000	0.232000	20,905,800,393	640,942
2010	1.040000	0.232000	20,756,079,556	836,414
2011	1.040000	0.295000	19,349,036,480	663,716
2012	1.040000	0.266000	19,472,765,823	737,803
2013	1.040000	0.261000	19,779,331,339	1,030,906
2014	1.040000	0.252170	20,220,917,724	3,835,260
2015	1.040000	0.308110	21,265,403,194	
<b>1000 TOTALS</b>				<u><u>\$ 16,942,410</u></u>
9000 Portion of Row 1000 for Taxes Paid into Tax Increment Zone Under Chapter 311, Tax Code				<u><u>\$</u></u>

*Exhibit J-1*

<b>20</b>	<b>31</b>	<b>32</b>	<b>40</b>	<b>50</b>
<b>Current Year's Total Levy</b>	<b>Maintenance Total Collections</b>	<b>Debt Service Total Collections</b>	<b>Entire Year's Adjustments</b>	<b>Ending Balance 6/30/2015</b>
\$	\$ 30,832	\$ 5,571	\$ (5,081)	\$ 7,884,069
	10,573	1,852	(1,851)	691,164
	11,898	2,723	1,452	553,207
	22,186	4,949	(2,037)	611,770
	70,561	15,741	31,277	781,389
	55,056	15,617	(32)	593,011
	90,345	23,064	689	625,083
	89,573	22,479	(163,067)	755,787
	1,924,959	465,877	(294,905)	1,149,519
<u>286,681,027</u>	<u>217,596,951</u>	<u>64,465,189</u>	<u></u>	<u>4,618,887</u>
<u>\$ 286,681,027</u>	<u>\$ 219,902,934</u>	<u>\$ 65,023,062</u>	<u>\$ (433,555)</u>	18,263,886
<b>Total taxes receivable per Exhibit C-1</b>				<u>\$ 18,263,886</u>
<u>\$ 5,179,308</u>	<u>\$ 5,179,308</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>

**ARLINGTON INDEPENDENT SCHOOL DISTRICT**
*Exhibit J-4*
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN NET POSITION -**
**ORIGINAL BUDGET, AMENDED FINAL AND ACTUAL - CHILD NUTRITION**
*For the Year Ended June 30, 2015*

<b>Data Control Codes</b>		<b>Child Nutrition</b>			
		<b>Budgeted Amounts</b>		<b>Actual Amounts, Budgetary Basis</b>	<b>Variance with Final Budget</b>
		<b>Original</b>	<b>Final</b>		
<b>Operating Revenues</b>					
5700	Local revenues	\$ 6,282,625	\$ 5,532,625	\$ 5,788,069	\$ 255,444
5800	State program revenues	181,000	181,000	194,705	13,705
	<b>Total operating revenues</b>	<u>6,463,625</u>	<u>5,713,625</u>	<u>5,982,774</u>	<u>269,149</u>
<b>Operating Expenses</b>					
6100	Payroll costs	13,139,227	13,139,227	11,966,987	1,172,240
6200	Professional and contracted services	3,387,729	2,821,119	2,389,209	431,910
6300	Curriculum and instructional staff	16,283,527	16,350,140	14,832,801	1,517,339
6400	Other operating costs	144,147	144,147	84,306	59,841
6449	Depreciation	962,400	962,400	1,227,078	(264,678)
	<b>Total operating expenses</b>	<u>33,917,030</u>	<u>33,417,033</u>	<u>30,500,381</u>	<u>2,916,652</u>
1100	Operating income (loss)	<u>(27,453,405)</u>	<u>(27,703,408)</u>	<u>(24,517,607)</u>	<u>3,185,801</u>
<b>Non-Operating Revenues (Expenses)</b>					
7020	Investment earnings	8,000	8,000	5,659	(2,341)
7952	National School Breakfast	5,512,859	5,512,859	5,546,881	34,022
7953	National School Lunch	19,844,438	19,844,438	18,391,454	(1,452,984)
7954	U.S.D.A. donated commodities	2,089,041	2,089,041	1,776,322	(312,719)
7980	Operating grants and contributions			8,000	8,000
	<b>Total non-operating revenues (expenses)</b>	<u>27,454,338</u>	<u>27,454,338</u>	<u>25,728,316</u>	<u>(1,726,022)</u>
	Income (loss) before transfers	933	(249,070)	1,210,709	1,459,779
<b>Capital Contributions and Transfers</b>					
7915	Operating transfers in		(1,200,000)	307,475	1,507,475
1200	Net change in net position	933	(1,449,070)	1,518,184	2,967,254
0100	<b>Net position - July 1 (beginning)</b>	20,762,009	20,762,009	20,762,009	
	Prior period adjustments			(5,037,450)	(5,037,450)
<b>3000</b>	<b>Net position - June 30 (ending)</b>	<u>\$ 20,762,942</u>	<u>\$ 19,312,939</u>	<u>\$ 17,242,743</u>	<u>\$ (2,070,196)</u>

**ARLINGTON INDEPENDENT SCHOOL DISTRICT**
*Exhibit J-5*
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -**
**ORIGINAL BUDGET, AMENDED FINAL AND ACTUAL - DEBT SERVICE FUND**
*For the Year Ended June 30, 2015*

		Debt Service			
		Budgeted Amounts			
Data Control Codes		Original	Final	Actual Amounts, Budgetary Basis	Variance with Final Budget
Revenues					
5700	Local revenues	\$ 65,541,071	\$ 64,541,071	\$ 65,545,323	\$ 1,004,252
5800	State program revenues	1,497,709	1,247,709	2,506,830	1,259,121
5900	Federal program revenues	584,932	583,432	584,617	1,185
Total revenues		67,623,712	66,372,212	68,636,770	2,264,558
Expenditures					
Debt Service:					
0071	Debt service expenditures	40,317,234	40,317,234	40,332,234	(15,000)
0072	Interest on long-term debt	23,480,799	23,480,799	23,013,348	467,451
0073	Bond issuance costs and fees	25,000	25,000	17,200	7,800
Total expenditures		63,823,033	63,823,033	63,362,782	460,251
1100	Excess (deficiency) of revenues over expenditures	3,800,679	2,549,179	5,273,988	2,724,809
Other Financing Sources (Uses)					
7916	Premium or discount on issuance of		1,500	1,770	270
Total other financing sources (uses)			1,500	1,770	270
1200	Net change in fund balance	3,800,679	2,550,679	5,275,758	2,725,079
0100	Fund balances - beginning	17,263,838	17,263,838	17,263,838	
3000	Fund balances - ending	\$ 21,064,517	\$ 19,814,517	\$ 22,539,596	\$ 2,725,079

**ARLINGTON INDEPENDENT SCHOOL DISTRICT**
*Exhibit J-6*
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -**
**ORIGINAL BUDGET, AMENDED FINAL AND ACTUAL - CAPITAL PROJECTS FUND**
*For the Year Ended June 30, 2015*

<b>Data Control Codes</b>		<b>Capital Projects Fund</b>			
		<b>Budgeted Amounts</b>		<b>Actual Amounts, Budgetary Basis</b>	<b>Variance with Final Budget</b>
		<b>Original</b>	<b>Final</b>		
	<b>Revenues</b>				
5700	Local revenues	\$ 1,914,108	\$ 1,314,108	\$ 1,381,326	\$ 67,218
	<b>Total revenues</b>	<u>1,914,108</u>	<u>1,314,108</u>	<u>1,381,326</u>	<u>67,218</u>
	<b>Expenditures</b>				
	<b>Current:</b>				
0011	Instruction	21,476,117	19,052,201	10,414,251	8,637,950
0012	Instruction resources and media services	169,699	164,396	154,399	9,997
0013	Curriculum and instructional staff	150,000	151,540	87,110	64,430
0021	Instructional leadership		20,324	20,324	
0023	School leadership	613,500	613,500		613,500
0034	Student transportation	7,896,652	6,828,776	2,568,163	4,260,613
0036	Extracurricular activities	173,400	200,000	142,491	57,509
0041	General administration		72,640	72,640	
0051	Plant maintenance and operations	42,816,807	62,343,480	8,602,521	53,740,959
0052	Security and monitoring services	1,063,330	1,225,214	980,000	245,214
0053	Data processing services	7,898,456	9,978,243	6,901,049	3,077,194
	<b>Debt Service:</b>				
0073	Bond issuance costs and fees		1,384,411	1,358,041	26,370
	<b>Capital Outlay:</b>				
0081	Facilities acquisition and construction	123,193,282	105,863,905	11,787,787	94,076,118
	<b>Total expenditures</b>	<u>205,451,243</u>	<u>207,898,630</u>	<u>43,088,776</u>	<u>164,809,854</u>
1100	Excess (deficiency) of revenues over expenditures	<u>(203,537,135)</u>	<u>(206,584,522)</u>	<u>(41,707,450)</u>	<u>164,877,072</u>
	<b>Other Financing Sources (Uses)</b>				
7911	Capital-related Debt Issued (Regular Bonds)	176,320,000	176,320,000	159,485,000	(16,835,000)
7912	Sale of real or personal property			2,886	2,886
7916	Premium or discount on issuance of bonds			18,219,411	18,219,411
	<b>Total other financing sources (uses)</b>	<u>176,320,000</u>	<u>176,320,000</u>	<u>177,707,297</u>	<u>1,387,297</u>
1200	Net change in fund balance	(27,217,135)	(30,264,522)	135,999,847	166,264,369
0100	<b>Fund balances - beginning</b>	<u>39,173,460</u>	<u>39,173,460</u>	<u>39,173,460</u>	
3000	<b>Fund balances - ending</b>	<u>\$ 11,956,325</u>	<u>\$ 8,908,938</u>	<u>\$ 175,173,307</u>	<u>\$ 166,264,369</u>

## STATISTICAL SECTION

(Unaudited)

*Statistical Tables are used to provide detailed data on the physical, economic, social and political characteristics of a government. They are intended to provide financial report users with a broader and more complete understanding of the government and its financial affairs than it is possible from the basic financial statements.*

*The District's Statistical Tables usually cover ten fiscal years and often present data from outside the accounting records. The tables are unaudited due to the nature of the information contained therein.*

	Page
<b>Financial Trends</b>	<b>112</b>
These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.	
<b>Revenue Capacity</b>	<b>122</b>
The schedules contain information to help the reader assess the government's most significant local revenue source, the property tax.	
<b>Debt Capacity</b>	<b>131</b>
The schedules present information to help the reader assess the affordability of the government's current levels of outstanding debt and the government's ability to issue additional debt in the future.	
<b>Demographic and Economic Information</b>	<b>135</b>
The schedules offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place.	
<b>Operating Information</b>	<b>141</b>
These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the government provides and the activities it performs.	

# ARLINGTON INDEPENDENT SCHOOL DISTRICT

## Net Position By Component

Last Ten Fiscal Years

(Unaudited)

	2015	2014	2013	2012
<b>Governmental Net Position</b>				
Net investment in capital assets	\$ 94,478,337	\$ 63,648,331	\$ 69,384,718	\$ 108,758,102
Restricted for federal and state programs	384,459	3,267,869	3,545,144	4,012,243
Restricted for debt service	15,936,844	13,376,345	13,151,459	13,521,565
Unrestricted	<u>143,006,519</u>	<u>219,267,502</u>	<u>175,806,732</u>	<u>121,565,824</u>
Total Governmental Net Position	<u>253,806,159</u>	<u>299,560,047</u>	<u>261,888,053</u>	<u>247,857,734</u>
<b>Business-Type Net Position</b>				
Net investment in capital assets	10,278,226	9,573,377	8,031,599	6,490,976
Restricted for federal and state programs	<u>6,882,026</u>	<u>11,105,771</u>	<u>10,397,105</u>	<u>8,758,026</u>
Total Business-Type Net Position	<u>17,160,252</u>	<u>20,679,148</u>	<u>18,428,704</u>	<u>15,249,002</u>
<b>Total Primary Government Net Position</b>				
Net investment in capital assets	104,756,563	73,221,708	77,416,317	115,249,078
Restricted for federal and state programs	7,266,485	14,373,640	13,942,249	12,770,269
Restricted for debt service	15,936,844	13,376,345	13,151,459	13,521,565
Unrestricted	<u>143,006,519</u>	<u>219,267,502</u>	<u>175,806,732</u>	<u>121,565,824</u>
Total Primary Government Net Position	<u>\$ 270,966,411</u>	<u>\$ 320,239,195</u>	<u>\$ 280,316,757</u>	<u>\$ 263,106,736</u>

Note: The District's fiscal year end date was changed from August 31 to June 30, with the fiscal year ended June 30, 2012 being a ten month conversion year.

Source: The Statement of Net Position for the Arlington Independent School District



Table 1

2011	2010	2009	2008	2007	2006
\$ 141,209,274	\$ 147,771,497	\$ 130,115,177	\$ 127,761,100	\$ 125,249,337	\$ 124,204,579
765,793	591,708				
10,372,956	11,514,055	11,493,475	11,179,949	9,906,502	10,484,767
31,612,353	17,856,878	41,275,183	32,833,653	30,752,492	14,461,322
<u>183,960,376</u>	<u>177,734,138</u>	<u>182,883,835</u>	<u>171,774,702</u>	<u>165,908,331</u>	<u>149,150,668</u>
6,836,367	5,073,483	4,842,862	4,743,464	2,766,693	2,721,646
6,332,092	6,441,746	4,613,342	2,747,825	4,489,698	3,527,224
<u>13,168,459</u>	<u>11,515,229</u>	<u>9,456,204</u>	<u>7,491,289</u>	<u>7,256,391</u>	<u>6,248,870</u>
148,045,641	152,844,980	134,958,039	132,504,564	128,016,030	126,926,225
765,793	591,708				
10,372,956	11,514,055	11,493,475	11,179,949	9,906,502	10,484,767
37,944,445	24,298,624	45,888,525	35,581,478	35,242,190	17,988,546
<u>\$ 197,128,835</u>	<u>\$ 189,249,367</u>	<u>\$ 192,340,039</u>	<u>\$ 179,265,991</u>	<u>\$ 173,164,722</u>	<u>\$ 155,399,538</u>

# ARLINGTON INDEPENDENT SCHOOL DISTRICT

## Expenses, Program Revenues, and Net Expenses

Last Ten Fiscal Years

(Unaudited)

	2015	2014	2013	2012
<b>Expenses</b>				
Governmental activities:				
Instruction	\$ 321,641,711	\$ 347,695,598	\$ 326,972,420	\$ 292,381,916
Instructional resources and media services	6,568,327	7,048,633	6,274,891	5,963,914
Curriculum and instructional staff development	11,706,779	10,292,439	9,499,551	6,701,859
Instructional leadership	6,918,312	7,124,368	6,687,141	5,435,172
School leadership	26,454,600	27,253,780	25,724,635	21,294,889
Guidance, counseling, and evaluation services	26,178,274	25,530,501	23,682,670	17,621,819
Social work services	2,360,625	2,326,072	2,138,454	1,780,216
Health services	5,025,111	5,501,273	5,108,523	4,840,254
Pupil transportation	12,436,347	10,901,683	10,203,605	8,976,259
Food services	591,766	388,674	432,435	344,969
Cocurricular/extracurricular activities	8,954,157	9,412,633	8,833,151	8,147,211
General administration	7,733,533	7,033,855	6,540,185	5,499,431
Facilities maintenance and operations	49,693,227	51,447,854	50,879,295	45,045,408
Security and monitoring services	6,309,707	5,144,430	4,942,866	3,835,434
Data processing services	14,815,067	8,197,313	7,628,023	6,664,602
Community services	2,902,788	3,179,647	3,115,412	2,835,888
Debt service - interest on long-term debt	21,421,011	15,486,058	19,368,480	16,860,954
Bond issuance cost and fees		-	-	-
Facilities repairs and maintenance	38,440,109	1,413,049	970,785	-
Payments to Juvenile Justice Alt. Ed. Program	67,467	53,396	41,125	266,250
Payments to Tax Increment Fund	7,028,326	7,565,996	3,817,396	3,507,648
Other intergovernmental charges	1,916,015	1,782,827	1,668,202	1,234,497
Total governmental activities	579,163,259	554,780,079	524,529,245	459,238,590
Business-type activities:				
Food services	30,500,382	30,208,241	28,573,344	25,529,203
<b>Total Expenses</b>	<u>609,663,641</u>	<u>584,988,320</u>	<u>553,102,589</u>	<u>484,767,793</u>
<b>Program Revenues</b>				
Governmental activities:				
Charges for services	3,136,176	2,864,989	2,956,248	2,682,308
Operating grants and contributions	70,491,908	65,603,117	62,110,376	55,880,066
Total governmental activities	<u>73,628,084</u>	<u>68,468,106</u>	<u>65,066,624</u>	<u>58,562,374</u>
Business-type activities:				
Charges for services	5,982,774	6,197,429	6,233,987	5,744,326
Operating grants and contributions	25,714,657	26,175,558	25,409,362	21,856,266
Total business-type activities	<u>31,697,431</u>	<u>32,372,987</u>	<u>31,643,349</u>	<u>27,600,592</u>
<b>Total Program Revenues</b>	<u>105,325,515</u>	<u>100,841,093</u>	<u>96,709,973</u>	<u>86,162,966</u>
<b>Net Expenses</b>	<u>\$ (504,338,126)</u>	<u>\$ (484,147,227)</u>	<u>\$ (456,392,616)</u>	<u>\$ (398,604,827)</u>

Note: The District's fiscal year end date was changed from August 31 to June 30, with the fiscal year ended June 30, 2012 being a ten month conversion year.

Source: The Statement of Activities for the Arlington Independent School District

Table 2

2011	2010	2009	2008	2007	2006
\$ 348,387,954	\$ 333,613,428	\$ 319,106,962	\$ 318,135,876	\$ 294,926,625	\$ 280,740,851
6,897,415	7,124,969	6,762,018	6,858,837	6,420,665	6,370,496
10,215,377	9,817,622	9,359,461	7,619,668	5,902,262	4,756,842
7,334,939	7,370,271	6,965,450	8,380,036	8,127,973	7,942,270
26,790,801	26,025,054	25,854,423	26,363,944	25,680,276	24,592,345
22,504,083	21,797,944	21,258,719	20,717,715	19,700,600	18,387,991
2,336,399	2,402,024	2,051,433	1,869,664	1,792,644	1,554,436
5,197,041	5,221,341	5,157,522	5,108,663	4,809,313	4,461,762
11,096,233	11,221,782	10,909,491	10,737,715	9,543,739	9,399,263
322,046	527,576	546,162	971,941	479,770	1,018,702
9,483,994	8,834,971	8,543,218	8,750,235	8,244,478	7,777,187
6,986,698	7,344,859	7,559,030	7,438,693	8,252,858	7,472,347
54,973,176	55,179,227	49,624,734	47,461,306	48,594,107	45,060,395
4,839,013	5,272,936	4,904,875	4,978,604	4,419,667	3,698,311
8,134,179	7,559,353	7,395,250	7,417,080	7,396,874	6,753,176
3,991,485	3,615,273	3,195,293	1,624,189	1,571,080	1,563,970
19,944,575	19,288,178	18,973,025	18,400,544	23,088,683	24,573,572
-	-	493,392	358,554	239,446	197,044
-	-	-	68,543	122,747	133,085
350,625	402,500	494,910	380,750	156,285	184,670
3,526,152	4,676,718	2,690,197	2,123,889	2,248,873	2,087,417
1,557,935	1,592,312	1,588,962	1,475,596	-	-
554,870,120	538,888,338	513,434,527	507,242,042	481,718,965	458,726,132
25,846,331	25,344,736	23,939,432	24,331,289	21,453,579	21,534,122
580,716,451	564,233,074	537,373,959	531,573,331	503,172,544	480,260,254
2,992,981	2,981,285	2,733,447	2,896,183	2,655,374	2,625,550
123,583,489	106,339,356	67,719,599	68,070,746	57,540,521	59,533,215
126,576,470	109,320,641	70,453,046	70,966,929	60,195,895	62,158,765
6,296,733	6,913,729	7,146,249	7,324,929	7,012,649	8,220,310
21,051,104	20,385,549	18,573,326	17,100,511	15,204,997	14,886,059
27,347,837	27,299,278	25,719,575	24,425,440	22,217,646	23,106,369
153,924,307	136,619,919	96,172,621	95,392,369	82,413,541	85,265,134
\$ (426,792,144)	\$ (427,613,155)	\$ (441,201,338)	\$ (436,180,962)	\$ (420,759,003)	\$ (394,995,120)

# ARLINGTON INDEPENDENT SCHOOL DISTRICT

## General Revenues and Total Change in Net Position

Last Ten Fiscal Years

(Unaudited)

	2015	2014	2013	2012
<b>Net expense</b>				
Governmental activities	\$ (505,535,175)	\$ (486,311,973)	\$ (459,462,621)	\$ (400,676,216)
Business-type activities	<u>1,197,049</u>	<u>2,164,746</u>	<u>3,070,005</u>	<u>2,071,389</u>
Total net expenses	<u>(504,338,126)</u>	<u>(484,147,227)</u>	<u>(456,392,616)</u>	<u>(398,604,827)</u>
<b>General Revenues</b>				
Governmental Activities				
Taxes				
Property taxes levied for general purposes	216,566,195	206,070,657	200,219,710	196,230,568
Property taxes levied for debt service	65,816,287	51,143,124	50,876,378	50,736,898
State Aid Formula Grants	239,828,021	248,873,467	209,684,541	208,267,754
Grants and contributions - not restricted	9,131,377	8,593,641	9,835,162	4,421,877
Investment earnings	458,884	237,042	418,043	470,629
Miscellaneous local and intermediate revenue	10,103,186	9,145,584	6,209,381	4,445,848
Transfers out	<u>(307,475)</u>	<u>(79,552)</u>	<u>(99,159)</u>	<u>-</u>
Total Government Activities	<u>541,596,475</u>	<u>523,983,963</u>	<u>477,144,056</u>	<u>464,573,574</u>
Business-type Activities				
Unrestricted investment earnings	6,030	6,146	10,538	9,154
Grants and contributions - not restricted	8,000			
Transfers in	<u>307,475</u>	<u>79,552</u>	<u>99,159</u>	<u>-</u>
Total Business-type Activities	<u>321,505</u>	<u>85,698</u>	<u>109,697</u>	<u>9,154</u>
Total General Revenues	<u>541,917,980</u>	<u>524,069,661</u>	<u>477,253,753</u>	<u>464,582,728</u>
<b>Change in Net Position</b>				
Governmental activities	36,061,300	37,671,990	17,681,435	63,897,358
Business-type activities	<u>1,518,554</u>	<u>2,250,444</u>	<u>3,179,702</u>	<u>2,080,543</u>
Total change in net position	<u>\$ 37,579,854</u>	<u>\$ 39,922,434</u>	<u>\$ 20,861,137</u>	<u>\$ 65,977,901</u>

Source: The Statement of Activities for the Arlington Independent School District

Note: The District's fiscal year end date was changed from August 31 to June 30, with the fiscal year ended June 30, 2012 being a ten month conversion year.

Table 3

2011	2010	2009	2008	2007	2006
\$ (428,293,650)	\$ (429,567,697)	\$ (442,981,481)	\$ (436,275,113)	\$ (421,523,070)	\$ (396,567,367)
<u>1,501,506</u>	<u>1,954,542</u>	<u>1,780,143</u>	<u>94,151</u>	<u>764,067</u>	<u>1,572,247</u>
<u>(426,792,144)</u>	<u>(427,613,155)</u>	<u>(441,201,338)</u>	<u>(436,180,962)</u>	<u>(420,759,003)</u>	<u>(394,995,120)</u>
192,163,019	209,744,123	213,225,430	203,831,754	254,867,064	269,294,985
55,384,589	47,297,808	48,103,125	46,996,542	45,037,591	44,407,232
175,464,300	157,265,155	168,943,843	176,346,363	119,521,344	84,788,321
6,513,486	4,892,850	2,768,238	1,582,590	1,202,126	1,460,292
378,193	451,996	1,994,577	8,240,277	10,708,678	9,682,596
4,758,899	4,858,323	19,215,304	5,170,591	7,047,149	5,553,945
<u>(142,598)</u>	<u>(92,255)</u>	<u>(159,903)</u>	<u>(26,633)</u>	<u>(103,219)</u>	<u>(160,382)</u>
<u>434,519,888</u>	<u>424,418,000</u>	<u>454,090,614</u>	<u>442,141,484</u>	<u>438,280,733</u>	<u>415,026,989</u>
9,126	12,228	24,869	114,114	140,235	101,389
<u>142,598</u>	<u>92,255</u>	<u>159,903</u>	<u>26,633</u>	<u>103,219</u>	<u>160,382</u>
<u>151,724</u>	<u>104,483</u>	<u>184,772</u>	<u>140,747</u>	<u>243,454</u>	<u>261,771</u>
<u>434,671,612</u>	<u>424,522,483</u>	<u>454,275,386</u>	<u>442,282,231</u>	<u>438,524,187</u>	<u>415,288,760</u>
6,226,238	(5,149,697)	11,109,133	5,866,371	16,757,663	18,459,622
<u>1,653,230</u>	<u>2,059,025</u>	<u>1,964,915</u>	<u>234,898</u>	<u>1,007,521</u>	<u>1,834,018</u>
<u>\$ 7,879,468</u>	<u>\$ (3,090,672)</u>	<u>\$ 13,074,048</u>	<u>\$ 6,101,269</u>	<u>\$ 17,765,184</u>	<u>\$ 20,293,640</u>

# ARLINGTON INDEPENDENT SCHOOL DISTRICT

## Fund Balances, Governmental Funds

Last Ten Fiscal Years

(Unaudited)

	2015	2014	2013	2012
<b>Governmental Funds</b>				
General Fund				
Reserved	\$ -	\$ -	\$ -	\$ -
Unreserved		-	-	-
Nonspendable	1,713,539	1,606,801	1,628,288	2,321,489
Restricted	578,140	2,870,621	3,340,521	3,426,730
Committed	4,729,182	22,729,187	24,295,514	-
Assigned	7,086,126	8,474,064	2,279,066	1,796,695
Unassigned	<u>174,656,116</u>	<u>153,115,642</u>	<u>124,747,892</u>	<u>131,710,852</u>
Total General Fund	<u>188,763,103</u>	<u>188,796,315</u>	<u>156,291,281</u>	<u>139,255,766</u>
All Other Governmental Funds				
Reserved, reported in:				
Debt Service Fund	-	-	-	-
Capital Projects Fund	-	-	-	-
Special Revenue Funds	-	-	-	-
Unreserved, reported in:				
Capital Projects Fund	-	-	-	-
Special Revenue Funds	-	-	-	-
Restricted, reported in:				
Debt Service Fund	22,539,596	17,263,838	17,991,873	19,943,320
Capital Projects Fund	166,150,566	30,150,719	52,341,698	74,596,781
Special Revenue Funds	384,459	397,248	204,623	585,883
Committed, reported in:				
Capital Projects Fund	9,022,742	9,022,741	7,960,557	9,773,397
Special Revenue Funds	28,335,237	25,825,072	24,099,660	21,763,063
Unassigned, reported in:				
Special Revenue Funds	<u>(2,284)</u>	<u>(2,284)</u>	<u>(410)</u>	<u>-</u>
Total All Other Governmental Funds	<u>226,430,316</u>	<u>82,657,334</u>	<u>102,598,001</u>	<u>126,662,444</u>
Total Governmental Funds	<u>\$ 415,193,419</u>	<u>\$ 271,453,649</u>	<u>\$ 258,889,282</u>	<u>\$ 265,918,210</u>

Note: During the fiscal year 2011, the District adopted GASB Statement No. 54. Implementing this standard affected the presentation of fund balance on the governmental funds balance sheet.

Note: The District's fiscal year end date was changed from August 31 to June 30, with the fiscal year ended June 30, 2012 being a ten month conversion year.

Source: The Balance Sheet of Governmental Funds for the Arlington Independent School District

Table 4

2011	2010	2009	2008	2007	2006
\$ -	\$ 2,885,729	\$ 1,747,764	\$ 2,337,995	\$ 3,779,183	\$ 4,535,119
-	72,834,097	72,201,941	82,792,531	93,219,104	89,944,084
1,442,647	-	-	-	-	-
3,139,278	-	-	-	-	-
-	-	-	-	-	-
1,110,123	-	-	-	-	-
82,699,694	-	-	-	-	-
<u>88,391,742</u>	<u>75,719,826</u>	<u>73,949,705</u>	<u>85,130,526</u>	<u>96,998,287</u>	<u>94,479,203</u>
-	10,893,002	11,493,475	11,179,949	9,906,502	10,484,767
-	7,212,480	402,724	337,560	1,025,973	58,648
-	131,285	19,871	354,240	119,540	103,221
-	60,228,753	21,591,851	22,034,951	22,958,872	25,500,326
-	18,909,781	22,566,161	7,966,570	3,043,145	82,301
10,319,240	-	-	-	-	-
78,507,888	-	-	-	-	-
765,793	-	-	-	-	-
7,867,404	-	-	-	-	-
20,878,309	-	-	-	-	-
-	-	-	-	-	-
<u>118,338,634</u>	<u>97,375,301</u>	<u>56,074,082</u>	<u>41,873,270</u>	<u>37,054,032</u>	<u>36,229,263</u>
<u>\$ 206,730,376</u>	<u>\$ 173,095,127</u>	<u>\$ 130,023,787</u>	<u>\$ 127,003,796</u>	<u>\$ 134,052,319</u>	<u>\$ 130,708,466</u>

# ARLINGTON INDEPENDENT SCHOOL DISTRICT

## Governmental Funds Expenditures and Debt Service Ratio<sup>1</sup>

Last Ten Fiscal Years

(Unaudited)

	2015	2014	2013	2012
<b>Expenditures</b>				
Governmental Activities				
11 Instruction	\$ 341,740,353	\$ 333,760,496	\$ 315,443,325	\$ 282,673,930
12 Instructional resources and media services	6,965,671	6,759,756	6,013,136	5,701,051
13 Curriculum and staff development services	12,037,844	10,105,982	9,347,159	6,613,513
Total function 10	<u>360,743,868</u>	<u>350,626,234</u>	<u>330,803,620</u>	<u>294,988,494</u>
21 Instructional leadership	7,380,990	6,836,929	6,408,693	5,253,816
23 School leadership	27,774,460	25,939,275	24,550,708	20,425,269
Total function 20	<u>35,155,450</u>	<u>32,776,204</u>	<u>30,959,401</u>	<u>25,679,085</u>
31 Guidance, counseling, and evaluation services	27,418,043	24,417,906	22,666,317	16,979,919
32 Social work services	2,576,150	2,325,244	2,137,027	1,736,929
33 Health services	5,370,810	5,233,736	4,872,288	4,623,820
34 Student transportation	12,987,216	13,196,865	12,524,372	8,723,934
35 Food service	592,272	388,210	433,000	349,393
36 Extracurricular activities	9,548,432	9,065,988	8,467,395	7,804,876
Total function 30	<u>58,492,923</u>	<u>54,627,949</u>	<u>51,100,399</u>	<u>40,218,871</u>
41 General administration	8,253,048	6,739,452	6,285,394	5,466,109
Total function 40	<u>8,253,048</u>	<u>6,739,452</u>	<u>6,285,394</u>	<u>5,466,109</u>
51 Plant maintenance and operations	51,982,273	50,130,534	49,651,274	43,947,936
52 Security and monitoring services	6,591,625	5,207,624	5,540,877	3,780,303
53 Data processing services	15,350,755	9,408,419	8,440,673	7,158,556
Total function 50	<u>73,924,653</u>	<u>64,746,577</u>	<u>63,632,824</u>	<u>54,886,795</u>
61 Community services	2,990,839	3,178,207	3,111,373	2,835,888
Total function 60	<u>2,990,839</u>	<u>3,178,207</u>	<u>3,111,373</u>	<u>2,835,888</u>
71 Debt service				
71 Principal on long-term debt	41,178,329	41,621,319	37,769,533	37,834,692
72 Interest on long-term debt	23,127,591	16,065,298	20,349,329	10,554,395
73 Bond issuance costs and fees	1,375,241	485,189	682,386	587,366
Total function 70	<u>65,681,161</u>	<u>58,171,806</u>	<u>58,801,248</u>	<u>48,976,453</u>
81 Facilities acquisition/construction	38,440,109	17,302,865	18,511,812	14,201,868
Total function 80	<u>38,440,109</u>	<u>17,302,865</u>	<u>18,511,812</u>	<u>14,201,868</u>
95 Payments to Juvenile Justice Alt. Ed. Program	67,467	53,396	41,125	266,250
97 Payments to Tax Increment Fund	7,028,326	7,565,996	3,817,396	3,507,648
99 Other intergovernmental charges	1,916,015	1,782,827	1,668,202	1,234,497
Total function 90	<u>9,011,808</u>	<u>9,402,219</u>	<u>5,526,723</u>	<u>5,008,395</u>
Total Expenditures	<u>\$ 652,693,859</u>	<u>\$ 597,571,513</u>	<u>\$ 568,732,794</u>	<u>\$ 492,261,958</u>
Debt Service as a % of noncapital expenditures:	10.65%	10.03%	10.70%	10.18%

<sup>1</sup> Includes General, Debt Service, Capital Projects, and Special Revenue Funds; Excludes capital expenditures and bond issuance costs and fees.

Note: The District's fiscal year end date was changed from August 31 to June 30, with the fiscal year ended June 30, 2012 being a ten month conversion year.

Source: Statement of Revenues, Expenditures, and Changes in Fund Balances Governmental Funds - Governmental Funds



Table 5

2011	2010	2009	2008	2007	2006
\$ 337,517,461	\$ 321,288,764	\$ 306,723,075	\$ 303,669,652	\$ 281,059,009	\$ 266,791,043
6,627,414	6,842,736	6,512,774	6,650,970	6,192,909	6,151,694
10,075,614	9,651,957	9,262,192	7,594,366	5,902,513	4,765,322
<u>354,220,489</u>	<u>337,783,457</u>	<u>322,498,041</u>	<u>317,914,988</u>	<u>293,154,431</u>	<u>277,708,059</u>
7,086,068	7,156,101	6,790,192	8,378,649	8,095,663	8,038,052
<u>25,630,104</u>	<u>24,875,316</u>	<u>24,788,344</u>	<u>24,864,910</u>	<u>23,930,713</u>	<u>22,997,856</u>
<u>32,716,172</u>	<u>32,031,417</u>	<u>31,578,536</u>	<u>33,243,559</u>	<u>32,026,376</u>	<u>31,035,908</u>
21,652,300	20,957,060	20,489,517	19,751,286	18,629,694	17,268,933
2,245,542	2,402,098	2,055,563	1,869,337	1,791,682	1,555,261
4,956,320	4,993,365	4,946,724	4,907,937	4,633,344	4,259,540
15,807,145	10,714,690	10,529,201	12,265,659	10,769,991	10,485,823
323,496	639,414	593,065	456,308	505,921	558,603
<u>9,094,628</u>	<u>8,470,813</u>	<u>8,184,309</u>	<u>8,612,057</u>	<u>7,589,312</u>	<u>7,177,315</u>
<u>54,079,431</u>	<u>48,177,440</u>	<u>46,798,379</u>	<u>47,862,584</u>	<u>43,919,944</u>	<u>41,305,475</u>
6,654,255	7,052,625	7,281,396	7,479,662	8,260,795	7,511,952
<u>6,654,255</u>	<u>7,052,625</u>	<u>7,281,396</u>	<u>7,479,662</u>	<u>8,260,795</u>	<u>7,511,952</u>
53,716,243	53,638,705	47,613,777	47,193,293	48,587,281	44,663,482
4,905,258	5,246,305	4,699,965	4,712,767	4,292,615	3,462,366
<u>9,272,962</u>	<u>7,588,830</u>	<u>7,182,359</u>	<u>7,922,556</u>	<u>7,656,137</u>	<u>7,159,563</u>
<u>67,894,463</u>	<u>66,473,840</u>	<u>59,496,101</u>	<u>59,828,616</u>	<u>60,536,033</u>	<u>55,285,411</u>
4,013,529	3,615,273	3,194,170	1,604,699	1,571,080	1,544,259
<u>4,013,529</u>	<u>3,615,273</u>	<u>3,194,170</u>	<u>1,604,699</u>	<u>1,571,080</u>	<u>1,544,259</u>
38,553,033	28,870,288	29,539,530	32,378,416	30,872,051	21,862,060
20,227,161	19,431,220	20,028,332	19,353,333	21,719,966	29,952,797
<u>686,532</u>	<u>468,727</u>	<u>258,622</u>	<u>1,062,200</u>	<u>16,567</u>	<u>792,269</u>
<u>59,466,726</u>	<u>48,770,235</u>	<u>49,826,484</u>	<u>52,793,949</u>	<u>52,608,584</u>	<u>52,607,126</u>
14,016,545	7,712,002	555,969	1,312,178	2,880,923	2,039,093
<u>14,016,545</u>	<u>7,712,002</u>	<u>555,969</u>	<u>1,312,178</u>	<u>2,880,923</u>	<u>2,039,093</u>
350,625	402,500	494,910	380,750	156,285	184,670
3,526,152	4,676,718	2,690,197	2,123,889	2,248,873	2,087,417
<u>1,557,935</u>	<u>1,592,312</u>	<u>1,588,962</u>	<u>1,475,596</u>		
<u>5,434,712</u>	<u>6,671,530</u>	<u>4,774,069</u>	<u>3,980,235</u>	<u>2,405,158</u>	<u>2,272,087</u>
<u>\$ 598,496,322</u>	<u>\$ 558,287,819</u>	<u>\$ 526,003,145</u>	<u>\$ 526,020,470</u>	<u>\$ 497,363,324</u>	<u>\$ 471,309,370</u>
10.20%	8.79%	9.44%	9.92%	10.71%	11.11%

# ARLINGTON INDEPENDENT SCHOOL DISTRICT

## Governmental Funds Revenues

Last Ten Fiscal Years<sup>1</sup>

(Unaudited)

	2015	2014	2013	2012
<b>Federal Sources</b>				
Federal grants	\$ 42,136,553	\$ 41,952,884	\$ 43,385,720	\$ 36,002,530
<b>State Sources</b>				
State education finance program	264,223,711	270,883,707	228,966,201	219,479,345
State grants and other sources	<u>12,912,613</u>	<u>9,900,166</u>	<u>8,966,911</u>	<u>11,896,826</u>
Total State Sources	<u>277,136,324</u>	<u>280,783,873</u>	<u>237,933,112</u>	<u>231,376,171</u>
<b>Local Sources</b>				
Property taxes	281,717,598	261,295,774	251,505,877	246,967,468
Capital Projects Funds	1,381,326	1,185,374	785,629	758,161
Athletic/extracurricular activities	647,589	638,644	665,371	716,770
Other local sources	<u>10,911,176</u>	<u>6,863,764</u>	<u>9,670,141</u>	<u>7,365,653</u>
Total Local Sources	<u>294,657,689</u>	<u>269,983,556</u>	<u>262,627,018</u>	<u>255,808,052</u>
Total Revenues	<u>\$ 613,930,566</u>	<u>\$ 592,720,313</u>	<u>\$ 543,945,850</u>	<u>\$ 523,186,753</u>

<sup>1</sup> Includes General, Debt Service, Capital Projects, and Special Revenue Funds

Note: The District's fiscal year end date was changed from August 31 to June 30, with the fiscal year ended June 30, 2012 being a ten month conversion year.

Source: Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds

Table 6

2011	2010	2009	2008	2007	2006
<u>\$ 97,835,232</u>	<u>\$ 80,665,294</u>	<u>\$ 37,598,710</u>	<u>\$ 33,431,030</u>	<u>\$ 30,530,310</u>	<u>\$ 35,955,353</u>
197,935,860	180,200,696	199,547,501	210,863,521	146,409,376	108,245,489
<u>7,008,854</u>	<u>7,268,336</u>	<u>1,947,977</u>	<u>1,582,590</u>	<u>1,202,126</u>	<u>1,460,292</u>
<u>204,944,714</u>	<u>187,469,032</u>	<u>201,495,478</u>	<u>212,446,111</u>	<u>147,611,502</u>	<u>109,705,781</u>
251,384,848	262,647,327	269,654,275	250,828,296	303,417,980	313,702,217
807,012	692,089	849,536	1,313,291	1,847,001	2,536,749
705,751	890,184	712,894	722,281	663,823	710,082
<u>9,094,658</u>	<u>(527,152)</u>	<u>14,677,265</u>	<u>14,516,562</u>	<u>12,810,829</u>	<u>13,145,699</u>
<u>261,992,269</u>	<u>263,702,448</u>	<u>285,893,970</u>	<u>267,380,430</u>	<u>318,739,633</u>	<u>330,094,747</u>
<u>\$ 564,772,215</u>	<u>\$ 531,836,774</u>	<u>\$ 524,988,158</u>	<u>\$ 513,257,571</u>	<u>\$ 496,881,445</u>	<u>\$ 475,755,881</u>

**ARLINGTON INDEPENDENT SCHOOL DISTRICT**  
**Other Financing Sources and Uses and Net Change in Fund Balances**  
**Last Ten Fiscal Years**  
**(Unaudited)**

	2015	2014	2013	2012
<b>Excess of revenues over (under) expenditures</b>	\$ (38,763,293)	\$ (4,851,200)	\$ (24,786,944)	\$ 30,924,795
<b>Other financial sources (uses):</b>				
General long-term debt issued	159,485,000	16,180,000	16,390,000	44,364,966
General long-term debt refunding	-	72,020,000	76,482,234	-
Premium or discount on issuance of bonds	18,221,181	8,081,458	7,667,322	4,733,364
Sale of real and personal property	2,886	35,384	69,561	34,881
Proceeds from capital leases	-	-	-	-
Loan Issuance	4,113,971	433,107	-	-
Transfers in	-	-	2,799	1,925,679
Transfers out	(307,475)	(79,552)	(98,958)	(1,925,679)
Payment to escrow agent	-	(79,254,833)	(82,754,942)	(20,870,172)
Natural gas lease	987,500	-	-	-
<b>Total other financing sources (uses)</b>	<u>182,503,063</u>	<u>17,415,564</u>	<u>17,758,016</u>	<u>28,263,039</u>
<b>Net change in fund balances</b>	<u>\$ 143,739,770</u>	<u>\$ 12,564,364</u>	<u>\$ (7,028,928)</u>	<u>\$ 59,187,834</u>

Note: The District's fiscal year end date was changed from August 31 to June 30, with the fiscal year ended June 30, 2012 being a ten month conversion year.

Source: Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds

Table 7

2011	2010	2009	2008	2007	2006
\$ (33,724,107)	\$ (26,451,045)	\$ (1,014,987)	\$ (12,762,899)	\$ (481,879)	\$ 4,446,521
64,372,485	-	-	-	-	-
-	65,755,000	12,465,000	114,350,000	-	82,880,000
2,644,506	1,748,110	430,700	5,508,050	-	5,696,384
395,149	917,386	-	574,010	74,634	384,226
89,815	219,578	-	70,215	-	264,066
-	974,566	3,924,908	-	232,843	1,653,465
-	3,585,325	18,896	32,243	44,769	73,979
(142,598)	(3,677,580)	(156,799)	(20,876)	(97,988)	(152,544)
-	-	(12,647,727)	(118,844,460)	-	(88,067,671)
-	-	-	4,045,194	3,571,474	722,075
<u>67,359,357</u>	<u>69,522,385</u>	<u>4,034,978</u>	<u>5,714,376</u>	<u>3,825,732</u>	<u>3,453,980</u>
<u>\$ 33,635,250</u>	<u>\$ 43,071,340</u>	<u>\$ 3,019,991</u>	<u>\$ (7,048,523)</u>	<u>\$ 3,343,853</u>	<u>\$ 7,900,501</u>

Table 8

**ARLINGTON INDEPENDENT SCHOOL DISTRICT**  
Appraised Value and Actual Value of Taxable Property  
Last Ten Fiscal Years  
(Unaudited)

Fiscal Year	<b>Appraised Value</b>			Total Estimated Taxable Value	Total Direct Rate
	Residential or <u>Real Property</u>	Personal <u>Property</u>	Less: <u>Exemptions</u>		
2006	\$ 18,181,134,394	\$ 3,693,993,256	\$ 3,624,947,075	\$ 18,250,180,575	1.745460
2007	18,953,034,734	3,909,156,717	3,706,366,029	19,155,825,422	1.610000
2008	19,836,493,860	4,011,609,057	3,773,706,485	20,074,396,432	1.278000
2009	20,718,304,882	4,232,461,721	4,044,966,210	20,905,800,393	1.272000
2010	20,903,886,353	4,346,942,585	4,494,749,382	20,756,079,556	1.272000
2011	20,041,660,089	3,858,013,644	4,550,637,253	19,349,036,480	1.335000
2012	20,018,366,118	4,131,626,701	4,677,226,996	19,472,765,823	1.305500
2013	20,281,235,605	4,289,821,428	4,791,725,694	19,779,331,339	1.301000
2014	20,953,089,907	4,259,956,704	4,992,128,887	20,220,917,724	1.292170
2015	21,668,162,540	5,218,291,540	5,621,050,886	21,265,403,194	1.348110

Source: Tarrant County

Table 9

**ARLINGTON INDEPENDENT SCHOOL DISTRICT**

Direct and Overlapping Property Tax Rates

Last Ten Fiscal Years

(Unaudited)

<u>Fiscal Year</u>	<u>Local Maintenance</u>	<u>Debt Service</u>	<u>Total</u>	<u>Tarrant County<sup>2</sup></u>	<u>City of Arlington</u>	<u>City of Fort Worth</u>	<u>City of Grand Prairie</u>	<u>Town of Pantego</u>	<u>City of Dalworthington Gardens</u>
2005-06	1.500000	0.245460	1.745460	0.737277	0.648000	0.865000	0.669998	0.398834	0.262739
2006-07	1.370000	0.240000	1.610000	0.736627	0.648000	0.860000	0.669998	0.382880	0.262739
2007-08	1.040000	0.238000	1.278000	0.735277	0.648000	0.855000	0.669998	0.373270	0.262739
2008-09	1.040000	0.232000	1.272000	0.720277	0.648000	0.855000	0.669998	0.373270	0.262739
2009-10	1.040000	0.232000	1.272000	0.713857	0.648000	0.855000	0.669998	0.373270	0.262739
2010-11	1.040000	0.295000	1.335000	0.713567	0.648000	0.855000	0.669998	0.373270	0.262739
2011-12	1.040000	0.265500	1.305500	0.713537	0.648000	0.855000	0.669998	0.410000	0.262739
2012-13	1.040000	0.261000	1.301000	0.724867	0.648000	0.855000	0.669998	0.410000	0.262739
2013-14	1.040000	0.252170	1.292170	0.724867	0.648000	0.855000	0.669998	0.420000	0.262739
2014-15	1.040000	0.308110	1.348110	0.741397	0.648000	0.855000	0.669998	0.420000	0.262739

<sup>1</sup>Includes rates for operating and debt service costs<sup>2</sup>Includes Tarrant County, Tarrant County College, Tarrant Regional Water District, JPS Health Network, and Tarrant County Emergency Services District

Source: Tarrant County and City of Grand Prairie

Table 10

**ARLINGTON INDEPENDENT SCHOOL DISTRICT**

Direct and Overlapping Property Tax Levies  
 Last Ten Fiscal Years  
 (Unaudited)

Fiscal Year	AISD Property Tax Levy	Overlapping Levies					
		Tarrant County <sup>1</sup>	City of Arlington	City of Fort Worth	City of Grand Prairie	Town of Pantego	City of Dalworthington Gardens
2006	\$ 310,342,233	\$ 622,448,062	\$ 102,984,068	\$ 253,150,231	\$ 47,567,932	\$ 872,333	\$ 661,401
2007	301,491,681	684,748,246	107,697,040	289,444,942	53,828,763	875,013	713,036
2008	252,530,606	733,412,806	112,644,235	320,374,571	61,700,580	899,974	747,602
2009	252,351,441	774,430,479	116,732,720	336,676,822	65,699,162	932,155	754,256
2010	250,819,373	789,844,701	115,724,665	345,778,617	64,170,530	939,334	790,591
2011	251,394,282	774,047,114	110,604,993	341,028,726	62,231,126	903,789	789,284
2012	248,339,784	798,447,284	111,088,494	348,384,651	63,267,520	988,951	799,455
2013	252,776,355	808,754,010	113,513,529	355,057,237	62,804,427	1,003,031	855,580
2014	263,208,691	823,644,959	115,683,433	362,833,021	65,947,913	1,004,406	839,569
2015	286,681,027	878,365,639	120,801,020	399,125,408	74,340,365	1,021,855	850,853

<sup>1</sup> Includes Tarrant County, Tarrant County College, Tarrant Regional Water District, JPS Health Network, and Tarrant County Emergency Services District

Source: Tarrant County and City of Grand Prairie



Table 11

# **ARLINGTON INDEPENDENT SCHOOL DISTRICT**

Principal Property Taxpayers  
Current Year and Nine Years Ago  
(Unaudited)

	2015			2006		
	October 2014 Taxable Value	Rank	Percentage of Total Taxable Value	October 2005 Taxable Value	Rank	Percentage of Total Taxable Value
General Motors Corp.	\$ 575,930,777	1	2.65 %	\$ 345,259,663	1	1.89 %
Arlington Highlands LTD	146,427,000	2	0.67			
Parks at Arlington, LP.	142,695,717	3	0.66	140,830,000	2	0.77
Grand Prairie Premium Outlets LP	142,287,467	4	0.65			
Oncor Electric Delivery Co., LLC	141,840,244	5	0.65	131,526,479	3	0.72
Bell Helicopter Textron, Inc	130,544,075	6	0.60			
Chesapeake Operating (WI)	102,720,710	7	0.47			
Republic Beverage	92,734,017	8	0.43			
Six Flags Fund II LTD	89,155,407	9	0.41	71,611,786	7	0.39
Lincoln Square Dunhill LP	63,000,000	10	0.29			
McKesson Corporation				112,737,838	4	0.62
Southwestern Bell				97,121,570	5	0.53
Textron, Inc.				85,085,533	6	0.47
National Semiconductor				61,963,344	8	0.34
Acf Investment Corp				49,682,908	9	0.27
Usmd Surgical Hospital of Arlington				46,094,895	10	0.25
	<u>\$ 1,627,335,414</u>		<u>7.48 %</u>	<u>\$ 1,141,914,016</u>		<u>6.26 %</u>

Source: Tarrant Appraisal District

Table 12

**ARLINGTON INDEPENDENT SCHOOL DISTRICT**

## Property Tax Levies and Collections

## Last Ten Fiscal Years

(Unaudited)

Fiscal Year	Adjusted Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Percentage of		Delinquent Taxes	Percentage of	
		Amount	Levy		Amount	Levy
2006	\$ 313,453,295	\$ 308,744,944	98.50	\$ 4,047,482	\$ 312,792,426	99.79
2007	301,844,730	297,575,738	98.59	3,660,849	301,236,587	99.80
2008	251,362,250	248,501,872	98.86	2,319,050	250,820,922	99.78
2009	262,764,490	259,113,481	98.61	1,981,793	261,095,274	99.36
2010	259,090,293	255,811,075	98.73	814,605	256,625,680	99.05
2011	251,394,282	249,404,594	99.21	1,722,644	251,127,238	99.89
2012	248,339,783	243,830,921	98.18	4,134,414	247,965,335	99.85
2013	252,693,760	247,680,443	98.02	3,248,762	250,929,205	99.30
2014	263,208,691	257,643,578	97.89	2,390,837	260,034,415	98.79
2015	286,681,027	282,062,140	98.39			

Source: Tarrant County

**ARLINGTON INDEPENDENT SCHOOL DISTRICT**

Outstanding Debt By Type  
Last Ten Fiscal Years  
(Unaudited)

Fiscal Year	Governmental Activities			Total Primary Government	Percentage of Personal Income	Total Outstanding Debt Per Capita
	General Obligation Bonds	Contractual Obligations	Capital Financing Agreements (Capital Leases)			
2006	\$ 509,805,715	\$ 1,670,488	\$ 503,066	\$ 511,979,269	0.84	\$ 1,418
2007	470,026,739	1,924,289	415,656	472,366,684	0.75	1,300
2008	439,831,070	1,490,420	332,429	441,653,919	0.68	1,228
2009	412,879,198	2,273,511	240,452	415,393,161	1	1,125
2010	450,540,000	5,400,345	206,130	456,146,475	<sup>1</sup>	1,269
2011	477,462,485	4,694,885	211,961	482,369,331	<sup>1</sup>	1,238
2012	478,628,769	3,909,136	131,428	482,669,333	<sup>1</sup>	1,187
2013	459,641,810	3,045,158	59,636	462,746,604	<sup>1</sup>	1,159
2014	449,112,552	2,765,052	-	451,877,604	<sup>1</sup>	1,189
2015	579,044,900	6,032,928	-	585,077,828	<sup>1</sup>	1,558

<sup>1</sup> Data was not available

Source: Notes to the Basic Financial Statements

Table 14

**ARLINGTON INDEPENDENT SCHOOL DISTRICT**  
Ratio of Net Bonded Debt to Assessed Value and Net Bonded Debt Per Capita  
Last Ten Fiscal Years  
(Unaudited)

Fiscal		Assessed	Gross	Less	Net	Ratio of Net	Net Bonded
<u>Year</u>	<u>Population</u>	<u>Value</u>	<u>Bonded Debt</u>	Debt Service <u>Funds</u> <sup>(1)</sup>	<u>Bonded Debt</u>	<u>Bonded Debt to</u> <u>Assessed Value</u>	<u>Debt Per</u> <u>Capita</u>
2006	362,393	\$ 18,250,180,575	\$ 509,805,715	\$ 10,484,767	\$ 499,320,948	2.74	\$ 1,378
2007	365,000	19,155,825,422	470,026,739	9,906,502	460,120,237	2.40	1,261
2008	369,150	20,074,396,432	439,831,070	11,179,949	428,651,121	2.14	1,161
2009	370,450	20,905,800,393	412,879,198	11,493,476	401,385,722	1.92	1,084
2010	380,085	20,756,079,556	450,540,000	10,893,002	439,646,998	2.12	1,157
2011	389,967	19,349,036,480	477,462,485	10,319,240	467,143,245	2.41	1,198
2012	389,967	19,472,765,823	465,377,451	19,943,320	445,434,131	2.29	1,142
2013	389,967	19,779,331,339	459,641,810	17,991,873	441,649,937	2.23	1,133
2014	380,084	20,220,917,724	449,112,552	17,263,838	431,848,714	2.14	1,136
2015	375,600	21,265,403,194	579,044,900	22,539,596	556,505,304	2.62	1,482

Note: The District's fiscal year end date was changed from August 31 to June 30, with the fiscal year ended June 30, 2012 being a ten month conversion year.

Source: Arlington Independent School District CAFR notes to the financial statements

<sup>(1)</sup> This is the amount of Fund Balance restricted for Debt Service

**ARLINGTON INDEPENDENT SCHOOL DISTRICT**

## Statement of Direct and Overlapping Debt

June 30, 2015

(Unaudited)

<u>Government Entity</u>	<u>Net Amount Outstanding Debt</u>	<u>Estimated Percentage Applicable<sup>1</sup></u>	<u>Estimated Share of Direct and Overlapping Debt<sup>2</sup></u>
Tarrant County <sup>3</sup>	\$ 341,260,000	16.09 %	\$ 54,901,704
City of Fort Worth	715,565,000	0.02	143,113
City of Arlington	355,615,000	80.73	287,087,990
City of Grand Prairie	219,610,000	39.56	86,877,716
Town of Pantego	200,000	97.32	194,640
City of Dalworthington Gardens	2,115,000	96.45	2,039,918
Subtotal, Overlapping Bonded Debt			431,245,080
Arlington Independent School District direct debt	585,077,828	100.00	585,077,828
Total direct and overlapping debt			<u>\$ 1,016,322,908</u>
Ratio of total direct and overlapping debt to:			
Assessed valuations for 2014 (\$21,265,403,194)		4.78 %	
Full valuations for 2014 (\$26,886,454,080)		3.78 %	
Amount of total direct and overlapping debt per:			
Enrollment (63,882)	\$ 15,909		
Average daily attendance (58,482)	17,378		
Per capita (estimated district population - 375,600)	2,706		

Source: Tarrant County, City of Fort Worth, City of Arlington, City of Grand Prairie, Town of Pantego,  
City of Dalworthington Gardens

<sup>1</sup> Estimated geographical percentage of the area of each entity that is within the boundaries of the Arlington Independent School District.

<sup>2</sup> This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of the District.

<sup>3</sup> Includes Tarrant County, Tarrant County College, and JPS Health Network

Table 16

**ARLINGTON INDEPENDENT SCHOOL DISTRICT**

## Legal Debt Margin Information

Last Ten Fiscal Years

(Unaudited)

<u>Fiscal Year</u>	<u>Debt Limit</u>	<u>Total Net Debt Applicable to Limit</u>	<u>Legal Debt Margin</u>	<u>Total Net Debt Applicable to Limit as a Percentage of Debt Limit</u>
2006	\$ 1,825,018,058	\$ 499,320,948	\$ 1,325,697,110	27.36
2007	1,915,582,542	460,120,237	1,455,462,305	24.02
2008	2,007,439,643	428,651,121	1,578,788,522	21.35
2009	2,090,580,039	401,385,723	1,689,194,316	19.20
2010	2,075,607,956	439,646,998	1,635,960,958	21.18
2011	1,934,903,648	467,143,245	1,467,760,403	24.14
2012	1,947,276,582	445,434,131	1,501,842,451	22.87
2013	1,977,865,049	427,855,904	1,550,009,145	21.63
2014	2,076,933,696	550,925,843	1,526,007,853	26.53
2015	2,176,107,493	556,505,304	1,619,602,189	25.57

Legal debt margin calculation for fiscal year 2015:

Debt Limit (10% of Assessed Value)	2,176,107,493
Debt Applicable to Limit	556,505,304
Legal Debt Margin	<u>\$ 1,619,602,189</u>

**ARLINGTON INDEPENDENT SCHOOL DISTRICT**  
Demographic and Economic Statistics  
Last Ten Fiscal Years  
(Unaudited)

Period	City of Arlington	Fort Worth Arlington	Fort Worth Arlington	Per	City of
<u>Ending</u>	<u>Population</u> <sup>1</sup>	<u>Population</u> <sup>2</sup>	<u>Personal</u>	<u>Capita</u>	<u>Unemployment</u>
			<u>Income</u>	<u>Personal</u>	<u>Rate</u> <sup>3</sup>
				<u>Income</u> <sup>2</sup>	
2006	362,393	1,668,539	61,138,590,000	\$ 36,642	4.3
2007	365,000	1,717,435	63,687,642,105	37,083	4.0
2008	369,150	1,738,231	66,704,614,625	38,375	5.5
2009	370,450	4	4	4	4
2010	380,085	4	4	4	4
2011	389,967	2,231,390	4	4	8.3
2012	389,967	2,290,239	4	4	6.7
2013	389,967	2,409,121	4	4	5.6
2014	380,084	4	4	4	5.0
2015	375,600	4	4	4	3.9

<sup>1</sup> Source: City of Arlington operating budget projection

<sup>2</sup> Source: Texas Workforce Commission or DSHS

<sup>3</sup> Source: Arlington Chamber of Commerce

<sup>4</sup> Data not available

# ARLINGTON INDEPENDENT SCHOOL DISTRICT

Principal Employers  
Ranked for Current Year and 2007  
(Unaudited)

2015				
<u>Taxpayer</u>	<u>Type of Business</u>	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total City Employment</u>
Arlington Independent School District	Public Education	8,000	1	3.21 %
University of Texas at Arlington	Higher Education	5,300	2	2.12
General Motors	Automobile Assembly	4,484	3	1.80
Six Flags Over Texas	Amusement Park	3,800 <sup>1</sup>	4	1.52
The Parks Mall	Retail	3,500	5	1.40
Texas Health Resources	Health Care/Medical Service	2,871	6	1.15
City of Arlington	Government	2,315	7	0.93
GM Financial	Financial Service	2,000	8	0.80
J.P. Morgan Chase	Financial Service	1,965	9	0.79
Texas Rangers	Sports/Entertainment	1,881 <sup>1</sup>	10	0.75
Americredit	Finance			
Providian Financial	Finance			
		<u>36,116</u>		<u>14.47 %</u>

<sup>1</sup> Includes part-time and peak seasonal employees

Note: 2007 is the oldest data available for comparison

Source: City of Arlington (Total Arlington labor force in 2014 and 2007 was 204,023 and 192,060, respectively)



Table 18

2007		
<u>Employees</u>	<u>Rank</u>	Percentage of Total City <u>Employment</u>
8,088	1	4.21 %
5,700	2	2.97
3,000	4	1.56
3,200	3	1.67
1,300	8	0.68
2,310	5	1.20
1,900	6	0.99
1,800	7	0.94
1,300	9	0.68
1,200	10	0.62
<u>29,798</u>		<u>15.52 %</u>

# ARLINGTON INDEPENDENT SCHOOL DISTRICT

## Full-Time Equivalent District Campus Employees

Last Ten Fiscal Years

(Unaudited)

	2015	2014	2013	2012	2011	2010	2009
<b>CLASSROOM TEACHERS</b>	4,089.1	4,113.2	4,051.2	3,931.4	4,148.3	4,124.0	4,073.7
<i>Athletic Trainer</i>	12.0	12.0	12.0	10.0	5.0	8.5	9.9
<i>Audiologist</i>	2.0	2.0	2.0	2.0	2.0	2.0	2.0
<i>Counselor</i>	161.0	149.4	148.5	147.6	145.6	130.4	134.0
<i>Educational Diagnostician</i>	53.1	51.9	50.5	49.6	48.5	50.5	49.8
<i>Librarian</i>	70.0	64.7	68.9	68.5	69.0	67.6	68.0
<i>LSSP/Psychologist</i>	21.0	17.9	19.0	17.0	17.0	14.0	16.0
<i>Occupational/Music Therapist</i>	9.0	9.0	9.2	9.0	8.0	7.0	7.9
<i>Other Campus Professional Personnel</i>	55.7	58.9	73.4	49.0	51.8	38.3	35.0
<i>Other Non-Instructional Prof. Personnel</i>	167.8	148.1	154.3	144.2	169.8	150.3	156.3
<i>Physical Therapist</i>	5.0	4.0	4.0	4.0	4.0	4.0	4.0
<i>Psychological Associate</i>		0.0	0.0	0.0	3.0	3.0	3.0
<i>School Nurse</i>	77.8	77.4	75.9	74.2	74.8	73.3	74.0
<i>Social Worker</i>	18.0	21.0	15.9	13.0	14.0	11.0	11.0
<i>Speech Therapist/Language Pathologist</i>	48.2	46.7	49.9	57.5	54.2	56.2	56.5
<i>Teacher Facilitator/Supervisor</i>	151.8	145.6	146.4	141.3	149.2	167.4	241.3
<b>PROFESSIONAL SUPPORT</b>	852.4	808.6	829.9	786.9	815.9	783.5	868.7
<u>Campus Administration:</u>							
<i>Principal</i>	75.0	72.0	71.5	72.7	73.8	71.7	71.3
<i>Assistant Principal</i>	126.8	128.4	126.1	120.1	129.0	101.5	102.1
<u>Central Administration:</u>							
<i>Superintendent</i>	1.0	1.0	1.0	1.0	1.0	1.0	1.0
<i>Asst/Assoc/Deputy Superintendent</i>	6.9	7.0	4.3	5.0	5.0	5.0	5.5
<i>Athletic Director</i>	1.0	1.0	1.0	1.0	3.0	3.0	3.0
<i>Director-Personnel</i>	3.0	3.0	3.0	3.0	4.0	4.0	3.0
<i>Program Dir/Exec Dir/Instr Officer</i>	13.0	12.0	11.8	12.0	13.0	14.0	11.2
<i>Teacher Supervisor</i>	19.0	21.0	21.7	22.0	28.0	27.0	11.0
<b>ADMINISTRATIVE STAFF</b>	245.7	245.4	240.4	236.8	256.8	227.2	208.1
<i>Certified Interpreter</i>	5.8	5.9	6.7	5.9	5.9	4.9	4.9
<i>Educational Aide</i>	805.0	852.7	835.0	792.8	982.1	958.4	934.2
<b>PARAPROFESSIONAL STAFF</b>	810.8	858.6	841.7	798.7	988.0	963.3	939.1
<b>AUXILIARY PERSONNEL</b>	2,066.1	2,029.2	2,006.0	1,950.5	1,967.4	1,980.8	2,015.4
<b>TOTAL EMPLOYEES</b>	8,064.1	8,055.0	7,969.2	7,704.3	8,176.4	8,078.8	8,105.0

SOURCE: PEIMS reports: Staff FTE by Role (PRF4D007)

Table 19

2008	2007	2006
4,065.3	4,051.0	3,979.6

9.3	0.0	0.0
2.0	2.0	2.0
129.6	134.1	133.0
48.9	49.6	48.8
67.3	64.1	65.5
16.0	14.5	13.0
6.0	5.0	4.0
97.6	16.7	58.2
155.0	161.5	142.2
2.0	1.0	2.0
3.0	1.0	1.0
74.2	74.5	73.9
10.7	7.0	10.4
59.0	57.0	45.0
173.4	103.1	120.5

854.0	691.1	719.5
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72.5	74.0	73.8
99.4	98.1	99.3

1.0	1.0	1.0
6.0	6.0	3.0
3.0	2.0	2.0
4.0	4.0	6.0
38.4	41.0	38.1
1.0	25.6	20.5

225.3	251.7	243.7
-------	-------	-------

4.9	9.7	9.7
868.4	840.0	756.7

873.3	849.7	766.4
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2,108.1	2,196.9	2,313.9
---------	---------	---------

8,126.0	8,040.4	8,023.1
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# Arlington

INDEPENDENT SCHOOL DISTRICT

*More Than a Remarkable Education*

**ARLINGTON INDEPENDENT SCHOOL DISTRICT**

Operating Statistics  
 Last Ten Fiscal Years  
 (Unaudited)

<u>Fiscal Year</u>	<u>Enrollment</u> <sup>1</sup>	General Fund	Cost Per	Percentage	Teaching	Pupil-	Percentage
		Operating	Pupil	Change	Staff	Teacher	of Students
		<u>Expenditures</u>				<u>Ratio</u>	Receiving
							Free or
							Reduced-Price
							<u>Meals</u>
2006	63,397	\$ 369,836,203	\$ 5,834	1.78	4,083	15.53	49.30
2007	63,082	404,735,619	6,416	9.98	4,041	15.61	55.10
2008	62,863	428,581,183	6,818	6.26	4,063	15.47	54.40
2009	63,045	427,156,330	6,775	-0.62	4,236	14.88	54.70
2010	63,487	401,668,574	6,327	-6.61	4,228	15.02	59.72
2011	64,484	392,297,791	6,084	-3.84	4,301	14.99	62.98
2012	64,703	374,817,746	5,793	-4.78	3,931	16.46	65.34
2013	65,001	424,144,895	6,525	12.64	4,051	16.05	68.29
2014	64,688	456,594,071	7,058	8.17	4,113	15.73	68.42
2015	63,882	498,228,268	7,799	10.50	4,089	15.62	68.13

Note: The District's fiscal year end date was changed from August 31 to June 30, with the fiscal year ended June 30, 2012 being a ten month conversion year.

<sup>1</sup> Amounts reported to the Texas Education Agency Public Education Information Management System (PEIMS)

# ARLINGTON INDEPENDENT SCHOOL DISTRICT

## Capital Asset Information

June 30, 2015

(Unaudited)

	2015	2014	2013	2012	2011	2010
<b><u>Schools</u></b>						
Buildings	75	74	74	73	73	73
Portable buildings	178	175	175	176	178	173
Stadiums	2	3	3	3	3	3
Square Feet	8,737,066	8,695,043	8,687,448	8,679,853	8,679,853	8,672,258
Maximum Capacity	74,986	74,986	74,386	74,386	74,386	74,386
Enrollment	63,882	64,688	65,001	64,703	64,484	63,487
Vehicles	15	4	3	3	3	3
<b><u>Administration</u></b>						
Buildings	11	8	8	8	8	8
Portable buildings	3	3	3	3	3	3
Square Feet	310,607	165,767	165,767	165,767	165,767	165,767
Vehicles	12	10	11	13	11	11
<b><u>Maintenance and Operations</u></b>						
Buildings	7	3	3	3	3	3
Square Feet	99,666	128,376	128,376	128,376	128,376	128,376
Vehicles	199	184	182	189	189	189
<b><u>Transportation</u></b>						
Buildings	1	1	1	1	1	1
Square Feet	65,878	65,878	65,878	65,878	65,878	65,878
Vehicles	257	257	257	259	239	239
<b><u>Food Services</u></b>						
Buildings	3	3	3	3	3	3
Square Feet	103,774	97,436	97,436	97,436	97,436	97,436
Vehicles	26	18	16	16	15	14

Source: District records

Table 21

2009	2008	2007	2006
73	73	73	73
173	167	155	142
3	3	3	3
8,672,258	8,658,491	8,640,059	8,640,059
74,386	74,386	74,386	74,386
63,045	62,863	63,082	63,397
3	3	3	1
8	8	8	8
3	3	3	3
165,767	165,767	165,767	165,767
11	11	11	11
3	3	3	3
128,376	128,376	128,376	128,376
189	192	184	184
1	1	1	1
65,878	65,878	65,878	65,878
239	239	233	233
3	3	3	3
97,436	97,436	97,436	97,436
14	13	11	11



**Arlington**  
INDEPENDENT SCHOOL DISTRICT  
*More Than a Remarkable Education*



## **FEDERAL AWARDS SECTION**



**Arlington**  
INDEPENDENT SCHOOL DISTRICT  
*More Than a Remarkable Education*

**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***

To the Board of Trustees  
Arlington Independent School District  
Arlington, Texas

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, the business-type activities, each major fund, and the aggregate remaining fund information of Arlington Independent School District (the "District"), as of and for the year ended June 30, 2015, 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 19, 2015.

**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 an instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and questioned costs as item #2015-001.

### **Purpose of this Report**

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

A handwritten signature in black ink that reads "Whitley Penn LLP". The signature is written in a cursive, flowing style.

Houston, Texas  
November 19, 2015

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

To the Board of Trustees  
Arlington Independent School District  
Arlington, Texas

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

We have audited Arlington Independent School District's (the "District") compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2015. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

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

***Auditor's Responsibility***

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

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

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

In our opinion, the District, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2015.

### **Report on Internal Control Over Compliance**

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

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

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

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

A handwritten signature in black ink that reads "Whitley Penn LLP". The signature is written in a cursive, flowing style.

Houston, Texas  
November 19, 2015

**ARLINGTON INDEPENDENT SCHOOL DISTRICT**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
*For the Year Ended June 30, 2015*

**I. Summary of Auditors' Results**

**Financial Statements**

Type of auditors' report issued:	Unmodified
Internal control over financial reporting:	
Material weakness(es) identified?	No
Significant deficiencies identified that are not considered to be material weaknesses?	None reported
Noncompliance material to financial statements noted?	No

**Federal Awards**

Internal control over major programs:	
Material weakness(es) identified?	No
Significant deficiencies identified that are not considered to be material weaknesses?	None reported
Type of auditors' report issued on compliance with major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with section 510(a) OMB Circular A-133?	None

Identification of major programs

Name of Federal Program or Cluster	CFDA Numbers
<b>US Department of Agriculture</b>	
Child Nutrition Cluster:	
School Breakfast Program	10.553
National School Lunch Program	10.555
Summer Feeding Program	10.559

Dollar Threshold Considered Between Type A and Type B Federal Programs	\$1,915,962
Auditee qualified as low risk auditee?	Yes

**ARLINGTON INDEPENDENT SCHOOL DISTRICT**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS (continued)**  
**For the Year Ended June 30, 2015**

**II. Financial Statement Findings**

**Finding #2015-001 – Texas State Compensatory Education spending requirements**

- Criteria:** A school district shall spend the proper percentage of each Foundation School Program allotment. Total direct costs will be considered for compliance monitoring purposes are expenditures coded by the school district to specific Enhanced Program Intent Codes (PICs) plus allocation of expenditures to enhanced PICs based upon instructional full-time equivalents.
- Condition:** Based on review and calculation of proper spending requirements for the enhanced PIC code for State Compensatory Education, the district was non-compliant.
- Effect:** The District may not be in compliance with Texas State Compensatory Education spending requirements.
- Cause:** The District had transition in a position that was responsible for monitoring the District's spending requirements, this vacancy resulted in noncompliance with the spending requirements.
- Recommendation:** The District should have personnel monitor spending requirements on a periodic basis.

**III. Federal Awards Findings And Questioned Costs**

The audit disclosed no findings or questioned costs required to be reported.

**IV. Summary Schedule Of Prior Audit Findings**

No prior year findings.

**V. Corrective Action Plan**

**Finding # 2015-001 – Texas  
State Compensatory  
spending requirements**

**Contact Person:** Cindy Powell, Chief Financial Officer

**Response:** The District has employed personnel to actively monitor required State spending requirements, which should result in future compliance.

**Estimated Date of Completion:** June 30, 2016



**ARLINGTON INDEPENDENT SCHOOL DISTRICT**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
For the Year Ended June 30, 2015

*Exhibit K-1*  
Page 1 of 3

(1) Federal Grantor/ Pass-Through Grantor/ Program Title	District Fund Number	(2) Federal CFDA Number	2(A) Pass Through Entity Identifying Number	(3) Federal Expenditures
<b>U.S. Department of Defense</b>				
<b>Direct Programs:</b>				
<i>ROTC</i>	199	12.000	None	\$ 111,455
<b>Total U.S. Department of Defense</b>				<u>111,455</u>
<b>U.S. Department of Health and Human Services</b>				
<b>Direct Programs:</b>				
<i>Teenage Pregnancy Prevention</i>	282	93.297	TP2AH000011-04	169,396
<i>Teenage Pregnancy Prevention</i>	282	93.297	TP2AH000011-05	<u>676,931</u>
<b>Total Direct Programs</b>				<u>846,327</u>
<b>Passed Through Texas Health and Human Services Commission:</b>				
<i>Medicaid Administrative Claims (MAC)</i>	199	93.778	None	<u>164,668</u>
<b>Total Passed Through Texas Health and Human Services Commission</b>				<u>164,668</u>
<b>Passed through Tarrant County Workforce Development Board:</b>				
<i>TWC Child Care (CCMS)</i>	199	93.596	03090Y00	25,862
<i>TWC Child Care (CCMS)</i>	494	93.596	03090Y00	<u>1,558</u>
<b>Total Passed through Tarrant County Workforce Development Board</b>				<u>27,420</u>
<b>Passed Through Fort Worth I.S.D.:</b>				
<i>Temporary Assistance for Needy Family (TANF)</i>	223	93.558	03090Y00	<u>79,604</u>
<b>Total Passed Through Fort Worth I.S.D.</b>				<u>79,604</u>
<b>Total U.S. Department of Health and Human Services</b>				<u>1,118,019</u>
<b>U.S. Department of Education</b>				
<b>Direct Programs:</b>				
<i>STARTALK Grant</i>	288	84.293B	H98230-14-1-0237	38,539
<i>STARTALK Grant</i>	288	84.293B	H98230-15-1-012	<u>15,538</u>
<b>Total Direct Programs</b>				<u>54,077</u>
<b>Passed Through Texas Education Agency:</b>				
<i>ESEA, Title I, Part A - Improving Basic Programs</i>	211	84.010A	14610101220901	1,213,639
<i>ESEA, Title I, Part A - Improving Basic Programs</i>	211	84.010A	15610101220901	14,382,912
<i>Title I - School Improvement Program</i>	211	84.010A	14610112220901160	5,436
<i>Title I - School Improvement Program</i>	211	84.010A	15610112220901160	5,100
<i>Title I - School Improvement Program</i>	211	84.010A	14610112220901101	15,619
<i>Title I - School Improvement Program</i>	211	84.010A	14610112220901142	7,754
<i>Title I - School Improvement Program</i>	211	84.010A	15610112220901142	2,581
<i>Title I - School Improvement Program</i>	211	84.010A	14610112220901121	<u>8,096</u>

**ARLINGTON INDEPENDENT SCHOOL DISTRICT**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
For the Year Ended June 30, 2015

*Exhibit K-1*  
Page 2 of 3

(1) Federal Grantor/ Pass-Through Grantor/ Program Title		(2) Federal CFDA Number	2(A) Pass Through Entity Identifying Number	(3) Federal Expenditures
<b>U.S. Department of Education (continued)</b>				
<b>Passed Through Texas Education Agency: (continued)</b>				
<i>Title I - School Improvement Program</i>	211	84.010A	15610112220901121	\$ 5,822
<i>Title I - School Improvement Program</i>	211	84.010A	14610112220901109	9,708
<i>Title I - School Improvement Program</i>	211	84.010A	14610104220901134	9,475
<i>Title I - School Improvement Program</i>	211	84.010A	15610104220901134	13,156
<i>Title I - School Improvement Program</i>	211	84.010A	14610104220901112	7,836
<i>Title I - School Improvement Program</i>	211	84.010A	14610104220901114	13,824
<i>Title I - School Improvement Program</i>	211	84.010A	15610104220901114	3,358
<i>Title I - School Improvement Program</i>	211	84.010A	14610104220901148	7,836
<i>IDEA-B Formula *</i>	224	84.027A	146600012209016000	101,035
<i>IDEA-B Formula *</i>	224	84.027A	156600012209016000	9,291,788
<i>IDEA-B Preschool *</i>	225	84.173A	146610012209016010	8,784
<i>IDEA-B Preschool *</i>	225	84.173A	156610012209016010	130,241
<i>Carl D. Perkins Basic Grant</i>	244	84.048A	15420006220901	786,665
<i>ESEA Title II, Part A, Teacher/Principal Training</i>	255	84.367A	14694501220901	85,611
<i>ESEA Title II, Part A, Teacher/Principal Training</i>	255	84.367A	15694501220901	1,607,360
<i>Title III , Part A, LEP</i>	263	84.365A	14671001220901	181,600
<i>Title III , Part A, LEP</i>	263	84.365A	15671001220901	809,101
<i>Title III , Part A, Immigrant</i>	263	84.365A	14671003220901	102,801
<i>Texas Literacy Initiative (TLI)</i>	289	84.371C	146460037110002	3,072,777
<i>Texas Literacy Initiative (TLI)</i>	289	84.371C	156460037110002	3,377,070
<i>IDEA-B Discretionary (Deaf)*</i>	315	84.027A	146600022209016673	30,214
<i>IDEA-B Discretionary (Deaf)*</i>	315	84.027A	156600022209016673	60,381
<i>IDEA-B Formula (Deaf)*</i>	316	84.027A	156600012209016601	16,418
<i>IDEA-B Preschool (Deaf) *</i>	317	84.173A	146610012209016611	7,692
<i>IDEA-B Preschool (Deaf) *</i>	317	84.173A	146610012209016611	4,057
<i>IDEA, Part C (Deaf)</i>	340	84.181A	153911012209013000	2,110
<i>Texas Advance Placement Initiative</i>	397	84.000	2501401	15,720
<b>Total Passed Through Texas Education Agency</b>				<b>35,403,577</b>
<b>Passed Through Fort Worth I.S.D.:</b>				
<i>English Literacy and Civics Education</i>	220	84.002	0514ELC001	4,270
<i>English Literacy and Civics Education</i>	220	84.002	0514ELC001	93,376
<i>Federal Adult Education</i>	220	84.002	0514ELC001	227,968
<i>Adult Education Professional Development</i>	220	84.002	0514ELC001	13,045
<i>Adult Basic Education</i>	309	84.002	1441000710300	2,299
<b>Total Passed Through Fort Worth I.S.D.</b>				<b>340,958</b>

**ARLINGTON INDEPENDENT SCHOOL DISTRICT**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
For the Year Ended June 30, 2015

*Exhibit K-1*  
Page 3 of 3

(1) Federal Grantor/ Pass-Through Grantor/ Program Title	District Fund Number	(2) Federal CFDA Number	2(A) Pass Through Entity Identifying Number	(3) Federal Expenditures
<b>U.S. Department of Education (continued)</b>				
<b>Passed Through Region X Education Service Center:</b>				
<i>McKinney Vento Homeless Education</i>	206	84.196	13-017	\$ 49,309
<i>McKinney Vento Homeless Education</i>	206	84.196	13-018	188,191
<b>Total Passed Through Region X Education Service Center</b>				<u>237,500</u>
<b>Total Passed Through Programs</b>				<u>35,982,035</u>
<b>Total Department of Education</b>				<u>36,036,112</u>
<b>U.S. Department of Agriculture</b>				
<b>Passed Through Texas Department of Agriculture</b>				
<i>Texas Fresh Fruit and Vegetable Program</i>	240	10.582	01017	265,840
<i>Summer Feeding Program *</i>	242	10.559	01017	619,320
<i>Non-Cash Assistance (Commodities)</i>				
<i>National School Lunch Program *</i>	701	10.555	01017	1,776,322
<b>Total Passed Through Texas Department of Agriculture</b>				<u>2,661,482</u>
<b>Passed Through Texas Education Agency:</b>				
<i>National School Lunch Program *</i>	701	10.555	71301501	18,391,454
<i>School Breakfast Program *</i>	701	10.553	71401501	5,546,881
<b>Total Passed Through Texas Education Agency</b>				<u>23,938,335</u>
<b>Total Department of Agriculture</b>				<u>26,599,817</u>
<b>Total Expenditures of Federal Awards</b>				<u>\$ 63,865,403</u>

\* Clustered programs under OMB Circular A-133.

**Note 1 - Basis of Presentation**

The District accounts for all awards under federal programs in the General and Certain Special Revenue and Enterprise Funds in accordance with the Texas Education Agency's *Financial Accountability System Resource Guide*. These programs are accounted for using a current financial resources measurement focus.

The modified accrual basis of accounting is used for the General and Special Revenue funds. 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 liability is incurred, if measurable, except for certain compensated absences and claims and judgments, which are recognized when the obligations are expected to be liquidated with expendable available financial resources.

The accrual basis of accounting is used for the Enterprise Fund. This basis of accounting recognizes revenue in the accounting period in which they are earned and become measurable and expenses in the accounting period in which they are incurred and become measurable.

Federal grant revenues are considered to be earned to the extent of expenditures made under the provisions of the grant, and, accordingly, when such amounts are received, they are recorded as deferred revenues until earned. Generally, unused balances are returned to the grantor at the close of specified project periods.

**Note 2 - Period of Availability**

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 project period extended 30 days beyond the federal project period ending date, in accordance with provisions in Section H, Period of Availability of Federal Funds, Part 3, OMB Circular A-133 Compliance Statement – Provisional 6/97.

**Note 3 - Reconciliation of Basic Financial Statements**

The following is a reconciliation of expenditures of federal awards program per the Schedule of Expenditures of Federal Awards and expenditures reported in the financial statements as follows:

Total federal sources per financial statements for Governmental Funds	\$ 42,136,553
Total grants from federal agencies per financial statements for Enterprise Fund	25,714,657
Qualified School Construction Bond (QSCB) interest subsidy payments recorded in the Debt Service Fund	(584,617)
School Health and Related services (SHARS) reimbursements not reported in the Schedule of Expenditures of Federal Awards	<u>(3,401,190)</u>
Total federal expenditures on Schedule of Expenditures of Federal Awards	<u>\$ 63,865,403</u>

**ARLINGTON INDEPENDENT SCHOOL DISTRICT**  
**REQUIRED RESPONSES TO SELECTED SCHOOL FIRST INDICATORS**  
*June 30, 2015*

***Exhibit L-1***

SF2	Were there any disclosures in the Annual Financial Report and/or other sources of information concerning nonpayment of any terms of any debt agreement at fiscal year end?	No
SF4	Was there an unmodified opinion in the Annual Financial Report on the financial statements as a whole?	Yes
SF5	Did the Annual Financial Report disclose any instances of material weaknesses in internal controls over financial reporting and compliance for local, state, or federal funds?	No
SF6	Was there any disclosure in the Annual Financial Report of material noncompliance for grants, contracts, and laws related to local, state, or federal funds?	No
SF7	Did the school district make timely payments to the Teachers Retirement System (TRS), Texas Workforce Commission (TWC), Internal Revenue Service (IRS), or other government agencies?	Yes
SF8	Did the school district not receive an adjusted repayment schedule for more than one fiscal year for an over allocation of Foundation School Program (FSP) funds as a result of a financial hardship?	Yes
SF10	Total accumulated accretion on CABs included in government-wide financial statements at fiscal year-end	<u>\$ 1,140,866</u>
SF11	Net Pension Assets (1920) at fiscal year end	<u>\$</u>
SF12	Net Pension Liabilities (2540) at fiscal year end	<u>\$ 75,557,286</u>
SF13	Pension Expense (6147) at fiscal year end	<u>\$ 6,983,936</u>