



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

**ArlingtonISD**  
**BOND 2014**



McNutt Elementary



Peach Elementary



Workman Junior High



Arlington HS Multipurpose Activity Center



**Comprehensive Annual Financial Report**  
For the Fiscal Year Ended June 30, 2016  
Arlington, Texas



# **Comprehensive Annual Financial Report**

**For the Fiscal Year Ended  
June 30, 2016**

**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

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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, Ph.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, Ed.D.

**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.

**Dr. 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 24 years and is married with two children, one currently enrolled in the AISD and one, a recent graduate. He and his wife of 23 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 31 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 received the Girls Inc. of Tarrant County Strong Man of the Year award. 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 two daughters 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 TASB Risk Management Fund Board, SafeHaven of Tarrant County Board, Texas School Alliance Board, United Way of Tarrant County Board Executive Committee, Workforce Solutions for Tarrant County Board, River Legacy Foundation Board, 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 Melvin Jones Fellow with Lions Club International Foundation, 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 Education, the 2012 YMCA Citizen of the Year Award, the 2012 Educator Award from the Asian- American Chamber of Commerce, the 2013-2014 Elks Distinguished Citizenship Award from the Arlington Elks Lodge No. 2114 and is the 2016 Seat 21 Honoree by the Texas Rangers Baseball Foundation. He has been married to Nora for 16 years; his children Theresa and Diego attend school at Gunn Junior High and Key Elementary.

**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 (TEPSA) 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 serving as a member of AISD lead staff for the Texas School Alliance, as well as a member of the Urban Collaborative, Texas Curriculum Council, 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 31 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 actively involved with Educational Technology organizations from around the country. He holds a bachelor's degree from Texas A&M University and a master's degree from Western Michigan. 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 Percy 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.

**Dr. 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 served as 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 ASCD 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 Texas State University with a BBA in Accounting. He is a member in good standing of the Texas Association of School Business Officials and the Government Finance Officers Association, and was nominated and currently serves on the Accounting and Auditing Advisory Committee of the Texas Education Agency.

**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 of 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, 2016, at a meeting of the board of school trustees of such school district on the 17th day of November, 2016.

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

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

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November 17, 2016

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, 2016.

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, 2016, 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 unmodified opinion that the District’s financial statements for the fiscal year ended June 30, 2016, 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, 52 traditional elementary schools, two fine arts/dual language academies, a pre-kindergarten campus and four alternative schools. During the 2015-16 school year the District employed 8,142 full-time equivalent staff members of which 4,132 were classroom teachers. Enrollment for the 2015-16 year was 63,210 as reported to the State through the Public Education Information Management System ("PEIMS"). This enrollment figure represents a decrease of approximately 1.05% from the enrollment figure reported through PEIMS the previous year. Enrollment for 2016-17 is expected to be 63,280 at the fall PEIMS snapshot date which is .11% more than the 2015-16 official enrollment. All academic and extracurricular programs are supported by a highly qualified, culturally-diverse teaching staff. The average pupil-teacher ratio was 15 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 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

### 2016-2021 Achieve Today. Excel Tomorrow. Strategic Plan

In January 2016, the AISD Board of Trustees adopted the 2016-2021 *Achieve Today. Excel Tomorrow* strategic plan. This plan articulates a singular goal to graduate 100% of Arlington ISD students exceptionally prepared for college, career, and citizenship. To accomplish this goal, strategies have been designed and implemented within four broad performance objective categories including:

- Academic achievement
- College readiness
- Workforce readiness
- Leadership, Citizenship and Responsibility

The 2016-2021 *Achieve Today. Excel Tomorrow.* strategic plan is designed to be 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. Our goal is to strategically implement the designed strategies in a manner that fosters continuous improvement and maximizes student access to innovative learning opportunities thereby supporting students in meeting their personal achievement goals.

### Academic Performance

Arlington ISD was rated “Met Standard” for 2016 by the Texas Education Agency with 107 distinctions earned across 40 campuses, four of which earned all possible distinctions for 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 Revision

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. In an effort to continuously improve and to ensure our students have access to a guaranteed and viable curriculum, the Academic Services department will finalize an update to the curriculum management system during the 2016-2017 school year that includes an established process to routinely review, evaluate, and revise/improve the curriculum across the system. Also, newly updated and enhanced curriculum documents will be published and implemented for all core content areas in grades 3-8 and EOC high school courses including Algebra I, English I & II, U.S. History, and Biology. These documents clearly establish learning targets including an articulated learning progression aligned to state standards, meaningful resources, opportunities to monitor students’ progress toward mastery, etc.

### Gifted and Talented

In an effort to effectively meet the needs of our gifted and talented learners, the AISD will be launching an update to gifted and talented services across all AISD elementary campuses in grades K-6. This updated programming option will streamline identification procedures to effectively identify gifted and talented students for services as well as provide programming options differentiated to meet their unique learning needs. Enhancements include a cluster grouping model, accelerated learning opportunities, and the inclusion of technology-based customizable learning platforms.



### Program Evaluation and Assessment

Arlington ISD is committed to providing quality learning experiences for all students and in maximizing resources to ensure that there is an academic return on investment. In that spirit, the AISD will implement a rigorous program evaluation schedule to measure the quality of program implementation and assess effectiveness in reaching intended student outcomes.

In Arlington ISD, we believe that through effective teaching every student can succeed and that a quality assessment system is important to measure and ensure each students' academic progress toward their individual goals. Our purposes for assessing students are to (1) empower students to set and monitor their own educational needs and goals, (2) support ongoing student growth and improvement, (3) identify and communicate student progress to parents and the community, and (4) inform the teaching and learning process so teachers know what students already understand and what academic areas to further develop. This year the AISD will continue to refine that work including the development of a user-friendly data management system as well as a comprehensive student assessment policy that articulates the role of assessments in the teaching and learning process.

### 2014 Bond Program

On May 10, 2014, voters approved a \$663.1 million bond proposition. Proceeds of the bond issue are being 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.

During the 2015-16 fiscal year two elementary schools and six multi-purpose activity centers were constructed. A 16-classroom addition was constructed at a junior high school, and renovations were made to convert two traditional elementary schools to fine arts/dual language academies.

In the 2016-2017 school year, the district will construct the AISD Career and Tech and Agriculture Science Centers scheduled to open the fall of 2017. These two new sites, in collaboration with our higher education partners, will provide an expansion of technical dual credit and industry certification coursework for students and families across the district. Renovation and life cycle work will take place at 37 campuses, and design work will be completed on 26 additional renovation and life cycle projects on which construction will begin by summer 2017.

### Other Major Initiatives

In alignment with the district's strategic plan, year three of Positive Behavioral Interventions and Supports (PBIS) implementation has begun with the goal to promote a physically and emotionally safe learning environment 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

Finally, other major initiatives include the development of a comprehensive communications plan, implementation of a system-wide customer service strategy and the creation of a comprehensive professional learning plan designed to foster the growth and development of the district's teachers and staff in support of students' goal attainment through access to innovative learning opportunities.

## **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.

In May 2016 the Texas Supreme Court issued a final ruling in a long-running lawsuit over the state's school finance system. Five plaintiff groups, representing more than 600 Texas school districts, and one intervenor sued the state in 2011 claiming that the current school finance system is unconstitutional. Arlington ISD was a member of the Texas Taxpayer and Student Fairness Coalition ("Coalition"), a coalition of more than 400 school districts that was one of the plaintiff groups suing the State. A state district judge ruled in favor of the plaintiff school districts in August 2014 stating that the system is inadequate, arbitrary, inequitable and has created a de facto statewide ad valorem tax in violation of the state constitution. The judge further ruled that the system is unsuitable for the provision of the constitutionally-required general diffusion of knowledge. On appeal by the State, the Texas Supreme Court reversed the lower court ruling stating that the system was flawed but constitutional. The Supreme Court urged the state legislature to revise the system. The Supreme Court ruling that the school finance system is constitutional, coupled with a downturn in state revenues, make it unlikely that significant new money will be appropriated for public education by the 85<sup>th</sup> Texas Legislature, which convenes in January 2017 to adopt a budget for the 2017-18 biennium.

## **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 72 AISD campuses are rated Met Standard. Two 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 2017 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, 2015. This was the 37th 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.

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.

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 27th 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, 2015**



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, 2015.**

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

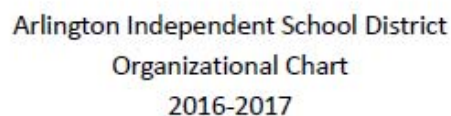


*Brenda R. Burkett*

**Brenda R. Burkett, CPA, CSBA, SFO**  
President

*John D. Musso*

**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, 2016, 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, 2016, 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.

## **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 21, and pension information on pages 75 through 77 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, are presented for the purpose of additional analysis and are not a required part of the financial statements. The schedule of expenditures of federal awards is presented for the purpose of additional analysis as required by Title 2 *U.S. Code of Federal Regulation* (CFR) Part 200, *Uniform Administration Requirements, Cost Principles, and Audit Requirements for Federal Awards* and 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.

To the Board of Trustees  
Arlington Independent School District

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 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 17, 2016, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

*Whitley Penn LLP*

Houston, Texas  
November 17, 2016



**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, 2016. 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 \$266,497,097 (net position). Of this amount \$162,870,820 (unrestricted net position), or 61.1%, may be used to meet the District's ongoing obligations.
- The District's total net position decreased by \$4,469,314.
- As of the close of the fiscal year, the District's governmental funds reported combined ending fund balances of \$530,461,875, which is \$115,268,456 more than the previous year. 34.5% of the combined fund balance, \$182,935,118, 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 \$182,935,118 or 37.7% 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

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



# **ARLINGTON INDEPENDENT SCHOOL DISTRICT**

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

### ***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) provides 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.

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

- *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 \$266.5 million at June 30, 2016. A large portion of net position (\$81.0 million or 30%) 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 (\$22.66 million or 8.5%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net position* (\$162.9 million or 61.1%) 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>2016</b>	<b>2015</b>	<b>2016</b>	<b>2015</b>	<b>2016</b>	<b>2015</b>
Current and other assets	\$ 631,946	\$ 496,723	\$ 12,613	\$ 12,787	\$ 644,559	\$ 509,510
Capital assets	563,028	491,201	10,500	10,278	573,528	501,479
<b>Total Assets</b>	<b>1,194,974</b>	<b>987,924</b>	<b>23,113</b>	<b>23,065</b>	<b>1,218,087</b>	<b>1,010,989</b>
<b>Total Deferred Outflows of Resources</b>	<b>65,197</b>	<b>27,017</b>	<b>3,479</b>	<b>922</b>	<b>68,676</b>	<b>27,939</b>
Current liabilities	104,003	82,599	1,899	1,104	105,902	83,703
Long term liabilities	895,661	656,763	8,361	4,382	904,022	661,145
<b>Total Liabilities</b>	<b>999,664</b>	<b>739,362</b>	<b>10,260</b>	<b>5,486</b>	<b>1,009,924</b>	<b>744,848</b>
<b>Total Deferred Inflows of Resources</b>	<b>9,721</b>	<b>21,773</b>	<b>621</b>	<b>1,341</b>	<b>10,342</b>	<b>23,114</b>
<b>Net Position</b>						
Net Investment in capital assets	70,467	94,478	10,500	10,278	80,967	104,756
Restricted	17,448	16,321	5,210	6,882	22,658	23,203
Unrestricted	162,871	143,007			162,871	143,007
<b>Total Net Position</b>	<b>\$ 250,786</b>	<b>\$ 253,806</b>	<b>\$ 15,710</b>	<b>\$ 17,160</b>	<b>\$ 266,496</b>	<b>\$ 270,966</b>

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

**Changes in Net Position.** Total net position of the District decreased by (\$4.5) million over last year (see Table III) due to governmental activities and business-type activities throughout the year. Of this change *Governmental Activities* decreased net position by (\$3.0) million, while *Business-type Activities* decreased net position by (\$1.5) million. 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 \$651.1 million. The cost of all governmental programs and services were \$654.1 million. The net effect of these items resulted in a decrease in *Governmental Activities* net position of \$3.0 million.

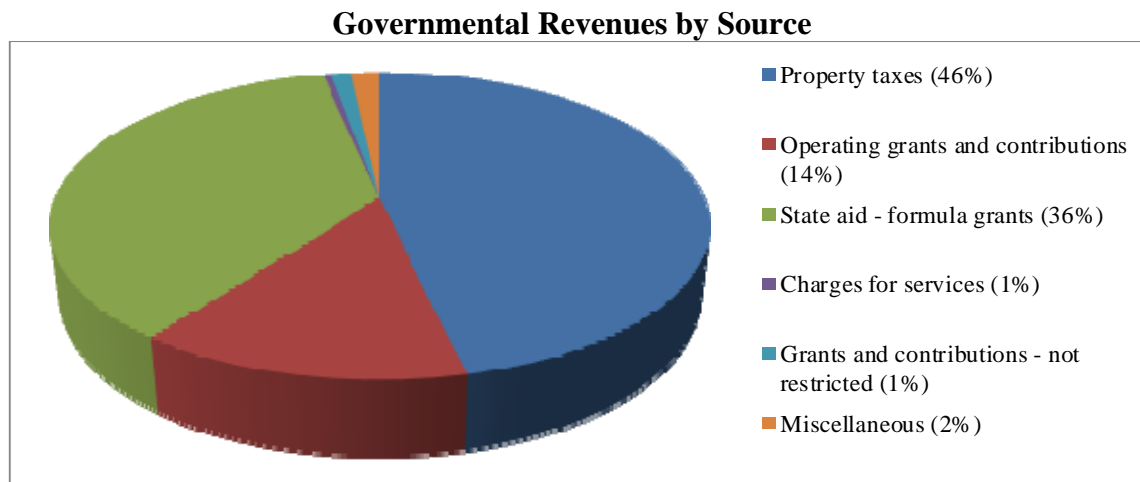
**Table III**  
**CHANGES IN NET POSITION**  
in thousands

	<b>Governmental Activities</b>		<b>Business-Type Activities</b>		<b>Totals</b>	
	<b>2016</b>	<b>2015</b>	<b>2016</b>	<b>2015</b>	<b>2016</b>	<b>2015</b>
<b>Revenues</b>						
<b>Program Revenues:</b>						
Charges for services	\$ 3,189	\$ 3,136	\$ 5,772	\$ 5,983	\$ 8,961	\$ 9,119
Operating grants	90,045	70,492	26,223	25,715	116,268	96,207
Capital grants						
<b>General Revenues:</b>						
Property taxes	302,277	282,382			302,277	282,382
State Aid - Formula Grants	237,366	239,828			237,366	239,828
Grants and contributions not restricted	7,718	9,131		8	7,718	9,139
Investment earnings	1,967	459	23	6	1,990	465
Other	8,654	9,117			8,654	9,117
<b>Total Revenues</b>	<b>651,216</b>	<b>614,545</b>	<b>32,018</b>	<b>31,712</b>	<b>683,234</b>	<b>646,257</b>
<b>Expenses</b>						
Instruction, curriculum and media	420,381	339,918			420,381	339,918
Instructional and school leadership	41,510	33,373			41,510	33,373
Student support services	50,162	46,001			50,162	46,001
Food services	807	592	33,604	30,500	34,411	31,092
Cocurricular activities	10,234	8,954			10,234	8,954
General administration	8,969	7,734			8,969	7,734
Facilities maintenance, security and data processing	86,658	70,816			86,658	70,816
Community services	2,340	2,903			2,340	2,903
Debt service	28,398	21,421			28,398	21,421
Facilities repairs and maintenance	1,599	38,440			1,599	38,440
Intergovernmental charges	3,040	9,013			3,040	9,013
<b>Total Expenses</b>	<b>654,098</b>	<b>579,165</b>	<b>33,604</b>	<b>30,500</b>	<b>687,702</b>	<b>609,665</b>
Excess (deficiency) before transfers	(2,882)	35,380	(1,586)	1,212	(4,468)	36,592
Special items		987				987
Transfers	(136)	(307)	136	307		
Increase (Decrease) in Net Position	(3,018)	36,060	(1,450)	1,519	(4,468)	37,579
<b>Net Position - Beginning</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>
<b>Prior Period Adjustment</b>		<b>(81,815)</b>		<b>(5,037)</b>		<b>(86,852)</b>
<b>Net Position - Ending</b>	<b>\$ 250,786</b>	<b>\$ 253,806</b>	<b>\$ 15,711</b>	<b>\$ 17,161</b>	<b>\$ 266,497</b>	<b>\$ 270,967</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.



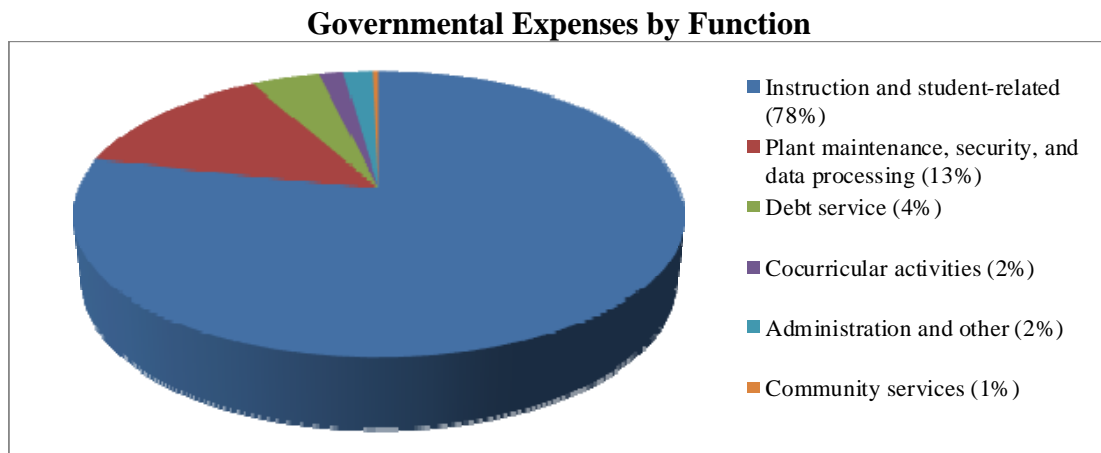
**Figure 1**

Revenues for governmental activities increased by \$36.7 million in 2015-16. Major changes in revenue items are examined in more detail, below:

- State aid decreased by \$2.5 million due to a combination of lower student enrollment of 674 students, changes in property values that factored into the state funding formulas, and decreases in both the Instructional Facilities Allotment and the Existing Debt Allotment. In addition, state revenue also decreased by \$4 million due to the discontinuation of a one-time payment that was received from TEA in the prior year for assistance with increased costs for House Bill 1458, which required school districts to increase their contribution to TRS by 1.5% of eligible TRS salaries. Finally, the Instructional Materials Allotment was reduced by \$1.5 million for fiscal year 2016.
- In 2015-16 the District’s M&O taxes increased \$19.9 million due to a 7.59% increase in certified property values, and due to strong collection trends.
- The Grand Prairie Tax Increment Finance Zone (TIF) completed all of its projects and, therefore, closed on September 30, 2015. As part of this TIF agreement, the District received hold-harmless payments from the State that were intended to keep existing TIFs whole when Districts were required to reduce their tax rate from \$1.50 to \$1.04 per hundred dollars of valuation. These payments were forwarded in their entirety to the TIF annually. The discontinuation of this TIF hold-harmless payment resulted in a decrease in revenue of \$1.2 million. In addition, upon closure the TIF distributed all remaining assets to its member entities since all of the projects were completed, which resulted in a one-time reimbursement to the District of \$5.2 million that was recognized in fiscal year 2015 and was not repeated in fiscal year 2016.
- The District received additional federal revenue for federal grants of \$6.7 million compared to the prior year. In addition, the District received increased payments of \$2.1 million for participating in the federal School Health and Related Services (SHARS) program.

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

- 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 \$74.9 million (or 12.9%) over 2015, with some of the more noteworthy changes in expenditures identified below:



**Figure 2**

Payroll, accounting for approximately 74.9% 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 \$17.9 million (or 4.1%) higher than last year primarily due to a 3.0% across the board pay increase for all employees and the addition of 121 new positions for new facilities and program changes, including teachers and other positions that provide direct student support.

Contracted services increased by approximately \$13.8 million for projects related to bonds, primarily for services related to construction projects (design professionals, engineers, construction contractors, etc.) and technology installation contracts. These expenses were offset by utility savings of approximately \$707,000.

Supplies increased approximately \$15.6 million due in large part to non-capital technology purchases made from bond funds. In addition, approximately \$2.4 million was expensed to purchase supplies for a new elementary school that was constructed in the prior year entirely from excess General Fund fund balance, and grant expenses for supplies increased by approximately \$2 million.

Depreciation expense of \$24.7 million was included in the total cost of governmental activities, by function, in order to spread the recognition of the cost of capital assets over their useful lives as depreciation expense.

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 \$654.1 million compared to \$579.2 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 \$302.3 million (or 46.2%). The remaining costs were paid by state aid (\$237.4 million), those who directly benefited from the programs (\$3.2 million), other governments and organizations that subsidized certain programs with grants and contributions (\$90.0 million), and miscellaneous other revenues (\$18.2 million).

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

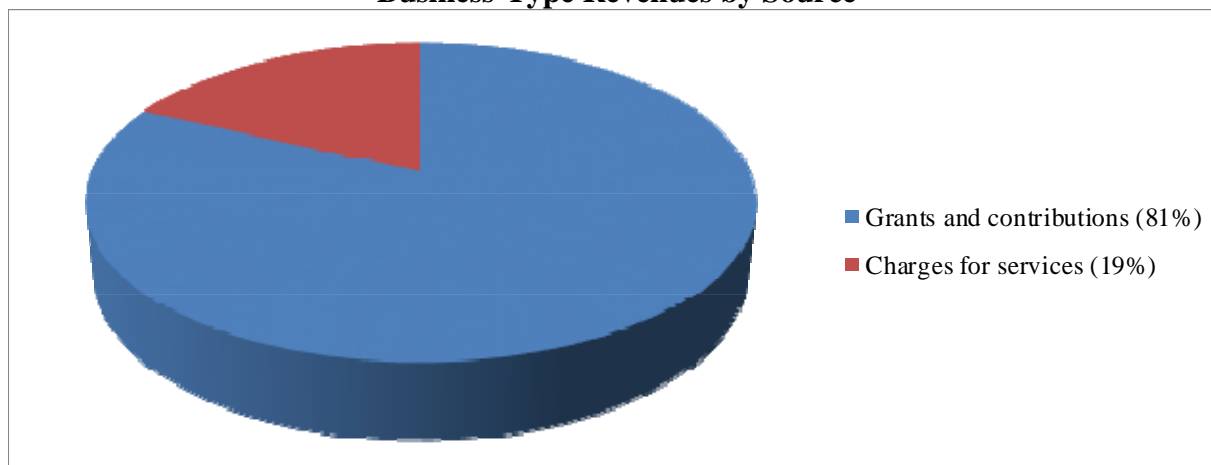
**Table IV**  
**COSTS OF SELECTED GOVERNMENTAL ACTIVITIES**  
in thousands

	Total Costs			Net Costs		
	2016	2015	% Change	2016	2015	% Change
Instruction	\$ 399,052	\$ 321,642	24%	\$ 333,381	\$ 273,345	22%
School Leadership	31,586	26,455	19%	29,342	24,463	20%
Plant Maintenance	69,186	49,693	39%	65,972	46,780	41%

**Business-type Activities.** The only business-type activity operated by the District is its food service operation. Food Service revenues and transfers were \$32.2 million, and expenses were \$33.6 million. The net effect of these items resulted in a decrease in net position of (\$1.5) 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 \$5.6 million in revenues during the year, a decrease of \$105,721 over the prior year. It is important to note that prices for full-priced lunches increased by 10 cents for 2015-16, 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. Conversely, the number of students qualifying for free and reduced priced meals continues to rise each year. The 2015-16 year presented no exception to this trend, and contributed to the reduction in meals sold. Revenues from the National School Lunch, School Breakfast, and Commodities programs totaled \$26.2 million, an increase of \$477,930 over the prior year. The balance of revenue was generated through state matching funds at \$188,754 and catering operations at \$93,073.

**Business-Type Revenues by Source**



**Figure 3**

Total operating expenses were approximately \$3.1 million higher than last year for several reasons. Similar to the Governmental Activities discussion, payroll costs increased by \$1.2 million because of the effects of the 3% across-the-board pay increase for all employees, the addition of 4 new positions to meet the increased participation needs across the District, and the expense for the fund's proportionate share of the unfunded TRS pension liability required under GASB 68. Unlike the reporting requirements for

## **ARLINGTON INDEPENDENT SCHOOL DISTRICT**

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

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 increases were noted in contracted services of \$605,243, primarily for increased costs of commodities processing, and in general supplies of \$1.2 million for the rising costs of food.

### **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 28 - 29) reported combined fund balances of \$530.5 million, which is \$115.3 million more than last year's combined fund balances. 34% or \$182.9 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 (\$1.8 million); debt service (\$25.7 million); federal, state and local grants (\$610,145); capital acquisition and liquidation of contracts and purchase orders of the prior period (\$278.3 million); special projects (\$39.7 million); and purposes related to the Texas High School Allotment (\$1.4 million).

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 \$182.9 million, while the total fund balance was \$204.7 million. During fiscal year 2016 total fund balance of the General Fund increased by \$15.9 million. Revenues increased by \$234.5 million due to the net effect of higher tax collections that reflected increased property values, lower state aid due to lower student enrollment and changes in the available funding allotments for schools, the results of the closure of the Grand Prairie TIF and increased federal reimbursements under the SHARS program. Additional details of these items can be found in the *Governmental Activities* section, above. General Fund expenditures decreased over the prior year by \$13.1 million. The overall decrease in expenditures was primarily due to \$16.2 million in salaries for the net effect of pay raises and new positions (3% across the board for all employees and 121 new positions, respectively); decreases in contracted services of \$3.1 million because energy retrofit contracts were completed in the prior fiscal year and were not repeated in the current year; increases in general supply expenditures of \$3.4 million primarily for FF&E for a new elementary school that was built in the previous year with excess fund balance from the General Fund, and for increased purchases of classroom software site licenses and manipulatives; decrease in TIF payments of \$5.9 million due to the closing of the Grand Prairie TIF; and a decrease of \$23.8 million in capital outlay because of the construction of a new elementary school and the purchase of real estate in the prior year, neither of which were repeated in fiscal year 2016.

The Natural Gas Special Revenue Fund has a total fund balance of \$29.4 million at year-end, all of which is committed for special projects. Fund balance increased \$1.1 million over the previous year primarily due to natural gas royalties received during the year being higher than fund expenditures during the year.

## **ARLINGTON INDEPENDENT SCHOOL DISTRICT**

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

The Debt Service Fund has a total fund balance of \$25.7 million at year-end, all of which is restricted to service the District's outstanding debt. Fund balance increased by \$3.2 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 \$270.0 million. Of this total, \$259.7 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 program. The remaining \$10.3 million is committed for future construction or to service general obligation debt. The Capital Projects fund balance increased by \$94.8 million during the year, the net result of bond sales and project expenditures. 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. The District's capital asset fund is discussed in more detail below.

Nonmajor Governmental Funds, which includes Special Revenue Funds other than the Natural Gas Fund, ended the year with a combined fund balance of \$610,145 an increase of \$277,970 over the previous year. The primary special revenue fund that traditionally carries a fund balance is the Instructional Materials Allotment fund that is used to record the allotment and activity for state approved textbooks for students. Various other special revenue funds may also carry a fund balance if the oversight entity allows unused funds from one year to be carried forward to future years.

**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 \$15.8 million at year-end. Of this total, \$5.3 million was restricted for federal and state programs at year-end. Net position decreased 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 lower than total operating costs for the year. The District's Food and Nutrition Services program is discussed in more detail in the *Business-Type Activities* discussion, above.

### **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 \$1.4 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) 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. \$11.1 million decrease in property tax revenues to reflect increased homestead exemption and certified property values that were lower than projected for the original budget.
    - i. Texas voters approved a measure to increase the property tax homestead exemption from \$15,000 to \$25,000 in November 2015, after the 2015-2016 budget had been adopted. Both Current Year Taxes and State Foundation Aid were affected by the increased exemption. Current Year Taxes decreased due to the higher homestead exemption, and State Foundation Aid was increased to hold school districts harmless for tax revenues lost to the higher exemption. The 2015-2016 budget was adopted using the \$15,000 homestead exemption that was in place at that time and was amended after



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

the election for the impact of the higher homestead exemption approved by voters in November.

- ii. 2015 certified property values were less than the values projected for the original budget. Certified values are received on July 25<sup>th</sup> each year, after the annual budget is adopted in June. Estimates are used for the original budget. Certified values were projected to increase by 3.89%; however, the values were actually 2.63% higher. Problems encountered by Tarrant Appraisal District (TAD) during a software conversion resulted in lower and incomplete values for all taxing entities for 2015-2016. TAD correct a number of problems throughout the year; however, 2015-2016 tax revenue will be less than originally budgeted.
- b. \$5.1 million increase in state foundation aid to reflect additional state aid as a result of the higher homestead exemption. See explanation above.
- c. \$1.2 million increase in SHARS revenue based on actual services provided to Medicaid eligible students.
- d. \$431,000 increase in other revenue sources for proceeds from SECO Loan Star energy retrofit projects that were completed during the previous year.
- e. \$4.4 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 \$204.7 million reported on pages 28 - 29 differs from the final budgetary fund balance of \$184.5 million reported in the budgetary comparison statement on page 35. 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 \$6.3 million favorable variance mainly because property values were higher than anticipated and collections remained strong during the fiscal year. Budget was decreased for anticipated lower collections due to the increase of the homestead exemption from \$15,000 to \$25,000.
- **State Foundation Aid** - Higher than the final budget by \$1.2 million primarily due to higher than expected attendance by students in special populations.
- **Federal Program Revenues** – Ended the year with a favorable variance of \$1.4 million due to higher than anticipated reimbursements in the SHARS program.
- **Employee Compensation and Related Employment Benefits**- Ended the year with a \$3.8 million favorable variance primarily because of position vacancy patterns that occurred during the year.
- **Contracted services** - The total favorable variance for contracted services was \$3.7 million primarily because utility expenditures were lower due to successful efforts to reduce consumption. Additionally, professional services for maintenance work (facility commissioning) was expected to be completed in 2016-2017. Other contracted service expenditures were deferred pending further review of alignment of resources to student needs.
- **Supplies and Materials** - \$2.1 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 \$860,951 that will be re-appropriated in the 2016-17 fiscal year, and \$1 million savings in fuel expenditures due to the lower cost of fuel throughout the year.

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

**CAPITAL ASSET AND DEBT ADMINISTRATION**

***Capital Assets***

At the end of 2016, the District had \$573.5 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>2016</b>	<b>2015</b>	<b>2016</b>	<b>2015</b>	<b>2016</b>	<b>2015</b>
Land	\$ 68,367	\$ 68,266	\$ 401	\$ 401	\$ 68,768	\$ 68,667
Buildings and improvements	374,757	371,280	2,562	2,657	377,319	373,937
Furniture and equipment	31,489	26,473	7,538	7,220	39,027	33,693
Construction in progress	88,414	25,182			88,414	25,182
<b>Total</b>	<b>\$ 563,027</b>	<b>\$ 491,201</b>	<b>\$ 10,501</b>	<b>\$ 10,278</b>	<b>\$ 573,528</b>	<b>\$ 501,479</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 2015-16 Capital Projects Fund budget included \$7.7 million for 2009 bond projects. Those projects are for duct replacement at Martin High School, drainage repair at Webb Elementary School, PE/Athletic lockers districtwide, carpet replacement at Burgin Elementary School, receipt of final fine arts and technology purchases, and renovations at Sam Houston High School. Approximately \$336,181 was expended during the year for completion of the carpet project at Burgin Elementary School and purchase of fine arts instruments and uniforms and technology equipment.

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. 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. During the year approximately \$140.9 million was spent on projects related to the 2014 bond program. The third sale of bonds for the 2014 bond program was ordered by the Board of Trustees on June 23, 2016. The order allowed for the sale of general obligation bonds using \$126,038,000 of the voted authorization. The 2017 budget includes \$404.6 million for projects related to the 2014 bond program. 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 budgeted during the 2015-16 fiscal year:

Activity centers at the six traditional high schools	\$ 57,000,000
Districtwide career and technology center	43,360,700
New elementary campuses	47,000,000
Dual language/fine arts academies	13,731,862
Districtwide fine arts center	3,200,000
Districtwide agricultural science center	2,500,000
Special education alternative curriculum centers	7,125,000
Land purchases	5,000,000
Condition deficiency/Life cycle replacements	160,990,095

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

Technology	27,959,496
Fine Arts	3,687,243
Purchase of new buses/white fleet for transportation	7,733,710

In addition to the bond projects, this year's major capital additions funded through other sources cost \$5.1 million and included:

Condition deficiency work at the Enterprise Centre	\$1,298,660
Purchase of land on Baird Farm Road-earnest money	94,883
Completion of Patrick Elementary, funded from excess fund balance from the General Fund	3,665,493

Other maintenance projects and additional construction needs beyond those items included in the 2009 and the 2014 bond packages may be identified during the 2017 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 \$764.7 million versus \$585.6 million last year – an increase of 30.6% (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 \$663.1 million bond package in May 2014. As of June 30, 2016, \$253.5 million of the authorized bonds remained unissued. However, the Board of Trustees ordered the third sale of bonds for the 2014 bond program on June 23, 2016. The order allowed for the sale of general obligation bonds using \$126,038,000 of the voted authorization with the sale closing in July, 2016.

In addition to new debt, the Board of Trustees authorized the issuance of Unlimited Tax Refunding Bonds, Series 2016B, to produce \$49.4 million in bond proceeds, and Unlimited Tax Refunding Bonds, Taxable Series 2016C, to produce \$21.1 million in bond proceeds. Both orders were approved by the Board on June 23, 2016. The Series 2016B bonds refunded the entire balance of the 2006 Series and portions of the 2010A and 2011A series bonds, and achieved net annual savings between \$206,525 and \$476,950 through 2036. Present value savings for the 2016B Series resulted in savings of 13% of the refunded amount. The Taxable 2016C Series refunded a portion of the 2007 Series which was, in itself, a refunding issue, and achieved net annual savings between \$329,577 and \$334,124 through 2021. Present value savings for the Taxable 2016C Series resulted in savings of 7.52% of the refunded amount.

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

	<b>Governmental Activities</b>		<b>Business-Type Activities</b>		<b>Totals</b>	
	<b>2016</b>	<b>2015</b>	<b>2016</b>	<b>2015</b>	<b>2016</b>	<b>2015</b>
Bonds Payable	\$ 707,493	\$ 539,312	\$	\$	\$ 707,493	\$ 539,312
Bond Premiums	50,087	38,592			50,087	38,592
Accreted interest	1,436	1,141			1,436	1,141
Accrued Service Benefits	315	511			315	511
Notes Payable	5,360	6,033			5,360	6,033
	<u>\$ 764,691</u>	<u>\$ 585,589</u>	<u>\$</u>	<u>\$</u>	<u>\$ 764,691</u>	<u>\$ 585,589</u>

## **ARLINGTON INDEPENDENT SCHOOL DISTRICT**

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

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.

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 \$2,041,704,493, 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 2016-17 general operating budget and tax rate. Three main issues influenced the 2016-17 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:** The Board of Trustees adopted the 2016-2021 *Achieve Today. Excel Tomorrow* which is a continuation of the 2012-2015 plan with an increased focus on student success. The 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 mission of the Strategic Plan, which is to empower and engage all students to be contributing, responsible citizens striving for their maximum potential through relevant, innovative and rigorous learning experiences. In order to achieve the District's vision to be a premier school district and a leader in education, the budget is focused on the following performance objective categories:

- a. Academic achievement
- b. College readiness
- c. Workforce readiness
- d. Leadership, citizenship and responsibility

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 2016-17 General Fund budget has a deficit of \$31,734,536. This deficit is due largely to the strategic one-time use of \$17,100,000 of surplus fund balance to construct an addition at Sam Houston High School. The Board committed surplus fund balance for this use. Without this one-time expenditure, the operating budget would have a deficit of \$14,634,536. The Board and administration recognize this budget deficit and have already begun evaluating strategies to reduce expenditures in future years while still supporting the goals and objectives of the strategic plan. Fund balance at June 30, 2017 is projected to be \$162,938,433. This budget enables Arlington ISD to maintain a healthy total fund balance of 3.52 months of operating reserve for the fiscal year beginning July 1, 2017. This healthy fund balance provides stability given the uncertainty of future revenues and expenditures.

A summary of the 2016-17 General Operating budget is presented in Table VII below.

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

Fund	2016-2017 Original Budget	2015-2016 Original Budget	Change From 2015-16
Revenues & Other Resources	\$ 497,219,744	\$ 496,632,543	\$ 587,201
Expenditures & Other Uses	528,954,280	500,940,909	28,013,371
Budgeted Surplus/(Deficit)	(31,734,536)	(4,308,366)	(27,426,170)
Beginning Fund Balance	194,672,969*	188,763,103	5,909,866
Ending Fund Balance	\$ 162,938,433*	\$ 184,454,737	\$ (21,516,304)

\* Projected as of date the 2016-17 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.

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## **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, 2016*

<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	\$ 545,568,835	\$ 9,863,081	\$ 555,431,916
1225	Property taxes receivables, net	9,443,088		9,443,088
1240	Due from other governments	74,090,533		74,090,533
1260	Internal balances	(128,769)	128,769	
1290	Other receivables, net	900,276	2,768	903,044
1300	Inventories	1,336,136	2,617,952	3,954,088
1410	Prepaid items	465,321		465,321
1490	Other current assets	271,284		271,284
	Capital assets not subject to depreciation:			
1510	Land	68,366,674	401,223	68,767,897
1580	Construction in progress	88,414,317		88,414,317
	Capital assets net of depreciation:			
1520	Buildings and improvements, net	374,757,730	2,562,263	377,319,993
1530	Furniture and equipment, net	31,488,945	7,536,694	39,025,639
<b>1000</b>	<b>Total Assets</b>	<b>1,194,974,370</b>	<b>23,112,750</b>	<b>1,218,087,120</b>
	<b>Deferred Outflows of Resources</b>			
1700	Deferred charge on refunding	10,705,476		10,705,476
1705	Deferred outflows - pension	54,491,387	3,478,867	57,970,254
	<b>Total Deferred Outflows of Resources</b>	<b>65,196,863</b>	<b>3,478,867</b>	<b>68,675,730</b>
	<b>Liabilities</b>			
2110	Accounts payable	26,540,181	542,961	27,083,142
2140	Interest payable	10,491,585		10,491,585
2150	Payroll deductions and withholdings	7,418,732		7,418,732
2160	Accrued wages payable	53,050,692	66,458	53,117,150
2200	Accrued expenses	6,436,348		6,436,348
2300	Unearned revenue	65,141	1,289,468	1,354,609
	Noncurrent Liabilities:			
2501	Due within one year	51,223,849		51,223,849
2502	Due in more than one year	713,466,484		713,466,484
2540	Net pension liability	130,970,489	8,361,486	139,331,975
<b>2000</b>	<b>Total Liabilities</b>	<b>999,663,501</b>	<b>10,260,373</b>	<b>1,009,923,874</b>
	<b>Deferred Inflows of Resources</b>			
2605	Deferred inflows - pension	9,721,250	620,629	10,341,879
	<b>Total Deferred Inflows of Resources</b>	<b>9,721,250</b>	<b>620,629</b>	<b>10,341,879</b>
	<b>Net Position</b>			
3200	Net investment in capital assets	70,466,966	10,500,180	80,967,146
	<b>Restricted for:</b>			
3820	Federal and state programs	610,145	5,210,435	5,820,580
3850	Debt service	16,838,551		16,838,551
3900	Unrestricted	162,870,820		162,870,820
<b>3000</b>	<b>Total Net Position</b>	<b>\$ 250,786,482</b>	<b>\$ 15,710,615</b>	<b>\$ 266,497,097</b>

See Notes to the Financial Statements

**ARLINGTON INDEPENDENT SCHOOL DISTRICT**
**STATEMENT OF ACTIVITIES**
*For the Year Ended June 30, 2016*

Data Control Codes	Functions/Programs	Program Revenue		
		Expenses	Charges for Services	Operating Grants and Contributions
	Governmental activities:			
11	Instruction	\$ 399,051,889	\$ 628,046	\$ 65,043,145
12	Instructional resources and media services	8,129,652		2,139,013
13	Curriculum and staff development	13,199,858		7,673,877
21	Instructional leadership	9,924,616	7,201	2,199,505
23	School leadership	31,585,630		2,243,344
31	Guidance, counseling, and evaluation services	29,579,678		3,124,841
32	Social work services	2,700,653		1,040,006
33	Health services	5,992,175		420,677
34	Student transportation	11,888,600	56,059	581,324
35	Food service	807,280		752,780
36	Extracurricular activities	10,234,216	699,435	341,021
41	General administration	8,969,032		395,118
51	Plant, maintenance and operations	69,186,113	1,672,055	1,541,653
52	Security and monitoring services	7,287,373		406,696
53	Data processing services	10,186,722	4,241	1,830,389
61	Community services	2,339,909	121,588	311,228
72	Interest on long-term debt	28,397,762		
81	Facilities repairs and maintenance	1,599,431		
95	Payments to Juvenile Justice Alternative Education Programs	72,885		
97	Payments to Tax Increment Fund	1,096,490		
99	Intergovernmental charges	1,869,421		
<b>TG</b>	<b>Total governmental activities</b>	<u>654,099,385</u>	<u>3,188,625</u>	<u>90,044,617</u>
	<b>Business-type activities</b>			
35	National School Breakfast and Lunch	33,604,463	5,772,190	26,222,815
<b>TB</b>	<b>Total business-type activities</b>	<u>33,604,463</u>	<u>5,772,190</u>	<u>26,222,815</u>
<b>TP</b>	<b>Total primary government</b>	<u>\$ 687,703,848</u>	<u>\$ 8,960,815</u>	<u>\$ 116,267,432</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>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>NE</b>	<b>Net position - ending</b>

See Notes to the Financial Statements

*Exhibit B-1*

**Net (Expense) Revenue and Changes in Net Position**

<b>Primary Government</b>		
<b>Governmental Activities</b>	<b>Business- type Activities</b>	<b>Total</b>
\$ (333,380,698)	\$	\$ (333,380,698)
(5,990,639)		(5,990,639)
(5,525,981)		(5,525,981)
(7,717,910)		(7,717,910)
(29,342,286)		(29,342,286)
(26,454,837)		(26,454,837)
(1,660,647)		(1,660,647)
(5,571,498)		(5,571,498)
(11,251,217)		(11,251,217)
(54,500)		(54,500)
(9,193,760)		(9,193,760)
(8,573,914)		(8,573,914)
(65,972,405)		(65,972,405)
(6,880,677)		(6,880,677)
(8,352,092)		(8,352,092)
(1,907,093)		(1,907,093)
(28,397,762)		(28,397,762)
(1,599,431)		(1,599,431)
(72,885)		(72,885)
(1,096,490)		(1,096,490)
(1,869,421)		(1,869,421)
<u>(560,866,143)</u>		<u>(560,866,143)</u>
	(1,609,458)	(1,609,458)
	<u>(1,609,458)</u>	<u>(1,609,458)</u>
<u>(560,866,143)</u>	<u>(1,609,458)</u>	<u>(562,475,601)</u>
222,354,931		222,354,931
79,922,367		79,922,367
237,366,093		237,366,093
7,718,245		7,718,245
1,966,781	23,923	1,990,704
8,653,947		8,653,947
(135,898)	135,898	
<u>557,846,466</u>	<u>159,821</u>	<u>558,006,287</u>
(3,019,677)	(1,449,637)	(4,469,314)
<u>253,806,159</u>	<u>17,160,252</u>	<u>270,966,411</u>
<u>\$ 250,786,482</u>	<u>\$ 15,710,615</u>	<u>\$ 266,497,097</u>

**ARLINGTON INDEPENDENT SCHOOL DISTRICT**
**BALANCE SHEET**
**GOVERNMENTAL FUNDS**

June 30, 2016

<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	\$ 195,076,232	\$ 24,445,808	\$ 208,849,134	\$ 29,537,843
1120	Current investments			82,321,615	
	Receivables:				
1210	Property taxes receivable - current	3,663,435			
1220	Property taxes receivable - delinquent	12,714,309	3,994,809		
1230	Allowance for uncollectible taxes (credit)	(9,191,785)	(1,737,680)		
1240	Receivables from other governments	65,914,843			
1260	Due from other funds	3,266,532	628,199	397,941	
1290	Other receivables	595,091		167,630	29,747
1300	Inventories, at cost	1,336,136			
1410	Prepaid items	432,669			
<b>1000</b>	<b>Total Assets</b>	<u>\$ 273,807,462</u>	<u>\$ 27,331,136</u>	<u>\$ 291,736,320</u>	<u>\$ 29,567,590</u>
	<b>Liabilities</b>				
2110	Accounts payable	\$ 3,707,511	\$ 1,000	\$ 21,767,157	\$ 1,896
2150	Payroll deduction and withholdings	7,418,732			
2160	Accrued wages payable	50,247,520			
2170	Due to other funds	54			131,030
2180	Payable to other governments				
2200	Accrued expenditures	2,329,550			
2300	Unearned revenue - other				
<b>2000</b>	<b>Total Liabilities</b>	<u>63,703,367</u>	<u>1,000</u>	<u>21,767,157</u>	<u>132,926</u>
	<b>Deferred Inflows of Resources</b>				
2600	Unavailable revenue - property taxes	5,379,207	1,607,121		
	<b>Total Deferred Inflows of Resources</b>	<u>5,379,207</u>	<u>1,607,121</u>		
	<b>Fund Balances:</b>				
	<b>Non-Spendable:</b>				
3410	Inventories	1,336,136			
3430	Prepaid items	432,669			
	<b>Restricted:</b>				
3450	Federal/State funds grant restrictions				
3470	Capital acquisitions and contractual oblig.			259,672,376	
3480	Retirement of long-term debt		25,723,015		
3490	Texas High School Allotment	1,388,971			
	<b>Committed:</b>				
3510	Construction	17,100,000			
3545	Other committed			10,296,787	29,434,664
	<b>Assigned:</b>				
3590	Other purposes	1,531,994			
3600	Unassigned	182,935,118			
<b>3000</b>	<b>Total fund balances</b>	<u>204,724,888</u>	<u>25,723,015</u>	<u>269,969,163</u>	<u>29,434,664</u>
	<b>Total Liabilities, Deferred Inflows of</b>				
<b>4000</b>	<b>Resources and Fund Balances</b>	<u>\$ 273,807,462</u>	<u>\$ 27,331,136</u>	<u>\$ 291,736,320</u>	<u>\$ 29,567,590</u>

See Notes to the Financial Statements.

*Exhibit C-1*

<b>Total Nonmajor Governmental Funds</b>	<b>Total Governmental Funds</b>
\$ 502,997	\$ 458,412,014 82,321,615
	3,663,435
	16,709,118
	(10,929,465)
8,175,690	74,090,533
727,611	5,020,283
107,808	900,276
	1,336,136
	432,669
<u>\$ 9,514,106</u>	<u>\$ 631,956,614</u>
\$ 811,088	\$ 26,288,652
	7,418,732
2,861,320	53,108,840
5,166,412	5,297,496
	2,329,550
65,141	65,141
<u>8,903,961</u>	<u>94,508,411</u>
	6,986,328
	6,986,328
	1,336,136
	432,669
610,145	610,145
	259,672,376
	25,723,015
	1,388,971
	17,100,000
	39,731,451
	1,531,994
	182,935,118
<u>610,145</u>	<u>530,461,875</u>
<u>\$ 9,514,106</u>	<u>\$ 631,956,614</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, 2016*

**Exhibit C-2**

<b>Data Control Codes</b>	<b>Total fund balance, governmental funds (from C-1)</b>	<b>\$ 530,461,875</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	563,027,666
<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.	6,986,328
<b>3</b>	Long-term liabilities, including bonds payable and net pension liability, are not due and payable in the current period, and therefore are not reported as liabilities in the funds.	(895,446,931)
<b>4</b>	Deferred inflows of resources and deferred outflow of resources related to pensions	44,770,137
<b>5</b>	Addition of Internal Service Fund net position.	<u>987,407</u>
<b>19</b>	<b>Net position of governmental activities</b>	<b><u>\$ 250,786,482</u></b>

See Notes to the Financial Statements.

**ARLINGTON INDEPENDENT SCHOOL DISTRICT**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCE - GOVERNMENTAL FUNDS**  
**For the Year Ended June 30, 2016**

<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	\$ 232,960,325	\$ 79,638,686	\$ 1,172,821
5800	State program revenues	260,906,490	549,077	
5900	Federal program revenues	6,836,546	585,878	
<b>5020</b>	<b>Total revenues</b>	<b>500,703,361</b>	<b>80,773,641</b>	<b>1,172,821</b>
<b>Expenditures</b>				
<b>Current:</b>				
0011	Instruction	309,989,605		19,775,373
0012	Instruction resources and media services	5,887,970		
0013	Curriculum and staff development	5,095,681		126,249
0021	Instructional leadership	7,540,953		33,579
0023	School leadership	28,902,632		
0031	Guidance, counseling and evaluation services	26,003,685		
0032	Social work services	1,575,781		
0033	Health services	5,499,508		
0034	Student transportation	11,250,804		6,460,645
0035	Food services			8,412
0036	Extracurricular activities	9,713,963		84,753
0041	General administration	8,349,483		8,412
0051	Facilities maintenance and operations	42,110,609		25,776,320
0052	Security and monitoring services	6,300,847		784,347
0053	Data processing services	8,804,805		2,738,327
0061	Community services	413,660		3,558
<b>Debt service:</b>				
0071	Principal on long-term debt	1,103,746	52,120,000	
0072	Interest on long-term debt	158,228	25,432,920	
0073	Bond issuance costs and fees		37,350	1,632,259
<b>Capital outlay:</b>				
0081	Facilities acquisition and construction	3,432,127		83,863,386
<b>Intergovernmental:</b>				
0095	Payments to juvenile justice alt. ed. prgm.	72,885		
0097	Payments to tax increment fund	1,096,490		
0099	Other intergovernmental charges	1,869,421		
<b>6030</b>	<b>Total Expenditures</b>	<b>485,172,883</b>	<b>77,590,270</b>	<b>141,295,620</b>
<b>1100</b>	<b>Excess (deficiency) of revenues over expenditures</b>	<b>15,530,478</b>	<b>3,183,371</b>	<b>(140,122,799)</b>
<b>Other Financing Sources (Uses)</b>				
7911	Issuance of bonds			220,300,000
7914	Loan proceeds	431,307		
7916	Premium or discount on issuance of bonds		48	14,618,654
8911	Transfers out			
<b>7080</b>	<b>Total other financing sources and uses</b>	<b>431,307</b>	<b>48</b>	<b>234,918,654</b>
1200	Net change in fund balances	15,961,785	3,183,419	94,795,855
0100	<b>Fund Balance - July 1 (Beginning)</b>	<b>188,763,103</b>	<b>22,539,596</b>	<b>175,173,308</b>
<b>3000</b>	<b>Fund Balance - June 30 (Ending)</b>	<b>\$ 204,724,888</b>	<b>\$ 25,723,015</b>	<b>\$ 269,969,163</b>

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>
\$ 1,134,250	\$ 91,857	\$ 314,997,939
	9,018,057	270,473,624
	43,791,049	51,213,473
<u>1,134,250</u>	<u>52,900,963</u>	<u>636,685,036</u>
	36,128,811	365,893,789
	1,782,605	7,670,575
	7,432,371	12,654,301
	1,736,659	9,311,191
	295,219	29,197,851
	1,502,332	27,506,017
	938,268	2,514,049
	50,782	5,550,290
	22,409	17,733,858
	808,906	817,318
	16,361	9,815,077
34,823		8,392,718
	11,824	67,898,753
		7,085,194
		11,543,132
	1,810,548	2,227,766
		53,223,746
		25,591,148
		1,669,609
		87,295,513
		72,885
		1,096,490
		1,869,421
<u>34,823</u>	<u>52,537,095</u>	<u>756,630,691</u>
<u>1,099,427</u>	<u>363,868</u>	<u>(119,945,655)</u>
		220,300,000
		431,307
		14,618,702
	(135,898)	(135,898)
	(135,898)	235,214,111
1,099,427	227,970	115,268,456
<u>28,335,237</u>	<u>382,175</u>	<u>415,193,419</u>
<u>\$ 29,434,664</u>	<u>\$ 610,145</u>	<u>\$ 530,461,875</u>

**ARLINGTON INDEPENDENT SCHOOL DISTRICT***Exhibit C-4***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, 2016***Data  
Control  
Codes**

	Net change in fund balances - total governmental funds (from C-3)	\$ 115,268,456
	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.	
1	Governmental funds capital outlays	96,564,494
2	Governmental activities depreciation expense	(24,737,911)
3	Property tax revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	1,092,828
4	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.	(182,126,263)
5	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.	(20,788,689)
6	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.	11,618,585
7	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)	88,823
	<b>Change in net position of governmental activities (see B-1)</b>	<u><u>\$ (3,019,677)</u></u>

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, 2016*

		Budgeted Amounts			
Data Control Codes		Original	Final	Actual Amounts, Budgetary Basis	Variance with Final Budget
Revenues					
5700	Local revenues	\$ 237,794,902	\$ 226,667,872	\$ 232,960,325	\$ 6,292,453
5800	State program revenues	254,627,641	259,727,641	260,906,490	1,178,849
5900	Federal program revenues	4,210,000	5,410,000	6,836,546	1,426,546
5000	Total revenues	496,632,543	491,805,513	500,703,361	8,897,848
Expenditures					
Current:					
0011	Instruction	318,280,365	314,559,525	309,989,605	4,569,920
0012	Instructional resources and media services	6,107,221	6,147,959	5,887,970	259,989
0013	Curriculum and staff development	6,365,153	5,725,103	5,095,681	629,422
0021	Instructional leadership	8,360,212	7,881,803	7,540,953	340,850
0023	School leadership	29,167,375	29,446,017	28,902,632	543,385
0031	Guidance, counseling and evaluation services	27,192,045	26,781,472	26,003,685	777,787
0032	Social work services	1,710,858	1,811,490	1,575,781	235,709
0033	Health services	5,580,389	5,779,827	5,499,508	280,319
0034	Student transportation	11,557,082	12,109,173	11,250,804	858,369
0036	Extracurricular activities	10,059,732	9,736,711	9,713,963	22,748
0041	General administration	8,874,933	8,682,952	8,349,483	333,469
0051	Facilities maintenance and operations	42,902,547	42,507,702	42,110,609	397,093
0052	Security and monitoring services	5,674,343	6,407,712	6,300,847	106,865
0053	Data processing services	9,010,181	9,331,747	8,804,805	526,942
0061	Community services	715,204	610,949	413,660	197,289
Debt Service:					
0071	Principal on long-term debt	1,229,266	1,229,423	1,103,746	125,677
0072	Interest on long-term debt	158,228	158,228	158,228	
Capital Outlay:					
0081	Facilities acquisition and construction	4,729,182	4,292,152	3,432,127	860,025
Intergovernmental:					
0095	Payments to Juvenile Justice Alt. Ed. Prgm.	90,000	140,000	72,885	67,115
0097	Payments to tax increment fund	1,142,470	1,142,470	1,096,490	45,980
0099	Other governmental charges	2,034,123	2,034,123	1,869,421	164,702
6030	Total Expenditures	500,940,909	496,516,538	485,172,883	11,343,655
1100	Excess (deficiency) of revenues over expenditures	(4,308,366)	(4,711,025)	15,530,478	20,241,503
Other Financing Sources (Uses):					
7914	Loan proceeds		431,000	431,307	307
7080	Total other financing sources (uses)		431,000	431,307	307
1200	Net change in fund balances	(4,308,366)	(4,280,025)	15,961,785	20,241,810
0100	Fund balances - beginning	188,763,103	188,763,103	188,763,103	
3000	Fund balances - ending	\$ 184,454,737	\$ 184,483,078	\$ 204,724,888	\$ 20,241,810

See Notes to the Financial Statements.

**ARLINGTON INDEPENDENT SCHOOL DISTRICT**  
**STATEMENT OF NET POSITION**  
**PROPRIETARY FUNDS**  
June 30, 2016

*Exhibit D-1*

	<b>Enterprise Fund</b>	<b>Internal Service Funds</b>
<b>Assets</b>		
<b>Current assets:</b>		
Cash and cash equivalents	\$ 9,863,081	\$ 4,835,206
Receivables:		
Due from other funds	209,498	185,328
Other receivables	2,768	
Inventories, at cost	2,617,952	
Prepaid items		282,652
<b>Total current assets</b>	<u>12,693,299</u>	<u>5,303,186</u>
<b>Capital assets:</b>		
Land	401,223	
Building and improvements	4,063,919	
Furniture and equipment	14,552,874	
Accumulated depreciation	<u>(8,517,836)</u>	
<b>Total non-current assets</b>	<u>10,500,180</u>	
<b>Total Assets</b>	<u>23,193,479</u>	<u>5,303,186</u>
<b>Deferred Outflows of Resources</b>		
Deferred outflows - pension	<u>3,478,867</u>	
<b>Total Deferred Outflows of Resources</b>	<u>3,478,867</u>	
<b>Liabilities</b>		
<b>Current Liabilities:</b>		
Accounts payable	542,961	193,381
Accrued wages payable	66,458	
Due to other funds		117,613
Accrued expenses		4,085,514
Unearned revenue	<u>1,289,468</u>	
<b>Total current liabilities</b>	<u>1,898,887</u>	<u>4,396,508</u>
<b>Non-current liabilities:</b>		
Net pension liability	<u>8,361,486</u>	
<b>Total non-current liabilities</b>	<u>8,361,486</u>	
<b>Total Liabilities</b>	<u>10,260,373</u>	<u>4,396,508</u>
<b>Deferred Inflows of Resources</b>		
Deferred inflows - pension	<u>620,629</u>	
<b>Total Deferred Inflows of Resources</b>	<u>620,629</u>	
<b>Net Position</b>		
Net investment in capital assets	10,500,180	
Restricted for food service	5,291,164	
Unrestricted		906,678
<b>Total Net Position</b>	<u>\$ 15,791,344</u>	<u>\$ 906,678</u>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds	<u>\$ (80,729)</u>	
Net position of business-type activities	<u>\$ 15,710,615</u>	

See Notes to the Financial Statements

**ARLINGTON INDEPENDENT SCHOOL DISTRICT***Exhibit D-2***STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION****PROPRIETARY FUNDS***For the Year Ended June 30, 2016*

	<b>Enterprise Fund</b>	<b>Internal Service Funds</b>
<b>Operating Revenues</b>		
Charges for Services	\$ 5,583,436	\$ 2,031,738
State Program Revenues	188,754	
<b>Total Operating Revenues</b>	<u>5,772,190</u>	<u>2,031,738</u>
<b>Operating Expenses</b>		
Payroll costs	13,177,158	1,589,866
Purchased and contracted services	2,994,455	232,354
Supplies and materials	16,016,612	134,548
Other operating costs	61,802	
Depreciation	1,354,434	
<b>Total Operating Expenses</b>	<u>33,604,461</u>	<u>1,956,768</u>
Operating Income (Loss)	<u>(27,832,271)</u>	<u>74,970</u>
<b>Non-Operating Revenues (Expenses)</b>		
Investment earnings	22,159	15,614
National School Breakfast Program	5,727,692	
National School Lunch Program	18,749,030	
Donated Commodities	1,746,093	
<b>Total Nonoperating Revenues (Expenses)</b>	<u>26,244,974</u>	<u>15,614</u>
Income (Loss) before Transfers	(1,587,297)	90,584
Transfers in	<u>135,898</u>	
Change in Net Position	(1,451,399)	90,584
<b>Net Position - July 1 (Beginning)</b>	<u>17,242,743</u>	<u>816,094</u>
<b>Net Position - June 30 (Ending)</b>	<u>\$ 15,791,344</u>	<u>\$ 906,678</u>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds	<u>\$ 1,762</u>	
Change in net position of business-type activities on Exhibit B-1	<u>\$ (1,449,637)</u>	

See Notes to the Financial Statements

**ARLINGTON INDEPENDENT SCHOOL DISTRICT**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
For The Year Ended June 30, 2016

*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	\$ 5,599,306	\$ 1,928,773
Cash received from outside sources	188,754	
Cash payments to suppliers for other operating expenses	2,906,061	
Cash payments for insurance claims		(1,516,432)
Cash payments to suppliers for goods and services	(14,238,582)	(242,718)
Cash payments to employees	(12,470,071)	(167,200)
<b>Net Cash Provided by (Used for) Operating Activities</b>	<b>(18,014,532)</b>	<b>2,423</b>
<b>Cash Flows from Non-Capital Financing Activities:</b>		
Advances from other funds	135,898	
Federal and state assistance - Food service and related	24,476,722	
<b>Net Cash Provided by Non-Capital Financing Activities</b>	<b>24,612,620</b>	
<b>Cash Flows from Capital and Related Financing Activities:</b>		
Acquisition of capital assets	(1,576,388)	
<b>Net Cash (Used for) Capital and Related Financing Activities</b>	<b>(1,576,388)</b>	
<b>Cash Flows from Investing Activities:</b>		
Interest on investments	22,159	15,614
<b>Net Cash Provided by (Used for) Investing Activities</b>	<b>22,159</b>	<b>15,614</b>
Net Increase in Cash and Cash Equivalents	5,043,859	18,037
Cash and Cash Equivalents at Beginning of Year	4,819,222	4,817,169
<b>Cash and Cash Equivalents at End of Year</b>	<b>\$ 9,863,081</b>	<b>\$ 4,835,206</b>
<b>Reconciliation to Balance Sheet</b>		
Cash and Cash Equivalents Per Cash Flow	\$ 9,863,081	\$ 4,835,206
Cash and Cash Equivalents per Balance Sheet	\$ 9,863,081	\$ 4,835,206
<b>Reconciliation of Operating Income to Net Cash Provided by Operating Activities:</b>		
Operating (Loss)	\$ (27,832,271)	\$ 74,970
<b>Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:</b>		
Depreciation	1,354,434	
Donated commodities	1,746,093	
<b>Change in Assets, Liabilities, Deferred Inflows and Outflows:</b>		
(Increase) decrease in Receivables	15,870	
(Increase) decrease in Interfund Receivables	5,780,446	(50,121)
(Increase) decrease in Deferred Outflows - Pensions	(2,556,771)	
(Increase) decrease in Inventories	(576,665)	
Increase (decrease) in Deferred Inflows - Pension	(719,936)	(32,652)
Increase (decrease) in Accounts Payable	181,872	63,070
Increase (decrease) in Accrued Wages Payable	4,627	
Increase (decrease) in Interfund Payables		(52,844)
Increase (decrease) in Net Pension Liability	3,979,167	
Increase (decrease) in Unearned Revenue	608,602	
<b>Net Cash Provided by (Used for) Operating Activities</b>	<b>\$ (18,014,532)</b>	<b>\$ 2,423</b>
<b>Supplemental information:</b>		
Non-cash transaction - Donated commodities received	\$ 1,746,093	\$
<b>Total non-cash transactions</b>	<b>\$ 1,746,093</b>	<b>\$</b>

See Notes to the Financial Statements

**ARLINGTON INDEPENDENT SCHOOL DISTRICT**  
**STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES**  
**AGENCY FUND**  
**June 30, 2016**

***Exhibit E-1***

**Assets**

Cash and cash equivalents	\$ 4,762,573
<b>Total Assets</b>	<b>\$ 4,762,573</b>

**Liabilities**

Accounts payable	\$ 137,180
Due to student groups	4,625,393
<b>Total Liabilities</b>	<b>\$ 4,762,573</b>

See Notes to the Financial Statements

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

The Arlington Independent School District ("District") is an independent public educational agency operating under applicable laws and regulations of the State of Texas. The District is autonomously governed by a seven-member Board of Trustees elected by the District's residents.

The District prepares its basic financial statements in conformity with U.S. generally accepted accounting principles promulgated by the Governmental Accounting Standards Board (GASB) and other authoritative sources identified in Statement on Auditing Standards No. 69, as amended by Statement on Auditing Standards No.'s 91 and 93 of the American Institute of Certified Public Accountants; and it complies with the most recent requirements of the Texas Education Agency's Financial Accountability System Resource Guide (the "Resource Guide" or FASRG) and the requirements of contracts and grants of agencies from which it receives funds.

The following is a summary of the most significant accounting policies.

### **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.



**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

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

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.

**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.

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**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.

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

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

**2. Investments**

Investments consist largely of money market funds and government investment pools. The District's investments are carried at fair value based on quoted market prices at year-end, in accordance with U.S. generally accepted accounting principles. Investments having a maturity of three months or less are reported as cash and cash equivalents.

The District categorizes fair value measurements of its investments based on the hierarchy established by generally accepted accounting principles. The fair value hierarchy, which has three levels, is based on the valuation inputs used to measure an asset's fair value: Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The District's local government investment pools are recorded at amortized costs as permitted by GASB Statement No. 79 *Certain Investment Pools and Pool Participants*.

**3. 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 \$0.372950 per \$100 valuation, respectively, based on a net assessed valuation of \$21,317,959,305.

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, 2016.

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

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

**4. 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.

**5. 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.

**6. 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.

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

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

**7. 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.

**8. 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.

**9. 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.

**10. 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 financial 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.

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

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

**10. Deferred outflows/inflows of resources (continued)**

- 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 1) differences between projected and actual earnings on pension plan investments; 2) changes in actuarial assumptions; 3) differences between expected and actual actuarial experiences and 4) changes in the District's proportional share of pension liabilities. 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 deferred outflows resulting from differences between projected and actual earnings on pension plan investments will be amortized over a closed five year period. The remaining 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.

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 or 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 1) changes in actuarial assumptions; 2) differences between expected and actual actuarial experiences and 3) changes in the District's proportional share of pension liabilities. These pension related deferred inflows 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.

**11. 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.

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

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

**11. Net position and fund balances (continued)**

*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 general fund of \$17,100,000, the natural gas fund \$29,434,664 and \$10,296,787 construction fund revenues and other resources generated through transactions other than bond issues for projects to be determined by the Board of Trustees.

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 \$1,531,994 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.

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

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

**11. Net position and fund balances (continued)**

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.

**12. 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 No. 72, *Fair Value Measurement and Application*, addresses accounting and financial reporting issues related to fair value measurements. The definition of fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. This Statement provides guidance for determining a fair value measurement for financial reporting purposes. This Statement also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements.

GASB Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*, clarifies the application of certain provisions of Statement No. 68 with regard to information that is required to be presented as notes to the 10-year schedules of required supplementary information about investment-related factors that significantly affect trends in the amounts reported.

GASB Statement No. 79, *Certain External Investment Pools and Pool Participants*, addresses accounting and financial reporting for certain external investment pools and pool participants. Specifically, it establishes criteria for an external investment pool to qualify for making the election to measure all of its investments at amortized cost for financial reporting purposes. This Statement establishes additional note disclosure requirements for qualifying external investment pools that measure all of their investments at amortized cost for financial reporting purposes and for governments that participate in those pools. Those disclosures include information about any limitations or restrictions on participant withdrawals.



## **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 \$563,027,666 are as follows:

Land	\$ 68,366,674
Construction in progress	88,414,317
Buildings and improvements	767,364,318
Less: Accumulated depreciation - buildings and improvements	(392,606,588)
Furniture and equipment	71,449,031
Less: Accumulated depreciation - furniture and equipment	<u>(39,960,086)</u>
Net adjustment to increase fund balance - total governmental funds to arrive at net position - governmental activities	<u><u>\$ 563,027,666</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 \$987,407 are as follows:

Net position of the internal service funds	\$ 906,678
Add: Internal payable representing costs in excess of charges to business-type activities - prior years	82,491
Less: Internal payable representing charges in excess of cost to business-type activities - current year	<u>(1,762)</u>
Net adjustment to increase fund balance - total governmental funds to arrive at net position - governmental activities	<u><u>\$ 987,407</u></u>

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

**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 \$895,446,931 difference are as follows:

Bonds payable	\$ 707,492,485
Less: Deferred charge on refunding (to be amortized as interest expense)	(10,705,476)
Add: Issuance premium (to be amortized over life of debt)	50,086,578
Add: Accumulated accretion on capital appreciation bonds	1,436,215
Accrued service benefits	314,566
Notes payable	5,360,489
Accrued interest payable	10,491,585
Net pension liability	<u>130,970,489</u>
Net adjustment to reduce fund balance - total governmental funds to arrive at net position - governmental activities	<u>\$ 895,446,931</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 \$182,126,263 difference are as follows:

Debt issued or incurred:	
General obligation bonds	\$ 220,300,000
Plus premium	14,618,702
Loans	431,307
Principal repayments:	
General obligation bonds	(52,120,000)
Notes payable	<u>(1,103,746)</u>
Net adjustment to decrease changes in fund balance - total governmental funds to arrive at changes in net position of governmental activities	<u>\$ 182,126,263</u>

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

**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 \$(20,788,689) difference are as follows:

Accrued service benefits	\$ 195,761
Accrued interest	(2,629,897)
Amortization of bond premiums	3,123,673
Amortization of deferred charge on refunding	(1,335,432)
Accretion on capital appreciation bonds	(295,349)
Pension expense for the pension plan measurement year	<u>(19,847,445)</u>
Net adjustment to decrease changes in fund balance - total governmental funds to arrive at changes in net position of governmental activities	<u>\$ (20,788,689)</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 \$88,822 difference are as follows:

Change in net position of the internal service funds	\$ 90,584
Less: income from charges to business-type activities	<u>(1,762)</u>
Net adjustment to decrease changes in fund balance - total governmental funds to arrive at changes in net position of governmental activities	<u>\$ 88,822</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.

**III. STEWARDSHIP COMPLIANCE AND ACCOUNTABILITY (continued)**

**A. Budgets and Budgetary Accounting (continued)**

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, 2016. 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.

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, 2016, the carrying value of the District's deposits (other than the temporary investments listed below) was \$31,833,723 and the bank balance was \$36,422,111. The District's cash deposits at June 30, 2016, 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.

**IV. DETAILED NOTES ON ALL FUNDS (continued)**

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

Investments

As of June 30, 2016, the District's investments consisted of balances held by Lone Star Local Government Investment Pool (LSIP), Texas Local Government Investment Pool (TexPool), LOGIC Local Government Investment Pool, and Fidelity Money Market.

LSIP is a Texas public investment pool sponsored by the Texas Association of School Boards (TASB) for investment of funds by state and local government entities, primarily local school districts. The Board has entered into an agreement with First Public, LLC (First Public), a Texas limited liability company and a member of the National Association of Securities Dealers, Securities Investor Protection Corporation, and Municipal Securities Rulemaking Board, pursuant to which First Public serves as administrator of LSIP's operations. American Beacon Advisors, Fort Worth, Texas, and Standish Mellon Asset Management Company, LLC, Pittsburgh, Pennsylvania, provide investment management services to LSIP regarding the investment and reinvestment of the pool's assets. The fund's credit quality is excellent as its portfolio is composed of U. S. government and U. S. agency securities. Investments in LSIP provide for investment in securities with maturities and returns generally greater than money market instruments. LSIP is marked-to-market daily to maintain an accurate net asset value. The District's fair value in LSIP is the same as the value of the pool shares.

TexPool is a public funds investment pool created by the Texas Treasury Safekeeping Trust Company (the Trust Company) to provide a safe environment for the placement of local government funds. The portfolio consists of U.S. Treasury and government agency securities, repurchase agreements, certain mutual funds, collateralized repurchase and reverse repurchase agreements, no-load money market mutual funds regulated by the Securities and Exchange Commission and rated AAA or equivalent by at least one nationally recognized statistical rating organization, securities lending programs, and certificates of deposit. TexPool is overseen by the State Comptroller of Public Accounts and administered by Federated Investors, Inc. The State Street Bank is the custodial bank. TexPool follows chapter 2256 of the Texas Public Funds Investment Act. TexPool uses amortized cost rather than fair value to report net assets to compute share prices. The fair value of the position in TexPool is the same as the value of TexPool shares. Accordingly, the District's investments in TexPool are stated at amortized cost, which approximates fair value.

Local Government Investment Cooperative (LOGIC) (the "Pool") was organized in conformity with the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code, and the Public Funds Investment Act, Chapter 2256 of the Texas Government Code, and operates as a public funds investment pool under the Public Funds Investment Act. LOGIC is organized and existing as a business trust under the laws of the State of Texas with all Participant funds and all investment assets held and managed in trust by a Board of Trustees for the benefit of the Participants. The Board of Trustees is LOGIC's governing body and is comprised of employees, officers or elected officials of Participant Government Entities or individuals who do not have a business relationship with the Pool and are qualified to advise it. A maximum of two advisory board members represent the Co-Administrators of the Pool. The Portfolio assets are marked to market daily using the fair value method. Due to the fact that amortized cost, which generally approximates the market value of the assets, has been deemed to be a proxy for fair value, Portfolio assets are valued on the basis of the amortized cost valuation technique.

**IV. DETAILED NOTES ON ALL FUNDS (continued)**

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

Fidelity Investments offers a Public Funds Money Market Account that has a competitive yield. Money Market accounts are a type of savings account that usually pays a higher interest rate. These funds are considered liquid and the District's Money Market Account is reported at fair value using Level 2 inputs.

As noted in the District's Significant Accounting Policies, the District reports its local government investment pools at amortized cost as permitted by GASB Statement No. 79 Certain External Investment Pools and Pool Participants. In addition, Lone Star, TexPool and LOGIC do not have any limitations and restrictions on withdrawals such as notice periods or maximum transaction amounts. Both pools do not impose any liquidity fees or redemption gates.

The District's temporary investments at June 30, 2016 , are shown below:

	<u>Fair Value</u>	<u>Percentage of Investments</u>	<u>Weighted Average Maturity (Days)</u>
<b>Investments:</b>			
Money Market	<u>\$ 50,274,196</u>	<u>9.5%</u>	1
Local Government Investment Pools:			
Lone Star	10,050,001	1.9%	25
TexPool	7,223,430	1.4%	46
LOGIC	<u>460,813,138</u>	<u>87.2%</u>	38
Total Local Government Investment Pools	<u>478,086,569</u>	<u>90.5%</u>	
Total temporary investments	<u>\$ 528,360,765</u>	<u>100.0%</u>	

**IV. DETAILED NOTES ON ALL FUNDS (continued)**

**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, 2016, the District’s investments in Lonestar was rated AAA and, TexPool and LOGIC were rated AAAM. Fidelity money market had a rating of AAA.

**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 and LOGIC were rated AAA and TexPool was rated AAAM. Fidelity money market had a rating of AAA.

**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.

**B. Receivables**

Receivables due from other governments, as of June 30, 2016 for the District’s major, nonmajor, and propriety funds in the aggregate are as follows:

	<b>General Fund</b>	<b>Other Funds</b>	<b>Total</b>
Due from the State of Texas	\$ 65,914,818	\$ 7,861,396	\$ 73,776,214
Due from the federal agencies	25	314,294	314,319
Total Due from Other Governments	<u>\$ 65,914,843</u>	<u>\$ 8,175,690</u>	<u>\$ 74,090,533</u>

**IV. DETAILED NOTES ON ALL FUNDS (continued)**

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

The composite of interfund balances as of June 30, 2016, is as follows. All interfund balances are expected to be repaid within one year.

	<b>Due From Other Funds</b>	<b>Due To Other Funds</b>
General Fund:		
Natural Gas Special Revenue Fund	\$ 131,030	
Nonmajor Special Revenue Funds	3,017,889	\$ 54
Internal Service Fund	117,613	
Total General Fund	<u>3,266,532</u>	<u>54</u>
Debt Service Fund (major governmental fund):		
Nonmajor Special Revenue Funds	<u>628,199</u>	
Capital Projects Fund (major governmental fund):		
Nonmajor Special Revenue Funds	<u>397,941</u>	
Natural Gas Special Revenue Fund:		
General Fund		<u>131,030</u>
Nonmajor Special Revenue Funds:		
General Fund	727,611	3,745,446
Debt Service Fund (major governmental fund)		628,199
Capital Projects Fund (major governmental fund)		397,941
Nonmajor Special Revenue Funds		
Proprietary Fund		209,498
Internal Service Fund		185,328
	<u>727,611</u>	<u>5,166,412</u>
Proprietary Fund:		
Nonmajor Special Revenue Funds	<u>209,498</u>	
	<u>209,498</u>	
Internal Service Fund:		
Nonmajor Special Revenue Funds	<u>185,328</u>	<u>117,613</u>
Total Internal Service Fund	<u>185,328</u>	<u>117,613</u>
<b>Total all funds</b>	<u><u>\$ 5,415,109</u></u>	<u><u>\$ 5,415,109</u></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, 2016 is as follows:

<b>Transfer Out</b>	<b>Transfer In</b>	<b>Amount</b>
Nonmajor Special Revenue Fund	Enterprise Fund	<u>\$ 135,898</u>
		<u><u>\$ 135,898</u></u>

The transfer from nonmajor Special Revenue Fund to Enterprise Fund was for the portion of revenue exceeding expenditures in the Summer Feeding Program, which is consider a part of the Enterprise Fund food service program.



**IV. DETAILED NOTES ON ALL FUNDS (continued)**

**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, 2016. The future minimum lease payments for all active operating leases can be summarized as follows:

<u>Year Ending June 30,</u>	<u>Amounts</u>
2017	\$ 418,507
2018	429,945
2019	441,383
Total	<u>\$ 1,289,835</u>

**E. Capital Assets**

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

	<u>Balance June 30, 2015</u>	<u>Additions</u>	<u>(Retirements) and Transfers</u>	<u>Balance June 30, 2016</u>
<b>Governmental Activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 68,265,568	\$ 101,106	\$	\$ 68,366,674
Construction in progress	25,182,255	82,867,843	(19,635,781)	88,414,317
<b>Total Capital assets, not being depreciated</b>	<u>93,447,823</u>	<u>82,968,949</u>	<u>(19,635,781)</u>	<u>156,780,991</u>
Capital assets, being depreciated:				
Land improvements				
Buildings and improvements	746,556,721	1,824,297	18,983,300	767,364,318
Furniture and equipment	62,755,544	11,771,248	(3,077,761)	71,449,031
<b>Total Capital assets, being depreciated</b>	<u>809,312,265</u>	<u>13,595,545</u>	<u>15,905,539</u>	<u>838,813,349</u>
Less accumulated depreciation for:				
Land improvements				
Buildings and improvements	(375,276,907)	(17,982,162)	652,481	(392,606,588)
Furniture and Equipment	(36,282,098)	(6,755,749)	3,077,761	(39,960,086)
<b>Total Accumulated depreciation</b>	<u>(411,559,005)</u>	<u>(24,737,911)</u>	<u>3,730,242</u>	<u>(432,566,674)</u>
<b>Governmental Capital Assets</b>	<u>\$ 491,201,083</u>	<u>\$ 71,826,583</u>	<u>\$</u>	<u>\$ 563,027,666</u>

**IV. DETAILED NOTES ON ALL FUNDS (continued)**

**E. Capital Assets (continued)**

A summary of changes in the business-type activities capital assets for the year ended June 30, 2016 is as follows:

	<b>Balance June 30, 2015</b>	<b>Additions</b>	<b>(Retirements) and Transfers</b>	<b>Balance June 30, 2016</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	4,063,919			4,063,919
Furniture and equipment	12,976,486	1,576,388		14,552,874
<b>Total Capital assets, being depreciated</b>	<u>17,040,405</u>	<u>1,576,388</u>		<u>18,616,793</u>
Less accumulated depreciation for:				
Buildings and improvements	(1,406,851)	(94,805)		(1,501,656)
Furniture and Equipment	(5,756,551)	(1,259,629)		(7,016,180)
<b>Total Accumulated depreciation</b>	<u>(7,163,402)</u>	<u>(1,354,434)</u>		<u>(8,517,836)</u>
<b>Business-type Capital Assets</b>	<u>\$ 10,278,226</u>	<u>\$ 221,954</u>	<u>\$</u>	<u>\$ 10,500,180</u>

Depreciation was charged to functions as follows:

<b>Function</b>	<b>Depreciation Expense</b>
<b>Governmental Activities:</b>	
Instruction	\$ 16,061,695
Instructional resources and media services	305,077
Curriculum and staff development	264,026
Instructional leadership	390,724
School leadership	1,497,551
Guidance, counseling and evaluation services	1,347,346
Social work services	81,647
Health services	284,950
Student transportation	582,945
Extracurricular activities	503,316
General administration	432,617
Plant maintenance and operations	2,181,905
Security and monitoring services	326,470
Data processing services	456,209
Community services	21,433
<b>Total Governmental Activities</b>	<u>24,737,911</u>
<b>Business-type Activities:</b>	
Food Services	1,354,434
<b>Total Business-type Activities:</b>	<u>1,354,434</u>
<b>Total</b>	<u>\$ 26,092,345</u>

**IV. DETAILED NOTES ON ALL FUNDS (continued)**

**E. Capital Assets (continued)**

**Construction Commitments**

The District has active construction projects as of June 30, 2016. Construction in progress and remaining commitments as of June 30, 2016 are as follows:

<b>Project</b>	<b>Approved Construction Budget</b>	<b>Construction in Progress</b>	<b>Estimated Remaining Commitment</b>
New Elementary Schools	\$ 48,000,000	\$ 34,449,373	\$ 13,550,627
Multipurpose Activity Centers	60,000,000	46,666,753	13,333,247
Condition deficiencies/Life cycle replacements	6,500,000	11,454	6,488,546
Fine Arts/Dual Language Academies	14,000,000	983,058	13,016,942
CTE Center	46,253,500	6,105,938	40,147,562
Special Education Alternative Curriculum Centers	6,500,000	160,490	6,339,510
Workman Additions	11,872,405	37,251	11,835,154
	<u>\$ 193,125,905</u>	<u>\$ 88,414,317</u>	<u>\$ 104,711,588</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, 2016:

	<b>Balance July 1, 2015</b>	<b>Additions</b>	<b>Retirements</b>	<b>Balance June 30, 2016</b>	<b>Due Within One Year</b>
Bonds payable	\$ 539,312,485	\$ 220,300,000	\$ (52,120,000)	\$ 707,492,485	\$ 49,586,714
Bond premiums	38,591,549	14,618,702	(3,123,673)	50,086,578	
Accreted interest	1,140,866	295,349		1,436,215	283,286
Notes payable	6,032,928	431,307	(1,103,746)	5,360,489	1,258,305
Accrued service benefits	510,327	175,862	(371,623)	314,566	95,544
Total	<u>\$ 585,588,155</u>	<u>\$ 235,821,220</u>	<u>\$ (56,719,042)</u>	<u>\$ 764,690,333</u>	<u>\$ 51,223,849</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.

**IV. DETAILED NOTES ON ALL FUNDS (continued)**

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

**Bond Issuances**

During fiscal year 2016, the District issued \$220,300,000 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, 2016, \$266,510,000 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 \$585,878 in subsidy payments from the federal government during the fiscal year ended June 30, 2016.

**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, 2016, are as follows:

	<b>Interest Rates</b>	<b>Original Amount</b>	<b>Range of Future Maturities</b>	<b>6/30/2015 Balances</b>	<b>Issued</b>	<b>Retired / Defeased</b>	<b>6/30/2016 Balances</b>
2006 Refunding	4.00 to 5.00%	\$ 82,880,000	2015-26	\$ 8,895,000	\$	\$ 585,000	\$ 8,310,000
2007 Refunding	4.00 to 5.00%	114,350,000	2015-21	41,070,000		15,340,000	25,730,000
2009 Refunding	3.00 to 4.25%	12,465,000	2015-24	10,270,000		35,000	10,235,000
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	15,425,000			15,425,000
2011A Building	2.89 to 5.00%	50,717,485	2015-36	40,317,485		3,690,000	36,627,485
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	17,105,000		1,020,000	16,085,000
2012 Building	2.00 to 5.00%	24,885,000	2015-37	24,335,000		890,000	23,445,000
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	71,210,000		22,620,000	48,590,000
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		875,000	71,145,000
2014A Building	1.00 to 5.00%	159,485,000	2015-39	156,120,000		3,425,000	152,695,000
2015 Building	1.00 to 5.00%	220,300,000	2016-40		220,300,000	3,640,000	216,660,000
<b>Total Bonds Payable</b>				<b>\$ 539,312,485</b>	<b>\$ 220,300,000</b>	<b>\$ 52,120,000</b>	<b>\$ 707,492,485</b>

**IV. DETAILED NOTES ON ALL FUNDS (continued)**

**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>
2017	\$ 49,586,714	\$ 28,395,926	\$ 77,982,640
2018	45,440,002	26,969,366	72,409,368
2019	45,193,751	25,863,321	71,057,072
2020	41,305,048	24,252,136	65,557,184
2021	34,596,970	22,772,336	57,369,306
2022 - 2026	161,935,000	90,260,996	252,195,996
2027 - 2031	108,860,000	61,517,663	170,377,663
2032 - 2036	128,155,000	37,576,714	165,731,714
2037 - 2040	92,420,000	9,316,128	101,736,128
	<u>\$ 707,492,485</u>	<u>\$ 326,924,586</u>	<u>\$ 1,034,417,071</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, 2016 no arbitrage payments were made to the IRS. Furthermore, there was no rebatable arbitrage liability at June 30, 2016.

**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 bond issues was 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 6/30/15</b>	<b>Current Year Accretion</b>	<b>Additions / Maturities</b>	<b>Balance 6/30/16</b>
2011A	\$ 10,480,000	\$ 8,217,485	\$ 2,262,515	\$ 1,140,866	\$ 295,349	\$	\$ 1,436,215
		<u>\$ 8,217,485</u>	<u>\$ 2,262,515</u>	<u>\$ 1,140,866</u>	<u>\$ 295,349</u>	<u>\$</u>	<u>\$ 1,436,215</u>

**IV. DETAILED NOTES ON ALL FUNDS (continued)**

**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, 2016, \$214,884,000 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 \$431,407 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 \$5,360,489 and annual maturities are as follows:

<b><u>Year Ending June 30,</u></b>	<b><u>Principal</u></b>	<b><u>Interest</u></b>	<b><u>Total</u></b>
2017	\$ 1,258,305	\$ 131,618	\$ 1,389,923
2018	549,503	100,398	649,901
2019	502,627	86,536	589,163
2020	515,311	73,852	589,163
2021	528,315	60,848	589,163
2022 - 2024	2,006,428	106,663	2,113,091
	<u>\$ 5,360,489</u>	<u>\$ 559,915</u>	<u>\$ 5,920,404</u>

**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.

**IV. DETAILED NOTES ON ALL FUNDS (continued)**

**G. Employee Benefits (continued)**

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, 2016, 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.

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>
2015	\$ 4,085,514	\$ 1,328,447	\$ (1,328,447)	\$ 4,085,514
2016	4,085,514	1,516,432	(1,516,432)	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**

**Plan Description**

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

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

**IV. DETAILED NOTES ON ALL FUNDS (continued)**

**G. Employee Benefits (continued)**

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

**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.

**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 cost of living adjustments (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.

**Contributions**

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

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



**IV. DETAILED NOTES ON ALL FUNDS (continued)**

**G. Employee Benefits (continued)**

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

	<b>Contribution Rates</b>	
	<b>2016</b>	<b>2015</b>
Member	7.20%	6.70%
Non-Employer Contributing Entity (State)	6.80%	6.80%
Employers	6.80%	6.80%

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).

Contributors to the plan include members, employers and the State of Texas as the only non-employer contributing entity. The State contributes to the plan in accordance with state statutes and the General Appropriations Act (GAA). Contributions and pension expense for all contributions were as follows:

	<b>Measurement Year (2015)</b>	<b>Fiscal Year (2016)</b>
	<b>Contributions Made</b>	<b>TRS Contributions</b>
Employer (District) contributions	\$ 11,689,933	\$ 12,378,352
Member (Employee) contributions	\$ 25,133,669	\$ 27,681,253
Non-employer (State) on-behalf contributions	\$ 18,358,037	\$ 18,622,275

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.

**IV. DETAILED NOTES ON ALL FUNDS (continued)**

**G. Employee Benefits (continued)**

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

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

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

**Actuarial Assumptions**

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

Valuation Date	August 31, 2015
Actuarial Cost Method	Individual Entry Age Normal
Asset Valuation Method	Market Value
Single Discount Rate	8.00%
Long-term expected Investment Rate of Return	8.00%
Inflation	2.50%
Salary Increases including inflation	3.5% to 9.5%
Payroll Growth Rate	2.50%
Benefit Changes during the year	None
Ad hoc post-employment benefit changes	None

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

**Discount Rate**

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

**IV. DETAILED NOTES ON ALL FUNDS (continued)**

**G. Employee Benefits (continued)**

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

Best estimates of geometric real rates of return for each major asset class included in the Systems target asset allocation as of August 31, 2015 are summarized below:

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.*

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

*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 2015 Net Pension Liability.

	Discount Rate		
	1% Decrease (7%)	Current Rate (8%)	1% Increase (9%)
District's proportional share of the net pension liability	\$ 218,306,944	\$ 139,331,975	\$ 73,550,734

**IV. DETAILED NOTES ON ALL FUNDS (continued)**

**G. Employee Benefits (continued)**

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

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

At June 30, 2016, the District reported a liability of \$139,331,975 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 proportion of the net pension liability	0.3942%
District's proportionate share of the collective net pension liability	\$ 139,331,975
State's proportionate share that is associated with the District	219,091,643
Total	<u>\$ 358,423,618</u>

The net pension liability was measured as of August 31, 2015 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The 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, 2014 thru August 31, 2015.

At August 31, 2015 the employer's proportion of the collective net pension liability was 0.39427% which was an increase from its proportion measured as of August 31, 2014 of 0.2829%.

**Change Since the Prior Actuarial Valuation**

The following are changes to the actuarial assumptions or other inputs that affected measurement of the total pension liability since the prior measurement period:

*Economic Assumptions:*

1. The inflation assumption was decreased from 3.00% to 2.50%
2. The ultimate merit assumption for long-service employees was decreased from 1.25% to 1.00%
3. In accordance with the observed experience, there were small adjustments in the service-based promotional/longevity component of the salary scale.
4. The payroll growth assumption was lowered from 3.50% to 2.50%
5. The post-retirement mortality tables for non-disabled retirees were updated to reflect recent TRS member experience. Mortality rates will be assumed to continue to improve in the future using a fully generational approach and Scale BB.
6. The post-retirement mortality tables for disabled retirees were updated to reflect recent TRS member experience. Mortality rates will be assumed to continue to improve in the future using a fully generational approach and Scale BB.

**IV. DETAILED NOTES ON ALL FUNDS (continued)**

**G. Employee Benefits (continued)**

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

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

*Other Demographic Assumptions*

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

*Actuarial Methods and Policies*

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

There were no changes of 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 June 30, 2016, the District recognized pension expense of \$21,359,158 and revenue of \$31,217,033 for support provided by the State.

**IV. DETAILED NOTES ON ALL FUNDS (continued)**

**G. Employee Benefits (continued)**

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

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

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 971,818	\$ (5,354,652)
Changes of assumptions	4,084,572	(4,970,755)
Net difference between projected and actual earnings on pension plan investments	16,994,319	
Changes in proportion and differences between District contributions and proportionate share of contributions	25,412,749	(16,472)
District contributions subsequent to the measurement date	10,506,797	
Total	<u>\$ 57,970,255</u>	<u>\$ (10,341,879)</u>

\$10,506,797 reported as deferred outflows of resources related to pension resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2017.

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>
2017	\$ (6,381,265)
2018	(6,381,265)
2019	(6,381,265)
2020	(12,154,613)
2021	(3,515,430)
2022	(2,307,741)
	<u>\$ (37,121,579)</u>

**IV. DETAILED NOTES ON ALL FUNDS (continued)**

**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, 2016, June 30, 2015, and June 30, 2014, the District's contributions were \$2,430,840, \$2,325,049, and \$2,264,533, 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, 2016, June 30, 2015, and June 30, 2014, were \$3,604,720, \$3,465,628, and \$3,080,241, 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, 2016, June 30, 2015, and June 30, 2014, the contributions made on behalf of the District were \$1,512,220, \$1,127,012, and \$1,004,760, 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.

**IV. DETAILED NOTES ON ALL FUNDS (continued)**

**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, 2016, the print shop internal service fund had a deficit net position balance of \$86,157. The district expects subsequent period revenues to eliminate the deficit.

**K. Excess Expenditure over Budgeted Appropriations**

During the year-ended June 30, 2016, Child Nutrition expenses for payroll costs and depreciation exceeded budgeted amounts by \$1,018,393 and \$354,443.

**L. Subsequent Events**

In July 2016, the District issued \$109,420,000 in Unlimited Tax School Building Bonds, Series 2016A, to be used for (1) the acquisition, construction, and equipment of school buildings and for the purchase of school sites and school buses and (2) payment of the costs associated with the sale of the 2016A Bonds. The District also issued \$46,475,000 in Unlimited Tax Refunding Bonds, Series 2016B, to refund \$8,310,000 of the outstanding Unlimited Tax Refunding Bonds, Series 2006, \$12,705,000 of the Unlimited Tax School Building Bonds, Series 2010A, and \$28,410,000 of the Unlimited Tax School Buildings Bonds, Series 2011A. And finally, the District issued \$21,086,367.90 in Unlimited Tax Refunding Bonds, Taxable Series 2016C, to refund \$21,090,000 of the outstanding Unlimited Tax Refunding Bonds, Series 2007.



## **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**  
**For the Last Two Measurement Year ended August 31 (1)**

*Exhibit G-1*

	<u>2015</u>	<u>2014</u>
District's proportion of the net pension liability	0.3942%	0.2829%
District's proportionate share of the net pension liability	\$ 139,331,975	\$ 75,557,286
State's proportionate share of the net pension liability associated with the District	<u>219,091,643</u>	<u>190,008,374</u>
Total	<u>\$ 358,423,618</u>	<u>\$ 265,565,660</u>
District's covered-employee payroll (for Measurement Year)	\$ 375,129,379	\$ 367,187,392
District's proportionate share of the net pension liability as a percentage of it's covered-employee payroll	37.14%	20.58%
Plan fiduciary net position as a percentage of the total pension liability *	78.43%	83.25%
Plan's net pension liability as a percentage of covered-employee payroll *	91.94%	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 accordan GASB 68.

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

(1) Ten year of data should be presented in this schedule, but data was unavailable prior to 2014  
Net pension liability and related ratios will be presented as data becomes available.

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

*Exhibit G-2*

	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contributions	\$ 12,378,352	\$ 11,065,220	\$ 6,868,636
Contributions in relation to the contractual required contributions	<u>12,378,352</u>	<u>11,065,220</u>	<u>6,868,636</u>
Contribution deficiency (excess)	<u>\$</u>	<u>\$</u>	<u>\$</u>
District's covered employee payroll	\$ 388,883,913	\$ 373,526,450	\$ 363,736,625
Contributions as a percentage of covered employee payroll	3.18%	2.96%	1.89%

**Notes to Required Supplementary Information - Pension**

Effective September 1, 2014, employers who did not contribute Social Security for TRS-eligible employees were required to contribute an additional 1.5% of TRS-eligible compensation which nearly doubled the District's contributions into the Plan. Because the District's proportional share of the plan is determined by its proportional share of contributions, the District recognized a corresponding increase in its share of net pension liability.

**Changes of Assumptions**

New actuarial assumptions were adopted by the Teacher Retirement System of Texas' Board of Trustees on September 24, 2015 and are effective with the valuation as of August 31, 2015. The major assumptions changes were the adoption of the use of generational mortality for the purpose of predicting future mortality improvement and the reduction in the inflation rate from 3.00% to 2.50%.

**Changes of Benefit Terms**

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



# Arlington

INDEPENDENT SCHOOL DISTRICT

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## **OTHER SUPPLEMENTARY INFORMATION**



# Arlington

INDEPENDENT SCHOOL DISTRICT

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## 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>226</b>	<b>IDEA - Part B, High Cost Risk Pool</b> - assists with high need students with disabilities whose direct special education and related services costs exceed \$25,000 per school year.
<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.
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.
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.
414	<b>Texas Reading Initiative/Texas Reading, Math and Science</b> - Funds granted to improve student achievenmet in reading, math and science.

**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>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>490</b>	<b>Summer Technology Camp</b> - Provide a computing technology camp designed to promote engagement, creativity, and critical thinking.
<b>491</b>	<b>Emerging Leaders</b> - Provide a leadership development program to further participating employees on the path to becoming a Principal.
<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, 2016*

		206	211	220
<b>Data Control Codes</b>		<b>McKinney Homeless Education</b>	<b>Title I-A Improving Basic Programs</b>	<b>English Literacy &amp; Civics Ed.</b>
	<b>Assets</b>			
1110	Cash and cash equivalents	\$	\$ 502,997	\$
	Receivables:			
1240	Receivables from other governments	40,194	3,099,210	134,473
1260	Due from other funds			
1290	Other receivables		2,074	
1000	<b>Total Assets</b>	<u>\$ 40,194</u>	<u>\$ 3,604,281</u>	<u>\$ 134,473</u>
	<b>Liabilities:</b>			
	<b>Current Liabilities:</b>			
2110	Accounts payable	\$ 199	\$ 222,617	\$ 456
2160	Accrued wages payable	4,469	1,037,608	20,092
2170	Due to other funds	35,526	2,344,056	113,925
2300	Unearned revenue - other			
2000	<b>Total Liabilities</b>	<u>40,194</u>	<u>3,604,281</u>	<u>134,473</u>
	<b>Fund Balance:</b>			
	<b>Restricted:</b>			
3450	Federal/State funds grant restrictions			
	<b>Total Fund Balance</b>			
4000	<b>Total liabilities and fund balance</b>	<u>\$ 40,194</u>	<u>\$ 3,604,281</u>	<u>\$ 134,473</u>

<b>223</b> <b>Temporary</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>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>	<b>255</b>  <b>Title II-A</b> <b>Principal</b> <b>Training</b>
\$	\$	\$	\$	\$	\$
54,927	2,029,266	4,894	575,538	141,100	176,150
		73,704			
<u>\$ 54,927</u>	<u>\$ 2,029,266</u>	<u>\$ 78,598</u>	<u>\$ 575,538</u>	<u>\$ 141,100</u>	<u>\$ 176,150</u>
\$ 26	\$ 38,884	\$	\$ 48,671	\$	\$ 2,192
1,772	1,236,268		58,148	900	74,106
53,129	754,114	78,598	367,855	140,200	99,852
<u>54,927</u>	<u>2,029,266</u>	<u>78,598</u>	<u>474,674</u>	<u>141,100</u>	<u>176,150</u>
			100,864		
			100,864		
<u>\$ 54,927</u>	<u>\$ 2,029,266</u>	<u>\$ 78,598</u>	<u>\$ 575,538</u>	<u>\$ 141,100</u>	<u>\$ 176,150</u>

**ARLINGTON INDEPENDENT SCHOOL DISTRICT**

**COMBINING BALANCE SHEET**

**NONMAJOR GOVERNMENTAL FUNDS**

*June 30, 2016*

		263	282	288
<b>Data Control Codes</b>		<b>Title III-A LEP</b>	<b>Adolescent and Family Life</b>	<b>Foreign Language Grant</b>
	<b>Assets</b>			
1110	Cash and cash equivalents	\$	\$	\$
	<b>Receivables:</b>			
1240	Receivables from other governments	563,513	35,993	13
1260	Due from other funds			
1290	Other receivables	26,011		
1000	<b>Total Assets</b>	<u>\$ 589,524</u>	<u>\$ 35,993</u>	<u>\$ 13</u>
	<b>Liabilities:</b>			
	<b>Current Liabilities:</b>			
2110	Accounts payable	\$	\$	\$
2160	Accrued wages payable	198,868		
2170	Due to other funds	390,656	35,993	13
2300	Unearned revenue - other			
2000	<b>Total Liabilities</b>	<u>589,524</u>	<u>35,993</u>	<u>13</u>
	<b>Fund Balance:</b>			
	<b>Restricted:</b>			
3450	Federal/State funds grant restrictions			
	<b>Total Fund Balance</b>			
4000	<b>Total liabilities and fund balance</b>	<u>\$ 589,524</u>	<u>\$ 35,993</u>	<u>\$ 13</u>

289	315	316	317	381	385
<u>Texas Literary Initiative</u>	<u>IDEA B - Discretionary</u>	<u>IDEA B - Formula (Deaf)</u>	<u>IDEA B - Preschool (Deaf)</u>	<u>Adult Basic Education (ABE)</u>	<u>State Visual Impairment</u>
\$	\$	\$	\$	\$	\$
996,678	3,722	5,725		65,370	11,295
54	23,118	3,186			
	4,478				
<u>\$ 996,732</u>	<u>\$ 31,318</u>	<u>\$ 8,911</u>	<u>\$</u>	<u>\$ 65,370</u>	<u>\$ 11,295</u>
\$ 293,361	\$ 31,318	\$ 8,911	\$	\$ 1,517	\$
156,808				10,340	1,778
546,563				53,513	9,509
<u>996,732</u>	<u>31,318</u>	<u>8,911</u>	<u></u>	<u>65,370</u>	<u>11,287</u>
					8
					8
<u>\$ 996,732</u>	<u>\$ 31,318</u>	<u>\$ 8,911</u>	<u>\$</u>	<u>\$ 65,370</u>	<u>\$ 11,295</u>

**ARLINGTON INDEPENDENT SCHOOL DISTRICT**

**COMBINING BALANCE SHEET**

**NONMAJOR GOVERNMENTAL FUNDS**

*June 30, 2016*

		397	404	410
<b>Data Control Codes</b>		<b>Advanced Placement Incentive</b>	<b>Algebra Readiness</b>	<b>Instructional Materials Allotment</b>
	<b>Assets</b>			
1110	Cash and cash equivalents	\$	\$	\$
	<b>Receivables:</b>			
1240	Receivables from other governments			11,718
1260	Due from other funds	23,775		458,914
1290	Other receivables			
1000	<b>Total Assets</b>	<u>\$ 23,775</u>	<u>\$</u>	<u>\$ 470,632</u>
	<b>Liabilities:</b>			
	<b>Current Liabilities:</b>			
2110	Accounts payable	\$	\$	\$ 130,184
2160	Accrued wages payable			
2170	Due to other funds			
2300	Unearned revenue - other			
2000	<b>Total Liabilities</b>			<u>130,184</u>
	<b>Fund Balance:</b>			
	<b>Restricted:</b>			
3450	Federal/State funds grant restrictions	23,775		340,448
	<b>Total Fund Balance</b>	<u>23,775</u>		<u>340,448</u>
4000	<b>Total liabilities and fund balance</b>	<u>\$ 23,775</u>	<u>\$</u>	<u>\$ 470,632</u>



411	414	427	429	435	481
Technology Allotment	Texas Accelerated Science	Beg Teacher Mentoring Program	Other State Programs	Regional Day School for the Deaf	AISD Access
\$	\$	\$	\$	\$	\$
		29,710	112,347	83,854	
30,991	70,340				36,154
651			890		
<u>\$ 31,642</u>	<u>\$ 70,340</u>	<u>\$ 29,710</u>	<u>\$ 113,237</u>	<u>\$ 83,854</u>	<u>\$ 36,154</u>
\$	\$	\$ 1,544	\$ 10,708	\$ 4,562	\$
			19,261	40,902	
		28,166	76,354	38,390	
		<u>29,710</u>	<u>106,323</u>	<u>83,854</u>	
31,642	70,340		6,914		36,154
<u>31,642</u>	<u>70,340</u>		<u>6,914</u>		<u>36,154</u>
<u>\$ 31,642</u>	<u>\$ 70,340</u>	<u>\$ 29,710</u>	<u>\$ 113,237</u>	<u>\$ 83,854</u>	<u>\$ 36,154</u>

**ARLINGTON INDEPENDENT SCHOOL DISTRICT**

**COMBINING BALANCE SHEET**

**NONMAJOR GOVERNMENTAL FUNDS**

*June 30, 2016*

		<b>490</b>	<b>491</b>	<b>496</b>
<b>Data Control Codes</b>		<b>Summer Technolog y Camp</b>	<b>Emerging Leaders</b>	<b>United Way</b>
	<b>Assets</b>			
1110	Cash and cash equivalents	\$	\$	\$
	<b>Receivables:</b>			
1240	Receivables from other governments			
1260	Due from other funds	4,750		
1290	Other receivables			
1000	<b>Total Assets</b>	<u>\$ 4,750</u>	<u>\$</u>	<u>\$</u>
	<b>Liabilities:</b>			
	<b>Current Liabilities:</b>			
2110	Accounts payable	\$	\$	\$
2160	Accrued wages payable			
2170	Due to other funds			
2300	Unearned revenue - other	4,750		
2000	<b>Total Liabilities</b>	<u>4,750</u>		
	<b>Fund Balance:</b>			
	<b>Restricted:</b>			
3450	Federal/State funds grant restrictions			
	<b>Total Fund Balance</b>			
4000	<b>Total liabilities and fund balance</b>	<u>\$ 4,750</u>	<u>\$</u>	<u>\$</u>

**Exhibit H-1**  
**Page 4 of 4**

**497**

<b>Arlington Education Foundation</b>	<b>Total Nonmajor Governmental Funds</b>
\$	\$ 502,997
	8,175,690
76,329	727,611
	107,808
<u>\$ 76,329</u>	<u>\$ 9,514,106</u>
\$ 15,938	\$ 811,088
	2,861,320
	5,166,412
60,391	65,141
<u>76,329</u>	<u>8,903,961</u>
	610,145
	610,145
<u>\$ 76,329</u>	<u>\$ 9,514,106</u>

**ARLINGTON INDEPENDENT SCHOOL DISTRICT**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCE - NONMAJOR GOVERNMENTAL FUNDS**  
*For the Year Ended June 30, 2016*

Data Control Codes		206	211	220
		McKinney Homeless Education	Title I-A Improving Basic Programs	English Literacy & Civics Ed.
	<b>Revenues</b>			
5700	Local and Intermediate Sources	\$	\$	\$
5800	State Program Revenues			
5900	Federal Program Revenues	122,467	20,869,969	372,604
5020	<b>Total Revenues</b>	<u>122,467</u>	<u>20,869,969</u>	<u>372,604</u>
	<b>Expenditures</b>			
	<b>Current:</b>			
0011	Instruction		12,994,709	256,872
0012	Instructional Resources and Media Services		1,751,407	
0013	Curriculum and Instructional Staff Development	1,093	2,360,866	14,255
0021	Instructional Leadership	34,411	1,435,986	97,302
0023	School Leadership		130,654	
0031	Guidance, Counseling and Evaluation Services	1,022	150,332	4,175
0032	Social work services	62,738	550,632	
0033	Health Services	696		
0034	Student Transportation	16,932		
0035	Food Services			
0036	Cocurricular/Extracurricular Activities			
0051	Plant Maintenance and Operations		10,823	
0061	Community Services	5,575	1,484,560	
6030	<b>Total Expenditures</b>	<u>122,467</u>	<u>20,869,969</u>	<u>372,604</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>

223 Temporary Assistance for Needy Families (TANF)	224 IDEA B - Formula	225 IDEA B - Preschool	242 Summer Feeding Program TDA	244 Carl D. Perkins Technology	255 Title II-A Principal Training
\$	\$	\$	\$	\$	\$
122,997	9,560,128	147,171	752,780	685,352	1,386,730
122,997	9,560,128	147,171	752,780	685,352	1,386,730
120,638	7,476,436	147,171		436,269	
593	1,133,786			55,836	1,299,886
118	4,151			4,247	45,912
					40,889
1,648	895,669			189,000	
	50,086				43
			808,906		
122,997	9,560,128	147,171	808,906	685,352	1,386,730
			(56,126)		
			(135,898)		
			(135,898)		
			(192,024)		
			292,888		
\$	\$	\$	\$ 100,864	\$	\$

**ARLINGTON INDEPENDENT SCHOOL DISTRICT**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCE - NONMAJOR GOVERNMENTAL FUNDS**  
**For the Year Ended June 30, 2016**

		263	282	288
<b>Data Control Codes</b>		<b>Title III-A LEP</b>	<b>Adolescent and Family Life</b>	<b>Foreign Language Grant</b>
	<b>Revenues</b>			
5700	Local, Intermediate and Out-of-State	\$	\$	\$
5800	State Program Revenues			
5900	Federal Program Revenues	2,083,835	214,368	31,158
5020	<b>Total Revenues</b>	<u>2,083,835</u>	<u>214,368</u>	<u>31,158</u>
	<b>Expenditures</b>			
	<b>Current:</b>			
0011	Instruction	1,343,022	19,909	11,802
0012	Instructional Resources and Media Services			
0013	Curriculum and Instructional Staff Development	576,979	6,000	19,030
0021	Instructional Leadership	34,513	4,757	266
0023	School Leadership	13,431		
0031	Guidance, Counseling and Evaluation Services		179,157	
0032	Social work services		4,275	
0033	Health Services			
0034	Student Transportation	754		60
0035	Food Services			
0036	Cocurricular/Extracurricular Activities			
0051	Facilities Maintenance and Operations		270	
0061	Community Services	115,136		
6030	<b>Total Expenditures</b>	<u>2,083,835</u>	<u>214,368</u>	<u>31,158</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>

289	315	316	317	381	385
Texas Literary Initiative	IDEA B - Discretionary	IDEA B - Formula (Deaf)	IDEA B - Preschool (Deaf)	Adult Basic Education (ABE)	State Visual Impairment
\$ 54	\$	\$	\$	\$	\$
				174,657	25,915
7,262,661	59,005	35,527	4,352		
7,262,715	59,005	35,527	4,352	174,657	25,915
5,074,435	59,005	35,527	4,352	146,282	25,907
1,939,747					
40,814				26,991	
245					
				1,384	
4,401					
203,019					
7,262,661	59,005	35,527	4,352	174,657	25,907
54					8
54					8
(54)					
\$	\$	\$	\$	\$	\$ 8

**ARLINGTON INDEPENDENT SCHOOL DISTRICT**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCE - NONMAJOR GOVERNMENTAL FUNDS**  
*For the Year Ended June 30, 2016*

		397	404	410
<b>Data Control Codes</b>		<b>Advanced Placement Incentive</b>	<b>Algebra Readiness</b>	<b>Instructional Materials Allotment</b>
	<b>Revenues</b>			
5700	Local, Intermediate and Out-of-State	\$	\$ 1,820	\$
5800	State Program Revenues	24,300		7,785,466
5900	Federal Program Revenues	79,945		
5020	<b>Total Revenues</b>	<u>104,245</u>	<u>1,820</u>	<u>7,785,466</u>
	<b>Expenditures</b>			
	<b>Current:</b>			
0011	Instruction			7,445,018
0012	Instructional Resources and Media Services			
0013	Curriculum and Instructional Staff Development	24,300		
0021	Instructional Leadership			
0023	School Leadership			
0031	Guidance, Counseling and Evaluation Services	79,945		
0032	Social work services			
0033	Health Services			
0034	Student Transportation			
0035	Food Services			
0036	Cocurricular/Extracurricular Activities			
0051	Facilities Maintenance and Operations			
0061	Community Services			
6030	<b>Total Expenditures</b>	<u>104,245</u>	<u></u>	<u>7,445,018</u>
1100	Excess (deficiency) of revenues over expenditures	<u></u>	<u>1,820</u>	<u>340,448</u>
	<b>Other Financing Sources (Uses)</b>			
8911	Transfers out			
	<b>Total Other Financing Sources (Uses)</b>	<u></u>	<u></u>	<u></u>
1200	Net change in fund balances		1,820	340,448
0100	<b>Fund Balance - July 1 (Beginning)</b>	<u>23,775</u>	<u>(1,820)</u>	<u></u>
3000	<b>Fund Balance - June 30 (Ending)</b>	<u>\$ 23,775</u>	<u>\$</u>	<u>\$ 340,448</u>



411	414	427	429	435	481
Technology Allotment	Texas Accelerated Science	Beg Teacher Mentoring Program	Other State Programs	Regional Day School for the Deaf	AISD Access
\$	\$	\$	\$	\$	\$
	70,340	32,843	309,844	484,692	
	70,340	32,843	309,844	484,692	
			6,755	483,869	
			254		
			7,191		
		32,843	287,737		
			262		
			731		
				823	
		32,843	302,930	484,692	
	70,340		6,914		
	70,340		6,914		
31,642					36,154
\$ 31,642	\$ 70,340	\$	\$ 6,914	\$	\$ 36,154

**ARLINGTON INDEPENDENT SCHOOL DISTRICT**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCE - NONMAJOR GOVERNMENTAL FUNDS**  
*For the Year Ended June 30, 2016*

		490	491	496
<b>Data Control Codes</b>		<b>Summer Technology Camp</b>	<b>Emerging Leaders</b>	<b>United Way</b>
	<b>Revenues</b>			
5700	Local, Intermediate and Out-of-State	\$ 1,730	\$	\$ 410
5800	State Program Revenues		110,000	
5900	Federal Program Revenues			
5020	<b>Total Revenues</b>	<u>1,730</u>	<u>110,000</u>	<u>410</u>
	<b>Expenditures</b>			
	<b>Current:</b>			
0011	Instruction	1,730		
0012	Instructional Resources and Media Services			
0013	Curriculum and Instructional Staff Development			
0021	Instructional Leadership			
0023	School Leadership		110,000	
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			
0061	Community Services			
6030	<b>Total Expenditures</b>	<u>1,730</u>	<u>110,000</u>	
1100	Excess (deficiency) of revenues over expenditures			<u>410</u>
	<b>Other Financing Sources (Uses)</b>			
8911	Transfers out			
	<b>Total Other Financing Sources (Uses)</b>			
1200	Net change in fund balances			410
0100	<b>Fund Balance - July 1 (Beginning)</b>			<u>(410)</u>
3000	<b>Fund Balance - June 30 (Ending)</b>	<u>\$</u>	<u>\$</u>	<u>\$</u>

**Exhibit H-2**  
**Page 4 of 4**

**497**

<b>Arlington Education Foundation</b>	<b>Total Nonmajor Governmental Funds</b>
\$ 87,843	\$ 91,857
	9,018,057
	43,791,049
<u>87,843</u>	<u>52,900,963</u>
39,103	36,128,811
30,944	1,782,605
	7,432,371
	1,736,659
	295,219
	1,502,332
	938,268
	50,782
	22,409
	808,906
16,361	16,361
	11,824
1,435	1,810,548
<u>87,843</u>	<u>52,537,095</u>
	<u>363,868</u>
	(135,898)
	<u>(135,898)</u>
	227,970
	<u>382,175</u>
<u>\$</u>	<u>\$ 610,145</u>

**ARLINGTON INDEPENDENT SCHOOL DISTRICT**  
**COMBINING STATEMENT OF NET POSITION**  
**INTERNAL SERVICE FUNDS**  
**June 30, 2016**

**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	\$ 4,794	\$ 4,830,412	\$ 4,835,206
Receivables:			
Due from other funds		185,328	185,328
Prepaid items	32,652	250,000	282,652
<b>Total Current Assets</b>	<u>37,446</u>	<u>5,265,740</u>	<u>5,303,186</u>
<b>Total Assets</b>	<u>37,446</u>	<u>5,265,740</u>	<u>5,303,186</u>
<b>Liabilities</b>			
<b>Current Liabilities:</b>			
Accounts payable	5,990	187,391	193,381
Due to other funds	117,613		117,613
Accrued expenses		4,085,514	4,085,514
<b>Total current liabilities</b>	<u>123,603</u>	<u>4,272,905</u>	<u>4,396,508</u>
<b>Total Liabilities</b>	<u>123,603</u>	<u>4,272,905</u>	<u>4,396,508</u>
<b>Net Position</b>			
Unrestricted	(86,157)	992,835	906,678
<b>Total Net Position</b>	<u>\$ (86,157)</u>	<u>\$ 992,835</u>	<u>\$ 906,678</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, 2016*

	<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	\$ 441,886	\$ 1,589,852	\$ 2,031,738
<b>Total operating revenues</b>	<u>441,886</u>	<u>1,589,852</u>	<u>2,031,738</u>
<b>Operating Expenses</b>			
Payroll costs		1,589,866	1,589,866
Purchased and contracted services	232,354		232,354
Supplies and materials	<u>134,548</u>		<u>134,548</u>
<b>Total operating expenses</b>	<u>366,902</u>	<u>1,589,866</u>	<u>1,956,768</u>
Operating Income (Loss)	<u>74,984</u>	<u>(14)</u>	<u>74,970</u>
<b>Non-Operating Revenues (Expenses)</b>			
Earnings - temporary deposits and investments		15,614	15,614
<b>Total non-operating revenues (expenses)</b>		<u>15,614</u>	<u>15,614</u>
Change in Net Position	74,984	15,600	90,584
<b>Net Position - July 1 (Beginning)</b>	<u>(161,141)</u>	<u>977,235</u>	<u>816,094</u>
<b>Net Position - June 30 (Ending)</b>	<u>\$ (86,157)</u>	<u>\$ 992,835</u>	<u>\$ 906,678</u>

**ARLINGTON INDEPENDENT SCHOOL DISTRICT**  
**COMBINING STATEMENT OF CASH FLOWS**  
**INTERNAL SERVICE FUNDS**  
**For The Year Ended June 30, 2016**

**Exhibit H-5**

	<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	\$ 389,042	\$ 1,539,731	\$ 1,928,773
Cash payments for insurance claims		(1,516,432)	(1,516,432)
Cash payments to suppliers	(242,718)		(242,718)
Cash payments for other operating expenses	(167,200)		(167,200)
<b>Net Cash Provided by (Used for) Operating Activities</b>	<u>(20,876)</u>	<u>23,299</u>	<u>2,423</u>
<b>Cash Flows from Investing Activities:</b>			
Interest on investments		15,614	15,614
<b>Net Cash Provided by Investing Activities</b>		<u>15,614</u>	<u>15,614</u>
Net Increase (decrease) in Cash and Cash Equivalents	(20,876)	38,913	18,037
Cash and Cash Equivalents at Beginning of Year	25,670	4,791,499	4,817,169
<b>Cash and Cash Equivalents at End of Year</b>	<u>\$ 4,794</u>	<u>\$ 4,830,412</u>	<u>\$ 4,835,206</u>
<b>Reconciliation to Balance Sheet:</b>			
Cash and Cash Equivalents Per Cash Flow	\$ 4,794	\$ 4,830,412	\$ 4,835,206
Cash and Cash Equivalents per Balance Sheet	<u>\$ 4,794</u>	<u>\$ 4,830,412</u>	<u>\$ 4,835,206</u>
<b>Reconciliation of Operating Income to Net Cash Provided by operating Activities:</b>			
Operating Income (Loss)	\$ 74,984	\$ (14)	\$ 74,970
<b>Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:</b>			
<b>Change in Assets and Liabilities:</b>			
Decrease (increase) in Interfund Receivables		(50,121)	(50,121)
Decrease (increase) in Deferred Expenses	(32,652)		(32,652)
Increase (decrease) in Accounts Payable	(10,364)	73,434	63,070
Increase (decrease) in Interfund Payables	(52,844)		(52,844)
<b>Net Cash Provided by (Used for) Operating Activities</b>	<u>\$ (20,876)</u>	<u>\$ 23,299</u>	<u>\$ 2,423</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, 2016*

	<b>Balance</b> <b>July 1, 2015</b>	<b>Additions</b>	<b>Deductions</b>	<b>Balance</b> <b>June 30, 2016</b>
<b>Student Activities</b>				
<b>Assets</b>				
Cash and cash equivalents	\$ 4,491,916	\$ 9,118,591	\$ 8,847,934	\$ 4,762,573
<b>Liabilities</b>				
Accounts payable	\$ 110,876	\$ 137,180	\$ 110,876	\$ 137,180
Due to student groups	4,381,040	9,118,591	8,874,238	4,625,393
<b>Total liabilities</b>	\$ 4,491,916	\$ 9,255,771	\$ 8,985,114	\$ 4,762,573



**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, 2016***

	<b>1</b>	<b>2</b>	<b>3</b>	<b>10</b>
<b>Last Ten Fiscal Years</b>	<b>Tax Rates</b>		<b>Net Assessed/Appraised Value For School Tax Purposes</b>	<b>Beginning Balance 7/1/2015</b>
	<b>Maintenance</b>	<b>Debt Service</b>		
2007 and prior	Various	Various	Various	\$ 8,575,233
2008	1.040000	0.238000	20,074,396,432	553,207
2009	1.040000	0.232000	20,905,800,393	611,770
2010	1.040000	0.232000	20,756,079,556	781,389
2011	1.040000	0.295000	19,349,036,480	593,011
2012	1.040000	0.266000	19,472,765,823	625,083
2013	1.040000	0.261000	19,779,331,339	755,787
2014	1.040000	0.252170	20,220,917,724	1,149,519
2015	1.040000	0.308110	21,265,403,194	4,618,887
2016	1.040000	0.372950	21,317,959,305	
<b>1000 TOTALS</b>				<b>\$ 18,263,886</b>
9000 Portion of Row 1000 for Taxes Paid into Tax Increment Zone Under Chapter 311, Tax Code				<b>\$</b>

*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 6/30/2016</b>
\$	\$ 15,988	\$ 2,869	\$ (15,070)	\$ 8,541,306
	5,976	1,368	(3,030)	542,833
	11,178	2,494	(174)	597,924
	21,905	4,886	(4,811)	749,787
	80,287	22,774	65,800	555,750
	91,498	23,358	59,743	569,970
	101,296	25,421	342,656	971,726
	323,754	78,501	348,049	1,095,313
	2,142,672	634,787	(70,653)	1,770,775
<u>301,212,106</u>	<u>218,043,029</u>	<u>78,191,908</u>		<u>4,977,169</u>
<u>\$ 301,212,106</u>	<u>\$ 220,837,583</u>	<u>\$ 78,988,366</u>	<u>\$ 722,510</u>	20,372,553
<b>Total taxes receivable per Exhibit C-1</b>				<u><u>\$ 20,372,553</u></u>
<u>\$ 760,233</u>	<u>\$ 760,233</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, 2016*

<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	\$ 6,628,991	\$ 5,528,991	\$ 5,583,436	\$ 54,445
5800	State program revenues	196,000	188,500	188,754	254
<b>Total operating revenues</b>		<u>6,824,991</u>	<u>5,717,491</u>	<u>5,772,190</u>	<u>54,699</u>
<b>Operating Expenses</b>					
6100	Payroll costs	13,158,765	12,158,765	13,177,158	(1,018,393)
6200	Professional and contracted services	3,373,807	3,365,062	2,994,455	370,607
6300	Curriculum and instructional staff	16,600,325	16,605,270	16,016,612	588,658
6400	Other operating costs	144,147	148,947	61,802	87,145
6449	Depreciation	1,000,000	1,000,000	1,354,434	(354,434)
<b>Total operating expenses</b>		<u>34,277,044</u>	<u>33,278,044</u>	<u>33,604,461</u>	<u>(326,417)</u>
1100	Operating income (loss)	<u>(27,452,053)</u>	<u>(27,560,553)</u>	<u>(27,832,271)</u>	<u>(271,718)</u>
<b>Non-Operating Revenues (Expenses)</b>					
7020	Investment earnings	6,000	6,000	22,159	16,159
7952	National School Breakfast	5,849,415	5,849,415	5,727,692	(121,723)
7953	National School Lunch	19,594,723	19,394,723	18,749,030	(645,693)
7954	U.S.D.A. donated commodities	2,212,085	2,212,085	1,746,093	(465,992)
<b>Total non-operating revenues (expenses)</b>		<u>27,662,223</u>	<u>27,462,223</u>	<u>26,244,974</u>	<u>(1,217,249)</u>
Income (loss) before transfers		210,170	(98,330)	(1,587,297)	(1,488,967)
<b>Capital Contributions and Transfers</b>					
7915	Operating transfers in			135,898	135,898
1200	Net change in net position	210,170	(98,330)	(1,451,399)	(1,353,069)
0100	<b>Net position - July 1 (beginning)</b>	<u>17,242,743</u>	<u>17,242,743</u>	<u>17,242,743</u>	
<b>3000</b>	<b>Net position - June 30 (ending)</b>	<u>\$ 17,452,913</u>	<u>\$ 17,144,413</u>	<u>\$ 15,791,344</u>	<u>\$ (1,353,069)</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, 2016*

Data Control Codes		Debt Service			
		Budgeted Amounts		Actual Amounts, Budgetary Basis	Variance with Final Budget
		Original	Final		
	<b>Revenues</b>				
5700	Local revenues	\$ 81,918,141	\$ 77,304,730	\$ 79,638,686	\$ 2,333,956
5800	State program revenues		2,072,856	549,077	(1,523,779)
5900	Federal program revenues	584,932	584,932	585,878	946
	<b>Total revenues</b>	<u>82,503,073</u>	<u>79,962,518</u>	<u>80,773,641</u>	<u>811,123</u>
	<b>Expenditures</b>				
	<b>Debt Service:</b>				
0071	Debt service expenditures	52,825,586	52,207,651	52,120,000	87,651
0072	Interest on long-term debt	25,432,920	25,432,920	25,432,920	
0073	Bond issuance costs and fees	37,350	37,350	37,350	
	<b>Total expenditures</b>	<u>78,295,856</u>	<u>77,677,921</u>	<u>77,590,270</u>	<u>87,651</u>
1100	Excess (deficiency) of revenues over expenditures	<u>4,207,217</u>	<u>2,284,597</u>	<u>3,183,371</u>	<u>898,774</u>
	<b>Other Financing Sources (Uses)</b>				
7916	Premium or discount on issuance of			48	48
	<b>Total other financing sources (uses)</b>			<u>48</u>	<u>48</u>
1200	Net change in fund balance	4,207,217	2,284,597	3,183,419	898,822
0100	<b>Fund balances - beginning</b>	<u>22,539,596</u>	<u>22,539,596</u>	<u>22,539,596</u>	
<b>3000</b>	<b>Fund balances - ending</b>	<u><u>\$ 26,746,813</u></u>	<u><u>\$ 24,824,193</u></u>	<u><u>\$ 25,723,015</u></u>	<u><u>\$ 898,822</u></u>

**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, 2016**

<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	\$ 450,000	\$ 550,000	\$ 1,172,821	\$ 622,821
	<b>Total revenues</b>	<u>450,000</u>	<u>550,000</u>	<u>1,172,821</u>	<u>622,821</u>
	<b>Expenditures</b>				
	<b>Current:</b>				
0011	Instruction	18,722,170	24,377,920	19,775,373	4,602,547
0012	Instruction resources and media services	169,699			
0013	Curriculum and instructional staff	63,490	175,370	126,249	49,121
0021	Instructional leadership		33,771	33,579	192
0023	School leadership	3,561,016			
0034	Student transportation	7,733,710	7,099,624	6,460,645	638,979
0035	Food services		8,508	8,412	96
0036	Extracurricular activities	173,400	560,000	84,753	475,247
0041	General administration		8,508	8,412	96
0051	Plant maintenance and operations	171,320,649	183,922,802	25,776,320	158,146,482
0052	Security and monitoring services	376,229	889,419	784,347	105,072
0053	Data processing services	8,148,201	6,542,838	2,738,327	3,804,511
0061	Community services		4,981	3,558	1,423
	<b>Debt Service:</b>				
0073	Bond issuance costs and fees		1,632,259	1,632,259	
	<b>Capital Outlay:</b>				
0081	Facilities acquisition and construction	185,499,572	177,404,223	83,863,386	93,540,837
	<b>Total expenditures</b>	<u>395,768,136</u>	<u>402,660,223</u>	<u>141,295,620</u>	<u>261,364,603</u>
1100	Excess (deficiency) of revenues over expenditures	<u>(395,318,136)</u>	<u>(402,110,223)</u>	<u>(140,122,799)</u>	<u>261,987,424</u>
	<b>Other Financing Sources (Uses)</b>				
7911	Capital-related Debt Issued (Regular Bonds)	233,255,000	233,255,000	220,300,000	(12,955,000)
7916	Premium or discount on issuance of bonds			14,618,654	14,618,654
	<b>Total other financing sources (uses)</b>	<u>233,255,000</u>	<u>233,255,000</u>	<u>234,918,654</u>	<u>1,663,654</u>
1200	Net change in fund balance	(162,063,136)	(168,855,223)	94,795,855	263,651,078
0100	<b>Fund balances - beginning</b>	<u>175,173,308</u>	<u>175,173,308</u>	<u>175,173,308</u>	
3000	<b>Fund balances - ending</b>	<u>\$ 13,110,172</u>	<u>\$ 6,318,085</u>	<u>\$ 269,969,163</u>	<u>\$ 263,651,078</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>114</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>124</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>133</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>137</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>143</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)

	2016	2015	2014	2013
<b>Governmental Net Position</b>				
Net investment in capital assets	\$ 70,466,966	\$ 94,478,337	\$ 63,648,331	\$ 69,384,718
Restricted for federal and state programs	610,145	384,459	3,267,869	3,545,144
Restricted for debt service	16,838,551	15,936,844	13,376,345	13,151,459
Unrestricted	<u>162,870,820</u>	<u>143,006,519</u>	<u>219,267,502</u>	<u>175,806,732</u>
Total Governmental Net Position	<u>250,786,482</u>	<u>253,806,159</u>	<u>299,560,047</u>	<u>261,888,053</u>
<b>Business-Type Net Position</b>				
Net investment in capital assets	10,500,180	10,278,226	9,573,377	8,031,599
Restricted for federal and state programs	<u>5,210,435</u>	<u>6,882,026</u>	<u>11,105,771</u>	<u>10,397,105</u>
Total Business-Type Net Position	<u>15,710,615</u>	<u>17,160,252</u>	<u>20,679,148</u>	<u>18,428,704</u>
<b>Total Primary Government Net Position</b>				
Net investment in capital assets	80,967,146	104,756,563	73,221,708	77,416,317
Restricted for federal and state programs	5,820,580	7,266,485	14,373,640	13,942,249
Restricted for debt service	16,838,551	15,936,844	13,376,345	13,151,459
Unrestricted	<u>162,870,820</u>	<u>143,006,519</u>	<u>219,267,502</u>	<u>175,806,732</u>
Total Primary Government Net Position	<u>\$ 266,497,097</u>	<u>\$ 270,966,411</u>	<u>\$ 320,239,195</u>	<u>\$ 280,316,757</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

2012	2011	2010	2009	2008	2007
\$ 108,758,102	\$ 141,209,274	\$ 147,771,497	\$ 130,115,177	\$ 127,761,100	\$ 125,249,337
4,012,243	765,793	591,708			
13,521,565	10,372,956	11,514,055	11,493,475	11,179,949	9,906,502
<u>121,565,824</u>	<u>31,612,353</u>	<u>17,856,878</u>	<u>41,275,183</u>	<u>32,833,653</u>	<u>30,752,492</u>
<u>247,857,734</u>	<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>
6,490,976	6,836,367	5,073,483	4,842,862	4,743,464	2,766,693
<u>8,758,026</u>	<u>6,332,092</u>	<u>6,441,746</u>	<u>4,613,342</u>	<u>2,747,825</u>	<u>4,489,698</u>
<u>15,249,002</u>	<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>
115,249,078	148,045,641	152,844,980	134,958,039	132,504,564	128,016,030
12,770,269	765,793	591,708			
13,521,565	10,372,956	11,514,055	11,493,475	11,179,949	9,906,502
121,565,824	37,944,445	24,298,624	45,888,525	35,581,478	35,242,190
<u>\$ 263,106,736</u>	<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>

# ARLINGTON INDEPENDENT SCHOOL DISTRICT

## Expenses, Program Revenues, and Net Expenses

Last Ten Fiscal Years

(Unaudited)

	2016	2015	2014	2013
<b>Expenses</b>				
Governmental activities:				
Instruction	\$ 399,051,889	\$ 321,641,711	\$ 347,695,598	\$ 326,972,420
Instructional resources and media services	8,129,652	6,568,327	7,048,633	6,274,891
Curriculum and instructional staff development	13,199,858	11,706,779	10,292,439	9,499,551
Instructional leadership	9,924,616	6,918,312	7,124,368	6,687,141
School leadership	31,585,630	26,454,600	27,253,780	25,724,635
Guidance, counseling, and evaluation services	29,579,678	26,178,274	25,530,501	23,682,670
Social work services	2,700,653	2,360,625	2,326,072	2,138,454
Health services	5,992,175	5,025,111	5,501,273	5,108,523
Pupil transportation	11,888,600	12,436,347	10,901,683	10,203,605
Food services	807,280	591,766	388,674	432,435
Cocurricular/extracurricular activities	10,234,216	8,954,157	9,412,633	8,833,151
General administration	8,969,032	7,733,533	7,033,855	6,540,185
Facilities maintenance and operations	69,186,113	49,693,227	51,447,854	50,879,295
Security and monitoring services	7,287,373	6,309,707	5,144,430	4,942,866
Data processing services	10,186,722	14,815,067	8,197,313	7,628,023
Community services	2,339,909	2,902,788	3,179,647	3,115,412
Debt service - interest on long-term debt	28,397,762	21,421,011	15,486,058	19,368,480
Bond issuance cost and fees			-	-
Facilities repairs and maintenance	1,599,431	38,440,109	1,413,049	970,785
Payments to Juvenile Justice Alt. Ed. Program	72,885	67,467	53,396	41,125
Payments to Tax Increment Fund	1,096,490	7,028,326	7,565,996	3,817,396
Other intergovernmental charges	1,869,421	1,916,015	1,782,827	1,668,202
Total governmental activities	654,099,385	579,163,259	554,780,079	524,529,245
Business-type activities:				
Food services	33,604,463	30,500,382	30,208,241	28,573,344
<b>Total Expenses</b>	<b>687,703,848</b>	<b>609,663,641</b>	<b>584,988,320</b>	<b>553,102,589</b>
<b>Program Revenues</b>				
Governmental activities:				
Charges for services	3,188,625	3,136,176	2,864,989	2,956,248
Operating grants and contributions	90,044,617	70,491,908	65,603,117	62,110,376
Total governmental activities	93,233,242	73,628,084	68,468,106	65,066,624
Business-type activities:				
Charges for services	5,772,190	5,982,774	6,197,429	6,233,987
Operating grants and contributions	26,222,815	25,714,657	26,175,558	25,409,362
Total business-type activities	31,995,005	31,697,431	32,372,987	31,643,349
<b>Total Program Revenues</b>	<b>125,228,247</b>	<b>105,325,515</b>	<b>100,841,093</b>	<b>96,709,973</b>
<b>Net Expenses</b>	<b>\$ (562,475,601)</b>	<b>\$ (504,338,126)</b>	<b>\$ (484,147,227)</b>	<b>\$ (456,392,616)</b>

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

2012	2011	2010	2009	2008	2007
\$ 292,381,916	\$ 348,387,954	\$ 333,613,428	\$ 319,106,962	\$ 318,135,876	\$ 294,926,625
5,963,914	6,897,415	7,124,969	6,762,018	6,858,837	6,420,665
6,701,859	10,215,377	9,817,622	9,359,461	7,619,668	5,902,262
5,435,172	7,334,939	7,370,271	6,965,450	8,380,036	8,127,973
21,294,889	26,790,801	26,025,054	25,854,423	26,363,944	25,680,276
17,621,819	22,504,083	21,797,944	21,258,719	20,717,715	19,700,600
1,780,216	2,336,399	2,402,024	2,051,433	1,869,664	1,792,644
4,840,254	5,197,041	5,221,341	5,157,522	5,108,663	4,809,313
8,976,259	11,096,233	11,221,782	10,909,491	10,737,715	9,543,739
344,969	322,046	527,576	546,162	971,941	479,770
8,147,211	9,483,994	8,834,971	8,543,218	8,750,235	8,244,478
5,499,431	6,986,698	7,344,859	7,559,030	7,438,693	8,252,858
45,045,408	54,973,176	55,179,227	49,624,734	47,461,306	48,594,107
3,835,434	4,839,013	5,272,936	4,904,875	4,978,604	4,419,667
6,664,602	8,134,179	7,559,353	7,395,250	7,417,080	7,396,874
2,835,888	3,991,485	3,615,273	3,195,293	1,624,189	1,571,080
16,860,954	19,944,575	19,288,178	18,973,025	18,400,544	23,088,683
-	-	-	493,392	358,554	239,446
-	-	-	-	68,543	122,747
266,250	350,625	402,500	494,910	380,750	156,285
3,507,648	3,526,152	4,676,718	2,690,197	2,123,889	2,248,873
1,234,497	1,557,935	1,592,312	1,588,962	1,475,596	-
459,238,590	554,870,120	538,888,338	513,434,527	507,242,042	481,718,965
25,529,203	25,846,331	25,344,736	23,939,432	24,331,289	21,453,579
484,767,793	580,716,451	564,233,074	537,373,959	531,573,331	503,172,544
2,682,308	2,992,981	2,981,285	2,733,447	2,896,183	2,655,374
55,880,066	123,583,489	106,339,356	67,719,599	68,070,746	57,540,521
58,562,374	126,576,470	109,320,641	70,453,046	70,966,929	60,195,895
5,744,326	6,296,733	6,913,729	7,146,249	7,324,929	7,012,649
21,856,266	21,051,104	20,385,549	18,573,326	17,100,511	15,204,997
27,600,592	27,347,837	27,299,278	25,719,575	24,425,440	22,217,646
86,162,966	153,924,307	136,619,919	96,172,621	95,392,369	82,413,541
\$ (398,604,827)	\$ (426,792,144)	\$ (427,613,155)	\$ (441,201,338)	\$ (436,180,962)	\$ (420,759,003)

# ARLINGTON INDEPENDENT SCHOOL DISTRICT

## General Revenues and Total Change in Net Position

Last Ten Fiscal Years

(Unaudited)

	2016	2015	2014	2013
<b>Net expense</b>				
Governmental activities	\$ (560,866,143)	\$ (505,535,175)	\$ (486,311,973)	\$ (459,462,621)
Business-type activities	(1,609,458)	1,197,049	2,164,746	3,070,005
Total net expenses	<u>(562,475,601)</u>	<u>(504,338,126)</u>	<u>(484,147,227)</u>	<u>(456,392,616)</u>
<b>General Revenues</b>				
Governmental Activities				
Taxes				
Property taxes levied for general purposes	222,354,931	216,566,195	206,070,657	200,219,710
Property taxes levied for debt service	79,922,367	65,816,287	51,143,124	50,876,378
State Aid Formula Grants	237,366,093	239,828,021	248,873,467	209,684,541
Grants and contributions - not restricted	7,718,245	9,131,377	8,593,641	9,835,162
Investment earnings	1,966,781	458,884	237,042	418,043
Miscellaneous local and intermediate revenue	8,653,947	10,103,186	9,145,584	6,209,381
Transfers out	<u>(135,898)</u>	<u>(307,475)</u>	<u>(79,552)</u>	<u>(99,159)</u>
Total Government Activities	<u>557,846,466</u>	<u>541,596,475</u>	<u>523,983,963</u>	<u>477,144,056</u>
Business-type Activities				
Unrestricted investment earnings	23,923	6,030	6,146	10,538
Grants and contributions - not restricted		8,000		
Transfers in	<u>135,898</u>	<u>307,475</u>	<u>79,552</u>	<u>99,159</u>
Total Business-type Activities	<u>159,821</u>	<u>321,505</u>	<u>85,698</u>	<u>109,697</u>
Total General Revenues	<u>558,006,287</u>	<u>541,917,980</u>	<u>524,069,661</u>	<u>477,253,753</u>
<b>Change in Net Position</b>				
Governmental activities	(3,019,677)	36,061,300	37,671,990	17,681,435
Business-type activities	<u>(1,449,637)</u>	<u>1,518,554</u>	<u>2,250,444</u>	<u>3,179,702</u>
Total change in net position	<u>\$ (4,469,314)</u>	<u>\$ 37,579,854</u>	<u>\$ 39,922,434</u>	<u>\$ 20,861,137</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

2012	2011	2010	2009	2008	2007
\$ (400,676,216)	\$ (428,293,650)	\$ (429,567,697)	\$ (442,981,481)	\$ (436,275,113)	\$ (421,523,070)
2,071,389	1,501,506	1,954,542	1,780,143	94,151	764,067
<u>(398,604,827)</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>
196,230,568	192,163,019	209,744,123	213,225,430	203,831,754	254,867,064
50,736,898	55,384,589	47,297,808	48,103,125	46,996,542	45,037,591
208,267,754	175,464,300	157,265,155	168,943,843	176,346,363	119,521,344
4,421,877	6,513,486	4,892,850	2,768,238	1,582,590	1,202,126
470,629	378,193	451,996	1,994,577	8,240,277	10,708,678
4,445,848	4,758,899	4,858,323	19,215,304	5,170,591	7,047,149
-	(142,598)	(92,255)	(159,903)	(26,633)	(103,219)
<u>464,573,574</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>
9,154	9,126	12,228	24,869	114,114	140,235
-	142,598	92,255	159,903	26,633	103,219
<u>9,154</u>	<u>151,724</u>	<u>104,483</u>	<u>184,772</u>	<u>140,747</u>	<u>243,454</u>
<u>464,582,728</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>
63,897,358	6,226,238	(5,149,697)	11,109,133	5,866,371	16,757,663
<u>2,080,543</u>	<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>\$ 65,977,901</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>

# ARLINGTON INDEPENDENT SCHOOL DISTRICT

## Fund Balances, Governmental Funds

Last Ten Fiscal Years

(Unaudited)

	2016	2015	2014	2013
<b>Governmental Funds</b>				
General Fund				
Reserved	\$ -	\$ -	\$ -	\$ -
Unreserved	-	-	-	-
Nonspendable	1,768,805	1,713,539	1,606,801	1,628,288
Restricted	1,388,971	578,140	2,870,621	3,340,521
Committed	17,100,000	4,729,182	22,729,187	24,295,514
Assigned	1,531,994	7,086,126	8,474,064	2,279,066
Unassigned	<u>182,935,118</u>	<u>174,656,116</u>	<u>153,115,642</u>	<u>124,747,892</u>
Total General Fund	<u>204,724,888</u>	<u>188,763,103</u>	<u>188,796,315</u>	<u>156,291,281</u>
 All Other Governmental Funds				
<i>Reserved, reported in:</i>				
Debt Service Fund	-	-	-	-
Capital Projects Fund	-	-	-	-
Special Revenue Funds	-	-	-	-
<i>Unreserved, reported in:</i>				
Capital Projects Fund	-	-	-	-
Special Revenue Funds	-	-	-	-
<i>Restricted, reported in:</i>				
Debt Service Fund	25,723,015	22,539,596	17,263,838	17,991,873
Capital Projects Fund	259,672,376	166,150,566	30,150,719	52,341,698
Special Revenue Funds	610,145	384,459	397,248	204,623
<i>Committed, reported in:</i>				
Capital Projects Fund	10,296,787	9,022,742	9,022,741	7,960,557
Special Revenue Funds	29,434,664	28,335,237	25,825,072	24,099,660
<i>Unassigned, reported in:</i>				
Special Revenue Funds	<u>-</u>	<u>(2,284)</u>	<u>(2,284)</u>	<u>(410)</u>
Total All Other Governmental Funds	<u>325,736,987</u>	<u>226,430,316</u>	<u>82,657,334</u>	<u>102,598,001</u>
 Total Governmental Funds	<u>\$ 530,461,875</u>	<u>\$ 415,193,419</u>	<u>\$ 271,453,649</u>	<u>\$ 258,889,282</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

2012	2011	2010	2009	2008	2007
\$ -	\$ -	\$ 2,885,729	\$ 1,747,764	\$ 2,337,995	\$ 3,779,183
-	-	72,834,097	72,201,941	82,792,531	93,219,104
2,321,489	1,442,647	-	-	-	-
3,426,730	3,139,278	-	-	-	-
-	-	-	-	-	-
1,796,695	1,110,123	-	-	-	-
131,710,852	82,699,694	-	-	-	-
<u>139,255,766</u>	<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>
-	-	10,893,002	11,493,475	11,179,949	9,906,502
-	-	7,212,480	402,724	337,560	1,025,973
-	-	131,285	19,871	354,240	119,540
-	-	60,228,753	21,591,851	22,034,951	22,958,872
-	-	18,909,781	22,566,161	7,966,570	3,043,145
19,943,320	10,319,240	-	-	-	-
74,596,781	78,507,888	-	-	-	-
585,883	765,793	-	-	-	-
9,773,397	7,867,404	-	-	-	-
21,763,063	20,878,309	-	-	-	-
-	-	-	-	-	-
<u>126,662,444</u>	<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>\$ 265,918,210</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>

# ARLINGTON INDEPENDENT SCHOOL DISTRICT

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

Last Ten Fiscal Years

(Unaudited)

	2016	2015	2014	2013
<b>Expenditures</b>				
Governmental Activities				
11 Instruction	\$ 365,893,789	\$ 341,740,353	\$ 333,760,496	\$ 315,443,325
12 Instructional resources and media services	7,670,575	6,965,671	6,759,756	6,013,136
13 Curriculum and staff development services	12,654,301	12,037,844	10,105,982	9,347,159
Total function 10	<u>386,218,665</u>	<u>360,743,868</u>	<u>350,626,234</u>	<u>330,803,620</u>
21 Instructional leadership	9,311,191	7,380,990	6,836,929	6,408,693
23 School leadership	29,197,851	27,774,460	25,939,275	24,550,708
Total function 20	<u>38,509,042</u>	<u>35,155,450</u>	<u>32,776,204</u>	<u>30,959,401</u>
31 Guidance, counseling, and evaluation services	27,506,017	27,418,043	24,417,906	22,666,317
32 Social work services	2,514,049	2,576,150	2,325,244	2,137,027
33 Health services	5,550,290	5,370,810	5,233,736	4,872,288
34 Student transportation	17,733,858	12,987,216	13,196,865	12,524,372
35 Food service	817,318	592,272	388,210	433,000
36 Extracurricular activities	9,815,077	9,548,432	9,065,988	8,467,395
Total function 30	<u>63,936,609</u>	<u>58,492,923</u>	<u>54,627,949</u>	<u>51,100,399</u>
41 General administration	8,392,718	8,253,048	6,739,452	6,285,394
Total function 40	<u>8,392,718</u>	<u>8,253,048</u>	<u>6,739,452</u>	<u>6,285,394</u>
51 Plant maintenance and operations	67,898,753	51,982,273	50,130,534	49,651,274
52 Security and monitoring services	7,085,194	6,591,625	5,207,624	5,540,877
53 Data processing services	11,543,132	15,350,755	9,408,419	8,440,673
Total function 50	<u>86,527,079</u>	<u>73,924,653</u>	<u>64,746,577</u>	<u>63,632,824</u>
61 Community services	2,227,766	2,990,839	3,178,207	3,111,373
Total function 60	<u>2,227,766</u>	<u>2,990,839</u>	<u>3,178,207</u>	<u>3,111,373</u>
71 Debt service				
71 Principal on long-term debt	53,223,746	41,178,329	41,621,319	37,769,533
72 Interest on long-term debt	25,591,148	23,127,591	16,065,298	20,349,329
73 Bond issuance costs and fees	1,669,609	1,375,241	485,189	682,386
Total function 70	<u>80,484,503</u>	<u>65,681,161</u>	<u>58,171,806</u>	<u>58,801,248</u>
81 Facilities acquisition/construction	87,295,513	38,440,109	17,302,865	18,511,812
Total function 80	<u>87,295,513</u>	<u>38,440,109</u>	<u>17,302,865</u>	<u>18,511,812</u>
95 Payments to Juvenile Justice Alt. Ed. Program	72,885	67,467	53,396	41,125
97 Payments to Tax Increment Fund	1,096,490	7,028,326	7,565,996	3,817,396
99 Other intergovernmental charges	1,869,421	1,916,015	1,782,827	1,668,202
Total function 90	<u>3,038,796</u>	<u>9,011,808</u>	<u>9,402,219</u>	<u>5,526,723</u>
Total Expenditures	<u>\$ 756,630,691</u>	<u>\$ 652,693,859</u>	<u>\$ 597,571,513</u>	<u>\$ 568,732,794</u>
Debt Service as a % of noncapital expenditures:	11.94%	10.65%	10.03%	10.70%

<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

2012	2011	2010	2009	2008	2007
\$ 282,673,930	\$ 337,517,461	\$ 321,288,764	\$ 306,723,075	\$ 303,669,652	\$ 281,059,009
5,701,051	6,627,414	6,842,736	6,512,774	6,650,970	6,192,909
6,613,513	10,075,614	9,651,957	9,262,192	7,594,366	5,902,513
<u>294,988,494</u>	<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>
5,253,816	7,086,068	7,156,101	6,790,192	8,378,649	8,095,663
<u>20,425,269</u>	<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>25,679,085</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>
16,979,919	21,652,300	20,957,060	20,489,517	19,751,286	18,629,694
1,736,929	2,245,542	2,402,098	2,055,563	1,869,337	1,791,682
4,623,820	4,956,320	4,993,365	4,946,724	4,907,937	4,633,344
8,723,934	15,807,145	10,714,690	10,529,201	12,265,659	10,769,991
349,393	323,496	639,414	593,065	456,308	505,921
7,804,876	9,094,628	8,470,813	8,184,309	8,612,057	7,589,312
<u>40,218,871</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>
5,466,109	6,654,255	7,052,625	7,281,396	7,479,662	8,260,795
<u>5,466,109</u>	<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>
43,947,936	53,716,243	53,638,705	47,613,777	47,193,293	48,587,281
3,780,303	4,905,258	5,246,305	4,699,965	4,712,767	4,292,615
7,158,556	9,272,962	7,588,830	7,182,359	7,922,556	7,656,137
<u>54,886,795</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>
2,835,888	4,013,529	3,615,273	3,194,170	1,604,699	1,571,080
<u>2,835,888</u>	<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>
37,834,692	38,553,033	28,870,288	29,539,530	32,378,416	30,872,051
10,554,395	20,227,161	19,431,220	20,028,332	19,353,333	21,719,966
587,366	686,532	468,727	258,622	1,062,200	16,567
<u>48,976,453</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>
14,201,868	14,016,545	7,712,002	555,969	1,312,178	2,880,923
<u>14,201,868</u>	<u>14,016,545</u>	<u>7,712,002</u>	<u>555,969</u>	<u>1,312,178</u>	<u>2,880,923</u>
266,250	350,625	402,500	494,910	380,750	156,285
3,507,648	3,526,152	4,676,718	2,690,197	2,123,889	2,248,873
1,234,497	1,557,935	1,592,312	1,588,962	1,475,596	
<u>5,008,395</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>492,261,958</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>
10.18%	10.20%	8.79%	9.44%	9.92%	10.71%

# ARLINGTON INDEPENDENT SCHOOL DISTRICT

## Governmental Funds Revenues

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

(Unaudited)

	2016	2015	2014	2013
<b>Federal Sources</b>				
Federal grants	\$ 51,213,473	\$ 42,136,553	\$ 41,952,884	\$ 43,385,720
<b>State Sources</b>				
State education finance program	260,906,490	264,223,711	270,883,707	228,966,201
State grants and other sources	9,567,134	12,912,613	9,900,166	8,966,911
Total State Sources	270,473,624	277,136,324	280,783,873	237,933,112
<b>Local Sources</b>				
Property taxes	301,184,470	281,717,598	261,295,774	251,505,877
Capital Projects Funds	1,172,821	1,381,326	1,185,374	785,629
Athletic/extracurricular activities	699,435	647,589	638,644	665,371
Other local sources	11,941,213	10,911,176	6,863,764	9,670,141
Total Local Sources	314,997,939	294,657,689	269,983,556	262,627,018
Total Revenues	\$ 636,685,036	\$ 613,930,566	\$ 592,720,313	\$ 543,945,850

<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

2012	2011	2010	2009	2008	2007
<u>\$ 36,002,530</u>	<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>
219,479,345	197,935,860	180,200,696	199,547,501	210,863,521	146,409,376
<u>11,896,826</u>	<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>231,376,171</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>
246,967,468	251,384,848	262,647,327	269,654,275	250,828,296	303,417,980
758,161	807,012	692,089	849,536	1,313,291	1,847,001
716,770	705,751	890,184	712,894	722,281	663,823
<u>7,365,653</u>	<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>255,808,052</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>\$ 523,186,753</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>

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

	2016	2015	2014	2013
<b>Excess of revenues over (under) expenditures</b>	\$ (119,945,655)	\$ (38,763,293)	\$ (4,851,200)	\$ (24,786,944)
<b>Other financial sources (uses):</b>				
General long-term debt issued	220,300,000	159,485,000	16,180,000	16,390,000
General long-term debt refunding			72,020,000	76,482,234
Premium or discount on issuance of bonds	14,618,702	18,221,181	8,081,458	7,667,322
Sale of real and personal property		2,886	35,384	69,561
Proceeds from capital leases	-	-	-	-
Loan Issuance	431,307	4,113,971	433,107	-
Transfers in	-	-	-	2,799
Transfers out	(135,898)	(307,475)	(79,552)	(98,958)
Payment to escrow agent	-	-	(79,254,833)	(82,754,942)
Natural gas lease	-	987,500	-	-
Total other financing sources (uses)	<u>235,214,111</u>	<u>182,503,063</u>	<u>17,415,564</u>	<u>17,758,016</u>
<b>Net change in fund balances</b>	<u>\$ 115,268,456</u>	<u>\$ 143,739,770</u>	<u>\$ 12,564,364</u>	<u>\$ (7,028,928)</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

	2012	2011	2010	2009	2008	2007
\$	30,924,795	\$ (33,724,107)	\$ (26,451,045)	\$ (1,014,987)	\$ (12,762,899)	\$ (481,879)
	44,364,966	64,372,485	-	-	-	-
	-	-	65,755,000	12,465,000	114,350,000	-
	4,733,364	2,644,506	1,748,110	430,700	5,508,050	-
	34,881	395,149	917,386	-	574,010	74,634
	-	89,815	219,578	-	70,215	-
	-	-	974,566	3,924,908	-	232,843
	1,925,679	-	3,585,325	18,896	32,243	44,769
	(1,925,679)	(142,598)	(3,677,580)	(156,799)	(20,876)	(97,988)
	(20,870,172)	-	-	(12,647,727)	(118,844,460)	-
	-	-	-	-	4,045,194	3,571,474
	<u>28,263,039</u>	<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>59,187,834</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>

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>		
2007	\$ 18,953,034,734	\$ 3,909,156,717	\$ 3,706,366,029	\$ 19,155,825,422	1.745460
2008	19,836,493,860	4,011,609,057	3,773,706,485	20,074,396,432	1.610000
2009	20,718,304,882	4,232,461,721	4,044,966,210	20,905,800,393	1.278000
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	1.272000
2012	20,018,366,118	4,131,626,701	4,677,226,996	19,472,765,823	1.335000
2013	20,281,235,605	4,289,821,428	4,791,725,694	19,779,331,339	1.305500
2014	20,953,089,907	4,259,956,704	4,992,128,887	20,220,917,724	1.301000
2015	21,668,162,540	5,218,291,540	5,621,050,886	21,265,403,194	1.292170
2016	22,082,482,932	3,911,103,646	5,576,541,645	21,317,959,305	1.412952

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>
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	0.741397	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
2015-16	1.040000	0.372952	1.412952	0.741397	0.648000	0.855000	0.669998	0.420000	0.253670

<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
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
2016	301,212,106	917,135,535	125,022,763	421,938,109	82,529,622	1,047,712	849,150

<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

**ARLINGTON INDEPENDENT SCHOOL DISTRICT**

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

	2016			2007		
	October 2015		Percentage	October 2006		Percentage
	Taxable		of Total	Taxable		of Total
	<u>Value</u>	<u>Rank</u>	<u>Value</u>	<u>Value</u>	<u>Rank</u>	<u>Value</u>
General Motors Corp.	\$ 694,455,747	1	3.40 %	\$ 400,383,021	1	2.09 %
Arlington Highlands LTD	146,610,999	2	0.72			
Parks at Arlington, LP.	142,695,717	3	0.70	141,738,142	2	0.74
Bell Helicopter Textron, Inc	142,144,367	4	0.70	100,815,173	4	0.53
Oncor Electric Delivery Co., LLC	141,840,243	5	0.69	134,679,083	3	0.70
Grand Prairie Premium Outlets LP	135,238,467	6	0.66			
Chesapeake Operating (WI)	98,830,060	7	0.48			
Republic Beverage	93,608,955	8	0.46			
Six Flags Fund II LTD	88,827,385	9	0.44	70,128,481	6	0.37
LSREF3 (BRA VO) LLC*	70,812,000	10	0.35	46,616,894	9	0.24
Southwestern Bell				94,612,960	5	0.49
JPMorgan Chase Bank				55,694,376	7	0.29
First Industrial Texas Lp				44,538,214	10	0.23
Usmd Surgical Hospital of Arlington				47,520,722	8	0.25
	\$ 1,755,063,940		5.83 %	\$ 1,136,727,066		5.93 %

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
2007	\$ 301,844,730	\$ 297,575,738	98.59	\$ 3,582,089	\$ 301,157,827	99.77
2008	251,362,250	248,501,872	98.86	2,317,545	250,819,417	99.78
2009	262,764,490	259,113,481	98.61	3,053,085	262,166,566	99.77
2010	259,090,293	255,811,075	98.73	2,529,431	258,340,506	99.71
2011	251,394,282	249,404,594	99.21	1,433,938	250,838,532	99.78
2012	248,339,783	243,830,921	98.18	3,938,892	247,769,813	99.77
2013	252,693,760	247,680,443	98.02	4,041,591	251,722,034	99.62
2014	263,208,691	257,643,578	97.89	4,469,800	262,113,378	99.58
2015	286,681,027	282,062,140	98.39	2,848,112	284,910,252	99.38
2016	301,212,106	296,234,937	98.35			

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)			
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	<sup>1</sup>	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
2016	759,015,278	5,360,489	-	764,375,767	<sup>1</sup>	2,015

<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>
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
2016	379,370	21,317,959,305	759,015,278	25,723,015	733,292,263	3.44	1,933

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, 2016

(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>	\$ 383,755,000	15.46 %	\$ 59,328,523
City of Fort Worth	763,435,000	0.02	152,687
City of Arlington	386,170,000	80.82	312,102,594
City of Grand Prairie	229,195,000	39.02	89,431,889
Town of Pantego	120,000	97.39	116,868
City of Dalworthington Gardens	2,035,000	97.45	1,983,108
Subtotal, Overlapping Bonded Debt			463,115,669
Arlington Independent School District direct debt	733,292,263	100.00	733,292,263
Total direct and overlapping debt			<u>\$ 1,196,407,932</u>
Ratio of total direct and overlapping debt to:			
Assessed valuations for 2015 (\$21,317,959,305)		5.86 %	
Full valuations for 2015 (\$25,993,586,578)		4.60 %	
Amount of total direct and overlapping debt per:			
Enrollment (63,210)	\$ 18,928		
Average daily attendance (58,156)	20,572		
Per capita (estimated district population - 379,370)	3,154		

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>
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
2016	2,131,795,931	733,292,263	1,398,503,668	34.40

Legal debt margin calculation for fiscal year 2016:

Debt Limit (10% of Assessed Value)	\$ 2,131,795,931
Debt Applicable to Limit	<u>733,292,263</u>
Legal Debt Margin	<u>\$ 1,398,503,668</u>



Table 17

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

Period	City of Arlington	Fort Worth Arlington Metro Division	Fort Worth Arlington Metro Division Personal Income	Per Capita Personal Income <sup>2</sup>	City of Arlington Unemployment Rate <sup>3</sup>
<u>Ending</u>	<u>Population</u> <sup>1</sup>	<u>Population</u> <sup>2</sup>	<u>Income</u>	<u>Income</u> <sup>2</sup>	<u>Rate</u> <sup>3</sup>
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	<sup>4</sup>	<sup>4</sup>	<sup>4</sup>	<sup>4</sup>
2010	380,085	<sup>4</sup>	<sup>4</sup>	<sup>4</sup>	<sup>4</sup>
2011	389,967	2,231,390	<sup>4</sup>	<sup>4</sup>	8.3
2012	389,967	2,290,239	<sup>4</sup>	<sup>4</sup>	6.7
2013	389,967	2,409,121	<sup>4</sup>	<sup>4</sup>	5.6
2014	380,084	<sup>4</sup>	<sup>4</sup>	<sup>4</sup>	5.0
2015	375,600	<sup>4</sup>	<sup>4</sup>	<sup>4</sup>	3.9
2016	379,370	<sup>4</sup>	<sup>4</sup>	<sup>4</sup>	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)

2016				
<u>Taxpayer</u>	<u>Type of Business</u>	<u>Employees</u>	<u>Rank</u>	Percentage of Total City <u>Employment</u>
Arlington Independent School District	Public Education	8,200	1	4.01 %
University of Texas at Arlington	Higher Education	5,300	2	2.59
General Motors	Automobile Assembly	4,484	3	2.19
Texas Health Resources	Health Care/Medical Service	4,063 <sup>1</sup>	4	1.99
Six Flags Over Texas	Amusement Park	3,800	5	1.86
The Parks Mall	Retail	3,500	6	1.71
GM Financial	Financial Service	2,965	7	1.45
City of Arlington	Government	2,509	8	1.23
J.P. Morgan chase	Financial Service	1,965	9	0.96
Texas Rangers	Sports/Entertainment	1,881 <sup>1</sup>	10	0.92
Americredit	Finance			
Providian Financial	Finance			
		<u>38,667</u>		<u>18.91 %</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
1,300	3	0.68
3,200		1.67
	8	
	5	
2,310		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>15.51 %</u>

# ARLINGTON INDEPENDENT SCHOOL DISTRICT

## Full-Time Equivalent District Campus Employees

Last Ten Fiscal Years

(Unaudited)

	2016	2015	2014	2013	2012	2011	2010
<b>CLASSROOM TEACHERS</b>	4132	4,089.1	4,113.2	4,051.2	3,931.4	4,148.3	4,124.0
<i>Athletic Trainer</i>	12.0	12.0	12.0	12.0	10.0	5.0	8.5
<i>Audiologist</i>	2.0	2.0	2.0	2.0	2.0	2.0	2.0
<i>Counselor</i>	169.0	161.0	149.4	148.5	147.6	145.6	130.4
<i>Educational Diagnostician</i>	57.0	53.1	51.9	50.5	49.6	48.5	50.5
<i>Librarian</i>	68.0	70.0	64.7	68.9	68.5	69.0	67.6
<i>LSSP/Psychologist</i>	24.0	21.0	17.9	19.0	17.0	17.0	14.0
<i>Occupational/Music Therapist</i>	9.0	9.0	9.0	9.2	9.0	8.0	7.0
<i>Other Campus Professional Personnel</i>	72.9	55.7	58.9	73.4	49.0	51.8	38.3
<i>Other Non-Instructional Prof. Personnel</i>	190.0	167.8	148.1	154.3	144.2	169.8	150.3
<i>Physical Therapist</i>	5.0	5.0	4.0	4.0	4.0	4.0	4.0
<i>Psychological Associate</i>	0.0		0.0	0.0	0.0	3.0	3.0
<i>School Nurse</i>	75.9	77.8	77.4	75.9	74.2	74.8	73.3
<i>Social Worker</i>	9.0	18.0	21.0	15.9	13.0	14.0	11.0
<i>Speech Therapist/Language Pathologist</i>	53.7	48.2	46.7	49.9	57.5	54.2	56.2
<i>Teacher Facilitator/Supervisor</i>	157.5	151.8	145.6	146.4	141.3	149.2	167.4
<i>Work-Based Learning Site Coordinator</i>	0.1						
<b>PROFESSIONAL SUPPORT</b>	905.1	852.4	808.6	829.9	786.9	815.9	783.5
<u><i>Campus Administration:</i></u>							
<i>Principal</i>	75.0	75.0	72.0	71.5	72.7	73.8	71.7
<i>Assistant Principal</i>	135.8	126.8	128.4	126.1	120.1	129.0	101.5
<u><i>Central Administration:</i></u>							
<i>Superintendent</i>	1.0	1.0	1.0	1.0	1.0	1.0	1.0
<i>Asst/Assoc/Deputy Superintendent</i>	9.0	6.9	7.0	4.3	5.0	5.0	5.0
<i>Athletic Director</i>	3.0	1.0	1.0	1.0	1.0	3.0	3.0
<i>Director-Personnel</i>	2.0	3.0	3.0	3.0	3.0	4.0	4.0
<i>Program Dir/Exec Dir/Instr Officer</i>	13.0	13.0	12.0	11.8	12.0	13.0	14.0
<i>Teacher Supervisor</i>	17.0	19.0	21.0	21.7	22.0	28.0	27.0
<b>ADMINISTRATIVE STAFF</b>	255.8	245.7	245.4	240.4	236.8	256.8	227.2
<i>Certified Interpreter</i>	5.9	5.8	5.9	6.7	5.9	5.9	4.9
<i>Educational Aide</i>	805.1	805.0	852.7	835.0	792.8	982.1	958.4
<b>PARAPROFESSIONAL STAFF</b>	811.0	810.8	858.6	841.7	798.7	988.0	963.3
<b>AUXILIARY PERSONNEL</b>	2,038.0	2,066.1	2,029.2	2,006.0	1,950.5	1,967.4	1,980.8
<b>TOTAL EMPLOYEES</b>	8,142.0	8,064.1	8,055.0	7,969.2	7,704.3	8,176.4	8,078.8

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

Table 19

2009	2008	2007
4,073.7	4,065.3	4,051.0

9.9	9.3	0.0
2.0	2.0	2.0
134.0	129.6	134.1
49.8	48.9	49.6
68.0	67.3	64.1
16.0	16.0	14.5
7.9	6.0	5.0
35.0	97.6	16.7
156.3	155.0	161.5
4.0	2.0	1.0
3.0	3.0	1.0
74.0	74.2	74.5
11.0	10.7	7.0
56.5	59.0	57.0
241.3	173.4	103.1

868.7	854.0	691.1
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71.3	72.5	74.0
102.1	99.4	98.1

1.0	1.0	1.0
5.5	6.0	6.0
3.0	3.0	2.0
3.0	4.0	4.0
11.2	38.4	41.0
11.0	1.0	25.6
208.1	225.3	251.7

4.9	4.9	9.7
934.2	868.4	840.0
939.1	873.3	849.7

2,015.4	2,108.1	2,196.9
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8,105.0	8,126.0	8,040.4
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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		<u>Percentage Change</u>	<u>Teaching Staff</u>	<u>Pupil- Teacher Ratio</u>	Percentage of Students Receiving Free or Reduced-Price
		<u>Operating Expenditures</u>	<u>Cost Per Pupil</u>				<u>Meals</u>
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
2016	63,210	485,172,883	7,676	-1.59	4,132	15.30	69.33

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, 2016

(Unaudited)

	2016	2015	2014	2013	2012	2011
<b><u>Schools</u></b>						
Buildings	72	75	74	74	73	73
Portable buildings	159	178	175	175	176	178
Stadiums	2	2	3	3	3	3
Square Feet	8,822,763	8,737,066	8,695,043	8,687,448	8,679,853	8,679,853
Maximum Capacity	74,986	74,986	74,986	74,386	74,386	74,386
Enrollment	63,210	63,882	64,688	65,001	64,703	64,484
Vehicles	11	15	4	3	3	3
<b><u>Administration</u></b>						
Buildings	11	11	8	8	8	8
Portable buildings	2	3	3	3	3	3
Square Feet	313,679	310,607	165,767	165,767	165,767	165,767
Vehicles	6	12	10	11	13	11
<b><u>Maintenance and Operations</u></b>						
Buildings	7	7	3	3	3	3
Square Feet	99,666	99,666	128,376	128,376	128,376	128,376
Vehicles	215	199	184	182	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	250	257	257	257	259	239
<b><u>Food Services</u></b>						
Buildings	3	3	3	3	3	3
Square Feet	103,774	103,774	97,436	97,436	97,436	97,436
Vehicles	28	26	18	16	16	15

Source: District records



Table 21

2010	2009	2008	2007
73	73	73	73
173	173	167	155
3	3	3	3
8,672,258	8,672,258	8,658,491	8,640,059
74,386	74,386	74,386	74,386
63,487	63,045	62,863	63,082
3	3	3	3
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	189	192	184
1	1	1	1
65,878	65,878	65,878	65,878
239	239	239	233
3	3	3	3
97,436	97,436	97,436	97,436
14	14	13	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, 2016, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated November 17, 2016.

**Internal Control Over Financial Reporting**

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

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

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

### **Compliance and Other Matters**

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

### **Purpose of this Report**

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

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

Houston, Texas  
November 17, 2016

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

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 Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2016. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

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

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of the District's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

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

In our opinion, the District, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2016.

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

Management of the District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program 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 the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

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

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

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

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

Houston, Texas  
November 17, 2016



**ARLINGTON INDEPENDENT SCHOOL DISTRICT**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
*For the Year Ended June 30, 2016*

**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 2 CFR 200.516(a)?	None

Identification of major programs

Name of Federal Program or Cluster	CFDA Numbers
<b>US Department of Agriculture</b>	
Special Education Cluster:	
IDEA-B Formula	84.027A
IDEA-B Preschool	84.173A
IDEA-B Discretionary (Deaf)	84.027A
IDEA-B Formula (Deaf)	84.027A
IDEA-B Preschool (Deaf)	84.173A
Texas Literacy Initiative (TLI)	84.371C
Dollar Threshold Considered Between Type A and Type B Federal Programs	\$2,139,018
Auditee qualified as low risk auditee?	Yes

**ARLINGTON INDEPENDENT SCHOOL DISTRICT**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS (continued)**  
**For the Year Ended June 30, 2016**

**II. Financial Statement Findings**

None Noted

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

None Noted

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

**Findings**

**Status**

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

**Resolved:** The District has employed personnel to monitor the required State spending requirements.

**V. Corrective Action Plan**

Not applicable

**ARLINGTON INDEPENDENT SCHOOL DISTRICT**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
For the Year Ended June 30, 2016

*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	\$ 95,533
<b>Total U.S. Department of Defense</b>				<u>95,533</u>
<b>U.S. Department of Health and Human Services</b>				
<b>Direct Programs:</b>				
<i>Teenage Pregnancy Prevention</i>	282	93.297	TP2AH000011-05	215,491
<b>Total Direct Programs</b>				<u>215,491</u>
<b>Passed Through Texas Health and Human Services</b>				
<b>Medicaid Cluster:</b>				
<i>Medicaid Administrative Claims (MAC)</i>	199	93.778	None	190,033
<b>Total Medicaid Cluster</b>				<u>190,033</u>
<b>Total Passed Through Texas Health and Human Services</b>				<u>190,033</u>
<b>Passed Through Fort Worth I.S.D.:</b>				
<b>TANF Cluster:</b>				
<i>Temporary Assistance for Needy Family (TANF)</i>	223	93.558	81614311-000	27,137
<i>Temporary Assistance for Needy Family (TANF)</i>	223	93.558	81614311-000	95,860
<b>Total TANF Cluster</b>				<u>122,997</u>
<b>Total Passed Through Fort Worth I.S.D.</b>				<u>122,997</u>
<b>Total U.S. Department of Health and Human Services</b>				<u>528,521</u>
<b>U.S. Department of Education</b>				
<b>Direct Programs:</b>				
<i>STARTALK Grant</i>	288	84.293B	H98230-15-1-0113	31,531
<b>Total Direct Programs</b>				<u>31,531</u>
<b>Passed Through Texas Education Agency:</b>				
<i>ESEA, Title I, Part A - Improving Basic Programs</i>	211	84.010A	15610101220901	2,347,834
<i>ESEA, Title I, Part A - Improving Basic Programs</i>	211	84.010A	16610101220901	18,984,951
<i>Title I - School Priority and Focus School Grant</i>	211	84.010A	15610112220901101	8,822
<i>Title I - School Priority and Focus School Grant</i>	211	84.010A	15610112220901109	9,117
<i>Title I - School Priority and Focus School Grant</i>	211	84.010A	15610112220901112	11,141
<i>Title I - School Priority and Focus School Grant</i>	211	84.010A	15610112220901114	9,563
<i>Title I - School Priority and Focus School Grant</i>	211	84.010A	15610112220901148	3,445
<i>Title I - School Priority and Focus School Grant</i>	211	84.010A	16610112220901000	158,647

**ARLINGTON INDEPENDENT SCHOOL DISTRICT**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
For the Year Ended June 30, 2016

*Exhibit K-1*  
Page 2 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 Texas Education Agency: (continued)</b>				
<i>Carl D. Perkins Basic Grant</i>	244	84.048A	16420006220901	\$ 704,369
<i>ESEA Title II, Part A, Teacher/Principal Training</i>	255	84.367A	15694501220901	130,466
<i>ESEA Title II, Part A, Teacher/Principal Training</i>	255	84.367A	16694501220901	1,300,043
<i>Title III , Part A, LEP</i>	263	84.365A	15671001220901	413,785
<i>Title III , Part A, LEP</i>	263	84.365A	16671001220901	1,610,211
<i>Title III , Part A, Immigrant</i>	263	84.365A	16671003220901	110,674
<i>Title III , Part A, Unaccompanied Children and Youth</i>	263	84.365B	15671103711004	14,494
<i>Summer School LEP</i>	289	84.369A	69551502	82,029
<i>Texas Literacy Initiative (TLI)</i>	289	84.371C	146460037110002	1,726,726
<i>Texas Literacy Initiative (TLI)</i>	289	84.371C	156460037110002	4,953,892
<i>Texas Literacy Initiative (TLI)</i>	289	84.371C	166460037110002	697,216
<i>Texas Advance Placement Initiative</i>	397	84.000	2501501	14,490
<i>AP/IB Test Fee Subsidies</i>	397	84.330B	51061401	65,455
<b>Special Education Cluster:</b>				
<i>IDEA-B Formula</i>	224	84.027A	156600012209016600	129,124
<i>IDEA-B Formula</i>	224	84.027A	166600012209016600	9,431,004
<i>IDEA-B Preschool</i>	225	84.173A	156610012209016610	1,822
<i>IDEA-B Preschool</i>	225	84.173A	166610012209016610	149,995
<i>IDEA-B Discretionary (Deaf)</i>	315	84.027A	156600112209016673	550
<i>IDEA-B Discretionary (Deaf)</i>	315	84.027A	166600112209016673	58,455
<i>IDEA-B Formula (Deaf)</i>	316	84.027A	166600012209016601	36,649
<i>IDEA-B Preschool (Deaf)</i>	317	84.173A	156610012209016611	187
<i>IDEA-B Preschool (Deaf)</i>	317	84.173A	166610012209016611	4,303
<b>Total Special Education Cluster:</b>				<u>9,812,089</u>
<b>Total Passed Through Texas Education Agency</b>				<u>43,169,459</u>
<b>Passed Through Fort Worth I.S.D.:</b>				
<i>English Literacy and Civics Education</i>	220	84.002	81614312-000	109,152
<i>Federal Adult Education</i>	220	84.002	81614309-000	250,806
<i>Adult Education Professional Development</i>	220	84.002	81614313-000	16,092
<b>Total Passed Through Fort Worth I.S.D.</b>				<u>376,050</u>

**ARLINGTON INDEPENDENT SCHOOL DISTRICT**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
For the Year Ended June 30, 2016

*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	15-038	\$ 35,174
<i>McKinney Vento Homeless Education</i>	206	84.196	16-037	88,739
<b>Total Passed Through Region X Education Service Center</b>				<u>123,913</u>
<b>Total Passed Through Programs</b>				<u>43,669,422</u>
<b>Total Department of Education</b>				<u>43,700,953</u>
<b>U.S. Department of Agriculture</b>				
<b>Child Nutrition Cluster:</b>				
<b>Passed Through Texas Department of Agriculture</b>				
<i>Summer Feeding Program</i>	242	10.559	01017	752,780
<i>Non-Cash Assistance (Commodities)</i>				
<i>National School Lunch Program</i>	701	10.555	01017	<u>1,746,093</u>
<b>Total Passed Through Texas Department of Agriculture</b>				<u>2,498,873</u>
<b>Passed Through Texas Education Agency:</b>				
<i>National School Lunch Program</i>	701	10.555	71301601	18,749,030
<i>School Breakfast Program</i>	701	10.553	71401601	<u>5,727,692</u>
<b>Total Passed Through Texas Education Agency</b>				<u>24,476,722</u>
<b>Total Child Nutrition Cluster</b>				<u>26,975,595</u>
<b>Total Department of Agriculture</b>				<u>26,975,595</u>
<b>Total Expenditures of Federal Awards</b>				<u>\$ 71,300,602</u>

**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. The District has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

**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.

**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	\$ 51,213,473
Total grants from federal agencies per financial statements for Enterprise Fund	26,222,815
Qualified School Construction Bond (QSCB) interest subsidy payments recorded in the Debt Service Fund	(585,878)
School Health and Related services (SHARS) reimbursements not reported in the Schedule of Expenditures of Federal Awards	<u>(5,549,808)</u>
Total federal expenditures on Schedule of Expenditures of Federal Awards	<u>\$ 71,300,602</u>

## DO NOT PRINT IN REPORT

### Schedule L-1 – Required Responses to Selected School FIRST Indicators

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), and 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.	\$1,436,215
SF11	Net Pension Assets (1920) at fiscal year-end.	\$-0-
SF12	Net Pension Liabilities (2540) at fiscal year-end.	\$139,331,975
SF13	Pension Expense (6147) at fiscal year-end.	\$21,359,158