



**FRISCO**  
INDEPENDENT SCHOOL DISTRICT

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

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

# Comprehensive Annual Financial Report

For the Year Ended  
June 30, 2018



2018 State VASE  
Gold Seal Winner

**MORGAN WOOLEY**

Independence High School  
Teacher: Leonard Buscemi

The Frisco ISD Finance Department is proud to showcase the artwork of twelve Frisco ISD students whose work was honored at the 2018 State High School Visual and Scholastic Arts Event (VASE). Student artwork is featured on the cover as well as throughout the publication.

# **COMPREHENSIVE ANNUAL FINANCIAL REPORT**

Frisco Independent School District  
5515 Ohio Drive  
Frisco, Texas 75035

Fiscal Year Ended  
June 30, 2018

Prepared by:  
Finance Department





2018 State VASE  
Rating 4 Medalist

**CHARLI CHASE**

Centennial High School  
Teacher: Ashley Ham

**FRISCO INDEPENDENT SCHOOL DISTRICT  
COMPREHENSIVE ANNUAL FINANCIAL REPORT  
FOR THE YEAR ENDED JUNE 30, 2018**

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**FRISCO INDEPENDENT SCHOOL DISTRICT  
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FOR THE YEAR ENDED JUNE 30, 2018**

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INTRODUCTORY SECTION  
(UNAUDITED)

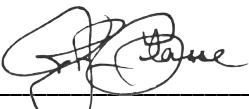
**CERTIFICATE OF THE BOARD**

Frisco Independent School District  
Name of School District

Collin  
County

043-905  
County-District No.

We, the undersigned, certify that the attached annual financial reports of the above-named school district were reviewed and   X   approved       disapproved for the year ended June 30, 2018, at a meeting of the Board of Trustees of such school district on the 12th day of November, 2018.

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

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

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





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

November 12, 2018

To the Citizens of the Frisco Independent School District:

The Comprehensive Annual Financial Report (CAFR) of the Frisco Independent School District (“FISD” or the “District”) for the fiscal year ended June 30, 2018, is hereby submitted. Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the District. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner designed to fairly present the financial position and results of operations of the various funds of FISD. All disclosures necessary to enable the reader to gain an understanding of the District’s financial activities have been included. The District discusses its financial position in greater detail in the Management’s Discussion and Analysis (MD&A) in the Financial Section of this report.

State law and District policy require an annual audit by independent certified public accountants. The financial statements for the fiscal year ended June 30, 2018, have been audited by Weaver and Tidwell, L.L.P., a licensed certified public accounting firm, and their report is presented as the first component of the Financial Section of this report.

The independent audit of the financial statements is part of a broader, federally mandated single audit designed to meet the special needs of federal grantor agencies. Information related to the single audit, including the Schedule of Expenditures of Federal Awards, findings and recommendations, and the independent auditor’s reports on internal control, compliance, and other matters are included in the Federal Awards Section of this report.

## **PROFILE OF THE DISTRICT**

Frisco ISD is an independent public education agency, recognized by the State of Texas, to provide appropriate educational services to the students in pre-kindergarten through twelfth grade. The District is located in Collin County, in north central Texas (Dallas/Fort Worth metroplex area), and serves, wholly or partially, the communities of Frisco, Plano, McKinney, and Little Elm. The District’s history dates back to 1876, even before the railroad and establishment of the town of Frisco.

No other district in the nation has grown faster than Frisco ISD on a percentage basis in the past 20 years. The District has grown by over 91% in the past decade, from 30,584 students in 2008-2009 to 58,450 students in 2017-2018. The District is projected to have more than 60,000 students by the end of the 2018-2019 school year. A schedule listing the last ten years enrollment can be found in the Statistical Section of this report.

The District now has 42 elementary schools, 17 middle schools, 10 high schools and 3 special program centers. The District employs approximately 6,580 full and part-time employees, including over 3,800 teachers.

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

## EDUCATION

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

In addition to core classes in English, mathematics, science and social studies, the District offers a wide variety of electives as diverse as our students themselves. Students choose from courses in broadcast journalism, animal science, aerospace engineering, 3D animation, pharmacology, sports marketing, video game design and art history, just to name a few. FISD strives to provide authentic, real-world learning experiences in which students can explore their interests and get a jumpstart on a future career. Students are encouraged to challenge themselves in a growing number of Advanced Placement (AP) and Pre-AP courses. Additionally, dual-credit opportunities are available through a partnership with Collin College. In the fall of 2018, the District will begin the process of implementing the International Baccalaureate Primary Years and Diploma Programmes at one elementary and one high school, respectively.

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

Frisco ISD continues to raise the bar for student achievement. Test scores continue to be well above state and national averages. In 2017-2018 91% of students met the state standard on the State of Texas Assessments of Academic Readiness (STARR). Additionally, FISD students earn an average ACT score of 24.5 and an average SAT score of 1179. More than 75% of seniors take one or more college entrance exams, and approximately 90% of graduating seniors plan to continue their education at a college, university, technical school or the military following high school. Each year, graduating classes earn millions of dollars in scholarships to further their education. Other notable academic accomplishments during the 2017-2018 school year include:

- 15 high school students earned the highest possible ACT score.
- 43 high school seniors were named National Merit Finalists.
- Frisco ISD was named to the 8<sup>th</sup> annual AP District Honor Roll for significant gains in student performance and access to AP courses.
- Pink Elementary School was awarded the nation's top physical education and physical activity distinction for K-12 schools.
- The Career and Technical Education Center was named a Project Lead the Way (PLTW) Distinguished School.
- The Fowler Middle School Pentathlon team won the state and national online championships.
- The Lebanon Trail High School Academic Decathlon team was the first team to represent Frisco ISD at the national level.
- Scoggins Middle School student Karthik Nemmani was named champion of the Scripps National Spelling Bee.

## ECONOMIC CONDITION AND OUTLOOK

### Local Economy

Frisco ISD has experienced dynamic growth as a result of new commercial and housing developments throughout the City of Frisco and neighboring areas. A number of major corporations have recently moved their headquarters into the area. That corporate presence combined with ongoing mixed use developments like the “Platinum Corridor” continue to make the communities served by Frisco ISD attractive destinations for homeowners. Additionally, Money Magazine named Frisco, TX the best place to live in America in 2018, citing Frisco ISD schools as a top draw for families.

The influx of businesses and homeowners has continued to drive up the taxable values of properties within FISD, which have increased 114% over the past decade. Values increased approximately 16.2% from fiscal year 2017 to fiscal year 2018. The District anticipates a similar rate of growth to continue for the foreseeable future. The District’s largest taxpayer comprises only 0.54% of the taxable value of the District, and the total assessed value for all of the top ten taxpayers comprises only 3.72% of the District’s taxable value. As such, the loss of a single taxpayer would not have a significant effect on the District’s ability to provide educational services or impact its ability to meet future financial obligations.

### Capital Projects

Joint ventures with the City of Frisco have enabled the District to avoid costly construction of necessary support facilities such as athletic complexes and multi-use facilities. The most recent cooperative project allows the District access to the City’s multi-use facility that currently serves as the Dallas Cowboy’s World Headquarters. Joint ventures such as this are paid for by tax revenue collected from a Tax Increment Reinvestment Zone comprised of commercial and multi-family residential property that was established in 1997.

In 2014, the FISD community supported and passed a bond authorization package of \$775 million to meet the capital needs associated with the District’s rapid enrollment growth. The bond package was designed to provide educational facilities for up to 66,000 students. The package was developed by a committee of 27 parents and community members who met for several months to review FISD facilities and capacities, historical growth and projections, economic indicators and growth plans of the city, along with cost estimates and financial implications. Ultimately, the group proposed a program to provide funding for 14 new schools, including eight elementary schools, three middle schools and three high schools, as well as school additions, renovations to support facilities, land purchases and instructional and student support needs. While the original plans for these funds may be revised over time, the overall objective has not changed; and this committee continues to meet regularly to provide feedback regarding the appropriate use of bond funds. Another group of citizens, staff, and students began meeting in the fall of 2017 to review FISD’s high school model and long-term plans for continued growth. In August 2018, that committee recommended a new \$691 million bond program, and the School Board has called a bond election for November 6, 2018. The proposed bond program is projected to accommodate further growth in the District up to 72,000 students, and projects are anticipated to occur between 2019 and 2026 if approved by voters.

### Long-Term Financial Planning

Frisco ISD uses a number of financial management strategies, including multi-year financial planning, periodic analysis of peer district comparative financial data, and regular discussion with the Frisco Instructional Support Team and Board of Trustees throughout the year regarding budgetary decisions. The District has also engaged a group of 130 community members and staff, known as the Long-Range Planning Committee, to serve as an advisory group to Administration and the Board of Trustees. FISD, with the input of our stakeholders, has been effective in anticipating, planning, and implementing strategies that permit it to work within the constraints of available revenues but not reduce the overall quality of its educational programs.

Projecting student enrollment growth and dealing with the limitations of the State’s school funding system are two major factors affecting the District’s long-term financial plans. Student enrollment continues to increase by approximately 3% each year. We’ve added an average of 3,000 new students annually for the past 10 years, and while that growth rate slowed down to 2,500 students in 2018, we still expect continued growth for the

foreseeable future. District management and external demographers predict an increase of 1,800 to 2,000 new students each year for the next 3-5 years.

Although the District receives additional funding from the State for each new student enrolled, the methodology of the State's funding mechanism presents some significant challenges. Since the 1970's the State of Texas has been involved with lawsuits challenging the system of financing public schools, which has ultimately led to the funding formula that is currently in place. A ruling by the Texas Supreme Court in the most recent lawsuit regarding school funding found in favor of the constitutionality of the funding formula, although it agreed that the mechanism has "immense room for improvement." Over the past decade, as the Texas economy has strengthened and property values state-wide have increased, the State has slowly shifted the burden of public education spending to local taxpayers. Because of the nature of the equalized formula, school districts like Fisd do not receive additional operating dollars when property values rise. If property values go up one year, the State reduces its share of funding the next year, effectively using local tax dollars to supplant its required contribution to public education. From 2008 to 2017, the State's share of public education spending has shifted from 44.9% to 38.4% state-wide. For Fisd, state revenue constitutes only 23.2% of our 2017-2018 General Fund revenue.

The District continues to monitor Texas school finance law but can make no representation or prediction regarding legislation that may be enacted or its effect on the District or State's school finance system. Long-range planning is based on current law and the Texas Education Agency's guidelines and interpretations of that law.

## **INTERNAL CONTROL**

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

### **Budgetary Controls**

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

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

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

## **AWARDS**

The Association of School Business Officials International (ASBO) awarded a Certificate of Excellence in Financial Reporting, and the Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Fisd for its comprehensive annual financial report for the fiscal year ended June 30, 2017. The ASBO award is granted only after an intensive review of financial reports by an expert panel of certified public accountants and practicing school business officials. The GFOA award is considered the highest form of recognition in the area of governmental accounting and financial reporting. The CAFR is judged by an impartial panel to determine if it meets the high standards of the program, demonstrating a constructive “spirit of full disclosure”, to clearly communicate the District’s financial story, and confirm the District’s commitment to financial accountability and transparency. Both certificates are valid for a period of one year only. Management believes that this CAFR for the year ended June 30, 2018, which will be submitted for review to both associations, continues to meet the criteria of both ASBO and GFOA’s certificate programs.

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

The Texas Comptroller of Public Accounts’ Transparency Stars program recognizes local governments for going above and beyond in their transparency efforts. Frisco ISD is eligible to apply for Transparency Stars in the areas of traditional finances, contracts and procurement, and debt obligations. As of June 30, 2018, Fisd has earned 2 of the 3 Transparency Stars for which we are eligible and is in the process of applying for the third.

## **ACKNOWLEDGMENTS**

The continued effort and support of the Board of Trustees, the citizens of the District, parents, and business owners, greatly contributes to the success of Frisco ISD and is very much appreciated. This support and effort allows the District to know every student by name and need.

We would also like to recognize the cooperative spirit of the employees of Frisco ISD and the contributions they make toward the successful planning and implementation of the District’s financial activities. Without this cooperation the Finance Department could not function in its role of supporting the District’s operations.

With these acknowledgments, this report is respectfully submitted for your review.



Kimberly Smith, Chief Financial Officer

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

**BOARD OF TRUSTEES**

<u>NAME</u>	<u>TERM EXPIRES</u>	<u>LENGTH OF SERVICE</u>	<u>OCCUPATION</u>
John Classe, President	2021	4 years	Certified Financial Planner™, Bell Financial Group
Chad Rudy, Vice President	2019	3 years	Certified Financial Planner™, Retirement Investment Advisors, Inc.
Debbie Gillespie, Secretary	2020	7 years	Community and school volunteer
Rene Archambault	2021	<1 year	Deputy Director, Southern Methodist University - Guildhall
Bryan Dodson	2019	5 years	Vice President of Sales, JP Morgan Chase
Anne McCausland	2020	7 years	Community and school volunteer
Steven Noskin	2019	2 years	President, Vitrituf-Hanover Specialties Inc.

**APPOINTED OFFICIALS**

<u>NAME</u>	<u>POSITION</u>	<u>LENGTH OF EDUCATION SERVICE</u>
Dr. Mike Waldrip	Superintendent	36 years
Dr. Todd Fouche	Deputy Superintendent of Business and Operations	15 years
Kenny Chandler	Deputy Superintendent of Schools	34 years
Katie Kordel	Chief Academic Officer	20 years
Amanda McCune	Chief Communications Officer	2 years
Kimberly Smith	Chief Financial Officer	7 years
Dr. Pamela Linton	Chief Human Resources Officer	28 years
Doug Zambiasi	Chief Operating Officer	35 years
Melissa Fouche	Chief Technology Officer	24 years

**CONSULTANTS AND ADVISORS**

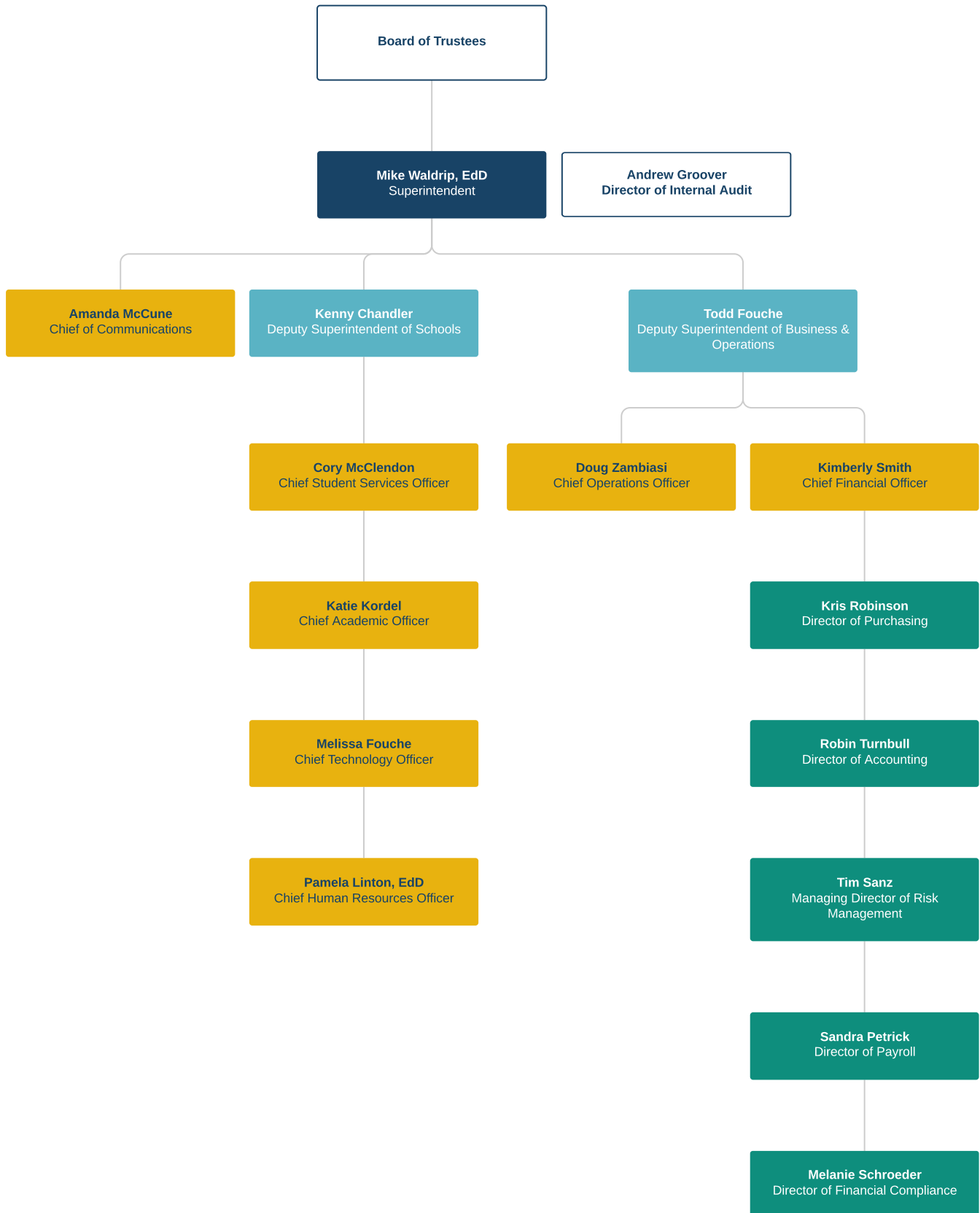
Weaver and Tidwell, L.L.P. Independent Auditors	Law Offices of Robert E. Luna, P.G. Attorneys
SAMCO Capital Markets, Inc. Financial Advisors	Abernathy, Roeder, Boyd, & Hullett, P.C. Attorneys
McCall, Parkhurst & Horton, L.L.P. Bond Counsel	First Southwest Asset Management Investment Advisors



# Frisco ISD

## Administration and Finance

### 2018-2019





ASSOCIATION OF  
SCHOOL BUSINESS OFFICIALS  
INTERNATIONAL

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

**Frisco Independent School District**

**for its Comprehensive Annual Financial Report (CAFR)  
for the Fiscal Year Ended June 30, 2017.**

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



A handwritten signature in black ink, reading 'Charles E. Peterson, Jr.' The signature is written in a cursive style.

Charles E. Peterson, Jr., SFO, RSBA, MBA  
President

A handwritten signature in black ink, reading 'John D. Musso'. The signature is written in a cursive style.

John D. Musso, CAE  
Executive Director



Government Finance Officers Association

Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting

Presented to

**Frisco Independent School District**  
**Texas**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**June 30, 2017**

*Christopher P. Morill*

Executive Director/CEO



2018 State VASE  
Gold Seal Winner

**NATASHA TSAY**

Lebanon Trail High School  
Teacher: Kristen Summers

## FINANCIAL SECTION





2018 State VASE  
Rating 4 Medalist

**JINGYI MA**

Independence High School  
Teacher: Leonard Buscemi



## Independent Auditor's Report

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

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Frisco Independent School District (the District) as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

### Management's Responsibility for the Financial Statements

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

### Auditor's Responsibility

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

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

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

### Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the District, as of June 30, 2018, and the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The Board of Trustees of  
Frisco Independent School District

### ***Change in Accounting Principles***

As discussed in Note 1 to the financial statements, in 2018 the District adopted new accounting guidance, GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*. Beginning net position has been restated to reflect the change in accounting principle for the implementation of this Statement. Our opinion is not modified with respect to this matter.

### ***Other Matters***

#### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, schedules of the District's proportionate share of the net pension liability and the net OPEB liability, and schedules of District pension and OPEB contributions on pages 4 through 14, and 45 through 50, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The introductory section, combining and individual fund statements and schedules, required Texas Education Agency schedule and statistical section are presented for purposes of additional analysis and are not a required part of the financial statements.

The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the audit requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and is also not a required part of the basic financial statements.

The combining and individual fund statements and schedules, required Texas Education Agency schedule, and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund statements and schedules, required Texas Education Agency schedule, and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

The Board of Trustees of  
Frisco Independent School District

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated November 5, 2018, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

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

WEAVER AND TIDWELL, L.L.P.

Dallas, Texas  
November 5, 2018



2018 State VASE  
Gold Seal Winner

**KATIE TORRES**

Independence High School  
Teacher: Leonard Buscemi

**FRISCO INDEPENDENT SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2018**  
(UNAUDITED)

As management of the Frisco Independent School District (the "District"), we offer the readers of these financial statements this narrative overview and analysis of the District's financial performance for the fiscal year ended June 30, 2018. We encourage readers to consider the information presented here in conjunction with additional information furnished in our letter of transmittal, which can be found on pages ii-vi of this report, as well as the District's financial statements, which follow this section.

## **FINANCIAL HIGHLIGHTS**

- The District's beginning net position was adjusted by (\$277,221,916) to reflect a change in accounting principle for the reporting of postemployment benefits other than pensions. An explanation of the required change can be found on page 27 in Note 1 to the financial statements.
- The District ended the year with a deficit net position of (\$420,319,252), representing an increase of \$103.3 million from the previous year's adjusted net position. That increase is further explained on page 7 of Management's Discussion and Analysis. Of the total net position, (\$346,371,603) represents the District's net investment in capital assets. Frisco ISD is fast growing – with 17 new schools built in the past 5 years – so we have more debt outstanding than capital assets. As building needs slow and debt is repaid, the net investment in capital assets will shift from negative to positive.
- The General Fund, which is the District's main operating fund, recognized a \$29.5 million surplus for the year, which was largely attributable to savings achieved within expenditure budgets as well as greater than anticipated property tax revenue. Further details are described on pages 10-11 of Management's Discussion and Analysis. We ended the year with an unassigned fund balance of \$158,970,627, which represents 30.9% of the 2018-2019 adopted budget.
- When combined, the total fund balance for all of the District's funds increased \$60.2 million from the prior year due mainly to a greater than anticipated growth in property values. We ended the year with a total combined governmental fund balance of \$377,304,760.
- The District issued \$49,865,000 of school building bonds during the year and paid off \$11,790,000 of callable bonds. That early retirement of bonds saved the District \$8.5 million in interest costs.

## **OVERVIEW OF THE FINANCIAL STATEMENTS**

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

The government-wide financial statements include the Statement of Net Position (Exhibit A-1) and the Statement of Activities (Exhibit B-1). These reports provide information about the activities of the District as a whole, with a long-term view of the District's property, debt obligations, and other financial matters. They reflect the flow of total economic resources in a manner similar to the financial reports of a business enterprise.

Fund financial statements (starting with Exhibit C-1) report the District's operations in more detail than the government-wide statements by providing information about the District's most significant funds. For governmental activities, these statements tell how services were financed in the short term as well as what resources remain for future spending. They also reflect the flow of current financial resources, and supply the basis for tax levies and the appropriations budget. The remaining statements provide financial information about activities for which the District acts solely as a trustee or agent for the benefits of those outside of the District.

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

(Concluded)



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

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

## Government-Wide Financial Statements

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

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

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

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

The government-wide financial statements can be found on pages 15-16 of this report.



## Fund Financial Statements

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

All of the District's funds can be divided into two categories: governmental funds and fiduciary funds.

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

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

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

Governmental fund financial statements can be found on pages 17 and 19 of this report.

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

The *Statement of Fiduciary Assets and Liabilities* reports all of the District's fiduciary activities and can be found on page 21 of this report.

## Notes to the Financial Statements

The notes to the financial statements provide narrative explanations or additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 22-44 of this report.

## Other Information

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

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

## GOVERNMENT-WIDE OVERALL FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of the District's overall financial position. At June 30, 2018, the District's liabilities and deferred inflows of resources exceeded its assets and deferred outflows of resources by \$420.3 million.

Table A-2. The District's Net Position

	June 30, 2018	June 30, 2017	Increases / (Decreases)
<b>Assets:</b>			
Current and other assets	\$ 464,568,365	\$ 403,640,022	\$ 60,928,343
Capital assets	1,646,063,286	1,663,042,754	(16,979,468)
<b>Total Assets</b>	<b>2,110,631,651</b>	<b>2,066,682,776</b>	<b>43,948,875</b>
Deferred outflows of resources	73,020,197	73,485,037	(464,840)
<b>Total Assets and Deferred Outflows</b>	<b>\$ 2,183,651,848</b>	<b>\$ 2,140,167,813</b>	<b>\$ 43,484,035</b>
<b>Liabilities:</b>			
Current liabilities	\$ 161,253,125	\$ 168,817,749	\$ (7,564,624)
Long-term liabilities	2,345,888,790	2,199,499,858	146,388,932
<b>Total Liabilities</b>	<b>2,507,141,915</b>	<b>2,368,317,607</b>	<b>138,824,308</b>
Deferred inflows of resources	96,829,185	18,222,530	78,606,655
<b>Net Position:</b>			
Net investment in capital assets	(346,371,603)	(342,750,707)	(3,620,896)
Restricted	116,657,999	86,386,196	30,271,803
Unrestricted	(190,605,648)	9,992,187	(200,597,835)
<b>Total Net Position</b>	<b>(420,319,252)</b>	<b>(246,372,324)</b>	<b>(173,946,928)</b>
<b>Total Liabilities, Deferred Inflows and Net Position</b>	<b>\$ 2,183,651,848</b>	<b>\$ 2,140,167,813</b>	<b>\$ 43,484,035</b>

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

An additional portion of the District's net position, \$116.7 million, represents resources that are subject to external restrictions on how they may be used. The remaining unrestricted net position may be used to meet the District's ongoing obligations.

The District's net position decreased by \$173,946,928 from June 30, 2017 to June 30, 2018 due mainly to the change in accounting principle implemented in 2018 that requires the District to report its proportionate share of the State's OPEB liability. That change is further described in Note 1 on page 27. The total cost of all governmental activities for the fiscal year ended June 30, 2018 was \$510,122,013. Approximately (\$34.1) million of those costs were funded by program revenues directly attributable to specific activities. The remaining costs were funded primarily by property taxes and state revenue, which are not attributable to specific programs. Overall program revenues were negative for the year because the State recognized a negative OPEB expense for the 2017 plan year, which was passed down to the District level in our proportionate share of OPEB expense.

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

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

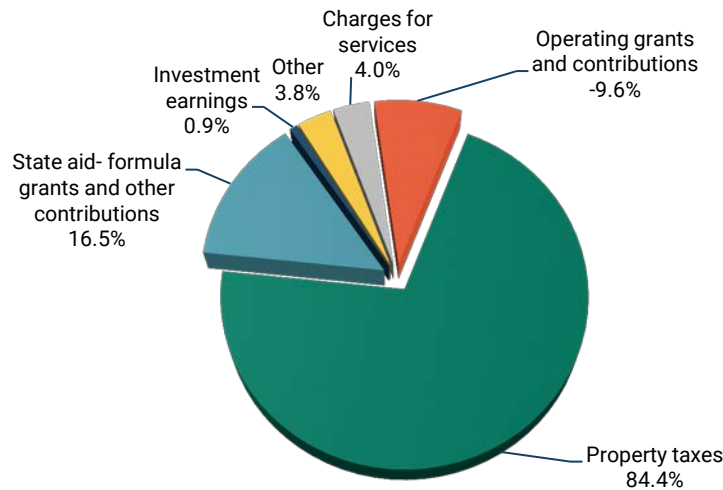
	Fiscal Year Ended June 30, 2018	Fiscal Year Ended June 30, 2017	Increases / (Decreases)
<b>Revenues:</b>			
Program Revenues:			
Charges for services	\$ 24,662,605	\$ 23,042,938	\$ 1,619,667
Operating grants and contributions	(58,806,085)	38,224,087	(97,030,172)
General Revenues:			
Property taxes	518,032,492	452,974,194	65,058,298
State aid- formula grants and other contributions	101,172,062	117,831,537	(16,659,475)
Investment earnings	5,260,009	1,994,950	3,265,059
Other	23,075,918	19,776,576	3,299,342
<b>Total Revenues</b>	<b>613,397,001</b>	<b>653,844,282</b>	<b>(40,447,281)</b>
<b>Expenses:</b>			
Instruction	227,342,595	325,140,742	(97,798,147)
Instructional resources and media services	6,373,309	9,325,687	(2,952,378)
Curriculum and instructional staff development	6,858,766	9,447,290	(2,588,524)
Instructional leadership	4,615,947	6,192,970	(1,577,023)
School leadership	23,791,263	32,328,267	(8,537,004)
Guidance, counseling and evaluation services	11,811,319	17,508,585	(5,697,266)
Social work services	119,107	279,911	(160,804)
Health services	3,702,581	5,496,484	(1,793,903)
Student transportation	10,690,822	12,899,257	(2,208,435)
Food services	21,130,662	25,477,572	(4,346,910)
Extracurricular activities	17,052,390	19,440,200	(2,387,810)
General administration	8,358,009	9,747,588	(1,389,579)
Facilities maintenance and operations	47,446,326	46,480,755	965,571
Security and monitoring services	3,293,454	3,826,564	(533,110)
Data processing services	9,372,444	8,927,287	445,157
Community services	1,452,458	1,900,499	(448,041)
Debt service - interest on long-term debt	77,551,045	79,783,468	(2,232,423)
Debt service - bond issuance costs and fees	691,035	2,474,789	(1,783,754)
Payments to juvenile justice alternative education programs	30,118	67,814	(37,696)
Payments to tax increment fund	25,397,908	22,583,104	2,814,804
Other intergovernmental charges	3,040,455	2,683,175	357,280
<b>Total Expenses</b>	<b>510,122,013</b>	<b>642,012,008</b>	<b>(131,889,995)</b>
Change in Net Position	103,274,988	11,832,274	91,442,714
Beginning Net Position, as previously reported	(246,372,324)	(258,204,598)	11,832,274
Cumulative effect of change in accounting principles	(277,221,916)		(277,221,916)
<b>Ending Net Position</b>	<b>\$ (420,319,252)</b>	<b>\$ (246,372,324)</b>	<b>\$ (173,946,928)</b>

(Continued)

During the 2017-2018 fiscal year, changes to the District's proportionate share of the State's Net OPEB Liability resulted in a decrease of expenses of approximately \$131.9 million from the prior year. Without the newly required accounting for other postemployment benefits, expenses would have increased from the prior year due to enrollment growth.

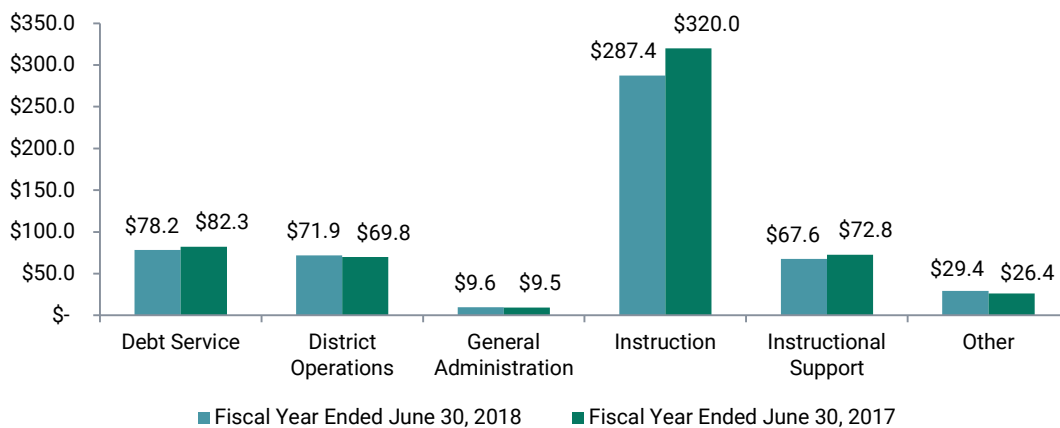
The following Figure A-4 illustrates the District's sources of revenue for the 2017-2018 fiscal year. General revenues provide 105.6% of the funding available to cover the District's annual expenses. The remaining (5.6%) of revenues come from operating grants or charges for services specifically attributable to District programs.

Figure A-4. Sources of Revenue for the Fiscal Year Ended June 30, 2018



The following Figure A-5 depicts the change in net cost of services (total cost less program revenue and intergovernmental aid) for the District's major functions for the fiscal years ended June 30, 2018, and June 30, 2017. The net cost reflects the portion funded by local tax dollars, state aid and other miscellaneous general revenues.

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



## FUND LEVEL FINANCIAL ANALYSIS

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

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

At June 30, 2018, the District's total combined fund balances for governmental funds were \$377,304,760, which represents an increase of \$60.2 million from June 30, 2017. Approximately 42.1% (\$158,970,627) of the total combined fund balances is unassigned and available for spending at the District's discretion. The remainder of the fund balances is either nonspendable, restricted, committed or assigned for specific purposes:

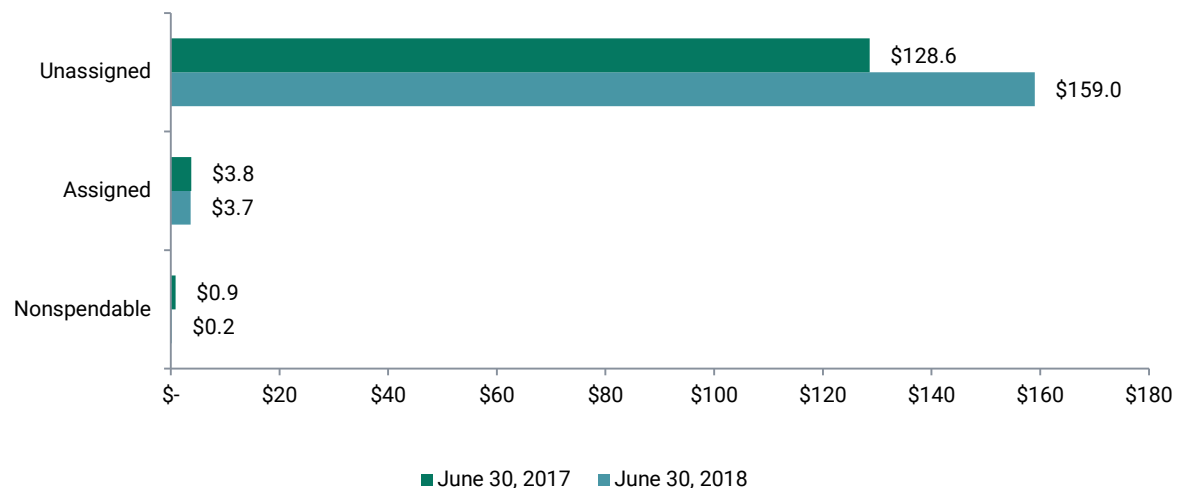
- *Nonspendable* balances of \$224,742 are not in spendable form because they relate to prepaid expenditures.
- *Restricted* balances of \$205,123,183 are either legally required to remain intact or are restricted for particular purposes by a third party.
- *Committed* balances of \$2,516,879 have been committed by the District's Board of Trustees to service programs funded by local grants, awards or contributions.
- *Assigned* balances of \$10,469,329 have been tentatively earmarked by management for a particular program or purpose.

Further details of each type of fund balance can be found within note 1 on pages 25-26 of this report.

### General Fund

Figure A-6 below depicts the breakdown of fund balances in the General Fund, the District's main operating fund, as of June 30, 2018 and 2017.

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



(Continued)

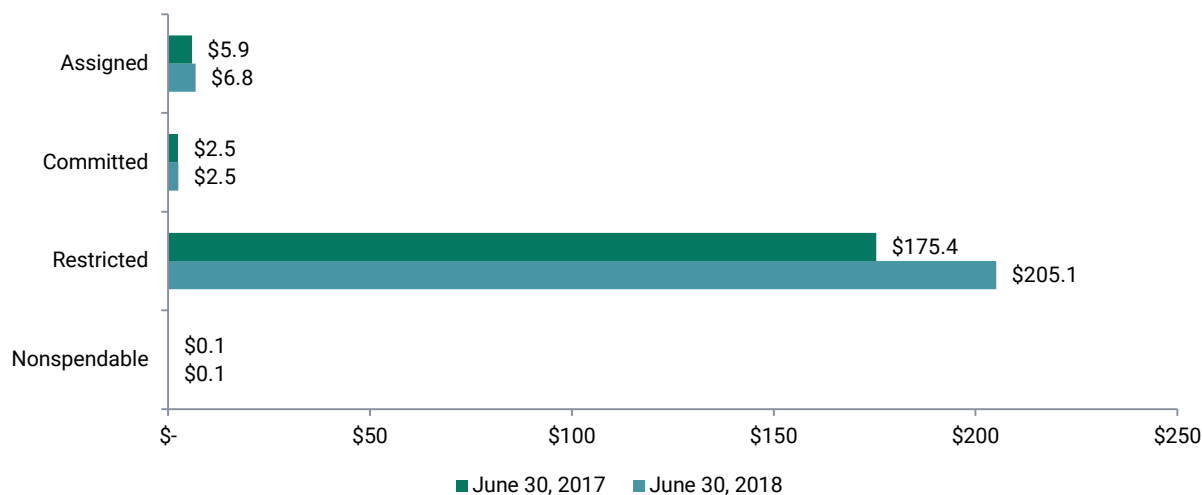
It is useful to compare unassigned fund balance to total expenditures in the General Fund as a measure of liquidity – to determine the portion of annual operating costs that could be funded without cash inflows. Due to the timing of cash inflows from the state and the property tax collection calendar, the District is cash flow negative for the first 4 to 5 months of each fiscal year. Common practice among Texas school districts is to strive to maintain an unassigned fund balance equal to at least 20% of expenditures to help accommodate the period of negative cash flow. Because of our fast growth and the necessity to increase expenditures proportionally for enrollment growth each year, Frisco ISD strives to maintain at least 25% of expenditures in unassigned fund balance. The June 30, 2018 unassigned fund balance represents 30.9% of the subsequent fiscal year’s adopted budget.

The General Fund recognized an increase in total fund balance of \$29,545,623 over the previous year. Higher than anticipated property values contributed approximately \$18 million in local revenue over original projections. Payments from the State due to underpayment of prior year revenue as well as greater than anticipated investment income made up another significant portion of the increase in fund balance.

### Other Governmental Funds

The District’s combined total fund balance increased by \$60.2 million from June 30, 2017, to June 30, 2018. \$29.5 million related to the General Fund, which is explained above. The remaining increase was mainly attributable to the Debt Service Fund, which recognized \$12 million more in tax revenue than originally projected due to greater than anticipated property value increases. Additionally, we issued less debt than originally planned for, resulting in lower than anticipated debt service payments for the year. The components of fund balance in the District’s other governmental funds for the 2017 and 2018 fiscal years are illustrated in Figure A-7 below.

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



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

- The Capital Projects Fund recognized a decrease in fund balance of \$220,258, which resulted from capital expenditures being greater than the amount of new debt issued during the year.
- Non-Major Governmental Funds recognized a net increase of \$1,151,777 in fund balance over the previous year. The majority of these funds are used to account for reimbursement grants, which receive revenues as expenditures occur and therefore do not carry a fund balance or recognize surpluses or deficits. The Child Nutrition Fund, however, which is a self-funded breakfast and lunch program, generated a surplus of \$1.9 million.

(Continued)



## General Fund Budgetary Highlights

The Board of Trustees originally adopted a \$3,641,736 surplus for the 2018 fiscal year. As previously discussed, the actual surplus recognized in the General Fund was \$29,545,623.

**Revenues** came in significantly higher than original budget projections by approximately \$31.3 million due to greater than anticipated property value growth. However, due to the nature of public education funding in Texas, State program revenues will be reduced in 2019 as a result of rising property values, so the additional revenue collected this year is not a sustainable source of funds.

**Expenditures** fell below the originally adopted budget by approximately \$1.9 million.

**Budget amendments and adjustments** were made over the course of the year to give flexibility within functional budgets. Additionally, significant amendments were made at the end of the fiscal year in anticipation of liabilities that may be owed but not paid by June 30 and to safeguard against overspending at the fund-function level. Adjustments during the year resulted in the final amended budget being \$12.4 million greater than actual expenditures.

## CAPITAL ASSETS AND DEBT ADMINISTRATION

### Capital Assets

The District's investment in capital assets as of June 30, 2018 was \$1,646,063,286 (net of accumulated depreciation). This investment includes land, buildings, building improvements, furniture, equipment, and vehicles and represents a 1% net decrease in capital assets over the previous year.

Table A-8. Capital Assets

	As of June 30, 2018	As of June 30, 2017	Increases / (Decreases)
Land	\$ 193,527,477	\$ 178,884,504	\$ 14,642,973
Buildings	1,700,584,200	1,631,472,274	69,111,926
Furniture and equipment	60,526,366	56,641,770	3,884,596
Construction in progress	101,418,493	161,424,886	(60,006,393)
Total Capital Assets	<u>2,056,056,536</u>	<u>2,028,423,434</u>	<u>27,633,102</u>
Accumulated depreciation	<u>(409,993,250)</u>	<u>(365,380,680)</u>	<u>(44,612,570)</u>
Net Capital Assets	<u>\$ 1,646,063,286</u>	<u>\$ 1,663,042,754</u>	<u>\$ (16,979,468)</u>

The decrease in net capital assets is the result of a slowdown in our building program. 2018 was the first year in over 20 years that the District did not have a new facility under construction. Depreciation expense exceeded additions, which resulted in an overall decrease in net capital assets.

More detailed information about the District's capital assets can be found in Note 6 on page 32 of this report.

## Long-Term Debt

The District's debt management policies seek to maintain the most favorable debt profile and funding structure for the District while adhering to taxpayers' expectations that the District will be a prudent and conservative steward of public funds. Our debt repayment schedule is structured so that we generally match asset useful lives with the liabilities incurred to finance those assets. Due to changes in the federal tax laws that took effect during the 2018 fiscal year, the District can no longer refinance debt in advance of the call date. However, we continue to monitor the interest rate climate and will restructure or repay debt when it becomes callable and we are able to recognize positive savings.

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

At the end of the 2018 fiscal year, the District had total bonded debt outstanding of \$2,137,073,341, all of which is considered to be direct tax supported debt. The remainder of the District's long-term obligations is comprised of the District's portions of the TRS net pension and OPEB liabilities.

Table A-9. Long-Term Debt

	As of June 30, 2018	As of June 30, 2018, as adjusted	Increases / (Decreases)
Bonds payable	\$ 1,958,501,225	\$ 1,967,577,369	\$ (9,076,144)
Accreted interest	60,607,558	54,733,386	5,874,172
Unamortized bond premium	117,964,558	125,560,583	(7,596,025)
Total Bonded Debt	2,137,073,341	2,147,871,338	(10,797,997)
District's portion of TRS net pension liability	100,324,581	109,973,520	(9,648,939)
District's portion of TRS net OPEB liability	157,910,868	278,783,662	(120,872,794)
Total Long-Term Liabilities	\$ 2,395,308,790	\$ 2,536,628,520	\$ (141,319,730)

Total outstanding long-term liabilities decreased by 5.6% from the previous year due to the significant decrease in the Net OPEB Liability. Bonded debt decreased by 0.05% due to the early retirement of Series 2005A bonds. Note 7 on pages 33-34 of this report contains more detailed information about the District's long-term debt activity, including incremental payment schedules. The amount of general bonded debt outstanding and the total primary government debt per capita are also useful indicators of the District's debt position. That data is represented in Exhibit S-11 on page 81 of this report.

## ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

Enrollment growth continues to be a significant challenge for the District. In 2018, Frisco ISD was once again named the fastest growing school district in Texas. We have nearly doubled our enrollment in the last decade and added over 2,500 students in 2018 alone. We work with both internal and third party demographers to develop our best estimates of student growth from year to year. While our growth rate has slowed down from an average of 3,000 students per year, we still anticipate being the fastest growing district in the state in 2019. Our financial projections for the next three years are based on continued growth of 1,800 to 2,000 students per year.

State funding also continues to be a major issue. In May 2016, the Texas Supreme Court overturned a District Court ruling that the Texas school funding system was unconstitutional. The Texas Supreme Court stated in its ruling that “our Byzantine school funding ‘system’ is undeniably imperfect, with immense room for improvement. But it satisfies minimum constitutional requirements.” One major limitation of the State’s funding formula is the ability for Districts to generate and keep revenue locally. The District saw a 16.2% increase in taxable assessed property values from the 2016 to 2017 tax year, and we project another 14% growth in values for the 2018 tax year. However, the nature of school funding in Texas is such that the beneficiary of rising property values is the State rather than local school districts. As our property values rise, our state aid is reduced by a proportionate share; and once we reach the statutory property wealth cap, any tax revenue generated above our allotment will be recaptured by the State. One of the only ways to generate additional revenue is through the tax rate, which requires voter approval above \$1.04 per \$100 valuation. Given our continued fast growth, the School Board has proposed an operating tax rate of \$1.17 for the 2018 tax year, which will be voted on by the community on November 6, 2018. The budget appropriated for 2018-2019 is based on the previously adopted rate of \$1.04, so if the higher tax rate is ratified, we will generate a revenue surplus in 2018-2019 and begin work on prioritizing those extra funds into the 2019-2020 budget. More information about the District’s annual budget and economic challenges can be found in the 2018-2019 Budget Book, which can be obtained on the Internet at <http://www.friscoisd.org/departments/finance/financial-transparency/budgets>.

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

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



2018 State VASE  
Gold Seal Winner

**ANUSHYA ALANDUR**  
Independence High School  
Teacher: Leonard Buscemi

# GOVERNMENT-WIDE FINANCIAL STATEMENTS

**FRISCO INDEPENDENT SCHOOL DISTRICT**  
**STATEMENT OF NET POSITION**  
**JUNE 30, 2018**

EXHIBIT A-1

Data Control Codes		<b>Governmental Activities</b>
	ASSETS	
1110	Cash and investments	\$ 440,987,007
1220	Property taxes receivable (delinquent)	5,297,565
1230	Allowance for uncollectible taxes	(900,586)
1240	Due from other governments	18,353,741
1250	Accrued interest	215,126
1290	Other receivables, net	390,770
1410	Prepaid Expenses	224,742
1510	Land	193,527,477
1520	Buildings and improvements, net	1,335,116,668
1530	Furniture and equipment, net	16,000,648
1580	Construction in progress	101,418,493
1000	<b>Total Assets</b>	<u>2,110,631,651</u>
	DEFERRED OUTFLOWS OF RESOURCES	
1701	Deferred losses on debt refunding transactions	22,742,708
1705	Deferred pension outflows	48,097,324
1710	Deferred OPEB outflows	2,180,165
1700	<b>Total Deferred Outflows of Resources</b>	<u>73,020,197</u>
	LIABILITIES	
2110	Accounts payable	16,843,952
2113	Retainage payable	3,308,652
2140	Accrued interest payable	28,335,376
2150	Payroll deductions and withholdings	3,231,565
2160	Accrued wages payable	56,232,606
2200	Accrued expenses	1,887,000
2300	Unearned revenues	1,993,974
	Noncurrent Liabilities:	
2501	Due within one year	49,420,000
2502	Due in more than one year	2,087,653,341
2540	Net pension liability	100,324,581
2545	Net OPEB liability	157,910,868
2000	<b>Total Liabilities</b>	<u>2,507,141,915</u>
	DEFERRED INFLOWS OF RESOURCES	
2605	Deferred pension inflows	30,774,771
2610	Deferred OPEB inflows	66,054,414
2600	<b>Total Deferred Inflows of Resources</b>	<u>96,829,185</u>
	NET POSITION	
3200	Net investment in capital assets	(346,371,603)
	Restricted for:	
3820	Federal and state grant programs	6,591,918
3850	Debt service	110,066,081
3900	Unrestricted	(190,605,648)
3000	<b>Total Net Position</b>	<u>\$ (420,319,252)</u>

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



**FRISCO INDEPENDENT SCHOOL DISTRICT  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2018**

EXHIBIT B-1

Data Control Codes	1 Expenses	Program Revenues		6 Governmental Activities
		3 Charges for Services	4 Operating Grants and Contributions	
<b>GOVERNMENTAL ACTIVITIES:</b>				
11 Instruction	\$ 227,342,595	\$ 733,927	\$ (45,574,769)	\$ (272,183,437)
12 Instructional resources and media services	6,373,309		(935,558)	(7,308,867)
13 Curriculum and instructional staff development	6,858,766		(1,060,544)	(7,919,310)
21 Instructional leadership	4,615,947		(1,218,096)	(5,834,043)
23 School leadership	23,791,263		(5,700,455)	(29,491,718)
31 Guidance, counseling and evaluation services	11,811,319		(406,151)	(12,217,470)
32 Social work services	119,107		(38,232)	(157,339)
33 Health services	3,702,581		(961,950)	(4,664,531)
34 Student transportation	10,690,822		(1,504,853)	(12,195,675)
35 Food services	21,130,662	18,376,266	4,013,084	1,258,688
36 Extracurricular activities	17,052,390	2,379,643	(546,308)	(15,219,055)
41 General administration	8,358,009		(1,278,447)	(9,636,456)
51 Facilities maintenance and operations	47,446,326	3,172,769	(2,694,050)	(46,967,607)
52 Security and monitoring services	3,293,454		(296,679)	(3,590,133)
53 Data processing services	9,372,444		(1,055,881)	(10,428,325)
61 Community services	1,452,458		452,804	(999,654)
72 Debt service - interest on long-term debt	77,551,045			(77,551,045)
73 Debt service - bond issuance costs and fees	691,035			(691,035)
95 Payments to juvenile justice alternative education programs	30,118			(30,118)
97 Payments to tax increment fund	25,397,908			(25,397,908)
99 Other intergovernmental charges	3,040,455			(3,040,455)
<b>TG Total Governmental Activities</b>	<b>\$ 510,122,013</b>	<b>\$ 24,662,605</b>	<b>\$ (58,806,085)</b>	<b>(544,265,493)</b>

Data Control Codes	General Revenues	
Taxes:		
MT	Property taxes, levied for general purposes	375,184,044
DT	Property taxes, levied for debt service	142,848,448
SF	State aid - formula grants	98,313,792
GC	Grants and contributions not restricted to specific programs	2,858,270
IE	Investment earnings	5,260,009
MI	Miscellaneous local and intermediate revenue	23,075,918
TR	<b>Total General Revenues</b>	<b>647,540,481</b>
CN	Change in net position	103,274,988
NB	Net position - beginning, as previously reported	(246,372,324)
NB	Cumulative effect of change in accounting principles	(277,221,916)
NE	<b>Net position - ending</b>	<b>\$ (420,319,252)</b>

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



2018 State VASE  
Rating 4 Medalist

**ZOE MEEKER**

Liberty High School  
Teacher: Pernie Fallon

GOVERNMENTAL FUNDS FINANCIAL STATEMENTS

**FRISCO INDEPENDENT SCHOOL DISTRICT  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2018**

EXHIBIT C-1

Data Control Codes	10 General Fund	50 Debt Service Fund	60 Capital Projects Fund	Non-Major Governmental Funds	98 Total Governmental Funds	
<b>ASSETS</b>						
1110	Cash and investments	\$ 206,942,020	\$ 136,998,326	\$ 84,791,386	\$ 12,255,275	\$ 440,987,007
1220	Property taxes receivable (delinquent)	3,752,915	1,544,650			5,297,565
1230	Allowance for uncollectible taxes	(637,995)	(262,591)			(900,586)
1240	Due from other governments	14,851,061	121,072		3,381,608	18,353,741
1250	Accrued interest	215,126				215,126
1260	Due from other funds	2,169,572				2,169,572
1290	Other receivables, net	32,919		329,151	28,700	390,770
1410	Prepaid expenditures	171,510			53,232	224,742
1000	<b>Total Assets</b>	<u>\$ 227,497,128</u>	<u>\$ 138,401,457</u>	<u>\$ 85,120,537</u>	<u>\$ 15,718,815</u>	<u>\$ 466,737,937</u>
<b>LIABILITIES</b>						
2110	Accounts payable	2,688,981		13,391,016	763,955	16,843,952
2113	Retainage payable			3,308,652		3,308,652
2140	Accrued interest payable		81,539			81,539
2150	Payroll deductions and withholdings	3,231,565				3,231,565
2160	Accrued wages payable	53,546,279			2,686,327	56,232,606
2170	Due to other funds				2,169,572	2,169,572
2200	Accrued expenditures	1,887,000				1,887,000
2300	Unearned revenue	727,905		329,137	936,932	1,993,974
2000	<b>Total Liabilities</b>	<u>62,081,730</u>	<u>81,539</u>	<u>17,028,805</u>	<u>6,556,786</u>	<u>85,748,860</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>						
2601	Unavailable property tax revenue	2,607,478	1,076,839	-	-	3,684,317
2600	<b>Total Deferred Inflows of Resources</b>	<u>2,607,478</u>	<u>1,076,839</u>	<u>-</u>	<u>-</u>	<u>3,684,317</u>
<b>FUND BALANCES</b>						
Nonspendable:						
3430	Prepaid expenditures	171,510			53,232	224,742
Restricted for:						
3450	Federal and state grant programs				6,591,918	6,591,918
3470	Capital acquisitions and contractual obligations			61,288,186		61,288,186
3480	Retirement of long-term debt		137,243,079			137,243,079
Committed to:						
3545	Local grants, awards and contributions				2,516,879	2,516,879
Assigned to:						
3560	Claims and judgments	1,000,000				1,000,000
3550	Construction			6,803,546		6,803,546
3570	Extraordinary repair and replacement	2,000,000				2,000,000
3590	Future expenditures	665,783				665,783
3600	Unassigned	158,970,627				158,970,627
3000	<b>Total Fund Balances</b>	<u>162,807,920</u>	<u>137,243,079</u>	<u>68,091,732</u>	<u>9,162,029</u>	<u>377,304,760</u>
4000	<b>Total Liabilities, Deferred Inflows of Resources and Fund Balances</b>	<u>\$ 227,497,128</u>	<u>\$ 138,401,457</u>	<u>\$ 85,120,537</u>	<u>\$ 15,718,815</u>	<u>\$ 466,737,937</u>

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

**FRISCO INDEPENDENT SCHOOL DISTRICT  
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET  
TO THE STATEMENT OF NET POSITION  
JUNE 30, 2018**

EXHIBIT C-1R

Total Fund Balances - Governmental Funds (Exhibit C-1)	\$	377,304,760
<p>Amounts reported for governmental activities in the Statement of Net Position (Exhibit A-1) are different because:</p>		
<p>Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds financial statements.</p>		1,646,063,286
<p>Accounting losses resulting from debt refunding transactions are deferred outflows of resources on the government-wide Statement of Net Position and amortized over the life of the debt but are not reported in the governmental funds financial statements.</p>		22,742,708
<p>Long-term liabilities, including bonds payable, are not due and payable in the current period and are therefore not reported as liabilities in the Balance Sheet of the governmental funds financial statements. Long-term liabilities at year-end consist of:</p>		
Bonds payable		(1,958,501,225)
Accrued interest on the bonds		(28,253,837)
Accreted interest on capital appreciation bonds		(60,607,558)
Unamortized bond premiums		(117,964,558)
<p>Certain receivables will be earned this year, but are not available soon enough to pay for the current period's expenditures and are therefore deferred inflows of resources at the fund level.</p>		3,684,317
<p>The District's proportionate share of the TRS net pension liability and related deferred inflows and deferred outflows of resources are not current in nature and are therefore not reported in the governmental funds financial statements:</p>		
Proportionate share of net pension liability		(100,324,581)
Deferred pension inflows		(30,774,771)
Deferred pension outflows		48,097,324
<p>The District's proportionate share of the TRS OPEB liability and related deferred inflows and deferred outflows of resources are not current in nature and are therefore not reported in the governmental funds financial statements:</p>		
Proportionate share of net OBEB liability		(157,910,868)
Deferred OBEP inflows		(66,054,414)
Deferred OBEP outflows		2,180,165
Net Position - Governmental Activities (Exhibit A-1)	\$	(420,319,252)

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

**FRISCO INDEPENDENT SCHOOL DISTRICT**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2018**

EXHIBIT C-2

Data Control Codes	10 General Fund	50 Debt Service Fund	60 Capital Projects Fund	Non-Major Governmental Funds	98 Total Governmental Funds
<b>REVENUES</b>					
5700 Local and intermediate sources	\$ 387,697,000	\$ 164,195,173	\$ 787,205	\$ 20,395,344	\$ 573,074,722
5800 State program revenues	117,852,445	1,846,410		4,070,941	123,769,796
5900 Federal program revenues	2,858,270			14,096,556	16,954,826
5020 <b>Total Revenues</b>	<u>508,407,715</u>	<u>166,041,583</u>	<u>787,205</u>	<u>38,562,841</u>	<u>713,799,344</u>
<b>EXPENDITURES</b>					
Current:					
0011 Instruction	285,701,359		2,204,476	9,679,551	297,585,386
0012 Instructional resources and media services	5,698,708		230,925	23,936	5,953,569
0013 Curriculum and instructional staff development	9,145,472			293,847	9,439,319
0021 Instructional leadership	7,058,674			98,359	7,157,033
0023 School leadership	30,046,554		164,764	23,130	30,234,448
0031 Guidance, counseling and evaluation services	15,295,267			2,901,106	18,196,373
0032 Social work services	192,909				192,909
0033 Health services	5,572,130			31,523	5,603,653
0034 Student transportation	11,852,424				11,852,424
0035 Food services	344,704		54,004	22,491,922	22,890,630
0036 Extracurricular activities	14,772,611		474,359	960,172	16,207,142
0041 General administration	9,182,456		315,558		9,498,014
0051 Facilities maintenance and operations	36,177,131		187,844	241,715	36,606,690
0052 Security and monitoring services	3,527,117				3,527,117
0053 Data processing services	7,728,577		2,592,501		10,321,078
0061 Community services	871,458			716,863	1,588,321
Debt Service:					
0071 Principal on long-term debt		58,941,144			58,941,144
0072 Interest on long-term debt		77,339,248			77,339,248
0073 Bond issuance costs and fees		20,184	670,851		691,035
Capital Outlay:					
0081 Facilities acquisition and construction			51,958,032		51,958,032
Intergovernmental:					
0095 Payments to juvenile justice alternative education programs	30,118				30,118
0097 Payments to tax increment fund	25,397,908				25,397,908
0099 Other intergovernmental charges	3,040,455				3,040,455
6030 <b>Total Expenditures</b>	<u>471,636,032</u>	<u>136,300,576</u>	<u>58,853,314</u>	<u>37,462,124</u>	<u>704,252,046</u>
1100 Excess (deficiency) of revenues over (under) expenditures	<u>36,771,683</u>	<u>29,741,007</u>	<u>(58,066,109)</u>	<u>1,100,717</u>	<u>9,547,298</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
7911 Capital related debt issued (regular bonds)			49,865,000		49,865,000
7916 Premium on issuance of bonds			805,851		805,851
7915 Transfers in	29,940		7,175,000	81,000	7,285,940
8911 Transfers out	(7,256,000)		-	(29,940)	(7,285,940)
7080 <b>Total Other Financing Sources (Uses)</b>	<u>(7,226,060)</u>	<u>-</u>	<u>57,845,851</u>	<u>51,060</u>	<u>50,670,851</u>
1200 Net change in fund balances	29,545,623	29,741,007	(220,258)	1,151,777	60,218,149
0100 Fund balances - beginning	133,262,297	107,502,072	68,311,990	8,010,252	317,086,611
3000 <b>Fund balances - ending</b>	<u>\$ 162,807,920</u>	<u>\$ 137,243,079</u>	<u>\$ 68,091,732</u>	<u>\$ 9,162,029</u>	<u>\$ 377,304,760</u>

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



**FRISCO INDEPENDENT SCHOOL DISTRICT  
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES  
TO THE STATEMENT OF ACTIVITIES  
YEAR ENDED JUNE 30, 2018**

EXHIBIT C-2R

Total Net Change in Fund Balances - Governmental Funds (Exhibit C-2)	\$ 60,218,149
Amounts reported for governmental activities in the Statement of Activities (Exhibit B-1) are different because:	
Governmental funds report capital outlays as expenditures. However in the Statement of Activities, the costs of those assets are capitalized and allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays (\$28,112,143) fell below depreciation (\$45,091,611) in the current period.	(16,979,468)
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the governmental funds.	(89,601)
Repayment of long-term debt principal (\$58,941,144) and payments of accreted interest on capital appreciation bonds (\$218,856) are expenditures in the governmental funds, but these activities reduce long-term liabilities in the Statement of Activities.	59,160,000
Bond issuances are reported as other resources in the governmental funds but are shown as increases in long-term debt in the Statement of Net Position:	
Bond issuances	(49,865,000)
Premiums on bonds	(805,851)
Certain debt related items that effect the Statement of Net Position but are not reported in the governmental funds:	
Amortization of bond premiums	8,401,876
Amortization of deferred losses on refunding transactions	(2,178,919)
Accreted interest on capital appreciation bonds	(6,093,028)
Change in interest payable	(560,582)
Amortization and other changes in deferred outflows and deferred inflows related to the District's portion of the TRS net pension liabilities effect government-wide pension expense but have no impact on the governmental funds.	
Contributions prior to the beginning of the measurement period	1,725,965
Contributions after the measurement date	8,860,126
Proportionate share of collective pension expense	(614,542)
Net proportionate share of deferred pension inflows/outflows	(13,340,937)
Amortization and other changes in deferred outflows and deferred inflows related to the District's portion of the TRS net OPEB liabilities effect government-wide pension expense but have no impact on the governmental funds.	
Contributions during the measurement period	1,885,903
Contributions after the measurement date	2,155,449
Proportionate share of collective OPEB expense	52,957,194
Net proportionate share of deferred OPEB inflows/outflows	(1,561,746)
Change in Net Position of Governmental Activities (Exhibit B-1)	\$ 103,274,988

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



2018 State VASE  
Gold Seal Winner

**Aylssa Duhart**

Heritage High School  
Teacher: Sarah Watkins

## FIDUCIARY FUND FINANCIAL STATEMENTS

**FRISCO INDEPENDENT SCHOOL DISTRICT  
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES  
JUNE 30, 2018**

EXHIBIT E-1

Data Control Codes		<b>Agency Fund</b>
	<b>ASSETS</b>	
1110	Cash and investments	\$ 1,280,483
	<b>Total Assets</b>	<u>\$ 1,280,483</u>
	<b>LIABILITIES</b>	
2110	Accounts payable	\$ 89,890
2190	Due to student groups	<u>1,190,593</u>
	<b>Total Liabilities</b>	<u>\$ 1,280,483</u>

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

## NOTES TO THE FINANCIAL STATEMENTS

## NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Frisco Independent School District (the District) is a public educational agency operating under the applicable laws and regulations of the State of Texas. It is governed by a seven member Board of Trustees (the Board) elected by registered voters of the District. The District prepares its basic financial statements in conformity with accounting principles generally accepted in the United States of America promulgated by the Governmental Accounting Standards Board (GASB), and it complies with the requirements of the appropriate version of the Texas Education Agency's *Financial Accountability System Resource Guide* (the Resource Guide) and the requirements of contracts and grants of agencies from which it receives funds.

### Reporting Entity

The Board is elected by the public and has the authority to make decisions, appoint administrators and managers, and significantly influence operations. It also has the primary accountability for fiscal matters. Therefore, the District is a financial reporting entity as defined by GASB in its Statement No. 14, "The Financial Reporting Entity," as amended by Statements No. 39, "Determining Whether Certain Organizations are Component Units," and No. 61, "The Financial Reporting Entity: Omnibus – an Amendment of GASB Statements No. 14 and No. 34." There are no component units within the reporting entity.

### Government-Wide and Fund Financial Statements

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

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

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

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

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

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

**Governmental Fund Financial Statements** are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. With this measurement focus, only current assets, current liabilities, deferred inflows of resources, deferred outflows of resources and fund balances are included on the balance sheet. Operating statements of these funds present net increases and decreases in current assets (i.e. revenues and other financing sources and expenditures and other financing uses). Revenues are recognized in the accounting period in which they become both measurable and available. Expenditures are generally recorded when a liability is incurred, if measurable, except for unmatured principal and interest on long-term debt, which is recognized when due. Expenditures related to certain compensated absences and claims and judgments are recognized when the obligations are expected to be liquidated with expendable available financial resources. Revenues are considered to be available when they are collectible within the current period or soon enough



thereafter to pay liabilities of the current period. The District considers all revenues available if they are collectible within 60 days of year-end.

Revenues from local sources consist primarily of property taxes, which are susceptible to accrual and considered available if collected within 60 days of the end of the fiscal year. Under GASB Statement No. 33, *Accounting and Financial Reporting for Non-exchange Transactions*, property taxes are imposed non-exchange revenues. Assets from imposed non-exchange transactions are recorded when the entity has an enforceable, legal claim to the asset or when the entity receives the resources, whichever comes first. The enforceable legal claim date for property taxes is the assessment date. Therefore, the District recognized taxes receivable and a deferred inflow of resources for taxes assessed as of October 1, 2017, which were not available as of June 30, 2018.

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

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

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

## Funds

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

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

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

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

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

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

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

## Assets, Liabilities and Deferred Inflows/Outflows

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

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

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

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

**Capital Assets** – Capital assets, which include land, buildings, and equipment, are reported in the governmental activities column in the government-wide financial statements. Capital assets are defined by the District as assets with an initial individual cost of more than \$5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value as of the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the life of the asset are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

Capital assets are depreciated using the straight-line method over the following average estimated useful lives:

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

**Vacation and Sick Leave** – Vacations are to be taken within the same year they are earned, and any unused days at the end of the year are forfeited. Therefore, no liability has been accrued in the accompanying basic financial statements. Employees of the District are entitled to sick leave based on category/class of employment. Sick leave is allowed to be accumulated but does not vest. Therefore, no liability exists for unused sick leave.

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

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

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

**Other Post-Employment Benefits (OPEB)** – The District also records its proportionate share of the net OPEB liability of the Teacher Retirement System of Texas (TRS) TRS-Care Plan. The fiduciary net position of the TRS-Care Plan has been determined using the economic resources measurement focus and full accrual basis of accounting. This includes for purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to other post-employment benefits, OPEB expense, and information about assets, liabilities and additions to/deductions from TRS Care’s fiduciary net position. Benefit payments are recognized when due and payable in accordance with the benefit term. There are no investments as this is a pay-as-you-go plan and all cash is held in a cash account.

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

## Fund Balances and Net Position

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

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

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

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

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

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

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

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

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

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

**Assigned Fund Balance** is that portion of fund balance that is spendable or available for appropriation but has been tentatively earmarked for some specific purpose. On June 20, 2016, the Board delegated through formal action the authority to assign fund balance to the Chief Financial Officer; although the Board may also directly assign fund balance for specific purposes. This can be done through adoption and amendment of the budget. As of June 30, 2018, the District has assigned fund balance in the General Fund for the following purposes:

- Claims and judgments – assigned for the coverage of legal fees and deductibles of certain insurance policies.
- Construction – assigned for the expenditure of funds for construction projects and capital outlay not planned to be paid with bond funds.
- Extraordinary repair and replacement – assigned to accommodate unforeseeable catastrophic events.
- Future Expenditures – assigned to satisfy outstanding General Fund encumbrances as of the fiscal year end.

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

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

## Data Control Codes

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

## Management's Use of Estimates

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

## Encumbrance Accounting

Under encumbrance accounting, purchase orders, contracts and other commitments for the expenditure of funds are recorded in the accounting system in order to assign the portion of the applicable appropriation. This methodology is employed in the governmental fund financial statements. Encumbrances are not liabilities and are therefore not recorded as expenditures until receipt of the material or service. For budgetary purposes, appropriations lapse at fiscal year-end, and outstanding encumbrances at year-end are re-appropriated in the next fiscal year. Management has assigned a portion of fund balance for future expenditures equal to the General Fund outstanding encumbrances at June 30, 2018. None of the individual encumbrances reported are considered significant to the financial statements.

## New Accounting Pronouncements

Beginning in 2018, the District implemented GASB Statement Number 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. This statement established standards for measuring and recognizing liabilities, deferred outflows and inflows of resources, and expenses/expenditures related to postemployment benefits other than pensions; and it requires the District to report its portion of the unfunded liability or overfunded asset of the Teacher Retirement System of Texas (TRS) TRS Care plan. The TRS Care plan is a multiple-employer, cost sharing defined Other Post-Employment Benefit (OPEB) plan with a special funding situation in which the state of Texas is legally responsible for making contributions on behalf of the District for participating members, except in certain circumstances which are outlined in Note 11. The District's portion of the TRS Care net OPEB liability is a direct result of those circumstances in which the District itself contributes to the plan.

To the extent practical, this change in accounting principle is required to be reported as an adjustment to prior periods. Therefore, the following calculation adjusts the beginning net position for fiscal year 2018:

Beginning Net Position	\$ (246,372,324)
Addition of beginning net OPEB liability (8/31/2017 measurement date)	(278,783,662)
Adjustment to deferred OPEB outflows for contributions made after the measurement date	1,561,746
Beginning Net Position, as adjusted	<u>\$ (523,594,240)</u>

## NOTE 2. CASH AND INVESTMENTS

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

At June 30, 2018, the carrying amount of the District's deposits (cash) and outstanding checks was \$21,669,767. The combined bank balance was \$15,466,410. At June 30, 2018 and during the year then ended, the District's combined deposits were fully insured by FDIC insurance or collateralized with securities held by the District's agent in the District's name.

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

- A. Depository: JP Morgan Chase Bank, Frisco, TX
- B. The date of the highest deposit was June 14, 2018, when combined cash, savings and time deposits amounted to \$52,855,161.
- C. The amount of bond and pledged collateral as of the date of the highest combined balance on deposit was \$59,973,007.
- D. The total amount of FDIC coverage at the time of the largest combined balance was \$250,000.

The Public Funds Investment Act (Government Code Chapter 2256) contains specific provisions in the areas of investment practices, management reports and establishment of appropriate policies. Among other things, it requires the District to adopt, implement, and publicize an investment policy, which must address the following areas:

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

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

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

- *The Lone Star Investment Pool* is governed by an 11 member board, all of whom are participants in the pool. American Beacon Advisors and BNY Mellon Cash Investment Strategies manage the investment of Lone Star's assets.
- *The TexasTERM Investment Pool*, which offers two portfolios, TexasTERM and TexasDAILY, is governed by a 7 member advisory board made up of experienced local government officials elected by the pool's investors. PFM Asset Management LLC manages the investments of TexasTERM's assets.
- *TexPool* is a public funds pool administered by the State Comptroller of Texas. The portfolio of TexPool is managed by Federated Investors, Inc., and the assets are held in a separate custodial account at the State Street Bank in the name of TexPool.

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

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



- **Interest rate risk** is the risk that interest rates will rise and an investment in a fixed-income security will decrease in value. Interest rate risk is reduced by diversifying, investing in securities with different durations, and laddering maturity dates. The District's manages its exposure to interest rate risk by limiting the weighted average maturity of its investment portfolio to less than two years-from the time of purchase. The weighted average maturity for the District's investment in external investment pools is less than 60 days.
- **Foreign currency risk** is the potential for loss due to fluctuations in exchange rates. The District's policy does not allow for any direct foreign investments, and therefore the District is not exposed to foreign currency risk.

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

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

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

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

	Value at June 30, 2018	Fair Value Measurements Using:			Percent of Total Investments	Weighted Average Maturity (Days)
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)		
<i>Cash and Cash Equivalents:</i>						
Bank Deposits	\$ 21,669,767					
Total Cash and Cash Equivalents	\$ 21,669,767					
<i>Investments measured at Amortized Costs:</i>						
TexPool	\$ 80,442,464				19.2%	24
Lone Star Investment Pool	124,952,726				29.8%	25
<i>Investments measured at Net Asset Value:</i>						
TexasTERM portfolio – Texas DAILY	51,898,721				12.4%	38
<i>Investments by Fair Value Level:</i>						
US Government Agency Securities:						
Federal Home Loan Bank	58,438,025		\$ 58,438,025		13.9%	201
Federal Farm Credit Bank	7,986,816		7,986,816		1.9%	573
U.S. Treasury Bonds	35,881,448	\$ 35,881,448			8.6%	177
Commercial Paper	59,717,040		59,717,040		14.2%	72
Total Investments	419,317,240	35,881,448	126,141,881			
Total Cash and Investments	\$ 440,987,007	\$ 35,881,448	\$ 126,141,881			

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

The TexasTERM investment pool is an external investment pool measured at its net asset value. TexasTERM's strategy is to seek preservation of principal, liquidity and current income through investment in a diversified portfolio of short-term marketable securities. The District has no unfunded commitments related to investment pools. The District participates in two separate TexasTERM portfolios – TexasDAILY, which seeks to maintain a stable net asset value of \$1.00 per share and may be redeemed daily, and TexasTERM, which seeks to achieve a net asset value of \$1.00 per share at a stated maturity date. As of June 30, 2018, none of the District's investments in the TexasTERM investment pool was invested in the TexasTERM portfolio, and the \$51,898,721 was invested in the TexasDAILY portfolio. TexasDAILY has received a AAAM rating from S&P, and the TexasTERM portfolio has received a rating of AAAf from S&P, which meets the standards set by the Public Funds Investment Act.

### NOTE 3. **PROPERTY TAXES**

The District's ad valorem property tax is levied on all real and business personal property located in the District. A lien exists on all property on January 1<sup>st</sup> of each year. Tax statements are mailed on October 1<sup>st</sup> each year or as soon thereafter as possible. Taxes are due upon receipt and become delinquent if not paid before February 1<sup>st</sup> of the following calendar year. The assessed value of the roll as of the end of the fiscal year was \$35,570,550,343.

The tax rates levied for the fiscal year ended June 30, 2018, to finance General Fund operations and the payment of principal and interest on general obligation long-term debt were \$1.04 and \$0.42 per \$100 valuation, respectively, for a total of \$1.46 per \$100 valuation.

Current year tax collections for the period ended June 30, 2018, were 99.59% of the levy.

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

Allowances for uncollectible taxes within the General Fund and Debt Service Fund are based on historical experience. Uncollectible personal property taxes are periodically reviewed and written off, but the District is prohibited from writing off real property taxes without specific statutory authority from the Texas Legislature. As of June 30, 2018, the allowance for uncollectible taxes was approximately 17% of total delinquent property taxes receivable.

### **Tax Increment Financing**

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

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

An Educational Facilities Account has been established with TIRZ proceeds to repay cash expenditures for project costs or the principal of and interest on bonds or other indebtedness for educational facilities within or adjacent to the zone. As of June 30, 2018, approximately \$192.8 million of TIRZ proceeds have been used to finance the construction of Fisd educational facilities since the agreement began.

#### NOTE 4. RECEIVABLES

The District participates in a variety of federal and state programs from which it receives grants to partially or fully finance certain activities. In addition, the District receives entitlements from the State through the Foundation School Program and Available School Fund.

Receivables due from other governments as of June 30, 2018, for the District's individual major funds and Non-Major Governmental Funds are as follows:

	General Fund	Debt Service Fund	Non-Major Governmental Funds	Total
Due from the State of Texas	\$ 14,635,300	\$ 72,303		\$14,707,603
Due from the Federal Government			\$ 3,381,608	3,381,608
Due from Other Governments	215,761	48,769		264,530
<b>Total</b>	<b>\$14,851,061</b>	<b>\$121,072</b>	<b>\$3,381,608</b>	<b>\$18,353,741</b>

#### NOTE 5. INTERFUND TRANSACTIONS

Interfund balances at June 30, 2018, consisted of the following individual fund receivables and payables:

	Receivable	Payable
General fund	\$ 2,169,572	
Non-major governmental funds		\$ 2,169,572
<b>Total</b>	<b>\$ 2,169,572</b>	<b>\$ 2,169,572</b>

All interfund balances represent transactions between the General Fund and other funds. Non-major funds owed the General Fund for grant expenditures financed by General Fund cash prior to receiving reimbursements from federal or state agencies.

All interfund balances reported at June 30, 2018, were liquidated shortly after year-end.

The following is a summary of the District's internal transfers for the fiscal year ended June 30, 2018:

From	To	Amount	Purpose
General Fund	Non-Major Funds	\$ 54,500	Transfer to Campus Activity Funds for Energy Reduction Contest
Non-Major Funds	General Fund	29,940	Camp Payroll Costs
General Fund	Non-Major Funds	26,500	Provide startup funds for schools/departments
General Fund	Capital Project Fund	7,175,000	Transfer for Locally Defined Capital Outlay
<b>Total Transfers</b>		<b>\$7,285,940</b>	

## NOTE 6. CAPITAL ASSETS

A summary of changes in capital assets for the fiscal year ended June 30, 2018, follows:

	Beginning Balance	Additions	Retirements/ Transfers	Ending Balance
Capital assets not being depreciated:				
Land	\$ 178,884,504	\$ 14,642,973		\$ 193,527,477
Construction in progress	161,424,886	9,059,133	\$ 69,065,526	101,418,493
	340,309,390	23,702,106	69,065,526	294,945,970
Capital assets being depreciated:				
Buildings and improvements	1,631,472,274	69,111,926		1,700,584,200
Furniture and equipment	56,641,770	4,363,637	479,041	60,526,366
	1,688,114,044	73,475,563	479,041	1,761,110,566
Less: Accumulated depreciation for:				
Buildings and improvements	324,403,738	41,063,794		365,467,532
Furniture and equipment	40,976,942	4,027,817	479,041	44,525,718
	365,380,680	45,091,611	479,041	409,993,250
Total capital assets for governmental activities, net	\$ 1,663,042,754	\$ 52,086,058	\$ 69,065,526	\$ 1,646,063,286

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

<u>Function</u>	<u>Expensed</u>
11 Instruction	\$ 29,654,901
12 Instructional resources and media services	1,690,258
13 Curriculum and instructional staff development	34,102
23 School leadership	2,873,249
34 Student transportation	1,775,178
35 Food services	2,255,686
36 Extracurricular activities	3,525,214
41 General administration	1,198,915
51 Facilities maintenance and operations	1,080,426
52 Security and monitoring services	84,112
53 Data processing services	655,130
61 Community services	264,440
Total depreciation expense	<u>\$45,091,611</u>

## Construction Commitments

The District was obligated at June 30, 2018, under major contracts, for construction of new facilities and renovations or repair of various existing facilities. The outstanding construction commitments associated with these projects totaled approximately \$24.4 million as of June 30, 2018.

## NOTE 7. LONG-TERM DEBT

A summary of changes in long-term debt for the fiscal year ended June 30, 2018, is as follows:

Description	Original Issue Amount	Interest Rate(s)	Maturity	Balance at June 30, 2017	Issued/Increases	Retired/Refunded	Balance at June 30, 2018	Amount Due Within One Year
<b>Unlimited Tax School Building Bonds:</b>								
Series 2005A	\$ 40,000,000	4.00%-5.500%	7/15/2036	\$ 11,790,000		\$ 11,790,000		
Series 2006	\$ 85,000,000	2.750%-5.250%	8/15/2039	10,055,000			\$ 10,055,000	
Series 2006A	\$ 80,000,000	4.000%-6.000%	8/15/2040	21,645,000			21,645,000	
Series 2007A	\$ 100,000,000	3.750%-5.250%	8/15/2038	14,490,000		2,240,000	12,250,000	
Series 2008	\$ 90,000,000	4.125%-5.500%	8/15/2040	3,730,000		1,820,000	1,910,000	\$ 1,910,000
Series 2008A	\$ 100,000,000	5.000%-6.125%	8/15/2038	3,960,000		1,930,000	2,030,000	2,030,000
Series 2009	\$ 85,000,000	4.000%-5.500%	8/15/2041	84,450,000		10,000	84,440,000	10,000
Series 2009A	\$ 34,570,000	2.000%-5.000%	8/15/2039	32,845,000		235,000	32,610,000	250,000
Series 2010	\$ 20,195,000	0.00%	2/15/2027	13,470,000		1,345,000	12,125,000	1,345,000
Series 2011	\$ 50,000,000	4.625%-5.000%	8/15/2041	50,000,000			50,000,000	
Series 2013	\$ 90,845,000	3.000%-5.000%	8/15/2043	88,000,000		1,650,000	86,350,000	1,820,000
Series 2014	\$ 159,795,000	2.000%-5.000%	8/15/2044	156,850,000		3,085,000	153,765,000	3,240,000
Series 2015A	\$ 68,125,000	2.000%-5.000%	8/15/2045	68,125,000		1,265,000	66,860,000	1,325,000
Series 2016B	\$ 75,790,000	2.500%-5.000%	8/15/2046	75,790,000			75,790,000	1,245,000
Series 2018	\$ 49,865,000	3.000%-5.000%	8/15/2048		\$ 49,865,000		49,865,000	
<b>Unlimited Tax School Refunding Bonds:</b>								
Series 2009	\$ 14,170,000	2.000%-4.750%	8/15/2025	9,295,000		850,000	8,445,000	885,000
Series 2009A	\$ 50,680,000	2.000%-5.000%	8/15/2029	32,795,000		3,455,000	29,340,000	3,565,000
Series 2010	\$ 26,855,000	4.000%-4.250%	8/15/2024	12,265,000		2,830,000	9,435,000	2,920,000
Series 2011	\$ 62,078,491	2.000%-5.000%	8/15/2030	61,358,491		370,000	60,988,491	380,000
Series 2013	\$ 19,040,000	2.000%-5.000%	7/15/2033	17,725,000		690,000	17,035,000	715,000
Series 2016	\$ 104,555,000	3.000%-5.000%	8/15/2037	103,770,000		4,380,000	99,390,000	3,540,000
<b>Unlimited Tax School Building &amp; Refunding Bonds:</b>								
Series 1999	\$ 40,033,092	4.300%-5.750%	8/15/2029	783,092			783,092	
Series 2002A	\$ 38,018,141	3.000%-5.375%	8/15/2034	10,174,141			10,174,141	
Series 2007	\$ 95,186,595	4.000%-4.500%	8/15/2040	3,635,000		3,635,000	-	
Series 2011A	\$ 83,981,260	4.000%-5.000%	8/15/2041	76,376,260		4,950,000	71,426,260	5,210,000
Series 2012	\$ 85,531,867	2.000%-5.000%	8/15/2041	84,856,867		230,000	84,626,867	235,000
Series 2012A	\$ 71,190,000	2.000%-5.000%	8/15/2041	71,030,000		1,075,000	69,955,000	1,115,000
Series 2012B	\$ 99,545,000	2.000%-5.000%	8/15/2042	97,760,000		1,170,000	96,590,000	3,105,000
Series 2013	\$ 68,471,992	2.000%-5.000%	8/15/2043	63,315,000		1,210,000	62,105,000	260,000
Series 2014	\$ 111,455,000	2.000%-4.000%	8/15/2044	107,810,000		2,440,000	105,370,000	2,535,000
Series 2015	\$ 139,525,000	0.420%-5.000%	8/15/2045	137,985,000		4,780,000	133,205,000	4,905,000
Series 2016A	\$ 208,960,000	2.000%-5.000%	8/15/2046	208,960,000		910,000	208,050,000	6,660,000
Series 2017	\$ 206,445,000	2.000%-5.000%	8/15/2047	206,445,000			206,445,000	215,000
<b>CAB Premiums:</b>								
Series 1999				9,122,362			9,122,362	
Series 2002A				14,594,401			14,594,401	
Series 2009				1,160,145		596,144	564,001	
Series 2012				1,161,610			1,161,610	
Total bonds payable				1,967,577,369	49,865,000	58,941,144	1,958,501,225	49,420,000
Accreted interest on capital appreciation bonds				54,733,386	6,093,028	218,856	60,607,558	
Unamortized bond premium				125,560,583	805,851	8,401,876	117,964,558	
Total bonded debt				2,147,871,338	56,763,879	67,561,876	2,137,073,341	49,420,000
District's portion of net pension liability				109,973,520	634,389	10,283,328	100,324,581	
District's portion of net OPEB liability				278,783,662	26,722	120,899,516	157,910,868	
Total long-term debt				\$ 2,536,628,520	\$ 57,424,990	\$ 198,744,720	\$ 2,395,308,790	\$ 49,420,000

Changes in debt-related deferred outflows of resources for the fiscal year ended June 30, 2018, were:

	Balance at June 30, 2017	Issued/Increases	Retired/Refunded	Balance at June 30, 2018
Deferred loss on refunding transactions	\$ 24,921,627		\$ 2,178,919	\$ 22,742,708

During the year, the District issued \$49,865,000 (par value) of Unlimited Tax School Building Bonds, Series 2018 with interest rates of 3.00 to 5.00% to acquire, construct, renovate and equip school buildings. Proceeds were delivered on April 17, 2018.

## Capital Appreciation Bonds

A capital appreciation bond (CAB) is a bond bearing no interest that is sold at a significant discount but matures at a stated value. Accreted interest is the obligation associated with CABs and reflects period increases in the obligation to reflect the bond at stated value at maturity. CAB premiums represent premium received on the issuance of these bonds which must also be paid back at maturity. Current year accreted interest expense recognized in the government-wide financial statements was \$6,093,028, and \$218,856 of outstanding accreted interest was paid off during the year. Total accreted interest on CABs at June 30, 2018 is \$60,607,558, and total premiums on CABs are \$25,442,374, both of which are reported as long-term liabilities in the government-wide financial statements.

## Bond Authorization and Obligations

General obligation bonds of the District are reported as long-term liabilities of the governmental activities. At June 30, 2018, \$137,243,079 was available in the Debt Service Fund to service these bonds.

There are a number of limitations and restrictions contained in the general obligation bond indenture. Management asserts that the District is in compliance with all significant limitations and restrictions at June 30, 2018.

In May 2014, voters in the District approved \$775,000,000 of general obligation bonds. As of June 30, 2018, \$170,000,000 remains authorized but unissued.

The following table summarizes the annual debt service requirements of outstanding debt at June 30, 2018, to maturity:

Year ending June 30,	Principal*	Interest	Total
2019	\$ 49,984,002	\$ 79,800,950	\$129,784,952
2020	53,331,260	79,292,862	132,624,122
2021	55,111,393	77,955,929	133,067,322
2022	57,481,761	75,495,919	132,977,680
2023	59,971,545	72,913,369	132,884,914
2024-2028	310,668,293	358,668,030	669,336,323
2029-2033	367,028,918	301,762,507	668,791,425
2034-2038	409,859,053	237,258,600	647,117,653
2039-2043	467,665,000	73,437,191	541,102,191
2044-2048	124,785,000	8,756,141	133,541,141
2049	2,615,000	45,763	2,660,763
Total	\$ 1,958,501,225	\$ 1,365,387,261	\$ 3,323,888,486

\*includes premiums on capital appreciation bonds



## NOTE 8. UNEARNED REVENUE

Unearned revenue at June 30, 2018, consisted of the following:

	General Fund	Capital Projects Fund	Non-Major Governmental Funds	Total
Summer school second session	\$ 649,080			\$649,080
Tower Rentals	66,000			66,000
Instrument rental	10,825			10,825
Pre-K Deposits	2,000			2,000
E-rate Revenue		\$329,137		329,137
School Lunch Deposits			\$ 936,932	936,932
<b>Total</b>	<b>\$727,905</b>	<b>\$329,137</b>	<b>\$936,932</b>	<b>\$1,993,974</b>

## NOTE 9. REVENUES FROM LOCAL AND INTERMEDIATE SOURCES

During fiscal year 2018, revenues from local and intermediate sources consisted of the following:

	General Fund	Debt Service Fund	Capital Projects Fund	Non-major Governmental Funds	Total
Property taxes	\$ 373,380,457	\$ 142,186,167			\$515,566,624
Food sales				\$ 18,376,266	18,376,266
Investment income	3,177,697	1,241,734	\$ 775,598	64,980	5,260,009
Penalties, interest and other tax related income	1,867,667	20,767,272			22,634,939
Co-curricular student activities	2,379,643				2,379,643
Facilities rentals	3,172,769				3,172,769
Other	3,718,767		11,607	1,954,098	5,684,472
<b>Total</b>	<b>\$387,697,000</b>	<b>\$164,195,173</b>	<b>\$787,205</b>	<b>\$20,395,344</b>	<b>\$573,074,722</b>

## NOTE 10. RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 2018, the District purchased commercial insurance to cover general liabilities. There were no significant reductions in coverage in the past fiscal year, and there were no settlements exceeding insurance coverage for each of the past three fiscal years.

### Health Care Coverage

For the year ending June 30, 2018, all employees of the District were offered health care coverage under the TRS ActiveCare insurance plan (the Plan), which is a statewide health coverage program for public education employees established by the 77<sup>th</sup> Texas Legislature. The District contributed \$325 per month per enrolled employee to the Plan, and employees, at their option, authorized payroll withholdings to pay the additional cost of premiums for themselves and dependents.

## Workers' Compensation

The District is self-funded for workers' compensation insurance and has an interlocal agreement with Claims Administrative Services, Inc. (CAS) to serve as the District's third party administrator. The District pays service fees to CAS for its claims management services. The District also maintains an excess workers compensation insurance policy with MECC-Midwest Employers Casualty Company for claims exceeding the specific retention of \$350,000. At June 30, 2018, the District's unpaid claims totaled \$1,887,000, which include incurred but not reported claims. The liability is based on the requirements of GASB Statement No. 10, which requires that a liability for claims be reported if information obtained prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. Because actual claims liabilities depend on such complex factors as inflation, changes in legal doctrines, and damage awards, the process used in computing the claims liability does not necessarily result in an exact amount. Claims liabilities are reevaluated periodically to take into consideration recently settled claims, the frequency of claims, and other economic and social factors.

Changes in the workers' compensation claims liability for fiscal year 2017 and fiscal year 2018 were:

	2017	2018
Beginning liability	\$ 1,109,000	\$ 1,480,000
Claims and changes in estimates	640,000	2,566,000
Claim payments	(269,000)	(2,159,000)
Ending liability	\$ 1,480,000	\$ 1,887,000

## Litigation and Contingencies

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

## State and Federal Programs

The District participates in numerous state and federal funding programs, which are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustments by the grantor agencies. Therefore, to the extent that the District has not complied with the rules and regulations governing the grants, refunds of any money received may be required and the collectability of any related receivable at June 30, 2018, may be impaired. In the opinion of the District, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provision has been recorded in the accompanying financial statements for such contingencies.

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

#### Employee Retirement Plan

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

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

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

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

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

Employee contribution rates are set in state statute, Texas Government Code 825.402. Senate Bill 1458 of the 83<sup>rd</sup> Texas Legislature amended Texas Government Code 825.402 for member contributions and established employee contribution rates for fiscal years 2014 thru 2017. The 83<sup>rd</sup> Texas Legislature, General Appropriations Act (GAA) established the employer contribution rates for plan years 2014 and 2015. The 84<sup>th</sup> Texas Legislature, General Appropriations Act (GAA) established the employer contribution rates for plan years 2017 and 2018.

	<u>Contribution Rates</u>	
	<u>2017</u>	<u>2018</u>
Member	7.7%	7.7%
Non-employer contributing entity (State)	6.8%	6.8%
Employers	6.8%	6.8%
FISD 2017 plan year member contributions		\$ 25,520,225
FISD 2017 plan year State contributions		\$ 15,906,191
FISD 2017 plan year District contributions		\$ 10,263,481

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

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

- On the portion of the member's salary that exceeds the statutory minimum for members entitled to the statutory minimum under Section 21.402 of the Texas Education Code.
- During a new member’s first 90 days of employment.

- When any part or all of an employee's salary is paid by federal funding sources, a privately sponsored source, from non-educational and general, or local funds.

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

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

**Actuarial Assumptions** - The total pension liability in the August 31, 2017 actuarial valuation was determined using the following actuarial assumptions:

Valuation date	August 31, 2017
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	3.50% to 9.50%
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. Best estimates of geometric real rates of return for each major asset class included in the System's target asset allocation as of August 31, 2017 are summarized as follows:

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

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

**Discount Rate Sensitivity Analysis** - The following schedule shows the impact of the District's proportion of the TRS Net Pension Liability if the discount rate used was 1% less than and 1% greater than the discount rate that was used (8%) in measuring the 2017 Net Pension Liability.

	1% Decrease in Discount Rate (7.0%)	Discount Rate (8.0%)	1% Increase in Discount Rate (9.0%)
FISD's proportionate share of the net pension liability:	\$169,127,400	\$100,324,581	\$43,035,044

**Pension Liabilities, Pension Expense, and Deferred Outflows/Inflows of Resources Related to Pensions** - At June 30, 2018, the District reported a liability of \$100,324,581 for its proportionate share of the TRS's net pension liability. This liability reflects a reduction for State pension support provided to the District. The amount recognized by the District as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with the District were as follows:

FISD's proportionate share of the collective net pension liability	\$ 100,324,581
State's proportionate share that is associated with FISD	155,507,727
Total	<u>\$ 255,832,308</u>

The net pension liability was measured as of August 31, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on the employer's contributions to the pension plan relative to the contributions of all employers to the plan for the period September 1, 2016 thru August 31, 2017.

At August 31, 2017, the District's proportion of the collective net pension liability was 0.3137632%, which was an increase of 0.0227395% from its proportion measured as of August 31, 2016.

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

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

For the year ended June 30, 2018, the District recognized pension expense of \$10,880,511 and contributions paid by the state on-behalf of the District of \$15,906,191.

At June 30, 2018, the District reported its proportionate share of the TRS’s deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 1,467,794	\$ 5,410,373
Changes in actuarial assumptions	4,569,944	2,616,186
Difference between projected and actual investment earnings	15,428,756	22,740,192
Changes in proportion and differences between District contributions and the proportionate share of contributions	17,770,704	8,020
District contributions paid to TRS subsequent to the measurement date	8,860,126	
<b>Total</b>	<b>\$48,097,324</b>	<b>\$ 30,774,771</b>

The \$8,860,126 reported as a deferred outflow of resources resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2019	\$ 602,265
2020	7,006,243
2021	110,239
2022	(1,623,106)
2023	1,581,388
Thereafter	785,398
	<u>\$ 8,462,427</u>

## Defined Other Postemployment Benefit Plan

**Plan Description** - The District participates in the Texas Public School Retired Employees Group Insurance Program (TRS-Care). It is a multiple-employer, cost-sharing defined Other Postemployment Benefit (OPEB) plan that has a special funding situation. The plan is administered through a trust by the Teacher Retirement System of Texas (TRS) Board of Trustees. It is established and administered in accordance with Texas Insurance Code, Chapter 1575.

**OPEB Plan Fiduciary Net Position** - Detailed information about the TRS-Care’s fiduciary net position is available in the separately issued TRS 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-Care provides a basic health insurance coverage (TRS-Care 1) at no cost to all retirees from public schools, charter schools, regional education service centers and other educational districts who are members of the TRS pension plan. Optional dependent coverage is available for an additional fee.



Eligible retirees and their dependents not enrolled in Medicare may pay premiums to participate in one of two optional insurance plans with more comprehensive benefits (TRS-Care 2 and TRS-Care 3). Eligible retirees and dependents enrolled in Medicare may elect to participate in one of the two Medicare health plans for an additional fee. To qualify for TRS-Care coverage, a retiree must have at least 10 years of service credit in the TRS pension system. The Board of Trustees is granted the authority to establish basic and operational group insurance coverage for participants as well as to amend benefit changes; including automatic COLAs.

The premium rates for the optional health insurance are based on years of service of the member. The schedule below shows the monthly rates for the average retiree with Medicare Parts A&B coverage, with 20 to 29 years of service for the basic plan and the two optional plans.

TRS-Care Plan Premium Rates Effective 9/1/2016 – 12/31/2017			
	TRS-Care 1	TRS-Care 2	TRS-Care 3
	<u>Basic Plan</u>	<u>Optional Plan</u>	<u>Optional Plan</u>
Retiree*	\$ 0	\$ 70	\$ 100
Retiree and Spouse	20	175	255
Retiree* and Children	41	132	182
Retiree and Family	61	237	337
Surviving Children only	28	62	82

*\*or surviving spouse*

**Contributions** – Contribution rates for the TRS-Care plan are established in state statute by the Texas legislature, and there is no continuing obligation to provide benefits beyond each fiscal year. The TRS-Care plan is currently funded on a pay-as-you-go basis and is subject to change based on available funding. Funding for TRS-Care is provided by retiree premium contributions and contributions from the state, active employees, and school districts based upon public school district payroll. The TRS Board of Trustees does not have the authority to set or amend contribution rates.

Texas Insurance Code, section 1575.202 establishes the state’s contribution rate, which is 1.0% of the employee’s salary. Section 1575.203 establishes the active employee’s rate, which is 0.65% of pay. Section 1575.204 establishes an employer contribution rate of not less than 0.25% or not more than 0.75% of the salary of each active employee of the public. The actual employer contribution rate is prescribed by the Legislature in the General Appropriations Act. The following table shows contributions to the TRS-Care plan by type of contributor:

<u>Contribution Rates</u>		
	<u>2017</u>	<u>2018</u>
Active Employee	0.65%	0.65%
Non-employer contributing entity (State)	1.00%	1.25%
Employers	0.55%	0.75%
Federal/private funding remitted by Employers	1.00%	1.25%
FISD 2017 plan year member contributions		\$ 2,154,022
FISD 2017 plan year State contributions		\$ 3,244,407
FISD 2017 plan year District contributions		\$ 1,905,299

In addition to the employer contributions listed above, there is an additional surcharge all TRS employers are subject to (regardless of whether or not they participate in the TRS-Care OPEB program). When employers hire a TRS retiree, they are required to pay to TRS-Care a monthly surcharge of \$535 per retiree.

TRS-Care received supplemental appropriations from the State of Texas as the Non-Employer Contributing Entity in the amount of \$15.6 million in fiscal year 2017 and \$182.6 million in fiscal year 2018.

**Actuarial Assumptions** – The total OPEB liability in the August 31, 2017 actuarial valuation was determined using the following actuarial assumptions:

The following assumptions and other inputs used for members of TRS-Care are identical to the assumptions used in the August 31, 2017 TRS pension actuarial valuation:

Rates of Mortality	General Inflation
Rates of Retirement	Wage Inflation
Rates of Termination	Expected Payroll Growth
Rates of Disability Incidence	

**Additional Actuarial Methods and Assumptions:**

Valuation date	August 31, 2017
Actuarial cost method	Individual Entry Age Normal
Inflation	2.50%
Discount Rate	3.42%
Aging Factors	Based on plan specific experience
Expenses	Third-party administrative expenses related to the delivery of health care benefits are included in the age-adjusted claims costs.
Payroll Growth Rate	2.50%
Projected Salary Increases	3.50% to 9.50%
Healthcare Trend Rates	4.50% to 12.00%

There was a significant plan change adopted in the fiscal year ending August 31, 2017. Effective January 1, 2018, only one health plan option will be offered and all retirees will be required to contribute monthly premiums for coverage. Assumption changes made for the August 31, 2017 valuation include a change to the assumption regarding the phase-out of the Medicare Part D subsidies and a change to the discount rate from 2.98% as of August 31, 2016 to 3.42% as of August 31, 2017.

**Discount Rate** – A single discount rate of 3.42% was used to measure the total OPEB liability. There was a change of 0.44% in the discount rate since the previous year. Because the plan is essentially a “pay-as-you-go” plan, the single discount rate is equal to the prevailing municipal bond rate. The projection of cash flows used to determine the discount rate assumed that contributions from active 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 OPEB plan’s fiduciary net position was projected to *not be able* to make all future benefit payments of current plan members. Therefore, the municipal bond rate was applied to all periods of projected benefit payments to determine the total OPEB liability.

**Discount Rate Sensitivity Analyses** – The following schedules show the impact on the Net OPEB Liability if the discount rate used was 1% less than and 1% greater than the discount rate that was used (3.42%) in measuring the Net OPEB Liability and the impact on the Net OPEB Liability if the assumed healthcare cost trend rate was 1% lower or 1% higher.

	1% Decrease in Discount Rate (2.42%)	Discount Rate (3.42%)	1% Increase in Discount Rate (4.42%)
FISD’s proportionate share of the net OPEB liability:	\$186,374,035	\$157,910,868	\$135,032,913
	Healthcare Cost Trend Rate		
	1% Decrease	Trend Rate	1% Increase
FISD’s proportionate share of the net OPEB liability:	\$131,476,573	\$157,910,868	\$192,595,996

**OPEB Liabilities, OPEB Expense, and Deferred Outflows/Inflows of Resources Related to OPEBs** – At June 30, 2018, FISD reported a liability of \$157,910,868 for its proportionate share of the TRS’s Net OPEB Liability. This liability reflects a reduction for State OPEB support provided to FISD. The amount recognized by FISD as its proportionate share of the net OPEB liability, the related State support, and the total portion of the Net OPEB Liability that was associated with FISD were as follows:

FISD’s proportionate share of the net OPEB liability	\$ 157,910,868
State’s proportionate share that is associated with FISD	271,372,899
Total	<u>\$ 429,283,767</u>

The Net OPEB Liability was measured as of August 31, 2017 and the Total OPEB Liability used to calculate the Net OPEB Liability was determined by an actuarial valuation as of that date. The employer’s proportion of the Net OPEB Liability was based on the employer’s contributions to the OPEB plan relative to the contributions of all employers to the plan for the period September 1, 2016 thru August 31, 2017.

At August 31, 2017, FISD’s proportion of the collective Net OPEB Liability was 0.3631283% which was the same proportion measured as of August 31, 2016.

**Changes Since the Prior Actuarial Valuation** – The following were changes to the actuarial assumptions or other inputs that affected measurement of the Total OPEB Liability since the prior measurement period:

- Significant plan changes were adopted during the fiscal year ending August 31, 2017. Effective January 1, 2018, only one health plan option will exist (instead of three), and all retirees will be required to contribute monthly premiums for coverage. The health plan changes triggered changes to several of the assumption, including participation rates, retirement rates, and spousal participation rates.
- The August 31, 2016 valuation had assumed that the savings related to the Medicare Part D reimbursements would phase out by 2022. This assumption was removed for the August 31, 2017 valuation. Although there is uncertainty regarding these federal subsidies, the new assumption better reflects the current substantive plan. This change was unrelated to the plan amendment, and its impact was included as an assumption change in the reconciliation of the total OPEB liability. This change significantly lowered the OPEB liability.
- The discount rate changed from 2.98% as of August 31, 2016 to 3.42% as of August 31, 2017. This change lowered the total OPEB liability.
- There were no changes of benefit terms that affected the measurement of the total OPEB liability during the measurement period.

For the year ended June 30, 2018, FISD recognized OPEB expense of (\$147,241,649) and contributions paid by the state on behalf of the District of \$3,244,407.

At June 30, 2018, FISD reported its proportionate share of the TRS’s deferred outflows of resources and deferred inflows of resources related to other postemployment benefits from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience		\$ 3,296,509
Changes in actuarial assumptions		62,757,905
Difference between projected and actual investment earnings	\$ 23,987	
Changes in proportion and differences between District contributions and the proportionate share of contributions	729	
District contributions paid to TRS subsequent to the measurement date	2,155,449	
Total	<u>\$ 2,180,165</u>	<u>\$ 66,054,414</u>

The \$2,155,449 reported as a deferred outflow of resources resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ending June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2019	\$ (8,712,695)
2020	(8,712,695)
2021	(8,712,695)
2022	(8,712,695)
2023	(8,718,692)
Thereafter	<u>(22,460,226)</u>
	<u>\$ (66,029,698)</u>

REQUIRED SUPPLEMENTARY INFORMATION  
(UNAUDITED)

**FRISCO INDEPENDENT SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE YEAR ENDED JUNE 30, 2018**

EXHIBIT F-1

Data Control Codes	Budgeted Amounts			Variance with Final Budget Over/(Under)	
	Original	Final	Actual Amounts		
<b>REVENUES</b>					
5700	Local and intermediate sources	\$ 363,714,250	\$ 363,714,250	\$ 387,697,000	\$ 23,982,750
5800	State program revenues	110,931,000	110,931,000	117,852,445	6,921,445
5900	Federal program revenues	2,500,000	2,500,000	2,858,270	358,270
5020	<b>Total Revenues</b>	<u>477,145,250</u>	<u>477,145,250</u>	<u>508,407,715</u>	<u>31,262,465</u>
<b>EXPENDITURES</b>					
Current:					
0011	Instruction	282,871,994	286,863,250	285,701,359	(1,161,891)
0012	Instructional resources and media services	6,859,341	6,513,916	5,698,708	(815,208)
0013	Curriculum and instructional staff development	10,420,008	10,308,711	9,145,472	(1,163,239)
0021	Instructional leadership	7,028,415	7,957,677	7,058,674	(899,003)
0023	School leadership	29,197,377	30,799,084	30,046,554	(752,530)
0031	Guidance, counseling and evaluation services	16,510,765	16,262,961	15,295,267	(967,694)
0032	Social work services	419,573	573,808	192,909	(380,899)
0033	Health services	5,513,833	5,944,795	5,572,130	(372,665)
0034	Student transportation	11,463,248	12,518,016	11,852,424	(665,592)
0035	Food services	-	344,711	344,704	(7)
0036	Extracurricular activities	17,579,389	16,689,469	14,772,611	(1,916,858)
0041	General administration	9,371,413	10,061,720	9,182,456	(879,264)
0051	Facilities maintenance and operations	38,271,703	37,027,653	36,177,131	(850,522)
0052	Security and monitoring services	3,602,336	4,435,466	3,527,117	(908,349)
0053	Data processing services	6,794,269	7,782,954	7,728,577	(54,377)
0061	Community services	731,550	1,258,331	871,458	(386,873)
Intergovernmental:					
0095	Payments to juvenile justice alternative education programs	50,000	100,000	30,118	(69,882)
0097	Payments to tax increment fund	24,318,300	25,518,300	25,397,908	(120,392)
0099	Other intergovernmental charges	2,500,000	3,045,000	3,040,455	(4,545)
6030	<b>Total Expenditures</b>	<u>473,503,514</u>	<u>484,005,822</u>	<u>471,636,032</u>	<u>(12,369,790)</u>
1100	Excess (deficiency) of revenues over (under) expenditures	<u>3,641,736</u>	<u>(6,860,572)</u>	<u>36,771,683</u>	<u>43,632,255</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
7915	Transfers in	-	-	29,940	29,940
8911	Transfers out	-	-	(7,256,000)	(7,256,000)
7080	<b>Total Other Financing Sources (Uses)</b>	<u>-</u>	<u>-</u>	<u>(7,226,060)</u>	<u>(7,226,060)</u>
1200	Net change in fund balances	3,641,736	(6,860,572)	29,545,623	36,406,195
0100	Fund balances - beginning	133,262,297	133,262,297	133,262,297	-
3000	Fund balances - ending	<u>\$ 136,904,033</u>	<u>\$ 126,401,725</u>	<u>\$ 162,807,920</u>	<u>\$ 36,406,195</u>



**FRISCO INDEPENDENT SCHOOL DISTRICT  
NOTES TO BUDGETARY COMPARISON SCHEDULE  
FOR THE YEAR ENDED JUNE 30, 2018**

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

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

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

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

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

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

EXHIBIT F-2

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
District's proportion of the net pension liability	0.002314258	0.002881151	0.002910237	0.003137632
District's proportionate share of the net pension liability	\$ 61,817,031	\$ 101,844,853	\$ 109,973,520	\$ 100,324,581
Total	\$ 61,817,031	\$ 101,844,853	\$ 109,973,520	\$ 100,324,581
District's covered payroll <sup>(2)</sup>	\$ 253,369,679	\$ 279,985,062	\$ 304,425,906	\$ 331,387,964
District's proportionate share of the net pension liability as a percentage of its covered payroll	24.40%	36.38%	36.12%	30.27%
Plan fiduciary net position as a percentage of the total pension liability	83.25%	78.43%	78.00%	82.17%

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

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

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

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Contractually required contribution	\$ 2,003,172	\$ 2,049,495	\$ 3,349,384	\$ 3,648,289	\$ 4,235,762	\$ 5,667,342	\$ 8,087,677	\$ 9,123,803	\$ 10,166,019	\$ 10,573,145
Contributions in relation to the contractually required contribution	2,003,172	2,049,495	3,349,384	3,648,289	4,235,762	5,667,342	8,087,677	9,123,803	10,166,019	10,573,145
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered payroll <sup>(1)</sup>	\$ 171,452,886	\$ 196,423,334	\$ 214,315,590	\$ 217,577,872	\$ 232,571,151	\$ 250,101,147	\$ 275,426,852	\$ 300,219,324	\$ 328,408,774	\$ 334,369,517
Contributions as a percentage of covered payroll	1.17%	1.04%	1.56%	1.68%	1.82%	2.27%	2.94%	3.04%	3.10%	3.16%

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

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

EXHIBIT F-4

	<u>2017</u>
District's proportion of the net OPEB liability	0.003631283
District's proportionate share of the net OPEB liability	\$ 157,910,868
Total	<u>\$ 157,910,868</u>
District's covered payroll <sup>(2)</sup>	\$ 331,387,964
District's proportionate share of the net OPEB liability as a percentage of its covered payroll	47.65%
Plan fiduciary net position as a percentage of the total OPEB liability	0.91%

<sup>1</sup> The amounts for each fiscal year were determined as of August 31, the OPEB measurement date. Information for plan years prior to 2017 is not available.

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

**Notes to Required Supplementary Information**

The following were changes to the actuarial assumptions or other inputs that affected measurement of the Total OPEB Liability since the prior measurement period:

- Significant plan changes were adopted during the fiscal year ending August 31, 2017. Effective January 1, 2018, only one health plan option will exist (instead of three), and all retirees will be required to contribute monthly premiums for coverage. The health plan changes triggered changes to several of the assumption, including participation rates, retirement rates, and spousal participation rates.
- The August 31, 2016 valuation had assumed that the savings related to the Medicare Part D reimbursements would phase out by 2022. This assumption was removed for the August 31, 2017 valuation. Although there is uncertainty regarding these federal subsidies, the new assumption better reflects the current substantive plan. This change was unrelated to the plan amendment, and its impact was included as an assumption change in the reconciliation of the total OPEB liability. This change significantly lowered the OPEB liability.
- The discount rate changed from 2.98% as of August 31, 2016 to 3.42% as of August 31, 2017. This change lowered the total OPEB liability.
- There were no changes of benefit terms that affected the measurement of the total OPEB liability during the measurement period.

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

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Contractually required contribution	\$ 975,897	\$ 1,128,080	\$ 1,238,509	\$ 1,235,601	\$ 1,305,482	\$ 1,420,486	\$ 1,563,710	\$ 1,699,980	\$ 1,856,924	\$ 2,468,771
Contributions in relation to the contractually required contribution	975,897	1,128,080	1,238,509	1,235,601	1,305,482	1,420,486	1,563,710	1,699,980	1,856,924	2,468,771
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered payroll <sup>(1)</sup>	\$ 171,452,886	\$ 196,423,334	\$ 214,315,590	\$ 217,577,872	\$ 232,571,151	\$ 250,101,147	\$ 275,426,852	\$ 300,219,324	\$ 328,408,774	\$ 334,369,517
Contributions as a percentage of covered payroll	0.57%	0.57%	0.58%	0.57%	0.56%	0.57%	0.57%	0.57%	0.57%	0.74%

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



2018 State VASE  
Rating 4 Medalist

**ELINA FU**

Wakeland High School  
Teacher: Cristen Garza



OTHER SUPPLEMENTARY INFORMATION

**BUDGETARY COMPARISON SCHEDULE**

**FRISCO INDEPENDENT SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
DEBT SERVICE FUND  
FOR THE YEAR ENDED JUNE 30, 2018**

EXHIBIT G-1

Data Control Codes	Budgeted Amounts			Variance with Final Budget Over/(Under)	
	Original	Final	Actual Amounts		
	<b>REVENUES</b>				
5700	Local and intermediate sources	\$ 151,956,900	\$ 151,956,900	\$ 164,195,173	\$ 12,238,273
5800	State program revenues	2,000,000	2,000,000	1,846,410	(153,590)
5020	<b>Total Revenues</b>	<u>153,956,900</u>	<u>153,956,900</u>	<u>166,041,583</u>	<u>12,084,683</u>
	<b>EXPENDITURES</b>				
	Debt Service:				
0071	Principal on long-term debt	61,120,000	61,120,000	58,941,144	(2,178,856)
0072	Interest on long-term debt	81,976,200	81,976,200	77,339,248	(4,636,952)
0073	Bond issuance costs and fees	2,000,000	2,000,000	20,184	(1,979,816)
6030	<b>Total Expenditures</b>	<u>145,096,200</u>	<u>145,096,200</u>	<u>136,300,576</u>	<u>(8,795,624)</u>
1100	Excess (deficiency) of revenues over (under) expenditures	<u>8,860,700</u>	<u>8,860,700</u>	<u>29,741,007</u>	<u>20,880,307</u>
1200	Net change in fund balances	8,860,700	8,860,700	29,741,007	20,880,307
0100	Fund balances - beginning	107,502,072	107,502,072	107,502,072	-
3000	Fund balances - ending	<u>\$ 116,362,772</u>	<u>\$ 116,362,772</u>	<u>\$ 137,243,079</u>	<u>\$ 20,880,307</u>

OTHER SUPPLEMENTARY INFORMATION

**NON-MAJOR GOVERNMENTAL FUNDS**

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

SPECIAL REVENUE FUNDS

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

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

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

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

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

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

**Child Nutrition Fund** is used for school lunch and breakfast programs using federal reimbursement revenues from the U.S. Department of Agriculture, as passed through the State of Texas, for the purpose of charging for and providing meals to students.

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

**ESEA, Title II, Part A Fund** is a teacher and principal training and recruiting program funded by the U.S. Department of Education, as passed through Region X ESC. Funds are used to provide financial assistance to local education agencies to (1) increase student academic achievement through improving teacher and principal quality and increasing the number of highly qualified teachers in classrooms and highly qualified principals and assistant principals in schools, and (2) hold local education agencies and schools accountable for improving student academic achievement.

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

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

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

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

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

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

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

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

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

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

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

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

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

**FRISCO INDEPENDENT SCHOOL DISTRICT  
COMBINING BALANCE SHEET  
NON-MAJOR GOVERNMENTAL FUNDS  
JUNE 30, 2018**

Data Control Codes	205	211	224
	Head Start Fund	ESEA, Title I, Part A Fund	IDEA-B Formula Fund
<b>ASSETS</b>			
1110	Cash and investments		
1240	Due from other governments	\$ 409,717	\$ 1,964,886
1290	Other receivables		
1410	Prepaid expenditures		
1000	<b>Total Assets</b>	<b>\$ 409,717</b>	<b>\$ 1,964,886</b>
<b>LIABILITIES</b>			
2110	Accounts payable		12,673
2160	Accrued wages payable	17,650	870,388
2170	Due to other funds	41,624	295,660
2300	Unearned revenue		
2000	<b>Total Liabilities</b>	<b>409,717</b>	<b>1,964,886</b>
<b>FUND BALANCES</b>			
Nonspendable:			
3430	Prepaid expenditures		
Restricted for:			
3450	Federal and state grant programs		
Committed to:			
3545	Local grants, awards and contributions		
3000	<b>Total Fund Balances</b>	<b>-</b>	<b>-</b>
4000	<b>Total Liabilities and Fund Balances</b>	<b>\$ 409,717</b>	<b>\$ 1,964,886</b>

225		226		240		244	
IDEA-B Preschool Fund		IDEA-B Discretionary Fund		Child Nutrition Fund		Career and Technical Basic Grant Fund	
\$	9,387	\$	593,822	\$	8,109,027	\$	52,979
					28,268		
					28,700		
\$	9,387	\$	593,822	\$	8,165,995	\$	52,979
	4,587				91,941		5,376
	4,800		593,822		1,428,435		47,603
					936,932		
	9,387		593,822		2,457,308		52,979
					5,708,687		
	-		-		5,708,687		-
\$	9,387	\$	593,822	\$	8,165,995	\$	52,979



**FRISCO INDEPENDENT SCHOOL DISTRICT  
COMBINING BALANCE SHEET  
NON-MAJOR GOVERNMENTAL FUNDS  
JUNE 30, 2018**

Data Control Codes	255  ESEA, Title II, Part A Fund	263  ESEA, Title III, Part A Fund	272  Medicaid Administrative Claiming Fund
<b>ASSETS</b>			
1110			\$ 29,124
1240	\$ 16,773	\$ 225,305	
1290			
1410			
1000	<u>\$ 16,773</u>	<u>\$ 225,305</u>	<u>\$ 29,124</u>
<b>LIABILITIES</b>			
2110		21,396	
2160	778	117,468	
2170	15,995	86,441	
2300			
2000	<u>16,773</u>	<u>225,305</u>	<u>-</u>
<b>FUND BALANCES</b>			
Nonspendable:			
3430			
Restricted for:			
3450			29,124
Committed to:			
3545			
3000	-	-	29,124
4000	<u>\$ 16,773</u>	<u>\$ 225,305</u>	<u>\$ 29,124</u>

289		385		392		397	
Summer School LEP Fund		Visually Impaired SSVI Fund		Noneducational Community Based Support Fund		Advanced Placement Incentives Fund	
\$	19,989			\$	2,312		
	18,885						
\$	38,874	\$	-	\$	2,312	\$	-
	31,925				510		
					1,802		
	31,925		-		2,312		-
	6,949						
	6,949		-		-		-
\$	38,874	\$	-	\$	2,312	\$	-

**FRISCO INDEPENDENT SCHOOL DISTRICT  
COMBINING BALANCE SHEET  
NON-MAJOR GOVERNMENTAL FUNDS  
JUNE 30, 2018**

	410	429	461
Data Control Codes	State Textbook Fund	Read to Succeed Fund	Campus Activity Fund
<b>ASSETS</b>			
1110	\$ 1,449,537	\$ 72	\$ 2,248,160
1240			
1290			
1410			53,232
1000	<u>\$ 1,449,537</u>	<u>\$ 72</u>	<u>\$ 2,301,392</u>
<b>LIABILITIES</b>			
2110	602,451		25,795
2160			
2170			
2300			
2000	<u>602,451</u>	<u>-</u>	<u>25,795</u>
<b>FUND BALANCES</b>			
Nonspendable:			
3430			53,232
Restricted for:			
3450	847,086	72	
Committed to:			
3545			2,222,365
3000	<u>847,086</u>	<u>72</u>	<u>2,275,597</u>
4000	<u>\$ 1,449,537</u>	<u>\$ 72</u>	<u>\$ 2,301,392</u>

480		497		498			
Restricted Donations and Grants		Frisco Partners Fund		Child Development Center Fund		Total Non-Major Governmental Funds	
\$	112,947	\$	4,067	\$	282,352	\$	12,255,275
							3,381,608
							28,700
							53,232
<u>\$</u>	<u>112,947</u>	<u>\$</u>	<u>4,067</u>	<u>\$</u>	<u>282,352</u>	<u>\$</u>	<u>15,718,815</u>
			4,067		256		763,955
					100,529		2,686,327
							2,169,572
							936,932
	-		4,067		100,785		6,556,786
							53,232
							6,591,918
	112,947				181,567		2,516,879
	112,947		-		181,567		9,162,029
<u>\$</u>	<u>112,947</u>	<u>\$</u>	<u>4,067</u>	<u>\$</u>	<u>282,352</u>	<u>\$</u>	<u>15,718,815</u>

**FRISCO INDEPENDENT SCHOOL DISTRICT  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES,  
 AND CHANGES IN FUND BALANCES  
 NON-MAJOR GOVERNMENTAL FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2018**

Data Control Codes	205 Head Start Fund	211 ESEA, Title I, Part A Fund	224 IDEA-B Formula Fund
<b>REVENUES</b>			
5700	Local and intermediate sources		
5800	State program revenues		
5900	Federal program revenues	\$ 750,759	\$ 5,704,223
5020	<b>Total Revenues</b>	<u>\$ 121,510</u>	<u>\$ 5,704,223</u>
<b>EXPENDITURES</b>			
Current:			
0011	Instruction	121,510	2,711,995
0012	Instructional resources and media services		
0013	Curriculum and instructional staff development	44,924	86,972
0021	Instructional leadership	50,832	1,991
0023	School leadership	10,584	5,264
0031	Guidance, counseling and evaluation services	5,762	2,895,195
0033	Health services	2,254	2,806
0035	Food services		
0036	Extracurricular activities		
0051	Facilities maintenance and operations		
0061	Community services		
6030	<b>Total Expenditures</b>	<u>121,510</u>	<u>5,704,223</u>
1100	Excess (deficiency) of revenues over (under) expenditures	-	-
<b>OTHER FINANCING SOURCES (USES)</b>			
7915	Transfers in		
8911	Transfers out		
7080	<b>Total Other Financing Sources (Uses)</b>	-	-
1200	Net change in fund balances	-	-
0100	Fund balances - beginning		
3000	Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>

225	226	240	244
IDEA-B Preschool Fund	IDEA-B Discretionary Fund	Child Nutrition Fund	Career and Technical Basic Grant Fund
		\$ 18,441,246	
		109,023	
\$ 29,152	\$ 692,601	6,069,079	\$ 187,504
29,152	692,601	24,619,348	187,504
29,152	692,601		187,504
		22,491,620	
		241,715	
29,152	692,601	22,733,335	187,504
-	-	1,886,013	-
-	-	-	-
-	-	1,886,013	-
-	-	3,822,674	-
\$ -	\$ -	\$ 5,708,687	\$ -

**FRISCO INDEPENDENT SCHOOL DISTRICT  
COMBINING STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES  
NON-MAJOR GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2018**

Data Control Codes	255 ESEA, Title II, Part A Fund	263 ESEA, Title III, Part A Fund	272 Medicaid Administrative Claiming Fund
<b>REVENUES</b>			
5700	Local and intermediate sources		
5800	State program revenues		
5900	Federal program revenues	\$ 315,639	\$ 22,197
5020	<b>Total Revenues</b>	<u>158,889</u>	<u>22,197</u>
<b>EXPENDITURES</b>			
Current:			
0011	Instruction	14,908	285,454
0012	Instructional resources and media services		
0013	Curriculum and instructional staff development	133,815	
0021	Instructional leadership	10,166	29,370
0023	School leadership		556
0031	Guidance, counseling and evaluation services		
0033	Health services		259
0035	Food services		25,764
0036	Extracurricular activities		
0051	Facilities maintenance and operations		
0061	Community services		
6030	<b>Total Expenditures</b>	<u>158,889</u>	<u>25,764</u>
1100	Excess (deficiency) of revenues over (under) expenditures	-	(3,567)
<b>OTHER FINANCING SOURCES (USES)</b>			
7915	Transfers in		
8911	Transfers out		
7080	<b>Total Other Financing Sources (Uses)</b>	-	-
1200	Net change in fund balances	-	(3,567)
0100	Fund balances - beginning		32,691
3000	Fund balances - ending	<u>\$ -</u>	<u>\$ 29,124</u>



289	385	392	397
Summer School LEP Fund	Visually Impaired SSVI Fund	Noneducational Community Based Support Fund	Advanced Placement Incentives Fund
\$ 45,003	\$ 5,538	\$ 6,374	\$ 26,790
<u>45,003</u>	<u>5,538</u>	<u>6,374</u>	<u>26,790</u>
46,435	5,538		
			26,790
		6,374	
<u>46,435</u>	<u>5,538</u>	<u>6,374</u>	<u>26,790</u>
(1,432)	-	-	-
-	-	-	-
(1,432)	-	-	-
8,381	-	-	-
<u>\$ 6,949</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**FRISCO INDEPENDENT SCHOOL DISTRICT  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES,  
 AND CHANGES IN FUND BALANCES  
 NON-MAJOR GOVERNMENTAL FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2018**

Data Control Codes	410	429	461
	State Textbook Fund	Read to Succeed Fund	Campus Activity Fund
<b>REVENUES</b>			
5700	\$ 8,387		\$ 888,620
5800	3,829,117	\$ 94,099	
5900			
5020	<u>3,837,504</u>	<u>94,099</u>	<u>888,620</u>
<b>EXPENDITURES</b>			
Current:			
0011	4,601,691	88,716	
0012		46	
0013		765	
0021		4,500	
0023			
0031			
0033			
0035			
0036			781,537
0051			
0061			
6030	<u>4,601,691</u>	<u>94,027</u>	<u>781,537</u>
1100	(764,187)	72	107,083
<b>OTHER FINANCING SOURCES (USES)</b>			
7915			81,000
8911			(29,940)
7080	<u>-</u>	<u>-</u>	<u>51,060</u>
1200	(764,187)	72	158,143
0100	1,611,273	-	2,117,454
3000	<u>\$ 847,086</u>	<u>\$ 72</u>	<u>\$ 2,275,597</u>

480	497	498	
Restricted Donations and Grants	Frisco Partners Fund	Child Development Center Fund	Total Non-Major Governmental Funds
\$ 326,904	\$ 76,411	\$ 653,776	\$ 20,395,344
			4,070,941
			14,096,556
<u>326,904</u>	<u>76,411</u>	<u>653,776</u>	<u>38,562,841</u>
207,213	50,431		9,679,551
1,437	22,453		23,936
581			293,847
1,500			98,359
6,726			23,130
149			2,901,106
440			31,523
302			22,491,922
175,108	3,527		960,172
-			241,715
-		710,489	716,863
<u>393,456</u>	<u>76,411</u>	<u>710,489</u>	<u>37,462,124</u>
(66,552)	-	(56,713)	1,100,717
			81,000
			(29,940)
-	-	-	51,060
(66,552)	-	(56,713)	1,151,777
179,499	-	238,280	8,010,252
<u>\$ 112,947</u>	<u>\$ -</u>	<u>\$ 181,567</u>	<u>\$ 9,162,029</u>

**FRISCO INDEPENDENT SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
CHILD NUTRITION FUND  
FOR THE YEAR ENDED JUNE 30, 2018**

EXHIBIT G-4

Data Control Codes	Budgeted Amounts			Variance with Final Budget Over/(Under)	
	Original	Final	Actual Amounts		
REVENUES					
5700	Local and intermediate sources	\$ 19,476,025	\$ 19,476,025	\$ 18,441,246	\$ (1,034,779)
5800	State program revenues	568,500	568,500	109,023	(459,477)
5900	Federal program revenues	5,900,000	5,900,000	6,069,079	169,079
5020	<b>Total Revenues</b>	<u>25,944,525</u>	<u>25,944,525</u>	<u>24,619,348</u>	<u>(1,325,177)</u>
EXPENDITURES					
Current:					
0035	Food services	25,943,025	25,702,025	22,491,620	(3,210,405)
0051	Facilities maintenance and operations	1,500	242,500	241,715	(785)
6030	<b>Total Expenditures</b>	<u>25,944,525</u>	<u>25,944,525</u>	<u>22,733,335</u>	<u>(3,211,190)</u>
	Excess (deficiency) of revenues over (under)				
1100	expenditures	-	-	1,886,013	1,886,013
1200	Net change in fund balances	-	-	1,886,013	1,886,013
0100	Fund balances - beginning	3,822,674	3,822,674	3,822,674	-
3000	Fund balances - ending	<u>\$ 3,822,674</u>	<u>\$ 3,822,674</u>	<u>\$ 5,708,687</u>	<u>\$ 1,886,013</u>

OTHER SUPPLEMENTARY INFORMATION

**AGENCY FUND**

**FRISCO INDEPENDENT SCHOOL DISTRICT  
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
AGENCY FUND  
FOR THE YEAR ENDED JUNE 30, 2018**

EXHIBIT G-5

Data Control Codes	<b>Balance July 1, 2017</b>	<b>Additions</b>	<b>Deductions</b>	<b>Balance June 30, 2018</b>	
<b>ASSETS</b>					
1110	Cash and investments	\$ 1,164,781	\$ 1,882,631	\$ 1,766,929	\$ 1,280,483
	<b>Total Assets</b>	<u>\$ 1,164,781</u>	<u>\$ 1,882,631</u>	<u>\$ 1,766,929</u>	<u>\$ 1,280,483</u>
<b>LIABILITIES</b>					
2110	Accounts payable	\$ 94,580	\$ 1,649,393	\$ 1,654,083	\$ 89,890
2190	Due to student groups	1,070,201	2,048,211	1,927,819	1,190,593
	<b>Total Liabilities</b>	<u>\$ 1,164,781</u>	<u>\$ 3,697,604</u>	<u>\$ 3,581,902</u>	<u>\$ 1,280,483</u>

OTHER SUPPLEMENTARY INFORMATION

**REQUIRED TEA SCHEDULE**



**FRISCO INDEPENDENT SCHOOL DISTRICT  
SCHEDULE OF DELINQUENT TAXES RECEIVABLE  
FISCAL YEAR ENDED JUNE 30, 2018**

Last Ten Fiscal Years	1 Tax Rates		3 Assessed/Appraised Value for School Tax Purposes	10 Beginning Balance
	Maintenance	2 Debt Service		
Prior to 2010	Various	Various	Various	\$ (236,118)
2010	\$1.00	\$0.37	16,633,312,029	142,027
2011	\$1.00	\$0.39	17,179,510,153	213,354
2012	\$1.00	\$0.39	16,875,842,501	122,975
2013	\$1.00	\$0.42	17,504,188,590	638,826
2014	\$1.04	\$0.42	18,411,182,624	720,141
2015	\$1.04	\$0.42	20,072,776,233	1,001,521
2016	\$1.04	\$0.42	23,005,771,528	1,360,490
2017	\$1.04	\$0.42	26,230,139,504	3,063,131
2018	\$1.04	\$0.42	35,570,550,343	
Totals				<u>\$ 7,026,347</u>

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

20 Current Year's Total Levy	31 Maintenance Collections	32 Debt Service Collections	40 Entire Year's Adjustments	50 Ending Balance
	\$ 1,494	\$ 487	\$ (46,406)	(284,505)
	347	135	(1)	141,544
	36,750	14,333	299	162,570
	291,540	122,447	342,073	51,061
	892,318	360,359	1,060,735	446,884
	938,539	379,025	1,223,642	626,219
	1,121,340	452,849	1,237,190	664,522
	1,324,214	534,779	1,297,964	799,461
	1,728,864	698,195	(25,803)	610,269
<u>501,897,587</u>	<u>361,872,913</u>	<u>146,140,984</u>	<u>8,195,850</u>	<u>2,079,540</u>
<u>\$ 501,897,587</u>	<u>\$ 368,208,319</u>	<u>\$ 148,703,593</u>	<u>\$ 13,285,543</u>	<u>\$ 5,297,565</u>
	\$ 21,309,082			



2018 State VASE  
Rating 4 Medalist

**BREANNE GORMAN**

Heritage High School  
Teacher: Carolyn Funk

STATISTICAL SECTION  
(UNAUDITED)

**FRISCO INDEPENDENT SCHOOL DISTRICT  
STATISTICAL SECTION**

(Unaudited)

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

CONTENTS PAGE

**Financial Trends** 71

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

**Revenue Capacity** 76

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

**Debt Capacity** 80

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

**Demographic and Economic Information** 83

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

**Operating Information** 85

These schedules contain service and infrastructure data to help the reader understand how the information in the District's financial report relates to the services the District provides and the activities it performs.

## FINANCIAL TRENDS



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

(Unaudited)

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<b>GOVERNMENTAL ACTIVITIES</b>										
Net investment in capital assets	\$ (171,154,403)	\$ (204,940,333)	\$ (233,522,841)	\$ (274,216,290)	\$ (293,661,182)	\$ (273,081,937)	\$ (305,309,356)	\$ (232,937,713)	\$ (232,777,187)	\$ (346,371,603)
Restricted for Federal and State grant programs	3,121,981	2,831,739	2,606,162	3,208,210	2,904,294	3,789,148	5,261,965	4,489,444	5,475,019	6,591,918
Restricted for debt services	59,011,864	68,589,961	64,478,051	71,170,986	72,023,378	53,919,728	54,250,586	57,086,768	80,911,177	110,066,081
Restricted for capital projects	4,187,350	7,833,126	-	-	-	-	-	-	-	-
Unrestricted Net Position	21,933,272	22,911,965	26,295,778	47,511,053	51,311,286	66,159,069	353,464	(86,843,097)	(99,981,333)	(190,605,648)
<b>Total Net Position</b>	<b>\$ (82,899,936)</b>	<b>\$ (102,773,542)</b>	<b>\$ (140,142,850)</b>	<b>\$ (152,326,041)</b>	<b>\$ (167,422,224)</b>	<b>\$ (149,213,992)</b>	<b>\$ (245,443,341)</b>	<b>\$ (258,204,598)</b>	<b>\$ (246,372,324)</b>	<b>\$ (420,319,252)</b>

Source: Frisco ISD Annual Financial Reports



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

(Unaudited)

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<b>EXPENSES</b>										
<b>Governmental Activities:</b>										
Instruction	\$ 179,255,336	\$ 200,270,949	\$ 210,372,150	\$ 207,257,489	\$ 220,404,517	\$ 237,776,317	\$ 284,653,714	\$ 305,605,412	\$ 325,140,742	\$ 227,342,595
Instructional resources and media services	7,527,217	7,456,175	7,041,284	5,072,392	6,878,260	7,563,264	9,187,036	9,796,673	9,325,687	6,373,309
Curriculum and instructional staff development	3,701,535	4,416,790	4,196,290	5,540,212	6,995,992	7,496,653	8,527,459	8,937,996	9,447,290	6,858,766
Instructional leadership	3,707,131	4,152,342	4,183,981	3,496,529	4,538,265	4,625,073	5,075,185	5,474,033	6,192,970	4,615,947
School leadership	13,771,309	16,296,540	19,604,431	18,585,563	22,284,476	21,657,026	28,254,017	30,178,920	32,328,267	23,791,263
Guidance, counseling and evaluation services	8,615,821	10,135,488	11,165,424	11,195,982	12,552,997	12,828,364	14,672,505	16,612,319	17,508,585	11,811,319
Social work services	233,822	311,030	309,809	292,395	343,427	360,371	352,044	361,960	279,911	119,107
Health services	28,756,656	34,011,665	36,120,448	33,888,277	37,388,802	38,855,439	47,000,476	51,833,496	54,996,484	37,021,581
Student transportation	7,405,694	9,747,990	9,511,115	9,476,656	9,854,542	10,489,264	11,631,466	12,127,267	12,899,257	10,690,822
Food services	12,921,293	15,352,293	17,089,059	16,966,824	18,662,958	20,138,815	22,671,955	25,943,835	25,477,572	21,130,662
Extracurricular activities	12,113,595	13,978,597	16,269,145	14,145,666	14,929,811	15,493,350	17,804,290	19,434,773	19,440,200	17,052,390
General administration	9,650,382	7,289,357	7,371,999	7,647,253	6,560,127	6,752,192	8,271,754	9,432,967	9,747,588	8,358,009
Facilities maintenance and operations	27,055,506	29,109,608	31,567,513	28,970,801	30,168,059	31,796,821	37,020,121	45,202,540	46,480,755	47,446,326
Security and monitoring services	1,529,372	1,610,482	2,219,918	2,418,991	2,731,959	3,595,026	3,808,630	3,916,348	3,826,564	3,293,454
Data processing services	4,766,862	4,986,191	5,930,740	6,275,652	6,718,444	7,194,012	9,499,233	9,131,244	8,927,287	9,372,444
Community services	1,424,151	1,498,050	1,539,113	1,514,281	1,572,685	1,516,206	1,992,750	1,857,437	1,900,499	1,452,458
Debt service - interest on long-term debt	66,796,474	60,341,816	61,708,857	64,807,149	70,402,767	45,233,434	73,966,028	81,825,335	79,783,468	77,551,045
Debt service - bond issuance costs and fees	213,326	224,619	303,281	784,857	1,034,160	1,288,269	2,511,829	3,518,708	2,474,789	691,035
Contracted instructional services between schools	12,904,887	1,331,260	3,004,389	1,582,625	1,785,899	1,004,896	1,177,873	217,771	-	-
Payments to fiscal agent/member districts of SSA	127,022	135,132	195,897	-	-	-	-	-	-	30,118
Payments to juvenile justice alternative education program:	112,838	87,929	90,309	60,791	44,573	23,499	47,931	37,077	67,814	-
Payments to tax increment fund	15,516,540	13,078,366	12,475,699	15,300,909	16,558,936	17,605,466	19,317,219	20,698,870	22,583,104	25,397,908
Other intergovernmental charges	1,613,714	1,637,072	1,658,054	1,801,088	1,924,946	1,924,946	2,102,040	2,377,535	2,683,175	3,040,455
Total governmental activities expenses	392,225,769	406,826,383	431,399,523	426,439,348	460,262,744	460,246,703	567,245,555	617,872,516	642,012,008	510,122,013
<b>PROGRAM REVENUES</b>										
<b>Governmental Activities:</b>										
Charges for Services:										
Instruction	315,818	195,799	234,762	206,936	290,231	350,717	396,872	403,481	310,309	733,927
Food services	10,534,707	11,381,160	12,372,825	13,077,118	13,685,406	14,494,346	16,242,616	17,585,643	17,491,137	18,376,266
Extracurricular activities	746,020	926,755	1,475,974	1,522,873	1,506,143	1,525,824	1,605,532	1,798,238	2,423,340	2,379,643
Facilities maintenance and operations	761,560	731,934	536,802	1,913,519	2,299,332	2,394,812	2,554,502	2,864,952	2,818,152	3,172,769
Operating Grants and Contributions	18,596,276	31,313,190	32,628,060	25,145,775	22,544,354	26,278,448	38,071,093	34,845,658	38,224,087	(58,806,085)
Total governmental activities program revenues	30,954,381	44,548,838	47,248,423	41,866,221	40,325,466	45,044,147	58,870,618	57,497,972	61,267,025	(34,143,480)
<b>Net (Expense) Revenue</b>	<b>(361,271,388)</b>	<b>(362,277,545)</b>	<b>(384,151,100)</b>	<b>(384,573,127)</b>	<b>(419,937,278)</b>	<b>(415,204,556)</b>	<b>(508,374,937)</b>	<b>(560,374,544)</b>	<b>(580,744,983)</b>	<b>(544,265,493)</b>

Source: Frisco ISD Annual Financial Reports

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

(Unaudited)

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<b>Net (Expense) Revenue</b>	\$ (361,271,388)	\$ (362,277,545)	\$ (384,151,100)	\$ (384,573,127)	\$ (419,937,278)	\$ (415,204,556)	\$ (508,374,937)	\$ (560,374,544)	\$ (580,744,983)	\$ (544,265,493)
<b>GENERAL REVENUES</b>										
<b>Governmental Activities:</b>										
Taxes:										
Property taxes, levied for general purposes	168,875,322	173,721,989	171,001,679	177,079,758	199,562,589	229,889,558	265,193,759	279,061,789	328,154,575	375,184,044
Property taxes, levied for debt service	57,650,495	62,409,766	61,736,118	68,875,705	72,822,119	80,937,836	93,922,813	105,578,096	124,819,619	142,848,448
State aid - formula grants	68,601,651	85,246,982	99,211,962	104,324,686	117,087,935	119,733,020	120,465,390	139,758,001	115,510,634	98,313,792
Grants and contributions not restricted to specific programs	27,945	17,407	180	20,083	516,970	98,009	-	2,332,383	2,520,903	2,688,270
Investment earnings	2,509,504	338,496	246,295	184,963	238,659	184,009	166,062	720,988	1,994,950	5,260,009
Miscellaneous local and intermediate revenue	21,090,145	16,959,299	17,308,973	21,901,571	20,559,060	2,754,365	3,625,774	20,162,030	19,776,576	23,075,918
<b>Total General Revenue</b>	318,754,462	338,723,939	349,505,207	372,386,936	410,877,332	433,412,768	483,253,798	547,613,287	592,577,257	647,540,481
<b>Change in net position</b>	(42,516,926)	(23,553,606)	(34,645,893)	(12,186,191)	(9,149,946)	18,208,232	(25,121,139)	(12,761,257)	11,832,274	103,274,988
<b>Net position - beginning, as adjusted</b>	(40,382,010)	(79,219,936)	(105,496,957)	(140,142,850)	(158,272,278)	(167,422,224)	(220,322,202)	(245,443,341)	(258,204,598)	(523,594,240)
<b>Net position - ending</b>	\$ (82,898,936)	\$ (102,773,542)	\$ (140,142,850)	\$ (152,329,041)	\$ (167,422,224)	\$ (149,213,992)	\$ (245,443,341)	\$ (258,204,598)	\$ (246,372,324)	\$ (420,319,252)

Source: Frisco ISD Annual Financial Reports

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

(Unaudited)

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<b>GENERAL FUND</b>										
Reserved	\$ 51,281	\$ 51,281	\$ 251,404	\$ 141,684	\$ 163,824	\$ 264,523	\$ 410,917	\$ 702,073	\$ 905,361	\$ 171,510
Nonspendable								11,058,554	3,750,957	3,665,783
Assigned	21,962,721	46,286,952	42,818,991	60,123,335	72,501,978	84,900,184	92,068,189	111,732,514	128,605,979	158,970,627
Unreserved /Unassigned	21,962,721	46,338,233	43,070,395	60,265,019	72,665,802	85,164,707	92,479,106	123,493,141	133,262,297	162,807,920
<b>Total General Fund</b>										
<b>All OTHER GOVERNMENTAL FUNDS</b>										
Reserved for:										
Debt service fund	59,011,864	67,245,565								
Child nutrition service	3,121,981	2,831,739								
Designated for:										
Construction	69,653,941	7,833,126								
Other Purposes	23,000,000									
Nonspendable			118,756,851	78,941,316	125,818,111	71,910	45,631	64,406	65,712	53,232
Restricted					2,171,829	173,944,026	226,127,518	204,022,445	175,399,955	205,123,183
Committed						2,117,958	2,088,957	2,225,283	2,469,521	2,516,879
Assigned									5,889,126	6,803,546
Unreserved/Unassigned	1,499,215	1,569,851	1,750,466	1,958,933						
<b>Total All Other Governmental Funds</b>	156,287,001	79,480,281	120,507,317	80,900,249	127,989,940	176,133,894	228,262,106	206,312,134	183,824,314	214,496,840
<b>Total Governmental Funds</b>	\$ 178,249,722	\$ 125,818,514	\$ 163,577,712	\$ 141,165,268	\$ 200,655,742	\$ 261,298,601	\$ 320,741,212	\$ 329,805,275	\$ 317,086,611	\$ 377,304,760

<sup>1</sup> Beginning with the fiscal year ended June 30, 2011, the District implemented GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Types*, which required a change in the reported classification of fund balance.  
<sup>2</sup> Prior to the implementation of GASB 54, the portion of fund balance available for spending at the District's discretion was classified as "Unreserved." After the implementation of GASB 54, this amount is classified as "Unassigned."

Source: Frisco ISD Annual Financial Reports

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

(Unaudited)

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<b>REVENUES</b>										
Local and intermediate sources	\$ 262,542,603	\$ 266,335,275	\$ 265,159,734	\$ 286,574,924	\$ 309,077,472	\$ 333,806,178	\$ 381,193,995	\$ 432,689,498	\$ 499,188,264	\$ 573,074,722
State program revenues	80,784,250	97,190,014	111,289,016	115,321,314	129,671,656	133,799,695	133,975,235	161,187,530	139,189,304	123,769,796
Federal program revenues	6,441,022	19,387,565	20,551,186	14,169,400	10,477,603	11,423,502	12,482,493	13,641,401	14,684,530	16,954,826
	349,767,875	382,912,854	396,999,936	416,065,638	449,226,731	479,028,896	527,601,725	607,518,429	653,062,098	713,799,344
<b>EXPENDITURES</b>										
Current:										
Instruction	150,799,050	173,467,078	182,496,322	176,860,360	196,244,658	210,984,860	234,760,839	259,362,734	288,828,129	297,585,386
Instructional resources and media services	5,621,291	5,119,964	5,048,034	4,411,159	5,057,068	5,272,336	5,578,571	5,903,740	6,586,387	5,953,569
Curriculum and instructional staff development	3,702,110	4,417,134	4,173,666	5,497,695	6,696,310	7,496,653	8,307,911	8,808,991	9,040,748	9,439,319
Instructional leadership	3,705,939	4,152,686	4,161,357	3,452,915	4,538,583	4,625,073	4,893,191	5,399,089	6,099,992	7,157,033
School leadership	13,377,731	15,986,938	19,117,432	17,936,465	21,966,564	21,321,892	23,588,233	26,215,585	28,479,181	30,234,448
Guidance, counseling and evaluation services	8,618,090	10,136,519	11,120,177	11,067,229	12,553,335	12,827,113	14,112,899	16,381,866	17,262,743	18,196,373
Social work services	233,822	311,030	309,809	292,395	343,427	360,371	343,027	356,988	275,677	192,909
Health services	2,781,160	3,386,708	3,562,679	3,328,177	3,729,920	3,872,931	4,566,068	5,079,075	5,408,782	5,603,653
Student transportation	5,878,917	7,832,691	7,529,367	7,454,070	8,124,128	8,769,634	9,558,458	10,435,043	11,284,361	11,852,424
Food services	11,615,911	14,103,336	15,105,284	15,090,635	16,800,946	18,146,918	19,973,220	23,090,610	23,401,047	22,890,630
Extracurricular activities	8,131,289	9,615,377	11,031,634	11,480,974	12,155,988	12,980,344	13,161,741	14,863,418	15,354,435	16,207,142
General administration	6,952,987	6,228,714	6,431,057	4,991,034	5,706,743	5,685,941	6,470,414	7,823,941	8,223,475	9,498,014
Facilities maintenance and operations	23,214,246	26,336,467	28,722,255	24,674,238	27,818,925	28,974,793	30,974,767	33,256,966	34,121,457	36,606,690
Security and monitoring services	1,237,700	1,326,543	1,768,526	1,923,659	1,865,957	2,510,096	3,091,852	3,279,043	3,568,407	3,527,117
Data processing services	1,770,527	1,775,221	2,163,063	3,309,326	5,146,610	5,307,632	6,206,388	6,138,332	5,982,344	10,321,078
Community services	1,412,118	1,496,786	1,527,079	1,502,248	1,560,970	1,514,385	1,633,826	1,582,736	1,624,382	1,588,321
Debt Service:										
Principal on long-term debt	14,993,638	19,153,596	20,672,773	18,376,134	20,579,605	27,935,713	28,407,368	33,165,766	40,208,068	58,941,144
Interest on long-term debt	47,192,970	56,970,707	55,877,774	60,861,887	62,655,429	61,273,182	70,090,988	79,264,169	82,689,419	77,339,248
Bond issuance costs and fees	3,069,950	841,153	942,386	555,641	1,034,160	1,288,269	2,511,829	3,518,708	2,474,790	691,035
Capital Outlay:										
Facilities acquisition and construction	197,245,977	92,337,806	66,948,012	97,792,344	81,302,872	16,771,349	231,716,698	213,578,123	166,980,903	51,958,032
Intergovernmental:										
Contracted instructional services between schools	12,904,887	1,331,260	3,004,389	1,582,625	1,785,899	1,004,896	1,177,873	217,771	-	-
Payments to fiscal agent/member districts of SSA	127,022	135,132	195,897	195,897	-	-	-	-	-	-
Payments to juvenile justice alternative education programs	112,838	87,929	90,309	60,791	44,573	23,499	47,931	37,077	67,814	30,118
Payments tax increment fund	15,516,540	13,078,366	12,475,699	15,300,909	16,558,936	17,605,466	19,317,219	20,698,870	22,583,104	25,397,908
Other intergovernmental charges	-	1,613,714	1,637,072	1,658,054	1,801,088	1,924,946	2,102,040	2,377,535	2,683,175	3,040,455
	539,616,710	471,242,855	466,112,052	489,460,964	516,072,694	628,220,382	742,593,351	780,836,176	783,228,820	704,252,046
(189,848,835)	(88,330,001)	(69,112,116)	(73,395,326)	(66,845,963)	(149,191,486)	(149,191,486)	(214,991,626)	(173,317,747)	(130,166,722)	9,547,298
<b>OTHER FINANCING SOURCES (USES)</b>										
Capital related debt issued (regular and refunding bonds)	199,170,000	85,250,000	181,031,260	147,610,357	258,246,992	202,300,000	299,320,000	381,640,000	282,235,000	49,865,000
Premium on issuance of bonds	8,865,586	2,361,017	9,692,980	11,084,272	30,271,957	10,436,146	19,187,662	38,051,415	32,747,133	805,851
Sale of real and personal property	17,096	281,483	13,057	2,412	7,464,755	2,253,199	6,916,575	3,884,912	-	-
Transfers in	10,491,431	28,148,312	12,325,434	8,958,340	16,486,477	14,511,144	7,774,470	7,119,500	6,051,998	7,285,940
Other resources	-	-	-	270	-	-	-	-	-	-
Transfers out	(10,491,431)	(28,148,312)	(13,621,257)	(13,241,717)	(16,422,968)	(14,511,144)	(7,774,470)	(7,119,500)	(6,051,998)	(7,285,940)
Payment to refunded bond escrow agent	(14,326,603)	(51,712,224)	(79,846,745)	(103,431,052)	(169,710,716)	(5,155,000)	(50,990,000)	(241,194,517)	(197,534,075)	-
	193,726,079	35,898,793	109,594,729	50,982,882	126,336,437	209,834,345	274,434,237	182,381,810	117,448,058	50,670,851
<b>Net change in fund balances</b>	3,877,244	(52,431,208)	40,482,613	(22,412,444)	59,490,474	60,642,859	59,442,611	9,064,063	(12,718,664)	60,218,149
<b>Fund balances - beginning, as adjusted</b>	174,390,478	178,249,722	123,095,099	168,577,712	141,165,268	200,655,742	261,298,601	320,741,212	329,805,275	317,086,611
<b>Fund balances - ending</b>	\$ 178,267,722	\$ 125,818,514	\$ 163,577,712	\$ 141,165,268	\$ 200,655,742	\$ 261,298,601	\$ 320,741,212	\$ 329,805,275	\$ 317,086,611	\$ 377,304,760
Debt service as a percentage of non-capital expenditures	18.88%	20.31%	19.41%	20.37%	19.38%	19.18%	18.35%	18.35%	19.64%	20.16%

Source: Frisco ISD Annual Financial Reports

REVENUE CAPACITY

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

(Unaudited)

Fiscal Year	Actual Value											Less: Exemptions	Total Taxable Value	Total District Rate
	Single Family Property	Multi-Family Property	Vacant Lots Tracts	Acreage (Land Only)	Farm and Ranch Improvements	Commercial & Industrial (Real)	Utilities	Commercial & Industrial (Personal)	Other	Total Assessed Value				
2009	10,968,639,445	818,695,375	396,264,241	2,272,350,941	23,431,597	3,215,066,625	127,215,788	716,602,406	516,112,940	19,054,379,358	2,421,069,338	16,633,310,020	\$1.37	
2010	11,318,629,269	959,222,680	379,432,588	1,978,541,543	21,394,569	3,481,674,802	130,731,808	787,615,513	399,621,865	19,456,864,637	2,277,356,494	17,179,508,143	\$1.39	
2011	11,504,077,061	998,825,739	299,761,332	1,752,437,036	20,930,610	3,215,213,475	115,645,665	706,809,701	362,745,531	18,976,446,150	2,100,605,660	16,875,840,490	\$1.39	
2012	12,062,374,158	1,048,925,351	305,794,907	1,726,339,089	18,546,875	3,316,365,172	128,181,093	733,630,488	307,640,722	19,647,797,855	2,143,611,277	17,504,186,578	\$1.42	
2013	12,627,501,202	1,202,898,036	293,379,271	1,730,873,484	17,685,947	3,499,967,601	130,695,320	775,039,766	262,013,501	20,540,054,128	2,128,873,517	18,411,180,611	\$1.46	
2014	13,675,913,279	1,413,163,612	298,801,710	1,393,693,816	321,808,894	3,764,176,806	136,448,465	828,032,175	353,434,184	22,185,472,941	2,112,698,722	20,072,774,219	\$1.46	
2015	15,793,610,094	1,704,527,510	397,306,356	1,564,168,999	371,885,899	4,178,276,253	151,707,976	888,658,217	361,313,589	25,411,454,893	2,405,683,365	23,005,771,528	\$1.46	
2016	18,531,227,482	1,953,611,983	432,451,349	1,691,512,254	519,090,462	4,778,991,671	163,717,344	940,465,225	398,329,187	29,409,396,957	3,179,257,453	26,230,139,504	\$1.46	
2017	21,617,912,704	2,308,485,474	548,452,795	1,677,217,322	683,537,417	5,613,500,147	174,364,345	983,165,673	527,152,241	34,133,788,118	3,512,137,084	30,621,651,034	\$1.46	
2018	24,266,454,955	2,863,423,379	574,861,150	1,636,247,637	651,465,813	7,029,248,675	219,739,241	1,092,637,491	639,966,905	38,974,045,246	3,403,494,903	35,570,550,343	\$1.46	

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

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

(Unaudited)

Tax Year	Frisco ISD Direct Rate			Overlapping Rates									
	Maintenance & Operations Rate	Interest & Sinking Rate	Total Direct Rate	City of Frisco	Collin County	Collin County Community College (CCCC)	City of McKinney	City of Plano	Denton County	Town of Little Elm	City of Hackberry	Denton County FWSD	
2008	1.0000	0.3700	1.3700	0.4500	0.2500	0.0870	0.5200	0.4735	0.2359	0.5358	0.5798	1.0000	
2009	1.0000	0.3900	1.3900	0.4500	0.2450	0.0865	0.6100	0.4735	0.2357	0.5697	0.5798	1.0000	
2010	1.0000	0.3900	1.3900	0.4650	0.2425	0.0863	0.6100	0.4886	0.2498	0.6345	0.4478	1.0000	
2011	1.0000	0.4200	1.4200	0.4650	0.2425	0.0863	0.6100	0.4886	0.2739	0.6652	0.4754	1.0000	
2012	1.0400	0.4200	1.4600	0.4620	0.2400	0.0863	0.6100	0.4886	0.2774	0.6650	0.4766	1.0000	
2013	1.0400	0.4200	1.4600	0.4620	0.2400	0.0863	0.6100	0.4886	0.2829	0.6650	0.4857	1.0000	
2014	1.0400	0.4200	1.4600	0.4620	0.2380	0.0863	0.6100	0.4886	0.2829	0.6650	0.4627	1.0000	
2015	1.0400	0.4200	1.4600	0.4620	0.2380	0.0836	0.5855	0.4886	0.2850	0.6650	0.4627	1.0000	
2016	1.0400	0.4200	1.4600	0.4500	0.2084	0.0812	0.5830	0.4786	0.2484	0.6617	0.3382	1.0000	
2017	1.0400	0.4200	1.4600	0.4466	0.1926	0.0798	0.5730	0.4686	0.2378	0.6577	0.2343	1.0000	

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

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

EXHIBIT S-8

(Unaudited)

		<b>2018</b>	
<u><b>Taxpayer</b></u>	<u><b>Business Type</b></u>	<u><b>Taxable Value</b></u>	<u><b>Percentage of Total Taxable Value</b></u>
Capital One National Association	Banking & Finance	\$ 190,788,000	0.54%
Toyota Motor North America Inc	Automotive	168,335,490	0.47%
JP Morgan Chase Bank NA	Banking & Finance	140,967,122	0.40%
BPR Shopping Center LP	Real Estate Development	138,882,043	0.39%
Liberty Mutual Plano LLC	Banking & Finance	133,200,509	0.37%
Granite Park I LLC	Real Estate Development	126,655,303	0.36%
Tollway/121 Partners LTD	Real Estate Development	124,627,611	0.35%
Blue Star HQ Inc	Real Estate Development	107,787,786	0.30%
Tx Apt 8205 Towne Main Drive LP	Real Estate Development	97,563,183	0.27%
PPF Amli Parkwood Boulevard LLC	Real Estate Development	95,635,986	0.27%
		<u>\$ 1,324,443,033</u>	<u>3.72%</u>

		<b>2009</b>	
<u><b>Taxpayer</b></u>	<u><b>Business Type</b></u>	<u><b>Taxable Value</b></u>	<u><b>Percentage of Total Taxable Value</b></u>
Tenet Frisco LTD	Medical	\$ 91,569,865	0.55%
Tollway/121 Partners LTD	Real Estate Development	85,997,990	0.52%
Roddman LLC	Real Estate Development	69,027,693	0.42%
Capital One National Association	Finance	50,118,589	0.30%
Virtu Investments LLC	Real Estate Development	50,044,785	0.30%
Sonebriar Mall Ltd Partnership	Retail	45,542,951	0.28%
GP Park II LLC	Real Estate Development	44,000,000	0.27%
Granite Park I LLC	Real Estate Development	44,000,000	0.27%
OTR	Real Estate Development	43,767,617	0.26%
Teacher Insurance & Annuity Association	Finance	42,102,243	0.25%
		<u>\$ 566,171,733</u>	<u>3.42%</u>

Source: Collin and Denton County Appraisal Districts



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

EXHIBIT S-9

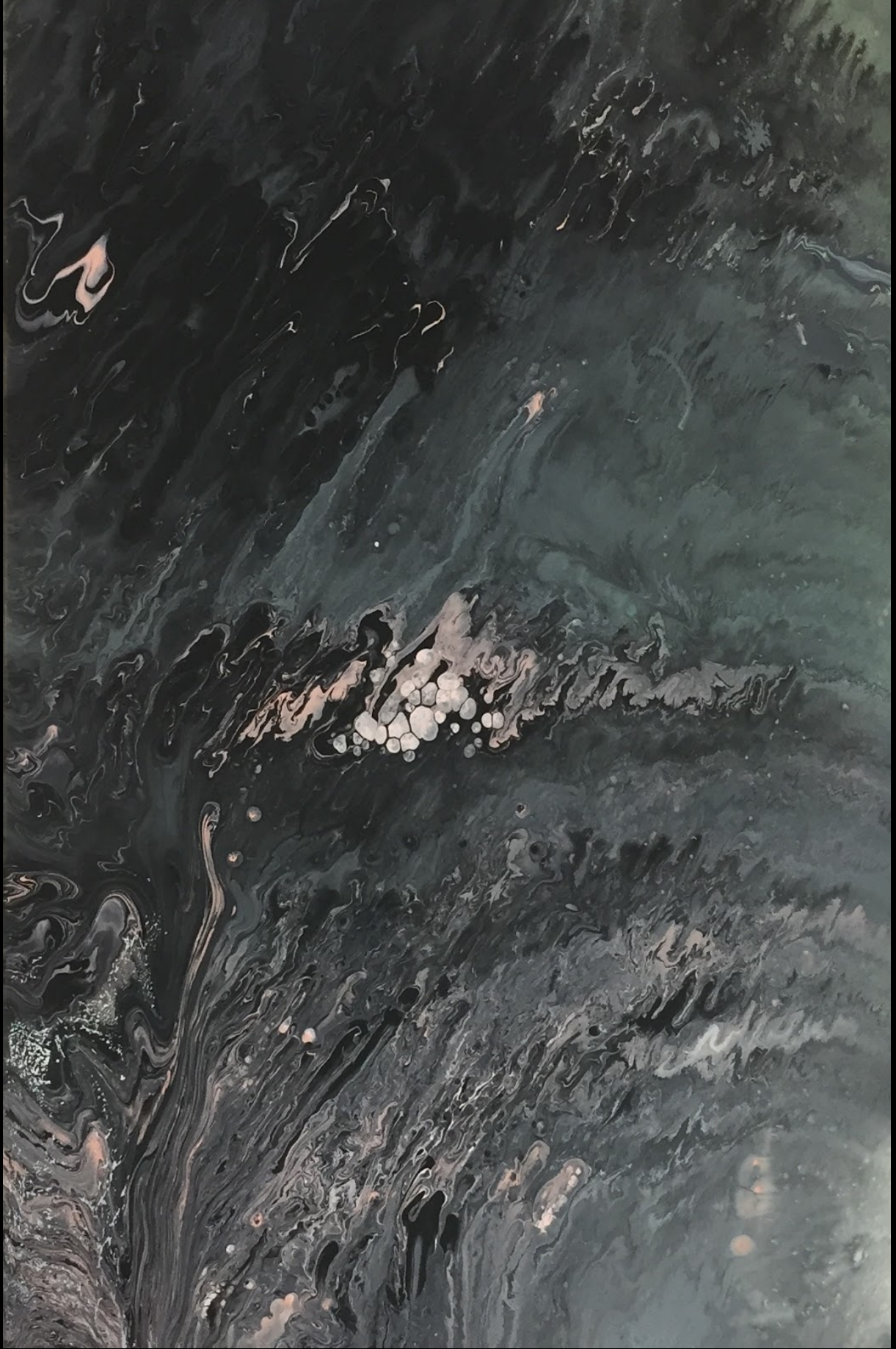
Fiscal Year	Taxes Levied for the Fiscal Year <sup>1</sup>	Collected within the Fiscal Year of the Levy			Total Collections to Date		
		Amount	Percentage of Levy	Collections in Subsequent Years	Current Year Adjusted Levy <sup>2</sup>	Amount <sup>3</sup>	Percentage of Levy
2009	188,873,783	186,511,500	98.75%	3,427,589	188,742,540	189,939,089	100.63%
2010	226,592,154	222,910,277	98.38%	3,700,035	226,699,910	226,610,312	99.96%
2011	236,338,412	232,171,603	98.24%	5,060,723	236,691,585	237,232,326	100.23%
2012	233,360,846	230,656,112	98.84%	5,059,496	235,066,607	235,715,608	100.28%
2013	246,595,889	244,576,313	99.18%	6,563,250	250,714,625	251,139,563	100.17%
2014	271,222,819	269,428,955	99.34%	6,520,369	275,049,232	275,949,324	100.33%
2015	292,572,378	289,972,452	99.11%	7,617,598	299,934,727	297,590,050	99.22%
2016	333,326,629	330,473,983	99.14%	4,705,990	336,604,436	335,179,973	99.58%
2017	440,260,516	437,197,385	99.30%	2,427,059	440,234,713	439,624,444	99.86%
2018	510,093,437	508,013,897	99.59%		510,093,437	508,013,897	99.59%

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

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

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

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



2018 State VASE  
Rating 4 Medalist  
**SAVANNAH SMITH**  
Frisco High School  
Teacher: Derek Jackson

## DEBT CAPACITY

**FRISCO INDEPENDENT SCHOOL DISTRICT**  
**ESTIMATED OVERLAPPING DEBT STATEMENT**  
**JUNE 30, 2018**  
(Unaudited)

EXHIBIT S-10

<b>Taxing Body</b>	<b>Amount</b>	<b>Percentage Overlapping</b>	<b>Amount Overlapping</b>
Collin County	\$ 301,610,000	19.08%	\$ 57,547,188
Collin County CCD	248,840,000	19.08%	47,478,672
Denton County	640,490,000	10.71%	68,596,479
Denton County FWSD # 8-C	39,468,277	100.00%	39,468,277
City of Frisco	779,130,000	91.90%	716,020,470
Town of Little Elm	91,895,000	36.34%	33,394,643
City of McKinney	228,210,000	17.52%	39,982,392
City of Plano	405,850,000	3.56%	14,448,260
Subtotal, overlapping debt			1,016,936,381
District gross bonded debt			2,137,073,341
Total direct and overlapping debt			<u>\$ 3,154,009,722</u>
Ratio of net direct and overlapping debt to net taxable valuation			8.87%
Per capita direct and overlapping debt			\$ 12,316.60

Source: Municipal Advisory Council of Texas

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

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

(Unaudited)

Fiscal Year	Taxable Assessed Value	Bonded Debt Outstanding at Year-End	Ratio of Bonded Debt to Taxable Assessed Value		Estimated Population	Taxable Assessed Value per Capita	Bonded Debt per Capita	Personal Income	Ratio of Bonded Debt to Personal Income
			Value	%					
2009	16,633,310,020	1,163,469,342	6.99%		141,521	117,532	8,221	5,736,497,260	20.28%
2010	17,179,508,143	1,178,615,748	6.86%		162,932	105,440	7,234	6,277,062,090	18.78%
2011	16,875,840,490	1,265,634,232	7.50%		167,332	100,852	7,564	7,054,209,240	17.94%
2012	17,504,186,578	1,310,323,851	7.49%		173,002	101,179	7,574	7,941,628,760	16.50%
2013	18,411,180,611	1,353,110,843	7.35%		186,743	98,591	7,246	8,423,152,562	16.06%
2014	20,072,774,219	1,679,166,027	8.37%		195,558	102,644	8,587	8,423,152,562	19.94%
2015	23,005,771,528	1,911,006,819	8.31%		206,900	111,193	9,236	8,906,351,924	21.46%
2016	26,230,139,504	2,066,361,628	7.88%		218,374	120,116	9,462	9,520,014,530	21.71%
2017	30,621,651,034	2,147,871,338	7.01%		229,282	133,555	9,368	10,951,884,012	19.61%
2018	35,570,550,343	2,137,073,341	6.01%		256,078	138,905	8,345	11,710,037,600	18.25%

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

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

EXHIBIT S-12

(Unaudited)

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2017
Debt Limit	\$ 1,663,331,002	\$ 1,717,950,814	\$ 1,687,584,049	\$ 1,750,418,658	\$ 1,841,118,061	\$ 2,007,277,422	\$ 2,300,577,153	\$ 2,623,013,950	\$ 3,062,165,103	\$ 3,557,055,034
Total net debt applicable to limit	1,104,457,477	1,111,370,180	1,202,435,238	1,225,113,663	1,306,550,128	1,504,107,915	1,721,846,816	1,830,193,568	1,999,830,262	1,999,830,262
Legal debt Margin	\$ 2,767,788,479	\$ 2,829,320,994	\$ 2,890,019,287	\$ 2,975,532,321	\$ 3,147,668,189	\$ 3,511,385,337	\$ 4,022,423,969	\$ 4,453,207,518	\$ 5,061,995,365	\$ 5,556,885,296
Total net debt applicable to the limit as a percentage of the debt limit	66.40%	64.69%	71.25%	69.99%	70.97%	74.93%	74.84%	69.77%	65.31%	56.22%

Legal Debt Margin Calculation for the Fiscal Year 2018:	
Taxable Assessed value	\$ 35,570,550,343
Debt limit (10% of assessed value) <sup>1</sup>	3,557,055,034
Total bonded debt	\$ 2,137,073,341
Less reserve for retirement of debt <sup>2</sup>	137,243,079
Debt applicable to limit	1,999,830,262
Legal debt margin	\$ 1,557,224,772

<sup>1</sup> Bonded Debt Limitation: Total principal amount of tax fund indebtedness cannot exceed 10% of assessed valuation of taxable property in the District according to the approved ad valorem tax roll at the time of the issuance of bonds.

<sup>2</sup> Amount represents fund balance restricted for the retirement of long-term debt. See Exhibit C-1. This amount differs from government-wide net position restricted for debt service by amounts payable for accrued or accreted interest.

Source: Frisco ISD Annual Financial Reports

## DEMOGRAPHIC INFORMATION

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

EXHIBIT S-13

(Unaudited)

<b>Fiscal Year</b>	<b>Estimated Population</b>	<b>Personal Income</b>	<b>Per Capita Personal Income</b>	<b>Unemployment Rate</b>
2009	141,521	5,736,497,260	40,535	5.90%
2010	162,932	6,277,062,090	38,526	6.80%
2011	167,332	7,054,209,240	42,157	6.30%
2012	173,002	7,941,628,760	45,905	5.40%
2013	186,743	8,423,152,562	45,106	5.00%
2014	195,558	8,423,152,562	43,072	5.40%
2015	206,900	8,906,351,924	43,047	3.20%
2016	218,374	9,520,014,530	43,595	2.70%
2017	229,282	10,951,884,012	47,766	3.80%
2018	256,078	11,710,037,600	45,728	2.90%

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



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

EXHIBIT S-14

(Unaudited)

<b>2018</b>			
<b><u>Employer</u></b>	<b><u>Approximate Number of Employees</u></b>	<b><u>Percentage of Total Estimated Employees</u></b>	<b><u>Rank</u></b>
Frisco Independent School District	7,500	7.32%	1
T-Mobile	1,500	1.46%	2
City of Frisco	1,102	1.07%	3
Mario Sinacola & Sons Excavating	603	0.59%	4
CCCD Preston Ridge Campus	550	0.54%	5
Amerisource Bergens Specialty Group	500	0.49%	6
CLA USA, Inc.	450	0.44%	7
IKEA Frisco	400	0.39%	8
Tenet of Texas RBO	300	0.29%	9
Market Street	300	0.29%	10
	<u>13,205</u>		

<b>2009</b>			
<b><u>Taxpayer</u></b>	<b><u>Approximate Number of Employees</u></b>	<b><u>Percentage of Total Estimated Employees</u></b>	<b><u>Rank</u></b>
Frisco Independent School District	4287	7.50%	1
T-Mobile	2500	4.37%	2
Rodman Companies	780	1.36%	3
IntegraSys	550	0.96%	4
Mario Sinacola & Sons	500	0.87%	5
City of Frisco	455	0.80%	6
IKEA	400	0.70%	7
Tenet of Texas RBO	340	0.59%	8
Option One Mortgage Co.	250	0.44%	9
Aastra Telecom	250	0.44%	10
	<u>10,312</u>		

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



2018 State VASE  
Rating 4 Medalist

**YUNBEEN BAE**

Reedy High School  
Teacher: Kathleen Schrantz

## OPERATING INFORMATION

**FRISCO INDEPENDENT SCHOOL DISTRICT**  
**FULL-TIME-EQUIVALENT DISTRICT EMPLOYEES BY IDENTIFIABLE ACTIVITIES**  
**FISCAL YEAR ENDED JUNE 30, 2018**

EXHIBIT S-15

(Unaudited)

	<u>FTE Count</u>	<u>Average Base Pay</u>
<b>Teaching Staff</b>		
Pre-Kindergarten	16.83	54,899
Kindergarten	216.48	54,256
Elementary (Grades 1-6)	1,272.69	55,241
Middle School (Grades 6-8)	887.52	55,397
High School (Grades 9-12)	1,127.09	55,787
All Grade Levels	301.07	51,493
	<b>3,821.68</b>	<b>55,086</b>
<b>Support Staff</b>		
Athletics - other than Athletic Director	1.00	67,924
Business Service Professional	14.00	81,084
Communications Professional	5.92	81,772
Counselor	118.00	68,093
Custodial	1.00	114,166
Educational Diagnostician	39.00	66,995
Food Service Professional	16.00	64,503
Internal Auditor	1.00	107,202
LEA/Comp Info Tech Professional	23.00	87,180
Librarian	63.55	60,854
LSSP/Psychologist	22.00	64,075
Maintenance	3.00	109,320
Music Therapist	2.50	56,173
Occupational Therapist	16.81	63,256
Orientation/Mobility Specialist	1.50	59,563
Other LEA Exempt Professional Auxillary	47.30	82,324
Physical Therapist	5.00	66,821
School Nurse	68.04	54,281
Security	1.00	98,934
Speech Therapist/Pathologist	68.62	62,902
Teacher Facilitator	61.50	57,857
Transportation	1.00	109,631
Truant Officer/Visiting Teacher	2.00	70,584
	<b>582.74</b>	<b>66,302</b>
<b>Administrative Staff</b>		
Assistant Principal	117.96	75,457
Asst./Deputy Superintendent	6.00	152,918
Athletic Director	3.00	110,575
Business Manager	1.00	138,321
Director of Personnel/Human Resources	5.00	117,303
District Instructional Program Director	35.50	95,113
Principal	67.00	92,649
Superintendent	1.00	293,000
Teacher Supervisor	9.00	86,737
	<b>245.46</b>	<b>87,723</b>
<b>Paraprofessional Staff/Auxiliary</b>		
Educational Aide	478.32	24,635
Auxiliary	1,451.58	26,473
	<b>1,929.90</b>	<b>26,017</b>
<b>Total</b>	<b>6,579.78</b>	<b>\$ 48,771</b>

Source: Public Education Information Management System (TEA)

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

EXHIBIT S-16

(Unaudited)

<b>Fiscal Year</b>	<b>Operating Expenditures<sup>1</sup></b>	<b>Enrollment</b>	<b>Cost per Pupil</b>	<b>Student to Teacher Ratio</b>	<b>Percentage of Students Receiving Free or Reduced-price Meals</b>
2009	228,100,685	30,584	7,458	13.6	11.50%
2010	250,450,838	33,757	7,419	13.5	12.80%
2011	267,150,573	37,043	7,212	14.0	12.40%
2012	261,942,907	39,903	6,564	15.0	12.30%
2013	302,083,736	42,707	7,073	15.1	12.00%
2014	317,058,272	46,053	6,885	15.1	11.30%
2015	355,344,136	50,349	7,058	15.1	12.16%
2016	390,978,004	53,301	7,335	15.1	10.58%
2017	431,116,219	55,923	7,709	14.7	10.49%
2018	443,167,551	58,450	7,582	15.3	10.90%

<sup>1</sup> Excludes intergovernmental charges.

Source: Frisco ISD Financial Statements

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

EXHIBIT S-17

(Unaudited)

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<b>High Schools (Grades 9-12):</b>										
<b>Frisco High</b>										
Site:	245,024	245,024	245,024	289,866	289,866	289,866	352,978	357,510	357,510	357,510
Opened:	1,398	1,442	1,587	1,688	1,810	1,893	2,139	1,804	1,677	1,521
<b>Centennial High</b>										
Site:	288,561	288,561	335,346	335,346	335,346	335,346	379,897	370,350	370,350	370,350
Opened:	1,477	1,618	1,800	1,904	2,010	2,156	2,021	2,001	2,026	2,014
<b>Wakeland High</b>										
Site:	302,645	302,645	302,645	339,716	339,716	339,716	345,646	354,413	354,413	354,413
Opened:	1,857	2,056	1,727	1,639	1,868	1,993	2,199	2,031	2,100	2,188
<b>Liberty High</b>										
Site:	306,179	306,179	306,179	344,261	344,261	344,261	348,496	346,994	346,994	346,994
Opened:	1,795	1,641	1,739	1,772	2,009	2,203	2,025	2,080	2,052	1,947
<b>Heritage High</b>										
Site:	NA	355,695	355,695	355,695	355,695	355,695	356,738	357,001	357,001	357,001
Opened:	NA	634	1,043	1,541	1,753	1,951	1,802	1,904	2,073	2,153
<b>Lone Star High</b>										
Site:	NA	NA	354,722	354,722	354,722	354,722	345,445	352,564	352,564	352,564
Opened:	NA	NA	523	823	963	1,245	1,379	1,715	1,930	2,130
<b>Independence High</b>										
Site:	NA	NA	NA	NA	NA	NA	345,969	382,158	382,158	382,158
Opened:	NA	NA	NA	NA	NA	NA	1,168	1,692	1,832	1,934
<b>Reedy High</b>										
Site:	NA	NA	NA	NA	NA	NA	NA	390,207	390,207	390,207
Opened:	NA	NA	NA	NA	NA	NA	NA	913	1,344	1,801
<b>Lebanon Trail High</b>										
Site:	NA	NA	NA	NA	NA	NA	NA	NA	368,260	368,260
Opened:	NA	NA	NA	NA	NA	NA	NA	NA	450	955

Source: Frisco ISD real property inventory and demographic records

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

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<b>Middle Schools (Grades 6-8):</b>										
<b>Staley</b>										
Site:		128,330	128,330	128,330	128,330	128,330	128,330	128,330	128,330	128,330
Opened:	626	610	606	643	675	717	707	715	667	663
	Square Feet	128,330	128,330	128,330	128,330	128,330	128,330	128,330	128,330	128,330
	Enrollment	626	610	606	643	675	707	715	667	663
	74.87 acres									
	1987									
<b>Clark</b>										
Site:	147,926	147,926	147,926	147,926	147,926	147,926	147,926	147,926	147,926	147,926
Opened:	658	776	800	826	865	864	853	844	816	777
	Square Feet	147,926	147,926	147,926	147,926	147,926	147,926	147,926	147,926	147,926
	Enrollment	658	776	800	826	865	853	844	816	777
	36.69 acres									
	2000									
<b>Pioneer</b>										
Site:	135,803	135,803	135,803	135,803	135,803	135,803	135,803	135,803	135,803	135,803
Opened:	919	1,012	609	701	762	897	1,085	735	824	875
	Square Feet	135,803	135,803	135,803	135,803	135,803	135,803	135,803	135,803	135,803
	Enrollment	919	1,012	609	701	762	1,085	735	824	875
	39.99 acres									
	2000									
<b>Wester</b>										
Site:	135,803	135,803	135,803	135,803	135,803	135,803	135,803	135,803	135,803	135,803
Opened:	801	766	809	829	879	902	877	899	1,001	1,029
	Square Feet	135,803	135,803	135,803	135,803	135,803	135,803	135,803	135,803	135,803
	Enrollment	801	766	809	829	879	877	899	1,001	1,029
	20.35 acres									
	2002									
<b>Griffin</b>										
Site:	138,428	138,428	138,428	138,428	138,428	138,428	138,428	138,428	138,428	138,428
Opened:	854	977	526	598	672	705	855	853	900	867
	Square Feet	138,428	138,428	138,428	138,428	138,428	138,428	138,428	138,428	138,428
	Enrollment	854	977	526	598	672	855	853	900	867
	31.43 acres									
	2004									
<b>Roach</b>										
Site:	138,651	138,651	138,651	138,651	138,651	138,651	138,651	138,651	138,651	138,651
Opened:	799	902	619	691	784	865	855	1,095	770	864
	Square Feet	138,651	138,651	138,651	138,651	138,651	138,651	138,651	138,651	138,651
	Enrollment	799	902	619	691	784	855	1,095	770	864
	20.21 acres									
	2005									
<b>Fowler</b>										
Site:	138,650	138,650	138,650	138,650	138,650	138,650	138,651	138,651	138,651	138,651
Opened:	851	971	1,076	1,172	859	890	939	1,060	1,091	1,148
	Square Feet	138,650	138,650	138,650	138,650	138,650	138,651	138,651	138,651	138,651
	Enrollment	851	971	1,076	1,172	890	939	1,060	1,091	1,148
	20.47 acres									
	2006									
<b>Scoggins</b>										
Site:	142,108	142,108	142,108	142,108	142,108	142,108	142,108	142,108	142,108	142,108
Opened:	550	711	820	853	586	683	805	938	988	1,011
	Square Feet	142,108	142,108	142,108	142,108	142,108	142,108	142,108	142,108	142,108
	Enrollment	550	711	820	853	683	805	938	988	1,011
	21.47 acres									
	2008									
<b>Stafford</b>										
Site:	142,108	142,108	142,108	142,108	142,108	142,108	142,108	142,108	142,108	142,108
Opened:	620	678	689	793	928	1,029	1,134	745	818	889
	Square Feet	142,108	142,108	142,108	142,108	142,108	142,108	142,108	142,108	142,108
	Enrollment	620	678	689	793	1,029	1,134	745	818	889
	21.40 acres									
	2008									
<b>Cobb</b>										
Site:	NA	NA	143,160	143,160	143,160	143,160	143,160	143,160	143,160	143,160
Opened:	NA	NA	643	756	817	911	906	954	966	940
	Square Feet	NA	143,160	143,160	143,160	143,160	143,160	143,160	143,160	143,160
	Enrollment	NA	643	756	817	911	906	954	966	940
	21.65 acres									
	2010									

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

		2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<b>Maus</b>											
Site:	25.00 acres	NA	NA	NA	143,160	143,160	143,160	143,160	143,160	143,160	143,160
Opened:	2010	NA	NA	NA	491	604	723	831	907	981	989
<b>Hunt</b>											
Site:	32.44 acres	NA	NA	NA	143,160	143,160	143,160	143,160	143,160	143,160	143,160
Opened:	2010	NA	NA	NA	573	625	698	738	797	833	804
<b>Vandeventer</b>											
Site:	20 acres	NA	NA	NA	NA	NA	143,160	143,160	143,160	143,160	143,160
Opened:	2012	NA	NA	NA	NA	NA	782	891	1,056	1,056	1,067
<b>Pearson</b>											
Site:	25 acres	NA	NA	NA	NA	NA	NA	NA	143,160	143,160	143,160
Opened:	2015	NA	NA	NA	NA	NA	NA	NA	616	691	783
<b>Trent</b>											
Site:	25,378 acres	NA	NA	NA	NA	NA	NA	NA	143,160	143,160	143,160
Opened:	2015	NA	NA	NA	NA	NA	NA	NA	652	786	880
<b>Nelson</b>											
Site:	17,781 acres	NA	NA	NA	NA	NA	NA	NA	NA	145,000	145,000
Opened:	2016	NA	NA	NA	NA	NA	NA	NA	NA	653	760

Source: Frisco ISD real property inventory and demographic records



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

(Unaudited)

		2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<b>Elementary Schools (Grades K-5):</b>											
<b>Rogers</b>											
Site:	9.81 acres	64,586	64,586	64,586	64,586	64,586	64,586	64,586	64,586	64,586	64,586
Opened:	1987	654	665	673	662	622	610	557	547	539	528
<b>Curtsinger</b>											
Site:	15.22 acres	76,762	76,762	76,762	76,762	76,762	76,762	76,762	76,762	76,762	76,762
Opened:	1995	707	691	672	642	660	813	661	730	812	749
<b>Smith</b>											
Site:	Shared	73,922	73,922	73,922	73,922	73,922	73,922	73,922	73,922	73,922	73,922
Opened:	1997	801	811	778	721	694	646	617	602	601	652
<b>Anderson</b>											
Site:	7.99 acres	74,010	74,010	74,010	74,010	74,010	74,010	74,010	74,010	74,010	74,010
Opened:	1999	619	654	651	717	688	656	710	714	687	670
<b>Christie</b>											
Site:	8.83 acres	74,010	74,010	74,010	74,010	74,010	74,010	74,010	74,010	74,010	74,010
Opened:	1999	667	702	735	730	700	707	640	663	611	568
<b>Shawnee</b>											
Site:	9.51 acres	74,977	74,977	74,977	74,977	74,977	74,977	74,977	74,977	74,977	74,977
Opened:	2000	573	609	681	655	614	639	583	589	584	600
<b>Borchardt</b>											
Site:	8.31 acres	71,806	71,806	71,806	71,806	71,806	71,806	71,806	71,806	71,806	71,806
Opened:	2001	668	660	637	633	662	725	725	750	716	760
<b>Bright</b>											
Site:	10.36 acres	74,591	74,591	74,591	74,591	74,591	74,591	74,591	74,591	74,591	74,591
Opened:	2001	548	509	549	535	536	541	558	494	415	379
<b>Fisher</b>											
Site:	10.00 acres	73,327	73,327	73,327	73,327	73,327	73,327	73,327	73,327	73,327	73,327
Opened:	2001	661	711	704	708	658	660	664	667	633	582
<b>Sparks</b>											
Site:	8.00 acres	72,399	72,399	72,399	72,399	72,399	72,399	72,399	72,399	72,399	72,399
Opened:	2002	661	711	704	708	658	689	710	728	736	744

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

(Unaudited)

		2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<b>Spears</b>											
Site:	9.76 acres	71,755	71,755	71,755	71,755	71,755	71,755	71,755	71,755	71,755	71,755
Opened:	2002	770	636	708	732	716	741	780	770	722	726
		Square Feet	Enrollment								
<b>Gunstream</b>											
Site:	8.67 acres	71,755	71,755	71,755	71,755	71,755	71,755	71,755	71,755	71,755	71,755
Opened:	2002	680	687	710	695	705	709	708	721	704	654
		Square Feet	Enrollment								
<b>Riddle</b>											
Site:	9.38 acres	73,572	73,572	73,572	73,572	73,572	73,572	73,572	73,572	73,572	73,572
Opened:	2003	636	656	743	814	756	772	761	749	740	757
		Square Feet	Enrollment								
<b>Boals</b>											
Site:	8.08 acres	75,736	75,736	75,736	75,736	75,736	75,736	75,736	75,736	75,736	75,736
Opened:	2003	731	736	784	810	643	679	715	742	759	688
		Square Feet	Enrollment								
<b>Isbell</b>											
Site:	12.00 acres	75,904	75,904	75,904	75,904	75,904	75,904	75,904	75,904	75,904	75,904
Opened:	2004	709	740	764	782	765	737	684	642	617	709
		Square Feet	Enrollment								
<b>Pink</b>											
Site:	Shared	75,326	75,326	75,326	75,326	75,326	75,326	75,326	75,326	75,326	75,326
Opened:	2005	689	806	635	735	710	719	586	543	516	484
		Square Feet	Enrollment								
<b>Ashley</b>											
Site:	9.15 acres	75,904	75,904	75,904	75,904	75,904	75,904	75,904	75,904	75,904	75,904
Opened:	2005	631	763	570	687	754	850	828	573	655	674
		Square Feet	Enrollment								
<b>Bledsoe</b>											
Site:	8.00 acres	75,326	75,326	75,326	75,326	75,326	75,326	75,326	75,326	75,326	75,326
Opened:	2005	791	606	721	789	705	845	700	749	737	693
		Square Feet	Enrollment								
<b>Taylor</b>											
Site:	10.70 acres	75,904	75,904	75,904	75,904	75,904	75,904	75,904	75,904	75,904	75,904
Opened:	2006	543	554	565	561	615	674	678	652	705	734
		Square Feet	Enrollment								
<b>Corbell</b>											
Site:	9.00 acres	75,904	75,904	75,904	75,904	75,904	75,904	75,904	75,904	75,904	75,904
Opened:	2006	712	775	589	616	608	675	712	723	742	726
		Square Feet	Enrollment								
<b>Ogle</b>											
Site:	10.00 acres	75,904	75,904	75,904	75,904	75,904	75,904	75,904	75,904	75,904	75,904
Opened:	2006	519	554	607	643	604	684	647	658	672	682
		Square Feet	Enrollment								

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

(Unaudited)

		2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<b>Sem</b>											
Site:											
Opened:	acres	75,904	75,904	75,904	75,904	75,904	75,904	75,904	75,904	75,904	75,904
	2006	470	426	464	517	514	679	651	735	810	816
<b>Carroll</b>											
Site:	12.03 acres	75,902	75,902	75,902	75,902	75,902	75,902	75,902	75,902	75,902	75,902
Opened:	2007	543	629	704	730	713	729	520	502	452	524
<b>Mooneyham</b>											
Site:	10.55 acres	75,902	75,902	75,902	75,902	75,902	75,902	75,902	75,902	75,902	75,902
Opened:	2007	668	712	627	735	792	810	807	775	810	832
<b>Robertson</b>											
Site:	7.69 acres	75,902	75,902	75,902	75,902	75,902	75,902	75,902	75,902	75,902	75,902
Opened:	2007	726	795	721	854	736	810	780	861	709	752
<b>Elliott</b>											
Site:	9.12 acres	75,902	75,902	75,902	75,902	75,902	75,902	75,902	75,902	75,902	75,902
Opened:	2008	579	682	780	829	506	553	553	534	575	599
<b>Tadlock</b>											
Site:	8.18 acres	77,184	77,184	77,184	77,184	77,184	77,184	77,184	77,184	77,184	77,184
Opened:	2008	430	462	533	617	685	783	723	721	685	656
<b>Allen</b>											
Site:	9.78 acres	NA	83,960	83,960	83,960	83,960	83,960	83,960	83,960	83,960	83,960
Opened:	2009	NA	617	683	748	614	654	630	623	639	645
<b>Purefoy</b>											
Site:	8.75 acres	NA	NA	79,844	79,844	79,844	79,844	79,844	79,844	79,844	79,844
Opened:	2010	NA	NA	625	683	713	703	690	650	601	588
<b>Sonntag</b>											
Site:	9.38 acres	NA	NA	77,184	77,184	77,184	77,184	77,184	77,184	77,184	77,184
Opened:	2010	NA	NA	511	586	668	814	696	683	625	604
<b>Comstock</b>											
Site:	15.09 acres	NA	NA	NA	NA	79,844	79,844	79,844	79,844	79,844	79,844
Opened:	2012	NA	NA	NA	NA	442	533	640	741	756	735

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

(Unaudited)

		2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<b>Nichols</b>											
Site:	10.95 acres	NA	NA	NA	NA	83,332	83,332	83,332	83,332	83,332	83,332
Opened:	2012	NA	NA	NA	NA	619	717	677	761	463	570
<b>Phillips</b>											
Site:	12.52 acres	NA	NA	NA	NA	79,844	79,844	79,844	79,844	79,844	79,844
Opened:	2012	NA	NA	NA	NA	570	804	758	772	645	676
<b>Newman</b>											
Site:	9.43 acres	NA	NA	NA	NA	NA	NA	82,530	82,530	82,530	82,530
Opened:	2014	NA	NA	NA	NA	NA	NA	650	838	762	814
<b>Scott</b>											
Site:	8.56 acres	NA	NA	NA	NA	NA	NA	82,530	82,530	82,530	82,530
Opened:	2014	NA	NA	NA	NA	NA	NA	618	633	694	760
<b>McSpedden</b>											
Site:	17.99 acres	NA	NA	NA	NA	NA	NA	81,118	81,118	81,118	81,118
Opened:	2012	NA	NA	NA	NA	NA	NA	587	652	649	705
<b>Hosp</b>											
Site:	9.05 acres	NA	NA	NA	NA	NA	NA	81,118	81,118	81,118	81,118
Opened:	2014	NA	NA	NA	NA	NA	NA	471	664	685	749
<b>Norris</b>											
Site:	9,254 acres	NA	NA	NA	NA	NA	NA	NA	79,844	79,844	79,844
Opened:	2015	NA	NA	NA	NA	NA	NA	NA	580	692	835
<b>Miller</b>											
Site:	9,549 acres	NA	NA	NA	NA	NA	NA	NA	NA	79,844	79,844
Opened:	2016	NA	NA	NA	NA	NA	NA	NA	NA	545	635
<b>Vaughn</b>											
Site:	9,675 acres	NA	NA	NA	NA	NA	NA	NA	NA	79,844	79,844
Opened:	2016	NA	NA	NA	NA	NA	NA	NA	NA	510	584

Source: Frisco ISD real property inventory and demographic records

FEDERAL AWARDS SECTION

**Independent Auditor's Report on Internal Control over  
Financial Reporting and on Compliance and Other Matters  
Based on an Audit of Financial Statements Performed  
in Accordance with Government Auditing Standards**

To the Board of Trustees of  
Frisco Independent School District  
Frisco, 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, each major fund, and the aggregate remaining fund information of Frisco Independent School District (the District), as of and for the year ended June 30, 2018, 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 5, 2018.

***Internal Control over Financial Reporting***

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

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

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

***Compliance and Other Matters***

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

The Board of Trustees of  
Frisco Independent School District

**Purpose of this Report**

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

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

WEAVER AND TIDWELL, L.L.P.

Dallas, Texas  
November 5, 2018

**Independent Auditor's Report on Compliance for Each Major Federal Program and Report on Internal Control over Compliance in Accordance with the Uniform Guidance**

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

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

We have audited Frisco Independent School District's (the District) compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Compliance Supplement that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2018. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

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

***Auditor's Responsibility***

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

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

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

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2018.



## Report on Internal Control over Compliance

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

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

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

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

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

WEAVER AND TIDWELL, L.L.P.

Dallas, Texas  
November 5, 2018

**FRISCO INDEPENDENT SCHOOL DISTRICT  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2018**

EXHIBIT K-1

Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. DEPARTMENT OF EDUCATION			
<b>Direct Programs:</b>			
Impact Aid - P.L. 81874	84.041		\$ 9,091
Total Direct Programs			<u>9,091</u>
<b>Passed Through Region X ESC:</b>			
ESEA, Title I - Part A - Improving Basic Programs	84.010A	17610101057950	750,759
Title III - Part A - Immigrant	84.365A	17671003057950	71,326
Title III - Part A - English Language Acquisition	84.365A	17671001057950	244,313
ESEA, Title II - Part A, Teacher/Principal Training	84.367A	17694501057950	158,889
Title IV - Part A, Subpart 1	84.424A	18680101057950	18,885
Total passed through Region X ESC			<u>1,244,172</u>
<b>Passed through Texas Education Agency:</b>			
Special Education Cluster:			
IDEA B - Part B, Formula	84.027	17660001043905	5,704,223
IDEA B - Part B, Discretionary	84.027	17660012043905	692,601
IDEA B - Part B - Preschool	84.173	17661001043905	29,152
Total Special Education Cluster (IDEA)			<u>6,425,976</u>
Career and Technical - Basic Grant	84.048	17420006043905	187,504
Summer School - LEP	84.369A	69551502	27,550
Total passed through Texas Education Agency			<u>6,641,030</u>
<b>TOTAL U.S. DEPARTMENT OF EDUCATION</b>			<u><u>7,894,293</u></u>
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			
<b>Passed through Texas Education Agency:</b>			
Head Start	93.600	06CH7092	121,510
<b>Direct Program:</b>			
Medicaid Administrative Claiming	93.778		25,764
<b>TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>			<u><u>147,274</u></u>
U.S. DEPARTMENT OF AGRICULTURE			
<b>Passed through Texas Department of Human Services:</b>			
*National School Lunch Program - Noncash Assistance (Commodities)	10.555		1,397,288
<b>Passed through Texas Department of Agriculture:</b>			
*National School Breakfast Program	10.553		535,916
*National School Lunch Program	10.555		4,135,874
Total Passed through Texas Department of Agriculture			<u>4,671,790</u>
<b>TOTAL U.S. DEPARTMENT OF AGRICULTURE</b>			<u><u>6,069,078</u></u>
<b>TOTAL EXPENDITURES OF FEDERAL AWARDS</b>			<u><u>\$ 14,110,645</u></u>

**FRISCO INDEPENDENT SCHOOL DISTRICT**  
**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE YEAR ENDED JUNE 30, 2018**

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

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

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

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

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

3. The period of availability for federal grant funds for the purpose of liquidation of outstanding obligations made on or before the ending date of the federal project period extended 30 days beyond the federal project period end date, in accordance with Section H: Period of Availability of Federal Funds, Part 3 OMB Compliance Supplement.
4. The District received like kind goods under the National School Lunch Program (CFDA 10.555), which are reported on the SEFA as a noncash award. The monetary value of those goods was \$1,397,288 for the year ended June 30, 2018.
5. School Health and Related Services reimbursements of \$2,849,179 were recorded as federal program revenue in the General Fund, but are not considered federal awards for the purposes of the Schedule of Expenditures of Federal Awards.
6. Certain programs included in the Schedule of Expenditures of Federal Awards are not cost reimbursement grants, and therefore revenues do not equal expenditures. Expenditures on non-reimbursement grants exceeded revenues during the year by \$4,998.
7. The District participates in numerous state and federal grant programs, which are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustments by the grantor agencies; therefore, to the extent that the District has not complied with rules and regulations governing the grants, refund of any money received may be required and the collectability of any related receivable at June 30, 2018 may be impaired. In the opinion of the District, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provision has been recorded in the accompanying financial statements for such contingencies.
8. The District did not elect to use the de minimus indirect cost rate as allowed by the Uniform Guidance, Section 414, for the fiscal year ended June 30, 2018.

**Frisco Independent School District**  
 Schedule of Findings and Questioned Costs  
 June 30, 2018

**Section 1. Summary of the Auditor's Results**

**Financial Statements**

An unmodified opinion was issued on the financial statements.

Internal control over financial reporting:

Material weakness(es) identified?	_____ Yes	<u>  X  </u> No
Significant deficiency(ies) identified that are not considered a material weakness?	_____ Yes	<u>  X  </u> None reported
Noncompliance material to financial statements noted.	_____ Yes	<u>  X  </u> No

**Major Federal Programs**

Internal control over major federal programs:

Material weakness(es) identified?	_____ Yes	<u>  X  </u> No
Significant deficiency(ies) identified that are not considered a material weakness?	_____ Yes	<u>  X  </u> None reported

An unmodified opinion was issued on compliance for major federal programs.

Any audit findings disclosed that were required to be reported in accordance with 2 CFR 200.516(a)?	_____ Yes	<u>  X  </u> No
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Identification of major federal programs:

Child Nutrition Cluster	10.553, 10.555
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The dollar threshold used to distinguish between Type A and Type B programs.	<u>\$750,000</u>
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Auditee qualified as a low-risk auditee.	<u>  X  </u> Yes	_____ No
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**Frisco Independent School District**

Schedule of Findings and Questioned Costs – Continued

June 30, 2018

**Section 2. Findings Relating to the Financial Statements which are Required to be Reported in Accordance with Generally Accepted Government Auditing Standards.**

None

**Section 3. Findings and Questioned Costs for Federal Awards**

None

**Section 4. Summary of Prior Year Audit Findings**

None