

AUSTIN Independent School District

2015-16 Comprehensive Annual Financial Report
For the Fiscal Year Ending June 30, 2016

Austin, TX – Travis County
1111 West Sixth Street
Austin, TX 78703

www.austinisd.org
512.414.1700



AUSTIN INDEPENDENT SCHOOL DISTRICT
Austin, Texas

COMPREHENSIVE
ANNUAL FINANCIAL REPORT

TEN MONTH PERIOD ENDED
JUNE 30, 2016

Prepared by:
Financial Services Department

Austin Independent School District

Ten Months Ended June 30, 2016

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Introductory Section

Austin Independent School District

1111 West 6th Street
Austin, Texas 78703



December 16, 2016

To the Board of Trustees (“Board”) and the Citizens of Austin Independent School District:

We submit the Comprehensive Annual Financial Report (“CAFR”) of the Austin Independent School District (“the District”) for the ten month period ended June 30, 2016. This report provides information concerning the financial condition of the District to the Board, citizens of the District, representatives of financial institutions, rating agencies and other interested parties.

The Texas Education Code requires that all school districts file a set of financial statements with the Texas Education Agency (TEA) within 150 days of the close of each fiscal year. The financial statements must be presented in conformity with the generally accepted accounting principles (GAAP) and audited by a firm of licensed certified public accountants in accordance with generally accepted auditing standards (GAAS). The District’s Financial Services Department prepares the report.

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, the enclosed data is accurate in all material respects and fairly represents the financial position of all District funds. We have included all disclosures necessary to enable the reader to gain an understanding of the District’s financial activities.

The financial statements of the District have been audited by Padgett, Stratemann & Co., L.L.P. a firm of licensed certified public accountants. The goal of the independent audit is to provide reasonable assurance that the financial statements of the District are free of material misstatement. The independent audit involves examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used, significant estimates made by management and evaluating the overall financial statement presentation. The independent auditors concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the financial statements are fairly presented in conformity with GAAP. In addition, it was concluded that the major federal programs are in compliance with the types of compliance requirements described in the *Compliance Supplement* issued by the Office of Management and Budget.

The financial section of the CAFR includes Management’s Discussion and Analysis (“MD&A”). The MD&A provides an overview and analysis to accompany the basic financial statements. This transmittal letter complements MD&A and should be read in conjunction. The introductory section, other supplementary information, and statistical section as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

This report encompasses all funds of the District. The District is a public-school system offering early childhood education, pre-kindergarten and kindergarten through grade 12 educational opportunities for all school age residents within its geographic boundaries. In addition, the District must adhere to TEA provision on Inter-District Transfers (across districts). Based on the TEA provision the District served over 600 inter-district transfer students during the year. This report also includes any activities for which the Board has oversight responsibilities and/or authority to make decisions.

GOVERNING BODY

Members of the community comprise a nine-member Board of Trustees (“Board”). Each member is elected, in a nonpartisan election, to serve a four-year term. Elections are held on the first Tuesday each November. The Board governs the District.

Based on legislative authority codified in the Texas Education Code, the Board (1) has exclusive power to manage and govern the District; (2) can acquire and hold real and personal property; (3) shall have power to levy and collect taxes and to issue bonds; (4) can contract for appointed officers, teachers, and other personnel as well as for goods and services. Board decisions are based on a majority vote of those present.

In addition, the Board is responsible for adopting policy, employing and evaluating the Superintendent and overseeing the operations of the District and its schools. The Board is also responsible for setting the tax rate, adopting the annual budget along with periodic amendments, setting salary schedules and serving as a board of appeals in personnel and student matters.

Regular meetings are scheduled for the fourth Monday of the month and are held in the Carruth Administration Center Board Auditorium. Work sessions are held on the second Monday of each month. Special called meetings, committee meetings and workshop sessions are scheduled as needed and announced to the public in compliance with public notice requirements.

DISTRICT FACTS & FIGURES

The District was created in 1955, when all properties and operations of the City of Austin public free school system were transferred from the control of the City’s governing body to the District. The total area of the District is approximately 230.3 square miles located entirely within Travis County, Texas. During a period of several years following the creation of the District, several adjoining independent and common school districts were annexed to the District. The District is characterized as an urban district.

The Department of Campus and District Accountability published the following fact sheet summarizing District information for the 2015-2016 school year.



Campuses

■ High Schools	17
▲ Middle Schools	18
● Elementary Schools	85
● Other Campuses	10
Total	130



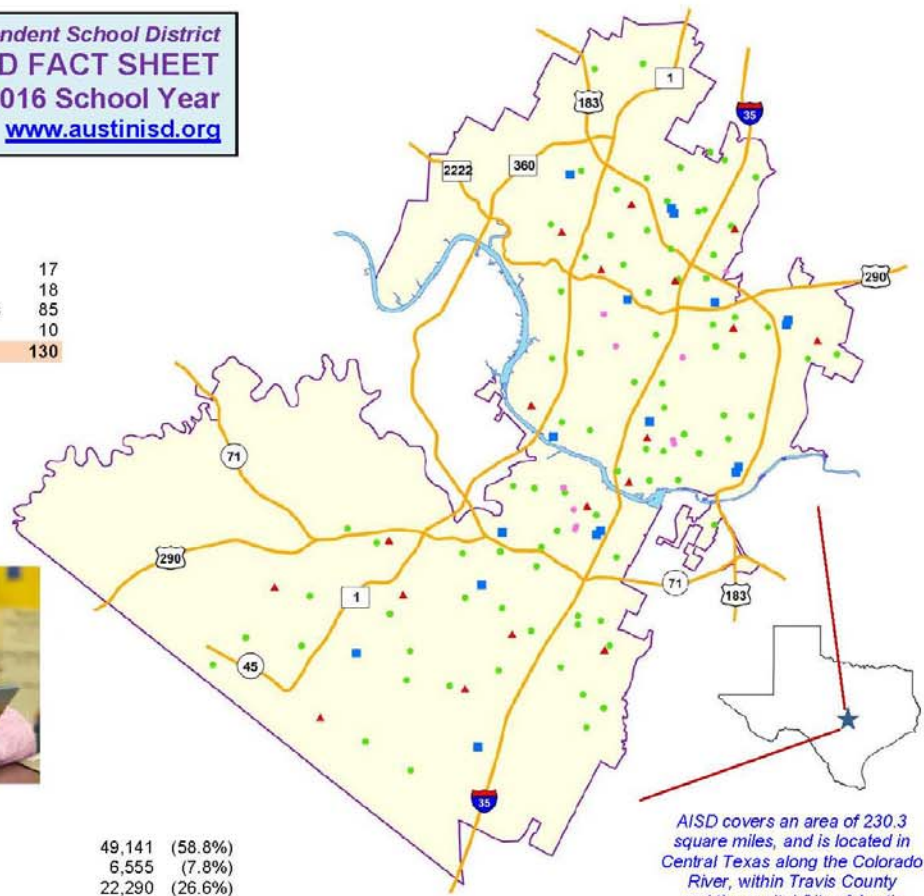
Student Enrollment¹

Hispanic	49,141	(58.8%)
African American	6,555	(7.8%)
White	22,290	(26.6%)
Other	5,648	(6.8%)
Total	83,634	
Limited English Proficiency (LEP)	23,258	(27.8%)
Economically Disadvantaged (Ecd)	47,724	(57.1%)
Special Education (SpEd)	8,493	(10.2%)

AISD Points of Pride

- ★ The Texas Education Agency has awarded 220 Distinction Designations for Outstanding Performance to 73 AISD schools.
- ★ U.S. News and World Report has ranked 7 AISD high schools among the best in the nation.
- ★ The U.S. Department of Education has named AISD's Blackshear Elementary a National Blue Ribbon School.
- ★ Niche has ranked AISD's Liberal Arts and Science Academy as the best public high school in Texas, and 5 other AISD high schools are among the top 25.
- ★ AISD's graduation rate is at an all-time high of 86.3%.
- ★ AISD has 50 National Merit Finalists, 3 National Merit Semifinalists, 99 National Merit Commended Students, 27 Scholars for the National Hispanic Recognition Program, and 2 National Achievement Scholars.
- ★ AISD has 242 National Board Certified Teachers – more than any school district in Texas.
- ★ AISD is the largest school district in the nation to earn the Anti-Defamation League's "No Place for Hate" designation.
- ★ AISD has the highest bond and State Financial Accountability ratings that school districts can earn in Texas. These ratings reflect AISD's stable financial management and operations, healthy reserves, and manageable debt profile, and save Austin taxpayers.

¹PEIMS Preliminary Snapshot, November 2015
²American Community Survey, 2014



AISD covers an area of 230.3 square miles, and is located in Central Texas along the Colorado River, within Travis County and the capital City of Austin

Employees

Teachers	6,353	(51.3%)
Other Professionals	2,820	(22.7%)
Auxiliary	3,222	(26.0%)
Total	12,395	

Budget

Operations	\$1,001,749,277	(87.0%)
Food Service	\$40,886,129	(3.5%)
Debt Service	\$109,033,174	(9.5%)
Total	\$1,151,668,580	

State Recapture	\$272,762,822
Net Operations	\$728,986,455
Total Tax Rate	\$1.202/\$100 valuation
Bond Ratings	Aaa (Moody's), AA+ (S&P), AAA/AA+ (Fitch)

Population within AISD Boundaries²

Total Population	= 713,916
Average Household Size	= 2.46
Home Language Not English	= 31.9%
Foreign Born	= 17.1%
Median Household Income	= \$57,727
Below Poverty Level	= 19.6%
Median Home Value	= \$268,200
Median Monthly Rent	= \$1,089
Renter Occupied Housing	= 56.1%
Different Residence 1 Year Ago	= 23.0%
Bachelor's Degree or Higher	= 46.9%
Median Age	= 32.7

ECONOMIC CONDITION AND OUTLOOK

Due to a highly successful combination of industry, business, government, education and the overall quality of life the Austin metropolitan area continues to be nationally recognized as one of the most desirable cities in the United States in which to live and work. Austin offers a wide variety of entertainment, with music as a special element. Known as the “Live Music Capital of the World”, Austin is host to the annual South by Southwest and Austin City Limits music festivals.

Known as the “Silicon Hills”, Austin has become one of the nation’s prominent high-tech centers and is now one of the top wireless cities. Austin is one of the top locations in the nation for filmmaking and is consistently ranked highly in many national “best places” lists, including best places to live, best places for business, best places to raise a family and best places to retire. Recently, Forbes ranked Austin 5th on the list of *Best Cities for Young Professionals in 2016*, 1st on its list of *America’s Fastest Growing Cities in 2016* and 6th on its list of *Best Big Cities for Jobs 2016*.

Since the 1960’s when IBM first opened its facility in Austin, the area has been synonymous with the phrase “high tech”. Subsequent arrivals of major firms such as Advanced Micro Devices, Applied Materials, Dell Computers and most recently Google, placed Central Texas on the map as a technological center and created an environment for innovation. Although technology remains the area’s strongest focus, new economic growth is also exploding in the industries of healthcare, pharmaceuticals and biotechnology. Much of this growth is possible through collaborative research partnerships at local universities. In fiscal year 2016, The University of Texas at Austin contributed over \$78 million to external individuals and groups for services such as research and hospitals.

The Central Texas area is rich in its capacity to generate new talent to support business and industry through the seven institutions of higher learning in the area, led by the University of Texas at Austin which is the seventh largest university in the United States. The addition in Round Rock of a branch of Texas State University and the Texas A&M University medical school as well as the planned addition of a campus for Austin Community College, will provide an even greater pool for firms to draw future members of the workforce.

FINANCIAL ACCOUNTABILTY AND INFORMATION

The District takes pride in its commitment to fiscal management through integrity, prudent stewardship, planning, accountability, transparency and communication. This philosophy has fostered management actions that led to the generation of a strong fund balance that has accumulated over the years, allowing the District to sustain a high quality of educational services, even in the most trying financial times.

In September 2004, the citizens of the District successfully passed a general obligation bond election that was the culmination of the hard work of the Board of Trustees, Superintendent, District staff and the Citizen’s Bond Committee, which studied and prioritized the capital needs of the District. The bond referendum totaled \$519.5 million and was intended to alleviate overcrowding, keep up with Austin’s growth and improve the quality, safety and sustainability of Austin ISD’s campuses and facilities. The bond funds continue to be utilized throughout this fiscal year.

FINANCIAL ACCOUNTABILITY AND INFORMATION (continued)

In May 2008, another bond package was approved by voters valued at \$343.7 million to address critical needs within the District. The bond was designed to meet new health requirements, upgrade technology throughout the district, address overcrowding and provide funds to build a district-wide performing arts center. This bond package also included construction of new schools, additions and renovations to various campuses, additional land purchases, expansion of technology for enhanced curriculum delivery and purchases of new school buses. This bond issue is still providing district needs as intended.

In May 2013, voters approved a bond package valued at \$489.7 million to support technology, transportation, energy conservation and address facility repairs and improvements across the District. Due to the age of many District facilities, this continues to be an ongoing process.

Despite budget constraints in recent years, AISD continues to use sound fiscal management practices, and prudently allocates its resources. Budgets have been developed and implemented with a focus on students and their needs. The district's efforts at fiscal responsibility have helped produce the following results:

- Of the 10 surrounding Districts, AISD has the lowest overall property tax rates in FY2016
- A 2015 School FIRST (Financial Integrity Rating System of Texas) rating of Superior Achievement, for the 13th consecutive year
- The Government Finance Officers Association (GFOA) Distinguished Budget Presentation Award for twelve years in a row and the GFOA Certificate of Achievement for Excellence in Financial Reporting for five years in a row
- The Association of School Business Officials International (ASBO) Meritorious Budget Award for excellence in the preparation and issuance of its school system budget for five years in a row
- The ASBO Certificate of Excellence in Financial Reporting for the sixth year in a row
- First ranked school district in the nation for total amount of renewable energy purchased
- One of the 16 school districts in the State that contribute to Social Security in addition to the Teacher Retirement System

BUDGETARY CONTROL

State law requires that every school district in Texas prepare and file an annual budget of anticipated revenues and expenditures with the TEA. The objective of budgetary controls is to ensure compliance with legal provisions embodied in the annual budget approved by the Board of Trustees. The budget itself is prepared utilizing a detailed line item approach for Governmental Fund types and is prepared in accordance with the budgeting requirements as outlined in the Financial Accountability System Resource Guide for Texas School Districts.

BUDGETARY CONTROL (continued)

The District maintains an encumbrance accounting system as a budgetary control. Outstanding encumbrances at the end of the fiscal year are rolled forward into the subsequent fiscal period and budget amendments are implemented accordingly.

It is the intent of the District that the budgetary process result in the most effective mix of the educational and financial resources available, while attaining the goals and objectives of the District's strategic plan. The ultimate decision of the level of funding and the programs to be funded rests with the Board of Trustees. After considering all factors, the Board sets an ad valorem tax rate that generates sufficient revenues to support the expenditure budget of the District.

The budget may be amended during the year to address unanticipated or changing needs of the District. A change to functional expenditure categories, revenue objects and/or other sources and uses accounts requires Board approval.

INTERNAL CONTROL

Management is responsible for designing, implementing and maintaining adequate, efficient and effective systems of internal control. These systems of control provide reasonable, but not absolute, assurance that (1) District assets and critical records are safeguarded from loss, theft or misuse, (2) authorized transactions are promptly and accurately recorded, (3) District resources are efficiently and economically employed and (4) financial reports are prepared in accordance with GAAP.

The concept of "reasonable assurance" recognizes that (1) the cost of a control should not exceed the benefits likely to be derived from its implementation; and (2) the valuation of cost and benefits requires estimates and judgments by management. Management believes the internal controls adequately meet the above objectives. In addition, the District has an Internal Audit Department that reports directly to the Board of Trustees.

FISCAL YEAR 2015-2016 DEVELOPMENT

The AISD Strategic Plan 2015-2020 was developed over several months with the input of stakeholders from across the district and the community. Strategic planning is a recognized best practice in accelerating an organization and keeping it on an upward trajectory.

The 2015-2020 AISD Strategic Plan provides the District with focus and direction for the next five years and position the District to make continued progress into the future. The Strategic Plan was developed to be innovative, aggressive and bold. The Board approved the Strategic Plan Framework in June 2015.

The Strategic Plan and related information, in English and Spanish, can be found on the AISD website:

<http://www.austinisd.org/strategicplan>

The Strategic Plan will be reviewed annually to ensure that it remains current and squarely focused on the needs of the District. The Board of Trustees will either reaffirm the Framework or make revisions. Likewise, the Administration will either reaffirm the 5-Year Implementation plan or make revisions. Collectively, the Strategic Plan implementation and alignment processes will ensure compliance with statutory requirements [Texas Education Code §11.252].

FISCAL YEAR 2015-2016 DEVELOPMENT (continued)

The Strategic Plan includes statements of Mission, Vision, Core Beliefs, Commitments and Values. Again the complete 2015-2020 Strategic Plan can be found on the district website. Below are the three CORE beliefs you will find when reviewing the plan:

- All students will graduate college, career and life-ready.
- Create an effective, agile and responsive organization.
- Create vibrant relationships critical for successful students and schools.

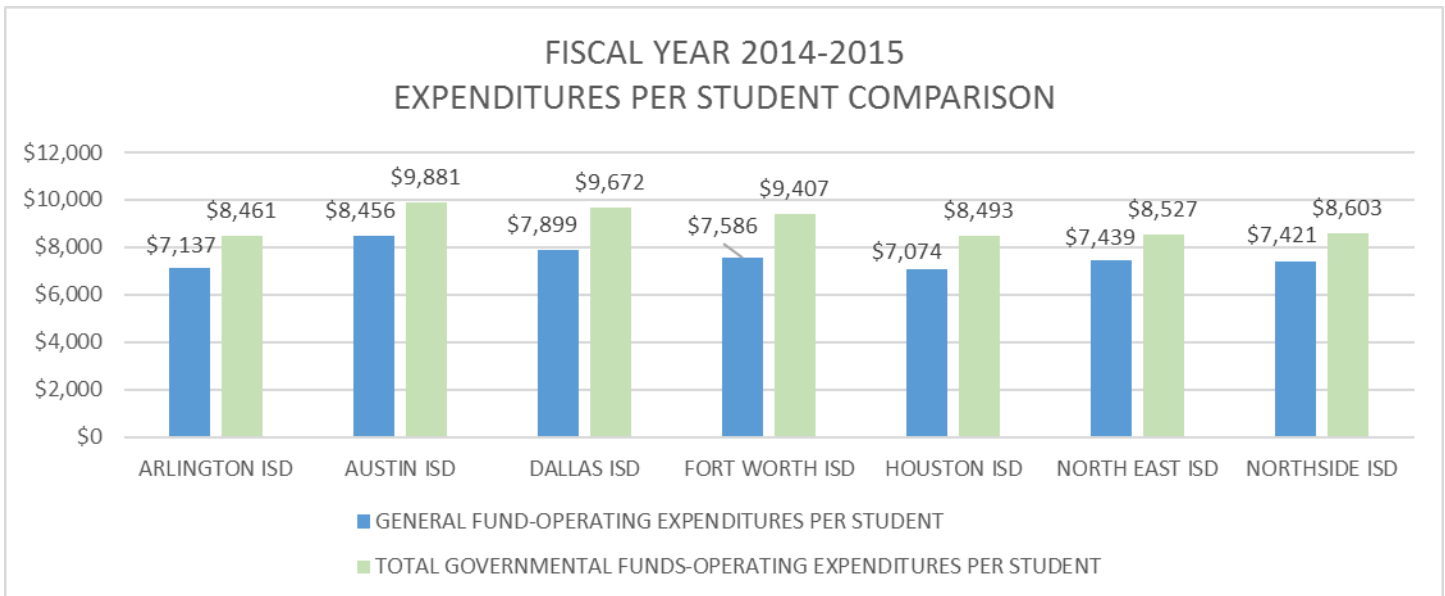
STUDENT INVESTMENT COMPARESON

The most recent data available from TEA is for fiscal year 2014-2015. The eight largest school districts in the state are classified “Major Urban” by TEA.

“Major Urban (11 districts). A district is classified as major urban if: (a) it is in a county with a population of at least 900,000; (b) its enrollment is the largest in the county or at least 75 percent of the largest district enrollment in the county; and (c) at least 35 percent of enrolled students are economically disadvantaged. A student is reported as economically disadvantaged if he or she is eligible for free or reduced-price meals under the National School Lunch and Child Nutrition Program”.

The graph below ranks each district on General Fund and Total governmental funds operating expenditures per student. Based on data provided by TEA the District continues to rank highest among the largest Major Urban school districts in Texas.

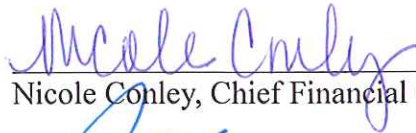
The District’s spending level per student is yet another example of the Districts commitment to ensure children have access to a quality education that enables them to achieve their potential and fully participate now and in the future in the social, economic, and educational opportunities of our state and nation.



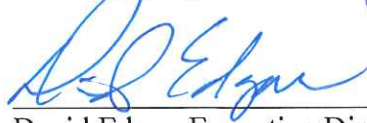
ACKNOWLEDGMENTS

Preparation of this report in a timely manner could not have been accomplished without the dedicated services of the District's Financial Services staff. We would like to express our appreciation for their contributions to its presentation. Acknowledgement is also given to Padgett, Stratemann & Co., L.L.P, staff for their assistance in the production of the report. Finally, we would like to thank the Board of Trustees for their support of the District's objectives of excellence in all aspects of financial management.

Respectfully submitted,



Nicole Conley, Chief Financial Officer



David Edgar, Executive Director of Finance



Deanna Greenway-Thoma, Interim Comptroller



Government Finance Officers Association

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

Presented to

**Austin Independent School District
Texas**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

August 31, 2015

Executive Director/CEO



ASSOCIATION OF
SCHOOL BUSINESS OFFICIALS
INTERNATIONAL

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

Austin Independent School District

**for its Comprehensive Annual Financial Report (CAFR)
for the Fiscal Year Ended August 31, 2015.**

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



Brenda Burkett

Brenda R. Burkett, CPA, CSBA, SFO
President

John D. Musso

John D. Musso, CAE, RSBA
Executive Director

AUSTIN INDEPENDENT SCHOOL DISTRICT

COMPREHENSIVE ANNUAL FINANCIAL REPORT TEN MONTH PERIOD ENDED JUNE 30, 2016

PRINCIPAL OFFICIALS AND ADVISORS

BOARD OF TRUSTEES

Kendall Pace	President
At Large, Position 9	
Paul Saldaña	Vice President
District 6	
Julie Cowan	Secretary
District 4	
Edmund T. Gordon	Member
District 1	
Jayne Mathias	Member
District 2	
Ann Teich	Member
District 3	
Amber Elenz	Member
District 5	
Yasmin Wagner	Member
District 7	
Cindy Anderson	Member
At Large, Position 8	

ADMINISTRATIVE STAFF

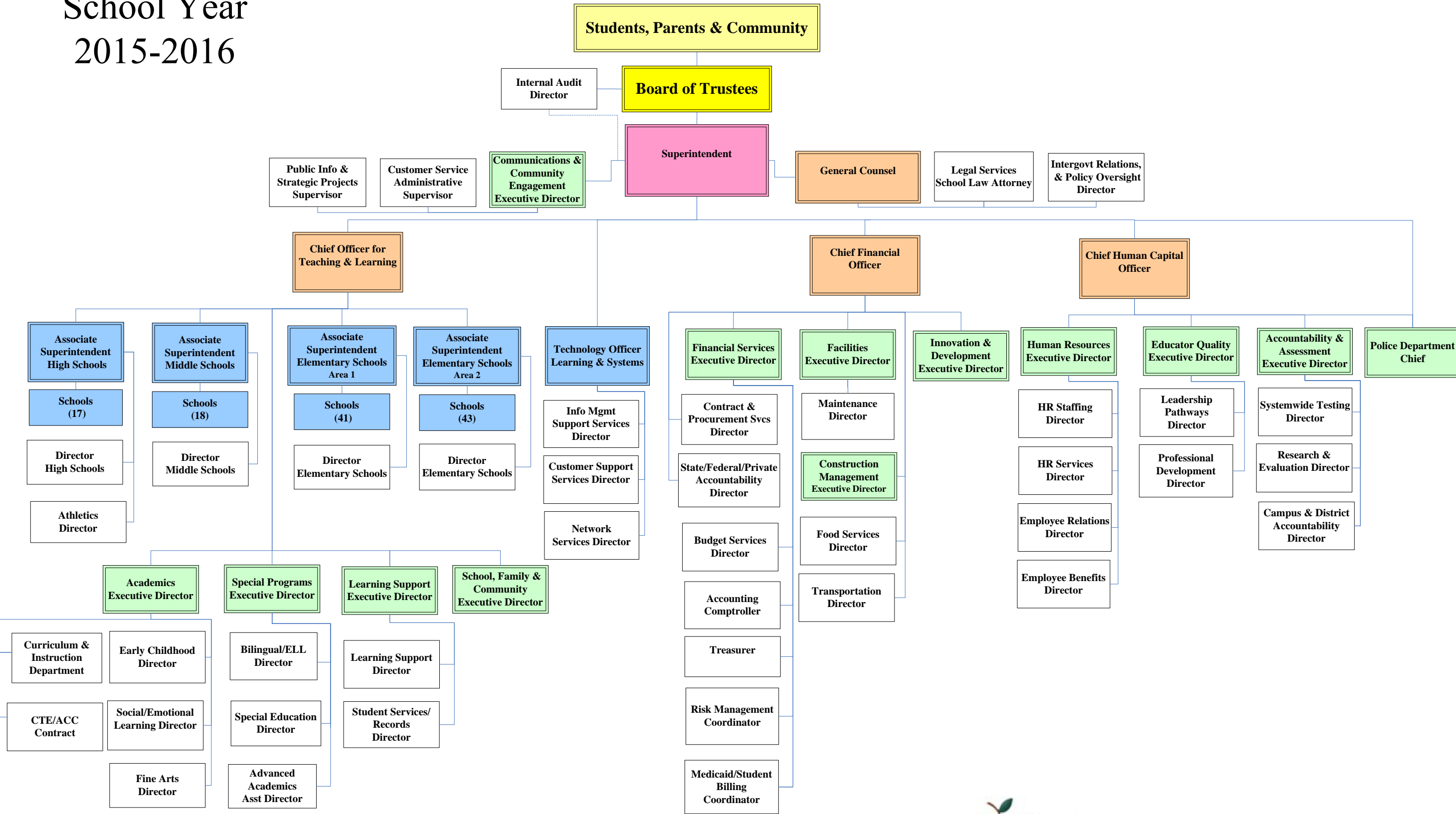
Paul Cruz, Ph.D., Superintendent

Nicole Conley	Chief Financial Officer
Edmund Oropez	Chief Schools Officer
Fernando Medina	Chief Human Capital Officer

CONSULTANTS, ADVISORS AND INDEPENDENT AUDITORS

Padgett, Stratemann & Co., L.L.P., Austin, Texas	Independent Auditors
Andrews & Kurth L.L.P., Austin, Texas	Bond Counsel
First Southwest Company, Austin, Texas	Financial Advisors

School Year 2015-2016



Financial Section



Padgett Stratemann

Independent Auditor's Report

To the Board of Trustees
Austin Independent School District
Austin, 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 the Austin Independent School District (the "District") as of and for the ten month period ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

AUSTIN

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the District as of June 30, 2016, and the respective changes in financial position and, where applicable, cash flows thereof for the ten month period then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matters

As described in Note 3(C) to the financial statements, effective September 1, 2015, the District implemented Governmental Accounting Standards Board (“GASB”) Statement No. 72, *Fair Value Measurement and Application*, and GASB Statement No. 79, *Certain External Investment Pools and Pool Participants*. Our opinion is not modified with respect to these matters.

As described in Note 1 to the financial statements, the District changed its fiscal year from a year end of August 31 to June 30 effective this reporting period. As such, the financial statements are presented for a ten month period of September 1, 2015 through June 30, 2016. 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 Schedule – General Fund, Schedule of the District’s Proportionate Share of the Net Pension Liability, and Schedule of District Contributions, as listed in the table of contents, 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 Other Supplementary Information, as listed in the table of contents, and the Schedule of Expenditures of Federal Awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Other Supplementary Information 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 Other Supplementary Information 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.

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 and Statistical Section, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 15, 2016 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Padgett, Statemann + Co., L.L.P.

Austin, Texas
November 15, 2016

Austin Independent School District

Management's Discussion and Analysis

June 30, 2016

This section of Austin Independent School District's (the "District") annual financial report presents our discussion and analysis of the District's financial performance during the ten month period ended June 30, 2016. Please read it in conjunction with the District's financial statements, which follow this section.

House Bill 98 enacted by the 76th Legislature of the state of Texas allowed school districts to change their fiscal year-end from August 31 to June 30 beginning with the 2001-2002 fiscal year. The District elected to take advantage of this opportunity and chose to change its fiscal year beginning with the 2015-2016 reporting period. As such, the financial statements are presented for a ten-month period of September 1, 2015 through June 30, 2016.

FINANCIAL HIGHLIGHTS

- The assets plus deferred outflows of resources of the District exceeded its liabilities plus deferred inflows of resources at the close of the ten month period ended June 30, 2016. Net position was \$330.0 million. Net investment in capital assets was \$54.6 million. The District's restricted net position was \$129.7 million. Unrestricted net position was \$145.7 million.
- During the year, the District's expenses were \$92.5 million less than the \$1,236.5 million generated in taxes and other revenues for governmental activities. Expenditures totaled \$983.7 million after charges for services and operating grants and contributions (revenue). Total revenue from property taxes, state aid, unrestricted grants and contributions, investment income, and miscellaneous revenues is \$1,076.2 million.
- At the end of the current fiscal year, the unassigned fund balance for the general fund was \$266.2 million, or 29% of the total general fund expenditures.
- The District issued \$24.1 million in bonds during the fiscal year 2015-2016, and ended the year with \$100.0 million outstanding in commercial paper.

Austin Independent School District

Management's Discussion and Analysis

June 30, 2016

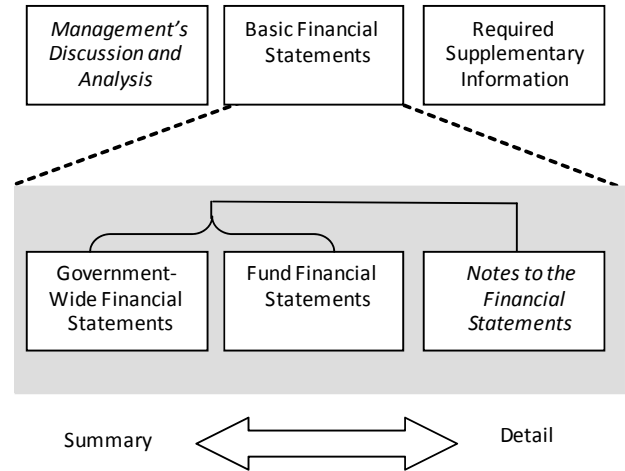
OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of three parts – management's discussion and analysis (this section), the basic financial statements, and required supplementary information. The basic financial statements include two kinds of statements that present different views of the District:

- The first two statements are government-wide financial statements that provide both long-term and short-term information about the District's overall financial status.
- The remaining statements are fund financial statements that focus on individual parts of the government, reporting the District's operations in more detail than the government-wide statements.
- The Governmental Funds statements tell how general government services were financed in the short term, as well as what remains for future spending.
- The Proprietary Fund statements provide information about the District's internal service funds, which are used to accumulate expenses to be charged to the governmental funds.
- Fiduciary Fund statements provide information about the financial relationships in which the District acts solely as a trustee or agent for the benefit of others to whom the resources in question belong.

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the information in the financial statements. Figure A-1 shows how the required parts of this annual report are arranged and related to one another.

Figure A-1 Required Components of the District's Annual Financial Report



Austin Independent School District

Management’s Discussion and Analysis

June 30, 2016

Figure A-2 summarizes the major features of the District’s financial statements, including the portion of the District government they cover and the types of information they contain. The remainder of this overview section explains the structure and contents of each of the statements.

Figure A-2 Major Features of the District’s Government-Wide and Fund Financial Statements

Type of Statement	Government-Wide	Governmental Funds	Fiduciary Funds
<i>Scope</i>	Entire District’s government (except fiduciary funds)	The activities of the District that are not propriety or fiduciary	Instances in which the District is the trustee or agent for someone else’s resources
<i>Required Financial Statements</i>	<ul style="list-style-type: none"> • Statement of net position • Statement of activities 	<ul style="list-style-type: none"> • Balance sheet • Statement of revenues, expenditures, and changes in fund balances 	<ul style="list-style-type: none"> • Statement of fiduciary net position
<i>Accounting Basis and Measurement Focus</i>	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus
<i>Type of Asset/Liability Information</i>	All assets and liabilities, both financial and capital, short-term and long-term	Only assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets included	Only assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets included
<i>Type of Inflow/Outflow Information</i>	All revenues and expenses during the year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after year-end, expenditures when goods or services have been received and payment is due during the year or soon thereafter	Agency funds do not report revenue and expenditures

Austin Independent School District

Management's Discussion and Analysis

June 30, 2016

Government-Wide Statements

The government-wide statements report information about the District as a whole, using accounting methods similar to those used by private-sector companies. The statement of net position includes all the government's assets, deferred outflows of resources, liabilities, and deferred inflows of resources. All the current year's revenues and expenses are accounted for in the statement of activities on the accrual basis, regardless of when cash is received or paid.

The two government-wide statements report the District's net position and how they have changed. Net position, the difference between the District's assets plus deferred outflows of resources and liabilities plus deferred inflows of resources, are one way to measure the District's financial position.

- Over time, increases or decreases in the District's net position are an indicator of whether its financial health is improving or deteriorating.
- To assess the overall financial health of the District, one must consider additional factors, such as changes in the District's tax base.

The government-wide financial statements of the District include the governmental activities. All the District's basic services are included here, such as instruction, extracurricular activities, curriculum and staff development, health services, and general administration. Property taxes and grants finance most of these activities.

Fund Financial Statements

The fund financial statements provide more detailed information about the District's major funds, rather than the District as a whole. Funds are a governmental accounting tool the District uses to keep track of specific sources of funding and spending for particular purposes.

- Some funds are required by state law and by bond covenants.
- The Board of Trustees establishes other funds to control and manage resources for specific purposes or to delineate the use of certain taxes and grants.

The District has three kinds of funds:

- *Governmental Funds* – Most of the District's basic services are included in Governmental Funds, which focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) on the balances left at year-end that are available for spending. Consequently, the Governmental Funds statements provide a detailed short-term view that helps determine the availability of financial resources to finance the District's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, we provide additional information at the bottom of the Governmental Funds statement, or on the subsequent page, that explains the relationship (or differences) between them. These include debt financing and capital projects.

Austin Independent School District

Management's Discussion and Analysis

June 30, 2016

- *Proprietary Funds* – Services for which the District charges internal departments a fee are generally reported in Proprietary Funds. Proprietary Funds, like the government-wide statements, provide both long and short-term financial information. In the District, internal service funds are used to report activities that provide supplies and services for the District's other programs and activities, such as the District's Self Insurance Fund.
- *Fiduciary Funds* – The District is the trustee, or fiduciary, for certain funds. It is also responsible for other assets that, because of a trust arrangement, can be used only for the trust beneficiaries. The District is responsible for ensuring that the assets reported in these funds are used for their intended purposes. All the District's fiduciary activities are reported in a separate statement of fiduciary net position and a statement of changes in fiduciary net position. We exclude these activities from the District's government-wide financial statements because the District cannot use these assets to finance its operations.

Required Supplementary Information

The basic financial statements are followed by a section of required supplementary information. This section includes a Budgetary Comparison Schedule – General Fund, Schedule of the District's Proportionate Share of the Net Position Liability, and the Schedule of the District's Contributions. The Budgetary Comparison Schedule – General Fund provides detailed comparisons of expenditures and intra-agency transfers at the legal level of control. Comparisons can be made between the original budget, final budget, and actual costs for the year. The Schedule of the District's Proportionate Share of the Net Position Liability and Schedule of the District's Contributions disclose covered payroll and related comparison information, as required by GASB Statement No. 68, as of June 30, 2016.

Austin Independent School District

Management's Discussion and Analysis

June 30, 2016

Financial Analysis of the District as a Whole

Net Position – The District's combined net position was approximately \$330.0 million at June 30, 2016. The following is a schedule of the District's net position:

Table A-1
The District's Net Position
(In Millions of Dollars)

	<u>Governmental Activities</u>		<u>Percentage Change</u>
	<u>2016</u>	<u>2015</u>	
Current and other assets	\$ 686.3	\$ 432.6	59%
Capital assets	<u>965.3</u>	<u>952.6</u>	1%
Total assets	<u>1,651.6</u>	<u>1,385.2</u>	19%
Deferred loss on refunding	8.2	8.7	(6%)
Deferred outflow for TRS pension liability	<u>40.5</u>	<u>17.4</u>	133%
Total deferred outflows of resources	<u>48.7</u>	<u>26.1</u>	87%
Current liabilities	402.5	241.9	66%
Long-term liabilities	<u>919.2</u>	<u>900.6</u>	2%
Total liabilities	<u>1,321.7</u>	<u>1,142.5</u>	16%
Deferred inflow for TRS pension liability	<u>48.7</u>	<u>31.3</u>	56%
Total deferred inflows of resources	<u>48.7</u>	<u>31.3</u>	56%
Net position:			
Net investment in capital assets	54.6	141.5	(61%)
Restricted	129.7	52.7	146%
Unrestricted	<u>145.7</u>	<u>43.3</u>	236%
Total net position	<u>\$ 330.0</u>	<u>\$ 237.5</u>	39%

Austin Independent School District

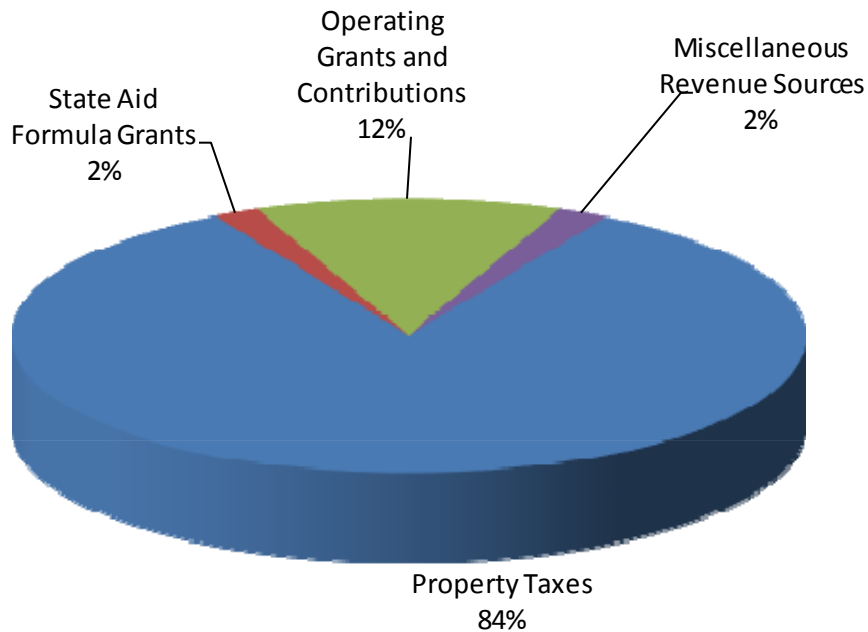
Management's Discussion and Analysis

June 30, 2016

Changes in Net Position

The District's total revenues were \$1,236.5 million. A significant portion, 84%, of the District's revenue comes from taxes; 2% comes from state aid formula grants, while 12% is related to other operating grants and contributions; the remaining 2% comes from miscellaneous revenue sources (see Figure A-3 below).

**Figure A-3
Sources of Revenues for Fiscal Year 2016**



The total cost of all programs was \$1,144.0 million and \$1,129.8 million for the ten month period ended June 30, 2016 and year ended August 31, 2015, respectively. When adjusted for the \$268.8 million in expenses in 2016 and \$183.6 million in expenses in 2015 related to Chapter 41 and other pass-through costs, 73.3% and 72.1%, respectively, of these costs are for instructional and student services.

The total of all program and service costs for school leadership was 5.4% in 2016 and 6.4% in 2015, and 7.2% and 9.1% in 2016 and 2015, respectively, for plant maintenance and operations (including security services).

Austin Independent School District

Management's Discussion and Analysis

June 30, 2016

Table A-2
Changes in the District's Net Position
(In Millions of Dollars)

	<u>Governmental Activities</u>		<u>Percentage Change</u>
	<u>2016</u>	<u>2015</u>	
Revenues			
Program revenues:			
Charges for services	\$ 6.2	\$ 6.2	1%
Operating grants and contributions	154.0	167.1	(8%)
General revenues:			
Property taxes	1,033.7	921.2	12%
State aid – formula	22.9	34.1	(33%)
Investment earnings	2.1	0.8	165%
Other	17.5	17.6	(1%)
Total revenues	<u>1,236.5</u>	<u>1,147.0</u>	8%
Expenses			
Instruction and instructional related	487.0	505.5	(4%)
Instructional resources and media related	12.3	13.8	(11%)
Curriculum and staff development	19.9	30.4	(35%)
Instructional leadership	13.2	16.8	(21%)
School leadership	48.8	55.6	(12%)
Guidance, counseling, and evaluation services	23.1	26.9	(14%)
Social work services	5.1	5.0	2%
Health services	6.9	6.8	2%
Student transportation	31.5	33.6	(6%)
Food services	39.0	42.6	(8%)
Extracurricular activities	16.7	17.9	(7%)
General administration	16.8	19.1	(12%)
Plant maintenance and operations	73.2	93.2	(21%)
Security and monitoring services	9.6	10.0	(4%)
Data processing services	18.5	19.9	(7%)
Community services	15.7	17.6	(11%)
Debt service	31.3	25.0	25%
Payments to fiscal agent/member districts – shared service	268.8	183.6	46%
Other governmental charges	5.7	5.3	8%
Depreciation – exclusive of functional amounts	0.9	1.2	(23%)
Total expenses	<u>1,144.0</u>	<u>1,129.8</u>	1%
Change in net position	92.5	17.2	438%
Net position at beginning of period	<u>237.5</u>	<u>220.3</u>	8%
Net position at end of period	<u>330.0</u>	<u>237.5</u>	39%

Austin Independent School District

Management’s Discussion and Analysis

June 30, 2016

Table A-3 presents the cost of the District’s largest functions, as well as each function’s net cost (total costs less fees generated by the activities and intergovernmental aid). The net cost reflects what was funded directly by state revenues, as well as local tax dollars.

- The cost of all governmental activities in 2016 was \$1,144.0 million and in 2015 was \$1,129.8 million.
- However, the amount the District’s taxpayers paid for these activities through property taxes was only \$1,033.7 million in 2016 and \$921.2 million in 2015.
- Those who directly benefited paid some costs of the programs (\$6.2 million in 2016 and \$6.2 million in 2015) with grants and contributions (\$154.0 million in 2016 and \$167.1 million in 2015) sharing the load.

Table A-3
Net Cost of Selected District Functions
(In Millions of Dollars)

	<u>Total Cost of Services</u>			<u>Percentage Change</u>	<u>Net Cost of Services</u>		<u>Percentage Change</u>
	<u>2016</u>	<u>2015</u>			<u>2016</u>	<u>2015</u>	
Instruction	\$ 519.1	\$ 549.7	(6%)	\$ 445.6	\$ 466.7	(5%)	
School leadership	62.0	72.3	(14%)	55.4	64.6	(14%)	
Plant maintenance and operations	73.2	93.2	(21%)	71.5	91.5	(22%)	

FINANCIAL ANALYSIS OF THE DISTRICT’S FUNDS

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

Governmental Funds

The focus of the District’s Governmental Funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the District’s financing requirements. In particular, the unassigned fund balance may serve as a useful measure of the District’s net resources available for spending at the end of a fiscal year.

At the end of the current fiscal year, the District’s Governmental Funds reported combined ending fund balances of \$347.4 million. Approximately 77% percent of this total amount (\$266.2 million) is available for spending at the government’s discretion (General Fund unassigned fund balance). The remainder of the fund balance is nonspendable, restricted, or assigned to indicate it is not available for new spending because it has already been committed for various purposes, including capital projects, repayment of debt, food service, wastewater plant, and investment in inventories.

Austin Independent School District

Management's Discussion and Analysis

June 30, 2016

The General Fund is the primary operating fund of the District. At the end of the current fiscal year, the fund balance of the General Fund was \$292.3 million. Of this amount, \$24.6 million is assigned for various projects, and \$1.4 million is nonspendable for investment in inventories. As a measure of the General Fund's liquidity, it may be useful to compare total fund balance to total fund expenditures. The total General Fund balance represents approximately 31% of total fund expenditures. The fund balance increased by \$74.5 million during the current fiscal year period.

The Debt Service Fund had an increase in fund balance of \$89.5 million during the current year to bring the year end fund balance to \$137.7 million. The increase is primarily the result of the timing of principal and interest payments from 2015 to 2016 due to the change in the fiscal year end. Approximately \$85.3 million in principal and interest payments are due on August 1, 2016.

The Capital Projects Fund accounts for the construction of school buildings and improvements. At the end of the current fiscal year, the fund balance was a negative \$91.2 million, due to outstanding payables related to construction costs of \$9.5 million and \$100.0 million in outstanding commercial paper. The District finances construction costs with commercial paper until bonded debt is issued at a later date.

General Fund Budgetary Highlights (See Exhibit G-1)

Differences between the final general operating fund budget and the actual amounts are explained as follows:

Revenues

- An unfavorable variance in local and state sources were due to the following adjustments:
 - Local property tax collections, including current year, prior year, and penalty and interest, were \$271,525, or 0.03% lower than anticipated.
 - State revenue including the Foundation School Program and TRS on behalf payments were almost \$2.4 million less than anticipated.
 - Federal and grant indirect cost earnings was \$19,271 less than anticipated.

Expenditures

- A net favorable variance of almost \$21.4 million in expenditures was due to the following variances:
 - Employee payroll, payroll taxes, and benefits, including the related TRS on behalf payment, were \$10.2 million less than budgeted.
 - Professional and contracted services were \$10.4 million less than estimated.
 - The District spent \$1.7 million less on supplies and materials than budgeted. This includes software, equipment, and general supplies.
 - The District spent \$0.1 million less on other operating costs. This includes employee travel and insurance and bonding costs.
 - The District spent \$1.1 million more on capital outlay for buildings and equipment than budgeted.
 - Other areas of unspent items that were spread across the remaining accounts not covered above, totaling \$0.1 million.

Austin Independent School District

Management's Discussion and Analysis

June 30, 2016

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2016, the District had invested \$965.3 million in a broad range of capital assets, including land, equipment, buildings, vehicles, and capital lease assets. (See Table A-4 below.)

Table A-4
District's Capital Assets
(In Millions of Dollars)

	<u>Governmental Activities</u>		<u>Percentage Change</u>
	<u>2016</u>	<u>2015</u>	
Land	\$ 70.7	\$ 70.7	(0%)
Buildings and improvements	864.0	858.7	1%
Furniture fixtures and equipment	30.6	23.2	32%
	<u>\$ 965.3</u>	<u>\$ 952.6</u>	1%

During the District's fiscal year 2015-2016, capital spending totaled \$63.5 million in building and improvements and capital equipment. At June 30, 2016, the District is committed under contracts in the amount of approximately \$11.2 million. The commitments are for remaining work on various construction projects. These commitments are payable from the Capital Projects Fund. For more detailed information on capital assets, refer to Note 7 of the notes to the basic financial statements.

Debt Administration

At June 30, 2016, the District had \$879.5 million in long-term debt outstanding, as shown in Table A-5 (on the following page). Additionally, the District is approved for the issuance of Austin Independent School District Commercial Paper Notes, Series A ("Commercial Paper") in an aggregate principal amount not to exceed \$150,000,000 for the purpose of funding new construction and rehabilitation and renovation of existing facilities. The Commercial Paper notes mature in not more than 270 days from issuance and are supported by a revolving credit agreement with Sumitomo Mitsui Banking Corporation and Mizuho Bank, Ltd. The Commercial Paper is secured by a pledge of the proceeds of future general obligation bonds or loans, issued by the District, to pay the principal of the Commercial Paper or proceeds from ad valorem property taxes. The District had \$100.0 million in Commercial Paper outstanding in the Capital Projects Fund as of June 30, 2016.

Austin Independent School District

Management’s Discussion and Analysis

June 30, 2016

Table A-5
District’s Long-Term Debt
(In Millions of Dollars)

	Governmental Activities		Percentage Change
	2016	2015	
Bonds payable	\$ 876.2	\$ 856.9	2%
Notes and leases payable	3.3	3.6	(7%)
	\$ 879.5	\$ 860.5	2%

For more information on long-term debt, refer to Note 8 of the notes to the basic financial statements.

ECONOMIC FACTORS AND NEXT YEAR’S BUDGETS AND RATES

Assessed values for the 2015-2016 school year were \$81.3 billion as of August 24, 2015, an increase of 14.7% from the previous year. The values for the 2016-2017 school year, as of July 18, 2016, were at \$93.8 billion, an increase of 15.4% from 2015-2016. The first six week’s enrollment for 2016-2017 was 83,238 a decrease of 0.6% from 2015-2016. Funding from the state is based on Average Daily Attendance (“ADA”). ADA for 2015-2016 was 76,454, a decrease of 905, or 1.1% from the prior year. For 2016-2017, the District projects an estimated ADA of 75,645 which represents a 1.0% decrease from the 2015-2016 school year.

The actual cost per student for 2015-2016 was \$7,904 and the projected estimated cost per student for 2016-2017 is \$9,084. The cost per student for 2015-2016 was calculated by dividing the total General Fund actual expenditures, net of Chapter 41 payments, with the actual student enrollment. The cost per student for 2016-2017 was calculated by dividing the total General Fund adopted budget, net of Chapter 41 payments, with budgeted enrollment. The increase in the cost per student from 2015-2016 to 2016-2017 is attributed to a combination of increases in the General Fund budget (driven largely by the \$20 million salary increase and a 10-month to 12-month fiscal year) combined with decreases in student enrollment.

Increases

- A 4% pensionable increase over the District’s fiscal year 2015-16 annualized salary for fiscal year 2016-17. (\$20.0 million).
 - Begin accruing for the Professional Pathway for Teachers compensation plan (\$3.0 million).
 - Increase the districts minimum wage to \$13 per hour for regular employees (1.2 million).
- Increase to meet statutorily required or contractually obligated programs (\$3.4 million).
- Baseline increases, including audit fees, election fees, insurance and bonding costs, and tax collection and appraisal fees, utilities, CALT program, software for asset management and the state TRS matching contribution (\$3 million). Increase in Chapter 41 payment estimate (\$133.3 million).

Austin Independent School District

Management's Discussion and Analysis

June 30, 2016

- Expand the GPS Software for Viewing Bus Arrivals (\$75,000).
- UIL Mandated Rate Increase (\$75,000).
- Expand campus based technology team from 5 FTEs to 25 FTEs (\$1.1 million)
- Expand dyslexia evaluation to all students suspected of having dyslexia - Mandated (3.0 FTEs) (\$198,429).
- Increase to meet the National Fire Alarm and Signaling Code (NFPA 72) (\$205,848).
- Increase for Career and Technology Education to meet compliance standards (\$450,000).
- Health and physical education (\$10,000).

Decreases

- Reduction of payroll costs resulting from decrease in enrollment (\$3.9 million).
- FTE/CAC/Campus Non-Classroom Positions (\$1.5 million).
- Strategic Compensation Initiative (\$1.0 million).
- Savings for custodial services including evening schedules net of night differential and others (\$615,840).
- Curriculum Writing Cadre Reduction (\$298,046).

At the end of the 2015-2016 school year, the District had an increase of \$74.5 million in the General Fund balance, bringing the District's fund balance from \$217.7 million to \$292.2 million as of June 30, 2016. Of this amount, \$1.4 million is nonspendable, \$24.6 million is assigned, and \$266.2 million is unassigned. For the 2016-2020 school year, General Fund revenues are projected to increase approximately 14.6% and expenditures are projected to increase 24.7%. The District anticipates having a surplus of revenues over expenditures by \$3.8 million at the end of the 2016-2017 school year. For the 2015-2016 and 2016-2017 school years, recapture payments totaled \$266.1 million and estimated at \$406.1 million, respectively. The District's maintenance and operation tax rate is \$1.079 per hundred dollars of assessed value for 2015-2016 and remained the same for the 2016-2017 school year.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the District's Financial Services Department.

Basic Financial Statements

Austin Independent School District

Exhibit A-1 Statement of Net Position

June 30, 2016

<u>Data Control Codes</u>		<u>Governmental Activities</u>
	Assets	
1110	Cash, cash equivalents, and temporary investments	\$ 648,034,542
1225	Property taxes receivable – net	10,064,258
1240	Due from other governments	22,065,465
1260	Receivables from external parties	734,055
1290	Other receivables – net	1,408,175
1310	Inventories	3,135,187
1410	Prepays and other assets	867,684
	Capital assets:	
1510	Land	70,698,102
1520	Buildings and improvements – net	796,770,591
1530	Furniture and equipment – net	30,587,808
1580	Construction in progress	67,277,451
1000	Total assets	<u>1,651,643,318</u>
	Deferred Outflows of Resources	
1701	Deferred loss on refunding	8,187,123
1705	Deferred outflow for TRS pension liability	40,492,247
	Total deferred outflows of resources	<u>48,679,370</u>
	Liabilities	
2110	Accounts payable	34,077,891
2120	Commercial paper	100,000,000
2150	Payroll deductions and withholdings	13,523,229
2160	Accrued wages payable	34,485,414
2170	Payables to external parties	5,201
2180	Due to other governments	120,697,714
2200	Accrued expenses	15,151,923
2300	Unearned revenues	1,229,319
	Noncurrent liabilities:	
2400	Due within one year	83,320,812
2500	Due in more than one year	810,253,615
2500	Net pension liability – District’s share	108,918,334
2000	Total liabilities	<u>1,321,663,452</u>
	Deferred Inflows of Resources	
2605	Deferred inflow for TRS pension liability	48,680,273
	Total deferred inflows of resources	<u>48,680,273</u>
	Net Position	
3200	Net investment in capital assets	54,626,903
3800	Restricted for:	
	Retirement of long-term debt	123,562,109
	Federal and state funds grants	6,108,396
3900	Unrestricted	145,681,555
3000	Total net position	<u>\$ 329,978,963</u>

The accompanying notes are an integral part of this statement.

Austin Independent School District

Exhibit B-1 Statement of Activities

Ten Month Period Ended June 30, 2016

Data Control Codes	Functions/Programs	1	3	4	Net (Expense) Revenue and Changes in Net Position
		Expenses	Program Revenues		Governmental Activities
			Charges for Services	Operating Grants and Contributions	
Government activities:					
11	Instruction	\$ 486,966,128	\$ 1,520,028	\$ 60,547,241	\$ (424,898,859)
12	Instructional resources and media services	12,266,216	-	727,312	(11,538,904)
13	Curriculum and instructional staff development	19,909,135	-	10,785,072	(9,124,063)
21	Instructional leadership	13,194,751	-	2,376,643	(10,818,108)
23	School leadership	48,755,251	-	4,189,383	(44,565,868)
31	Guidance, counseling, and evaluation services	23,110,375	-	3,202,424	(19,907,951)
32	Social work services	5,091,628	-	516,315	(4,575,313)
33	Health services	6,942,633	-	23,616,131	16,673,498
34	Student (pupil) transportation	31,507,346	-	1,010,876	(30,496,470)
35	Food services	39,032,345	-	35,988,103	(3,044,242)
36	Curricular/extracurricular activities	16,651,563	701,194	512,426	(15,437,943)
41	General administration	16,813,369	1,558,250	1,069,277	(14,185,842)
51	Plant maintenance and operations	73,162,057	-	1,626,718	(71,535,339)
52	Security and monitoring services	9,625,064	-	421,421	(9,203,643)
53	Data processing services	18,519,875	-	1,231,774	(17,288,101)
61	Community services	15,746,363	2,454,839	6,218,455	(7,073,069)
71	Interest on long-term debt	31,280,410	-	-	(31,280,410)
91	Contracted instructional services between schools	266,073,630	-	-	(266,073,630)
93	Payments related to shared services arrangements	2,701,947	-	-	(2,701,947)
99	Other intergovernmental charges	5,721,415	-	-	(5,721,415)
99	Depreciation – exclusive of functional amounts	928,450	-	-	(928,450)
TG	Total governmental activities	<u>1,143,999,951</u>	<u>6,234,311</u>	<u>154,039,571</u>	<u>(983,726,069)</u>
TP	Total primary government	<u>\$ 1,143,999,951</u>	<u>\$ 6,234,311</u>	<u>\$ 154,039,571</u>	<u>(983,726,069)</u>
General revenues:					
MT	Property taxes – levied for general purposes				927,959,364
DT	Property taxes – levied for debt service				105,731,761
SF	State aid – formula grants				22,888,895
GC	Grants and contributions not restricted to specific programs				3,123,055
IE	Investment earnings				2,121,188
MI	Miscellaneous				14,379,956
TG	Total general revenues				<u>1,076,204,219</u>
CN	Change in net position				92,478,150
NB	Net position at beginning of period				<u>237,500,813</u>
NE	Net position at end of period				<u>\$ 329,978,963</u>

The accompanying notes are an integral part of this statement.

Austin Independent School District

Exhibit C-1 Balance Sheet – Governmental Funds

June 30, 2016

Data Control Codes	General Fund	Debt Service Fund	Capital Projects Funds	Nonmajor Governmental Funds	Total Governmental Funds	
Assets						
1110	Cash, cash equivalents, and temporary investments	\$ 447,814,100	\$ 137,727,961	\$ 23,137,226	\$ 13,679,420	\$ 622,358,707
1220	Property taxes – delinquent	33,782,285	4,783,541	-	-	38,565,826
1230	Allowance for uncollectible taxes	(24,808,165)	(3,693,403)	-	-	(28,501,568)
1240	Due from other governments	4,909,232	-	-	17,156,233	22,065,465
1260	Due from other funds	15,041,910	34,206	208,980	16,349	15,301,445
1290	Other receivables	704,743	6,611	-	696,701	1,408,055
1300	Inventories	513,043	-	-	2,546,480	3,059,523
1410	Prepays and other assets	867,684	-	-	-	867,684
1000	Total assets	\$ 478,824,832	\$ 138,858,916	\$ 23,346,206	\$ 34,095,183	\$ 675,125,137
Liabilities						
2110	Accounts payable	\$ 19,785,948	\$ 14,167	\$ 9,470,550	\$ 4,773,750	\$ 34,044,415
2120	Loans payable	-	-	100,000,000	-	100,000,000
2150	Payroll deductions and withholdings	13,523,229	-	-	-	13,523,229
2160	Accrued wages payable	29,718,552	-	11,379	3,533,326	33,263,257
2170	Due to other funds	81,846	130,640	5,073,809	10,080,214	15,366,509
2180	Due to other governments	114,758,835	-	-	5,938,879	120,697,714
2300	Unearned revenues	115,104	77	-	1,114,138	1,229,319
2000	Total liabilities	177,983,514	144,884	114,555,738	25,440,307	318,124,443
Deferred inflows of resources						
2600	Unavailable revenue – property taxes	8,574,300	1,043,092	-	-	9,617,392
	Total deferred inflows of resources	8,574,300	1,043,092	-	-	9,617,392
Fund Balances						
3410	Nonspendable	1,380,727	-	-	2,546,480	3,927,207
3490	Restricted	-	137,670,940	-	6,108,396	143,779,336
3500	Assigned	24,643,922	-	-	-	24,643,922
3600	Unassigned	266,242,369	-	(91,209,532)	-	175,032,837
3000	Total fund balances	292,267,018	137,670,940	(91,209,532)	8,654,876	347,383,302
4000	Total liabilities, deferred inflows of resources, and fund balances	\$ 478,824,832	\$ 138,858,916	\$ 23,346,206	\$ 34,095,183	\$ 675,125,137

The accompanying notes are an integral part of this statement.

Austin Independent School District

Exhibit C-2 Reconciliation of Governmental Funds Balance Sheet to the Statement of Net Position

June 30, 2016

Total fund balances – Governmental Funds balance sheet \$ 347,383,302

Amounts reported for governmental activities in the statement
of net position (Exhibit A-1) are different because:

<u>Data Control Codes</u>		
1	Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	965,333,952
2	Amount of interest on debt payable in August is required to be recognized in the statement of net position.	(15,151,923)
3	Revenue in governmental activities is recognized in the period earned.	9,617,392
4	Internal Service Funds are used by management to charge the costs of certain activities, such as insurance to individual funds. The assets and liabilities of Internal Service Funds are included in governmental activities in the statement of net position.	12,428,609
5	Bonds and loans payable are not due and payable in the current period and, therefore, are not reported in the funds.	(879,500,455)
6	The accrual of vacation leave is not due and payable in the current period and, therefore, is not reported as expenditures in the governmental funds.	(1,212,677)
7	Unamortized loss on bond refunding in governmental activities, not reported in the governmental funds	8,187,123
8	Recognition of the District's proportionate share of the net pension liability required by GASB Statement. No 68 (\$108,918,334), a deferred inflow of resources (\$48,680,273), and a deferred outflow of resources (\$40,492,247).	<u>(117,106,360)</u>
19	Net position of governmental activities	<u>\$ 329,978,963</u>

The accompanying notes are an integral part of this statement.

Austin Independent School District

Exhibit C-3

Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds

Ten Month Period Ended June 30, 2016

Data Control Codes	General Fund	Debt Service Fund	Capital Projects Funds	Nonmajor Governmental Funds	Total Governmental Funds	
Revenues						
5700	Local and intermediate sources	\$ 935,923,424	\$ 106,248,492	\$ 66,987	\$ 16,386,753	\$ 1,058,625,656
5800	State program revenues	50,329,570	1,502,682	-	4,743,070	56,575,322
5900	Federal program revenues	26,554,292	458,761	-	89,407,037	116,420,090
5020	Total revenues	<u>1,012,807,286</u>	<u>108,209,935</u>	<u>66,987</u>	<u>110,536,860</u>	<u>1,231,621,068</u>
Expenditures						
Current:						
0011	Instruction	389,399,804	-	-	41,123,981	430,523,785
0012	Instructional resources and media services	9,543,853	-	-	389,441	9,933,294
0013	Curriculum and instructional staff development	9,035,047	-	-	10,747,149	19,782,196
0021	Instructional leadership	10,941,590	-	-	2,153,219	13,094,809
0023	School leadership	43,574,984	-	-	2,275,783	45,850,767
0031	Guidance, counseling, and evaluation services	20,177,938	-	-	2,404,634	22,582,572
0032	Social work services	4,614,858	-	-	417,517	5,032,375
0033	Health services	6,225,201	-	-	446,192	6,671,393
0034	Student (pupil) transportation	28,318,982	-	340,260	-	28,659,242
0035	Food services	-	-	-	35,398,826	35,398,826
0036	Curricular/extracurricular activities	14,274,409	-	-	128,202	14,402,611
0041	General administration	15,309,497	-	-	587,870	15,897,367
0051	Plant maintenance and operations	69,700,769	-	3,577,398	265,583	73,543,750
0052	Security and monitoring services	9,183,864	-	-	21,003	9,204,867
0053	Data processing services	16,751,523	-	2,285,296	857,681	19,894,500
0061	Community services	4,404,619	-	-	11,496,722	15,901,341
0071	Principal on long-term debt	289,052	152,633	-	-	441,685
0072	Interest on long-term debt	82,968	17,954,056	-	-	18,037,024
0073	Bond issuance costs and fees	-	601,922	-	-	601,922
0081	Capital outlay	1,957,830	-	72,107,920	923,911	74,989,661
0091	Contracted instructional services between schools	266,073,630	-	-	-	266,073,630
0093	Payments related to shared services arrangements	2,701,947	-	-	-	2,701,947
0099	Other intergovernmental charges	5,721,415	-	-	-	5,721,415
6030	Total expenditures	<u>928,283,780</u>	<u>18,708,611</u>	<u>78,310,874</u>	<u>109,637,714</u>	<u>1,134,940,979</u>
1100	Excess (deficiency) of revenues over (under) expenditures	<u>84,523,506</u>	<u>89,501,324</u>	<u>(78,243,887)</u>	<u>899,146</u>	<u>96,680,089</u>
Other Financing Sources and (Uses)						
7911	Capital-related debt issued (regular bonds)	-	24,078,000	-	-	24,078,000
7912	Sales of real or personal property	20,584	-	-	-	20,584
7915	Transfers in	-	-	24,078,000	-	24,078,000
8911	Transfers out	(10,000,000)	(24,078,000)	-	-	(34,078,000)
7080	Total other financing sources and (uses)	<u>(9,979,416)</u>	<u>-</u>	<u>24,078,000</u>	<u>-</u>	<u>14,098,584</u>
1200	Net change in fund balances	74,544,090	89,501,324	(54,165,887)	899,146	110,778,673
0100	Fund balances at beginning of period	<u>217,722,928</u>	<u>48,169,616</u>	<u>(37,043,645)</u>	<u>7,755,730</u>	<u>236,604,629</u>
3000	Fund balances at end of period	<u>\$ 292,267,018</u>	<u>\$ 137,670,940</u>	<u>\$ (91,209,532)</u>	<u>\$ 8,654,876</u>	<u>\$ 347,383,302</u>

The accompanying notes are an integral part of this statement.

Austin Independent School District

Exhibit C-4

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds to the Statement of Activities

Ten Month Period Ended August 31, 2015

Net change in fund balances – total Governmental Funds	\$ 110,778,673
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlay (\$63,542,509) exceeded depreciation expense (\$50,749,522) and net asset removal (\$66,045) in the current period.	12,726,942
Bond and noncurrent loan proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of bond and noncurrent loan principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. This is the amount by which repayments of principal and loan principal (\$441,686) were exceeded by debt and loan proceeds (\$24,078,000).	(23,636,314)
Governmental funds report the effect of premiums when the debt is first issued whereas these amounts are deferred and amortized over the life of the bonds in the statement of activities. This is the amount by which the current year bond premium (\$0) was exceeded by amortization (\$4,648,145).	4,648,145
The amount of interest which is accrued, but not yet paid, for bond payments due in August is not recognized in the governmental funds. This is the net change in amount of interest payable.	(12,159,869)
Losses on refundings are not reported in the governmental funds, but are amortized over the life of the debt in the statement of activities. This is the amount of net change in the deferred loss on refunding between 2016 and 2015.	(481,600)
Delinquent property taxes do not provide current financial resources in the funds, and as such, are recognized as unearned revenue in the governmental funds. This is the net change between 2016 and 2015, as well as amounts from 2015 received and earned in 2016.	1,668,779
The revenues and expenses of the Internal Service Fund are distributed in the statement of activities and are not considered a governmental fund. The difference is the amount of net loss (\$9,952,468), plus transfers in (\$10,000,000).	47,532
Costs associated with the accrual of vacation leave are recognized as expenditures in the governmental funds when matured. This is the amount of net change in the vacation accrual between 2016 and 2015.	(199,873)
GASB Statement No. 68 requires that certain expenditures be de-expended and recorded as deferred resources. This is the amount by which pension expense (\$14,092,021) and amortization of prior year deferred inflows and outflows of resources (\$1,622,747) exceeded the prior year contributions (\$9,123,735) and additional deferred items recognized in the current year (\$5,676,768).	<u>(914,265)</u>
Change in net position of governmental activities – statement of activities	<u>\$ 92,478,150</u>

The accompanying notes are an integral part of this statement.

Austin Independent School District

Exhibit D-1 Statement of Net Position – Proprietary Funds

June 30, 2016

<u>Data Control Codes</u>	<u>Governmental Activities – Internal Service Fund</u>
Assets	
Current assets:	
Cash and cash equivalents	\$ 628,160
Temporary investments	25,047,675
Due from other funds	796,994
Other receivable	120
Inventories	<u>75,664</u>
Total current assets	<u>26,548,613</u>
1000 Total assets	\$ <u>26,548,613</u>
Liabilities	
Current liabilities:	
Accounts payable	\$ 33,476
Accrued expenditures	9,480
Due to other funds	3,076
Claims payable – due within one year	<u>10,512,872</u>
Total current liabilities	<u>10,558,904</u>
Noncurrent liabilities:	
Claims payable – due in more than one year	<u>3,561,100</u>
2000 Total liabilities	<u>14,120,004</u>
	<u>12,428,609</u>
3000 Total net position	\$ <u><u>12,428,609</u></u>

The accompanying notes are an integral part of this statement.

Austin Independent School District

Exhibit D-2

Statement of Revenues, Expenses, and Changes in Fund Net Position – Proprietary Funds

Ten Month Period Ended June 30, 2016

<u>Data Control Codes</u>		<u>Governmental Activities – Internal Service Fund</u>
	Operating Revenues	
5700	Local and intermediate sources	\$ <u>62,809,527</u>
	Total revenues	<u>62,809,527</u>
	Operating Expenses	
6400	Other operating expenses	<u>72,836,390</u>
6030	Total expenses	<u>72,836,390</u>
	Operating loss	(10,026,863)
	Nonoperating Revenues	
	Investment earnings and other	<u>74,395</u>
	Total nonoperating revenues	<u>74,395</u>
	Loss before transfers	(9,952,468)
7915	Transfers in	10,000,000
	Change in net position	<u>47,532</u>
0100	Net position at beginning of period	<u>12,381,077</u>
3300	Net position at end of period	<u>\$ <u>12,428,609</u></u>

The accompanying notes are an integral part of this statement.

Austin Independent School District

Exhibit D-3 Statement of Cash Flows – Proprietary Funds

Ten Month Period Ended June 30, 2016

	<u>Governmental Activities – Internal Service Fund</u>
Cash Flows From Operating Activities	
Payments to suppliers	\$ (4,219,206)
Payments to employee salaries and benefits	(1,396,687)
Payments from other funds	64,690,980
Claims paid	<u>(66,916,188)</u>
Net cash used in operating activities	<u>(7,841,101)</u>
Cash Flows From Noncapital Financing	
Transfers from other funds	<u>10,000,000</u>
Net cash provided by noncapital financing	<u>10,000,000</u>
Cash Flows From Investing Activities	
Proceeds from sales and maturities of investments	62,247,193
Outlays for purchase of investments	(64,379,282)
Interest income	<u>74,395</u>
Net cash used in investing activities	<u>(2,057,694)</u>
Net increase in cash and cash equivalents	101,205
Cash and cash equivalents at beginning of period	<u>526,955</u>
Cash and cash equivalents at end of period	<u>\$ 628,160</u>
Reconciliation of Operating Loss to Net Cash Used In Operating Activities	
Operating loss	\$ (10,026,863)
Adjustments to reconcile operating loss to net cash used in operating activities:	
Changes in:	
Decrease in due from other funds	4,790,300
Decrease in inventory	12,301
Decrease in other assets	212,920
Decrease in accounts payable and accrued expenditures	(603,413)
Decrease in due to other funds	(2,908,847)
Increase in claims payable	<u>682,501</u>
Net cash used in operating activities	<u>\$ (7,841,101)</u>

The accompanying notes are an integral part of this statement.

Austin Independent School District

Exhibit E-1 Statement Fiduciary Assets and Liabilities – Fiduciary Funds

June 30, 2016

<u>Data Control Codes</u>		<u>Agency Funds</u>
	Assets	
1110	Cash and cash equivalents	\$ 6,401,857
	Temporary investments	6,733,888
	Due from other funds	5,201
	Other receivables	<u>17,263</u>
1000	Total assets	\$ <u>13,158,209</u>
	Liabilities	
	Accounts payable	\$ 585,964
	Due to other governments	3,486,348
	Due to other funds	734,055
2190	Due to student groups	8,335,562
	Other liabilities	<u>16,280</u>
2000	Total liabilities	\$ <u>13,158,209</u>

The accompanying notes are an integral part of this statement.

Austin Independent School District

Notes to the Basic Financial Statements

June 30, 2016

1. Reporting Entity

This report includes the financial statements of the funds required to account for those activities, organizations, and functions which are related to the Austin Independent School District (the "District") and which are controlled by or dependent upon the District's governing body, the Board of Trustees (the "Board"). The Board, a nine-member group as a body corporate, has the exclusive power and duty to govern and oversee the management of the public schools of the District. All powers and duties not specifically delegated by statute to the Texas Education Agency ("TEA") or to the State Board of Education are reserved for the Board, and TEA may not substitute its judgment for the lawful exercise of those powers and duties of the Board.

The District receives funding from local, state, and federal government sources and must comply with the applicable requirements of these funding source entities. However, the District is not included in any other governmental "reporting entity," as defined by the Governmental Accounting Standards Board's ("GASB") *Codification of Governmental Accounting and Financial Reporting Standards*, since Board members are elected by the public and have decision-making authority, the power to designate management, the responsibility to significantly influence operations, and primary accountability for fiscal matters. There are no component units with the reporting entity. The District is a governmental entity exempt from federal income taxation under Internal Revenue Code Section 115.

House Bill 98 enacted by the 76th Legislature of the state of Texas allowed school districts to change their fiscal year-end from August 31 to June 30 beginning with the 2001-2002 fiscal year. The District elected to take advantage of this opportunity and chose to change its fiscal year beginning with the 2015-2016 reporting period. As such, the financial statements are presented for a ten-month period of September 1, 2015 through June 30, 2016.

2. Government-Wide and Fund Financial Statements

The government-wide financial statements consist of the statement of net position and the statement of activities. These statements report information on all nonfiduciary activities of the District. The effect of the 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 charges to customers and grants used for operational requirements. Governmental activities are supported by tax revenues, state aid, charges for services, investment earnings, and intergovernmental revenues such as grants.

Direct expenses are those that are clearly identifiable with a specific function. All capital asset depreciation, other than depreciation of the District's central administration building, is reported as a direct expense of the functional program that benefits from the use of the capital assets. Depreciation expense related to the District's central administrative building is reported as unallocated in the statement of activities. Program revenues include (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and (2) grants and contributions that are restricted to meeting operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Austin Independent School District

Notes to the Basic Financial Statements

June 30, 2016

2. Government-Wide and Fund Financial Statements (continued)

The fund financial statements provide information about the District's funds, with separate statements for Governmental Funds, Proprietary Funds, and Fiduciary Funds even though the latter are excluded from the government-wide financial statements. Major individual Governmental Funds are reported as separate columns in the fund financial statements.

3. Summary of Significant Accounting Policies

The financial statements of the District have been prepared in conformity with accounting principles generally accepted in the United States of America ("GAAP"), as applied to governmental units in conjunction with TEA's *Financial Accountability System Resource Guide* ("FAR"). GASB is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

A. Fund Accounting

The accounts of the District are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund balance, revenues and expenditures, or expenses, as appropriate. Government resources are allocated to, and accounted for the purpose of, carrying on specific activities in accordance with laws, regulations, or other appropriate requirements.

Governmental Fund Types

The District reports the following major Governmental Funds:

The General Fund is the fund that accounts for financial resources in use for general types of operations. 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. This is a budgeted fund, and any fund balances are considered as resources available for current operations. Fund balances may be appropriated by the Board to implement its responsibilities.

The Debt Service Fund is the fund that accounts for the use of debt service taxes and other revenues collected for the purposes of retiring bond principal and paying interest on long-term general obligation debt and other long-term debt for which a tax has been dedicated. This is a budgeted fund.

The Capital Projects Fund is the fund that accounts for proceeds from sales of bonds and other revenues to be used for Board-authorized acquisition, construction, or renovations, as well as furnishing and equipping major capital facilities. Upon completion of a project, any unused bond proceeds are transferred to the Debt Service Fund and are used to retire related bond principal. This fund is budgeted on a project basis.

Austin Independent School District

Notes to the Basic Financial Statements

June 30, 2016

3. Summary of Significant Accounting Policies (continued)

A. Fund Accounting (continued)

Governmental Fund Types (continued)

Additionally, the District reports the following nonmajor funds:

The Special Revenue Funds are the funds that account for state and federally financed programs or expenditures legally restricted for specified purposes or where unused balances are returned to the grantor at the close of specified project periods. This fund type also includes the following funds which are allowed to maintain a fund balance: child care operations, food concessions, scholarships, and food service operations. The Food Service Fund is the only Special Revenue Fund that is required to be budgeted and balances are to be used exclusively for allowable child nutrition program purposes. For all other funds in this fund-type, project accounting is employed to maintain integrity for the various sources of funds.

Proprietary Fund Types

The Internal Service Fund, an unbudgeted fund, is the fund that accounts for the District's self-funding of workers' compensation claims, Campus Police, Print Shop, Laundry Services, and Health Services. Revenues are generated in the Internal Service Fund through charges to various funds of the District. Expenses result from the administration and funding of District workers' compensation and health claims and other activities of Internal Service Funds. Internal Service Funds inherently create redundancy because their expenses are recorded a second time in the funds that are billed for the services they provide. Therefore, on the government-wide financial statements, the operations of the Internal Service Funds are consolidated and interfund transactions are eliminated.

Fiduciary Fund Types

Agency Funds, unbudgeted funds, are the funds that account for activities of student groups and other types of activities requiring clearing accounts. An Agency Fund is also used to account for the District's activities as successor-in-interest of the Travis County Education District. This fund type has no equity, assets are equal to liabilities, and do not include revenues and expenditures for general operations of the District.

B. Measurement Focus

The government-wide financial statements are reported using the flow of economic resources measurement focus and the accrual basis of accounting, as are the proprietary and fiduciary fund type financial statements. All Governmental Funds are accounted for on a "spending" or "financial flow" measurement focus and the modified accrual basis of accounting. This means that only current assets and current liabilities are generally included on their balance sheets. The reported fund balance of Governmental Funds is considered a measure of "available spendable resources." The Fiduciary Fund financial statement does not have a measurement focus.

Austin Independent School District

Notes to the Basic Financial Statements

June 30, 2016

3. Summary of Significant Accounting Policies (continued)

C. Basis of Accounting

The government-wide financial statements and Proprietary Fund and Fiduciary Fund type financial statements follow the accrual basis of accounting. Revenues are recorded when earned, and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants, state aid, and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider are met and qualifying expenditures have been incurred.

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 available and measurable). Revenues other than grants are considered to be available when they are expected to be collected during the current budgetary period, or within 60 days thereafter, to pay liabilities outstanding at the close of the budgetary period. Revenues from state and federal grants are recognized as earned when the related program expenditures are incurred and all eligibility requirements have been met, except in the Food Service Special Revenue Fund where revenue recognized is based on the number of students served. Funds received, but unearned, are reflected as unearned revenues, and funds expended, but not yet received, are shown as receivables. Interest revenue and building rentals are recorded when earned, since they are measurable and available. Other revenues such as fees, tuition, local food service revenue, and miscellaneous revenues are recognized when measurable and available.

The District reports the following types of Governmental Fund balances: committed, nonspendable, restricted, assigned, and unassigned.

- The committed fund balance consists of funds that may be used only for a specific purpose, pursuant to constraints imposed by a formal action of the District's Board. The purpose for the funds can be changed only by formal action of the District's Board.
- Nonspendable fund balances are those that are not in a spendable form.
- Restricted fund balances are those that have constraints placed on the use of their resources. These constraints can be: (a) externally imposed by creditors (i.e., debt covenants), grantors, contributors, or laws/regulations of other governments or (b) imposed by law through constitutional provision or enabling legislation. Both constraints are legally enforceable by an external party.

Assigned fund balances are those that are constrained by the District's intent to be used for specific purposes, but are neither restricted nor committed. Assigned fund balances do not require District Board formal action and may be specified as "intent" simply through the budgeting process that the resources from these funds be spent for specific purposes within the fund. By Board policy, the assigned fund balance may be designated by the Board or by the Board's designees, the Superintendent, or the Chief Financial Officer.

Austin Independent School District

Notes to the Basic Financial Statements

June 30, 2016

3. Summary of Significant Accounting Policies (continued)

C. Basis of Accounting (continued)

- Unassigned fund balances are those within the General Fund and represent fund balances that have not been restricted, committed, or assigned.

The District maintains a stabilization arrangement sufficiently adequate for fiscal cash liquidity purposes that will provide for sufficient cash flow to minimize the potential of short-term tax anticipation borrowing. This amount shall be equal to not less than 20% of the combined budgeted expenditures of the District's General Fund.

The stabilization arrangement balance represents balances available for appropriation at the discretion of the District's Board. However, the Board shall make every reasonable effort to use these unassigned funds for the following purposes, listed in order of priority:

1. To increase committed fund balances, as deemed necessary.
2. To increase assigned fund balances, as deemed necessary.
3. To use as beginning cash balance in support of the annual budget.

The District's Board recognizes that any such funds should be appropriated for nonrecurring expenditures, as they represent prior year surpluses that may or may not materialize in subsequent fiscal years.

When the District incurs an expenditure for which both restricted and unrestricted resources may be used, it is the District's policy to use restricted resources first, then unrestricted resources. When expenditures are incurred for which assigned or unassigned fund balances are available, the District considers amounts to have been spent out of assigned funds and then unassigned, as needed, unless the District's Board has provided otherwise in its assignment actions.

Expenditures are recognized in the accounting period in which the fund liability is incurred, except expenditures for debt service, including unmatured interest on long-term debt and compensated absences. Expenditures for principal and interest on long-term debt and compensated absences are recognized when matured.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Amounts reported as program revenues include operating grants and contributions, food service user charges, and other charges. Internally dedicated resources are reported as general revenues rather than program revenues. Likewise, general revenues include all taxes.

Austin Independent School District

Notes to the Basic Financial Statements

June 30, 2016

3. Summary of Significant Accounting Policies (continued)

C. Basis of Accounting (continued)

Proprietary Funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services in connection with the Proprietary Fund's principal ongoing operations. The principal operating revenues of the District's Internal Service Funds are health and workers' compensation insurance premiums to participate in the District's self-insured health and workers' compensation programs. The principal operating expenses for the Internal Service Funds include the cost of health and workers' compensation claims and administrative charges. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Effective September 1, 2015, the District implemented GASB Statement No. 72, *Fair Value Measurement and Application* (Statement No. 72), and GASB Statement No. 79, *Certain External Investment Pools and Pool Participants* (Statement No. 79). Statement No. 72 addresses the accounting and reporting issues related to fair value measurements. Statement No. 79 establishes criteria for an external investment pool to qualify for making the election to measure all of its investments at amortized cost for financial reporting purposes. The adoption of these standards did not have a significant impact on the District's financial statements.

D. Cash Equivalents

For purposes of the statement of cash flows, cash and cash equivalents include cash on hand, bank deposit accounts, investments in local government investment pools, and certificates of deposit ("CDs") owned with original stated maturities of three months or less.

E. Investments

State statutes and Board policy authorize the District to invest any and all of its funds in fully collateralized CDs, direct debt securities of the United States of America or the state of Texas, other obligations the principal and interest of which are unconditionally guaranteed by the state of Texas or the United States, fully collateralized direct repurchase agreements, bankers' acceptances, local government investment pools, money market mutual funds, and other investments specifically allowed by Chapter 2256 of the Texas Government Code (the "Public Funds Investment Act") and Sections 23.80 and 20.42 of the Texas Education Code. The District participates in several local government investment pools and money market mutual funds. The District accrues interest on temporary investments based on the terms and effective interest rates of the specific investments. The District's policy is to report local government investment pools, Securities and Exchange Commission ("SEC") registered money market mutual funds, and repurchase agreements at amortized cost based on published net asset values ("NAV") per share. The District carries investments in debt securities at fair value using other observable significant inputs including but not limited to quoted prices for similar securities, interest rates, prepayment speeds, and credit risk.

Austin Independent School District

Notes to the Basic Financial Statements

June 30, 2016

3. Summary of Significant Accounting Policies (continued)

F. Due From (To) Other Funds

Interfund receivables and payables arise from interfund receipts or disbursements of cash and are recorded in all affected funds in the period in which transactions are executed in the normal course of operations.

G. Inventories

Inventory of materials and supplies are carried on the basis of the last invoice cost, which approximates first-in, first-out cost, and are subsequently charged to budgetary expenditures when consumed. Inventories include plant maintenance and operating supplies, as well as instructional materials. These inventories are offset at year-end by a nonspendable fund balance, which indicates they do not represent "available spendable resources."

Donated commodities inventory is recorded as unearned revenue at year-end. Revenue is recognized when the commodities are distributed to the schools. Donated commodities in inventory at June 30, 2016 totaled \$955,528.

H. Capital Assets

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

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the asset's life are not capitalized.

Buildings and furniture and equipment of the District are depreciated using the straight-line method over the following estimated useful lives:

<u>Asset Class</u>	<u>Estimated Useful Lives</u>
Buildings and improvements	30 years
Furniture and equipment	5-10 years
Vehicles	5-7 years
Property under capital leases	10 years
Buses	8-10 years
Computer software and equipment	3-7 years
Portable buildings	10 years

Austin Independent School District

Notes to the Basic Financial Statements

June 30, 2016

3. Summary of Significant Accounting Policies (continued)

I. Compensated Absences

The state of Texas has created a minimum sick leave program consisting of five days of personal leave per year that may be used for illness or discretionary personal leave with no limit on accumulation and transferability among districts for every eligible employee regularly employed in Texas public schools.

Each district's local Board of Education is required to establish a sick leave plan. Local school districts may provide additional sick leave beyond the state minimum. The District's policy provides six to eight additional sick leave days per year depending on the number of duty days scheduled to work during the school year.

Accumulated state leave at the end of the year remains in the employee's state personal leave account. Additional sick leave days provided by the District do not vest; therefore, at fiscal year-end, no liability exists.

Teachers do not receive paid vacation, but are paid only for the number of days they are required to work each year. All regular employees are entitled to an annual vacation. In the government-wide financial statements, the District has a liability for unused vacation pay for regular employees for all vacation earned as of June 30, 2016. The District allows unused vacation days to carry over through December 31.

J. Risk Management

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; business interruption; errors and omissions; injuries to employees; and natural disasters. Commercial insurance coverage is purchased for claims arising from such matters. 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.

The District participates in the Texas Association of School Boards Modified Self-Funded program for its vehicle liability insurance. The District has commercial insurance for all other risks of loss, except vehicle liability insurance and workers' compensation, including employee health benefits and employee life and dental and accident insurance.

During the ten month period ended June 30, 2016, employees of the District were covered by a self-funded health insurance plan. During the 2011 plan year, the District established a self-funded health insurance program utilizing a plan provided by Blue Cross Blue Shield of Texas (BCBS). District employees had a choice of three PPO plans, one of which offered a health savings account. As of January 1, 2015 the district switched providers from BCBS to Aetna. Under the Aetna health plan, employees now have a choice of four plans, including two PPO plans and two ACO plans, one of which offers a health savings account.

Claims administration is contracted from a third-party administrator. Health benefit consultant services are contracted from an outside entity. The District maintains individual stop-loss coverage for catastrophic losses exceeding \$600,000 per claim.

Austin Independent School District

Notes to the Basic Financial Statements

June 30, 2016

3. Summary of Significant Accounting Policies (continued)

J. Risk Management (continued)

The District is self-insured up to \$500,000 per occurrence for losses related to workers' compensation. The District has purchased excess coverage through a commercial insurer licensed in the state of Texas.

K. Encumbrances

The District employs encumbrance accounting, whereby encumbrances for goods or purchased services are documented by purchase orders and contracts. An encumbrance represents a commitment of Board appropriation related to unperformed contracts for goods and services. The issuance of a purchase order or the signing of a contract creates an encumbrance, but does not represent an expenditure for the period, only a commitment to expend resources. Appropriations lapse at June 30 and encumbrances outstanding at that time are either cancelled or appropriately provided for in the subsequent year's budget.

Outstanding encumbrances at June 30, 2016 that were subsequently provided for in the 2017 budget as July and August amendments for Board approval totaled \$29,799,999 in the General Fund, \$67,191,142 in the Capital Projects Fund, and \$9,682,446 in the Nonmajor Fund.

L. Fund Balance

In the Governmental Fund financial statements, unassigned fund balances indicate available amounts for the budgeting of future operations. Restricted and assigned fund balances are that portion of fund balance which is not available for appropriation, or which has been legally separated for specific purposes. Designations of fund balance as nonspendable, restricted, committed, assigned, or unassigned are the representations of management for the utilization of financial resources in future periods.

M. Data Control Totals

Data control codes refer to the account code structure prescribed by TEA in the FAR. 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.

N. Unearned Revenue

The unearned revenue on the balance sheet of the General Fund, Debt Service Fund, and the nonmajor Governmental Funds primarily relates to donated commodity inventory, pre-payments for school lunch tickets in the child nutrition program special revenue fund, and unearned grant revenues.

Austin Independent School District

Notes to the Basic Financial Statements

June 30, 2016

3. Summary of Significant Accounting Policies (continued)

O. Prepaid Items

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

P. Use of Estimates

The preparation of financial statements in conformity with GAAP requires the use of management's estimates.

Q. Prepaid Wages Payable

Depending on the district calendar and timing of the end of the school year, the actual number of days most employees work in June is less than 30. In order for these employees' pay streams to be unaffected, most of which are teachers, they are still paid one-twelfth of their yearly contract amount in June, thus creating a "prepaid" in wages payable at June 30, which is classified in Data Control Code 1410 – prepaids and other assets.

R. Deferred Outflows/Inflows of Resources

In addition to assets and liabilities, the Statement of Net Position includes separate sections for deferred outflows/inflows of resources. These separate financial statement elements represent a consumption/acquisition of net position that applies to a future period(s) and will not be recognized as an outflow/inflow of resources (expense/revenue) until that time. Governments are only permitted to report deferred outflows/inflows of resources in circumstances specifically authorized by the GASB. Typical deferred outflows/inflows of resources for school districts relate to pensions and deferred charges on refunded debt.

The deferred inflows of resources on the balance sheet of the General Fund and Debt Service Fund primarily relates to uncollected property taxes, less the allowance for doubtful accounts.

S. Deferred Resources Related to Pensions

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

Austin Independent School District

Notes to the Basic Financial Statements

June 30, 2016

4. Deposits and Investments

Deposits

The District's policies and state law require the District's funds to be deposited under the terms of a depository contract, the terms of which are set out in depository contract law. The depository bank may either place approved pledged securities for safekeeping with the District's agent or file a corporate surety bond in an amount greater than or equal to the District's deposits. The pledge of approved securities is waived only to the extent of the dollar amount of Federal Deposit Insurance Corporation ("FDIC") coverage.

At June 30, 2016, all District deposits were with the contracted depository bank in accounts which were secured at the balance sheet date by FDIC coverage and by pledged securities, as approved by the School Depository Act, held by the District's agent, Bank of New York Mellon, in the name of the District.

At June 30, 2016, the District had a general ledger balance of (\$9,673,872), excluding student activity fund balances of \$6,401,857, due to outstanding checks, while the total of bank balances equaled \$13,001,562. Of the bank balances, \$500,000 is covered by federal depository insurance, and the remainder was covered by \$12,501,562 of collateral pledged in the District's name.

In addition, the following is disclosed regarding coverage of combined balances on the date of highest deposit:

1. Name of bank: Bank of New York Mellon
2. The amount of bond and/or security pledged as of the date of the highest combined balance on deposit was \$34,863,636.
3. The largest deposit combined account balance amounted to \$35,363,636 and occurred during the month of December 2015.

Total amount of FDIC coverage at the time of the largest combined balance was \$500,000.

Austin Independent School District

Notes to the Basic Financial Statements

June 30, 2016

4. Deposits and Investments (continued)

Investments

The District's temporary investments, including restricted assets, at June 30, 2016 are as follows:

	June 30, 2016	Level 1	Level 2	Level 3
Investments by fair value level:				
Debt securities				
U.S. Treasuries and agencies	\$ 14,855,938	\$ -	\$ 14,855,938	\$ -
Total debt securities	14,855,938	-	14,855,938	-
Total investments by fair value level	\$ 14,855,938			
Investments measured at net asset value ("NAV"):				
LoneStar	\$ 252,441,450			
Texas Term	254,009,486			
TexPool	87,091,498			
TexStar	54,346,046			
Total investments measured at NAV	647,888,480			
Total investments measured at fair value	\$ 662,744,418			
Investments measured at amortized cost:				
Money market funds	\$ 543,272			
Certificates of deposit	1,006,257			
Savings accounts	148,357			
Total investments	\$ 664,442,304			

Debt securities classified as Level 2 of the fair value hierarchy are valued using other observable significant inputs including but not limited to quoted prices for similar securities, interest rates, prepayment speeds, and credit risk. Investments in local investment pools are measured at NAV per share determined by the pool. The investments held by the local investment pools are measured at amortized cost.

Investment Objectives

The primary objective of the District's investment activity is to provide the highest reasonable market return with the maximum security, while meeting daily cash flow requirements and conforming to all applicable state laws.

The District's investment policy contains investment strategies for each accounting fund of the District. The investment portfolio shall be diversified to eliminate the risk of loss resulting from over-concentration of assets in a specific maturity, a specific issue, a specific class of securities, or a specific institution.

Austin Independent School District

Notes to the Basic Financial Statements

June 30, 2016

4. Deposits and Investments (continued)

Credit Risk

As of June 30, 2016, the District's investment in U.S. Government securities were rated AA+ by Standard & Poor's.

Interest Rate Risk

As a means of limiting the exposure to fair value losses that could occur from rising interest rates, the District's investment policy limits the maturity of investments to no longer than one year, except for the Capital Projects Fund, which is one and one-half years. The District's General Fund did not hold U.S. Government Treasury Bills or agency securities at June 30, 2016. The District's Debt Service Fund holds \$14,855,938 in U.S. Government Treasury and agency securities at June 30, 2016, all of which mature in more than one year.

Texas Local Government Investment Pool

Texas Local Government Investment Pool ("TexPool") is a public funds investment pool created pursuant to the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code, and the Public Funds Investment Act, Texas Government Code, Chapter 2256. The State Comptroller of Public Accounts exercises oversight responsibility over TexPool. Oversight includes the ability to significantly influence operations, designation of management, and accountability for fiscal matters. Additionally, the State Comptroller has established an advisory board composed both of participants in TexPool and of other persons who do not have a business relationship with TexPool. The advisory board members review the investment policy and management fee structure. Finally, TexPool is rated AAAM by Standard & Poor's.

Although TexPool is not registered with the SEC as an investment company, the District believes it meets the requirements of GASB Statement No. 79, and as such, measures its investments at amortized cost. The district, as a participant in the local investment pools, measures its investment in the pool at NAV per share determined by the pool.

Lone Star Investment Pool

The Lone Star Investment Pool ("Lone Star") is a public funds investment pool created pursuant to the Interlocal Cooperation Act, Chapter 791, of the Texas Government Code, and the Public Funds Investment Act, Texas Government Code, Chapter 2256. Lone Star is managed by an 11-member board of trustees and, pursuant to the investment agreement, the board of trustees is authorized and directed to adopt and maintain bylaws consistent with the bylaws of the Texas School Cash Management Program. Pursuant to Section 2256.016(g) of the Public Funds Investment Act, Lone Star has established an advisory board. The purpose of the advisory board is to gather and exchange information from participants and nonparticipants relating to Lone Star's operations. The Board has entered into an agreement with the Texas Association of School Boards ("TASB"), a Texas nonprofit corporation, pursuant to which TASB serves as administrator of Lone Star's operations. Standard & Poor's rates money market funds and has rated Lone Star as AAA.

Austin Independent School District

Notes to the Basic Financial Statements

June 30, 2016

4. Deposits and Investments (continued)

Lone Star Lone Star Investment Pool (continued)

Although Lone Star is not registered with the SEC as an investment company, the District believes it meets the requirements of GASB Statement No. 79, and as such, measures its investments at amortized cost. The district, as a participant in the local investment pools, measures its investment in the pool at NAV per share determined by the pool.

TexasTERM (TexasDAILY) Investment Pool

TexasDAILY is a public funds investment pool established by the TexasTERM Local Government Investment Pool ("TexasTERM") advisory board, pursuant to provisions of the TexasTERM Common Investment Contract that established the TexasTERM Local Government Investment Pool and the series known as TexasDAILY. TexasDAILY was organized in conformity with the Interlocal Cooperation Act, Chapter 791, Texas Government Code, and the Public Funds Investment Act, Chapter 2256, Texas Government Code. An advisory board, composed of participants and nonparticipant members elected by the participant shareholders of TexasTERM, is responsible for the overall management of TexasTERM, including formulation and implementation of its investment and operating policies. In addition, the advisory board members select and oversee the activities of the investment advisor and custodian of TexasTERM and monitor investment performance and the method of valuing the shares. The investment advisor and administrator for TexasDAILY is PFM Asset Management, LLC. TexasTERM and TexasDAILY are rated AAAM by Standard & Poor's.

Although TexasTERM is not registered with the SEC as an investment company, the District believes it meets the requirements of GASB Statement No. 79, and as such, measures its investments at amortized cost. The district, as a participant in the local investment pools, measures its investment in the pool at NAV per share determined by the pool.

TexSTAR Investment Pool

TexSTAR is a local government investment pool organized under the authority of the Interlocal Cooperation Act, Chapter 791, of the Texas Government Code, and the Public Funds Investment Act, chapter 2256, of the Texas Government Code. The pool was created through a contract among its participating governmental units, and is governed by a board of directors to provide for the joint investment of participants' public funds and funds under their control. TexSTAR is managed by J.P. Morgan Investment Management, Inc., an affiliate of JPMorgan Chase Bank, N.A. a national banking association, and First Southwest Asset Management, Inc., an affiliate of Texas based First Southwest Company. TexSTAR's investment manager will maintain the dollar-weighted average maturity of sixty (60) days or less, and the maximum stated maturity for any obligation of the United States, its agencies, or instrumentalities is limited to 397 days for fixed rate securities and 24 months for variable rate notes. TexSTAR is rated AAAM by Standard and Poor's.

Austin Independent School District

Notes to the Basic Financial Statements

June 30, 2016

4. Deposits and Investments (continued)

TexSTAR Investment Pool (continued)

Although TexSTAR is not registered with the SEC as an investment company, the District believes it meets the requirements of GASB Statement No. 79, and as such, measures its investments at amortized cost. The district, as a participant in the local investment pools, measures its investment in the pool at NAV per share determined by the pool.

5. Property Taxes

Property taxes are levied as of October 1 in conformity with Subtitle E, Texas Property Tax Code. Taxes are due on receipt of the tax bill and are delinquent if not paid before February 1 of the year following the year in which imposed. On January 1 of each year, a tax lien attaches to property to secure the payment of all taxes, penalties, and interest ultimately imposed. Property tax revenues are considered available when they become due or past due and receivable within the current period, including those property taxes expected to be collected during a 60-day period after the close of the District's fiscal year.

The final assessed value at January 1, 2015, upon which the October 2015 levy was based, was \$89,259,003,447.

The tax rates assessed for the ten month period ended June 30, 2016 to finance General Fund operations and the payment of principal and interest on general obligation long-term debt were \$1.079 and \$0.123 per \$100 valuation, respectively, for a total of \$1.202 per \$100 of assessed valuation.

Delinquent taxes are prorated between maintenance and debt service based on rates adopted for the year of the levy. Allowances for uncollectibles within the General and Debt Service Funds are based upon historical experience in collecting property taxes. Uncollectible personal property taxes are periodically reviewed and written-off, but the District is prohibited from writing off real property taxes without specific statutory authority from the Texas Legislature.

As of June 30, 2016, property taxes receivable, net of estimated uncollectible taxes, totaled \$8,974,120 and \$1,090,138 for the General and Debt Service Funds, respectively.

Austin Independent School District

Notes to the Basic Financial Statements

June 30, 2016

6. Receivables From Other Governments

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 School Foundation and Per Capita Programs. Amounts due from federal and state governments as of June 30, 2016 for the District's major fund and nonmajor funds are summarized below. All federal grants shown below are passed through TEA and are reported in the basic financial statements as receivable from other governments.

<u>Fund</u>	<u>Local Entities</u>	<u>State Grants and Other</u>	<u>Federal Grants</u>	<u>Total</u>
General Fund	\$ -	\$ 4,909,232	\$ -	\$ 4,909,232
Nonmajor fund	1,761,464	15,207,011	187,758	17,156,233
	<u>\$ 1,761,464</u>	<u>\$ 20,116,243</u>	<u>\$ 187,758</u>	<u>\$ 22,065,465</u>

7. Changes in Capital Assets

The following summarizes the change in capital assets for the ten month period ended June 30, 2016:

	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balances</u>
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 70,679,124	\$ 18,978	\$ -	\$ 70,698,102
Construction in progress	76,228,054	62,547,030	(71,497,633)	67,277,451
Total capital assets not being depreciated	<u>146,907,178</u>	<u>62,566,008</u>	<u>(71,497,633)</u>	<u>137,975,553</u>
Capital assets being depreciated:				
Buildings and improvements	1,472,115,084	59,786,555	-	1,531,901,639
Furniture and equipment	95,066,629	12,687,579	(3,374,220)	104,379,988
Total capital assets being depreciated	<u>1,567,181,713</u>	<u>72,474,134</u>	<u>(3,374,220)</u>	<u>1,636,281,627</u>
Less accumulated depreciation for:				
Buildings and improvements	(689,655,433)	(45,475,615)	-	(735,131,048)
Furniture and equipment	(71,826,448)	(5,273,907)	3,308,175	(73,792,180)
Total accumulated depreciation	<u>(761,481,881)</u>	<u>(50,749,522)</u>	<u>3,308,175</u>	<u>(808,923,228)</u>
Total capital assets being depreciated – net	<u>805,699,832</u>	<u>21,724,612</u>	<u>(66,045)</u>	<u>827,358,399</u>
Governmental activities capital assets – net	<u>\$ 952,607,010</u>	<u>\$ 84,290,620</u>	<u>\$ (71,563,678)</u>	<u>\$ 965,333,952</u>

Austin Independent School District

Notes to the Basic Financial Statements

June 30, 2016

7. Changes in Capital Assets (continued)

Depreciation expense for the ten month period ended June 30, 2016 was charged to functions/programs of primary government activities as follows:

Instruction	\$ 33,414,319
Instructional resources and media services	2,247,667
Curriculum and staff development	892
Instructional leadership	11,815
School leadership	2,338,866
Guidance, counseling, and evaluation services	247,060
Health services	82,033
Student (pupil) transportation	2,491,039
Food services	3,155,151
Curricular/extracurricular activities	2,383,035
General administration	8,875
Plant maintenance and operations	1,634,112
Security and monitoring services	159,421
Data processing services	849,624
Community services	33,540
Facilities acquisition and construction	763,623
Depreciation – exclusive of functional amounts	<u>928,450</u>
	<u>\$ 50,749,522</u>

Austin Independent School District

Notes to the Basic Financial Statements

June 30, 2016

8. Long-Term Obligations

Long-term obligations include par bonds and loans, leases, self-insurance claims payable, and net pension liability. At June 30, 2016, the District's debt limitation under local policies, which represents 10.0% of the District's total assessed property value for school tax purposes, is \$89,259,003,447, and the District's legal debt margin is 0.9%.

The following is a summary of changes in long-term obligations (including general obligation bonds, loans, self-insurance claims payable, and net pension liability) for the ten month period ended June 30, 2016:

	Bonds Payable	Loans Payable	Self-Insurance Claims Payable	Net Pension Liability
Balance – as reported at August 31, 2015	\$ 856,887,935	\$ 3,624,351	\$ 13,391,471	\$ 102,327,301
Current year claims and/or changes in estimates	-	-	68,281,190	-
Bond issuances	24,078,000	-	-	-
Retirements	(152,633)	(289,053)	-	-
Claim payments	-	-	(67,598,689)	-
Amortized bond premium	(4,648,145)	-	-	-
Additions – net pension expense	-	-	-	14,092,021
Reductions – net deferred resources	-	-	-	1,622,747
Reductions – prior year contributions	-	-	-	(9,123,735)
	<u>\$ 876,165,157</u>	<u>\$ 3,335,298</u>	<u>\$ 14,073,972</u>	<u>\$ 108,918,334</u>
Balance at June 30, 2016				
Amount due within one year	<u>\$ 72,412,617</u>	<u>\$ 395,323</u>	<u>\$ 10,512,872</u>	<u>\$ -</u>

The District primarily liquidates debt through the Debt Service Fund. Self-insurance liabilities are liquidated through the Internal Service Fund. The net pension liability will be liquidated in future years by the General Fund.

Austin Independent School District

Notes to the Basic Financial Statements

June 30, 2016

8. Long-Term Obligations (continued)

The following is a summary of the interest rates and original issue amounts for the District's long-term debt as of June 30, 2016:

Description	Interest Rate Payable	Amounts Original Issue
Bonded indebtedness:		
1998 Unlimited Tax Refunding Bonds	3.10-5.00%	\$ 130,397,389
2002 Unlimited Tax School Qualified Zone Academy Bonds	4.11%	5,082,652
2004 Unlimited Tax Refunding Building Bonds	5.00-5.25%	111,935,000
2005B Unlimited Tax School Qualified Zone Academy Bonds	3.01%	4,491,923
2006 Unlimited Tax Refunding Bonds	5.00-5.25%	54,375,000
2006 Unlimited Tax School Qualified Zone Academy Bonds	2.69%	6,408,071
2006A Unlimited Tax Refunding Building Bonds	4.00-5.00%	90,000,000
2006B Unlimited Tax Refunding Bonds	4.00-5.00%	31,460,000
2007 Unlimited Tax Refunding Bonds	3.00-5.00%	135,000,000
2008 Unlimited Tax School Qualified Zone Academy Bonds	0.00%	2,442,131
2008 Unlimited Tax Refunding Bonds	4.00-5.25%	100,000,000
2009 Unlimited Tax Refunding Bonds	2.00-5.00%	99,495,000
2010A Unlimited Tax Refunding Bonds	2.50-5.00%	25,165,000
2010B Unlimited Tax Refunding Bonds	3.68-5.24%	58,315,000
2011 Unlimited Tax Refunding Bonds	2.00-5.00%	91,625,000
2013A Unlimited Tax Refunding Bonds	1.50-5.50%	101,100,000
2013B Unlimited Tax Refunding Bonds	0.443-2.333%	8,555,000
2014A Unlimited Tax Refunding Bonds	2.00-5.00%	54,815,000
2014B Unlimited Tax Refunding Bonds	5.00%	89,595,000
2015A Unlimited Tax Refunding Bonds	3.15-5.00%	63,110,000
2015B Unlimited Tax Refunding Bonds	5.00%	87,295,000
2015 Unlimited Tax Qualified School Construction Bonds	4.85%	24,078,000
		<u>\$ 1,374,740,166</u>

Austin Independent School District

Notes to the Basic Financial Statements

June 30, 2016

8. Long-Term Obligations (continued)

Description	Amounts Outstanding August 31, 2015	Additions Current Year	Retired Current Year	Amounts Outstanding June 30, 2016
Bonded indebtedness:				
Building bonds:				
1998 Unlimited Tax Refunding	\$ 18,720,000	\$ -	\$ -	\$ 18,720,000
2002 Unlimited Tax School Qualified Zone Academy	5,082,652	-	-	5,082,652
2004 Unlimited Tax Refunding	18,230,000	-	-	18,230,000
2005B Unlimited Tax School Qualified Zone Academy	4,491,923	-	-	4,491,923
2006 Unlimited Tax Refunding	7,130,000	-	-	7,130,000
2006 Unlimited Tax School Qualified Zone Academy	6,408,071	-	-	6,408,071
2006A Unlimited Tax Refunding	3,400,000	-	-	3,400,000
2006B Unlimited Tax Refunding	24,185,000	-	-	24,185,000
2007 Unlimited Tax Refunding	24,885,000	-	-	24,885,000
2008 Unlimited Tax School Qualified Zone Academy	1,373,700	-	(152,633)	1,221,067
2008 Unlimited Tax Refunding	45,380,000	-	-	45,380,000
2009 Unlimited Tax Refunding	81,170,000	-	-	81,170,000
2010 Unlimited Tax Refunding	70,640,000	-	-	70,640,000
2011 Unlimited Tax Refunding	82,315,000	-	-	82,315,000
2013A Unlimited Tax Refunding	99,365,000	-	-	99,365,000
2013B Unlimited Tax Refunding	8,250,000	-	-	8,250,000
2014A Unlimited Tax Refunding	49,965,000	-	-	49,965,000
2014B Unlimited Tax Refunding	89,595,000	-	-	89,595,000
2015A Unlimited Tax Refunding	63,110,000	-	-	63,110,000
2015B Unlimited Tax Refunding	87,295,000	-	-	87,295,000
2015 Unlimited Tax Qualified School Construction Bonds	-	24,078,000	-	24,078,000
Bond premium	65,896,589	-	(4,648,145)	61,248,444
Total bond indebtedness	\$ 856,887,935	\$ 24,078,000	\$ (4,800,778)	\$ 876,165,157

Austin Independent School District

Notes to the Basic Financial Statements

June 30, 2016

8. Long-Term Obligations (continued)

Presented below is a summary of general obligation bonds requirements to maturity:

	Principal	Interest	Total
Year ending June 30,			
2017	\$ 72,412,617	\$ 34,781,521	\$ 107,194,138
2018	48,739,965	32,211,962	80,951,927
2019	41,354,965	30,401,521	71,756,486
2020	36,711,888	28,939,806	65,651,694
2021	37,518,036	27,557,358	65,075,394
2022-2026	191,654,562	115,231,711	306,886,273
2027-2031	200,349,680	71,278,544	271,628,224
2032-2036	160,995,000	23,235,006	184,230,006
2037-2041	25,180,000	1,569,500	26,749,500
	\$ 814,916,713	\$ 365,206,930	\$ 1,180,123,643

In fiscal year 2016, the District issued one new series of bonded indebtedness as follows:

- The District entered into a contract, which was approved by the Board on September 28, 2015, to issue \$24,078,000 of Unlimited Tax Qualified School Construction Bonds, Series 2015 and delivered such bonds on November 9, 2015. The District used the \$24,078,000 to pay for costs of the construction or rehabilitation of public school facilities and the acquisition of land and equipment.

In prior years, the District legally defeased certain bonds by placing the proceeds of new bond issues in irrevocable trusts to provide for all future debt service payments on the old bonds. Accordingly, the legally defeased bonds are no longer reported in the District's financial statements. There are no bonds defeased in-substance as of June 30, 2016.

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

Austin Independent School District

Notes to the Basic Financial Statements

June 30, 2016

8. Long-Term Obligations (continued)

The District entered into a loan agreement in March 2012 with the State Energy Conservation Office – General Services Commission. The District will repay the loan amount, plus interest at 2%. The loan will be repaid as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 34,281	\$ 1,484	\$ 35,765
2018	34,972	793	35,765
2019	<u>16,450</u>	<u>132</u>	<u>16,582</u>
	<u>\$ 85,703</u>	<u>\$ 2,409</u>	<u>\$ 88,112</u>

The District entered into a loan agreement in April 2012 with the State Energy Conservation Office – General Services Commission. The District will repay the loan amount, plus interest at 3%. The loan will be repaid as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 361,042	\$ 99,222	\$ 460,264
2018	371,996	88,268	460,264
2019	383,282	76,982	460,264
2020	394,910	65,354	460,264
2021	406,891	53,372	460,263
2022-2015	<u>1,331,474</u>	<u>86,246</u>	<u>1,417,720</u>
	<u>\$ 3,249,595</u>	<u>\$ 469,444</u>	<u>\$ 3,719,039</u>

During fiscal year 2016, interest expense and cash paid for interest totaled \$18,037,024.

Austin Independent School District

Notes to the Basic Financial Statements

June 30, 2016

9. Interfund Receivables and Payables

Interfund balances occur when one fund pays or receives resources for another fund. Interfund balances at June 30, 2016 consisted of the following fund receivables and payables:

	Due From	Due To
Major Fund – General:		
Capital Projects	\$ 5,073,809	\$ 78,340
Nonmajor	9,968,101	3,470
Fiduciary	-	36
Total General Fund	<u>15,041,910</u>	<u>81,846</u>
Major Fund – Debt Service:		
Capital Projects	-	130,640
Nonmajor	34,206	-
Total Debt Service Fund	<u>34,206</u>	<u>130,640</u>
Major Fund – Capital Projects:		
General	78,340	5,073,809
Debt Service	130,640	-
Total Capital Projects Fund	<u>208,980</u>	<u>5,073,809</u>
Nonmajor Funds:		
General	3,470	9,968,101
Debt Service	-	34,206
Nonmajor	482	482
Internal Service	3,076	77,425
Fiduciary	9,321	-
Total Nonmajor Funds	<u>16,349</u>	<u>10,080,214</u>
Internal Service Fund:		
Nonmajor	77,425	3,076
Fiduciary	719,569	-
Total Internal Service Fund	<u>796,994</u>	<u>3,076</u>
Fiduciary Funds:		
General	36	-
Nonmajor	-	9,321
Internal Service	-	719,569
Fiduciary	5,165	5,165
Total Fiduciary Funds	<u>5,201</u>	<u>734,055</u>
Total all funds	<u>\$ 16,103,640</u>	<u>\$ 16,103,640</u>

During the year, the Debt Service Fund transferred \$24,078,000 to the Capital Projects Fund to pay for the costs of the construction or rehabilitation of public school facilities and the acquisition of land and equipment. During the year, the General Fund transferred \$10,000,000 to a non-major Internal Service Fund to partially fund health care costs.

Austin Independent School District

Notes to the Basic Financial Statements

June 30, 2016

10. Commitments and Contingencies

At June 30, 2016, the District is committed under contracts in the amount of approximately \$11 million. The commitments are for remaining work on various construction projects. These commitments are payable from the Capital Projects Fund.

The District participates in a number of federal financial assistance programs. Although the District's grant programs have been audited in accordance with the provisions of the Single Audit Act Amendments and Subpart F of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* through June 30, 2016, these programs are still subject to financial and compliance audits and resolution of previously identified questioned costs. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time, although the District expects such amounts, if any, to be immaterial.

The District leases certain building facilities and equipment on a year-to-year basis. Total rent expenditures for the ten month period ended June 30, 2016 was \$3,498,039. These leases are considered for accounting purposes to be operating leases.

The District has been named in several civil lawsuits. The outcome of these pending cases cannot presently be determined; however, the District plans to vigorously contest each action. In the opinion of management, disposition of these lawsuits will have no material adverse effect on the financial position of the District.

The Travis County Central Appraisal District is a defendant in various lawsuits involving the property values assigned to property located within the District's boundaries on which the District assesses property taxes. Assessed values of property values under suit are as follows:

<u>Tax Year</u>	<u>Property Value</u>
2004	\$ 1,241,301
2007	2,477,500
2008	22,317,448
2009	127,826,552
2010	51,556,038
2011	54,008,960
2012	214,326,346
2013	795,341,627
2014	2,231,902,164
2015	8,360,387,276
	<u>\$ 11,861,385,212</u>

The District could be required to refund property taxes paid on values which were greater than the ultimate final assessed valuation assigned by the court. Such lawsuits could continue several years into the future.

Austin Independent School District

Notes to the Basic Financial Statements

June 30, 2016

11. Defined Benefit Pension Plan

A. 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). It is a defined benefit pension plan established and administered in accordance with the Texas Constitution, Article XVI, Section 67 and Texas Government Code, Title 8, Subtitle C. The pension trust fund is a qualified pension trust under Section 401(a) of the Internal Revenue Code. The Texas Legislature establishes benefits and contribution rates within the guidelines of the Texas Constitution. The pension's Board of Trustees does not have the authority to establish or amend benefit terms.

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

B. Pension Plan Fiduciary Net Position

Detailed information about the Teacher Retirement System's fiduciary net position is available in a separately-issued Comprehensive Annual Financial Report (CAFR) that includes financial statements and required supplementary information. That report may be obtained by calling (512) 542-6592, on the Internet at <http://www.trs.state.tx.us/about/documents/cafr.pdf#CAFR>; or by writing to TRS at 1000 Red River Street, Austin, Texas, 78701-2698.

C. Benefits Provided

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

Austin Independent School District

Notes to the Basic Financial Statements

June 30, 2016

11. Defined Benefit Pension Plan (continued)

D. Contributions

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

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

	2016	2015
Member	7.2%	6.7%
Non-Employer Contributing Entity (State) (“NECE”)	6.8%	6.8%
Employers	6.8%	6.8%
District’s 2015 employer contributions		\$ 9,123,735
District’s 2015 member contributions		\$ 29,509,142
District’s 2015 NECE contributions		\$ 27,642,692

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 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.

Austin Independent School District

Notes to the Basic Financial Statements

June 30, 2016

11. Defined Benefit Pension Plan (continued)

D. Contributions (continued)

Employers (public school, junior college, other entities or the State of Texas as the employer for senior universities and medical schools) are required to pay the employer contribution rate in the following instances:

- On the portion of the member's salary that exceeds the statutory minimum for members entitled to the statutory minimum under Section 21.402 of the Texas Education Code.
- During a new member's first 90 days of employment.
- When any part or all of an employee's salary is paid by federal funding sources, a privately sponsored source, from non-educational and general, or local funds.
- When the employing district is a public junior college or junior college district, the employer shall contribute to the retirement system an amount equal to 50% of the state contribution rate for certain instructional or administrative employees; and 100% of the state contribution rate for all other employees.

In addition to the employer contributions listed above, 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.

Austin Independent School District

Notes to the Basic Financial Statements

June 30, 2016

11. Defined Benefit Pension Plan (continued)

E. Actuarial Assumptions

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

Valuation Date	August 31, 2015
Actuarial Cost Method	Individual Entry Age Normal
Asset Valuation Method	Market Value
Discount Rate	8.00%
Long-Term Expected Investment Rate of Return	8.00%
Inflation	2.5%
Salary Increases including inflation	3.5% to 9.5%
Payroll Growth Rate	2.5%
Benefit Changes during the year	None
Ad hoc post-employment benefit changes	None

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

F. 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.

Austin Independent School District

Notes to the Basic Financial Statements

June 30, 2016

11. Defined Benefit Pension Plan (continued)

F. Discount Rate (continued)

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Geometric Real Rate of Return</u>	<u>Expected Contribution to Long-Term Portfolio Returns*</u>
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	0%	0.0%	2.2%
Alpha	0%	0.0%	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.

Austin Independent School District

Notes to the Basic Financial Statements

June 30, 2016

11. Defined Benefit Pension Plan (continued)

G. Discount Rate Sensitivity Analysis

The following schedule shows the impact of the Net Pension Liability if the discount rate used was 1% less than and 1% greater than the discount rate that was used (8%) in measuring the 2015 Net Pension Liability.

	<u>1% Decrease in Discount Rate (7%)</u>	<u>Discount Rate (8%)</u>	<u>1% Increase in Discount Rate (9%)</u>
District's proportionate share of the net pension liability	\$ 170,654,500	\$ 108,918,334	\$ 57,495,944

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

At June 30, 2016, the District reported a liability of \$108,918,334 for its proportionate share of the TRS's net pension liability. This liability reflects a reduction for State pension support provided to the District. The amount recognized by the District as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with the District were as follows:

District's proportionate share of the collective net pension liability	\$ 108,918,334
State's proportionate share that is associated with the District	<u>329,898,170</u>
Total	<u><u>\$ 438,816,504</u></u>

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

At August 31, 2015 the employer's proportion of the collective net pension liability was 0.308126% which was a decrease of 19.57% from its proportion measured as of August 31, 2014.

Austin Independent School District

Notes to the Basic Financial Statements

June 30, 2016

11. Defined Benefit Pension Plan (continued)

- H. Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (continued)

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

Economic Assumptions

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

Mortality Assumptions

5. The post-retirement mortality tables for non-disabled retirees were updated to reflect recent TRS member experience. Mortality rates will be assumed to continue to improve in the future using a fully generational approach and Scale BB.
6. The post-retirement mortality tables for disabled retirees were updated to reflect recent TRS member experience. Mortality rates will be assumed to continue to improve in the future using a fully generational approach and Scale BB.
7. The pre-retirement mortality table for active employees were updated to use 90% of the recently published RP-2014 mortality table for active employees. Mortality rates will be assumed to continue to improve in the future using a fully generational approach and Scale BB.

Other Demographic Assumptions

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

Austin Independent School District

Notes to the Basic Financial Statements

June 30, 2016

11. Defined Benefit Pension Plan (continued)

H. Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (continued)

Actuarial Methods and Policies

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

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

During the measurement period ended August 31, 2015, the District recognized pension expense of \$47,005,180 and revenue of \$47,005,180 for support provided by the State.

As of the measurement date of August 31, 2015, 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 Outflow of Resources	Deferred Inflow of Resources
Differences between expected and actual economic experience	\$ 1,316,134	\$ 4,185,829
Changes in actuarial assumptions	5,531,739	3,885,729
Difference between projected and actual investment earnings	26,824,160	23,456,552
Changes in proportion and difference between the District's contributions and the proportionate share of contributions	-	17,152,163
Contributions paid to TRS subsequent to the measurement date	6,820,214	-
Total	\$ 40,492,247	\$ 48,680,273

The net amounts of the employer's balances of deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

	Pension Expense Amount
Year ending August 31:	
2017	\$ (4,000,612)
2018	(4,000,612)
2019	(4,000,612)
2020	3,818,239
2021	(2,969,865)
Thereafter	(3,854,778)

Austin Independent School District

Notes to the Basic Financial Statements

June 30, 2016

12. Health Care Coverage

A. Health Insurance Plan

During the ten month period ended June 30, 2016, employees of the District were covered by a self-funded health insurance plan. During the 2011 plan year, the District established a self-funded health insurance program utilizing a plan provided by Blue Cross Blue Shield of Texas ("BCBS"). As of January 1, 2015 the district switched providers from BCBS to Aetna. Under the Aetna health plan, employees have a choice of four plans, including two PPO plans and two ACO plans, one of which offers a health savings account.

Claims administration is contracted from a third-party administrator. Health benefit consultant services are contracted from an outside entity. The District maintains individual stop-loss coverage for catastrophic losses exceeding \$600,000 per claim.

Under Aetna, the District contributed \$446 per month, per employee to the plans. All contributions were paid to licensed insurers. The contracts between the District and the licensed insurer provide terms of coverage and contribution costs.

The latest financial statements for the insurance company, available for the year ended December 31, 2015, are filed with the Texas State Board of Insurance, Austin, Texas, and are public records.

B. Medicare Part D

The Medicare Prescription Drug, Improvement, and Modernization Act of 2003, which became effective January 1, 2006, established prescription drug coverage for Medicare beneficiaries known as Medicare Part D. One of the provisions of Medicare Part D allows for the Texas Public School Retired Employee Group Insurance Program ("TRS-Care") to receive retiree drug subsidy payments from the federal government to offset certain prescription drug expenditures for eligible TRS-Care participants. These on-behalf payments must be recognized as equal revenues and expenditures/expenses by the District. These payments totaled \$2,145,399, \$2,191,939, and \$1,416,537, for fiscal years 2016, 2015, and 2014, respectively.

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

Austin Independent School District

Notes to the Basic Financial Statements

June 30, 2016

12. Health Care Coverage (continued)

B. Medicare Part D (continued)

This temporary program is available to help employers continue to provide coverage to early retirees. ERRP reimbursement is available on a first-come, first-served basis for qualified employers that apply and become certified for the program. TRS has been certified for this program and has received funds from the ERRP program. These funds are allocated to reporting agencies using the same basis as the Medicare Part D – On Behalf Payments. The temporary program was not available to TRS for the fiscal year ended August 31, 2015 and the ten month period ended June 30, 2016; therefore, there was no allocation required.

C. Retiree Health Plan

Plan Description

The District contributes to TRS-Care, a cost-sharing multiple-employer defined benefit postemployment health care plan administered by TRS. TRS-Care provides health care coverage for certain persons (and their dependents) who retired under TRS. The statutory authority for the program is Texas Insurance Code, Chapter 1575. Section 1575.052 grants the TRS board of trustees the authority to establish and amend basic and optional group insurance coverage for participants. TRS issues a publicly available financial report that includes financial statements and required supplementary information for TRS-Care. That report may be obtained by visiting the TRS website at www.trs.state.tx.us under the TRS Publications heading, by writing to the Communications Department of the Teacher Retirement System of Texas at 1000 Red River Street, Austin, Texas 78701, or by calling the TRS Communications Department at 1-800-223-8778.

Funding Policy

Contribution requirements are not actuarially determined, but are legally established each biennium by the Texas Legislature. Texas Insurance Code, Sections 1575.202, 203, and 204 establish state, active employee, and public school contributions, respectively. Funding for free basic coverage is provided by the program based upon public school district payroll. Per Texas Insurance Code, Chapter 1575, the public school contribution may not be less than 0.25% or greater than 0.75% of the salary of each active employee of the public school. Funding for optional coverage is provided by those participants selecting the optional coverage. Contribution rates and amounts are shown in the table below for fiscal years 2016-2014.

Contribution Rates and Amounts

Year	Active Member		State		School District	
	Rate	Amount	Rate	Amount	Rate	Amount
2016	0.65%	\$ 3,256,814	1.00%	\$ 406,270	0.55%	\$ 2,755,766
2015	0.65%	3,515,795	1.00%	501,973	0.55%	2,974,903
2014	0.65%	3,448,239	1.00%	584,030	0.55%	2,917,741

Austin Independent School District

Notes to the Basic Financial Statements

June 30, 2016

13. Self-Insurance

The District participates in the Texas Association of School Boards Modified Self-Funded Program for its vehicle liability insurance. In connection therewith, stop-loss insurance for bodily injury over \$100,000 per person, \$300,000 per occurrence, and \$100,000 for personal property is maintained. The District is responsible for claims up to these amounts.

The District is self-insured for workers' compensation coverage. The District contributes amounts to the Internal Service Fund based on an estimate of the ultimate cost of claims expected to be incurred each year and changes in amounts estimated in prior years. The District's retention under this program is limited to \$500,000 per occurrence (all claims relating to an event are considered an occurrence). Through the Texas Association of School Boards Risk Management Fund, the District has contracted with Safety National Casualty Corporation, a commercial insurer licensed in the state of Texas, to provide the coverage per occurrence in excess of \$500,000 up to the statutory limit, as described by state law.

During the ten month period ended June 30, 2016, employees of the District were covered by a self-funded health insurance plan. During the 2011 plan year, the District established a self-funded health insurance program utilizing a plan provided by Blue Cross Blue Shield of Texas. As of January 1, 2015 the District switched providers from BCBS to Aetna. Under the Aetna health plan, employees have a choice of four plans, including two PPO plans and two ACO plans, one of which offers a health savings account.

Claims administration is contracted from a third-party administrator. Health benefit consultant services are contracted from an outside entity. The District maintains individual stop-loss coverage for catastrophic losses exceeding \$600,000 per claim.

Changes in workers' compensation and health insurance claims liability amounts are as follows:

	2016		2015	
	Workers' Compensation	Health Insurance	Workers' Compensation	Health Insurance
Beginning of the year liability	\$ 6,391,471	\$ 7,000,000	\$ 6,414,535	\$ 4,932,983
Current year claims	2,368,928	65,229,761	2,164,723	74,430,860
Changes in estimates	169,629	512,872	(23,064)	2,067,017
Claim payments	<u>(2,368,928)</u>	<u>(65,229,761)</u>	<u>(2,164,723)</u>	<u>(74,430,860)</u>
End of the year liability	<u>\$ 6,561,100</u>	<u>\$ 7,512,872</u>	<u>\$ 6,391,471</u>	<u>\$ 7,000,000</u>

The end of the year liability includes claims incurred and reported and estimated claims incurred, but not reported based on historical activity. Due to the types of risk self-insured, the ultimate amount to be paid out may be more or less than the amount accrued at June 30, 2016. The District has a contingent liability in the event the insurer is unable to fulfill its responsibility under the contract or the incurred claims exceed the amounts covered by stop-loss coverage. There have been no claim settlements exceeding the District's retention limits in the last three years.

Austin Independent School District

Notes to the Basic Financial Statements

June 30, 2016

14. Deficit Fund Balance

As of June 30, 2016, the Capital Projects Fund had a deficit fund balance of \$91,209,532. The deficit fund balance resulted from capital expenditures incurred in 2013 through 2016, which were being financed by commercial paper and accounts payable on an interim basis. The District is utilizing the commercial paper program, which is more fully described in Note 15, rather than issuing a large amount of bonded indebtedness at the beginning of a construction program. The commercial paper program allows the District to issue smaller increments of short-term debt that more closely matches the size and timing of its construction expenditures and, thus, minimize the total amount of interest cost and bond issuances costs incurred on the construction program. Voters of the District approved the issuance of up to \$519.5 million of bonds in an election in September 2004, the issuance of up to \$343.7 million of bonds in an election in May 2008, and the issuance of up to \$489.7 million of bonds in an election in May 2013. The deficit fund balance will be eliminated by future bond proceeds. As of June 30, 2016, the District has issued \$508.8 million of the original \$519.5 million bond authorization approved by the voters of the District in September 2004, \$300.2 million of the \$343.7 million bond authorization approved by voters in May 2008, and \$99.1 million of the \$489.7 million bond authorization approved by voters in May 2013.

15. Short-Term Debt

In June 2005, the Board approved the issuance of Austin Independent School District Commercial Paper Notes, Series A ("Commercial Paper") in an aggregate principal amount not to exceed \$150,000,000 for the purpose of funding new construction and rehabilitation and renovation of existing facilities. The Commercial Paper notes mature in not more than 270 days from issuance and are supported by revolving credit agreements with Mizuho Bank, Ltd. and Sumitomo Mitsui Banking Corporation. The Commercial Paper is secured by a pledge of the proceeds of future general obligation bonds or loans issued by the District to pay the principal of the Commercial Paper or proceeds from ad valorem property taxes. As of June 30, 2016, the District had a \$100 million outstanding balance of Commercial Paper. Since the beginning of the Commercial Paper Program, the District has issued approximately \$831 million in bonds, using a portion of the proceeds from each of the bond issuances to partially refinance the Commercial Paper. As of June 30, 2016, \$815 million of bond proceeds has been used to refinance the Commercial Paper.

Changes in the Commercial Paper are as follows:

	<u>June 30, 2016</u>	<u>August 31, 2015</u>
Beginning of the period liability	\$ 20,000,000	\$ -
Bonds issued	-	(70,000,000)
Commercial paper issuances	<u>80,000,000</u>	<u>90,000,000</u>
End of the period liability	<u>\$ 100,000,000</u>	<u>\$ 20,000,000</u>

Austin Independent School District

Notes to the Basic Financial Statements

June 30, 2016

16. Fund Balance

Designations of governmental fund balance as of June 30, 2016 were as follows:

	General Fund	Debt Service Fund	Capital Projects Fund	Nonmajor Governmental Funds	Total Governmental Funds
Fund balances:					
Nonspendable:					
Inventories	\$ 513,043	\$ -	\$ -	\$ 2,546,480	\$ 3,059,523
Prepays	867,684	-	-	-	867,684
Restricted:					
Retirement of long-term debt	-	137,670,940	-	-	137,670,940
Federal and state funds grants	-	-	-	6,108,396	6,108,396
Assigned:					
Administration	470,829	-	-	-	470,829
Community services	32,767	-	-	-	32,767
Health Fund Subsidy	8,000,000	-	-	-	8,000,000
Instructional related	6,615,496	-	-	-	6,615,496
Instructional and school leadership related	133,006	-	-	-	133,006
Library science	108,000	-	-	-	108,000
Special projects (energy conservation and e-rate reimbursements)	6,642,119	-	-	-	6,642,119
Strategic compensation	633,370	-	-	-	633,370
Support services (nonstudent related)	1,998,335	-	-	-	1,998,335
Support services (student related)	10,000	-	-	-	10,000
Unassigned	266,242,369	-	(91,209,532)	-	175,032,837
Total fund balances	\$ 292,267,018	\$ 137,670,940	\$ (91,209,532)	\$ 8,654,876	\$ 347,383,302

Austin Independent School District

Notes to the Basic Financial Statements

June 30, 2016

17. Shared Services Arrangements

The District is the fiscal agent for two shared services arrangements (“SSA”). One SSA provides deaf education services to member districts whose students are enrolled in the Regional Day School Program for the Deaf. In addition to the District, other member districts in this SSA include the Del Valle ISD. The other SSAs provide education services to member districts in the Indian Education Formula Grant Consortium. In addition to the District, other member districts in this SSA include Bastrop ISD, Leander ISD, Liberty Hill ISD, and Round Rock ISD.

The District, acting as the fiscal agent, receives monies from the granting agencies and administers the programs. The fiscal agent is responsible for employment of personnel, budgeting, accounting, and reporting. According to guidance provided in TEA’s FAR, the District has accounted for the activities of the SSA in the appropriate Special Revenue Funds. Additionally, the SSA’s are accounted for using the “Accounting and Reporting Treatment Guidance Section” of FAR.

According to the SSA agreements, costs incurred by the SSA’s shall be divided among the member districts in proportion to the number of students each member district has attending the Regional Day School Program and/or receiving services through the Indian Education Formula Grant Consortium.

Expenditures allocated to the SSA members as of June 30, 2016 are summarized below by program:

Indian Education	<u>All Districts</u>	<u>Austin ISD</u>	<u>Bastrop</u>	<u>Leander</u>	<u>Liberty Hill</u>	<u>Round Rock</u>
Number of Students	<u>139</u>	<u>91</u>	<u>9</u>	<u>20</u>	<u>1</u>	<u>18</u>
Fund Year 285.5	\$ (1,140)	\$ (746)	\$ (74)	\$ (164)	\$ (8)	\$ (148)
Number of Students	<u>66</u>	<u>38</u>	<u>10</u>	<u>11</u>	<u>-</u>	<u>7</u>
Fund Year 285.6	47,978	27,624	7,269	7,996	-	5,089
Total	<u>\$ 46,838</u>	<u>\$ 26,878</u>	<u>\$ 7,195</u>	<u>\$ 7,832</u>	<u>\$ (8)</u>	<u>\$ 4,941</u>

Austin Independent School District

Notes to the Basic Financial Statements

June 30, 2016

17. Shared Services Arrangements (continued)

Regional Day School for the Deaf	<u>All Districts</u>	<u>Austin ISD</u>	<u>Del Valle ISD</u>
Number of Students	<u>96</u>	<u>90</u>	<u>6</u>
Fund Year			
315.6	\$ <u>27,111</u>	\$ <u>25,417</u>	\$ <u>1,694</u>
Discretionary Deaf	<u>27,111</u>	<u>25,417</u>	<u>1,694</u>
316.6	<u>37,735</u>	<u>35,377</u>	<u>2,358</u>
Formula Deaf	<u>37,735</u>	<u>35,377</u>	<u>2,358</u>
317.6	<u>8,861</u>	<u>8,307</u>	<u>554</u>
Preschool Deaf	<u>8,861</u>	<u>8,307</u>	<u>554</u>
340.6	<u>2,849</u>	<u>2,671</u>	<u>178</u>
Early Intervention	<u>2,849</u>	<u>2,671</u>	<u>178</u>
435.5	581	545	36
435.6	<u>468,346</u>	<u>439,074</u>	<u>29,272</u>
State Deaf	<u>468,927</u>	<u>439,619</u>	<u>29,308</u>
Total	\$ <u><u>545,483</u></u>	\$ <u><u>511,391</u></u>	\$ <u><u>34,092</u></u>

Required Supplementary Information

Required supplementary information includes financial information and disclosures required by GASB but not considered a part of the basic financial statements.

Austin Independent School District

Exhibit G-1 Budgetary Comparison Schedule – General Fund

Ten Month Period Ended June 30, 2016

Data Control Codes		Budgeted Amounts			Variance With Final Budget Positive (Negative)
		Original	Final	Actual	
Revenues					
5700	Local and intermediate sources	\$ 930,485,500	\$ 936,194,949	\$ 935,923,424	\$ (271,525)
5800	State program revenues	48,921,282	52,771,206	50,329,570	(2,441,636)
5900	Federal program revenues	23,273,563	26,573,563	26,554,292	(19,271)
5020	Total revenues	<u>1,002,680,345</u>	<u>1,015,539,718</u>	<u>1,012,807,286</u>	<u>(2,732,432)</u>
Expenditures					
Current:					
0011	Instruction	432,127,446	390,562,748	389,399,804	1,162,944
0012	Instructional resources and media services	10,924,614	10,868,107	9,543,853	1,324,254
0013	Curriculum and instructional staff development	12,163,348	12,041,030	9,035,047	3,005,983
0021	Instructional leadership	13,224,221	12,174,783	10,941,590	1,233,193
0023	School leadership	49,897,258	44,259,768	43,574,984	684,784
0031	Guidance, counseling, and evaluation services	20,207,979	22,137,535	20,177,938	1,959,597
0032	Social work services	4,676,341	5,026,505	4,614,858	411,647
0033	Health services	6,228,661	6,786,715	6,225,201	561,514
0034	Student (pupil) transportation	27,369,589	29,568,455	28,318,982	1,249,473
0036	Curricular/extracurricular activities	13,684,024	14,154,119	14,274,409	(120,290)
0041	General administration	19,086,733	16,441,838	15,309,497	1,132,341
0051	Plant maintenance and operations	76,156,169	75,159,728	69,700,769	5,458,959
0052	Security and monitoring services	9,940,149	9,640,069	9,183,864	456,205
0053	Data processing services	18,422,345	18,925,161	16,751,523	2,173,638
0061	Community services	4,576,472	5,016,146	4,404,619	611,527
0071	Principal on long-term debt	496,029	413,061	289,052	124,009
0072	Interest on long-term debt	-	82,968	82,968	-
0081	Capital outlay	1,546,604	1,828,012	1,957,830	(129,818)
0091	Contracted instructional services between schools	272,762,822	266,077,759	266,073,630	4,129
0093	Payments related to shared services arrangements	2,641,223	2,759,615	2,701,947	57,668
0099	Other intergovernmental charges	5,617,250	5,726,953	5,721,415	5,538
6030	Total expenditures	<u>1,001,749,277</u>	<u>949,651,075</u>	<u>928,283,780</u>	<u>21,367,295</u>
1100	Excess (deficiency) of revenues over (under) expenditures	<u>931,068</u>	<u>65,888,643</u>	<u>84,523,506</u>	<u>18,634,863</u>
Other Financing Sources (Uses)					
7912	Sale of real or personal property	51,000	51,000	20,584	(30,416)
8911	Transfer out	-	(10,000,000)	(10,000,000)	-
8949	Other uses	(81,000)	(81,000)	-	81,000
7080	Total other financing sources (uses)	<u>(30,000)</u>	<u>(10,030,000)</u>	<u>(9,979,416)</u>	<u>50,584</u>
1200	Net change in fund balance	901,068	55,858,643	74,544,090	18,685,447
0100	Fund balance at beginning of period	<u>217,722,928</u>	<u>217,722,928</u>	<u>217,722,928</u>	<u>-</u>
3000	Fund balance at end of period	<u>\$ 218,623,996</u>	<u>\$ 273,581,571</u>	<u>\$ 292,267,018</u>	<u>\$ 18,685,447</u>

See accompanying independent auditor's report.

Austin Independent School District

Exhibit G-1

Note to the Budgetary Comparison Schedule – General Fund

Ten Month Period Ended June 30, 2016

Budgetary Data

Formal budgetary accounting is employed for the General Fund, as outlined in TEA's FAR. The budgetary comparison schedule is presented on the modified accrual basis of accounting consistent with GAAP. The budget is prepared and controlled at the function level within each organization to which responsibility for controlling operations is assigned.

The official school budget is prepared for adoption for required Governmental Fund types prior to June 19 of the preceding fiscal year for the subsequent fiscal year beginning July 1. The budget is formally adopted by the Board at a public meeting held at least ten days after public notice has been given.

Annual budgets are adopted on a basis generally consistent with GAAP for the General Fund, Debt Service Fund, and the Food Service Special Revenue Fund. The remaining Special Revenue Funds and the Capital Projects Fund adopt project-length budgets, which do not correspond to the District's fiscal year. Each annual budget for these funds is presented on the modified accrual basis of accounting, which is consistent with GAAP. The Board amended the budget throughout the year. Such amendments are before the fact and are reflected in the official minutes of the Board.

During fiscal year 2016, the District had an unfavorable variance in Capital Outlay in the amount of \$129,818, as the District had additional expenses for maintenance of buildings and grounds and various construction and improvement costs than were expected. The District was not made aware of these un-posted expenses until after the final budget amendment was completed for fiscal year 2016.

Austin Independent School District

Schedule of the District's Proportionate Share of the Net Pension Liability

Last Two Fiscal Years

	2016	2015
District's proportion of the net pension liability	0.3081257%	0.3830850%
District's proportionate share of net pension liability	\$ 108,918,334	102,327,301
State's proportionate share of the net pension liability associated with the district	329,898,170	280,740,695
Total	\$ 438,816,504	383,067,996
District's covered-employee payroll	\$ 540,891,491	530,498,281
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	20.14%	19.29%
Plan fiduciary net position as a percentage of the total pension liability	78.43%	83.25%

The information disclosed for each fiscal year is reported as of the measurement date of the net pension liability which is August 31 of the preceding fiscal year.

Only two years of data is presented in accordance with GASB Statement No. 68, Paragraph 138. The information for all periods for the 10-year schedules that are required to be presented as required supplementary information is not available. During this transition period, the information will be presented for as many years as are available.

See accompanying independent auditor's report

Austin Independent School District

Schedule of District Contributions

Last Two Fiscal Years

	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 6,820,214	\$ 9,712,268
Contribution in relation to the contractually required contribution	<u>(6,820,214)</u>	<u>(9,712,268)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	\$ 501,048,279	\$ 540,891,491
Contributions as a percentage of covered-employee payroll	1.36%	1.80%

The information disclosed for each fiscal year is reported as of the District's fiscal year-end date (June 30, 2016 and August 31, 2015).

Only two years of data is presented in accordance with GASB Statement No. 68, Paragraph 138. The information for all periods for the 10-year schedules that are required to be presented as required supplementary information is not available. During this transition period, the information will be presented for as many years as are available.

Austin Independent School District

Notes to Required Supplementary Information

June 30, 2016

1. Changes to benefit terms

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

2. Changes of assumptions

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

Economic Assumptions

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

Mortality Assumptions

5. The post-retirement mortality tables for non-disabled retirees were updated to reflect recent TRS member experience. Mortality rates will be assumed to continue to improve in the future using a fully generational approach and Scale BB.
6. The post-retirement mortality tables for disabled retirees were updated to reflect recent TRS member experience. Mortality rates will be assumed to continue to improve in the future using a fully generational approach and Scale BB.
7. The pre-retirement mortality table for active employees were updated to use 90% of the recently published RP-2014 mortality table for active employees. Mortality rates will be assumed to continue to improve in the future using a fully generational approach and Scale BB.

Other Demographic Assumptions

8. Previously, it was assumed 10% of all members who had contributed in the past 5 years to be an active member. This was an implicit rehire assumption because teachers have historically had a high incidence of terminating employment for a time and then returning to the workforce at a later date. This methodology was modified to add a more explicit valuation of the rehire incidence in the termination liabilities, and therefore these 10% are no longer being counted as active members.
9. There were adjustments to the termination patterns for members consistent with experience and future expectations. The termination patterns were adjusted to reflect the rehire assumption. The timing of the termination decrement was also changed from the middle of the year to the beginning to match the actual pattern in the data.

Austin Independent School District

Notes to Required Supplementary Information

June 30, 2016

2. Changes of assumptions (continued)

10. Small adjustments were made to the retirement patterns for members consistent with experience and future expectations.
11. Small adjustments to the disability patterns were made for members consistent with experience and future expectations. Two separate patterns were created based on whether the member has 10 years of service or more.
12. For members that become disabled in the future, it is assumed 20% of them will choose a 100% joint and survivor annuity option.

Actuarial Methods and Policies

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

OTHER SUPPLEMENTARY INFORMATION

Combining Schedules

NONMAJOR GOVERNMENTAL FUNDS

The nonmajor governmental funds are made up of Special Revenue Funds.

The Special Revenue Funds account for state and federally financed programs or expenditures legally restricted for specified purposes or where unused balances are returned to the grantor at the close of specified project periods. This fund type also includes child care operations, food concessions, scholarship, and food service operations.

Austin Independent School District

Exhibit H-1
Combining Balance Sheet
Nonmajor Governmental Funds

June 30, 2016

<u>Data Control Codes</u>		205	206	211	220	223	224	225
		Head Start	ESEA, Title X, Part C - Education for the Homeless Children	ESEA, Title I, Part A - Improving Basic Programs	Adult Ed - English Literacy & Civics Awareness	Adult Education Federal Grant	IDEA - Part B, Formula	IDEA - Part B, Preschool
ASSETS								
1110	Cash, cash equivalents and temporary investments	\$ -	-	-	-	-	-	-
1240	Due from other governments	-	63,361	4,597,765	9,208	45,753	2,581,721	46,161
1260	Receivables from external parties	-	-	297	-	-	-	-
1290	Other receivables	293,135	-	-	-	-	-	-
1300	Inventories	-	-	-	-	-	-	-
1000	Total assets	<u>293,135</u>	<u>63,361</u>	<u>4,598,062</u>	<u>9,208</u>	<u>45,753</u>	<u>2,581,721</u>	<u>46,161</u>
LIABILITIES AND FUND BALANCES								
Liabilities:								
2110	Accounts payable	-	215	438,825	-	-	3,455	-
2160	Accrued wages payable	71,044	-	1,141,543	5,856	3,571	858,482	14,287
2170	Due to other funds	222,091	63,146	3,017,694	2,818	42,182	1,719,784	31,874
2180	Due to other governments	-	-	-	534	-	-	-
2300	Unearned revenues	-	-	-	-	-	-	-
2000	Total liabilities	<u>293,135</u>	<u>63,361</u>	<u>4,598,062</u>	<u>9,208</u>	<u>45,753</u>	<u>2,581,721</u>	<u>46,161</u>
Fund balances:								
3410	Nonspendable	-	-	-	-	-	-	-
3490	Restricted	-	-	-	-	-	-	-
3000	Total fund balances	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
4000	Total liabilities and fund balances	<u>293,135</u>	<u>63,361</u>	<u>4,598,062</u>	<u>9,208</u>	<u>45,753</u>	<u>2,581,721</u>	<u>46,161</u>

Austin Independent School District

Exhibit H-1 Combining Balance Sheet Nonmajor Governmental Funds (Continued)

June 30, 2016

<u>Data Control Codes</u>	240	242	244	255	258	263	265
	National School Breakfast and Lunch Program	Summer Feeding Program, Texas Department of Agriculture	Career and Technical - Basic Grant	ESEA, Title II, Part A - Teacher and Principal Training	Public Charter Schools	Title III, Part A - English Language Acquisition and Language	Title IV, Part B - 21st Century Community Learning Centers
ASSETS							
1110	Cash, cash equivalents and temporary investments	\$ 4,221,668	-	-	-	-	335
1240	Due from other governments	657,143	-	137,403	487,550	-	344,274 775,063
1260	Receivables from external parties	7,317	-	-	-	-	-
1290	Other receivables	6,063	-	-	-	-	-
1300	Inventories	2,546,480	-	-	-	-	-
1000	Total assets	<u>7,438,671</u>	<u>-</u>	<u>137,403</u>	<u>487,550</u>	<u>-</u>	<u>344,274 775,398</u>
LIABILITIES AND FUND BALANCES							
Liabilities:							
2110	Accounts payable	550,919	-	16,576	9,153	-	2,483 62,818
2160	Accrued wages payable	49,617	-	-	89,688	-	128,016 194,229
2170	Due to other funds	-	-	120,827	388,709	-	213,775 518,351
2180	Due to other governments	-	-	-	-	-	-
2300	Unearned revenues	955,528	-	-	-	-	-
2000	Total liabilities	<u>1,556,064</u>	<u>-</u>	<u>137,403</u>	<u>487,550</u>	<u>-</u>	<u>344,274 775,398</u>
Fund balances:							
3410	Nonspendable	2,546,480	-	-	-	-	-
3490	Restricted	3,336,127	-	-	-	-	-
3000	Total fund balances	<u>5,882,607</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
4000	Total liabilities and fund balances	<u>7,438,671</u>	<u>-</u>	<u>137,403</u>	<u>487,550</u>	<u>-</u>	<u>344,274 775,398</u>

Austin Independent School District

Exhibit H-1
Combining Balance Sheet
Nonmajor Governmental Funds (Continued)

June 30, 2016

<u>Data Control Codes</u>		272	276	285	286	289	315	316
		Medicaid Administrative Claiming Program	Title I SIP Academy Grant	ESEA, Title I, Part A - Improving Basic Programs (ARRA)	Federally Funded Special Revenue Funds	Federally Funded Special Revenue Funds	Shared Services Arrangements - IDEA - Part B - Discretionary	Shared Services Arrangements - IDEA - Part B - Deaf
ASSETS								
1110	Cash, cash equivalents and temporary investments	\$ -	932	-	-	174,383	-	-
1240	Due from other governments	201,861	-	6,701	-	5,043,347	1,400	9,956
1260	Receivables from external parties	-	-	-	-	-	-	-
1290	Other receivables	-	-	-	-	22,898	-	-
1300	Inventories	-	-	-	-	-	-	-
1000	Total assets	<u>201,861</u>	<u>932</u>	<u>6,701</u>	<u>-</u>	<u>5,240,628</u>	<u>1,400</u>	<u>9,956</u>
LIABILITIES AND FUND BALANCES								
Liabilities:								
2110	Accounts payable	-	-	57	-	3,305,486	226	-
2160	Accrued wages payable	-	-	1,218	-	237,873	-	4,687
2170	Due to other funds	201,861	-	5,426	-	1,544,020	1,174	5,269
2180	Due to other governments	-	932	-	-	4,955	-	-
2300	Unearned revenues	-	-	-	-	148,294	-	-
2000	Total liabilities	<u>201,861</u>	<u>932</u>	<u>6,701</u>	<u>-</u>	<u>5,240,628</u>	<u>1,400</u>	<u>9,956</u>
Fund balances:								
3410	Nonspendable	-	-	-	-	-	-	-
3490	Restricted	-	-	-	-	-	-	-
3000	Total fund balances	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
4000	Total liabilities and fund balances	<u>201,861</u>	<u>932</u>	<u>6,701</u>	<u>-</u>	<u>5,240,628</u>	<u>1,400</u>	<u>9,956</u>

Austin Independent School District

Exhibit H-1
Combining Balance Sheet
Nonmajor Governmental Funds (Continued)

June 30, 2016

<u>Data Control Codes</u>	317	340	385	392	393	397	410
	Shared Services Arrangements - IDEA - Part B - Preschool Deaf	Shared Services Arrangements - IDEA - Part C - Early Intervention Deaf	State Supplemental Visually Impaired (SSVI)	Noneducational Community- Based Support	Texas Successful Schools Program	Advanced Placement Incentives	State Textbook Fund
ASSETS							
1110 Cash, cash equivalents and temporary investments	\$ -	-	-	-	24,846	34,855	78,336
1240 Due from other governments	5,082	117	43,676	3,510	-	-	-
1260 Receivables from external parties	-	-	-	-	-	-	-
1290 Other receivables	-	-	-	-	-	-	-
1300 Inventories	-	-	-	-	-	-	-
1000 Total assets	<u>5,082</u>	<u>117</u>	<u>43,676</u>	<u>3,510</u>	<u>24,846</u>	<u>34,855</u>	<u>78,336</u>
LIABILITIES AND FUND BALANCES							
Liabilities:							
2110 Accounts payable	-	-	-	3,510	-	-	3,800
2160 Accrued wages payable	4,261	-	1,923	-	-	-	-
2170 Due to other funds	821	117	41,753	-	-	-	-
2180 Due to other governments	-	-	-	-	-	34,855	-
2300 Unearned revenues	-	-	-	-	-	-	-
2000 Total liabilities	<u>5,082</u>	<u>117</u>	<u>43,676</u>	<u>3,510</u>	<u>-</u>	<u>34,855</u>	<u>3,800</u>
Fund balances:							
3410 Nonspendable	-	-	-	-	-	-	-
3490 Restricted	-	-	-	-	24,846	-	74,536
3000 Total fund balances	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>24,846</u>	<u>-</u>	<u>74,536</u>
4000 Total liabilities and fund balances	<u>5,082</u>	<u>117</u>	<u>43,676</u>	<u>3,510</u>	<u>24,846</u>	<u>34,855</u>	<u>78,336</u>

Austin Independent School District

Exhibit H-1 Combining Balance Sheet Nonmajor Governmental Funds (Continued)

June 30, 2016

<u>Data</u> <u>Control</u> <u>Codes</u>	426	428	429	435	461	479	499	Total	
	Texas Educator Excellence Award Grant Program	High School Allotment	State Funded Special Revenue Funds	Shared Services - Arrangements - Regional Day School for the Deaf	Campus Activity Funds	Permanent Fund	Locally Funded Special Revenue Funds		
ASSETS									
1110	Cash, cash equivalents and temporary investments	\$ -	51,304	163,450	-	404,391	631,708	7,893,212	13,679,420
1240	Due from other governments	447,120	-	29,979	140,947	-	-	1,477,135	17,156,233
1260	Receivables from external parties	-	-	-	-	262	-	8,473	16,349
1290	Other receivables	-	-	-	-	10,269	-	364,336	696,701
1300	Inventories	-	-	-	-	-	-	-	2,546,480
1000	Total assets	447,120	51,304	193,429	140,947	414,922	631,708	9,743,156	34,095,183
LIABILITIES AND FUND BALANCES									
Liabilities:									
2110	Accounts payable	-	-	17,652	-	12,540	-	346,035	4,773,750
2160	Accrued wages payable	303,507	-	922	25,098	181	-	397,323	3,533,326
2170	Due to other funds	143,613	-	16,819	115,849	27,731	-	1,634,510	10,080,214
2180	Due to other governments	-	-	158,036	-	-	-	5,739,567	5,938,879
2300	Unearned revenues	-	-	-	-	-	-	10,316	1,114,138
2000	Total liabilities	447,120	-	193,429	140,947	40,452	-	8,127,751	25,440,307
Fund balances:									
3410	Nonspendable	-	-	-	-	-	-	-	2,546,480
3490	Restricted	-	51,304	-	-	374,470	631,708	1,615,405	6,108,396
3000	Total fund balances	-	51,304	-	-	374,470	631,708	1,615,405	8,654,876
4000	Total liabilities and fund balances	447,120	51,304	193,429	140,947	414,922	631,708	9,743,156	34,095,183

Austin Independent School District

Exhibit H-2 Combining Statement of Revenues, Expenditures and Changes in Fund Balance Nonmajor Governmental Funds

June 30, 2016

Data Control Codes	205 Head Start	206 ESEA, Title X, Part C - Education for the Homeless Children	211 ESEA, Title I, Part A - Improving Basic Programs	220 Adult Ed - English Literacy & Civics Awareness	223 Adult Education Federal Grant	224 IDEA - Part B, Formula	225 IDEA - Part B, Preschool
REVENUES							
5700	Local and intermediate sources	-	-	-	-	-	-
5800	State program revenues	-	-	-	-	-	-
5900	Federal program revenues	1,118,471	148,583	25,480,301	203,926	94,726	15,236,506
5020	Total revenues	1,118,471	148,583	25,480,301	203,926	94,726	15,236,506
EXPENDITURES							
Current:							
0011	Instruction	1,118,617	-	15,968,265	-	-	11,943,466
0012	Instructional resources and media services	-	-	273,914	-	-	-
0013	Curriculum and instructional staff development	(146)	-	3,453,043	2,617	1,406	1,383,435
0021	Instructional leadership	-	-	792,965	-	-	189,645
0023	School leadership	-	-	2,105,888	-	-	32,833
0031	Guidance, counseling, and evaluation services	-	-	343,205	-	-	1,435,523
0032	Social work services	-	-	300,769	-	-	404
0033	Health services	-	-	70,762	-	-	7,375
0035	Food services	-	-	189	-	-	-
0036	Curricular/extracurricular activities	-	-	-	-	-	-
0041	General administration	-	-	187,253	-	-	-
0051	Plant maintenance and operations	-	-	1,564	-	-	-
0052	Security and monitoring services	-	-	-	-	-	-
0053	Data processing services	-	-	566,151	-	-	50,673
0061	Community services	-	148,583	1,416,333	201,309	93,320	193,152
0081	Capital outlay	-	-	-	-	-	-
	Total expenditures	1,118,471	148,583	25,480,301	203,926	94,726	15,236,506
	Excess (deficiency) of revenues over expenses	-	-	-	-	-	-
	Net change in fund balances	-	-	-	-	-	-
	Fund balances – beginning	-	-	-	-	-	-
	Fund balances – ending	-	-	-	-	-	-

Austin Independent School District

Exhibit H-2 Combining Statement of Revenues, Expenditures and Changes in Fund Balance Nonmajor Governmental Funds (Continued)

June 30, 2016

Data Control Codes	240 National School Breakfast and Lunch Program	242 Summer Feeding Program, Texas Department of Agriculture	244 Career and Technical - Basic Grant	255 ESEA, Title II, Part A - Teacher and Principal Training	258 Public Charter Schools	263 Title III, Part A - English Language Acquisition and Language	265 Title IV, Part B - 21st Century Community Learning Centers
REVENUES							
5700	Local and intermediate sources	\$ 6,986,667	6,683	-	-	-	-
5800	State program revenues	1,122,882	-	-	-	-	-
5900	Federal program revenues	27,461,103	417,393	902,364	2,355,460	(9,235)	2,075,493
5020	Total revenues	35,570,652	424,076	902,364	2,355,460	(9,235)	2,075,493
EXPENDITURES							
Current:							
0011	Instruction	-	-	647,856	-	(11)	1,570,148
0012	Instructional resources and media services	-	-	-	-	-	1,795
0013	Curriculum and instructional staff development	-	-	47,848	1,620,200	(5,625)	373,021
0021	Instructional leadership	-	-	73,759	196,638	-	40,844
0023	School leadership	-	-	-	34,455	(999)	-
0031	Guidance, counseling, and evaluation services	-	-	132,901	66,340	-	31,420
0032	Social work services	-	-	-	46,521	-	-
0033	Health services	-	-	-	-	-	-
0035	Food services	34,925,990	424,076	-	-	-	-
0036	Curricular/extracurricular activities	-	-	-	-	-	32,489
0041	General administration	-	-	-	323,268	-	-
0051	Plant maintenance and operations	-	-	-	-	-	2,075
0052	Security and monitoring services	-	-	-	-	-	17,184
0053	Data processing services	-	-	-	65,038	-	672
0061	Community services	-	-	-	3,000	(2,600)	57,593
0081	Capital outlay	-	-	-	-	-	-
	Total expenditures	34,925,990	424,076	902,364	2,355,460	(9,235)	2,075,493
	Excess (deficiency) of revenues over expenses	644,662	-	-	-	-	-
	Net change in fund balances	644,662	-	-	-	-	-
	Fund balances – beginning	5,237,945	-	-	-	-	-
	Fund balances – ending	\$ 5,882,607	-	-	-	-	-

Austin Independent School District

Exhibit H-2 Combining Statement of Revenues, Expenditures and Changes in Fund Balance Nonmajor Governmental Funds (Continued)

June 30, 2016

Data Control Codes	272 Medicaid Administrative Claiming Program	276 Title I SIP Academy Grant	285 ESEA, Title I, Part A - Improving Basic Programs (ARRA)	286 Education Jobs (Stimulus)	289 Federally Funded Special Revenue Funds	315 Shared Services Arrangements - IDEA - Part B - Discretionary	316 Shared Services Arrangements - IDEA - Part B - Deaf
REVENUES							
5700	Local and intermediate sources	-	-	-	-	-	-
5800	State program revenues	-	-	-	-	-	-
5900	Federal program revenues	291,022	(46,231)	46,838	-	9,684,365	27,111
5020	Total revenues	291,022	(46,231)	46,838	-	9,684,365	27,111
EXPENDITURES							
Current:							
0011	Instruction	-	(46,589)	24	-	6,373,477	25,043
0012	Instructional resources and media services	-	-	-	-	34,487	-
0013	Curriculum and instructional staff development	-	-	-	-	2,347,901	898
0021	Instructional leadership	-	-	46,814	-	529,368	952
0023	School leadership	-	(222)	-	-	-	-
0031	Guidance, counseling, and evaluation services	-	-	-	-	21,167	-
0032	Social work services	-	-	-	-	-	372
0033	Health services	291,022	-	-	-	-	218
0035	Food services	-	580	-	-	6,362	-
0036	Curricular/extracurricular activities	-	-	-	-	(307)	-
0041	General administration	-	-	-	-	-	-
0051	Plant maintenance and operations	-	-	-	-	5,547	-
0052	Security and monitoring services	-	-	-	-	-	-
0053	Data processing services	-	-	-	-	62,906	-
0061	Community services	-	-	-	-	303,457	-
0081	Capital outlay	-	-	-	-	-	-
	Total expenditures	291,022	(46,231)	46,838	-	9,684,365	27,111
	Excess (deficiency) of revenues over expenses	-	-	-	-	-	-
	Net change in fund balances	-	-	-	-	-	-
	Fund balances – beginning	-	-	-	-	-	-
	Fund balances – ending	-	-	-	-	-	-

Austin Independent School District

Exhibit H-2 Combining Statement of Revenues, Expenditures and Changes in Fund Balance Nonmajor Governmental Funds (Continued)

June 30, 2016

Data Control Codes	317	340	385	392	393	397	410
	Shared Services Arrangements - IDEA - Part B - Preschool Deaf	Shared Services Arrangements - IDEA - Part C, Early Intervention Deaf	State Supplemental Visually Impaired (SSVI)	Noneducational Community-Based Support	Texas Successful Schools Program	Advanced Placement Incentives	State Textbook Fund
REVENUES							
5700	Local and intermediate sources	-	-	-	-	-	-
5800	State program revenues	-	43,676	3,510	-	1,621	2,107,972
5900	Federal program revenues	8,644	2,849	-	-	-	-
5020	Total revenues	8,644	2,849	43,676	3,510	-	1,621
EXPENDITURES							
Current:							
0011	Instruction	6,974	2,625	34,852	-	-	1,621
0012	Instructional resources and media services	-	-	-	-	-	-
0013	Curriculum and instructional staff development	1,670	224	7,655	-	-	-
0021	Instructional leadership	-	-	1,169	-	-	-
0023	School leadership	-	-	-	-	-	-
0031	Guidance, counseling, and evaluation services	-	-	-	-	-	-
0032	Social work services	-	-	-	-	-	-
0033	Health services	-	-	-	-	-	-
0035	Food services	-	-	-	-	-	-
0036	Curricular/extracurricular activities	-	-	-	-	-	-
0041	General administration	-	-	-	-	-	-
0051	Plant maintenance and operations	-	-	-	-	-	-
0052	Security and monitoring services	-	-	-	-	-	-
0053	Data processing services	-	-	-	-	-	-
0061	Community services	-	-	-	3,510	-	-
0081	Capital outlay	-	-	-	-	-	-
	Total expenditures	8,644	2,849	43,676	3,510	-	1,621
	Excess (deficiency) of revenues over expenses	-	-	-	-	-	57,734
	Net change in fund balances	-	-	-	-	-	57,734
	Fund balances – beginning	-	-	-	24,846	-	16,802
	Fund balances – ending	-	-	-	24,846	-	74,536

Austin Independent School District

Exhibit H-2 Combining Statement of Revenues, Expenditures and Changes in Fund Balance Nonmajor Governmental Funds (Continued)

June 30, 2016

Data Control Codes	426 Texas Educator Excellence Award Grant Program	428 High School Allotment	429 State Funded Special Revenue Funds	435 Shared Services Arrangements - Regional Day School for the Deaf	461 Campus Activity Funds	479 Permanent Fund	499 Locally Funded Special Revenue Funds	Total	
REVENUES									
5700	Local and intermediate sources	-	-	5,000	-	271,660	1,219	9,115,524	16,386,753
5800	State program revenues	865,104	-	121,038	468,928	-	-	8,339	4,743,070
5900	Federal program revenues	-	-	-	-	-	-	-	89,407,037
5020	Total revenues	865,104	-	126,038	468,928	271,660	1,219	9,123,863	110,536,860
EXPENDITURES									
Current:									
0011	Instruction	-	-	4,154	349,009	832	-	842,712	41,123,981
0012	Instructional resources and media services	-	-	244	-	23,686	-	55,315	389,441
0013	Curriculum and instructional staff development	848,448	263	4,413	13,339	17,881	-	627,392	10,747,149
0021	Instructional leadership	-	-	33,492	2,126	69,614	-	175,663	2,153,219
0023	School leadership	-	-	-	-	-	-	103,828	2,275,783
0031	Guidance, counseling, and evaluation services	16,656	-	-	33,857	(5,271)	-	96,395	2,404,634
0032	Social work services	-	460	-	-	-	-	69,363	417,517
0033	Health services	-	-	-	70,597	-	-	6,218	446,192
0035	Food services	-	-	-	-	16,306	-	25,323	35,398,826
0036	Curricular/extracurricular activities	-	-	-	-	29,887	-	66,133	128,202
0041	General administration	-	-	-	-	10,963	-	66,386	587,870
0051	Plant maintenance and operations	-	-	-	-	6,990	-	249,407	265,583
0052	Security and monitoring services	-	-	-	-	1,295	-	2,524	21,003
0053	Data processing services	-	-	-	-	-	-	112,241	857,681
0061	Community services	-	-	83,735	-	9,895	-	5,594,380	11,496,722
0081	Capital outlay	-	-	-	-	-	-	923,911	923,911
	Total expenditures	865,104	723	126,038	468,928	182,078	-	9,017,191	109,637,714
	Excess (deficiency) of revenues over expenses	-	(723)	-	-	89,582	1,219	106,672	899,146
	Net change in fund balances	-	(723)	-	-	89,582	1,219	106,672	899,146
	Fund balances – beginning	-	52,027	-	-	284,888	630,489	1,508,733	7,755,730
	Fund balances – ending	-	51,304	-	-	374,470	631,708	1,615,405	8,654,876

NONMAJOR PROPRIETARY FUNDS

The Internal Service Fund accounts for the District's self-funding of workers' compensation claims, Campus Police, Print Shop, and Health Services. Internal Service Funds inherently create redundancy because their expenses are recorded a second time in the funds that are billed for the services they provide. Therefore, on the government-wide financial statements, the operations of the Internal Service Funds are consolidated and interfund transactions are eliminated.

Austin Independent School District
Exhibit H-3
Combining Statement of Net Position
Proprietary Funds

June 30, 2016

	752	753	753	753	771	772	
	Print Shop Reproduction	Worker's Compensation Fund	Health Insurance Fund	Dental Insurance Fund	District Police	Laundry Service	Total
Assets							
Current assets:							
Cash and cash equivalents	\$ (328,192)	\$ 217,655	\$ 129,459	\$ 200,344	\$ (191,337)	\$ 600,231	\$ 628,160
Temporary investments	-	14,397,163	9,276,150	1,168,644	62,841	142,877	25,047,675
Due from other funds	70,860	77,424	459,273	26,320	131,717	31,400	796,994
Other receivable	-	-	-	-	120	-	120
Inventories	-	-	-	-	-	75,664	75,664
Other assets	-	-	-	-	-	-	-
Total current assets	<u>(257,332)</u>	<u>14,692,242</u>	<u>9,864,882</u>	<u>1,395,308</u>	<u>3,341</u>	<u>850,172</u>	<u>26,548,613</u>
Total assets	<u>\$ (257,332)</u>	<u>\$ 14,692,242</u>	<u>\$ 9,864,882</u>	<u>\$ 1,395,308</u>	<u>\$ 3,341</u>	<u>\$ 850,172</u>	<u>\$ 26,548,613</u>
Liabilities							
Current liabilities:							
Accounts payable	\$ 3,290	\$ 42	\$ 29,607	\$ -	\$ 285	\$ 252	\$ 33,476
Accrued expenditures	2,363	-	-	-	224	6,893	9,480
Due to other funds	-	-	3,076	-	-	-	3,076
Claims payable – due within one year	-	3,000,000	7,512,872	-	-	-	10,512,872
Total current liabilities	<u>\$ 5,653</u>	<u>3,000,042</u>	<u>7,545,555</u>	<u>-</u>	<u>509</u>	<u>7,145</u>	<u>10,558,904</u>
Noncurrent liabilities:							
Claims payable – due in more than one year	-	3,561,100	-	-	-	-	3,561,100
Total liabilities	<u>5,653</u>	<u>6,561,142</u>	<u>7,545,555</u>	<u>-</u>	<u>509</u>	<u>7,145</u>	<u>14,120,004</u>
Unrestricted Net Position	<u>(262,985)</u>	<u>8,131,100</u>	<u>2,319,327</u>	<u>1,395,308</u>	<u>2,832</u>	<u>843,027</u>	<u>12,428,609</u>
Total net position	<u>\$ (262,985)</u>	<u>\$ 8,131,100</u>	<u>\$ 2,319,327</u>	<u>\$ 1,395,308</u>	<u>\$ 2,832</u>	<u>\$ 843,027</u>	<u>\$ 12,428,609</u>

Austin Independent School District
 Exhibit H-4
 Combining Statement of Revenues,
 Expenses and Changes in Fund Net Position
 Proprietary Funds

Ten Month Period Ended June 30, 2016

	752	753	753	753	771	772	
	<u>Print Shop Reproduction</u>	<u>Worker's Compensation Fund</u>	<u>Health Insurance Fund</u>	<u>Dental Insurance Fund</u>	<u>District Police</u>	<u>Laundry Service</u>	<u>Total</u>
Operating Revenues							
Local and intermediate sources	\$ 308,912	\$ -	\$ 59,181,773	\$ 2,619,508	\$ 482,927	\$ 216,407	\$ 62,809,527
Total Revenues	<u>308,912</u>	<u>-</u>	<u>59,181,773</u>	<u>2,619,508</u>	<u>482,927</u>	<u>216,407</u>	<u>62,809,527</u>
Operating Expenses							
Other operating expenses	331,692	2,886,035	67,029,104	1,941,638	475,898	172,023	72,836,390
Total Expenses	<u>331,692</u>	<u>2,886,035</u>	<u>67,029,104</u>	<u>1,941,638</u>	<u>475,898</u>	<u>172,023</u>	<u>72,836,390</u>
Operating income (loss)	(22,780)	(2,886,035)	(7,847,331)	677,870	7,029	44,384	(10,026,863)
Nonoperating Revenues							
Investment earnings and other	-	57,996	12,628	2,165	-	1,606	74,395
Total nonoperating revenues	<u>-</u>	<u>57,996</u>	<u>12,628</u>	<u>2,165</u>	<u>-</u>	<u>1,606</u>	<u>74,395</u>
Income (Loss) before transfers	(22,780)	(2,828,039)	(7,834,703)	680,035	7,029	45,990	(9,952,468)
Transfers in	-	-	10,000,000	-	-	-	10,000,000
Transfers out	-	-	-	-	-	-	-
Change in net position	<u>(22,780)</u>	<u>(2,828,039)</u>	<u>2,165,297</u>	<u>680,035</u>	<u>7,029</u>	<u>45,990</u>	<u>47,532</u>
Net position at beginning of year	<u>(240,205)</u>	<u>10,959,139</u>	<u>154,030</u>	<u>715,273</u>	<u>(4,197)</u>	<u>797,037</u>	<u>12,381,077</u>
Net position at end of year	<u>\$ (262,985)</u>	<u>\$ 8,131,100</u>	<u>\$ 2,319,327</u>	<u>\$ 1,395,308</u>	<u>\$ 2,832</u>	<u>\$ 843,027</u>	<u>\$ 12,428,609</u>

Austin Independent School District

Exhibit H-5

Combining Statement of Cash Flows Proprietary Funds

Ten Month Period Ended June 30, 2016

	752	753	753	753	771	772	
	Print Shop Reproduction	Worker's Compensation Fund	Health Insurance Fund	Dental Insurance Fund	District Police	Laundry Service	Total
CASH FLOWS FROM OPERATING ACTIVITIES							
Payments to suppliers	\$ (261,603)	\$ (186,272)	\$ (3,594,795)	\$ (137,590)	\$ (27,186)	\$ (11,760)	\$ (4,219,206)
Payments for employee salaries and benefits	(170,125)	(121,936)	(494,390)	-	(470,848)	(139,388)	(1,396,687)
Payments from (to) other funds	272,918	(12,820)	60,758,916	2,942,323	534,289	195,354	64,690,980
Claims paid	-	(2,199,299)	(62,900,283)	(1,816,606)	-	-	(66,916,188)
Net cash provided by (used in) operating activities	<u>(158,810)</u>	<u>(2,520,327)</u>	<u>(6,230,552)</u>	<u>988,127</u>	<u>36,255</u>	<u>44,206</u>	<u>(7,841,101)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES							
Transfers (to) from other funds	-	-	10,000,000	-	-	-	10,000,000
Net cash provided by (used in) noncapital financing activities	<u>-</u>	<u>-</u>	<u>10,000,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>10,000,000</u>
CASH FLOWS FROM INVESTING ACTIVITIES							
Proceeds from sales and maturities of investments	475,413	3,123,551	55,727,951	1,465,847	689,982	764,449	62,247,193
Outlays for purchase of investments	(475,413)	(649,904)	(59,912,628)	(2,377,030)	(752,824)	(211,483)	(64,379,282)
Interest income	-	57,996	12,628	2,165	-	1,606	74,395
Net cash provided by (used in) investing activities	<u>-</u>	<u>2,531,643</u>	<u>(4,172,049)</u>	<u>(909,018)</u>	<u>(62,842)</u>	<u>554,572</u>	<u>(2,057,694)</u>
Net increase (decrease) in cash and cash equivalents	(158,810)	11,316	(402,601)	79,109	(26,587)	598,778	101,205
Cash and cash equivalents at beginning of year	<u>(169,382)</u>	<u>206,339</u>	<u>532,060</u>	<u>121,235</u>	<u>(164,750)</u>	<u>1,453</u>	<u>526,955</u>
Cash and cash equivalents at end of year	<u>\$ (328,192)</u>	<u>\$ 217,655</u>	<u>\$ 129,459</u>	<u>\$ 200,344</u>	<u>\$ (191,337)</u>	<u>\$ 600,231</u>	<u>\$ 628,160</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used In) Operating Activities							
Operating income (loss)	\$ (22,780)	\$ (2,886,035)	\$ (7,847,331)	\$ 677,870	\$ 7,029	\$ 44,384	\$ (10,026,863)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:							
(Increase) decrease in due from other funds	(35,994)	(7,057)	4,480,226	322,815	51,362	(21,052)	4,790,300
Increase in inventory	-	-	-	-	-	12,301	12,301
Decrease (increase) in other assets	-	209,945	-	-	-	2,975	212,920
Increase (decrease) in accounts payable and accrued expenditures	(100,036)	(1,046)	(473,235)	(12,558)	(22,136)	5,598	(603,413)
Increase (decrease) in due to other funds	-	(5,763)	(2,903,084)	-	-	-	(2,908,847)
Decrease in claims payable	-	169,629	512,872	-	-	-	682,501
Net cash provided by (used in) operating activities	<u>\$ (158,810)</u>	<u>\$ (2,520,327)</u>	<u>\$ (6,230,552)</u>	<u>\$ 988,127</u>	<u>\$ 36,255</u>	<u>\$ 44,206</u>	<u>\$ (7,841,101)</u>

NONMAJOR FIDUCIARY FUNDS

Agency Funds account for activities of student groups and other types of activities requiring clearing accounts. An Agency Fund is also used to account for the District's activities as successor-in-interest of the Travis County Education District.

Austin Independent School District
Exhibit H-6
Combining Statement of Changes in Assets and Liabilities
Fiduciary Funds

Ten Month Period Ended June 30, 2016

Data Control Codes		Beginning Balance September 1, 2015	Additions	Deletions	Ending Balance June 30, 2016
Assets					
1110	Cash, cash equivalents and	\$ 6,946,358	\$ 19,348,589	\$ 19,893,090	\$ 6,401,857
1107	Temporary investments	6,322,505	14,165,835	13,754,452	6,733,888
1260	Due from other funds	5,909	708,056	708,764	5,201
1290	Other receivables	31,662	275,012	289,411	17,263
1400	Other Assets	14,637	-	14,637	-
1000	Total assets	13,321,071	34,497,492	34,660,354	13,158,209
Liabilities					
2110	Accounts payable	\$ 737,230	\$ 6,082,895	\$ 6,234,161	\$ 585,964
2180	Due to other governments	3,385,470	100,878	-	3,486,348
2170	Due to other funds	736,698	2,791,209	2,793,852	734,055
2190	Due to student groups	8,461,673	25,444,248	25,570,359	8,335,562
	Other Liabilities	-	16,280	-	16,280
2000	Total liabilities	13,321,071	34,435,510	34,598,372	13,158,209

OTHER SUPPLEMENTARY INFORMATION

Exhibits J-1 through J-5

The schedules within this subsection are presented as supplementary information to expand upon the data presented in the other subsections of the Financial Section.

Austin Independent School District

Exhibit J-1

Schedule of Delinquent Taxes Receivable
Twelve Months Ended August 31, 2016

Year Ended August 31,	1		2	3	10	20	30	30a	40	50
	Tax Rates		Assessed/ Appraised Value for School Tax Purposes	Beginning Balance at September 1, 2015	Current Year's Total Levy	Maintenance Collections	Debt Service Collections	Entire Year's Adjustments	Ending Balance at August 31, 2016	
	Maintenance	Debt Service								
2006 and prior years	Various	Various	\$ Various	\$ 16,033,151	\$ -	\$ 71,090	\$ 6,554	\$ (43,175)	\$ 15,912,332	
2007	1.3700	0.1230	46,891,428,945	1,264,289	-	25,090	2,253	(14,819)	1,222,127	
2008	1.0400	0.1230	52,962,285,527	1,048,580	-	30,455	3,602	(18,207)	996,316	
2009	1.0790	0.1230	58,836,304,076	1,422,691	-	48,457	5,524	(52,699)	1,316,011	
2010	1.0790	0.1230	61,630,025,136	1,470,626	-	124,368	14,177	(12,948)	1,319,133	
2011	1.0790	0.1480	59,795,510,706	1,553,362	-	156,851	21,514	(3,808)	1,371,189	
2012	1.0790	0.1630	60,510,010,799	1,158,451	-	155,668	23,516	(78,700)	900,567	
2013	1.0790	0.1630	62,672,946,147	1,913,720	-	81,807	12,358	(285,282)	1,534,273	
2014	1.0790	0.1630	67,349,173,527	2,884,823	-	357,288	53,974	(431,700)	2,041,861	
2015	1.0790	0.1430	75,479,270,096	6,233,193	-	1,632,517	216,358	(1,693,200)	2,691,118	
2016 (school year under audit)	1.0790	0.1230	89,259,003,447	-	1,039,299,288	921,553,561	105,051,981	(6,746,559)	5,947,187	
1000 Totals				\$ 34,982,886	\$ 1,039,299,288	\$ 924,237,152	\$ 105,411,811	\$ (9,381,097)	\$ 35,252,114	

House Bill 98 enacted by the 76th Legislature of the state of Texas allowed school districts to change their fiscal year-end from August 31 to June 30 beginning with the 2001-2002 fiscal year. The District elected to take advantage of this opportunity and chose to change its fiscal year beginning with the 2015-2016 reporting period. Fiscal years 2015 and prior ended on August 31; however, for 2016, the fiscal period consisted of the ten-month period of September 1, 2015 through June 30, 2016. The Schedule of Delinquent Taxes Receivable is reported for twelve months to comply with TEA requirements.

Austin Independent School District

Exhibit J-4

Budgetary Comparison Schedule Required by the Texas
Education Agency – National School Breakfast and Lunch Programs

Ten Month Period Ended June 30, 2016

<u>Data Control Codes</u>		1	2	3	Variance With Final Budget Positive (Negative)
		<u>Budgeted Amounts</u>			
		<u>Original</u>	<u>Final</u>	<u>Actual</u>	
	Revenues				
5700	Local and intermediate sources	\$ 7,867,390	\$ 7,146,049	\$ 6,986,667	\$ (159,382)
5800	State program revenues	1,146,327	1,202,104	1,122,882	(79,222)
5900	Federal program revenues	<u>31,327,451</u>	<u>28,057,677</u>	<u>27,461,104</u>	<u>(596,573)</u>
5020	Total revenues	<u>40,341,168</u>	<u>36,405,830</u>	<u>35,570,653</u>	<u>(835,177)</u>
	Expenditures				
	Current:				
0035	Food service	<u>40,886,129</u>	<u>36,405,830</u>	<u>34,925,990</u>	<u>1,479,840</u>
6030	Total expenditures	<u>40,886,129</u>	<u>36,405,830</u>	<u>34,925,990</u>	<u>1,479,840</u>
1100	Excess (deficiency) of revenues over (under) expenditures	<u>(544,961)</u>	<u>-</u>	<u>644,663</u>	<u>644,663</u>
1200	Net change in fund balance	(544,961)	-	644,663	644,663
0100	Fund balance at beginning of period	<u>5,237,928</u>	<u>5,237,928</u>	<u>5,237,928</u>	<u>-</u>
3000	Fund balance at end of period	\$ <u><u>4,692,967</u></u>	\$ <u><u>5,237,928</u></u>	\$ <u><u>5,882,591</u></u>	\$ <u><u>644,663</u></u>

Austin Independent School District

Exhibit J-5

Budgetary Comparison Schedule Required by the Texas
Education Agency - Debt Service Fund

Ten Month Period Ended June 30, 2016

<u>Data Control Codes</u>		1	2	3	Variance With Final Budget Positive (Negative)
		<u>Budgeted Amounts</u>			
		<u>Original</u>	<u>Final</u>	<u>Actual</u>	
	Revenues				
5700	Local and intermediate sources	\$ 105,609,298	\$ 106,196,298	\$ 106,248,492	\$ 52,194
5800	State program revenues	-	1,502,682	1,502,682	
5900	Federal program revenues	984,466	984,466	458,761	(525,705)
5020	Total revenues	<u>106,593,764</u>	<u>108,683,446</u>	<u>108,209,935</u>	<u>(473,511)</u>
	Expenditures				
0071	Principal and interest on long-term debt	<u>109,033,174</u>	<u>109,033,174</u>	<u>18,708,611</u>	<u>90,324,563</u>
6030	Total expenditures	<u>109,033,174</u>	<u>109,033,174</u>	<u>18,708,611</u>	<u>90,324,563</u>
1100	Excess (deficiency) of revenues over (under) expenditures	<u>(2,439,410)</u>	<u>(349,728)</u>	<u>89,501,324</u>	<u>89,851,052</u>
	Other Financing Sources (Uses)				
7911	Refunding bonds issued	-	-	24,078,000	24,078,000
8911	Transfers out	<u>-</u>	<u>-</u>	<u>(24,078,000)</u>	<u>(24,078,000)</u>
7080	Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
1200	Net change in fund balance	(2,439,410)	(349,728)	89,501,324	89,851,052
0100	Fund balance at beginning of period	<u>48,169,616</u>	<u>48,169,616</u>	<u>48,169,616</u>	<u>-</u>
3000	Fund balance at end of period	<u>\$ 45,730,206</u>	<u>\$ 47,819,888</u>	<u>\$ 137,670,940</u>	<u>\$ 89,851,052</u>

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STATISTICAL SECTION

The goal of the statistical section is to provide a chief source of information regarding a government's economic condition. All of the information presented in the statistical section is organized around five specific objectives:

Financial Trends data is provided to help users understand and assess how a government's financial position may have changed over a period of time.

Revenue Capacity data is provided to help users understand and assess a government's ability to generate own-source revenues.

Debt Capacity data is provided to help users understand and assess a government's burden and its ability to issue additional debt.

Demographic and Economic data is needed to help users understand the government's socioeconomic environment and to facilitate comparisons of financial statement information over time and among governments.

Operating data is needed to help users understand a government's operations and resources as well as to provide a context for understanding and assessing its economic condition.

Financial Trends

Austin Independent School District

Table 1 – Government-Wide Net Position
Last Ten Fiscal Years
(Unaudited)

Fiscal Year:	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Governmental Activities										
Net Investment in Capital Assets	\$ 104,178,059	107,291,931	108,834,949	96,281,802	104,323,471	90,856,136	93,937,784	94,922,777	141,515,416	54,626,903
Restricted	29,972,400	32,413,764	35,894,114	30,443,448	30,938,057	37,960,422	43,182,004	48,821,170	52,720,511	129,670,505
Unrestricted	115,657,259	129,848,128	121,280,373	167,063,507	196,755,631	248,179,414	234,650,112	192,501,211	43,264,886	145,681,555
	<u>\$ 249,807,718</u>	<u>269,553,823</u>	<u>266,009,436</u>	<u>293,788,757</u>	<u>332,017,159</u>	<u>376,995,972</u>	<u>371,769,900</u>	<u>336,245,158</u>	<u>237,500,813</u>	<u>329,978,963</u>

Source: Statement of Net Position - Exhibit A-1 -- audited financial reports

Note ¹ House Bill 98 enacted by the 76th Legislature of the state of Texas allowed school districts to change their fiscal year-end from August 31 to June 30 beginning with the 2001-2002 fiscal year. The District elected to take advantage of this opportunity and chose to change its fiscal year beginning with the 2015-2016 reporting period. Fiscal years 2015 and prior ended on August 31; however, for 2016, the fiscal period consisted of the ten-month period of September 1, 2015 through June 30, 2016.

Austin Independent School District

Table 2 – Government-Wide Expenses,
Program Revenues, and Net Revenue (Expense)
Last Ten Fiscal Years
(Unaudited)

Fiscal Year:		2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Expenses by Function											
11	Instruction	\$ 391,709,253	434,868,246	465,894,670	481,430,169	489,129,165	466,463,321	497,545,734	507,216,594	505,494,951	486,966,128
12	Instructional resources and media services	13,159,446	14,262,813	16,606,490	14,914,835	15,053,077	14,303,627	13,251,599	13,501,258	13,797,834	12,266,216
13	Curriculum and staff development	22,108,449	26,558,081	27,141,603	28,983,629	28,862,756	27,787,338	29,248,419	29,477,925	30,406,021	19,909,135
21	Instructional leadership	14,308,625	16,444,292	17,582,040	16,571,099	14,666,483	15,348,918	18,089,591	16,351,124	16,763,657	13,194,751
23	School leadership	44,155,067	46,797,535	49,703,279	51,216,809	52,262,596	51,421,651	50,724,416	55,512,473	55,575,630	48,755,251
31	Guidance, counseling, and evaluation services	22,101,619	24,227,534	25,774,799	26,373,364	26,390,649	23,807,482	26,410,732	26,442,277	26,888,141	23,110,375
32	Social work services	2,853,628	3,884,796	4,926,434	5,456,538	5,761,323	5,227,455	5,306,860	5,264,695	5,038,697	5,091,628
33	Health services	5,635,185	6,355,962	6,415,465	6,519,354	6,714,044	6,741,934	6,821,837	6,460,693	6,853,096	6,942,633
34	Student transportation	22,759,502	26,711,039	28,370,902	28,521,495	28,596,866	30,169,710	31,301,659	33,090,853	33,617,548	31,507,346
35	Food Service	32,570,242	34,716,716	36,885,492	37,857,928	39,704,475	38,955,039	40,589,515	41,989,670	42,557,473	39,032,345
36	Extracurricular activities	13,572,415	14,532,132	14,359,646	15,781,479	15,956,946	15,640,456	16,076,186	17,106,336	17,872,326	16,651,563
41	General administration	22,314,181	18,630,349	21,302,021	20,366,983	17,352,291	16,917,855	19,465,730	18,779,874	19,070,099	16,813,369
51	Plant maintenance and operations	71,677,971	80,418,130	83,681,301	83,162,032	82,767,535	81,436,686	87,111,805	88,188,184	93,176,143	73,162,057
52	Security and monitoring services	9,121,496	9,698,860	10,425,890	9,770,684	9,440,801	9,580,035	9,992,118	9,650,918	9,961,903	9,625,064
53	Data processing services	16,563,929	20,307,456	27,320,418	24,864,033	41,721,143	27,068,051	20,752,306	25,589,052	19,931,330	18,519,875
61	Community services	16,255,413	16,371,925	15,899,774	16,131,915	15,968,691	14,865,458	15,306,500	17,032,400	17,648,983	15,746,363
71	Principal and interest on long-term debt	29,806,814	31,550,864	34,512,172	37,116,181	38,067,146	39,761,513	39,691,761	61,744,381	25,010,656	31,280,410
91	Contracted instructional services between schools	131,870,422	117,425,738	177,664,513	111,937,679	123,774,675	124,582,632	120,069,626	123,694,773	181,118,956	266,073,630
93	Payments related to shared services arrangements	1,054,920	1,475,846	1,244,061	1,700,441	1,658,106	1,641,539	2,028,668	2,246,712	2,526,261	2,701,947
99	Other intergovernmental charges	-	-	-	-	-	3,539,138	4,239,735	4,230,810	5,267,148	5,721,415
99	Depreciation-unallocated and other charges	270,492	3,875,959	4,276,081	4,390,289	4,649,159	898,475	898,476	941,985	1,237,813	928,450
	Total Expenses	\$ 883,869,069	949,114,273	1,069,987,051	1,023,066,936	1,058,497,927	1,016,158,313	1,054,923,273	1,104,512,987	1,129,814,666	1,143,999,951
Program Revenues											
	Governmental activities										
	Charges for Services:										
11	Instruction	\$ 1,176,795	993,123	800,677	658,611	692,699	1,381,561	854,498	1,014,693	1,242,470	1,520,028
35	Food Services	7,717,604	8,263,453	8,283,065	6,841	-	-	-	-	-	-
36	Curricular/Extracurricular Activities	765,481	784,666	758,806	844,943	729,294	648,972	671,463	645,343	760,197	701,194
41	General Admission	587,293	711,648	660,055	772,181	1,157,557	1,484,579	1,506,140	1,646,456	1,623,120	1,558,250
61	Community Services	1,452,803	1,950,907	1,816,790	1,531,995	1,631,811	1,652,267	2,436,728	2,433,108	2,584,159	2,454,839
	Operation Grants and Contributions	120,946,060	131,394,546	140,271,594	200,259,794	208,784,521	167,074,821	181,834,336	178,677,908	167,020,612	154,039,571
	Total Primary Government Program Revenues	\$ 132,646,036	144,098,343	152,590,987	204,074,365	212,995,882	172,242,200	187,303,165	184,417,508	173,230,558	160,273,882
	Net(Expense)/Revenue										
	Total primary government expenses	\$ (751,223,033)	(805,015,930)	(917,396,064)	(818,992,571)	(845,502,045)	(843,916,113)	(867,620,108)	(920,095,479)	(956,584,108)	(983,726,069)

Source: Statement of Activities - Exhibit B-1 -- audited financial reports

Note ¹ House Bill 98 enacted by the 76th Legislature of the state of Texas allowed school districts to change their fiscal year-end from August 31 to June 30 beginning with the 2001-2002 fiscal year. The District elected to take advantage of this opportunity and chose to change its fiscal year beginning with the 2015-2016 reporting period. Fiscal years 2015 and prior ended on August 31; however, for 2016, the fiscal period consisted of the ten-month period of September 1, 2015 through June 30, 2016.

Austin Independent School District

Table 3 – Government-Wide General Revenues and Total Change in Net Position

Last Ten Fiscal Years

(Unaudited)

Fiscal Year:	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Net (Expense) Revenue										
Total Governmental Activities	\$ (751,223,033)	(805,015,930)	(917,396,064)	(818,992,571)	(845,502,045)	(843,916,113)	(867,620,108)	(920,095,479)	(956,584,108)	(983,726,069)
General Revenues										
Governmental Activities										
Taxes										
Property taxes levied for general purposes	\$ 644,002,130	549,155,773	632,956,498	660,555,781	644,020,548	648,061,514	673,588,859	727,019,437	813,457,542	927,959,364
Property taxes levied for debt services	57,832,075	64,944,504	72,182,316	75,284,195	88,290,810	97,940,765	101,751,860	109,742,422	107,788,597	105,731,761
State Aid Formula Grants	99,306,251	182,158,281	192,907,433	99,098,396	135,381,836	129,038,085	78,174,157	35,290,936	34,132,093	22,888,895
Grants and Contributions	4,169,148	4,771,104	3,807,348	3,801,344	3,965,917	3,340,958	1,774,005	1,496,642	4,605,140	3,123,055
Investment earnings	17,310,575	14,957,176	4,162,223	955,337	774,645	859,641	1,178,780	765,185	778,009	2,121,188
Gain(loss) on Sale of Equipment or Land	88,449	(61,099)	(27,804)	(183,293)	80,021	-	-	-	-	-
Gain(loss) on Insurance	450	315,489	1,255,394	16,333	2,328,741	-	-	-	-	-
Miscellaneous	4,862,655	8,520,807	6,608,269	7,243,799	8,887,929	9,653,963	10,530,686	10,256,115	13,015,643	14,379,956
Total primary government	\$ 827,571,733	824,762,035	913,851,677	846,771,892	883,730,447	888,894,926	866,998,347	884,570,737	973,777,024	1,076,204,219
Change in Net Position										
Total primary government	\$ 76,348,700	19,746,105	(3,544,387)	27,779,321	38,228,402	44,978,813	(621,761)	(35,524,742)	17,192,916	92,478,150

Source: Statement of Activities - Exhibit B-1 -- Audited Financial Statements

Note ¹ House Bill 98 enacted by the 76th Legislature of the state of Texas allowed school districts to change their fiscal year-end from August 31 to June 30 beginning with the 2001-2002 fiscal year. The District elected to take advantage of this opportunity and chose to change its fiscal year beginning with the 2015-2016 reporting period. Fiscal years 2015 and prior ended on August 31; however, for 2016, the fiscal period consisted of the ten-month period of September 1, 2015 through June 30, 2016.

Austin Independent School District

**Table 4 – All Governmental Funds
Revenues by Source**

Last Ten Fiscal Years

(Unaudited)

Fiscal Year:		2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
5700	Local Sources	\$ 738,759,610	652,800,350	730,097,695	755,874,462	757,344,604	769,930,830	797,094,199	856,433,297	945,497,300	1,058,625,656
5800	State Sources	135,641,657	226,957,936	239,548,887	146,867,873	180,987,762	159,119,315	106,915,944	72,759,189	69,661,108	56,575,322
5900	Federal Sources	82,889,241	86,671,649	93,706,538	144,880,806	156,622,560	130,933,457	147,699,119	135,973,981	126,448,010	116,420,090
	Total	\$ 957,290,508	966,429,935	1,063,353,120	1,047,623,141	1,094,954,926	1,059,983,602	1,051,709,262	1,065,166,467	1,141,606,418	1,231,621,068

Source: Exhibit C-2 or Exhibit C-3 Statement of Revenues, Expenditures and Changes in Fund Balances - Audited Financial Statements

Note ¹ House Bill 98 enacted by the 76th Legislature of the state of Texas allowed school districts to change their fiscal year-end from August 31 to June 30 beginning with the 2001-2002 fiscal year. The District elected to take advantage of this opportunity and chose to change its fiscal year beginning with the 2015-2016 reporting period. Fiscal years 2015 and prior ended on August 31; however, for 2016, the fiscal period consisted of the ten-month period of September 1, 2015 through June 30, 2016.

Austin Independent School District

Table 5 – All Governmental Funds Expenditures by Function

Last Ten Fiscal Years

(Unaudited)

Expenditures by Function	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
0011 Instruction	\$ 372,656,739	412,228,666	437,315,201	457,770,946	459,864,677	432,668,113	465,331,268	467,518,732	461,890,572	430,523,785
0012 Instructional resources and media services	11,966,280	12,800,847	15,107,986	13,226,147	13,221,461	12,190,650	11,103,721	11,127,735	11,088,224	9,933,294
0013 Curriculum and staff development	22,157,926	26,650,441	27,236,496	29,140,852	28,874,670	27,790,113	29,284,463	29,413,454	30,239,227	19,782,196
0021 Instructional leadership	14,362,501	16,536,882	17,689,432	16,693,046	14,758,054	15,303,725	15,703,509	16,249,907	16,649,124	13,094,809
0023 School leadership	43,377,416	45,651,208	48,393,819	49,438,215	50,207,799	48,968,254	50,798,976	52,591,712	52,330,133	45,850,767
0031 Guidance, counseling, and evaluation services	22,010,062	24,108,431	25,679,138	26,389,069	26,174,697	23,500,422	26,200,436	25,987,260	26,341,315	22,582,572
0032 Social work services	2,857,524	3,899,294	4,943,527	5,508,813	5,759,976	5,212,768	5,311,170	5,219,106	4,980,914	5,032,375
0033 Health services	5,586,398	6,303,537	6,351,672	6,463,349	6,643,915	6,634,745	6,449,637	5,987,372	6,522,066	6,671,393
0034 Student transportation	24,091,522	28,400,348	31,263,941	28,779,239	30,347,347	26,911,662	28,032,330	31,821,262	35,017,671	28,659,242
0035 Food service	31,236,349	33,156,959	35,950,388	36,121,224	37,668,201	37,099,886	39,653,815	38,637,553	38,550,638	35,398,826
0036 Extracurricular activities	13,024,836	14,372,393	13,847,343	14,752,799	14,710,271	14,188,761	14,655,440	15,589,719	15,959,656	14,402,611
0041 General administration	18,812,573	16,558,589	18,520,451	17,352,914	16,789,544	16,259,143	18,667,961	17,793,439	18,226,047	15,897,367
0051 Plant maintenance and operations	73,961,588	81,709,863	83,965,518	83,183,331	80,455,392	79,686,268	83,180,502	86,181,419	90,321,054	73,543,750
0052 Security and monitoring services	8,683,162	9,553,461	9,993,771	9,598,084	9,122,658	9,210,719	9,998,959	9,877,073	9,789,994	9,204,867
0053 Data processing services	15,424,954	19,866,484	26,599,799	20,162,523	21,544,403	18,311,128	20,126,128	18,678,770	21,839,370	19,894,500
0061 Community services	16,284,281	16,428,050	15,960,712	16,266,938	15,959,197	14,825,086	15,224,838	17,021,569	17,485,379	15,901,341
0071 Principal on long-term debt	27,298,248	34,691,917	39,652,730	46,122,551	53,662,273	58,603,657	60,902,790	50,481,116	67,579,257	441,685
0072 Interest on long-term debt	24,888,019	29,646,458	32,078,354	34,790,640	35,207,686	36,942,228	34,710,203	49,760,447	36,591,381	18,037,024
0073 Bond issuance costs and fees	1,146,699	1,203,718	922,571	1,172,572	1,701,185	790,170	1,471,080	1,352,737	1,713,546	601,922
0081 Capital outlay	126,122,856	83,637,288	85,641,669	102,954,774	68,009,441	51,627,136	50,965,137	61,433,216	86,251,386	74,989,661
0091 Contracted instructional services between schools	131,870,422	117,425,738	177,664,513	111,937,679	123,774,675	124,582,632	120,069,626	123,694,773	181,118,956	266,073,630
0093 Payments related to shared services arrangements	1,054,920	1,475,846	1,244,061	1,700,441	1,658,106	1,641,539	2,028,668	2,246,712	2,526,261	2,701,947
0099 Other intergovernmental charges	-	3,531,624	3,843,994	3,953,241	4,150,819	3,539,138	4,239,735	4,230,810	5,267,148	5,721,415
Total Expenditures	\$ 1,008,875,275	1,039,838,042	1,159,867,086	1,133,479,387	1,120,266,447	1,066,487,943	1,114,110,392	1,142,895,893	1,238,279,319	1,134,940,979
Debt Service as a percentage of non-capital expenditures ¹	5.96%	6.79%	6.71%	7.85%	8.35%	9.39%	9.02%	9.27%	9.11%	1.72%

Source: Exhibit C-2 or Exhibit C-3 Statement of Revenues, Expenditures and Changes in Fund Balances - Audited Financial Statements

Note 1 In calculating the ratio of total debt service expenditures to noncapital expenditures, governmental fund expenditures for the facilities acquisition and construction of assets that are classified as capital assets for reporting in the government-wide financial statements are subtracted from the total governmental fund expenditures (Exhibit C-2 for years 2007 to 2010 and Exhibit C-3 for years 2011 to 2016)

Note 2 House Bill 98 enacted by the 76th Legislature of the state of Texas allowed school districts to change their fiscal year-end from August 31 to June 30 beginning with the 2001-2002 fiscal year. The District elected to take advantage of this opportunity and chose to change its fiscal year beginning with the 2015-2016 reporting period. Fiscal years 2015 and prior ended on August 31; however, for 2016, the fiscal period consisted of the ten-month period of September 1, 2015 through June 30, 2016.

Austin Independent School District

Table 6 – All Governmental Funds Other Financing Sources and Uses and Net Change in Fund Balance

Last Ten Fiscal Years

(Unaudited)

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
1100 Excess (deficiency) of revenues over expenditures	\$ (51,584,767)	(73,408,107)	(96,513,966)	(85,856,246)	(25,366,417)	(6,504,341)	(62,401,130)	(77,729,426)	(96,672,902)	96,680,089
Other Financing Sources (Uses)										
7911 Capital-related debt issued (regular bonds)	\$ 166,460,000	102,442,131	99,495,000	83,480,000	91,625,000	-	109,655,000	144,410,000	150,405,000	24,078,000
7912 Sale of real or personal property	91,175	135,794	-	196,725	80,025	12,651	59,105	34,946	-	20,584
7913 Proceeds from capital leases	-	-	-	-	-	-	1,652,820	-	-	-
7914 Non-current loan proceeds	163,800	50,833	64,129	-	-	979,590	100,000,000	1,040,022	425,852	-
7915 Transfers in	2,475,765	3,073,051	3,659,553	-	-	-	6,837,130	60,000,555	70,000,000	24,078,000
7916 Premium or discount on issuance of bonds	2,612,010	824,353	1,278,390	2,977,279	9,182,638	-	-	24,607,860	23,085,488	-
8911 Transfers out	(2,475,765)	(3,073,051)	(3,659,553)	-	(48,182)	(7,000,000)	(100,000,000)	(60,000,555)	(70,000,000)	(34,078,000)
8913 Extraordinary items	-	-	-	(109,050)	-	-	-	-	-	-
8940 Payments to refunded bond escrow agent	(33,692,671)	-	-	(10,611,457)	-	-	-	(108,393,049)	(102,745,079)	-
8941 Litigation Settlements	(99,464)	(6,871)	(217,284)	-	-	-	-	-	-	-
8949 Other uses	-	-	-	-	-	(44,255)	(15,891,872)	-	-	-
Total Other Financing sources and (uses)	\$ 135,534,850	103,446,240	100,620,235	75,933,497	100,839,481	(6,052,014)	102,312,183	61,699,779	71,171,261	14,098,584
Net Change in Fund Balances	\$ 83,950,083	30,038,133	4,106,269	(9,922,749)	75,473,064	(12,556,355)	39,911,053	(16,029,647)	(25,501,641)	110,778,673

Source: Exhibit C-2 or Exhibit C-3 Statement of Revenues, Expenditures and Changes in Fund Balances - Audited Financial Statements

Note House Bill 98 enacted by the 76th Legislature of the state of Texas allowed school districts to change their fiscal year-end from August 31 to June 30 beginning with the 2001-2002 fiscal year. The District elected to take advantage of this opportunity and chose to change its fiscal year beginning with the 2015-2016 reporting period. Fiscal years 2015 and prior ended on August 31; however, for 2016, the fiscal period consisted of the ten-month period of September 1, 2015 through June 30, 2016.

Austin Independent School District

Table 7 – All Governmental Funds Fund Balance

Last Ten Fiscal Years

(Unaudited)

Fiscal Year:	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
General Fund										
3410 Inventories	\$ 976,492	1,320,313	1,489,365	841,254	1,091,747	687,355	562,593	549,259	395,152	513,043
3430 Prepaid Items	775,682	783,420	479,683	206,620	-	7,689,398	8,516,025	9,484,364	7,930,082	867,684
3440 Encumbrances	13,140,457	8,617,162	10,490,560	11,884,979	-	-	-	-	-	-
3490 Other purposes	9,892,118	11,115,799	12,820,211	10,875,720	-	-	-	-	-	-
3550 Construction - Assigned Fund Balance	-	-	-	-	6,152,712	8,404,228	242,993	-	-	-
3580 Self-insurance - Assigned Fund Balance	-	-	-	-	7,000,000	-	-	-	-	-
3590 Other designated -- Assigned Fund Balance	-	-	-	-	24,793,788	37,453,856	34,309,630	26,606,228	18,430,045	24,643,922
3600 Unreserved	120,566,172	129,902,789	120,955,478	148,326,523	179,627,495	198,101,236	196,599,569	184,320,557	190,967,649	266,242,369
Total Reserved/Unreserved General Fund	\$ 145,350,921	151,739,483	146,235,297	172,135,096	218,665,742	252,336,073	240,230,810	220,960,408	217,722,928	292,267,018
All Other Governmental Funds:										
Debt Service	\$ 18,435,234	22,276,667	25,271,334	20,605,124	21,399,082	25,455,480	33,296,893	43,695,912	48,169,616	137,670,940
Capital Projects	(24,091,185)	(5,374,729)	498,454	(30,272,995)	(1,874,209)	(52,071,631)	(5,276,897)	(11,472,472)	(37,043,645)	(91,209,532)
Food Service	7,045,955	7,926,598	8,662,782	9,550,868	9,405,894	9,508,547	7,676,373	6,468,266	5,237,945	5,882,607
Other Purpose	-	-	-	-	-	-	-	-	-	-
Prepaid-Special Revenue Funds	-	104,306	-	-	-	-	-	-	-	-
Unreserved Special Revenue Funds	4,345,577	4,452,310	4,563,037	3,290,062	3,184,710	2,996,395	2,208,738	2,454,155	2,517,785	2,772,269
Total Other Governmental Funds	\$ 5,735,581	29,385,152	38,995,607	3,173,059	32,115,477	(14,111,209)	37,905,107	41,145,861	18,881,701	55,116,284
Total All fund balances	\$ 151,086,502	181,124,635	185,230,904	175,308,155	250,781,219	238,224,864	278,135,917	262,106,269	236,604,629	347,383,302

Source: Fiscal Year Ends 2007 - 2010 -- Exhibit C-1 Balance Sheet - Governmental Funds - Audited Financial Statements
Fiscal Year Ends 2011 - 2016 -- Footnote 16 - Audited Financial Statements

Note ¹ House Bill 98 enacted by the 76th Legislature of the state of Texas allowed school districts to change their fiscal year-end from August 31 to June 30 beginning with the 2001-2002 fiscal year. The District elected to take advantage of this opportunity and chose to change its fiscal year beginning with the 2015-2016 reporting period. Fiscal years 2015 and prior ended on August 31; however, for 2016, the fiscal period consisted of the ten-month period of September 1, 2015 through June 30, 2016.

Austin Independent School District

Table 7 – All Governmental Funds
Fund Balance

Last Ten Fiscal Years

(Unaudited)

Fund Balance Categories as Required by GASB Statement No. 54 beginning in fiscal year 2011

	2011	2012	2013	2014	2015	2016
General Fund						
Non-Spendable	\$ 1,091,747	8,376,753	9,078,618	10,033,623	8,325,234	1,380,727
Assigned	37,946,500	45,858,084	34,552,623	26,606,228	18,430,045	24,643,922
Unassigned	179,627,495	198,101,236	196,599,569	184,320,557	190,967,649	266,242,369
Total General Fund	<u>218,665,742</u>	<u>252,336,073</u>	<u>240,230,810</u>	<u>220,960,408</u>	<u>217,722,928</u>	<u>292,267,018</u>
Non-Spendable						
Food Service -- Non-major	2,688,603	3,433,800	2,923,876	2,939,200	2,724,358	2,546,480
Special Revenue -- Non-major	-	562,444	617,595	857,963	480,477	-
Restricted						
Debt Service -- Non-major	21,399,082	25,455,480	33,296,893	43,695,912	48,169,616	137,670,940
Food Service -- Non-major	6,717,303	6,074,747	4,752,497	3,529,066	2,513,587	3,336,127
Special Revenue -- Non-major	3,184,698	2,433,951	1,591,143	1,596,192	2,037,308	2,772,269
Unassigned						
Capital Projects	(1,874,209)	(52,071,631)	(5,276,897)	(11,472,472)	(37,043,645)	(91,209,532)
Total All Governmental Funds	<u>\$ 250,781,219</u>	<u>238,224,864</u>	<u>278,135,917</u>	<u>262,106,269</u>	<u>236,604,629</u>	<u>347,383,302</u>

Source: Exhibit C-1 Balance Sheet - Governmental Funds - Audited Financial Statements

Note ¹ House Bill 98 enacted by the 76th Legislature of the state of Texas allowed school districts to change their fiscal year-end from August 31 to June 30 beginning with the 2001-2002 fiscal year. The District elected to take advantage of this opportunity and chose to change its fiscal year beginning with the 2015-2016 reporting period. Fiscal years 2015 and prior ended on August 31; however, for 2016, the fiscal period consisted of the ten-month period of September 1, 2015 through June 30, 2016.

Revenue Capacity

Austin Independent School District
Table 8 – Property Tax Levies and Collections
Last Ten Fiscal Years
(Unaudited)

Fiscal Year	Tax Roll Year	Net Tax Levy ^A	Percent of Levy		Delinquent	Total	Total	Current and	Outstanding
			Collections	Collected	Taxes Collected	Taxes Collected	Collected as a Percent of Current Tax Levy	Prior Years Outstanding Delinquent Taxes	Delinquent Taxes as a Percent of Tax Levy
2007	2006	703,429,341	693,467,963	98.58%	4,908,044	698,376,008	99.28%	26,895,069	3.82%
2008	2007	615,951,381	607,501,666	98.63%	3,420,884	610,922,550	99.18%	28,104,970	4.56%
2009	2008	707,212,375	697,204,001	98.58%	3,449,996	700,653,997	99.07%	30,271,191	4.28%
2010	2009	740,792,902	727,171,963	98.16%	3,712,168	730,884,132	98.66%	33,405,180	4.51%
2011	2010	733,690,916	729,297,756	99.40%	5,648,087	734,945,843	100.17%	34,064,768	4.64%
2012	2011	751,534,334	743,801,556	98.97%	2,343,160	746,144,716	99.28%	32,778,619	4.36%
2013	2012	778,397,991	772,707,013	99.27%	2,729,878	775,436,891	99.62%	32,751,487	4.21%
2014	2013	836,476,735	832,627,552	99.54%	3,972,789	836,600,341	100.01%	33,813,497	4.04%
2015	2014	922,356,681	916,559,157	99.37%	3,244,033	919,803,190	99.72%	34,982,886	3.79%
2016	2015	1,039,299,288	1,026,605,542	98.78%	3,043,421	1,029,648,963	99.07%	35,252,114	3.39%

Source: Schedule of Delinquent Taxes Receivable - Audited Financial Statements

Note ¹ Percentages include both current year collections and delinquencies collected in the current year.

Note ² House Bill 98 enacted by the 76th Legislature of the state of Texas allowed school districts to change their fiscal year-end from August 31 to June 30 beginning with the 2001-2002 fiscal year. The District elected to take advantage of this opportunity and chose to change its fiscal year beginning with the 2015-2016 reporting period. Fiscal years 2015 and prior ended on August 31; however, for 2016, the fiscal period consisted of the ten-month period of September 1, 2015 through June 30, 2016. The Schedule of Delinquent Taxes Receivable is reported for twelve months to comply with TEA requirements.

Austin Independent School District

Table 9 – Assessed and Estimated Actual
Value of Taxable Property

Last Ten Fiscal Years

(Unaudited)

Fiscal Year	Assessed Value for School Real Property	Assessed Value for School Personal Property	Assessed Value for School Total Value ^A	Change Over Previous Years in Dollars	Change Over Previous Year	Total Tax Rate
2007	40,998,488,977	4,742,984,565	45,741,473,542	6,430,512,022	116.36%	1.4930
2008	46,543,938,715	4,926,613,226	51,470,551,941	5,729,078,399	112.52%	1.1630
2009	51,860,519,398	5,161,129,335	57,021,648,733	5,551,096,792	110.78%	1.2020
2010	54,483,280,231	5,023,319,225	59,506,599,456	2,484,950,723	104.36%	1.2020
2011	52,385,469,445	4,472,462,897	56,857,932,342	(2,648,667,114)	95.55%	1.2270
2012	52,479,885,144	4,570,090,653	57,049,975,797	192,043,455	100.34%	1.2420
2013	54,260,040,368	4,715,779,268	58,975,819,636	1,925,843,839	103.38%	1.2420
2014	58,146,390,574	5,129,488,109	63,275,878,683	4,300,059,047	107.29%	1.2420
2015	65,532,224,189	5,228,742,840	70,760,967,029	7,485,088,346	111.83%	1.2220
2016	75,570,341,710	5,450,460,999	81,020,802,709	10,259,835,680	114.50%	1.2020

Source: Travis County Appraisal District

The 2015 tax year appraised value is used for year 2016 tax purposes.

Note ¹ Assessed Value is 100% of estimated actual value.

Note ² House Bill 98 enacted by the 76th Legislature of the state of Texas allowed school districts to change their fiscal year-end from August 31 to June 30 beginning with the 2001-2002 fiscal year. The District elected to take advantage of this opportunity and chose to change its fiscal year beginning with the 2015-2016 reporting period. Fiscal years 2015 and prior ended on August 31; however, for 2016, the fiscal period consisted of the ten-month period of September 1, 2015 through June 30, 2016.

Austin Independent School District

Table 10 – Schedule of Tax Rate
Distribution per \$100 Valuation

Last Ten Fiscal Years

(Unaudited)

Fiscal Year	Maintenance	Debt Service	Total Tax Rate
2007	1.3700	0.1230	1.4930
2008	1.0400	0.1230	1.1630
2009	1.0790	0.1230	1.2020
2010	1.0790	0.1230	1.2020
2011	1.0790	0.1480	1.2270
2012	1.0790	0.1630	1.2420
2013	1.0790	0.1630	1.2420
2014	1.0790	0.1630	1.2420
2015	1.0790	0.1430	1.2220
2016	1.0790	0.1230	1.2020

Source: Exhibit J-1 Schedule of Delinquent Taxes Receivable - Audited Financial Statements

Note ¹

House Bill 98 enacted by the 76th Legislature of the state of Texas allowed school districts to change their fiscal year-end from August 31 to June 30 beginning with the 2001-2002 fiscal year. The District elected to take advantage of this opportunity and chose to change its fiscal year beginning with the 2015-2016 reporting period. Fiscal years 2015 and prior ended on August 31; however, for 2016, the fiscal period consisted of the ten-month period of September 1, 2015 through June 30, 2016. The Schedule of Delinquent Taxes Receivable is reported for twelve months to comply with TEA requirements.

Austin Independent School District
Table 11 – Ratio of Net Bonded Debt to Taxable
Assessed Valuation and Net Bonded Debt Per Capita

Last Ten Fiscal Years

(Unaudited)

Fiscal Year	Assessed Value for School Tax Purposes	Assessment Ratio	Gross Bonded Debt Outstanding at Year End	Amounts Available for Retirement of Bonds	Net Bonded Debt Outstanding at Year End	Ratio Net Bonded Debt to Taxable		Per Capita Income	Personal Income ¹	Debt as a Percentage of Personal Income	Gross Bonded Debt Per Capita	Taxable Assessed Valuation Per Capita
						Assessed Valuation	Estimated Population ¹					
2007	45,741,473,542	100%	651,070,122	18,435,234	632,634,888	1.42%	937,541	40,039	37,538,232,000	1.69%	694.4444264	48,789
2008	51,470,551,941	100%	721,549,977	22,276,667	699,273,310	1.40%	969,892	40,430	39,212,702,000	1.78%	743.9487871	53,068
2009	57,021,648,733	100%	784,736,958	25,271,334	759,465,624	1.38%	998,561	40,143	40,085,585,000	1.89%	785.8678218	57,104
2010	59,506,599,456	100%	815,859,384	20,605,125	795,254,259	1.37%	1,026,158	42,156	43,258,751,000	1.84%	795.0621483	57,990
2011	56,857,932,342	100%	863,364,919	21,399,083	841,965,836	1.52%	1,049,873	43,744	45,925,294,000	1.83%	822.3517692	54,157
2012	57,049,975,797	100%	804,685,760	25,455,483	779,230,277	1.41%	1,095,805	46,298	50,733,585,000	1.54%	734.3329881	52,062
2013	58,975,819,636	100%	845,433,794	33,296,893	812,136,901	1.43%	1,120,954	48,562	54,435,509,000	1.49%	754.2091772	52,612
2014	63,275,878,683	100%	863,050,468	43,695,912	819,354,556	1.36%	1,141,655	54,596	62,329,270,000	1.31%	755.9643395	55,425
2015	70,760,967,029	100%	856,887,935	48,169,616	808,718,319	1.21%	1,173,051	58,537	68,666,432,000	1.18%	730.4779886	60,322
2016	81,020,802,709	100%	876,165,157	137,670,940	738,494,217	1.08%	1,209,415	-	-	-	724.4536879	66,992

Sources: Travis County Appraisal District
Audited financial reports, Notes to the Financial Statements; Exhibit J-5
Estimated Population and Personal Income: U.S. Bureau of Economic Analysis
Estimated population for Travis County: City of Austin

Note ¹ Information is based on data for Travis County, data specific to District boundaries is not available.

Note ² House Bill 98 enacted by the 76th Legislature of the state of Texas allowed school districts to change their fiscal year-end from August 31 to June 30 beginning with the 2001-2002 fiscal year. The District elected to take advantage of this opportunity and chose to change its fiscal year beginning with the 2015-2016 reporting period. Fiscal years 2015 and prior ended on August 31; however, for 2016, the fiscal period consisted of the ten-month period of September 1, 2015 through June 30, 2016.

Austin Independent School District
Table 12 – Property Tax Rates per \$100 Valuation
Direct and Overlapping Governments
Last Ten Fiscal Years
(Unaudited)

Fiscal Year:	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Taxing Jurisdiction										
Austin CCD	\$ 0.09650	0.09580	0.09540	0.09460	0.09510	0.09510	0.09490	0.09420	0.10050	0.10200
Austin, City of	0.41260	0.40340	0.40120	0.42090	0.45710	0.50290	0.50270	0.48090	0.45890	0.44180
NW Travis Rd Dist # 3	0.13000	0.11000	0.11000	0.12500	0.14500	0.13000	0.12230	-	-	-
Shady Hollow MUD	0.15000	0.14910	0.14690	0.05000	0.05000	0.05000	0.05000	0.04930	0.04890	0.03800
Sunfield MUD #1	0.90000	0.90000	0.90000	0.90000	0.90000	0.90000	0.90000	0.90000	0.90000	0.90000
Travis Co	0.44990	0.42160	0.41220	0.42150	0.46580	0.50010	0.49460	0.45630	0.41690	0.38380
Travis Co ESD # 3	0.10000	0.10000	0.10000	0.10000	0.10000	0.09890	0.09640	0.09080	0.09000	0.10000
Travis Co Healthcare District	0.06930	0.06790	0.06740	0.07190	0.07890	0.07890	0.12900	0.12640	0.11778	0.11054
Travis Co MUD # 3	0.54250	0.52320	0.49500	0.49500	0.50000	0.52000	0.50000	0.48410	0.48250	0.48150
Travis Co MUD # 4	0.69270	0.69270	0.67150	0.72960	0.72960	0.72960	0.72960	0.72960	0.72960	0.72960
Travis Co MUD # 5	0.90890	0.90890	0.90890	0.85710	0.85710	0.81200	0.81200	0.76930	0.74280	0.69750
Travis Co MUD # 6	0.51820	0.48310	0.45310	0.46650	0.47500	0.47500	0.47100	0.46000	0.46000	0.46000
Travis Co MUD # 8	0.77960	0.72130	0.72130	0.72130	0.72130	0.72130	0.72130	0.72130	0.71450	0.71450
Total	\$ 5.75020	5.57700	5.48290	5.45340	5.57490	5.61380	5.62380	5.36220	5.26238	5.15924

Source: Travis County Appraisal District

Note ¹ The NW Travis County Rd Dist. #3 was abolished in 2014.

Note ² House Bill 98 enacted by the 76th Legislature of the state of Texas allowed school districts to change their fiscal year-end from August 31 to June 30 beginning with the 2001-2002 fiscal year. The District elected to take advantage of this opportunity and chose to change its fiscal year beginning with the 2015-2016 reporting period. Fiscal years 2015 and prior ended on August 31; however, for 2016, the fiscal period consisted of the ten-month period of September 1, 2015 through June 30, 2016.

Debt Capacity

Austin Independent School District

Table 13 – Direct and Overlapping Debt
General Obligation Bonds

June 30, 2016

(Unaudited)

Taxing Body	Net Debt Amount	As of	Percent Overlapping¹	Amount Overlapping
Austin CCD	\$ 245,488,659	06/30/16	51.29%	\$ 125,911,133
Austin, City of	1,442,619,994	06/30/16	76.02%	1,096,679,719
Shady Hollow MUD	2,835,000	06/30/16	100.00%	2,835,000
Sunfield MUD #1	17,640,000	06/30/16	0.03%	5,292
Travis Co	717,256,497	06/30/16	59.28%	425,189,651
Travis Co ESD # 3	2,585,000	06/30/16	100.00%	2,585,000
Travis Co Healthcare Dist	11,355,000	06/30/16	59.28%	6,731,244
Travis Co MUD # 3	33,804,350	06/30/16	100.00%	33,804,350
Travis Co MUD # 4	6,897,294	06/30/16	100.00%	6,897,294
Travis Co MUD # 5	14,611,863	06/30/16	100.00%	14,611,863
Travis Co MUD # 6	8,334,743	06/30/16	100.00%	8,334,743
Travis Co MUD # 8	5,712,603	06/30/16	100.00%	5,712,603
Total Estimated Overlapping Debt				<u>\$ 1,729,297,893</u>
Austin ISD		06/30/16		\$ 876,165,157
Total Direct and Overlapping Net Debt:				<u><u>\$ 2,605,463,050</u></u>

Source: Municipal Advisory Council of Texas

Note¹ The percentage of overlapping debt is estimated using taxable assessed property values. Percentages were estimated by determining portion of the overlapping taxing authority's taxable assessed value that is within the District's boundaries, and dividing it by the overlapping taxing authority's total taxable assessed value.

Austin Independent School District
Table 14 – Computation of Legal Debt Margin
June 30, 2016
(Unaudited)

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Total Market Value ^A	\$ 109,428,617,508	92,428,636,993	80,856,299,504	75,011,895,807	72,636,010,994	71,066,925,624	74,590,026,479	71,280,985,943	63,969,647,133	57,250,463,072
Less: Exemptions and Reductions in Value ^B	17,179,379,800	12,239,562,113	10,526,914,490	(10,319,575,610)	(10,101,422,439)	(8,860,630,978)	(9,911,649,945)	(9,734,681,005)	(8,666,611,509)	(8,081,153,840)
Less: Freeze Taxable and Transfer Adjustments	7,812,128,323	7,058,224,766	(6,221,408,506)	(5,716,500,561)	(5,484,612,868)	(5,348,362,304)	(5,171,777,078)	(4,524,656,205)	(3,832,483,683)	(3,427,835,690)
Total Appraised Value for School Tax Purposes	\$ 134,420,125,631	111,726,423,872	85,161,805,488	58,975,819,636	57,049,975,687	56,857,932,342	59,506,599,456	57,021,648,733	51,470,551,941	45,741,473,542
Debt Limit Percentage	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%
Legal Debt Limit	\$ 13,442,012,563	11,172,642,387	8,516,180,549	5,897,581,964	5,704,997,569	5,685,793,234	5,950,659,946	5,702,164,873	5,147,055,194	4,574,147,354
Total Bonded Debt	876,165,157	856,887,935	863,050,468	845,433,794	804,685,760	863,364,919	815,859,384	784,736,958	721,549,977	651,070,122
Less: Reserve for Retirement of Bonded Debt	(137,670,940)	(48,169,616)	(43,695,912)	(33,296,893)	(25,455,483)	(21,399,083)	(20,605,125)	(25,271,334)	(22,276,667)	(18,435,234)
Net Bonded Debt Applicable to Debt Limit	\$ 738,494,217	808,718,319	819,354,556	812,136,901	779,230,277	841,965,836	795,254,259	759,465,624	699,273,310	632,634,888
Legal Debt Margin	\$ 12,703,518,346	10,363,924,068	7,696,825,993	5,085,445,063	4,925,767,292	4,843,827,398	5,155,405,687	4,942,699,249	4,447,781,884	3,941,512,466
Legal Debt Margin to the Legal Debt Limit	94.51%	92.76%	90.38%	86.23%	86.34%	85.19%	86.64%	86.68%	86.41%	86.17%
Total Net Bonded Debt Applicable to Debt Limit as a Percentage of Debt Limit	5.49%	7.24%	9.62%	13.77%	13.66%	14.81%	13.36%	13.32%	13.59%	13.83%

Sources: Travis County Appraisal District

Note ^A: The 2015 tax year appraised value is used for year 2016 tax purposes.

Note ^B: Taxable value is adjusted by the following exemptions and reductions:

State-mandated \$15,000 homestead exemption; state-mandated \$10,000 homestead exemption persons 65 years of age or older or disabled; historical exemption; disabled veterans or deceased veterans' survivor(s) exemption; reduction of value due to agricultural valuation under Article VIII and the open space valuation under Article VIII 1-3-1 of the Texas Constitution; freepport exemption abatements; pollution control; prorated exempt property.

Note ^C: House Bill 98 enacted by the 76th Legislature of the state of Texas allowed school districts to change their fiscal year-end from August 31 to June 30 beginning with the 2001-2002 fiscal year. The District elected to take advantage of this opportunity and chose to change its fiscal year beginning with the 2015-2016 reporting period. Fiscal years 2015 and prior ended on August 31; however, for 2016, the fiscal period consisted of the ten-month period of September 1, 2015 through June 30, 2016.

Austin Independent School District

Table 15 – Ratio of Annual Debt Service Expenditures
for General Bonded Debt to Total Expenditures

Last Ten Fiscal Years

(Unaudited)

Fiscal Year	Principal	Interest	Total Bonded Debt Expenditures	Governmental Fund Expenditures	Ratio of Total Bonded Debt Expenditures to General Fund Expenditures
2007	25,715,000	25,666,383	51,381,383	716,751,599	7.17%
2008	32,795,000	29,908,350	62,703,350	767,883,980	8.17%
2009	37,452,633	32,352,780	69,805,414	862,068,746	8.10%
2010	45,112,633	34,671,258	79,783,891	781,449,579	10.21%
2011	52,617,633	35,122,926	87,740,559	787,388,541	11.14%
2012	57,607,633	36,891,348	94,498,981	790,197,800	11.96%
2013	60,117,095	34,683,333	94,800,428	1,114,110,392	8.51%
2014	50,154,063	49,754,242	99,908,305	1,142,895,893	8.74%
2015	67,177,633	36,485,920	103,663,553	1,238,279,319	8.37%
2016	152,633	17,945,056	18,097,689	1,134,940,979	1.59%

Source: Exhibit C-2 or Exhibit C-3 Statement of Revenues, Expenditures and Changes in Fund Balances - Audited Financial Statements

Note ¹ House Bill 98 enacted by the 76th Legislature of the state of Texas allowed school districts to change their fiscal year-end from August 31 to June 30 beginning with the 2001-2002 fiscal year. The District elected to take advantage of this opportunity and chose to change its fiscal year beginning with the 2015-2016 reporting period. Fiscal years 2015 and prior ended on August 31; however, for 2016, the fiscal period consisted of the ten-month period of September 1, 2015 through June 30, 2016.

Austin Independent School District

Table 16 – Classification of Total Assessed Value

Last Three Fiscal Years

(Unaudited)

Fiscal Year:	Market Value Fiscal Year 2016	Percent to Total	Market Value Fiscal Year 2015	Percent to Total	Market Value Fiscal Year 2014	Percent to Total
Real Residential - Single Family	\$ 51,730,599,181	47.27%	\$ 45,621,996,704	49.36%	\$ 39,833,583,879	49.26%
Real Residential - Multi Family	14,999,813,831	13.71%	12,364,853,328	13.38%	10,269,099,469	12.70%
Real Vacant Platted Lots/Tracts	1,012,176,500	0.92%	956,767,663	1.04%	815,808,908	1.01%
Real Acreage (Land Only)	331,877,978	0.30%	249,274,729	0.27%	247,704,770	0.31%
Real, Farm & Ranch Improvements	226,210,505	0.21%	185,423,577	0.20%	183,999,823	0.23%
Real Commercial Industrial	22,677,773,996	20.72%	18,608,304,279	20.13%	16,684,401,030	20.63%
Real & Intangible Personal - Utilities	576,821,439	0.53%	551,032,125	0.60%	578,132,518	0.72%
Tangible Personal Business	4,625,691,206	4.23%	4,454,068,771	4.82%	4,344,226,274	5.37%
Tangible Personal Other	54,202,012	0.05%	53,292,102	0.06%	52,439,863	0.06%
Inventory	401,680,146	0.37%	350,497,563	0.38%	427,885,770	0.53%
Other (Exempt)	12,791,770,714	11.69%	9,033,126,152	9.77%	7,419,017,200	9.18%
Total Market Value	\$ 109,428,617,508	100.00%	\$ 92,428,636,993	100.00%	\$ 80,856,299,504	100.00%
Less Exemptions:						
Agricultural Valuation	\$ 327,902,675		\$ 235,114,299		\$ 237,345,415	
Homestead Cap	3,087,230,541		2,134,428,737		594,241,573	
Homestead	2,839,893,770		1,712,475,767		1,700,780,396	
Over 65	1,059,181,932		1,036,851,013		998,685,615	
Disabled Persons & Veterans	258,689,431		244,568,640		221,370,120	
Exempt Property	12,697,456,193		8,980,113,339		7,350,940,635	
Prorated Exempt Property	70,584,301		33,347,088		34,728,724	
Historical	187,401,640		165,589,635		150,181,749	
Low Income Housing	23,130,965		19,670,719		14,281,080	
Pollution Control	26,598,680		28,000,276		29,163,607	
Community Land Trust	1,022,563		732,984		-	
Energy	3,868,462		46,625		9,669,807	
Freeport	-		1,147,598		-	
Solar	11,551,863		17,018,429		17,112,757	
Total Exemptions	\$ 20,594,513,016		\$ 14,609,105,149		\$ 11,358,501,478	
Less:						
Freeze Taxable Adjustment	\$ 7,812,128,323		\$ 7,058,224,766		\$ 6,221,408,506	
Transfer Adjustment	1,173,460		340,049		-	
Total Freeze and Transfer Adjustment	\$ 7,813,301,783		\$ 7,058,564,815		\$ 6,221,408,506	
Appraised Value for School Tax Purpose	\$ 81,020,802,709		\$ 70,760,967,029		\$ 63,276,389,520	

Source: Travis County Appraisal District (2015 Certified Totals, Supplement 16, Dated 11/9/16)

Note ¹

House Bill 98 enacted by the 76th Legislature of the state of Texas allowed school districts to change their fiscal year-end from August 31 to June 30 beginning with the 2001-2002 fiscal year. The District elected to take advantage of this opportunity and chose to change its fiscal year beginning with the 2015-2016 reporting period. Fiscal years 2015 and prior ended on August 31; however, for 2016, the fiscal period consisted of the ten-month period of September 1, 2015 through June 30, 2016.

Austin Independent School District

Table 17 – Ten Largest Taxpayers

Current Fiscal Year with Nine Years Ago Comparison

(Unaudited)

Fiscal Year Ending June 30, 2016

Principal Taxpayers	Type of Property	Taxable Assessed Valuation	Percent of Taxable Assessed Valuation to Total Assessed Taxable Valuation
Columbia/St. David's Health Care	Healthcare	523,648,468	0.587%
PKY-San Jacinto Center	Real Estate	399,844,122	0.448%
Finley Company	Real Estate	334,012,205	0.374%
CSHV-401 Congress LLC	Real Estate	323,037,554	0.362%
Freescale	Manufacturing	321,234,555	0.360%
CSHV-300 West 6th Street LLC	Real Estate	261,810,188	0.293%
Domain Mall LLC	Real Estate	249,924,720	0.280%
7171 Southwest Parkway Holdings LLP	Real Estate	238,000,000	0.267%
PR 301 Congress LP	Real Estate	227,500,353	0.255%
HEB Grocery Company LP	Grocery Retail/Dist.	224,572,448	0.252%
Total Ten Principal Taxpayers		\$ 3,103,584,613	3.477%
Total Taxable Assessed Valuation Austin ISD		\$ 89,259,003,447	

Fiscal Year Ending August 31, 2007

Principal Taxpayers	Type of Property	Taxable Assessed Valuation	Percent of Taxable Assessed Valuation to Total Assessed Taxable Valuation
Freescale Semiconductor	Manufacturing	476,484,714	1.016%
IBM Corporation	Manufacturing	260,454,949	0.555%
Southwestern Bell	Telephone Utility	211,708,910	0.451%
TX-Frost Tower Office	Real Estate	176,565,956	0.377%
Crecent Real Estate	Real Estate	132,625,915	0.283%
National Instruments	Manufacturing	129,443,787	0.276%
TX-Sixth Street LP	Real Estate	125,735,948	0.268%
EOP Franklin Plaza LP	Real Estate	115,936,041	0.247%
ZML-One American Center Limited	Real Estate	108,648,919	0.232%
TWE-Advance/Newhouse	Real Estate	102,071,060	0.218%
Total Ten Principal Taxpayers		\$ 1,839,676,199	3.923%
Total Taxable Assessed Valuation Austin ISD		\$ 46,891,428,945	

Source: Travis County Central Appraisal District

Note ¹

House Bill 98 enacted by the 76th Legislature of the state of Texas allowed school districts to change their fiscal year-end from August 31 to June 30 beginning with the 2001-2002 fiscal year. The District elected to take advantage of this opportunity and chose to change its fiscal year beginning with the 2015-2016 reporting period. Fiscal years 2015 and prior ended on August 31; however, for 2016, the fiscal period consisted of the ten-month period of September 1, 2015 through June 30, 2016. The Schedule of Delinquent Taxes Receivable is reported for twelve months to comply with TEA requirements.

Austin Independent School District

Table 18 – Property Value and Construction Within District

Last Ten Fiscal Years

(Unaudited)

Fiscal Year	Commercial	Non-Commercial	Total Estimated Market Value	New Construction
2007	13,033,676,095	44,216,786,977	57,250,463,072	1,175,331,103
2008	14,840,519,776	49,129,127,357	63,969,647,133	1,595,769,415
2009	16,240,275,661	55,040,710,282	71,280,985,943	1,616,472,896
2010	15,184,692,106	51,955,386,224	67,140,078,330	1,616,472,896
2011	15,208,008,021	55,858,917,603	71,066,925,624	1,102,739,992
2012	15,353,641,224	57,282,369,770	72,636,010,994	956,994,411
2013	16,213,059,638	58,798,836,169	75,011,895,807	785,606,468
2014	17,262,533,548	63,593,765,956	80,856,299,504	1,268,633,343
2015	19,159,336,404	73,269,300,589	92,428,636,993	1,458,288,800
2016	23,254,595,435	86,174,022,073	109,428,617,508	2,584,407,873

Source: Travis County Appraisal District

Note ¹ House Bill 98 enacted by the 76th Legislature of the state of Texas allowed school districts to change their fiscal year-end from August 31 to June 30 beginning with the 2001-2002 fiscal year. The District elected to take advantage of this opportunity and chose to change its fiscal year beginning with the 2015-2016 reporting period. Fiscal years 2015 and prior ended on August 31; however, for 2016, the fiscal period consisted of the ten-month period of September 1, 2015 through June 30, 2016.

Austin Independent School District

Table 19 – Per Student Calculations (General Fund Only)

Based on Revenues and Expenditures

Last Three Fiscal Years

(Unaudited)

	Fiscal Year:		
	2014	2015	2016
Beginning Fund Equity	\$ 240,230,810	\$ 220,960,408	\$ 217,722,928
Revenues			
From Ad Valorem Taxes	733,130,919	818,924,395	935,923,424
% of Total Revenue	89.64%	90.42%	92.41%
From State and Federal Funds	62,544,644	62,523,918	50,329,570
% of Total Revenue	7.65%	6.90%	4.97%
From Other Local Sources	22,198,036	24,204,869	26,554,292
% of Total Revenue	2.71%	2.67%	2.62%
	<u>817,873,599</u>	<u>905,653,182</u>	<u>1,012,807,286</u>
Total Expenditures	838,219,524	909,316,514	928,283,780
Net Transfers and Other Increases (Decreases) to Fund Equity	1,075,523	425,852	(9,979,416)
Ending Fund Equity	<u>\$ 220,960,408</u>	<u>\$ 217,722,928</u>	<u>\$ 292,267,018</u>
Per Student Calculations:			
Assessed Valuation Per Student	\$ 745,746	\$ 914,709	\$ 1,059,733
Ad Valorem Tax Revenues Per Student	\$ 9,402	\$ 10,586	\$ 12,242
State and Federal Funds Per Student	802	808	658
Other Local Sources Per Student	285	313	347
Total Revenue Per Student	<u>\$ 10,488</u>	<u>\$ 11,707</u>	<u>\$ 13,247</u>
Total Expenditures Per Student	<u>\$ 10,749</u>	<u>\$ 11,755</u>	<u>\$ 12,142</u>
Average Daily Attendance	77,980	77,359	76,454

Sources: Statement of Revenues, Expenditures, and Changes in Fund Balance
General Fund only - Audited Financial Statements
Management's Discussion and Analysis (Economic Factors)

Note ¹ House Bill 98 enacted by the 76th Legislature of the state of Texas allowed school districts to change their fiscal year-end from August 31 to June 30 beginning with the 2001-2002 fiscal year. The District elected to take advantage of this opportunity and chose to change its fiscal year beginning with the 2015-2016 reporting period. Fiscal years 2015 and prior ended on August 31; however, for 2016, the fiscal period consisted of the ten-month period of September 1, 2015 through June 30, 2016.

Demographic and Economic

Austin Independent School District

Table 20 – Demographic Data

Last Ten Fiscal Years

(Unaudited)

Fiscal Year	Estimated Population¹	Per Capita Income	Personal Income	Peak Enrollment	Average Daily Attendance	District Employees
2007	937,541	40,039	37,538,232,000	81,917	74,362	10,831
2008	969,892	40,430	39,212,702,000	82,181	74,595	11,100
2009	998,561	40,143	40,085,585,000	83,033	75,606	11,322
2010	1,026,158	42,156	43,258,751,000	84,245	76,727	11,570
2011	1,049,873	43,744	45,925,294,000	85,273	77,982	11,736
2012	1,095,805	46,298	50,733,585,000	86,124	78,914	11,468
2013	1,120,954	48,562	54,435,509,000	86,233	78,972	11,465
2014	1,141,655	54,596	62,329,270,000	85,014	77,980	11,538
2015	1,173,051	58,537	68,666,432,000	84,191	77,359	11,478
2016	1,209,415	-	-	83,270	76,454	11,568

Sources: Peak Enrollment and District Employees: TEA TAPR

Average Daily Attendance: PEIMS

Estimated Population and Personal Income: Bureau of Economic Analysis Austin-Round Rock MSA

2016 Estimated Population: City of Austin

Note¹ Information is based on data for Travis County, data specific to District boundaries is not available.

Note 2 House Bill 98 enacted by the 76th Legislature of the state of Texas allowed school districts to change their fiscal year-end from August 31 to June 30 beginning with the 2001-2002 fiscal year. The District elected to take advantage of this opportunity and chose to change its fiscal year beginning with the 2015-2016 reporting period. Fiscal years 2015 and prior ended on August 31; however, for 2016, the fiscal period consisted of the ten-month period of September 1, 2015 through June 30, 2016.

Austin Independent School District

Table 21 – Ten Principal Employers

Current and Nine Years Ago

(Unaudited)

Company Name	Product or Service	Rank	<u>2016</u>	Percent of	Rank	<u>2007</u>	Percent of
			Number of Employees (1)	MSA Total (3)		Number of Employees (2)	MSA Total (2)
				%			%
State Government	Government	1	63,000	5.21%	1	47,183	5.03%
The University of Texas Austin	Government	2	14,079	1.16%	2	23,817	2.54%
Dell Technologies	Computers	3	13,000	1.07%	3	17,000	1.81%
City of Austin	Government	4	12,580	1.04%	4	13,079	1.40%
Austin Independent School District	Education	5	12,395	1.02%	5	11,700	1.25%
Federal Government	Government	6	11,900	0.98%	7	11,400	1.22%
Seton Healthcare Network	Healthcare	7	10,270	0.85%	6	7,538	0.80%
St. David's Healthcare Partnership	Healthcare	8	8,595	0.71%	8	5,712	0.61%
Samsung Austin Semiconductor	Manufacturing	9	6,074	0.50%		-	0.00%
Apple	Technology	10	6,000	0.50%		-	0.00%
			<u>157,893</u>	<u>13.06%</u>		<u>137,429</u>	<u>14.66%</u>

²Metropolitan Statistical Area (MSA) 2007 937,541

³Metropolitan Statistical Area (MSA) 2016 1,209,415

(1) Source: Austin Chamber of Commerce, City of Austin

(2) Source: Texas Municipal Advisory Council

(3) Source: City of Austin

Operating

Austin Independent School District

Table 22 – Expenditures, Average Daily Attendance
and Per Pupil Costs

Last Ten Years

(Unaudited)

Fiscal Year	Total General Fund Expenditures ¹	Average Daily Attendance ²	Per Pupil Costs
2007	716,751,599	74,362	9,639
2008	767,883,980	74,595	10,294
2009	862,068,746	75,606	11,402
2010	781,449,579	76,727	10,185
2011	787,388,541	77,982	10,097
2012	790,197,800	78,914	10,013
2013	818,019,246	78,972	10,358
2014	838,219,524	77,980	10,749
2015	909,316,514	77,359	11,755
2016	928,283,780	76,454	12,142

Fiscal Year	Total Governmental Funds Expenditures ¹	Average Daily Attendance ²	Per Pupil Costs
2007	1,008,875,275	74,362	13,567
2008	1,039,838,042	74,595	13,940
2009	1,159,867,086	75,606	15,341
2010	1,133,479,387	76,727	14,773
2011	1,120,266,447	77,982	14,366
2012	1,066,487,943	78,914	13,515
2013	1,114,110,392	78,972	14,108
2014	1,142,895,893	77,980	14,656
2015	1,238,279,319	77,359	16,007
2016	1,134,940,979	76,454	14,845

Source: ¹ Statement of Revenues, Expenditures and Changes in Fund Balances -- Audited Financial Reports

² School District and Education Service Center (ESC) Average Daily Attendance (ADA) Reports from TEA web site

Note ¹ House Bill 98 enacted by the 76th Legislature of the state of Texas allowed school districts to change their fiscal year-end from August 31 to June 30 beginning with the 2001-2002 fiscal year. The District elected to take advantage of this opportunity and chose to change its fiscal year beginning with the 2015-2016 reporting period. Fiscal years 2015 and prior ended on August 31; however, for 2016, the fiscal period consisted of the ten-month period of September 1, 2015 through June 30, 2016.

Austin Independent School District

Table 23 – Schedule of Insurance and
Surety Bonds in Force

June 30, 2016

(Unaudited)

	COMPANY	AGENCY	POLICY #	COVERAGE TYPE	POLICY LIMITS	DEDUCTIBLE	POLICY PERIOD	PREMIUM
1	Lexington	McGriff, Seibels & Williams	#11144061	Building & Contents (include portables & video van)	\$2,946,535 cov.limit-\$750,000,000 Per Occurrence	\$100,000 (flood/quake/theft) (\$250,000 wind/hail)	9/1/15 to 9/31/16	\$1,285,804
	TFIA			(Flood Coverage Zone Z,X))	Per Occurrence	(\$5,000/\$10,000)	9/1/15 to 9/31/16	\$33,305
2	Columbian Life Insurance & Zurich	The Brokerage Store	42-24-4727-800-042-2	UIL Student Athletic-underlying UIL Student Athletic-catastrophic	\$25,000	None	8/1/15 to 7/31/17 8/1/15 to 7/31/17	\$143,500 \$19,920
3	SureTec Insurance Co.	Wm. Gammon	POA-5154308	Tax Collectors Bond Travis County	\$100,000 \$1,000,000/\$2,000,000	None	1/1/13 to 12/31/16	\$1,243 for 4 years
4	Texas Association of School Boards	TASB	227901-090901	TASB Modified Self Ins. Plan Automobile - BI/PD General Liability School Prof. Legal Liability	Liability Coverages		9/1/15 to 9/1/16 9/1/15 to 9/1/16 9/1/15 to 9/1/16	\$55,271 \$264,652
					\$100K/\$300K/\$100K	\$100,000		
					\$1,000,000	\$50,000		
5	Hartford Fire Ins. Co.	Alamo Ins.	B1581102799	Telecommunication Equip. GAATN Fiber Optic Cable Network	\$4.5 Million/occurrence TIV \$22,083.948	\$50,000	11/1/15 to 11/1/16	\$49,419
					\$1 mil. flood/quake	\$25,000 flood/quake		
6	Texas Association of School Boards	TASB	B-255	Worker's Compensation Midwest Employers	Statutory Stop Loss Limits Specific Retention \$350,000	Specific Retention Self-funded \$350,000	9/1/15 to 9/1/16	Self-Insured
7	CNS	Bill Beatty	127,307,644	Student Medical Prof. Ins.	\$1,000,000 each claim \$5,000,000 aggregate	None	9/01/2015 -08/31/2016	\$4,285
8	Insurers Indemnity Bond Co.	Wm. Gammon	Various	Peace Officers Bonding 78 Officers as of June 2016	\$1,000	None	Annually Renewed Each Officer	\$3,900
9	Great American Insurance Group	McGriff, Seibels & Williams	GVT 4804096 0000	Crime Protection Policy	\$1,000,000	\$50,000	9/1/2015 - 8/31/2016	\$12,143

Austin Independent School District

Table 24 – Miscellaneous Statistical Data

June 30, 2016

(Unaudited)

School	Year Main Building Erected	Grades	Architectural Design Capacity	Student Enrollment	Total Portables per Campus	Campus Gross	Campus Size (acreage)
High Schools:							
Austin High	1975	9-12	2,247	2,087	5	309,499	44.3
Lanier High	1966	9-12	1,627	1,836	15	243,178	28.5
McCallum High	1953	9-12	1,596	1,747	9	226,267	31.1
Reagan High	1965	9-12	1,588	1,312	2	252,363	31.8
Travis High	1953	9-12	1,862	1,429	4	275,890	34.8
Crockett High	1969	9-12	2,163	1,478	5	327,831	39.5
Anderson High	1973	9-12	2,478	2,276	5	309,077	38.8
Secondary Alternative Learning Center	1953	6-12	462	113	8	86,585	19.8
Bowie High	1988	9-12	2,463	2,913	11	411,351	66.0
LBJ High	1974	9-12	902	879	11	293,046	41.4
Garza Independence High	1939	11-12	321	187	4	44,754	3.1
Akins High	2000	9-12	2,394	2,733	20	345,493	57.7
LASA	1974	9-12	940	1,021	9	291,406	41.4
Eastside Memorial High	1960	9-12	1,156	568	2	253,815	27.6
Richards SYWL	1958	6-12	924	788	4	121,346	15.3
International H.S.	1960	9-12	392	283	0	253,815	27.6
Middle Schools:							
Fulmore Middle	1911	6-8	1,078	1,015	6	156,804	9.8
Kealing Middle	1986	6-8	1,333	1,211	0	192,552	13.2
Lamar Middle	1955	6-8	1,008	971	8	130,714	14.3
Burnet Middle	1961	6-8	1,039	1,026	13	136,563	23.7
O. Henry Middle	1953	6-8	945	935	6	141,413	13.8
Martin Middle	1966	6-8	804	456	2	107,342	9.9
Murchison Middle	1967	6-8	1,113	1,357	16	122,677	26.2
Webb Middle (Inc Primary Center)	1961	6-8	1,047	933	20	120,985	15.6
Bedichek Middle	1972	6-8	941	918	13	132,284	23.3
Dobie Middle (Inc Pre-K)	1973	PK, 6-8	1,269	911	20	133,675	20.2
Garcia YMLA	2007	6-8	1,215	424	0	161,147	41.3
Covington Middle	1986	6-8	1,125	641	0	172,364	21.3
Mendez Middle	1987	6-8	1,215	801	3	173,382	20.7
Bailey Middle	1993	6-8	1,176	873	3	147,444	41.3
Small Middle	1999	6-8	1,239	1,005	1	160,608	36.5
Paredes Middle	2000	6-8	1,156	1,000	4	143,037	78.2
Gorzycycki Middle	2009	6-8	1,323	1,343	5	169,045	14.2
Sadler Means YWLA	1958	6-8	1,078	370	0	132,596	14.8

Austin Independent School District

Table 24 – Miscellaneous Statistical Data

June 30, 2016

(Unaudited)

School	Year Main Building Erected	Grades	Architectural Design Capacity	Student Enrollment	Total Portables per Campus	Campus Gross	Campus Size (acreage)
Elementary Schools:							
Allison Elementary	1955	PK-5	486	534	6	61,426	10.7
Andrews Elementary	1962	EC, PK-5	636	582	9	60,032	7.7
Baranoff Elementary	1999	EC, K-5	627	981	8	80,088	15.6
Barbara Jordan Elementary	1992	PK-6	655	665	5	73,893	11.5
Barrington Elementary	1969	EC, PK-6	556	627	3	75,385	12.1
Barton Hills Elementary	1964	EC, K-6	418	409	7	38,290	9.9
Becker Elementary	1936	EC, PK-5	449	379	3	59,296	3.7
Blackshear Elementary	1903	PK-5	561	295	0	70,071	5.3
Blanton Elementary	1964	PK-5	711	483	3	71,609	8.0
Blazier Elementary	2007	EC, PK-5	598	848	16	82,897	15.4
Boone Elementary	1986	EC, PK-5	752	569	0	72,858	12.5
Brentwood Elementary	1951	EC, PK-5	585	614	6	62,890	16.7
Brooke Elementary	1954	EC, PK-5	393	266	2	51,588	5.9
Brown Elementary	1957	EC, PK-6	449	364	4	49,307	10.1
Bryker Woods Elementary	1939	EC, K-6	418	396	6	37,499	6.3
Campbell Elementary	1992	EC, PK-5	524	223	0	61,322	9.7
Casey Elementary	1998	EC, PK-5	692	609	1	81,506	17.9
Casis Elementary	1951	EC, PK-5	669	795	9	77,061	14.2
Clayton Elementary	2006	EC, K-5	815	870	4	99,883	16.8
Cook Elementary	1974	EC, K-5	542	548	7	67,355	12.7
Cowan Elementary	1999	EC, PK-5	648	785	7	70,234	22.5
Cunningham Elementary	1963	EC, PK-5	627	417	2	71,191	8.8
Davis Elementary	1993	EC, PK-5	731	801	5	71,734	13.2
Dawson Elementary	1954	EC, PK-5	524	377	4	55,301	8.7
Doss Elementary	1970	EC, PK-5	543	878	16	60,521	9.7
Galindo Elementary	1989	EC, PK-5	711	578	4	85,513	10.8
Govalle Elementary	1940	EC, PK-5	598	504	3	75,468	8.4
Graham Elementary	1972	EC, PK-5	580	696	6	70,590	9.9
Guerrero-Thompson Elementary	2013	EC, PK-5	748	676	1	98,000	18.7
Gullett Elementary	1956	EC, PK-5	418	573	10	39,826	17.9
Harris Elementary	1955	EC, PK-5	711	627	9	55,794	7.3
Hart Elementary	1998	EC, PK-5	711	694	7	81,042	15.7
Highland Park Elementary	1952	EC, PK-5	606	619	6	58,557	6.3
Hill Elementary	1970	EC, PK-5	627	966	12	69,626	8.9
Houston Elementary	1976	EC, PK-5	692	702	9	80,229	13.8
Joslin Elementary	1954	EC, PK-5	374	278	4	44,829	5.1
Kiker Elementary	1992	EC, PK-5	731	993	13	74,156	12.4
Kocurek Elementary	1986	EC, PK-5	673	486	1	76,346	12.3
Langford Elementary	1980	PK-5	711	695	9	77,748	10.7
Lee Elementary	1939	EC, K-6	418	376	1	45,098	4.8
Linder Elementary	1972	EC, PK-5	542	368	1	69,544	9.1
Lucy Read Pre-K	1961	EC, PK	352	305	9	37,188	9.9
Maplewood Elementary	1951	EC, PK-6	355	462	8	45,389	6.4
Mathews Elementary	1916	PK-6	397	420	3	42,124	2.3
McBee Elementary	1999	EC, K-5	580	491	2	69,716	10.9
Menchaca Elementary	1975	EC, PK-5	606	716	8	59,994	19.8

Austin Independent School District

Table 24 – Miscellaneous Statistical Data

June 30, 2016

(Unaudited)

School	Year Main Building Erected	Grades	Architectural Design Capacity	Student Enrollment	Total Portables per Campus	Campus Gross	Campus Size (acreage)
Metz Elementary	1993	PK-5	524	308	2	61,356	6.4
Mills Elementary	1998	EC, PK-5	794	812	6	81,368	10.7
Norman Elementary	1970	PK-6	486	316	1	58,519	10.2
Oak Hill Elementary	1974	EC, PK-5	773	842	6	75,143	13.7
Oak Springs Elementary	1958	EC, PK-5	411	332	3	47,102	8.6
Odom Elementary	1970	EC, PK-5	542	541	2	61,009	8.6
Ortega Elementary	1959	EC, PK-5	355	308	5	47,301	7.4
Overton Elementary	2007	EC, PK-6	598	713	7	83,405	70.4
Padron Elementary	2014	PK-5	879	772	0	143,142	6.7
Palm Elementary	1987	EC, PK-5	636	478	0	78,101	13.2
Patton Elementary	1986	EC, PK-5	940	973	10	76,213	24.1
Pease Elementary	1876	K-6	293	268	0	35,623	2.8
Pecan Springs Elementary	1957	EC, PK-5	524	482	3	56,992	7.6
Perez Elementary	2006	EC, PK-5	617	754	10	82,223	28.0
Pickle Elementary	2001	EC, PK-5	561	694	5	116,427	17.5
Pillow Elementary	1969	EC, PK-5	502	530	8	54,247	10.0
Pleasant Hill Elementary	1985	EC, PK-5	505	557	5	65,825	10.1
Reilly Elementary	1954	EC, PK-5	318	281	5	41,646	10.8
Ridgetop Elementary	1939	EC, PK-5	224	286	4	34,617	5.0
Rodriguez Elementary	1999	EC, PK-5	711	703	11	79,918	15.0
Baldwin Elementary	2010	PK-5	669	786	4	86,896	14.2
Sanchez Elementary	1976	EC, PK-5	580	410	1	78,951	9.2
Sims Elementary	1956	PK-6	355	265	6	44,337	8.4
St. Elmo Elementary	1960	EC, PK-5	411	300	1	48,922	9.4
Summitt Elementary	1986	EC, PK-5	731	814	8	75,903	14.5
Sunset Valley Elementary	1971	EC, PK-5	561	534	2	66,467	10.4
Travis Heights Elementary	1938	EC, PK-5	524	522	3	59,330	3.2
Uphaus Early Childhood Center	2012	PK	367	267	0	72,206	7.4
Walnut Creek Elementary	1961	EC, PK-6	655	628	8	79,535	11.5
Widen Elementary	1986	EC, PK-5	655	576	4	74,523	10.7
Williams Elementary	1976	EC, PK-5	561	459	5	64,436	14.0
Winn Elementary	1970	EC, PK-5	524	303	3	60,758	10.0
Wooldridge Elementary	1969	EC, K-5	655	634	7	70,474	11.6
Wooten Elementary	1955	EC, PK-5	468	622	12	53,689	6.7
Zavala Elementary	1937	EC, PK-6	561	376	0	69,142	3.4
Zilker Elementary	1950	EC, PK-5	460	544	7	50,176	11.8

Source: Austin ISD Construction Management

Federal Awards Section



Padgett Stratemann

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
Austin Independent School District
Austin, 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 the Austin Independent School District (the "District") as of and for the ten month period ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated November 15, 2016.

Internal Control Over Financial Reporting

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the District'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.

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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* or the Public Funds Investment Act.

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 District'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 District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Padgett, Statemann + Co., L.L.P.

Austin, Texas
November 15, 2016



Padgett Stratemann

Independent Auditor's Report on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance as Required by the Uniform Guidance

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

Report on Compliance for Each Major Federal Program

We have audited Austin Independent School District's (the "District") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the ten month period ended June 30, 2016. The District's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

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

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

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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 its major federal programs for the ten month period ended June 30, 2016.

Report on Internal Control Over Compliance

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

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

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

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

Padgett, Stratemann + Co., L.L.P.

Austin, Texas
November 15, 2016

Austin Independent School District

Schedule of Findings and Questioned Costs

Ten Month Period Ended June 30, 2016

Section I – Summary of Auditor’s Results

1. Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP:

Unmodified

Internal control over financial reporting:

Material weakness(es) identified?

_____ Yes X No

Significant deficiency(ies) identified?

_____ Yes X None Reported

Noncompliance material to financial statements noted?

_____ Yes X No

2. Federal Awards

Internal control over major programs:

Material weakness(es) identified?

_____ Yes X No

Significant deficiency(ies) identified?

_____ Yes X None Reported

Type of auditor’s report issued on compliance for major federal programs:

Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?

_____ Yes X No

Austin Independent School District

Schedule of Findings and Questioned Costs

Ten Month Period Ended June 30, 2016

Section I – Summary of Auditor’s Results (continued)

Identification of major federal programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
84.010	ESEA, Title I, Part A – Improving Basic Programs
84.371C	Texas Literacy Initiative

Dollar threshold used to distinguish between type A and type B programs:

\$2,782,511

Auditee qualified as low-risk auditee?

X Yes

 No

Section II – General Purpose Financial Statement Findings

No matters were reported.

Section III – Federal Award Findings and Questioned Costs

No matters were reported.

Austin Independent School District

Exhibit K-1 Schedule of Expenditures of Federal Awards

Ten Month Period Ended June 30, 2016

(1)			(2)	(3)
Project Number	Data Control Codes	Federal Grantor/ Pass-Through Grantor/ Program Title	Federal CFDA Number	Expenditures Indirect Costs and Refunds
<u>United States Department of Education:</u>				
Direct Programs:				
S060A140771	379	Indian Education Formula Grants to LEAs	84.060A	\$ (1,140)
S060A150771	379	Indian Education Formula Grants to LEAs*	84.060A	<u>47,978</u>
		Subtotal, Indian Education Formula Grants to LEAs		<u>46,838</u>
U351C140069	289	Project Creative Learning	84.351C	201,247
U351C140069-15	289	Project Creative Learning*	84.351C	<u>121,572</u>
		Subtotal, Project Creative Learning		<u>322,819</u>
S374A100010	289	REACH: Supporting and Rewarding Success in the Classroom	84.374A	<u>399,038</u>
		Total Direct Programs		<u>768,695</u>
Passed Through The University of Texas at Austin:				
N/A	199	Federal Work-Study Program	84.033	<u>21,072</u>
		Total Passed Through The University of Texas at Austin		<u>21,072</u>
Passed Through the Texas Education Agency:				
15610101227901	211	ESEA, Title I, Part A – Improving Basic Programs	84.010A	59,438
16610101227901	211	ESEA, Title I, Part A – Improving Basic Programs*	84.010A	<u>25,753,833</u>
		Subtotal, ESEA Title I Part A – Improving Basic Programs		<u>25,813,271</u>
15610103227901	211	ESEA Title I Part D, Subpart 2 – Delinquent Programs	84.010A	333
16610103227901	211	ESEA Title I Part D, Subpart 2 – Delinquent Programs*	84.010A	<u>431,855</u>
		Subtotal, ESEA Title I Part D, Subpart 2 – Delinquent Programs		<u>432,188</u>

Austin Independent School District

Exhibit K-1 Schedule of Expenditures of Federal Awards

Ten Month Period Ended June 30, 2016

(Continued)

(1)			(2)	(3)
Project Number	Data Control Codes	Federal Grantor/ Pass-Through Grantor/ Program Title	Federal CFDA Number	Expenditures Indirect Costs and Refunds
15610112227901006	211	Title I 1003(A) Priority and Focus School Grants – Reagan	84.010A	\$ 718
15610112227901019	211	Title I 1003(A) Priority and Focus School Grants – Eastside	84.010A	193
16610112227901000	211	Title I 1003(A) Priority and Focus School Grants*	84.010A	<u>395,841</u>
		Subtotal, ESEA Title I 1003(A) Priority and Focus School Grants		<u>396,752</u>
156600012279016600	224	IDEA – Part B, Formula	84.027A	15,302
166600012279016600	224	IDEA – Part B, Formula*	84.027A	<u>15,888,048</u>
		Subtotal, IDEA – Part B, Formula		<u>15,903,350</u>
166600112279016673	315	IDEA – Part B, Discretionary (Deaf)*	84.027A	<u>27,111</u>
156600012279016601	316	IDEA – Part B, Formula (Deaf)*	84.027A	<u>37,735</u>
15420006227901	244	Carl D. Perkins Basic Grant Formula for CATE	84.048A	(2,122)
16420006227901	244	Carl D. Perkins Basic Grant Formula for CATE*	84.048A	<u>949,314</u>
		Subtotal, Carl D. Perkins Basic Grant Formula for CATE		<u>947,192</u>
156610012279016610	225	IDEA – Part B, Preschool	84.173A	492
166610012279016610	225	IDEA – Part B, Preschool*	84.173A	<u>345,318</u>
		Subtotal, IDEA – Part B, Preschool		<u>345,810</u>
166610012279016611	317	IDEA – Part B, Preschool (Deaf)*	84.173A	<u>8,861</u>
163911012279013911	340	IDEA – Part C, Early Childhood Intervention (Deaf)*	84.181A	<u>2,849</u>
145900187110001	258	2014-2015 PCSP Start-Up Grants	84.282A	<u>(9,235)</u>

Austin Independent School District

Exhibit K-1 Schedule of Expenditures of Federal Awards

Ten Month Period Ended June 30, 2016

(Continued)

(1)			(2)	(3)
Project Number	Data Control Codes	Federal Grantor/ Pass-Through Grantor/ Program Title	Federal CFDA Number	Expenditures Indirect Costs and Refunds
156950167110003	265	21st Century Community Learning Centers CY 7 Yr 4	84.287C	\$ 2,042
156950197110003	265	21st Century Community Learning Centers CY 7 Yr 4*	84.287C	1,642,176
166950197110003	265	21st Century Community Learning Centers CY 8 Yr 2*	84.287C	<u>1,901,974</u>
		Subtotal, 21st Century Community Learning Centers		<u>3,546,192</u>
16671001227901	263	Title III, Part A – LEP*	84.365A	<u>1,932,325</u>
16671003227901	263	Title III, Part A – Immigrant	84.365A	<u>145,843</u>
15694501227901	255	ESEA Title II, Part A Teacher and Principal Training and Recruiting	84.367A	(820)
16694501227901	255	ESEA Title II, Part A Teacher and Principal Training and Recruiting*	84.367A	<u>2,461,623</u>
		Subtotal, ESEA Title II, Part A Teacher and Principal Training and Recruiting		<u>2,460,803</u>
69551402	289	Summer School LEP	84.369A	29,963
69551502	289	Summer School LEP*	84.369A	<u>59,639</u>
		Subtotal, Summer School LEP		<u>89,602</u>
146460037110003	289	Texas Literacy Initiative	84.371C	79,295
156460037110003	289	Texas Literacy Initiative*	84.371C	5,033,810
166460037110003	289	Texas Literacy Initiative*	84.371C	<u>3,236,969</u>
		Subtotal, Texas Literacy Initiative		<u>8,350,074</u>
116107117110002	276	Texas Title I Priority School Grants CY2 Extnd – Lanier	84.377A	(43,192)
116107117110003	276	Texas Title I Priority School Grants CY2 Extnd – Martin	84.377A	<u>568</u>
		Subtotal, Texas Title I Priority School Grants		<u>(42,624)</u>
		Total Passed Through the Texas Education Agency		<u>60,388,099</u>

Austin Independent School District

Exhibit K-1 Schedule of Expenditures of Federal Awards

Ten Month Period Ended June 30, 2016

(Continued)

(1)			(2)	(3)
Project Number	Data Control Codes	Federal Grantor/ Pass-Through Grantor/ Program Title	Federal CFDA Number	Expenditures Indirect Costs and Refunds
1414AEL000	220	Passed Through Austin Community College: Adult Ed. – English Literacy & Civics Education, Section 231*	84.002A	\$ 203,925
		Total Passed Through the Austin Community College		<u>203,925</u>
		Passed Through the Education Service Center, Region 10:		
15-020	206	McKinney-Vento Homeless Education	84.196A	9,361
16-049	206	McKinney-Vento Homeless Education*	84.196A	<u>146,589</u>
		Total Passed Through the Education Service Center, Region 10		<u>155,950</u>
		Total United States Department of Education		<u>61,537,741</u>
		<u>United States Department of Agriculture:</u>		
HUSSC #927	289	Healthier US School Challenge (HUSSC) Incentive Award*	10.543	1,000
		Passed Through the Texas Department of Agriculture:		
71400701	240	School Breakfast Program*	10.553	6,093,176
71300701	240	National School Lunch Program*	10.555	20,055,816
71300701	240	Commodities Supplemental Food Program*	10.555	827,526
71300701	240	After-School Snack Program*	10.555	225,674
71300701	240	Seamless Summer Feeding Option*	10.555	417,393
N/A	240	Child and Adult Care Food Program*	10.558	1,319,054
N/A	240	National School Lunch Program Training Assistance Grant*	10.560	5,000
N/A	240	2016 Hunger Free Texans Travel Grant Award*	10.560	<u>362</u>
		Total United States Department of Agriculture		<u>28,945,001</u>

Austin Independent School District

Exhibit K-1 Schedule of Expenditures of Federal Awards

Ten Month Period Ended June 30, 2016

(Continued)

(1)			(2)	(3)
Project Number	Data Control Codes	Federal Grantor/ Pass-Through Grantor/ Program Title	Federal CFDA Number	Expenditures Indirect Costs and Refunds
		<u>National Endowment for the Arts:</u>		
14-5100-7155	289	Creative Learning Initiative	45.024	\$ 20,000
15-5100-7073	289	Austin Digital Media for All*	45.024	<u>81,825</u>
		Total National Endowment for the Arts		<u>101,825</u>
		<u>United States Department of Defense:</u>		
N/A	199	R.O.T.C.*	12.000	<u>184,745</u>
		Total United States Department of Defense		<u>184,745</u>
		<u>Department of Housing and Urban Development:</u>		
		Passed Through the City of Austin:		
NI130000010 Amendment 2	289	CDBG Teen Parent Child Care	14.218	20,902
NI130000010 Amendment 3	289	CDBG Teen Parent Child Care*	14.218	<u>140,292</u>
		Total Department of Housing and Urban Development		<u>161,194</u>
		<u>U.S. Department of Transportation:</u>		
		Passed Through the Texas Department of Transportation:		
2015-AISD-G-1YG-0073	289	AISD Afterschool Driver Education Program	20.600	1,267
2016-AISD-G-1YG-0187	289	AISD Afterschool Driver Education Program*	20.600	<u>24,466</u>
		Total U.S. Department of Transportation		<u>25,733</u>

Austin Independent School District

Exhibit K-1 Schedule of Expenditures of Federal Awards

Ten Month Period Ended June 30, 2016

(Continued)

(1)			(2)	(3)
Project Number	Data Control Codes	Federal Grantor/ Pass-Through Grantor/ Program Title	Federal CFDA Number	Expenditures Indirect Costs and Refunds
		<u>United States Department of Health and Human Services:</u>		
		Passed Through the Austin Community College:		
1414AEL000	223	Adult Basic Education	93.558	\$ 672
1414AEL000	223	Adult Basic Education*	93.558	<u>94,055</u>
		Subtotal, Adult Basic Education		<u>94,727</u>
		Passed Through Child, Inc.:		
N/A	205	Head Start Collaboration*	93.600	<u>1,118,470</u>
		Passed Through the Texas Health and Human Services Commission:		
529-15-0063-00006	289	Refugee School Impact Discretionary Grant	93.576	(430)
529-15-0063-00006A	289	Refugee School Impact Discretionary Grant*	93.576	<u>116,654</u>
		Subtotal, Refugee School Impact Discretionary Grant		<u>116,224</u>
		Passed Through the Texas Department of State Health Services:		
529-07-0157-00112	199	Medicaid Administration*	93.778	<u>291,022</u>
		Total U.S Department of Health and Human Services		<u>1,620,443</u>
		<u>Corporation for National & Community Service:</u>		
		Passed Through OneStar National Service Commission:		
13WCHTX0010001	289	AISD School Turnaround AmeriCorps Initiative	94.006	(520)
13WCHTX0010001	289	AISD School Turnaround AmeriCorps Initiative*	94.006	<u>174,194</u>
		Subtotal, AISD School Turnaround AmeriCorps Initiative		<u>173,674</u>
		Total Federal Assistance		<u>\$ 92,750,356</u>

Austin Independent School District

Notes to the Schedule of Expenditures of Federal Awards

Ten Month Period Ended June 30, 2016

1. General

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the District and is presented on the modified accrual basis of accounting.

Special Revenue Funds are used to account for resources restricted to, or designated for, specific purposes by a grantor. Federal and state financial assistance generally is accounted for in a Special Revenue Fund. Generally, unused balances are returned to the grantor at the close of specified project periods.

2. Basis of Accounting

The accounting and financial reporting treatment applied to Special Revenue Funds is the current financial resources measurement focus. All federal grant funds were accounted for in the Special Revenue Fund, except for indirect cost reimbursement, ROTC, and the Federal Work/Study Program, which are in the General Fund. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

The modified accrual basis of accounting is used for the Special Revenue Fund. 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, except for unmatured interest on general long-term debt, which is recognized when matured, and certain compensated absences and claims and judgments, which are recognized when the obligations are expected to be liquidated with expendable available financing resources. Federal grant funds are considered to be earned as soon as all eligibility requirements imposed by the provider are met and expenditures have been incurred and, accordingly, when such funds are received in advance, they are recorded as unearned revenues until earned.

The expenditures in the accompanying Schedule of Expenditures of Federal Awards are presented using the modified accrual basis of accounting, with the exception of the Nutrition Program. Expenditures in this program are shown in the accompanying Schedule of Expenditures of Federal Awards in an amount equal to revenue for balancing purposes only. All other expenditures are recognized following, as applicable, either the cost principles in the *OMB Compliance Supplement*, or the cost principles contained in Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

3. General Fund Reimbursements

The General Fund receives reimbursement from the federal government for the following activities, which are not required to be presented on the Schedule of Expenditures of Federal Awards: Medicaid reimbursement and school health and related services.

Austin Independent School District

Notes to the Schedule of Expenditures of Federal Awards

Ten Month Period Ended June 30, 2016

4. Noncash Federal Awards

The District received noncash awards in the form of food commodities totaling \$827,526 for the ten month period ended June 30, 2016.

5. Indirect Costs

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



AUSTIN Independent School District

2015-16 Comprehensive Annual Financial Report

For the Fiscal Year Ending June 30, 2016

