

ATLANTA INDEPENDENT SCHOOL DISTRICT
ANNUAL FINANCIAL REPORT FOR THE
YEAR ENDED AUGUST 31, 2015



Moore, Caver and Setser, Inc.
Certified Public Accountants



**ATLANTA INDEPENDENT SCHOOL DISTRICT
ANNUAL FINANCIAL REPORT
for the Year Ended August 31, 2015**

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CERTIFICATE OF BOARD

Atlanta Independent School District
Name of District

Cass
County

034-901
Co.-Dist. Number

We, the undersigned, certify that the attached annual financial reports of the above named district were reviewed and (check one) approved ___ disapproved for the year ended August 31, 2015, at a meeting of the Board of Trustees of such school district on the 19th day of January 2016.


Signature of Board Secretary


Signature of Board President

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



FINANCIAL SECTION





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Jalyn L. Setser, CPA

UNMODIFIED OPINIONS ON BASIC FINANCIAL STATEMENTS
ACCOMPANIED BY REQUIRED SUPPLEMENTARY INFORMATION
AND OTHER SUPPLEMENTARY INFORMATION

Board of Trustees
Atlanta Independent School District
106 West Main Street
Atlanta, Texas 75551

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Atlanta Independent School District (the District) as of and for the year ended August 31, 2015, 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 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 the 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 entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Atlanta Independent School District as of August 31, 2015, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison and pension information on pages 6 through 13 and 52 through 56 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 Atlanta Independent School District's basic, combining, internal service and trust funds financial statements. The introductory section and combining and individual non major fund financial statements, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements.

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

The introductory section 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 December 14, 2015, on our consideration of Atlanta Independent School 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 Atlanta Independent School District's internal control over financial reporting and compliance.

The Texas Education Agency requires school districts to include certain information in the Annual Financial and Compliance Report in conformity with laws and regulations of the State of Texas. This information is in Exhibits identified in the Table of Contents as J-1 through J-2. These schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Moore, Caver and Setser, Inc.

Moore, Caver and Setser, Inc.
Certified Public Accountants

December 14, 2015



**Management's Discussion and Analysis
Atlanta Independent School District
For the Fiscal Year Ended August 31, 2015**

-UNAUDITED-

MANAGEMENT'S DISCUSSION AND ANALYSIS

In this section of the Annual Financial and Compliance Report, we, the managers of Atlanta Independent School District, discuss and analyze the District's financial performance for the fiscal year ended August 31, 2015. Please read it in conjunction with the independent auditors' report on page 3, and the District's Basic Financial Statements, which begin on page 15.

FINANCIAL HIGHLIGHTS

The District's net position increased by \$307,396 as a result of this year's operations. Program revenues accounted for \$5,254,976 or 26.53% of total revenue, and general revenues accounted for \$14,552,360 or 73.47%. Overall, net position decreased by \$2,289,206 due to an increase from operations and a prior period adjustment (decrease) relating to implementation of GASB #68 - Pension Plan information.

During the year, the District had expenses that were \$307,396 less than the \$19,807,336 generated in tax and other revenues for governmental programs (before special items).

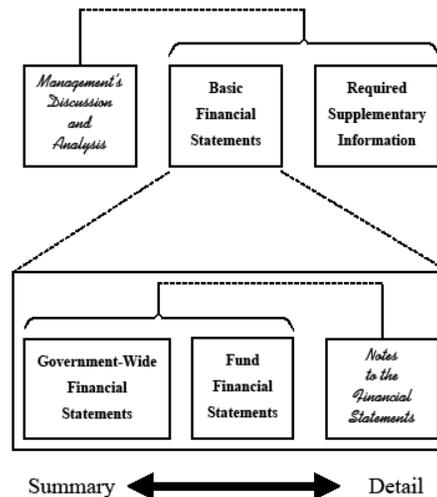
On Exhibit C-1, the general fund reported a positive fund balance of \$7,387,585.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The government-wide financial statements include the Statement of Net Position and the Statement of Activities (on pages 15 and 16). These provide information about the activities of the District as a whole and present a longer-term view of the District's property and debt obligations and other financial matters. They reflect the flow of total economic resources in a manner similar to the financial reports of a business enterprise.

Fund financial statements (starting on page 17) report the District's operations in more detail than the government-wide statements by providing information about the District's most significant funds. For governmental activities, these statements tell how services were financed in the short term as well as what resources remain for future spending. They reflect the flow of current financial resources, and supply the basis for tax levies and the appropriations budget. For proprietary activities, fund financial statements tell how goods or services of the District were sold to departments within the District or to external customers and how the sales revenues covered the expenses of the goods or services. The remaining statements, fiduciary statements, provide financial information about activities for which the District acts solely as a trustee or agent for the benefit of those outside of the district.

Figure A-1: Required Components of The District's Annual Financial Information





**Management's Discussion and Analysis
Atlanta Independent School District
For the Fiscal Year Ended August 31, 2015**

-UNAUDITED-

The notes to the financial statements (starting on page 26) provide narrative explanations or additional data needed for full disclosure in the government-wide statements or the fund financial statements.

The combining statements for nonmajor funds contain even more information about the District's individual funds. These are not required by TEA. The sections labeled TEA Required Schedules and Federal Awards Section contain data used by monitoring or regulatory agencies for assurance that the District is using funds supplied in compliance with the terms of grants.

**Reporting the District
as a Whole**

***The Statement of Net
Position and the
Statement of Activities***

The analysis of the District's overall financial condition and operations begins on page 15. Its primary purpose is to show whether the District is better off or worse off as a result of the year's

activities. The Statement of Net Position includes all the District's assets and liabilities at the end of the year while the Statement of Activities includes all the revenues and expenses generated by the District's operations during the year. These apply the accrual basis of accounting which is the basis used by private sector companies.

All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid. The District's revenues are divided into those provided by outside parties who share the costs of some programs, such as tuition received from students from outside the district and grants provided by the U.S. Department of Education to assist children with disabilities from disadvantaged backgrounds (program revenues), and revenues provided by the taxpayers or by TEA in equalization funding processes (general revenues). All the District's assets are reported whether they serve the current year or future years. Liabilities are considered regardless of whether they must be paid in the current or future years.

These two statements report the District's net position and changes in them. The District's net position (the difference between assets and liabilities) provide one measure of the District's financial health, or financial position. Over time, increases or decreases in the District's net position are one indicator of whether its financial health is improving or deteriorating. To fully assess the overall health of the District, however, you should consider nonfinancial factors as well, such as changes in the District's average daily attendance or its property tax base and the condition of the District's facilities.

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

Type of Statements	Fund Statements			
	Government-Wide	Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire District's Governmental (except Fiduciary Funds) and the District's Component Units	The activities of the District that are not proprietary or fiduciary	Activities the District operates similar to private businesses; such as self-insurance	Instances in which the District is the trustee or agent for someone else's resources
Required Financial Statements	*Statement of Net Position	*Balance Sheet	*Statement of Net Position	*Statement of Fiduciary Net Position
	*Statement of Activities	*Statement of revenues, expenditures and changes in fund balances	*Statement of revenues, expenditures and changes in fund balances	*Statement of Changes in Fiduciary Net Position
			*Statement of cash flows	
Accounting Basis And Measurement Focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	All assets and liabilities, both financial and capital, short-term and long-term	Accrual accounting and economic resources focus.
Type of Asset/Liability Information	All asset and liabilities, both financial and capital, short-term and long-term	Only assets expected to be used up and liabilities that come due during the year or soon thereafter, no capital assets included	All assets and liabilities, both financial and capital, short-term and long-term	All assets and liabilities, both short-term and long-term, the Agency's funds do not currently contain capital assets, but they can
Type of Inflow/Outflow Information	All revenues and expenses during year, regardless of when cash is received or paid.	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payment is due during the year or soon thereafter	All revenues and expenses during year, regardless of when cash is received or paid	All revenues and expenses during year, regardless of when cash is received or paid





**Management's Discussion and Analysis
Atlanta Independent School District
For the Fiscal Year Ended August 31, 2015**

-UNAUDITED-

In the Statement of Net Position and the Statement of Activities, the District's activities are presented as:

Governmental activities—most of the District's basic services are reported here, including the instruction, counseling, co-curricular activities, food services, transportation, maintenance, community services, and general administration. Property taxes, tuition, fees, and state and federal grants finance most of these activities.

Reporting the District's Most Significant Funds

Fund Financial Statements

The fund financial statements begin on page 17 and provide detailed information about the most significant funds—not the District as a whole. Laws and contracts require the District to establish some funds, such as grants received from the U.S. Department of Education. The District's administration establishes many other funds to help it control and manage money for particular purposes (like campus activities). The District's two kinds of funds—governmental and proprietary—use different accounting approaches.

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

Proprietary funds—the internal service funds report activities that provide supplies and services for the District's other programs and activities—such as the District's self-insurance programs.

The District as Trustee

Reporting the District's Fiduciary Responsibilities

The District is the trustee, or fiduciary, for money raised by student activities and alumnae scholarship programs. All of the District's fiduciary activities are reported in separate Statements of Fiduciary Net Position and Changes in Fiduciary Net Position on pages 24 and 25. We exclude these resources from the District's other financial statements because the District cannot use these assets to finance its operations. The District is only responsible for ensuring that the assets reported in these funds are used for their intended purposes.

Net position of the District's governmental activities decreased from \$19,297,781 to \$17,008,575. Unrestricted net position – the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements – totaled \$6,779,569 at August 31, 2015. This decrease in governmental net position was largely a result of the District's implementing GASB #68, which resulted in a prior period adjustment relating to pension liabilities.





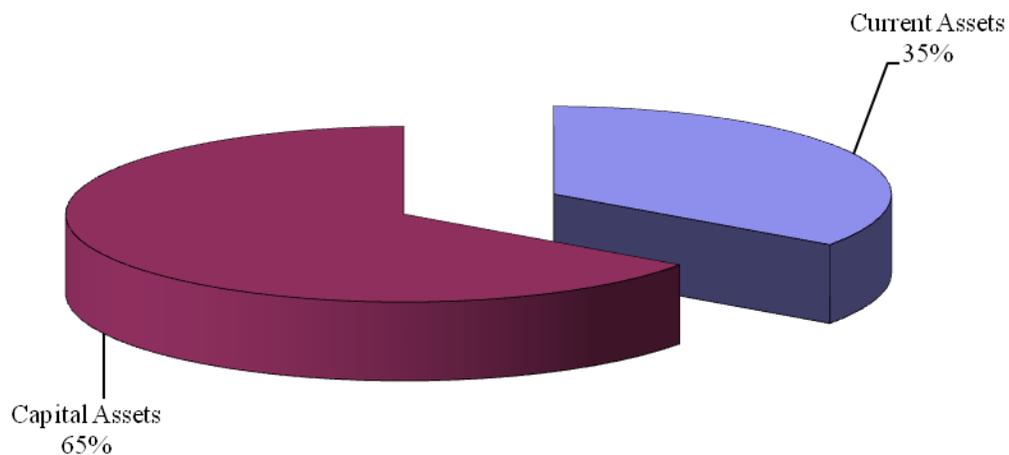
**Management's Discussion and Analysis
Atlanta Independent School District
For the Fiscal Year Ended August 31, 2015**

-UNAUDITED-

**Table I
Atlanta Independent School District**

NET POSITION

		Governmental Activities	
	% Change	2015	2014
Current and other assets	4.72	\$11,669,404	\$ 11,143,136
Capital assets	(2.41)	21,865,149	22,404,426
Total assets	(0.04)	33,534,553	33,547,562
Deferred Outflows	100.00	535,866	-0-
Long-term liabilities	14.44	14,063,268	12,288,979
Other liabilities	17.17	2,297,512	1,960,802
Total liabilities	14.81	16,360,780	14,249,781
Deferred Inflows	100.00	701,064	-0-
Net Position:			
Invested in capital assets net of related debt	(2.23)	10,093,664	10,323,515
Reserved for Retirement of LT Debt	0.00	135,342	135,343
Unrestricted, excluding amount reserved for Retirement of LT Debt	(23.30)	6,779,569	8,838,923
Total net position	(11.86)	\$ 17,008,575	\$ 19,297,781





**Management's Discussion and Analysis
Atlanta Independent School District
For the Fiscal Year Ended August 31, 2015**

-UNAUDITED-

**Table II
Atlanta Independent School District**

CHANGES IN NET POSITION

	%	Governmental Activities	
		Change	2015
Revenues:			
Program Revenues:			
Charges for Services	(12.68)	\$ 746,876	\$ 855,323
Operating grants and contributions	(8.22)	4,508,100	4,912,013
General Revenues:			
Maintenance and operations taxes	3.57	5,648,762	5,454,271
Debt service taxes	0.77	860,610	854,030
Grants and contributions – not restricted	1.61	7,814,015	7,690,203
Investment Earnings	3.41	123,669	119,584
Miscellaneous	(32.27)	105,304	155,470
Total Revenue	(1.17)	19,807,336	20,040,894
Expenses:			
Instruction, curriculum and media services	(1.35)	10,609,193	10,753,996
Instructional and school leadership	1.81	1,503,996	1,477,316
Student support services	2.36	858,696	838,927
Transportation	(1.60)	828,117	841,596
Child nutrition	4.31	1,155,644	1,107,928
Co-curricular activities	6.37	1,166,986	1,097,128
General administration	(4.38)	902,309	943,684
Plant maintenance, security & data processing	(1.25)	1,932,315	1,956,787
Debt services	(2.54)	323,009	331,424
Payments to Related SSA	(25.69)	219,675	295,636
Transfers Out	(100.00)	-0-	265,919
Total Expenses	(2.06)	19,499,940	19,910,341
Increase in net position before transfers and special items		307,396	130,553
Prior Period Adjustment		(2,596,602)	-0-
Net position at 9/1		19,297,781	19,167,228
Net position at 8/31	(11.86)	\$ 17,008,575	\$ 19,297,781

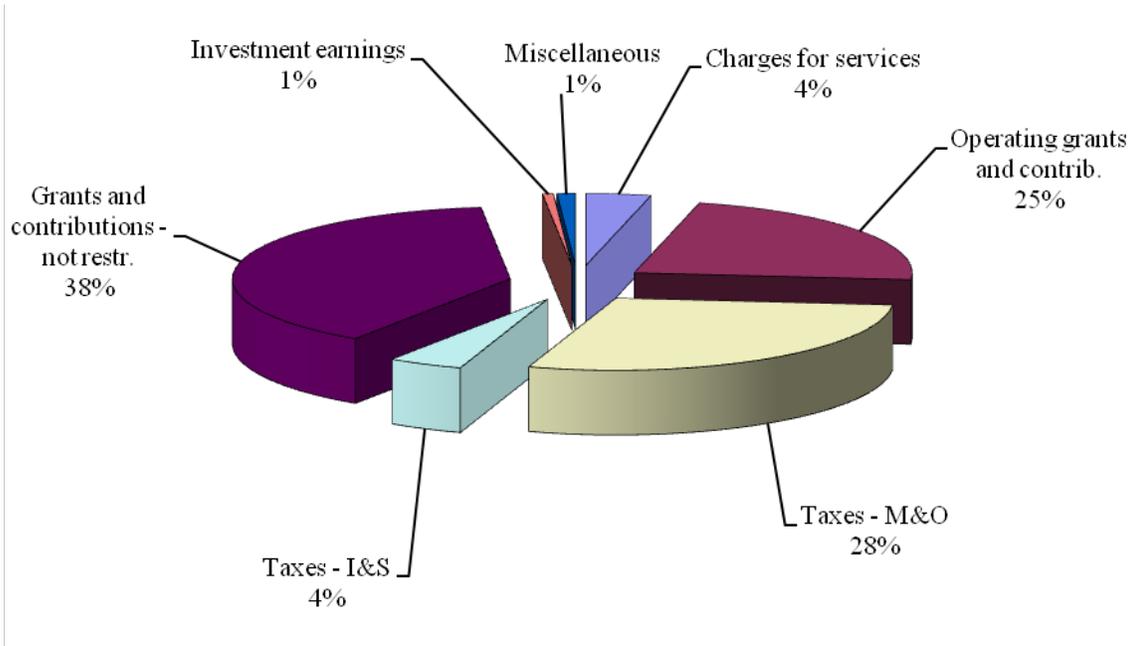




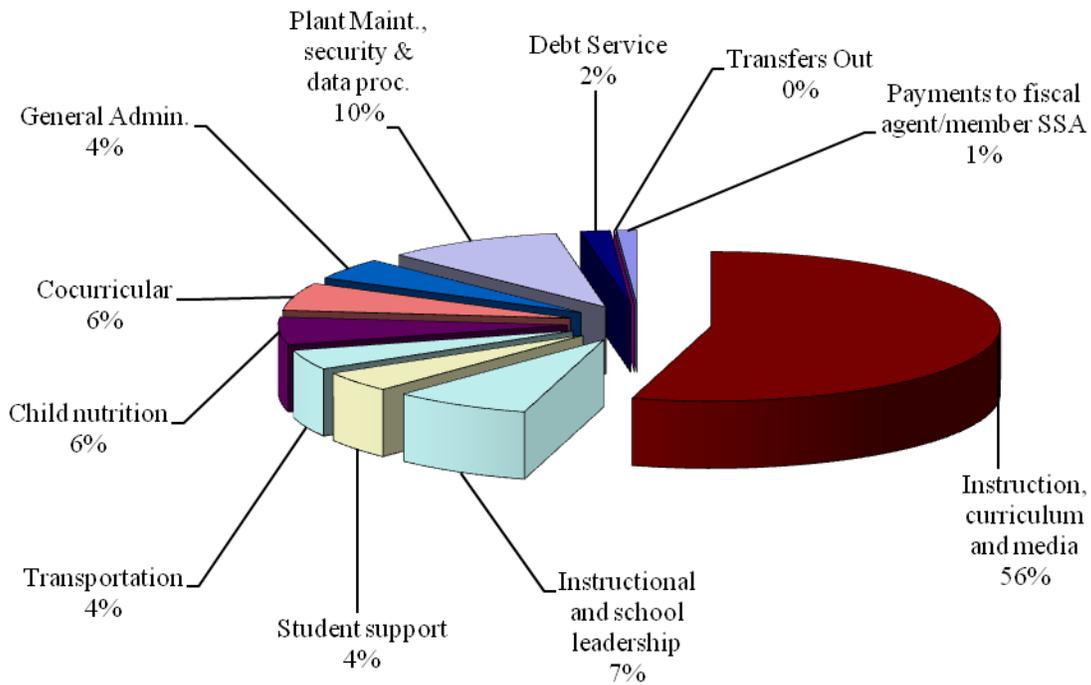
**Management's Discussion and Analysis
Atlanta Independent School District
For the Fiscal Year Ended August 31, 2015**

-UNAUDITED-

**TABLE II
CHART A – REVENUES**



**TABLE II
CHART B - EXPENSES**





**Management's Discussion and Analysis
Atlanta Independent School District
For the Fiscal Year Ended August 31, 2015**

-UNAUDITED-

During the year ended August 31, 2015, the District's total revenues decreased by 1.17%. The total cost of all programs and services decreased by 2.06%.

The cost of all governmental activities this year was \$19,499,940. However, as shown in the Statement of Activities on page 16, the amount that our taxpayers ultimately financed for these activities through District taxes was only \$6,201,976 because some of the costs were paid by those who directly benefited from the programs (\$746,876) or by other governments and organizations that subsidized certain programs with grants and contributions (\$4,508,100) or by unrestricted grants, other revenue or usage of fund balance (\$8,042,988)

THE DISTRICT'S FUNDS

As the District completed the year, its governmental funds (as presented in the balance sheet on pages 17) reported a combined fund balance of \$8,631,900, which is more than last year's total of \$8,456,492. Included in this year's total change in fund balance is a increase of \$98,076 in the District's General Fund.

Over the course of the year, the Board of Trustees revised the District's budget several times. These budget amendments fall into two categories. The first category includes amendments and supplemental appropriations that were approved shortly after the beginning of the year and reflect the actual beginning balances (versus the amounts we estimated in August 2014). The second category involved amendments moving funds from programs that did not need all the resources originally appropriated to them to programs with resource needs.

The District's General Fund balance of \$7,387,585 reported on pages 17 differs from the General Fund's budgetary fund balance of \$7,171,060 reported in the budgetary comparison schedule on page 52.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of 2015, the District had \$34,082,689 invested in a broad range of capital assets, including facilities and equipment for instruction, transportation, athletics, administration, and maintenance. There was a net increase in capital assets of \$475,787 over last year.

Debt

At year-end, the District had outstanding bonds and loans (or leases) in the amount of \$11,589,425, which was a net decrease of \$491,486 (4.07%).

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The District's elected and appointed officials considered many factors when setting the fiscal-year 2016 budget and tax rates.





**Management's Discussion and Analysis
Atlanta Independent School District
For the Fiscal Year Ended August 31, 2015**

-UNAUDITED-

These indicators were taken into account when adopting the General Fund budget for 2016. Amounts available for appropriation in the General Fund budget are \$15.3 million, an increase of 4.8 percent over the final 2015 budget of \$14.6 million. Budgeted expenditures are expected to decrease 3.1 percent in 2016 and the District has no plans to add any new major programs or initiatives to the 2016 budget that were not in place during the 2015 year.

If these estimates are realized, the District's budgetary General Fund balance is expected to increase by \$629,000 (which is material to the General Fund as a whole) as of the close of 2016.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the District's business office, at Atlanta Independent School District, 106 West Main Street, Atlanta, Texas 75551.



BASIC FINANCIAL STATEMENTS



ATLANTA INDEPENDENT SCHOOL DISTRICT
STATEMENT OF NET POSITION
AUGUST 31, 2015

EXHIBIT A-1

Data Control Codes	Primary Government
	Governmental Activities
ASSETS	
1110 Cash and Cash Equivalents	\$ 7,579,622
1220 Property Taxes Receivable (Delinquent)	835,574
1230 Allowance for Uncollectible Taxes	(58,490)
1240 Due from Other Governments	1,325,345
1267 Due from Fiduciary Funds	1,524
1290 Other Receivables, net	32,208
1300 Inventories	50,493
Capital Assets:	
1510 Land	826,737
1520 Buildings, Net	19,306,321
1530 Furniture and Equipment, Net	1,468,538
1550 Leased Property Under Capital Leases, Net	101,264
1560 Library Books and Media, Net	162,289
1800 Restricted Assets	1,903,127
1000 Total Assets	33,534,552
DEFERRED OUTFLOWS OF RESOURCES	
1705 Deferred Outflow Related to TRS	535,866
1700 Total Deferred Outflows of Resources	535,866
LIABILITIES	
2110 Accounts Payable	224,878
2150 Payroll Deductions & Withholdings	537
2160 Accrued Wages Payable	239,108
2180 Due to Other Governments	12,688
2200 Accrued Expenses	6,301
2400 Payable from Restricted Assets	1,814,000
Noncurrent Liabilities	
2501 Due Within One Year	858,908
2502 Due in More Than One Year	10,912,577
2540 Net Pension Liability (District's Share)	2,291,783
2000 Total Liabilities	16,360,780
DEFERRED INFLOWS OF RESOURCES	
2605 Deferred Inflow Related to TRS	701,064
2600 Total Deferred Inflows of Resources	701,064
NET POSITION	
3200 Net Investment in Capital Assets	10,093,664
3850 Restricted for Debt Service	135,342
3900 Unrestricted	6,779,569
3000 Total Net Position	\$ 17,008,575

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

ATLANTA INDEPENDENT SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED AUGUST 31, 2015

EXHIBIT B-1

Data Control Codes	1	Program Revenues		6
Codes	Expenses	Charges for Services	Operating Grants and Contributions	Net (Expense) Revenue and Changes in Net Position Primary Gov. Governmental Activities
Primary Government:				
GOVERNMENTAL ACTIVITIES:				
11 Instruction	\$ 10,153,766	\$ 391,215	\$ 2,390,303	\$ (7,372,248)
12 Instructional Resources and Media Services	394,275	4,425	11,489	(378,361)
13 Curriculum and Staff Development	61,152	-	-	(61,152)
21 Instructional Leadership	483,302	8,850	312,260	(162,192)
23 School Leadership	1,021,816	43,998	53,801	(924,017)
31 Guidance, Counseling and Evaluation Services	660,228	-	371,278	(288,950)
33 Health Services	197,346	7,375	12,077	(177,894)
34 Student (Pupil) Transportation	828,117	-	110,372	(717,745)
35 Food Services	1,155,644	163,653	908,919	(83,072)
36 Extracurricular Activities	1,166,986	96,110	29,390	(1,041,486)
41 General Administration	781,248	31,250	157,589	(592,409)
51 Facilities Maintenance and Operations	1,541,727	-	39,169	(1,502,558)
52 Security and Monitoring Services	39,335	-	-	(39,335)
53 Data Processing Services	351,253	-	21,339	(329,914)
72 Debt Service - Interest on Long Term Debt	321,209	-	-	(321,209)
73 Debt Service - Bond Issuance Cost and Fees	1,800	-	-	(1,800)
93 Payments related to Shared Services Arrangements	219,675	-	90,114	(129,561)
99 Other Intergovernmental Charges	121,061	-	-	(121,061)
[TP] TOTAL PRIMARY GOVERNMENT:	<u>\$ 19,499,940</u>	<u>\$ 746,876</u>	<u>\$ 4,508,100</u>	<u>(14,244,964)</u>
Data Control Codes	General Revenues:			
	Taxes:			
MT	Property Taxes, Levied for General Purposes			5,648,762
DT	Property Taxes, Levied for Debt Service			860,610
GC	Grants and Contributions not Restricted			7,814,015
IE	Investment Earnings			123,669
MI	Miscellaneous Local and Intermediate Revenue			101,621
FR	Gain on Disposal of Capital Asset			3,683
TR	Total General Revenues & Transfers			<u>14,552,360</u>
CN	Change in Net Position			307,396
NB	Net Position - Beginning			19,297,781
PA	Prior Period Adjustment			(2,596,602)
NE	Net Position--Ending			<u>\$ 17,008,575</u>

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

ATLANTA INDEPENDENT SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
AUGUST 31, 2015

Data Control Codes	10 General Fund	50 Debt Service Fund	Other Funds	Total Governmental Funds
ASSETS				
1110 Cash and Cash Equivalents	\$ 6,380,814	\$ 138,420	\$ 1,048,609	\$ 7,567,843
1220 Property Taxes - Delinquent	752,067	83,507	-	835,574
1230 Allowance for Uncollectible Taxes (Credit)	(52,645)	(5,845)	-	(58,490)
1240 Receivables from Other Governments	773,714	-	551,631	1,325,345
1260 Due from Other Funds	684,098	-	3,771	687,869
1290 Other Receivables	15,119	-	17,089	32,208
1300 Inventories	14,504	-	35,989	50,493
1800 Restricted Assets	-	1,903,127	-	1,903,127
1000 Total Assets	<u>\$ 8,567,671</u>	<u>\$ 2,119,209</u>	<u>\$ 1,657,089</u>	<u>\$ 12,343,969</u>
LIABILITIES				
2110 Accounts Payable	\$ 156,975	\$ -	\$ 57,382	\$ 214,357
2150 Payroll Deductions and Withholdings Payable	537	-	-	537
2160 Accrued Wages Payable	213,061	-	26,047	239,108
2170 Due to Other Funds	132,573	-	553,772	686,345
2180 Due to Other Governments	-	12,688	-	12,688
2200 Accrued Expenditures	3,915	-	2,386	6,301
2400 Payable from Restricted Assets	-	1,814,000	-	1,814,000
2000 Total Liabilities	<u>507,061</u>	<u>1,826,688</u>	<u>639,587</u>	<u>2,973,336</u>
DEFERRED INFLOWS OF RESOURCES				
2601 Unavailable Revenue - Property Taxes	673,025	65,708	-	738,733
2600 Total Deferred Inflows of Resources	<u>673,025</u>	<u>65,708</u>	<u>-</u>	<u>738,733</u>
FUND BALANCES				
Nonspendable Fund Balance:				
3410 Inventories	14,504	-	35,989	50,493
Restricted Fund Balance:				
3450 Federal or State Funds Grant Restriction	-	-	976,847	976,847
3480 Retirement of Long-Term Debt	-	226,813	-	226,813
3490 Other Restricted Fund Balance	4,330,000	-	-	4,330,000
Assigned Fund Balance:				
3590 Other Assigned Fund Balance	-	-	4,666	4,666
3600 Unassigned Fund Balance	3,043,081	-	-	3,043,081
3000 Total Fund Balances	<u>7,387,585</u>	<u>226,813</u>	<u>1,017,502</u>	<u>8,631,900</u>
4000 Total Liabilities, Deferred Inflows & Fund Balances	<u>\$ 8,567,671</u>	<u>\$ 2,119,209</u>	<u>\$ 1,657,089</u>	<u>\$ 12,343,969</u>

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

ATLANTA INDEPENDENT SCHOOL DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE
STATEMENT OF NET POSITION
AUGUST 31, 2015

Total Fund Balances - Governmental Funds	\$	8,631,900
1 The District uses internal service funds to charge the costs of certain activities, such as self-insurance and printing, to appropriate functions in other funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position. The net effect of this consolidation is to increase(decrease) net position.		415
2 Capital assets used in governmental activities are not financial resources and therefore are not reported in governmental funds. At the beginning of the year, the cost of these assets was \$33,433,306 and the accumulated depreciation was \$11,173,543. In addition, long-term liabilities, including bonds payable, are not due and payable in the current period, and, therefore are not reported as liabilities in the funds. The net effect of including the beginning balances for capital assets (net of depreciation) and long-term debt in the governmental activities is to increase (decrease) net position.		10,123,058
3 Current year capital outlays and long-term debt principal payments are expenditures in the fund financial statements, but they should be shown as increases in capital assets and reductions in long-term debt in the government-wide financial statements. The net effect of including the 2015 capital outlays and debt principal payments is to increase (decrease) net position.		1,365,080
4 The 2015 depreciation expense increases accumulated depreciation. The net effect of the current year's depreciation is to decrease net position.		(1,025,845)
5 Various other reclassifications and eliminations are necessary to convert from the modified accrual basis of accounting to accrual basis of accounting. These include recognizing unavailable revenue from property taxes as revenue, eliminating interfund transactions, reclassifying the proceeds of bond sales as an increase in bonds payable, and recognizing the liabilities associated with maturing long-term debt and interest. The net effect of these reclassifications and recognitions is to increase (decrease) net position.		370,948
6 Included in the items related to debt is the recognition of the District's proportionate share of the net pension liability required by GASB 68 in the amount of \$2,291,783, a Deferred Resource Inflow related to TRS in the amount of \$701,064, and a Deferred Resource Outflow related to TRS in the amount of \$535,866. This amounted to a decrease in Net Position in the amount of \$2,456,981.		(2,456,981)
 19 Net Position of Governmental Activities	 \$	 <u><u>17,008,575</u></u>

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

ATLANTA INDEPENDENT SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED AUGUST 31, 2015

Data Control Codes	10 General Fund	50 Debt Service Fund	Other Funds	Total Governmental Funds
REVENUES:				
5700 Total Local and Intermediate Sources	\$ 5,956,068	\$ 953,913	\$ 524,510	\$ 7,434,491
5800 State Program Revenues	8,473,869	71,411	157,393	8,702,673
5900 Federal Program Revenues	80,683	-	3,538,759	3,619,442
5020 Total Revenues	<u>14,510,620</u>	<u>1,025,324</u>	<u>4,220,662</u>	<u>19,756,606</u>
EXPENDITURES:				
Current:				
0011 Instruction	7,860,041	-	1,975,165	9,835,206
0012 Instructional Resources and Media Services	402,271	-	-	402,271
0013 Curriculum and Instructional Staff Development	48,790	-	-	48,790
0021 Instructional Leadership	54,709	-	439,765	494,474
0023 School Leadership	1,025,640	-	-	1,025,640
0031 Guidance, Counseling and Evaluation Services	317,013	-	353,061	670,074
0033 Health Services	198,540	-	-	198,540
0034 Student (Pupil) Transportation	690,434	-	84,324	774,758
0035 Food Services	27,314	-	1,078,361	1,105,675
0036 Extracurricular Activities	1,007,886	-	65,241	1,073,127
0041 General Administration	628,399	-	140,452	768,851
0051 Facilities Maintenance and Operations	1,536,909	-	5,802	1,542,711
0052 Security and Monitoring Services	35,796	-	-	35,796
0053 Data Processing Services	348,359	-	2,516	350,875
Debt Service:				
0071 Principal on Long Term Debt	186,950	620,000	-	806,950
0072 Interest on Long Term Debt	9,156	312,053	-	321,209
0073 Bond Issuance Cost and Fees	-	1,800	-	1,800
Capital Outlay:				
0081 Facilities Acquisition and Construction	155,184	-	-	155,184
Intergovernmental:				
0093 Payments to Fiscal Agent/Member Districts of SSA	129,561	-	90,114	219,675
0099 Other Intergovernmental Charges	121,061	-	-	121,061
6030 Total Expenditures	<u>14,784,013</u>	<u>933,853</u>	<u>4,234,801</u>	<u>19,952,667</u>
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(273,393)</u>	<u>91,471</u>	<u>(14,139)</u>	<u>(196,061)</u>
OTHER FINANCING SOURCES (USES):				
7912 Sale of Real and Personal Property	5,838	-	-	5,838
7913 Capital Leases	365,631	-	-	365,631
7080 Total Other Financing Sources (Uses)	<u>371,469</u>	<u>-</u>	<u>-</u>	<u>371,469</u>
1200 Net Change in Fund Balances	98,076	91,471	(14,139)	175,408
0100 Fund Balance - September 1 (Beginning)	<u>7,289,509</u>	<u>135,342</u>	<u>1,031,641</u>	<u>8,456,492</u>
3000 Fund Balance - August 31 (Ending)	<u>\$ 7,387,585</u>	<u>\$ 226,813</u>	<u>\$ 1,017,502</u>	<u>\$ 8,631,900</u>

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

ATLANTA INDEPENDENT SCHOOL DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED AUGUST 31, 2015

Total Net Change in Fund Balances - Governmental Funds	\$	175,408
The District uses internal service funds to charge the costs of certain activities, such as self-insurance and printing, to appropriate functions in other funds. The net income (loss) of internal service funds are reported with governmental activities. The net effect of this consolidation is to increase (decrease) net position.		(121)
Current year capital outlays and long-term debt principal payments are expenditures in the fund financial statements, but they should be shown as increases in capital assets and reductions in long-term debt in the government-wide financial statements. The net effect of removing the 2015 capital outlays and debt principal payments is to increase (decrease) net position.		1,365,080
Depreciation is not recognized as an expense in governmental funds since it does not require the use of current financial resources. The net effect of the current year's depreciation is to decrease net position.		(1,025,845)
Various other reclassifications and eliminations are necessary to convert from the modified accrual basis of accounting to accrual basis of accounting. These include recognizing unavailable revenue from property taxes as revenue, adjusting current year revenue to show the revenue earned from the current year's tax levy, eliminating interfund transactions, reclassifying the proceeds of bond sales, and recognizing the liabilities associated with maturing long-term debt and interest. The net effect of these reclassifications and recognitions is to increase (decrease) net position.		(346,747)
The implementation of GASB 68 required that certain expenditures be de-expended and recorded as deferred resource outflows. These contributions made after the measurement date of 8/31/2014 caused the change in the ending net position to increase in the amount of \$351,455. Contributions made before the measurement date but during the 2015 fiscal year were also de-expended and recorded as a reduction in the net pension liability for the District. The District's proportionate share of the TRS pension expense on the plan as a whole had to be recorded as an expense. The net pension expense decreased the change in net position by \$211,834. The impact of all of these is to increase the change in net position by \$139,621.		139,621
Change in Net Position of Governmental Activities	\$	307,396

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

ATLANTA INDEPENDENT SCHOOL DISTRICT
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
AUGUST 31, 2015

	Governmental Activities -
	Total Internal Service Funds
ASSETS	
Current Assets:	
Cash and Cash Equivalents	\$ 11,779
Total Current Assets	<u>11,779</u>
Noncurrent Assets:	
Capital Assets:	
Leased Property Under Capital Leases	173,596
Depreciation on Capital Leases	<u>(72,332)</u>
Total Noncurrent Assets	<u>101,264</u>
Total Assets	<u>113,043</u>
LIABILITIES	
Current Liabilities:	
Accounts Payable	10,521
Capital Leases Payable	<u>43,469</u>
Total Current Liabilities	<u>53,990</u>
Noncurrent Liabilities:	
Other Long-Term Debt - Due in More than One Year	<u>58,638</u>
Total Noncurrent Liabilities	<u>58,638</u>
Total Liabilities	<u>112,628</u>
NET POSITION	
Restricted for Other Purposes	138
Unrestricted Net Position	<u>277</u>
Total Net Position	<u><u>\$ 415</u></u>

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

ATLANTA INDEPENDENT SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED AUGUST 31, 2015

	Governmental Activities -
	Total Internal Service Funds
<hr/>	
OPERATING REVENUES:	
Local and Intermediate Sources	\$ 126,684
Total Operating Revenues	<u>126,684</u>
OPERATING EXPENSES:	
Payroll Costs	41,461
Supplies and Materials	19,330
Other Operating Costs	21,386
Depreciation Expense	43,399
Debt Service	<u>1,229</u>
Total Operating Expenses	<u>126,805</u>
Operating Income (Loss)	(121)
Total Net Position - September 1 (Beginning)	<u>536</u>
Total Net Position - August 31 (Ending)	<u><u>\$ 415</u></u>

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

ATLANTA INDEPENDENT SCHOOL DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED AUGUST 31, 2015

	Governmental Activities -
	Total Internal Service Funds
<u>Cash Flows from Operating Activities:</u>	
Cash Received from User Charges	\$ 126,684
Cash Payments for Suppliers	(75,550)
Cash Payments for Other Operating Expenses	(1,229)
Net Cash Provided by Operating Activities	<u>49,905</u>
<u>Cash Flows from Non-Capital Financing Activities:</u>	
Increase(decrease) in Loans	<u>(38,662)</u>
Net Increase in Cash and Cash Equivalents	11,243
Cash and Cash Equivalents at Beginning of Year	<u>536</u>
Cash and Cash Equivalents at End of Year	<u>\$ 11,779</u>
<u>Reconciliation of Operating Income (Loss) to Net Cash</u>	
<u>Provided by Operating Activities:</u>	
Operating Income (Loss):	\$ (121)
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:	
Depreciation	43,399
Effect of Increases and Decreases in Current Assets and Liabilities:	
Increase (decrease) in Accounts Payable	<u>6,627</u>
Net Cash Provided by Operating Activities	<u>\$ 49,905</u>

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

ATLANTA INDEPENDENT SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
AUGUST 31, 2015

	Private Purpose Trust Funds	Agency Fund
ASSETS		
Cash and Cash Equivalents	\$ 18,873	\$ 147,064
Total Assets	<u>18,873</u>	<u>\$ 147,064</u>
LIABILITIES		
Due to Other Funds	-	\$ 1,523
Due to Student Groups	-	145,541
Total Liabilities	<u>-</u>	<u>\$ 147,064</u>
NET POSITION		
Restricted for Scholarships	<u>18,873</u>	
Total Net Position	<u>\$ 18,873</u>	

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

ATLANTA INDEPENDENT SCHOOL DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY FUND NET POSITION
FIDUCIARY FUNDS
FOR THE YEAR ENDED AUGUST 31, 2015

	Private Purpose Trust Funds
<hr/>	
ADDITIONS:	
Local and Intermediate Sources	\$ 1,231
Total Additions	<u>1,231</u>
DEDUCTIONS:	
Other Operating Costs	<u>3,200</u>
Total Deductions	<u>3,200</u>
Change in Net Position	(1,969)
Total Net Position - September 1 (Beginning)	<u>20,842</u>
Total Net Position - August 31 (Ending)	<u><u>\$ 18,873</u></u>

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

**ATLANTA INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2015**

NOTE I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Atlanta Independent School District (the "District") is a public education agency operating under the applicable laws and regulations of the state of Texas. It is governed by a seven member Board of Trustees (the "Board") elected by registered voters of the District. The District prepares its financial statements in conformity with generally accepted accounting principles promulgated by Governmental Accounting Standards Board and other authoritative sources identified in *Statements on Auditing Standards No. 69* of the American Institute of Public Accountants and it complies with the requirements of the appropriate version of Texas Education Agency's *Financial Accountability System Resource Guide* (the "Resource Guide") and the requirements of contracts and grants of agencies from which it receives funds.

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

A. REPORTING ENTITY

The Board of Trustees (the "Board") is elected by the public and it has the authority to make decisions, appoint administrators and managers, and significantly influence operations. It also has the primary accountability for fiscal matters. Therefore, the District is a financial reporting entity as defined by the Governmental Accounting Standards Board ("GASB") in its Statement No. 14, "The Financial Reporting Entity." There are no component units included within the reporting unit.

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

The District's basic financial statements consist of government-wide statements, including a statement of net position and a statement of activities, and fund financial statements, which provide a more detailed level of financial information.

Government-wide Financial Statements - The Statement of Net Position and the Statement of Activities are government-wide financial statements. They report information on all of the Atlanta Independent School District's nonfiduciary activities with most of the interfund activities removed. *Governmental activities* include programs supported primarily by taxes, State foundation funds, grants and other intergovernmental revenues.

The Statement of Activities demonstrates how other people or entities that participate in programs the District operates have shared in the payment of the direct costs. The "charges for services" column includes payments made by parties that purchase, use, or directly benefit from goods or services provided by a given function or segment of the District. Examples include tuition paid by students not residing in the district, school lunch charges, etc. The "grants and contributions" column includes amounts paid by organizations outside the District to help meet the operational or capital requirements of a given function. Examples include grants under the Elementary and Secondary Education Act. If a revenue is not a program revenue, it is a general revenue used to support all of the District's functions. Taxes are always general revenues.

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

**ATLANTA INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2015**

Interfund activities between governmental funds appear as due to/due from on the Governmental Fund Balance Sheet and as other resources and other uses on the governmental fund Statement of Revenues, Expenditures and Changes in Fund Balance. All interfund transactions between governmental funds and internal service funds are eliminated on the government-wide statements. Interfund activities between governmental funds and fiduciary funds remain as due to/due from on the government-wide Statement of Activities.

Fund Financial Statements - The fund financial statements provide reports on the financial condition and results of operations for three fund categories - governmental, proprietary, and fiduciary. Since the resources in the fiduciary funds cannot be used for District operations, they are not included in the government-wide statements. The District considers some governmental funds major and reports their financial condition and results of operations in a separate column.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues result from providing goods and services in connection with a proprietary fund's principal ongoing operations; they usually come from exchange or exchange-like transactions. All other revenues are nonoperating. Operating expenses can be tied specifically to the production of the goods and services, such as materials and labor and direct overhead. Other expenses are nonoperating.

C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION

The government-wide financial statements use the economic resources measurement focus and the accrual basis of accounting, as do fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. All assets, liabilities, and deferred inflows of resources associated with the operation of the District are included on the Statement of Net Position.

Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

All governmental fund financial statements are accounted for using the current financial resources measurement focus and the modified accrual basis accounting. With this measurement focus, only current assets, current liabilities, deferred inflows of resources generally, and fund balances are included on the balance sheet. The Statement of Revenues, Expenditures, and Changes in Fund Balance report the sources (i.e. revenues and other financing sources) and uses (i.e. expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements therefore include reconciliations with a brief explanations to better identify the relationship between government-wide statements and the governmental fund statements.

The modified accrual basis of accounting recognizes revenues in the accounting period in which they become both measurable and available. For this purpose, the District considers revenues available if they are collected within 60 days of the end of the current fiscal period. It recognizes expenditures in the accounting period in which the fund liability is incurred, if measurable, except for unmatured interest on General Long-Term Debt, which is recognized when due. The expenditures related to certain compensated absences and claims and judgments are recognized when the obligations are expected to be liquidated with expendable available financial resources.

**ATLANTA INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2015**

Revenues – Exchange Transactions - Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On the modified accrual basis, revenue is recorded when the exchange takes place and in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current year. For the District, the phrase “available for exchange transactions” means expected to be received within 60 days of year-end.

Revenues – Non-exchange Transactions – Non-exchange transactions in which the District receives value without directly giving equal value in return, includes property taxes, grants, and donations. On the government-wide financial statements revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements; which specify the year when the resources are required to be used or the year when use is first permitted, matching requirements; in which the District must provide local resources to be used for a specified purpose, and expenditures requirements; in which the resources are provided to the District on a reimbursement basis. On modified accrual basis, revenue from non-exchange transactions also must be available (i.e., collected within 60 days) before it can be recognized in the governmental funds.

Revenues from local sources consist primarily of property taxes. Property tax revenues and revenues received from the State are recognized under the susceptible-to-accrual concept, that is, when they are both measurable and available. The District considers revenue available if they are collected within 60 days of the end of the current fiscal period. Miscellaneous revenues are recorded as revenue when received in cash because they are generally not measurable until actually received. Investment earnings are recorded as earned, since they are both measurable and available.

Grant funds are considered to be earned to the extent of expenditures made under the provisions of the grant. Accordingly, when such funds are received, they are recorded as deferred revenues until related and authorized expenditures have been made. If balances have not been expended by the end of the project period, grantors sometimes require the District to refund all or part of the unused amount.

The Proprietary Fund Types and Fiduciary Funds are accounted for on a flow of economic resources measurement focus and utilize the accrual basis of accounting. This basis of accounting recognizes revenues in the accounting period in which they are earned and become measurable and expenses in the accounting period in which they are incurred and become measurable. The District applies all GASB pronouncements as well as the Financial Accounting Standards Board pronouncements issued on or before November 30, 1989, unless these pronouncements conflict with or contradict GASB pronouncements. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the fund Statement of Net Position. The fund equity is segregated into invested in capital assets net of related debt, restricted net position, and unrestricted net position.

Expenditures/Expenses – On the accrual basis of accounting (government-wide financial statements), expenses are recognized at the time they are incurred. On the modified accrual basis (fund based financial statements), expenditures generally are recognized in the accounting period in which the related fund liability is incurred and due, if measurable.

D. FUND ACCOUNTING

The District reports the following major governmental funds:

The General Fund – The general fund is the District's primary operating fund. It accounts for all financial resources except those required to be accounted for in another fund.

**ATLANTA INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2015**

Debt Service Funds – The District accounts for resources accumulated and payments made for principal and interest on long-term general obligation debt of governmental funds in a debt service fund.

Additionally, the District reports the following fund type(s):

Governmental Funds:

1. Special Revenue Funds – The District accounts for resources restricted to, or designated for, specific purposes by the District or a grantor in a special revenue fund. Most Federal and some State financial assistance is accounted for in a Special Revenue Fund, and sometimes unused balances must be returned to the grantor at the close of specified project periods.

2. Internal Service Funds – Revenues and expenses related to services provided to organizations inside the District on a cost reimbursement basis are accounted for in an internal service fund. The District's Internal Service Fund include the Print Shop and Worker's Compensation Self-funded Insurance.

Fiduciary Funds:

1. Private Purpose Trust Funds – The District accounts for donations for which the donor has stipulated that both the principal and the income may be used for purposes that benefit parties outside the District. The District's Private Purpose Trust Fund is the Alumni Scholarship Fund.

2. Agency Funds – The District accounts for resources held for others in a custodial capacity in agency funds. The District's Agency Fund is the Student Activity Fund.

E. OTHER ACCOUNTING POLICIES

1. Cash Equivalents

For purposes of the statement of cash flows for proprietary and similar fund-types, the District considers highly liquid investments to be cash equivalents if they have a maturity of three months or less when purchased.

2. Inventories

Inventories of supplies on the balance sheet are stated at FIFO cost and they include consumable maintenance, instructional, and office items. Supplies are recorded as expenditures when they are consumed. Inventories of food commodities are recorded at market values supplied by the Texas Department of Human Services. Although commodities are received at no cost, their fair market value is supplied by the Texas Department of Human Services and initially recorded as an expense. Inventory and expenditures are adjusted periodically subsequent to inventory counts.

3. Receivables and Payables

All trade and property tax receivables are shown at face value. The property tax receivable allowance is shown at 7% of outstanding property taxes receivable as of August 31, 2015.

4. Long-term Debt

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the Statement of Net Position. Bond premiums and discounts are deferred and amortized over the life of the bonds. Amounts recorded as long-term debt represent

**ATLANTA INDEPENDENT SCHOOL DISTRICT
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obligations that will be met by future revenue resources that are not available as of the current balance sheet date.

5. Personal Days (Vacation and Sick Leave)

Personal time off (“PTO”) are to be taken within the same year they are earned, and any unused days at the end of the year are forfeited. Therefore, no liability has been accrued in the accompanying general-purpose financial statements. Employees of the District are entitled to PTO based on category/class of employment. PTO - sick leave is allowed to be accumulated but does not vest. Therefore, a liability for unused PTO - sick leave has not been recorded in the accompanying general-purpose financial statements.

6. General Fixed Assets

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

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

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

Buildings	20 - 50 years
Buses	5 - 10 years
Other Vehicles	5 - 8 years
Furniture	5 - 8 years
Computer Equipment	3 - 5 years

The District has no restriction on any fixed assets.

7. Self-Insured Workers Compensation

During the year ended August 31, 2015, the District met its statutory workers’ compensation obligation by contracting with Texas Political Subdivisions to provide full coverage for their workers’ compensation insurance. Due to this prior year’s contract change, the District is not self-insured for the current period.

Since the District was partially self-insured during prior periods, anticipated claims made on incidents occurring during the period that they were self-insured are shown as reserves in the General Fund. As of August 31, 2015, the reserves for self-insurance totaled \$-0- since the anticipated amount to reserve was immaterial to the financials.

8. Due From (To) Other Funds

Interfund receivables and payables arise from interfund transactions and are recorded in all affected funds in the period in which transactions are executed in the normal course of operations. See Note IV-D for additional discussion of interfund receivables and payables.

**ATLANTA INDEPENDENT SCHOOL DISTRICT
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9. Fund Equity

Nonspendable fund balance—amounts that are not in a spendable form (such as inventory) or are required to be maintained intact (such as the corpus of an endowment fund). *Restricted fund balance*—amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation. *Committed fund balance*—amounts constrained to specific purposes by a government itself, using its highest level of decision-making authority; to be reported as committed, amounts cannot be used for any other purpose unless the government takes the same highest-level action to remove or change the constraint. *Assigned fund balance*—amounts a government *intends* to use for a specific purpose; intent can be expressed by the governing body.

As of August 31, 2015, Restricted Fund Balance included \$4,330,000 in the General Fund, \$226,813 for Debt Service and \$976,847 for other special revenue funds. Nonspendable Fund Balance included \$14,504 in the General Fund and \$35,989 in Child Nutrition Fund. Other Assigned Fund Balance, in Special Revenue Funds, totaled \$4,666.

Net Position - Net position represents the difference between assets and deferred outflow of resources, and liabilities and deferred inflow of resources. Net investments in capital consists of cost of capital assets, net of accumulated depreciation, reduced by outstanding balances of any borrowing used for the acquisition, construction, or improvements if those assets. This net investments in capital assets amount also is adjusted by any bond issuance deferred amounts. Net position is reported as restricted when there are limitations imposed on its use either through the enabling legislature adopted by the district or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. All other net position is reported as unrestricted.

10. Risk Management

The District is exposed to various risks of loss related to torts theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 2015, the District purchased commercial insurance to cover general liabilities. There were no significant reductions in coverage in the past fiscal year, and there are no settlements exceeding insurance coverage for each of the past three fiscal years.

11. Control Totals

The Data Control Codes refer to the account code structure prescribed by TEA in the *Financial Accountability System Resource Guide*. Texas Education Agency requires school District's to display these codes in the financial statements filed with the Agency in order to insure accuracy in building a Statewide data base for policy development and funding plans.

12. Total Columns on Combined Financial Statements

These Totals columns do not purport to present financial position, results of operations, or cash flows in conformity with generally accepted accounting principles.

13. Application of FASB Pronouncements

As to business-type activities and enterprise funds, the District applies all applicable GASB pronouncements as well as FASB, APB and ARB pronouncements issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements.

**ATLANTA INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2015**

14. District's Policy as to Defining Operating and Non-operating Revenues of Proprietary Funds

Operating revenues are generally defined as those which originate through the ongoing activities of the fund. In contrast, non-operating revenues include, but are not limited to: capital expenditures (purchase of fixed assets), transfers, investing and financing activities (bonds and notes payable).

15. Application of Restricted or Unrestricted Resources

During the budgeting process, allocation of expenses are determined as to whether it originated following specific guidelines related to restricted assets retained in the fund or whether for other purposes (non-restricted). Restricted assets will be used before unrestricted assets when payments are budgeted for an expenditure which meets the specific guidelines set forth by the granting agency.

16. Grant Fund Accounting

The Special Revenue Fund includes programs that are financed on a project grant basis. These projects have grant periods that can range from less than twelve months to in excess of two years. Grants are recorded as revenues when earned, which the District considers to be earned to the extent expenditures have been incurred and the District has met all eligibility requirements and funds are available.

17. Estimates and Assumptions

The preparation of financial statements in conformity with generally accepted accounting principles require management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenditures during the reporting period. Actual results could differ from those estimates.

18. Deferred Inflows of Resources

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District has only one type of items, which arises only under a modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, the item, unavailable revenue, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenue from property taxes. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

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

A. EXPLANATION OF CERTAIN DIFFERENCES BETWEEN THE GOVERNMENTAL FUND BALANCE SHEET AND THE GOVERNMENT-WIDE STATEMENT OF NET POSITION

**ATLANTA INDEPENDENT SCHOOL DISTRICT
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Exhibit C-2 provides the reconciliation between the fund balance for total governmental funds on the governmental fund balance sheet and the net position for governmental activities as reported in the government-wide statement of net position. One element of that reconciliation explains that capital assets are not financial resources and are therefore not reported in governmental funds. In addition, long-term liabilities, including bonds payable, are not due and payable in the current period and are not reported as liabilities in the funds. The details of capital assets and long-term debt at the beginning of the year are as follows:

<u>Capital Assets at the Beginning of the Year</u>	<u>Historic Cost</u>	<u>Accumulated Depreciation</u>	<u>Net Value at the Beginning of the Year</u>	<u>Change in Net Position</u>
Land	797,669		797,669	
Buildings	27,008,036	7,214,404	19,793,632	
Furniture & Equipment	4,632,542	3,128,232	1,504,310	
CWIP	-0-	-0-	-0-	
Library Books and Media	995,059	830,907	164,152	
Leased Equip. (Cap. Lease)	-0-	-0-	<u>-0-</u>	
Change in Net Position				<u>22,259,763</u>
<u>Long-term Liabilities At the Beginning of the Year</u>			<u>Payables at the Beginning of the Year</u>	
Bonds Payable			11,696,500	
Unamortized Bond Prem.			208,068	
Capital Leases			<u>232,137</u>	
Change in Net Position				<u>12,136,705</u>
Net Adjustment to Net Position				<u>10,123,058</u>

B. EXPLANATION OF CERTAIN DIFFERENCES BETWEEN THE GOVERNMENTAL FUND STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES AND THE GOVERNMENT-WIDE STATEMENT OF ACTIVITIES

Exhibit C-4 provides a reconciliation between the net changes in fund balance as shown on the governmental fund statement of revenues, expenditures, and changes in fund balances and the changes in net position of governmental activities as reported on the government-wide statement of activities. One element of that reconciliation explains that current year capital outlays and debt principal payments are expenditures in the fund financial statements, but should be shown as increases in capital assets and decreases in long-term debt in the government-wide statements. This adjustment affects both the net position balance and the change in net position. The details of this adjustment are as follows:

<u>Current Year Capital Outlay</u>	<u>Amount</u>	<u>Adjustments to Changes in Net Position</u>	<u>Adjustments to Net Position</u>
Land	29,068		
Buildings	126,116		
Furniture and Fixtures	343,026		
Library	<u>33,912</u>		
Total Capital Outlay	<u>532,122</u>	532,122	532,122
<u>Principal Payments</u>			
Bond Principal	620,000		
Amort. of Bond Premium	26,008		
Capital Lease – Prin. Pmts	<u>186,950</u>		
Total Principal Payments	<u>832,958</u>	<u>832,958</u>	<u>832,958</u>
Total Adjustment to Net Position		<u>1,365,080</u>	<u>1,365,080</u>

Another element of the reconciliation on Exhibit C-4 is described as various other reclassifications and eliminations necessary to convert from the modified accrual basis of accounting to accrual basis of accounting. This adjustment is the result of several items. The details for this element are as follows:

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	<u>Amount</u>	Adjustments to Change in <u>Net Position</u>	Adjustments to <u>Net Position</u>
<u>Adjustments to Revenue and Deferred Revenue</u>			
Taxes Collected from Prior Year Levies	168,200	(168,200)	
Uncollected Taxes (assumed collectible) from Current Year Levy	189,238	189,238	189,238
Uncollected Taxes (assumed collectible) from Prior Year Levy	524,084		549,495
Other Adjustments (incl. capital leases)	367,785	<u>(367,785)</u>	<u>(367,785)</u>
Total		<u>(346,747)</u>	<u>370,948</u>

NOTE III. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. BUDGETARY DATA

The Board of Trustees adopts an "appropriated budget" for the General Fund, Debt Service Fund and the Food Service Fund, which is included in the Special Revenue Funds. The District is required to present the adopted and final amended budgeted revenues and expenditures compared to actual revenues and expenditures for each of these funds. The District compares the final amended budgeted to actual revenues and expenditures. The General Fund Budget reports appear in Exhibit G-1, Debt Service Fund on Exhibit G-2 and Child Nutrition Program on Exhibit J-2.

The following procedures are followed in establishing the budgetary data reflected in the general-purpose financial statements:

1. Prior to August 20 the District prepares a budget for the next succeeding fiscal year beginning September 1. The operating budget includes proposed expenditures and the means of financing them.
2. A meeting of the Board is then called for the purpose of adopting the proposed budget. At least ten days public notice of the meeting must be given.
3. Prior to September 1, the Board legally enacts the budget through passage of a resolution. Once a budget is approved, it can only be amended at the function and fund level by approval of a majority of the members of the Board. Amendments are presented to the Board at its regular meetings. Each amendment must have Board approval. As required by law, such amendments are made before the fact, are reflected in the official minutes of the Board, and are not made after fiscal year end. Because the District has a policy of careful budgetary control, several amendments were necessary during the year. There were no significant amendments.
4. Each budget is controlled by the budget coordinator at the revenue and expenditure function/object level. Budgeted amounts are as amended by the Board. All budget appropriations lapse at year-end. A reconciliation of fund balances for both appropriated budget and nonappropriated budget special revenue funds is as follows:

	August 31, 2015 <u>Fund Balance</u>
Restricted Budget Funds – Food Service Special Revenue Fund	\$201,529
Nonspendable Budget Funds - Food Service Special Revenue Fund	35,989
Restricted Budget Funds – Other Special Revenue Funds	88,428
Restricted Budget Funds –Debt Service Fund	226,813
Assigned Budget Funds - Atl. Ed. Foundation Grants	4,666
Restricted Budget Funds – Shared Service Funds	<u>686,890</u>
All Special Revenue Funds	<u>\$1,244,315</u>

**ATLANTA INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
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5. Encumbrances for goods or purchased services are documented by purchase orders or contracts. Under Texas law, appropriations lapse at August 31, and encumbrances outstanding at that time are to be either canceled or appropriately provided for in the subsequent year's budget. End-of-year outstanding encumbrances that were provided for in the subsequent year's budget are presented below:

General Fund	\$-0-
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A reservation of fund balance equal to outstanding encumbrances at year-end is provided for at August 31, 2015.

NOTE IV. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS

A. DEPOSITORY CONTRACT LAW

The funds of the District must be deposited and invested under terms of a contract, contents of which are set out in the **Depository Contract Law**. The depository bank places approved pledged securities for safekeeping and trust with the District's agency bank in an amount sufficient to protect District funds on a day-to-day basis during the period of the contract. The pledge of approved securities is waived only to the extent of the depository bank's dollar amount of Federal Deposit Insurance Corporation ("FDIC") insurance.

At August 31, 2015, the carrying amount of the District's deposits (cash, certificates of deposit, and interest-bearing savings accounts) was \$6,701,747 and the bank balance was \$7,151,623. The District's combined deposits **were not** fully insured at all times by federal depository insurance or collateralized with securities pledged to the District and held by the District's agent. The TEA maintains copies of all safekeeping receipts in the name of the District.

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

- a. Depository: (1) Wells Fargo Bank, Atlanta, Texas and (2) Guaranty Bond Bank (non-depository)
- b. The fair market value of irrevocable lines of credit and collateral held by a 3rd party bank in the pledging bank's name and specifically noted by the 3rd party bank as pledged to the District, as of the date of the highest combined balance on deposit, were: (1) \$9,206,355 and (2) \$1,912,460
- c. The largest combined balances of cash, savings, and time deposit accounts' aggregate balance were (1) \$8,556,463 (February 2015) and (2) \$2,104,635 (August 2015).
- d. The total amount of FDIC coverage at the time of the largest combined balance was (1) \$250,000 and (2) \$250,000
- e. The amount of unsecured deposits was \$-0- at both institutions.

NOTE: the District's deposits in Wells Fargo were undersecured on several dates during the year, but not on the highest cash balance date. Examples of dates undersecured are:

September 25, 2014, amount undersecured \$869,987
January 28, 2015, amount undersecured \$454,892.

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Custodial Credit Risk for Deposits State law requires governmental entities to contract with financial institutions in which funds will be deposited to secure those deposits with insurance or pledged securities with a fair value equaling or exceeding the amount on deposit at the end of each business day. The pledged securities must be in the name of the governmental entity and held by the entity or its agent. Since the district complies with this law, it has no custodial credit risk for deposits.

Foreign Currency Risk The district does not invest in securities relating to foreign currencies.

District Policies and Legal and Contractual Provisions Governing Deposits

The **Public Funds Investments Act** (Government Code Chapter 2256) contains specific provisions in the area of investment practice, management reports and establishment of appropriate policies. Among other things, it requires the District to adopt, implement, and publicize an investment policy. That policy addresses the following areas: (1) safety of principal and liquidity, (2) portfolio diversification; (3) allowable investments (4) acceptable risk levels, (5) expected rate of return; (6) maximum allowable stated maturity of portfolio investments; (7) maximum average dollar-weighted maturity date for the portfolio; (8) investment staff quality and capability; (9) and bid solicitation preferences for certificates of deposit. Statutes authorize the District to invest in (1) obligation of the U.S. Treasury, certain U.S. agencies, and the State of Texas; (2) certificates of deposit; (3) certain municipal securities; (4) money market savings accounts; (5) repurchase agreements; (6) bankers acceptance notes; (7) Mutual Funds; (8) Investments pools; (9) guaranteed investment contracts; (10) and common trust funds. Temporary investments are reported at cost, which approximates market, and are secured, when necessary, by the Federal Deposit Insurance Corporation (FDIC) or obligations of items 1-4 above at 102% of the investment's market value. The Act also requires the District to have independent auditors perform test procedures related to investment practices as provided by the Act. The District is in substantial compliance with the requirements of the Act and with local policies.

Both cash deposits and investments held at a financial institution can be categorized according to three levels of risk. These three levels of risk are:

Category 1 - Cash or investments that are insured, registered, or held by the District or its agent in the District's name.

Category 2 - Cash or investments that are uninsured and unregistered held by the counter-party's trust department or agency in the District's name.

Category 3 - Uninsured and unregistered held by the counter-party, its trust department, or its agency, but not in the District's name.

Based on these three levels of risk, the following table categorizes the District's investments at August 31, 2015.

	Category 1	Category 2	Category 3	Carrying Amount	Market Value
General Fund					
Lone Star Pool-Liquidity Plus			\$436,503	\$436,503	\$436,503
TEXSTAR			63,720	63,720	63,720
Wells Fargo MMK Govt. Fd	3,152,933			3,152,933	3,152,933
Guaranty Bond - CD	2,003,467			2,003,467	2,003,467
Special Revenue Funds					
Lone Star Pool – Liquidity Plus			543,588	543,588	543,588
Totals	\$5,156,400	\$ -0-	\$1,043,811	\$6,200,211	\$6,200,211

**ATLANTA INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
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Summary of maturities of the District's various investments are:

Investment Type	Investment Maturities (in years)			
	Less than 1	1-5	6-10	More Than 10
General Fund				
Lone Star Pool-Liquidity Plus	\$436,503			
TexStar	63,720			
Wells Fargo	3,152,933			
Guaranty Bond - CD		2,003,467		
Special Revenue Funds				
Lone Star Pool – Liquidity Plus.	543,588			
Totals	\$4,196,744	\$2,003,467	\$ -0-	\$ -0-

Credit Risk To limit the risk that an issuer or other counter party to an investment will not fulfill its obligations the District limits investments in U.S. Government, Texas or its agencies and instrumentalities, certificates of deposit and share certificates, fully collateralized repurchase agreements, banker's acceptances, commercial paper, mutual funds (only money market mutual funds and no load mutual funds with an AAA rating), public funds investment pools and, guaranteed investment contracts. As of August 31, the district's investment in the state investment pool was as follows: TexStar and the Lone Star Investment Pool was rated AAA/S1+ by Standard & Poor's.

Custodial Credit Risk for Investments To limit the risk that, in the event of the failure of the counter party to a transaction, a government will not be able to recover the value of investment or collateral securities that are in possession of an outside party the District requires counter parties to register the securities in the name of the district and hand them over to the District or its designated agent. This includes securities in securities lending transactions. All of the securities are in the District's name and held by the District or its agent.

Concentration of Credit Risk To limit the risk of loss attributed to the magnitude of a government's investment in a single issuer, the District requires its investments to be diversified so as to reduce risk of loss resulting from over concentration of assets in one class/type.

Interest Rate Risk To limit the risk that changes in interest rates will adversely affect the fair value of investments, the District requires that the market rates be monitored monthly and more often as economic conditions warrant. If economic conditions indicate trends that rates are rising and market value of rate based investments fall, the board will be notified so as to minimize any loss.

Foreign Currency Risk for Investments The District does not invest in securities that pose a foreign currency risk.

B. PROPERTY TAXES

Property taxes are levied by October 1 on the assessed value listed as of the prior January 1 for real and personal property located in the District in conformity with Subtitle E, Texas Property Tax Code. Taxes are due upon receipt of the tax bill and are delinquent and subject to interest if not paid by February 1 of the year following the October 1 levy date. On June 30 of each year, a tax lien attaches to the property to secure payment of all taxes, penalties, and interest ultimately imposed. Property tax revenues are considered available (1) when they become due or past due and receivable within the current period and (2) when they are expected to be collected during a 60-day period after the close of the school fiscal year.

The tax rates assessed for the year ended August 31, 2015, to finance General Fund operations and Debt Service was \$1.040000 and \$0.16394 respectively, per \$100 valuation. The assessed value of the property tax roll on August 1, 2014, upon which the levy for the 2014-15 fiscal year was based, was \$542,159,467. The roll was subsequently increased to a year-end assessed value of \$543,766,550.

**ATLANTA INDEPENDENT SCHOOL DISTRICT
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Current tax collections for the year ended August 31, 2015 were 99.32% of the year-end adjusted tax levy. As of August 31, 2015, property taxes receivable, net of estimated uncollectible taxes, totaled \$699,422 for the General Fund and \$77,662 for Debt Service.

C. DELINQUENT TAXES RECEIVABLE

Delinquent taxes are prorated between maintenance and debt service based on rates for the year of the levy. Allowance for uncollectible tax receivables within the General and Debt Service Funds are based on 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.

D. INTERFUND PAYABLES AND RECEIVABLES

Interfund balances at August 31, 2015, consisted of the following individual fund receivables and payables:

	Due to Other Funds	Due from Other Funds
General Fund		
General Funds	\$132,574	\$132,574
Special Revenue Funds		551,524
Agency Funds		
Special Revenue Funds	1,523	
Special Revenue:		
General Fund	551,524	
Special Revenue Funds	2,247	2,247
Student Agency Fund		1,523
	\$687,868	\$687,868
Total		

E. DISAGGREGATION OF RECEIVABLES AND PAYABLES

Receivables at August 31, 2015:

	Other Governments	Due From Other Funds	Other	Total Receivables
Governmental Activities:				
General Fund	\$773,714	\$684,098	\$15,119	\$1,472,931
Debt Service	-0-	-0-	-0-	-0-
Agency Funds	-0-	-0-	-0-	-0-
Nonmajor Gov. Funds	<u>551,631</u>	<u>3,770</u>	<u>17,089</u>	<u>572,490</u>
Total - Governmental Activities	<u>\$1,325,345</u>	<u>\$687,868</u>	<u>\$32,208</u>	<u>\$2,045,421</u>
Subsequent Year amts not sched for coll.	<u>\$-0-</u>	<u>\$-0-</u>	<u>\$-0-</u>	<u>\$-0-</u>
Proprietary Fund - Internal Services	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>

Payables at August 31, 2015:

	Accounts and Accr. Wages	Due To Other Funds	Due to Other Governments	Other	Total Payables
Governmental Activities:					
General Fund	\$370,573	\$132,573	\$-0-	\$3,915	\$507,061
Debt Service	-0-	-0-	12,688	-0-	12,688
Agency Fund	-0-	1,523	-0-	-0-	1,523
Nonmajor Gov. Funds	<u>83,429</u>	<u>553,772</u>	<u>-0-</u>	<u>2,386</u>	<u>639,587</u>
Total - Gov. Activities	<u>\$454,002</u>	<u>\$687,868</u>	<u>\$12,688</u>	<u>\$6,301</u>	<u>\$1,160,859</u>
Subsequent year amts not sched for pmt	<u>\$-0-</u>	<u>\$-0-</u>	<u>\$-0-</u>	<u>\$-0-</u>	<u>\$-0-</u>
Proprietary Fund - Internal Services	<u>\$10,521</u>	<u>\$-0-</u>	<u>\$-0-</u>	<u>\$-0-</u>	<u>\$10,521</u>

**ATLANTA INDEPENDENT SCHOOL DISTRICT
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F. CAPITAL ASSET ACTIVITY

Capital asset activity for the District for the year ended August 31, 2015, was as follows:

	Balance 9/1	Adjustments	Primary Government		Balance 8/31
			Addition	Deletions	
Land	\$ 797,669	\$-0-	\$ 29,068	\$ -0-	\$ 826,737
Buildings and Impr.	27,008,036	-0-	126,116	-0-	27,134,152
Furniture & Equipment	4,632,542	-0-	343,026	56,335	4,919,233
Library Books and Media	995,059	-0-	33,912	-0-	1,028,971
Leased Equipment – Capital Leases	-0-	-0-	-0-	-0-	-0-
Total at Historical Cost	\$33,433,306	\$-0-	\$532,122	\$56,335	\$33,909,093
Internal Service Fund – Leased Eq	\$173,596	\$-0-	\$ -0-	\$ -0-	\$173,596
Less Accumulated Depreciation for:					
Buildings	\$7,214,404	\$-0-	\$ 613,427	\$ -0-	\$ 7,827,831
Library Books and Media	830,907	-0-	35,775	-0-	866,682
Furniture and Equipment	3,128,232	-0-	376,643	54,180	3,450,695
Leased Equipment – Capital Leases	-0-	-0-	-0-	-0-	-0-
Total Accumulated Depreciation	\$11,173,543	\$-0-	\$1,025,845	\$54,480	\$12,145,208
Internal Service Fund – Leased Eq	\$28,933	\$-0-	\$43,399	\$ -0-	\$72,332

Depreciation expense was charged to governmental functions as follows:

Instruction	\$574,308
Health Services	1,124
Instructional Leadership	1,882
School Leadership	7,957
Curriculum Development	14,335
Student Transportation	141,723
Co-curricular	106,394
Food Services	60,026
Data Processing	4,001
General Administration	20,290
Plant Maintenance and Operations	50,267
Security	3,539
Instructional Resources and Media	38,188
Guidance, Counseling and Evaluation Services	1,811
Total Depreciation Expense	<u>\$1,025,845</u>

G. LOANS PAYABLE

No loans were entered into during the year, nor were any balances outstanding at the beginning of the year.

H. COMMITMENTS UNDER LEASES

Commitments under operating (noncapitalized) lease agreements for equipment provide for minimum future rental payments as of August 31, 2015, as follows:

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Year Ended	Requirements
<u>August 31</u>	
2016	28,868
2017	24,945
2018	15,720
2019	10,129
2020	<u>4,913</u>
Total	<u>\$84,575</u>

Capital Leases

Governmental Funds -

During the fiscal year ended August 31, 2013, the District entered into a long-term (capital) lease pertaining to purchase of technical related learning devices (which do not meet the individual criteria for being included as a fixed asset). The capitalized cost for these items totaled \$663,905, combined annual payment is \$122,980, interest rates is imputed at 3.5% and lease will be fully paid during 2016.

During the year ending August 31, 2015, the District entered into a long-term (capital) lease related to computer server and workstation improvements. The costs for these items totaled \$365,631 with annual payments of \$73,126 and 0% interest rate.

Required lease payments for all governmental fund capital leases are:

Year Ended	<u>Principal</u>	<u>Interest</u>	Total
<u>August 31,</u>			<u>Requirements</u>
2013	191,439	4,667	196,106
2017	73,126	-0-	73,126
2018	73,126	-0-	73,126
2019	73,126	-0-	73,126
2020	-0-	-0-	-0-
Subsequent	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
Total	<u>\$410,817</u>	<u>\$4,667</u>	<u>\$415,484</u>

Internal Service Funds -

During the fiscal year ended August 31, 2014, the District entered into several long-term (capital leases) pertaining to copiers of various models. The capitalized cost for these items totaled \$173,596, combined monthly payments for these assets are \$3,395.31. Required lease payments are:

Year Ended	<u>Principal</u>	<u>Interest</u>	Total
<u>August 31,</u>			<u>Requirements</u>
2016	\$43,469	\$822	\$44,291
2017	43,905	386	44,291
2018	14,733	31	14,764
2019	-0-	-0-	-0-
2020	-0-	-0-	-0-
Subsequent	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
Total	<u>\$102,107</u>	<u>\$1,239</u>	<u>\$103,346</u>

I. BONDS PAYABLE

Long-term debt includes general obligation serial bonds. Bond premiums and discounts are amortized using the effective interest method. At August 31, 2015, the District's debt limitation under local policies, which represents 10% of the District's total assessed property value for school tax purposes, is \$54,376,655.

Unlimited Tax School Building Bonds, Series 2010A (OSCB)

During the year ending August 31, 2010, the District issued AISD Unlimited Tax School Building Bonds, Series 2010 (QSCB). These bonds have a face value of \$5,735,500 and has an issue close of

**ATLANTA INDEPENDENT SCHOOL DISTRICT
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\$114,710. The effective yield per bond was calculated to be 1.047286%, with an average coupon rate of 1.05%. Final maturity of this series of bonds will be in 2025.

Tax Note and bonded indebtedness' current requirements for principal and interest expenditures are accounted for in the Debt Service Fund. Proceeds of long-term issues are reflected as "Other Resources" in the operating statement of the recipient fund.

There are a number of limitations and restrictions contained in the various general obligation bonds indentures. The District is in compliance with all significant limitations and restrictions at August 31, 2015.

Required bond payments, including interest, are:

Year Ended <u>August 31,</u>	<u>Principal</u>	<u>Interest</u>	Total <u>Requirements</u>
2016	374,000	60,223	434,223
2017	378,000	60,223	438,223
2018	382,000	60,223	442,223
2019	386,000	60,223	446,223
2020	390,000	60,223	450,223
2021-2024	<u>2,011,500</u>	<u>301,113</u>	<u>2,312,613</u>
Total	<u>\$3,921,500</u>	<u>\$602,228</u>	<u>\$4,523,728</u>

U/L Tax School Building Bond, Taxable Series 2010B

During the year ending August 31, 2011, the District issued AISD Unlimited Tax School Building Bonds, Taxable Series 2010B. These bonds have a face value of \$2,595,000. The coupon yield per bond was stated as 3.315% (2011-2017 maturity), and 4.00% (2018-2021 maturity). Final maturity of this series of bonds will be in 2021.

Required bond payments, including interest, are:

Year Ended <u>August 31,</u>	<u>Principal</u>	<u>Interest</u>	Total <u>Requirements</u>
2016	250,000	61,700	311,700
2017	260,000	54,200	314,200
2018	275,000	46,400	321,400
2019	285,000	35,400	320,400
2020	295,000	24,000	319,000
2021	<u>305,000</u>	<u>12,200</u>	<u>317,200</u>
Total	<u>\$1,670,000</u>	<u>\$233,900</u>	<u>\$1,903,900</u>

U/L Tax School Building Bond, Taxable Series 2010C (Build America Bonds, Direct Subsidy)

During the year ending August 31, 2011, the District issued AISD Unlimited Tax School Building Bonds, Taxable Series 2010C. These bonds have a face value of \$5,485,000. The initial yield per bond was calculated to be 4.315% (8/15/2025 maturity), 5.044% (8/15/2030 maturity) and 5.194% (8/15/2035 maturity). Final maturity of this series of bonds will be in 2035.

Required bond payments, including interest, are:

Year Ended <u>August 31,</u>	<u>Principal</u>	<u>Interest</u>	Total <u>Requirements</u>
2016	-0-	270,342	270,342
2017	-0-	270,343	270,343
2018	-0-	270,343	270,343
2019	-0-	270,343	270,343
2020	-0-	270,343	270,343
2021-2025	1,330,000	1,267,355	2,597,355
2026-2030	1,905,000	878,895	2,783,895
2031-2035	<u>2,250,000</u>	<u>358,385</u>	<u>2,608,385</u>
Total	<u>\$5,485,000</u>	<u>\$3,856,349</u>	<u>\$9,341,349</u>

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Aggregate requirements for bonds

Required bond payments (all bonded indebtedness), including interest, are:

Year Ended <u>August 31,</u>	<u>Principal</u>	<u>Interest</u>	Total <u>Requirements</u>
2016	624,000	392,265	1,016,265
2017	638,000	384,766	1,022,766
2018	657,000	376,966	1,033,966
2019	671,000	365,966	1,036,966
2020	685,000	354,566	1,039,566
2021-2025	3,646,500	1,580,668	5,227,168
2026-2030	1,905,000	878,895	2,783,895
2031-2035	<u>2,250,000</u>	<u>358,385</u>	<u>2,608,385</u>
Total	<u>\$11,076,500</u>	<u>\$4,692,477</u>	<u>\$15,768,977</u>

There are a number of limitations and restrictions contained in the various general obligation bonds indentures. The District is in compliance with all significant limitations and restrictions at August 31, 2015.

J. CHANGES IN LONG-TERM LIABILITIES

Long-term activity for the year ended August 31, 2015, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental Activity:					
Bonds and Notes Payable:					
QSCB, Series 2010A	\$4,291,500	\$ -0-	\$ 370,000	\$3,921,500	\$ 374,000
Building Bonds, Series 2010B	1,920,000	-0-	250,000	1,670,000	250,000
Building Bonds, Series 2010C (BAB)	5,485,000	-0-	-0-	5,485,000	-0-
Capital Leases – Govt Funds	<u>232,137</u>	<u>365,631</u>	<u>186,950</u>	<u>410,818</u>	<u>191,439</u>
Total Governmental Funds	11,928,637	365,631	806,950	11,487,318	815,439
Proprietary Funds:					
Capital Leases	<u>152,274</u>	<u>-0-</u>	<u>50,167</u>	<u>102,107</u>	<u>43,469</u>
Total Governmental Activities	<u>\$12,080,911</u>	<u>\$365,631</u>	<u>\$857,117</u>	<u>\$11,589,425</u>	<u>\$858,908</u>
Premium on Bonds	<u>\$208,068</u>	<u>\$-0-</u>	<u>\$26,008</u>	<u>\$182,060</u>	<u>\$-0-</u>

NOTE: QSCB, Series 2010A Bonds – a set amount is required to be deposited into a restricted account for future payment of debt principal. In the table above, this amount is shown as decrease in principal since it is held for future payment. See exhibit A-1 and C-1 “payable from restricted assets” for total amounts deposited to date.

K. DEFEASED DEBT

The District does not have any defeased debt.

L. HEALTH CARE COVERAGE

During the year ended August 31, 2015, employees of the Atlanta Independent School District were covered by a health insurance plan (the "plan"). The District's contributions as of year-end, were \$225.00 per month. Employees, at their option, authorize payroll withholdings to pay contributions or premiums for dependents. All contributions were paid to a licensed insurer. The plan was authorized by Texas Education Code, Article 3.51-2, Texas Insurance Code and was documented by contractual agreement.

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The contract between the District and the licensed insurer is renewable September 1, 2015 and terms of coverage and premium costs are included in the contractual provisions.

M. DEFERRED REVENUE and INFLOWS OF RESOURCES

Deferred revenue and deferred inflows of resources at year-end consisted of the following:

	General Fund	Special Revenue	Debt Service	Total
Net Property Taxes	\$673,025	\$-0-	\$65,708	\$738,733
Deferred Revenues	-0-	-0-	-0-	-0-
Totals	<u>\$673,025</u>	<u>\$-0-</u>	<u>\$65,708</u>	<u>\$738,733</u>

N. DUE 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 August 31, 2015, are summarized below. All federal grants shown below are passed through the TEA and are reported on the combined financial statements as Due from Other Governments.

Fund	Other	State Entitlements	Grants	Total
General	\$ -0-	\$773,714	\$ -0-	\$ 773,714
Special Revenue	-0-	-0-	551,631	551,631
Total	<u>\$ -0-</u>	<u>\$773,714</u>	<u>\$551,631</u>	<u>\$1,325,345</u>

O. REVENUES FROM LOCAL AND INTERMEDIATE SOURCES

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

	General Fund	Special Revenue Fund	Debt Svc Cap. Proj. Funds	Enterprise, Internal, Trust Funds	Total
Property Taxes	\$5,581,376	\$ -0-	\$898,887	\$ -0-	\$6,480,263
Food Sales	-0-	190,958	-0-	-0-	190,958
Investment Income	54,978	336	42,347	21	97,682
Penalties, interest and other tax related income	93,722	-0-	12,679	-0-	106,401
Co-curricular student activities	90,210	-0-	-0-	-0-	90,210
Special Education SSA	-0-	241,457	-0-	-0-	241,457
Insurance Recoveries	7,908	-0-	-0-	-0-	7,908
Other	127,874	91,759	-0-	127,894	347,527
Total	<u>\$5,956,068</u>	<u>\$524,510</u>	<u>\$953,913</u>	<u>\$127,915</u>	<u>\$7,562,406</u>

P. LITIGATION AND CONTINGENCIES

1. As of the report date, the District was not involved in any litigation.

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2. The District participates in numerous state and federal grant programs which are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that the District has not complied with the rules and regulations governing the grants, if any, refunds of any money received may be required and the collectability of any related receivable at August 31, 2015 may be impaired. In the opinion of the District, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provision has been recorded in the accompanying combined financial statements for such contingencies.

Q. JOINT VENTURE – SHARED SERVICE ARRANGEMENTS

The District is the fiscal agent for a Shared Services Arrangement (“SSA”) which provides special education services to member districts. In addition to Atlanta ISD, which contributed 49% of the total member contributions, other member districts include Bloomburg ISD, Hughes Springs ISD, McLeod ISD and Avinger ISD. All services are provided by the fiscal agent. According to guidance provided in TEA’s Resource Guide, the District has accounted for the fiscal agent’s activities of the SSA in the following Special Revenue Funds:

Fund 313 – IDEA – Part B, Formula
Fund 314 – IDEA – Part B, Preschool
Fund 437 – Shared Service Arrangement – Special Education
Fund 459 – Medicaid (SHARS)

These are accounted for using Model 3 in the SSA section of the Resource Guide. Expenditures of the SSA are summarized below:

Atlanta ISD	\$772,960	Avinger ISD	\$49,981
Bloomburg ISD	\$113,726	Hughes Springs ISD	\$391,049
McLeod ISD	\$127,614		

R. SUBSEQUENT EVENTS

None Noted.

S. MEDICARE ON-BEHALF PAYMENTS

The Medicare Prescription Drug, Improvement, and Modernization Act of 2003, which was effective January 1, 2006, established prescription drug coverage for Medicare beneficiaries known as Medicare Part D. One of the provisions of Medicare 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 each reporting entity. For the year ended August 31, 2015, Atlanta ISD recognized amounts for Medicare Part D on-behalf payments totaling \$45,651.

T. RESTRICTED ASSETS

Restricted assets of the District include funds deposited into a trust account to pay off future bond liabilities. These assets are accounted for in fund 599 (Debt Service) and are stated at cost basis. Presented below are the market values of the investments held by the trust:

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Description	Cost Basis	Market Value	Unrealized Gain (Loss)
US Treasury Note 1.875% 17	\$358,605	\$383,055	\$24,450
US Treasury Note 1.375% 17	\$350,868	\$347,605	(\$3,263)
US Treasury Note 1.375% 19	\$358,484	\$355,494	(\$2,990)
US Treasury Note 1.125% 20	\$372,160	\$374,542	\$2,382
US Treasury Note 2.000% 20	\$365,577	\$373,642	\$8,065
Cash – MMK	\$68,790	\$68,790	\$-0-

U. DEFINED BENEFIT PENSION PLANS

1. Plan Description

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

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

2. Pension Plan Fiduciary Net Position

Detailed information about the Teacher Retirement System's fiduciary net position is available in a separately-issued Comprehensive Annual Financial Report that includes financial statements and required supplementary information. That report may be obtained on the Internet at <http://www.trs.state.tx.us/about/documents/cafr.pdf#CAFR>; by writing to TRS at 1000 Red River Street, Austin, TX, 78701-2698; or by calling (512) 542-6592. The information provided in the Notes to the Financial Statements in the 2014 Comprehensive Annual Financial Report for TRS provides the following information regarding the Pension Plan fiduciary net position as of August 31, 2014:

<u>Net Pension Liability</u>	<u>Total</u>
Total Pension Liability	\$159,496,075,886
Less: Plan Fiduciary Net Position	<u>(132,779,243,085)</u>
Net Pension Liability	<u>\$26,716,832,801</u>

Net Position as percentage of Total Pension Liability	83.25%
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3. 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 (1) above.

**ATLANTA INDEPENDENT SCHOOL DISTRICT
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4. 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. It also added a 1.5% contribution for employers not paying Old Age Survivor and Disability Insurance (OASDI) on certain employees effective for fiscal year 2015 as discussed in Note 1 of the TRS 2014 CAFR. The 83rd Texas Legislature, General Appropriations Act (GAA) established the employer contribution rates for fiscal years 2014 and 2015.

	<u>Contribution Rates</u>	
	<u>2014</u>	<u>2015</u>
Member	6.4%	6.7%
Non-Employer Contributing Entity (State)	6.8%	6.8%
Employers	6.8%	6.8%
Employer 092-901 - 2014 Employer Contributions	\$217,096	
Employer 092-901 - 2014 Member Contributions	\$695,871	
Employer 092-901 - 2014 NECE On-behalf Contributions	\$543,313	

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

As the non-employer contributing entity for public education and junior colleges, the State of Texas contributes to the retirement system an amount equal to the current employer contribution rate times the aggregate annual compensation of all participating members of the pension trust fund during that fiscal year reduced by the amounts described below which are paid by the employers. Employers (public school, junior college, other entities or the State of Texas as the employer for senior universities and medical schools) are required to pay the employer contribution rate in the following instances:

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

In addition to the employer contributions listed above, when employing a retiree of the Teacher Retirement System the employer shall pay both the member contribution and the state contribution as an employment after retirement surcharge.

**ATLANTA INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
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5. Actuarial Assumptions

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

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

**Includes Inflation of 3%*

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

6. Discount Rate

The discount rate used to measure the total pension liability was 8.0%. There was no change in the discount rate since the previous year. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers and the non-employer contributing entity are made at the statutorily required rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The long-term rate of return on pension plan investments is 8%. The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimates ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of geometric real rates of return for each major asset class included in the Systems target asset allocation as of August 31, 2014 are summarized below:

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

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

7. Discount Rate Sensitivity Analysis

The following schedule shows the impact of the Net Pension Liability if the discount rate used was 1% less than and 1% greater than the discount rate that was used (8%) in measuring the 2014 Net Pension Liability.

	1% Decrease in Discount Rate (7.0%)	Discount Rate (8.0%)	1% Increase in Discount Rate (9.0%)
Atlanta's proportionate share of the net pension liability:	\$4,095,278	\$2,291,783	\$943,105

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

At August 31, 2014, the District reported a liability of \$2,291,783 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	\$2,291,783
State's proportionate share that is associated with District	<u>\$5,736,491</u>
Total	<u>\$8,028,274</u>

The net pension liability was measured as of August 31, 2014 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The employer's proportion of the net pension liability was based on the employer's contributions to the pension plan relative to the contributions of all employers to the plan for the period September 1, 2013 thru August 31, 2014.

At August 31, 2014 the employer's proportion of the collective net pension liability was 0.0085798%. Since this is the first year of implementation, the District does not have the proportion measure as of August 31, 2013. The Notes to the Financial Statements for August 31, 2014 for TRS stated that the change in proportion was immaterial and therefore disregarded this year.

**ATLANTA INDEPENDENT SCHOOL DISTRICT
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There were no changes of assumptions or other inputs that affected measurement of the total pension liability during the measurement period.

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

There was a change in employer contribution requirements that occurred after the measurement date of the net pension liability and the employer's reporting date. A 1.5% contribution for employers not paying Old Age Survivor and Disability Insurance (OASDI) on certain employees went into law effective 09/01/2014. The amount of the expected resultant change in the employer's proportion cannot be determined at this time.

For the year ended August 31, 2014, the District recognized pension expense of \$530,328 and revenue of \$530,328 for support provided by the State.

At August 31, 2014, the District reported its proportionate share of the TRS's deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$35,443	\$-0-
Changes in actuarial assumptions	\$148,968	\$-0-
Difference between projected and actual investment earnings	\$-0-	\$700,463
Changes in proportion and difference between the employer's contributions and the proportionate share of contributions	\$-0-	\$601
Total net amounts, as of August 31, 2014 Measurement Date	\$184,411	\$701,064

At August 31, 2015, the District reported Deferred Resource Outflows and Deferred Resource Inflows for the TRS pension plan as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Total net amounts as of August 31, 2014 Measurement Date	\$184,411	\$701,064
Contributions made subsequent to the Measurement Date	\$351,455	\$-0-
Reported by District as of August 31, 2015	\$535,866	\$701,064

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
2016	\$(144,107)
2017	\$(144,107)
2018	\$(144,107)
2019	\$31,009
2020	\$28,766
Thereafter	-0-

V. PRIOR PERIOD ADJUSTMENTS

During fiscal year 2015, the District adopted GASB Statement No. 68 for Accounting and Reporting for Pensions. With GASB 68, the District must assume their proportionate share of the Net Pension Liability of the Teachers Retirement System of Texas. Adoption of GASB 68 required a prior period adjustment to report the effect of GASB 68 retroactively. The net effect (decrease) on the beginning Net Position (see Exhibit B-1) was (\$2,596,602).

**ATLANTA INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2015**

W. IMPLEMENTATION OF GASB #68 - ACCOUNTING AND FINANCIAL REPORTING FOR PENSIONS

The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local governmental employers about financial support for pensions that is provided by other entities. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for pensions with regard to providing decision-useful information, supporting assessments of accountability and inter-period equity, and creating additional transparency.

*OTHER REQUIRED
SUPPLEMENTARY INFORMATION*



ATLANTA INDEPENDENT SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED AUGUST 31, 2015

Data Control Codes	Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)	
	Original	Final			
REVENUES:					
5700	Total Local and Intermediate Sources	\$ 5,854,048	\$ 5,854,048	\$ 5,956,068	\$ 102,020
5800	State Program Revenues	8,441,401	8,536,619	8,473,869	(62,750)
5900	Federal Program Revenues	212,942	212,942	80,683	(132,259)
5020	Total Revenues	14,508,391	14,603,609	14,510,620	(92,989)
EXPENDITURES:					
Current:					
0011	Instruction	7,618,477	7,867,011	7,860,041	6,970
0012	Instructional Resources and Media Services	376,273	404,655	402,271	2,384
0013	Curriculum and Instructional Staff Development	51,592	56,175	48,790	7,385
0021	Instructional Leadership	51,875	69,155	54,709	14,446
0023	School Leadership	1,006,872	1,026,621	1,025,640	981
0031	Guidance, Counseling and Evaluation Services	352,999	353,647	317,013	36,634
0033	Health Services	189,039	198,763	198,540	223
0034	Student (Pupil) Transportation	699,278	698,866	690,434	8,432
0035	Food Services	-	27,315	27,314	1
0036	Extracurricular Activities	1,056,743	1,096,490	1,007,886	88,604
0041	General Administration	622,307	639,952	628,399	11,553
0051	Facilities Maintenance and Operations	1,634,153	1,644,263	1,536,909	107,354
0052	Security and Monitoring Services	48,945	48,945	35,796	13,149
0053	Data Processing Services	338,892	370,977	348,359	22,618
Debt Service:					
0071	Principal on Long Term Debt	197,789	188,633	186,950	1,683
0072	Interest on Long Term Debt	-	9,156	9,156	-
Capital Outlay:					
0081	Facilities Acquisition and Construction	-	159,116	155,184	3,932
Intergovernmental:					
0093	Payments to Fiscal Agent/Member Districts of SSA	129,561	129,561	129,561	-
0099	Other Intergovernmental Charges	133,009	133,009	121,061	11,948
6030	Total Expenditures	14,507,804	15,122,310	14,784,013	338,297
1100	Excess (Deficiency) of Revenues Over (Under) Expenditures	587	(518,701)	(273,393)	245,308
OTHER FINANCING SOURCES (USES):					
7912	Sale of Real and Personal Property	46,080	46,080	5,838	(40,242)
7913	Capital Leases	-	354,172	365,631	11,459
7080	Total Other Financing Sources (Uses)	46,080	400,252	371,469	(28,783)
1200	Net Change in Fund Balances	46,667	(118,449)	98,076	216,525
0100	Fund Balance - September 1 (Beginning)	7,289,509	7,289,509	7,289,509	-
3000	Fund Balance - August 31 (Ending)	\$ 7,336,176	\$ 7,171,060	\$ 7,387,585	\$ 216,525

ATLANTA INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
TEACHER RETIREMENT SYSTEM OF TEXAS
FOR THE YEAR ENDED AUGUST 31, 2015

EXHIBIT G-3

	2015
District's Proportion of the Net Pension Liability (Asset)	0.0085798%
District's Proportionate Share of Net Pension Liability (Asset)	\$ 2,291,783
State's Proportionate Share of the Net Pension Liability (Asset) associated with the District	5,736,491
Total	\$ 8,028,274
District's Covered-Employee Payroll	\$ 10,872,980
District's Proportionate Share of the Net Pension Liability (Asset) as a percentage of its covered-Employee Payroll	21.08%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	83.25%

Note: GASB 68, Paragraph 81 requires that the information on this schedule be data from the period corresponding with the period covered as of the measurement date of August 31, 2014 - the period from September 1, 2013 - August 31, 2014.

Note: Only one year of data is presented in accordance with GASB 68, Paragraph 138. "The information for all periods for the 10-year schedules that are required to be presented as required supplementary information may not be available initially. In these cases, during the transition period, that information should be presented for as many years as are available. The schedules should not include information that is not measured in accordance with the requirements of this Statement."

ATLANTA INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF DISTRICT CONTRIBUTIONS
TEACHER RETIREMENT SYSTEM OF TEXAS
FOR FISCAL YEAR 2015

EXHIBIT G-4

		2015
Contractually Required Contribution	\$	351,455
Contribution in Relation to the Contractually Required Contribution		(351,455)
		-
Contribution Deficiency (Excess)	\$	-0-
District's Covered-Employee Payroll	\$	10,770,821
Contributions as a Percentage of Covered-Employee Payroll		3.26%

Note: GASB 68, Paragraph 81 requires that the data in this schedule be presented as of the District's current fiscal year as opposed to the time period covered by the measurement date of September 1, 2013 - August 31, 2014.

Note: Only one year of data is presented in accordance with GASB 68, Paragraph 138. "The information for all periods for the 10-year schedules that are required to be presented as required supplementary information may not be available initially. In these cases, during the transition period, that information should be presented for as many years as are available. The schedules should not include information that is not measured in accordance with the requirements of this Statement."

Changes of benefit terms

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

Changes of assumptions

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

COMBINING SCHEDULES



ATLANTA INDEPENDENT SCHOOL DISTRICT
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 AUGUST 31, 2015

Data Control Codes	211 ESEA I, A Improving Basic Program	225 IDEA - Part B Preschool	240 National Breakfast and Lunch Program
ASSETS			
1110 Cash and Cash Equivalents	\$ -	\$ -	\$ 215,093
1240 Receivables from Other Governments	155,628	-	23,853
1260 Due from Other Funds	-	-	-
1290 Other Receivables	-	-	301
1300 Inventories	-	-	35,989
1000 Total Assets	<u>\$ 155,628</u>	<u>\$ -</u>	<u>\$ 275,236</u>
LIABILITIES			
2110 Accounts Payable	\$ -	\$ -	\$ 37,718
2160 Accrued Wages Payable	16,884	-	-
2170 Due to Other Funds	137,150	-	-
2200 Accrued Expenditures	1,594	-	-
2000 Total Liabilities	<u>155,628</u>	<u>-</u>	<u>37,718</u>
FUND BALANCES			
Nonspendable Fund Balance:			
3410 Inventories	-	-	35,989
Restricted Fund Balance:			
3450 Federal or State Funds Grant Restriction	-	-	201,529
Assigned Fund Balance:			
3590 Other Assigned Fund Balance	-	-	-
3000 Total Fund Balances	<u>-</u>	<u>-</u>	<u>237,518</u>
4000 Total Liabilities and Fund Balances	<u>\$ 155,628</u>	<u>\$ -</u>	<u>\$ 275,236</u>

244 Career and Technical - Basic Grant	255 ESEA II,A Training and Recruiting	265 Title IV, B Community Learning	270 ESEA VI, Pt B Rural & Low Income	276 Title I - SIP Academy Grant	313 SSA IDEA, Part B Formula	314 SSA IDEA, Part B Preschool	410 State Textbook Fund
\$ -	\$ -	\$ 265	\$ -	\$ -	\$ -	\$ -	\$ -
-	3,167	27,076	2,164	-	311,542	-	28,201
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>\$ -</u>	<u>\$ 3,167</u>	<u>\$ 27,341</u>	<u>\$ 2,164</u>	<u>\$ -</u>	<u>\$ 311,542</u>	<u>\$ -</u>	<u>\$ 28,201</u>
\$ -	\$ -	\$ 798	\$ -	\$ -	\$ 6,349	\$ -	\$ 4,549
-	2,776	-	1,939	-	3,163	-	-
-	120	26,543	38	-	301,722	-	16,449
-	271	-	187	-	308	-	-
<u>-</u>	<u>3,167</u>	<u>27,341</u>	<u>2,164</u>	<u>-</u>	<u>311,542</u>	<u>-</u>	<u>20,998</u>
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	7,203
-	-	-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,203</u>
<u>\$ -</u>	<u>\$ 3,167</u>	<u>\$ 27,341</u>	<u>\$ 2,164</u>	<u>\$ -</u>	<u>\$ 311,542</u>	<u>\$ -</u>	<u>\$ 28,201</u>

ATLANTA INDEPENDENT SCHOOL DISTRICT
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 AUGUST 31, 2015

Data Control Codes	434 SSA - SSVI Visually Impaired	437 SSA Special Education	459 CCSSA Medicaide Fund	461 Campus Activity Funds
ASSETS				
1110 Cash and Cash Equivalents	\$ -	\$ 543,588	\$ 202,917	\$ 82,080
1240 Receivables from Other Governments	-	-	-	-
1260 Due from Other Funds	-	-	-	3,771
1290 Other Receivables	-	16,788	-	-
1300 Inventories	-	-	-	-
1000 Total Assets	<u>\$ -</u>	<u>\$ 560,376</u>	<u>\$ 202,917</u>	<u>\$ 85,851</u>
LIABILITIES				
2110 Accounts Payable	\$ -	\$ 1,007	\$ 2,335	\$ 4,626
2160 Accrued Wages Payable	-	-	1,285	-
2170 Due to Other Funds	-	71,750	-	-
2200 Accrued Expenditures	-	-	26	-
2000 Total Liabilities	<u>-</u>	<u>72,757</u>	<u>3,646</u>	<u>4,626</u>
FUND BALANCES				
Nonspendable Fund Balance:				
3410 Inventories	-	-	-	-
Restricted Fund Balance:				
3450 Federal or State Funds Grant Restriction	-	487,619	199,271	81,225
Assigned Fund Balance:				
3590 Other Assigned Fund Balance	-	-	-	-
3000 Total Fund Balances	<u>-</u>	<u>487,619</u>	<u>199,271</u>	<u>81,225</u>
4000 Total Liabilities and Fund Balances	<u>\$ -</u>	<u>\$ 560,376</u>	<u>\$ 202,917</u>	<u>\$ 85,851</u>

499 Atl. Ed. Foundation Grants	Total Nonmajor Governmental Funds
\$ 4,666	\$ 1,048,609
-	551,631
-	3,771
-	17,089
-	35,989
<u>\$ 4,666</u>	<u>\$ 1,657,089</u>
\$ -	\$ 57,382
-	26,047
-	553,772
-	2,386
<u>-</u>	<u>639,587</u>
-	35,989
-	976,847
<u>4,666</u>	<u>4,666</u>
<u>4,666</u>	<u>1,017,502</u>
<u>\$ 4,666</u>	<u>\$ 1,657,089</u>

ATLANTA INDEPENDENT SCHOOL DISTRICT
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED AUGUST 31, 2015

Data Control Codes	211 ESEA I, A Improving Basic Program	225 IDEA - Part B Preschool	240 National Breakfast and Lunch Program
REVENUES:			
5700 Total Local and Intermediate Sources	\$ -	\$ -	\$ 190,967
5800 State Program Revenues	-	-	5,508
5900 Federal Program Revenues	<u>555,352</u>	<u>15,871</u>	<u>876,097</u>
5020 Total Revenues	<u>555,352</u>	<u>15,871</u>	<u>1,072,572</u>
EXPENDITURES:			
Current:			
0011 Instruction	555,352	15,871	-
0021 Instructional Leadership	-	-	-
0031 Guidance, Counseling and Evaluation Services	-	-	-
0034 Student (Pupil) Transportation	-	-	-
0035 Food Services	-	-	1,078,361
0036 Extracurricular Activities	-	-	-
0041 General Administration	-	-	-
0051 Facilities Maintenance and Operations	-	-	-
0053 Data Processing Services	-	-	-
Intergovernmental:			
0093 Payments to Fiscal Agent/Member Districts of SSA	-	-	-
6030 Total Expenditures	<u>555,352</u>	<u>15,871</u>	<u>1,078,361</u>
1200 Net Change in Fund Balance	-	-	(5,789)
0100 Fund Balance - September 1 (Beginning)	<u>-</u>	<u>-</u>	<u>243,307</u>
3000 Fund Balance - August 31 (Ending)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 237,518</u>

244 Career and Technical - Basic Grant	255 ESEA II,A Training and Recruiting	265 Title IV, B Community Learning	270 ESEA VI, Pt B Rural & Low Income	276 Title I - SIP Academy Grant	313 SSA IDEA, Part B Formula	314 SSA IDEA, Part B Preschool	410 State Textbook Fund
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	147,980
13,773	113,963	716,088	34,479	26,255	864,099	-	-
<u>13,773</u>	<u>113,963</u>	<u>716,088</u>	<u>34,479</u>	<u>26,255</u>	<u>864,099</u>	<u>-</u>	<u>147,980</u>
13,773	113,963	279,315	34,479	23,739	386,123	-	147,980
-	-	214,878	-	-	58,417	-	-
-	-	-	-	-	341,311	-	-
-	-	84,324	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	137,571	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	2,516	-	-	-
-	-	-	-	-	78,248	-	-
<u>13,773</u>	<u>113,963</u>	<u>716,088</u>	<u>34,479</u>	<u>26,255</u>	<u>864,099</u>	<u>-</u>	<u>147,980</u>
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	7,203
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,203</u>

ATLANTA INDEPENDENT SCHOOL DISTRICT
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED AUGUST 31, 2015

Data Control Codes	434 SSA - SSVI Visually Impaired	437 SSA Special Education	459 CCSSA Medicaide Fund	461 Campus Activity Funds
REVENUES:				
5700 Total Local and Intermediate Sources	\$ -	\$ 242,003	\$ -	\$ 76,740
5800 State Program Revenues	-	3,905	-	-
5900 Federal Program Revenues	-	-	322,782	-
5020 Total Revenues	<u>-</u>	<u>245,908</u>	<u>322,782</u>	<u>76,740</u>
EXPENDITURES:				
Current:				
0011 Instruction	-	94,818	297,644	-
0021 Instructional Leadership	-	140,160	26,310	-
0031 Guidance, Counseling and Evaluation Services	-	-	11,750	-
0034 Student (Pupil) Transportation	-	-	-	-
0035 Food Services	-	-	-	-
0036 Extracurricular Activities	-	-	-	65,241
0041 General Administration	-	2,881	-	-
0051 Facilities Maintenance and Operations	-	5,802	-	-
0053 Data Processing Services	-	-	-	-
Intergovernmental:				
0903 Payments to Fiscal Agent/Member Districts of SSA	-	-	11,866	-
6030 Total Expenditures	<u>-</u>	<u>243,661</u>	<u>347,570</u>	<u>65,241</u>
1200 Net Change in Fund Balance	-	2,247	(24,788)	11,499
0100 Fund Balance - September 1 (Beginning)	<u>-</u>	<u>485,372</u>	<u>224,059</u>	<u>69,726</u>
3000 Fund Balance - August 31 (Ending)	<u>\$ -</u>	<u>\$ 487,619</u>	<u>\$ 199,271</u>	<u>\$ 81,225</u>

499 Atl. Ed. Foundation Grants	Total Nonmajor Governmental Funds
\$ 14,800	\$ 524,510
-	157,393
-	3,538,759
<u>14,800</u>	<u>4,220,662</u>
12,108	1,975,165
-	439,765
-	353,061
-	84,324
-	1,078,361
-	65,241
-	140,452
-	5,802
-	2,516
-	90,114
<u>12,108</u>	<u>4,234,801</u>
2,692	(14,139)
<u>1,974</u>	<u>1,031,641</u>
<u>\$ 4,666</u>	<u>\$ 1,017,502</u>

ATLANTA INDEPENDENT SCHOOL DISTRICT
 COMBINING STATEMENT OF NET POSITION
 INTERNAL SERVICE FUNDS
 AUGUST 31, 2015

	750 Worker's Comp. Ins. Fund	752 Print Shop Fund	Total Internal Service Funds
ASSETS			
Current Assets:			
Cash and Cash Equivalents	\$ 138	\$ 11,641	\$ 11,779
Total Current Assets	<u>138</u>	<u>11,641</u>	<u>11,779</u>
Noncurrent Assets:			
Capital Assets:			
Leased Property Under Capital Leases	-	173,596	173,596
Depreciation on Capital Leases	-	(72,332)	(72,332)
Total Noncurrent Assets	<u>-</u>	<u>101,264</u>	<u>101,264</u>
Total Assets	<u>138</u>	<u>112,905</u>	<u>113,043</u>
LIABILITIES			
Current Liabilities:			
Accounts Payable	-	10,521	10,521
Capital Leases Payable	-	43,469	43,469
Total Current Liabilities	<u>-</u>	<u>53,990</u>	<u>53,990</u>
NonCurrent Liabilities:			
Other Long-Term Debt - Due in More than One Year	-	58,638	58,638
Total Noncurrent Liabilities	<u>-</u>	<u>58,638</u>	<u>58,638</u>
Total Liabilities	<u>-</u>	<u>112,628</u>	<u>112,628</u>
NET POSITION			
Restricted for Other Purposes	138	-	138
Unrestricted Net Position	-	277	277
Total Net Position	<u>\$ 138</u>	<u>\$ 277</u>	<u>\$ 415</u>

ATLANTA INDEPENDENT SCHOOL DISTRICT
 COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
 INTERNAL SERVICE FUNDS
 FOR THE YEAR ENDED AUGUST 31, 2015

	750 Worker's Comp. Ins. Fund	752 Print Shop Fund	Total Internal Service Funds
OPERATING REVENUES:			
Local and Intermediate Sources	\$ -	\$ 126,684	\$ 126,684
Total Operating Revenues	<u>-</u>	<u>126,684</u>	<u>126,684</u>
OPERATING EXPENSES:			
Payroll Costs	121	41,340	41,461
Supplies and Materials	-	19,330	19,330
Other Operating Costs	-	21,386	21,386
Depreciation Expense	-	43,399	43,399
Debt Service	-	1,229	1,229
Total Operating Expenses	<u>121</u>	<u>126,684</u>	<u>126,805</u>
Operating Income (Loss)	(121)	-	(121)
Total Net Position - September 1 (Beginning)	<u>259</u>	<u>277</u>	<u>536</u>
Total Net Position August 31 (Ending)	<u>\$ 138</u>	<u>\$ 277</u>	<u>\$ 415</u>

ATLANTA INDEPENDENT SCHOOL DISTRICT
 COMBINING STATEMENT OF CASH FLOWS
 INTERNAL SERVICE FUNDS
 FOR THE YEAR ENDED AUGUST 31, 2015

	750	752	
	Worker's	Print	Total
	Comp. Ins.	Shop	Internal
	Fund	Fund	Service Funds
<u>Cash Flows from Operating Activities:</u>			
Cash Received from User Charges	\$ -	\$ 126,684	\$ 126,684
Cash Payments for Suppliers	(121)	(75,429)	(75,550)
Cash Payments for Other Operating Expenses	-	(1,229)	(1,229)
Net Cash Provided by (Used for) Operating Activities	<u>(121)</u>	<u>50,026</u>	<u>49,905</u>
<u>Cash Flows from Non-Capital Financing Activities:</u>			
Increase(decrease) in Loans	-	(38,662)	(38,662)
Net Increase (Decrease) in Cash and Cash Equivalents	(121)	11,364	11,243
Cash and Cash Equivalents at Beginning of Year	259	277	536
Cash and Cash Equivalents at End of Year	<u>\$ 138</u>	<u>\$ 11,641</u>	<u>\$ 11,779</u>
<u>Reconciliation of Operating Income (Loss) to Net Cash</u>			
<u>Provided by (Used for) Operating Activities:</u>			
Operating Income (Loss):	\$ (121)	\$ -	\$ (121)
Adjustments to Reconcile Operating Income to Net Cash Provided by (Used For) Operating Activities:			
Depreciation	-	43,399	43,399
Effect of Increases and Decreases in Current Assets and Liabilities:			
Increase (decrease) in Accounts Payable	-	6,627	6,627
Net Cash Provided by (Used for) Operating Activities	<u>\$ (121)</u>	<u>\$ 50,026</u>	<u>\$ 49,905</u>

ATLANTA INDEPENDENT SCHOOL DISTRICT
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUND
FOR THE YEAR ENDED AUGUST 31, 2015

	BALANCE SEPTEMBER 1 2014	ADDITIONS	DEDUCTIONS	BALANCE AUGUST 31 2015
STUDENT ACTIVITY ACCOUNT				
Assets:				
Cash and Temporary Investments	\$ 162,294	\$ 214,800	\$ 230,030	\$ 147,064
Liabilities:				
Accounts Payable	\$ -	\$ 230,030	\$ 230,030	\$ -
Due to Other Funds	-	1,523	-	1,523
Due to Student Groups	162,294	213,277	230,030	145,541
Total Liabilities	\$ 162,294	\$ 444,830	\$ 460,060	\$ 147,064
TOTAL AGENCY FUNDS				
Assets:				
Cash and Temporary Investments	\$ 162,294	\$ 214,800	\$ 230,030	\$ 147,064
Liabilities:				
Accounts Payable	\$ -	\$ 230,030	\$ 230,030	\$ -
Due to Other Funds	-	1,523	-	1,523
Due to Student Groups	162,294	213,277	230,030	145,541
Total Liabilities	\$ 162,294	\$ 444,830	\$ 460,060	\$ 147,064

ATLANTA INDEPENDENT SCHOOL DISTRICT
 COMBINING STATEMENT OF NET POSITION
 PRIVATE PURPOSE TRUST FUNDS
 AUGUST 31, 2015

	806 Grumbles Trust Fund	807 Garrison Trust Fund	808 Campus Trust Fund	Total Private Purpose Trust Funds
ASSETS				
Cash and Cash Equivalents	\$ 4,540	\$ 9,163	\$ 5,170	\$ 18,873
Total Assets	<u>4,540</u>	<u>9,163</u>	<u>5,170</u>	<u>18,873</u>
NET POSITION				
Restricted for Scholarships	4,540	9,163	5,170	18,873
Total Net Position	<u>\$ 4,540</u>	<u>\$ 9,163</u>	<u>\$ 5,170</u>	<u>\$ 18,873</u>

ATLANTA INDEPENDENT SCHOOL DISTRICT
 COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
 PRIVATE PURPOSE TRUST FUNDS
 FOR THE YEAR ENDED AUGUST 31, 2015

	806 Grumbles Trust Fund	807 Garrison Trust Fund	808 Campus Trust Fund	Total Private Purpose Trust Funds
ADDITIONS:				
Local and Intermediate Sources	\$ -	\$ 21	\$ 1,210	\$ 1,231
Total Additions	<u>-</u>	<u>21</u>	<u>1,210</u>	<u>1,231</u>
DEDUCTIONS:				
Other Operating Costs	<u>100</u>	<u>-</u>	<u>3,100</u>	<u>3,200</u>
Total Deductions	<u>100</u>	<u>-</u>	<u>3,100</u>	<u>3,200</u>
Change in Net Position	(100)	21	(1,890)	(1,969)
Total Net Position - September 1 (Beginning)	<u>4,640</u>	<u>9,142</u>	<u>7,060</u>	<u>20,842</u>
Total Net Position - August 31 (Ending)	<u><u>\$ 4,540</u></u>	<u><u>\$ 9,163</u></u>	<u><u>\$ 5,170</u></u>	<u><u>\$ 18,873</u></u>

REQUIRED TEA SCHEDULES



ATLANTA INDEPENDENT SCHOOL DISTRICT
 SCHEDULE OF DELINQUENT TAXES RECEIVABLE
 FISCAL YEAR ENDED AUGUST 31, 2015

Last 10 Years Ended August 31	(1)	(2)	(3)
	Tax Rates		Assessed/Appraised Value for School Tax Purposes
	Maintenance	Debt Service	
2006 and prior years	Various	Various	\$ Various
2007	1.348760	0.052350	364,638,138
2008	1.040000	0.052496	381,225,561
2009	1.040000	0.058914	424,098,428
2010	1.040000	0.000000	460,781,084
2011	1.040000	0.151806	534,421,553
2012	1.040000	0.147440	524,313,228
2013	1.040000	0.160000	544,188,258
2014	1.040000	0.169000	524,334,622
2015 (School year under audit)	1.040000	0.163940	543,766,550
1000 TOTALS			

(10) Beginning Balance 9/1/2014	(20) Current Year's Total Levy	(31) Maintenance Collections	(32) Debt Service Collections	(40) Entire Year's Adjustments	(50) Ending Balance 8/31/2015
\$ 163,976	\$ -	\$ 5,557	\$ 200	\$ (7,340)	\$ 150,879
32,043	-	2,493	97	(801)	28,652
30,068	-	2,426	122	(1,052)	26,468
47,285	-	4,152	235	(1,053)	41,845
45,581	-	4,947	-	(971)	39,663
60,155	-	7,271	1,061	(3,164)	48,659
80,830	-	14,805	2,099	(4,467)	59,459
127,396	-	32,151	4,946	(5,414)	84,885
229,608	-	85,471	13,889	(1,673)	128,575
-	6,546,623	5,459,524	860,610	-	226,489
<u>\$ 816,942</u>	<u>\$ 6,546,623</u>	<u>\$ 5,618,797</u>	<u>\$ 883,259</u>	<u>\$ (25,935)</u>	<u>\$ 835,574</u>

ATLANTA INDEPENDENT SCHOOL DISTRICT
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL - CHILD NUTRITION PROGRAM
 FOR THE YEAR ENDED AUGUST 31, 2015

Data Control Codes	Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)
	Original	Final		
REVENUES:				
5700 Total Local and Intermediate Sources	\$ 244,001	\$ 244,001	\$ 190,967	\$ (53,034)
5800 State Program Revenues	5,600	5,600	5,508	(92)
5900 Federal Program Revenues	788,267	830,399	876,097	45,698
5020 Total Revenues	1,037,868	1,080,000	1,072,572	(7,428)
EXPENDITURES:				
0035 Food Services	1,037,868	1,086,032	1,078,361	7,671
6030 Total Expenditures	1,037,868	1,086,032	1,078,361	7,671
1200 Net Change in Fund Balances	-	(6,032)	(5,789)	243
0100 Fund Balance - September 1 (Beginning)	243,307	243,307	243,307	-
3000 Fund Balance - August 31 (Ending)	\$ 243,307	\$ 237,275	\$ 237,518	\$ 243

ATLANTA INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - DEBT SERVICE FUND
FOR THE YEAR ENDED AUGUST 31, 2015

Data Control Codes	Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)
	Original	Final		
REVENUES:				
5700 Total Local and Intermediate Sources	\$ 881,084	\$ 881,084	\$ 953,913	\$ 72,829
5800 State Program Revenues	54,294	54,294	71,411	17,117
5020 Total Revenues	935,378	935,378	1,025,324	89,946
EXPENDITURES:				
Debt Service:				
0071 Principal on Long Term Debt	935,378	620,000	620,000	-
0072 Interest on Long Term Debt	-	313,378	312,053	1,325
0073 Bond Issuance Cost and Fees	-	2,000	1,800	200
6030 Total Expenditures	935,378	935,378	933,853	1,525
1200 Net Change in Fund Balances	-	-	91,471	91,471
0100 Fund Balance - September 1 (Beginning)	135,342	135,342	135,342	-
3000 Fund Balance - August 31 (Ending)	\$ 135,342	\$ 135,342	\$ 226,813	\$ 91,471

*INTERNAL CONTROL,
COMPLIANCE SECTION
and FEDERAL AWARDS*





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**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**

Independent Auditor's Report

Board of Trustees
Atlanta Independent School District
106 West Main Street
Atlanta, Texas 75551

Members of the Board:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Atlanta Independent School District (the District) as of and for the year ended August 31, 2015 and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated December 14, 2015.

Internal Control Over Financial Reporting

Management of Atlanta Independent School District is responsible for establishing and maintaining effective internal controls over financial reporting. In planning and performing our audit of the financial statements, we considered Atlanta Independent School 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 Atlanta Independent School District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Atlanta Independent School District's internal control over financial reporting.

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 combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over financial reporting 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.

The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* which are considered to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Atlanta Independent School 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 one instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards* (see 15-01). There were no instances of noncompliance considered material weaknesses.

Purpose of this report

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

This report is intended for the information of the district's trustees, the audit committee, the administration, Texas Education Agency, federal awarding agencies and pass-through entities, and is not intended to be used and should not be used by anyone other than these specified parties.

Moore, Caver and Setser, Inc.

Moore, Caver and Setser, Inc.
Certified Public Accountants

December 14, 2015



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**REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM; REPORT ON
INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON THE SCHEDULE OF
EXPENDITURES OF FEDERAL AWARDS REQUIRED BY OMB CIRCULAR A-133**

Independent Auditor's Report

Board of Trustees
Atlanta Independent School District
106 West Main Street
Atlanta, Texas 75551

Report on compliance for Each Major Federal Program

We have audited Atlanta Independent School District's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of Atlanta Independent School District's major federal programs for the year ended August 31, 2015. Atlanta Independent School District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

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

Opinion on Each Major Federal Program

In our opinion, Atlanta Independent School District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal program for the year ended August 31, 2015.

Report on Internal Control Over Compliance

Management of Atlanta Independent School District is responsible for establishing and maintaining effective internal control over compliance with the types of requirements referred to above. In planning

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

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

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

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

This report is intended for the information and use of the District's trustees, the audit committee, the administration, Texas Education Agency, federal awarding agencies and pass-through entities and is not intended to be used and should not be used by anyone other than these specified parties.

Report on Schedule of Expenditures of Federal Awards Required by OMB Circular A-133

We have audited the financial statements of Atlanta Independent School District as of and for the year ended August 31, 2015, and have issued our report thereon dated December 14, 2015, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.

Moore, Caver and Setser, Inc

Moore, Caver and Setser, Inc.
Certified Public Accountants

December 14, 2015

ATLANTA INDEPENDENT SCHOOL DISTRICT
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 FOR THE YEAR ENDED AUGUST 31, 2015

I. Summary of Auditor's Results

1. Type of auditor's report issued on the financial statements: Unmodified

2. Internal control over Financial Reporting:

Material weakness(es) identified?	_____ Yes	__x__ No
Significant deficiency(ies) identified that are not considered to be material weakness(es)	_____ Yes	__x__ None reported
Noncompliance material to financial statements noted?	_____ Yes	__x__ No

3. Federal Awards:

Type of auditor's report on compliance for major programs: Unmodified		
Material weakness(es) identified?	_____ Yes	__x__ No
Significant deficiency(ies) identified that are not considered to be material weakness(es)	_____ Yes	__x__ None reported
Did the audit disclose findings which are required to be reported under Sec. 5 I 0(a):	_____ Yes	__x__ No

4. Major programs (tested) include:

<u>Prog. #</u>	<u>Program</u>
10.553	School Breakfast Program
10.555	National School Lunch Program
10.558	Child and Adult Care Program

5. Dollar threshold used to distinguish between Type A and Type B programs: \$300,000.

6. Low risk auditee: __x__ Yes _____ No

II. Findings Related to the Financial Statements

15-01 Undersecured deposits

Criteria: State law requires that the District's deposits be secured by FDIC and pledged securities held at a 3rd party institution.

Condition Found: As described in Note IV A, during the months of September 2014 and January 2015, deposits were not adequately secured by third party financial institutions.

Effect: None, but in the event of bank failure, unsecured deposits would be at risk.

Cause: Although the District notified the depository bank of potential balances that would exceed the FDIC insurance and pledged securities in a timely manner, the policy of the depository bank is to pledge additional securities relating to deposits for the District on the following day.

III. Findings and Questioned Costs Related to the Federal Awards AA-1

The audit disclosed no finding required to be reported.

ATLANTA INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF STATUS OF PRIOR FINDINGS
FOR THE YEAR ENDED AUGUST 31, 2015

PRIOR YEAR'S FINDINGS/NONCOMPLIANCE

14-01– Pledged securities insufficient to safeguard District deposits

This finding recurred during the audit year ending August 31, 2015.

ATLANTA INDEPENDENT SCHOOL DISTRICT
CORRECTIVE ACTION PLAN
FOR THE YEAR ENDED AUGUST 31, 2015

CORRECTIVE ACTION PLAN

15-01– Pledged securities insufficient to safeguard District deposits

Action: Management will, daily, monitor cash deposits and projects and notify the depository bank if projected cash deposits are expected to exceed the pledged securities FMV.

Contact Person: Mrs. Marilyn Cobb, Asst. Superintendent (Finance)

Implementation: Immediately

ATLANTA INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED AUGUST 31, 2015

(1)	(2)	(3)	(4)
FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM or CLUSTER TITLE	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. DEPARTMENT OF EDUCATION			
<u>Passed Through State Department of Education</u>			
ESEA, Title I, Part A - Improving Basic Programs	84.010A	15610101034901	\$ 536,873
ESEA, Title I, Part A - Improving Basic Programs	84.010A	15610101034901	18,479
Total CFDA Number 84.010A			555,352
*SSA - IDEA - Part B, Formula	84.027	156600013049016600	860,628
*SSA - IDEA - Part B, Formula	84.027	1666000130049016600	3,471
Total CFDA Number 84.027			864,099
*IDEA - Part B, Preschool	84.173	156610010349016610	15,871
Total Special Education Cluster (IDEA)			879,970
Career and Technical - Basic Grant	84.048	15420006034901	13,773
Title IV, Pt B-21st Cent. Community Learning Cent.	84.287	156950167110002	689,012
Title IV, Pt B-21st Cent. Community Learning Cent.	84.287	166950167110002	27,076
Total CFDA Number 84.287			716,088
ESEA, Title VI, Part B - Rural & Low Income Prog.	84.358B	1569001034901	32,315
ESEA, Title VI, Part B - Rural & Low Income Prog.	84.358B	1669001034901	2,164
Total CFDA Number 84.358B			34,479
ESEA, Title II, Part A, Teacher/Principal Training	84.367A	1594501034901	110,796
ESEA, Title II, Part A, Teacher/Principal Training	84.367A	1694501034901	3,167
Total CFDA Number 84.367A			113,963
Title I SIP Academy Grant	84.377A	156107047110001	26,255
Total Passed Through State Department of Education			\$ 2,339,880
TOTAL U.S. DEPARTMENT OF EDUCATION			\$ 2,339,880
U.S. DEPARTMENT OF AGRICULTURE			
<u>Passed Through the State Department of Agriculture</u>			
*School Breakfast Program	10.553	71401201	\$ 205,789
*National School Lunch Program - Cash Assistance	10.555	71401201	502,063
*National School Lunch Prog. - Non-Cash Assistance	10.555	71401201	55,736
Total CFDA Number 10.555			557,799
Total Child Nutrition Cluster			763,588
Child and Adult Care Program	10.558	71401201	112,509
Total Passed Through the State Department of Agriculture			\$ 876,097
TOTAL U.S. DEPARTMENT OF AGRICULTURE			\$ 876,097
TOTAL EXPENDITURES OF FEDERAL AWARDS			\$ 3,215,977

*Clustered Programs

ATLANTA INDEPENDENT SCHOOL DISTRICT
NOTES TO THE SUPPLEMENTARY SCHEDULE OF EXPENDITURE OF FEDERAL AWARDS
YEAR ENDED AUGUST 31, 2015

1. For all Federal programs, the District uses the fund types specified in Texas Education Agency's *Financial Accountability System Resource Guide*. 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.
2. The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. The Governmental Fund types and Expendable Trust Funds are accounted for using a current financial resources measurement focus. All Federal grant funds were accounted for in a Special Revenue Fund, which is a Governmental Fund type. With this measurement focus, only current assets and current liabilities and the fund balance are included on the balance sheet. Operating statements of these funds present increases and decreases in net current assets.

The modified accrual basis of accounting is used for the Governmental Fund types, the Expendable Trust Funds, and Agency Funds. This basis of accounting recognizes revenues in the accounting period in which they become susceptible to accrual, i.e., both measurable and available, and expenditures in the accounting period in which the fund liability is incurred, if measurable, except for unmatured interest on General Long-Term Debt, which is recognized when due, and certain compensated absences and claims and judgments, which are recognized when the obligations are expected to be liquidated with expendable available financial resources.

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

3. The period of availability for federal grant funds for the purpose of liquidation of outstanding obligations made on or before the ending date of the federal project period extended 30 days beyond the federal project period ending date, in accordance with provisions in Section H, Period of Availability of Federal Funds, Part 3, OMB Circular A-133 Compliance Statement - Provisional 6/97.
4. CFDA number 10.550 pertains to food commodities distributed by USDA under the following categorical programs (as applicable): the National School Lunch Program (CFDA 10.555) and the School Breakfast Program (CFDA 10.553) The audit covering Atlanta Independent School District will identify commodity assistance by the CFDA number of the programs under which USDA donated the commodities.

SCHOOLS FIRST QUESTIONNAIRE

ATLANTA INDEPENDENT SCHOOL DISTRICT

Fiscal Year 2015

SF2	Were there any disclosures in the Annual Financial Report and/or other sources of information concerning nonpayment of any terms of any debt agreement at fiscal year end?	No
SF4	Was there an unmodified opinion in the Annual Financial Report on the financial statements as a whole?	Yes
SF5	Did the Annual Financial Report disclose any instances of material weaknesses in internal controls over financial reporting and compliance for local, state, or federal funds?	No
SF6	Was there any disclosure in the Annual Financial Report of material noncompliance for grants, contracts, and laws related to local, state, or federal funds?	No
SF7	Did the school district make timely payments to the Teachers Retirement System (TRS), Texas Workforce Commission (TWC), Internal Revenue Service (IRS), and other government agencies?	Yes
SF8	Did the school district not receive an adjusted repayment schedule for more than one fiscal year for an over allocation of Foundation School Program (FSP) funds as a result of a financial hardship?	No
SF10	Total accumulated accretion on CABs included in government-wide financial statements at fiscal year-end.	0
SF11	Net Pension Assets (1920) at fiscal year-end.	0
SF12	Net Pension Liabilities (2540) at fiscal year-end.	2291783.
SF13	Pension Expense (6147) at fiscal year-end.	211834.



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REPORT TO MANAGEMENT AND THOSE CHARGED WITH GOVERNANCE
INDICATING THAT NO MATERIAL WEAKNESSES IN INTERNAL CONTROLS
OVER FINANCIAL REPORTING WERE IDENTIFIED IN THE AUDIT

Board of Trustees
Atlanta Independent School District

Members of the Board:

We have audited the financial statements of the Atlanta Independent School District for the year ended August 31, 2015 and have issued our report thereon dated December 12, 2015. Professional standards require that we provide you with the following information related to our audit.

Our Responsibility Under Auditing Standards Generally Accepted in the United States of America

In planning and performing our audit of the financial statements of Atlanta Independent School District as of and for the year ended August 31, 2015, in accordance with auditing standards generally accepted in the United States of America, we considered The District's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion 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 misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control that might be deficiencies, significant deficiencies, or material weaknesses. We did not identified any deficiencies in internal control that we consider to be material weaknesses, as defined above.

Significant Accounting Policies

We noted no transactions entered into by the District during the year that were both significant and unusual, and of which, under professional standards, we are required to inform you, or transactions for which there is a lack of authoritative guidance or consensus.

Accounting Estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. We evaluated the key factors and assumptions used to develop the estimate in determining that it is reasonable in relation to the financial statements taken as a whole.

Audit Adjustments

For purposes of this letter, professional standards define an audit adjustment as a proposed correction of the financial statements that, in our judgment, may not have been detected except through our auditing procedures. An audit adjustment may or may not indicate matters that could have a significant effect on the District's financial reporting process (that is, cause future financial statements to be materially misstated). Our journal entries mainly related to adjustments necessary to year end accounting. Most of these journal entries are typically considered the responsibility of the District. For the current audit period, management and the audit team agreed on the appropriateness of all entries made.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting or auditing matter that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of the audit.

Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the District's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Issues Discussed Prior to Contracting Audit

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to contracting or retention as the District auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition of our contractual agreement or future retention.

Difficulties Encountered in Performing the Audit

We encountered no difficulties in dealing with management in performing our audit. All information needs were met in a complete and expedient manner. I wish to commend the Superintendent and Business Manager as well as the other administration staff for the quality in which they perform these duties. In addition, I wish to commend the directors of each department for the efficient manner that they assisted our team during the audit and the receptiveness to comments and suggestions we may have made.

This communication is intended solely for the information and use of management, the Board of Trustees, others within the organization, the School Financial Audits Division of Texas Education Agency, and is not intended to be and should not be used by anyone other than these specified parties.

Moore, Caver and Setser, Inc.

Moore, Caver and Setser, Inc.
Certified Public Accountants

December 14, 2015