

**ATLANTA INDEPENDENT SCHOOL DISTRICT**  
ANNUAL FINANCIAL REPORT FOR THE  
YEAR ENDED AUGUST 31, 2016



*Caver and Setser, Inc.*  
Certified Public Accountants



**ATLANTA INDEPENDENT SCHOOL DISTRICT  
ANNUAL FINANCIAL REPORT  
for the Year Ended August 31, 2016**

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**ATLANTA INDEPENDENT SCHOOL DISTRICT  
ANNUAL FINANCIAL REPORT  
for the Year Ended August 31, 2016**

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**CERTIFICATE OF BOARD**

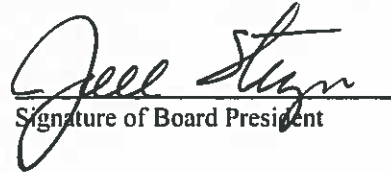
Atlanta Independent School District  
Name of District

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, 2016, at a meeting of the Board of Trustees of such school district on the 24<sup>th</sup> day of January 2017.

  
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*





**CAVER and SETSER, Inc.**

**Certified Public Accountants**

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*Member*  
*American Institute of CPAs*  
*Texas Society of CPAs*  
*Governmental Audit Quality Center*

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*N. Preston Caver, CPA*

*Jalyn L. Setser, CPA*

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

Independent Auditor's Report

Board of Trustees  
Atlanta Independent School District  
Atlanta, Texas 75647

**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, 2016, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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. 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, 2016, 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 51 through 55 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, 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 Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

The combining and individual non major fund, 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 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 8, 2016, 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.

*Caver and Setser, Inc.*

*CAVER and SETSER, Inc.*  
Certified Public Accountants

December 8, 2016





**Management’s Discussion and Analysis  
Atlanta Independent School District  
For the Fiscal Year Ended August 31, 2016**

**-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, 2016. 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 \$667,363 as a result of this year's operations. Program revenues accounted for \$5,017,335 or 23.70% of total revenue, and general revenues accounted for \$16,152,669 or 76.30%.

During the year, the District had expenses that were \$667,363 less than the \$21,170,004 generated in tax and other revenues for governmental programs (before special items).

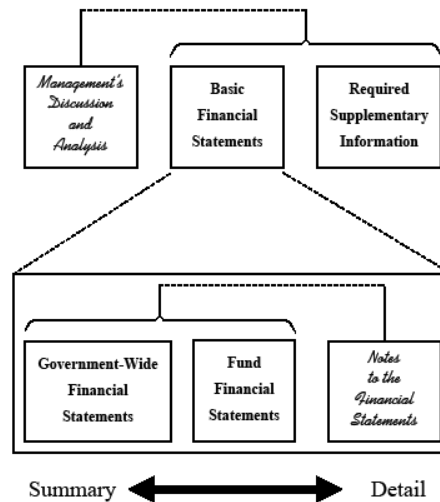
On Exhibit C-1, the general fund reported a positive fund balance of \$8,093,679.

**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, 2016**

**-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 plus deferred outflows and liabilities plus deferred inflows) 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, 2016**

**-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 increased from \$17,008,575 to \$17,675,938. 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 \$6,024,024 at August 31, 2016.





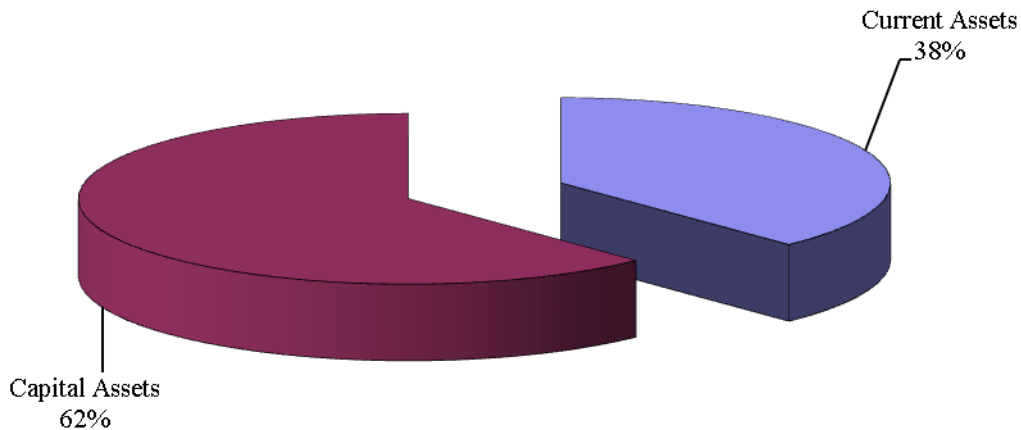
**Management's Discussion and Analysis  
Atlanta Independent School District  
For the Fiscal Year Ended August 31, 2016**

**-UNAUDITED-**

**Table I  
Atlanta Independent School District**

**NET POSITION**

		Governmental Activities	
	% Change	2015	2016
Current and other assets	10.79	\$11,669,404	\$ 12,928,718
Capital assets	(2.99)	21,865,149	21,211,411
<b>Total assets</b>	<b>1.81</b>	<b>33,534,553</b>	<b>34,140,129</b>
Deferred Outflows	231.30	535,866	1,775,321
Long-term liabilities	7.25	14,063,268	15,082,208
Other liabilities	23.83	2,297,512	2,845,026
<b>Total liabilities</b>	<b>9.57</b>	<b>16,360,780</b>	<b>17,927,234</b>
Deferred Inflows	(55.46)	701,064	312,278
Net Position:			
Invested in capital assets net of related debt		10,093,664	10,480,895
Reserved for Federal and State Programs		-0-	923,541
Reserved for Retirement of LT Debt		135,342	247,478
Unrestricted		6,779,569	6,024,024
<b>Total net position</b>	<b>3.92</b>	<b>\$ 17,008,575</b>	<b>\$ 17,675,938</b>





**Management's Discussion and Analysis  
Atlanta Independent School District  
For the Fiscal Year Ended August 31, 2016**

-UNAUDITED-

**Table II  
Atlanta Independent School District**

**CHANGES IN NET POSITION**

	%	Governmental Activities	
		Change	2015
Revenues:			
Program Revenues:			
Charges for Services	(12.41)	\$ 746,876	\$ 654,182
Operating grants and contributions	(3.22)	4,508,100	4,363,153
General Revenues:			
Maintenance and operations taxes	6.10	5,648,762	5,993,296
Debt service taxes	(40.61)	860,610	511,157
Grants and contributions – not restricted	18.84	7,814,015	9,286,141
Investment Earnings	3.18	123,669	127,603
Miscellaneous	122.66	105,304	234,472
<b>Total Revenue</b>	<b>6.88</b>	<b>19,807,336</b>	<b>21,170,004</b>
Expenses:			
Instruction, curriculum and media services	4.32	10,609,193	11,067,605
Instructional and school leadership	8.83	1,503,996	1,636,803
Student support services	7.93	858,696	926,758
Transportation	(3.57)	828,117	798,532
Child nutrition	3.34	1,155,644	1,194,256
Co-curricular activities	8.84	1,166,986	1,270,177
General administration	3.51	902,309	933,955
Plant maintenance, security & data processing	10.18	1,932,315	2,129,085
Debt services	(3.86)	323,009	310,547
Payments to Related SSA	6.94	219,675	234,923
<b>Total Expenses</b>	<b>5.14</b>	<b>19,499,940</b>	<b>20,502,641</b>
Increase in net position before transfers and special items		307,396	667,363
Prior Period Adjustment		(2,596,602)	-0-
Net position at 9/1		19,297,781	17,008,575
Net position at 8/31	3.92	\$ 17,008,575	\$ 17,675,938





**Management's Discussion and Analysis  
Atlanta Independent School District  
For the Fiscal Year Ended August 31, 2016**

**-UNAUDITED-**

TABLE II  
CHART A – REVENUES

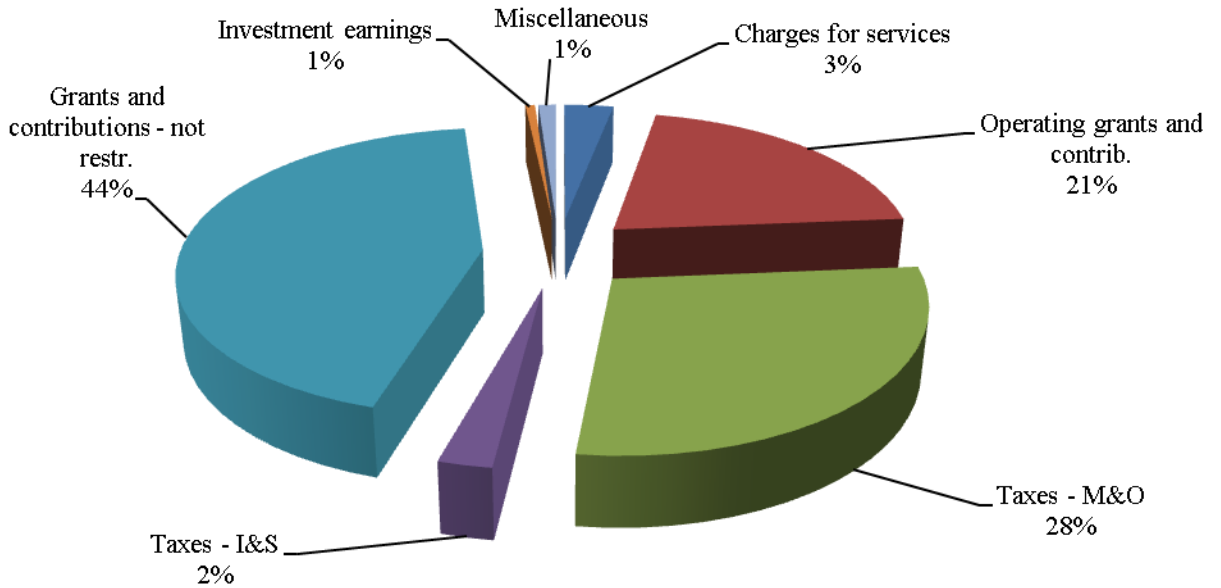
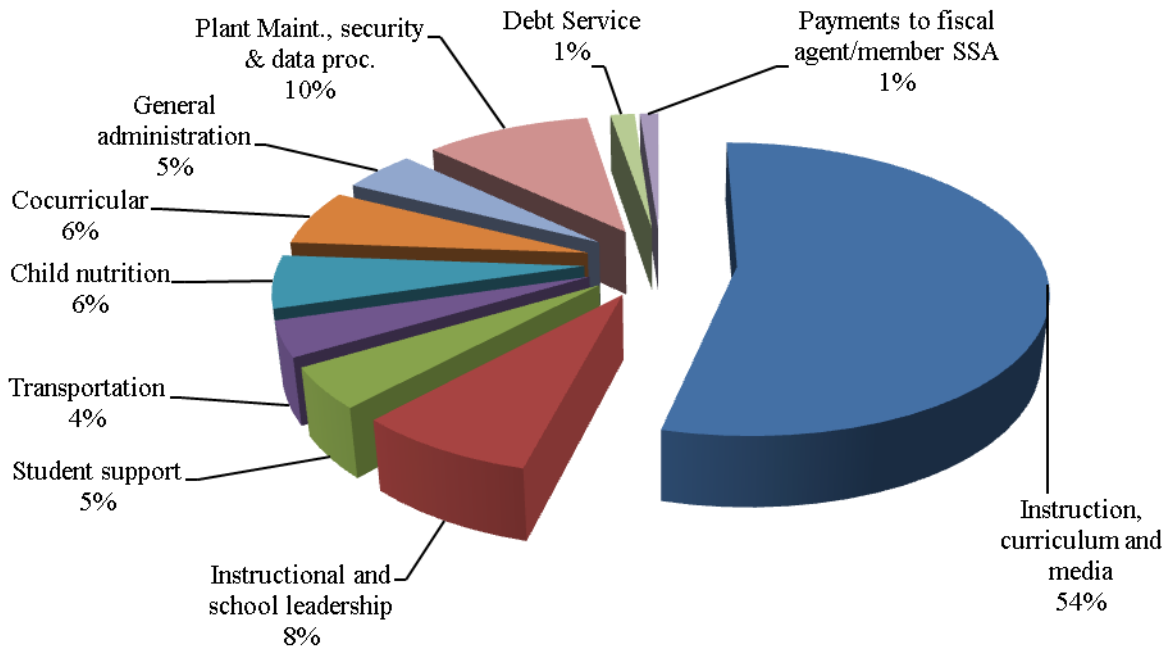


TABLE II  
CHART B - EXPENSES





**Management's Discussion and Analysis  
Atlanta Independent School District  
For the Fiscal Year Ended August 31, 2016**

**-UNAUDITED-**

During the year ended August 31, 2016, the District's total revenues increased by 6.88%. The total cost of all programs and services increased by 5.14%.

The cost of all governmental activities this year was \$20,502,641. 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 \$5,837,090 because some of the costs were paid by those who directly benefited from the programs (\$654,182) or by other governments and organizations that subsidized certain programs with grants and contributions (\$4,363,153) or by unrestricted grants, other revenue or usage of fund balance (\$9,648,216)

**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 \$9,319,157, which is more than last year's total of \$8,631,902. Included in this year's total change in fund balance is a increase of \$706,094 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 2015). 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 \$8,093,679 reported on pages 17 differs from the General Fund's budgetary fund balance of \$7,415,554 reported in the budgetary comparison schedule on page 51.

**CAPITAL ASSET AND DEBT ADMINISTRATION**

***Capital Assets***

At the end of 2016, the District had \$34,276,181 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 \$367,088 over last year.

***Debt***

At year-end, the District had outstanding bonds and loans (or leases) in the amount of \$10,730,517, which was a net decrease of \$858,908 (7.41%).

**ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES**

The District's elected and appointed officials considered many factors when setting the fiscal-year 2017 budget and tax rates.





**Management's Discussion and Analysis  
Atlanta Independent School District  
For the Fiscal Year Ended August 31, 2016**

**-UNAUDITED-**

These indicators were taken into account when adopting the General Fund budget for 2017. Amounts available for appropriation in the General Fund budget are \$15.3 million, a decrease of 1.0 percent over the final 2016 budget of \$15.5 million. Budgeted expenditures are expected to decrease 1.9 percent in 2017 and the District has plans to expend fund balance relating to real property capital improvements included in the 2017 budget (which was not in place during the 2016 year).

If these estimates are realized, the District's budgetary General Fund balance is expected to decrease by \$1,756,000 (which is material to the General Fund as a whole) as of the close of 2017.

**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, 2016

EXHIBIT A-1

Data Control Codes	Primary Government Governmental Activities
<b>ASSETS</b>	
1110 Cash and Cash Equivalents	\$ 9,067,033
1220 Property Taxes Receivable (Delinquent)	861,780
1230 Allowance for Uncollectible Taxes	(60,324)
1240 Due from Other Governments	679,416
1290 Other Receivables, net	1,239
1300 Inventories	55,727
Capital Assets:	
1510 Land	826,737
1520 Buildings, Net	18,719,494
1530 Furniture and Equipment, Net	1,358,518
1550 Leased Property Under Capital Leases, Net	57,865
1560 Library Books and Media, Net	153,047
1580 Construction in Progress	95,750
1800 Restricted Assets	2,323,847
1000 Total Assets	34,140,129
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
1705 Deferred Outflow Related to TRS	1,775,321
1700 Total Deferred Outflows of Resources	1,775,321
<b>LIABILITIES</b>	
2110 Accounts Payable	312,363
2160 Accrued Wages Payable	319,521
2180 Due to Other Governments	14,383
2200 Accrued Expenses	7,609
2300 Unearned Revenue	3,150
2400 Payable from Restricted Assets	2,188,000
Noncurrent Liabilities	
2501 Due Within One Year	755,031
2502 Due in More Than One Year	10,131,537
2540 Net Pension Liability (District's Share)	4,195,640
2000 Total Liabilities	17,927,234
<b>DEFERRED INFLOWS OF RESOURCES</b>	
2605 Deferred Inflow Related to TRS	312,278
2600 Total Deferred Inflows of Resources	312,278
<b>NET POSITION</b>	
3200 Net Investment in Capital Assets	10,480,895
3820 Restricted for Federal and State Programs	923,541
3850 Restricted for Debt Service	247,478
3900 Unrestricted	6,024,024
3000 Total Net Position	\$ 17,675,938

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, 2016

EXHIBIT B-1

Data Control Codes	1	Program Revenues		6
Codes	Expenses	Charges for Services	Operating Grants and Contributions	Primary Gov. Governmental Activities

**Primary Government:**

GOVERNMENTAL ACTIVITIES:

11	Instruction	\$ 10,600,009	\$ 306,464	\$ 2,138,106	\$ (8,155,439)
12	Instructional Resources and Media Services	397,482	2,304	10,542	(384,636)
13	Curriculum and Staff Development	70,114	-	153	(69,961)
21	Instructional Leadership	643,948	4,608	322,097	(317,243)
23	School Leadership	992,855	46,960	50,608	(895,287)
31	Guidance, Counseling and Evaluation Services	716,184	-	380,510	(335,674)
33	Health Services	210,574	3,840	11,286	(195,448)
34	Student (Pupil) Transportation	798,532	-	168,874	(629,658)
35	Food Services	1,194,256	193,280	967,250	(33,726)
36	Extracurricular Activities	1,270,177	73,382	27,897	(1,168,898)
41	General Administration	798,695	23,344	132,890	(642,461)
51	Facilities Maintenance and Operations	1,733,630	-	39,407	(1,694,223)
52	Security and Monitoring Services	39,977	-	-	(39,977)
53	Data Processing Services	355,478	-	19,525	(335,953)
72	Debt Service - Interest on Long Term Debt	308,747	-	-	(308,747)
73	Debt Service - Bond Issuance Cost and Fees	1,800	-	-	(1,800)
93	Payments related to Shared Services Arrangements	234,923	-	94,008	(140,915)
99	Other Intergovernmental Charges	135,260	-	-	(135,260)
	[TP] TOTAL PRIMARY GOVERNMENT:	\$ 20,502,641	\$ 654,182	\$ 4,363,153	\$ (15,485,306)

Data  
Control  
Codes

General Revenues:

Taxes:		
MT	Property Taxes, Levied for General Purposes	5,993,296
DT	Property Taxes, Levied for Debt Service	511,157
GC	Grants and Contributions not Restricted	9,286,141
IE	Investment Earnings	127,603
MI	Miscellaneous Local and Intermediate Revenue	234,234
FR	Transfers In (Out):	238
TR	Total General Revenues & Transfers	16,152,669
CN	Change in Net Position	667,363
NB	Net Position - Beginning	17,008,575
NE	Net Position--Ending	\$ 17,675,938

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

ATLANTA INDEPENDENT SCHOOL DISTRICT  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
AUGUST 31, 2016

Data Control Codes	10 General Fund	50 Debt Service Fund	Other Funds	Total Governmental Funds
<b>ASSETS</b>				
1110 Cash and Cash Equivalents	\$ 8,030,364	\$ 79,013	\$ 944,778	\$ 9,054,155
1220 Property Taxes - Delinquent	783,590	78,190	-	861,780
1230 Allowance for Uncollectible Taxes (Credit)	(54,851)	(5,473)	-	(60,324)
1240 Receivables from Other Governments	335,800	-	343,616	679,416
1260 Due from Other Funds	405,330	21,157	-	426,487
1290 Other Receivables	1,125	-	114	1,239
1300 Inventories	8,471	-	47,256	55,727
1800 Restricted Assets	-	2,323,847	-	2,323,847
1000 Total Assets	<u>\$ 9,509,829</u>	<u>\$ 2,496,734</u>	<u>\$ 1,335,764</u>	<u>\$ 13,342,327</u>
<b>LIABILITIES</b>				
2110 Accounts Payable	\$ 252,240	\$ -	\$ 48,295	\$ 300,535
2160 Accrued Wages Payable	291,960	-	27,561	319,521
2170 Due to Other Funds	150,129	-	276,358	426,487
2180 Due to Other Governments	14,383	-	-	14,383
2200 Accrued Expenditures	5,209	-	2,400	7,609
2300 Unearned Revenues	-	-	3,150	3,150
2400 Payable from Restricted Assets	-	2,188,000	-	2,188,000
2000 Total Liabilities	<u>713,921</u>	<u>2,188,000</u>	<u>357,764</u>	<u>3,259,685</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
2601 Unavailable Revenue - Property Taxes	702,229	61,256	-	763,485
2600 Total Deferred Inflows of Resources	<u>702,229</u>	<u>61,256</u>	<u>-</u>	<u>763,485</u>
<b>FUND BALANCES</b>				
Nonspendable Fund Balance:				
3410 Inventories	8,471	-	47,256	55,727
Restricted Fund Balance:				
3450 Federal or State Funds Grant Restriction	-	-	923,541	923,541
3480 Retirement of Long-Term Debt	-	247,478	-	247,478
3490 Other Restricted Fund Balance	4,330,000	-	-	4,330,000
Assigned Fund Balance:				
3590 Other Assigned Fund Balance	-	-	7,203	7,203
3600 Unassigned Fund Balance	3,755,208	-	-	3,755,208
3000 Total Fund Balances	<u>8,093,679</u>	<u>247,478</u>	<u>978,000</u>	<u>9,319,157</u>
4000 Total Liabilities, Deferred Inflows & Fund Balances	<u>\$ 9,509,829</u>	<u>\$ 2,496,734</u>	<u>\$ 1,335,764</u>	<u>\$ 13,342,327</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, 2016

<b>Total Fund Balances - Governmental Funds</b>	\$	9,319,157
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 net position.		277
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 \$33,909,093 and the accumulated depreciation was (\$12,145,208). 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 net position.		10,094,507
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 2016 capital outlays and debt principal payments is to increase net position.		1,225,035
4 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 \$4,195,640, a Deferred Resource Inflow related to TRS in the amount of \$312,278 and a Deferred Resource Outflow related to TRS in the amount of \$1,775,321. This amounted to a decrease in Net Position in the amount of \$2,732,597.		(2,732,597)
5 The 2016 depreciation expense increases accumulated depreciation. The net effect of the current year's depreciation is to decrease net position.		(993,927)
6 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, 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 net position.		763,486
<b>19 Net Position of Governmental Activities</b>	<b>\$</b>	<b>17,675,938</b>

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, 2016

Data Control Codes	10 General Fund	50 Debt Service Fund	Other Funds	Total Governmental Funds
<b>REVENUES:</b>				
5700 Total Local and Intermediate Sources	\$ 6,255,536	\$ 575,025	\$ 518,128	\$ 7,348,689
5800 State Program Revenues	9,561,176	75,791	81,623	9,718,590
5900 Federal Program Revenues	123,060	-	3,532,616	3,655,676
5020 Total Revenues	<u>15,939,772</u>	<u>650,816</u>	<u>4,132,367</u>	<u>20,722,955</u>
<b>EXPENDITURES:</b>				
<b>Current:</b>				
0011 Instruction	7,755,665	-	1,798,084	9,553,749
0012 Instructional Resources and Media Services	377,061	-	-	377,061
0013 Curriculum and Instructional Staff Development	64,757	-	-	64,757
0021 Instructional Leadership	124,734	-	497,184	621,918
0023 School Leadership	952,102	-	-	952,102
0031 Guidance, Counseling and Evaluation Services	326,520	-	361,667	688,187
0033 Health Services	201,429	-	-	201,429
0034 Student (Pupil) Transportation	700,419	-	142,956	843,375
0035 Food Services	27,423	-	1,111,576	1,138,999
0036 Extracurricular Activities	1,112,608	-	52,580	1,165,188
0041 General Administration	630,442	-	113,537	743,979
0051 Facilities Maintenance and Operations	1,688,961	-	836	1,689,797
0052 Security and Monitoring Services	36,438	-	-	36,438
0053 Data Processing Services	339,990	-	-	339,990
<b>Debt Service:</b>				
0071 Principal on Long Term Debt	191,439	624,000	-	815,439
0072 Interest on Long Term Debt	4,667	304,080	-	308,747
0073 Bond Issuance Cost and Fees	-	1,800	-	1,800
<b>Capital Outlay:</b>				
0081 Facilities Acquisition and Construction	27,050	-	95,750	122,800
<b>Intergovernmental:</b>				
0093 Payments to Fiscal Agent/Member Districts of SSA	140,915	-	94,008	234,923
0099 Other Intergovernmental Charges	135,260	-	-	135,260
6030 Total Expenditures	<u>14,837,880</u>	<u>929,880</u>	<u>4,268,178</u>	<u>20,035,938</u>
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>1,101,892</u>	<u>(279,064)</u>	<u>(135,811)</u>	<u>687,017</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
7912 Sale of Real and Personal Property	100	-	-	100
7915 Transfers In	138	299,728	96,308	396,174
8911 Transfers Out (Use)	(396,036)	-	-	(396,036)
7080 Total Other Financing Sources (Uses)	<u>(395,798)</u>	<u>299,728</u>	<u>96,308</u>	<u>238</u>
1200 Net Change in Fund Balances	706,094	20,664	(39,503)	687,255
0100 Fund Balance - September 1 (Beginning)	<u>7,387,585</u>	<u>226,814</u>	<u>1,017,503</u>	<u>8,631,902</u>
3000 Fund Balance - August 31 (Ending)	<u>\$ 8,093,679</u>	<u>\$ 247,478</u>	<u>\$ 978,000</u>	<u>\$ 9,319,157</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, 2016

<b>Total Net Change in Fund Balances - Governmental Funds</b>	\$	687,255
 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 decrease net position.		(138)
 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 2016 capital outlays and debt principal payments is to increase net position.		1,225,035
 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.		(993,927)
 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, 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 net position.		24,754
 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 8/31/2015 caused the change in the ending net position to increase in the amount of \$362,071. Contributions made before the measurement but during the 2015 FY were also expended and recorded as a reduction in the net pension liability for the district. This caused a decrease in the change in net position in the amount of \$351,454. The District recorded their proportionate share of the pension expense during the measurement period as part of the net pension liability. The amounts expended for FY2015 were \$286,233 for pension expense columns 6 - 12 from TRS data. This caused a net decrease in the change in net position. The impact of all of these is to decrease the change in net position by \$275,616.		(275,616)
 <b>Change in Net Position of Governmental Activities</b>	<u>\$</u>	<u>667,363</u>

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, 2016

	Governmental Activities -
	Total Internal Service Funds
<b>ASSETS</b>	
Current Assets:	
Cash and Cash Equivalents	\$ 12,878
Total Current Assets	<u>12,878</u>
Noncurrent Assets:	
Capital Assets:	
Leased Property Under Capital Leases	173,596
Depreciation on Capital Leases	<u>(115,731)</u>
Total Noncurrent Assets	<u>57,865</u>
Total Assets	<u>70,743</u>
<b>LIABILITIES</b>	
Current Liabilities:	
Accounts Payable	11,828
Capital Leases Payable	<u>43,905</u>
Total Current Liabilities	<u>55,733</u>
Noncurrent Liabilities:	
Other Long-Term Debt - Due in More than One Year	<u>14,733</u>
Total Noncurrent Liabilities	<u>14,733</u>
Total Liabilities	<u>70,466</u>
<b>NET POSITION</b>	
Unrestricted Net Position	<u>277</u>
Total Net Position	<u>\$ 277</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, 2016

	Governmental Activities -
	Total Internal Service Funds
<b>OPERATING REVENUES:</b>	
Local and Intermediate Sources	\$ 139,876
Total Operating Revenues	139,876
<b>OPERATING EXPENSES:</b>	
Payroll Costs	42,184
Supplies and Materials	18,739
Other Operating Costs	34,732
Depreciation Expense	43,399
Debt Service	822
Total Operating Expenses	139,876
Income Before Transfers	-
Transfers Out	(138)
Change in Net Position	(138)
Total Net Position - September 1 (Beginning)	415
Total Net Position - August 31 (Ending)	\$ 277

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, 2016

	Governmental Activities -
	Total Internal Service Funds
<u>Cash Flows from Operating Activities:</u>	
Cash Received from User Charges	\$ 139,876
Cash Payments to Employees for Services	(41,362)
Cash Payments for Other Operating Expenses	(97,277)
Net Cash Provided by Operating Activities	<u>1,237</u>
<u>Cash Flows from Non-Capital Financing Activities:</u>	
Operating Transfer Out	<u>(138)</u>
Net Increase in Cash and Cash Equivalents	1,099
Cash and Cash Equivalents at Beginning of Year	<u>11,779</u>
Cash and Cash Equivalents at End of Year	<u>\$ 12,878</u>
<u>Reconciliation of Operating Income (Loss) to Net Cash</u>	
<u>    Provided by Operating Activities:</u>	
Operating Income (Loss):	\$ -
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:	
Decrease (increase) in Receivables	-
Increase (decrease) in Accounts Payable	1,237
Increase (decrease) in Capital Leases	(43,399)
Net Cash Provided by Operating Activities	<u>\$ 1,237</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, 2016

	Private Purpose Trust Funds	Agency Fund
<b>ASSETS</b>		
Cash and Cash Equivalents	\$ 17,204	\$ 138,229
Total Assets	<u>17,204</u>	<u>\$ 138,229</u>
<b>LIABILITIES</b>		
Due to Student Groups	-	\$ 138,229
Total Liabilities	<u>-</u>	<u>\$ 138,229</u>
<b>NET POSITION</b>		
Restricted for Scholarships	12,704	
Restricted for Other Purposes	4,500	
Total Net Position	<u>\$ 17,204</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, 2016

	Private Purpose Trust Funds
<b>ADDITIONS:</b>	
Local and Intermediate Sources	\$ 632
Total Additions	<u>632</u>
<b>DEDUCTIONS:</b>	
Other Operating Costs	<u>2,300</u>
Total Deductions	<u>2,300</u>
Change in Net Position	(1,668)
Total Net Position - September 1 (Beginning)	<u>18,872</u>
Total Net Position - August 31 (Ending)	<u><u>\$ 17,204</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, 2016**

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**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, 2016**

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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, 2016**

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**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, include 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  
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**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, 2016.

**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



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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, 2016, 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, 2016, 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, 2016, Restricted Fund Balance included \$4,330,000 in the General Fund, \$247,478 for Debt Service and \$923,541 for other special revenue funds. Nonspendable Fund Balance included \$8,471 in the General Fund and \$47,256 in Child Nutrition Fund. Other Assigned Fund Balance, in Special Revenue Funds, totaled \$7,203.

**Net Position** - Net position represents the difference between assets and deferred outflow of resources, and liabilities and deferred inflow of resources. Net investment 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 investment 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 2016, 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.

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**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 item, 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**

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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	826,737		826,737	
Buildings	27,134,152	7,827,831	19,306,321	
Furniture & Equipment	4,919,233	3,450,695	1,468,538	
CWIP	-0-	-0-	-0-	
Library Books and Media	1,028,971	866,682	162,289	
Leased Equip. (Cap. Lease)	-0-	-0-	<u>-0-</u>	
Change in Net Position				<u>21,763,885</u>
<u>Long-term Liabilities At the Beginning of the Year</u>			<u>Payables at the Beginning of the Year</u>	
Bonds Payable			11,076,500	
Unamortized Bond Prem.			182,060	
Capital Leases			<u>410,818</u>	
Change in Net Position				<u>11,669,378</u>
Net Adjustment to Net Position				<u>10,094,507</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	-0-		
Buildings	27,050		
Furniture and Fixtures	233,365		
CWIP	95,750		
Library	<u>27,423</u>		
Total Capital Outlay	<u>383,588</u>	383,588	383,588
<u>Principal Payments</u>			
Bond Principal	624,000		
Amort. of Bond Premium	26,008		
Capital Lease – Prin. Pmts	<u>191,439</u>		
Total Principal Payments	<u>841,447</u>	<u>841,447</u>	<u>841,447</u>
Total Adjustment to Net Position		<u>1,225,035</u>	<u>1,225,035</u>

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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:

	<u>Amount</u>	<u>Adjustments to Change in Net Position</u>	<u>Adjustments to Net Position</u>
<u>Adjustments to Revenue and Deferred Revenue</u>			
Taxes Collected from Prior Year Levies	164,492	(164,492)	
Uncollected Taxes (assumed collectible) from Current Year Levy	189,246	189,246	189,246
Uncollected Taxes (assumed collectible) from Prior Year Levy	574,240		574,240
Other Adjustments (incl. capital leases)	-0-	-0-	-0-
Total		<u>24,754</u>	<u>763,486</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:

	<u>August 31, 2016 Fund Balance</u>
Restricted Budget Funds – Food Service Special Revenue Fund	\$208,355
Nonspendable Budget Funds - Food Service Special Revenue Fund	47,256
Restricted Budget Funds – Other Special Revenue Funds	87,814
Restricted Budget Funds –Debt Service Fund	247,478
Restricted Budget Funds – Shared Service Funds	<u>634,575</u>
All Special Revenue Funds	<u>\$1,225,478</u>



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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) obligations 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, 2016.

	Category 1	Category 2	Category 3	Carrying Amount	Market Value
<b>General Fund</b>					
Lone Star Pool-Liquidity Plus			\$437,648	\$437,648	\$437,648
Wells Fargo MMK Govt. Fd	4,886,893			4,886,893	4,886,893
Guaranty Bond - CD	2,002,609			2,002,609	2,002,609
<b>Special Revenue Funds</b>					
Lone Star Pool – Liquidity Plus			444,800	444,800	444,800
<b>Totals</b>	<b>\$6,889,502</b>	<b>\$ -0-</b>	<b>\$882,448</b>	<b>\$7,771,950</b>	<b>\$7,771,950</b>

Summary of maturities of the District's various investments are:

<b>Investment Type</b>	<b>Investment Maturities (in years)</b>			
	Less than 1	1-5	6-10	More Than 10
<b>General Fund</b>				
Lone Star Pool-Liquidity Plus	\$437,648			
Wells Fargo	4,886,893			
Guaranty Bond - CD		2,002,609		
<b>Special Revenue Funds</b>				
Lone Star Pool – Liquidity Plus.	444,800			
<b>Totals</b>	<b>\$5,769,341</b>	<b>\$2,002,609</b>	<b>\$ -0-</b>	<b>\$ -0-</b>

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*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 were 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, 2016, to finance General Fund operations and Debt Service was \$1.170000 and \$0.100000 respectively, per \$100 valuation. The assessed value of the property tax roll on August 1, 2015, upon which the levy for the 2015-16 fiscal year was based, was \$525,061,239. The roll was subsequently increased to a year-end assessed value of \$514,152,761.

Current tax collections for the year ended August 31, 2016 were 99.23% of the year-end adjusted tax levy. As of August 31, 2016, property taxes receivable, net of estimated uncollectible taxes, totaled \$728,739 for the General Fund and \$72,717 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.



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**D. INTERFUND PAYABLES AND RECEIVABLES**

Interfund balances at August 31, 2016, consisted of the following individual fund receivables and payables:

	Due to Other Funds	Due from Other Funds
General Fund		
General Funds	\$128,972	\$128,972
Special Revenue Funds	21,157	276,358
Special Revenue:		
General Fund	276,358	21,157
Total	\$426,487	\$426,487

**E. DISAGGREGATION OF RECEIVABLES AND PAYABLES**

Receivables at August 31, 2016:

	Other Governments	Due From Other Funds	Other	Total Receivables
<b>Governmental Activities:</b>				
General Fund	\$335,800	\$405,330	\$1,125	\$742,255
Debt Service	-0-	21,157	-0-	21,157
Agency Funds	-0-	-0-	-0-	-0-
Nonmajor Gov. Funds	343,616	-0-	114	343,730
Total - Governmental Activities	\$679,416	\$426,487	\$1,239	\$1,107,142
Subsequent Year amts not sched for coll.	\$-0-	\$-0-	\$-0-	\$-0-
<b>Proprietary Fund - Internal Services</b>	-0-	-0-	-0-	-0-

Payables at August 31, 2016:

	Accounts and Accr. Wages	Due To Other Funds	Due to Other Governments	Other	Total Payables
<b>Governmental Activities:</b>					
General Fund	\$549,409	\$150,129	\$14,383	\$-0-	\$713,921
Debt Service	-0-	-0-	-0-	-0-	-0-
Agency Fund	-0-	-0-	-0-	-0-	-0-
Nonmajor Gov. Funds	78,256	276,358	-0-	-0-	354,614
Total - Gov. Activities	\$627,665	\$426,487	\$14,383	\$-0-	\$1,068,535
Subsequent year amts not sched for pmt	\$-0-	\$-0-	\$-0-	\$-0-	\$-0-
<b>Proprietary Fund - Internal Services</b>	\$11,828	\$-0-	\$-0-	\$-0-	\$11,828

**F. CAPITAL ASSET ACTIVITY**

Capital asset activity for the District for the year ended August 31, 2016, was as follows:

	Balance 9/1	Primary Government			Balance 8/31
		Adjustments	Addition	Deletions	
Land	\$ 826,737	\$-0-	\$ -0-	\$ -0-	\$ 826,737
Buildings and Impr.	27,134,152	-0-	27,050	-0-	27,161,202
Furniture & Equipment	4,919,233	-0-	233,365	16,500	5,136,098
Library Books and Media	1,028,971	-0-	27,423	-0-	1,056,394
CWIP	-0-	-0-	95,750	-0-	95,750
Leased Equipment – Capital Leases	-0-	-0-	-0-	-0-	-0-
Total at Historical Cost	\$33,909,093	\$-0-	\$383,588	\$16,500	\$34,276,181
Internal Service Fund – Leased Eq	\$173,596	\$-0-	\$ -0-	\$ -0-	\$173,596

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Less Accumulated Depreciation for:

	Balance		Primary Government		Balance 8/31
	9/1	Adjustments	Addition	Deletions	
Buildings	\$7,827,831	\$-0-	\$613,877	\$ -0-	\$ 8,441,708
Library Books and Media	866,682	-0-	36,665	-0-	903,347
Furniture and Equipment	3,450,695	-0-	343,385	16,500	3,777,580
Leased Equipment – Capital Leases	-0-	-0-	-0-	-0-	-0-
<b>Total Accumulated Depreciation</b>	<b>\$12,145,208</b>	<b>\$-0-</b>	<b>\$993,927</b>	<b>\$16,500</b>	<b>\$13,122,635</b>
Internal Service Fund – Leased Eq	\$72,332	\$-0-	\$43,399	\$ -0-	\$115,731

Depreciation expense was charged to governmental functions as follows:

Instruction	\$646,114
Curriculum Development	5,244
Student Transportation	126,810
Co-curricular	81,770
Food Services	23,996
Data Processing	1,177
General Administration	32,826
Plant Maintenance and Operations	33,374
Security	3,539
Instructional Resources and Media	<u>39,077</u>
<b>Total Depreciation Expense</b>	<b><u>\$993,927</u></b>

**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, 2016, as follows:

Year Ended Total <u>August 31</u>	<u>Requirements</u>
2017	28,072
2018	18,936
2019	13,345
2020	7,593
2021	<u>3,842</u>
Total	<u>\$71,788</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 were fully paid during 2016.

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

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Required lease payments for all governmental fund capital leases are:

Year Ended <u>August 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Requirements</u>
2017	73,126	-0-	73,126
2018	73,126	-0-	73,126
2019	73,126	-0-	73,126
2020	-0-	-0-	-0-
2021	-0-	-0-	-0-
Subsequent	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
Total	<u>\$219,378</u>	<u>\$-0-</u>	<u>\$219,378</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>August 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Requirements</u>
2017	43,905	386	44,291
2018	14,733	31	14,764
2019	-0-	-0-	-0-
2020	-0-	-0-	-0-
2021	-0-	-0-	-0-
Subsequent	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
Total	<u>\$58,638</u>	<u>\$417</u>	<u>\$59,055</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, 2016, the District's debt limitation under local policies, which represents 10% of the District's total assessed property value for school tax purposes, is \$51,415,276.

**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 \$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, 2016.

Required bond payments, including interest, are:

Year Ended <u>August 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Requirements</u>
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	394,000	60,223	454,223
2022-2024	<u>1,617,500</u>	<u>240,890</u>	<u>1,858,390</u>
Total	<u>\$3,547,500</u>	<u>\$542,005</u>	<u>\$4,089,505</u>

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**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>	<u>Total Requirements</u>
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>\$1,420,000</u>	<u>\$172,200</u>	<u>\$1,592,200</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>	<u>Total Requirements</u>
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	-0-	270,343	270,343
2022-2026	1,685,000	1,209,966	2,894,966
2027-2031	1,970,000	782,806	2,752,806
2032-2035	<u>1,830,000</u>	<u>241,521</u>	<u>2,071,521</u>
Total	<u>\$5,485,000</u>	<u>\$3,586,008</u>	<u>\$9,071,008</u>

**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>	<u>Total Requirements</u>
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	699,000	342,765	1,041,765
2022-2026	3,302,500	1,450,857	4,753,357
2027-2031	1,970,000	782,806	2,752,806
2032-2035	<u>1,830,000</u>	<u>241,521</u>	<u>2,071,521</u>
Total	<u>\$10,452,500</u>	<u>\$4,300,213</u>	<u>\$14,752,713</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, 2016.

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**J. CHANGES IN LONG-TERM LIABILITIES**

Long-term activity for the year ended August 31, 2016, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
<b>Governmental Activity:</b>					
Bonds and Notes Payable:					
QSCB, Series 2010A	\$3,921,500	\$ -0-	\$374,000	\$3,547,500	\$378,000
Building Bonds, Series 2010B	1,670,000	-0-	250,000	1,420,000	260,000
Building Bonds, Series 2010C (BAB)	5,485,000	-0-	-0-	5,485,000	-0-
Capital Leases – Govt Funds	410,818	-0-	191,439	219,379	73,126
Total Governmental Funds	11,487,318	-0-	815,439	10,671,879	711,126
<b>Proprietary Funds:</b>					
Capital Leases	102,107	-0-	43,469	58,638	43,905
<b>Total Governmental Activities</b>	<b>\$11,589,425</b>	<b>\$-0-</b>	<b>\$858,908</b>	<b>\$10,730,517</b>	<b>\$755,031</b>
<b>Premium on Bonds</b>	<b>\$182,060</b>	<b>\$-0-</b>	<b>\$26,008</b>	<b>\$156,052</b>	<b>\$-0-</b>
<b>Net Pension Liability</b>	<b>\$2,291,783</b>	<b>\$2,255,312</b>	<b>\$351,455</b>	<b>\$4,195,640</b>	<b>\$-0-</b>

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**

Retiree Health Care Coverage

**Plan Description.** Atlanta Independent School District participates in the Texas Public School Retired Employees Group Insurance Program (TRS-Care), a cost-sharing multiple-employer defined benefit post-employment health care plan administered by the Teacher Retirement System of Texas. TRS-Care provides health care coverage for certain persons (and their dependents) who retire under the Teacher Retirement System of Texas. The statutory authority for the program is Texas Insurance Code, Chapter 1575. Texas Insurance Code Section 1575.052 grants the TRS Board of Trustees the authority to establish and amend basic and optional group insurance coverage for participants. The TRS issues a publicly available financial report that includes financial statements and required supplementary information for TRS-Care. That report may be obtained by writing to the TRS Communications Department, 1000 Red River Street, Austin, Texas 78701, by phoning the TRS Communications Department at 1-800-223-8778, or by downloading the report from the TRS Internet Website, [www.trs.state.tx.us](http://www.trs.state.tx.us) under the TRS Publications heading.

**Funding Policy.** Contribution requirements are not actuarially determined but are legally established each biennium by the Texas Legislature. Texas Insurance Code, Sections 1575.202, 203, and 204 establish state, active employee, and public school contributions, respectively. The Contribution Rate for the State was 1.00% for 2014, 2015 and 2016. The contribution rate for the district was 0.55% for each of these three years. The contribution rate for active employees was 0.65% of the district payroll for each of the three years. Per Texas Insurance Code, Chapter 1575, the public school contribution may not be less than 0.25% or greater than 0.75% of the salary of each active employee of the public school. For staff members funded by federal programs, the federal programs are required to contribution 1.0 %.

Active Employee Health Care Coverage

**ATLANTA INDEPENDENT SCHOOL DISTRICT  
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**Plan Description.** The District participates in TRS Active Care sponsored by the Teacher Retirement System of Texas and administered through Aetna and Caremark (pharmacy). TRS-Active Care provides health care coverage to employees (and their dependents) of participating public education entities. Optional life and long-term care insurance are also provided to active members and retirees.

Authority for the plan can be found in the Texas Insurance Code, Title 8, Subtitle H, Chapter 1579 and in the Texas Administrative Code, Title 34, Part 3, Chapter 41. The plan began operations on September 1, 2002. This is a premium-based plan. Payments are made on a monthly basis for all covered employees.

The contract between the District and the licensed insurer is renewable September 1, 2016 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	\$702,229	\$-0-	\$61,256	\$763,485
Deferred Revenues	-0-	3,150	-0-	3,150
<b>Totals</b>	<b>\$702,229</b>	<b>\$3,150</b>	<b>\$61,256</b>	<b>\$766,635</b>

**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, 2016, 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-	\$335,800	\$ -0-	\$335,800
Special Revenue	-0-	-0-	343,616	343,616
<b>Total</b>	<b>\$-0-</b>	<b>\$335,800</b>	<b>\$343,616</b>	<b>\$679,416</b>

**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	\$5,955,891	\$ -0-	\$517,287	\$ -0-	\$6,473,178
Food Sales	-0-	187,904	-0-	-0-	187,904
Investment Income	54,875	2,593	46,720	2	104,190
Penalties, interest and other tax related income	96,241	-0-	11,018	-0-	107,259
Co-curricular student activities	70,310	-0-	-0-	-0-	70,310
Special Education SSA	-0-	267,200	-0-	-0-	267,200
Other	78,219	60,431	-0-	140,506	279,156
<b>Total</b>	<b>\$6,255,536</b>	<b>\$518,128</b>	<b>\$575,025</b>	<b>\$140,508</b>	<b>\$7,489,197</b>

**ATLANTA INDEPENDENT SCHOOL DISTRICT  
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**P. LITIGATION AND CONTINGENCIES**

1. As of the report date, the District was not involved in any litigation.
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, 2016 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	\$841,741	Avinger ISD	\$35,795
Bloomburg ISD	\$83,522	Hughes Springs ISD	\$413,342
McLeod ISD	\$131,249		

**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, 2016, Atlanta ISD recognized amounts for Medicare Part D on-behalf payments totaling \$41,394.

**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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<u>Description</u>	<u>Cost Basis</u>	<u>Market Value</u>	<u>Unrealized Gain (Loss)</u>
US Treasury Note 1.875% 17	\$358,605	\$379,350	\$20,745
US Treasury Note 1.375% 17	\$350,868	\$348,936	(\$1,932)
US Treasury Note 1.375% 19	\$358,484	\$358,482	(\$2)
US Treasury Note 1.125% 20	\$372,160	\$382,280	\$10,120
US Treasury Note 2.000% 20	\$365,577	\$378,653	\$13,076
Cash – MMK	\$101,537	\$101,537	\$-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 2015 Comprehensive Annual Financial Report for TRS provides the following information regarding the Pension Plan fiduciary net position as of August 31, 2015:

<u>Net Pension Liability</u>	<u>Total</u>
Total Pension Liability	\$163,887,375,175
Less: Plan Fiduciary Net Position	<u>(128,538,706,212)</u>
Net Pension Liability	<u>\$35,348,668,960</u>
Net Position as percentage of Total Pension Liability	78.43%

**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-



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employment benefit changes, including ad hoc COLAs can be granted by the Texas Legislature as noted in the Plan description in (1) above.

**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 83<sup>rd</sup> Texas Legislature amended Texas Government Code 825.402 for member contributions and established employee contribution rates for fiscal years 2014 thru 2017. It also added a 1.5% contribution for employers not paying Old Age Survivor and Disability Insurance (OASDI) on certain employees effective for fiscal year 2016 as discussed in Note 1 of the TRS 2014 CAFR. The 83<sup>rd</sup> Texas Legislature, General Appropriations Act (GAA) established the employer contribution rates for fiscal years 2014 and 2015. The 84<sup>th</sup> Texas Legislature, General Appropriations Act (GAA) established the employer contribution rates for fiscal years 2016 and 2017.

	<u>2015</u>	<u>2016</u>
<u>Contribution Rates</u>		
Member	6.7%	7.2%
Non-Employer Contributing Entity (State)	6.8%	6.8%
Employers	6.8%	6.8%
2015 Employer Contributions	\$362,071	
2015 Member Contributions	\$775,913	
2015 NECE On-behalf Contributions	\$554,068	

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.

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**5. Actuarial Assumptions**

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

Valuation Date	August 31, 2015
Actuarial Cost Method	Individual Entry Age Normal
Asset Valuation Method	Market Value
Single Discount Rate	8.00%
Long-term expected Investment Rate of Return	8.00%
Inflation	2.5%
Salary Increases Including Inflation	3.5% to 9.5%
Payroll Growth Rate	2.5%
Benefit Changes During the Year	None
Ad hoc Post Employment Benefit Changes	None

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

**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, 2015 are summarized below:

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

\* 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 2015 Net Pension Liability.

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	1% Decrease in Discount Rate (7.0%)	Discount Rate (8.0%)	1% Increase in Discount Rate (9.0%)
Atlanta ISD's proportionate share of the net pension liability:	\$6,573,776	\$4,195,640	\$2,214,799

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

At August 31, 2016, the District reported a liability of \$4,195,640 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	\$4,195,640
State's proportionate share that is associated with District	<u>\$6,612,459</u>
Total	<u>\$10,808,099</u>

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

At August 31, 2015 the employer's proportion of the collective net pension liability was 0.0118693%, which was an increase of .0032895% from its proportion measurement as of August 31, 2014.

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

*Economic Assumptions*

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

*Mortality Assumptions*

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

*Other Demographic Assumptions*

- VIII. Previously, it was assumed 10% of all members who had contributed in the past 5 years to be an active member. This was an implicit rehire assumption because teachers have historically had a high incidence of terminating employment for a time and then returning to the workforce at a later date. This methodology was modified to add a more explicit valuation of

**ATLANTA INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED AUGUST 31, 2016**

the rehire incidence in the termination liabilities, and therefore these 10% are no longer being counted as active members.

- IX. There were adjustments to the termination patterns for members consistent with experience and future expectations. The termination patterns were adjusted to reflect the rehire assumption. The timing of the termination decrement was also changed from the middle of the year to the beginning to match the actual pattern in the data.
- X. Small adjustments were made to the retirement patterns for members consistent with experience and future expectations.
- XI. Small adjustments to the disability patterns were made for members consistent with experience and future expectations. Two separate patterns were created based on whether the member has 10 years of service or more.
- XII. For members that become disabled in the future, it is assumed 20% of them will choose a 100% joint and survivor annuity option.

*Actuarial Methods and Policies*

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

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

For the measurement period ended August 31, 2015, the District recognized pension expense of \$942,169 and revenue of \$942,169 for support provided by the State in the Government Wide Statement of Activities.

At August 31, 2016, the District reported its proportionate share of the TRS's deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$29,477	\$161,242
Changes in actuarial assumptions	123,892	149,682
Difference between projected and actual investment earnings	507,946	-0-
Changes in proportion and difference between the employer's contributions and the proportionate share of contributions	751,934	1,354
Total as of August 31, 2015 measurement date	\$1,413,249	\$312,278
Contributions paid to TRS subsequent to the measurement date [to be calculated by employer]	362,071	-0-
Total net amounts, as of August 31, 2015 Measurement Date	\$1,775,321	\$312,278

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
2017	\$188,714
2018	\$188,714
2019	\$188,714
2020	\$363,831
2021	\$103,671
Thereafter	\$67,326

*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, 2016

Data Control Codes	Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)	
	Original	Final			
<b>REVENUES:</b>					
5700	Total Local and Intermediate Sources	\$ 6,501,316	\$ 6,446,018	\$ 6,255,536	\$ (190,482)
5800	State Program Revenues	8,718,682	8,995,015	9,561,176	566,161
5900	Federal Program Revenues	52,000	52,000	123,060	71,060
5020	Total Revenues	15,271,998	15,493,033	15,939,772	446,739
<b>EXPENDITURES:</b>					
Current:					
0011	Instruction	7,601,922	7,782,666	7,755,665	27,001
0012	Instructional Resources and Media Services	387,185	385,185	377,061	8,124
0013	Curriculum and Instructional Staff Development	67,425	67,578	64,757	2,821
0021	Instructional Leadership	127,756	129,196	124,734	4,462
0023	School Leadership	1,074,723	994,215	952,102	42,113
0031	Guidance, Counseling and Evaluation Services	345,442	343,825	326,520	17,305
0033	Health Services	201,553	202,153	201,429	724
0034	Student (Pupil) Transportation	750,209	709,176	700,419	8,757
0035	Food Services	-	27,423	27,423	-
0036	Extracurricular Activities	1,005,178	1,154,696	1,112,608	42,088
0041	General Administration	639,757	645,890	630,442	15,448
0051	Facilities Maintenance and Operations	1,612,716	1,740,341	1,688,961	51,380
0052	Security and Monitoring Services	32,945	37,945	36,438	1,507
0053	Data Processing Services	352,292	354,542	339,990	14,552
Debt Service:					
0071	Principal on Long Term Debt	196,106	191,440	191,439	1
0072	Interest on Long Term Debt	-	4,667	4,667	-
Capital Outlay:					
0081	Facilities Acquisition and Construction	-	27,050	27,050	-
Intergovernmental:					
0093	Payments to Fiscal Agent/Member Districts of SSA	119,780	140,917	140,915	2
0099	Other Intergovernmental Charges	133,009	135,261	135,260	1
6030	Total Expenditures	14,647,998	15,074,166	14,837,880	236,286
1100	Excess of Revenues Over Expenditures	624,000	418,867	1,101,892	683,025
<b>OTHER FINANCING SOURCES (USES):</b>					
7912	Sale of Real and Personal Property	5,000	5,000	100	(4,900)
7915	Transfers In	-	138	138	-
8911	Transfers Out (Use)	-	(396,036)	(396,036)	-
7080	Total Other Financing Sources (Uses)	5,000	(390,898)	(395,798)	(4,900)
1200	Net Change in Fund Balances	629,000	27,969	706,094	678,125
0100	Fund Balance - September 1 (Beginning)	7,387,585	7,387,585	7,387,585	-
3000	Fund Balance - August 31 (Ending)	\$ 8,016,585	\$ 7,415,554	\$ 8,093,679	\$ 678,125

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, 2016

Data Control Codes	Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)	
	Original	Final			
<b>REVENUES:</b>					
5700	Total Local and Intermediate Sources	\$ 897,711	\$ 497,730	\$ 575,025	\$ 77,295
5800	State Program Revenues	32,842	76,010	75,791	(219)
5020	Total Revenues	930,553	573,740	650,816	77,076
<b>EXPENDITURES:</b>					
Debt Service:					
0071	Principal on Long Term Debt	930,553	624,000	624,000	-
0072	Interest on Long Term Debt	-	304,553	304,080	473
0073	Bond Issuance Cost and Fees	-	2,000	1,800	200
6030	Total Expenditures	930,553	930,553	929,880	673
1100	Excess (Deficiency) of Revenues Over (Under) Expenditures	-	(356,813)	(279,064)	77,749
<b>OTHER FINANCING SOURCES (USES):</b>					
7915	Transfers In	-	299,728	299,728	-
1200	Net Change in Fund Balances	-	(57,085)	20,664	77,749
0100	Fund Balance - September 1 (Beginning)	226,814	226,813	226,814	1
3000	Fund Balance - August 31 (Ending)	\$ 226,814	\$ 169,728	\$ 247,478	\$ 77,750

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, 2016

EXHIBIT G-3

	<u>2016</u>	<u>2015</u>
District's Proportion of the Net Pension Liability (Asset)	0.0118693%	0.0085798%
District's Proportionate Share of Net Pension Liability (Asset)	\$ 4,195,640	\$ 2,291,783
State's Proportionate Share of the Net Pension Liability (Asset) associated with the District	6,612,459	5,736,491
Total	<u>\$ 10,808,099</u>	<u>\$ 8,028,274</u>
District's Covered-Employee Payroll	\$ 10,770,821	\$ 10,872,980
District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll	38.95%	21.08%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	78.43%	83.25%

Note: GASB 68, Paragraph 81 requires that the information on this schedule be data from the period corresponding with the periods covered as of the measurement dates of August 31, 2015 for Year 2016 and August 31, 2014 for 2015.

Note: In accordance with GASB 68, Paragraph 138, only two years of data are presented this reporting period. "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 2016

EXHIBIT G-4

	2016	2015
Contractually Required Contribution	\$ 362,071	\$ 351,454
Contribution in Relation to the Contractually Required Contribution	(362,071)	(351,454)
Contribution Deficiency (Excess)	\$ -0-	\$ -0-
District's Covered-Employee Payroll	\$ 10,776,545	\$ 10,770,821
Contributions as a Percentage of Covered-Employee Payroll	3.36%	3.26%

Note: GASB 68, Paragraph 81 requires that the data in this schedule be presented as of the District's respective fiscal years as opposed to the time periods covered by the measurement dates ending August 31, 2014 for Fiscal Year 2015 and August 31, 2015 for Fiscal Year 2016.

Note: In accordance with GASB 68, Paragraph 138, only two years of data are presented this reporting period. "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*

*Economic Assumptions*

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

*Mortality Assumptions*

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

*Other Demographic Assumptions*

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

*Actuarial Methods and Policies*

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

*COMBINING SCHEDULES*



ATLANTA INDEPENDENT SCHOOL DISTRICT  
 COMBINING BALANCE SHEET  
 NONMAJOR GOVERNMENTAL FUNDS  
 AUGUST 31, 2016

Data Control Codes	211 ESEA I, A Improving Basic Program	224 IDEA - Part B Formula	225 IDEA - Part B Preschool	240 National Breakfast and Lunch Program	
<b>ASSETS</b>					
1110	Cash and Cash Equivalents	\$ -	\$ -	\$ -	\$ 209,883
1240	Receivables from Other Governments	21,343	-	-	31,836
1290	Other Receivables	-	-	-	114
1300	Inventories	-	-	-	47,256
1000	<b>Total Assets</b>	<u>\$ 21,343</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 289,089</u>
<b>LIABILITIES</b>					
2110	Accounts Payable	\$ -	\$ -	\$ -	\$ 33,478
2160	Accrued Wages Payable	19,523	-	-	-
2170	Due to Other Funds	-	-	-	-
2200	Accrued Expenditures	1,820	-	-	-
2300	Unearned Revenues	-	-	-	-
2000	<b>Total Liabilities</b>	<u>21,343</u>	<u>-</u>	<u>-</u>	<u>33,478</u>
<b>FUND BALANCES</b>					
Nonspendable Fund Balance:					
3410	Inventories	-	-	-	47,256
Restricted Fund Balance:					
3450	Federal or State Funds Grant Restriction	-	-	-	208,355
Assigned Fund Balance:					
3590	Other Assigned Fund Balance	-	-	-	-
3000	<b>Total Fund Balances</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>255,611</u>
4000	<b>Total Liabilities and Fund Balances</b>	<u>\$ 21,343</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 289,089</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	289 Summer School LEP	313 SSA IDEA, Part B Formula	314 SSA IDEA, Part B Preschool	410 State Textbook Fund
\$ -	\$ -	\$ 13	\$ -	\$ -	\$ -	\$ -	\$ -
3,098	19,634	-	5,332	-	223,109	30,718	8,546
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>\$ 3,098</u>	<u>\$ 19,634</u>	<u>\$ 13</u>	<u>\$ 5,332</u>	<u>\$ -</u>	<u>\$ 223,109</u>	<u>\$ 30,718</u>	<u>\$ 8,546</u>
\$ -	\$ -	\$ 13	\$ -	\$ -	\$ 926	\$ -	\$ -
-	-	-	-	-	5,422	-	-
3,098	19,634	-	5,332	-	216,233	30,718	1,343
-	-	-	-	-	528	-	-
-	-	-	-	-	-	-	-
<u>3,098</u>	<u>19,634</u>	<u>13</u>	<u>5,332</u>	<u>-</u>	<u>223,109</u>	<u>30,718</u>	<u>1,343</u>
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	7,203
-	-	-	-	-	-	-	<u>7,203</u>
<u>\$ 3,098</u>	<u>\$ 19,634</u>	<u>\$ 13</u>	<u>\$ 5,332</u>	<u>\$ -</u>	<u>\$ 223,109</u>	<u>\$ 30,718</u>	<u>\$ 8,546</u>

ATLANTA INDEPENDENT SCHOOL DISTRICT  
 COMBINING BALANCE SHEET  
 NONMAJOR GOVERNMENTAL FUNDS  
 AUGUST 31, 2016

Data Control Codes	429 Other State Special Revenue Funds	437 SSA Special Education	459 SSA Medicaid Fund	461 Campus Activity Funds	
<b>ASSETS</b>					
1110	Cash and Cash Equivalents	\$ 3,150	\$ 501,190	\$ 138,084	\$ 86,865
1240	Receivables from Other Governments	-	-	-	-
1290	Other Receivables	-	-	-	-
1300	Inventories	-	-	-	-
1000	Total Assets	<u>\$ 3,150</u>	<u>\$ 501,190</u>	<u>\$ 138,084</u>	<u>\$ 86,865</u>
<b>LIABILITIES</b>					
2110	Accounts Payable	\$ -	\$ 881	\$ 1,150	\$ 6,254
2160	Accrued Wages Payable	-	2,616	-	-
2170	Due to Other Funds	-	-	-	-
2200	Accrued Expenditures	-	52	-	-
2300	Unearned Revenues	3,150	-	-	-
2000	Total Liabilities	<u>3,150</u>	<u>3,549</u>	<u>1,150</u>	<u>6,254</u>
<b>FUND BALANCES</b>					
Nonspendable Fund Balance:					
3410	Inventories	-	-	-	-
Restricted Fund Balance:					
3450	Federal or State Funds Grant Restriction	-	497,641	136,934	80,611
Assigned Fund Balance:					
3590	Other Assigned Fund Balance	-	-	-	-
3000	Total Fund Balances	<u>-</u>	<u>497,641</u>	<u>136,934</u>	<u>80,611</u>
4000	Total Liabilities and Fund Balances	<u>\$ 3,150</u>	<u>\$ 501,190</u>	<u>\$ 138,084</u>	<u>\$ 86,865</u>

499 Foundation Grants	Total Nonmajor Special Revenue Funds	699 Capital Projects	Total Nonmajor Governmental Funds
\$ 5,593	\$ 944,778	\$ -	\$ 944,778
-	343,616	-	343,616
-	114	-	114
-	47,256	-	47,256
<u>\$ 5,593</u>	<u>\$ 1,335,764</u>	<u>\$ -</u>	<u>\$ 1,335,764</u>
\$ 5,593	\$ 48,295	\$ -	\$ 48,295
-	27,561	-	27,561
-	276,358	-	276,358
-	2,400	-	2,400
-	3,150	-	3,150
<u>5,593</u>	<u>357,764</u>	<u>-</u>	<u>357,764</u>
-	47,256	-	47,256
-	923,541	-	923,541
-	7,203	-	7,203
<u>-</u>	<u>978,000</u>	<u>-</u>	<u>978,000</u>
<u>\$ 5,593</u>	<u>\$ 1,335,764</u>	<u>\$ -</u>	<u>\$ 1,335,764</u>

ATLANTA INDEPENDENT SCHOOL DISTRICT  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
 FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS  
 FOR THE YEAR ENDED AUGUST 31, 2016

Data Control Codes	211 ESEA I, A Improving Basic Program	224 IDEA - Part B Formula	225 IDEA - Part B Preschool	240 National Breakfast and Lunch Program
<b>REVENUES:</b>				
5700 Total Local and Intermediate Sources	\$ -	\$ -	\$ -	\$ 189,284
5800 State Program Revenues	-	-	-	5,188
5900 Federal Program Revenues	<u>497,937</u>	<u>50,699</u>	<u>19,170</u>	<u>934,639</u>
5020 Total Revenues	<u>497,937</u>	<u>50,699</u>	<u>19,170</u>	<u>1,129,111</u>
<b>EXPENDITURES:</b>				
Current:				
0011 Instruction	497,937	-	19,170	-
0021 Instructional Leadership	-	-	-	-
0031 Guidance, Counseling and Evaluation Services	-	-	-	-
0034 Student (Pupil) Transportation	-	50,699	-	-
0035 Food Services	-	-	-	1,111,576
0036 Extracurricular Activities	-	-	-	-
0041 General Administration	-	-	-	-
0051 Facilities Maintenance and Operations	-	-	-	-
Capital Outlay:				
0081 Facilities Acquisition and Construction	-	-	-	-
Intergovernmental:				
0093 Payments to Fiscal Agent/Member Districts of SSA	-	-	-	-
6030 Total Expenditures	<u>497,937</u>	<u>50,699</u>	<u>19,170</u>	<u>1,111,576</u>
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	-	17,535
<b>OTHER FINANCING SOURCES (USES):</b>				
7915 Transfers In	-	-	-	558
1200 Net Change in Fund Balance	-	-	-	18,093
0100 Fund Balance - September 1 (Beginning)	<u>-</u>	<u>-</u>	<u>-</u>	<u>237,518</u>
3000 Fund Balance - August 31 (Ending)	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 255,611</u></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	289 Summer School LEP	313 SSA IDEA, Part B Formula	314 SSA IDEA, Part B Preschool	410 State Textbook Fund
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	70,889
<u>20,169</u>	<u>109,787</u>	<u>685,829</u>	<u>31,612</u>	<u>1,113</u>	<u>902,892</u>	<u>28,628</u>	<u>-</u>
<u>20,169</u>	<u>109,787</u>	<u>685,829</u>	<u>31,612</u>	<u>1,113</u>	<u>902,892</u>	<u>28,628</u>	<u>70,889</u>
20,169	109,787	268,829	31,612	1,113	461,082	9,458	70,889
-	-	212,227	-	-	21,372	-	-
-	-	-	-	-	345,600	-	-
-	-	92,257	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	112,516	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	74,838	19,170	-
<u>20,169</u>	<u>109,787</u>	<u>685,829</u>	<u>31,612</u>	<u>1,113</u>	<u>902,892</u>	<u>28,628</u>	<u>70,889</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, 2016

Data Control Codes	429 Other State Special Revenue Funds	437 SSA Special Education	459 SSA Medicaid Fund	461 Campus Activity Funds
<b>REVENUES:</b>				
5700 Total Local and Intermediate Sources	\$ -	\$ 269,289	\$ -	\$ 51,966
5800 State Program Revenues	2,808	2,738	-	-
5900 Federal Program Revenues	-	-	250,141	-
5020 Total Revenues	<u>2,808</u>	<u>272,027</u>	<u>250,141</u>	<u>51,966</u>
<b>EXPENDITURES:</b>				
Current:				
0011 Instruction	2,808	63,695	229,280	-
0021 Instructional Leadership	-	196,453	67,132	-
0031 Guidance, Counseling and Evaluation Services	-	-	16,067	-
0034 Student (Pupil) Transportation	-	-	-	-
0035 Food Services	-	-	-	-
0036 Extracurricular Activities	-	-	-	52,580
0041 General Administration	-	1,021	-	-
0051 Facilities Maintenance and Operations	-	836	-	-
Capital Outlay:				
0081 Facilities Acquisition and Construction	-	-	-	-
Intergovernmental:				
0093 Payments to Fiscal Agent/Member Districts of SSA	-	-	-	-
6030 Total Expenditures	<u>2,808</u>	<u>262,005</u>	<u>312,479</u>	<u>52,580</u>
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	-	10,022	(62,338)	(614)
<b>OTHER FINANCING SOURCES (USES):</b>				
7915 Transfers In	-	-	-	-
1200 Net Change in Fund Balance	-	10,022	(62,338)	(614)
0100 Fund Balance - September 1 (Beginning)	<u>-</u>	<u>487,619</u>	<u>199,272</u>	<u>81,225</u>
3000 Fund Balance - August 31 (Ending)	<u>\$ -</u>	<u>\$ 497,641</u>	<u>\$ 136,934</u>	<u>\$ 80,611</u>

499 Foundation Grants	Total Nonmajor Special Revenue Funds	699 Capital Projects	Total Nonmajor Governmental Funds
\$ 7,589	\$ 518,128	\$ -	\$ 518,128
-	81,623	-	81,623
-	3,532,616	-	3,532,616
<u>7,589</u>	<u>4,132,367</u>	<u>-</u>	<u>4,132,367</u>
12,255	1,798,084	-	1,798,084
-	497,184	-	497,184
-	361,667	-	361,667
-	142,956	-	142,956
-	1,111,576	-	1,111,576
-	52,580	-	52,580
-	113,537	-	113,537
-	836	-	836
-	-	95,750	95,750
-	94,008	-	94,008
<u>12,255</u>	<u>4,172,428</u>	<u>95,750</u>	<u>4,268,178</u>
(4,666)	(40,061)	(95,750)	(135,811)
-	558	95,750	96,308
(4,666)	(39,503)	-	(39,503)
<u>4,666</u>	<u>1,017,503</u>	<u>-</u>	<u>1,017,503</u>
<u>\$ -</u>	<u>\$ 978,000</u>	<u>\$ -</u>	<u>\$ 978,000</u>

ATLANTA INDEPENDENT SCHOOL DISTRICT  
 COMBINING STATEMENT OF NET POSITION  
 INTERNAL SERVICE FUNDS  
 AUGUST 31, 2016

	750	752	Total
	Internal Services	Print Shop	Internal Service Funds
<b>ASSETS</b>			
Current Assets:			
Cash and Cash Equivalents	\$ -	\$ 12,878	\$ 12,878
Total Current Assets	<u>-</u>	<u>12,878</u>	<u>12,878</u>
Noncurrent Assets:			
Capital Assets:			
Leased Property Under Capital Leases	-	173,596	173,596
Depreciation on Capital Leases	-	(115,731)	(115,731)
Total Noncurrent Assets	<u>-</u>	<u>57,865</u>	<u>57,865</u>
Total Assets	<u>-</u>	<u>70,743</u>	<u>70,743</u>
<b>LIABILITIES</b>			
Current Liabilities:			
Accounts Payable	-	11,828	11,828
Capital Leases Payable	-	43,905	43,905
Total Current Liabilities	<u>-</u>	<u>55,733</u>	<u>55,733</u>
NonCurrent Liabilities:			
Other Long-Term Debt - Due in More than One Year	-	14,733	14,733
Total Noncurrent Liabilities	<u>-</u>	<u>14,733</u>	<u>14,733</u>
Total Liabilities	<u>-</u>	<u>70,466</u>	<u>70,466</u>
<b>NET POSITION</b>			
Unrestricted Net Position	-	277	277
Total Net Position	<u>\$ -</u>	<u>\$ 277</u>	<u>\$ 277</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, 2016

	750	752	Total
	Internal Services	Print Shop	Internal Service Funds
<b>OPERATING REVENUES:</b>			
Local and Intermediate Sources	\$ -	\$ 139,876	\$ 139,876
Total Operating Revenues	<u>-</u>	<u>139,876</u>	<u>139,876</u>
<b>OPERATING EXPENSES:</b>			
Payroll Costs	-	42,184	42,184
Supplies and Materials	-	18,739	18,739
Other Operating Costs	-	34,732	34,732
Depreciation Expense	-	43,399	43,399
Debt Service	-	822	822
Total Operating Expenses	<u>-</u>	<u>139,876</u>	<u>139,876</u>
Income Before Transfers	-	-	-
Transfers Out	<u>(138)</u>	<u>-</u>	<u>(138)</u>
Change in Net Position	(138)	-	(138)
Total Net Position - September 1 (Beginning)	<u>138</u>	<u>277</u>	<u>415</u>
Total Net Position August 31 (Ending)	<u>\$ -</u>	<u>\$ 277</u>	<u>\$ 277</u>

ATLANTA INDEPENDENT SCHOOL DISTRICT  
 COMBINING STATEMENT OF CASH FLOWS  
 INTERNAL SERVICE FUNDS  
 FOR THE YEAR ENDED AUGUST 31, 2016

	750	752	
	Internal Services	Print Shop	Total Internal Service Funds
<u>Cash Flows from Operating Activities:</u>			
Cash Received from User Charges	\$ -	\$ 139,876	\$ 139,876
Cash Payments to Employees for Services	-	(41,362)	(41,362)
Cash Payments for Other Operating Expenses	-	(97,277)	(97,277)
Net Cash Provided by Operating Activities	<u>-</u>	<u>1,237</u>	<u>1,237</u>
<u>Cash Flows from Non-Capital Financing Activities:</u>			
Operating Transfer Out	<u>(138)</u>	<u>-</u>	<u>(138)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(138)	1,237	1,099
Cash and Cash Equivalents at Beginning of Year	<u>138</u>	<u>11,641</u>	<u>11,779</u>
Cash and Cash Equivalents at End of Year	<u><u>\$ -</u></u>	<u><u>\$ 12,878</u></u>	<u><u>\$ 12,878</u></u>
<u>Reconciliation of Operating Income to Net Cash Provided by Operating Activities:</u>			
Operating Income:	\$ -	\$ -	\$ -
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:			
Depreciation	-	43,399	43,399
Effect of Increases and Decreases in Current Assets and Liabilities:			
Decrease (increase) in Receivables	-	-	-
Increase (decrease) in Accounts Payable	-	1,237	1,237
Increase (decrease) in Capital Leases	-	(43,399)	(43,399)
Net Cash Provided by Operating Activities	<u><u>\$ -</u></u>	<u><u>\$ 1,237</u></u>	<u><u>\$ 1,237</u></u>

ATLANTA INDEPENDENT SCHOOL DISTRICT  
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
AGENCY FUND  
FOR THE YEAR ENDED AUGUST 31, 2016

	BALANCE SEPTEMBER 1 2015	ADDITIONS	DEDUCTIONS	BALANCE AUGUST 31 2016
<b>STUDENT ACTIVITY ACCOUNT</b>				
Assets:				
Cash and Temporary Investments	\$ 147,063	\$ 185,196	\$ 194,030	\$ 138,229
Liabilities:				
Accounts Payable	\$ -	\$ 194,030	\$ 194,030	\$ -
Due to Student Groups	147,063	185,196	194,030	138,229
Total Liabilities	\$ 147,063	\$ 379,226	\$ 388,060	\$ 138,229
<b>TOTAL AGENCY FUNDS</b>				
Assets:				
Cash and Temporary Investments	\$ 147,063	\$ 185,196	\$ 194,030	\$ 138,229
Liabilities:				
Accounts Payable	\$ -	\$ 194,030	\$ 194,030	\$ -
Due to Student Groups	147,063	185,196	194,030	138,229
Total Liabilities	\$ 147,063	\$ 379,226	\$ 388,060	\$ 138,229

ATLANTA INDEPENDENT SCHOOL DISTRICT  
 COMBINING STATEMENT OF NET POSITION  
 PRIVATE PURPOSE TRUST FUNDS  
 AUGUST 31, 2016

	806	807	808	Total Private Purpose Trust Funds
	Grumbles Trust	Garrison Trust	Campus Trust	
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ 4,040	\$ 8,664	\$ 4,500	\$ 17,204
Total Assets	<u>4,040</u>	<u>8,664</u>	<u>4,500</u>	<u>17,204</u>
<b>NET POSITION</b>				
Restricted for Scholarships	4,040	8,664	-	12,704
Restricted for Other Purposes	-	-	4,500	4,500
Total Net Position	<u>\$ 4,040</u>	<u>\$ 8,664</u>	<u>\$ 4,500</u>	<u>\$ 17,204</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, 2016

	806	807	808	Total Private Purpose Trust Funds
	Grumbles Trust	Garrison Trust	Campus Trust	
<b>ADDITIONS:</b>				
Local and Intermediate Sources	\$ -	\$ 2	\$ 630	\$ 632
Total Additions	<u>-</u>	<u>2</u>	<u>630</u>	<u>632</u>
<b>DEDUCTIONS:</b>				
Other Operating Costs	<u>500</u>	<u>500</u>	<u>1,300</u>	<u>2,300</u>
Total Deductions	<u>500</u>	<u>500</u>	<u>1,300</u>	<u>2,300</u>
Change in Net Position	(500)	(498)	(670)	(1,668)
Total Net Position - September 1 (Beginning)	<u>4,540</u>	<u>9,162</u>	<u>5,170</u>	<u>18,872</u>
Total Net Position - August 31 (Ending)	<u>\$ 4,040</u>	<u>\$ 8,664</u>	<u>\$ 4,500</u>	<u>\$ 17,204</u>

*REQUIRED TEA SCHEDULES*



ATLANTA INDEPENDENT SCHOOL DISTRICT  
 SCHEDULE OF DELINQUENT TAXES RECEIVABLE  
 FISCAL YEAR ENDED AUGUST 31, 2016

Last 10 Years Ended August 31	(1)	(2)	(3)
	Tax Rates		Assessed/Appraised Value for School Tax Purposes
	Maintenance	Debt Service	
2007 and prior years	Various	Various	\$ Various
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	1.040000	0.163940	543,766,550
2016 (School year under audit)	1.170000	0.100000	514,152,761
1000 TOTALS			

(10) Beginning Balance 9/1/2015	(20) Current Year's Total Levy	(31) Maintenance Collections	(32) Debt Service Collections	(40) Entire Year's Adjustments	(50) Ending Balance 8/31/2016
\$ 179,531	\$ -	\$ 13,435	\$ 513	\$ (11,144)	\$ 154,439
26,468	-	1,192	60	(604)	24,612
41,845	-	2,140	121	(936)	38,648
39,663	-	3,064	-	(886)	35,713
48,659	-	5,833	851	(942)	41,033
59,459	-	7,297	1,035	(3,880)	47,247
84,885	-	14,650	2,254	(2,190)	65,791
128,575	-	31,912	5,186	(1,551)	89,926
226,489	-	75,607	12,097	(1,702)	137,083
-	6,529,740	5,806,196	496,256	-	227,288
<u>\$ 835,574</u>	<u>\$ 6,529,740</u>	<u>\$ 5,961,326</u>	<u>\$ 518,373</u>	<u>\$ (23,835)</u>	<u>\$ 861,780</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, 2016

Data Control Codes	Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)
	Original	Final		
<b>REVENUES:</b>				
5700 Total Local and Intermediate Sources	\$ 190,005	\$ 202,812	\$ 189,284	\$ (13,528)
5800 State Program Revenues	5,446	5,188	5,188	-
5900 Federal Program Revenues	886,900	913,551	934,639	21,088
5020 Total Revenues	<u>1,082,351</u>	<u>1,121,551</u>	<u>1,129,111</u>	<u>7,560</u>
<b>EXPENDITURES:</b>				
0035 Food Services	<u>1,082,351</u>	<u>1,121,551</u>	<u>1,111,576</u>	<u>9,975</u>
6030 Total Expenditures	<u>1,082,351</u>	<u>1,121,551</u>	<u>1,111,576</u>	<u>9,975</u>
1100 Excess of Revenues Over Expenditures	-	-	17,535	17,535
<b>OTHER FINANCING SOURCES (USES):</b>				
7915 Transfers In	-	558	558	-
1200 Net Change in Fund Balances	-	558	18,093	17,535
0100 Fund Balance - September 1 (Beginning)	<u>237,518</u>	<u>237,518</u>	<u>237,518</u>	<u>-</u>
3000 Fund Balance - August 31 (Ending)	<u>\$ 237,518</u>	<u>\$ 238,076</u>	<u>\$ 255,611</u>	<u>\$ 17,535</u>

*INTERNAL CONTROL,  
COMPLIANCE SECTION  
and FEDERAL AWARDS*





**CAVER and SETSER, Inc.**

**Certified Public Accountants**

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Governmental Audit Quality Center

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N. Preston Caver, CPA

Jalyn L. Setser, CPA

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING  
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF  
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH  
GOVERNMENT AUDITING STANDARDS**

Board of Trustees  
Atlanta Independent School District  
Atlanta, Texas

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, 2016 and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated December 8, 2016.

**Internal Control 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 did not disclosed any instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

## **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 no instance of noncompliance or other matter that is required to be reported under *Government Auditing Standards*.

### **Purpose of this report**

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

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.

*Caver and Setser, Inc.*

CAVER and SETSER, Inc.  
Certified Public Accountants

December 8, 2016





**CAVER and SETSER, Inc.**  
**Certified Public Accountants**  
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Governmental Audit Quality Center

*N. Preston Caver, CPA*

*Jalyn L. Setser, CPA*

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

Board of Trustees  
Atlanta Independent School District  
Atlanta, Texas

**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 *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, 2016. 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 Federal statutes, regulations, and the terms and conditions of its Federal awards 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 the audit requirements of *Title 2, U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Costs Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about 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, 2016.

**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 the Uniform Guidance, 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 the Uniform Guidance. 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 the Uniform Guidance**

We have audited 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 as of and for the year ended August 31, 2016, and the related notes to the financial statements, which collectively comprise Atlanta Independent School District's basic financial statements. We issued our report thereon dated December 8, 2016, 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 the Uniform Guidance 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.

*Caver and Setser, Inc.*

CAVER and SETSER, Inc.  
Certified Public Accountants  
December 8, 2016

ATLANTA INDEPENDENT SCHOOL DISTRICT  
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
 FOR THE YEAR ENDED AUGUST 31, 2016

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**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>
84.027	IDEA, Part B - Formula
  
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**

The audit disclosed no finding required to be reported.

**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, 2016

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**PRIOR YEAR'S FINDINGS/NONCOMPLIANCE**

**15-01– Pledged securities insufficient to safeguard District deposits**

This finding did not occur during the audit year ending August 31, 2016.

ATLANTA INDEPENDENT SCHOOL DISTRICT  
CORRECTIVE ACTION PLAN  
FOR THE YEAR ENDED AUGUST 31, 2016

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**CORRECTIVE ACTION PLAN**

No findings or question costs occurred during the current audit period.

ATLANTA INDEPENDENT SCHOOL DISTRICT  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED AUGUST 31, 2016

(1)	(2)	(3)	(4)
FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM or CLUSTER TITLE	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
<b>U.S. DEPARTMENT OF EDUCATION</b>			
<u>Passed Through State Department of Education</u>			
ESEA, Title I, Part A - Improving Basic Programs	84.010A	16610101034901	\$ 476,594
ESEA, Title I, Part A - Improving Basic Programs	84.010A	17610101034901	21,343
Total CFDA Number 84.010A			497,937
*IDEA - Part B, Formula	84.027	166600010349016600	50,699
*SSA - IDEA - Part B, Formula	84.027	166600013049016600	896,942
*SSA - IDEA - Part B, Formula	84.027	176600013049016600	5,950
Total CFDA Number 84.027			953,591
*IDEA - Part B, Preschool	84.173	166610010349016610	19,170
*SSA - IDEA - Part B, Preschool	84.173	166610010349016610	28,628
Total CFDA Number 84.173			47,798
Total Special Education Cluster (IDEA)			1,001,389
Career and Technical - Basic Grant	84.048	16420006034901	20,169
Title IV, Pt B-21st Cent. Community Learning Cent.	84.287	166950167110002	685,829
ESEA, Title VI, Part B - Rural & Low Income Prog.	84.358B	16696001034901	31,612
ESEA, Title II, Part A, Teacher/Principal Training	84.367A	16694501034901	90,152
ESEA, Title II, Part A, Teacher/Principal Training	84.367A	17694501034901	19,634
Total CFDA Number 84.367A			109,786
LEP Summer School	84.369A	69551502	1,113
Total Passed Through State Department of Education			\$ 2,347,835
<b>TOTAL U.S. DEPARTMENT OF EDUCATION</b>			<b>\$ 2,347,835</b>
<b>U.S. DEPARTMENT OF AGRICULTURE</b>			
<u>Passed Through the State Department of Agriculture</u>			
*School Breakfast Program	10.553	71401601	\$ 215,380
*National School Lunch Program - Cash Assistance	10.555	71301601	530,143
*National School Lunch Prog. - Non-Cash Assistance	10.555	71301601	64,394
Total CFDA Number 10.555			594,537
Total Child Nutrition Cluster			809,917
Child & Adult Care Food Program - Cash Assistance	10.558	00165	124,723
Total Passed Through the State Department of Agriculture			\$ 934,640
<b>TOTAL U.S. DEPARTMENT OF AGRICULTURE</b>			<b>\$ 934,640</b>
<b>TOTAL EXPENDITURES OF FEDERAL AWARDS</b>			<b>\$ 3,282,475</b>

\*Clustered Programs

ATLANTA INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE SUPPLEMENTARY SCHEDULE OF EXPENDITURE OF FEDERAL AWARDS  
YEAR ENDED AUGUST 31, 2016

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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.