

Northwest
Independent School District

Fort Worth, Texas

Comprehensive
Annual
Financial Report

For the Fiscal Year Ended June 30, 2016

Prepared by the Financial Services Department

Jon Graswich, CPA
Associate Superintendent for Business and Operations

DeAnne Hatfield, RTSBA, RSBO
Executive Director of Business Services

This page left blank intentionally.

**NORTHWEST INDEPENDENT SCHOOL DISTRICT
 COMPREHENSIVE ANNUAL FINANCIAL REPORT
 FISCAL YEAR ENDED JUNE 30, 2016**

TABLE OF CONTENTS

	Exhibit	Page
	Number	Number
Introductory Section		
Title Page.....		1
Table of Contents.....		3
Transmittal Letter.....		9
GFOA Certificate of Achievement for Excellence in Financial Reporting.....		27
ASBO Certificate of Excellence in Financial Reporting.....		28
Administrative Organizational Chart.....		29
Board of Trustees.....		30
School Board and Administrators.....		31
Consultants and Advisors.....		33
 Financial Section		
Independent Auditor's Report.....		37
Management's Discussion and Analysis.....		39
Basic Financial Statements:		
Government Wide Financial Statements:		
Statement of Net Position.....	A-1	48
Statement of Activities.....	B-1	49
Fund Financial Statements:		
Balance Sheet - Governmental Funds.....	C-1	50
Reconciliation of the Governmental Funds Balance Sheet to the		
Statement of Net Position.....	C-2	53
Statement of Revenues, Expenditures, and Changes in		
Fund Balance - Governmental Funds.....	C-3	54
Reconciliation of the Governmental Funds Statement of Revenues,		
Expenditures, and Changes in Fund Balances to the Statement of Activities.....	C-4	56
Statement of Net Position - Proprietary Funds.....	D-1	58
Statement of Revenues, Expenses, and Changes in Fund Net Position -		
Proprietary Funds.....	D-2	59
Statement of Cash Flows - Proprietary Funds.....	D-3	60
Statement of Fiduciary Assets and Liabilities.....	E-1	61
Notes to the Financial Statements.....		62

**NORTHWEST INDEPENDENT SCHOOL DISTRICT
 COMPREHENSIVE ANNUAL FINANCIAL REPORT
 FISCAL YEAR ENDED JUNE 30, 2016**

TABLE OF CONTENTS

Financial Section (Continued)	Exhibit Number	Page Number
Required Supplementary Information:		
Budgetary Comparison Schedule - General Fund.....	G-1	92
Schedule of the District's Proportionate Share of the Net Pension Liability.....	G-6	93
Schedule of District Contributions.....	G-7	94
Notes to Required Supplementary Information.....		95
Combining and Individual Fund Statements and Schedules:		
Nonmajor Governmental Funds - Special Revenue Funds.....		96
Combining Balance Sheet - Nonmajor Governmental Funds.....	H-1	98
Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Governmental Funds.....	H-2	102
Combining Statement of Net Position - Internal Service Funds.....	H-3	108
Combining Statement of Revenues, Expenses and Changes in Fund Net Position - Internal Service Funds.....	H-4	109
Combining Statement of Cash Flows - Internal Service Funds.....	H-5	110
Combining Statement of Changes in Assets and Liabilities - All Agency Funds.....	H-9	111
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - Child Nutrition Program.....	J-2	112
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - Debt Service Fund.....	J-3	113
Compliance Schedules:		
Schedule of Delinquent Taxes Receivable.....	J-1	116

**NORTHWEST INDEPENDENT SCHOOL DISTRICT
 COMPREHENSIVE ANNUAL FINANCIAL REPORT
 FISCAL YEAR ENDED JUNE 30, 2016**

TABLE OF CONTENTS

Statistical Section	Exhibit Number	Page Number
Net Position By Component Last Ten Years.....	Sch. 1	120
Expenses, Program Revenues and Net (Expense)/Revenue Last Ten Fiscal Years.....	Sch. 2	122
General Revenues and Total Change in Net Position Last Ten Fiscal Years.....	Sch. 3	124
Fund Balances, Governmental Funds Last Ten Fiscal Years.....	Sch. 4	126
Governmental Funds Revenues Last Ten Fiscal Years.....	Sch. 5	128
Governmental Funds Expenditures and Debt Service Ratio Last Ten Fiscal Years.....	Sch. 6	130
Other Financing Sources and Uses and Net Change in Fund Balances, Governmental Funds Last Ten Fiscal Years.....	Sch. 7	132
Assessed Value and Actual Value of Taxable Property Last Ten Fiscal Years.....	Sch. 8	134
Direct and Overlapping Property Tax Rates Last Ten Fiscal Years.....	Sch. 9	136
Principal Property Taxpayers Current Year and Nine Years Ago.....	Sch. 10	138
Property Tax Levies and Collections Last Ten Fiscal Years.....	Sch. 11	140
Outstanding Debt By Type Last Ten Fiscal Years.....	Sch. 12	141
Direct and Overlapping Governmental Activities Debt.....	Sch. 13	143
Legal Debt Margin Information Last Ten Fiscal Years.....	Sch. 14	144
Demographic and Economic Statistics Last Ten Fiscal Years.....	Sch. 15	147
Principal Employers Current Year and Nine Years Ago.....	Sch. 16	148
Full-Time Equivalent District Employees by Type Last Ten Fiscal Years.....	Sch. 17	150
Expenditures, Enrollment and Per Pupil Cost Last Ten Fiscal Years.....	Sch. 18	151
School Building Information Last Ten Fiscal Years.....	Sch. 19	152
 Single Audit Section		
Report on Internal Control over Financial Reporting and on Compliance and Other Matters based on an Audit of Financial Statements in Accordance with Governmental Auditing Standards.....		159
Report on Compliance with Requirements Applicable to each Major Program and Internal Control Over Compliance in Accordance with Title 2 CFR Part 200.....		161
Schedule of Findings and Questioned Costs.....		163
Schedule of Status of Prior Findings.....		164
Schedule of Expenditures of Federal Awards.....	K-1	165
Notes on Accounting Policies for Federal Awards.....		166

This page left blank intentionally.



INTRODUCTORY SECTION

This page left blank intentionally.



October 24, 2016

To the Board of Trustees and Taxpayers of the Northwest Independent School District:

The Texas Education Code requires that all school districts file a set of financial statements with the Texas Education Agency (TEA) within 150 days of the close of each fiscal year. The financial statements must be presented in conformity with the generally accepted accounting principles (GAAP) and audited by a firm of licensed certified public accountants in accordance with generally accepted auditing standards. Pursuant to the requirement, we hereby issue the Comprehensive Annual Financial Report of the Northwest Independent School District (the District) for the fiscal year ended June 30, 2016.

The Comprehensive Annual Financial Report is presented in four major sections: introductory, financial, statistical and single audit. The introductory section includes this transmittal letter, a copy of the Government Finance Officers Association (GFOA) Certificate of Achievement for Excellence in Financial Reporting for 2015, a copy of the Association of School Business Officials International (ASBO) Certificate of Excellence in Financial Reporting for 2015, a list of principal consultants and advisors and an organizational chart. The financial sections include the auditor's report, the basic financial statements, including the Government Wide Financial Statements and the Governmental Fund Financial Statements. Also included are the combining schedules and required supplementary information. The statistical section includes selected financial and demographic information, generally presented in a multi-year basis. The single audit section includes the schedule of federal awards, auditor's reports and the schedule of findings for both current and prior years.

This report consists of management's representations concerning the finances of the District. Consequently, management assumes full responsibility for the completeness and reliability of all the information presented in this report. In order to provide a reasonable basis for making these representations, management of the District has established a comprehensive internal control framework that is designed to protect the District's assets from loss, theft or misuse. Additionally, the internal control framework is designed to compile sufficient reliable information for the preparation of the District's financial statements in conformity with GAAP. Because the costs of internal controls should not outweigh their benefits, the District's comprehensive framework of internal controls has been designed to provide reasonable assurance rather than absolute assurance that the financial statements will be free from material misstatement. To the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The financial statements of the District have been audited by Hankins, Eastup, Deaton, Tonn & Seay, a firm of licensed certified public accountants. The goal of the independent audit is to provide reasonable assurance that the financial statements of the District for the fiscal year ended June 30, 2016 are free of material misstatement. The independent audit involves examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditors concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the District's financial statements for the fiscal year ended June 30, 2016 are fairly presented in conformity with GAAP. The independent auditors' report is presented as the first component of the financial section of this report.

The independent audit of the financial statements is part of a broader, federally mandated "Single Audit" designed to meet the special need of federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited government's internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal rewards. These reports are available in the Single Audit Section of this report.

GAAP require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. The District's MD&A can be found immediately following the report of the independent auditors.

Profile of the District

In the late 1800's, schools began appearing in the area amid railroads, general stores, and livery stables. Descendants of early settlers recall tales of early schoolhouses and how in 1949 the one-school districts in Justin, Haslet, Rhome, and Roanoke joined hands to form the Northwest Independent School District. Newark was annexed in 1973. Residents of the district elect a seven-member Board of Trustees (the Board), each of which serves for three years. Monthly meetings of the Board are posted and advertised as prescribed under state law so that the Board may fulfill its charge to the students, parents, staff, and taxpayers of the District. Special meetings or study sessions are scheduled as needed. The Board has final control over all school matters except as limited by state law.

Serving the communities of Haslet, Justin, Newark, Rhome, Roanoke, Trophy Club, Aurora, Avondale, Drop, New Fairview, and Northlake, along with portions of Fort Worth, Southlake, Keller, Westlake and Flower Mound, the District's boundaries encompass approximately 234 square miles in Denton, Tarrant, and Wise Counties. The District provides a well-rounded program of public education for children from pre-kindergarten through grade twelve. In addition to basic instructional programs, the District offers special education, gifted and talented, bilingual/ESL, remedial, college preparatory, and career and technical programs. The District is fully accredited by the Texas Education Agency (TEA).

The District operates seventeen elementary schools, five middle schools, four high schools, an alternative education program campus, and one special campus. Enrollment for the 2015-2016 year was 20,900 students, an increase of approximately 5.77 percent over the previous year. A total of 1,181 seniors graduated from the District in 2016.

A high degree of professionalism exists among our employees, and an on-going recognition of student and staff excellence contributes to this environment. The instructional program is geared toward having the student meet or exceed grade level expectations. Emphasis is placed on higher level thinking skills, including research methodologies and independent, complex and critical thinking skills.

The District attracts highly qualified personnel because of its commitment to excellence. During the 2015-2016 school year, the District employed 2,174 employees consisting of 1,765 professionals, 218 educational aides, and 191 auxiliary staff. Professional employees include 1428 classroom teachers with an average of 10 years of experience. 28.7 percent of the teaching staff has earned a master's degree and .6 percent of the teaching staff has earned a doctorate degree. The average student/teacher ratio is 14.87 in the District. Texas law mandates that no more than 22 students can be assigned to one classroom teacher in kindergarten through fourth grade.

Strategic Planning

Mission Statement. Northwest Independent School District, in partnership with parents and community, will engage all students in a premier education, preparing them to be successful, productive citizens.

Vision. The best and most sought-after school district where every student is future ready: ready for college; ready for the global workplace; ready for personal success.

Core Beliefs. Kids come first; continuous improvement is critical for success; the success of each student is the shared responsibility of students, families, schools and communities; and environment influences learning.

Budget Process.

The annual budget serves as the foundation for the District's financial planning and control. The District budget process is instructionally driven. District budget planning begins with the senior administrative staff and the Board of Trustees holding goal setting sessions. The Budget Calendar and Five-Year Forecast are reviewed with the Board of Trustees. Also, campuses annually prepare the required Campus Improvement Plans.

Budget preparation begins with a training session with principals and program managers. At that time, the Budget Manual and budget worksheets are distributed and budgets are prepared on-line instead of strictly on paper submissions. The District uses site-based budgeting to enhance the ability of principals to serve as effective instructional leaders. Site-based budgeting places the principal at the center of the budget preparation process. The Campus Budget Worksheet reflects the initial campus funding allocations. These allocations address equity issues between campuses. They are designed around three cost drivers: pupils, staff, and buildings. Pupil allocations reflect both the number of students and additional funds for special needs students. Staff allocations provide for campus staff development. Building allocations are based on building size, age, and reflect past usage. The initial allocation represents 80% of the campus funding allocation based on projected enrollment. The remaining amount is distributed in October based on actual enrollment and staff on hand at the end of the first six weeks. The allocation may be revised by the Principal per the Campus Improvement Plan subject to review.

After the completed campus and program budget packages have been returned, they are reviewed in detail by the Superintendent with the senior staff. The review focuses on the instructional impact and goals. The Board of Trustees regularly receives budget updates that include any revisions to the earlier Five-Year Financial Forecast. The Texas Legislatures meet biannually and revisions to school finance are reviewed with the Board of Trustees.

The preliminary budget including the personnel and compensation plan was reviewed in detail. The Board of Trustees adopted the 2015-2016 Personnel Staffing Plan and the Compensation Plan on May 26th. Early adoption provides advantages in teacher recruitment and allows for the salary detail to be loaded into the adopted budget. Compensation for 2015-2016 increased three percent of midpoint from 2014-2015.

The proposed budget must be prepared by June 19th for a July 1 fiscal year start date. The board president must call a board meeting for the purpose of discussing and adopting the budget and the tax rate. A notice of this meeting is required to be published at least 10 days but no more than 30 days before the public meeting. The budget must be adopted prior to June 30th for a July 1 fiscal year start date.

Budget Adoption. The Central Appraisal District "CAD" *2015 Certified Estimate Appraisal Roll Totals* occurred in early June and the rollback tax rate was calculated shortly thereafter. The required legal notice was published on June 13th. The Board of Trustees held the required public meeting and adopted the budget on June 22, 2015.

Tax Rate Adoption. The Central Appraisal District "CAD" *Certification of the 2015 Appraisal Records* occurred in late July and the Denton County Tax Assessor-Collector calculated the effective and rollback tax rates shortly thereafter. The required legal notice was published on August 14th. The Board of Trustees held the required public meeting and adopted the tax rate on August 24, 2015.

The District maintains budgetary controls throughout all of its financial systems. The objective of budgetary controls is to ensure compliance with legal provisions embodied in the official budget adopted by the Board. The Board adopts an official budget for the general fund, debt service fund, and child nutrition program (which is included in special revenue funds). In accordance with procedures prescribed by the State Board of Education, budget amendments that affect the total amount in a fund or functional spending category must be approved by the Board prior to the expenditure of funds. The functional level is

specified by Board policy as the legal level of encumbrance of estimated purchase amounts prior to the release of purchase orders to vendors. Outstanding encumbrances at the end of the fiscal year are an accounts payable and are treated as expenditures in the prior year upon receipt of the goods and services.

Tax Rate. The District's Maintenance & Operations ("M&O") tax rate remained unchanged at \$1.0400 and the Interest & Sinking ("I&S") tax rate remained unchanged at \$0.4125 yielding a total rate of \$1.4525 for purpose of the adopted budget. The District's 2015 tax rate of \$1.4525 per \$100 of assessed value is below the limitation set by state statute. The District provides homestead exemptions, over 65 exemptions, disabled persons exemptions and disabled veterans exemptions to qualified taxpayers. A ten year comparison of tax rates is presented in the statistical section.

The tax rates decreased beginning in 2007 due to the legislative changes in the State's public school finance system, which reduced the burden of taxes on taxpayers, and increased state funding sources. The Interest and Sinking ("I&S") 2013 tax rate increase reflects the passage of the 2012 bond authorization election.

Factors Affecting Financial Condition

The information presented in the financial statements is perhaps best understood when it is considered within the broader perspective of the specific environment in which the District operates.

Introduction. The Northwest Independent School District, uniquely situated northwest of the Fort Worth/Dallas Metroplex, lies within one of the fastest growing areas in Texas. Northwest stretches across 234 square miles and is located in Denton, Tarrant and Wise Counties, Texas.

Population. The population of the Northwest Independent School District in 2000 was 35,364 as compared to 106,780 in 2016.

Local economy. The commercial, industrial, and residential growth of the District has kept pace with that of the Fort Worth/Dallas area, and has been aided by the District's close proximity to both the Dallas/Fort Worth International Airport and Fort Worth's Alliance Airport. Diversified manufacturing is responsible for the local economy with increasing growth in commercial aviation. Agriculture-oriented industries relating to livestock marketing, grain and agri-business related industry and services join with the aerospace products, food and beverage, mobile homes, auto making, and medical industries to offer numerous manufacturing jobs in the Metropolitan Area.

District Educational Campuses. The District is considered a fast-growth district in the state of Texas. In the 1997-1998 school year, the District had one high school, one middle school and five elementary schools. The District has constructed additional schools as follows: three elementary schools and two middle schools in 1998-1999; two elementary schools in 2005-2006; one elementary school in 2007-2008; two elementary schools in 2008-2009; one high school and one elementary school in 2009-2010; one middle school and one elementary school in 2010-2011; two elementary schools in 2011-2012; one middle school in 2012-2013; one elementary school in 2013-2014; and an additional comprehensive high school that opened at the beginning of the 2015-2016 school year. The ages of the instructional school buildings range from one to thirty-three years (original dates of construction included within schedule 19).

Area Developments

AllianceTexas – A Development of Hillwood, a Perot Company

AllianceTexas is located in the northwest corner of the Dallas/Fort Worth Metroplex, primarily within the northern limits of the City of Fort Worth, but also in the cities of Haslet, Northlake, Roanoke and Westlake. Alliance's access to highway, rail and air transportation offers an excellent opportunity for future commercial and industrial growth. The 18,000-acre master-planned, mixed-use development is one of the premier job generators in the Southwestern United States – a bustling city-within-a-city employing more than 43,500 people and containing over 425 companies.

Alliance Global Logistics Hub. AllianceTexas development is anchored by the Alliance Global Logistics Hub, one of the world's premier inland ports. The Alliance Global Logistics Hub offers unparalleled multi-modal transportation options, including BNSF Railway's Alliance Intermodal Facility, Two Class I rail lines (BNSF and Union Pacific), Fort Worth Alliance Airport - the world's first 100% industrial airport, connecting state and interstate highways, the FedEx Southwest Regional Sort Hub, and UPS Ground Hub.

Significant Fortune 500 and Global 500 companies have established their logistics and distribution operations within the Alliance Global Logistics Hub.

In addition to the established transportation infrastructure at the Alliance Global Logistics Hub, there are significant economic benefits and supply-chain services available to help companies improve the efficiency of their operations. These advantages include Foreign-Trade Zone (FTZ) #196, user-friendly FTZ services, Triple Freeport Inventory Tax Exemption, air cargo ground handling, aviation services, existing rail-served facilities, third-party logistics, and workforce recruitment and retention services. With the combined multi-modal program, economic benefits and services, the Alliance Global Logistics Hub is a one-of-kind supply-chain port not found anywhere else in the world.

Within the AllianceTexas development, as the industrial real estate market continues to expand, the area has seen exceptional growth with more than 40 million square feet developed, creating jobs, generating an economic impact to the North Texas economy and contributing in property taxes to the District. With only a portion of the AllianceTexas development built-out, the future for the community looks bright.

There are several business sectors within the Alliance Global Logistics Hub, including:

Alliance Center. At the heart of Alliance Center is the 414 acre Fort Worth Alliance Airport (AFW) which officially opened December 14, 1989. Today, Fort Worth Alliance Airport features the full complement of flight services and is the cornerstone for the nation's fastest growing industrial complex. AFW is one of few North Texas airports capable of accommodating heavy transport aircraft such as the DC-10 and 747. This city owned airport is managed by privately held Alliance Air Services and boasts a 9,600 foot runway. This year, a major milestone for the airport was realized when dirt was turned on the runway extension project after a 20-year effort to secure funding and complete infrastructure improvements. By extending runways to 11,000 feet, Alliance Airport will expand its range globally and allow long-haul cargo flights and non-stop flights to almost anywhere in the world. AFW provides state-of-the-art infrastructure and an award winning FAA Control Tower. It is FAR Part 139 certified and operates 24/7/365.

Alliance Airport continues to play an integral part in the operations of some of the aviation and aerospace industry's leading names. This includes being home for FedEx's Southwest Regional Sort Hub; an aviation training center for the FAA; and TAESL, a division of Rolls-Royce, which provides engine overhaul and reworking services for numerous airline carriers. In late 2013, BAE Systems announced that it would join the airport's already impressive roster, consolidating its entire North Texas operations into one location.

In early 2015, GDC Technics received approval for a 25-year lease of 840,000 square feet of space formerly occupied by American Airlines. Texas based GDC modifies next-generation aircraft, including the Boeing 787B, to unique specifications for customers worldwide.

In September of 2014, Tarrant County College opened its TCC Northwest Campus Center of Excellence for Aviation, Transportation and Logistics (CEATL), a 163,500 square foot facility at Fort Worth Alliance Airport that was previously owned by Bell Helicopter. Among the aviation courses at CEATL are avionics technology, airframe and power plant maintenance technology, advanced composite technology and professional pilot training. In partnership with TCC and Embry Riddle Aeronautical University, Northwest ISD students are provided with a premier educational experience through the Academy of Aeronautics & Aviation Sciences (AAAS) located at V.R. Eaton High School.

The Federal Aviation Administration operates the Alliance Airport Air Traffic Control Tower, A Flight Standards District Office and an Airways Facilities Sector field office in Alliance Center, supervising aircraft, agencies and personnel in 30 Texas counties.

Federal Express, a Fortune 500 firm, is the world's largest express transportation company. Federal Express currently maintains two major facilities: its Southwest Regional Sort Hub and FedEx Freight. In 1994, FedEx purchased 158 acres for its 660,000-square-foot Regional Sort Hub, which opened in 1996 and a 40,000-square-foot heavy-cargo hauling facility for FedEx Freight was opened in 2011. In addition, FedEx Ground added more than 300,000 square feet of space. With its two bases of operations, they are able to offer a range of business solutions. The Southwest Regional Hub at Alliance is the company's only completely automated hub and includes seven buildings, aircraft ramp areas and parking for delivery trucks.

CEVA Logistics, one of the world's leading non-asset-based supply-chain management companies, also opened a 100,000 square-foot-warehouse at the airport this past year. Adjacent to the runway, this warehouse location enables chartered flights to unload cargo directly into the new facility.

Galderma, a leading research based pharmaceutical company dedicated to developing prescription and over the counter dermatological products, established its U.S. headquarters and national distribution center at Alliance. Galderma has plans for expanding to add a \$22 million research and development center and building a 100,000 square foot expansion next to its headquarters. The building is expected to be completed in 2017.

The U.S. Drug Enforcement Agency operates a 140,000 square foot National Airwing Headquarters on the airport grounds. Since this facility is owned by the City, the facility is not subject to ad valorem taxation.

A density of new office space has been built at Alliance Center with DynCorp International and Daimler Financial Services as corporate residents. DynCorp International is a leading professional services and project-management firm serving governments, corporations and international organizations worldwide. Daimler Financial Services provides financing for Mercedes-Benz dealers' inventories and their retail customers. Daimler Financial is part of DaimlerChrysler Financial Services Americas LLC's group of companies that operate in the United States, Canada, Mexico, Puerto Rico and parts of South America.

Alliance Center North/Alliance Northport. Two new industrial sectors were launched within the past two years – Alliance Northport and Alliance Center North, which complements other industrial sectors offering 1.5 miles of frontage on Interstate Highway IH-35W, giving close proximity to the logistics hub resulting in excellent visibility and access.

Alliance Center North, a 650 acre sector was launched in 2014 and quickly became the site of two of the biggest industrial deals in North Texas. A 1.1 million square foot facility was selected by LG Electronics to serve as a consolidated distribution center for the region; followed by Walmart.com which selected Alliance Center North 2 to be its newest regional e-commerce fulfillment center for the distribution of larger sale items.

Alliance Center North located in Northlake and situated at one of the area's busiest intersections, I-35W at state highway 114 provides a range of best-in-class distribution centers, from under 100,000 square feet up to 1.3 million square feet, along with adjacent retail offerings.

Alliance Gateway. The Alliance Gateway sector covers approximately 2,400 acres and was developed for large-scale distribution, manufacturing and industrial users. Customers include major Fortune 500 and Global 500 companies. In 2013, Flextronics partnered with Motorola to open a manufacturing center to build the MotoX, the first smartphone manufactured in the United States.

Alliance Commerce Center. The Alliance Commerce Center sector includes 300 acres for regional and national distribution facilities. The addition of the 1.1 million-square-foot Amazon fulfillment center and 788,000-square-foot fulfillment center for Walmart.com in 2013 capitalized on the burgeoning e-commerce fulfillment industry which focuses on bringing goods purchased online to customers with maximum efficiency, including same-day delivery. Amazon utilizes its Haslet site to distribute high-volume, conveyable items and smaller items, such as books, DVDs and small electronics.

Westport at Alliance. Burlington Northern/Santa Fe Railway Company (BNSF Railway), a Fortune 500 firm, operates three facilities at Alliance: the BNSF Automotive Facility, the BNSF Alliance Intermodal Facility and the BNSF Rail Yard. The Alliance Intermodal Facility is a key component to the multi-modal

transportation options of the Alliance Global Logistics Hub. Companies locating near to the intermodal terminal benefit from significant savings in drayage costs. Corporations located in this 3,500 acre sector include JCPenney Logistics Center, Michaels, KRAFT Foods, Coca-Cola, Williamson-Dickie, Teleflex Medical, Volkswagen/Audi, SC Johnson, and more.

The state-of-the-art JCPenney Alliance Logistics Center features one of the largest steel rack-supported systems in the nation. With 17 levels and 105 bays of storage space, the 145,520 load cells can store approximately 72,000 pounds of merchandise. The distribution center annually processes 10,000 to 13,000 shipping containers from international ports, taking advantage of its proximity to the intermodal yard at Alliance.

Lone Star Crossing. Lone Star Crossing is an Alliance sector designed for retail, dining and entertainment. The 980-acre TIF District is anchored by Cabela's. Known as the World's Foremost Outfitter of hunting, fishing and outdoor gear, the 230,000 square foot mega store contains an aquarium, museum, and exhibit space, in addition to the retail.

Facebook. Facebook, a social network company, announced the building of a 110 acre massive data center and office building. Facebook's data center will be 100% powered by clean energy. Ultimately, Facebook will invest \$1 billion at the site and the first of three 250,000-square-foot buildings is expected to be operating by the end of 2016.

Alliance Crossing. Alliance Crossing includes corporate office, financial, healthcare, lodging, and restaurant facilities. The U.S. Postal Service operates a full-service retail outlet and the City of Fort Worth Police Department operates a police substation from the Alliance Crossing retail center. A garden office complex of 300,000 square feet called Heritage Commons is complete and houses Hillwood Development Operations.

Other Area Developments

Burlington Northern/Santa Fe Railway (BNSF Railway). BNSF Railway has completed construction of its \$100 million Network Operations Center ("NOC") on the company's Western Center Boulevard property in north Fort Worth. The NOC comprised of two buildings totaling more than 250,000 square feet, is a high-tech, state-of-the-art facility which serves as the control and tracking center for all of Burlington's railroads through the United States.

Texas Motor Speedway. Located in far north Fort Worth at the intersection of Interstate 35-W and State Highway 114, the \$110 million Texas Motor Speedway was completed in the Spring of 1997. The facility includes a 1.5 mile racing oval, grandstand seating for more than 200,000 spectators and approximately 200 luxury suites. An office tower and condominiums have also been constructed on the property. Pursuant to the terms of an agreement between the speedway developer and the Fort Worth Sports Authority, Inc., Texas Motor Speedway is owned by the Authority and leased to the developer, and most of the property comprising the Speedway is exempt from ad valorem taxes. Texas Motor Speedway is the second-largest sports and entertainment facility in the nation where dual-bank turns allow for NASCAR and IRL IndyCar racing, plus every major form of American automobile racing. NASCAR Winston Cup (now known as the Nextel Cup) races have been held at the Texas Motor Speedway as well as sanctioned IRL Indy Car races. NASCAR has sanctioned two Nextel Cup races for the speedway. The facility has hosted several major music concerts and other large events since opening.

Champions Circle. Buc-ee's, a travel convenience store, opened May 2016 across from Texas Motor Speedway. It is part of a 279 acre outlet mall and travel convenience store development. Along with retail and existing Marriott Hotel conference center and golf club, the development will include office, residential and entertainment components. Tanger Factory Outlet Centers Inc. confirmed their plans with an expected 350,000 square feet retail space with more than 70 upscale brand name and designer outlet retailers.

GE Manufacturing Solutions. General Electric opened facilities in 2012 to manufacture locomotives and heavy mining equipment. The 236,000-square-foot, \$95 million plant builds electric-drive wheel systems for huge off-road vehicles that perform heavy hauling work such as moving ore extracted from mines. In

addition, a conversion and expansion to an existing building at a cost of \$96 million was renovated as a manufacturing plant for locomotive production.

Speedway Town Center. Located at Northlake, this mixed use development offers almost 2.5 million square feet of retail, office, entertainment and multi-family residential complexes on 158 acres.

Community Development. Several master-planned communities are in various phases of new construction. These new communities offer affordable living for all lifestyles with convenient access to shopping, entertainment and attractions, featuring housing from as low as \$100,000 all the way up to luxury home estates that exceed \$1 million.

Historical Employment Data.

	Average Annual 2016	Average Annual 2015	Average Annual 2014	Average Annual 2013	Average Annual 2012
Denton County					
Civilian Labor Force	438,889	423,938	415,395	403,551	390,347
Unemployed	15,783	16,267	19,819	23,819	24,422
Percent of Unemployment	3.6%	3.8%	4.8%	5.9%	6.3%
State of Texas					
Civilian Labor Force	13,338,466	13,127,106	13,087,237	12,982,728	12,744,277
Unemployed	644,425	623,024	714,597	886,278	935,972
Percent of Unemployment	4.8%	4.7%	5.5%	6.8%	7.3%

Health Services. The Metroplex area, including the District, is served by more than 70 hospitals which offer specialized services such as organ transplantation, major trauma care, cancer treatment, kidney dialysis and chemical dependency treatment. A wide variety of physicians, surgeons, dentists, orthodontists, optometrists and pharmacists have facilities in the area.

Driven by a booming population, a vibrant health care community has emerged with leading medical groups constructing and expanding facilities that provide north Fort Worth residents access to premier medical facilities within the region. On September 19, 2012, Texas Health Harris Methodist Hospital Alliance opened the first full-service general hospital in the area. The 262,000-square-foot facility is the first hospital to serve the AllianceTexas community. It provides traditional hospital services that include general medicine, inpatient and outpatient surgery, emergency services, imaging service, rehabilitation, women and infant services and wellness and prevention services. Harris Methodist Hospital Alliance also includes a 73,000-square-foot medical office complex for physicians.

ER at Alliance, parent company HCA, expanded a previously constructed urgent care/emergency room facility into the region’s second full-service hospital equipped to handle any medical crisis, with a trauma/code room, complete medical laboratory, on-site blood bank, and wide array of sophisticated testing and imaging technologies.

Also, Wise Regional Health System completed a comprehensive surgery center within the Alliance community. The 29,053-square-foot facility opened in late 2013 and offers four operating rooms, two procedure rooms and 12 inpatient beds. It also includes a laboratory, radiology and pre-operative services, as well as an emergency room and a variety of other services.

Air Transport and Airline Industry. The Dallas/Fort Worth International Airport (the “Airport”) is the fourth busiest airport in the United States in terms of operations and passengers. The Airport is the principal air carrier facility serving the Dallas/Fort Worth metropolitan area, providing service to national and international destinations. The Airport provides nonstop services to Europe, the Far East, Canada, Mexico, Central and South America, the Caribbean and the Bahamas.

The September 11, 2001 terrorist attacks, in combination with the general economic downturn in the airline industry, have had a significantly adverse effect on the airline industry. Since the attacks, most major U.S. airlines, including those servicing the Airport, have significantly reduced flight schedules and instituted extensive job cuts in an attempt to stem mounting losses. American Airlines is the predominant airline servicing the Airport.

Meacham International Airport, a Fort Worth municipally owned and operated general aviation airport, located in northern Fort Worth is a fixed based operation for private and commercial services equipped with a 7,500 foot runway. Meacham provides sophisticated instrument approach facilities, lighted runways, terminal facilities and fuel and maintenance services. Fort Worth Spinks Airport, a general aviation airport located in the southwestern portion of the City is equipped with a 6,000 foot runway and two taxiways.

Alliance Airport serves the needs of industrial, business, and general aviation users and is currently equipped with a 9,600 foot runway. A runway extension project has been in the planning and development stages since 2000 and has been a high priority for state and federal transportation officials. Upon the completion in the next three years, the runways will be extended to the 11,000 feet, necessary for fully loaded cargo planes to make nonstop flights to almost anywhere in the world.

Surface Transport. Three interstate highways (Interstate 20, Interstate 30 and Interstate 35), five federal and four state highways provide all-weather routes within Fort Worth and to and from the rest of the nation.

Interstate 820, which encircles the City, allows quick access to all parts of the Fort Worth area. The Texas Highway Commission has completed a master highway construction plan for Tarrant County to provide for transportation needs through the foreseeable future, including relocation of Interstate 30 from a point just east of downtown to several miles west. This project is underway and will promote redevelopment of the south end of the Central Business District and the Hospital District southwest of downtown. Funding for the expansion of Interstate 35W from downtown Fort Worth to AllianceTexas was approved by the U.S. Department of Transportation and though it will take several years to complete, the expansion of IH-35W will have a profound effect on the potential future growth within the District.

Fort Worth is served by six major railroad systems. Burlington Northern/Santa Fe Railroad has its corporate headquarters in Fort Worth. Rail passenger service is provided through Fort Worth, including AMTRAK service between Houston and Chicago. Fort Worth's position as a major southwest distribution center is supported by the presence of 75 regular route motor carriers with over 750 schedules. Local transit service is provided by The T, operated by the Fort Worth Transportation Authority. Trinity Railway Express provides service for the Metroplex. Greyhound/Trailways Bus Lines furnish Fort Worth with transcontinental passenger service; intrastate bus service is provided by Transportation Enterprises and Texas Bus Lines.

State Funding

Demographic predictions indicate that the District's enrollment will reach 26,943 by the 2020-2021 school year as outlined below. State funding is provided through the Foundation School Program, which provides each school district with a minimum level of funding (a "Basic Allotment") for each student in average daily attendance ("ADA"). For fiscal year 2015-2016, the Basic Allotment is \$5,140 for each student in average daily attendance. The allotment is adjusted by several different weights to address varying economic conditions, district size and sparsity of district's student population.

The Texas Legislature enacted House Bill 1, referred to as the "Reform Legislation," which made substantive changes in the way the Finance System is funded. Since the enactment of the Reform Legislation in 2006, most districts in the State have operated with a "target" funding level per student that is based upon the "hold harmless" principles embodied in the legislation. This system of target revenue was superimposed on the Foundation School Program.

Under the State of Texas Finance System, school districts are guaranteed to receive State funding necessary to provide the district the greater of the amount of State and local revenue per student for the district in the

2005-06 fiscal year or the amount of State and local revenue per student the district would have been entitled to for the 2006-07 fiscal year based on the funding elements in place prior to Reform Legislation. To make up for the shortfall, the Reform Legislation authorized Additional State Aid Reduction (“ASATR”) in an amount equal to the difference between the amount received under the Foundation School Program and the Target Revenue funding level.

The 2009 Legislative Session enacted an increase to the Basic Allotment and increased target revenue; 2011 Legislative Session enacted budget cuts; and no significant modifications were made to the underlying school finance structure during the 2013 Legislative Session.

In general terms, funds are allocated to districts in a manner that requires districts to “compress” their tax rates in order to receive increased State funding at a level that equalizes local tax wealth. To limit disparities in school district funding abilities, the Finance System compels districts with taxable property wealth per weighted student higher than the “equalized wealth level” to reduce their wealth to such amount or to divert a portion of their tax revenues to other districts.

State Equalization. The District’s wealth per student was less than the equalized wealth value. The District received from the Texas Education Agency a notification of chapter 41 status and in response, the District reduced its wealth per student by exercising Option 3 (sending money to the State) as a means of equalizing wealth. As a so-called “Chapter 41 district”, the District does not receive any State funding to pay debt service requirements on its outstanding indebtedness, including the Bonds.

A district’s wealth per student must be tested for each future school year and, if it exceeds the maximum permitted level, must be reduced by exercise of one of the permitted wealth equalization options. During the year, the District continually monitors values, enrollment figures and tax collections to determine state equalization status.

The District did not make any Chapter 41 district payments during the fiscal year 2015-2016. The District continues to be able to adopt its own tax rate as prescribed by the statutes to provide “recaptured” monies and to “enrich” its programs beyond that which is funded through state aid if needed.

Capital Projects History

In 1990 the District passed a \$22.0 million dollar bond issue for one middle school, three elementary schools, bus maintenance facility and renovations/additions to high school and two elementary schools.

On October 12, 1996 the District passed a \$45 million dollar bond issue which added six new campuses, technology updates, performing arts center and refurbishing of the oldest structures.

In 2001 the District passed a \$182.2 million dollar bond issue for renovations at every school, classroom additions, campus improvements and a new stadium.

In 2005 the District passed a \$224.5 million bond issue with an impressive 70% voter approval. Ninety-six percent of this bond addressed student enrollment growth.

On May 10, 2008 the District’s voters passed a \$260 million bond election with an impressive 72% voter approval. Ninety-two percent of this bond addressed student enrollment growth. The bond package contained \$216.0 million that provided one middle school and seven elementary schools, \$17.0 million for technology infrastructure and hardware for the new schools, replacement and initiatives, \$9.9 million for classroom additions and four HVAC, three roof and five floor replacement projects, \$9.5 million for one middle school and eight elementary school sites and \$7.6 million for educational programs such as orchestra classrooms and career pathways/academies.

On November 6, 2012 the District’s voters passed a \$255 million bond election. Eighty-nine percent of this bond is intended to address the district’s continuing student population growth. The bond package contains \$212.0 million that will provide 4,000 new student seats, career academies/pathways, classrooms for science, math and environmental studies, \$25.0 million for technology infrastructure and hardware for new schools, five-year technology replacement cycle, technology for all classrooms and \$18.0 million for

additions and improvements including safety and security equipment updates, additions to increase elementary school capacity, roof replacements, flooring replacements and HVAC system replacements.

Enrollment Projections - Methodology

Enrollment projections are generated using new home census information and specific neighborhood forecasts provided through a contract with Templeton Demographics. The projections are updated annually and regular reports are presented to the Board of Trustees and Administration to explain the findings, provide comments on new and potential housing developments and create an understanding of future residential development’s impact on the school district.

This allows the District to take a proactive stance with regard to new school locations so that sites can be targeted not only where the need is greatest, but also far enough in advance of actual new home construction to minimize acquisition costs. This methodology provides significant accuracy in addressing the District’s rapid growth and large areas of undeveloped land.

The regular reports help the District keep abreast of the area development as the 2008 bond issue nears depletion and as the 2012 bond issue has been implemented over the last four years.

This year the District is projected to grow 1,195 students for a 5.72 percent increase. District projected growth is expected to reach 34,151 students in ten years.

Demographics

<u>Year</u>	<u>Total</u>	<u>Elementary (EC-5th)</u>	<u>Middle (6th-8th)</u>	<u>High School (9th-12th)</u>
Actual:				
2006-2007	10,334	5,322	2,367	2,645
2007-2008	11,824	6,136	2,665	3,023
2008-2009	12,935	6,737	2,974	3,224
2009-2010	14,088	7,267	3,203	3,618
2010-2011	15,293	7,834	3,468	3,991
2011-2012	16,556	8,411	3,788	4,357
2012-2013	17,752	8,904	4,100	4,748
2013-2014	18,893	9,346	4,425	5,122
2014-2015	19,760	9,652	4,612	5,496
2015-2016	20,900	10,122	4,798	5,980
Budget:				
2016-2017	22,095	10,575	5,155	6,365
Projections:				
2017-2018	23,268	11,044	5,510	6,714
2018-2019	24,396	11,510	5,833	7,053
2019-2020	25,622	11,981	6,143	7,498
2020-2021	26,943	12,444	6,493	8,006

Financial Policies

The Comprehensive Annual Financial Report for the year ended June 30, 2016 is prepared in accordance with generally accepted accounting principles (GAAP) and in conformance with standards of financial reporting established by the Governmental Accounting Standards Board (GASB) using guidelines

recommended by the Government Finance Officers Association of the United States and Canada (GFOA). All funds of the District are covered by this report.

The District's financial policies address accounting and fiscal operations of the District, with an emphasis on asset, procurement, and budget management.

Internal Controls

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

Single Audit

As a recipient of federal financial assistance, the District also is responsible for ensuring that an adequate internal control structure is in place to ensure compliance with applicable laws and regulations related to those programs. This internal control structure is subject to periodic evaluation by management.

As part of the District's single audit, tests are made to determine the adequacy of the internal control structure, including that portion related to federal financial assistance programs, as well as to determine that the District has complied with applicable laws and regulations. The results of the District's single audit for the year ended June 30, 2016 provided no instances of material weaknesses in the internal control structure or significant violations of applicable laws and regulations.

Budgetary Controls

The District maintains budgetary controls, and the objective is to ensure compliance with legal provisions embodied in the annual budget approved by the District's Board of Trustees. The annual expenditure budget serves as the foundation for the District's financial planning and control. Every school district in Texas is required, by law, to prepare and file a budget with the Texas Education Agency (TEA). The Board legally adopts a budget for the General Fund, Debt Service Fund and Child Nutrition Fund and budget-to-actual comparisons for these three funds are found in the financial section of this report. Budgets for Special Revenue Funds (other than Child Nutrition) and Capital Projects Fund are prepared on a project bases, based on grant regulations or applicable bond ordinances.

Budgetary control (the level at which expenditures cannot legally exceed appropriations) is mandated at the functional category level within each fund. These functional categories are defined by TEA and identify the purpose of transactions. The District also maintains an encumbrance accounting system as one technique of accomplishing budgetary control. Encumbered amounts lapse at year end.

Major Initiatives and Accomplishments

The Northwest Independent School District has consistently received a rating of "Superior Achievement" under the State of Texas School FIRST – financial accountability rating system. The Superior Achievement rating is the state's highest, demonstrating the quality of the District's financial management and reporting system. Northwest Independent School District's Schools FIRST rating shows that the District is making the most of the taxpayers' dollars and that Northwest's schools are accountable not only for student learning, but also for achieving these results cost-effectively and efficiently.

This is the 14th year of School FIRST (Financial Integrity Rating System of Texas), a financial accountability system of Texas school districts developed by the Texas Education Agency in response to Senate Bill 875 of the 76th Texas Legislature in 1999. The primary goal of Schools FIRST is to achieve

quality performance in the management of school districts' financial resources, a goal made more significant due to the complexity of accounting associated with Texas' school finance system.

School FIRST – Financial Integrity Rating System of Texas

<u>Description</u>	<u>2010-2011</u>	<u>2011-2012</u>	<u>2012-2013</u>	<u>2013-2014</u>	<u>2014-2015</u>
School FIRST Rating	Superior Achievement				

State Accountability System

The Texas Assessment of Knowledge and Skills (“TAKS”) measures the statewide curriculum of specific subjects at specific grade levels and includes a broad assessment of the Texas Essential Knowledge and Skills (“TEKS”), which is the statewide curriculum. TAKS was used as the state test beginning 2003.

**Texas Accountability System
Campus Rating**

<u>Description</u>	<u>TAKS Actual 2006-2007</u>	<u>TAKS Actual 2007-2008</u>	<u>TAKS Actual 2008-2009</u>	<u>TAKS Actual 2009-2010</u>	<u>TAKS Actual 2010-2011</u>
Exemplary	1	5	12	12	5
Recognized	11	8	3	7	14
Acceptable	2	2	2	1	2
District Rating	Acceptable	Acceptable	Acceptable	Acceptable	Acceptable

Texas Assessment of Knowledge and Skills (“TAKS”)

<u>Description</u>	<u>Actual 2006-2007</u>	<u>Actual 2007-2008</u>	<u>Actual 2008-2009</u>	<u>Actual 2009-2010</u>	<u>Actual 2010-2011</u>
Reading/English					
Language Arts	95.0%	95.0%	97.0%	95.0%	95.0%
Writing	94.0%	96.0%	96.0%	96.0%	94.0%
Social Studies	94.0%	96.0%	98.0%	98.0%	99.0%
Mathematics	86.0%	88.0%	91.0%	92.0%	92.0%
Science	82.0%	86.0%	89.0%	93.0%	94.0%
District Rating	Acceptable	Recognized	Recognized	Recognized	Recognized

Starting with 2011-2012 school year the Texas Education Agency transitioned from TAKS to State of Texas Assessment of Academic Readiness (“STAAR”) for students in grades 3-9 while students in grades 10 and 11 took TAKS. Part of the new assessment system requires students entering ninth grade during the 2011-2012 school year or after to pass the End of Course Exams (“EOC”) in order to graduate. With the new STAAR program, the TAKS exit-level tests will be replaced with 15 end-of-course assessments.

STAAR is a more rigorous standardized testing program for elementary, middle, and high school students. The new STAAR program emphasizes “readiness” standards, which are the knowledge and skills

considered most important for success in the grade or subject that follows and for college and career readiness. The 2011 TEA accountability suspended assignments of performance ratings for 2012.

In 2013, the state of Texas implemented a new accountability system to focus on the achievement of postsecondary readiness for all Texas public school students. The new accountability system assigned a rating label of Met Standard, Met Alternative Standard or Improvement Required based on the evaluation of the four performance indexes for Student Achievement, Student Progress, Closing Achievement Gaps, and Postsecondary Readiness. The indexes include assessment results from the State of Texas Assessments of Academic Readiness (STAAR) testing program, graduation rates, and rates of students achieving the Recommended High School Program and Distinguished Achievement High School Program. Campuses that receive an accountability rating of *Met Standard* are eligible for distinction designations.

TEA maintained the same accountability rating labels in 2014 and 2015. Campuses are eligible to earn up to seven Academic Achievement Distinction Designations in the areas of Reading/ELA, Mathematics, Science, Social Studies, Top 25 Percent Student Progress, Top 25 Percent Closing Achievement Gaps and Postsecondary Readiness. Districts are eligible to earn an Academic Achievement Distinction Designation in Postsecondary Readiness.

<u>Campus Rating</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Met Standard	23	25	26
Earned one or more Distinctions	10	5	9
Total Distinctions Earned	15	9	14
Improvement Required	2	0	0
Not Rated (TYC Campus)	1	1	1

<u>District Rating</u>	Met Standard	Met Standard	Met Standard
------------------------	--------------	--------------	--------------

District, Student and Staff Accomplishments

District/Campus Accomplishments.

For the second consecutive year, Northwest ISD has been named to the College Board AP Honor Roll. NISD is one of 23 districts in Texas to receive this recognition.

Northwest ISD Board of Trustees received the Dr. John R. Hoyle Memorial Administrative Leadership Institute's Texas School Board Excellence Award for excellence in education.

Northwest ISD is a member of the Texas High Performance Schools Consortium, selected by the Texas Education Agency, which extends the ongoing work of the Public Education Visioning Institute. The vision encourages innovation, creativity and more meaningful assessment and accountability measures.

Northwest ISD ranks in 'Top 100' Best Food School Districts in America. NISD ranks 96th in the nation and eighth in the state of Texas.

Northwest ISD ranks fifth in Center for Digital Education's and National School Board Association's 2015-2016 Digital School District's Survey. The survey showcases exemplary school boards' and districts' use of technology to govern the district, communicate with students and the community, as well as improve district operations.

Northwest ISD received a School Safety Certification by the Texas School Safety Center at Texas State University.

Northwest ISD received high marks on a recent security audit. Results showed a significant amount of work and capital has been invested in the schools' physical security.

Samuel Back Elementary School and Byron Nelson High School are two of 91 schools in Texas to receive the Counselors Reinforcing Excellence for Students in Texas (CREST) award.

Byron Nelson High School and James M. Steele Accelerated High School has been named to the U.S. News & World Report 2016 Best High Schools ranking. Byron Nelson High School has been ranked silver and Steele Accelerated High School has been ranked bronze.

Northwest ISD Campus Crime Stoppers won the 2015-2016 Productivity Award for the greatest dollar recovery and most cases cleared for school district population served 15,001 to 25,000 for the third consecutive year. Additionally, they won the 2015-2016 Television Competition: Best Special Production/Public Service Announcement. Directed by Wilson Middle School and final production edits provided by Northwest High School AMAT.

NISD has been selected as a 2016 Best Communities for Music Education. This is the eighth consecutive year for Northwest ISD to be a member of such an elite group of districts who offer comprehensive, well-rounded music education.

Northwest ISD earned a 4.0 star rating in the Financial Allocation Study for Texas (FAST) report for low cost, high efficiency operations. The district received a rating of "Superior Achievement" under Texas' Schools FIRST financial accountability rating system.

The Northwest Independent School District budget document has been awarded the Meritorious Budget Award by ASBO for the fiscal years 2001-2002 through 2015-2016 and the Distinguished Budget Presentation Award by GFOA for the fiscal years 2002-2003 through 2015-2016.

The Northwest Independent School District Comprehensive Annual Financial Report has been awarded the Certificate of Excellence in Financial Reporting by ASBO for the fiscal year ended June 30, 2003 through 2009 and June 30, 2011 through 2015 and the Certificate of Achievement for Excellence in Financial Reporting by GFOA for the fiscal years ending June 30, 2002 through 2015.

Northwest ISD received the Award of Merit for Purchasing Operations with Recognized Status from the Texas Association of School Business Officials for the fifth consecutive year.

The NISD Partners in Education program has recognized 103 official partners this year with a dedicated commitment to Northwest ISD students and a partnership with the school district.

The NISD communications department received two awards from the National School Public Relations Association for the I Love NISD campaign and the On the Grow video production.

For the third consecutive year, NISD has been recognized as a Fit-Friendly Workplace by The American Heart Association.

Northwest ISD was recognized by Texas School Business Magazine's Texas Bragging Rights for the NISD Wellness Center.

Roanoke and Granger elementary schools and Medlin Middle School have been announced as recipients of a Promising Practices Award from the Character Education Partnership (CEP).

Student Accomplishments.

The class of 2016 earned a combined total of more than \$32 million in scholarships.

Seventeen Northwest ISD students have been named Commended Students in the National Merit Scholarship Program.

As of April 2016, 55 Northwest ISD students received an athletic scholarship and signed their NCAA Letter of Intent to play collegiate sports.

Three Byron Nelson High School seniors and one Northwest High School senior are among the approximately 15,000 semifinalists in the 61th annual National Merit Scholarship Program.

The 2015-2016 school year marked great success for Northwest ISD athletes, with 14 teams qualifying for UIL State Playoffs. Twenty-six athletes qualified for state meets and tournaments. Out of the 26, there was two gold medalist, two silver medalists and two bronze medalist.

The NISD Culinary team is the Texas ProStart Culinary Champions for the fourth consecutive year. The culinary team received first place and the management team received second place.

The culinary arts team received third place at the National ProStart Invitational in Grapevine.

A Culinary Arts students' recipe has been selected for the PF Changs Kid's Menu as part of the Medical City Children's Hospital Kid Fit Menu program.

The Byron Nelson High School softball team has been recognized by the National Fastpitch Coaches Association for having the highest high school team grade point average in the nation.

Byron Nelson High School FFA team receives state honors and made NISD history by being the highest placing team and taking the most students to a state FFA Leadership Career Development Event.

The Veterinary Science Team from Byron Nelson High School received the first state championship win in NISD FFA veterinary tech history.

Three Byron Nelson High School students placed fourth in the management decision making competition at the Future Business Leaders of America's National Leadership Conference in Atlanta from June 29 to July 2.

Northwest ISD music groups accumulated a record-setting number of "Sweepstakes" awards during the 2015-2016 school year, with 40 ensembles receiving this high competition score.

The Gene Pike Varsity Women's Select Choir has been selected as one of only three treble choirs in the entire state to perform for the 2016 Middle School/Junior High National Conference for Choral Music.

Three NISD teams from Tidwell Middle School, Lakeview Elementary School, and Seven Hills Elementary School advanced to the Global Finals Destination Imagination Tournament. Tidwell Middle School received first place out of 57 teams in the Instant Challenge competition.

The Byron Nelson High School speech and debate team have received the National Speech and Debate Associations prestigious 100 Club title.

NHSTV has been named the 'Best Video Newscast' in Texas at the Technology Student Association Competition and Best Daily Live Show in the Southwest Region by the Student Television Network.

Four Academy of Media Arts and Technology students received second place at the National Convention of Student Television Network for "man on the street reporting."

BNHS business team earned first place in the commercial competition in the VEI South Region Trade Show and Business Plan Competition in South Carolina.

A Steele Accelerated High School's student participated in the national leadership conference in Washington, D.C. and will travel to Skills USA National Contest to compete in the Esthetics competition.

A Byron Nelson High School senior received the Texas Woman's University Chancellor's Endowed Scholarship Award.

Staff Accomplishments.

Beck Elementary School Principal Sandy Conklin is the 2016 H-E-B Excellence in Education Elementary Principal winner, spotlighting some of the best educators in Texas for 15 years.

Byron Nelson High School Academy of Biomedical Sciences teachers Monica Valenta and Patrick Matouse have been selected to participate in a pilot program working with secondary biology students to map neurons in fly brains.

The Northwest ISD Education Foundation presented 29 grants to 14 campuses totaling \$100,000.

The Northwest ISD technology department is the recipient of an Honorable Mention for CoSN's 2016 Team Achievement Award.

Michael Griffin, Ed.D., Executive Director of Elementary Education, has been accepted as a member of Learning Forward's Academy Class of 2018.

Medlin Middle School Principal Eric Drewery, Ed.D., and V.R. Eaton High School Principal Carri Eddy, Ed.D., are two of 95 principals from 61 school districts and four charter schools selected to participate in a summer leadership program at The Principals' Center at the Harvard Graduate School of Education.

Northwest High School Principal Jason Childress has been named the Texas Association of Secondary School Principals (TASSP) Region XI Principal of the Year.

V.R. Eaton High School Associate Principal Philo Waters, Ed.D., has been named the TASSP Region XI Assistant Principal of the Year.

Roanoke Elementary School teacher Monica Lemke has been named the Region XI Elementary Teacher of the Year.

Awards

GFOA Certificate of Achievement. The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Northwest Independent School District for its Comprehensive Annual Financial Report (CAFR) for the year ended June 30, 2015. The District has received a Certificate of Achievement for the last fourteen consecutive years.

In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report satisfied both generally accepted accounting principles and applicable legal requirements.

ASBO Certificate of Excellence. The Certificate of Excellence in Financial Reporting is a prestigious national award recognizing conformance with the highest standards for preparation of a state and local government financial report.

The Association of School Business Officials International (ASBO) awarded a Certificate of Excellence in Financial Reporting to Northwest Independent School District for its Comprehensive Annual Financial Report (CAFR) for the fiscal years ended June 30, 2003 – 2009; for the fiscal years ended June 30, 2011 – 2014; and for the year ended June 30, 2015.

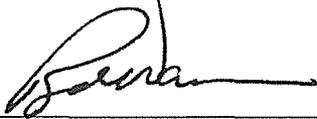
The GFOA and ASBO award is for school districts whose comprehensive annual financial reports substantially conform to the recommended principles and standards of financial reporting adopted by that organization. The award is granted only after an intensive review of financial reports by an expert panel of certified public accountants and practicing school business officials.

Management believes that the current year comprehensive annual report meets the Certificate of Achievement and Certificate of Excellence programs' requirements and will be submitted for review to determine award eligibility.

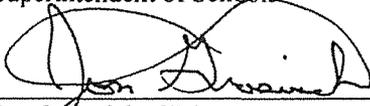
Acknowledgements

The preparation of this report on a timely basis could not have been accomplished without the efficient and dedicated efforts of the entire staff of the Financial Services Department. We would like to express our sincere appreciation to all members of the departments who assisted and contributed to the preparation of this report. We would also like to express appreciation to the Board of Trustees for their interest and support in the financial operations of the District. Finally, we would like to thank the residents of the District for their support of, and belief in, our public schools, and principals and teachers who provide the quality education for which the District has become known.

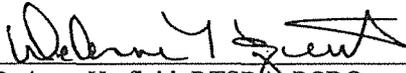
Respectfully submitted,



Ryder Warren, Ed.D.
Superintendent of Schools



Jon Gaswich, CPA
Associate Superintendent for Business and Operations



DeAnne Hatfield, RTSBA, RSBO
Executive Director of Business Services



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

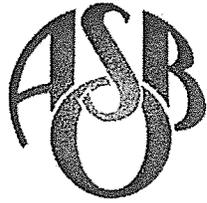
Presented to

**Northwest Independent School District
Texas**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2015

Executive Director/CEO



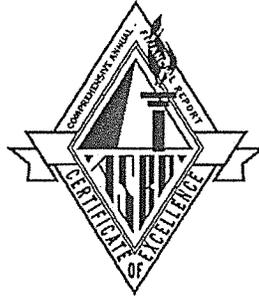
ASSOCIATION OF
SCHOOL BUSINESS OFFICIALS
INTERNATIONAL

The Certificate of Excellence in Financial Reporting Award
is presented to

Northwest Independent School District

for its **Comprehensive Annual Financial Report (CAFR)**
for the **Fiscal Year Ended June 30, 2015**

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



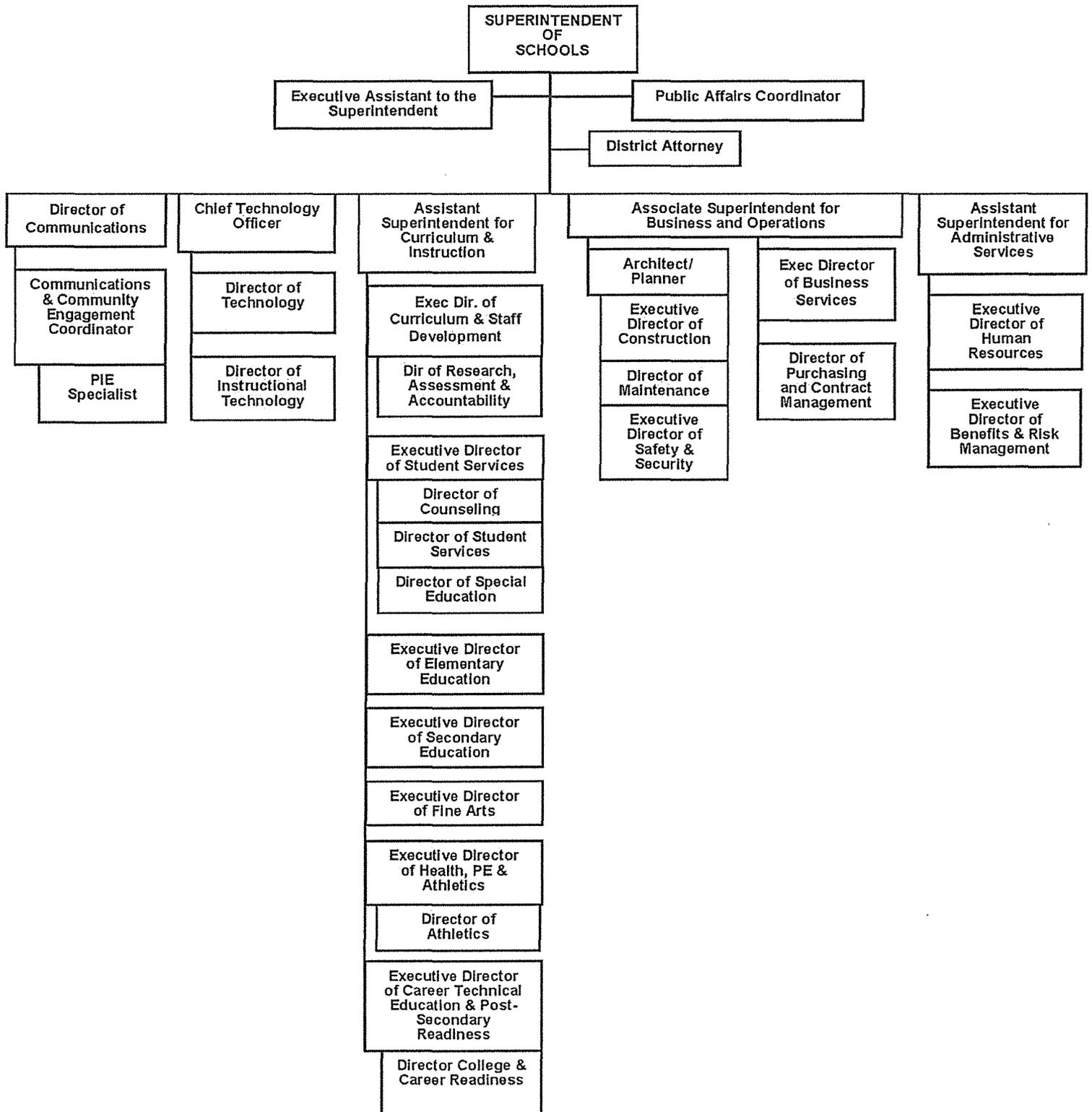
Brenda Burkett

Brenda R. Burkett, CPA, CSBA, SFO
President

John D. Musso

John D. Musso, CAE, RSBA
Executive Director

Northwest Independent School District 2016 – 2017 Administrative Organizational Chart



NORTHWEST INDEPENDENT SCHOOL DISTRICT
Board of Trustees



Mark Schluter
President, Place 2
Regional Transportation
Director
Elected 2006
Term Ends 2018



Judy Copp
Vice President, Place 4
Retired Educator
Elected 2012
Term Ends 2019



**Dr. Anne
Davis-Simpson**
Secretary, Place 3
Professor
Elected 2013
Term Ends 2019



Mel Fuller
Member, Place 7
School Administrator
Elected 2008
Term ends 2017



Devonna Holland
Member, Place 5
Banking Center Manager
Elected 2008
Term Ends 2017



Lillian Rauch
Member, Place 6
Retired Educator
Elected 2014
Term ends 2017



Josh Wright
Member, Place 1
Education
Elected 2009
Term Ends 2018



Ryder Warren, Ed.D.
Superintendent

Board Meetings:

All Northwest ISD board meetings are open to the public. Regular meetings will be held at 7 p.m. on the second and fourth Monday of each month in the board room located at the NISD Administration Building at 2001 Texan Drive. With public notice, trustees will also hold special meetings and work sessions as needed.

Within the limits of the Texas Open Meetings Act, parts of the board meetings may be closed to the public for topics including, but not limited to real estate transactions, personnel matters, student hearings, and legal matters.

If You Wish to Address the Board:

The public may address the board during the public participation portion of the board meeting. Remarks may be related to any topic, whether agenda items or non-agenda items, and are usually limited to three minutes. Those wishing to speak during public participation may sign the roster in the room within the hour preceding the meeting.

NORTHWEST INDEPENDENT SCHOOL DISTRICT
School Board and Administrators

Board of Trustees

Mark Schluter President
Judy Copp Vice President
Anne Davis-Simpson, Ph.D Secretary
Mel Fuller Member
Devonna Holland Member
Lillian Rauch Member
Josh Wright Member

Administration

Ryder Warren, Ed.D. Superintendent of Schools
Robert Thornell, Ed.D. Assistant Superintendent for Curriculum & Instruction
Adam Feind Chief Technology Officer
Kim Caley, Ed.D. Assistant Superintendent for Administrative Services
Tim McClure District Architect and Planner, Facilities, Planning & Construction
Jon Graswich, CPA Associate Superintendent for Business & Operations
Emily Conklin Director of Communications

Principals

Jason Childress Northwest High School
Ron Myers, Ph.D. Byron Nelson High School
Carri Eddy, Ed.D. V.R. Eaton High School
Robin Ellis Steele Accelerated High School
Monty Brown, Ed.D. Denton Creek
Susan Moore Alternative Education Program
Eric Drewery, Ed.D. Medlin Middle School
Chris Jones Gene Pike Middle School
Justin Vercher Chisholm Trail Middle School
Kim Barker, Ed.D. John M. Tidwell Middle School
Mike Blankenship Truett Wilson Middle School
Cynthia Webber Haslet Elementary School
Lisa Ransleben, Ed.D. Justin Elementary School
Mary Seltzer Lakeview Elementary School
Kristi King Roanoke Elementary School
Kim Blackburn Seven Hills Elementary School
Sandy Conklin Samuel Beck Elementary School

NORTHWEST INDEPENDENT SCHOOL DISTRICT
School Board and Administrators

Principals – continued

Carrie Pierce.....	W.R. Hatfield Elementary School
Yolanda Wallace.....	Prairie View Elementary School
Jessica McDonald.....	J. Lyndal Hughes Elementary School
Penny Bowles.....	Sonny & Allegra Nance Elementary School
Michelle McAdams.....	Kay Granger Elementary School
John Booles.....	Sendera Ranch Elementary School
Jofee Tremain.....	O.A. Peterson Elementary School
Jaimie McAllister.....	Clara Love Elementary School
Leigh Anne Romer, Ed.D.....	J.C. Thompson Elementary School
Amy Howell.....	Carl E. Schluter Elementary School
Kim Beacon.....	Wayne A. Cox Elementary School

Northwest ISD offers an easy and free way to get the latest district information. Subscribe to the electronic mail list and stay informed about district activities and urgent news such as school closings. Join today by completing the *Northwest News* registration form on the District's homepage at www.nisdtx.org

NORTHWEST INDEPENDENT SCHOOL DISTRICT
Consultants and Advisors

ARCHITECTS

Corgan Associates, Inc
501 Elm Street, Suite 500
Dallas, Texas 75202

PBK Architecture
100 Throckmorton Street #1550
Fort Worth, Texas 76102

Stantec Architecture, Inc
5717 Legacy Drive, Suite 250
Plano, Texas 75024

OFFICIAL DEPOSITORY

BBVA Compass Bank
300 W 7th St.
Fort Worth, Texas 76102

TAX COLLECTION COUNSEL

Linebarger Goggan Blair & Sampson, LLP
309 W. 7th Street
Fort Worth, Texas 76102-5113

ACCOUNTANTS

Hankins, Eastup, Deaton, Tonn & Seay
902 N Locust St
Denton, TX 76202-0977

BOND COUNSEL

McCall, Parkhurst & Horton, LLP
717 North Harwood
Dallas, Texas 75201

FINANCIAL ADVISORS

First Southwest Company
A Division of Hilltop Securities
1201 Elm Street, Suite 3500
Dallas, Texas 75270

GENERAL COUNSEL

Abernathy, Roeder, Boyd & Joplin
P.O. Box 1210
1700 Redbud Boulevard, Suite 300
McKinney, Texas 75069

The Fowler Law Firm
919 Congress Avenue, Suite 1150
Austin, Texas 78701

Buechler & Associates, P.C
3660 Stoneridge Road, Suite D-101
Austin, Texas 78746

BOND FISCAL AGENTS

SERIES 1990

The Bank of New York Mellon
Global Corporate Trust
2001 Bryan Street – 10th Floor
Dallas, Texas 75201

SERIES 2005

U.S. Bank Corporate Trust Services
P. O. Box 7087
St. Paul, Minnesota 55170

**SERIES 2006, 2007, 2008, 2009, 2010
2011, 2012, 2013, 2014, 2015 and 2016**

Regions Bank Corporate Trust
1717 St. James Place, Suite 500
Houston, Texas 77056

This page left blank intentionally.



FINANCIAL SECTION

This page left blank intentionally.

Members:
AMERICAN INSTITUTE OF
CERTIFIED PUBLIC
ACCOUNTANTS
TEXAS SOCIETY OF CERTIFIED
PUBLIC ACCOUNTANTS

**HANKINS, EASTUP, DEATON,
TONN & SEAY**
A PROFESSIONAL CORPORATION

CERTIFIED PUBLIC ACCOUNTANTS

902 NORTH LOCUST
P.O. BOX 977
DENTON, TX 76202-0977

TEL. (940) 387-8563
FAX (940) 383-4746

UNMODIFIED OPINION ON BASIC FINANCIAL STATEMENTS
ACCOMPANIED BY REQUIRED SUPPLEMENTARY INFORMATION AND OTHER
SUPPLEMENTARY INFORMATION
AND THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Independent Auditor's Report

To the Board of Trustees
Northwest Independent School District
Fort Worth, Texas

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Northwest Independent School District (the District), as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Northwest Independent School District as of June 30, 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* on pages 39 through 46, the budgetary comparison information on page 92 and the Teacher Retirement System schedules on pages 93 and 94 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.

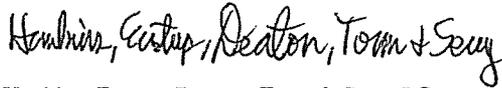
Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Northwest Independent School District's basic financial statements. The combining and individual nonmajor fund financial statements and the TEA required schedules listed in the table of contents 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 the Title 2 CFR Part 200, and is also not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements, the schedules listed in the table of contents, and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole.

The Introductory Section and Statistical Section listed in the foregoing table of contents are presented for the purpose of additional analysis and are not a required part of the basic financial statements of the District. Such additional information has not been subjected to the auditing procedures applied in our audit of the basic financial statements and, accordingly, we express no opinion on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 24, 2016 on our consideration of Northwest Independent School District's internal control over financial reporting and on our test 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 Northwest Independent School District's internal control over financial reporting and compliance.



Hankins, Eastup, Deaton, Tonn & Seay, PC
Denton, Texas

October 24, 2016

**NORTHWEST INDEPENDENT SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2016
(UNAUDITED)**

As management of Northwest Independent School District, we offer readers of the District's financial statement this narrative overview and analysis of the financial activities of the District for the year ended June 30, 2016. Please read this narrative in conjunction with the independent auditors' report on page 37, and the District's Basic Financial Statements that begin on page 48.

FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of resources of Northwest Independent School District exceeded its liabilities and deferred inflows at the close of the most recent fiscal year by \$53,398,861 (net position). Included in the total is \$35,105,595 of unrestricted net position that may be used to meet the District's ongoing obligations to citizens and creditors in accordance with the District's fund designation and fiscal policies.
- The District's total net position increased by \$9,613,981 during the fiscal year from the results of current year operations. However, total net position also decreased by \$18,199,098 due to prior period adjustments to correct some prior year balances.
- As of the close of the current fiscal period, the District's governmental funds reported combined ending fund balances of \$233,676,144. Over 15% of this total amount (\$37,050,333) is unassigned and available for use within the District's commitments and policies.
- At the end of the current fiscal period, the unassigned fund balance of the general fund of \$37,050,333 was 21.53% of the total general fund expenditures.
- The District is defined by Chapter 41 of the Texas Education Code (TEC) as a high wealth District but the District's wealth per student was less than the equalized wealth value; therefore, during 2016 the District did not pay anything for contracted instructional services between schools as part of the state wealth equalization requirements.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis are intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves. The government-wide financial statements include the Statement of Net Position and the Statement of Activities (on pages 48 and 49). 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 50) 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. The District has no component units for which it is financially accountable.

The notes to the financial statements (starting on page 62) 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. The section labeled Single Audit Section contains 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 48. Its primary purpose is to show whether the financial position of the District is improving or deteriorating as a result of the year's activities. The Statement of Net Position includes all the District's assets, deferred outflows of resources, liabilities and deferred inflows of resources at the end of the year while the Statement of Activities includes all revenues and expenses generated by the District's operations during the year. These apply the accrual basis of accounting (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 or 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 provides one measure of the District's financial health, or financial position. Over time, increases or decreases in the District's net position are one indicator of whether its financial health is improving or deteriorating. To fully assess the overall health of the District, however, you should consider 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.

In the Statement of Net Position and the Statement of Activities, information is divided into two kinds of activities:

- 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.
- Business-type activities—Activities in which the District charges a fee to “customers” to help cover the cost of services it provides are reported as business-type activities. The District had no business-type activities at June 30, 2016.

Reporting the District's Most Significant Funds

Fund Financial Statements

A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives.

The fund financial statements begin on page 50 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 under the No Child Left Behind Act 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).

All of the funds of the District can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

- **Governmental funds.** *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements. Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*. The District maintains thirty governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, debt service fund, and capital projects fund, each of which are considered to be major funds. Data from the other twenty-seven governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of *combining statements* elsewhere in this report. The District adopts an annual appropriated budget for its general fund, debt service fund and food service fund. A budgetary comparison schedule has been provided to demonstrate compliance with these budgets. The basic governmental fund financial statements can be found on pages 48 through 61 of this report.
- **Proprietary funds.** The District reports the activities for which it charges users (whether outside customers or other units of the District) in proprietary funds using the same accounting methods employed in the Statement of Net Position and the Statement of Activities. The internal service funds (one category of proprietary funds) report activities that provide supplies and services for the District's other programs and activities—such as the District's self-insurance programs and netbooks.
- **Fiduciary funds.** *Fiduciary funds* are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are *not* reflected in the government-wide financial statements because the resources of those funds are *not* available to support the District's own programs. The District is the trustee, or *fiduciary*, for these funds and is responsible for ensuring that the assets reported in these funds are used for their intended purposes. All of the District's fiduciary activities are reported in a separate statement of fiduciary assets and liabilities that can be found on page 61. These activities are excluded from the District's government-wide financial statements because the District cannot use these assets to finance its operations.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

The following analysis presents both current and prior year data and discuss significant changes in the accounts. Our analysis focuses on the net position (Table I) and changes in net position (Table II) of the District's governmental activities.

Governmental Activities

Net Position. The net position of the District's governmental activities at June 30, 2016 was \$53,398,861. Investment in capital assets (e.g. land, building, furniture, vehicles and equipment) less any related debt used to acquire those assets that is still outstanding was a deficit of \$23,184,957 at June 30, 2016. The District uses these capital assets to provide services to students; consequently, these assets are not available for future spending. Although the District's investment in its capital assets are reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. An additional portion of the District's governmental activities net position (\$41,478,223) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position is \$35,105,595 which may be used to meet the District's ongoing obligations.

Changes in Net Position. The District's total revenues of its governmental activities were \$243,609,382. A significant portion, approximately 75.2 percent, of the revenue comes from property taxes. Another 11.1 percent comes from state aid - formula grants while only 3.1 percent relates to charges for services. This reflects a \$29.1 million increase in revenues from 2014-2015, primarily from increases in property taxes and state aid. The total revenues were used to fund the cost of all programs and services in the amount of \$232,784,959, and to pay down the District's debt. This reflects a \$2.8 million decrease in expenses from 2014-2015, or approximately 1.2%.

Governmental Activities. The District's total net position of its governmental activities increased \$9,613,981 from the results of current year operations. However, beginning net position decreased \$18,199,098 due to prior period adjustments to correct some prior year balances. The total cost of all government activities for the fiscal year ended June 30, 2016 was \$232,784,959. Funding for these governmental activities is by specific program revenue or through general revenues such as property taxes, state aid and investment earnings. Program revenues directly attributable to specific activities funded some of the governmental activities costs. These program revenues amounted to \$31,629,592 (grant revenues, tuition and facility leasing, for example). The remaining cost of governmental activities not directly funded by program revenues was \$201,155,367, which were primarily funded by property taxes in the amount of \$183,308,384 and state revenue of \$27,014,580.

Table I
NET POSITION

	Governmental Activities		
	2015	2016	Change
Current and other assets	\$ 247,202,716	\$ 266,051,834	\$ 18,849,118
Capital and non-current assets	654,091,097	671,907,443	17,816,346
Total assets	901,293,813	937,959,277	36,665,464
Deferred outflows of resources	5,622,416	53,003,171	47,380,755
Total assets and deferred outflows of resources	906,916,229	990,962,448	84,046,219
Long-term liabilities	782,179,324	891,184,671	109,005,347
Other liabilities	51,662,320	38,201,582	(13,460,738)
Total liabilities	833,841,644	929,386,253	95,544,609
Deferred inflows of resources	11,090,607	8,177,334	(2,913,273)
Total liabilities and deferred inflows of resources	844,932,251	937,563,587	92,631,336
Net Position:			
Net investments in capital assets	27,255,585	(23,184,957)	(50,440,542)
Restricted	27,001,501	41,478,223	14,476,722
Unrestricted	7,726,892	35,105,595	27,378,703
Total Net Position	\$ 61,983,978	\$ 53,398,861	\$ (8,585,117)

Table II
CHANGES IN NET POSITION

	Governmental Activities		Change
	2015	2016	
Revenues:			
Program Revenues:			
Charges for services	\$ 10,696,921	\$ 7,472,561	\$ (3,224,360)
Operating grants and contributions	17,152,632	24,157,031	7,004,399
General Revenues:			
Maintenance and operations taxes	120,895,271	131,549,000	10,653,729
Debt service taxes	47,952,873	51,759,384	3,806,511
State aid - formula grants	17,140,982	27,014,580	9,873,598
Interest earnings	645,145	1,100,734	455,589
Miscellaneous	-	556,092	556,092
Total Revenue	<u>214,483,824</u>	<u>243,609,382</u>	<u>29,125,558</u>
Expenses:			
Instruction, curriculum and media services	124,401,706	130,735,264	6,333,558
Instructional and school leadership	9,438,687	11,226,378	1,787,691
Student support services	20,534,201	18,109,030	(2,425,171)
Food services	7,400,908	9,175,595	1,774,687
Extracurricular activities	7,591,117	7,718,196	127,079
General administration	4,019,764	4,458,804	439,040
Plant maintenance, security and data processing	21,997,542	23,255,203	1,257,661
Community services	199,757	154,935	(44,822)
Debt services	37,989,524	26,243,014	(11,746,510)
Intergovernmental charges	<u>2,051,804</u>	<u>1,708,540</u>	<u>(343,264)</u>
Total Expenses	<u>235,625,010</u>	<u>232,784,959</u>	<u>(2,840,051)</u>
Increase (Decrease) in Net Position before transfers and special items	(21,141,186)	10,824,423	31,965,609
Transfers in (out)	-	(1,210,442)	(1,210,442)
Increase (Decrease) in Net Position	(21,141,186)	9,613,981	30,755,167
Net Position - beginning of year	110,068,747	61,983,978	(48,084,769)
Prior period adjustment	<u>(26,943,583)</u>	<u>(18,199,098)</u>	<u>8,744,485</u>
Net Position - end of year	<u>\$ 61,983,978</u>	<u>\$ 53,398,861</u>	<u>\$ (8,585,117)</u>

- The Board of Trustees maintained the maintenance and operation property tax rate of \$1.04 for the fiscal year 2015-2016. This is the maximum rate allowed by law without a rollback election. The debt service rate was set at \$0.4125. The total tax rate necessary to fund the 2015-2016 budget was \$1.4525.
- The District continues to experience an increase in property values over the prior year. The actual increase in certified and under review values for fiscal year 2016 was \$1,310,766,000 or 10.28%.

The cost of all governmental activities for the current fiscal period was \$232,784,959. However, as shown in the Statement of Activities on page 49, the amount that our taxpayers ultimately financed for these activities through District taxes was only \$183,308,384 because some of the costs were paid by those who directly benefited from the programs (\$7,472,561) or by other governments and organizations that subsidized certain programs with grants and contributions (\$24,157,031) or by State equalization funding (\$27,014,580).

THE DISTRICT'S FUNDS

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

As of the end of the current fiscal year, the District's governmental funds reported combined ending fund balances of \$233,676,144 an increase of \$26,428,319. Approximately 50 percent of this total amount (\$116,725,476) constitutes *committed, assigned and unassigned fund balance*, which is available for spending at the District's discretion. The remainder of fund balance is *nonspendable or restricted* to indicate that it is not available for new spending because it is already restricted to pay debt service (\$39,323,668), or for capital projects (\$76,269,887), or for Federal grants (\$1,063,965), or already spent on prepaid items (\$293,148).

The general fund is the primary operating fund of the District. At the end of the current fiscal year, unassigned fund balance of the general fund was \$37,050,333, while the total fund balance was \$76,768,237. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to the total fund expenditures. Unassigned fund balance represents 21.53 percent of the total general fund expenditures, while the total fund balance represents 44.61 percent of that same amount.

The fund balance of the District's general fund increased by \$3,392,349 during the current fiscal year, compared to a \$1,777,491 increase in the previous year. Key factors related to this change are as follows:

- A \$9,900,987 increase in property tax and other local revenues combined with a \$2,741,457 increase in foundation, per capita and other state funding contributed to a \$12,177,842 overall increase in total revenues. Expenditures increased \$14,329,291 or 9.2% with increases in most functional categories.
- \$2,422,652 additional State foundation funding as a final receipt for 2014-2015 was received in 2015-2016 and shown as a prior period adjustment.

The debt service fund has a total fund balance of \$39,323,668, all of which is reserved for the payment of debt service. The net decrease in fund balance during the period from current year operations was \$2,606,061, compared to a \$3,196,160 increase in the previous year. Tax revenues were \$4,174,863 higher than the previous year, but debt service expenditures were \$11,252,600 higher as well.

Other changes in fund balances should also be noted. The fund balance in the capital projects fund increased by \$31,393,387 due primarily to \$75,242,359 proceeds from the sale of bonds, offset by \$45,158,249 spent on construction-related costs. Although these and other capital expenditures reduce available fund balances, they create new assets for the District as reported in the Statement of Net Position and discussed in Note 5 to the financial statements.

Over the course of the year, the Board of Trustees revised the District's budget several times. These budget amendments fall into three 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 June, 2015). The second category includes changes that the Board made during the year to reflect new information regarding revenue sources and expenditure needs. The principal amendment in this case was an increase in the anticipated amount of State funding to be received. The third category involves 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 \$76,768,237 reported on page 50 differs from the General Fund's budgetary fund balance of \$63,967,156 reported in the budgetary comparison schedule on page 92. For the year ended June 30, 2016, actual general fund expenditures on a budgetary basis were \$172,078,169, below the original budget expenditures of \$175,943,250. The actual expenditures were also below the revised final budget of \$178,823,625. The majority of the actual variance of \$6,745,456 consists of savings achieved in payroll costs in the instructional area and savings achieved in utilities costs in the facilities maintenance and operations area. Actual revenue on a budgetary basis was \$172,860,543 compared to the original budget of \$168,443,000 and a revised budget of \$169,433,333. The actual variance of \$3,427,210 was due primarily to higher than expected State revenue.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2016, the District had \$671,907,443 (net of accumulated depreciation) invested in a broad range of capital assets, including facilities and equipment for instruction, transportation, athletics, administration, and maintenance. This amount represents a net increase of \$32,869,991, or 5.14 percent, above last year.

This fiscal year's major additions include:

Continuing construction costs on a new high school, paid for with proceeds of general obligation bonds.	\$19,253,799
Continuing construction costs on an outdoor learning center, paid for with proceeds of general obligation bonds.	13,019,123
Initial construction costs on a transportation facility, paid for with proceeds of general obligation bonds.	2,743,158
Totaling	\$35,016,080

More detailed information about the District's capital assets is presented in Note 4 to the financial statements.

Debt Administration

At year-end, the District had \$746,061,688 in bonds outstanding (including accreted interest on bonds) versus \$731,933,019 last year—an increase of 1.93 percent. New debt was incurred during the fiscal period through the issuance of three refunding bond series and one building bond series. The District's underlying rating for unlimited tax bonds is "AA" by S&P, and "AA-" by Fitch but is considered AAA as a result of guarantees of the Texas Permanent School Fund.

State statutes limit the amount of general obligation debt a governmental entity may issue to 10 percent of its total assessed valuation. The current debt limitation for the District is \$1,170,554,035, which is significantly in excess of the District's outstanding general obligation debt.

Other obligations include accrued vacation benefits and special termination benefits. More detailed information about the District's long-term liabilities is presented in Note 5 to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The District's elected officials considered many factors when setting the fiscal year 2017 budget and tax rates, including the economy, student enrollment growth, and funding levels by the State of Texas.

The District has adopted a \$10,000,000 deficit budget for 2016-2017 for the general fund. Budgeted revenues for the general fund are \$8,635,897 higher than actual 2015-2016 revenues, but budgeted expenditures are \$19,418,271 higher than actual 2015-2016 expenditures. The June 30, 2016 general fund fund balance is sufficient to cover the anticipated deficit.

The District has adopted a \$458,844 deficit budget for 2016-2017 for the debt service fund. Budgeted revenues for the debt service fund are \$839,760 lower than actual 2015-2016 revenues and budgeted expenditures are \$3,892,003 lower than actual 2015-2016 expenditures. The June 30, 2016 debt service fund fund balance is sufficient to cover the anticipated deficit.

The 2016 tax rate was set at \$1.4525 per \$100 valuation (\$1.04 maintenance and operations and \$.4125 debt service) which is the same as the 2015 tax rate.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for funds the District receives. If you have questions about this report or need additional financial information, contact the District's business office, at Northwest Independent School District, P.O. Box 77070, Fort Worth, Texas 76177-0070.

This page left blank intentionally.

NORTHWEST INDEPENDENT SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2016

EXHIBIT A-1

Data Control Codes	Primary Government Governmental Activities
ASSETS	
1110 Cash and Cash Equivalents	\$ 27,840,304
1120 Current Investments	224,299,860
1220 Property Taxes Receivable (Delinquent)	6,053,209
1230 Allowance for Uncollectible Taxes	(453,990)
1240 Due from Other Governments	7,026,304
1250 Accrued Interest	432,251
1290 Other Receivables, net	560,748
1410 Prepayments	293,148
Capital Assets:	
1510 Land	28,190,250
1520 Buildings, Net	503,119,129
1530 Furniture and Equipment, Net	5,244,184
1540 Vehicles, Net	844,652
1580 Construction in Progress	134,509,228
1000 Total Assets	937,959,277
DEFERRED OUTFLOWS OF RESOURCES	
1701 Deferred Charge for Refunding	29,448,039
1705 Deferred Outflow Related to TRS	23,555,132
1700 Total Deferred Outflows of Resources	53,003,171
LIABILITIES	
2110 Accounts Payable	3,481,819
2150 Payroll Deductions & Withholdings	1,119,762
2160 Accrued Wages Payable	17,851,325
2180 Due to Other Governments	408,343
2200 Accrued Expenses	14,745,840
2300 Unearned Revenue	594,493
Noncurrent Liabilities	
2501 Due Within One Year	23,944,470
2502 Due in More Than One Year	824,949,018
2540 Net Pension Liability (District's Share)	42,291,183
2000 Total Liabilities	929,386,253
DEFERRED INFLOWS OF RESOURCES	
2605 Deferred Inflow Related to TRS	8,177,334
2600 Total Deferred Inflows of Resources	8,177,334
NET POSITION	
3200 Net Investment in Capital Assets	(23,184,957)
3850 Restricted for Debt Service	39,323,668
3870 Restricted for Campus Activities	2,154,555
3900 Unrestricted	35,105,595
3000 Total Net Position	\$ 53,398,861

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

NORTHWEST INDEPENDENT SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2016

EXHIBIT B-1

Data Control Codes	1	Program Revenues		Net (Expense) Revenue and Changes in Net Position
		3	4	6
	Expenses	Charges for Services	Operating Grants and Contributions	Primary Gov. Governmental Activities
Primary Government:				
GOVERNMENTAL ACTIVITIES:				
11 Instruction	\$ 122,168,515	\$ 90,828	\$ 12,556,834	\$ (109,520,853)
12 Instructional Resources and Media Services	2,681,310	-	140,676	(2,540,634)
13 Curriculum and Staff Development	5,885,439	-	453,784	(5,431,655)
21 Instructional Leadership	1,081,077	-	42,064	(1,039,013)
23 School Leadership	10,145,301	-	654,147	(9,491,154)
31 Guidance, Counseling and Evaluation Services	7,941,408	-	1,237,310	(6,704,098)
32 Social Work Services	904,931	-	606,349	(298,582)
33 Health Services	2,009,949	921,133	94,861	(993,955)
34 Student (Pupil) Transportation	7,252,742	-	3,069,980	(4,182,762)
35 Food Services	9,175,595	5,469,920	2,196,760	(1,508,915)
36 Extracurricular Activities	7,718,196	476,021	2,087,559	(5,154,616)
41 General Administration	4,458,804	-	551,849	(3,906,955)
51 Facilities Maintenance and Operations	17,255,030	514,659	195,672	(16,544,699)
52 Security and Monitoring Services	1,248,060	-	27,050	(1,221,010)
53 Data Processing Services	4,752,113	-	190,047	(4,562,066)
61 Community Services	154,935	-	32,089	(122,846)
72 Debt Service - Interest on Long Term Debt	23,170,568	-	-	(23,170,568)
73 Debt Service - Bond Issuance Cost and Fees	3,072,446	-	-	(3,072,446)
93 Payments related to Shared Services Arrangements	20,000	-	20,000	-
97 Payments to Tax Increment Fund	839,876	-	-	(839,876)
99 Other Intergovernmental Charges	848,664	-	-	(848,664)
[TP] TOTAL PRIMARY GOVERNMENT:	\$ 232,784,959	\$ 7,472,561	\$ 24,157,031	(201,155,367)

Data Control Codes	General Revenues:	
	Taxes:	
MT	Property Taxes, Levied for General Purposes	131,549,000
DT	Property Taxes, Levied for Debt Service	51,759,384
SF	State Aid - Formula Grants	27,014,580
IE	Investment Earnings	1,100,734
MI	Miscellaneous Local and Intermediate Revenue	556,092
FR	Transfers In (Out)	(1,210,442)
TR	Total General Revenues & Transfers	210,769,348
CN	Change in Net Position	9,613,981
NB	Net Position - Beginning	61,983,978
PA	Prior Period Adjustment	(18,199,098)
NE	Net Position--Ending	\$ 53,398,861

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

NORTHWEST INDEPENDENT SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2016

Data Control Codes	10 General Fund	50 Debt Service Fund	60 Capital Projects
ASSETS			
1110 Cash and Cash Equivalents	\$ 7,926,778	\$ 769,247	\$ 12,158,579
1120 Investments - Current	83,221,043	38,414,692	101,498,769
1220 Property Taxes - Delinquent	4,520,897	1,532,312	-
1230 Allowance for Uncollectible Taxes (Credit)	(339,067)	(114,923)	-
1240 Receivables from Other Governments	6,584,553	-	-
1250 Accrued Interest	122,803	48,165	258,408
1260 Due from Other Funds	140,923	-	559,917
1290 Other Receivables	128,724	-	-
1410 Prepayments	293,148	-	-
1000 Total Assets	<u>\$ 102,599,802</u>	<u>\$ 40,649,493</u>	<u>\$ 114,475,673</u>
LIABILITIES			
2110 Accounts Payable	\$ 2,408,812	\$ -	\$ 93,930
2150 Payroll Deductions and Withholdings Payable	1,119,762	-	-
2160 Accrued Wages Payable	17,497,042	-	3,742
2170 Due to Other Funds	571,158	-	-
2180 Due to Other Governments	396,707	-	-
2200 Accrued Expenditures	10,343	-	12,282
2300 Unearned Revenues	108,227	90,607	-
2000 Total Liabilities	<u>22,112,051</u>	<u>90,607</u>	<u>109,954</u>
DEFERRED INFLOWS OF RESOURCES			
2601 Unavailable Revenue - Property Taxes	3,719,514	1,235,218	-
2600 Total Deferred Inflows of Resources	<u>3,719,514</u>	<u>1,235,218</u>	<u>-</u>
FUND BALANCES			
Nonspendable Fund Balance:			
3430 Prepaid Items	293,148	-	-
Restricted Fund Balance:			
3450 Federal or State Funds Grant Restriction	-	-	-
3470 Capital Acquisition and Contractual Obligation	-	-	76,269,887
3480 Retirement of Long-Term Debt	-	39,323,668	-
Committed Fund Balance:			
3545 Other Committed Fund Balance	-	-	-
Assigned Fund Balance:			
3550 Construction	29,424,756	-	38,095,832
3560 2016-2017 Deficit Budget	10,000,000	-	-
3600 Unassigned Fund Balance	37,050,333	-	-
3000 Total Fund Balances	<u>76,768,237</u>	<u>39,323,668</u>	<u>114,365,719</u>
4000 Total Liabilities, Deferred Inflows & Fund Balances	<u>\$ 102,599,802</u>	<u>\$ 40,649,493</u>	<u>\$ 114,475,673</u>

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

Other Funds	Total Governmental Funds
\$ 3,404,913	\$ 24,259,517
1,165,356	224,299,860
-	6,053,209
-	(453,990)
441,751	7,026,304
2,875	432,251
11,241	712,081
58,080	186,804
-	293,148
<u>\$ 5,084,216</u>	<u>\$ 262,809,184</u>
\$ 978,112	\$ 3,480,854
-	1,119,762
339,241	17,840,025
140,923	712,081
11,636	408,343
125	22,750
395,659	594,493
<u>1,865,696</u>	<u>24,178,308</u>
-	4,954,732
-	4,954,732
-	293,148
1,063,965	1,063,965
-	76,269,887
-	39,323,668
2,154,555	2,154,555
-	67,520,588
-	10,000,000
-	37,050,333
<u>3,218,520</u>	<u>233,676,144</u>
<u>\$ 5,084,216</u>	<u>\$ 262,809,184</u>

This page left blank intentionally.

NORTHWEST INDEPENDENT SCHOOL DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE
STATEMENT OF NET POSITION
JUNE 30, 2016

Total Fund Balances - Governmental Funds	\$ 233,676,144
1 Assets and liabilities of the internal service funds are not included in the fund financial statements.	2,320,611
2 Capital assets used in governmental activities are not financial resources, and therefore, are not reported in the fund financial statements.	788,607,482
3 Accumulated depreciation is not reported in the fund financial statements.	(116,700,039)
4 Bonds payable are not reported in the fund financial statements.	(736,819,556)
5 Bond premiums are not recognized in the fund financial statements.	(102,086,602)
6 Interest is accrued on outstanding debt in the government-wide financial statements, whereas in the fund financial statements interest expenditures are reported when due.	(13,101,235)
7 Property tax revenue reported as unavailable revenue in the fund financial statements was recognized as revenue in the government-wide financial statements.	4,954,732
8 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 \$42,291,183, a Deferred Resource Inflow related to TRS in the amount of \$8,177,334, and a Deferred Resource Outflow related to TRS in the amount of \$23,555,132. This amounted to a decrease in Net Position in the amount of \$26,913,385.	(26,913,385)
9 Deferred charge on bond refundings is not recognized in the fund financial statements.	29,448,039
10 Accreted interest on capital appreciation bonds has not been recorded in the fund financial statements.	(9,242,132)
11 Accrued vacation benefits have not been recorded in the fund financial statements.	(745,198)
19 Net Position of Governmental Activities	<u>\$ 53,398,861</u>

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

NORTHWEST INDEPENDENT SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2016

Data Control Codes		10 General Fund	50 Debt Service Fund	60 Capital Projects
REVENUES:				
5700	Total Local and Intermediate Sources	\$ 134,463,136	\$ 52,573,718	\$ 520,262
5800	State Program Revenues	36,498,439	651,712	21,859
5900	Federal Program Revenues	1,898,968	-	-
5020	Total Revenues	<u>172,860,543</u>	<u>53,225,430</u>	<u>542,121</u>
EXPENDITURES:				
Current:				
0011	Instruction	103,656,537	-	1,183,504
0012	Instructional Resources and Media Services	2,400,835	-	710,645
0013	Curriculum and Instructional Staff Development	5,122,910	-	-
0021	Instructional Leadership	978,152	-	-
0023	School Leadership	8,925,092	-	-
0031	Guidance, Counseling and Evaluation Services	6,125,647	-	4,607
0032	Social Work Services	209,767	-	-
0033	Health Services	1,766,456	-	37,465
0034	Student (Pupil) Transportation	7,335,213	-	-
0035	Food Services	-	-	-
0036	Extracurricular Activities	5,615,284	-	2,394,686
0041	General Administration	4,626,190	-	-
0051	Facilities Maintenance and Operations	17,280,092	-	-
0052	Security and Monitoring Services	1,247,806	-	16,938
0053	Data Processing Services	4,448,888	-	-
0061	Community Services	117,777	-	-
Debt Service:				
0071	Principal on Long Term Debt	-	16,862,238	-
0072	Interest on Long Term Debt	-	38,855,162	-
0073	Bond Issuance Cost and Fees	-	1,019,117	242,250
Capital Outlay:				
0081	Facilities Acquisition and Construction	532,983	-	40,568,154
Intergovernmental:				
0093	Payments to Fiscal Agent/Member Districts of SSA	-	-	-
0097	Payments to Tax Increment Fund	839,876	-	-
0099	Other Intergovernmental Charges	848,664	-	-
6030	Total Expenditures	<u>172,078,169</u>	<u>56,736,517</u>	<u>45,158,249</u>
1100	Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>782,374</u>	<u>(3,511,087)</u>	<u>(44,616,128)</u>
OTHER FINANCING SOURCES (USES):				
7911	Capital Related Debt Issued (Regular Bonds)	-	253,448,475	67,435,000
7912	Sale of Real and Personal Property	107	-	207,348
7915	Transfers In	-	109	559,917
7916	Premium or Discount on Issuance of Bonds	-	48,900,225	7,807,359
7949	Other Resources	-	-	-
8911	Transfers Out (Use)	(578,460)	-	(109)
8949	Other (Uses)	-	(301,443,783)	-
7080	Total Other Financing Sources (Uses)	<u>(578,353)</u>	<u>905,026</u>	<u>76,009,515</u>
1200	Net Change in Fund Balances	204,021	(2,606,061)	31,393,387
0100	Fund Balance - July 1 (Beginning)	73,375,888	25,723,034	82,972,332
1300	Prior Period Adjustment(s)	3,188,328	16,206,695	-
3000	Fund Balance - June 30 (Ending)	<u>\$ 76,768,237</u>	<u>\$ 39,323,668</u>	<u>\$ 114,365,719</u>

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

	Other Funds	Total Governmental Funds
\$	8,795,305	\$ 196,352,421
	3,301,299	40,473,309
	5,835,165	7,734,133
	17,931,769	244,559,863
	6,129,952	110,969,993
	33,870	3,145,350
	274,730	5,397,640
	2,404	980,556
	193,686	9,118,778
	942,242	7,072,496
	695,164	904,931
	603	1,804,524
	-	7,335,213
	9,175,595	9,175,595
	1,754,344	9,764,314
	63,306	4,689,496
	108	17,280,200
	12,108	1,276,852
	-	4,448,888
	25,576	143,353
	-	16,862,238
	-	38,855,162
	-	1,261,367
	-	41,101,137
	20,000	20,000
	-	839,876
	-	848,664
	19,323,688	293,296,623
	(1,391,919)	(48,736,760)
	-	320,883,475
	-	207,455
	18,543	578,569
	-	56,707,584
	20,790	20,790
	(1,210,442)	(1,789,011)
	-	(301,443,783)
	(1,171,109)	75,165,079
	(2,563,028)	26,428,319
	5,781,548	187,852,802
	-	19,395,023
\$	3,218,520	\$ 233,676,144

NORTHWEST 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 JUNE 30, 2016

Total Net Change in Fund Balances - Governmental Funds	\$ 26,428,319
Current year capital asset additions are expenditures in the fund financial statements, but they are shown as increases in capital assets in the government-wide financial statements. The net effect of reclassifying the current year capital asset additions is to increase net position.	46,109,646
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 in the government-wide financial statements.	(13,238,616)
Interest is accrued on outstanding debt in the government-wide financial statements, whereas in the fund financial statements interest expenditures are reported when due.	3,105,460
Revenues from property taxes are deferred in the fund financial statements until they are considered available to finance current expenditures, but such revenues are recognized when assessed, net of an allowance for uncollectable amounts, in the government-wide financial statements.	(1,177,690)
Current year amortization of the premium on bonds payable is not recorded in the fund financial statements, but is shown as a reduction in long-term debt in the government-wide financial statements.	16,755,462
Current year interest accretion on capital appreciation bonds is not recognized in the fund financial statements, but is shown as an increase in long-term debt in the government-wide financial statements.	1,682,567
The net income of internal service funds is not included in the fund financial statements but is reported with governmental activities in the government-wide financial statements.	765,437
Current year principal payments on bonds payable are expenditures in the fund financial statements, but are shown as reductions in long-term debt in the government-wide financial statements.	16,862,238
The premium on the current year issuances of bonds is recorded as an other resource in the fund financial statements, but is capitalized in the government-wide financial statements.	(58,518,663)
Current year issuances of bonds are shown as other resources in the fund financial statements but are shown as increases in long-term debt in the government-wide financial statements.	(320,883,475)
Payments to refund bonds payable are shown as other financing uses in the fund financial statements, but are shown as a reduction in long-term debt in the government-wide financial statements.	301,443,783

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

NORTHWEST 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 JUNE 30, 2016

<p>Current year net decreases in accrued vacation benefit obligations are shown as expenditures in the fund financial statements but are shown as reductions in long-term debt in the government-wide financial statements.</p>	20,478
<p>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 ending net position to increase in the amount of \$3,101,573. Contributions made before the measurement but during the 2016 FY were also de-expended and recorded as a reduction in the net pension liability for the District. This caused a decrease in the net position in the amount of \$314,186. These contributions were replaced with the District's pension expense for the year of \$6,668,421, which caused a decrease in net position. The impact of all of these is to decrease net position by \$3,881,034.</p>	(3,881,034)
<p>Current year amortization of deferred charge on bond refunding is not recorded in the fund financial statements, but is shown as a reduction of the deferred loss in the government-wide financial statements.</p>	(5,858,895)
<p>Change in Net Position of Governmental Activities</p>	<hr style="border: 0.5px solid black;"/> \$ 9,613,981 <hr style="border: 0.5px solid black;"/>

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

NORTHWEST INDEPENDENT SCHOOL DISTRICT
 STATEMENT OF NET POSITION
 PROPRIETARY FUNDS
 JUNE 30, 2016

EXHIBIT D-1

	Governmental Activities -
	Total Internal Service Funds
<hr/>	
ASSETS	
Current Assets:	
Cash and Cash Equivalents	\$ 3,580,787
Other Receivables	<u>373,944</u>
Total Assets	<u>3,954,731</u>
LIABILITIES	
Current Liabilities:	
Accounts Payable	965
Accrued Wages Payable	11,300
Accrued Expenses	<u>1,621,855</u>
Total Liabilities	<u>1,634,120</u>
NET POSITION	
Unrestricted Net Position	<u>2,320,611</u>
Total Net Position	<u><u>\$ 2,320,611</u></u>

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

NORTHWEST INDEPENDENT SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2016

	Governmental Activities -
	Total Internal Service Funds
OPERATING REVENUES:	
Local and Intermediate Sources	\$ 13,629,737
Total Operating Revenues	<u>13,629,737</u>
OPERATING EXPENSES:	
Payroll Costs	31,057
Professional and Contracted Services	1,095,020
Supplies and Materials	101,245
Other Operating Costs	11,636,978
Total Operating Expenses	<u>12,864,300</u>
Transfer In	1,253,648
Transfers Out	<u>(1,253,648)</u>
Operating Income	765,437
Total Net Position - July 1 (Beginning)	<u>1,555,174</u>
Total Net Position - June 30 (Ending)	<u><u>\$ 2,320,611</u></u>

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

NORTHWEST INDEPENDENT SCHOOL DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2016

	Governmental Activities -
	Total
	Internal Service Funds
<u>Cash Flows from Operating Activities:</u>	
Cash Received from User Charges	\$ 12,937,217
Cash Payments to Employees for Services	(25,526)
Cash Payments for Insurance Claims	(10,279,684)
Cash Payments for Suppliers	(101,245)
Cash Payments for Other Operating Expenses	(1,617,796)
Net Cash Provided by Operating Activities	<u>912,966</u>
<u>Cash Flows from Capital & Related Financing Activities:</u>	
Transfer In (Out)	<u>-</u>
Net Increase in Cash and Cash Equivalents	912,966
Cash and Cash Equivalents at Beginning of Year	<u>2,667,821</u>
Cash and Cash Equivalents at End of Year	<u>\$ 3,580,787</u>
<u>Reconciliation of Operating Income to Net Cash</u>	
<u>Provided by Operating Activities:</u>	
Operating Income:	\$ 765,437
Effect of Increases and Decreases in Current Assets and Liabilities:	
Decrease (increase) in Receivables	(347,932)
Decrease (increase) in Due from Other Funds	3,223,456
Increase (decrease) in Accounts Payable	(2,098,621)
Increase (decrease) in Accrued Wages Payable	5,531
Increase (decrease) in Accrued Expenses	229,482
Increase (decrease) in Due to Other Funds	(864,387)
Net Cash Provided by Operating Activities	<u>\$ 912,966</u>

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

NORTHWEST INDEPENDENT SCHOOL DISTRICT
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
FIDUCIARY FUNDS
JUNE 30, 2016

	Agency Funds
<hr/>	
ASSETS	
Cash and Cash Equivalents	\$ 135,884
Total Assets	<u>\$ 135,884</u>
LIABILITIES	
Payroll Deductions and Withholdings Payable	\$ 135,884
Total Liabilities	<u>\$ 135,884</u>

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

NORTHWEST INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Northwest Independent School District (District) is a public educational agency operating under the applicable laws and regulations of the State of Texas. The District prepares its basic financial statements in conformity with Generally Accepted Accounting Principles (GAAP) promulgated by the Governmental Accounting Standards Board (GASB) and other authoritative sources identified in *Statement of Auditing Standards No. 69* of the American Institute of Certified Public Accountants. Additionally, the District complies with the requirements of the appropriate version of the Texas Education Agency (TEA) *Financial Accountability System Resource Guide* (FASRG) and the requirements of contracts and grants of agencies from which it receives funds.

In 2002, the District implemented GASB Statement No. 34, *Basic Financial Statements-and Management's Discussion and Analysis-for State and Local Governments* (GASB Statement No. 34), GASB Statement No. 37, *Basic Financial Statements-and Management's Discussion and Analysis-for State and Local Governments: Omnibus* which provides additional guidance for the implementation of GASB Statement No. 34, and GASB Statement No. 38, *Certain Financial Statement Note Disclosures* which changes note disclosure requirements for governmental entities.

GASB Statement No. 34 established a new financial reporting model for state and local governments that included the addition of management's discussion and analysis, government-wide financial statements, required supplementary information and the elimination of the effects of internal service activities and the use of account groups to the already required fund financial statements and notes. The GASB determined that fund accounting has and will continue to be essential in helping governments to achieve *fiscal accountability* and should, therefore, be retained. The GASB also determined that government-wide financial statements are needed to allow users of financial reports to assess a government's *operational accountability*. The new GASB model integrates fund-based financial reporting and government-wide financial reporting as complementary components of a single comprehensive financial reporting model.

The more significant accounting policies of the District are described below.

A. REPORTING ENTITY

The Board of Trustees, a seven member group, has fiscal accountability over all activities related to public elementary and secondary education within the jurisdiction of the District. The board of trustees are elected by the public. The trustees as a body corporate have the exclusive power and duty to govern and oversee the management of the public schools of the district. All powers and duties not specifically delegated by statute to the Texas Education Agency (Agency) or to the State Board of Education are reserved for the trustees, and the Agency may not substitute its judgment for the lawful exercise of those powers and duties by the trustees. The District is not included in any other governmental "reporting entity" as defined in Section 2100, Codification of Governmental Accounting and Financial Reporting Standards.

The District's basis financial statements include the accounts of all District operations. The criteria for including organizations as component units within the District's reporting entity, as set forth in Section 2100 of GASB's Codification of Governmental Accounting and Financial Reporting Standards, include whether:

- the organization is legally separate (can sue and be sued in their own name)
- the District holds the corporate powers of the organization
- the District appoints a voting majority of the organization's board
- the District is able to impose its will on the organization
- the organization has the potential to impose a financial benefit/burden on the District
- there is fiscal dependency by the organization on the District

NORTHWEST INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016

Based on the aforementioned criteria, Northwest Independent School District has no component units.

B. BASIS OF PRESENTATION

The government-wide financial statements (the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the District. The effect of interfund activity, within the governmental and business-type activities columns, has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given program are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific program. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given program and 2) operating or capital grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Fund Financial Statements:

The District segregates transactions related to certain functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Separate statements are presented for governmental and proprietary activities. These statements present each major fund as a separate column on the fund financial statements; all non-major funds are aggregated and presented in a single column.

Governmental funds are those funds through which most governmental functions typically are financed. The measurement focus of governmental funds is on the sources, uses and balance of current financial resources. The District has presented the following major governmental funds:

1. **General Fund** - This fund is established to account for resources financing the fundamental operations of the District, in partnership with the community, in enabling and motivating students to reach their full potential. All revenues and expenditures not required to be accounted for in other funds are included here. This is a budgeted fund and any fund balances are considered resources available for current operations. Fund balances may be appropriated by the Board of Trustees to implement its responsibilities.
2. **Debt Service Fund** - This fund is established to account for payment of principal and interest on long-term general obligation debt and other long-term debts for which a tax has been dedicated. This is a budgeted fund. Any unused sinking fund balances are transferred to the General Fund after all of the related debt obligations have been met.
3. **Capital Projects Fund** - This fund is established to account for proceeds, from the sale of bonds and other resources to be used for Board authorized acquisition, construction, or renovation, as well as, furnishings and equipping of major capital facilities. Upon completion of a project, any unused bond proceeds are transferred to the Debt Service Fund and are used to retire related bond principal.

NORTHWEST INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016

Additionally, the District reports the following fund types:

1. **Special Revenue Funds** - These funds are established to account for federally financed or expenditures legally restricted for specified purposes. In many special revenue funds, any unused balances are returned to the grantor at the close of specified project periods. For funds in this fund type, project accounting is employed to maintain integrity for the various sources of funds.
2. **Internal Service Funds** - The District utilizes Internal Service Funds to account for revenues and expenses related to services provided to parties inside the District on a cost reimbursement basis. These funds facilitate distribution of support costs to the users of support services. The District has internal service funds for its NetBooks and various self-insurance plans.
3. **Agency Funds** - These custodial funds are used to account for activities of student groups and other organizational activities requiring clearing accounts. Financial resources for the Agency funds are recorded as assets and liabilities; therefore, these funds do not include revenues and expenditures and have no fund equity. If any unused resources are declared surplus by the student groups, they are transferred to the General Fund with a recommendation to the Board for an appropriate utilization through a budgeted program.

The internal service funds are proprietary fund types. Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. Operating expenses for the proprietary funds include the cost of personal and contractual services, supplies and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Under GASB Statement No. 20, "Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting", all proprietary funds will continue to follow Financial Accounting Standards Board (FASB) standards issued on or before November 30, 1989. However, from that date forward, proprietary funds will have the option of either 1) choosing not to apply future FASB standards (including amendments or earlier pronouncements), or 2) continuing to follow new FASB pronouncements (unless they conflict with GASB guidance). The District has chosen not to apply future FASB standards.

C. MEASUREMENT FOCUS/BASIS OF ACCOUNTING

Measurement focus refers to what is being measured; basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurement made, regardless of the measurement focus applied.

The government-wide statements and fund financial statements for proprietary funds are reported using the economic resources measurement focus and the accrual basis of accounting. The economic resources measurement focus means all assets and liabilities (whether current or non-current) are included on the statement of net position and the operating statements present increases (revenues) and decreases (expenses) in net total position. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recognized at the time the liability is incurred. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as soon as all eligibility requirements imposed by the provider have been met.

NORTHWEST INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016

Governmental fund financial statements are reported using the current financial resources measurement focus and are accounted for using the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual; i.e., when they become both measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The District considers property taxes as available if they are collected within 60 days after year-end. Expenditures are recorded when the related fund liability is incurred. However, debt service expenditures, as well as expenditures related to compensated absences are recorded only when payment is due.

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

The revenue susceptible to accrual are property taxes, charges for services, interest income and intergovernmental revenues. All other Governmental Fund Type revenues are recognized when received.

Revenues from state and federal grants are recognized as earned when the related program expenditures are incurred. Funds received but unearned are reflected as unearned revenues, and funds expended but not yet received are shown as receivables.

Revenue from investments, including governmental external investment pool, is based upon fair value. Fair value is the amount at which a financial instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. Most investments are reported at amortized cost when the investments have remaining maturities of one year or less at time of purchase. External investment pools are permitted to report short-term debt investments at amortized cost, provided that the fair value of those investments is not significantly affected by the impairment of the credit standing of the issuer, or other factors. For that purpose, a pool's short-term investments are those with remaining maturities of up to ninety days.

In accordance with the FAR, the District has adopted and installed an accounting system which exceeds the minimum requirements prescribed by the State Board of Education and approved by the State Auditor. Specifically, the District's accounting system uses codes and the code structure presented in the Accounting Code Section of the FAR.

D. BUDGETS

Legal requirements for school district budgets are formulated by the state, TEA, and the local district. The Board adopts an "appropriated budget" on a basis consistent with GAAP for the general fund, debt service fund and child nutrition program (which is included in special revenue funds). At a minimum, the District is required to present the original and the final amended budgets for revenues and expenditures compared to actual revenues and expenditures for these three funds.

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

NORTHWEST INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016

- Prior to June 19th, the District prepares a budget based on the planning-programming budgeting method for the next succeeding fiscal year. The operating budget includes proposed expenditures and the means of financing them.
- After one or more budget workshops with the Board, a meeting is called for the purpose of adopting the proposed budget. At least ten days but not more than 30 days public notice of the meeting is required.
- Prior to June 30th the Board of Trustees legally adopts the budget for the general fund, debt service fund and child nutrition program.
- After the budget for the above listed funds is approved, any amendment that causes an increase or decrease in a fund or functional spending category or total revenue or other resources object category requires Board approval prior to the fact. These amendments are presented to the Board at its regular monthly meeting and are reflected in the official minutes. Because the District has a policy of careful budgetary control, several budgetary amendments were necessary throughout the year. Budget amendments throughout the year were not significant.
- Expenditure budgets are controlled at the expenditure functional and object level by the appropriate budget manager (principal, department director or divisional administrator).

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

E. CASH AND CASH EQUIVALENTS

The cash and cash equivalents portion of this caption in the accompanying fund financial statements is comprised of demand accounts, imprest funds and money market savings accounts. The District maintains a demand account on an imprest basis through which most obligations are paid. Checking account balances for most government fund expenditures are pooled into one demand account.

All District's deposits are legally insured by the Federal Deposit Insurance Corporation and additionally protected by appropriate pledges of securities issued by the State of Texas, other Texas municipalities or the Federal government.

F. PREPAID ITEMS

Prepaid balances are for payments made by the District in the current year to provide services occurring in the subsequent fiscal year, and prepaid items are shown as nonspendable fund balance to signify that they are not available for other subsequent expenditures. Prepaid balances are reported using the consumption method, in which the prepaid item is recorded as an asset when paid and is charged to expenditure or expense each fiscal year in an amount equal to the related benefits received that year.

G. INVENTORIES

The consumption method is used to account for inventories of food products, school supplies and athletic equipment. Under this method, these items are carried in an inventory account of the respective fund at cost, using the first-in, first-out method of accounting and are subsequently charged to expenditures when consumed. In the General Fund, reported inventories are offset by a fund balance reserve indicating that they are unavailable as current expendable financial resources.

NORTHWEST INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016

H. CAPITAL ASSETS

Capital assets, which includes property, plant, equipment, and infrastructure assets, are reported in the governmental activities column of the government-wide financial statements. All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated assets are valued at their fair market value on the date donated. Repairs and maintenance are recorded as expenses. Renewals and betterments are capitalized. Interest has not been capitalized during the construction period on property, plant and equipment. When assets are retired or otherwise disposed of, the related costs or other recorded amounts are removed.

Assets capitalized have an original cost of \$5,000 or more and over one-year of useful life. Depreciation has been calculated on each class of depreciable property using the straight-line method. Estimated useful lives are as follows:

Land	N/A
Buildings	50 Years
Building improvements	1-20 Years
Furniture and equipment	7 Years
Computer equipment	3 Years
Vehicles	7 Years

I. COMPENSATED ABSENCES

The District requires overtime compensation to be paid or taken in the form of compensatory time off. The District generally does not allow hourly employees to carry forward unused vacation time. Effective July 1, 2000 the District's full-time employees in positions that require twelve months of service are eligible for two weeks of vacation with pay annually. This vacation is accrued at the rate of five-sixths of a day for each month of employment, for a maximum of forty days. As of June 30, 2016 the amount accrued and vested was \$745,198 and is reported as a long-term debt in the accompanying financial statements. Typically, the general fund is used to liquidate the liability for compensated absences.

Beginning Balance			Ending Balance
<u>June 30, 2015</u>	<u>Increases</u>	<u>Decreases</u>	<u>June 30, 2016</u>
<u>\$765,676</u>	<u>\$400,469</u>	<u>\$420,947</u>	<u>\$745,198</u>

The District allows employees to carry forward unused sick leave to subsequent years. As of June 30, 2016 the contingent liability to the District for sick leave carried forward totaled approximately \$13,205,564. This amount is not paid to employees upon retirement or termination, therefore the District has not recorded a liability for accumulated sick leave.

J. CASH EQUIVALENTS

For purposes of the statement of cash flows, investments are considered to be cash equivalents if they are highly liquid with maturity within one year or less.

NORTHWEST INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016

K. NET POSITION

Net position represents the difference between assets, deferred outflows, deferred inflows and liabilities. Net investment in capital assets consists of capital assets, net of accumulated depreciations, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvements of those assets, and adding back unspent proceeds. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislations adopted by the District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

L. LONG-TERM OBLIGATIONS

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are expensed in the year incurred.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

M. FINANCIAL REPORTING MODEL

The District follows the financial reporting model for state and local governments that includes the addition of management's discussion and analysis, government-wide financial statements, required supplementary information and the elimination of the effects of internal service activities to the already required fund financial statements and notes.

The GASB determined that fund accounting has and will continue to be essential in helping governments to achieve *fiscal accountability* and should, therefore, be retained. The GASB also determined that government-wide financial statements are needed to allow users of financial reports to assess a government's *operational accountability*. The GASB model integrates fund-based financial reporting and government-wide financial reporting as complementary components of a single comprehensive financial reporting model.

As a result, the financial statements include government-wide financial statements prepared on an accrual basis of accounting and fund financial statements which present information for individual major funds rather than by fund type. Non-major funds are presented in total in one column. The government-wide financial statements split the District programs between governmental and business-type activities.

N. 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 2016, the district purchased commercial insurance to cover general liabilities. There were no significant reductions in coverage in the past fiscal year, and there were no settlements exceeding insurance coverage for each of the past three fiscal years.

NORTHWEST INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016

O. ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

P. DATA CONTROL CODES

The data control codes refer to the account code structure prescribed by TEA in the *Financial Accountability System Resource Guide*. The TEA requires school districts to display these codes in the financial statements filed with the Agency in order to ensure accuracy in building a statewide database for policy development and funding plans.

NOTE 2. FUND BALANCE

The District has implemented GASB Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions" which provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government's fund balances more transparent.

Fund Balance Classification: The governmental fund financial statements present fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to which the District is bound to honor constraints on the specific purposes for which amounts in the respective governmental funds can be spent. The classifications used in the governmental fund financial statements are as follows:

- Nonspendable: This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) are legally or contractually required to be maintained intact. The District has classified prepaid items as being nonspendable as these items are not expected to be converted to cash.
- Restricted: This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation. Debt service resources are to be used for future servicing of the District's bonded debt and are restricted through debt covenants. Capital projects fund resources are to be used for future construction and renovation projects and are restricted through bond orders and constitutional law.
- Committed: This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the District's Board of Trustees. The Board of Trustees establishes (and modifies or rescinds) fund balance commitments by passage of a resolution. This can also be done through adoption and amendment of the budget. These amounts cannot be used for any other purpose unless the Board removes or changes the specified use by taking the same type of action that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements. The Board of Trustees have committed resources as of June 30, 2016 for campus activities.
- Assigned: This classification includes amounts that are constrained by the District's intent to be used for a specific purpose but are neither restricted nor committed. This intent can be expressed by the Board of Trustees or through the Board of Trustees delegating this responsibility to other individuals in the District. Under the District's adopted policy, the Board of Trustees may assign amounts for specific purposes but it has also delegated authority to assign fund balance to the Superintendent. This classification also includes the remaining positive fund balance for all governmental funds except for the General Fund. The District has assigned fund balance of the General Fund and Capital Projects Fund as of June 30, 2016 as detailed below.

NORTHWEST INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016

- **Unassigned:** This classification includes all amounts not included in other spendable classifications, including the residual fund balance for the General Fund. A negative unassigned fund balance may be reported in other governmental funds if expenditures incurred for specific purposes exceed the amounts restricted, committed or assigned to those purposes.

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

During the current fiscal period, the Board of Trustees adopted a fund balance policy that expresses an intent to maintain a level of assigned and unassigned fund balance in the general fund equal to 25 percent of the fund's operating expenditures.

The details of the fund balances are included in the Governmental Funds Balance Sheet (pages 50 and 51) and are described below:

General Fund

The General Fund has unassigned fund balance of \$37,050,333 at June 30, 2016. Deferred expenditures (prepaid items) of \$293,148 are considered nonspendable fund balance. The District has assigned general fund balance resources of \$10,000,000 as of June 30, 2016 to fund the 2016-2017 budget deficit, and \$29,424,756 for construction.

Other Major Funds

The Debt Service Fund has restricted funds of \$39,323,668 at June 30, 2016 consisting primarily of property tax collections that are restricted for debt service payments on bonded debt. The Capital Projects Fund has restricted funds of \$76,269,887 at June 30, 2016 consisting primarily of unspent bond funds and \$38,095,832 of non-bond funds assigned for future capital replacement projects.

Other Funds

The fund balance of \$2,154,555 of the Campus Activity Fund (a special revenue fund) is shown as committed due to Board policy committing those funds to campus activities. The fund balance of \$1,063,965 in the Child Nutrition Fund is shown as restricted for the food service program.

NOTE 3. DEPOSITS AND INVESTMENTS

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

1. Cash Deposits:

At June 30, 2016, the carrying amount of the District's deposits checking accounts and interest-bearing savings accounts was \$27,965,686 and the bank balance was \$30,553,868. The District's deposits at June 30, 2016 were entirely covered by FDIC insurance or by pledged collateral held by the District's agent bank in the District's name, except for one instance. Funds held in certificates of deposit at one bank were collateralized at only 103.3% of the District's balances rather than the 110% of fair market value coverage required by law.

NORTHWEST INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016

2. Investments:

The Public Funds Investment Act (Government Code Chapter 2256) contains specific provisions in the areas of investment practices, management reports and establishment of appropriate policies. Among other things, it requires the District to adopt, implement, and publicize an investment policy. That policy must address the following areas: (1) safety of principal and liquidity, (2) portfolio diversification, (3) allowable investments, (4) acceptable risk levels, (5) expected rates of return, (6) maximum allowable stated maturity of portfolio investments, (7) maximum average dollar-weighted maturity allowed based on the stated maturity date for the portfolio, (8) investment staff quality and capabilities, (9) and bid solicitation preferences for certificates of deposit. 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 acceptances, (7) Mutual Funds, (8) Investment pools, (9) guaranteed investment contracts, (10) and common trust funds. The Act also requires the District to have independent auditors perform test procedures related to investment practices as provided by the Act. The District is in substantial compliance with the requirements of the Act and with local policies.

In compliance with the Public Funds Investment Act, the District has adopted a deposit and investment policy. That policy addresses the following risks:

- a. Custodial Credit Risk – Deposits: In the case of deposits, this is the risk that, in the event of a bank failure, the District’s deposits may not be returned to it. As of June 30, 2016, the District’s cash balances totaled \$30,553,868. This entire amount was either secured by pledged securities held by the District’s financial institution’s agent in the District’s name or covered by FDIC insurance. Thus, the District’s deposits are not exposed to custodial credit risk.
- b. Custodial Credit Risk - Investments: For an investment, this is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party.

The Public Funds Investment Act and the District’s investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provision for deposits: The Public Funds Investment Act requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least the bank balance less the FDIC insurance at all times.

At June 30, 2016, the District held a portion of its investments in the Texpool investment pool. Investments in external investment pools are considered unclassified as to custodial credit risk because they are not evidenced by securities that exist in physical or book entry form.

- c. Credit Risk - This is the risk that an issuer or other counterparty to an investment will be unable to fulfill its obligations. The District controls and monitors this risk by purchasing quality rated instruments that have been evaluated by agencies such as Standard and Poor’s or Moody’s Investors Service. The District’s policy manages credit risk by authorizing only the safest types of investments backed by the federal or state government or their obligations and/or with ratings from nationally recognized rating firms of at least AA or its equivalent. The rating of securities by nationally recognized rating agencies is designed to give an indication of credit risk. The credit quality rating for TexPool at year-end was AAAm (Standard & Poor’s).

NORTHWEST INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016

- d. Interest Rate Risk - This is the risk that changes in interest rates will adversely affect the fair value of an investment. The District monitors interest rate risk using weighted average maturity and specific identification. The District manages its exposure to declines in fair values by limiting the weighted average maturity of its investment portfolio to less than one year from the time of purchase. The weighted average maturity for the TexPool investments is less than 60 days. The District has no formal policy related to interest rate risk.
- e. Foreign Currency Risk - This is the risk that exchange rates will adversely affect the fair value of an investment. At June 30, 2016, the District was not exposed to foreign currency risk.
- f. Concentration of Credit Risk - This is the risk of loss attributed to the magnitude of the District's investment in a single issuer (i.e., lack of diversification). Concentration risk is defined as positions of 5 percent or more in the securities of a single issuer. Investment pools are excluded from the 5 percent disclosure requirement. The investment policy of the District contains no limitations on the amount that can be invested in any one issuer.

Public funds investment pools in Texas ("Pools") are established under the authority of the Interlocal Cooperation Act, Chapter 79 of the Texas Government Code, and are subject to the provisions of the Public Funds Investment Act (the "Act"), Chapter 2256 of the Texas Government Code. In addition to other provisions of the Act designed to promote liquidity and safety of principal, the Act requires Pools to: 1) have an advisory board composed of participants in the pool and other persons who do not have a business relationship with the pool and are qualified to advise the pool; 2) maintain a continuous rating of no lower than AAA or AAA-m or an equivalent rating by at least one nationally recognized rating service; and 3) maintain the market value of its underlying investment portfolio within one half of one percent of the value of its shares.

The District's investments in Pools are reported at an amount determined by the fair value per share of the pool's underlying portfolio, unless the pool is 2a7-like, in which case they are reported at share value. A 2a7-like pool is one which is not registered with the Securities and Exchange Commission ("SEC") as an investment company, but nevertheless has a policy that it will, and does, operate in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940.

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

<u>Name</u>	<u>Carrying Amount</u>	<u>Fair Value</u>
TexPool investment pool	\$ 15,792,389	\$ 15,792,389
Certificates of deposit	95,194,219	95,194,219
U.S. Government securities	<u>113,313,252</u>	<u>113,313,252</u>
Total	<u>\$224,299,860</u>	<u>\$224,299,860</u>

NORTHWEST INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016

Fair Value Measurements

The District categorizes its fair value measurements with the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. Investments that are measured at fair value using the net asset value per share (or its equivalent) as a practical expedient are not classified in the fair value hierarchy below.

In instances where inputs used to measure fair value fall into different levels in the above fair value hierarchy, fair value measurements in their entirety are categorized based on the lowest level input that is significant to the valuation. The District's assessment of the significance of particular inputs to these fair value measurements requires judgement and considers factors specific to each asset or liability.

Assets and Liabilities Measured at Fair Value on a Recurring Basis

	Fair Value Measurements Using			
<u>Investments by Fair Value level:</u>	Balance at 6/30/16	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Certificates of Deposit	\$ 95,194,219	\$ -	\$ 95,194,219	\$ -
U.S. Government Securities	<u>113,313,252</u>	<u>-</u>	<u>113,313,252</u>	<u>-</u>
Total	<u>\$208,507,471</u>	<u>\$ -</u>	<u>\$208,507,471</u>	<u>\$ -</u>

The fair value of the certificates of deposit and U.S. Government securities at June 30, 2016 was determined based on level 2 inputs. The District estimates the fair value of these investments using inputs such as interest rates and yield curves that are observable at commonly quoted intervals.

The District's investment in the TexPool Investment Pool (a statewide 2a7-like external investment pool) is not required to be measured at fair value but is measured at amortized cost.

NORTHWEST INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016

NOTE 4. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2016, was as follows:

	<u>Balance</u> <u>(Adjusted) July 1</u>	<u>Additions/</u> <u>Completions</u>	<u>Retirement/</u> <u>Sales</u>	<u>Balance</u> <u>June 30</u>
Governmental Activities:				
Capital assets, not being depreciated:				
Land	\$ 28,190,250	\$ -	\$ -	\$ 28,190,250
Construction in Progress	<u>94,221,083</u>	<u>43,045,576</u>	<u>(2,757,431)</u>	<u>134,509,228</u>
Total capital assets, not being depreciated	<u>122,411,333</u>	<u>43,045,576</u>	<u>(2,757,431)</u>	<u>162,699,478</u>
Capital assets, being depreciated:				
Buildings and Improvements	607,583,074	3,227,715	-	610,810,789
Furniture and Equipment	11,147,129	2,055,629	(8,729)	13,194,029
Vehicles	<u>1,365,029</u>	<u>538,157</u>	<u>-</u>	<u>1,903,186</u>
Total capital assets, being depreciated	<u>620,095,232</u>	<u>5,821,501</u>	<u>(8,729)</u>	<u>625,908,004</u>
Less accumulated depreciation for:				
Buildings and Improvements	(95,573,024)	(12,118,636)	-	(107,691,660)
Furniture and Equipment	(6,981,208)	(976,327)	7,690	(7,949,845)
Vehicles	<u>(914,881)</u>	<u>(143,653)</u>	<u>-</u>	<u>(1,058,534)</u>
Total accumulated depreciation	<u>(103,469,113)</u>	<u>(13,238,616)</u>	<u>7,690</u>	<u>(116,700,039)</u>
Total capital assets being depreciated, net	<u>516,626,119</u>	<u>(7,417,115)</u>	<u>(1,039)</u>	<u>509,207,965</u>
Governmental activities capital assets, net	<u>\$ 639,037,452</u>	<u>\$ 35,628,461</u>	<u>\$ (2,758,470)</u>	<u>\$ 671,907,443</u>

Construction in progress includes the following construction contract in progress as of June 30, 2016:

<u>Project</u>	<u>Estimated Cost</u> <u>to Complete</u>	<u>Expended</u> <u>to Date</u>	<u>Balance</u> <u>to Complete</u>
High School Construction	\$ 91,120,342	\$ 90,545,227	\$ 575,115
Outdoor Learning Center	16,663,208	13,861,550	2,801,658
Elementary School Renovations	7,249,756	325,302	6,924,454
Bus Transportation Facility	<u>3,470,709</u>	<u>2,320,541</u>	<u>1,150,168</u>
Total	<u>\$118,504,015</u>	<u>\$107,052,620</u>	<u>\$11,451,395</u>

Depreciation expense was charged as direct expense to programs of the District as follows:

Governmental activities:	
Instruction	\$ 9,744,628
Instructional Resources & Media Services	191,780
Curriculum & Instructional Staff Development	375,516
Instructional Leadership	78,925
School Leadership	812,559
Guidance, Counseling & Evaluation Services	641,952
Health Services	161,970
Cocurricular/Extracurricular Activities	286,094
General Administration	354,566
Plant Maintenance and Operations	282,438
Data Processing Services	298,390
Community Services	<u>9,798</u>
Total depreciation expense-Governmental activities	<u>\$13,238,616</u>

NORTHWEST INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016

NOTE 5. LONG-TERM DEBT

Long-term debt includes twenty series of general obligation bonds, accreted interest on capital appreciation bonds, premiums on issuance of debt, compensated absences, interest rate swap agreements, and special termination benefits. All long-term debt represents transactions in the District's governmental activities. No long-term debt exists in the District's business-type activities.

The District has entered into a continuing disclosure undertaking to provide Annual Reports and Material Event Notices to the State Information Depository of Texas (SID), which is the Municipal Advisory Council. This information is required under SEC Rule 15c2-12 to enable investors to analyze the financial condition and operations of the District.

The following is a summary of the changes in the District's Long-term Debt for the year ended June 30, 2016:

Description	Interest Rate Payable	Amount Original Issue	Amounts Outstanding 7/1/15	Additions	Refunded/ Retired	Amounts Outstanding 6/30/16	Due Within One Year
Bonded Indebtedness:							
1990 Building CAB	7.05-7.25%	14,319,316 \$	749,979 \$	-	\$ 749,979 \$	- \$	-
2005 Refunding	4.37-5.00%	54,475,000	54,475,000	-	54,475,000	-	-
2006 Building	3.44%	20,000,000	13,820,000	-	-	13,820,000	-
2006 Building	3.75-5.00%	48,500,000	235,000	-	235,000	-	-
2006 Refunding	4.25-5.00%	102,600,000	98,905,000	-	98,905,000	-	-
2007 Building	3.63-5.00%	95,020,000	1,125,000	-	260,000	865,000	865,000
2008 Bldg/Refunding	4.25-5.00%	56,785,000	56,785,000	-	51,335,000	5,450,000	1,350,000
2008 Bldg/Ref CAB	2.43-4.89%	209,661	128,340	-	34,017	94,323	25,152
2009 Building	3.20-4.93%	63,820,000	63,820,000	-	61,925,000	1,895,000	770,000
2010 Building	3.95-4.70%	51,805,000	51,805,000	-	29,040,000	22,765,000	495,000
2011 Building	3.00-5.00%	47,415,000	47,415,000	-	-	47,415,000	-
2012 Bldg/Refunding	3.00-5.00%	91,585,000	91,585,000	-	1,975,000	89,610,000	2,255,000
2013 Building	3.00-5.00%	47,625,000	47,625,000	-	-	47,625,000	-
2013A Refunding	3.00-5.00%	44,180,000	44,180,000	-	-	44,180,000	1,100,000
2014 Building	2.00-5.00%	66,300,000	64,790,000	-	200,000	64,590,000	200,000
2015 Refunding	2.00-5.00%	83,565,000	83,565,000	-	375,000	83,190,000	-
2015 Building	1.00-5.00%	67,435,000	-	67,435,000	2,000,000	65,435,000	2,000,000
2015A Refunding	5.00%	118,740,000	-	118,740,000	-	118,740,000	-
2015A Refunding CAB	0.30-1.48%	3,083,475	-	3,083,475	2,183,242	900,233	477,376
2015B Refunding	1.50-5.00%	82,115,000	-	82,115,000	1,380,000	80,735,000	5,485,000
2016 Refunding	1.00-5.00%	49,510,000	-	49,510,000	-	49,510,000	965,000
Total Bonded Indebtedness			<u>721,008,319</u>	<u>320,883,475</u>	<u>305,072,238</u>	<u>736,819,556</u>	<u>15,987,528</u>
Accreted Interest			10,924,700	3,940,194	5,622,762	9,242,132	1,677,472
Premiums on Bond Issuance			28,303,812	90,538,252	16,755,462	102,086,602	6,279,740
Accrued Vacation Benefits			765,676	400,469	420,947	745,198	-
Total Other Obligations			<u>39,994,188</u>	<u>94,878,915</u>	<u>22,799,171</u>	<u>112,073,932</u>	<u>7,956,942</u>
Total Obligations of District			<u>\$761,002,507</u>	<u>\$415,762,390</u>	<u>\$327,871,409</u>	<u>\$848,893,488</u>	<u>\$23,944,470</u>

The District issues general obligation bonds for the governmental activities to provide funds for the acquisition and construction of major capital facilities. General obligation bonds are direct obligations and pledge the full faith and credit of the District. Current principal and interest requirements are payable solely from future revenues of the Debt Service Fund which consists principally of property taxes collected by the District and interest earnings. Certain outstanding bonds may be redeemed at their par value prior to their normal maturity dates in accordance with the terms of the related bond indentures. The District has never defaulted on any principal or interest payment.

NORTHWEST INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016

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 June 30, 2016.

NOTE 6. DEBT SERVICE REQUIREMENTS - BONDS

Debt service requirements to maturity are as follows:

<u>Year Ended</u> <u>June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u> <u>Requirements</u>
2017	\$ 15,987,528	\$ 36,883,517	\$ 52,871,045
2018	16,306,649	37,661,996	53,968,645
2019	17,949,905	37,675,415	55,625,320
2020	23,875,694	33,661,976	57,537,670
2021	25,553,041	32,644,978	58,198,019
2022-2026	164,501,739	142,040,886	306,542,625
2027-2031	199,160,000	94,677,025	293,837,025
2032-2036	151,580,000	51,694,550	203,274,550
2037-2041	87,275,000	18,955,500	106,230,500
2042-2045	34,630,000	4,491,250	39,121,250
Total	<u>\$736,819,556</u>	<u>\$490,387,093</u>	<u>\$1,227,206,649</u>

NOTE 7. DEFEASED BONDS OUTSTANDING

On August 27, 2015, the District issued \$118,740,000 (par value) in unlimited tax refunding bonds (current interest bonds) with an interest rate of 5.00% and \$3,083,475 capital appreciation bonds with interest rates ranging from 0.30% to 1.48% to advance refund \$143,595,000 of unlimited tax school building and tax refunding bonds. The unlimited tax refunding bonds were issued at a net premium of \$30,158,355, and, after paying issuance costs of \$1,140,293, the net proceeds were \$150,837,933. The net proceeds from the issuance of the unlimited tax refunding bonds were used to purchase U.S. government securities and those securities were deposited in an irrevocable trust with an escrow agent to provide debt service payments until the bond matures. The advance refunding met the requirements of an in-substance debt defeasance and the unlimited tax school building bonds were removed from the District's long-term liabilities.

As a result of the advance refunding, the District decreased its total debt service requirements by \$22,766,381 which resulted in an economic gain (difference between the present value of the debt service payments on the old and new debt) of \$16,775,234.

On November 19, 2015, the District issued \$82,115,000 (par value) in unlimited tax refunding bonds (current interest bonds) with interest rates ranging from 1.50% to 5.00% to advance refund \$93,055,000 of unlimited tax refunding bonds. The unlimited tax refunding bonds were issued at a net premium of \$13,723,356, and, after paying issuance costs of \$719,813, the net proceeds were \$95,114,794. The net proceeds from the issuance of the unlimited tax refunding bonds were used to purchase U.S. government securities and those securities were deposited in an irrevocable trust with an escrow agent to provide debt service payments until the bond matures. The advance refunding met the requirements of an in-substance debt defeasance and the unlimited tax school building bonds were removed from the District's long-term liabilities.

As a result of the advance refunding, the District decreased its total debt service requirements by \$13,904,656 which resulted in an economic gain (difference between the present value of the debt service payments on the old and new debt) of \$12,059,928.

NORTHWEST INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016

On March 15, 2016, the District issued \$49,510,000 (par value) in unlimited tax refunding bonds (current interest bonds) with interest rates ranging from 1.00% to 5.00% to advance refund \$51,560,000 of unlimited tax refunding bonds. The unlimited tax refunding bonds were issued at a net premium of \$6,479,699, and, after paying issuance costs of \$496,500, the net proceeds were \$55,491,057. The net proceeds from the issuance of the unlimited tax refunding bonds were used to purchase U.S. government securities and those securities were deposited in an irrevocable trust with an escrow agent to provide debt service payments until the bond matures. The advance refunding met the requirements of an in-substance debt defeasance and the unlimited tax school building bonds were removed from the District's long-term liabilities.

As a result of the advance refunding, the District decreased its total debt service requirements by \$10,748,113 which resulted in an economic gain (difference between the present value of the debt service payments on the old and new debt) of \$6,862,636.

In prior years, the District issued refunding bonds to defease certain outstanding bonds for the purpose of consolidation and to achieve debt service savings. The District has placed the proceeds from the refunding issues in irrevocable escrow accounts with a trust agent to ensure payment of debt service on the refunded bonds.

Accordingly, the trust account assets and liabilities for the defeased bonds are not included in the District's financial statements. Although defeased, the refunded debt from those earlier issues will not be actually retired until the call dates have come due or until maturity if they are not callable issues. On June 30, 2016, \$178,290,000 of bonds outstanding are considered defeased.

NOTE 8. PROPERTY TAXES

The Texas Legislature in 1979 adopted a comprehensive Property Tax Code which established an appraisal district and an appraisal review board in each county in the State of Texas. Denton Central Appraisal District (DCAD) is responsible for the appraisal of property for all taxing units in Denton County, including the District. Under the terms of a contract for appraisal services, the District paid \$848,664 in fiscal year 2016 for appraising property.

The District levies its taxes on October 1 on the assessed (appraised) value listed as of the prior January 1 for all real and business personal property located in the District in conformity with Subtitle E, Texas Property Tax Code. The appraisal and recording of all property within the District is the responsibility of the Denton Central Appraisal District (DCAD), an independent government unit with a board of directors appointed by the taxing jurisdictions within the county and funded from assessments against those taxing jurisdictions. DCAD is required by law to assess property at 100% of its appraised value. Real property must be reappraised at least every two years. Under certain circumstances taxpayers and taxing units, including the District, may challenge orders of the DCAD Review Board through various appeals and, if necessary, legal action. Taxes are due upon receipt of the tax bill and are past due and subject to interest if not paid by February 1 of the year following the October 1 levy date. The assessed value of the property tax roll upon which the levy for the 2015-16 fiscal year was based was \$11,705,540,348. Taxes are delinquent if not paid by June 30. Delinquent taxes are subject to both penalty and interest charges plus 15 % delinquent collection fees for attorney costs.

The tax rates assessed for the year ended June 30, 2016, to finance General Fund operations and the payment of principal and interest on general obligation long-term debt were \$1.04 and \$0.4125 per \$100 valuation, respectively, for a total of \$1.4525 per \$ 100 valuation.

NORTHWEST INDEPENDENT SCHOOL DISTRICT
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2016

Current tax collections for the year ended June 30, 2016 were 99.03% of the year-end adjusted tax levy. Delinquent taxes are prorated between maintenance and debt service based on rates adopted for the year of the levy. Allowances for uncollectible taxes within the General and Debt Service Funds are based on historical experience in collecting taxes. Uncollectible personal property taxes are periodically reviewed and written off, but the District is prohibited from writing off real property taxes without specific statutory authority from the Texas Legislature. As of June 30, 2016, property taxes receivable, net of estimated uncollectible taxes, totaled \$4,181,830 and \$1,417,389 for the General and Debt Service Funds, respectively. The uncollectible allowance has been estimated at 7.5% of outstanding property taxes at June 30, 2016.

Property taxes are recorded as receivables and as unavailable revenues at the time the taxes are assessed. Revenues are recognized as the related ad valorem taxes become available. Available means collected within the current period or expected to be collected soon enough thereafter to be used to pay current liabilities. Taxes not expected to be collected within sixty days of the fiscal year ending are recorded as unavailable revenues and are recognized when they become available. Taxes collected prior to the levy date to which they apply are recorded as unavailable revenues and recognized as revenue of the period to which they apply.

NOTE 9. DEFINED BENEFIT PENSION PLAN

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

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

Pension Plan Fiduciary Net Position. Detailed information about the Teacher Retirement System's fiduciary net position is available in a separately-issued Comprehensive Annual Financial Report 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 2016 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	\$163,887,375,172
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%

NORTHWEST INDEPENDENT SCHOOL DISTRICT
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2016

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

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

Employee contribution rates are set in state statute, Texas Government Code 825.402. Senate Bill 1458 of the 83rd Texas Legislature amended Texas Government Code 825.402 for member contributions and established employee contribution rates for fiscal years 2015 thru 2017. It also added a 1.5% contribution for employers not paying Old Age Survivor and Disability Insurance (OASDI) on certain employees effective for fiscal year 2015 as discussed in Note 1 of the TRS 2014 CAFR. The 83rd Texas Legislature, General Appropriations Act (GAA) established the employer contribution rates for fiscal years 2015 and 2016.

<u>Contribution Rates</u>		
	<u>2015</u>	<u>2016</u>
Member	6.7%	7.2%
Non-Employer Contributing Entity (State)	6.8%	6.8%
Employers	6.8%	6.8%
Northwest ISD 2015 Employer Contributions	\$	3,703,805
Northwest ISD 2015 Member Contributions	\$	8,276,885
Northwest ISD 2015 NECE On-Behalf Contributions	\$	5,208,915

Contributors to the plan include members, employers and the State of Texas as the only non-employer contributing entity. The State contributes to the plan in accordance with state statutes and the General Appropriations Act (GAA).

As the non-employer contributing entity for public education, 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 the fiscal year reduced by the amounts described below which are paid by the employers. Employers including public 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 source or a privately sponsored source.

NORTHWEST INDEPENDENT SCHOOL DISTRICT
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2016

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

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

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

Valuation Date	August 31, 2015
Actuarial Cost Method	Individual Entry Age Normal
Asset Valuation Method	Market Value
Single Discount Rate	8.00%
Long-term expected Investment Rate of Return	8.00%
Inflation	2.50%
Salary Increases Including Inflation	3.50% to 9.50%
Payroll Growth Rate	2.50%
Benefit Changes During the Year	None
Ad hoc Post Employment Benefit Changes	None

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

Discount Rate. The single 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:

NORTHWEST INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016

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

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

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.

	1% Decrease in Discount Rate (7.0%)	Discount Rate (8.0%)	1% Increase in Discount Rate (9.0%)
Northwest ISD's proportionate share of the net pension liability:	\$66,262,313	\$42,291,183	\$22,324,722

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions. At June 30, 2016, Northwest Independent School District reported a liability of \$42,291,183 for its proportionate share of the TRS's net pension liability. This liability reflects a reduction for State pension support provided to Northwest Independent School District. The amount recognized by Northwest Independent School 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 Northwest Independent School District were as follows:

District's Proportionate share of the collective net pension liability	\$ 42,291,183
State's proportionate share that is associated with the District	<u>62,165,127</u>
Total	<u>\$104,456,310</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 .0821466%, an increase of 45.64% from its proportionate share of .1196401% at August 31, 2014.

NORTHWEST INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016

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

Economic Assumptions

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

Mortality Assumptions

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

Other Demographic Assumptions

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

Actuarial Methods and Policies

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

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

For the year ended June 30, 2016, Northwest Independent School District recognized pension expense of \$8,857,530 and revenue of \$8,857,530 for support provided by the State.

NORTHWEST INDEPENDENT SCHOOL DISTRICT
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2016

At June 30, 2016, Northwest Independent School 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	\$ 282,224	\$1,625,288
Changes in actuarial assumptions	1,186,195	1,508,764
Difference between projected and actual investment earnings	10,415,377	5,029,892
Changes in proportion and difference between the employer's contributions and the proportionate share of contributions	8,569,763	13,390
Contributions paid to TRS subsequent to the measurement date	3,101,573	-
Total	\$23,555,132	\$8,177,334

\$3,101,573 reported as deferred outflows of resources resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2017. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	Pension Expense Amount
2017	\$ 2,142,858
2018	2,142,858
2019	2,142,856
2020	3,819,489
2021	1,198,044
2022	830,120

NOTE 10. SCHOOL DISTRICT RETIREE HEALTH PLAN

The Medicare Prescription Drug, Improvement, and Modernization Act of 2003, which was effective January 1, 2006, established prescription drug coverage for Medicare beneficiaries known as Medicare Part D. One of the provisions of Medicare D allows for the Texas Public School Retired Employee Group Insurance Program (TRS-Care) to receive retiree drug subsidy payments from the federal government to offset certain prescription drug expenditures for eligible TRS-Care participants. These on-behalf payments are recognized as equal revenues and expenditures/expenses by the District. For the year ended June 30, 2016, the contribution made on behalf of the District was \$345,276.

NORTHWEST INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016

NOTE 11. INTERFUND BALANCES AND TRANSFERS

Interfund balances at June 30, 2016, were as follows:

<u>Fund</u>	<u>Advances to Other Funds</u>	<u>Advances from Other Funds</u>
General Fund:		
Special Revenue Fund:		
IDEA-Part B Preschool	\$ 1,946	\$ -
National Breakfast/Lunch	93,057	11,241
Career and Technical-Basic Grant	65	-
ESEA II Training and Recruiting	361	-
Visually Impaired SSVI	7,764	-
NISD Education Foundation	37,730	-
Capital Projects Fund	-	559,917
Special Revenue Fund:		
General Fund	11,241	140,923
Capital Projects Fund:		
General Fund	<u>559,917</u>	<u>-</u>
TOTAL	<u>\$712,081</u>	<u>\$712,081</u>

Virtually all of the above interfund balances are short-term loans due to the fact that checking account balances for most governmental funds are not pooled into one account. There are no interfund balances that are not expected to be repaid within one year.

Interfunds transfers for the year ended June 30, 2016 consisted of the following individual amounts:

<u>Fund</u>	<u>Transfers to Other Funds</u>	<u>Transfers from Other Funds</u>
General Fund:		
Special Revenue Fund	\$ 18,543	\$ -
Capital Projects Fund	559,917	-
Special Revenue Fund:		
General Fund	-	18,543
Debt Service Fund:		
Capital Projects Fund	-	109
Capital Projects Fund:		
General Fund	-	559,917
Debt Service Fund	109	-
Internal Service Fund:		
Insurance	-	1,253,648
Workers Compensation	954,650	-
Unemployment	<u>298,998</u>	<u>-</u>
TOTAL	<u>\$1,832,217</u>	<u>\$1,832,217</u>

The purpose of the \$18,543 transfer was to transfer local funds from the general fund to the child nutrition fund to cover negative student account balances and free meals served to employees. The purpose of the \$559,917 transfer was to transfer TIF (tax increment zone funds) from the general fund to the capital projects fund. The purpose of the \$109 transfer was to transfer accrued interest received on the sale of building bonds from the capital projects fund to the debt service fund. The purpose of the \$1,253,648 transfer was to transfer excess funds from the workers compensation and unemployment internal service funds to the insurance internal service fund.

NORTHWEST INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016

NOTE 12. SELF-INSURANCE

Health Care. The District sponsors a self-insurance plan to provide health care benefits to staff members and their dependents. Transactions related to the plan are accounted for in the Self-Insurance Fund (the “Fund”), an internal service fund of the District. The District contributed \$270,000 to establish the plan. During fiscal year 2016 the District contributed \$275 per month, per employee to the plan. The total contribution was \$4,705,575. The employees at their option, authorizes payroll withholdings to pay contributions or premiums for dependent’s health insurance. If the employee chose not to accept the health insurance, the District contributed \$50 per month, which provided an addition to the life insurance policy in the amount of \$50,000 and a hospitalization indemnity plan.

All contributions are retained by the District. Health claim payments are processed by a Third Party Administrator (TPA) acting on behalf of the District.

In September 2012, the District changed TPAs from UnitedHealth Care to Allegiance Benefits Plan Management, Inc., whose latest financial statements are available for the fiscal year ended December 31, 2015 and filed with the Texas State Board of Insurance, Austin, Texas and are public record. At June 30, 2016, a \$10,500 imprest balance due to the district’s self-insurance fund is possessed by JI Specialties for workers comp.

Methodology for establishment of District medical reserves. The calculation of Medical Incurred but not Reported Claims (IBNR) is an estimate based on current claims data and future trend assumptions. Reports are provided by Allegiance Benefit Plan Management, Inc., the Claims Lag Report, Claims Turnaround Reports, and the Large Claims Reports. In our analysis of the large claim report, we netted out all of the Stop Loss Reimbursements over \$150,000 received by the District before estimating the IBNR. The data is then trended appropriately and converted into an estimated number of days outstanding.

Based upon calculation, our estimation is that there are 56 days of medical incurred but not reported claims of \$1,178,239. Due to the electronic billing of prescription drugs, these claims have a much lower required reserve than medical claims. Estimation of prescription drug claims incurred but not reported is \$174,200. The result is a total reserve of \$1,352,439. These unpaid claims are to be paid within one year.

Changes in the balances of claims liabilities for the District’s medical insurance fund during the fiscal year are described below:

	Fiscal Year Ended <u>June 30, 2015</u>	Fiscal Year Ended <u>June 30, 2016</u>
Unpaid claims, beginning	\$ 1,186,633	\$ 1,149,882
Incurred claim	8,191,907	9,471,741
Claims payments	<u>(8,228,658)</u>	<u>(9,269,184)</u>
Unpaid claims, ending	<u>\$ 1,149,882</u>	<u>\$ 1,352,439</u>

Workers’ Compensation. Effective July 1, 2012 the District changed from a fully insured arrangement with Deep East Texas Insurance Company into a self-insurance plan to provide worker compensation benefits to staff.

Worker Compensation self-insured payments are currently processed by a third party administrator acting on behalf of the District. The District’s third party administrator for workers’ compensation is JI Companies. Changes in the balances of claims liabilities for the District’s self-insured workers compensation insurance fund during the fiscal year are as follows:

NORTHWEST INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016

	<u>Fiscal Year Ended</u> <u>June 30, 2015</u>	<u>Fiscal Year Ended</u> <u>June 30, 2016</u>
Unpaid claims, beginning	\$ 289,916	\$ 242,491
Incurred claims (including IBNR's)	209,979	325,457
Claims Payments	<u>(257,404)</u>	<u>(298,532)</u>
Unpaid claims, ending	<u>\$ 242,491</u>	<u>\$ 269,416</u>

Estimates of claims payable and of claims incurred, but not reported at June 30, 2016 are reflected as accounts payable and accrued expenses in the medical and workers compensation insurance fund. Because actual claims liabilities depend on such complex factors as inflation, changes in legal doctrines, and damage awards, the process used in computing claims liabilities does not necessarily result in an exact amount. Claims liabilities are reevaluated periodically to take into consideration recently settled claims, the frequency of claims, and other economic and social factors. The plan is funded to discharge liabilities of the Fund as they become due.

Based on the lag claim history of each fund, the unpaid claims liabilities are shown as current liabilities in the accompanying financial statements and are expected to result in actual payments in the subsequent year.

NOTE 13. DISAGGREGATION OF RECEIVABLES AND PAYABLES

Receivables at June 30, 2016, were as follows:

	<u>Property</u> <u>Taxes</u>	<u>Other</u> <u>Governments</u>	<u>Due From</u> <u>Other Funds</u>	<u>Other</u>	<u>Total</u> <u>Receivables</u>
Governmental Activities:					
General Fund	\$4,520,897	\$6,584,553	\$140,923	\$251,527	\$11,497,900
Debt Service Fund	1,532,312	-	-	48,165	1,580,477
Capital Projects Fund	-	-	559,917	258,408	818,325
Special Revenue Fund	-	441,751	11,241	60,955	513,947
Total - Governmental Activities	<u>\$6,053,209</u>	<u>\$7,026,304</u>	<u>\$712,081</u>	<u>\$619,055</u>	<u>\$14,410,649</u>
Amounts not scheduled for collection during the subsequent year	<u>\$ 439,990</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 439,990</u>

Payables at June 30, 2016, were as follows:

	<u>Accounts</u>	<u>Salaries</u> <u>and</u> <u>Benefits</u>	<u>Due To</u> <u>Other</u> <u>Funds</u>	<u>Other</u>	<u>Total</u> <u>Payables</u>
Governmental Activities:					
General Fund	\$2,408,812	\$18,616,804	\$571,158	\$407,050	\$22,003,824
Debt Service Fund	-	-	-	-	-
Capital Projects Fund	93,930	3,742	-	12,282	109,954
Special Revenue Funds	978,112	339,241	140,923	11,761	1,470,037
Total-Governmental Activities	<u>\$3,480,854</u>	<u>\$18,959,787</u>	<u>\$712,081</u>	<u>\$431,093</u>	<u>\$23,583,815</u>
Amounts not scheduled for payment during the subsequent year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

NORTHWEST INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016

NOTE 14. 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 June 30, 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	State Grants & Entitlements	Federal Grants	Local Governments	Total
General	\$5,899,854	\$ 684,699	\$ -	\$6,484,553
Special Revenue	<u>114,321</u>	<u>327,430</u>	-	<u>441,751</u>
Total	<u>\$6,014,175</u>	<u>\$1,012,129</u>	<u>\$ -</u>	<u>\$7,026,304</u>

NOTE 15. CONTINGENT LIABILITIES

The Tax Reform Act of 1986 imposed regulations on tax-exempt bond issues. Governmental bonds issued after August 31, 1986 are subject to the rebate provisions of the Tax Reform Act of 1986. The rebate applies to earnings from bond issue proceeds investments which exceed bond issue stated interest rates. The exact amount of liability, if any, is not known until as long as five years from the bond issuance date. At June 30, 2016, the estimated rebate liability on outstanding bond series was zero.

NOTE 16. LITIGATION AND CONTINGENCIES

The District is a party to various legal actions none of which is believed by administration to have a material effect on the financial condition of the District. Accordingly, no provision for losses has been recorded in the accompanying combined financial statements for such contingencies.

Minimum foundation funding received from the Agency is based primarily upon information concerning average daily attendance at the District's schools which is compiled by the District and supplied to the Agency. Federal funding for Food Services under child nutrition programs is based primarily upon the number and type of meals served and on user charges as reported to the USDA. Federal and state funding received related to various grant programs are based upon periodic reports detailing reimbursable expenditures made in compliance with program guidelines to the grantor agencies.

The programs are governed by various statutory rules and regulations of the grantors. Amounts received and receivable under these various funding programs are subject to periodic audit and adjustment by the funding agencies. To the extent, if any, that the District has not complied with all the rules and regulations with respect to performance, financial or otherwise, adjustment to or return of funding monies may be required. In the opinion of the District's administration, there are no significant contingent liabilities relating to matters of compliance and, accordingly, no provision has been made in the accompanying financial statements for such contingencies.

The Denton Central Appraisal District is a defendant in various lawsuits involving the property values assigned to property located within the District's boundaries on which the District assesses property taxes. The District could be required to refund property taxes paid on values which were greater than the ultimate final assessed valuation assigned by the court. Such lawsuits could continue several years into the future.

NORTHWEST INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016

NOTE 17. 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 Service Fund	Capital Projects Fund	Total
Property Taxes	\$131,042,127	\$ -	\$52,124,550	\$ -	\$183,166,677
Food sales	-	5,469,920	-	-	5,469,920
Investment Income	432,262	16,084	148,210	520,262	1,116,818
Penalties, interest and other tax related income	1,018,439	-	300,958	-	1,319,397
Co-curricular student activities	476,021	2,688,428	-	-	3,164,449
TIF funds	559,917	-	-	-	559,917
Tuition and fees	90,828	187,978	-	-	278,806
Gifts and bequests	46,526	373,172	-	-	419,698
Facilities rentals	509,311	-	-	-	509,311
Insurance recovery	5,348	-	-	-	5,348
Other	282,357	59,723	-	-	342,080
Total	<u>\$134,463,136</u>	<u>\$8,795,305</u>	<u>\$52,573,718</u>	<u>\$ 520,262</u>	<u>\$196,352,421</u>

NOTE 18. UNEARNED REVENUE

Unearned revenue at year-end consisted of the following:

	General Fund	Special Revenue Fund	Debt Service Fund	Total
Technology Allotment	\$108,227	\$ -	\$ -	\$108,227
Student Lunchroom Balances	-	155,506	-	155,506
State Textbook Fund	-	166,266	-	166,266
Read to Succeed	-	178	-	178
Advanced Placement Incentives	-	29,105	-	29,105
Other Special Revenue Funds	-	44,604	-	44,604
State ASAHE Funding	-	-	90,607	90,607
Total	<u>\$108,227</u>	<u>\$395,659</u>	<u>\$ 90,607</u>	<u>\$594,493</u>

NOTE 19. GENERAL FUND FEDERAL SOURCE REVENUES

Program or Source	Total Grant or Entitlement
General Fund:	
Medicaid Reimbursement (SHARS)	\$ 921,133
Impact Aid	684,699
Indirect Costs	259,364
Medicaid Administrative Claiming (MAC)	33,772
Total for General Fund	<u>\$1,898,968</u>

NOTE 20. EXCESS OF EXPENDITURES OVER APPROPRIATIONS BY FUNCTION

The Texas Education Agency requires the budgets for the Governmental fund types to be filed with the Texas Education Agency. The budget should not be exceeded in any functional category under TEA requirements. Expenditures exceeded appropriations in one functional category in the Child Nutrition Fund for the year ended June 30, 2016.

NORTHWEST INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016

NOTE 21. SHARED SERVICE ARRANGEMENTS

The District participates in shared service arrangements for the Title I, Part C Migrant program. The District does not account for revenues or expenditures in these programs and does not disclose them in these financial statements. The District neither has a joint ownership interest in fixed assets purchased by the fiscal agent, Region XI ESC, nor does the District have a net equity interest in the fiscal agent. The fiscal agent is neither accumulating significant financial resources nor fiscal exigencies that would give rise to a future additional benefit or burden to Northwest Independent School District. The fiscal agent manager is responsible for all financial activities of the shared services arrangements.

Northwest ISD is a SSA member of the Fort Worth Independent School District's Regional Day School Program for the Deaf as well as, the Denton Regional Day School Program for the Deaf. The District does not account for revenues or expenditures in these programs and does not disclose them in these financial statements. The District neither has a joint ownership interest in fixed assets purchased by the fiscal agents, Fort Worth ISD and Denton ISD, nor does the District have a net equity interest in the fiscal agents. The fiscal agents are neither accumulating significant financial resources nor fiscal exigencies that would give rise to a future additional benefit or burden to Northwest Independent School District. The fiscal agent managers' are responsible for all financial activities of the shared services arrangements.

Northwest ISD served as the fiscal agent on behalf of Communities In Schools of North Texas, Inc. (CISNT) through August 31, 2015, at which time Lewisville ISD became fiscal agent. Communities In Schools of North Texas is a nonprofit corporation chartered in 1993 and is a program of the Texas Education Agency which is an in-school multi-disciplinary approach to decreasing the drop-out rate in Texas schools. The District is neither accumulating significant financial resources nor fiscal exigencies that would give rise to a future additional benefit or burden. The fiscal agent manager is responsible for all financial activities.

NOTE 22. SUBSEQUENT EVENT

On July 25, 2016 the District issued \$64,870,000 of unlimited tax refunding bonds and, after receipt of premium on the bonds less issuance costs, the proceeds of \$75,455,822 were deposited in escrow to defease some of the District's Series 2010 and Series 2011 unlimited tax school building bonds.

NOTE 23. PRIOR PERIOD ADJUSTMENTS

The prior period adjustment of \$3,188,328 in the general fund on Exhibit C-3 consists of a \$2,422,652 final payment of 2014-2015 State Foundation funding received by the District in fiscal year 2016 and a \$765,676 reclassification of accrued vacation benefits to long-term debt.

The prior period adjustment of \$16,206,695 in the debt service fund on Exhibit C-3 represents removal of the bond interest accrued in the fund financial statement at the end of fiscal year 2015.

The prior period adjustment of \$18,199,098 in the statement of activities on Exhibit B-1 consists of the net of the following items:

- Recording a deferred outflow of \$22,072,231 representing the deferred loss on bond refunding that existed at June 30, 2015.
- A \$32,018,669 correction to the bond premium liability at June 30, 2015.
- A \$1,773,370 addition to the land account to reverse the erroneous deletion of land cost in the prior year.
- A \$16,827,015 correction to the beginning balance of accumulated depreciation on buildings, to correct the depreciable life that had been assigned to some assets.
- A \$4,378,333 adjustment to recognize as revenue the portion of June 30, 2015 delinquent property taxes that were shown as unavailable at that date.
- Recognition as prior year revenue the \$2,422,652 final 2014-2015 State Foundation funding received in fiscal year 2016.

NORTHWEST INDEPENDENT SCHOOL DISTRICT
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2016

NOTE 24. EXPENDITURES BY CHARACTER

Section 21.256, Texas Education Code, requires an annual audit and authorizes the State Board of Education, with the approval of the State Auditor, to prescribe minimum regulations and report forms for the annual audit. The Financial Accounting System Resource Guide of the Texas Education Agency prescribes the forms and formats to be filed with the Texas Education Agency. The prescribed format of the Combined Statement of Revenues, Expenditures and Changes in Fund Balances - All Governmental Fund Types and Expendable Trust Funds, requires expenditures to be classified by function, meaning capital outlay directly associated with a particular function is charged to that function.

Expenditures by fund and character are as follows:

	Governmental Fund Types				Total (Memorandum Only)
	General Fund	Special Revenue Fund	Debt Service Fund	Capital Projects Fund	
Current	\$166,536,677	\$19,323,688	\$ -	\$ 4,590,095	\$190,450,460
Capital Outlay	5,541,492	-	-	40,568,154	46,109,646
Debt Service:					
Principal	-	-	16,862,238	-	16,862,238
Interest and Fiscal Charges	-	-	39,874,279	-	39,874,279
Total Expenditures	\$172,078,169	\$19,323,688	\$56,736,517	\$45,158,249	\$293,296,623

REQUIRED SUPPLEMENTARY INFORMATION

NORTHWEST INDEPENDENT SCHOOL DISTRICT
 BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
 FOR THE YEAR ENDED JUNE 30, 2016

Data Control Codes	Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)	
	Original	Final			
REVENUES:					
5700	Total Local and Intermediate Sources	\$ 141,642,389	\$ 133,870,971	\$ 134,463,136	\$ 592,165
5800	State Program Revenues	24,939,837	33,829,734	36,498,439	2,668,705
5900	Federal Program Revenues	1,860,774	1,732,628	1,898,968	166,340
5020	Total Revenues	168,443,000	169,433,333	172,860,543	3,427,210
EXPENDITURES:					
Current:					
0011	Instruction	105,913,262	107,033,392	103,656,537	3,376,855
0012	Instructional Resources and Media Services	2,435,273	2,408,793	2,400,835	7,958
0013	Curriculum and Instructional Staff Development	5,395,703	5,275,367	5,122,910	152,457
0021	Instructional Leadership	871,696	979,222	978,152	1,070
0023	School Leadership	8,888,960	9,140,879	8,925,092	215,787
0031	Guidance, Counseling and Evaluation Services	6,726,782	6,220,562	6,125,647	94,915
0032	Social Work Services	100,773	247,767	209,767	38,000
0033	Health Services	1,753,668	1,795,460	1,766,456	29,004
0034	Student (Pupil) Transportation	7,033,420	7,745,386	7,335,213	410,173
0035	Food Services	17,500	-	-	-
0036	Extracurricular Activities	5,731,129	5,861,808	5,615,284	246,524
0041	General Administration	4,845,593	4,879,485	4,626,190	253,295
0051	Facilities Maintenance and Operations	18,704,069	18,765,120	17,280,092	1,485,028
0052	Security and Monitoring Services	1,003,513	1,275,949	1,247,806	28,143
0053	Data Processing Services	4,086,836	4,521,822	4,448,888	72,934
0061	Community Services	116,033	125,295	117,777	7,518
Capital Outlay:					
0081	Facilities Acquisition and Construction	50,000	533,084	532,983	101
Intergovernmental:					
0095	Payments to Juvenile Justice Alternative Ed. Prg.	10,000	10,000	-	10,000
0097	Payments to Tax Increment Fund	1,109,040	839,876	839,876	-
0099	Other Intergovernmental Charges	1,150,000	1,164,358	848,664	315,694
6030	Total Expenditures	175,943,250	178,823,625	172,078,169	6,745,456
1100	Excess (Deficiency) of Revenues Over (Under) Expenditures	(7,500,250)	(9,390,292)	782,374	10,172,666
OTHER FINANCING SOURCES (USES):					
7912	Sale of Real and Personal Property	-	107	107	-
7915	Transfers In	7,500,000	-	-	-
8911	Transfers Out (Use)	(17,500)	(18,547)	(578,460)	(559,913)
7080	Total Other Financing Sources (Uses)	7,482,500	(18,440)	(578,353)	(559,913)
1200	Net Change in Fund Balances	(17,750)	(9,408,732)	204,021	9,612,753
0100	Fund Balance - July 1 (Beginning)	73,375,888	73,375,888	73,375,888	-
1300	Prior Period Adjustment(s)	-	-	3,188,328	3,188,328
3000	Fund Balance - June 30 (Ending)	\$ 73,358,138	\$ 63,967,156	\$ 76,768,237	\$ 12,801,081

NORTHWEST INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
TEACHER RETIREMENT SYSTEM OF TEXAS
FOR THE YEAR ENDED JUNE 30, 2016

	2016	2015
District's Proportion of the Net Pension Liability (Asset)	0.1196401%	0.0821466%
District's Proportionate Share of Net Pension Liability (Asset)	\$ 42,291,183	\$ 21,942,493
State's Proportionate Share of the Net Pension Liability (Asset) associated with the District	62,165,127	26,943,583
Total	\$ 104,456,310	\$ 48,886,076
District's Covered-Employee Payroll	\$ 116,272,847	\$ 109,517,942
District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll	36.37%	20.04%
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."

NORTHWEST INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF DISTRICT CONTRIBUTIONS
TEACHER RETIREMENT SYSTEM OF TEXAS
FOR FISCAL YEAR 2016

EXHIBIT G-7

	2016	2015
Contractually Required Contribution	\$ 3,703,805	\$ 3,291,771
Contribution in Relation to the Contractually Required Contribution	(3,703,805)	(3,291,771)
Contribution Deficiency (Excess)	\$ -0-	\$ -0-
District's Covered-Employee Payroll	\$ 116,272,847	\$ 109,517,942
Contributions as a Percentage of Covered-Employee Payroll	3.19%	3.01%

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."

NORTHWEST INDEPENDENT SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2016

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.

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

Economic Assumptions

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

Mortality Assumptions

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

Other Demographic Assumptions

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

Actuarial Methods and Policies

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

NONMAJOR GOVERNMENTAL FUNDS SPECIAL REVENUE FUNDS

Special revenue funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditure for particular purposes. Most, but not all, of these funds must be applied for through the Standard Application System (SAS).

211 ESEA, Title I, Part A Improving Basic Programs – Provide opportunities for children served to acquire knowledge and skills to meet the challenging state performance standards developed for all children.

224 IDEA – Part B, Formula – Operate educational programs for children with disabilities.

225 IDEA – Part B, Preschool – Support programs for preschool children with disabilities.

240 National School Breakfast and Lunch Program – Support programs using federal reimbursement revenues from the United States Department of Agriculture (USDA).

244 Career and Technical – Basic Grant – Provide career and technical education to develop new and/or improved marketable skills for paid and unpaid employment.

255 ESEA, Title II, Part A Teacher and Principal Training and Recruiting – Provide financial assistance to increase student academic achievement through improving teacher and principal quality and increasing the number of highly qualified teachers in classrooms and highly qualified principals and assistant principals.

263 Title III, Part A - English Language Acquisition and Language Enhancement - Funds granted to improve the education of limited English proficient children by assisting the children to learn English and meet challenging State academic content and student academic achievement standards.

289 Summer School LEP – Funds granted for summer education of limited English proficient students.

385 Visually Impaired – Funds granted for visually impaired students.

396 Communities in Schools - Provide funds for an in-school multi-disciplinary approach to decreasing the dropout rate in the school district by increasing each participant's chance of being successful in school.

397 Advanced Placement Incentives – Support professional development of teachers teaching advanced classes.

410 State Textbook Fund – To purchase instructional materials, technological equipment and technology-related services that contributes to student learning or training for educational personnel involved in the use of such materials.

429 Other State Special Revenue Fund – State funded special revenue funds not listed above are to be accounted for in this fund.

461 Campus Activity – To account for transactions related to a campus activity fund.

465 Campus Activity – To account for transactions related to a principal's discretionary activity fund.

**NONMAJOR GOVERNMENTAL FUNDS
SPECIAL REVENUE FUNDS**

481 Education Foundation – Funds granted through the Northwest Education Foundation.

499 Other Local Special Revenue Funds – These fund classifications are used, at the option of the school district to classify locally funded special revenue funds such as grants by corporations to specific campuses not defined elsewhere.

NORTHWEST INDEPENDENT SCHOOL DISTRICT
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 JUNE 30, 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	
ASSETS					
1110	Cash and Cash Equivalents	\$ 25,518	\$ 27,743	\$ -	\$ 2,234,215
1120	Investments - Current	-	-	-	-
1240	Receivables from Other Governments	78,654	223,439	13,582	-
1250	Accrued Interest	-	-	-	-
1260	Due from Other Funds	-	-	-	11,241
1290	Other Receivables	-	-	-	9,082
1000	Total Assets	<u>\$ 104,172</u>	<u>\$ 251,182</u>	<u>\$ 13,582</u>	<u>\$ 2,254,538</u>
LIABILITIES					
2110	Accounts Payable	\$ -	\$ 28,462	\$ -	\$ 942,010
2160	Accrued Wages Payable	104,172	222,720	-	-
2170	Due to Other Funds	-	-	1,946	93,057
2180	Due to Other Governments	-	-	11,636	-
2200	Accrued Expenditures	-	-	-	-
2300	Unearned Revenues	-	-	-	155,506
2000	Total Liabilities	<u>104,172</u>	<u>251,182</u>	<u>13,582</u>	<u>1,190,573</u>
FUND BALANCES					
Restricted Fund Balance:					
3450	Federal or State Funds Grant Restriction	-	-	-	1,063,965
Committed Fund Balance:					
3545	Other Committed Fund Balance	-	-	-	-
3000	Total Fund Balances	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,063,965</u>
4000	Total Liabilities and Fund Balances	<u>\$ 104,172</u>	<u>\$ 251,182</u>	<u>\$ 13,582</u>	<u>\$ 2,254,538</u>

244 Career and Technical - Basic Grant	255 ESEA II,A Training and Recruiting	263 Title III, A English Lang. Acquisition	289 Summer School LEP	385 Visually Impaired SSVI	396 Communities in Schools	397 Advanced Placement Incentives	410 State Textbook Fund
\$ -	\$ -	\$ 3,765	\$ -	\$ -	\$ 1,410	\$ 29,105	\$ 51,959
-	-	-	-	-	-	-	-
65	361	11,329	-	-	-	-	114,296
-	-	-	-	-	-	-	-
-	-	150	-	7,764	-	-	11
<u>\$ 65</u>	<u>\$ 361</u>	<u>\$ 15,244</u>	<u>\$ -</u>	<u>\$ 7,764</u>	<u>\$ 1,410</u>	<u>\$ 29,105</u>	<u>\$ 166,266</u>
\$ -	\$ -	\$ 2,895	\$ -	\$ -	\$ 1,410	\$ -	\$ -
-	-	12,349	-	-	-	-	-
65	361	-	-	7,764	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	29,105	166,266
<u>65</u>	<u>361</u>	<u>15,244</u>	<u>-</u>	<u>7,764</u>	<u>1,410</u>	<u>29,105</u>	<u>166,266</u>
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>\$ 65</u>	<u>\$ 361</u>	<u>\$ 15,244</u>	<u>\$ -</u>	<u>\$ 7,764</u>	<u>\$ 1,410</u>	<u>\$ 29,105</u>	<u>\$ 166,266</u>

NORTHWEST INDEPENDENT SCHOOL DISTRICT
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 JUNE 30, 2016

Data Control Codes	429 Other State Special Revenue Funds	461 Campus Activity Funds	465 Campus Activity Fund	481 NISD Education Foundation	
ASSETS					
1110	Cash and Cash Equivalents	\$ 190	\$ 691,268	\$ 294,981	\$ -
1120	Investments - Current	-	1,165,356	-	-
1240	Receivables from Other Governments	25	-	-	-
1250	Accrued Interest	-	2,875	-	-
1260	Due from Other Funds	-	-	-	-
1290	Other Receivables	-	200	-	40,873
1000	Total Assets	<u>\$ 215</u>	<u>\$ 1,859,699</u>	<u>\$ 294,981</u>	<u>\$ 40,873</u>
LIABILITIES					
2110	Accounts Payable	\$ 37	\$ -	\$ -	\$ 3,143
2160	Accrued Wages Payable	-	-	-	-
2170	Due to Other Funds	-	-	-	37,730
2180	Due to Other Governments	-	-	-	-
2200	Accrued Expenditures	-	125	-	-
2300	Unearned Revenues	178	-	-	-
2000	Total Liabilities	<u>215</u>	<u>125</u>	<u>-</u>	<u>40,873</u>
FUND BALANCES					
Restricted Fund Balance:					
3450	Federal or State Funds Grant Restriction	-	-	-	-
Committed Fund Balance:					
3545	Other Committed Fund Balance	-	1,859,574	294,981	-
3000	Total Fund Balances	<u>-</u>	<u>1,859,574</u>	<u>294,981</u>	<u>-</u>
4000	Total Liabilities and Fund Balances	<u>\$ 215</u>	<u>\$ 1,859,699</u>	<u>\$ 294,981</u>	<u>\$ 40,873</u>

499 Other Local Special Revenue Funds	Total Nonmajor Governmental Funds
\$ 44,759	\$ 3,404,913
-	1,165,356
-	441,751
-	2,875
-	11,241
-	58,080
<u>\$ 44,759</u>	<u>\$ 5,084,216</u>
\$ 155	\$ 978,112
-	339,241
-	140,923
-	11,636
-	125
44,604	395,659
<u>44,759</u>	<u>1,865,696</u>
-	1,063,965
-	2,154,555
<u>-</u>	<u>3,218,520</u>
<u>\$ 44,759</u>	<u>\$ 5,084,216</u>

NORTHWEST INDEPENDENT SCHOOL DISTRICT
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED JUNE 30, 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
REVENUES:				
5700 Total Local and Intermediate Sources	\$ -	\$ -	\$ -	\$ 5,482,777
5800 State Program Revenues	-	-	-	27,474
5900 Federal Program Revenues	726,284	2,134,884	13,582	2,156,429
5020 Total Revenues	<u>726,284</u>	<u>2,134,884</u>	<u>13,582</u>	<u>7,666,680</u>
EXPENDITURES:				
Current:				
0011 Instruction	659,838	1,173,232	13,582	-
0012 Instructional Resources and Media Services	-	-	-	-
0013 Curriculum and Instructional Staff Development	430	-	-	-
0021 Instructional Leadership	-	-	-	-
0023 School Leadership	440	-	-	-
0031 Guidance, Counseling and Evaluation Services	-	941,652	-	-
0032 Social Work Services	40,000	-	-	-
0033 Health Services	-	-	-	-
0035 Food Services	-	-	-	9,175,595
0036 Extracurricular Activities	-	-	-	-
0041 General Administration	-	-	-	-
0051 Facilities Maintenance and Operations	-	-	-	-
0052 Security and Monitoring Services	-	-	-	-
0061 Community Services	25,576	-	-	-
Intergovernmental:				
0093 Payments to Fiscal Agent/Member Districts of SSA	-	20,000	-	-
6030 Total Expenditures	<u>726,284</u>	<u>2,134,884</u>	<u>13,582</u>	<u>9,175,595</u>
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	-	(1,508,915)
OTHER FINANCING SOURCES (USES):				
7915 Transfers In	-	-	-	18,543
7949 Other Resources	-	-	-	-
8911 Transfers Out (Use)	-	-	-	-
7080 Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>18,543</u>
1200 Net Change in Fund Balance	-	-	-	(1,490,372)
0100 Fund Balance - July 1 (Beginning)	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,554,337</u>
3000 Fund Balance - June 30 (Ending)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,063,965</u>

244 Career and Technical - Basic Grant	255 ESEA II,A Training and Recruiting	263 Title III, A English Lang. Acquisition	289 Summer School LEP	385 Visually Impaired SSVI	396 Communities in Schools	397 Advanced Placement Incentives	410 State Textbook Fund
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 77,451	\$ -	\$ (11)
-	-	-	-	7,764	31,805	36,558	3,186,039
99,009	138,545	105,391	4,452	-	456,589	-	-
<u>99,009</u>	<u>138,545</u>	<u>105,391</u>	<u>4,452</u>	<u>7,764</u>	<u>565,845</u>	<u>36,558</u>	<u>3,186,028</u>
54,653	-	29,379	4,452	7,764	-	4,448	3,186,028
-	-	-	-	-	-	-	-
27,633	138,545	76,012	-	-	-	32,110	-
-	-	-	-	-	-	-	-
80	-	-	-	-	-	-	-
95	-	-	-	-	-	-	-
-	-	-	-	-	654,660	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
16,548	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>99,009</u>	<u>138,545</u>	<u>105,391</u>	<u>4,452</u>	<u>7,764</u>	<u>654,660</u>	<u>36,558</u>	<u>3,186,028</u>
-	-	-	-	-	(88,815)	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	20,790	-	-
-	-	-	-	-	(1,210,442)	-	-
-	-	-	-	-	(1,189,652)	-	-
-	-	-	-	-	(1,278,467)	-	-
-	-	-	-	-	1,278,467	-	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

NORTHWEST INDEPENDENT SCHOOL DISTRICT
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED JUNE 30, 2016

Data Control Codes	429 Other State Special Revenue Funds	461 Campus Activity Funds	465 Campus Activity Fund	481 NISD Education Foundation
REVENUES:				
5700 Total Local and Intermediate Sources	\$ -	\$ 2,905,376	\$ 183,722	\$ 119,560
5800 State Program Revenues	11,659	-	-	-
5900 Federal Program Revenues	-	-	-	-
5020 Total Revenues	<u>11,659</u>	<u>2,905,376</u>	<u>183,722</u>	<u>119,560</u>
EXPENDITURES:				
Current:				
0011 Instruction	11,470	913,763	309	60,108
0012 Instructional Resources and Media Services	189	33,447	-	234
0013 Curriculum and Instructional Staff Development	-	-	-	-
0021 Instructional Leadership	-	-	-	-
0023 School Leadership	-	570	192,492	-
0031 Guidance, Counseling and Evaluation Services	-	-	-	-
0032 Social Work Services	-	-	-	-
0033 Health Services	-	603	-	-
0035 Food Services	-	-	-	-
0036 Extracurricular Activities	-	1,711,785	10,786	10,225
0041 General Administration	-	7,424	-	48,993
0051 Facilities Maintenance and Operations	-	-	-	-
0052 Security and Monitoring Services	-	1,839	10,269	-
0061 Community Services	-	-	-	-
Intergovernmental:				
0093 Payments to Fiscal Agent/Member Districts of SSA	-	-	-	-
6030 Total Expenditures	<u>11,659</u>	<u>2,669,431</u>	<u>213,856</u>	<u>119,560</u>
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>-</u>	<u>235,945</u>	<u>(30,134)</u>	<u>-</u>
OTHER FINANCING SOURCES (USES):				
7915 Transfers In	-	-	-	-
7949 Other Resources	-	-	-	-
8911 Transfers Out (Use)	-	-	-	-
7080 Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
1200 Net Change in Fund Balance	-	235,945	(30,134)	-
0100 Fund Balance - July 1 (Beginning)	<u>-</u>	<u>1,623,629</u>	<u>325,115</u>	<u>-</u>
3000 Fund Balance - June 30 (Ending)	<u>\$ -</u>	<u>\$ 1,859,574</u>	<u>\$ 294,981</u>	<u>\$ -</u>

499 Other Local Special Revenue Funds	Total Nonmajor Governmental Funds
\$ 26,430	\$ 8,795,305
-	3,301,299
-	5,835,165
26,430	17,931,769
10,926	6,129,952
-	33,870
-	274,730
2,404	2,404
104	193,686
495	942,242
504	695,164
-	603
-	9,175,595
5,000	1,754,344
6,889	63,306
108	108
-	12,108
-	25,576
-	20,000
26,430	19,323,688
-	(1,391,919)
-	18,543
-	20,790
-	(1,210,442)
-	(1,171,109)
-	(2,563,028)
-	5,781,548
\$ -	\$ 3,218,520

This page left blank intentionally.



INTERNAL SERVICE FUNDS

711 Netbooks – account for funds related to the issuance and maintenance of netbooks to District students.

753 Insurance – account for the District’s self-insurance activities concerning health insurance coverage for District employees.

771 Workers Compensation – account for the District’s self-insurance activities concerning workers compensation insurance coverage provided to District employees.

772 Unemployment – account for the District’s self-insurance activities concerning unemployment insurance coverage provided to District employees.

NORTHWEST INDEPENDENT SCHOOL DISTRICT
 COMBINING STATEMENT OF NET POSITION
 INTERNAL SERVICE FUNDS
 JUNE 30, 2016

	711	753	771	772	Total
	Netbooks	Insurance	Work Comp Self Funded	Unemploy- ment Self Funded	Internal Service Funds
ASSETS					
Current Assets:					
Cash and Cash Equivalents	\$ 1,328,593	\$ 1,782,417	\$ 461,793	\$ 7,984	\$ 3,580,787
Other Receivables	-	373,944	-	-	373,944
Total Assets	<u>1,328,593</u>	<u>2,156,361</u>	<u>461,793</u>	<u>7,984</u>	<u>3,954,731</u>
LIABILITIES					
Current Liabilities:					
Accounts Payable	-	965	-	-	965
Accrued Wages Payable	11,300	-	-	-	11,300
Accrued Expenses	-	1,352,439	269,416	-	1,621,855
Total Liabilities	<u>11,300</u>	<u>1,353,404</u>	<u>269,416</u>	<u>-</u>	<u>1,634,120</u>
NET POSITION					
Unrestricted Net Position	\$ 1,317,293	\$ 802,957	\$ 192,377	\$ 7,984	\$ 2,320,611
Total Net Position	<u>\$ 1,317,293</u>	<u>\$ 802,957</u>	<u>\$ 192,377</u>	<u>\$ 7,984</u>	<u>\$ 2,320,611</u>

NORTHWEST INDEPENDENT SCHOOL DISTRICT
 COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
 INTERNAL SERVICE FUNDS
 FOR THE YEAR ENDED JUNE 30, 2016

	711 Netbooks	753 Insurance	771 Work Comp Self Funded	772 Unemploy- ment Self Funded	Total Internal Service Funds
OPERATING REVENUES:					
Local and Intermediate Sources	\$ 163,311	\$ 11,908,374	\$ 1,251,865	\$ 306,187	\$ 13,629,737
Total Operating Revenues	<u>163,311</u>	<u>11,908,374</u>	<u>1,251,865</u>	<u>306,187</u>	<u>13,629,737</u>
OPERATING EXPENSES:					
Payroll Costs	31,057	-	-	-	31,057
Professional and Contracted Services	3,781	1,091,239	-	-	1,095,020
Supplies and Materials	39,771	61,474	-	-	101,245
Other Operating Costs	2,977	11,206,352	411,680	15,969	11,636,978
Total Operating Expenses	<u>77,586</u>	<u>12,359,065</u>	<u>411,680</u>	<u>15,969</u>	<u>12,864,300</u>
Income (Loss) Before Transfers	85,725	(450,691)	840,185	290,218	765,437
Transfer In	-	1,253,648	-	-	1,253,648
Transfers Out	-	-	(954,650)	(298,998)	(1,253,648)
Change in Net Position	<u>85,725</u>	<u>802,957</u>	<u>(114,465)</u>	<u>(8,780)</u>	<u>765,437</u>
Total Net Position - July 1 (Beginning)	<u>1,231,568</u>	<u>-</u>	<u>306,842</u>	<u>16,764</u>	<u>1,555,174</u>
Total Net Position - June 30 (Ending)	<u>\$ 1,317,293</u>	<u>\$ 802,957</u>	<u>\$ 192,377</u>	<u>\$ 7,984</u>	<u>\$ 2,320,611</u>

NORTHWEST INDEPENDENT SCHOOL DISTRICT
 COMBINING STATEMENT OF CASH FLOWS
 INTERNAL SERVICE FUNDS
 FOR THE YEAR ENDED JUNE 30, 2016

	711	753	771	772	Total
	Netbooks	Insurance	Work Comp Self Funded	Unemploy- ment Self Funded	Internal Service Funds
<u>Cash Flows from Operating Activities:</u>					
Cash Received from User Charges	\$ 163,311	\$ 11,560,442	\$ 907,277	\$ 306,187	\$ 12,937,217
Cash Payments to Employees for Services	(25,526)	-	-	-	(25,526)
Cash Payments for Insurance Claims	-	(9,878,960)	(384,755)	(15,969)	(10,279,684)
Cash Payments for Suppliers	(39,771)	(61,474)	-	-	(101,245)
Cash Payments for Other Operating Expenses	(6,758)	(1,091,239)	-	(519,799)	(1,617,796)
Net Cash Provided by (Used for) Operating Activities	<u>91,256</u>	<u>528,769</u>	<u>522,522</u>	<u>(229,581)</u>	<u>912,966</u>
<u>Cash Flows from Capital & Related Financing Activities:</u>					
Transfer In (Out)	-	1,253,648	(954,650)	(298,998)	-
Net Increase (Decrease) in Cash and Cash Equivalents	91,256	1,782,417	(432,128)	(528,579)	912,966
Cash and Cash Equivalents at Beginning of Year	1,237,337	-	893,921	536,563	2,667,821
Cash and Cash Equivalents at End of Year	<u>\$ 1,328,593</u>	<u>\$ 1,782,417</u>	<u>\$ 461,793</u>	<u>\$ 7,984</u>	<u>\$ 3,580,787</u>
<u>Reconciliation of Operating Income (Loss) to Net Cash</u>					
<u>Provided by (Used for) Operating Activities:</u>					
Operating Income (Loss):	\$ 85,725	\$ (450,691)	\$ 840,185	\$ 290,218	\$ 765,437
Effect of Increases and Decreases in Current Assets and Liabilities:					
Decrease (increase) in Receivables	-	(347,932)	-	-	(347,932)
Decrease (increase) in Due from Other Funds	-	3,223,456	-	-	3,223,456
Increase (decrease) in Accounts Payable	-	(2,098,621)	-	-	(2,098,621)
Increase (decrease) in Accrued Wages Payable	5,531	-	-	-	5,531
Increase (decrease) in Accrued Expenses	-	202,557	26,925	-	229,482
Increase (decrease) in Due to Other Funds	-	-	(344,588)	(519,799)	(864,387)
Net Cash Provided by (Used for) Operating Activities	<u>\$ 91,256</u>	<u>\$ 528,769</u>	<u>\$ 522,522</u>	<u>\$ (229,581)</u>	<u>\$ 912,966</u>

NORTHWEST INDEPENDENT SCHOOL DISTRICT
 COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
 ALL AGENCY FUNDS
 FOR THE YEAR ENDED JUNE 30, 2016

	BALANCE JULY 1 2015	ADDITIONS	DEDUCTIONS	BALANCE JUNE 30 2016
STUDENT ACTIVITY ACCOUNT				
Assets:				
Cash and Temporary Investments	\$ 129,770	\$ 374,727	\$ 368,613	\$ 135,884
Liabilities:				
Due to Student Groups	\$ 129,770	\$ 374,727	\$ 368,613	\$ 135,884
TOTAL AGENCY FUNDS				
Assets:				
Cash and Temporary Investments	\$ 129,770	\$ 374,727	\$ 368,613	\$ 135,884
Liabilities:				
Due to Student Groups	\$ 129,770	\$ 374,727	\$ 368,613	\$ 135,884

NORTHWEST INDEPENDENT SCHOOL DISTRICT
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL - CHILD NUTRITION PROGRAM
 FOR THE YEAR ENDED JUNE 30, 2016

Data Control Codes	Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)
	Original	Final		
REVENUES:				
5700 Total Local and Intermediate Sources	\$ 5,595,745	\$ 5,552,272	\$ 5,482,777	\$ (69,495)
5800 State Program Revenues	31,500	27,473	27,474	1
5900 Federal Program Revenues	2,118,328	2,103,983	2,156,429	52,446
5020 Total Revenues	7,745,573	7,683,728	7,666,680	(17,048)
EXPENDITURES:				
0035 Food Services	7,695,573	8,955,058	9,175,595	(220,537)
6030 Total Expenditures	7,695,573	8,955,058	9,175,595	(220,537)
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	50,000	(1,271,330)	(1,508,915)	(237,585)
OTHER FINANCING SOURCES (USES):				
7915 Transfers In	-	18,547	18,543	(4)
1200 Net Change in Fund Balances	50,000	(1,252,783)	(1,490,372)	(237,589)
0100 Fund Balance - July 1 (Beginning)	2,554,337	2,554,337	2,554,337	-
3000 Fund Balance - June 30 (Ending)	\$ 2,604,337	\$ 1,301,554	\$ 1,063,965	\$ (237,589)

NORTHWEST INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - DEBT SERVICE FUND
FOR THE YEAR ENDED JUNE 30, 2016

Data Control Codes	Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)	
	Original	Final			
REVENUES:					
5700	Total Local and Intermediate Sources	\$ 47,165,116	\$ 52,084,082	\$ 52,573,718	\$ 489,636
5800	State Program Revenues	-	742,319	651,712	(90,607)
5020	Total Revenues	47,165,116	52,826,401	53,225,430	399,029
EXPENDITURES:					
Debt Service:					
0071	Principal on Long Term Debt	9,383,410	16,862,238	16,862,238	-
0072	Interest on Long Term Debt	35,345,861	35,764,424	38,855,162	(3,090,738)
0073	Bond Issuance Cost and Fees	75,000	55,673,737	1,019,117	54,654,620
6030	Total Expenditures	44,804,271	108,300,399	56,736,517	51,563,882
1100	Excess (Deficiency) of Revenues Over (Under) Expenditures	2,360,845	(55,473,998)	(3,511,087)	51,962,911
OTHER FINANCING SOURCES (USES):					
7911	Capital Related Debt Issued (Regular Bonds)	-	253,448,475	253,448,475	-
7915	Transfers In	-	-	109	109
7916	Premium or Discount on Issuance of Bonds	-	48,900,225	48,900,225	-
8949	Other (Uses)	-	(246,832,467)	(301,443,783)	(54,611,316)
7080	Total Other Financing Sources (Uses)	-	55,516,233	905,026	(54,611,207)
1200	Net Change in Fund Balances	2,360,845	42,235	(2,606,061)	(2,648,296)
0100	Fund Balance - July 1 (Beginning)	25,723,034	25,723,034	25,723,034	-
1300	Prior Period Adjustment(s)	-	-	16,206,695	16,206,695
3000	Fund Balance - June 30 (Ending)	\$ 28,083,879	\$ 25,765,269	\$ 39,323,668	\$ 13,558,399

This page left blank intentionally.

OTHER COMPLIANCE SCHEDULES

Other Compliance Schedules includes various schedules required by the Texas Education Agency that are not required disclosures in the Comprehensive Annual Financial Report.

NORTHWEST INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF DELINQUENT TAXES RECEIVABLE
FISCAL YEAR ENDED JUNE 30, 2016

Last 10 Years	(1)	(2)	(3)
	Tax Rates		Assessed/Appraised Value for School Tax Purposes
	Maintenance	Debt Service	
2007 and prior years	Various	Various	\$ Various
2008	1.000050	0.335000	8,423,850,343
2009	1.000000	0.335000	10,099,641,423
2010	1.020000	0.335000	10,991,418,500
2011	1.040000	0.335000	10,557,293,945
2012	1.040000	0.335000	10,712,617,600
2013	1.040000	0.335000	10,610,204,200
2014	1.040000	0.412500	10,548,852,117
2015	1.040000	0.412500	11,616,927,849
2016 (School year under audit)	1.040000	0.412500	11,705,540,348
1000 TOTALS			
9000 Portion of Row 1000 for Taxes Paid into Tax Increment Zone (See Footnote)			\$ -

(10) Beginning Balance 7/1/2015	(20) Current Year's Total Levy	(31) Maintenance Collections	(32) Debt Service Collections	(40) Entire Year's Adjustments	(50) Ending Balance 6/30/2016
\$ 1,485,840	\$ -	\$ 13,462	\$ 2,523	\$ (427,416)	\$ 1,042,439
369,939	-	3,709	1,243	(134,274)	230,713
1,894,834	-	6,516	2,183	(1,660,121)	226,014
(363,916)	-	80,054	26,292	847,448	377,186
508,455	-	303,124	97,641	263,795	371,485
688,181	-	317,838	102,381	116,734	384,696
(391,704)	-	317,986	102,428	1,255,004	442,886
1,414,582	-	392,153	155,542	(355,122)	511,765
1,443,056	-	986,266	391,187	648,890	714,493
-	181,578,346	128,757,237	51,069,577	-	1,751,532
<u>\$ 7,049,267</u>	<u>\$ 181,578,346</u>	<u>\$ 131,178,345</u>	<u>\$ 51,950,997</u>	<u>\$ 554,938</u>	<u>\$ 6,053,209</u>
\$ -	\$ -	\$ 839,876	\$ -	\$ -	\$ -

This page left blank intentionally.

STATISTICAL SECTION

This part of the Northwest Independent School District's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information. The statistical section includes nineteen schedules. These schedules fall within the following categories:

Financial Trend Data

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

Revenue Capacity Data

These schedules contain information on the District's most significant local revenue source, the property tax.

Debt Capacity Data

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

Demographic and Economic Information

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

Operating Information

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

NORTHWEST INDEPENDENT SCHOOL DISTRICT
NET POSITION BY COMPONENT
LAST TEN FISCAL YEARS
(accrual basis of accounting)

SCHEDULE 1

Fiscal Year:	2016	2015	2014	2013
Governmental activities				
Net investment in capital assets	\$ (23,184,957)	\$ 27,255,585	\$ 32,114,051	\$ 71,686,971
Restricted	41,478,223	31,406,785	27,791,565	23,917,265
Unrestricted	35,105,595	3,321,608	50,163,131	9,363,707
Total primary government net position	<u>\$ 53,398,861</u>	<u>\$ 61,983,978</u>	<u>\$ 110,068,747</u>	<u>\$ 104,967,943</u>

Note: FYE 2015 ending net position includes a prior period adjustment due to the implementation of GASB #68 in the amount of (\$26,943,583).

Source: District's financial records.

2012	2011	2010	2009	2008	2007
\$ 51,865,489	\$ 65,756,190	\$ 46,213,837	\$ 31,486,012	\$ 3,982,694	\$ 29,231,862
26,262,955	8,843,840	7,454,524	5,733,598	4,538,497	173,029,404
9,312,999	7,545,212	4,903,015	54,226,594	81,390,169	(138,834,103)
\$ 87,441,443	\$ 82,145,242	\$ 58,571,376	\$ 91,446,204	\$ 89,911,360	\$ 63,427,163

NORTHWEST INDEPENDENT SCHOOL DISTRICT
EXPENSES, PROGRAM REVENUES AND NET (EXPENSE)/REVENUE
LAST TEN FISCAL YEARS
(accrual basis of accounting)

SCHEDULE 2

Fiscal Year:	2016	2015	2014	2013
Expenses				
Governmental activities:				
Instruction	\$ 122,168,515	\$ 103,989,026	\$ 96,263,169	\$ 88,337,904
Instruction Resources & Media Services	2,681,310	2,394,024	2,427,968	2,430,659
Curriculum and Staff Development	5,885,439	5,018,657	4,661,666	4,981,051
Instructional Leadership	1,081,077	946,675	813,526	772,331
School Leadership	10,145,301	8,492,012	7,623,396	7,083,647
Guidance, Counseling & Evaluation Services	7,941,408	6,354,112	6,274,031	5,331,059
Social Work Services	904,931	6,124,147	5,632,064	4,275,156
Health Services	2,009,949	1,860,771	1,837,993	1,744,190
Student (Pupil) Transportation	7,252,742	6,195,171	5,982,137	5,725,520
Food Services	9,175,595	7,400,908	7,519,565	6,072,684
Cocurricular/Extracurricular Activities	7,718,196	7,591,117	6,933,964	7,403,320
General Administration	4,458,804	17,019,764	14,769,632	14,427,412
Plant Maintenance and Operations	17,255,030	17,227,868	15,991,385	14,685,098
Security and Monitoring Services	1,248,060	892,184	655,209	725,247
Data Processing Services	4,752,113	3,877,489	3,354,317	2,962,845
Community Services	154,935	199,757	159,556	152,640
Debt Service - Interest on Long-Term Debt	23,170,568	37,578,564	37,115,936	34,900,424
Debt Service - Bond Issuance Cost & Fees	3,072,446	410,960	123,047	2,568,119
Contracted Instructional Services	-	-	84,867	10,981,987
Payments to Fiscal Agent/Member Districts of SSA	20,000	65,200	73,400	85,250
Payments to Juvenile Justice Alternative Education Program	-	4,628	-	-
Payments to Tax Increment Fund	839,876	888,460	904,351	884,261
Other Intergovernmental Charges	848,664	1,093,516	1,074,773	1,191,691
Total primary government expenses	232,784,959	235,625,010	220,275,953	217,722,495
Program Revenues				
Governmental activities:				
Charges for services				
Instruction	90,828	134,603	107,923	111,895
Health services	921,133	1,545,525	1,367,146	1,338,109
Student transportation	-	270	-	-
Food services	5,469,920	5,157,545	5,065,661	4,618,097
Extracurricular activities	476,021	3,077,228	2,807,383	2,831,437
General administration	-	220,789	-	71,366
Facilities maintenance	514,659	553,506	613,751	540,097
Community services	-	7,455	8,132	9,073
Operating grants and contributions	24,157,031	17,152,632	20,615,411	17,516,788
Total primary government program revenues	31,629,592	27,849,553	30,585,407	27,036,862
Net (Expense)Revenue				
Total primary government net expense	\$ (201,155,367)	\$ (207,775,457)	\$ (189,690,546)	\$ (190,685,633)

Source: District's financial records.

	2012	2011	2010	2009	2008	2007
\$	80,922,877	\$ 78,633,567	\$ 74,785,911	\$ 65,062,528	\$ 57,324,361	\$ 47,921,489
	2,325,843	2,329,969	2,471,979	2,036,498	1,433,652	1,266,133
	4,123,336	4,982,855	4,463,416	3,752,400	3,546,253	3,075,564
	715,094	760,835	765,217	591,184	550,320	544,094
	6,455,946	6,347,367	5,405,205	4,721,937	4,003,079	3,434,469
	4,879,777	4,979,758	4,410,180	3,711,492	3,413,603	2,710,088
	3,696,246	2,107,638	161,178	142,139	146,416	90,841
	1,573,018	1,436,412	1,211,628	1,122,546	938,084	741,643
	5,695,937	6,348,667	5,889,088	5,194,852	4,375,783	3,540,291
	6,431,326	6,422,370	6,115,240	5,676,437	4,683,983	3,995,179
	6,190,684	7,810,215	7,488,020	5,363,726	4,196,584	3,740,547
	13,165,216	13,572,609	10,526,018	9,101,600	9,316,812	8,660,505
	24,072,929	472,410	52,243,642	21,450,859	9,846,358	22,055,209
	551,453	488,373	471,897	446,041	371,461	269,466
	2,752,765	2,632,703	2,501,806	2,729,536	1,778,938	1,459,456
	139,215	214,400	213,633	200,271	243,931	238,940
	32,088,442	31,010,642	28,297,159	25,052,026	23,885,720	18,867,558
	326,950	126,648	53,891	104,874	76,472	326,222
	21,665,083	25,061,695	28,049,228	29,402,497	25,750,715	35,630,381
	48,000	56,213	-	964,741	-	-
	-	29,103	17,800	34,888	5,162	10,191
	893,326	897,797	868,901	999,909	914,695	1,191,213
	1,220,953	1,294,857	1,125,355	1,101,553	-	-
	219,934,416	198,017,104	237,536,392	188,964,534	156,802,382	159,769,479

	91,712	3,915,823	3,108,878	3,456,324	2,713,561	2,285,066
	1,025,092	-	-	-	-	-
	-	-	-	-	-	-
	4,488,326	4,022,476	4,162,786	3,966,761	3,511,901	3,026,322
	2,596,139	-	-	-	-	-
	105,138	-	-	-	-	-
	469,421	-	-	-	-	-
	6,153	-	-	-	-	-
	20,021,223	26,982,510	20,964,616	15,450,890	13,910,720	11,653,548
	28,803,204	34,920,809	28,236,280	22,873,975	20,136,182	16,964,936

\$ (191,131,212) \$ (163,096,295) \$ (209,300,112) \$ (166,090,559) \$ (136,666,200) \$ (142,804,543)

NORTHWEST INDEPENDENT SCHOOL DISTRICT
GENERAL REVENUES AND TOTAL CHANGE IN NET POSITION
LAST TEN FISCAL YEARS
(accrual basis of accounting)

SCHEDULE 3

Fiscal Year:	2016	2015	2014	2013
Net (Expense)/Revenue				
Total primary government net expense	\$ (201,155,367)	\$ (207,775,457)	\$ (189,690,546)	\$ (190,685,633)
General Revenues and Other Changes in Net Position				
Governmental activities:				
Taxes				
Property taxes levied for general purposes	131,549,000	120,895,271	110,045,806	110,555,045
Property taxes levied for capital projects	51,759,384	47,952,873	43,649,455	34,912,120
Unrestricted grants and contributions	-	-	6,896,560	-
State aid - formula grants	27,014,580	17,140,982	29,415,905	31,601,844
Miscellaneous	556,092	-	4,269,919	30,333,823
Investment earnings	1,100,734	645,145	513,705	809,301
Transfers in (out)	(1,210,442)	-	-	-
Total primary government	210,769,348	186,634,271	194,791,350	208,212,133
Change in Net Position				
Total primary government	\$ 9,613,981	\$ (21,141,186)	\$ 5,100,804	\$ 17,526,500

Source: District's financial records.

2012	2011	2010	2009	2008	2007
\$ (191,131,212)	\$ (163,096,294)	\$ (209,300,112)	\$ (166,090,559)	\$ (136,666,200)	\$ (142,804,543)
112,034,483	109,929,304	126,743,916	104,902,416	112,276,391	109,213,582
35,379,311	36,542,449	36,757,605	34,967,471	29,362,056	28,392,542
-	1,010,219	6,971,388	6,574,851	-	-
33,156,117	33,438,435	-	10,629,847	2,792,735	12,399,899
15,036,005	4,849,405	3,845,504	6,231,396	8,807,167	-
821,497	900,348	2,106,871	4,319,422	9,912,048	9,867,870
-	-	-	-	-	-
196,427,413	186,670,160	176,425,284	167,625,403	163,150,397	159,873,893
\$ 5,296,201	\$ 23,573,866	\$ (32,874,828)	\$ 1,534,844	\$ 26,484,197	\$ 17,069,350

NORTHWEST INDEPENDENT SCHOOL DISTRICT
 FUND BALANCES, GOVERNMENTAL FUNDS
 LAST TEN FISCAL YEARS
 (modified accrual basis of accounting)

SCHEDULE 4

Fiscal Year:	2016	2015	2014	2013
General Fund				
Reserved	\$ -	\$ -	\$ -	\$ -
Unreserved, designated	-	-	-	-
Unreserved	-	-	-	-
Nonspendable	293,148	-	-	-
Assigned	39,424,756	29,424,756	29,424,756	29,424,756
Unassigned	37,050,333	43,951,132	42,173,641	31,093,987
Total general fund	\$ 76,768,237	\$ 73,375,888	\$ 71,598,397	\$ 60,518,743
All Other Governmental Funds				
Reserved	\$ -	\$ -	\$ -	\$ -
Unreserved, reported in:				
Capital projects funds	-	-	-	-
Debt service funds	-	-	-	-
Special revenue funds	-	97,797	-	-
Restricted				
Federal or State Funds Grant Restriction	1,063,965	2,456,540	2,456,540	2,231,779
Capital Acquisition and Contractual Obligation	76,269,887	43,323,635	44,009,918	56,984,655
Retirement of Long-Term Debt	39,323,668	25,723,034	22,526,879	19,173,538
Other Restricted	-	1,278,467	1,110,408	894,488
Committed				
Other Committed	2,154,555	1,948,744	1,697,738	1,617,460
Assigned				
Construction	38,095,832	39,648,697	36,700,973	36,010,011
Total all other governmental funds	\$ 156,907,907	\$ 114,476,914	\$ 108,502,456	\$ 116,911,931

Note: During 2011, the District implemented GASB 54, which changed the classifications for fund balances.

Source: District's financial records.

2012	2011	2010	2009	2008	2007
\$ -	\$ -	\$ -	\$ -	\$ 420,309	\$ 420,309
-	-	10,931,087	33,609,424	27,166,773	26,709,991
-	-	29,743,954	37,853,057	38,525,741	24,148,506
-	-	-	-	-	-
25,922,849	17,173,729	-	-	-	-
30,150,497	32,204,471	-	-	-	-
<u>\$ 56,073,346</u>	<u>\$ 49,378,200</u>	<u>\$ 40,675,041</u>	<u>\$ 71,462,481</u>	<u>\$ 66,112,823</u>	<u>\$ 51,278,806</u>
\$ -	\$ -	\$ 1,315,514	\$ 1,315,514	\$ 1,215,514	\$ 2,543,604
-	-	87,690,624	121,442,926	141,776,043	156,923,378
-	-	23,964,937	19,722,527	15,246,035	11,757,421
-	-	2,185,299	2,003,145	1,740,805	1,384,692
1,205,944	809,542	-	-	-	-
106,289,480	53,645,146	-	-	-	-
22,882,344	25,299,911	-	-	-	-
718,799	372,147	-	-	-	-
1,455,868	1,264,129	-	-	-	-
35,819,479	34,510,579	-	-	-	-
<u>\$ 168,371,914</u>	<u>\$ 115,901,454</u>	<u>\$ 115,156,374</u>	<u>\$ 144,484,112</u>	<u>\$ 159,978,397</u>	<u>\$ 172,609,095</u>

NORTHWEST INDEPENDENT SCHOOL DISTRICT
GOVERNMENTAL FUNDS REVENUES
LAST TEN FISCAL YEARS
(modified accrual basis of accounting)

SCHEDULE 5

Fiscal Year:	2016	2015	2014	2013
Local and Intermediate Sources				
Local maintenance and debt service tax	\$ 184,486,074	\$ 168,848,144	\$ 156,652,150	\$ 148,220,114
Food service sales	5,469,920	5,168,771	3,077,273	4,625,703
Other local revenue	6,396,427	9,122,029	6,488,164	4,731,123
Total Local and Intermediate Sources	196,352,421	183,138,944	166,217,587	157,576,940
State Programs Revenues	40,473,309	35,409,112	41,248,007	36,004,504
Federal Sources				
Federal Program Revenues	5,577,704	9,430,583	8,983,639	6,548,919
Food services	2,156,429	2,064,862	2,449,650	2,264,884
Total Federal Sources	7,734,133	11,495,445	11,433,289	8,813,803
Total Revenues	\$ 244,559,863	\$ 230,043,501	\$ 218,898,883	\$ 202,395,247

Note: This table includes all governmental fund types of the Northwest Independent School District.
Expenditure classifications are in accordance with those prescribed by the Texas Education Agency.

Source: District's financial records.

2012	2011	2010	2009	2008	2007
\$ 150,436,519	\$ 153,438,209	\$ 155,372,824	\$ 140,640,767	\$ 114,724,649	\$ 141,025,245
8,174,543	4,035,928	6,521,753	6,443,470	3,511,901	3,026,322
522,822	206,761	439,669	1,887,530	13,406,193	1,904,986
159,133,884	157,680,898	162,334,246	148,971,767	131,642,743	145,956,553
37,382,303	39,348,994	25,531,776	29,505,955	37,433,603	15,498,815
6,416,491	12,845,347	7,058,740	3,993,839	3,396,500	2,836,269
2,126,303	1,938,667	1,845,337	5,028	64,586	1,022,570
8,542,794	14,784,014	8,904,077	3,998,867	3,461,086	3,858,839
\$ 205,058,981	\$ 211,813,906	\$ 196,770,099	\$ 182,476,589	\$ 172,537,432	\$ 165,314,207

NORTHWEST INDEPENDENT SCHOOL DISTRICT
GOVERNMENTAL FUNDS EXPENDITURES AND DEBT SERVICE RATIO
LAST TEN FISCAL YEARS
(modified accrual basis of accounting)

SCHEDULE 6

Fiscal Year:	2016	2015	2014	2013
Expenditures by Function				
Instruction	\$ 110,969,993	\$ 99,340,245	\$ 88,845,925	\$ 81,913,913
Instruction Resources & Media Services	3,145,350	2,280,870	2,299,588	2,316,797
Curriculum and Staff Development	5,397,640	5,078,147	4,659,861	4,981,051
Instructional Leadership	980,556	959,164	813,526	772,331
School Leadership	9,118,778	8,293,810	7,311,633	6,811,870
Guidance, Counseling & Evaluation Services	7,072,496	6,447,695	6,261,874	5,321,287
Social Work Services	904,931	6,151,355	5,632,064	4,275,156
Health Services	1,804,524	1,654,747	1,602,472	1,539,804
Student (Pupil) Transportation	7,335,213	6,189,360	5,976,326	5,719,709
Food Services	9,175,595	7,182,534	7,336,590	5,899,623
Cocurricular/Extracurricular Activities	9,764,314	7,016,227	6,334,044	6,861,271
General Administration	4,689,496	4,815,439	4,491,760	4,006,196
Plant Maintenance and Operations	17,280,200	16,568,143	15,361,345	14,127,127
Security and Monitoring Services	1,276,852	889,197	650,935	720,355
Data Processing Services	4,448,888	3,876,089	3,328,248	2,945,960
Community Services	143,353	203,849	159,556	152,640
Debt Service - Principal on Long-Term Debt	16,862,238	7,494,393	3,234,679	4,391,876
Debt Service - Interest on Long-Term Debt	38,855,162	37,578,564	37,115,936	34,900,424
Debt Service - Bond Issuance Cost & Fees	1,261,367	410,960	123,047	2,568,119
Facilities Acquisition and Construction	41,101,137	72,772,494	62,759,061	48,515,352
Contracted Instructional Services	-	-	84,867	10,981,987
Payments to Fiscal Agent/Member Districts of SSA	20,000	65,200	73,400	85,250
Payments to Juvenile Justice Alternative Education Program	-	4,628	-	-
Payments to Tax Increment Fund	839,876	888,460	904,351	884,261
Other Governmental Charges	848,664	1,093,516	1,074,774	1,191,691
Total Expenditures	\$ 293,296,623	\$ 297,255,086	\$ 266,435,862	\$ 251,884,050
Debt service as a percentage of noncapital expenditures	23.05%	18.43%	19.27%	21.29%

Note: This table includes all governmental fund types of the Northwest Independent School District.
Expenditure classifications are in accordance with those prescribed by the Texas Education Agency.

Source: District's financial records.

2012	2011	2010	2009	2008	2007
\$ 75,675,709	\$ 77,987,324	\$ 71,102,583	\$ 61,075,048	\$ 53,333,764	\$ 44,534,680
2,217,098	2,226,494	2,390,406	1,938,698	1,335,951	1,170,022
4,123,336	4,982,810	4,463,371	3,752,355	3,546,208	3,075,519
715,094	760,835	765,217	591,184	550,320	544,094
6,210,188	6,129,689	5,264,764	4,552,448	3,833,483	3,271,525
4,869,877	4,969,855	4,401,191	3,700,951	3,403,072	2,699,568
3,696,246	2,107,638	161,178	142,139	146,416	90,841
1,392,399	1,284,949	1,133,606	1,022,043	837,434	647,509
5,690,126	6,342,856	5,883,277	5,190,884	4,371,983	3,536,491
6,263,709	6,249,386	5,961,880	5,498,310	4,504,926	3,816,818
5,562,646	7,199,299	6,902,440	4,709,169	3,619,986	3,178,068
3,674,787	4,123,906	4,018,154	3,808,704	4,343,658	3,793,512
12,644,068	13,922,303	12,136,274	10,250,954	9,516,347	8,797,614
546,770	478,787	461,894	436,038	361,458	259,586
2,709,039	2,529,294	2,403,590	2,646,525	1,749,004	1,434,969
139,215	214,400	213,633	200,271	223,851	217,510
6,398,021	4,983,216	4,930,453	4,777,382	2,988,603	5,671,361
32,088,442	31,010,642	28,297,159	25,052,026	23,885,720	18,867,558
326,953	126,648	53,891	104,874	76,472	326,222
42,909,725	52,807,041	65,832,290	85,501,224	74,867,945	25,794,215
21,665,083	25,061,695	28,049,228	29,402,497	25,750,715	35,630,381
48,000	56,212	-	964,741	-	-
-	29,103	17,800	34,888	5,162	10,191
893,326	897,797	868,901	999,909	914,695	1,191,213
1,220,953	1,294,857	1,125,355	1,101,553	-	-
\$ 241,680,810	\$ 257,777,036	\$ 256,838,535	\$ 257,454,815	\$ 224,167,173	\$ 168,559,467
18.35%	14.37%	14.40%	16.39%	23.60%	15.76%

NORTHWEST INDEPENDENT SCHOOL DISTRICT
OTHER FINANCING SOURCES AND USES AND NET CHANGE IN FUND BALANCES,
GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(modified accrual basis of accounting)

SCHEDULE 7

Fiscal Year:	2016	2015	2014	2013
Other Financing Sources (Uses)				
General long-term debt issued	320,883,475	149,863,125	47,625,000	44,180,000
Sale of capital assets	207,455	1,810,385	17,158	18,784
Transfers in	578,569	607,649	605,607	592,997
Premium or Discount on Issuance of Bonds	56,707,584	27,025,012	2,565,000	6,037,411
Other Resources	20,790	-	-	(2)
Transfers out	(1,789,011)	(2,966,717)	(605,607)	(592,995)
Other (Uses)	(301,443,783)	(101,375,915)	-	(47,761,979)
Total other financing sources (uses)	75,165,079	74,963,539	50,207,158	2,474,216
Net change in fund balances	\$ 26,428,319	\$ 7,751,954	\$ 2,670,179	\$ (47,014,587)

Source: District's financial records.

2012	2011	2010	2009	2008	2007
139,000,000	51,802,829	-	63,820,000	56,994,661	202,679,954
21,451	33,193	321,854	36,727	1,500	61,903
12,493	-	34,045,478	145,744	-	129
18,980,151	3,387,171	-	1,380,000	2,146,370	10,398,442
1,993,276	-	(34,407,774)	-	4,543	-
(1,755,855)	-	-	(472,391)	(401,876)	(205,874)
(62,464,077)	100,000	(6,300)	-	(4,912,136)	(112,478,413)
95,787,439	55,323,193	(46,742)	64,910,080	53,833,062	100,456,141
\$ 59,165,610	\$ 9,360,063	\$ (60,115,178)	\$ (10,068,146)	\$ 2,203,320	\$ 97,210,881

NORTHWEST INDEPENDENT SCHOOL DISTRICT
 ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY
 LAST TEN FISCAL YEARS

SCHEDULE 8

Fiscal Year	Real Property Assessed Value	Personal Property Assessed Value	Minerals Assessed Value
2016	\$ 9,644,355,000	\$ 3,118,392,000	\$ 1,296,365,000
2015	8,634,101,000	2,576,109,000	1,538,136,000
2014	7,866,040,000	2,688,113,117	1,380,696,000
2013	7,984,354,200	2,487,855,000	2,035,974,000
2012	7,624,521,600	2,299,100,000	2,562,364,000
2011	6,781,551,000	2,378,372,000	2,876,879,000
2010	6,589,809,000	2,448,217,000	3,044,536,000
2009	6,117,443,835	2,551,601,000	2,508,978,000
2008	5,170,913,492	3,041,457,835	2,023,535,610
2007	4,714,730,527	2,084,967,826	2,404,215,530

Source: Denton Central Appraisal District.

Less: Exemptions	Total Taxable Value	Total Direct Rate
\$ 2,353,571,652	\$ 11,705,540,348	1.4525
1,131,418,151	11,616,927,849	1.4525
1,385,997,000	10,548,852,117	1.4525
1,897,979,000	10,610,204,200	1.3750
1,773,368,000	10,712,617,600	1.3750
1,479,508,055	10,557,293,945	1.3750
1,091,143,500	10,991,418,500	1.3550
1,078,381,412	10,099,641,423	1.3350
1,812,056,594	8,423,850,343	1.3351
1,434,131,541	7,769,782,342	1.6650

NORTHWEST INDEPENDENT SCHOOL DISTRICT
 DIRECT AND OVERLAPPING PROPERTY TAX RATES
 LAST TEN FISCAL YEARS
 (UNAUDITED)

SCHEDULE 9

Fiscal Year	District Direct Rates		
	General Purposes	Capital Purposes	Total
2016	\$ 1.04000	\$ 0.41250	\$ 1.45250
2015	1.04000	0.41250	1.45250
2014	1.04000	0.41250	1.45250
2013	1.04000	0.33500	1.37500
2012	1.04000	0.33500	1.37500
2011	1.04000	0.33500	1.37500
2010	1.02000	0.33500	1.35500
2009	1.00000	0.33500	1.33500
2008	1.00005	0.33500	1.33505
2007	1.33000	0.33500	1.66500

Note: Per \$100 of assessed valuation

Source: Denton Central Appraisal District and other assessors.

Overlapping Rates

Denton County	City of Fort Worth	Tarrant County	Town of Trophy Club	Trophy Club MUD 1 & 2	Wise County	City of Roanoke	City of Haslet
\$ 0.2484	\$ 0.8350	\$ 0.2540	\$ 0.4730	\$ 0.1311	\$ 0.3464	\$ 0.3751	\$ 0.2903
0.2620	0.8550	0.2640	0.4840	0.1311	0.3139	0.3751	0.2857
0.2722	0.8550	0.2640	0.4900	0.1334	0.2989	0.3751	0.2928
0.2849	0.8550	0.2640	0.4993	0.1334	0.2889	0.3751	0.3209
0.2829	0.8550	0.2640	0.5185	0.1334	0.2889	0.3751	0.3209
0.2774	0.8550	0.2640	0.5300	0.1750	0.2900	0.3751	0.3046
0.2739	0.8550	0.2640	0.5150	0.1950	0.2900	0.3751	0.3046
0.2498	0.8550	0.2640	0.4700	0.4100	0.2887	0.3751	0.2672
0.2358	0.8550	0.2640	0.4555	0.4892	0.2831	0.3751	0.2792
0.2359	0.8550	0.2665	0.4305	0.5092	0.4119	0.3751	0.2903

NORTHWEST INDEPENDENT SCHOOL DISTRICT
 PRINCIPAL PROPERTY TAX PAYERS
 CURRENT YEAR AND NINE YEARS AGO

SCHEDULE 10

2016				
Name of Taxpayer	Nature of Property	Total Market Assessed Valuation	Total Taxable Assessed Valuation	Percent of Total Taxable Assessed Valuation
Amerisource Bergen Drug Corp	Pharmaceutical Industry	\$ 257,983,741	\$ 230,230,090	1.97%
Devon Energy Production Co LP	Oil & Gas	207,680,797	207,680,797	1.77%
Citicorp Technology Inc - 2695	Technology/Financial Services	149,229,569	149,229,569	1.27%
Galderma Laboratories	Pharmaceutical Industry	85,323,857	85,323,857	0.73%
Cardinal Health 110 LLC	Healthcare	76,471,059	64,838,540	0.55%
Quicksilver Resources Inc	Oil & Gas	61,839,610	61,839,610	0.53%
Dry Creek Apartments LTD	Commercial	50,388,200	50,388,200	0.43%
Oncor Electric Delivery Co	Utility	49,201,580	49,201,580	0.42%
PR III/Crow Building B&D LP	Commercial & Industrial	48,436,206	48,436,206	0.41%
AT Industrial Owner 4 LLC	Commercial & Industrial	47,101,500	47,101,500	0.40%
Total		<u>\$ 1,033,656,119</u>	<u>\$ 994,269,949</u>	<u>8.49%</u>
Total Assessed Taxable Valuation			<u>\$ 11,705,540,348</u>	<u>100.00%</u>

Note: County reduced reporting to top ten in year 2016
 Source: County Property Appraiser

2007

Name of Taxpayer	Nature of Property	Total Market Assessed Valuation	Total Taxable Assessed Valuation	Percent of Total Taxable Assessed Valuation
Devon Energy Operating Co LP	Mineral	\$ 1,038,770,770	\$ 1,038,770,770	12.75%
XTO Energy	Mineral	219,771,230	219,771,230	2.70%
Honeywell International Inc	Commercial & Industrial	135,456,258	135,456,258	1.66%
Alliance NO 1 Building Partners LP	Real Estate	131,280,936	131,280,936	1.61%
Devon Energy Prod Co (Chief)	Mineral	102,077,110	102,077,110	1.25%
Encana Oil & Gas (USA)	Mineral	95,838,510	95,838,510	1.18%
Citicorp Technology Inc	Commercial & Industrial	95,665,966	95,665,966	1.17%
Cardinal Health 301 Inc	Healthcare	92,921,152	87,070,246	1.07%
Amerisource Bergen	Commercial & Industrial	123,736,956	84,575,741	1.04%
Alliance NO 3 Building Partners LP	Real Estate	73,090,505	73,090,505	0.90%
Alliance NO 2 Building Partners LP	Real Estate	71,621,072	71,621,072	0.88%
TXU Electric Delivery Company	Utility	52,085,400	52,085,400	0.64%
J.C. Penney Company Inc	Commercial & Industrial	51,770,115	51,770,115	0.64%
Bell Helicopter Textron	Commercial & Industrial	67,185,962	43,604,861	0.54%
J.C. Penney Company Inc	Commercial & Industrial	79,531,244	40,844,605	0.50%
Chief Operating LLC	Mineral	37,776,710	37,776,710	0.46%
Randall's Beverage Company Inc	Commercial & Industrial	36,010,915	36,010,915	0.44%
W.W. Grainger Inc	Commercial & Industrial	46,564,993	35,518,237	0.44%
AIG Technologies Inc	Commercial & Industrial	34,137,284	34,137,284	0.42%
AT&T Mobility LLC	Commercial & Industrial	217,027,893	32,923,132	0.40%
Total		<u>\$ 2,802,320,981</u>	<u>\$ 2,499,889,603</u>	<u>30.68%</u>
Total Assessed Taxable Valuation			<u>\$ 8,147,472,710</u>	<u>100.00%</u>

NORTHWEST INDEPENDENT SCHOOL DISTRICT
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS

SCHEDULE 11

Fiscal Year	Tax Levy	Current Tax Collections	Percent of Levy Collected	Collections In Subsequent Years and Cumulative Adjustments	Total Collections To Date	
					Amount	Percentage of Levy
2016	\$ 181,578,346	\$ 179,826,814	99.03%	\$ -	\$ 179,826,814	99.03%
2015	168,735,877	167,292,821	99.14%	728,563	168,021,384	99.58%
2014	153,222,077	152,202,959	99.33%	507,353	152,710,312	99.67%
2013	145,890,308	145,167,154	99.50%	280,268	145,447,422	99.70%
2012	147,298,492	146,628,209	99.54%	285,767	146,913,976	99.74%
2011	145,162,778	143,780,603	99.05%	1,010,690	144,791,293	99.74%
2010	148,933,720	147,540,861	99.06%	1,015,673	148,556,534	99.75%
2009	134,830,213	133,034,372	98.67%	1,569,827	134,604,199	99.83%
2008	112,462,614	109,952,474	97.77%	2,279,427	112,231,901	99.79%
2007	129,366,876	125,140,445	96.73%	4,004,128	129,144,573	99.83%

Source: Denton Central Appraisal District and Denton County Tax Assessor-Collector.

NORTHWEST INDEPENDENT SCHOOL DISTRICT
OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS

SCHEDULE 12

Fiscal Year	Governmental Activities		General Obligation Net Bonded Debt Outstanding	Total Debt Percentage of Personal Income	Estimated Population	Total Debt Per Capita	Bonded Debt to Value of Taxable Property
	Bonds Payable						
2016	\$ 848,148,290	\$	779,376,583	3.56%	106,780	\$ 7,943	13.80
2015	760,236,831		734,513,797	2.84%	106,780	6,879	15.28
2014	685,086,490		671,947,713	2.98%	100,992	6,653	15.49
2013	637,633,346		627,557,392	3.12%	100,992	6,214	16.64
2012	641,949,477		641,949,477	2.98%	99,146	6,475	16.69
2011	566,316,046		556,532,288	3.37%	98,508	5,650	18.64
2010	519,312,098		509,710,505	3.60%	92,909	5,486	21.17
2009	524,053,094		514,640,958	3.50%	86,595	5,943	2.10
2008	464,782,856		455,598,340	3.88%	77,895	5,849	18.12
2007	413,304,890		404,307,768	3.92%	68,315	5,918	18.80

Note: Net bonded debt consists of general obligation bonds, accreted interest, and premiums on bond issuance, less the deferred loss on bond refunding and the debt service fund balance.

Note: Details regarding the District's outstanding debt can be found in the notes to the financial statements.

This page left blank intentionally.

NORTHWEST INDEPENDENT SCHOOL DISTRICT
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF JUNE 30, 2016

SCHEDULE 13

Taxing Jurisdiction	Taxable Assessed Value	Total Tax Supported Debt	Estimated % Applicable	District's Overlapping Tax Supported Debt
Corral City, Town of	\$ 4,404,317	\$ 12,478	100.00%	\$ 12,478
Denton County	63,594,441,842	613,455,000	9.75%	59,811,863
Flower Mound, Town of	7,842,322,272	127,955,000	1.24%	1,586,642
Fort Worth, City of	47,384,979,784	786,030,000	9.35%	73,493,805
Grapevine, City of	6,593,129,832	151,067,182	0.14%	211,494
Haslet, City of	563,201,135	4,745,000	100.00%	4,745,000
Justin, City of	216,685,904	9,845,000	100.00%	9,845,000
Keller, City of	4,451,413,925	87,787,000	0.39%	342,369
Newark, City of	38,831,861	828,000	100.00%	828,000
Northlake Town of	241,142,050	6,255,000	88.81%	5,555,066
Rhome, City of	120,300,295	2,310,000	100.00%	2,310,000
Roanoke, City of	1,443,716,657	41,990,000	100.00%	41,990,000
Southlake, City of	6,329,516,736	146,095,000	3.55%	5,186,373
Tarrant County	132,971,955,288	317,820,000	4.26%	13,539,132
Tarrant County College District	133,754,637,419	7,935,000	4.26%	338,031
Tarrant County Hospital District	133,230,920,130	24,425,000	4.26%	1,040,505
Trophy Club MUD #1	1,127,913,176	11,285,000	79.22%	8,939,977
Trophy Club, Town of	1,225,516,256	14,727,000	100.00%	14,727,000
Westlake, Town of	904,126,123	29,304,000	20.72%	6,071,789
Wise County	7,627,329,457	14,335,000	14.59%	2,091,477
Total Overlapping Debt				<u>\$ 252,666,001</u>
Northwest ISD	\$ 11,705,540,348	\$ 848,148,290	100.00%	848,148,290
Total Direct Debt				<u>\$ 848,148,290</u>
Total Direct and Overlapping Tax Supported Debt				<u>\$ 1,100,814,291</u>
Total Direct and Overlapping Tax Supported Debt to Taxable Assessed Valuation				<u>9.40%</u>
Per Capita Direct and Overlapping Tax Supported Debt				<u>\$ 10,309</u>

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the City. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and business of Northwest Independent School District.

Note: The percentage of overlapping debt applicable is estimated using taxable property values. Applicable percentages were estimated by determining the portion of another governmental unit's taxable value that is within the District's boundaries and dividing it by each unit's total taxable value.

Source: Northwest Independent School District OFFICIAL STATEMENT dated October 15, 2015.

NORTHWEST INDEPENDENT SCHOOL DISTRICT
 LEGAL DEBT MARGIN INFORMATION
 LAST TEN FISCAL YEARS

SCHEDULE 14

Fiscal Year:	2016	2015	2014	2013
Debt Limit	\$ 1,170,554,035	\$ 1,161,692,785	\$ 1,054,885,212	\$ 1,061,020,420
Total net debt applicable to limit	<u>697,495,888</u>	<u>695,285,286</u>	<u>649,420,834</u>	<u>608,383,854</u>
Legal debt margin	<u>\$ 473,058,147</u>	<u>\$ 466,407,499</u>	<u>\$ 405,464,378</u>	<u>\$ 452,636,566</u>
Total net debt applicable to the limit as a percentage of debt limit	59.59%	59.85%	61.56%	57.34%

Current Fiscal Year: Legal debt margin calculation

Taxable Assessed Value - October 2015 (100% of Actual)	\$ 11,705,540,348
Debt limit (10% of assessed value)	1,170,554,035
Total bonded debt	\$ 736,819,556
Less restricted for retirement of bonded debt	<u>39,323,668</u>
Total amount of debt applicable to debt limit	<u>697,495,888</u>
Legal debt margin	<u>\$ 473,058,147</u>

Note: Under state finance law, Northwest Independent School District's outstanding general obligation debt should not exceed 10 percent of the total assessed property value. By law, the general obligation debt subject to the limitation may be offset by amounts set aside for repaying general obligation bonds.

Note: Debt limit percentage is in accordance with the Texas Education Code, Bulletin 721, Section 20.04.

Source: Denton Central Appraisal District, Northwest Independent School District.

2012	2011	2010	2009	2008	2007
\$ 1,071,261,760	\$ 1,055,729,395	\$ 1,099,141,850	\$ 1,009,964,142	\$ 842,385,034	\$ 776,978,234
609,156,923	531,232,377	509,710,505	514,640,958	455,598,340	404,307,768
\$ 462,104,837	\$ 524,497,018	\$ 589,431,345	\$ 495,323,184	\$ 386,786,694	\$ 372,670,466
56.86%	50.32%	46.37%	50.96%	54.08%	52.04%

This page left blank intentionally.

NORTHWEST INDEPENDENT SCHOOL DISTRICT
 DEMOGRAPHIC AND ECONOMIC STATISTICS
 LAST TEN FISCAL YEARS

SCHEDULE 15

Fiscal Year	Population	Personal Income	Per Capita Personal Income	Unemployment Rate
2016	106,780	\$ 23,841,776,244	\$ 223,279	3.6%
2015	106,780	22,400,315,915	209,780	3.8%
2014	100,992	21,046,005,463	208,393	4.8%
2013	100,992	19,773,575,857	195,793	5.9%
2012	99,146	18,578,076,626	187,381	6.3%
2011	98,508	18,458,527,548	187,381	7.0%
2010	92,909	17,068,033,663	183,707	7.5%
2009	86,595	15,596,213,888	180,105	7.2%
2008	77,895	13,774,881,000	176,839	4.5%
2007	68,315	10,827,817,000	158,498	3.9%

Source: Northwest Metroport Chamber of Commerce and Dallas Business Journal

NORTHWEST INDEPENDENT SCHOOL DISTRICT
PRINCIPAL EMPLOYERS
CURRENT YEAR AND NINE YEARS AGO

SCHEDULE 16

<u>Employer</u>	<u>2016</u>	
	<u>Employees</u>	<u>Percentage of Average Total Employment</u>
Fidelity Investments	5,000 - 7,499	19.74%
Amazon	2,500 - 4,999	13.16%
GENCO ATC Logistics & Electronics	2,500 - 4,999	13.16%
DynCorp International - GSDS	1,000 - 2,499	6.58%
Flextronics	1,000 - 2,499	6.58%
Northwest ISD	1,000 - 2,499	6.58%
TD Ameritrade, Inc	1,000 - 2,499	6.58%
Texas Motor Speedway	1,000 - 2,499	6.58%
A T & T	500 - 999	2.63%
Burlington Northern & Santa Fe Railway	500 - 999	2.63%
Deloitte University	500 - 999	2.63%
Federal Express Corp - So Regional	500 - 999	2.63%
GE Manufacturing Solutions	500 - 999	2.63%
LG Electronics Alabama, Inc	500 - 999	2.63%
Mercedes-Benz Financial Services, LLC	500 - 999	2.63%
Walmart.com	500 - 999	2.63%
		100.00%

Source: Hillwood Alliance Development and Demographic Data from Tarrant, Denton and Wise Counties

<u>Employer</u>	<u>2007</u>	
	<u>Employees</u>	<u>Percentage of Average Total Employment</u>
Sabre Holdings	3,300	15.24%
Motorola Fulfillment Center	3,200	14.78%
Fidelity Investments	3,100	14.32%
First American Real Estate Information Services	2,400	11.09%
American Airlines Alliance	2,100	9.70%
ATC Logistics & Electronics	1,550	7.16%
United Parcel Service	1,200	5.54%
Baylor Medical Center	1,000	4.62%
Daimler Chrysler	850	3.93%
Nokia Inc. Corp	700	3.23%
Bell Helicopter	650	3.00%
GameStop	600	2.77%
J.C. Penney Retail Distribution Center	500	2.31%
TD Ameritrade	<u>500</u>	<u>2.31%</u>
	21,650	100.00%

Source: Northwest ISD's Comprehensive Annual Financial Report dated June 30, 2007.

NORTHWEST INDEPENDENT SCHOOL DISTRICT
 FULL-TIME-EQUIVALENT DISTRICT EMPLOYEES BY TYPE
 LAST TEN FISCAL YEARS

SCHEDULE 17

	Full-Time-Equivalent Employees as of June 30									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Supervisory										
Instructional administrators	18	17	20	22	19	17	16	13	11	9
Noninstructional administrators	64	63	56	53	49	51	49	48	38	35
Consultants/supervisors of instruction	-	-	-	-	-	-	-	-	-	-
Principals	32	27	26	25	25	22	22	21	18	16
Assistant principals	39	36	27	26	24	27	25	24	19	14
Total Supervisory	153	143	129	126	117	117	112	106	86	74
Instruction										
Elementary teachers	715	683	634	608	564	564	525	482	418	375
Secondary teachers	713	646	604	592	544	549	477	394	358	313
Other teachers (adult)	-	-	-	-	-	-	-	-	-	-
Other professionals (instructional)	-	-	-	-	-	-	-	-	-	-
Aides	218	196	172	160	143	134	111	96	87	77
Total Instruction	1,646	1,524	1,410	1,360	1,251	1,247	1,113	972	863	765
Student Services										
Guidance counselors	49	46	45	39	38	37	31	27	24	21
Visiting teachers/social workers	-	-	-	-	-	-	1	1	1	1
Psychologists	16	18	17	16	16	15	15	12	13	10
Librarians	25	24	24	23	22	20	19	17	15	15
Other professionals (noninstructional)	72	67	61	58	53	55	52	45	40	33
Technicians	22	20	13	13	11	11	10	9	9	9
Total Student Services	184	175	160	149	140	138	128	111	102	89
Support and Administration										
Clerical/secretarial	157	149	137	135	129	123	114	108	98	88
Service workers	9	8	17	18	17	15	12	12	6	11
Skilled crafts	25	22	20	20	20	20	16	14	12	12
Unskilled laborers	-	-	-	-	-	-	-	-	-	-
Total support and administration	191	179	174	173	166	158	142	134	116	111
Total	2,174	2,021	1,872	1,807	1,673	1,660	1,495	1,323	1,167	1,039

Source: Northwest Independent School District, Human Resource Department.

NORTHWEST INDEPENDENT SCHOOL DISTRICT
EXPENDITURES, ENROLLMENT AND PER PUPIL COST
LAST TEN FISCAL YEARS

SCHEDULE 18

Fiscal Year	Enrollment	Operating Expenditures	Cost Per Pupil	Expenses	Cost Per Pupil	Teaching Staff	Pupil-Teacher Ratio	Percentage of Students Receiving Free or Reduced-Price Meals
2016	20,900	\$ 190,868,874	\$ 9,132	\$ 232,784,959	\$ 11,138	1,428	14.64	21.6%
2015	19,760	177,059,866	8,961	235,625,010	11,924	1,329	14.87	21.7%
2014	18,893	160,560,636	8,498	220,275,953	11,659	1,238	15.26	22.7%
2013	17,752	146,695,788	8,264	217,722,495	12,265	1,200	14.79	25.5%
2012	16,556	135,353,401	8,175	219,934,416	13,284	1,108	14.94	23.4%
2011	15,293	138,940,670	9,085	198,017,104	12,948	1,113	13.74	23.1%
2010	14,088	124,054,930	8,806	237,536,392	16,861	1,002	14.06	22.9%
2009	12,935	106,558,422	8,238	188,964,534	14,609	876	14.77	21.2%
2008	11,824	95,130,277	8,046	156,802,382	13,261	776	15.24	20.6%
2007	10,334	81,068,454	7,845	159,769,479	15,461	688	15.02	20.2%

Note: Expenditures for computing per pupil cost are a total of actual expenditures as prescribed by the Texas Education Agency's Financial Accountability System Resource Guide. These include the General and Special Revenue Funds excluding objects of Debt Service, Capital Outlay and Intergovernmental charges.

NORTHWEST INDEPENDENT SCHOOL DISTRICT
SCHOOL BUILDING INFORMATION
LAST TEN FISCAL YEARS

SCHEDULE 19

Schools	Original Construction	Fiscal Year Ended									
		2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Elementary Schools											
Beck	1998										
Square feet		87,032	87,032	87,032	79,603	79,603	61,652	61,652	61,652	61,652	61,652
Capacity		850	850	850	650	650	450	450	450	450	450
Enrollment		816	744	737	701	711	569	519	500	500	447
Cox	2013										
Square feet		98,866	98,866	98,866	-	-	-	-	-	-	-
Capacity		850	850	850	-	-	-	-	-	-	-
Enrollment		447	351	345	-	-	-	-	-	-	-
Granger	2007										
Square feet		95,418	95,418	95,418	95,418	95,418	83,083	81,545	81,545	81,545	-
Capacity		850	850	850	850	850	700	650	650	650	-
Enrollment		922	908	903	869	878	708	633	640	554	-
Haslet	1992										
Square feet		78,420	78,420	78,420	78,420	78,420	78,420	78,420	78,420	78,420	78,420
Capacity		650	650	650	650	650	650	650	650	650	650
Enrollment		445	420	404	504	498	509	507	492	500	523
Hatfield	1998										
Square feet		61,652	61,652	61,652	61,652	61,652	61,652	61,652	72,332	72,332	69,332
Capacity		450	450	450	450	450	450	450	800	800	750
Enrollment		456	410	371	452	442	389	309	916	786	692
Hughes	2005										
Square feet		80,124	80,124	80,124	80,124	80,124	80,124	80,124	80,124	80,124	80,124
Capacity		650	650	650	650	650	650	650	650	650	650
Enrollment		585	570	541	571	574	570	567	550	521	728
Justin	1992										
Square feet		81,760	81,760	81,760	81,760	81,760	81,760	81,760	81,760	81,760	80,260
Capacity		650	650	650	650	650	700	700	700	700	650
Enrollment		540	522	507	516	514	532	589	575	652	667
Lakeview	1983										
Square feet		85,671	85,671	85,671	85,671	56,312	54,774	54,774	54,774	54,774	54,774
Capacity		650	650	650	650	500	450	450	450	450	450
Enrollment		569	568	566	520	489	428	327	315	298	316
Love	2009										
Square feet		97,924	97,924	97,924	97,924	81,203	81,203	81,203	-	-	-
Capacity		850	850	850	850	650	650	650	-	-	-
Enrollment		717	715	680	576	571	621	626	-	-	-

NORTHWEST INDEPENDENT SCHOOL DISTRICT
SCHOOL BUILDING INFORMATION,
LAST TEN FISCAL YEARS

SCHEDULE 19 (Continued)

Schools	Original Construction	Fiscal Year Ended										
		2016	2015	2014	2013	2012	2011	2010	2009	2008	2007	
Elementary Schools (Continued)												
Nance	2005											
Square feet		80,124	80,124	80,124	80,124	80,124	84,732	84,732	80,124	80,124	80,124	80,124
Capacity		650	650	650	650	650	806	806	650	650	650	650
Enrollment		499	481	452	461	459	780	747	718	684	643	643
Peterson	2008											
Square feet		98,142	98,142	98,142	81,000	81,000	81,000	81,000	81,000	-	-	-
Capacity		850	850	850	650	650	650	650	650	-	-	-
Enrollment		866	807	761	628	623	493	322	317	-	-	-
Prairie View	1998											
Square feet		78,000	78,000	78,000	78,000	78,000	73,944	73,944	65,000	85,898	92,042	92,042
Capacity		650	650	650	650	650	650	650	650	650	900	900
Enrollment		423	437	450	451	443	413	414	395	375	660	660
Roanoke*	2010											
Square feet		97,411	97,411	97,411	97,411	97,411	84,000	-	-	-	-	-
Capacity		850	850	850	850	850	650	-	-	-	-	-
Enrollment		709	752	725	805	804	709	-	-	-	-	-
Seven Hills	1998											
Square feet		75,968	75,968	75,968	75,968	75,968	75,968	75,968	75,968	75,968	75,968	75,968
Capacity		650	650	650	650	650	650	650	650	650	650	650
Enrollment		534	568	553	527	522	488	519	513	503	442	442
Sendera Ranch	2008											
Square feet		81,000	81,000	81,000	81,000	81,000	85,632	85,632	81,000	-	-	-
Capacity		650	650	650	650	650	806	806	650	-	-	-
Enrollment		590	603	596	560	557	812	729	696	-	-	-
Schluter	2011											
Square feet		83,099	83,099	83,099	83,099	83,099	-	-	-	-	-	-
Capacity		650	650	650	650	650	-	-	-	-	-	-
Enrollment		635	543	526	425	413	-	-	-	-	-	-
Thompson	2011											
Square feet		83,099	83,099	83,099	83,099	83,099	-	-	-	-	-	-
Capacity		650	650	650	650	650	-	-	-	-	-	-
Enrollment		566	543	532	479	435	-	-	-	-	-	-

NORTHWEST INDEPENDENT SCHOOL DISTRICT
SCHOOL BUILDING INFORMATION,
LAST TEN FISCAL YEARS

SCHEDULE 19 (Continued)

Schools	Original Construction	Fiscal Year Ended										
		2016	2015	2014	2013	2012	2011	2010	2009	2008	2007	
Middle Schools												
Chisholm	1998											
Square feet		171,361	171,361	171,361	171,361	171,361	162,000	162,000	162,000	142,448	142,448	
Capacity		1,200	1,200	1,200	1,200	1,200	1,100	1,100	1,100	850	850	
Enrollment		977	896	902	866	860	1,056	1,064	1,062	959	702	
Medlin	1998											
Square feet		170,889	170,889	170,889	170,889	170,889	162,000	162,000	162,000	158,584	158,584	
Capacity		1,200	1,200	1,200	1,200	1,200	1,100	1,100	1,100	1,110	1,100	
Enrollment		1,121	1,071	1,081	903	891	716	1,169	1,163	1,072	907	
Pike	1993											
Square feet		192,414	192,414	192,414	192,414	192,414	179,650	179,650	160,000	146,267	156,267	
Capacity		1,200	1,200	1,200	1,200	1,200	1,100	1,100	1,100	1,100	1,100	
Enrollment		770	759	746	755	762	973	971	974	949	833	
Tidwell	2010											
Square feet		181,000	181,000	181,000	181,000	181,000	181,000	-	-	-	-	
Capacity		1,200	1,200	1,200	1,200	1,200	1,200	-	-	-	-	
Enrollment		1,124	1,048	1,046	921	913	774	-	-	-	-	
Wilson	2012											
Square feet		199,500	199,500	199,500	199,500	-	-	-	-	-	-	
Capacity		1,200	1,200	1,200	1,200	-	-	-	-	-	-	
Enrollment		838	855	852	682	-	-	-	-	-	-	

NORTHWEST INDEPENDENT SCHOOL DISTRICT
SCHOOL BUILDING INFORMATION,
LAST TEN FISCAL YEARS

SCHEDULE 19 (Continued)

Schools	Original Construction	Fiscal Year Ended									
		2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
High Schools											
Eaton	2016										
Square feet		525,602	-	-	-	-	-	-	-	-	-
Capacity		2,500	-	-	-	-	-	-	-	-	-
Enrollment		982	-	-	-	-	-	-	-	-	-
Byron Nelson	2009										
Square feet		502,234	502,234	502,234	502,234	502,234	502,234	502,234	-	-	-
Capacity		2,400	2,400	2,400	2,400	2,400	2,400	2,400	-	-	-
Enrollment		2,524	2,515	2,563	2,077	2,127	1,391	842	-	-	-
Northwest	1984										
Square feet		542,427	542,427	542,427	542,427	542,427	542,427	542,427	533,000	533,000	457,230
Capacity		3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	2,700
Enrollment		2,194	2,753	2,821	2,422	2,511	2,415	2,632	3,589	3,243	2,618
Steele*	1992										
Square feet		55,567	55,567	55,567	55,567	55,567	55,567	60,103	58,567	58,567	55,567
Capacity		450	450	450	450	450	450	706	550	550	450
Enrollment		130	109	119	74	92	81	671	660	570	497

Note: *Roanoke Elementary School was relocated to a new facility 2010-2011
with Steele Accelerated High School occupying the old Roanoke Elementary School campus.

Source: Northwest Independent School District, Facilities, Planning & Construction.

This page left blank intentionally.



SINGLE AUDIT SECTION

This page left blank intentionally.

Members:
AMERICAN INSTITUTE OF
CERTIFIED PUBLIC
ACCOUNTANTS
TEXAS SOCIETY OF CERTIFIED
PUBLIC ACCOUNTANTS

**HANKINS, EASTUP, DEATON,
TONN & SEAY**
A PROFESSIONAL CORPORATION
CERTIFIED PUBLIC ACCOUNTANTS

902 NORTH LOCUST
P.O. BOX 977
DENTON, TX 76202-0977
TEL. (940) 387-8563
FAX (940) 383-4746

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

To the Board of Trustees
Northwest Independent School District
Fort Worth, Texas 76177

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Northwest Independent School District, as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise Northwest Independent School District's basic financial statements, and have issued our report dated October 24, 2016.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

Hankins, Eastup, Deaton, Tonn & Seay

Hankins, Eastup, Deaton, Tonn & Seay, PC
Denton, Texas

October 24, 2016

Members:
AMERICAN INSTITUTE OF
CERTIFIED PUBLIC
ACCOUNTANTS
TEXAS SOCIETY OF CERTIFIED
PUBLIC ACCOUNTANTS

**HANKINS, EASTUP, DEATON,
TONN & SEAY**
A PROFESSIONAL CORPORATION

CERTIFIED PUBLIC ACCOUNTANTS

902 NORTH LOCUST
P.O. BOX 977
DENTON, TX 76202-0977

TEL. (940) 387-8563
FAX (940) 383-4746

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON
INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY TITLE 2 CFR PART 200

To the Board of Trustees
Northwest Independent School District
Fort Worth, Texas 76177

Report on Compliance for Each Major Federal Program

We have audited Northwest Independent School District's compliance with the types of compliance requirements described in the Title 2 CFR Part 200 that could have a direct and material effect on each of Northwest Independent School District's major federal programs for the year ended June 30, 2016. Northwest Independent School District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of finding and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Northwest 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 Title 2 CFR Part 200. Those standards and Title 2 CFR Part 200 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 Northwest 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 of Northwest Independent School District's compliance.

Opinion on Each Major Federal Program

In our opinion, Northwest 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 programs for the year ended June 30, 2016.

Report on Internal Control Over Compliance

Management of Northwest Independent School District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Northwest 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 Title 2 CFR Part 200, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Northwest 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 Title 2 CFR Part 200. Accordingly, this report is not suitable for any other purpose.



Hankins, Eastup, Deaton, Tonn & Seay, PC
Denton, Texas

October 24, 2016

NORTHWEST INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2016

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: None
Significant deficiency(ies) identified that are not considered to be material weaknesses: None reported
3. Noncompliance which is material to the financial statements: None
4. Internal controls over major federal programs:
Material weakness(es) identified: None
Significant deficiency(ies) identified that are not considered to be material weaknesses: None reported
5. Type of auditor's report on compliance for major federal programs: Unqualified.
6. Did the audit disclose findings which are required to be reported under Title 2 CFR Part 200: No
7. Major programs include:
Child Nutrition Cluster:
CFDA 10.553 School Breakfast Program
CFDA 10.555 National School Lunch Program
8. Dollar threshold used to distinguish between Type A and Type B programs: \$750,000.
9. Low risk auditee: Yes

II. Findings Related to the Financial Statements

None

III. Other Findings

None

NORTHWEST INDEPENDENT SCHOOL DISTRICT
STATUS OF PRIOR YEAR FINDINGS
FOR THE YEAR ENDED JUNE 30, 2016

No prior year findings.

NORTHWEST INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2016

(1)	(2)	(3)	(4)
FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM or CLUSTER TITLE	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. DEPARTMENT OF EDUCATION			
<u>Direct Programs</u>			
Impact Aid - P.L. 81.874 (Note A)	84.041		\$ 684,699
Total Direct Programs			\$ 684,699
<u>Passed Through State Department of Education</u>			
ESEA, Title I, Part A - Improving Basic Programs	84.010A	16610101061911	\$ 687,843
ESEA, Title I, Part D, Subpart 2	84.010A	16610103061911	38,441
Total CFDA Number 84.010A			726,284
*IDEA - Part B, Formula	84.027	166600010619116600	2,134,884
*IDEA - Part B, Preschool	84.173	166610010619116610	13,582
Total Special Education Cluster (IDEA)			2,148,466
Career and Technical - Basic Grant	84.048	16420006061911	99,009
Title III, Part A - English Language Acquisition	84.365A	16671001061911	105,391
ESEA, Title II, Part A, Teacher/Principal Training	84.367A	16694501061911	138,545
Summer School LEP	84.369A	69551502	4,452
Total Passed Through State Department of Education			\$ 3,222,147
TOTAL U.S. DEPARTMENT OF EDUCATION			\$ 3,906,846
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			
<u>Passed Through Texas Dept of Human Services</u>			
Medicaid Administrative Claiming Program - MAC	93.778	01-061911	\$ 33,772
Total Passed Through Texas Dept of Human Services			\$ 33,772
TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			\$ 33,772
U.S. DEPARTMENT OF AGRICULTURE			
<u>Passed Through the State Department of Agriculture</u>			
*School Breakfast Program	10.553	71401601	\$ 382,198
*National School Lunch Program - Cash Assistance	10.555	71301601	1,382,593
*National School Lunch Prog. - Non-Cash Assistance	10.555	71301601	391,638
Total CFDA Number 10.555			1,774,231
Total Child Nutrition Cluster			2,156,429
Total Passed Through the State Department of Agriculture			\$ 2,156,429
TOTAL U.S. DEPARTMENT OF AGRICULTURE			\$ 2,156,429
TOTAL EXPENDITURES OF FEDERAL AWARDS			\$ 6,097,047

*Clustered Programs

NORTHWEST INDEPENDENT SCHOOL DISTRICT
NOTES ON ACCOUNTING POLICIES FOR FEDERAL AWARDS
YEAR ENDED JUNE 30, 2016

1. 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. Generally, unused balances are returned to the grantor at the close of specified project periods.
2. The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. The Governmental Fund types are accounted for using a current financial resources measurement focus. All Federal grant funds were accounted for in a Special Revenue Fund which is a Governmental Fund type. With this measurement focus, only current assets 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 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 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 District participates in numerous state and Federal grant programs that 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 June 30, 2016, may be impaired. In the opinion of the District, there are not significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provisions has been recorded in the accompanying combined financial statements for such contingencies.
4. The period of availability for federal grant funds for the purposes 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 Title 2 CFR Part 200.
5. During the current year, the District received the following funds which are not included in the Schedule of Expenditures of Federal Awards.

Total Expenditures of Federal Awards	\$6,097,047
Indirect Costs	259,364
Medicaid Reimbursement (SHARS)	921,133
Communities in Schools	<u>456,589</u>
 Federal Revenues per Financial Statements	 <u>\$7,734,133</u>