



DUNCANVILLE ISD

Writing success stories, one student at a time.

Comprehensive Annual Financial Report

For the Year Ending June 30, 2018



2017-2018 Collegiate Academy

Duncanville Independent School District

**710 S. Cedar Ridge Drive
Duncanville, Texas 75137**

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Duncanville Independent School District

Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2018

Prepared by
Duncanville ISD Finance Department
Duncanville, Texas

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Duncanville Independent School District
 Comprehensive Annual Financial Report
 For the Fiscal Year Ended June 30, 2018
 Table of Contents

	Page	Exhibit
Introductory Section		
Mission, Vision, and Values	vi	
Letter of Transmittal.....	vii	
Board of Trustees, Administrators, and Consultants.....	xv	
Senior Leadership Team Organizational Chart	xvii	
GFOA Certificate of Achievement for Excellence in Financial Reporting	xviii	
ASBO Certificate of Excellence in Financial Reporting	xix	
Certificate of Board	xx	
Financial Section		
Independent Auditor's Report	3	
Management's Discussion and Analysis	7	
Basic Financial Statements		
Government-Wide Financial Statements:		
Statement of Net Position	18	A-1
Statement of Activities	19	B-1
Fund Financial Statements:		
Balance Sheet – Governmental Funds	20	C-1
Reconciliation of the Governmental Fund Balance Sheet to the Statement of Net Position	23	C-2
Statement of Revenues, Expenditures, and Changes in Fund Balance – Governmental Funds.....	24	C-3
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balance of the Governmental Fund to the Statement of Activities	26	C-4
Statement of Net Position – Proprietary Fund	27	D-1
Statement of Revenues, Expenses and Changes in Fund Net Position – Proprietary Fund	28	D-2
Statement of Cash Flows – Proprietary Fund	29	D-3
Statement of Fiduciary Net Position – Fiduciary Funds.....	30	E-1
Statement of Changes in Fiduciary Fund Net Position – Fiduciary Funds	31	E-2
Notes to the Basic Financial Statements	33	
Required Supplementary Information		
Schedule of Revenues, Expenditures, and Changes in Fund Balance Budget and Actual – General Fund	67	G-1
Schedule of the District's Proportionate Share of the Net Pension Liability – Teacher Retirement System of Texas	68	G-2
Schedule of District's Contributions to the Teacher Retirement System of Texas.....	69	G-3
Schedule of the District's Proportionate Share of the Net OPEB Liability of a Cost-Sharing Multiple-Employer OPEB Plan Teacher Retirement System of Texas.....	70	G-4
Schedule of the District's Contributions to the OPEB Plan Teacher Retirement System of Texas.....	71	G-5
Notes to the Required Supplementary Information	72	

Duncanville Independent School District
 Comprehensive Annual Financial Report
 For the Fiscal Year Ended June 30, 2018
 Table of Contents – Continued

	Page	Exhibit
Supplementary Information		
Combining Statements and Schedules:		
Combining Balance Sheet – Nonmajor Governmental Funds.....	75	H-1
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Governmental Funds	79	H-2
Combining Statement of Net Position – Internal Service Funds	82	H-3
Combining Statement of Revenues, Expenses, and Changes in Net Position – Internal Service Funds	83	H-4
Combining Statement of Cash Flows – Internal Service Funds	84	H-5
Statement of Changes in Assets and Liabilities – Agency Funds.....	85	H-6
Required Texas Education Agency Schedules:		
Schedule of Delinquent Taxes Receivable	88	J-1
Budgetary Comparison Schedule – Child Nutrition Fund.....	90	J-2
Budgetary Comparison Schedule – Debt Service Fund	91	J-3
Statistical Section (Unaudited)		
Financial Trend Information:		
Net Position by Component.....	96	S-1
Expenses, Program Revenues, and Change in Net (Expense) Revenue	98	S-2
General Revenues and Changes in Net Position	100	S-3
Fund Balances – Governmental Funds	102	S-4
Governmental Funds Revenues	104	S-5
Governmental Funds Expenditures and Debt Service Ratio	106	S-6
Other Financing Sources and Uses and Changes in Fund Balance	108	S-7
Revenue Capacity Information:		
Assessed and Actual Value – Real and Personal Property	113	S-8
Property Tax Rates – Direct and Overlapping Governments	114	S-9
Property Tax Levies and Collections.....	116	S-10
Principal Property Taxpayers.....	117	S-11
Debt Capacity Information:		
Legal Debt Margin Information	120	S-12
Outstanding Debt by Type	121	S-13
Ratio of Net Bonded Debt to Taxable Assessed Valuation and Net Bonded Debt per Capita	122	S-14
Direct and Overlapping Governmental Activities Debt	124	S-15
Demographic and Economic Information:		
Demographic and Economic Statistics	126	S-16
Principal Employers	127	S-17
Operating Information:		
Total Enrollment and Average Daily Attendance Data Chart	131	S-18
Full Time Equivalent District Employees by Type.....	132	S-19
Teacher Base Salaries.....	133	S-20
Operating Statistics	134	S-21
School Building Information – Campus	136	S-22
School Building Information – Other Buildings	137	S-23
District Map	138	S-24

Duncanville Independent School District
 Comprehensive Annual Financial Report
 For the Fiscal Year Ended June 30, 2018
 Table of Contents – Continued

	Page	Exhibit
Overall Compliance and Internal Control Section		
Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	141	
Independent Auditor's Report on Compliance for Each Major Federal Program and on Internal Control over Compliance in Accordance with the Uniform Guidance	143	
Schedule of Findings and Questioned Costs	145	
Schedule of Expenditures of Federal Awards.....	147	K-1
Notes to Schedule of Expenditures of Federal Awards	148	

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Introductory Section



DUNCANVILLE ISD

Writing success stories, one student at a time.

Mission

The mission of Duncanville Independent School District is to provide each student with the necessary skills to achieve lifelong success and contribute to a global society.

Vision

Duncanville ISD - Writing success stories, one student at a time.

Values

- We believe students are our first priority.
- We model personal integrity and ethical behavior.
- We value and respect all students, staff, families, and community members.
- We provide a safe, nurturing environment to foster academic excellence and positive relationships.
- We embrace continuous improvement, data-driven decision making, and mutual accountability for organizational excellence.
- We believe every staff member contributes to student success.

*Approved January 2016



Duncanville Independent School District
710 S. Cedar Ridge Drive
Duncanville, Texas 75137

November 12, 2018

Formal Transmittal of the Comprehensive Annual Financial Report (CAFR)

To the Citizens and Board of Trustees of the Duncanville Independent School District:

The CAFR of the Duncanville Independent School District (the District) for the fiscal year ended June 30, 2018, is hereby submitted. The report includes the unmodified opinion of our independent auditors, Weaver and Tidwell, LLP. Responsibility for both the accuracy of the data, and the completeness and fairness of the presentation, including all disclosures, rests with the District. To the best of our knowledge and belief, the enclosed data is accurate in all material respect; that it is presented in a manner designed to fairly set forth the financial position and the results of operations of the District as measured by the financial activity of its various funds; and that all disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included. This report includes all funds of the District. The CAFR for the year end June 30, 2018, is presented in conformance with the reporting model adopted by the Governmental Accounting Standards Board ("GASB") in their statement No. 34, Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments, issued in June 1999. The CAFR also adheres to guidelines recommended by the Government Finance Officers Association of the United State and Canada (GFOA) and the Association of School Business Officials International (ASBO).

Generally Accepted Accounting Principles (GAAP) requires 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). MD&A is intended to give the reader an easy-to-understand overview of the school district's financial position and results of operations for the year. 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 Independent Auditors Report.

The remainder of this transmittal highlights the governance structure, the mission, the accomplishments and initiatives, the economic conditions and outlook, and the financial activities of the District.

Copies of this report will be provided to the City Library, Moody's Investment Service, Fitch Investor Service, Standard and Poor's and any other interested parties.

PROFILE OF THE DISTRICT

As its mission states, Duncanville Independent School District provides each individual student with the necessary skills to achieve lifelong success and contribute to a global society.

General Education

The District provides a fully comprehensive instructional program in grades K-12 with a pre-kindergarten program. The District is committed to quality schools that encourage and sustain quality of life, freedom, democracy, and economic growth. In addition to the regular curriculum, the District provides a comprehensive Career and Technology Education (CTE) program in several areas:

- Agriculture, Food and Natural Resources
- Architecture and Construction
- Arts, A/V Technology and Communications
- Business Management and Administration
- Education and Training
- Finance
- Health Science
- Hospitality and Tourism
- Human Services
- Information Technology
- Marketing
- Manufacturing
- Science, Technology, Engineering and Mathematics
- Transportation, Distribution and Logistics

The District has other programs such as Gifted & Talented Education (GATE) Program which is designed to meet the diverse and unique needs of the gifted population. The GATE curriculum is designed to be a springboard to learning through interdisciplinary themes and higher-level thinking skills that will incorporate the four core areas of language arts, mathematics, social studies, and science. Gifted and Talented students will be offered learning opportunities designed to enrich and stimulate thinking skills, maximize intellectual and artistic growth, promote creativity, and expand leadership abilities to prepare the student for lifelong success. GATE is a K-12 program in the District.

The District offers Bilingual Education for Limited English Proficiency (LEP) students whose native language is Spanish in grades PK through 6th. The goal of our bilingual education program is to enable students with limited English proficiency to become competent in comprehension, speaking, reading, and composition of the English language through the development of literacy and academic skills in their primary language and English. The district also offers a Transitional/Early exit program model. Students are instructed in their primary language to establish a strong foundation that will lead to successful transition into English. The child's language of instruction in English gradually increases as he/she gains proficiency according to the state's English Language Proficiency Standards. This program also offers English as a Second Language (ESL) to LEP students who speak other languages in grades PK through 6th as well as for all LEP students in grades 7th through 12th. The goal of our ESL language program is to enable limited English proficient students to become competent in the comprehension, speaking, reading, and composition of the English language through the integrated use of second language methods.

The District provides Special Education Program, a comprehensive educational program with complete educational opportunities essential to the full intellectual and social development of students with disabilities between the ages of 3 and 21. The needs of such students require resources and assistance beyond those available within the regular classroom. The District believes in educating students in the least restrictive environment. A full continuum of instructional and related services is available to eligible students, with initial

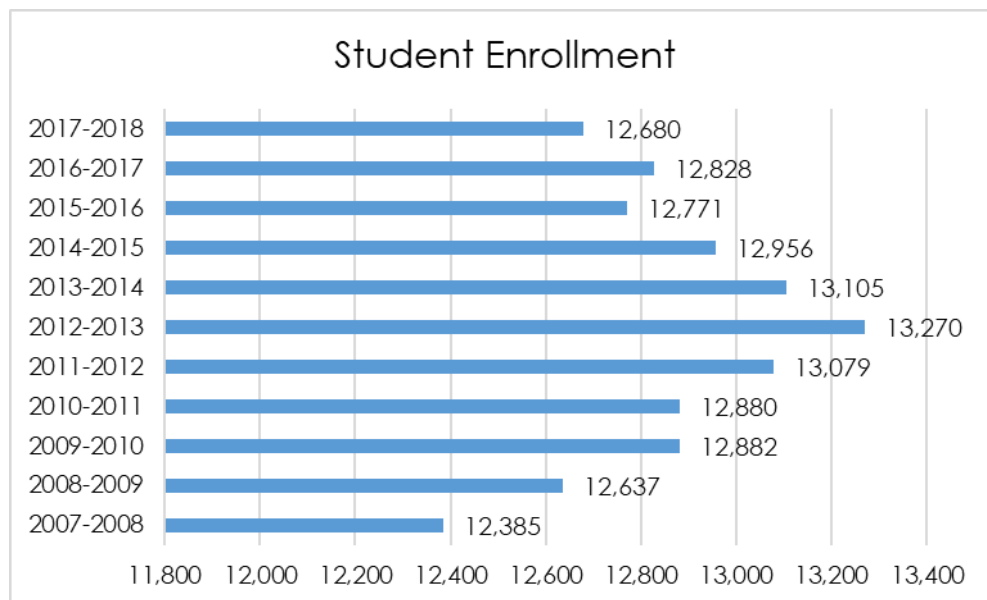
consideration given to provision of services in the general education classroom to the greatest extent possible. The emphasis will be on flexibility, with an individually tailored education to be provided on campus and/or within a centralized program to address communication, cognitive, developmental, socio/emotional, physical, and/or medical challenges. The District's goal is to assist students in developing skills that will enable them to participate successfully in society by improving outcomes, both in learning and social situations.

DESCRIPTION OF THE ENTITY

The Duncanville Independent School District is an independent public educational agency operating under applicable laws and regulations of the State of Texas. A seven-member Board of Trustees, elected at large to staggered three-year terms by the District's residents, autonomously governs the District. The Board is the level of government which has oversight responsibility and control over all activities related to public school education within the District. Dallas County Appraisal District is used to place a value on the property and Dallas County Tax Office is used to collect the District's portion of taxes. The District receives funding from local, state and federal governments sources and must comply with all the requirements of these funding sources entities.

There are two charter schools, A.W. Brown Charter School and Harmony Nature School in the District that their primary source of funding comes through tuition and the Foundation School Program (FSP) which is based on the number and types of students attending school (what the agency calls average daily attendance [ADA]). Schools that choose to provide transportation to students receive additional state funds. Charter schools are not entitled to participate in the Instructional Facilities Allotment program or the Existing Debt Allotment program.

The Texas Education Agency and Southern Association of Colleges and Schools provide the District's K-12 education accreditation. The District is home to approximately 68,380 residents within an area of 29.4 square miles and serves four communities, the entire city of Duncanville and portions of Dallas, Cedar Hill, and Desoto. Enrollment in the District's eighteen campuses, these include nine elementary, three intermediate and three middle schools, one high school, and two alternative campuses, was 12,680 for the 2017-2018 fiscal year, of which 34% were enrolled at the high school level, 15% at the middle school level and 50% at the elementary level.



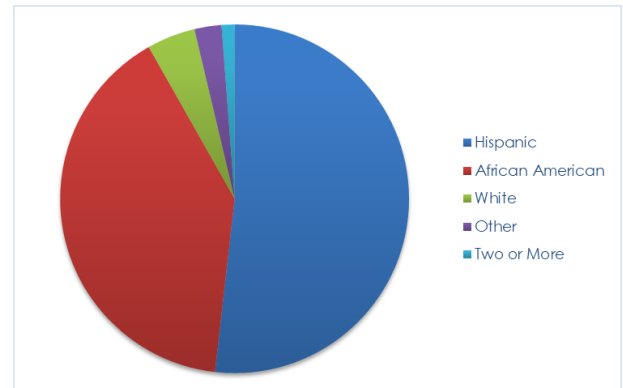
The District has an extensive Internet website with individual home pages for all departments and campuses. At <http://www.duncanvilleisd.org/> families can locate a wealth of information, including an Edulog bus transportation package that identifies the schools which serve their addresses.

The class of 1936 was the first class to graduate from a fully-accredited school in Duncanville. Since the first class left Duncanville ISD as graduates, the community has evolved and changed in the past 82 years. Since the first building in 1936 we have continued to build and improve school buildings with funding from the Bond Construction Program of 2014. Currently, a culturally and ethnically diverse population offers the benefit of a "real world setting" to the patrons of the District. By embracing change and progress, Duncanville schools represent the ideal environment for families who place education as a top priority in their lives and the lives of their children.

Statistics

Student Demographics

Hispanics- 40.1%
 African American- 52.3%
 White- 3.9%
 Other- 2.2%
 Two or more- 1.4%
 Economically Disadvantaged- 76.0%
 Limited English Proficient- 18.6%
 Students w/Disciplinary Placements – 2.9%
 At Risk – 56.3%



Staff Demographics

Teachers- 47.32%
 Professional Support- 11.22%
 School Leadership- 3.03%
 Central Administration – 0.89%
 Educational Staff- 8.87%
 Auxiliary Staff- 28.67%

State of Texas Assessments of Academic Readiness

The State of Texas Assessments of Academic Readiness (STAAR) assessment replaced the Texas Assessment of Knowledge and Skills (TAKS), beginning in the 2011-2012 school year. Beginning in the Spring of 2016, STARR English III and Algebra II will be available for districts to administer as optional assessments.

STAAR will be used for the twelve (12) end-of-course assessments mandated by SB 1031 in 2007 and the new grade 3-8 assessments mandated by HB 3 in the 2009 legislative session. The new tests are significantly more rigorous than previous tests and will measure a child's performance as well as academic growth.

All District Grades Tested	Reading		Math		Social Studies		Science		Writing	
	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017
All Students	66%	63%	68%	68%	73%	70%	68%	70%	60%	57%
African Amer.	61%	56%	60%	60%	69%	64%	63%	65%	55%	52%
Hispanic	69%	66%	73%	73%	75%	74%	71%	72%	62%	59%
White	82%	79%	81%	79%	80%	86%	81%	82%	67%	69%
Econ Disadv.	64%	61%	66%	68%	69%	68%	66%	68%	58%	55%

*Most current at the present date

ECONOMIC CONDITION AND OUTLOOK

Introduction

Nestled in the wooded rolling hills of southwest Dallas County, among the most attractive scenery North Texas has to offer, is the city of Duncanville in Dallas County, Texas (USA). Duncanville is a suburb of Dallas and is part of the Best Southwest area, which includes Duncanville, Cedar Hill, Desoto, and Lancaster. The 2016 population of Duncanville is 39,457 with 4.9% unemployment rate. The job growth is 3.10% with future job growth over the next ten years is predicted to be 41.89%. The median home value in Duncanville is \$159,700. Home appreciation is 11.4% over the last year. The median age of Duncanville real estate is 36.26 years. Renters make up 35% of the Duncanville population. 3.02% of houses and apartments in Duncanville are unoccupied. Overall Cost of Living in Duncanville is 93.0% compared to the United States average. Economic development activities in Duncanville over the last 5-7 years indicate that our community remains on a slow rise. New businesses have started coming to the area.

Local Economy/Access

Duncanville provides businesses with a mature transportation infrastructure and convenient access to major freeways, railways and airports. Duncanville is literally minutes from Love Field (Southwest Airlines main hub), and DFW International Airport (American Airlines headquarters and one of the largest airports in the nation) is only twenty minutes away. The city sits just west of I-35E, a primary north & south highway in the center of Dallas county, while Interstate 20 crosses the north side of the city and Highway 67 runs through the east side. By providing companies with multiple means of access, Duncanville offers convenient and cost effective business opportunities at local, regional, national and international levels. The Duncanville Community & Economic Development Corporation (CEDC) continues to successfully recruit and retain dozens of businesses and further beautify this thriving city. In November 2005 the City broke ground on a 28 plus acre mixed use development that will consist of retail space, a financial institution, quality multi-family residential units, walking trails, fountains, and a five acre city park. This project generates annual retail sales of \$23,000,000 and annual sales tax revenues of \$715,881 and creating hundreds of jobs.

An example of a long-lasting sense of community spirit is the magical Kidsville playground. Over 5,000 citizens made it a reality by donating 36,000 hours of volunteer time, while Duncanville ISD students collected money for the project and local retailers supplied equipment, tools and materials. Attracting kids of all ages, it is still one of the largest volunteer-built creative wooden playgrounds in the United States, and is a monument to the community spirit of Duncanville.

Duncanville is next door to several exciting North Texas attractions. The Cedar Ridge Preserve (formerly Dallas Nature Center) is a 360-acre park that offers seven miles of hiking trails for enjoying scenic views, native trees, wildflowers, butterflies, birds, insects and other wildlife. Joe Pool Lake and Cedar Hill State Park, encompassing 30,000 acres, create a boating and fishing paradise encircled by mountain bike and walking trails. The Penn Farm Agricultural History Center located within the park shows the evolution of buildings constructed by the Penn family as they updated their farm with modern conveniences. Art from other cultures comes to life in the renowned International Museum of Cultures on the campus of the International Linguistics Center. Visitors gain a greater understanding of different ways of life of the culturally diverse peoples living today.

Duncanville is just minutes away from downtown Dallas, the Arts District, the new \$185,000,000 Perot Museum of Nature and Science, Klyde Warren Park over Woodall Rodgers, one of the few parks in the United States that is over a highway, the Meyerson Symphony Center, the American Airlines Arena (home of the Dallas Stars and Dallas Mavericks), AT&T Stadium in Arlington (home of the Dallas Cowboys), and the Ballpark in Arlington (home of the Texas Rangers).

In addition to educational facilities provided by Duncanville Independent School District, the city of Duncanville also offers many quality childcare centers. There are seventeen institutions of higher education in Dallas County, including Southern Methodist University, University of Texas at Dallas, University of North Texas System Center at Dallas, and the Dallas County Community College District.

FINANCIAL POLICIES

Internal and Budgetary Controls: The management of the District follows certain methods and procedures of accounting for revenues and disbursements as required by Texas Education Code. These methods and procedures are outlined by TEA Financial Accountability System Resources Guide. The business and purchasing operations of the District are under the direction of the Chief Financial and Operations Officer. The cost of a control should not exceed the benefits to be derived therefore internal control structure is designed to provide reasonable, but not absolute, assurance that the financial statements are free of any material misstatements.

The District contracts with Skyward for computer services, which records all revenues realized and all expenditures made during the fiscal year. The records include a statement showing total receipts from each fund, itemized according to source; total disbursements, itemized according to the nature of expenditures; and the balance on hand in each fund. The records are kept in the business office under the direction of the Chief Financial Officer.

The annual operating budget is a site-based decision making process. This process is designed to allow schools and central office departments to plan future operations in a manner which best serves the needs of students. Each principal/director works with a total appropriation. Individual allocations will be determined at the campus level and site-based shared decision-making requires input from the faculty. The legal level of budgetary control (i.e., the level at which expenditures may not legally exceed appropriations) is the department level.

State Funding Components

- Maintenance and Operations Tax Rate- \$1.04
- Interest and Sinking Tax Rate- \$.48148
- High School Allotment- \$275 per grades 9-12 ADA
- Basic Allotment- \$5,140
- Revenue at Compressed Rate per WADA- \$5,513
- Equalized Wealth level - \$319,500
- Student transportation provides additional state funds

Long-Term Financial Planning

The District has maintained its fund balance to insure that the needed resources are available to provide for current operations and unexpected situations:

- The Technology Department moved in June before the 2014-2015 school year into the renovated section of our Summit School for alternative education. The section is called the IDEA (Innovation/Developing/Engaging/Academics) Hub. This renovation and move allows the District to save money on a lease of a building we had with the City of Duncanville.
- For the future, the District is seeking to pay off outstanding financial obligations.

Major Initiatives

Capital Projects The community approved a \$102,545 million Bond Program, November 2, 2014 to replace two Elementary Schools and brought much-needed changes to many of the district facilities. In addition to constructing the two replacement elementary schools, through bond funding every existing campus is having technology renovations. The first elementary school opened for classes in the 2016-2017 school year and the second elementary school opened for classes in the 2017-2018 year.

Independent Audit

A financial audit is required annually for each school district, and is to be made on an organization-wide basis, including all fund types and account groups that are the accounting responsibility of the school district. The Board of Trustees selected the accounting firm Weaver and Tidwell, LLP, for the 2017-2018 financial audit.

Summary of Achievements

- Senate Bill (SB) 218 of the 77th Legislature (2001) authorized the implementation of a financial accountability rating system called school FIRST (Financial Integrity Rating System of Texas). The District received the highest rating of Superior Achievement. This rating shows that the District's schools are accountable not only for student learning, but also for achieving those results cost effectively and efficiently. This rating is based upon an analysis of staff and student data reported for the 2015-2016 school year and budgetary and actual financial data for the fiscal year ending June 30, 2016. The District has received a Superior Achievement rating for the past fifteen years.
- According to the No Child Left Behind Act, school districts are required to meet the state's measurable highly qualified requirements. For the sixteenth year in a row, the District has 100% of the core academic subjects taught by highly qualified teachers.
- Fifteen of the District's campuses Met TEA School Accountability Standards for TEA School Accountability Standards for 2018.
- The Texas Comptroller's Office awarded a Fifth Year Platinum Award to the District for the Texas Comptroller Leadership Circle Program 2011, 2012, 2013, 2014 and 2015. This award is given to local governments across the state of Texas striving to meet a high standard for financial transparency online.
- Received the ASBO Certificate of Excellence in Financial Reporting Award for a sixth time for the fiscal year end of June 30, 2017.
- Received the Government Finance Officers Association, Certificate of Achievement for Excellence in Financial Reporting for a sixth time for the fiscal year end of June 30, 2017.

Acknowledgements

The presentation and development of this report would not be possible without the special efforts of Edd Bigbee, and other Finance Department staff members. We would also like to express our appreciation to the Board of Trustees for their interest and support regarding the District's financial operations.

Sincerely,



Dr. Marc Smith
Superintendent

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Duncanville Independent School District Board of Trustees



JANICE SAVAGE-MARTIN
President
Place 6
Term Expires 2021



CARLA FAHEY
Vice-President
Place 7
Term Expires 2021



JOE VERACRUZ, JR.
Secretary
Place 3
Term Expires 2019



TOM KENNEDY
Place 1
Term Expires 2019



PHIL MCNEELY
Place 2
Term Expires 2019



RENE MCNEELY
Place 4
Term Expires 2020



CASSANDRA PHILLIPS
Place 5
Term Expires 2020

Duncanville Independent School District Administrators and Consultants

Administrative Staff



Dr. Marc Smith
Superintendent of Schools

Joe Copeland	Assistant Superintendent for Campus Support
Kathleen Brown	Assistant Superintendent of Personnel
Andrea Fields	Assistant Superintendent of Operations
Catherine Sewell	Chief of Academics
Tiara Richards.....	Chief Communications Officer
Edd Bigbee.....	Interim Chief Financial Officer
Samuel Nix.....	Chief of Schools
Dr. Thurston Lamb.....	Chief of Schools
Melissa Kates	Chief of Staff
Shawntee Cowan.....	Chief of Technology
Clint Harper	Director of Athletics

Consultants and Advisors

Weaver and Tidwell, L.L.P.	Independent Auditor
Leasor Crass	Legal Counsel
BOK, Inc.....	Financial Advisor
McCall, Parkhurst & Horton	Bond Counsel

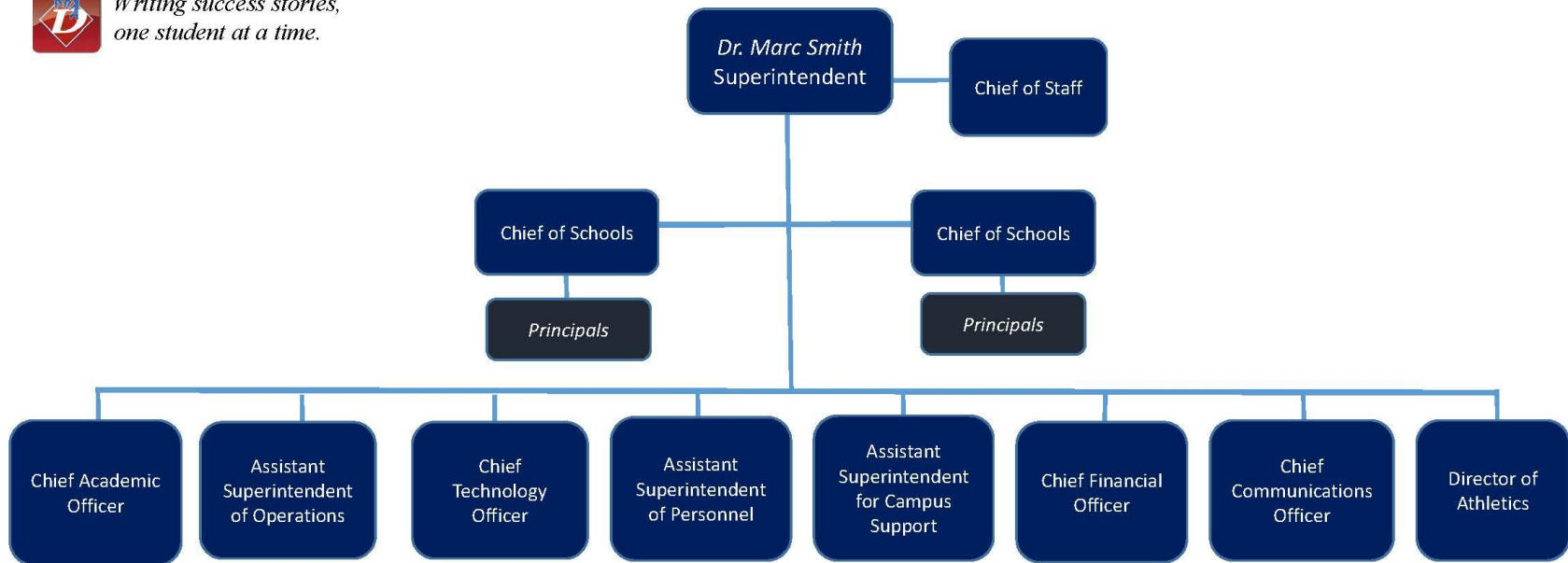
Senior Leadership Team
Organizational Chart

District Leadership Organizational Chart

Support and Serve



*Writing success stories,
one student at a time.*





Government Finance Officers Association

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

Presented to

**Duncanville Independent School District
Texas**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2017

Christopher P. Morrill

Executive Director/CEO



ASSOCIATION OF
SCHOOL BUSINESS OFFICIALS
INTERNATIONAL

The Certificate of Excellence in Financial Reporting
is presented to

Duncanville Independent School District

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

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



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

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

A handwritten signature in black ink, reading 'John D. Musso'. The signature is written in a cursive style and is positioned above a horizontal line.

John D. Musso, CAE
Executive Director

Certificate of Board

Duncanville Independent School District
Name of School District

Dallas
County

057-907
Co. - Dist. Number

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



Signature of Board Secretary



Signature of Board President

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

Financial Section

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Independent Auditor's Report

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

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the District, as of June 30, 2018, 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.

Emphasis of Matter

Change in Accounting Principle

As discussed in Note 1 and Note 11 to the basic financial statements, the District implemented Governmental Accounting Standards Board (GASB) Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions. Beginning net position has been restated to reflect the change in accounting principle resulting from this statement. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The introductory section, other supplementary information, and statistical section 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 requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance), and is also not a required part of the basic financial statements.

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

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

The Board of Trustees
Duncanville Independent School District

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 12, 2018 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Weaver and Tidwell, L.L.P.

WEAVER AND TIDWELL, L.L.P.

Dallas, Texas
November 12, 2018

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Management's Discussion and Analysis

This section of Duncanville Independent School District's annual financial report presents our discussion and analysis of the District's financial performance during the year ended June 30, 2018. Please read it in conjunction with the District's financial statements, which follow this section.

Financial Highlights

On a Government-Wide Basis

The District's total net position was (\$32,851,313) at June 30, 2018. A total of (\$29,941,137) is unrestricted and may be used to meet the District's ongoing obligations.

The District's total net position increased by \$22,350,279 during the fiscal year.

The total cost of the District's programs was \$106,993,838 for the year ended June 30, 2018.

In Accordance with Fund Accounting

The District's governmental funds financial statements reported a combined ending fund balance of \$79,127,611. Of this amount, the General Fund includes \$301,957 of nonspendable funds and \$50,357,301 of unassigned fund balance available for spending at the District's discretion. The Special Revenue Funds have a fund balance of \$1,005,924 primarily restricted or committed with a small portion in the nonspendable and assigned categories. Fund balance of \$13,974,129 and \$13,488,300 is restricted for use by the Debt Service and Capital Projects Funds, respectively.

The District's General Fund reported an unassigned fund balance of \$50,357,301 or 48.7% of the total General Fund expenditures for the year ended June 30, 2018.

Overview of the Financial Statements

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

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

The financial statements also include *notes* that explain some of the information in the financial statements and provide more detailed data.

The remainder of this overview section of management's discussion and analysis explains the structure and contents of each of the financial statements.

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

The two government-wide statements, *statement of net position* and *statement of activities*, report the District's *net position* and how it has changed. Net position – the difference of the District's assets, and deferred outflows and resources; less liabilities, and deferred inflows of resources – is one way to measure the District's financial health or *position*.

Over time, increases or decreases in the District's net position is an indicator of whether its financial health is improving or deteriorating, respectively.

To assess the overall health of the District, you need to consider additional non-financial factors such as changes in the District's tax base.

The government-wide financial statements of the District include the *governmental activities*. These statements recognize the District's functions, such as instruction, extracurricular activities, curriculum and staff development, health services, and general administration as being primarily supported by property taxes and intergovernmental revenues. The government-wide financial statements can be found on pages 18 and 19 of this report.

In fiscal year 2018, the District implemented the Governmental Accounting Standards Board Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* – which superseded GASB Statement No. 45.

Statement No. 75 establishes financial reporting standards and/or accounting standards for state and local government defined benefit OPEB plans and defined contribution OPEB plans. Statement No. 75 requires that, at transition, a government recognizes a beginning deferred outflow of resources for its OPEB contributions, if any, made subsequent to the measurement date of the beginning net OPEB liability. The effects of the implementation of this statement has no impact on the District's governmental fund financial statements. However, implementation has resulted in certain changes to the presentation of the financial statements of the District's government-wide financial statements. More information on the implementation of this statement and the District's OPEB plan is available in Note 1 and Note 11, respectively.

Fund Financial Statements. The fund financial statements provide more detailed information about the District's most significant *funds*, not the District as a whole. Funds are accounting devices that the District uses to keep track of specific sources of funding and spending for particular purposes.

Some funds are required by State law and by bond covenants.

The Board of Trustees establishes other funds to control and manage money for particular purposes or to show that it is properly using certain taxes and grants.

The District has three kinds of funds:

Governmental Funds. Most of the District's basic services are included in governmental funds, which focus on (1) how *cash and other financial assets* that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental fund statements provide a detailed *short-term* view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because the focus of the governmental funds is shorter-term 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 short-term financing decisions. In addition, reconciliations are provided following the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances to aid in the comparison between *governmental funds* and *governmental activities*. The basic governmental fund financial statements can be found beginning on page 20 of this report.

Proprietary Funds. Services for which the District charges customers a fee are generally reported in proprietary funds. Proprietary funds, like the government-wide statements, provide both long-and short-term financial information. There are two types of proprietary funds:

Internal Service Funds are used to report activities that provide supplies and services for the District's other programs and activities, such as the District's Worker's Compensation Self Insurance Fund.

Enterprise Funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The District does not maintain any enterprise funds.

The basic proprietary fund financial statements can be found beginning on page 27 of this report.

Fiduciary Funds. The District is the trustee, or *fiduciary*, for certain funds. It is also responsible for other assets that, because of a trust arrangement, can be used only for the trust beneficiaries. The District is responsible for ensuring that the assets reported in these funds are used for their intended purposes. All of the District's fiduciary activities are reported in a separate statement of fiduciary net position and a statement of changes in fiduciary net position that can be found on pages 30 and 31 of this report. We exclude these activities from the District's government-wide financial statements because the District cannot use these assets to finance its operations.

Notes to the Financial Statements. The notes provide additional information that is essential to a complete understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found beginning on page 33 of this report.

Other Information. This report also presents certain required supplementary information, combining schedules, and *other information* required by the Texas Education Agency that further explains and supports the information in the financial statements. The required supplementary information, combining schedules, and other TEA required information can be found on pages 65-91 of this report.

Financial Analysis of the District as a Whole

Net Position. The District's combined net position was (\$32,851,313) at June 30, 2018. (See Table A-1).

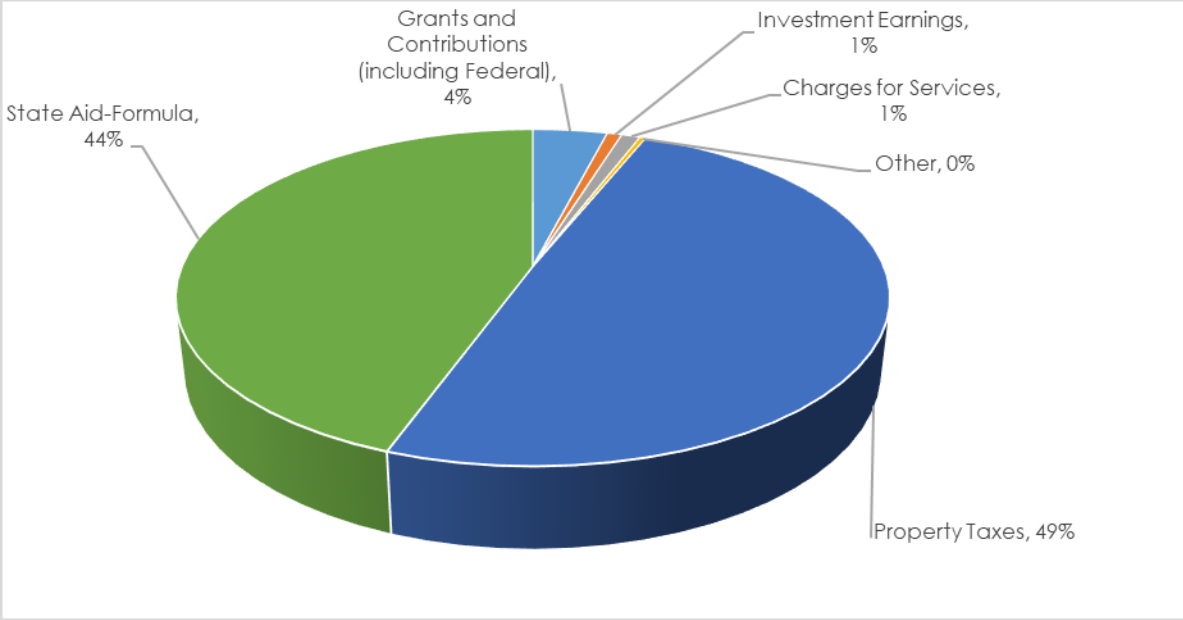
**Table A-1
Duncanville Independent School District's Net Position**

	2018	2017
Current and other assets	\$ 100,705,170	\$ 94,746,061
Capital assets	213,286,242	216,787,581
Total assets	313,991,412	311,533,642
Deferred outflows of resources	11,462,944	14,553,385
Current liabilities	19,447,444	19,655,997
Noncurrent liabilities	316,604,576	286,657,652
Total liabilities	336,052,020	306,313,649
Deferred inflows of resources	22,253,649	2,675,254
Net position		
Net investment in capital assets	(12,083,142)	(8,989,227)
Restricted	9,172,966	4,941,249
Unrestricted	(29,941,137)	21,146,102
Total net position	\$ (32,851,313)	\$ 17,098,124

Net investment in capital assets (e.g. land, buildings, furniture, and equipment) is (\$12,083,142). Although the District's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay the debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. An additional amount, \$9,172,966 (restricted net position), represents resources that are subject to external limitations on how they may be used. The remaining (\$29,941,137) (unrestricted net position) represents resources available to fund future activities of the District.

Change in Net Position. The District's total revenues were \$129,344,117. 44.4% of the District's revenues comes from state allocations – formula grants and 49.4% from property taxes. (See Figure A-1) 4.0% relates to grants and contributions (including federal funds).

Figure A-1
Duncanville Independent School District's Sources of Revenue for Fiscal Year 2018



Governmental Activities. The total cost of all programs and services was \$106,993,838 (See Table A-2); 55.6% of these costs are for instruction and instructional related services.

**Table A-2
Duncanville Independent School District's Changes in Net Position**

	Governmental Activities		Total % Change
	2018	2017	
Revenues			
Program revenues:			
Charges for services	\$ 1,300,677	\$ 1,603,088	-19%
Operating grants and contributions	5,205,851	31,535,543	-83%
General revenues:			
Property taxes	63,931,658	57,611,855	11%
State aid - formula	57,466,802	60,615,054	-5%
Investment earnings	1,028,044	422,011	144%
Other	411,085	378,170	9%
Total revenues	129,344,117	152,165,721	-15%
Expenses			
Instruction	48,136,663	73,554,082	-35%
Instructional resources and media services	1,333,419	1,824,605	-27%
Curriculum and staff development	2,308,750	3,331,105	-31%
Instructional leadership	2,507,034	2,989,379	-16%
School leadership	5,220,535	7,838,067	-33%
Guidance, counseling and evaluation services	2,957,199	4,848,041	-39%
Social work services	44,451	54,451	-18%
Health services	752,568	1,281,856	-41%
Student (pupil) transportation	3,295,562	4,221,678	-22%
Food services	5,274,225	7,285,611	-28%
Extracurricular activities	2,855,320	3,733,686	-24%
General administration	3,794,671	5,444,618	-30%
Plant maintenance and operations	14,316,973	15,224,319	-6%
Security and monitoring services	1,176,314	1,617,459	-27%
Data processing services	2,453,543	3,375,062	-27%
Community services	378,510	496,501	-24%
Debt service - interest on long term debt	9,803,519	13,386,228	-27%
Debt service - bond issuance cost and fees	72,719	7,440	877%
Payments to Juvenile Justice Alternative Education Program	68,436	49,170	39%
Other intergovernmental charges	243,427	206,067	18%
Total expenses	106,993,838	150,769,425	-29%
Increase (decrease) in net position	22,350,279	1,396,296	1501%
Net position, beginning	17,098,124	15,701,828	9%
Prior period adjustment	(72,299,716)	-	
Net position, ending	\$ (32,851,313)	\$ 17,098,124	-292%

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

- The cost of all governmental activities for the year was \$106,993,838.
- The amount that our taxpayers paid for these activities through property taxes was \$63,931,658.
- Some of the cost was paid by those who directly benefited from the programs \$1,300,677, or
- By operating grants and contributions \$5,205,851.

**Table A-3
Duncanville Independent School District's Cost of Functions**

	Total Cost of Services		% Change	Net Cost of Services		% Change
	2018	2017		2018	2017	
Instruction	\$ 48,136,663	\$ 73,554,082	-34.6%	\$ 47,767,548	\$ 60,135,008	-20.6%
Plant maintenance and operations	14,316,973	15,224,319	-6.0%	15,144,267	12,337,839	22.7%
Debt service	9,876,238	13,393,668	-26.3%	8,694,955	11,100,696	-21.7%
Data processing services	2,453,543	3,375,062	-27.3%	2,666,235	2,982,261	-10.6%
Food services	5,274,225	7,285,611	-27.6%	(1,647,530)	13,326	-12463.3%
School leadership	5,220,535	7,838,067	-33.4%	5,884,214	6,859,937	-14.2%

Financial Analysis of the District's Funds

Revenues of the General Fund totaled \$109,533,510, an increase of 1.0% compared to the preceding period's General Fund revenues. Local revenues increased by 9.9% due to an increase in property values, state revenues decreased -5.2%, and federal revenues in the General Fund increased by 28.0%. The increase was related to SHARS revenue.

General Fund Budgetary Highlights

Over the course of the fiscal period, the District amended its budget several times. Even with these adjustments, actual expenditures were \$5,288,446 below final budgeted amounts. The most significant positive variances resulted from personnel savings from open positions.

General Fund revenues were very close to the final budgeted amounts.

Capital Assets and Debt Administration

Capital Assets. As of June 30, 2018, the District had invested \$384,957,895 in a broad range of capital assets, including land, land improvements, buildings and improvements and furniture and equipment (See Table A-4). This amount represents a net increase (including additions and deductions) of \$8,653,056 or 2.3% more than last year.

Table A-4
Duncanville Independent School District's Capital Assets

	2018	2017	Total % Change
Land	\$ 5,151,359	\$ 5,151,359	0.0%
Construction in progress	6,118,995	1,700,206	259.9%
Land improvements	8,831,764	8,831,764	0.0%
Buildings and improvements	338,078,321	334,824,388	1.0%
Furniture and equipment	26,777,456	25,797,122	3.8%
Totals at historical cost	384,957,895	376,304,839	2.3%
Total accumulated depreciation	(171,671,653)	(159,517,258)	7.6%
Net capital assets	\$ 213,286,242	\$ 216,787,581	-1.6%

More detailed information about the District's capital assets is presented in Note 7 to the financial statements.

Long-Term Debt

At June 30, 2018, the District had \$251,987,013 in bonds payable as shown in Table A-5. More detailed information about the District's debt is presented in Note 9 to the financial statements.

Table A-5
Duncanville Independent School District's Long-Term Debt

	2018	2017	Total % Change
General obligation bonds	\$ 209,011,096	\$ 209,751,096	-0.4%
Accreted interest	9,430,035	11,722,158	-19.6%
Bond premium/discount	33,545,882	36,764,943	-8.8%
Total long-term debt	\$ 251,987,013	\$ 258,238,197	-2.4%

Bond Ratings

The District's bonds presently carry "AAA" ratings with underlying ratings as follows: Moody's Investor Services "Aa3" and Standard & Poor's "AA-"

Economic Factors and Next Year's Budgets and Rates

- Appraised value used for the 2019 budget preparation increased 9.5% from the previous year.
- The District's refined average daily attendance (ADA) was based on a decrease in enrollment of approximately 63 students.
- The District's patrons approved a Tax Ratification Election (TRE), enacting the following tax rates:
 - M & O Rate from \$1.04 to \$1.17
 - I & S Rate from \$0.48148 to \$0.35
- The adopted budget was based on an M & O rate of \$1.04 and an I & S rate of \$0.48 since the TRE election was not held until September 2018.
- Budget corrections to accommodate the passing of the TRE were made.

The initial General Fund budget was \$108.1 million with State Funding of \$54.5 million, a decrease of 3.5 million. The budget adjusted for the passing of the TRE was \$119.6 million with State Funding of \$58.5 million, an increase of \$4.8 million.

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 the money it receives. If you have questions about this report or need additional financial information, please contact the District's Financial Services Department.

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Basic Financial Statements

Duncanville Independent School District
Statement of Net Position
June 30, 2018

Exhibit A-1

<u>Data Control Codes</u>		<u>Primary Governmental Activities</u>
ASSETS		
1110	Cash and cash equivalents	\$ 78,160,547
1220	Property taxes receivable	2,880,569
1230	Allowance for uncollectible taxes (credit)	(144,029)
1240	Due from other governments	19,282,441
1300	Inventories	463,727
1410	Prepayments	61,915
	Capital assets:	
1510	Land	5,151,359
1520	Buildings, net	195,533,672
1530	Furniture and equipment, net	6,482,216
1580	Construction in progress	6,118,995
		<hr/>
1000	Total assets	313,991,412
DEFERRED OUTFLOWS OF RESOURCES		
1701	Deferred charge on bond refundings	3,699,294
1705	Deferred outflows - TRS	7,306,185
1706	Deferred outflows - OPEB	457,465
		<hr/>
1700	Total deferred outflows of resources	11,462,944
LIABILITIES		
2110	Accounts payable	1,245,142
2140	Accrued interest payable	5,699,370
2150	Payroll deductions and withholdings	2,276,255
2160	Accrued wages payable	9,745,692
2180	Due to other governments	300,486
2200	Accrued expenses	178,799
2300	Unearned revenue	1,700
	Noncurrent liabilities:	
2501	Due within one year	8,969,816
2502	Due in more than one year	243,017,197
2540	Net pension liability (District's share)	23,430,930
2545	Net OPEB liability (District's share)	41,186,633
		<hr/>
2000	Total liabilities	336,052,020
DEFERRED INFLOWS OF RESOURCES		
2605	Deferred inflows - TRS	5,025,203
2606	Deferred inflows - OPEB	17,228,446
		<hr/>
2600	Total deferred inflows of resources	22,253,649
NET POSITION (DEFICIT)		
3200	Net investment in capital assets	(12,083,142)
3820	Restricted for federal and state programs	417,583
3850	Restricted for debt service	8,755,383
3900	Unrestricted	(29,941,137)
		<hr/>
3000	TOTAL NET POSITION (DEFICIT)	\$ (32,851,313)

The Notes to the Basic Financial Statements are an integral part of this statement.

Duncanville Independent School District
Statement of Activities
For the Fiscal Year Ended June 30, 2018

Exhibit B-1

Data Control Codes		1	Program Revenues		Net (Expense)
			3	4	Revenue and Changes in Net Position
		Expenses	Charges for Services	Operating Grants and Contributions	6 Primary Governmental Activities
	GOVERNMENTAL ACTIVITIES				
11	Instruction	\$ 48,136,663	\$ 148,960	\$ 220,155	\$(47,767,548)
12	Instructional resources and media services	1,333,419	-	(57,360)	(1,390,779)
13	Curriculum and staff development	2,308,750	-	326,768	(1,981,982)
21	Instructional leadership	2,507,034	-	(60,621)	(2,567,655)
23	School leadership	5,220,535	-	(663,679)	(5,884,214)
31	Guidance, counseling, and evaluation services	2,957,199	-	(77,542)	(3,034,741)
32	Social work services	44,451	-	(4,596)	(49,047)
33	Health services	752,568	-	(94,699)	(847,267)
34	Student (pupil) transportation	3,295,562	-	(331,697)	(3,627,259)
35	Food services	5,274,225	858,158	6,063,597	1,647,530
36	Extracurricular activities	2,855,320	157,574	161,551	(2,536,195)
41	General administration	3,794,671	-	(405,825)	(4,200,496)
51	Facilities maintenance and operations	14,316,973	135,985	(963,279)	(15,144,267)
52	Security and monitoring services	1,176,314	-	(115,993)	(1,292,307)
53	Data processing services	2,453,543	-	(212,692)	(2,666,235)
61	Community services	378,510	-	268,718	(109,792)
72	Debt service - interest on long-term debt	9,803,519	-	1,181,283	(8,622,236)
73	Debt service - bond issuance cost and fees	72,719	-	-	(72,719)
95	Payments to Juvenile Justice Alternative Education Program	68,436	-	(6,197)	(74,633)
99	Other intergovernmental charges	243,427	-	(22,041)	(265,468)
TP	TOTAL PRIMARY GOVERNMENT	106,993,838	1,300,677	5,205,851	(100,487,310)
	General revenues				
	Taxes				
MT	Property taxes, levied for general purposes				43,777,943
DT	property taxes, levied for debt service				20,153,715
SF	State aid - formula grants				57,466,802
IE	Investment earnings				1,028,044
MI	Miscellaneous local and intermediate revenue				411,085
TR	Total general revenues				122,837,589
CN	Change in net position				22,350,279
NB	Net position (deficit), beginning				17,098,124
PA	Prior period adjustment - implement GASB 75 for OPEB				(72,299,716)
	Net position- beginning, as restated				(55,201,592)
NE	NET POSITION (DEFICIT), ending				<u><u>\$(32,851,313)</u></u>

The Notes to the Basic Financial Statements are an integral part of this statement.

Duncanville Independent School District

Balance Sheet – Governmental Funds

June 30, 2018

<u>Data Control Codes</u>		10	50
		General	Debt
		Fund	Service
		Fund	Fund
ASSETS			
1110	Cash and cash equivalents	\$ 47,437,364	\$ 14,053,640
1220	Property taxes receivable	2,069,579	810,990
1230	Allowance for uncollectable taxes (credit)	(103,479)	(40,550)
1240	Due from other governments	17,807,296	-
1260	Due from other funds	2,938,923	220,518
1290	Other receivables	-	-
1300	Inventories	240,042	-
1410	Prepayments	61,915	-
		<hr/>	<hr/>
1000	TOTAL ASSETS	\$ 70,451,640	\$ 15,044,598
		<hr/> <hr/>	<hr/> <hr/>
LIABILITIES			
2110	Accounts payable	\$ 683,716	\$ -
2150	Payroll deductions and withholdings payable	2,211,071	-
2160	Accrued wages payable	9,120,619	-
2170	Due to other funds	2,180,320	-
2180	Due to other governments	-	300,029
2200	Accrued expenditures	50,000	-
2300	Unearned revenue	1,700	-
		<hr/>	<hr/>
2000	Total liabilities	14,247,426	300,029
		<hr/>	<hr/>
DEFERRED INFLOWS OF RESOURCES			
2601	Unavailable revenue	5,544,956	770,440
		<hr/>	<hr/>
2600	Total deferred inflows of resources	5,544,956	770,440
		<hr/>	<hr/>
FUND BALANCES			
Nonspendable fund balance:			
3410	Inventories	240,042	-
3430	Prepaid items	61,915	-
Restricted fund balance:			
3450	Federal or state funds grant restriction	-	-
3470	Capital acquisition and contractual obligation	-	-
3480	Retirement of long-term debt	-	13,974,129
Committed fund balance:			
3545	Other committed fund balance	-	-
Assigned fund balance:			
3590	Other assigned fund balance	-	-
3600	Unassigned fund balance	50,357,301	-
		<hr/>	<hr/>
3000	Total fund balances	50,659,258	13,974,129
		<hr/>	<hr/>
4000	TOTAL LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCES	\$ 70,451,640	\$ 15,044,598
		<hr/> <hr/>	<hr/> <hr/>

The Notes to the Basic Financial Statements are an integral part of this statement.

Exhibit C-1

60 Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
\$ 13,870,264	\$ 2,454,468	\$ 77,815,736
-	-	2,880,569
-	-	(144,029)
-	1,475,145	19,282,441
-	174,715	3,334,156
-	-	-
-	223,685	463,727
-	-	61,915
<u>\$ 13,870,264</u>	<u>\$ 4,328,013</u>	<u>\$ 103,694,515</u>
\$ 381,964	\$ 179,462	\$ 1,245,142
-	65,184	2,276,255
-	625,073	9,745,692
-	2,451,913	4,632,233
-	457	300,486
-	-	50,000
-	-	1,700
<u>381,964</u>	<u>3,322,089</u>	<u>18,251,508</u>
-	-	6,315,396
-	-	6,315,396
-	223,685	463,727
-	-	61,915
-	417,583	417,583
13,488,300	-	13,488,300
-	-	13,974,129
-	364,839	364,839
-	178	178
-	(361)	50,356,940
<u>13,488,300</u>	<u>1,005,924</u>	<u>79,127,611</u>
<u>\$ 13,870,264</u>	<u>\$ 4,328,013</u>	<u>\$ 103,694,515</u>

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Duncanville Independent School District
 Reconciliation of the Governmental Fund Balance Sheet
 to the Statement of Net Position
 June 30, 2018

Exhibit C-2

TOTAL FUND BALANCES - GOVERNMENTAL FUNDS	\$ 79,127,611
The District uses internal service funds to charge the cost of certain activities, such as self-insurance, to appropriate functions in other funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position.	1,514,089
Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental fund financial statements.	384,957,895
Accumulated depreciation is not reported in the fund financial statements.	(171,671,653)
Bonds payable are not reported in the fund financial statements.	(209,011,096)
Accreted interest payable for capital appreciation bonds is not reported in the fund financial statements.	(9,430,035)
Revenue reported as a deferred inflow of resources in the governmental fund financial statements was recorded as revenue in the government-wide financial statements.	6,315,396
Interest on outstanding debt is accrued in the government-wide financial statements, whereas in the fund financial statements interest expenditures are reported when due.	(5,699,370)
Bond premiums are not recognized in the fund financial statements.	(33,545,882)
Deferred charges on bond refundings are not recognized in the fund financial statements.	3,699,294
Included in the items related to government-wide long-term debt is the recognition of the District's proportionate share of the net pension liability required by GASB 68 in the amount of \$23,430,930, Deferred Resource Inflows related to TRS in the amount of \$5,025,203, and Deferred Resource Outflows related to TRS in the amount of \$7,306,185. This results in a decrease in Net Position in the amount of \$21,149,948.	(21,149,948)
Included in the items related to government-wide long-term debt is the recognition of the District's proportionate share of the net OPEB liability required by GASB 75 in the amount of \$41,186,633, Deferred Resource Inflows related to TRS-Care in the amount of \$17,228,446, and Deferred Resource Outflows related to TRS-Care in the amount of \$457,465. This results in a decrease in Net Position in the amount of \$57,957,614.	<u>(57,957,614)</u>
TOTAL NET POSITION - GOVERNMENTAL ACTIVITIES	<u>\$ (32,851,313)</u>

The Notes to the Basic Financial Statements are an integral part of this statement.

Duncanville Independent School District
Statement of Revenues, Expenditures, and Changes in
Fund Balance – Governmental Funds
For the Fiscal Year Ended June 30, 2018

Data Control Codes		10	50
		General Fund	Debt Service Fund
REVENUES			
5700	Total local and intermediate sources	\$ 44,849,511	\$ 20,199,805
5800	State program revenues	62,461,748	1,181,283
5900	Federal program revenues	2,222,251	-
5020	Total revenues	109,533,510	21,381,088
EXPENDITURES			
Current:			
0011	Instruction	57,451,397	-
0012	Instructional resources and media services	1,474,388	-
0013	Curriculum and instructional staff development	2,840,734	-
0021	Instructional leadership	2,986,250	-
0023	School leadership	7,356,695	-
0031	Guidance, counseling, and evaluation services	3,917,405	-
0032	Social work services	50,760	-
0033	Health services	1,045,863	-
0034	Student (pupil) transportation	3,664,867	-
0035	Food services	-	-
0036	Extracurricular activities	3,121,023	-
0041	General administration	4,517,986	-
0051	Facilities maintenance and operations	10,639,173	-
0052	Security and monitoring services	1,281,038	-
0053	Data processing services	2,348,985	-
0061	Community services	335,263	-
Debt service:			
0071	Principal on long-term debt	-	5,215,000
0072	Interest on long-term debt	-	15,175,379
0073	Bond issuance costs and fees	-	11,152
Capital outlay:			
0081	Facilities acquisition and construction	-	-
Intergovernmental:			
0095	Payments to Juvenile Justice Alternative Education Program	68,436	-
0099	Other intergovernmental charges	243,427	-
6030	Total expenditures	103,343,690	20,401,531
1100	Excess (deficiency) of revenues over (under) expenditures	6,189,820	979,557
OTHER FINANCING SOURCES (USES)			
7911	Issuance of bonds	-	-
7915	Transfers in	-	-
7916	Premium or discount on issuance of bonds	-	-
8911	Transfers out	(148,084)	-
7080	Total other financing sources (uses)	(148,084)	-
1200	Net change in fund balances	6,041,736	979,557
0100	Fund balances, beginning	44,617,522	12,994,572
3000	FUND BALANCES, ending	\$ 50,659,258	\$ 13,974,129

The Notes to the Basic Financial Statements are an integral part of this statement.

60		98	
Capital Projects	Other Governmental Funds	Total Governmental Funds	
\$ 215,540	\$ 1,608,122	\$ 66,872,978	
-	1,036,098	64,679,129	
-	11,611,612	13,833,863	
215,540	14,255,832	145,385,970	
-	5,399,162	62,850,559	
-	73,181	1,547,569	
-	584,433	3,425,167	
-	209,773	3,196,023	
-	2,349	7,359,044	
-	277,165	4,194,570	
-	-	50,760	
-	-	1,045,863	
-	138	3,665,005	
-	7,018,295	7,018,295	
-	426,886	3,547,909	
-	3,136	4,521,122	
-	107,464	10,746,637	
-	16,146	1,297,184	
155,003	-	2,503,988	
-	299,575	634,838	
-	-	5,215,000	
-	-	15,175,379	
61,567	-	72,719	
7,923,521	-	7,923,521	
-	-	68,436	
-	-	243,427	
8,140,091	14,417,703	146,303,015	
(7,924,551)	(161,871)	(917,045)	
4,475,000	-	4,475,000	
-	148,084	148,084	
346,567	-	346,567	
-	-	(148,084)	
4,821,567	148,084	4,821,567	
(3,102,984)	(13,787)	3,904,522	
16,591,284	1,019,711	75,223,089	
\$ 13,488,300	\$ 1,005,924	\$ 79,127,611	

Duncanville Independent School District**Exhibit C-4**

Reconciliation of the Statement of Revenues, Expenditures, and Changes in
Fund Balance of the Governmental Fund
to the Statement of Activities
For the Fiscal Year Ended June 30, 2018

TOTAL NET CHANGE IN FUND BALANCES - GOVERNMENTAL FUNDS	\$ 3,904,522
The District uses internal service funds to charge the costs of self-insurance to appropriate functions in other funds. The net effect of this consolidation is to increase net position.	116,275
Current year capital outlays 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 removing the 2018 capital outlays is to increase net position.	8,653,056
Depreciation is not recognized as an expenditure 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.	(12,154,395)
Current year long-term debt principal payments on bonds payable are expenditures in fund financial statements, but are shown as reductions in long-term debt in the government-wide financial statements.	5,215,000
Net decrease in current year accretion on capital appreciation bonds is not reflected in the fund financial statements, but is shown as a decrease in long-term debt on the government-wide financial statements.	2,292,123
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.	3,565,628
Revenues from property taxes are not recognized 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.	2,184,103
Interest is accrued on outstanding debt in the government-wide financial statements, whereas in the fund financial statements interest expenditures are reported when due. This amount represents the current year increase in interest payable.	(37,238)
Current year amortization of the deferred charges on bond refundings is not recognized in the fund financial statements, but is shown as a reduction of the deferred charges in the government-wide financial statements.	(448,653)
Proceeds from debt issued through bond proceeds are reflected as other financing sources on the governmental fund financial statements, but are shown as a long-term liability in the government-wide financial statements.	(4,475,000)
The premiums on the current year issuance of refunding bonds and regular bonds are recorded as other financing sources in the fund financial statements, but are shown as an increase in long-term debt in the government-wide financial statements.	(346,567)
The net change in net pension liability, deferred outflows, and deferred inflows is reported in the statement of activities but does not require the use of current financial resources and, therefore, is not reported as expenditures in the governmental funds. The net change consists of a decrease in deferred outflows (\$3,099,253); increase in deferred inflows (\$2,349,949); and decrease in net pension liability (\$4,988,525).	(460,677)
The net change in net OPEB liability, deferred outflows, and deferred inflows is reported in the statement of activities but does not require the use of current financial resources and, therefore, is not reported as expenditures in the governmental funds. The net change consists of an increase in deferred outflows (\$44,260); increase in deferred inflows (\$17,228,446); and decrease in net OPEB liability (\$31,526,288).	14,342,102
CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	\$ 22,350,279

The Notes to the Basic Financial Statements are an integral part of this statement.

Duncanville Independent School District
Statement of Net Position – Proprietary Fund
June 30, 2018

Exhibit D-1

	Governmental Activities
	Total Internal Service Funds
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 344,811
Due from other funds	1,910,263
	<hr/>
Total assets	2,255,074
LIABILITIES	
Current liabilities:	
Accrued expenses	128,799
Due to other funds	612,186
	<hr/>
Total liabilities	740,985
NET POSITION	
Unrestricted net position	1,514,089
	<hr/>
TOTAL NET POSITION	\$ 1,514,089
	<hr/> <hr/>

The Notes to the Basic Financial Statements are an integral part of this statement.

Duncanville Independent School District

Statement of Revenues, Expenses, and Changes in Net Position –
 Proprietary Fund
 For the Fiscal Year Ended June 30, 2018

Exhibit D-2

	Governmental Activities
	Total Internal Service Funds
OPERATING REVENUES	
Total local and intermediate sources	\$ 755,894
State program revenues	6,166
	<hr/>
Total operating revenues	762,060
OPERATING EXPENSES	
Payroll costs	92,271
Supplies and materials	35,384
Other operating costs	520,718
	<hr/>
Total operating expenses	648,373
Operating income (loss) before transfers	113,687
NONOPERATING REVENUES (EXPENSES)	
Earnings from temporary deposits and investments	2,588
	<hr/>
Total nonoperating revenues (expenses)	2,588
Change in net position	116,275
Total net position, beginning	1,397,814
	<hr/>
TOTAL NET POSITION, ENDING	\$ 1,514,089
	<hr/> <hr/>

The Notes to the Basic Financial Statements are an integral part of this statement.

Duncanville Independent School District
Statement of Cash Flows – Proprietary Fund
For the Fiscal Year Ended June 30, 2018

Exhibit D-3

	Governmental Activities
	Total Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash received from district	\$ 1,170,032
Cash received from state	6,166
Internal activity - receipts from (payments to) other funds	(983,226)
Cash payments to employees for services	(92,271)
Cash payments for insurance claims	(520,718)
Cash payments for suppliers	(56,454)
	<hr/>
Net cash used in operating activities	(476,471)
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest and dividends on investments	2,588
	<hr/>
Net cash provided by investing activities	2,588
Net decrease in cash and cash equivalents	(473,883)
Cash and cash equivalents, beginning of year	818,694
	<hr/>
CASH AND CASH EQUIVALENTS, end of year	\$ 344,811
	<hr/> <hr/>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	
Operating income (loss):	\$ 113,687
Effect of increases and decreases in current assets and liabilities:	
Decrease (increase) in due from other funds	(1,133,037)
Increase (decrease) in accounts payable	(21,070)
Increase (decrease) in accrued expenses	(48,237)
Increase (decrease) in due to other funds	612,186
	<hr/>
NET CASH USED IN OPERATING ACTIVITIES	\$ (476,471)
	<hr/> <hr/>

The Notes to the Basic Financial Statements are an integral part of this statement.

Duncanville Independent School District
Statement of Fiduciary Net Position – Fiduciary Funds
June 30, 2018

Exhibit E-1

	Private Purpose Trust Funds	Agency Funds
ASSETS		
Cash and cash equivalents	\$ 81,225	\$ 108,045
Total assets	81,225	<u>\$ 108,045</u>
LIABILITIES		
Accounts payable	27,823	\$ 1,717
Due to student groups	-	106,328
Total liabilities	27,823	<u>\$ 108,045</u>
NET POSITION		
Unrestricted net position	53,402	
TOTAL NET POSITION	<u>\$ 53,402</u>	

The Notes to the Basic Financial Statements are an integral part of this statement.

Duncanville Independent School District
Statement of Changes in Fiduciary Fund Net Position –
Fiduciary Funds
For the Fiscal Year Ended June 30, 2018

Exhibit E-2

	Private Purpose Trust Funds
ADDITIONS	
Local and intermediate sources	\$ 1,132
Total additions	1,132
DEDUCTIONS	
Other operating costs	30,343
Total deductions	30,343
Change in net position	(29,211)
Total net position, beginning	82,613
TOTAL NET POSITION, ENDING	\$ 53,402

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Duncanville Independent School District

Notes to the Basic Financial Statements

Note 1. Summary of Significant Accounting Policies

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

Reporting Entity

The Board of Trustees (the Board) is elected by the public and it has the authority to make decisions, appoint administrators and managers, and significantly influence operations. It also has the primary accountability for fiscal matters. Therefore, the District is a financial reporting entity as defined by the Governmental Accounting Standards Board (GASB) in its Statement No. 14, *The Financial Reporting Entity*. There are no component units included within the reporting entity and the District is not included in any other governmental reporting entity.

Government-Wide and Fund Financial Statements

The Statement of Net Position and the Statement of Activities are government-wide financial statements. They report information on all of the Duncanville Independent School District non-fiduciary activities with most of the inter-fund activities removed. Governmental activities include programs supported primarily by taxes, state foundation funds, grants and other intergovernmental revenues. Business-type activities include operations that rely to a significant extent on fees and charges for support. The District has no business-type activities.

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

The fund financial statements provide reports on the financial condition and results of operations for three fund categories – governmental, proprietary, and fiduciary. Since the resources in the fiduciary funds cannot be used for District operations, they are not included in the government-wide statements. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as non-major funds.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. All other revenues and expenses are non-operating.

Duncanville Independent School District

Notes to the Basic Financial Statements

Change in Accounting Principle

In fiscal year 2018, the District implemented Governmental Accounting Standards Board Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* – which supersedes GASB Statement No. 45.

The requirements of Statement No. 75 apply to the financial statements of all state and local government employers whose employees are provided postemployment benefits other than pensions that are administered through trusts or equivalent arrangements, and to the financial statements of state and local government in which the non-employer contributing entity (State) and District have a legal obligation to make contributions directly to such OPEB plan. This Statement establishes standards for measuring and recognizing liabilities, deferred outflows of resources, and deferred inflows of resources, and expense/expenditures related to the OPEB plan. Note disclosure and RSI requirements about the OPEB plan also are addressed. The implementation of Statement No. 75 has no impact on the District's governmental fund financial statements, which continue to report expenditures in the contribution amount determined legislatively. The calculation of OPEB contributions is unaffected by the change. However, the implementation has resulted in the restatement of the District's beginning net position for the fiscal year 2018 government-wide financial statements to reflect the reporting of net OPEB liability and deferred inflows of resources and deferred outflows of resources for its qualified OPEB plan and the recognition of OPEB expense in accordance with the provisions of the Statement. Net position as of July 1, 2017 was decreased by \$72,299,716 to reflect the cumulative effect of implementation. An aggregate net OPEB liability of \$72,712,921 offset by aggregate deferred outflows of resources of \$413,205 at June 30, 2017 were reported as a prior period adjustment to the net position on July 1, 2017. Refer to Note 11 for more information regarding the District's OPEB plan. At transition, a government recognizes a beginning deferred outflows of resources for its OPEB contributions, if any, made subsequent to the measurement date of the beginning net OPEB liability. Since the measurement date of the OPEB plan was different than the District's fiscal year-end, the effects from the plan reported contributions to the plan subsequent to the respective measurement date as an increase in deferred outflows of resources and a decrease in net position. The beginning deferred outflows for OPEB includes contributions from September 1, 2016 through June 30, 2017, totaling \$413,205.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements use the economic resources measurement focus and the accrual basis of accounting, as do the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Duncanville Independent School District

Notes to the Basic Financial Statements

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.

Revenues from local sources consist primarily of property taxes. Property tax revenues and revenues received from the State are recognized under the susceptible to accrual concept. Miscellaneous revenues are recorded as revenue when received in cash because they are generally not measurable until actually received. Investment earnings are recorded as earned, since they are both measurable and available.

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

The Proprietary Fund Types and Fiduciary Funds are accounted for on a flow of economic resources measurement focus and utilize the accrual basis of accounting. This basis of accounting recognizes revenues in the accounting period in which they are earned and become measurable and expenses in the accounting period in which they are incurred and become measurable. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included in the proprietary funds Statement of Net Position. Net position is segregated into net investment in capital assets, restricted net position, and unrestricted net position.

Fund Accounting

The District reports the following major governmental funds:

General Fund

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

Debt Service Fund

The debt service fund is utilized to account for the accumulation of resources and the payment of general long-term debt principal, interest, and related costs arising from general obligation bonds.

Capital Projects Fund

The capital projects fund is utilized to account for financial resources to be used for the acquisition or construction of major capital facilities. Such resources are derived from proceeds of General Obligation Bonds and interest earned on such monies and local sources designated for such purpose.

Duncanville Independent School District

Notes to the Basic Financial Statements

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

Governmental Funds

Special Revenue Funds

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

Proprietary Funds

Internal Service Funds

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

Fiduciary Funds

Private Purpose Trust Funds

The District accounts for donations for which the donor has stipulated that both the principal and the income may be used for purposes that benefit parties outside the District. The District's Private Purpose Trust Funds are scholarship funds that are awarded to current and former students for post-secondary education purposes.

Agency Funds

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

Financial Statement Accounts

Cash and Cash Equivalents

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

Investments

In accordance with GASB Statement Nos. 31 and 72, the District's general policy is to report money market investments and short-term participating interest-earning investment contracts at amortized cost and to report nonparticipating interest-earning investment contracts using a cost-based measure. However, if the fair value of an investment is significantly affected by the impairment of the credit standing of the issuer or by other factors, it is reported at fair value. All other investments are reported at fair value unless a legal contract exists which guarantees a higher value. The term "short-term" refers to investments which have a remaining term of one year or less at time of purchase. The term "nonparticipating" means that the investment's value does not vary with market interest rate changes.

Inventories of Supplies and Materials

Supplies and materials to be utilized in governmental funds are recorded as expenditures under the consumption method. Under the consumption method, cost is recorded as an expenditure in the period supplies and materials are utilized. Supplies and materials purchased for the subsequent year are recorded by specific identification. All inventories are capitalized at cost using the first-in, first-out valuation method.

Duncanville Independent School District

Notes to the Basic Financial Statements

Property Taxes

Property taxes are levied by October 1, on the assessed value listed as of January 1 for all real and business personal property located in the District in conformity with Subtitle E, Texas Property Tax Code. Taxes are due on receipt of the tax bill and are delinquent if not paid before February 1 of the year following the year in which imposed. On January 31 of each year, a tax lien attaches to property to secure the payment of all taxes, penalties, and interest ultimately imposed. Property tax revenues are considered available (1) when they become due or past due and receivable within the current period and (2) when they are expected to be collected during a 60-day period after the close of the school fiscal year.

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

Capital Assets

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

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

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

<u>Assets</u>	<u>Years</u>
Buildings	50
Building improvements	7-30
Vehicles	5-10
Office equipment	5-20
Computer equipment	5

Long-Term Debt

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities or proprietary fund type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bond issuance costs are expensed when 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.

Duncanville Independent School District

Notes to the Basic Financial Statements

Net Position

Net position represents the difference between assets and deferred outflows of resources; and liabilities and deferred inflows of resources. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets, and adding back unspent long-term debt proceeds. Net position is reported as restricted when there are limitations imposed on its use either through the enabling legislation's adopted by the District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. Unrestricted net position is available for the general use of the District.

When both restricted and unrestricted net position is available, restricted net position is expended before unrestricted net position if such use is consistent with the restricted purpose.

Encumbrances

Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditures of monies are recorded in order to reserve that portion of the applicable appropriation until expended or accrued as a liability of the fund, is employed as an integral part of the accounting system. There were no material encumbrances outstanding as of year-end.

Data Control Codes

The Data Control Codes refer to the account code structure prescribed by TEA in the Financial Accountability System Resource Guide. Texas Education Agency requires school 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.

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.

The amount of state foundation revenue a school district earns for a year can and does vary until the time when final values for each of the factors in the formula become available. Availability can be as late as midway into the next fiscal year. It is at least reasonably possible that the foundation revenue estimate as of June 30, 2018 will change.

Pension

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.

Other Post-Employment Benefits (OPEB)

The fiduciary net position of the Teacher Retirement System of Texas (TRS) TRS Care Plan 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 OPEB liability, deferred outflows of resources and deferred inflows of resources related to other post-employment benefits, OPEB expense, and information about assets, liabilities and additions to/deductions from TRS Care's fiduciary net position. Benefit payments are recognized when due and payable in accordance with the benefit terms. There are no investments as this is a pay-as-you-go plan and all cash is held in a cash account.

Duncanville Independent School District

Notes to the Basic Financial Statements

Note 2. Fund Balances

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 inventories and 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 resources are restricted for future capital outlay. Federal and State grant resources are restricted because their use is restricted pursuant to the grant requirements.

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 has committed resources as of June 30, 2017 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, only the Board of Trustees may assign amounts for specific purposes. This classification also includes the remaining positive fund balance for all governmental funds except for the General Fund.

Unassigned

This classification includes all amounts not included in other spendable classifications, including the residual fund balance of the General Fund. Unassigned fund balance may also include negative balances for any governmental fund if expenditures exceed amounts restricted, committed or assigned for those specific purposes.

Duncanville Independent School District

Notes to the Basic Financial Statements

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.

The details of the fund balances are included in the Governmental Funds Balance Sheet and are described below:

General Fund

The General Fund has nonspendable fund balance of \$301,957, consisting of inventories of \$240,042 and prepaid items of \$61,915. The General Fund has unassigned fund balance of \$50,357,301 at June 30, 2018.

Debt Service Fund

The Debt Service Fund has restricted funds of \$13,974,129 at June 30, 2018 consisting primarily of property tax collections that are restricted for debt service payments on bonded debt.

Capital Projects Fund

The Capital Projects Fund has restricted funds of \$13,488,300 at June 30, 2018 consisting primarily of remaining bond issuance proceeds that are restricted for construction and other capital outlay expenditures.

Other Governmental Funds

The National Breakfast and Lunch Program (a special revenue fund) has nonspendable fund balance of \$223,685 consisting of inventories of \$223,685. The fund balance of \$364,839 of the Campus Activity Funds (a special revenue fund) is shown as committed due to Board policy committing those funds to campus activities. The following special revenue fund's fund balance is restricted by Federal or State grant restrictions:

National Breakfast and Lunch Program	\$	398,353
Advanced Placement Incentives		6,685
State Textbook Fund		12,545
Other State Grants		-
		<hr/>
Total	\$	<u>417,583</u>

The \$178 fund balance of the Education Foundation Grants Fund (a special revenue fund) is assigned to be expended on those grants.

Duncanville Independent School District

Notes to the Basic Financial Statements

Note 3. Stewardship, Compliance, and Accountability

Budgetary Data

The Board of Trustees adopts an "appropriated budget" on a basis consistent with generally accepted accounting principles for the General Fund, Debt Service Fund and the Child Nutrition Fund (which is included in the Special Revenue Funds). The District is required to present the adopted and final amended budgeted revenues and expenditures for each of these funds. The District compares the final amended budget to actual revenues and expenditures. The General Fund Budgetary Comparison Schedule appears as required supplementary information (Exhibit G-1) and the other two reports are reflected as other supplementary information (Exhibits J-2 and J-3, respectively).

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

1. Prior to June 20, the District prepares a budget for the next succeeding fiscal year beginning July 1. The operating budget includes proposed expenditures and the means of financing them.
2. A meeting of the Board is then called for the purpose of adopting the proposed budget. At least ten days public notice of the meeting must be given.
3. Prior to July 1, the budget is legally enacted through passage of a resolution by the Board. Once a budget is approved, it can only be amended at the function and fund level by the approval of a majority of the members of the Board. Amendments are presented to the Board at its regular meetings. Each amendment must have Board approval. As required by law, such amendments are made before the fact, are reflected in the official minutes of the Board, and are not made after fiscal year end. The following amendments were significant.
 - a. The Instruction budget was reduced by \$737,631
 - b. The Instructional Leadership budget was increased by \$557,710
 - c. The Extracurricular Activities budget was increased by \$417,706.
4. The Texas Education Agency requires these budgets to be filed with the Texas Education Agency. The budget should not be exceeded in any functional expenditure category under TEA requirements. The original and final amended versions of these budgets are used in this report.

Note 4. 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.

Duncanville Independent School District

Notes to the Basic Financial Statements

Cash Deposits

At June 30, 2018, the carrying amount of the District's deposits (checking accounts and interest-bearing demand accounts) was \$3,468,875 and the bank balance was \$4,139,761. The District's cash deposits at June 30, 2018 and during the year ended June 30, 2018 were covered by the FDIC insurance or by pledged collateral held by the District's agent bank in the District's name.

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

- Depository: J.P. Morgan Chase Bank
- The market value of securities pledged as of the date of the highest combined balance on deposit was \$15,433,388.
- The highest combined balances of cash, savings, and time deposit accounts amounted to \$14,281,892 and occurred on December 19, 2017. The District's combined deposits on June 30, 2018, and during the year ending June 30, 2018, were fully insured by federal depository insurance or collateralized with securities pledged to the District and held by the District's agent.
- Total amount of FDIC coverage at the time of the highest combined balance was \$250,000.

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.

The following table categorizes the District's investments at June 30, 2018:

Name	Amount	Minimum Legal Rating	Minimum Legal Rating
Lone Star Investment Pool	\$ 31,300,536	AAA/AAAm	AAA
LOGIC Investment Pool	152,245	AAA/AAAm	AAAm
MBIA Texas CLASS Investment Pool	1,328,621	AAA/AAAm	AAA
TexPool Investment Pool	42,094,756	AAA/AAAm	AAAm
	\$ 74,876,158		

Duncanville Independent School District

Notes to the Basic Financial Statements

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

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

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

The District's investments are in investment pools that are measured either at net asset value or at amortized cost and are exempt for fair value reporting.

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

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.

Duncanville Independent School District

Notes to the Basic Financial Statements

The Lone Star Investment Pool is an investment pool available to governmental entities. The pool was established under the guidance of the Texas Public Funds Investment Act. A board of directors made up of members of the pool is responsible for the overall operation of the pool. The Board has employed various third party organizations to assist in the operations. These third parties are as follows: American Beacon Advisors- Investment Managers, CAPTRUST Financial Advisors- Investment Consultant, State Street Bank- Custodian, and First Public- Administration. In combination with these third party organizations, the pool has received an AAA rating from Standard & Poor's. This rating allows the pool to meet the standards required by the Texas Public Funds Investment Act.

LOGIC is duly chartered by the State of Texas Interlocal Cooperation Act, is administered by First Southwest Asset Management, Inc. and J.P. Morgan Investment Management, Inc. (JPMIM), and managed by JPMIM. J.P. Morgan Chase provides custody, fund accounting and transfer agency services. LOGIC may invest in obligations of the U.S. or its agencies and instrumentalities; repurchase agreements; SEC-registered money market funds rated in the highest rating category by at least one nationally recognized statistical rating organization (NRSRO); and commercial paper rated A-1, P-1 or equivalent by on NRSRO and is fully secured by an irrevocable letter of credit.

Furthermore, Public Trust Advisors, LLC provides specialized investment opportunities and a broad range of services to state and local governments, academic institutions, and other public and private-sector investors.

The Texas Cooperative Liquid Assets Securities System Trust (Texas CLASS) was created as an investment pool for its participants pursuant to Section 2256.016 of the Public Funds Investment Act, Texas Government Code. The Texas CLASS Trust Agreement (Trust) is an agreement of indefinite term regarding the investment, reinvestment and withdrawal of local government funds. The parties to the Trust Agreement are Texas local government entities that choose to participate (the Participants), MBIA Municipal Investors Service Corporation as Program Administrator (the Program Administrator) and Wells Fargo Bank Texas, NA as Custodian (the Custodian).

Texas CLASS is supervised by a Board of Trustees who are elected by the Participants. The Board of Trustees supervises the Trust and its affairs and acts as the liaison between the Participants, the Custodian, and the Program Administrator. The Board administers the affairs of the Trust. It also selects the consultants for Texas CLASS, including the Program Administrator and the Custodian. The Board of Trustees has appointed an Advisory Board composed of Participants and other persons who do not have a business relationship with the Trust and are qualified to advise the Trust. The Advisory Board provides advice to the Board of Trustees and the Program Administrator about the investment policy and investment strategy of the Trust and about other matters as requested by the Board of Trustees and the Program Administrator. The Fund is rated AAA by Standard & Poor's rating agency. This rating is the highest principal stability fund rating assigned by Standard & Poor's.

The State Comptroller of Public Accounts exercises responsibility over TexPool. Oversight includes the ability to significantly influence operations, designation of management, and accountability for fiscal matters.

Additionally, the State Comptroller has established an advisory board composed of both participants in TexPool and other persons who do not have a business relationship with TexPool. TexPool operates in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940. TexPool uses amortized cost rather than the market value to report net position to compute share prices. Accordingly, the fair value of the position in TexPool is the same as the value of TexPool shares. TexPool is rated AAAM by Standard & Poor's rating agency. This rating is the highest principal stability fund rating assigned by Standard & Poor's.

Duncanville Independent School District

Notes to the Basic Financial Statements

Cash and investments as of June 30, 2018 are classified in the accompanying financial statements as follows:

Statement of net position:	
Cash and cash equivalents	\$ 78,160,547
Fiduciary funds:	
Cash and cash equivalents	<u>189,270</u>
Total cash and cash equivalents	<u>\$ 78,349,817</u>
Cash on hand	\$ 4,784
Deposits with financial institutions	3,468,875
Cash equivalents	<u>74,876,158</u>
Total cash and cash equivalents	<u>\$ 78,349,817</u>

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

Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The table on page 41 presents the minimum rating required by (where applicable) the Public Funds Investment Act, the District's investment policy, or debt agreements, and the actual rating as of the year-end for each investment type held by the District.

Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The 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. Investments held by third parties were fully collateralized and held in the District's name.

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. The District's investments in public funds investment pools are not subject to the concentration risk.

Interest Rate Risk

This is the risk that changes in interest rates will adversely affect the fair value of an investment. 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 each investment pool is less than 90 days.

Duncanville Independent School District

Notes to the Basic Financial Statements

Foreign Currency Risk

This is the risk that exchange rates will adversely affect the fair value of an investment. At June 30, 2018, the District was not exposed to foreign currency risk.

Note 5. 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, 2018, 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	Due from Dallas County	State Entitlements	Federal Grants	Total
General	\$ (31,833)	\$ 14,359,322	\$ 3,479,807	\$ 17,807,296
Special revenue	-	-	1,475,145	1,475,145
Total	<u>\$ (31,833)</u>	<u>\$ 14,359,322</u>	<u>\$ 4,954,952</u>	<u>\$ 19,282,441</u>

Note 6. Interfund Receivables, Payables, and Transfers

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

	Due From	Due To
General fund:		
Debt service fund	\$ -	\$ 220,518
Internal service fund	612,186	1,785,087
Nonmajor governmental funds	2,326,737	174,715
	<u>2,938,923</u>	<u>2,180,320</u>
Debt service fund:		
General fund	220,518	-
Internal service fund:		
General fund	1,785,087	612,186
Nonmajor governmental funds	125,176	-
	<u>1,910,263</u>	<u>612,186</u>
Other governmental funds:		
General fund	174,715	2,326,737
Internal service fund	-	125,176
	<u>174,715</u>	<u>2,451,913</u>
Total	<u>\$ 5,244,419</u>	<u>\$ 5,244,419</u>

Interfund receivables and payables above are primarily used to account for cash owed between funds that are expected to be repaid within one year or less.

Duncanville Independent School District

Notes to the Basic Financial Statements

The detail transfer schedule for the year ended June 30, 2018 includes the following:

Transfer Out	Transfer In	Amount	Purpose
General fund	Nonmajor governmental fund	\$ 148,084	To fund retirement payments, negative meal balances
		<u>\$ 148,084</u>	

Note 7. Capital Asset Activity

Capital asset activity for the District for the year ended June 30, 2018, was as follows:

	Balance July 1,	Additions/ Completions	Transfers/ Retirements	Balance June 30,
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 5,151,359	\$ -	\$ -	\$ 5,151,359
Construction in progress	1,700,206	6,895,423	(2,476,634)	6,118,995
Total capital assets not being depreciated	<u>6,851,565</u>	<u>6,895,423</u>	<u>(2,476,634)</u>	<u>11,270,354</u>
Capital assets being depreciated:				
Land improvements	8,831,764	-	-	8,831,764
Buildings	334,824,388	777,299	2,476,634	338,078,321
Furniture and equipment	25,797,122	980,334	-	26,777,456
Total capital assets being depreciated	<u>369,453,274</u>	<u>1,757,633</u>	<u>2,476,634</u>	<u>373,687,541</u>
Less accumulated depreciation for:				
Land improvements	(6,984,925)	(356,406)	-	(7,341,331)
Buildings	(134,425,045)	(9,610,037)	-	(144,035,082)
Furniture and equipment	(18,107,288)	(2,187,952)	-	(20,295,240)
Total accumulated depreciation	<u>(159,517,258)</u>	<u>(12,154,395)</u>	<u>-</u>	<u>(171,671,653)</u>
Total capital assets being depreciated, net	<u>209,936,016</u>	<u>(10,396,762)</u>	<u>2,476,634</u>	<u>202,015,888</u>
Governmental activities capital assets, net	<u>\$ 216,787,581</u>	<u>\$(3,501,339)</u>	<u>\$ -</u>	<u>\$ 213,286,242</u>

Duncanville Independent School District

Notes to the Basic Financial Statements

Depreciation expense was charged to governmental functions as follows:

Instruction	\$ 5,365,362
Instructional resources and media services	132,652
Curriculum and staff development	8,470
Instructional leadership	202,996
School leadership	67,326
Guidance, counseling and evaluation services	60,570
Social work services	2,058
Health services	8,598
Student (pupil) transportation	243,614
Food services	391,081
Co-curricular/ extracurricular activities	68,334
General administration	250,218
Plant maintenance and operations	4,918,234
Security and monitoring services	25,470
Data processing services	393,337
Community services	16,075
Total depreciation expense	\$ 12,154,395

As of June 30, 2018, the District had entered into several construction contracts for various construction and renovation projects. At June 30, 2018, there was \$10,491,808 remaining costs under these contracts. These projects are being funded by the District's Capital Projects Fund.

Note 8. Unearned and Unavailable Revenue

Unearned and unavailable revenue reported in the governmental funds at June 30, 2018 consisted of the following:

	General Fund	Debt Service Fund	Other Governmental Funds	Total
Net tax unavailable revenue	\$ 1,966,100	\$ 770,440	\$ -	\$ 2,736,540
SHARS unavailable revenue	3,578,856	-	-	3,578,856
Total unavailable revenue	\$ 5,544,956	\$ 770,440	\$ -	\$ 6,315,396
Other unearned revenue	\$ 1,700	\$ -	\$ -	\$ 1,700
Total unearned revenue	\$ 1,700	\$ -	\$ -	\$ 1,700

Revenue that is not considered available at year end is reported as a deferred inflow of resources in the governmental funds and is recorded as revenue in the government-wide financial statements. Accordingly, tax and SHARS unavailable revenues are reported as revenue in the government-wide financial statements.

Duncanville Independent School District

Notes to the Basic Financial Statements

Note 9. Long-Term Debt

Long-Term obligation activities during the year ended June 30, 2018, were as follows:

Government Activities	Beginning Balance	Additions	Reductions/ Refunded	Ending Balance	Due within One Year
Bonds payable:					
General obligation bonds	\$ 209,751,096	\$ 4,475,000	\$ 5,215,000	\$ 209,011,096	\$ 8,680,000
Accreted interest	11,722,158	1,207,533	3,499,656	9,430,035	289,816
Bond premium/ discount	36,764,943	346,567	3,565,628	33,545,882	-
Total bonds payable	\$ 258,238,197	\$ 6,029,100	\$ 12,280,284	\$ 251,987,013	\$ 8,969,816
Net pension liability	28,419,455	2,463,609	7,452,134	23,430,930	-
Net OPEB liability	72,712,921	6,968	31,533,256	41,186,633	-
Total long-term liabilities	\$ 359,370,573	\$ 8,499,677	\$ 51,265,674	\$ 316,604,576	\$ 8,969,816

Per GASB 75, the beginning balance for the net OPEB liability includes the restatement of the net OPEB liability at July 1, 2017. The liability for pension-related debt is fully liquidated by the general fund.

The District issues general obligation bonds for the governmental activities to provide funds for the acquisition 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.

Unlimited tax bonds outstanding as of June 30, 2018 are as follows:

Description	Interest Rate Payable	Amounts Original Issue	Amounts Outstanding July 1, 2017	Issued	Retired	Amounts Outstanding June 30, 2018	Amounts Due Within One Year
Unlimited Tax Refunding Bonds - Series 2005	3.00 - 5.00%	\$ 47,166,096	\$ 1,141,096	\$ -	\$ -	\$ 1,141,096	\$ -
Unlimited Tax Refunding Bonds - Series 2006	4.00 - 5.00%	71,105,909	3,055,000	-	2,700,000	355,000	355,000
Unlimited Tax Refunding Bonds - Series 2011	2.00 - 3.00%	9,125,000	8,400,000	-	280,000	8,120,000	120,000
Unlimited Tax Refunding Bonds - Series 2012	4.00%	9,225,000	9,225,000	-	-	9,225,000	-
Unlimited Tax Refunding Bonds - Series 2013A	2.00 - 3.50%	7,985,000	6,145,000	-	-	6,145,000	-
Unlimited Tax Refunding Bonds - Series 2013B	1.00 - 4.00%	33,365,000	32,930,000	-	-	32,930,000	-
Unlimited Tax Refunding Bonds - Series 2014	2.00 - 4.00%	8,835,000	8,645,000	-	-	8,645,000	-
Unlimited Tax School Building Bonds - Series 2015	2.00 - 5.00%	88,170,000	87,035,000	-	310,000	86,725,000	180,000
Unlimited Tax Refunding Bonds - Series 2015	2.00 - 5.00%	54,460,000	53,175,000	-	-	53,175,000	7,925,000
Unlimited Tax School Building Bonds - Series 2017	4.00 - 5.00%	4,475,000	-	4,475,000	1,925,000	2,550,000	100,000
			<u>\$ 209,751,096</u>	<u>\$ 4,475,000</u>	<u>\$ 5,215,000</u>	<u>\$ 209,011,096</u>	<u>\$ 8,680,000</u>

Duncanville Independent School District

Notes to the Basic Financial Statements

Debt service requirements are as follows:

Year Ending June 30,	Principal	Interest	Total Requirements
2019	\$ 8,680,000	\$ 10,148,319	\$ 18,828,319
2020	1,666,096	16,958,373	18,624,469
2021	2,305,000	16,330,719	18,635,719
2022	2,395,000	16,253,769	18,648,769
2023	8,710,000	8,887,294	17,597,294
2024 - 2028	54,730,000	37,675,413	92,405,413
2029 - 2033	63,685,000	24,718,650	88,403,650
2034 - 2038	23,145,000	14,373,000	37,518,000
2039 - 2043	29,615,000	8,110,250	37,725,250
2044 - 2045	14,080,000	1,064,750	15,144,750
	<u>\$ 209,011,096</u>	<u>\$ 154,520,537</u>	<u>\$ 363,531,633</u>

The District has three bond series that include Capital Appreciation Bonds. No interest is paid on these bonds prior to maturity. The bonds mature variously in 2018 through 2022. Interest accrues on these bonds each February 15 and August 15 even though the interest is not paid until maturity.

There are a number of limitations and restrictions contained in the general obligation bond indenture. Management has indicated that the District is in compliance with all significant limitations and restrictions.

In prior years, the District issued refunding bonds for the purpose of generating resources and decreasing the total debt service payments. Placing the proceeds of the refunding bonds in an irrevocable trust has provided for all future debt service payments on the original bonds. As of June 30, 2018, the outstanding balance of defeased bonds is \$89,010,909.

Note 10. Defined Benefit Pension Plan

Plan Description

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

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

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.

Duncanville Independent School District

Notes to the Basic Financial Statements

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, Texas, 78701-2698; or by calling (512) 542-6592.

Benefits Provided

TRS provides service and disability retirement, as well as death and survivor benefits, to eligible employees (and their beneficiaries) of public and higher education in Texas. The pension formula is calculated using 2.3 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 2014 thru 2017. The 84th Texas Legislature, General Appropriations Act (GAA) established the employer contribution rates for fiscal years 2016 and 2017.

	Contribution Rates	
	2017	2018
Member	7.7%	7.7%
Non-employer contributing entity (Stat	6.8%	6.8%
Employers	6.8%	6.8%
2018 Employer Contributions		\$ 2,401,684
2018 Member Contributions		6,245,640
2018 NECE On-Behalf Contributions		4,104,631

Duncanville Independent School District

Notes to the Basic Financial Statements

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

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

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

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

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

Actuarial assumptions

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

Valuation date	August 31, 2017
Actuarial cost method	Individual entry age normal
Asset valuation method	Market value
Single discount rate	8.00%
Long-term expected Investment rate of return	8.00%
Inflation	2.50%
Salary increases including inflation	3.50% to 9.50%
Payroll growth rate	2.50%
Benefit changes during the year	None
Ad-hoc post employment benefit changes	None

Duncanville Independent School District

Notes to the Basic Financial Statements

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, 2017 are summarized below:

Asset Class	Target Allocation	Long-Term Expected Geometric Real Rate of Return	Expected Contribution to Long-term Portfolio Returns*
Global equity:			
U.S.	18.0%	4.6%	1.0%
Non-U.S. developed	13.0%	5.1%	0.8%
Emerging markets	9.0%	5.9%	0.7%
Directional hedge funds	4.0%	3.2%	0.1%
Private equity	13.0%	7.0%	1.1%
Stable value:			
U.S. Treasuries	11.0%	0.7%	0.1%
Absolute return	0.0%	1.8%	0.0%
Hedge funds (stable value)	4.0%	3.0%	0.1%
Cash	1.0%	-0.2%	0.0%
Real return:			
Global inflation linked bonds	3.0%	0.9%	0.0%
Real assets	16.0%	5.1%	1.1%
Energy and natural resources	3.0%	6.6%	0.2%
Commodities	0.0%	1.2%	0.0%
Risk parity:			
Risk parity	5.0%	6.7%	0.3%
Inflation expectation			2.2%
Alpha			1.0%
Total	100.0%		8.7%

*The expected contribution to returns incorporates the volatility drag resulting from the conversion between arithmetic and geometric mean returns.

Duncanville Independent School District

Notes to the Basic Financial Statements

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 Net Pension Liability.

	1% Decrease in Discount Rate (7.0%)	Discount Rate	1% Increase in Discount Rate (9.0%)
District's proportionate share of the net pension liability	\$ 39,499,919	\$ 23,430,930	\$ 10,050,889

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

At June 30, 2018, the District reported a liability of \$23,430,930 for its proportionate share of the TRS's net pension liability. This liability reflects a reduction for State pension support provided to the District. The amount recognized by the District as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with the District were as follows:

District's proportionate share of the collective net pension liability	\$ 23,430,930
State's proportionate share that is associated with District	40,129,144
Total	\$ 63,560,074

The net pension liability was measured as of August 31, 2017 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The 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, 2016 thru August 31, 2017.

At August 31, 2017, the employer's proportion of the collective net pension liability was .0732798%, a decrease of 0.0019268% from its proportionate share of .0752066% at August 31, 2016.

Changes since the Prior Actuarial Valuation

There were no changes to the actuarial assumptions or other inputs that affected measurement of the total pension liability since the prior measurement period.

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

For the year ended June 30, 2018, the District recognized pension expense of \$3,521,568 and revenue of \$3,060,891 for support provided by the State.

Duncanville Independent School District

Notes to the Basic Financial Statements

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
	<u> </u>	<u> </u>
Differences between expected and actual economic experience	\$ 342,805	\$ 1,263,599
Changes in actuarial assumptions	1,067,316	611,014
Difference between projected and actual investment earnings	-	1,707,595
Changes in proportion and difference between the employer's contributions and the proportionate share of contributions	3,738,198	1,442,995
Contributions paid to TRS subsequent to the measurement date	<u>2,157,866</u>	<u>-</u>
Total	<u><u>\$ 7,306,185</u></u>	<u><u>\$ 5,025,203</u></u>

\$2,157,866 reported as deferred outflows of resources resulting from the District's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2019. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Years Ending August 31,	Pension Expense (Income)
<u> </u>	<u> </u>
2019	\$ (89,585)
2020	1,406,072
2021	(204,493)
2022	(652,570)
2023	(238,251)
Thereafter	<u>(98,057)</u>
Total	<u><u>\$ 123,116</u></u>

Duncanville Independent School District

Notes to the Basic Financial Statements

Note 11. Defined Other Post-Employment Benefit Plan

Plan Description

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

OPEB Plan Fiduciary Net Position

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

Benefits Provided

TRS-Care provides a basic health insurance coverage (TRS-Care 1), at no cost to all retirees from public schools, charter schools, regional education service centers and other educational districts who are members of the TRS pension plan. Optional dependent coverage is available for an additional fee.

Eligible retirees and their dependents not enrolled in Medicare may pay premiums to participate in one of two optional insurance plans with more comprehensive benefits (TRS-Care 2 and TRS-Care 3). Eligible retirees and dependents enrolled in Medicare may elect to participate in one of the two Medicare health plans for an additional fee. To qualify for TRS-Care coverage, a retiree must have at least 10 years of service credit in the TRS pension system. The Board of Trustees is granted the authority to establish basic and optional group insurance coverage for participants as well as to amend benefit terms as needed under Chapter 1575.052. There are no automatic post-employment benefit changes; including automatic COLAs.

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

TRS-Care Plan Premium Rates
Effective September 1, 2016-December 31, 2017

	TRS-Care 1 Basic Plan	TRS-Care 2 Optional Plan	TRS-Care 3 Optional Plan
Retiree*	\$ -	\$ 70	\$ 100
Retiree and spouse	20	175	255
Retiree* and children	41	132	182
Retiree and family	61	237	337
Surviving children only	28	62	82

* or surviving spouse

Duncanville Independent School District

Notes to the Basic Financial Statements

Contributions

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

Texas Insurance Code, section 1575.202 establishes the state's contribution rate which is 1.0% of the employee's salary. Section 1575.203 establishes the active employee's rate which is .65% of pay. Section 1575.204 establishes an employer contribution rate of not less than 0.25 percent or not more than 0.75 percent of the salary of each active employee of the public. The actual employer contribution rate is prescribed by the Legislature in the General Appropriations Act. The following table shows contributions to the TRS-Care plan by type of contributor.

	<u>2018</u>	<u>2017</u>
Active employee	0.65%	0.65%
Non-employer contribution entity (state)	1.25%	1.00%
Employers/District	0.75%	0.55%
Federal/private funding remitted by Employers	1.25%	1.00%

The contribution amounts for the District's fiscal year 2018 are as follows:

2018 District contributions	\$	476,653
2018 Member contributions		527,229
2018 NECE on-behalf contributions (state)		1,419,578

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

TRS-Care received supplemental appropriations from the State of Texas as the Non-Employer Contributing Entity in the amount of \$15.6 million in fiscal year 2017 and \$212 million in fiscal year 2018.

Duncanville Independent School District

Notes to the Basic Financial Statements

Actuarial Assumptions

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

Rates of mortality	General inflation
Rates of retirement	Wage inflation
Rates of termination	Expected payroll growth
Rates of disability incidence	
Additional Actuarial Methods and Assumptions:	
Valuation date	August 31, 2017
Actuarial cost method	Individual entry age normal
Inflation	2.50%
Discount rate*	3.42%*
Aging factors	Based on plan specific experience
Expenses	third-party administrative expenses related to the delivery of health care benefits are included in the age-adjusted claims costs.
Payroll growth rate	2.50%
Projected salary increases**	3.50% to 9.50%**
Healthcare trend rates***	4.50% to 12.00%***
Election Rates	Normal retirement: 70% participation prior to age 65 and 75% participation after age 65
Ad hoc post-employment benefit changes	None

*Source: Fixed income municipal bonds with 20 years to maturity that include only federal tax-exempt municipal bonds as reported in Fidelity Index's "20-Year Municipal GO AA Index" as of August 31, 2017.

**Includes inflation at 2.50%

***Initial trend rates are 7.00% for non-Medicare retiree; 10.00% for Medicare retirees and 12.00% for prescriptions for all retirees. Initial trend rates decrease to an ultimate trend rate of 4.50% over a period of 10 years.

Discount Rate

A single discount rate of 3.42% was used to measure the total OPEB liability. There was a change of .44 percent in the discount rate since the previous year. Because the plan is essentially a "pay-as-you-go" plan, the single discount rate is equal to the prevailing municipal bond rate. The projection of cash flows used to determine the discount rate assumed that contributions from active members and those of the contributing employers and the non-employer contributing entity are made at the statutorily required rates. Based on those assumptions, the OPEB plan's fiduciary net position was projected to *not be able* to make all future benefit payments of current plan members. Therefore, the *municipal bond rate* was applied to all periods of projected benefit payments to determine the total OPEB liability. The source of the municipal bond rate was Fixed-income municipal bonds with 20 years to maturity that include only federally tax-exempt municipal bonds as reported in Fidelity Index's "20-year Municipal GO AA Index" as of August 31, 2017.

Duncanville Independent School District

Notes to the Basic Financial Statements

Asset Class	Target Allocation	Long-Term Expected Geometric Real Rate of Return	Expected Contribution to Long-Term Portfolio Returns
Global equity:			
U.S.	18.0%	4.6%	1.0%
Non-U.S. developed	13.0%	5.1%	0.8%
Emerging markets	9.0%	5.9%	0.7%
Directional hedge funds	4.0%	3.2%	0.1%
Private equity	13.0%	7.0%	1.1%
Stable value:			
U.S. treasuries	11.0%	0.7%	0.1%
Absolute return	0.0%	1.8%	0.0%
Stable value hedge funds	4.0%	3.0%	0.1%
Cash	1.0%	-0.2%	0.0%
Real return:			
Global inflation linked bonds	3.0%	0.9%	0.0%
Real assets	16.0%	5.1%	1.1%
Energy and natural resources	3.0%	6.6%	0.2%
Commodities	0.0%	1.2%	0.0%
Risk parity:			
Risk parity	5.0%	6.7%	0.3%
Inflation expectation			2.2%
Alpha			1.0%
Totals	100.0%		8.7%

* The expected contribution to returns incorporates the volatility drag resulting from the conversion between arithmetic and geometric mean returns.

Sensitivity of the Net OPEB Liability

Discount Rate

The following schedule shows the impact of the Net OPEB Liability if the discount rate used was 1% less than and 1% greater than the discount rate that was used (3.42%) in measuring the Net OPEB Liability.

Sensitivity of the Net OPEB Liability to the Single Discount Rate Assumptions

1% Decrease (2.42%)	Current Discount Rate (3.42%)	1% Increase (4.42%)
\$ 48,610,452	41,186,633	\$ 35,219,557

Duncanville Independent School District

Notes to the Basic Financial Statements

Healthcare Cost Trend Rates

The following presents the net OPEB liability of the plan using the assumed healthcare cost trend rate, as well as what the net OPEB liability would be if it were calculated using a trend rate that is one-percentage point lower or one-percentage point higher than the assumed health-care cost trend rate:

Sensitivity of the Net OPEB Liability to
the Healthcare Cost Trend Rate Assumptions

1% Decrease	Current Healthcare Cost Trend Rate	1% Increase
\$ 34,291,987	41,186,633	\$ 50,233,278

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEBs

At June 30, 2018, the District reported a liability of \$41,186,633 for its proportionate share of the TRS's Net OPEB Liability. This liability reflects a reduction for State OPEB support provided to the District. The amount recognized by the District as its proportionate share of the net OPEB liability, the related State support, and the total portion of the net OPEB liability that was associated with the District were as follows:

District's proportionate share of the net OPEB liability	\$ 41,186,633
State's proportionate share of the net OPEB liability associated with the District	63,621,467
Total	\$ 104,808,100

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

At August 31, 2017 the employer's proportion of the collective Net OPEB Liability was 0.0947119% which was the same proportion measured as of August 31, 2016.

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

1. Significant plan changes were adopted during the fiscal year ending August 31, 2017. Effective January 1, 2018, only one health plan option will exist (instead of three), and all retirees will be required to contribute monthly premiums for coverage. The health plan changes triggered changes to several of the assumptions, including participation rates, retirement rates, and spousal participation rates.

Duncanville Independent School District

Notes to the Basic Financial Statements

2. The August 31, 2016 valuation had assumed that the savings related to the Medicare Part D reimbursements would phase out by 2022. This assumption was removed for the August 31, 2017 valuation. Although there is uncertainty regarding these federal subsidies, the new assumption better reflects the current substantive plan. This change was unrelated to the plan amendment, and its impact was included as an assumption change in the reconciliation of the total OPEB liability. This change significantly lowered the OPEB liability.
3. The discount rate changed from 2.98% as of August 31, 2016 to 3.42% as of August 31, 2017. This change lowered the total OPEB liability.

There were no changes of benefit terms that affected measurement of the Total OPEB liability during the measurement period.

GASB 75 requires the District to record OPEB expense for the amount of the State's proportionate share of the collective OPEB expense that is allocated to the District and record revenue in the same amount for the support provided for the State. For the measurement period ended August 31, 2017, the State's proportionate share of the collective OPEB expense was a negative expense of \$8,504,163,580 and the District's proportionate share is a negative \$21,289,435. The amount is recorded as a negative revenue and negative expense for the District's year ended June 30, 2018.

For the fiscal year ended June 30, 2018, the District recognized total negative OPEB expense of \$35,631,537, which includes both the District's proportionate share of the collective OPEB expense and the State's proportionate share of the collective OPEB expense that is allocated to the District as described above.

At June 30, 2018, the District reported the District's contribution after the measurement date and its proportionate share of the TRS's deferred outflows of resources and deferred inflows of resources related to other post-employment benefits from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
	<u> </u>	<u> </u>
Differences between expected and actual economic experience	\$ -	\$ (859,802)
Changes of assumptions	-	(16,368,644)
Net difference between projected and actual earnings on pension plan investments	6,256	-
Changes in proportion and differences between District contributions and proportionate share of contributions (cost-sharing plan)	189	-
District contributions after measurement date	<u>451,020</u>	<u>-</u>
Totals	<u><u>\$ 457,465</u></u>	<u><u>\$ (17,228,446)</u></u>

\$451,020 reported as deferred outflows of resources related to OPEB resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2019.

Duncanville Independent School District

Notes to the Basic Financial Statements

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

	Year Ending June 30,	
	<u> </u>	
2019	\$	(2,272,462)
2020		(2,272,462)
2021		(2,272,462)
2022		(2,272,462)
2023		(2,274,026)
Thereafter		<u>(5,858,127)</u>
Total	\$	<u>(17,222,001)</u>

Note 12. 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; and natural disasters for which the District carries commercial insurance. There were no significant reductions in coverage in the past fiscal year, and there were no settlements exceeding insurance coverage for each of the past three fiscal years.

The District maintains a self-insured worker's compensation plan through membership in a self-insured pool. For this pool, stop-loss coverage was in effect for individual claims exceeding \$450,000 with an aggregate limit of \$2,000,000. The District is partially self-funded to a loss fund maximum of \$440,814. Additionally, the District incurred fixed costs of \$278,883 for its share of claims administration, loss control, record keeping, and cost of excess insurance.

Settled claims have not exceeded the aggregate coverage in any of the past three fiscal years. Insurance coverage has not been reduced for the year from the prior year. Self-insurance fund revenues and expenses are recognized on the accrual basis. Unpaid claims filed prior to June 30 and subsequently approved by the administrator of the plan are recorded as a liability.

The District accrues a liability for incurred but not reported claims if considered material.

	<u>2018</u>	<u>2017</u>
Claims payable, beginning of year	\$ 176,634	\$ 184,045
Claims incurred and changes in estimates	122,547	99,523
Claims payments	<u>(170,382)</u>	<u>(106,934)</u>
Claims payable, end of year	<u>\$ 128,799</u>	<u>\$ 176,634</u>

Duncanville Independent School District

Notes to the Basic Financial Statements

Note 13. Prior Period Adjustment

Net position at July 1, 2017 was restated per the following table for the implementation of GASB 75:

	<u>Governmental Activities</u>
Beginning net position, as previously reported	\$ 17,098,124
Implementation of GASB 75 for OPEB	<u>(72,299,716)</u>
Beginning net position, restated	<u><u>\$ (55,201,592)</u></u>

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Required Supplementary Information

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Duncanville Independent School District

Exhibit G-1

Schedule of Revenues, Expenditures, and Changes in Fund Balance –
Budget and Actual – General Fund
For the Fiscal Year Ended June 30, 2017

Data Control Codes		Budgeted Amounts		Actual Amounts (GAAP Basis)	Variance with Final Budget
		Original	Final		Positive or (Negative)
REVENUES					
5700	Total local and intermediate sources	\$42,650,673	\$42,717,597	\$ 44,849,511	\$ 2,131,914
5800	State program revenues	62,274,312	62,274,312	62,461,748	187,436
5900	Federal program revenues	1,920,000	1,998,987	2,222,251	223,264
5020	Total revenues	106,844,985	106,990,896	109,533,510	2,542,614
EXPENDITURES					
Current:					
0011	Instruction	59,369,131	59,924,211	57,451,397	2,472,814
0012	Instructional resources and media services	1,454,762	1,485,527	1,474,388	11,139
0013	Curriculum and instructional staff development	2,965,811	3,032,870	2,840,734	192,136
0021	Instructional leadership	2,499,613	3,057,323	2,986,250	71,073
0023	School leadership	7,626,880	7,684,500	7,356,695	327,805
0031	Guidance, counseling, and evaluation services	3,856,568	3,994,440	3,917,405	77,035
0032	Social work services	53,937	53,937	50,760	3,177
0033	Health services	1,238,158	1,238,873	1,045,863	193,010
0034	Student (pupil) transportation	3,722,100	3,741,100	3,664,867	76,233
0036	Extracurricular activities	2,735,752	3,153,458	3,121,023	32,435
0041	General administration	5,075,242	4,772,466	4,517,986	254,480
0051	Facilities maintenance and operations	11,199,806	11,399,253	10,639,173	760,080
0052	Security and monitoring services	1,472,177	1,472,777	1,281,038	191,739
0053	Data processing services	2,921,765	2,928,118	2,348,985	579,133
0061	Community services	306,283	346,283	335,263	11,020
Intergovernmental:					
0093	Payments to Juvenile Justice Alternative Education Program	100,000	100,000	68,436	31,564
0099	Other intergovernmental charges	247,000	247,000	243,427	3,573
6030	Total expenditures	106,844,985	108,632,136	103,343,690	5,288,446
1100	Excess (deficiency) of revenues over (under) expenditures	-	(1,641,240)	6,189,820	7,831,060
OTHER FINANCING SOURCES (USES)					
8911	Transfers out	-	-	(148,084)	(148,084)
	Total other financing sources (uses)	-	-	(148,084)	(148,084)
1200	Net change in fund balances	-	(1,641,240)	6,041,736	7,682,976
0100	Fund balances, beginning	44,617,522	44,617,522	44,617,522	-
3000	FUND BALANCES, ending	\$44,617,522	\$42,976,282	\$ 50,659,258	\$ 7,682,976

The Notes to the Required Supplementary Information are an integral part of this statement.

Duncanville Independent School District**Exhibit G-2**Schedule of the District's Proportionate Share of the
Net Pension Liability – Teacher Retirement System of Texas
For the Last Four Fiscal Years

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
District's proportion of the net pension liability (asset)	0.0732798%	0.0752066%	0.0820753%	0.0573142%
District's proportionate share of net pension liability (asset)	\$ 23,430,930	\$ 28,419,455	\$ 29,012,526	\$ 15,309,415
State's proportionate share of the net pension liability (asset) associated with the District	<u>40,129,144</u>	<u>47,451,454</u>	<u>43,742,911</u>	<u>37,101,536</u>
TOTAL	<u><u>\$ 63,560,074</u></u>	<u><u>\$ 75,870,909</u></u>	<u><u>\$ 72,755,437</u></u>	<u><u>\$ 52,410,951</u></u>
District's covered employee payroll	\$ 81,112,207	\$ 78,643,878	76,040,667	72,292,518
District's proportionate share of the net pension liability (asset) as a percentage of its covered employee payroll	28.89%	36.14%	38.15%	21.18%
Plan fiduciary net position as a percentage of the total pension liability	82.17%	78.00%	78.43%	83.25%

Note: GASB 68,81,2,a requires that the information on this schedule be data from the period corresponding with the period covered as of the measurement date of August 31, 2017 - the period from September 1, 2016 - August 31, 2017.

Note: Ten years of data is not available.

Duncanville Independent School District**Exhibit G-3**Schedule of District's Contributions to the
Teacher Retirement System of Texas
For the Last Four Fiscal Years

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 2,401,684	\$ 2,385,794	\$ 2,363,167	\$ 2,299,184
Contribution in relation to the contractually required contribution	<u>(2,401,684)</u>	<u>(2,385,794)</u>	<u>(2,363,167)</u>	<u>(2,299,184)</u>
CONTRIBUTION DEFICIENCY (EXCESS)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered employee payroll	\$ 81,866,064	\$ 81,243,452	\$ 77,893,794	\$ 75,286,832
Contributions as a percentage of covered employee payroll	2.93%	2.94%	3.03%	3.05%

Note: GASB 68, Paragraph 81.2.b. requires that the data in this schedule be presented as the District's current fiscal year as opposed to the time period covered by the measurement date of September 1, 2016 - August 31, 2017.

Note: Ten years of data is not available.

Duncanville Independent School District**Exhibit G-4**

Schedule of District's Proportionate Share of the Net OPEB
 Liability of a Cost-Sharing Multiple-Employer OPEB Plan
 Teacher Retirement System of Texas
 Last Fiscal Year*

	<u>2018</u>
District's proportion of the net OPEB liability	0.0947119%
District's proportionate share of net OPEB liability	\$ 41,186,633
State's proportionate share of the net OPEB liability associated with the District	<u>63,621,467</u>
TOTALS	<u><u>\$ 104,808,100</u></u>
District's covered employee payroll	\$ 81,112,207
District's proportionate share of the net OPEB liability as a percentage of its covered employee payroll	50.78%
Plan fiduciary net position as a percentage of the total OPEB liability	0.91%

* The amounts presented for the fiscal year were determined as of the Plan's fiscal year end, August 31, of the prior year.
 Ten years of data is not available.

Duncanville Independent School District
 Schedule of District's Contributions to the
 Teacher Retirement System of Texas OPEB Plan
 Last Fiscal Year*

Exhibit G-5

	<u>2018</u>
TRS	
Contractually required contributions	\$ 492,408
Contributions in relation to the contractually required contributions	<u>(492,408)</u>
CONTRIBUTION DEFICIENCY (EXCESS)	<u>\$ -</u>
District's covered employee payroll	\$ 81,866,064
Contributions as a percentage of covered employee payroll	0.60%

* The amounts presented for the fiscal year were determined as of the District's fiscal year end June 30.
 Ten years of data is not available.

Duncanville Independent School District
Notes to the Required Supplementary Information

Note 1. Budgetary Data

Budgetary Information

The official budget was prepared for adoption for the general and debt service funds. The following procedures are followed in establishing the budgetary data reflected in the basic financial statements:

1. Prior to June 20 of the preceding fiscal year, the District prepares a budget for the next succeeding fiscal year beginning July 1.
2. A meeting of the Board is called for the purpose of adopting the proposed budget with public notice given at least 10 days prior to the meeting.
3. Prior to the expenditures of funds, the budget is adopted by the Board.

After adoption, the budget may be amended through action by the Board. Budget amendments are approved at the functional expenditure level. All amendments are before the fact and reflected in the official minutes of the Board. Budgets are controlled at the functional level by personnel responsible for the organizational financial reporting. All budget appropriations lapse at the end of the year. Budget amendments throughout the year were not significant.

Note 2. Defined Benefit Pension Plan

TRS – Actuarial Methods and Assumptions used to Determine Contribution Rates

The information presented in Exhibit G-3 was used in the actuarial valuation for determining the actuarially determined contribution rate used for funding purposes. The methods and assumptions are as follows:

Valuation date	August 31, 2017
Actuarial cost method	Ultimate entry age normal
Amortization method	Level percentage of payroll, Floating
Remaining amortization period	34 years
Asset valuation method	5 year smoothed market
Actuarial assumptions:	
Inflation	2.50%
Salary increases	3.50% to 9.50% including inflation
Investment rate of return	8.00%

**Actuarial determined contribution rates are calculated as of August 31, of the proceeding fiscal year. Members and employees are based upon statutorily fixed rates.

Supplementary Information

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Duncanville Independent School District
Combining Balance Sheet – Nonmajor Governmental Funds
For the Fiscal Year Ended June 30, 2018

Exhibit H-1
Page 1 of 2

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	\$ -	\$ -	\$ -	\$ 2,035,557
1240	Due from other governments	665,354	494,374	19,160	132,233
1260	Due from other funds	-	-	-	174,715
1290	Other receivables	-	-	-	-
1300	Inventories	-	-	-	223,685
1410	Prepayments	-	-	-	-
1000	Total assets	665,354	494,374	19,160	2,566,190
LIABILITIES					
2110	Accounts payable	69,513	1,148	-	27,360
2150	Payroll deductions and withholdings payable	19,895	15,643	101	28,376
2160	Accrued wages payable	289,456	231,435	3,479	85,196
2170	Due to other funds	286,445	246,148	15,168	1,803,220
2180	Due to other governments	45	-	412	-
2200	Accrued expenditures	-	-	-	-
2300	Unearned revenues	-	-	-	-
2000	Total liabilities	665,354	494,374	19,160	1,944,152
FUND BALANCES					
Nonspendable fund balances:					
3410	Inventories	-	-	-	223,685
3430	Prepaid items	-	-	-	-
Restricted fund balance:					
3450	Federal or state funds grant restriction	-	-	-	398,353
Committed fund balance:					
3545	Other committed fund balance	-	-	-	-
Assigned fund balance:					
3590	Other assigned fund balance	-	-	-	-
3600	Unassigned fund balance	-	-	-	-
3000	Total fund balances	-	-	-	622,038
4000	TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 665,354</u>	<u>\$ 494,374</u>	<u>\$ 19,160</u>	<u>\$ 2,566,190</u>

Duncanville Independent School District
Combining Balance Sheet –
Nonmajor Governmental Funds – Continued
For the Fiscal Year Ended June 30, 2018

Data Control Codes		244 Career and Technical- Basic Grant	255 ESEA II,A Training and Recruiting	263 Title III, A English Lang. Acquisition	289 Summer School LEP
ASSETS					
1110	Cash and cash equivalents	\$ 11,717	\$ -	\$ -	\$ -
1240	Due from other governments	12,562	71,848	50,106	29,508
1260	Due from other funds	-	-	-	-
1290	Other receivables	-	-	-	-
1300	Inventories	-	-	-	-
1410	Prepayments	-	-	-	-
1000	Total assets	<u>24,279</u>	<u>71,848</u>	<u>50,106</u>	<u>29,508</u>
LIABILITIES					
2110	Accounts payable	24,279	20,867	3,822	10,108
2150	Payroll deductions and withholdings payable	-	1,169	-	-
2160	Accrued wages payable	-	15,507	-	-
2170	Due to other funds	-	34,305	46,284	19,400
2180	Due to other governments	-	-	-	-
2200	Accrued expenditures	-	-	-	-
2300	Unearned revenues	-	-	-	-
2000	Total liabilities	<u>24,279</u>	<u>71,848</u>	<u>50,106</u>	<u>29,508</u>
FUND BALANCES					
Nonspendable fund balances:					
3410	Inventories	-	-	-	-
3430	Prepaid items	-	-	-	-
Restricted fund balance:					
3450	Federal or state funds grant restriction	-	-	-	-
Committed fund balance:					
3545	Other committed fund balance	-	-	-	-
Assigned fund balance:					
3590	Other assigned fund balance	-	-	-	-
3600	Unassigned fund balance	-	-	-	-
3000	Total fund balances	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
4000	TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 24,279</u>	<u>\$ 71,848</u>	<u>\$ 50,106</u>	<u>\$ 29,508</u>

397 Advanced Placement Incentives	410 State Textbook Fund	429 Other State Special Revenue Funds	461 Campus Activity Funds	491 Education Foundation Grants	Total Nonmajor Governmental Funds
\$ 6,685	\$ 12,545	\$ -	\$ 387,786	\$ 178	\$ 2,454,468
-	-	-	-	-	1,475,145
-	-	-	-	-	174,715
-	-	-	-	-	-
-	-	-	-	-	223,685
-	-	-	-	-	-
6,685	12,545	-	387,786	178	4,328,013
-	-	-	22,365	-	179,462
-	-	-	-	-	65,184
-	-	-	-	-	625,073
-	-	361	582	-	2,451,913
-	-	-	-	-	457
-	-	-	-	-	-
-	-	361	22,947	-	3,322,089
-	-	-	-	-	223,685
-	-	-	-	-	-
6,685	12,545	-	-	-	417,583
-	-	-	364,839	-	364,839
-	-	(361)	-	178	178
-	-	(361)	-	-	(361)
6,685	12,545	(361)	364,839	178	1,005,924
\$ 6,685	\$ 12,545	\$ -	\$ 387,786	\$ 178	\$ 4,328,013

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Duncanville Independent School District
Combining Statement of Revenues, Expenditures
and Changes in Fund Balances – Nonmajor Governmental Funds
For the Fiscal Year Ended June 30, 2018

Exhibit H-2
Page 1 of 2

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	\$ -	\$ -	\$ -	\$ 873,858
5800	State program revenues	-	-	-	118,568
5900	Federal program revenues	2,927,364	1,961,768	27,240	5,945,029
5020	Total revenues	2,927,364	1,961,768	27,240	6,937,455
EXPENDITURES					
Current:					
0011	Instruction	2,485,968	1,396,324	27,240	-
0012	Instructional resources and media services	-	-	-	-
0013	Curriculum and instructional staff development	67,527	171,053	-	-
0021	Instructional leadership	84,866	117,226	-	-
0023	School leadership	-	-	-	-
0031	Guidance, counseling, and evaluation services	-	277,165	-	-
0034	Student (pupil) transportation	-	-	-	-
0035	Food services	-	-	-	7,018,295
0036	Extracurricular activities	-	-	-	-
0041	General administration	-	-	-	-
0051	Facilities maintenance and operations	-	-	-	107,406
0052	Security and monitoring services	-	-	-	16,146
0053	Data processing services	-	-	-	-
0061	Community services	289,003	-	-	-
6030	Total expenditures	2,927,364	1,961,768	27,240	7,141,847
1100	Excess (deficiency) of revenues over (under) expenditures	-	-	-	(204,392)
OTHER FINANCING SOURCES (USES)					
7915	Transfers in	-	-	-	148,084
7080	Total other financing sources (uses)	-	-	-	148,084
1200	Net change in fund balances	-	-	-	(56,308)
0100	Fund balance, beginning	-	-	-	678,346
3000	FUND BALANCE, ENDING	\$ -	\$ -	\$ -	\$ 622,038

Duncanville Independent School District

Combining Statement of Revenues, Expenditures

and Changes in Fund Balance – Nonmajor Governmental Funds – Continued

For the Fiscal Year Ended June 30, 2018

Data Control Codes		244 Career and Technical- Basic Grant	255 ESEA II,A Training and Recruiting	263 Title III, A English Lang. Acquisition	289 Summer School LEP
REVENUES					
5700	Total local and intermediate sources	\$ -	\$ -	\$ -	\$ -
5800	State program revenues	-	-	-	-
5900	Federal program revenues	122,729	304,105	274,287	49,090
5020	Total revenues	122,729	304,105	274,287	49,090
EXPENDITURES					
Current:					
0011	Instruction	117,729	95	254,842	30,206
0012	Instructional resources and media services	-	-	-	-
0013	Curriculum and instructional staff development	5,000	296,329	9,373	18,884
0021	Instructional leadership	-	7,681	-	-
0023	School leadership	-	-	-	-
0031	Guidance, counseling, and evaluation services	-	-	-	-
0034	Student (pupil) transportation	-	-	-	-
0035	Food services	-	-	-	-
0036	Extracurricular activities	-	-	-	-
0041	General administration	-	-	-	-
0051	Facilities maintenance and operations	-	-	-	-
0052	Security and monitoring services	-	-	-	-
0053	Data processing services	-	-	-	-
0061	Community services	-	-	10,072	-
6030	Total expenditures	122,729	304,105	274,287	49,090
1100	Excess (deficiency) of revenues over (under) expenditures	-	-	-	-
OTHER FINANCING SOURCES (USES)					
7915	Transfers in	-	-	-	-
7080	Total other financing sources (uses)	-	-	-	-
1200	Net change in fund balances	-	-	-	-
0100	Fund balance, beginning	-	-	-	-
3000	FUND BALANCE, ENDING	\$ -	\$ -	\$ -	\$ -

397 Advanced Placement Incentives	410 State Textbook Fund	429 Other State Special Revenue Funds	461 Campus Activity Funds	491 Education Foundation Grants	Total Nonmajor Governmental Funds
\$ -	\$ -	\$ -	\$ 734,264	\$ -	\$ 1,608,122
2,565	899,431	15,534	-	-	1,036,098
-	-	-	-	-	11,611,612
2,565	899,431	15,534	734,264	-	14,255,832
-	891,286	-	195,472	-	5,399,162
-	-	-	73,181	-	73,181
-	-	15,992	275	-	584,433
-	-	-	-	-	209,773
-	-	-	2,349	-	2,349
-	-	-	-	-	277,165
-	-	-	138	-	138
-	-	-	-	-	7,018,295
-	-	-	426,886	-	426,886
-	-	-	3,136	-	3,136
-	-	-	58	-	107,464
-	-	-	-	-	16,146
-	-	-	-	-	-
-	-	-	500	-	299,575
-	891,286	15,992	701,995	-	14,417,703
2,565	8,145	(458)	32,269	-	(161,871)
-	-	-	-	-	148,084
-	-	-	-	-	148,084
2,565	8,145	(458)	32,269	-	(13,787)
4,120	4,400	97	332,570	178	1,019,711
\$ 6,685	\$ 12,545	\$ (361)	\$ 364,839	\$ 178	\$ 1,005,924

Duncanville Independent School District**Exhibit H-3**

Combining Statement of Net Position – Internal Service Funds

For the Fiscal Year Ended June 30, 2018

	751	753	Total
	<u>Transportation</u>	<u>Workers Comp. Insurance</u>	<u>Internal Service Funds</u>
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 294,449	\$ 50,362	\$ 344,811
Due from other funds	-	1,910,263	1,910,263
TOTAL ASSETS	<u>\$ 294,449</u>	<u>\$ 1,960,625</u>	<u>\$ 2,255,074</u>
LIABILITIES			
Current liabilities:			
Accrued expenses	\$ -	\$ 128,799	\$ 128,799
Due to other funds	-	612,186	612,186
Total liabilities	-	740,985	740,985
NET POSITION			
Unrestricted net position	<u>294,449</u>	<u>1,219,640</u>	<u>1,514,089</u>
TOTAL NET POSITION	<u>\$ 294,449</u>	<u>\$ 1,219,640</u>	<u>\$ 1,514,089</u>

Duncanville Independent School District
Combining Statement of Revenues, Expenses and
Changes in Net Position – Internal Service Funds
For the Fiscal Year Ended June 30, 2018

Exhibit H-4

	751	753	Total
	Transportation	Workers Comp. Insurance	Internal Service Funds
OPERATING REVENUES			
Local and intermediate sources	\$ 197,954	\$ 557,940	\$ 755,894
State program revenues	-	6,166	6,166
	<hr/>	<hr/>	<hr/>
Total operating revenues	197,954	564,106	762,060
OPERATING EXPENSES			
Payroll costs	2,158	90,113	92,271
Supplies and materials	35,384	-	35,384
Other operating costs	-	520,718	520,718
	<hr/>	<hr/>	<hr/>
Total operating expenses	37,542	610,831	648,373
Operating income (loss)	<hr/>	<hr/>	<hr/>
	160,412	(46,725)	113,687
NON-OPERATING REVENUES			
Earnings from temporary deposits and investments	-	2,588	2,588
Total non-operating revenues	<hr/>	<hr/>	<hr/>
	-	2,588	2,588
Change in net position	160,412	(44,137)	116,275
Total net position, beginning	<hr/>	<hr/>	<hr/>
	134,037	1,263,777	1,397,814
TOTAL NET POSITION, ENDING	<hr/>	<hr/>	<hr/>
	\$ 294,449	\$ 1,219,640	\$ 1,514,089

Duncanville Independent School District

Exhibit H-5

Combining Statement of Cash Flows – Internal Service Funds
For the Fiscal Year Ended June 30, 2018

	751	753	Total
	Transportation	Workers Comp. Insurance	Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash received from District	\$ -	\$ 1,170,032	\$ 1,170,032
Cash received from State	-	6,166	6,166
Internal activity - receipts from (payments to) other funds	197,646	(1,180,872)	(983,226)
Cash payments to employees for services	(2,158)	(90,113)	(92,271)
Cash payments for insurance claims	-	(520,718)	(520,718)
Cash payments for suppliers	(35,384)	(21,070)	(56,454)
Net cash provided by (used in) operating activities	160,104	(636,575)	(476,471)
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest and dividends on investments	-	2,588	2,588
Net cash provided by investment activities	-	2,588	2,588
Net increase (decrease) in cash and cash equivalents	160,104	(633,987)	(473,883)
Cash and cash equivalents, beginning	134,345	684,349	818,694
CASH AND CASH EQUIVALENTS, ENDING	\$ 294,449	\$ 50,362	\$ 344,811
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES			
Operating income (loss):	\$ 160,412	\$ (46,725)	\$ 113,687
Effect of increases and decreases in current assets and liabilities:			
Decrease (increase) in due from other funds	-	(1,133,037)	(1,133,037)
Decrease (increase) in other receivables	-	-	-
Increase (decrease) in accounts payable	-	(21,070)	(21,070)
Increase (decrease) in accrued expenses	(308)	(47,929)	(48,237)
Increase (decrease) in due to other funds	-	612,186	612,186
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	\$ 160,104	\$ (636,575)	\$ (476,471)

Duncanville Independent School District

Exhibit H-6

Statement of Changes in Assets and Liabilities –Agency Fund

For the Fiscal Year Ended June 30, 2018

	<u>Balance July 1, 2017</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2018</u>
STUDENT ACTIVITY ACCOUNT				
Assets:				
Cash and temporary investments	\$ 121,668	\$ 210,048	\$ 223,671	\$ 108,045
TOTAL ASSETS	<u>\$ 121,668</u>	<u>\$ 210,048</u>	<u>\$ 223,671</u>	<u>\$ 108,045</u>
Liabilities:				
Due to student groups	121,668	187,834	201,457	108,045
TOTAL LIABILITIES	<u>\$ 121,668</u>	<u>\$ 187,834</u>	<u>\$ 201,457</u>	<u>\$ 108,045</u>
TOTAL AGENCY FUNDS				
Assets:				
Cash and temporary investments	\$ 121,668	\$ 210,048	\$ 223,671	\$ 108,045
TOTAL ASSETS	<u>\$ 121,668</u>	<u>\$ 210,048</u>	<u>\$ 223,671</u>	<u>\$ 108,045</u>
Liabilities:				
Due to student groups	\$ 121,668	\$ 187,834	\$ 201,457	\$ 108,045
TOTAL LIABILITIES	<u>\$ 121,668</u>	<u>\$ 187,834</u>	<u>\$ 201,457</u>	<u>\$ 108,045</u>

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Required T.E.A. Schedules

Duncanville Independent School District

Schedule of Delinquent Taxes Receivable

For the Fiscal Year Ended June 30, 2018

Last Ten Years Ended	Tax Rates		3 Assessed/ Appraised Value for School Tax Purposes	10 Beginning Balance July 1, 2017
	1 Maintenance	2 Debt Service		
2009 and prior years	Various	Various	\$ 3,532,442,496	\$ 577,198
2010	1.040000	0.378000	3,350,027,390	94,134
2011	1.040000	0.378000	3,238,214,918	97,888
2012	1.040000	0.378000	3,197,348,376	107,539
2013	1.040000	0.390000	3,222,372,129	169,304
2014	1.040000	0.370000	3,323,010,728	157,021
2015	1.040000	0.370000	3,499,363,902	260,717
2016	1.040000	0.489500	3,687,252,487	340,583
2017	1.040000	0.481480	3,938,834,053	900,247
2018 (School year under audit)	1.040000	0.481480	4,267,725,999	-
TOTALS				<u>\$ 2,704,631</u>

Exhibit J-1

20	31	32	40	50
Current Year's Total Levy	Maintenance Collections	Debt Service Collections	Entire Year's Adjustments	Ending Balance June 30, 2018
\$ -	\$ 34,602	\$ 8,528	\$ (32,486)	\$ 501,582
-	3,844	1,397	(2,215)	86,678
-	4,476	1,627	(3,070)	88,715
-	7,087	2,576	(3,573)	94,303
-	37,220	13,957	11,779	129,906
-	39,572	14,078	(32,548)	70,823
-	58,280	20,734	36,580	218,283
-	95,668	45,029	35,943	235,829
-	287,048	132,892	(53,205)	427,102
63,158,553	42,493,824	19,673,007	35,626	1,027,348
<u>\$ 63,158,553</u>	<u>\$ 43,061,621</u>	<u>\$ 19,913,825</u>	<u>\$ (7,169)</u>	<u>\$ 2,880,569</u>

Duncanville Independent School District
 Budgetary Comparison Schedule – Child Nutrition Fund
 For the Fiscal Year Ended June 30, 2018

Exhibit J-2

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	\$ 1,299,200	\$ 1,299,200	\$ 873,858	\$ (425,342)
5800	State program revenues	42,000	42,000	118,568	76,568
5900	Federal program revenues	6,075,257	6,132,057	5,945,029	(187,028)
5020	Total revenues	7,416,457	7,473,257	6,937,455	(535,802)
EXPENDITURES					
35	Food services	7,285,983	7,330,082	7,018,295	311,787
51	Facilities maintenance and operations	140,000	158,000	107,406	50,594
52	Security and monitoring services	14,287	21,287	16,146	5,141
6030	Total expenditures	7,440,270	7,509,369	7,141,847	367,522
1100	Excess of revenues over expenditures	(23,813)	(36,112)	(204,392)	(168,280)
OTHER FINANCING SOURCES (USES)					
7901	Transfer in	-	-	148,084	148,084
7080	Total other financing sources (uses)	-	-	148,084	148,084
1200	Net change in fund balances	(23,813)	(36,112)	(56,308)	(20,196)
0100	Fund balance, beginning	678,346	678,346	678,346	-
3000	FUND BALANCE, ENDING	<u>\$ 654,533</u>	<u>\$ 642,234</u>	<u>\$ 622,038</u>	<u>\$ (20,196)</u>

Duncanville Independent School District
 Budgetary Comparison Schedule – Debt Service Fund
 For the Fiscal Year Ended June 30, 2018

Exhibit J-3

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	\$ 19,440,096	\$ 19,440,096	\$ 20,199,805	\$ 759,709
5800	State program revenues	1,047,664	1,047,664	1,181,283	133,619
5020	Total revenues	20,487,760	20,487,760	21,381,088	893,328
EXPENDITURES					
0071	Principal on long-term debt	-	-	5,215,000	(5,215,000)
0072	Interest on long-term debt	1,609,425	1,609,425	15,175,379	(13,565,954)
0073	Bond issuance costs and fees	35,981	97,548	11,152	86,396
6030	Total expenditures	1,645,406	1,706,973	20,401,531	(18,694,558)
1100	Excess of revenues over expenditures	18,842,354	18,780,787	979,557	(17,801,230)
0100	Fund balance, beginning	12,994,572	12,994,572	12,994,572	-
3000	FUND BALANCE, ENDING	<u>\$ 31,836,926</u>	<u>\$ 31,775,359</u>	<u>\$ 13,974,129</u>	<u>\$ (17,801,230)</u>

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Duncanville Independent School District

Statistical Section (Unaudited)

This part of the Duncanville Independent School District's comprehensive annual financial report present detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the government's overall financial health.

Contents:

Financial Trends Information96

These schedules contain trend information intended to help the reader understand how the District's financial position has changed over time.

Revenue Capacity Information113

These schedules contain information intended to help the reader assess the District's most significant revenue source, state tax collections.

Debt Capacity Information.....120

These schedules contain information intended to assist users in understanding and assessing the District's current levels of outstanding debt and the ability to issue additional debt.

Demographic and Economic Information126

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

Operating Information131

These schedules provide contextual information about the District's operations and resources intended to assist readers in using financial statement information to understand and assess the District's economic condition.

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Financial Trends

Duncanville Independent School District

Net Position By Component

Last Ten Fiscal Years

(Accrual Basis of Accounting, Unaudited)

	2009	2010	2011	2012
Governmental Activities				
Net Investment in Capital Assets	\$ (5,678,967)	\$ (1,507,272)	\$ 226,763	\$ (201,638)
Restricted for				
Federal and State Programs	-	-	676,049	145,905
Food Service	755,737	817,311	-	-
Debt Service	4,594,799	3,578,399	3,011,414	4,086,128
Unrestricted	11,785,583	14,086,137	17,577,298	17,286,780
Total Primary Government Net Position	<u>\$ 11,457,152</u>	<u>\$ 16,974,575</u>	<u>\$ 21,491,524</u>	<u>\$ 21,317,175</u>

Source: Duncanville ISD's Financial Audit, Exhibit A-1

Notes:

- ¹ Fiscal period 2013 represents a ten month transitional year for the period of September 1 through June 30. Years preceding 2013 are September 1 through August 31.
- ² Effective for the fiscal year ended June 30, 2013, the district implemented GASB Statement No. 63, Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position. With the implementation of this standard, balances previously reported as "net assets" are now reported as "net position."
- ³ Fiscal years prior to 2013 included in this schedule are shown as adjusted for changes required by GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*.

Exhibit S-1

	2013	2014	2015	2016	2017	2018
\$	(220,823)	\$ 3,815,635	\$ (927,924)	\$ (5,214,642)	\$ (8,989,227)	\$ (12,083,142)
	689,710	594,941	594,258	335,893	456,065	417,583
	-	-	-	-	-	-
	7,438,630	8,748,917	9,171,798	8,591,504	4,485,184	8,755,383
	21,969,549	26,549,947	16,318,330	11,989,073	21,146,102	(29,941,137)
\$	29,877,066	\$ 39,709,440	\$ 25,156,462	\$ 15,701,828	\$ 17,098,124	\$ (32,851,313)

Duncanville Independent School District

Expenses, Program Revenues, and Change in Net (Expense) Revenue

Last Ten Fiscal Years

(Accrual Basis of Accounting, Unaudited)

	2009	2010	2011	2012
Expenses				
Governmental Activities:				
Instruction	\$ 54,939,554	\$ 61,137,934	\$ 60,615,066	\$ 60,326,725
Instructional Resources and Media Services	1,712,661	1,730,071	1,698,191	1,554,623
Curriculum and Staff Development	1,108,461	1,730,449	3,025,883	3,583,144
Instructional Leadership	1,583,310	1,884,776	1,817,117	1,892,062
School Leadership	5,589,501	5,969,904	6,162,064	5,918,084
Guidance, Counseling and Evaluation Services	4,312,605	4,229,542	4,270,680	4,229,002
Social Work Services	49,480	44,004	48,245	34,576
Health Services	1,008,103	1,076,871	1,130,645	1,039,331
Student (Pupil) Transportation	2,768,674	2,879,302	3,051,753	3,397,401
Food Services	6,098,221	6,928,672	6,909,395	7,681,674
Cocurricular/Extracurricular Activities	2,732,975	2,517,317	2,689,211	2,643,108
General Administration	2,399,481	2,634,350	2,724,120	2,975,747
Facilities Maintenance and Operations	10,479,529	11,992,617	11,708,254	12,146,625
Security and Monitoring Services	896,035	1,032,893	1,014,305	1,240,156
Data Processing Services	1,745,988	1,919,151	1,932,502	2,435,260
Community Services	400,728	285,287	270,189	435,145
Debt Service - Interest on Long Term Debt	10,708,674	10,439,529	10,167,214	9,784,285
Debt Service - Bond Issuance Cost & Fees	180,154	172,343	168,822	183,512
Facilities Acquisition and Construction	10,050	-	11,223	-
Payments related to Shared Services Arrangements	3,600	3,850	4,025	4,250
Payments to Juvenile Justice Alternative Ed. Prg.	107,915	160,239	270,199	87,012
Other Intergovernmental Charges	222,688	226,221	218,841	208,775
Total Primary Government Expenses	109,058,387	118,995,322	119,907,944	121,800,497
Program Revenues				
Governmental Activities:				
Charges for Services				
Instruction	183,345	150,618	139,708	286,832
Food Services	1,365,436	1,307,830	1,275,465	1,365,743
Cocurricular/Extracurricular Activities	191,253	155,195	236,470	494,445
Facilities Maintenance and Operations	107,643	107,693	119,590	395,259
Other	-	-	-	95,471
Operating Grants and Contributions	16,235,603	29,133,149	31,337,634	23,695,681
Total Primary Government Program Revenues	18,083,280	30,854,485	33,108,867	26,333,431
Net (Expense) Revenue				
Total Primary Government	\$ (90,975,107)	\$ (88,140,837)	\$ (86,799,077)	\$ (95,467,066)

Source: Duncanville ISD's Financial Audit, Exhibit B-1

Notes:

¹ Fiscal period 2013 represents a ten month transitional year for the period of September 1 through June 30. Years preceding 2013 are September 1 through August 31.

² Effective for the fiscal year ended June 30, 2013, the district implemented GASB Statement No. 63, Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position. With the implementation of this standard, balances previously reported as "net assets" are now reported as "net position."

³ Fiscal years prior to 2013 included in this schedule are shown as adjusted for changes required by GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*.

Exhibit S-2

	2013	2014	2015	2016	2017	2018
\$	57,408,241	\$ 63,316,082	\$ 65,346,809	\$ 73,545,640	\$ 73,554,082	\$ 48,136,663
	1,273,818	985,942	1,014,799	1,128,544	1,824,605	1,333,419
	2,581,574	3,755,404	3,859,002	3,723,403	3,331,105	2,308,750
	1,756,426	2,283,469	1,963,999	2,272,785	2,989,379	2,507,034
	5,250,425	6,169,919	6,417,454	7,252,391	7,838,067	5,220,535
	3,668,734	4,165,357	4,404,532	4,801,292	4,848,041	2,957,199
	36,317	42,845	46,054	49,547	54,451	44,451
	1,061,518	1,082,444	1,105,745	1,185,430	1,281,856	752,568
	2,934,140	3,235,654	3,918,072	4,303,304	4,221,678	3,295,562
	6,731,002	7,777,268	7,560,833	8,076,928	7,285,611	5,274,225
	2,740,301	2,812,124	3,012,097	3,011,438	3,733,686	2,855,320
	2,411,842	3,070,088	3,535,368	4,058,948	5,444,618	3,794,671
	9,577,211	11,384,624	11,312,346	12,476,392	15,224,319	14,316,973
	1,082,114	1,088,207	1,330,896	1,451,947	1,617,459	1,176,314
	1,860,202	2,303,696	3,186,471	11,044,264	3,375,062	2,453,543
	350,162	414,328	348,410	445,671	496,501	378,510
	7,293,685	8,406,530	8,584,286	11,992,931	13,386,228	9,803,519
	503,852	19,135	978,412	518,998	7,440	72,719
	-	97,812	1,565,444	255,459	-	-
	-	216,068	-	-	-	-
	49,020	-	57,378	92,604	49,170	68,436
	182,148	-	218,660	224,570	206,067	243,427
	<u>108,752,732</u>	<u>122,626,996</u>	<u>129,767,067</u>	<u>151,912,486</u>	<u>150,769,425</u>	<u>106,993,838</u>
	293,305	143,174	2,231,087	1,941,707	126,484	148,960
	1,264,941	1,392,804	1,224,683	1,265,436	1,146,403	858,158
	550,280	647,941	349,708	444,124	197,923	157,574
	145,266	131,783	137,352	94,283	132,278	135,985
	40,123	-	53,411	119,387	-	-
	<u>19,496,243</u>	<u>23,133,249</u>	<u>20,719,274</u>	<u>24,556,730</u>	<u>31,535,543</u>	<u>5,205,851</u>
	<u>21,790,158</u>	<u>25,448,951</u>	<u>24,715,515</u>	<u>28,421,667</u>	<u>33,138,631</u>	<u>6,506,528</u>
\$	<u>(86,962,574)</u>	<u>(97,178,045)</u>	<u>(105,051,552)</u>	<u>(123,490,819)</u>	<u>(117,630,794)</u>	<u>(100,487,310)</u>

Duncanville Independent School District
 General Revenues and Changes in Net Position
 Last Ten Fiscal Years
 (Accrual Basis of Accounting, Unaudited)

	2009	2010	2011	2012
Net (Expense)/Revenue				
Total Primary Government Net Expense	\$ (90,975,107)	\$ (88,140,837)	\$ (86,799,077)	\$ (95,467,066)
General Revenue and Other Changes in Net Assets				
Governmental Activities:				
Taxes				
Property Taxes, Levied for General Purposes	36,059,147	33,908,268	33,047,959	32,940,257
Property Taxes, Levied for Debt Service	13,113,400	12,409,086	12,046,313	11,979,373
State Aid - Unrestricted Formula Grants	45,654,223	46,071,203	44,903,675	49,753,085
Grants and Contributions not Restricted	878,335	38,768	61,269	3,280
Investment Earnings	373,260	82,283	38,948	55,781
Miscellaneous Local and Intermediate Revenue	1,006,546	1,148,652	1,217,862	560,941
Total General Revenues - Primary Government	97,084,911	93,658,260	91,316,026	95,292,717
Changes in Net Assets				
Net Position - Beginning	19,157,046	19,157,046	19,157,046	19,157,046
Prior Period Adjustments	-	-	-	-
Total Change in Net Position - Primary Government	6,109,804	5,517,423	4,516,949	(174,349)
Net Position - Ending	\$ 25,266,850	\$ 24,674,469	\$ 23,673,995	\$ 18,982,697

Source: Duncanville ISD's Financial Audit, Exhibit B-1

Notes:

- ¹ Fiscal period 2013 represents a ten month transitional year for the period of September 1 through June 30. Years preceding 2013 are September 1 through August 31.
- ² Effective for the fiscal year ended June 30, 2013, the district implemented GASB Statement No. 63, Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position. With the implementation of this standard, balances previously reported as "net assets" are now reported as "net position."
- ³ Fiscal years prior to 2013 included in this schedule are shown as adjusted for changes required by GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*.

Exhibit S-3

2013	2014	2015	2016	2017	2018
\$ (86,962,574)	\$ (97,178,045)	\$ (105,051,552)	\$ (123,490,819)	\$ (117,630,794)	\$ (100,487,310)
33,130,535	34,389,518	35,924,406	36,613,846	39,307,588	43,777,943
12,425,522	12,211,177	12,777,723	17,210,110	18,304,267	20,153,715
51,964,070	60,099,570	59,108,704	59,815,620	60,615,054	57,466,802
21,581	49,830	1,000	-	-	-
48,057	20,971	26,692	252,669	422,011	1,028,044
92,829	239,353	238,809	143,940	378,170	411,085
97,682,594	107,010,419	108,077,334	114,036,185	119,027,090	122,837,589
19,157,046	29,877,066	39,709,440	25,156,462	15,701,828	17,098,124
-	-	(17,578,760)	-	-	(72,299,716)
10,720,020	9,832,374	3,025,782	(9,454,634)	1,396,296	22,350,279
\$ 29,877,066	\$ 39,709,440	\$ 25,156,462	\$ 15,701,828	\$ 17,098,124	\$ (32,851,313)

Duncanville Independent School District
Fund Balances – Governmental Funds
Last Ten Fiscal Years
(Modified Accrual Basis of Accounting, Unaudited)

	2009	2010	2011
General Fund			
Reserved	\$ 658,162	\$ 1,048,763	\$ -
Unreserved Designated	815,000	815,000	-
Unreserved and Undesignated	18,437,503	22,349,461	-
Nonspendable - Inventories	-	-	342,187
Nonspendable - Prepaid Items	-	-	-
Committed	-	-	815,000
Assigned	-	-	7,322,781
Unassigned	-	-	21,128,139
Total General Fund	<u>19,910,665</u>	<u>24,213,224</u>	<u>29,608,107</u>
All Other Governmental Funds			
Reserved, Reported In			-
Special Revenue Fund	755,737	833,267	-
Debt Service Fund	4,064,320	3,058,821	-
Capital Projects Fund	4,448,230	3,592,501	-
Unreserved Designated, Reported In			
Capital Projects Fund	-	-	-
Unreserved and Undesignated, Reported In			
Special Revenue Fund	774,638	484,314	-
All Other Governmental Funds			
Nonspendable - Inventories	-	-	69,467
Nonspendable - Prepaid Items	-	-	-
Restricted for:			
Federal or State Funds	-	-	606,582
Capital Acquisition and Contractual Obligations	-	-	2,750,290
Retirement of Long-Term Debt	-	-	2,611,137
Committed	-	-	459,585
Assigned	-	-	10,544
Unassigned	-	-	-
Total All Other Governmental Funds	<u>10,042,925</u>	<u>7,968,903</u>	<u>6,507,605</u>
Total All Government Funds	<u>\$ 29,953,590</u>	<u>\$ 32,182,127</u>	<u>\$ 36,115,712</u>

Source: Duncanville ISD's Financial Audit, Exhibits C-1, C-3

Notes:

- ¹ Fiscal period 2013 represents a ten month transitional year for the period of September 1 through June 30. Years preceding 2013 are September 1 through August 31.
- ² Effective for the fiscal year ended June 30, 2013, the district implemented GASB Statement No. 63, Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, "net assets" are now reported as "net position."
- ³ Fiscal years prior to 2013 included in this schedule are shown as adjusted for changes

Exhibit S-4

2012	2013	2014	2015	2016	2017	2018
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-
-	-	-	-	-	-	-
416,045	417,037	383,474	289,122	275,411	191,300	240,042
-	-	-	-	58,086	38,547	61,915
815,000	815,000	815,000	815,000	815,000	-	-
-	2,730,915	-	3,116,977	-	-	-
28,674,070	31,452,215	37,971,424	39,588,525	39,330,048	44,387,675	50,357,301
29,905,115	35,415,167	39,169,898	43,809,624	40,478,545	44,617,522	50,659,258
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
141,785	95,669	82,900	121,451	139,449	223,685	223,685
-	-	-	-	3,927	8,867	-
4,120	594,041	512,041	472,807	335,893	456,065	417,583
1,416,561	1,203,028	287,822	95,287,554	35,448,074	16,591,284	13,488,300
3,700,501	7,686,645	9,122,794	9,558,046	11,396,221	12,994,572	13,974,129
542,177	490,049	515,481	405,723	368,455	332,570	364,839
77	1,251	6,094	1,862	862	178	178
-	-	-	-	-	-	(361)
5,805,221	10,070,683	10,527,132	105,847,443	47,692,881	30,607,221	28,468,353
\$ 35,710,336	\$ 45,485,850	\$ 49,697,030	\$ 149,657,067	\$ 88,171,426	\$ 75,224,743	\$ 79,127,611

Duncanville Independent School District
 Governmental Funds Revenues
 Last Ten Fiscal Years
 (Modified Accrual Basis of Accounting, Unaudited)

	2009	2010	2011	2012
Local Sources:				
Local Maintenance and Debt Service Tax	\$ 49,078,801	\$ 46,709,469	\$ 45,762,920	\$ 45,105,586
Tuition/Fees From Patrons	183,345	150,618	139,708	141,253
Other Revenue From Local Services	1,884,755	1,016,714	992,677	1,088,309
Co-curricular Revenues	2,037,719	1,823,708	1,956,927	1,904,772
Total Local Sources	53,184,620	49,700,510	48,852,232	48,239,920
State Sources:				
Per Capita and Foundation	46,209,961	46,597,327	45,585,945	50,493,207
Other State Program Revenues	6,774,210	7,551,111	8,396,331	9,695,582
Total State Programs	52,984,171	54,148,437	53,982,276	60,188,789
Federal Programs:				
State Distributed Revenues from Federal Source	8,905,655	21,055,912	22,259,033	13,383,395
Total Federal Programs	8,905,655	21,055,912	22,259,033	13,383,395
Total Revenues	\$ 115,074,446	\$ 124,904,859	\$ 125,093,541	\$ 121,812,104

Source: Duncanville ISD records, Duncanville ISD's Financial Audit, Exhibits C-3

Notes:

- ¹ Fiscal period 2013 represents a ten month transitional year for the period of September 1 through June 30. Years preceding 2013 are September 1 through August 31.
- ² Effective for the fiscal year ended June 30, 2013, the district implemented GASB Statement No. 63, Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position. With the implementation of this standard, balances previously reported as "net assets" are now reported as "net position."
- ³ Fiscal years prior to 2013 included in this schedule are shown as adjusted for changes required by GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*.

Exhibit S-5

2013	2014	2015	2016	2017	2018
\$ 45,419,888	\$ 46,574,358	\$ 48,905,109	\$ 53,716,568	\$ 58,141,081	\$ 62,981,418
130,801	143,175	116,482	74,949	126,484	148,960
461,252	510,714	467,374	1,072,118	1,150,983	2,134,478
1,864,328	1,971,967	1,795,401	1,532,256	2,440,864	1,608,122
47,876,269	49,200,214	51,284,366	56,395,891	61,859,412	66,872,978
52,711,645	61,126,496	59,868,547	60,822,260	60,615,054	57,466,802
6,667,040	8,591,510	7,880,916	8,807,714	8,537,798	7,212,327
59,378,685	69,718,006	67,749,463	69,629,974	69,152,852	64,679,129
12,081,629	13,514,813	13,962,000	13,969,189	14,836,180	13,833,863
12,081,629	13,514,813	13,962,000	13,969,189	14,836,180	13,833,863
\$ 119,336,583	\$ 132,433,033	\$ 132,995,829	\$ 139,995,054	\$ 145,848,444	\$ 145,385,970

Duncanville Independent School District
 Governmental Funds, Expenditures and Debt Service Ratio
 Last Ten Fiscal Years
 (Modified Accrual Basis of Accounting, Unaudited)

Expenditures by Function	2009	2010	2011	2012
Current:				
Instruction	\$50,012,231	\$57,576,997	\$55,769,281	\$54,409,199
Instructional Resources & Media Services	1,554,453	1,646,761	1,547,994	1,398,268
Curriculum & Instructional Staff Development	1,108,447	1,730,435	3,025,869	3,583,144
Instructional Leadership	1,562,483	1,863,949	1,796,768	1,854,738
School Leadership	5,523,071	5,900,192	6,093,574	5,848,900
Guidance, Counseling, & Evaluation Services	4,251,553	4,166,174	4,213,139	4,170,934
Social Work Services	49,480	44,004	48,245	34,576
Health Services	1,004,109	1,072,387	1,125,834	1,034,352
Student (Pupil) Transportation	2,201,271	2,305,087	2,569,476	2,893,358
Food Services	5,867,895	6,670,742	6,853,601	7,565,482
Cocurricular/Extracurricular Activities	2,730,701	2,618,644	2,634,545	2,594,665
General Administration	2,384,530	2,613,400	2,704,747	2,939,688
Facilities Maintenance and Operations	10,590,049	15,034,380	13,007,002	13,840,820
Security and Monitoring Services	881,973	1,032,323	1,013,735	1,260,381
Data Processing Services	2,162,934	1,693,049	1,901,359	2,264,313
Community Services	385,846	270,405	255,307	420,263
Debt Service:				
Debt Service - Principal on long-term debt	8,509,932	7,458,989	7,747,639	3,090,752
Debt Service - Interest on long-term debt	7,324,059	8,572,077	8,335,057	11,685,344
Debt Service - Bond Issuance Cost and Fees	23,828	16,017	12,496	312,864
Capital Outlay:				
Facilities Acquisition and Construction	143,790	-	11,223	1,205,323
Intergovernmental:				
Payments to Fiscal Agent/Member Districts of SSA	3,600	3,850	4,025	4,250
Payments to Juvenile Justice Alternative Ed. Prg.	107,915	160,239	270,199	87,012
Other Intergovernmental Charges	222,688	226,221	218,841	208,775
Total Expenditures	\$108,606,838	\$122,676,322	\$121,159,956	\$122,707,401
Debt Service as a Percentage of Non-Capital Expenditures	14.62%	13.08%	13.29%	12.42%

Source: Duncanville ISD's Financial Audit, Exhibit C-3

Notes:

- ¹ Fiscal period 2013 represents a ten month transitional year for the period of September 1 through June 30. Years preceding 2013 are September 1 through August 31.
- ² Effective for the fiscal year ended June 30, 2013, the district implemented GASB Statement No. 63, Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position. With the implementation of this standard, balances previously reported as "net assets" are now reported as "net position."
- ³ Fiscal years prior to 2013 included in this schedule are shown as adjusted for changes required by GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*.
- ⁴ Debt Service as a Percentage of Non-Capital Expenditures does not include Bond Issuance Cost/Fees

Exhibit S-6

2013	2014	2015	2016	2017	2018
\$51,880,815	\$ 57,820,291	\$ 60,547,930	\$ 65,407,285	\$ 63,672,900	\$ 62,850,559
1,121,596	885,052	894,681	977,572	1,602,316	1,547,569
2,577,459	3,750,893	3,889,293	3,579,939	3,149,349	3,425,167
1,627,268	2,145,398	1,843,607	2,059,644	2,632,895	3,196,023
5,183,354	6,102,897	6,401,580	6,919,624	7,256,091	7,359,044
3,610,529	4,107,003	4,400,383	4,480,130	4,531,265	4,194,570
34,260	40,590	43,993	46,290	48,430	50,760
1,056,707	1,077,633	1,109,513	1,136,143	1,184,627	1,045,863
2,481,830	3,542,571	3,825,960	4,539,571	3,676,255	3,665,005
6,409,552	7,574,128	7,266,764	7,509,167	6,973,951	7,018,295
2,684,165	2,787,516	3,002,361	2,901,590	3,573,761	3,547,909
2,277,405	2,930,120	3,416,326	3,825,805	5,039,093	4,521,122
9,670,850	16,459,367	11,459,476	14,853,475	10,544,702	10,746,637
1,099,465	1,072,441	1,326,867	1,424,210	1,552,213	1,297,184
1,722,942	2,311,712	3,259,723	16,020,911	2,998,871	2,503,988
335,280	399,446	334,615	425,460	469,694	634,838
2,694,248	2,656,755	5,799,140	5,250,000	3,950,000	5,276,567
9,267,189	11,828,866	9,661,534	12,776,287	15,190,369	15,175,379
503,852	19,135	978,412	518,998	7,440	11,152
3,598,630	396,159	2,649,356	47,029,572	20,437,322	7,923,521
-	-	-	-	-	-
49,020	97,812	57,378	92,604	49,170	68,436
182,148	216,068	218,660	224,570	206,067	243,427
<u>\$110,068,564</u>	<u>\$128,221,853</u>	<u>\$132,387,552</u>	<u>\$201,998,847</u>	<u>\$158,746,781</u>	<u>\$146,303,015</u>
11.71%	11.35%	12.67%	12.72%	13.89%	14.87%

Duncanville Independent School District

Other Financing Sources and Uses and Changes in Fund Balance

Last Ten Fiscal Years

(Modified Accrual Basis of Accounting, Unaudited)

	2009	2010	2011	2012
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ 6,467,608	\$ 2,228,537	\$ 3,933,585	\$ (895,297)
Other Finance Sources (Uses)				
Refunding Bonds Issued	-	-	-	18,350,000
Capital Related Debt Issued (Regular Bonds)	-	-	-	-
Transfers In	-	70,441	-	200,000
Transfers Out	-	(70,441)	-	-
Premium or Discount on Issuance of Bonds	-	-	-	1,542,892
Prepaid Interest	-	-	-	33,149
Capital Leases	-	-	-	-
Non-Current Loans	-	-	-	-
Other (Uses)	-	-	-	(19,636,120)
Total Other Financing Sources (Uses)	-	-	-	489,921
Net Change in Fund Balances	6,467,608	2,228,537	3,933,585	(405,376)
Beginning Fund Balance	23,485,982	29,953,590	32,182,127	36,115,712
Ending Fund Balance	\$ 29,953,590	\$ 32,182,127	\$ 36,115,712	\$ 35,710,336

Source: Duncanville ISD's Financial Audit, Exhibit C-3

Notes:

¹ Fiscal period 2013 represents a ten month transitional year for the period of September 1 through June 30. Years preceding 2013 are September 1 through August 31.

² Effective for the fiscal year ended June 30, 2013, the district implemented GASB Statement No. 63, Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position. With the implementation of this standard, balances previously reported as "net assets" are now reported as "net position."

³ Fiscal years prior to 2013 included in this schedule are shown as adjusted for changes required by GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*.

Exhibit S-7

	2013	2014	2015	2016	2017	2018
\$	9,268,019	\$ 4,211,180	\$ 608,277	\$ (62,003,793)	\$ (12,898,337)	\$ (917,045)
	41,350,000	-	8,835,000	54,460,000	-	-
	-	-	88,170,000	-	-	4,475,000
	-	-	-	-	40,026	148,084
	-	-	-	-	(90,026)	(148,084)
	4,534,684	-	12,162,368	8,998,229	-	346,567
	-	-	-	-	-	-
	-	-	-	-	-	-
	-	-	-	-	-	-
	(45,377,189)	-	(9,815,608)	(62,940,077)	-	-
	507,495	-	99,351,760	518,152	(50,000)	4,821,567
	9,775,514	4,211,180	99,960,037	(61,485,641)	(12,948,337)	3,904,522
	35,710,336	45,485,850	49,697,030	149,657,067	88,171,426	75,223,089
\$	45,485,850	\$ 49,697,030	\$ 149,657,067	\$ 88,171,426	\$ 75,223,089	\$ 79,127,611

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Revenue Capacity

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Duncanville Independent School District

Exhibit S-8

Assessed and Actual Value - Real and Personal Property
 Last Ten Fiscal Years (Unaudited)
 (Amounts in Thousands, Except Tax Rate Information)

Fiscal Year	Actual Value			Less: Exemptions	Total Taxable Value	Total Direct Tax Rate
	Residential Property	Commercial Property	Personal Property			
2009	2,199,529,290	1,236,225,370	623,610,960	727,998,984	3,331,366,636	1.4180
2010	2,155,860,410	1,212,628,850	567,684,700	709,917,959	3,226,256,001	1.4180
2011	2,136,506,820	1,211,834,170	590,730,190	747,812,958	3,191,258,222	1.4180
2012	2,086,820,320	1,224,056,590	692,974,790	774,647,730	3,229,203,970	1.4180
2013	2,085,530,740	1,266,401,890	771,421,910	792,723,646	3,330,630,894	1.4300
2014	2,183,237,240	1,351,609,740	810,120,580	846,801,936	3,498,165,624	1.4100
2015	2,307,010,420	1,410,105,710	853,636,480	883,500,123	3,687,252,487	1.4100
2016	2,598,385,450	1,508,974,850	932,344,300	1,100,870,547	3,938,834,053	1.5295
2017	2,789,259,410	1,655,337,040	975,671,880	1,152,542,331	4,267,725,999	1.5215
2018	3,291,153,140	1,839,928,520	1,021,980,120	1,305,216,530	4,847,845,250	1.5215

Source: Dallas Central Appraisal District and Dallas County Tax Office

Duncanville Independent School District

Property Tax Rates – Direct and Overlapping Governments

(Per \$100 Assessed Valuation)

Last Ten Fiscal Years (Unaudited)

	2009	2010	2011	2012
Duncanville ISD:				
Maintenance and Operations	1.0400	1.0400	1.0400	1.0400
Interest and Sinking	0.3780	0.3780	0.3780	0.3780
Total	1.4180	1.4180	1.4180	1.4180
City of Cedar Hill	0.6414	0.6414	0.6700	0.6859
City of Dallas	0.7479	0.7479	0.7970	0.7970
Dallas County	0.2281	0.2281	0.2431	0.2531
Dallas Co. Community College	0.0894	0.0949	0.0992	0.1018
Dallas Co. Hospital	0.2540	0.2740	0.2710	0.2710
City of Desoto	0.5700	0.7000	0.7351	0.7574
City of Duncanville	0.6960	0.6960	0.7377	0.7377

Source: Dallas Central Appraisal District, Dallas County Tax Office, and Duncanville ISD records.

2013	2014	2015	2016	2017	2018
1.0400	1.0400	1.0400	1.0400	1.0400	1.0400
0.3900	0.3700	0.3700	0.4895	0.4815	0.4815
1.4300	1.4100	1.4100	1.5295	1.5215	1.5215
0.6988	0.6988	0.6988	0.6988	0.6988	0.6988
0.7970	0.7970	0.7970	0.7825	0.7804	0.7804
0.2431	0.2431	0.2431	0.2431	0.2431	0.2431
0.1247	0.1248	0.1237	0.1229	0.1242	0.1242
0.2760	0.2860	0.2860	0.2794	0.2794	0.2794
0.7574	0.7574	0.7499	0.7449	0.7399	0.7399
0.7584	0.7584	0.7584	0.7584	0.7584	0.7584

Duncanville Independent School District
Property Tax Levies and Collections
Last Ten Fiscal Years
(Unaudited)

Exhibit S-10

Fiscal Year	Tax Levy Year	Taxes Levied for the Fiscal Year	Collected Within Fiscal Year of Levy		Collections in Subsequent Years and Cumulative Adjustments	Total Collections and Cumulative Adjustments to Date	
			Amount	Percentage of Levy		Amount	Percentage of Levy
2009	2008	48,855,851	47,460,621	97.14%	1,158,415	48,619,036	99.52%
2010	2009	46,583,082	45,117,189	96.85%	1,195,390	46,312,579	99.42%
2011	2010	45,079,088	44,172,447	97.99%	495,226	44,667,673	99.09%
2012	2011	44,625,453	43,910,289	98.40%	(33,848)	43,876,441	98.32%
2013	2012	45,443,101	44,784,074	98.55%	(238,712)	44,545,362	98.02%
2014	2013	46,409,966	45,421,948	97.87%	112,472	45,534,420	98.11%
2015	2014	48,739,609	47,635,454	97.73%	204,325	47,839,779	98.15%
2016	2015	53,318,519	52,514,963	98.49%	128,938	52,643,901	98.73%
2017	2016	58,393,091	57,072,583	97.74%	(717,155)	56,355,428	96.51%
2018	2017	63,624,944	62,352,446	98.00%	628,971	62,981,417	98.99%

Source: Duncanville ISD's Financial Audit, Exhibit J-1, and Dallas County Tax Office

Notes:

- ¹ Fiscal period 2013 represents a ten month transitional year for the period of September 1 through June 30. Years preceding 2013 are September 1 through August 31.
- ² Effective for the fiscal year ended June 30, 2013, the district implemented GASB Statement No. 63, Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position. With the implementation of this standard, balances previously reported as "net assets" are now reported as "net position."
- ³ Fiscal years prior to 2013 included in this schedule are shown as adjusted for changes required by GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*.

Duncanville Independent School District

Exhibit S-11

Principal Property Taxpayers
Current Year and Ten Years Ago
(Unaudited)

Principal Employer	Rank	2018		Rank	2009	
		2017-2018 Taxable Assessed Value	Percentage of Total Taxable Assessed Value		2008-2009 Taxable Assessed Value	Percentage of Total Taxable Assessed Value
Prologis LP	1	\$ 32,228,710	0.66%			
G&E Apartment Reit	2	19,081,500	0.39%			
SCIP Dallas	3	17,101,390	0.35%			
Patriot Ridge LTD	4	16,200,000	0.33%			
Masco Building Cabinet Group	5	14,840,900	0.31%			
LBA PPF Industrial	6	14,785,710	0.30%			
LT Crosspoint	7	14,728,230	0.30%			
Old Dominion Freight	8	14,000,000	0.29%			
Cummins Southern Plains	9	13,500,000	0.28%			
Walmart Real Estate	10	13,223,590	0.27%			
Tstar Distribution				1	\$ 17,000,000	0.51%
Old Dominion Freight				2	16,784,580	0.50%
Masco Building Cabinet Group				3	14,090,130	0.42%
Red Bird Industries				4	11,843,750	0.35%
Dematteo Management				5	11,228,800	0.34%
Duncanville Vlg Mgt				6	11,224,910	0.34%
WR Senior Living				7	10,000,000	0.30%
Apple Nine SPE				8	9,734,380	0.29%
Costco				9	9,600,000	0.29%
Duncanville Villages				10	8,537,780	0.25%
Total		\$ 169,690,030	3.50%		\$ 120,044,330	3.58%

Total 2018 taxable assessed value equals: \$ 4,847,845,250
 Total 2009 taxable assessed value equals: \$ 3,350,027,390

Source: Dallas County Tax Office and Duncanville ISD records

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Debt Capacity

Duncanville Independent School District

Exhibit S-12

Legal Debt Margin Information Last Ten Fiscal Years (Unaudited)

Fiscal Year	Debt Limit	Total Net Debt Applicable to Limit	Legal Debt Margin	Total Net Debt Applicable to the Limit As a Percentage of Debt Limit
2008	345,811,929	170,664,054	175,147,875	49%
2009	353,244,250	170,878,403	182,365,847	48%
2010	335,002,739	156,958,764	178,043,975	47%
2011	323,821,492	150,200,860	173,620,632	46%
2012	319,734,838	146,170,150	173,564,688	46%
2013	322,237,213	139,355,455	182,881,758	43%
2014	332,301,073	135,262,442	197,038,631	41%
2015	349,936,390	216,433,050	133,503,340	62%
2016	368,725,249	202,304,875	166,420,374	55%
2017	393,883,405	196,756,524	197,126,881	50%
2018	426,772,600	195,036,967	231,735,633	46%

Legal Debt Margin Calculation for Fiscal Year 2018

Assessed Value	4,267,725,999
Debt Limit Percentage	10%
Legal Debt Limit	<u>\$ 426,772,600</u>
Total Bonded Debt	\$ 209,011,096
Less - Reserve for Retirement of Bonded Debt	13,974,129
Net Bonded Debt Applicable to Debt Limit	<u>\$ 195,036,967</u>
Legal Debt Margin	<u><u>\$ 231,735,633</u></u>

Source: Duncanville ISD records

Notes:

- ¹ Fiscal period 2013 represents a ten month transitional year for the period of September 1 through June 30. Years preceding 2013 are September 1 through August 31.
- ² Effective for the fiscal year ended June 30, 2013, the district implemented GASB Statement No. 63, Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position. With the implementation of this standard, balances previously reported as "net assets" are now reported as "net position."
- ³ Fiscal years prior to 2013 included in this schedule are shown as adjusted for changes required by GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*.

Duncanville Independent School District
 Outstanding Debt By Type
 Last Ten Fiscal Years
 (Unaudited)

Exhibit S-13

Fiscal Year	General Obligation Debt	Other Obligations	Capital Leases	Notes Payables	Total Primary Government	Percentage of Disposable Personal Income	Per Capita	Per Student Enrolled
2009	166,814,083	35,796,444	1,185,273	880,440	204,676,240	19.19%	5,621	17,313
2010	160,017,585	37,688,134	633,640	769,581	199,108,940	18.58%	5,468	16,612
2011	152,811,997	39,540,190	207,083	654,087	193,213,357	20.44%	5,010	16,024
2012	149,870,651	38,126,082	-	533,765	188,530,498	19.91%	4,894	15,302
2013	147,042,100	44,398,303	-	-	191,440,403	19.77%	4,958	15,382
2014	144,385,236	39,990,772	-	-	184,376,008	18.66%	4,786	15,062
2015	225,991,096	48,721,088	-	-	274,712,184	28.22%	6,936	22,586
2016	213,701,096	52,860,014	-	-	266,561,110	27.38%	6,796	22,030
2017	209,751,096	48,487,101	-	-	258,238,197	26.52%	6,545	20,959
2018	209,011,096	42,975,917	-	-	251,987,013	25.37%	6,386	21,142

Note: See Schedule 16 and 21 for population and enrollment data used to calculate per capita and per student enrolled information; n/a = not available.

Source: Duncanville ISD records

Notes:

- ¹ Fiscal period 2013 represents a ten month transitional year for the period of September 1 through June 30. Years preceding 2013 are September 1 through August 31.
- ² Effective for the fiscal year ended June 30, 2013, the district implemented GASB Statement No. 63, Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position. With the implementation of this standard, balances previously reported as "net assets" are now reported as "net position."
- ³ Fiscal years prior to 2013 included in this schedule are shown as adjusted for changes required by GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*.

Duncanville Independent School District

Ratio of Net Bonded Debt to Taxable Assessed Valuation
and Net Bonded Debt Per Capita
Last Ten Fiscal Years
(Unaudited)

Fiscal Year	Estimated Population	Total Taxable Assessed Value	Gross Bonded Debt	Reserve for Retirement of Bonded Debt	Net Bonded Debt
2009	38,542	3,532,442,496	166,814,083	4,064,320	162,749,763
2010	38,562	3,350,027,390	160,017,585	3,058,821	156,958,764
2011	38,524	3,238,214,918	152,811,997	2,611,137	150,200,860
2012	39,360	3,197,348,376	149,870,651	3,700,501	146,170,150
2013	38,628	3,222,372,129	147,042,100	7,686,645	139,355,455
2014	39,605	3,323,010,728	144,385,236	9,122,794	135,262,442
2015	39,221	3,499,363,902	274,712,184	9,558,046	265,154,138
2016	39,481	3,687,252,487	266,561,110	11,396,221	255,164,889
2017	39,457	3,938,834,053	258,238,197	12,994,572	245,243,625
2018	39,457	4,267,725,999	251,987,013	13,974,129	238,012,884

Source: Duncanville ISD records; population from Schedule 16.

Notes:

¹ Fiscal period 2013 represents a ten month transitional year for the period of September 1 through June 30. Years preceding 2013 are September 1 through August 31.

² Effective for the fiscal year ended June 30, 2013, the district implemented GASB Statement No. 63, Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position. With the implementation of this standard, balances previously reported as "net assets" are now reported as "net position."

³ Fiscal years prior to 2013 included in this schedule are shown as adjusted for changes

Ratios of Net Bonded Debt to Taxable Assessed Value	Net Bonded Debt Per Capita	Total Assessed Value per Capita
4.61%	4,223	91,652
4.69%	4,070	86,874
4.64%	3,899	84,057
4.57%	3,714	81,233
4.32%	3,608	83,421
4.07%	3,415	83,904
7.58%	6,761	89,222
6.92%	6,463	93,393
6.23%	6,215	99,826
5.58%	6,032	108,161

Duncanville Independent School District
 Direct and Overlapping Governmental Activities Debt
 June 30, 2018 *
 (Unaudited)

Exhibit S-15

Governmental Unit	Gross Debt Outstanding	As of	Percent Overlapping	Amount Overlapping
City of Cedar Hill	\$ 56,714,503	6/30/2018	3.36%	\$ 1,905,607
City of Dallas	199,545,000	6/30/2018	1.92%	3,831,264
Dallas County	263,140,000	6/30/2018	1.92%	5,052,288
Dallas County Schools	664,441,526	6/30/2018	1.92%	12,757,277
Dallas Co. Comm. College District	40,330,000	6/30/2018	1.92%	774,336
Dallas Co. Hospital District	1,632,595,997	6/30/2018	1.57%	25,631,757
City of DeSoto	53,391,270	6/30/2018	8.08%	4,314,015
City of Duncanville	6,520,000	6/30/2018	97.82%	6,377,864
Sub-total overlapping bonded debt				<u>60,644,408</u>
Duncanville Independent School District	209,011,096	6/30/2018	100.00%	<u>209,011,096</u>
Total Direct and Overlapping Debt				<u>\$ 269,655,504</u>
Total Assessed 2018 Taxable Valuation				<u>\$ 4,267,725,999</u>
Total Population				39,457
Ratio of Total Direct and Overlapping Net Debt to 2018 Taxable Assessed Valuation				<u>6.32%</u>
Per Capita Total Direct and Overlapping Debt				<u>\$ 6,834</u>

Source: All information provided by Texas Municipal Reports except for information regarding District debt, total assessed taxable valuation, and population which were provided by Duncanville ISD.

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the district. This schedule estimates the portion of the outstanding debt of these overlapping governments that is borne by the residents and businesses of the district.

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.

Demographic and Economic Information

Duncanville Independent School District
 Demographic and Economic Statistics
 Last Ten Calendar Years
 (Unaudited)

Exhibit S-16

Calendar Year	Estimated Population	Disposable Personal Income	Per Capita Personal Income	Unemployment Rate
2009	38,542	1,066,765,476	27,678	7.90%
2010	38,562	1,071,483,732	27,786	9.45%
2011	38,524	945,070,768	24,532	9.60%
2012	39,360	946,726,080	24,053	6.80%
2013	38,628	968,288,076	25,067	7.20%
2014	39,605	988,342,775	24,955	5.90%
2015	39,221	973,543,662	24,822	4.80%
2016	39,481	973,618,128	24,660	4.50%
2017	39,457	973,618,128	24,675	4.90%
2018	39,457	993,090,491	25,169	4.80%

Source: City of Duncanville, Bureau of Economic Analysis, and Texas State Data Center.

Duncanville Independent School District

Exhibit S-17

Principal Employers
 Current Year and Nine Years Ago
 (Unaudited)

Principal Employer	2018			2009		
	Rank	Number of Employees	Workforce Percentage	Rank	Number of Employees	Workforce Percentage
Duncanville Independent School District	1	1,777	9.47%	1	1,583	8.37%
Masco/Quality Cabinets & Doors (Texwood)	2	710	3.78%	2	630	3.33%
City of Duncanville	3	290	1.55%	3	258	1.36%
Pioneer Frozen Foods	4	170	0.91%	4	175	0.93%
Pappadeaux	7	135	0.72%	5	148	0.78%
Costco	5	142	0.76%	6	134	0.71%
DeFord's	6	128	0.68%	7	132	0.70%
Brittle-Brittle	8	70	0.37%	8	75	0.40%
Personalized Communications	9	68	0.36%	9	71	0.38%
Best Western Hotel	10	49	0.26%	10	55	0.29%
Total employed 2018 Workforce:		18,760				
Total employed 2009 Workforce:		18,904				

Source: Duncanville Community Economic Development Corporation

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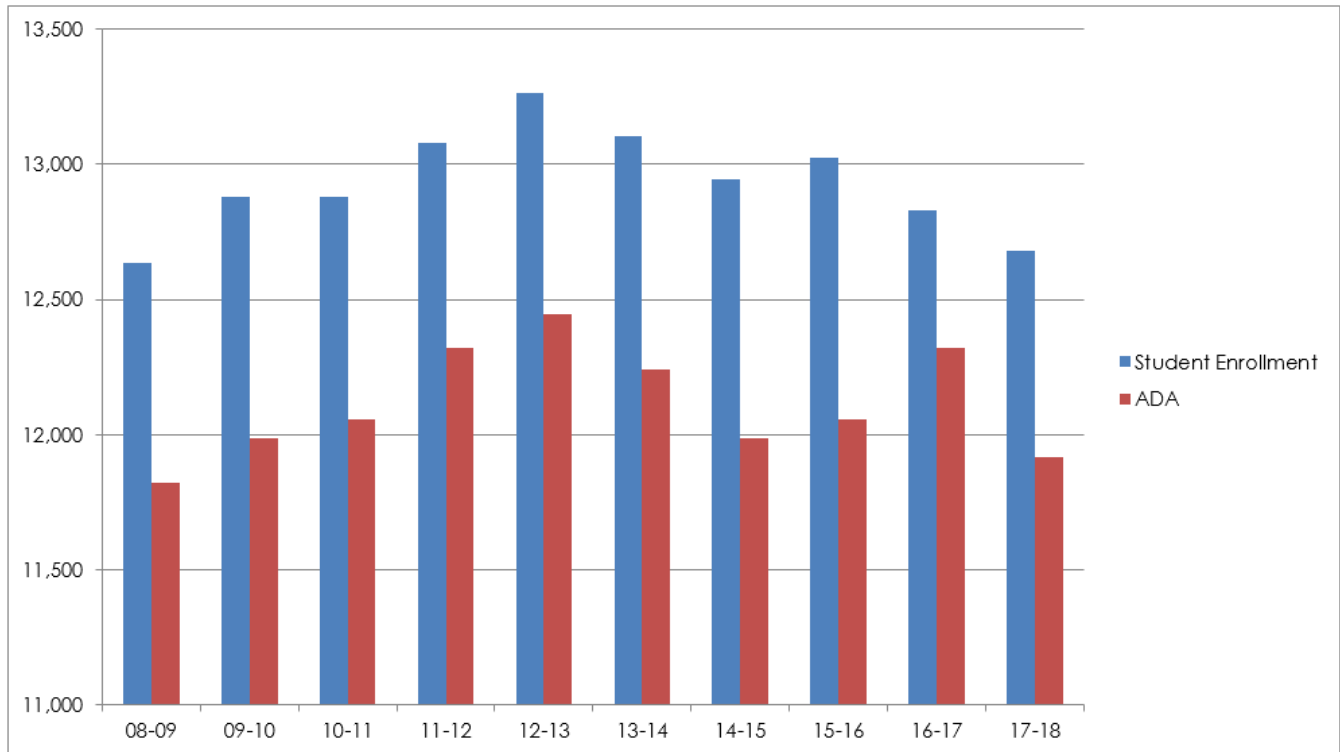
Operating Information

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Duncanville Independent School District

Total Enrollment and Average Daily Attendance Data Chart
 Last Ten Fiscal Years
 (Unaudited)

	08-09	09-10	10-11	11-12	12-13	13-14	14-15	15-16	16-17	17-18
Student Enrollment	12,637	12,882	12,880	13,079	13,267	13,104	12,945	13,026	12,828	12,680
ADA	11,821.53	11,986.13	12,058.32	12,320.70	12,445.81	12,241.28	11,986.00	12,058.00	12,321.00	11,919.00



Duncanville Independent School District
 Full Time Equivalent District Employees by Type
 Last Ten Fiscal Years
 (Unaudited)

Exhibit S-19

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Teachers										
Elementary Classroom Teachers	409	406	396	409	408	410	421	472	438	450
Secondary Classroom Teachers	349	357	358	354	355	388	382	353	389	395
Other Teachers	-	-	-	-	-	-	-	-	-	-
Total Teachers	758	763	754	763	763	798	803	825	827	845
Professional Support										
Guidance Counselors	34	34	34	32	32	32	33	29	26	27
Therapists	11	14	12	12	12	11	10	11	15	15
Psychologists/Diagnosticians	15	16	15	16	16	14	15	15	14	14
Other Campus Professional	7	23	20	6	3	1	1	3	11	11
Other Non-Instructional	29	30	38	36	36	38	45	52	53	55
Other Support Staff	-	-	3	-	3	2	2	2	20	22
Athletic Trainer	3	2	2	3	3	3	3	2	3	3
Librarians	17	18	18	17	17	16	16	17	12	12
Nurses/Physicians	13	13	13	14	14	13	13	13	14	14
Total Professional Support	129	150	155	136	136	130	138	144	168	173
Administrative Staff										
Admin/Instructional Officers	-	-	4	14	14	16	14	4	2	2
Principals	18	18	19	17	17	17	18	18	18	18
Assistant Principals	28	30	29	31	31	33	32	29	34	34
Superintendent	1	1	1	1	1	1	1	1	1	1
Assistant Superintendent	3	3	3	3	3	3	3	2	7	7
Managers	1	1	1	1	1	1	1	2	1	1
Directors	6	5	2	5	5	7	7	10	9	9
Total Administrative Staff	57	58	59	72	72	78	76	66	72	72
Support Staff										
Educational Aides	139	133	123	133	133	135	139	130	143	152
Auxiliary Staff	495	495	536	555	555	548	540	525	504	510
Total Support and Auxiliary Staff	634	628	659	688	688	683	679	655	647	662
Total	1,578	1,599	1,627	1,659	1,659	1,689	1,696	1,690	1,714	1,752

Source: Texas Education Agency (Standard Reports) and AEIS reports

Duncanville Independent School District**Exhibit S-20**

Teacher Base Salaries

Last Ten Fiscal Years

(Unaudited)

Fiscal Year	Minimum Salary	Maximum Salary	District Average Salary	Region Average Salary	State Average Salary
2009	44,000	53,392	48,550	46,416	47,159
2010	44,000	53,862	49,956	46,500	48,263
2011	45,000	54,382	51,825	46,612	48,638
2012	45,000	54,382	48,250	46,327	48,375
2013	47,000	56,047	48,892	47,614	48,638
2014	48,500	58,547	51,625	50,675	49,692
2015	49,000	59,047	53,151	53,151	51,041
2016	49,000	59,047	54,230	53,053	52,456
2017	50,000	51,000	54,422	53,943	52,525
2018	50,000	51,000	54,422	53,943	52,525

Source: Duncanville ISD records and TASB reports

Duncanville Independent School District

Operating Statistics Last Ten Fiscal Years (Unaudited)

Fiscal Year	Total Enrollment	Average Daily Attendance	Direct Operating Expenditures ¹	Cost Per Pupil	Percent Change from Prior Year
2009	12,637	11,822	92,294,854	7,807	-2.43%
2010	12,882	11,986	106,254,946	8,865	13.55%
2011	12,880	12,058	104,572,972	8,672	-2.17%
2012	13,079	12,321	106,425,945	8,638	-0.40%
2013	13,267	12,446	94,277,329	7,575	-12.30%
2014	13,104	12,241	113,023,072	9,233	21.89%
2015	12,945	11,986	114,001,484	9,511	3.01%
2016	13,026	12,058	136,106,816	11,288	18.68%
2017	12,828	12,321	118,906,413	9,651	-14.50%
2018	12,680	11,919	117,604,533	9,867	2.24%

Notes:

¹ Total Governmental Fund expenditures less capital, debt service, and intergovernmental expenditures

² Total Government-Wide expenses less capital, debt service, and intergovernmental expenditures

³ 2013 Fiscal Year changed to June 30 from prior year end of August 31,

Exhibit S-21

Direct Operating Expenses ²	Cost Per Pupil	Percent Change from Prior Year	Teaching Staff	Pupil- Teacher Ratio	Percentage of Students Receiving Free or Reduced- Price Meals
97,825,306	8,275	-2.45%	758	15.6	68%
107,993,140	9,010	8.88%	763	15.7	70%
109,067,620	9,045	0.39%	754	16.0	73%
111,532,663	9,052	0.08%	763	16.1	75%
100,724,027	8,093	-10.60%	763	16.3	76%
113,887,451	9,304	14.96%	798	15.3	75%
118,362,887	9,875	6.14%	803	14.9	75%
139,083,383	11,535	16.80%	825	14.6	75%
137,041,678	11,123	-3.57%	827	14.9	75%
95,621,580	8,023	-27.87%	835	14.3	78%

Duncanville Independent School District

Exhibit S-22

School Building Information – Campus
 Last Ten Fiscal Years
 (Unaudited)

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Elementary										
# of Locations	12	12	12	12	12	12	12	12	12	12
Square Footage	710,449	710,449	710,449	710,449	710,449	710,449	710,449	710,449	762,693	765,390
Capacity	6,935	6,935	6,935	6,935	6,935	6,935	6,935	6,935	7,935	7,935
Enrollment	6,865	6,957	6,951	6,992	7,150	7,150	7,150	7,150	6,512	6,457
Middle Schools										
# of Locations	3	3	3	3	3	3	3	3	3	3
Square Footage	437,437	437,437	437,437	437,437	437,437	437,437	437,437	437,437	437,437	437,437
Capacity	2,160	2,160	2,160	2,160	2,160	2,160	2,160	2,160	2,160	2,160
Enrollment	2,016	2,007	2,074	2,083	2,000	2,000	2,000	2,000	2,026	2,025
High School										
# of Locations	1	1	1	1	1	1	1	1	1	1
Square Footage	926,434	926,434	926,434	926,434	926,434	926,434	926,434	926,434	926,434	926,434
Capacity	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000
Enrollment	3,673	3,844	3,765	3,884	3,950	3,950	3,950	3,950	3,974	4,161
Alternative Education										
PACE										
Square Footage	13,170	13,170	13,170	13,170	22,153	22,153	22,153	22,153	22,153	22,153
Capacity	330	330	330	330	615	615	615	615	615	615
Enrollment	94	87	99	116	87	87	87	87	60	61
Summit/JJAEP										
Square Footage	45,815	45,815	45,815	45,815	45,815	27,419	27,419	27,419	27,419	27,419
Capacity	220	220	220	220	220	220	220	220	220	220
Enrollment	12	8	13	4	96	96	96	96	110	79
Athletic Facilities										
Football fields	2	2	2	2	2	2	2	2	2	2
Running Tracks	4	4	4	4	4	4	4	4	4	4
Baseball/Softball	2	2	2	2	2	2	2	2	2	2
Natatorium	1	1	1	1	1	1	1	1	1	1
Playgrounds	9	9	9	9	9	9	9	9	9	9

Source: Duncanville ISD records

Note: Pace moved to Duncanville Education Center 2012/2013 school year. Old Pace used as storage 2012/2013.

Duncanville Independent School District
 School Building Information – Other Buildings
 Last Ten Fiscal Years
 (Unaudited)

Exhibit S-23

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Administration	8,100	8,100	8,100	8,100	-	-	-	-	-	-
Education Plaza	-	-	-	-	27,031	27,031	27,031	27,031	27,031	27,031
Technology	8,400	8,400	8,400	8,400	8,400	18,396	18,396	18,396	18,396	18,396
Maintenance Facility	12,942	12,942	12,942	12,942	12,942	12,942	12,942	12,942	12,942	12,942
Transportation Facility	9,500	9,500	9,500	9,500	9,500	9,500	9,500	9,500	9,500	9,500
Warehouse/Purchasing	29,682	29,682	29,682	29,682	29,682	29,682	29,682	29,682	29,682	29,682
Central Kitchen	19,000	19,000	19,000	19,000	19,000	19,000	19,000	19,000	19,000	19,000
Ag Barn	34,207	34,207	34,207	34,207	34,207	34,207	34,207	34,207	34,207	34,207
Storage Buildings	-	-	-	-	21,270	21,270	21,270	21,270	21,270	21,270

Source: Duncanville ISD records

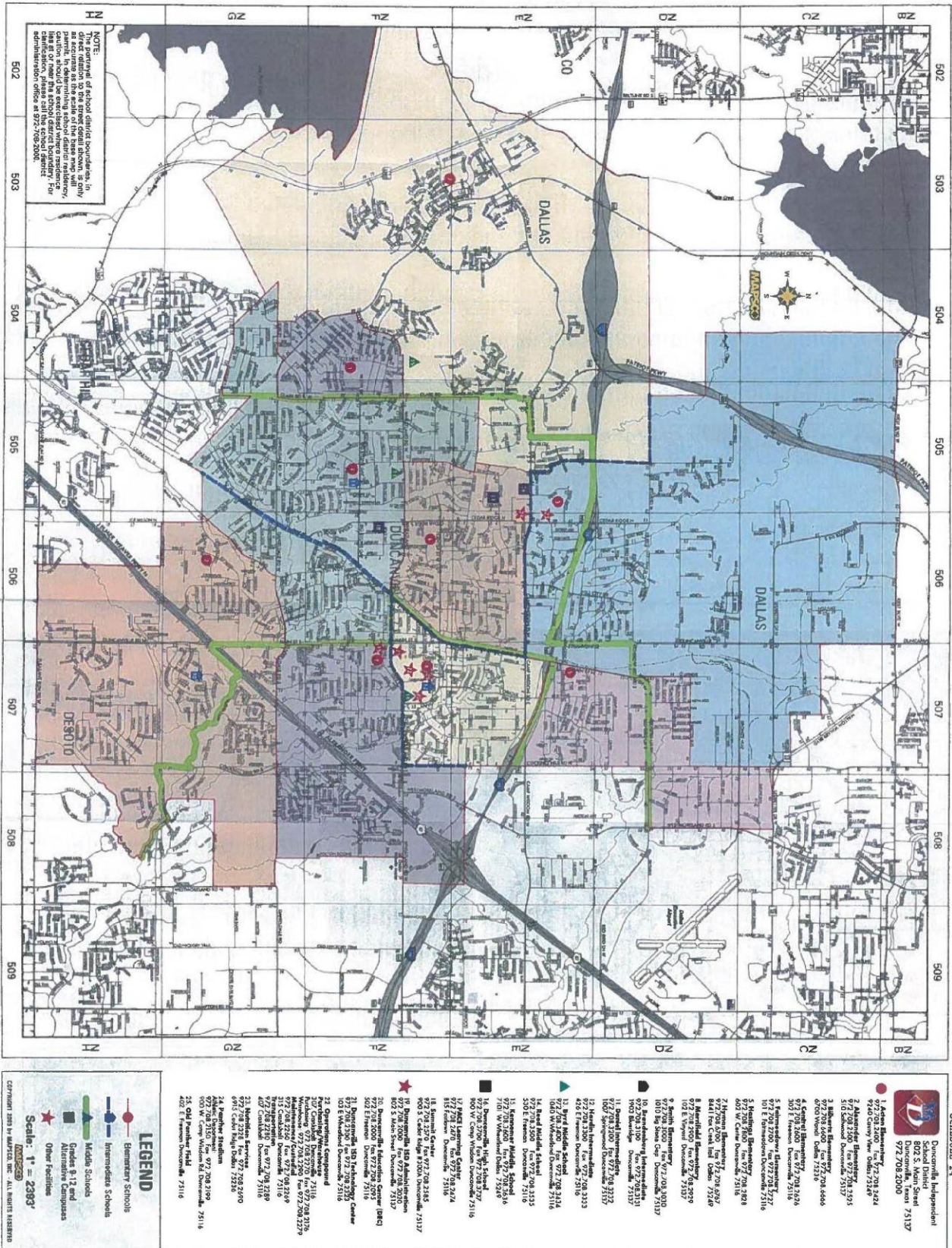
Note: Administration and Education Center moved to Education Plaza. Administration Building used as storage starting in 2013.

Note: Technology moved into new IDEA Hub during 2013-2014, and lease expired with City of Duncanville on June 30, 2014 on the vacated technology building.

Duncanville Independent School District

District Map (Unaudited)

Exhibit S-24



Overall Compliance and Internal Control Section

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

To the Board of Trustees
Duncanville Independent School District

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 Duncanville Independent School District (the District), as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated November 12, 2018.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

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

The Board of Trustees
Duncanville Independent School District

Purpose of this Report

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

Weaver and Tidwell, L.L.P.

WEAVER AND TIDWELL, L.L.P.

Dallas, Texas
November 12, 2018

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

To the Board of Trustees
Duncanville Independent School District

Report on Compliance for Each Major Federal Program

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

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Compliance for Each Major Federal Program

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

Report on Internal Control over Compliance

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

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

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

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

Weaver and Tidwell, L.L.P.

WEAVER AND TIDWELL, L.L.P.

Dallas, Texas
November 12, 2018

Duncanville Independent School District

Schedule of Findings and Questioned Costs

For the Fiscal Year Ended June 30, 2018

Section 1. Summary of Auditor's Results

Financial Statements

An unmodified opinion was issued on the financial statements.

Internal control over financial reporting:

Material weakness(es) identified?	<u> </u> Yes	<u> X </u> No
Significant deficiencies identified that are not considered to be material weakness(es)?	<u> </u> Yes	<u> X </u> None reported
Noncompliance material to financial statements noted?	<u> </u> Yes	<u> X </u> No

Federal and State Awards

Internal control over major programs:

Material weakness(es) identified?	<u> </u> Yes	<u> X </u> No
Significant deficiencies identified that are not considered to be material weakness(es)?	<u> </u> Yes	<u> X </u> None reported

An unmodified opinion was issued on compliance for major programs.

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

ESEA, Title I, Part A - Improving Basic Programs	84.010A
--	---------

Dollar threshold use to distinguish between Type A and type B programs?	<u>\$750,000</u>
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Auditee qualified as low-risk auditee?	<u> X </u> Yes	<u> </u> No
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Duncanville Independent School District

Schedule of Findings and Questioned Costs – Continued
For the Fiscal Year Ended June 30, 2018

Section 2. Financial Statement Findings

None

Section 3. Federal Awards Findings

None

Section 4. Schedule of Prior Audit Findings and Questioned Costs

None

Duncanville Independent School District
Schedule of Expenditures of Federal Awards
For the Fiscal Year Ended June 30, 2018

Exhibit K-1

(1) Federal and State/ Pass-Through Grantor/ Program Title	(2) Federal CFDA Number	(3) Pass-Through Entity Identifying Number	(4) Federal Expenditures
U.S. DEPARTMENT OF EDUCATION			
Passed through Texas Department of Education:			
ESEA, Title I, Part A - Improving Basic Programs	84.010A	18610101057907	\$ 2,927,364
Special Education Cluster (IDEA)			
IDEA -Part B, Formula	84.027A	186600010579076600	1,961,768
IDEA- Part B, Preschool	84.173A	186610010579076610	27,240
Total Special Education Cluster			1,989,008
Carl D. Perkins Basic Formula Grant	84.048A	18420006057907	122,729
Title III, Part A - English Language Acquisition	84.365A	18671001057907	274,287
ESEA, Title II, Part A, Teacher/Principal Training	84.367A	18694501057907	304,105
Summer School LEP	84.369A	69551702	49,090
Total passed through Texas Department of Education			5,666,583
TOTAL U.S. DEPARTMENT OF EDUCATION			5,666,583
U.S. DEPARTMENT OF AGRICULTURE			
Passed through Texas Department of Education:			
Child Nutrition Cluster:			
National School Breakfast Program	10.553	71401801	1,084,825
National School Lunch Program	10.555	71301801	4,263,448
Commodity Supplemental Food Program - Noncash assistance	10.555	71301601	542,583
Summer Feeding Program	10.559	71401701	54,173
Total Child Nutrition Cluster			5,945,029
Total passed through Texas Department of Education			5,945,029
TOTAL U.S. DEPARTMENT OF AGRICULTURE			5,945,029
TOTAL EXPENDITURES OF FEDERAL AWARDS			\$ 11,611,612

The Notes to the Schedule of Expenditures of Federal Awards are an integral part of this statement.

Duncanville Independent School District

Notes to the Schedule of Expenditures of Federal Awards

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.

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 position.

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.

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, 2018, 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.

The following table reconciles total expenditures per the Schedule of Expenditures of Federal Awards (Exhibit K-1) to the federal program revenues per Exhibit C-3:

Total expenditures of federal awards per Exhibit K-1	\$	11,611,612
SHARS revenue		<u>2,222,251</u>
Total federal programs revenue per Exhibit C-3	\$	<u>13,833,863</u>

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