

Duncanville Independent School District

Comprehensive Annual Financial Report
For the Fiscal Year Ended August 31, 2012



802 South Main Street
Duncanville, Texas 75137
www.duncanvilleisd.org

Duncanville Independent School District

Duncanville, Texas



Comprehensive Annual Financial Report
For the Fiscal Year Ended August 31, 2012

Prepared by:
Ronald Kuehler, Chief Financial and Operations Officer
Becky Harris, Accounting Manager

**Duncanville Independent School District
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For the Year Ended August 31, 2012**

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INTRODUCTORY SECTION



Duncanville Independent School District
802 S. Main Street
Duncanville, Texas 75137

March 26, 2013

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 August 31, 2012, is hereby submitted. The report includes the unqualified opinion of our independent auditors, Hankins, Eastup, Deaton, Tonn and Seay, P.C. 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 August 31, 2012, 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 report of the independent auditors.

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.

District Core Beliefs

Purposeful Engagement	Is the most effective long-term way to learn and is our primary responsibility.
Quality Teachers	Are the single most important influence on the quality of learning.
Collaboration & Continuous Improvement	We are a learning organization with a culture of continuous improvement and collaboration.
Valuing Each Individual	Each person is unique and of infinite value; therefore, we embrace and celebrate diversity.
Schools Impacting Community	Quality schools encourage and sustain quality of life, freedom, democracy, and economic growth

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

All students can succeed in a lifetime of success and excellence by exploring career options and make wise decisions about how best to follow a field of interest. The students participate in field trips, earn dual credit for college, receive certification in certain areas, and are placed in internships, clinical rotations, and co-operative education training placements in businesses related to their career interest. Students apply during their 9th grade year and are selected according to the criteria of grades, attendance records, essays and teacher recommendations. Approximately twenty-seven percent of students in grades 10-12 are enrolled in one or more CTE courses. Starting with the 2012-2013 school year, the 8th grade students will be able to apply for CTE for their 9th grade year.

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 shall be 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.

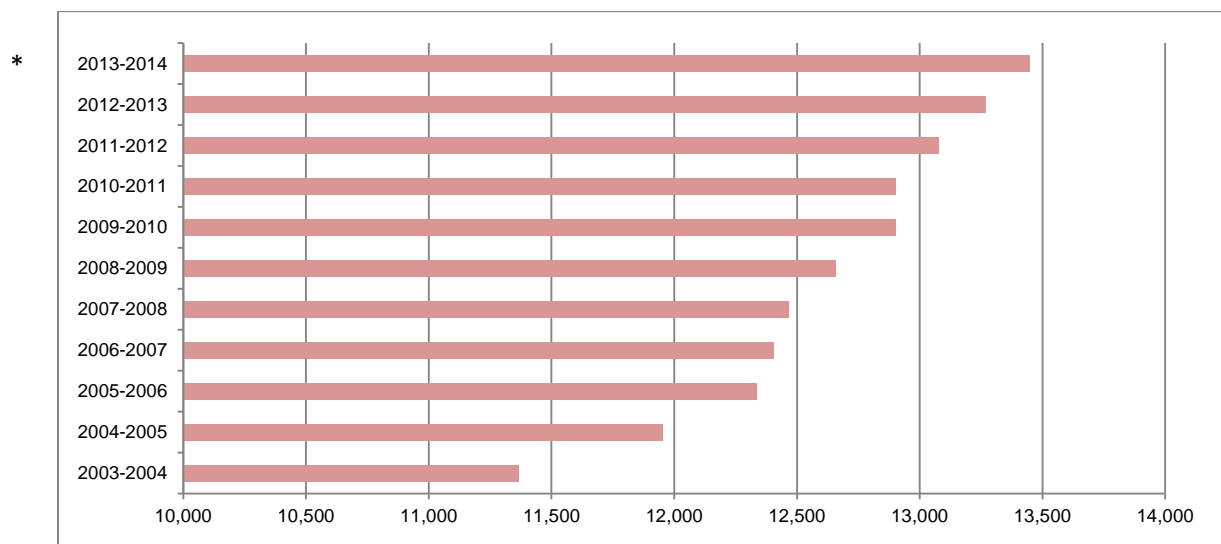
DESCRIPTION OF THE ENTITY

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 Tax Office and Dallas County Appraisal District are used to place a value on the property and collect the District's portion of taxes. The District receives funding from local, state and federal government 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 have their primary source of funding come through tuition and the Foundation School Program (FSP) which is based on the number and types of students attending school (through 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 60,000 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 13,079 for the 2011-2012 fiscal year, of which 31% were enrolled at the high school level, 16% at the middle school level and 53% at the elementary level. The District's K-12 enrollment for 2012-2013 is 13,270. The projected K-12 enrollment for 2013-2014 is 13,402.

Student Enrollment
(* estimated based on district information)



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 a School Finder package that identifies the schools which serve their addresses.

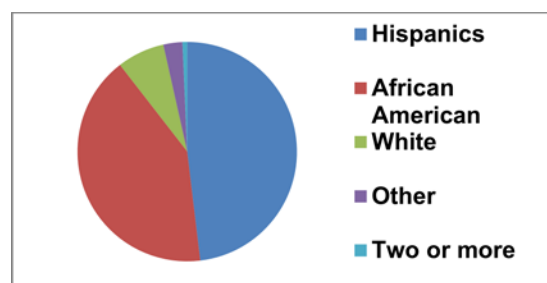
The class of 1936 was the first class to graduate from a fully-accredited school in Duncanville. Since the first class left Duncanville ISD as graduates, the community has evolved and changed in the past 76 years. Since the first building in 1936 we have continued to build school buildings up to the last construction project in 2005. 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.

The economy is the cause of the slowdown in the enrollment of the District, the home building industry in particular. The 2011-2012 snapshot enrollment of 13,079 represents a 177-student increase from the final enrollment of 2010-2011, a 1.35% gain. Possibly this is a start back up from the gain of only 1-student from the 2009-2010 year.

Statistics

Student Demographics

Hispanics – 48.1%
African American – 41.4%
White – 7.00%
Other – 2.80%
Two or more - .70%
Economically Disadvantaged – 74.70%
Limited English Proficient – 13.60%
Students w/Disciplinary Placements – 4.30%
At Risk – 55.60%



Staff Demographics

Teachers – 46.4%
Professional Support – 9.6%
School Leadership – 3%
Central Administration – .6%
Educational Staff – 7.5%
Auxiliary Staff – 32.90%

Texas Assessment of Knowledge and Skills

TAKS is the official K-12 curriculum for the state of Texas and details the curriculum requirements for every course. State-mandated standardized tests measure acquisition of specific knowledge and skills outlined in this curriculum. Note that no state accountability ratings will be assigned for 2011-2012. The Texas Education Agency is developing a new accountability system based on the STAAR (State of Texas Assessments of Academic Readiness) tests as well as other indicators.

All District Grades Tested	Reading		Math		Social Studies		Science	
	2010	2011	2010	2011	2010	2011	2010	2011
All Students	92%	90%	79%	78%	91%	94%	72%	74%
African Amer.	89%	91%	59%	60%	89%	91%	64%	67%
Hispanic	89%	87%	63%	65%	89%	92%	64%	66%
White	94%	95%	83%	82%	96%	97%	83%	90%
Econ Disadv.	88%	87%	60%	61%	89%	91%	62%	65%

State of Texas Assessment of Academic Readiness (STAAR)

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. Students in the graduating Class of 2015, who are currently in seventh grade, will be the first students who must meet the end-of-course testing requirements, as well as pass their classes, in order to earn a diploma.

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 will be significantly more rigorous than previous tests and will measure a child's performance as well as academic growth.

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 2012 population of Duncanville is 38,610 with 8% unemployment rate. The job growth is 1.20% with future job growth over the next ten years is predicted to be 34.40%. The median home value in Duncanville is \$75,700. Home appreciation is -0.83% over the last year. The median age of Duncanville real estate is 34 years. Renters make up 30.28% of the Duncanville population. 5.22% of houses and apartments in Duncanville are unoccupied. Overall cost of living in Duncanville is 86.80% 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, however 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-35, 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 \$448,000.00 and creates 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.

In the fall of 2005, the City of Duncanville celebrated the opening of the Hilton Garden Inn Hotel and Banquet facility, an endeavor that city leaders worked toward for nearly a decade. The Community & Economic Development Corporation played a vital role in attracting this quality facility. Since opening, the Hilton reports record business and incredible success. Additionally, the City celebrated the opening of Costco in the summer of 2006.

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), Cowboy 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 District contracts with PrologicTEAMS for computer services, which record 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 and Operations 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.

State Funding Components

- Maintenance and Operations Tax Rate - \$1.04
- Interest and Sinking Tax Rate - \$.378
- High School Allotment – \$275 per grades 9-12 ADA
- Basic Allotment – \$4,765
- Revenue at Compressed Rate per WADA – \$5,097
- Equalized Wealth Level – \$318,500
- A guaranteed yield to \$59.97 per penny of tax effort on the first 6 cents of local option.
- A guaranteed yield to \$31.95 per penny of tax effort on the last 11 cents of local option.
- 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 District has used some of the fund balance to purchase an older building in the City of Duncanville to renovate and combine the occupants of the Administration Building and Duncanville Education Center, and will be called The Education Plaza. Moving the employees from the Education Center to temporary locations until the completion of the Plaza has allowed PACE, one of the District's alternative campuses to move into the Education Center for 2012-2013 school year. This allowed Pace to go from 3,500 square feet to over 22,000 square feet. This was done with minor renovations which saved the District the cost of new construction. The employees in the Administration Building will be moving to the new Education Plaza before the 2013-2014 school year begins, which will free the Administration Building to add space to Merrifield Elementary School in the future.
- For the future, the District is seeking to pay off outstanding financial obligations.

Major Initiatives

Capital Projects The community's approval of a \$166 million bond proposal in 2001 brought much-needed changes to the district facilities. In addition to constructing two new elementary schools, through bond funding every existing campus was renovated, including the \$90 million renovation and expansion of Duncanville High School and the redevelopment of a ninth grade campus to a third middle school.

In 1998 a bond was passed for technology improvements. We are still updating today through that bond to keep Duncanville Independent School District one of the state's leaders in technology. The District maintains a fiber optic network to provide connectivity for over 7,000 computers. Our Citizens have always put the education of children first because there is a realization that children are the leaders of tomorrow.

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 Hankins, Eastup, Deaton, Tonn and Seay, for the 2011-2012 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 2010-2011 school year and budgetary and actual financial data for the fiscal year ending August 31, 2011. The District has received a Superior Achievement rating for the past nine years.
- According to the No Child Left Behind Act, school districts are required to meet the state's measurable highly qualified requirements. For the twelfth year in a row, the District has 100% of the core academic subjects taught by highly qualified teachers.
- Nine of the District's campuses earned Recognized and eight more earned Academically Acceptable as reported in Texas Education Agency's 2011 Accountability Ratings Report. The District earned an overall Academically Acceptable rating.
- The District received the Best Financial Performance by the Education Resource Group, Inc. and was ranked #1 in the state in the spring of 2011. The ranking demonstrates the district's prudent fiscal management. The District was ranked fourth in the state when the Education Resource Group's report was last released.
- The Texas Comptroller's Office awarded a Second Year Gold Award to the District for the Texas Comptroller Leadership Circle Program 2011 and 2012. This award is given to local governments across the state of Texas striving to meet a high standard for financial transparency online.

Acknowledgements

The presentation and development of this report would not be possible without the special efforts of Becky Harris - Accounting Manager, Learning Services, Human Resources and other staff members. We would also like to express our appreciation to the Board of Trustees for their interest and support regarding District financial operations.

Sincerely,


Dr. Alfred Ray
Superintendent


Ronald Kuehler
Chief Financial and Operations Officer

**Duncanville Independent School District
Board of Trustees, Administrators and Consultants**

Board of Trustees

Tom Kennedy.....	President
Marlies Peregory.....	Vice-President
Marshal Wesley.....	Secretary
Carla Fahey.....	Member
Louis McElroy.....	Member
Phil McNeely.....	Member
Janice Savage-Martin.....	Member

Administrative Staff

Dr. Alfred Ray.....	Superintendent of Schools
Dr. Larry McHaney.....	Deputy Superintendent of Learning Services
Dr. Max Ahmadian.....	Assistant Superintendent of Accountability and Campus Effectiveness
Elizabeth Birdwell.....	Chief Academic Officer
Tammy Kuykendall.....	Chief Communications Officer
Ronald Kuehler.....	Chief Financial and Operations Officer
Mike Chrietzberg.....	Chief of Staff

Consultants and Advisors

Hankins, Eastup, Deaton, Tonn & Seay.....	Independent Auditor
Strasburger & Price.....	Legal Counsel
RBC Capital Markets.....	Financial Advisor
McCall, Parkhurst & Horton.....	Bond Counsel

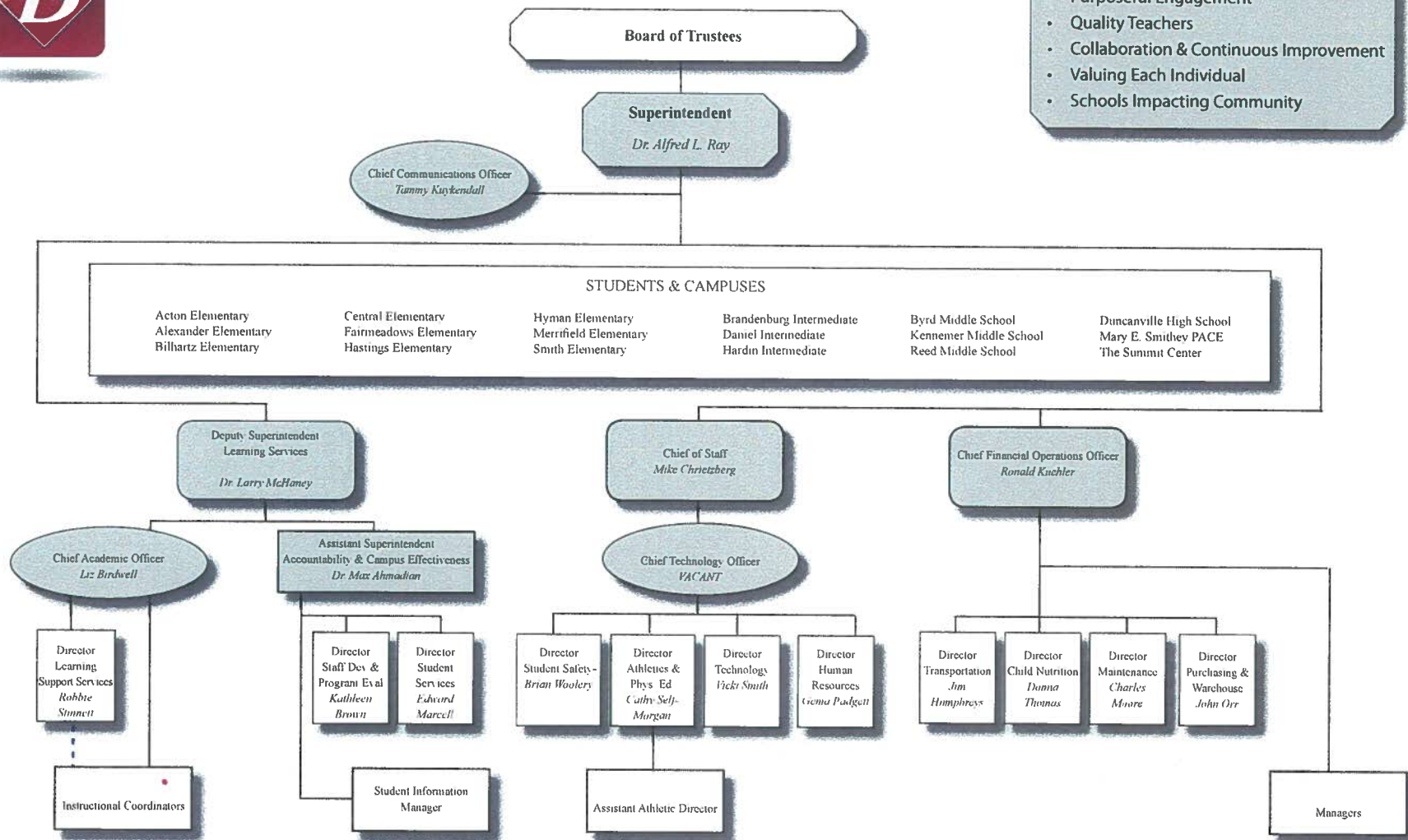


Duncanville ISD Organizational Chart

ADM v. 07/24/12

District Core Beliefs:

- Purposeful Engagement
- Quality Teachers
- Collaboration & Continuous Improvement
- Valuing Each Individual
- Schools Impacting Community



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 report on the above named school district was reviewed and (check one) (✓) approved () disapproved for the year ended August 31, 2012, at a meeting of the board of school trustee of such school district on the 14th day of January, 2013.


Signature of Board Secretary


Signature of Board President

FINANCIAL SECTION

Independent Auditors' Report

Board of Trustees
Duncanville Independent School District
Duncanville, Texas

Members of the Board:

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 August 31, 2012, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our 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 Duncanville Independent School District as of August 31, 2012, and the respective changes in financial position, and, where applicable, cash flows thereof, and the respective budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 7, 2013, 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* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 15 through 22 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 inquires of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquires, 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.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's financial statements as a whole. The introductory section, combining and individual nonmajor fund financial statements, statistical section and the required Texas Education Agency schedules listed in the table of contents are presented for purposes of additional analysis and are not a required part of the financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the financial statements. The combining and individual nonmajor fund financial statements, the required Texas Education Agency schedules, and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole. The introductory and statistical sections 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.

Hankins, Eastup, Deaton, Tonn & Seay

Hankins, Eastup, Deaton, Tonn & Seay
A Professional Corporation
Certified Public Accountants

January 7, 2013

**DUNCANVILLE INDEPENDENT SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED AUGUST 31, 2012
(UNAUDITED)**

This section of Duncanville Independent School District's annual financial report presents our discussion and analysis of the District's financial performance during the fiscal year ended August 31, 2012. 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 combined net assets were \$21,317,175 at August 31, 2012. A total of \$17,286,780 is unrestricted and may be used to meet the District's ongoing obligations.
- During the year, the District's expenses were \$174,349 more than the \$121,626,148 generated in taxes and other revenues from governmental activities.
- The total cost of the District's programs was \$121,800,497.

In accordance with Fund Accounting:

- The District's governmental funds financial statements reported a combined ending fund balance of \$35,710,336. Of this amount, the General Fund includes \$416,045 of nonspendable funds, \$815,000 committed for the District's retirement plan, and \$28,674,070 in unassigned fund balance available for spending at the District's discretion. The Special Revenue Funds have a fund balance of \$688,159 primarily restricted or committed with a small portion in the nonspendable and assigned categories. Fund balance of \$5,117,062 is restricted for use by the Debt Service and Capital Projects Funds.
- The District's General Fund reported an unassigned fund balance of \$28,674,070 or 32% of the total General Fund expenditures.

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 assets 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 assets* and *statement of activities*, report the District's *net assets* and how they have changed. Net assets—the difference between the District's assets and liabilities—is one way to measure the District's financial health or *position*.

- Over time, increases or decreases in the District's net assets are 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 17 and 19 of this report.

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. Page 25 also includes a Budgetary Comparison Statement for the General Fund.
- *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 26 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 assets and a statement of changes in fiduciary net assets that can be found on pages 29 and 30 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 31 of this report.

Other Information

This report also presents certain *other information* required by the Texas Education Agency that further explains and supports the information in the financial statements. Other information can be found on pages 64-68 of this report.

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

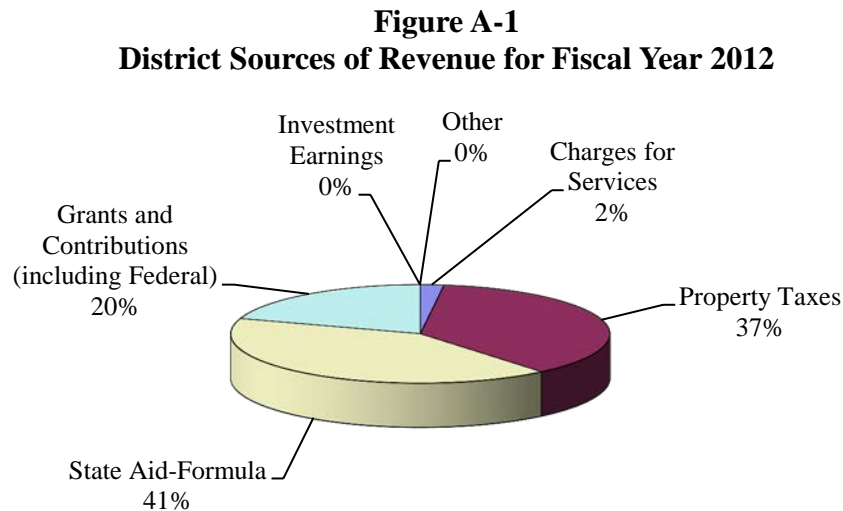
Net assets. The District's *combined* net assets were \$21,317,175 at August 31, 2012. (See Table A-1).

Table A-1
The District's Net Assets

	Governmental Activities		Percentage Change
	<u>2012</u>	<u>2011</u>	
Current and Other Assets	44,804,781	46,997,207	-5%
Capital and Non-Current Assets	170,338,960	174,048,907	-2%
Total Assets	215,143,741	221,046,114	-3%
Current Liabilities	5,296,068	6,341,233	-16%
Long Term Liabilities	188,530,498	193,213,357	-2%
Total Liabilities	193,826,566	199,554,590	-3%
Net Assets:			
Invested in Capital Assets			
net of related debt	(201,638)	226,763	-189%
Restricted	4,232,033	3,687,463	15%
Unrestricted	17,286,780	17,577,298	-2%
Total Net Assets	21,317,175	21,491,524	-1%

Investment in capital assets (e.g. land, buildings, furniture, and equipment) less any related debt used to acquire those assets is (\$201,638). This amount is negative primarily due to approximately \$7.5 million in depreciation. 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, \$4,232,033 (restricted net assets), represents resources that are subject to external limitations on how they may be used. The remaining \$17,286,780 (unrestricted net assets) represents resources available to fund the programs of the District next year.

Change in net assets. The District's total revenues were \$121,626,148. Forty-one percent of the District's revenue comes from state allocations – formula grants and thirty-seven percent from property taxes. (See Figure A-1) Twenty percent relates to grants and contributions (including federal funds).



Governmental Activities. The total cost of all programs and services was \$121,800,497 (See Table A-2); 53% of these costs are for instruction and instructional related services.

Table A-2

	Governmental Activities		Total %
	2012	2011	Change
Revenues			
<u>Program Revenues</u>			
Charges for Services	2,637,750	1,771,233	49%
Operating Grants and Contributions	23,695,681	31,337,634	-24%
<u>General Revenues</u>			
Property Taxes	44,919,630	45,094,272	0%
State aid - Formula	49,753,085	44,903,675	11%
Grants and Contributions	3,280	61,269	-95%
Investment earnings	55,781	38,948	43%
Other	560,941	1,217,862	-54%
Total Revenues	121,626,148	124,424,893	-2%
Expenses			
Instruction	60,326,725	60,615,066	0%
Instructional Resources & Media Services	1,554,623	1,698,191	-8%
Curriculum and Staff Development	3,583,144	3,025,883	18%
Instructional Leadership	1,892,062	1,817,117	4%
School Leadership	5,918,084	6,162,064	-4%
Guidance, Counseling and Evaluation Services	4,229,002	4,270,680	-1%
Social Work Services	34,576	48,245	-28%
Health Services	1,039,331	1,130,645	-8%
Student (Pupil) Transportation	3,397,401	3,051,753	11%
Food Services	7,681,674	6,909,395	11%
Extracurricular Activities	2,643,108	2,689,211	-2%
General Administration	2,975,747	2,724,120	9%
Plant Maintenance and Operations	12,146,625	11,708,254	4%
Security and Monitoring Services	1,240,156	1,014,305	22%
Data Processing Services	2,435,260	1,932,502	26%
Community Services	435,145	270,189	61%
Debt Service - Interest on Long Term Debt	9,784,285	10,167,214	-4%
Debt Service - Bond Issuance Cost and Fees	183,512	168,822	9%
Facilities Acquisition and Construction	-	11,223	-100%
Payments related to Shared Services Arrangements	4,250	4,025	6%
Payments to Juvenile Justice Alternative Ed. Prg.	87,012	270,199	-68%
Other Intergovernmental Charges	208,775	218,841	-5%
Total Expenses	121,800,497	119,907,944	2%
Increase (Decrease) in Net Assets	(174,349)	4,516,949	-104%
Beginning Net Assets	21,491,524	16,974,575	27%
Ending Net Assets	21,317,175	21,491,524	-1%

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 state revenues as well as local tax dollars.

- The cost of all *governmental* activities this year was \$121,800,497.
- The amount that our taxpayers paid for these activities through property taxes was \$44,919,630.
- Some of the cost was paid by those who directly benefited from the programs \$2,637,750, or
- By operating grants and contributions \$23,695,681.

Table A-3
Net Cost of Selected District Functions

	Total Cost of Service		% Change	Net Cost of Services		% Change
	2012	2011		2012	2011	
Instruction	60,326,725	60,615,066	-0.48%	50,773,466	47,339,830	7.25%
Plant Maintenance & Operations	12,146,625	11,708,254	3.74%	11,176,109	8,113,747	37.74%
Debt Service	9,967,797	10,336,036	-3.56%	6,467,015	7,484,111	-13.59%
Food Services	7,681,674	6,909,395	11.18%	650,911	35,969	1709.64%
School Leadership	5,918,084	6,162,064	-3.96%	5,579,503	5,788,445	-3.61%

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

Revenues of the General Fund totaled \$90,344,014, a decrease of 2% compared to the preceding year's General Fund revenues plus Title XIV ARRA State Stabilization funding in the prior year. Property tax revenues slightly decreased by 0.3%, state revenues increased 10%, and federal revenues in the General Fund combined with the Title XIV ARRA State Stabilization Fund decreased by 77% due to Title XIV ARRA State Stabilization funding ending in 2010-2011. The target revenue funding system partially offsets a decrease in property tax revenues with an increase in state revenue. In addition, state revenue increased due to an increase in student enrollment.

General Fund Budgetary Highlights

Over the course of the year, the District amended its budget several times. Even with these adjustments, actual expenditures were \$10,490,486 below final budget amounts. The most significant positive variances resulted from instruction, curriculum and instructional staff development, facilities acquisition and construction, and facilities maintenance and operations. A portion of the positive variance for instruction is due to payroll costs being less than anticipated. The positive variance for curriculum and instructional staff development and the remaining positive variance for instruction were due to Board goals approved during 2010-2011 that were not completed by August 31, 2012. The positive variance in facilities maintenance and operations is due to utility cost savings. The positive variance in facilities acquisition is due to construction/renovation projects that were not completed and were still ongoing as of August 31, 2012.

Additionally, resources available were \$3,083,397 above the final budgeted amounts. The positive variance is primarily due to increased student enrollment, increased SHARS funding, and stable collection rates on local taxes.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

As of August 31, 2012, the District had invested \$286,900,310 in a broad range of capital assets, including land, land improvements, buildings and improvements, furniture and equipment, and construction in progress. (See Table A-4.) This amount represents a net increase (including additions and deductions) of 3,383,736 or 1.2 percent more than last year.

Table A-4
District's Capital Assets

	Governmental Activities		Total % Change
	<u>2012</u>	<u>2011</u>	
Land	5,151,359	5,151,359	0.0%
Land Improvements	8,831,764	8,831,764	0.0%
Buildings and Improvements	256,347,050	253,703,285	1.0%
Furniture and Equipment	16,054,222	15,830,166	1.4%
Construction in Progress	<u>515,915</u>	<u>-</u>	
Totals at Historical Cost	<u>286,900,310</u>	<u>283,516,574</u>	1.2%
 Total Accumulated Depreciation	 <u>(118,721,479)</u>	 <u>(111,498,444)</u>	 6.5%
Net Capital Assets	<u>168,178,831</u>	<u>172,018,130</u>	-2.2%

The District's fiscal year 2013 capital budget projects spending another \$1.4 million for capital projects; primarily on HVAC, equipment, and technology. More detailed information about the District's capital assets is presented in Note 6 on page 42 of the financial statements.

Long-Term Debt

At August 31, 2012, the District had \$188,530,498 in bonds and notes payable as shown in Table A-5. More detailed information about the District's debt is presented in Notes 9 through 13 on pages 43-46 of the financial statements.

Table A-5
District's Long Term Debt

	Governmental Activities		Total % Change
	<u>2012</u>	<u>2011</u>	
General Obligation Bonds	149,870,651	152,811,997	-1.92%
Accreted Interest	24,106,149	26,760,638	-9.92%
 Maintenance Tax Note	 533,765	 654,087	 -18.40%
Capital Leases	-	207,083	-100.00%
 Deferred Loss on Refunding	 (5,514,389)	 (5,283,964)	 4.36%
Bond Premium/Discount	<u>19,534,322</u>	<u>18,063,516</u>	8.14%
 Total Long-Term Debt	<u>188,530,498</u>	<u>193,213,357</u>	-2.42%

Bond Ratings

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

The District issued two Unlimited Tax Refunding Bond Series during the year ended August 31, 2012. Details of these two refunding issues are included in Note 12 to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

- Appraised value used for the 2013 budget preparation is up 0.78% from 2012.
- The District's refined average daily attendance was based on a 1% increase to 12,443 for 2013.
- State funding is estimated to increase approximately \$3.5 million in 2013 due to student growth.

These indicators were taken into account when adopting the general fund budget for 2013. Also, the District is changing its fiscal year-end to June 30th effective June 30, 2013; therefore, a 10-month budget was adopted for fiscal year 2013. Amounts available for appropriation in the general fund budget are \$89.8 million, an increase of 3 percent compared to the 2012 budgeted revenue of \$86.9 million. Expenditures are budgeted at \$87.4 million in 2013, a decrease of 7 percent, mainly due to the shorter 10-month budget. General operating fund spending per student is approximately \$6,600 in the 2013 budget. The District anticipates \$1.4 million in capital projects in the 2013 budget.

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.

BASIC FINANCIAL STATEMENTS

DUNCANVILLE INDEPENDENT SCHOOL DISTRICT
STATEMENT OF NET ASSETS
AUGUST 31, 2012

EXHIBIT A-1

Data Control Codes	Primary Government
	Governmental Activities
<hr/>	
ASSETS	
1110 Cash and Cash Equivalents	\$ 37,062,816
1220 Property Taxes Receivable (Delinquent)	2,815,145
1230 Allowance for Uncollectible Taxes	(140,757)
1240 Due from Other Governments	4,306,933
1290 Other Receivables, net	185,351
1300 Inventories	509,673
1410 Deferred Expenses	65,620
1420 Capitalized Bond Issuance Costs	2,160,129
Capital Assets:	
1510 Land	5,151,359
1520 Buildings, Net	158,627,610
1530 Furniture and Equipment, Net	3,883,947
1580 Construction in Progress	515,915
1000 Total Assets	<hr/> 215,143,741 <hr/>
LIABILITIES	
2110 Accounts Payable	1,121,690
2140 Accrued Interest Payable	255,205
2150 Payroll Deductions & Withholdings	68,890
2160 Accrued Wages Payable	3,364,106
2200 Accrued Expenses	420,264
2300 Unearned Revenues	65,913
Noncurrent Liabilities	
2501 Due Within One Year	8,475,324
2502 Due in More Than One Year	180,055,174
2000 Total Liabilities	<hr/> 193,826,566 <hr/>
NET ASSETS	
3200 Invested in Capital Assets, Net of Related Debt	(201,638)
3820 Restricted for Federal and State Programs	145,905
3850 Restricted for Debt Service	4,086,128
3900 Unrestricted Net Assets	17,286,780
3000 Total Net Assets	<hr/> \$ 21,317,175 <hr/>

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

DUNCANVILLE INDEPENDENT SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED AUGUST 31, 2012

EXHIBIT B-1

Data Control Codes	1	Program Revenues		Net (Expense) Revenue and Changes in Net Assets
		3	4	
		Charges for Services	Operating Grants and Contributions	
	Expenses			6 Primary Gov. Governmental Activities
Primary Government:				
GOVERNMENTAL ACTIVITIES:				
11 Instruction	\$ 60,326,725	\$ 286,832	\$ 9,266,427	\$ (50,773,466)
12 Instructional Resources and Media Services	1,554,623	27,763	79,343	(1,447,517)
13 Curriculum and Staff Development	3,583,144	6,910	1,376,228	(2,200,006)
21 Instructional Leadership	1,892,062	-	178,759	(1,713,303)
23 School Leadership	5,918,084	17,281	321,300	(5,579,503)
31 Guidance, Counseling and Evaluation Services	4,229,002	40	1,364,116	(2,864,846)
32 Social Work Services	34,576	-	2,255	(32,321)
33 Health Services	1,039,331	55	48,892	(990,384)
34 Student (Pupil) Transportation	3,397,401	-	849,497	(2,547,904)
35 Food Services	7,681,674	1,365,743	5,665,020	(650,911)
36 Extracurricular Activities	2,643,108	494,445	76,454	(2,072,209)
41 General Administration	2,975,747	250	222,350	(2,753,147)
51 Facilities Maintenance and Operations	12,146,625	395,259	575,257	(11,176,109)
52 Security and Monitoring Services	1,240,156	41,649	54,809	(1,143,698)
53 Data Processing Services	2,435,260	-	46,339	(2,388,921)
61 Community Services	435,145	1,523	63,603	(370,019)
72 Debt Service - Interest on Long Term Debt	9,784,285	-	3,500,782	(6,283,503)
73 Debt Service - Bond Issuance Cost and Fees	183,512	-	-	(183,512)
93 Payments related to Shared Services Arrangements	4,250	-	4,250	-
95 Payments to Juvenile Justice Alternative Ed. Prg.	87,012	-	-	(87,012)
99 Other Intergovernmental Charges	208,775	-	-	(208,775)
[TP] TOTAL PRIMARY GOVERNMENT:	\$ 121,800,497	\$ 2,637,750	\$ 23,695,681	(95,467,066)

Data
Control
Codes

General Revenues:

Taxes:

MT	Property Taxes, Levied for General Purposes	32,940,257
DT	Property Taxes, Levied for Debt Service	11,979,373
SF	State Aid - Formula Grants	49,753,085
GC	Grants and Contributions not Restricted	3,280
IE	Investment Earnings	55,781
MI	Miscellaneous Local and Intermediate Revenue	560,941
TR	Total General Revenues	95,292,717
CN	Change in Net Assets	(174,349)
NB	Net Assets--Beginning	21,491,524
NE	Net Assets--Ending	\$ 21,317,175

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

DUNCANVILLE INDEPENDENT SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
AUGUST 31, 2012

Data Control Codes	10 General Fund	50 Debt Service Fund	Other Funds	Total Governmental Funds
ASSETS				
1110 Cash and Cash Equivalents	\$ 30,020,844	\$ 3,282,446	\$ 2,072,829	\$ 35,376,119
1220 Property Taxes - Delinquent	2,140,585	674,560	-	2,815,145
1230 Allowance for Uncollectible Taxes (Credit)	(107,029)	(33,728)	-	(140,757)
1240 Receivables from Other Governments	3,212,847	420,555	673,531	4,306,933
1260 Due from Other Funds	367,662	-	-	367,662
1290 Other Receivables	59,065	-	79,147	138,212
1300 Inventories	352,813	-	156,860	509,673
1410 Deferred Expenditures	63,232	-	2,388	65,620
1000 Total Assets	<u>\$ 36,110,019</u>	<u>\$ 4,343,833</u>	<u>\$ 2,984,755</u>	<u>\$ 43,438,607</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
2110 Accounts Payable	\$ 853,964	\$ 2,500	\$ 189,474	\$ 1,045,938
2150 Payroll Deductions and Withholdings Payable	68,890	-	-	68,890
2160 Accrued Wages Payable	3,104,388	-	258,886	3,363,274
2170 Due to Other Funds	-	-	367,662	367,662
2200 Accrued Expenditures	142,206	-	-	142,206
2300 Deferred Revenues	2,035,456	640,832	64,013	2,740,301
2000 Total Liabilities	<u>6,204,904</u>	<u>643,332</u>	<u>880,035</u>	<u>7,728,271</u>
Fund Balances:				
Nonspendable Fund Balance:				
3410 Inventories	352,813	-	141,785	494,598
3430 Prepaid Items	63,232	-	-	63,232
Restricted Fund Balance:				
3450 Federal or State Funds Grant Restriction	-	-	4,120	4,120
3470 Capital Acquisition and Contractual Obligation	-	-	1,416,561	1,416,561
3480 Retirement of Long-Term Debt	-	3,700,501	-	3,700,501
Committed Fund Balance:				
3545 Other Committed Fund Balance	815,000	-	542,177	1,357,177
Assigned Fund Balance:				
3590 Other Assigned Fund Balance	-	-	77	77
3600 Unassigned Fund Balance	28,674,070	-	-	28,674,070
3000 Total Fund Balances	<u>29,905,115</u>	<u>3,700,501</u>	<u>2,104,720</u>	<u>35,710,336</u>
4000 Total Liabilities and Fund Balances	<u>\$ 36,110,019</u>	<u>\$ 4,343,833</u>	<u>\$ 2,984,755</u>	<u>\$ 43,438,607</u>

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

DUNCANVILLE INDEPENDENT SCHOOL DISTRICT
 RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE
 STATEMENT OF NET ASSETS
 AUGUST 31, 2012

Total Fund Balances - Governmental Funds	\$ 35,710,336
1 The District uses internal service funds to charge the costs of certain activities, such as self-insurance and transportation, 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 assets.	1,379,194
2 Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the fund financial statements.	286,900,310
3 Accumulated depreciation is not reported in the fund financial statements.	(118,721,479)
4 Bonds payable, notes payable, and capital leases payable are not reported in the fund financial statements.	(150,404,416)
5 Accreted interest on capital appreciation bonds is not reported in the fund financial statements.	(24,106,149)
6 Bond issuance cost is not capitalized in the fund financial statements.	2,160,129
7 Property tax revenue reported as deferred revenue in the fund financial statements is recognized as revenue in the government-wide financial statements.	2,674,388
8 Interest is accrued on outstanding debt in the government-wide financial statements, whereas in the fund financial statements interest expenditures are reported when due.	(255,205)
9 Bond premiums and discounts are not recognized in the fund financial statements.	(19,534,322)
10 Deferred losses on bond refundings have not been recognized in the fund financial statements.	5,514,389
19 Net Assets of Governmental Activities	\$ 21,317,175

The notes to the 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 YEAR ENDED AUGUST 31, 2012

EXHIBIT C-3

Data Control Codes	10 General Fund	50 Debt Service Fund	Other Funds	Total Governmental Funds
REVENUES:				
5700 Total Local and Intermediate Sources	\$ 34,257,116	\$ 12,018,517	\$ 1,964,287	\$ 48,239,920
5800 State Program Revenues	54,254,367	3,500,782	2,433,640	60,188,789
5900 Federal Program Revenues	1,832,531	-	11,550,864	13,383,395
5020 Total Revenues	90,344,014	15,519,299	15,948,791	121,812,104
EXPENDITURES:				
Current:				
0011 Instruction	48,272,266	-	6,136,933	54,409,199
0012 Instructional Resources and Media Services	1,330,476	-	67,792	1,398,268
0013 Curriculum and Instructional Staff Development	2,296,134	-	1,287,010	3,583,144
0021 Instructional Leadership	1,737,814	-	116,924	1,854,738
0023 School Leadership	5,732,602	-	116,298	5,848,900
0031 Guidance, Counseling and Evaluation Services	2,951,102	-	1,219,832	4,170,934
0032 Social Work Services	33,656	-	920	34,576
0033 Health Services	1,032,584	-	1,768	1,034,352
0034 Student (Pupil) Transportation	2,891,503	-	1,855	2,893,358
0035 Food Services	-	-	7,565,482	7,565,482
0036 Extracurricular Activities	2,297,547	-	297,118	2,594,665
0041 General Administration	2,924,717	-	14,971	2,939,688
0051 Facilities Maintenance and Operations	13,531,083	-	309,737	13,840,820
0052 Security and Monitoring Services	1,217,812	-	42,569	1,260,381
0053 Data Processing Services	1,764,201	-	500,112	2,264,313
0061 Community Services	368,585	-	51,678	420,263
Debt Service:				
0071 Principal on Long Term Debt	327,405	2,763,347	-	3,090,752
0072 Interest on Long Term Debt	34,199	11,651,145	-	11,685,344
0073 Bond Issuance Cost and Fees	2,210	305,364	5,290	312,864
Capital Outlay:				
0081 Facilities Acquisition and Construction	1,205,323	-	-	1,205,323
Intergovernmental:				
0093 Payments to Fiscal Agent/Member Districts of SSA	-	-	4,250	4,250
0095 Payments to Juvenile Justice Alternative Ed. Prg.	87,012	-	-	87,012
0099 Other Intergovernmental Charges	208,775	-	-	208,775
6030 Total Expenditures	90,247,006	14,719,856	17,740,539	122,707,401
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	97,008	799,443	(1,791,748)	(895,297)
OTHER FINANCING SOURCES (USES):				
7911 Refunding Bonds Issued	-	18,350,000	-	18,350,000
7915 Transfers In	200,000	-	-	200,000
7916 Premium or Discount on Issuance of Bonds	-	1,542,892	-	1,542,892
7917 Prepaid Interest	-	33,149	-	33,149
8949 Other (Uses)	-	(19,636,120)	-	(19,636,120)
7080 Total Other Financing Sources (Uses)	200,000	289,921	-	489,921
1200 Net Change in Fund Balances	297,008	1,089,364	(1,791,748)	(405,376)
0100 Fund Balance - September 1 (Beginning)	29,608,107	2,611,137	3,896,468	36,115,712
3000 Fund Balance - August 31 (Ending)	\$ 29,905,115	\$ 3,700,501	\$ 2,104,720	\$ 35,710,336

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

DUNCANVILLE INDEPENDENT SCHOOL DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED AUGUST 31, 2012

Total Net Change in Fund Balances - Governmental Funds	\$ (405,376)
The District uses internal service funds to charge the costs of certain activities, such as self-insurance, to appropriate functions in other funds. The net effect of this consolidation is to decrease net assets.	(574,960)
Current year capital asset additions are expenditures in the fund financial statements, but they are shown as increases in capital assets in the government-wide financial statements. The net effect of reclassifying the current year capital asset additions is to increase net assets.	3,717,689
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 assets in the government-wide financial statements.	(7,556,988)
Current year long-term debt principal payments on bonds payable, notes payable, capital leases, and payments of accreted interest on capital appreciation bonds are expenditures in the fund financial statements, but are shown as reductions in long-term debt in the government-wide financial statements.	8,627,405
Current year interest accretion on capital appreciation bonds is not reflected in the fund financial statements, but is shown as an increase in long-term debt in the government-wide financial statements.	(2,976,156)
Current year amortization of bond issuance costs is not reflected in the fund financial statements, but is shown as a reduction in the bond issuance costs asset in the government-wide financial statements.	(170,266)
Current year amortization of the premium/discount 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.	72,086
Revenues from property taxes are deferred in the fund financial statements until they are considered available to finance current expenditures, but such revenues are recognized when assessed, net of an allowance for uncollectable amounts, in the government-wide financial statements.	(185,956)
Interest is accrued on outstanding debt in the government-wide financial statements, whereas in the fund financial statements interest expenditures are reported when due.	19,031

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

DUNCANVILLE INDEPENDENT SCHOOL DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED AUGUST 31, 2012

Current year amortization of the deferred losses on bond refundings is not reflected in the fund financial statements, but is shown as an increase in long-term debt in the government-wide financial statements.	(639,232)
Current year issuances of bonds are shown as other resources in the fund financial statements, but are shown as increases in long-term debt in the government-wide financial statements.	(18,350,000)
The current year payment to the escrow agent for refunded debt is an other financing use in the fund financial statements, but is shown as a reduction in long-term debt in the government-wide financial statements. The payment of \$19,636,120 includes the payment to refund bonds of \$19,491,648 plus accrued interest of \$144,472.	19,491,648
Current year bond issuance costs are expenditures in the fund financial statements, but are capitalized net of amortization in the government-wide financial statements.	299,618
The premiums on the current year issuances of bonds are recorded as other financing sources in the fund financial statements, but are shown as increases in long-term debt in the government-wide financial statements.	(1,542,892)
Change in Net Assets of Governmental Activities	<u><u>\$ (174,349)</u></u>

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

DUNCANVILLE INDEPENDENT SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED AUGUST 31, 2012

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	\$ 33,975,400	\$ 34,035,400	\$ 34,257,116	\$ 221,716
5800	State Program Revenues	52,758,476	52,952,217	54,254,367	1,302,150
5900	Federal Program Revenues	200,000	273,000	1,832,531	1,559,531
5020	Total Revenues	86,933,876	87,260,617	90,344,014	3,083,397
EXPENDITURES:					
Current:					
0011	Instruction	51,064,753	50,864,811	48,272,266	2,592,545
0012	Instructional Resources and Media Services	1,438,076	1,484,062	1,330,476	153,586
0013	Curriculum and Instructional Staff Development	3,470,387	3,383,453	2,296,134	1,087,319
0021	Instructional Leadership	1,881,430	1,976,707	1,737,814	238,893
0023	School Leadership	5,862,455	5,967,517	5,732,602	234,915
0031	Guidance, Counseling and Evaluation Services	3,239,071	3,137,920	2,951,102	186,818
0032	Social Work Services	54,978	38,956	33,656	5,300
0033	Health Services	1,078,349	1,099,132	1,032,584	66,548
0034	Student (Pupil) Transportation	2,438,979	2,962,302	2,891,503	70,799
0036	Extracurricular Activities	2,275,112	2,363,120	2,297,547	65,573
0041	General Administration	3,131,360	3,278,628	2,924,717	353,911
0051	Facilities Maintenance and Operations	13,550,179	15,590,767	13,531,083	2,059,684
0052	Security and Monitoring Services	1,341,973	1,359,432	1,217,812	141,620
0053	Data Processing Services	2,066,078	1,996,276	1,764,201	232,075
0061	Community Services	479,371	418,759	368,585	50,174
Debt Service:					
0071	Principal on Long Term Debt	327,600	327,600	327,405	195
0072	Interest on Long Term Debt	34,500	34,500	34,199	301
0073	Bond Issuance Cost and Fees	10,000	10,000	2,210	7,790
Capital Outlay:					
0081	Facilities Acquisition and Construction	-	3,931,550	1,205,323	2,726,227
Intergovernmental:					
0095	Payments to Juvenile Justice Alternative Ed. Prg.	275,000	275,000	87,012	187,988
0099	Other Intergovernmental Charges	237,000	237,000	208,775	28,225
6030	Total Expenditures	94,256,651	100,737,492	90,247,006	10,490,486
1100	Excess (Deficiency) of Revenues Over (Under) Expenditures	(7,322,775)	(13,476,875)	97,008	13,573,883
OTHER FINANCING SOURCES (USES):					
7915	Transfers In	390,109	590,109	200,000	(390,109)
8911	Transfers Out (Use)	(390,109)	(390,109)	-	390,109
7080	Total Other Financing Sources (Uses)	-	200,000	200,000	-
1200	Net Change in Fund Balances	(7,322,775)	(13,276,875)	297,008	13,573,883
0100	Fund Balance - September 1 (Beginning)	29,608,107	29,608,107	29,608,107	-
3000	Fund Balance - August 31 (Ending)	\$ 22,285,332	\$ 16,331,232	\$ 29,905,115	\$ 13,573,883

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

DUNCANVILLE INDEPENDENT SCHOOL DISTRICT
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
AUGUST 31,2012

EXHIBIT D-1

	Governmental Activities -
	Total Internal Service Funds
<hr/>	
ASSETS	
Current Assets:	
Cash and Cash Equivalents	\$ 1,686,697
Other Receivables	<u>47,139</u>
Total Assets	<u>1,733,836</u>
LIABILITIES	
Current Liabilities:	
Accounts Payable	75,752
Accrued Wages Payable	832
Accrued Expenses	<u>278,058</u>
Total Liabilities	<u>354,642</u>
NET ASSETS	
Unrestricted Net Assets	<u>1,379,194</u>
Total Net Assets	<u><u>\$ 1,379,194</u></u>

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

DUNCANVILLE INDEPENDENT SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
FOR THE YEAR ENDED AUGUST 31, 2012

	Governmental Activities -
	Total Internal Service Funds
OPERATING REVENUES:	
Local and Intermediate Sources	\$ 868,793
Total Operating Revenues	<u>868,793</u>
OPERATING EXPENSES:	
Payroll Costs	114,658
Professional and Contracted Services	31,815
Supplies and Materials	205,011
Other Operating Costs	<u>892,935</u>
Total Operating Expenses	<u>1,244,419</u>
Operating Income (Loss)	<u>(375,626)</u>
NONOPERATING REVENUES (EXPENSES):	
Earnings from Temporary Deposits & Investments	<u>666</u>
Total Nonoperating Revenues (Expenses)	<u>666</u>
Income (Loss) Before Transfers	(374,960)
Transfers Out	<u>(200,000)</u>
Change in Net Assets	(574,960)
Total Net Assets - September 1 (Beginning)	<u>1,954,154</u>
Total Net Assets - August 31 (Ending)	<u>\$ 1,379,194</u>

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

DUNCANVILLE INDEPENDENT SCHOOL DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED AUGUST 31, 2012

	Governmental Activities -
	Total
	Internal
	Service Funds
<hr/>	
<u>Cash Flows from Operating Activities:</u>	
Cash Received from District	\$ 572,970
Internal Activity - Receipts from Other Funds	297,634
Cash Payments to Employees for Services	(127,834)
Cash Payments for Insurance Claims	(620,974)
Cash Payments for Suppliers	(235,166)
Net Cash Used for Operating Activities	<u>(113,370)</u>
<u>Cash Flows from Non-Capital Financing Activities:</u>	
Operating Transfer Out	<u>(200,000)</u>
<u>Cash Flows from Investing Activities:</u>	
Interest and Dividends on Investments	<u>666</u>
Net Decrease in Cash and Cash Equivalents	(312,704)
Cash and Cash Equivalents at Beginning of Year	<u>1,999,401</u>
Cash and Cash Equivalents at End of Year	<u><u>\$ 1,686,697</u></u>
<u>Reconciliation of Operating Income (Loss) to Net Cash</u>	
<u>Used for Operating Activities:</u>	
Operating Income (Loss):	\$ (375,626)
Effect of Increases and Decreases in Current Assets and Liabilities:	
Decrease (increase) in Due from Other Funds	2,797
Decrease (increase) in Other Receivables	268,863
Increase (decrease) in Accounts Payable	15,877
Increase (decrease) in Accrued Wages Payable	(13,176)
Increase (decrease) in Accrued Expenses	(12,105)
Net Cash Used for Operating Activities	<u><u>\$ (113,370)</u></u>

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

DUNCANVILLE INDEPENDENT SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
AUGUST 31,2012

EXHIBIT E-1

	Private Purpose Trust Funds	Agency Funds
ASSETS		
Cash and Cash Equivalents	\$ 56,582	\$ 126,623
Total Assets	<u>56,582</u>	<u>\$ 126,623</u>
LIABILITIES		
Accounts Payable	-	\$ 126,623
Total Liabilities	<u>-</u>	<u>\$ 126,623</u>
NET ASSETS		
Unrestricted Net Assets	<u>56,582</u>	
Total Net Assets	<u>\$ 56,582</u>	

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

DUNCANVILLE INDEPENDENT SCHOOL DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY FUND NET ASSETS
FIDUCIARY FUNDS
FOR THE YEAR ENDED AUGUST 31, 2012

	Private Purpose Trust Funds
<hr/>	
ADDITIONS:	
Local and Intermediate Sources	\$ 3,417
Total Additions	<u>3,417</u>
DEDUCTIONS:	
Other Operating Costs	<u>6,910</u>
Total Deductions	<u>6,910</u>
Change in Net Assets	(3,493)
 Total Net Assets - September 1 (Beginning)	 <u>60,075</u>
 Total Net Assets - August 31 (Ending)	 <u><u>\$ 56,582</u></u>

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

DUNCANVILLE INDEPENDENT SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2012

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 Assets 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 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 BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2012**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

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.

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. The District applies all GASB pronouncements as well as the Financial Accounting Standards Board pronouncements issued on or before November 30, 1989, unless these pronouncements conflict or contradict GASB pronouncements. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included in the fund Statement of Net Assets. Net assets are segregated into invested in capital assets net of related debt, restricted net assets, and unrestricted net assets.

Fund Accounting

The District reports the following major governmental funds:

1. **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.

**DUNCANVILLE INDEPENDENT SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2012**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Fund Accounting – continued

2. **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.

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

Governmental Funds

1. **Special Revenue Funds** – The District accounts for resources restricted to, or designated for, specific purposes by the District or a grantor in a special revenue fund. Most Federal and some State financial assistance is accounted for in a Special Revenue Fund and sometimes unused balances must be returned to the grantor at the close of specified project periods.
2. **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.

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, a print shop, 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.

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.

**DUNCANVILLE INDEPENDENT SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2012**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Investments

In accordance with GASB Statement No. 31, 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.

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

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

DUNCANVILLE INDEPENDENT SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2012

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Capital Assets – continued

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 applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

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.

Net Assets

Net assets represents the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvements of those assets, and adding back unspent proceeds. Net assets are reported as restricted when there are limitations imposed on their 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 assets are available for the general use of the District.

When both restricted and unrestricted net assets are available, restricted net assets are expended before unrestricted net assets 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.

**DUNCANVILLE INDEPENDENT SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2012**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

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 insure 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 August 31, 2012 will change.

NOTE 2. FUND BALANCES

Beginning with the fiscal year ended August 31, 2011, the District implemented GASB Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions." This Statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government's fund balances more transparent.

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

- Nonspendable: This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) are legally or contractually required to be maintained intact. The District has classified inventories 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.

**DUNCANVILLE INDEPENDENT SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2012**

NOTE 2. FUND BALANCES – continued

- 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 August 31, 2012 for the District's retirement incentive plan and 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.

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 (page 20) and are described below:

General Fund

The General Fund has nonspendable fund balance of \$416,045, consisting of \$352,813 of inventories and \$63,232 of prepaid items. The Board of Trustees has committed \$815,000 of the General Fund fund balance for the District's retirement incentive plan. The General Fund has unassigned fund balance of \$28,674,070 at August 31, 2012.

Debt Service Fund

The Debt Service Fund has restricted funds of \$3,700,501 at August 31, 2012 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 \$1,416,561 at August 31, 2012 consisting primarily of remaining bond issuance proceeds that are restricted for construction and other capital outlay expenditures.

**DUNCANVILLE INDEPENDENT SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2012**

NOTE 2. FUND BALANCES – continued

Other Funds

The National Breakfast and Lunch Program (a special revenue fund) has nonspendable fund balance of \$141,785 consisting of inventories. The fund balance of \$542,177 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 fund balance is restricted by Federal or State grant restrictions:

Advanced Placement Incentives	<u>\$4,120</u>
Total	<u>\$4,120</u>

The \$77 fund balance of the Education Foundation Grants Fund (a special revenue fund) is assigned to be expended on those grants.

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 Food Service Fund (which is included in the Special Revenue Funds). The District is not legally required to adopt a budget for the Title XIV ARRA State Stabilization Fund or the ARRA Education Jobs Fund. 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 Budget Statement appears as Exhibit C-5 and the other two reports are reflected as other supplementary information.

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

1. Prior to August 20 the District prepares a budget for the next succeeding fiscal year beginning September 1. The operating budget includes proposed expenditures and the means of financing them.
2. A meeting of the Board is then called for the purpose of adopting the proposed budget. At least ten days public notice of the meeting must be given.
3. Prior to September 1, the 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. Student Transportation budget was increased by \$523,323.
 - b. Facilities Maintenance and Operations budget was increased by \$2,040,588.
 - c. Facilities Acquisition and Construction budget was increased by \$3,931,550.

**DUNCANVILLE INDEPENDENT SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2012**

NOTE 3. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY – continued

Budgetary Data – continued

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.

1. Cash Deposits:

At August 31, 2012, the carrying amount of the District's deposits (checking accounts and interest-bearing demand accounts) was \$7,964 and the bank balance was \$1,657,344. The District's cash deposits at August 31, 2012 were entirely covered by FDIC insurance or by pledged collateral held by the District's agent bank in the District's name.

2. Investments:

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

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

**DUNCANVILLE INDEPENDENT SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2012**

NOTE 4. DEPOSITS AND INVESTMENTS – continued

- a. Custodial Credit Risk – Deposits: In the case of deposits, this is the risk that, in the event of a bank failure, the District's deposits may not be returned to it. As of August 31, 2012, the District's cash deposits totaled \$1,657,344. This entire amount was either collateralized with securities held by the District's agent or covered by FDIC insurance. Thus, the District's deposits are not exposed to custodial credit risk.
- b. Custodial Credit Risk - Investments: For an investment, this is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. At August 31, 2012, the District held investments in four public funds investment pools. Investments in external investment pools are considered unclassified as to custodial credit risk because they are not evidenced by securities that exist in physical or book entry form.
- c. Credit Risk: This is the risk that an issuer or other counterparty to an investment will be unable to fulfill its obligations. The rating of securities by nationally recognized rating agencies is designed to give an indication of credit risk. The credit quality rating for Lone Star Investment Pool at year-end was AAAm (Standard & Poor's). The credit quality rating for TexPool Investment Pool at year-end was AAAm (Standard & Poor's). The credit quality rating for LOGIC at year-end was AAAm (Standard & Poor's). The credit quality rating for MBIA Texas CLASS at year-end was AAAm (Standard & Poor's).
- d. 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 the District's investment in external investment pools is less than 90 days.
- e. Foreign Currency Risk: This is the risk that exchange rates will adversely affect the fair value of an investment. At August 31, 2012, the District was not exposed to foreign currency risk.
- f. Concentration of Credit Risk: This is the risk of loss attributed to the magnitude of the District's investment in a single issuer (i.e., lack of diversification). Concentration risk is defined as positions of 5 percent or more in the securities of a single issuer. Investment pools and U.S. Government Securities are excluded from the 5 percent disclosure requirement.

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.

**DUNCANVILLE INDEPENDENT SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2012**

NOTE 4. DEPOSITS AND INVESTMENTS – continued

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

The District's investments at August 31, 2012, are shown below:

<u>Name</u>	<u>Carrying Amount</u>	<u>Market Value</u>
Lone Star Investment Pool	\$11,595,976	\$11,595,976
LOGIC Investment Pool	1,123,812	1,123,812
MBIA Texas CLASS Investment Pool	1,613,577	1,613,577
TexPool Investment Pool	<u>22,880,991</u>	<u>22,880,991</u>
	<u>\$37,214,356</u>	<u>\$37,314,356</u>

NOTE 5. INTERFUND BALANCES AND ACTIVITIES

Interfund receivables and payables at August 31, 2012 represented short-term advances between funds. These amounts are expected to be repaid in less than one year from August 31, 2012.

<u>Fund</u>	<u>Due from Other Funds</u>	<u>Due to Other Funds</u>
Major Governmental Funds:		
General Fund:		
Non-Major Special Revenue Funds:		
IDEA-B, Preschool	\$ 6,486	\$ -
ESEA I, Part A	143,380	-
IDEA-B, Formula	143,021	-
Career & Technical	2,798	-
Title III, Part A	24,649	-
ESEA Title II, Part A	<u>47,328</u>	<u>-</u>
	<u>367,662</u>	<u>-</u>
Total Major Governmental Funds	<u>367,662</u>	<u>-</u>
Nonmajor Governmental Funds:		
Special Revenue Funds:		
General Fund	<u>-</u>	<u>367,662</u>
Total Nonmajor Governmental Funds	<u>-</u>	<u>367,662</u>
Total	<u>\$ 367,662</u>	<u>\$ 367,662</u>

DUNCANVILLE INDEPENDENT SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2012

NOTE 6. CAPITAL ASSET ACTIVITY

Capital asset activity for the District for the year ended August 31, 2012, was as follows:

	<u>Balance September 1</u>	<u>Additions/ Completions</u>	<u>Retirement/ Adjustments</u>	<u>Balance August 31</u>
Governmental Activities:				
Capital assets not being depreciated				
Land	\$ 5,151,359	\$ -	\$ -	\$ 5,151,359
Construction in Progress	-	515,915	-	515,915
Total Capital assets not being depreciated	<u>5,151,359</u>	<u>515,915</u>	<u>-</u>	<u>5,667,274</u>
Capital assets, being depreciated				
Land Improvements	8,831,764	-	-	8,831,764
Buildings	253,703,285	2,643,765	-	256,347,050
Furniture and Equipment	<u>15,830,166</u>	<u>558,009</u>	<u>333,953</u>	<u>16,054,222</u>
Total capital assets being depreciated	<u>278,365,215</u>	<u>3,201,774</u>	<u>333,953</u>	<u>281,233,036</u>
Less accumulated depreciation for:				
Land Improvements	(4,569,682)	(528,724)	-	(5,098,406)
Buildings	(96,026,251)	(5,426,547)	-	(101,452,798)
Furniture and Equipment	<u>(10,902,511)</u>	<u>(1,601,717)</u>	<u>(333,953)</u>	<u>(12,170,275)</u>
Total accumulated depreciation	<u>(111,498,444)</u>	<u>(7,556,988)</u>	<u>(333,953)</u>	<u>(118,721,479)</u>
Total capital assets, being depreciated, net	<u>166,866,771</u>	<u>(4,355,214)</u>	<u>-</u>	<u>162,511,557</u>
Governmental activities capital assets, net	<u>\$172,018,130</u>	<u>\$ (3,839,299)</u>	<u>\$ -</u>	<u>\$168,178,831</u>

Depreciation expense was charged to governmental functions as follows:

Instruction	\$5,834,712
Instruction resources and media services	156,355
Instructional leadership	37,324
School leadership	69,184
Guidance, counseling and evaluation services	58,068
Health services	4,979
Student (pupil) transportation	490,192
Food services	326,713
Cocurricular/Extracurricular activities	56,137
General administration	36,059
Plant maintenance and operations	237,359
Security and monitoring services	5,769
Data Processing	229,255
Community Services	<u>14,882</u>
Total depreciation expense	<u>\$7,556,988</u>

DUNCANVILLE INDEPENDENT SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2012

NOTE 7. DUE FROM OTHER GOVERNMENTS

The District participates in a variety of federal and state programs from which it receives grants to partially or fully finance certain activities. In addition, the District receives entitlements from the State through the School Foundation and Per Capita Programs. Amounts due from federal and state governments as of August 31, 2012, 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.

<u>Fund</u>	<u>State Entitlements</u>	<u>Federal Grants</u>	<u>Total</u>
General	\$3,196,460	\$ 16,387	\$3,212,847
Special Revenue	-	673,531	673,531
Debt Service	420,555	-	420,555
Total	<u>\$3,617,015</u>	<u>\$ 689,918</u>	<u>\$4,306,933</u>

NOTE 8. DEFERRED REVENUE

Deferred revenue at August 31, 2012 consisted of the following:

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Debt Service Fund</u>	<u>Total</u>
Net Tax Revenue	\$2,033,556	\$ -	\$640,832	\$2,674,388
Athletic Receipts	1,900	-	-	1,900
Federal Food Commodities	-	64,013	-	64,013
Total	<u>\$2,035,456</u>	<u>\$64,013</u>	<u>\$640,832</u>	<u>\$2,740,301</u>

NOTE 9. BONDS PAYABLE

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.

DUNCANVILLE INDEPENDENT SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2012

NOTE 9. BONDS PAYABLE - continued

A summary of bonds payable for the year ended August 31, 2012 is as follows:

<u>Description</u>	<u>Interest Rate Payable</u>	<u>Amounts Original Issue</u>	<u>Amounts Outstanding 9/01/11</u>	<u>Issued</u>	<u>Retired</u>	<u>Amounts Outstanding 8/31/12</u>	<u>Amounts Due Within One Year</u>
Unlimited tax school building and refunding bonds – Series 1999	3.80-4.85%	\$19,675,490	\$ 1,075,000	\$ -	\$ 1,075,000	\$ -	\$ -
Unlimited tax school building and refunding bonds – Series 2001B	3.90-6.10%	126,774,891	8,274,992	-	3,876,346	6,398,646	1,339,576
Unlimited tax school building and refunding bonds – Series 2003	2.00-4.70%	36,965,000	26,370,000	-	18,135,000	8,235,000	260,000
Unlimited tax refunding bonds – Series 2005	3.00-5.00%	47,166,096	46,761,096	-	-	46,761,096	-
Unlimited tax refunding bonds – Series 2006	4.00-5.00%	71,105,909	70,330,909	-	-	70,330,909	475,909
Unlimited tax refunding bonds – Series 2011	2.00-3.00%	9,125,000	-	9,125,000	205,000	8,920,000	85,000
Unlimited tax refunding bonds – Series 2012	4.00%	9,225,000	-	<u>9,225,000</u>	<u>-</u>	<u>9,225,000</u>	<u>-</u>
Total Bonded Debt Payable			<u>\$152,811,997</u>	<u>\$18,350,000</u>	<u>\$21,291,346</u>	<u>\$149,870,651</u>	<u>\$2,160,485</u>

Debt service requirements are as follows:

<u>Years Ending August 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Requirements</u>
2013	\$ 2,160,485	\$ 12,302,674	\$ 14,463,159
2014	2,061,864	12,584,763	14,646,627
2015	4,609,139	10,219,347	14,828,486
2016	3,295,000	11,722,943	15,017,943
2017	3,415,000	11,790,718	15,205,718
2018-2022	13,711,096	57,380,832	71,091,928
2023-2027	45,334,371	22,589,908	67,924,279
2028-2032	61,198,696	10,249,526	71,448,222
2033-2037	14,085,000	299,411	14,384,411
Thereafter	-	-	-
	<u>\$149,870,651</u>	<u>\$149,140,122</u>	<u>\$299,010,773</u>

The District has four bond series that include Capital Appreciation Bonds. No interest is paid on these bonds prior to maturity. The bonds mature variously in 2013 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.

**DUNCANVILLE INDEPENDENT SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2012**

NOTE 10. NOTES PAYABLE

The District issued \$1,200,000 of Maintenance Tax Notes in November 2006 to fund a renovation project for a newly acquired building. The notes have an interest rate of 4.139%.

Maintenance tax note repayment requirements are as follows:

Years ending August 31:	<u>Principal</u>	<u>Interest</u>	<u>Total Requirements</u>
2013	\$ 125,356	\$ 20,809	\$ 146,165
2014	130,598	15,566	146,164
2015	136,060	10,105	146,165
2016	141,749	4,415	146,164
Thereafter	<u>-</u>	<u>-</u>	<u>-</u>
Totals	<u>\$ 533,763</u>	<u>\$ 50,895</u>	<u>\$ 584,658</u>

NOTE 11. CAPITAL LEASE

A capital lease for the acquisition of buses with a balance of \$207,083 as of August 31, 2011 was paid off during the current fiscal year.

NOTE 12. DEBT ISSUANCES AND DEFEASED DEBT

In November 2011, the District issued \$9,125,000 (par value) in Unlimited Tax Refunding Bonds to advance refund \$9,127,999 (par value) of outstanding bonds. The net proceeds of \$9,803,614 (\$9,125,000 par amount of the bonds plus \$836,688 of premium paid on the bonds less \$158,074 of underwriting fees and other issuance costs) were used to purchase U.S. and State and Local Government Securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the refunded bonds.

The refunding was undertaken to reduce the District's total debt service payments by \$1,471,177 and to obtain an economic gain (difference between the present value of the debt service payments on the old and new debt) of \$1,055,481.

In March 2012, the District issued \$9,225,000 (par value) in Unlimited Tax Refunding Bonds to advance refund \$9,400,000 (par value) of outstanding bonds. The net proceeds of \$9,778,795 (\$9,225,000 par amount of the bonds plus \$706,204 of premium paid on the bonds less \$152,409 of underwriting fees and other issuance costs) were used to purchase U.S. and State and Local Government Securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the refunded bonds.

The refunding was undertaken to reduce the District's total debt service payments by \$1,765,000 and to obtain an economic gain (difference between the present value of the debt service payments on the old and new debt) of \$1,205,966.

As of August 31, 2012, \$54,029,580 of defeased bonds remains outstanding due to the 2006, 2011 and 2012 refundings.

**DUNCANVILLE INDEPENDENT SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2012**

NOTE 13. CHANGES IN LONG-TERM LIABILITIES

Long-term liabilities activity for the year ended August 31, 2012 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
<u>Governmental Activities</u>					
Bonds, Notes Payable, and Capital Leases:					
General Obligation Bonds	\$152,811,997	\$18,350,000	\$21,291,346	\$149,870,651	\$2,160,485
Accreted Interest	26,760,638	2,976,156	5,630,645	24,106,149	6,194,515
Maintenance Tax Note	654,087	-	120,322	533,765	120,324
Capital Leases	207,083	-	207,083	-	-
Deferred Loss on Bond Refundings	(5,283,964)	(869,657)	(639,232)	(5,514,389)	-
Bond Premium/Discount	<u>18,063,516</u>	<u>1,542,892</u>	<u>72,086</u>	<u>19,534,322</u>	<u>-</u>
Total Governmental Activities					
Long-term Liabilities	<u>\$193,213,357</u>	<u>\$21,999,391</u>	<u>\$26,682,250</u>	<u>\$188,530,498</u>	<u>\$8,475,324</u>

NOTE 14. DEFINED BENEFIT PENSION PLAN

Plan Description – The Duncanville Independent School District contributes to the Teacher Retirement System of Texas (TRS), a cost sharing multiple employer defined benefit pension plan. TRS administers retirement and disability annuities, and death and survivor benefits to employees and beneficiaries of employees of the public school systems of Texas. It operates primarily under the provisions of the Texas Constitution, Article XVI, Sec. 67, and Texas Government Code, Title 8, Subtitle C. TRS also administers proportional retirement benefits and service credit transfer under Texas Government statements and required supplementary information for the defined benefit pension plan. That report may be obtained by writing to the TRS Communications Department, 1000 Red River Street, Austin, Texas 78701, by calling the TRS Communications Department at 1-800-223-8778, or by downloading the report from the TRS Internet website, www.trs.state.tx.us, under the TRS Publications heading.

**DUNCANVILLE INDEPENDENT SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2012**

NOTE 14. DEFINED BENEFIT PENSION PLAN - continued

Funding Policy – State law provides for a state contribution rate of 6.0% effective September 1, 2011 and a member contribution rate of 6.4%. The state contribution rate was 6.644% for fiscal years 2011, and 2010 after December 31, 2009. The state contribution rate was 6.58% prior to January 1, 2010. In certain instances the reporting district is required to make all or a portion of the state's contribution. Contribution requirements are not actuarially determined but are legally established each biennium pursuant to the following state funding policy: (1) The state constitution requires the legislature to establish a member contribution rate of not less than 6.0% of the members' annual compensation and a state contribution rate of not less than 6.0% and not more than 10.0% of the aggregate annual compensation of all members of the system during that fiscal year; (2) A state statute prohibits benefit improvements or contribution reductions if, as a result of a particular action, the time required to amortize TRS's unfunded actuarial liabilities would be increased to a period that exceed 31 years, or, if the amortization period already exceeds 31 years, the period would be increased by such action. The District's employees' contributions to the System, for the years ended August 31, 2012, 2011, and 2010 were \$4,319,714, \$4,353,770 and \$4,159,351 respectively, equal to the required contributions for each year. Other contributions made from federal and private grants and from the District for salaries above the statutory minimum for the years ended August 31, 2012, 2011, and 2010 were \$1,082,906, \$1,170,379 and \$1,001,458, respectively, equal to the required contributions for each year. The amounts contributed by the State for the years ended August 31, 2012, 2011, and 2010 were \$2,966,825, \$3,249,548 and \$3,225,632, respectively, and are reflected in the financial statements in the General Fund by respective function, in accordance with Governmental Accounting Standards Board Statement No. 24.

NOTE 15. SCHOOL DISTRICT RETIREE HEALTH PLAN

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

**DUNCANVILLE INDEPENDENT SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2012**

NOTE 15. SCHOOL DISTRICT RETIREE HEALTH PLAN - continued

Funding Policy. Contribution requirements are not actuarially determined but are legally established each biennium by the Texas Legislature. Texas Insurance Code, Sections 1575.202, 203, and 204 establish state, active employee, and public school contributions, respectively. The State of Texas and active public school employee contribution rates were 1.0% and 0.65% of public school payroll, respectively, with school districts contributing a percentage of payroll set at 0.55% for fiscal years 2012, 2011 and 2010. Per Texas Insurance Code, Chapter 1575, the public school contribution may not be less than 0.25% or greater than 0.75% of the salary of each active employee of the public school. For the years ended August 31, 2012, 2011, and 2010, the State's contributions to TRS-Care were \$626,529, \$633,664, and \$600,860, respectively, the active member contributions were \$438,721, \$442,178, and \$422,511, respectively, and the school district's contribution were \$419,656, \$374,156, and \$412,549, respectively, which equaled the required contributions each year.

The Medicare Prescription Drug, Improvement, and Modernization Act of 2003, which was effective January 1, 2006, established prescription drug coverage for Medicare beneficiaries known as Medicare Part D. One of the provisions of Medicare D allows for the Texas Public School Retired Employee Group Insurance Program (TRS-Care) to receive retiree drug subsidy payments from the federal government to offset certain prescription drug expenditures for eligible TRS-Care participants. These on-behalf payments are recognized as equal revenues and expenditures/expenses by the District. For the year ended August 31, 2012, the contribution made on behalf of the District was \$147,119.

The Early Retiree Reinsurance Program (ERRP) is a provision of the Patient Protection and Affordable Care Act (PPACA) and provides reimbursement to plan sponsors for a portion of the cost of providing health benefits to retirees between the ages of 55-64 and their covered dependents regardless of age. An "early retiree" is defined as a plan participant aged 55-64 who is not eligible for Medicare and is not covered as an active employee of the plan sponsor. This temporary program is available to help employers continue to provide coverage to early retirees. TRS has been certified for this program and received funds from the ERRP program. These funds are considered on-behalf payments and are recognized as equal revenues and expenditures/expenses by the District. For the year ended August 31, 2012, the contribution made on behalf of the District was \$162,223.

NOTE 16. 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 not settlements exceeding insurance coverage for each of the past three fiscal years.

The District maintains a self insured worker's compensation plan. For this plan, stop-loss coverage was in effect for individual claims exceeding \$350,000 with an aggregate limit of \$2,000,000.

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 August 31 and subsequently approved by the administrator of the plan are recorded as a liability.

**DUNCANVILLE INDEPENDENT SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2012**

NOTE 16. RISK MANAGEMENT - continued

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

	<u>2012</u>	<u>2011</u>
Claims payable, beginning of year	\$ 290,163	\$ 213,701
Claims incurred and changes in estimates	608,869	405,934
Claims payments	<u>(620,974)</u>	<u>(329,472)</u>
Claims payable, end of year	<u>\$ 278,058</u>	<u>\$ 290,163</u>

COMBINING AND OTHER STATEMENTS

NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

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

IDEA – Part B, Formula – Funds granted to operate educational programs for children with disabilities.

IDEA – Part B, Preschool – Funds granted for preschool children with disabilities.

National School Breakfast and Lunch Program – This fund classification is to be used for programs using federal reimbursement revenues originating from the United States Department of Agriculture (USDA).

Career and Technical – Basic Grant - Funds granted to provide Career and Technical education to develop new and/or improve Career and Technical education programs for paid and unpaid employment.

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

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

ARRA of 2009, Title XIV, State Fiscal Stabilization Fund - Funds granted to improve basic programs or for the modernization, renovation, or repair of public school facilities, including modernization, renovation, and repairs that are consistent with a recognized green building rating system.

IDEA – Part B, Preschool – ARRA (Stimulus) - This fund classification is to be used to account, on a project basis, for funds for preschool children with disabilities.

ESEA Title I, Part A - Improving Basic Programs – ARRA (Stimulus) - Funds allocated to enable schools to provide opportunities for children served to acquire the knowledge and skills contained in the challenging State content standards and to meet the challenging State performance standards developed for all children.

Education Jobs Fund - Funds granted to retain, recall, or rehire school-level employees, and to hire new school-level employees, in order to provide early childhood, elementary, or secondary educational and related services.

Summer School LEP – Funds provided for summer school programs for students with limited English proficiency.

Visually Impaired SSVI – Funds provided to improve achievement of students who have a visual impairment and to ensure that comprehensive services are available to those students.

Advanced Placement Incentives – Funds provided to support professional development of teachers teaching advanced classes.

State Textbook Fund – State funds awarded to school districts under the textbook allotment.

District Awards Teacher Excellence (DATE) Grant – Funds provided to allow districts to create or continue a system of awards for educators who demonstrate success in improving student achievement.

Read to Succeed - Funds provided by State to fund library books or reading materials.

Campus Activity Funds – To account for transactions related to a campus or principal's activity fund.

Education Foundation Grants - Grant funding provided by the District's Education Foundation to teachers and campuses to provide additional enriched learning activities for students.

NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS (continued)

Local STEM Grant – Funds provided through Texas High School Project Fund of Communities Foundation to provide enriched learning activities to students in the Science, Technology, Engineering, and Math fields.

OTHER NONMAJOR GOVERNMENTAL FUND

Capital Projects Fund – To account for projects financed by the proceeds from bond issues, or for capital projects otherwise mandated to be accounted for in this fund.

DUNCANVILLE INDEPENDENT SCHOOL DISTRICT
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
AUGUST 31, 2012

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	\$ -	\$ -	\$ -	\$ 162,564
1240	Receivables from Other Governments	208,952	237,466	8,454	137,756
1290	Other Receivables	-	-	-	207
1300	Inventories	-	-	-	156,860
1410	Deferred Expenditures	-	-	-	2,388
1000	Total Assets	<u>\$ 208,952</u>	<u>\$ 237,466</u>	<u>\$ 8,454</u>	<u>\$ 459,775</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
2110	Accounts Payable	\$ 1,835	\$ 3,941	\$ -	\$ 154,455
2160	Accrued Wages Payable	63,737	90,504	1,968	99,522
2170	Due to Other Funds	143,380	143,021	6,486	-
2300	Deferred Revenues	-	-	-	64,013
2000	Total Liabilities	<u>208,952</u>	<u>237,466</u>	<u>8,454</u>	<u>317,990</u>
Fund Balances:					
Nonspendable Fund Balance:					
3410	Inventories	-	-	-	141,785
Restricted Fund Balance:					
3450	Federal or State Funds Grant Restriction	-	-	-	-
3470	Capital Acquisition and Contractual Obligation	-	-	-	-
Committed Fund Balance:					
3545	Other Committed Fund Balance	-	-	-	-
Assigned Fund Balance:					
3590	Other Assigned Fund Balance	-	-	-	-
3000	Total Fund Balances	<u>-</u>	<u>-</u>	<u>-</u>	<u>141,785</u>
4000	Total Liabilities and Fund Balances	<u>\$ 208,952</u>	<u>\$ 237,466</u>	<u>\$ 8,454</u>	<u>\$ 459,775</u>

244 Career and Technical - Basic Grant	255 ESEA II,A Training and Recruiting	263 Title III, A English Lang. Acquisition	266 Title XIV ARRA State Stabilization	284 IDEA, Pt. B ARRA Preschool	285 ESEA I,A Improving Basic Program	287 Education Jobs Fund	289 Summer School LEP
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2,798	48,303	29,802	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>\$ 2,798</u>	<u>\$ 48,303</u>	<u>\$ 29,802</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ -	\$ -	\$ 3,063	\$ -	\$ -	\$ -	\$ -	\$ -
-	975	2,090	-	-	-	-	-
2,798	47,328	24,649	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>2,798</u>	<u>48,303</u>	<u>29,802</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ 2,798</u>	<u>\$ 48,303</u>	<u>\$ 29,802</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

DUNCANVILLE INDEPENDENT SCHOOL DISTRICT
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
AUGUST 31, 2012

Data Control Codes		385 Visually Impaired SSVI	397 Advanced Placement Incentives	410 State Textbook Fund	424 District Awards - Teacher Exc.
ASSETS					
1110	Cash and Cash Equivalents	\$ -	\$ 4,120	\$ -	\$ -
1240	Receivables from Other Governments	-	-	-	-
1290	Other Receivables	-	-	-	-
1300	Inventories	-	-	-	-
1410	Deferred Expenditures	-	-	-	-
1000	Total Assets	<u>\$ -</u>	<u>\$ 4,120</u>	<u>\$ -</u>	<u>\$ -</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
2110	Accounts Payable	\$ -	\$ -	\$ -	\$ -
2160	Accrued Wages Payable	-	-	-	-
2170	Due to Other Funds	-	-	-	-
2300	Deferred Revenues	-	-	-	-
2000	Total Liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances:					
Nonspendable Fund Balance:					
3410	Inventories	-	-	-	-
Restricted Fund Balance:					
3450	Federal or State Funds Grant Restriction	-	4,120	-	-
3470	Capital Acquisition and Contractual Obligation	-	-	-	-
Committed Fund Balance:					
3545	Other Committed Fund Balance	-	-	-	-
Assigned Fund Balance:					
3590	Other Assigned Fund Balance	-	-	-	-
3000	Total Fund Balances	<u>-</u>	<u>4,120</u>	<u>-</u>	<u>-</u>
4000	Total Liabilities and Fund Balances	<u>\$ -</u>	<u>\$ 4,120</u>	<u>\$ -</u>	<u>\$ -</u>

429 Read to Succeed	461 Campus Activity Funds	491 Education Foundation Grants	496 Local STEM Grant	Total Nonmajor Special Revenue Funds	699 Capital Projects Fund	Total Nonmajor Governmental Funds
\$ -	\$ 489,507	\$ 77	\$ -	\$ 656,268	\$ 1,416,561	\$ 2,072,829
-	-	-	-	673,531	-	673,531
-	78,940	-	-	79,147	-	79,147
-	-	-	-	156,860	-	156,860
-	-	-	-	2,388	-	2,388
<u>\$ -</u>	<u>\$ 568,447</u>	<u>\$ 77</u>	<u>\$ -</u>	<u>\$ 1,568,194</u>	<u>\$ 1,416,561</u>	<u>\$ 2,984,755</u>
\$ -	\$ 26,180	\$ -	\$ -	\$ 189,474	\$ -	\$ 189,474
-	90	-	-	258,886	-	258,886
-	-	-	-	367,662	-	367,662
-	-	-	-	64,013	-	64,013
<u>-</u>	<u>26,270</u>	<u>-</u>	<u>-</u>	<u>880,035</u>	<u>-</u>	<u>880,035</u>
-	-	-	-	141,785	-	141,785
-	-	-	-	4,120	-	4,120
-	-	-	-	-	1,416,561	1,416,561
-	542,177	-	-	542,177	-	542,177
-	-	77	-	77	-	77
<u>-</u>	<u>542,177</u>	<u>77</u>	<u>-</u>	<u>688,159</u>	<u>1,416,561</u>	<u>2,104,720</u>
<u>\$ -</u>	<u>\$ 568,447</u>	<u>\$ 77</u>	<u>\$ -</u>	<u>\$ 1,568,194</u>	<u>\$ 1,416,561</u>	<u>\$ 2,984,755</u>

DUNCANVILLE INDEPENDENT SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED AUGUST 31, 2012

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	\$ -	\$ -	\$ -	\$ 1,366,176
5800	State Program Revenues	-	-	-	183,818
5900	Federal Program Revenues	2,502,338	2,372,749	38,600	5,627,244
5020	Total Revenues	2,502,338	2,372,749	38,600	7,177,238
EXPENDITURES:					
Current:					
0011	Instruction	1,803,878	993,617	38,600	-
0012	Instructional Resources and Media Services	-	-	-	-
0013	Curriculum and Instructional Staff Development	650,520	103,307	-	-
0021	Instructional Leadership	2,384	104,611	-	-
0023	School Leadership	19,101	-	-	-
0031	Guidance, Counseling and Evaluation Services	471	1,166,128	-	-
0032	Social Work Services	-	-	-	-
0033	Health Services	-	793	-	-
0034	Student (Pupil) Transportation	15	-	-	-
0035	Food Services	-	-	-	7,563,642
0036	Extracurricular Activities	-	-	-	-
0041	General Administration	-	-	-	-
0051	Facilities Maintenance and Operations	-	-	-	122,161
0052	Security and Monitoring Services	-	-	-	23,881
0053	Data Processing Services	-	-	-	-
0061	Community Services	25,969	43	-	-
Debt Service:					
0073	Bond Issuance Cost and Fees	-	-	-	-
Intergovernmental:					
0093	Payments to Fiscal Agent/Member Districts of SSA	-	4,250	-	-
6030	Total Expenditures	2,502,338	2,372,749	38,600	7,709,684
1200	Net Change in Fund Balance	-	-	-	(532,446)
0100	Fund Balance - September 1 (Beginning)	-	-	-	674,231
3000	Fund Balance - August 31 (Ending)	\$ -	\$ -	\$ -	\$ 141,785

244 Career and Technical - Basic Grant	255 ESEA II,A Training and Recruiting	263 Title III, A English Lang. Acquisition	266 Title XIV ARRA State Stabilization	284 IDEA, Pt. B ARRA Preschool	285 ESEA I,A Improving Basic Program	287 Education Jobs Fund	289 Summer School LEP
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-
135,020	369,432	247,307	183,741	1,952	16,408	50,524	5,549
<u>135,020</u>	<u>369,432</u>	<u>247,307</u>	<u>183,741</u>	<u>1,952</u>	<u>16,408</u>	<u>50,524</u>	<u>5,549</u>
133,176	20,458	106,403	-	1,952	3,350	50,524	5,049
-	-	-	-	-	-	-	-
-	347,423	131,391	-	-	-	-	500
1,844	-	725	-	-	-	-	-
-	1,551	1,873	-	-	-	-	-
-	-	445	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	183,741	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	6,470	-	-	13,058	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>135,020</u>	<u>369,432</u>	<u>247,307</u>	<u>183,741</u>	<u>1,952</u>	<u>16,408</u>	<u>50,524</u>	<u>5,549</u>
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

DUNCANVILLE INDEPENDENT SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED AUGUST 31, 2012

Data Control Codes		385 Visually Impaired SSVI	397 Advanced Placement Incentives	410 State Textbook Fund	424 District Awards - Teacher Exc.
REVENUES:					
5700	Total Local and Intermediate Sources	\$ -	\$ -	\$ -	\$ -
5800	State Program Revenues	2,179	2,302	1,346,328	898,939
5900	Federal Program Revenues	-	-	-	-
5020	Total Revenues	<u>2,179</u>	<u>2,302</u>	<u>1,346,328</u>	<u>898,939</u>
EXPENDITURES:					
Current:					
0011	Instruction	-	-	1,346,328	810,702
0012	Instructional Resources and Media Services	-	-	-	17,477
0013	Curriculum and Instructional Staff Development	-	-	-	20,983
0021	Instructional Leadership	-	-	-	-
0023	School Leadership	-	-	-	33,250
0031	Guidance, Counseling and Evaluation Services	2,179	-	-	16,527
0032	Social Work Services	-	-	-	-
0033	Health 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	-	-	-	-
Debt Service:					
0073	Bond Issuance Cost and Fees	-	-	-	-
Intergovernmental:					
0093	Payments to Fiscal Agent/Member Districts of SSA	-	-	-	-
6030	Total Expenditures	<u>2,179</u>	<u>-</u>	<u>1,346,328</u>	<u>898,939</u>
1200	Net Change in Fund Balance	-	2,302	-	-
0100	Fund Balance - September 1 (Beginning)	<u>-</u>	<u>1,818</u>	<u>-</u>	<u>-</u>
3000	Fund Balance - August 31 (Ending)	<u>\$ -</u>	<u>\$ 4,120</u>	<u>\$ -</u>	<u>\$ -</u>

429 Read to Succeed	461 Campus Activity Funds	491 Education Foundation Grants	496 Local STEM Grant	Total Nonmajor Special Revenue Funds	699 Capital Projects Fund	Total Nonmajor Governmental Funds
\$ -	\$ 569,338	\$ 12,624	\$ 10,000	\$ 1,958,138	\$ 6,149	\$ 1,964,287
74	-	-	-	2,433,640	-	2,433,640
-	-	-	-	11,550,864	-	11,550,864
74	569,338	12,624	10,000	15,942,642	6,149	15,948,791
-	122,050	12,992	9,785	5,458,864	678,069	6,136,933
74	27,763	4,997	-	50,311	17,481	67,792
-	6,910	-	215	1,261,249	25,761	1,287,010
-	-	-	-	109,564	7,360	116,924
-	17,281	-	-	73,056	43,242	116,298
-	40	-	-	1,185,790	34,042	1,219,832
-	-	-	-	-	920	920
-	55	-	-	848	920	1,768
-	-	-	-	15	1,840	1,855
-	-	-	-	7,563,642	1,840	7,565,482
-	290,191	1,407	-	291,598	5,520	297,118
-	250	-	-	250	14,721	14,971
-	2,915	-	-	308,817	920	309,737
-	17,768	-	-	41,649	920	42,569
-	-	-	-	-	500,112	500,112
-	1,523	3,695	-	50,758	920	51,678
-	-	-	-	-	5,290	5,290
-	-	-	-	4,250	-	4,250
74	486,746	23,091	10,000	16,400,661	1,339,878	17,740,539
-	82,592	(10,467)	-	(458,019)	(1,333,729)	(1,791,748)
-	459,585	10,544	-	1,146,178	2,750,290	3,896,468
\$ -	\$ 542,177	\$ 77	\$ -	\$ 688,159	\$ 1,416,561	\$ 2,104,720

INTERNAL SERVICE FUNDS

Transportation Internal Service Fund and Worker's Compensation Self Insurance Fund - Revenues and expenses related to services provided to organizations inside the District on a cost reimbursement basis.

DUNCANVILLE INDEPENDENT SCHOOL DISTRICT
 COMBINING STATEMENT OF NET ASSETS
 INTERNAL SERVICE FUNDS
 AUGUST 31, 2012

	751	753	Total
	Transport.	Insurance	Internal Service Funds
<hr/>			
ASSETS			
Current Assets:			
Cash and Cash Equivalents	\$ 57,631	\$ 1,629,066	\$ 1,686,697
Other Receivables	1,860	45,279	47,139
	<hr/>	<hr/>	<hr/>
Total Assets	59,491	1,674,345	1,733,836
	<hr/>	<hr/>	<hr/>
LIABILITIES			
Current Liabilities:			
Accounts Payable	1,660	74,092	75,752
Accrued Wages Payable	832	-	832
Accrued Expenses	-	278,058	278,058
	<hr/>	<hr/>	<hr/>
Total Liabilities	2,492	352,150	354,642
	<hr/>	<hr/>	<hr/>
NET ASSETS			
Unrestricted Net Assets	56,999	1,322,195	1,379,194
	<hr/>	<hr/>	<hr/>
Total Net Assets	\$ 56,999	\$ 1,322,195	\$ 1,379,194
	<hr/>	<hr/>	<hr/>

DUNCANVILLE INDEPENDENT SCHOOL DISTRICT
 COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
 INTERNAL SERVICE FUNDS
 FOR THE YEAR ENDED AUGUST 31, 2012

	751	753	Total Internal Service Funds
	Transport.	Insurance	
OPERATING REVENUES:			
Local and Intermediate Sources	\$ 295,823	\$ 572,970	\$ 868,793
Total Operating Revenues	295,823	572,970	868,793
OPERATING EXPENSES:			
Payroll Costs	73,066	41,592	114,658
Professional and Contracted Services	31,798	17	31,815
Supplies and Materials	204,810	201	205,011
Other Operating Costs	-	892,935	892,935
Total Operating Expenses	309,674	934,745	1,244,419
Operating Income (Loss)	(13,851)	(361,775)	(375,626)
NONOPERATING REVENUES (EXPENSES):			
Earnings from Temporary Deposits & Investments	-	666	666
Total Nonoperating Revenues (Expenses)	-	666	666
Income (Loss) Before Transfers	(13,851)	(361,109)	(374,960)
Transfers Out	(200,000)	-	(200,000)
Change in Net Assets	(213,851)	(361,109)	(574,960)
Total Net Assets - September 1 (Beginning)	270,850	1,683,304	1,954,154
Total Net Assets - August 31 (Ending)	\$ 56,999	\$ 1,322,195	\$ 1,379,194

DUNCANVILLE INDEPENDENT SCHOOL DISTRICT
 COMBINING STATEMENT OF CASH FLOWS
 INTERNAL SERVICE FUNDS
 FOR THE YEAR ENDED AUGUST 31, 2012

	751	753	Total
	Transport.	Insurance	Internal Service Funds
<u>Cash Flows from Operating Activities:</u>			
Cash Received from District	\$ -	\$ 572,970	\$ 572,970
Internal Activity - Receipts from Other Funds	297,634	-	297,634
Cash Payments to Employees for Services	(72,265)	(55,569)	(127,834)
Cash Payments for Insurance Claims	-	(620,974)	(620,974)
Cash Payments for Suppliers	(234,948)	(218)	(235,166)
Net Cash Used For Operating Activities	(9,579)	(103,791)	(113,370)
<u>Cash Flows from Non-Capital Financing Activities:</u>			
Operating Transfer Out	(200,000)	-	(200,000)
<u>Cash Flows from Investing Activities:</u>			
Interest and Dividends on Investments	-	666	666
Net Decrease in Cash and Cash Equivalents	(209,579)	(103,125)	(312,704)
Cash and Cash Equivalents at Beginning of Year	267,210	1,732,191	1,999,401
Cash and Cash Equivalents at End of Year	\$ 57,631	\$ 1,629,066	\$ 1,686,697
<u>Reconciliation of Operating Income (Loss) to Net Cash</u>			
<u>Used for Operating Activities:</u>			
Operating Income (Loss):	\$ (13,851)	\$ (361,775)	\$ (375,626)
Effect of Increases and Decreases in Current Assets and Liabilities:			
Decrease (increase) in Due from Other Funds	2,797	-	2,797
Decrease (increase) in Other Receivables	(986)	269,849	268,863
Increase (decrease) in Accounts Payable	1,660	14,217	15,877
Increase (decrease) in Accrued Wages Payable	801	(13,977)	(13,176)
Increase (decrease) in Accrued Expenses	-	(12,105)	(12,105)
Net Cash Used for Operating Activities	\$ (9,579)	\$ (103,791)	\$ (113,370)

AGENCY FUND

Student Activity Fund - Used to account for resources held for others in a custodial capacity.

DUNCANVILLE INDEPENDENT SCHOOL DISTRICT
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUND
FOR THE YEAR ENDED AUGUST 31, 2012

	BALANCE SEPTEMBER 1 2011			ADDITIONS	DEDUCTIONS	BALANCE AUGUST 31 2012		
STUDENT ACTIVITY ACCOUNT								
Assets:								
Cash and Temporary Investments	\$	124,375	\$	169,245	\$	166,997	\$	126,623
Total Assets	\$	124,375	\$	169,245	\$	166,997	\$	126,623
Liabilities:								
Accounts Payable	\$	124,375	\$	357,935	\$	355,687	\$	126,623
Total Liabilities	\$	124,375	\$	357,935	\$	355,687	\$	126,623
TOTAL AGENCY FUNDS								
Assets:								
Cash and Temporary Investments	\$	124,375	\$	169,245	\$	166,997	\$	126,623
Total Assets	\$	124,375	\$	169,245	\$	166,997	\$	126,623
Liabilities:								
Accounts Payable	\$	124,375	\$	357,935	\$	355,687	\$	126,623
Total Liabilities	\$	124,375	\$	357,935	\$	355,687	\$	126,623



Duncanville
Independent School District

REQUIRED TEA SCHEDULES

DUNCANVILLE INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF DELINQUENT TAXES RECEIVABLE
FISCAL YEAR ENDED AUGUST 31, 2012

Last 10 Years Ended August 31	(1)	(2)	(3)
	Tax Rates		Assessed/Appraised Value for School Tax Purposes
	Maintenance	Debt Service	
2003 and prior years	Various	Various	\$ 2,061,295,918
2004	1.470000	0.385000	2,755,466,841
2005	1.470000	0.366000	2,858,070,731
2006	1.500000	0.366000	3,009,283,125
2007	1.370000	0.366000	3,222,226,655
2008	1.040000	0.378000	3,458,119,294
2009	1.040000	0.378000	3,532,442,496
2010	1.040000	0.378000	3,350,027,390
2011	1.040000	0.378000	3,238,214,918
2012 (School year under audit)	1.040000	0.378000	3,197,348,376
1000 TOTALS			

(10) Beginning Balance 9/1/2011	(20) Current Year's Total Levy	(31) Maintenance Collections	(32) Debt Service Collections	(40) Entire Year's Adjustments	(50) Ending Balance 8/31/2012
\$ 681,205	\$ -	\$ 2,325	\$ 429	\$ (117,269)	\$ 561,182
76,858	-	552	144	(9,675)	66,487
125,337	-	8,857	2,205	(6,074)	108,201
144,817	-	3,914	955	(6,891)	133,057
157,879	-	9,495	2,537	(6,816)	139,031
227,352	-	28,765	10,455	(48,691)	139,441
313,324	-	52,203	18,974	(5,332)	236,815
456,606	-	128,077	46,551	(11,475)	270,503
827,511	-	290,929	105,741	(19,426)	411,415
-	44,625,453	32,205,007	11,705,282	33,849	749,013
<u>\$ 3,010,889</u>	<u>\$ 44,625,453</u>	<u>\$ 32,730,124</u>	<u>\$ 11,893,273</u>	<u>\$ (197,800)</u>	<u>\$ 2,815,145</u>

DUNCANVILLE INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES FOR COMPUTATIONS OF INDIRECT COST FOR 2013-2014
GENERAL AND SPECIAL REVENUE FUNDS
AUGUST 31, 2012

FUNCTION 41 AND RELATED FUNCTION 53 - GENERAL ADMINISTRATION, 99 - APPRAISAL DISTRICT COST

Account Number	Account Name	1 (702) School Board	2 (703) Tax Collections	3 (701) Supt's Office	4 (750) Indirect Cost	5 (720) Direct Cost	6 (other) Miscellaneous	7 Total
611X-6146	PAYROLL COSTS	\$ 1,635	\$ -	\$ 325,272	\$ 1,449,173	\$ 630,895	\$ -	\$ 2,406,975
6149	Leave for Separating Employees in Fn 41 & 53	-	-	15,631	8,504	-	-	24,135
6149	Leave - Separating Employees not in 41 & 53	-	-	-	-	-	-	-
6211	Legal Services	15,720	-	108,483	-	40,131	-	164,334
6212	Audit Services	-	-	-	34,000	-	-	34,000
6213	Tax Appraisal/Collection - Appraisal in Fn 99	-	208,775	-	-	-	-	208,775
6214	Lobbying	-	-	-	-	-	-	-
621X	Other Professional Services	-	-	9,165	-	-	-	9,165
6220	Tuition and Transfer Payments	-	-	-	-	-	-	-
6230	Education Service Centers	-	-	450	339,074	550	-	340,074
6240	Contr. Maint. and Repair	-	-	-	-	37,403	-	37,403
6250	Utilities	-	-	-	-	-	-	-
6260	Rentals	-	-	265	19,535	575	-	20,375
6290	Miscellaneous Contr.	2,004	-	43	127,086	80,578	-	209,711
6320	Textbooks and Reading	20	-	18	1,012	441	-	1,491
6330	Testing Materials	-	-	-	-	-	-	-
63XX	Other Supplies Materials	20,084	-	1,242	45,923	10,376	-	77,625
6410	Travel, Subsistence, Stipends	16,878	-	8,433	32,784	8,594	-	66,689
6420	Ins. and Bonding Costs	-	-	-	42,809	-	-	42,809
6430	Election Costs	20,510	-	-	-	-	-	20,510
6490	Miscellaneous Operating	24,242	-	8,323	60,026	28,026	-	120,617
6500	Debt Service	-	-	-	-	-	-	-
6600	Capital Outlay	-	-	-	-	-	-	-
6000	TOTAL	\$ 101,093	\$ 208,775	\$ 477,325	\$ 2,159,926	\$ 837,569	\$ -	\$ 3,784,688

Total expenditures/expenses for General and Special Revenue Funds:

(9) \$ 106,647,667

LESS: Deductions of Unallowable Costs

FISCAL YEAR

Total Capital Outlay (6600)	(10) \$ 3,675,059
Total Debt & Lease(6500)	(11) 363,814
Plant Maintenance (Function 51, 6100-6400)	(12) 11,787,977
Food (Function 35, 6341 and 6499)	(13) 3,267,814
Stipends (6413)	(14) -
Column 4 (above) - Total Indirect Cost	2,159,926

SubTotal:

21,254,590

Net Allowed Direct Cost

\$ 85,393,077

CUMULATIVE

Total Cost of Buildings before Depreciation (1520)	(15) \$ 256,347,050
Historical Cost of Building over 50 years old	(16) \$ 4,301,173
Amount of Federal Money in Building Cost (Net of #16)	(17) \$ -
Total Cost of Furniture & Equipment before Depreciation (1530 & 1540)	(18) \$ 16,054,222
Historical Cost of Furniture & Equipment over 16 years old	(19) \$ 1,651,457
Amount of Federal Money in Furniture & Equipment (Net of #19)	(20) \$ 2,939,226

(8) NOTE A: \$650,946 in Function 53 expenditures are included in this report on administrative costs.

\$208,775 in Function 99 expenditures for appraisal district costs are included in this report on administrative costs.

DUNCANVILLE INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - CHILD NUTRITION PROGRAM
FOR THE YEAR ENDED AUGUST 31, 2012

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	\$ 1,432,300	\$ 1,432,300	\$ 1,366,176	\$ (66,124)
5800 State Program Revenues	190,000	190,000	183,818	(6,182)
5900 Federal Program Revenues	5,510,320	5,600,320	5,627,244	26,924
5020 Total Revenues	7,132,620	7,222,620	7,177,238	(45,382)
EXPENDITURES:				
0035 Food Services	6,874,453	7,567,203	7,563,642	3,561
0051 Facilities Maintenance and Operations	222,000	124,117	122,161	1,956
0052 Security and Monitoring Services	36,166	25,299	23,881	1,418
6030 Total Expenditures	7,132,619	7,716,619	7,709,684	6,935
1200 Net Change in Fund Balances	1	(493,999)	(532,446)	(38,447)
0100 Fund Balance - September 1 (Beginning)	674,231	674,231	674,231	-
3000 Fund Balance - August 31 (Ending)	\$ 674,232	\$ 180,232	\$ 141,785	\$ (38,447)

DEBT SERVICE FUND

This 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.

DUNCANVILLE INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - DEBT SERVICE FUND
FOR THE YEAR ENDED AUGUST 31, 2012

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	\$ 11,900,000	\$ 11,900,000	\$ 12,018,517	\$ 118,517
5800 State Program Revenues	2,981,946	2,981,946	3,500,782	518,836
5020 Total Revenues	14,881,946	14,881,946	15,519,299	637,353
EXPENDITURES:				
Debt Service:				
0071 Principal on Long Term Debt	2,558,348	2,763,348	2,763,347	1
0072 Interest on Long Term Debt	11,877,010	11,671,910	11,651,145	20,765
0073 Bond Issuance Cost and Fees	10,000	310,100	305,364	4,736
6030 Total Expenditures	14,445,358	14,745,358	14,719,856	25,502
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	436,588	136,588	799,443	662,855
OTHER FINANCING SOURCES (USES):				
7911 Refunding Bonds Issued	-	-	18,350,000	18,350,000
7916 Premium or Discount on Issuance of Bonds	-	-	1,542,892	1,542,892
7917 Prepaid Interest	-	-	33,149	33,149
8949 Other (Uses)	-	-	(19,636,120)	(19,636,120)
7080 Total Other Financing Sources (Uses)	-	-	289,921	289,921
1200 Net Change in Fund Balances	436,588	136,588	1,089,364	952,776
0100 Fund Balance - September 1 (Beginning)	2,611,137	2,611,137	2,611,137	-
3000 Fund Balance - August 31 (Ending)	\$ 3,047,725	\$ 2,747,725	\$ 3,700,501	\$ 952,776

STATISTICAL SECTION

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

Contents	Page
Financial Trends	
These schedules contain trend information to help understand how the government's financial performance and well-being have changed over time.....	82
Revenue Capacity	
These schedules contain information to help the reader access the government's most significant local revenue source, the property tax.....	97
Debt Capacity	
These schedules present information to help the reader access the affordability of the government's current levels of outstanding debt and the government's ability to issue additional debt in the future.....	103
Demographic and Economic Information	
These schedules offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place.....	110
Operating Information	
These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the government provides and the activities it performs.....	113

FINANCIAL TRENDS

DUNCANVILLE INDEPENDENT SCHOOL DISTRICT

NET ASSETS BY COMPONENT

LAST TEN FISCAL YEARS

(Accrual Basis of Accounting, Unaudited)

	2003	2004	2005	2006
Governmental Activities				
Invested in Capital Assets, Net of Related Debt	\$ (2,708,650)	\$ (2,352,569)	\$ (10,714,836)	\$ (10,409,432)
Restricted for				
Federal and State Programs	\$ -	\$ -	\$ -	\$ -
Food Service	\$ 226,939	\$ 103,777	\$ -	\$ -
Debt Service	\$ 846,528	\$ 1,392,049	\$ 2,669,039	\$ 2,619,310
Unrestricted	\$ 13,825,816	\$ 9,073,832	\$ 11,571,292	\$ 10,005,532
Total Primary Government Net Assets	\$ 12,190,633	\$ 8,217,089	\$ 3,525,495	\$ 2,215,410

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

SCHEDULE 1

2007	2008	2009	2010	2011	2012
\$ (13,018,343)	\$ (6,435,542)	\$ (5,678,967)	\$ (1,507,272)	\$ 226,763	\$ (201,638)
\$ -	\$ -	\$ -	\$ -	\$ 676,049	\$ 145,905
\$ -	\$ 469,271	\$ 755,737	\$ 817,311	\$ -	\$ -
\$ 3,319,201	\$ 4,497,666	\$ 4,594,799	\$ 3,578,399	\$ 3,011,414	\$ 4,086,128
\$ 13,160,504	\$ 6,815,953	\$ 11,785,583	\$ 14,086,137	\$ 17,577,298	\$ 17,286,780
\$ 3,461,362	\$ 5,347,348	\$ 11,457,152	\$ 16,974,575	\$ 21,491,524	\$ 21,317,175

DUNCANVILLE INDEPENDENT SCHOOL DISTRICT
GOVERNMENT-WIDE EXPENSES, PROGRAM REVENUES, AND CHANGE IN NET ASSETS
LAST TEN FISCAL YEARS
(Accrual Basis of Accounting, Unaudited)

	2003	2004	2005	2006
Expenses				
Governmental Activities:				
Instruction	\$ 45,085,890	\$ 46,926,376	\$ 50,998,528	\$ 54,183,675
Instructional Resources and Media Services	\$ 1,376,948	\$ 1,567,244	\$ 1,916,234	\$ 1,751,180
Curriculum and Staff Development	\$ 836,365	\$ 817,037	\$ 954,175	\$ 987,325
Instructional Leadership	\$ 1,999,107	\$ 2,069,899	\$ 2,012,978	\$ 1,895,334
School Leadership	\$ 4,929,995	\$ 4,824,689	\$ 4,899,531	\$ 5,283,671
Guidance, Counseling and Evaluation Services	\$ 3,294,975	\$ 3,657,260	\$ 3,638,647	\$ 4,117,833
Social Work Services	\$ -	\$ -	\$ -	\$ 47,884
Health Services	\$ 726,957	\$ 832,158	\$ 867,746	\$ 977,236
Student (Pupil) Transportation	\$ 1,767,799	\$ 2,009,004	\$ 2,532,562	\$ 3,227,910
Food Services	\$ 3,841,259	\$ 4,276,154	\$ 4,518,912	\$ 6,019,365
Cocurricular/Extracurricular Activities	\$ 1,780,586	\$ 1,732,962	\$ 2,039,051	\$ 2,165,414
General Administration	\$ 2,373,062	\$ 2,308,244	\$ 2,564,693	\$ 2,918,155
Facilities Maintenance and Operations	\$ 8,515,339	\$ 10,211,244	\$ 9,194,555	\$ 11,439,340
Security and Monitoring Services	\$ 504,204	\$ 718,431	\$ 923,566	\$ 1,100,317
Data Processing Services	\$ 397,298	\$ 419,975	\$ 1,240,645	\$ 1,375,133
Community Services	\$ 336,221	\$ 309,608	\$ 283,221	\$ 302,335
Debt Service - Interest on Long Term Debt	\$ 11,963,160	\$ 11,342,561	\$ 11,305,315	\$ 8,475,987
Debt Service - Bond Issuance Cost & Fees	\$ 66,595	\$ 76,035	\$ 73,550	\$ 198,977
Facilities Acquisition and Construction	\$ 1,564,103	\$ 1,797,235	\$ 1,723,610	\$ 1,603,326
Payments related to Shared Services Arrangements	\$ -	\$ -	\$ -	\$ 100
Payments to Juvenile Justice Alternative Ed. Prg.	\$ 90,212	\$ 79,235	\$ 68,544	\$ 122,598
Other Intergovernmental Charges	\$ -	\$ -	\$ -	\$ -
Total Primary Government Expenses	\$ 91,450,075	\$ 95,975,351	\$ 101,756,063	\$ 108,193,095
Program Revenues				
Governmental Activities:				
Charges for Services				
Instruction	\$ 230,327	\$ 210,592	\$ 248,425	\$ 246,519
Food Services	\$ 1,670,570	\$ 1,612,039	\$ 1,499,214	\$ 1,954,275
Cocurricular/Extracurricular Activities	\$ 563,267	\$ 232,434	\$ 244,415	\$ 198,517
Facilities Maintenance and Operations	\$ 57,406	\$ 101,882	\$ 90,905	\$ 113,613
Other	\$ 104,894	\$ -	\$ -	\$ -
Operating Grants and Contributions	\$ 11,124,189	\$ 12,970,558	\$ 14,780,946	\$ 18,901,683
Total Primary Government Program Revenues	\$ 13,750,653	\$ 15,127,505	\$ 16,863,905	\$ 21,414,607
Net (Expense) Revenue				
Total Primary Government	\$ (77,699,422)	\$ (80,847,846)	\$ (84,892,158)	\$ (86,778,488)

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

SCHEDULE 2

2007	2008	2009	2010	2011	2012
\$ 53,732,109	\$ 55,306,325	\$ 54,939,554	\$ 61,137,934	\$ 60,615,066	\$ 60,326,725
\$ 1,629,981	\$ 1,729,364	\$ 1,712,661	\$ 1,730,071	\$ 1,698,191	\$ 1,554,623
\$ 1,338,054	\$ 1,428,995	\$ 1,108,461	\$ 1,730,449	\$ 3,025,883	\$ 3,583,144
\$ 1,695,487	\$ 1,592,425	\$ 1,583,310	\$ 1,884,776	\$ 1,817,117	\$ 1,892,062
\$ 5,516,302	\$ 5,692,790	\$ 5,589,501	\$ 5,969,904	\$ 6,162,064	\$ 5,918,084
\$ 4,135,105	\$ 4,256,834	\$ 4,312,605	\$ 4,229,542	\$ 4,270,680	\$ 4,229,002
\$ 43,470	\$ 43,984	\$ 49,480	\$ 44,004	\$ 48,245	\$ 34,576
\$ 933,312	\$ 995,790	\$ 1,008,103	\$ 1,076,871	\$ 1,130,645	\$ 1,039,331
\$ 2,940,952	\$ 3,002,489	\$ 2,768,674	\$ 2,879,302	\$ 3,051,753	\$ 3,397,401
\$ 5,783,361	\$ 5,304,789	\$ 6,098,221	\$ 6,928,672	\$ 6,909,395	\$ 7,681,674
\$ 2,337,282	\$ 2,713,846	\$ 2,732,975	\$ 2,517,317	\$ 2,689,211	\$ 2,643,108
\$ 2,790,804	\$ 2,560,543	\$ 2,399,481	\$ 2,634,350	\$ 2,724,120	\$ 2,975,747
\$ 10,583,230	\$ 10,913,535	\$ 10,479,529	\$ 11,992,617	\$ 11,708,254	\$ 12,146,625
\$ 1,167,767	\$ 1,077,174	\$ 896,035	\$ 1,032,893	\$ 1,014,305	\$ 1,240,156
\$ 1,235,464	\$ 1,303,677	\$ 1,745,988	\$ 1,919,151	\$ 1,932,502	\$ 2,435,260
\$ 350,779	\$ 406,653	\$ 400,728	\$ 285,287	\$ 270,189	\$ 435,145
\$ 10,516,972	\$ 11,052,583	\$ 10,708,674	\$ 10,439,529	\$ 10,167,214	\$ 9,784,285
\$ 190,654	\$ 176,205	\$ 180,154	\$ 172,343	\$ 168,822	\$ 183,512
\$ 175,333	\$ 25,028	\$ 10,050	\$ -	\$ 11,223	\$ -
\$ 700	\$ 3,000	\$ 3,600	\$ 3,850	\$ 4,025	\$ 4,250
\$ 166,972	\$ 134,311	\$ 107,915	\$ 160,239	\$ 270,199	\$ 87,012
\$ -	\$ -	\$ 222,688	\$ 226,221	\$ 218,841	\$ 208,775
\$ 107,264,090	\$ 109,720,340	\$ 109,058,387	\$ 118,995,322	\$ 119,907,944	\$ 121,800,497
\$ 156,549	\$ 175,368	\$ 183,345	\$ 150,618	\$ 139,708	\$ 286,832
\$ 1,453,690	\$ 1,398,946	\$ 1,365,436	\$ 1,307,830	\$ 1,275,465	\$ 1,365,743
\$ 194,269	\$ 208,889	\$ 191,253	\$ 155,195	\$ 236,470	\$ 494,445
\$ 152,220	\$ 173,359	\$ 107,643	\$ 107,693	\$ 119,590	\$ 395,259
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 95,471
\$ 14,623,441	\$ 16,678,585	\$ 16,235,603	\$ 29,133,149	\$ 31,337,634	\$ 23,695,681
\$ 16,580,169	\$ 18,635,147	\$ 18,083,280	\$ 30,854,485	\$ 33,108,867	\$ 26,333,431
\$ (90,683,921)	\$ (91,085,193)	\$ (90,975,107)	\$ (88,140,837)	\$ (86,799,077)	\$ (95,467,066)

DUNCANVILLE INDEPENDENT SCHOOL DISTRICT
GENERAL REVENUES AND CHANGES IN NET ASSETS
LAST TEN FISCAL YEARS
(Accrual Basis of Accounting, Unaudited)

	2003	2004	2005
Net (Expense)/Revenue			
Total Primary Government Net Expense	\$ (77,699,422)	\$ (80,847,846)	\$ (84,892,158)
General Revenue and Other Changes in Net Assets			
Governmental Activities:			
Taxes			
Property Taxes, Levied for General Purposes	38,559,272	39,580,903	42,112,623
Property Taxes, Levied for Debt Service	7,341,850	10,268,260	10,473,925
State Aid - Unrestricted Formula Grants	21,050,670	24,392,056	25,785,224
Grants and Contributions not Restricted	94,364	129,248	196,914
Investment Earnings	2,235,620	2,017,514	1,149,837
Miscellaneous Local and Intermediate Revenue	93,115	486,321	482,041
Total General Revenues - Primary Government	\$ 69,374,891	\$ 76,874,302	\$ 80,200,564
Changes in Net Assets			
Net Assets - Beginning	20,515,164	12,190,633	8,217,089
Prior Period Adjustments	-	-	-
Total Change in Net Assets - Primary Government	(8,324,531)	(3,973,544)	(4,691,594)
Net Assets - Ending	\$ 12,190,633	\$ 8,217,089	\$ 3,525,495

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

SCHEDULE 3

2006	2007	2008	2009	2010	2011	2012
\$ (86,778,488)	\$ (90,683,921)	\$ (91,085,193)	\$ (90,975,107)	\$ (88,140,837)	\$ (86,799,077)	\$ (95,467,066)
45,107,372	44,656,493	36,117,675	36,059,147	33,908,268	33,047,959	32,940,257
10,998,571	11,923,966	13,102,742	13,113,400	12,409,086	12,046,313	11,979,373
26,824,392	32,669,861	42,914,590	45,654,223	46,071,203	44,903,675	49,753,085
234,616	71,782	569,550	878,335	38,768	61,269	3,280
1,753,512	1,886,109	1,152,862	373,260	82,283	38,948	55,781
549,940	721,662	1,327,942	1,006,546	1,148,652	1,217,862	560,941
\$ 85,468,403	\$ 91,929,873	\$ 95,185,361	\$ 97,084,911	\$ 93,658,260	\$ 91,316,026	\$ 95,292,717
3,525,495	2,215,410	3,461,362	5,347,348	11,457,152	16,974,575	21,491,524
-	-	(2,214,182)	-	-	-	-
(1,310,085)	1,245,952	4,100,168	6,109,804	5,517,423	4,516,949	(174,349)
\$ 2,215,410	\$ 3,461,362	\$ 5,347,348	\$ 11,457,152	\$ 16,974,575	\$ 21,491,524	\$ 21,317,175

DUNCANVILLE INDEPENDENT SCHOOL DISTRICT
FUND BALANCES - GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(Modified Accrual Basis of Accounting, Unaudited)

	2003	2004	2005	2006
General Fund				
Reserved	\$ 655,856	\$ 883,605	\$ 1,271,284	\$ 586,551
Unreserved Designated	\$ 1,240,000	\$ 1,240,000	\$ 815,000	\$ 815,000
Unreserved and Undesignated	\$ 8,168,679	\$ 7,160,135	\$ 5,651,925	\$ 4,718,414
Total General Fund	\$ 10,064,535	\$ 9,283,740	\$ 7,738,209	\$ 6,119,965
All Other Governmental Funds				
Reserved, Reported In				
Special Revenue Fund	\$ 693,014	\$ 170,669	\$ -	\$ -
Debt Service Fund	\$ 846,528	\$ 1,392,049	\$ 2,303,243	\$ 2,327,846
Capital Projects Fund	\$ 1,234,212	\$ -	\$ 862,760	\$ 344,053
Unreserved Designated, Reported In				
Capital Projects Fund	\$ 115,164,578	\$ 70,268,318	\$ 19,092,518	\$ 9,381,606
Unreserved and Undesignated, Reported In				
Special Revenue Fund	\$ 352,884	\$ 433,255	\$ 378,218	\$ 386,876
Total All Other Governmental Funds	\$ 118,291,216	\$ 72,264,291	\$ 22,636,739	\$ 12,440,381
Total All Government Funds	\$ 128,355,751	\$ 81,548,031	\$ 30,374,948	\$ 18,560,346

General Fund
Nonspendable
Committed
Assigned
Unassigned
Total General Fund

All Other Governmental Funds
Nonspendable
Restricted for:
 Federal or State Funds
 Capital Acquisition and Contractual Obligations
 Retirement of Long-Term Debt
Committed
Assigned
Total All Other Governmental Funds

Total All Government Funds

Note: The District adopted the provisions of GASB 54 in 2011 which changed the fund balance classifications to Nonspendable, Restricted, Committed, Assigned and Unassigned. GASB 54 provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government's fund balances more transparent.

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

SCHEDULE 4

2007	2008	2009	2010
\$ 1,563,859	\$ 497,918	\$ 658,162	\$ 1,048,763
\$ 815,000	\$ 815,000	\$ 815,000	\$ 815,000
\$ 5,948,939	\$ 11,290,428	\$ 18,437,503	\$ 22,349,461
\$ 8,327,798	\$ 12,603,346	\$ 19,910,665	\$ 24,213,224

\$ -	\$ 469,271	\$ 755,737	\$ 833,267
\$ 2,786,680	\$ 4,022,498	\$ 4,064,320	\$ 3,058,821
\$ 627,113	\$ 5,903,535	\$ 4,448,230	\$ 3,592,501

\$ 6,767,733	\$ -	\$ -	\$ -
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\$ 405,448	\$ 487,332	\$ 774,638	\$ 484,314
\$ 10,586,974	\$ 10,882,636	\$ 10,042,925	\$ 7,968,903

\$ 18,914,772	\$ 23,485,982	\$ 29,953,590	\$ 32,182,127
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2011	2012
\$ 342,187	\$ 416,045
\$ 815,000	\$ 815,000
\$ 7,322,781	
\$ 21,128,139	\$ 28,674,070
\$ 29,608,107	\$ 29,905,115

\$ 69,467	\$ 141,785
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\$ 606,582	\$ 4,120
\$ 2,750,290	\$ 1,416,561
\$ 2,611,137	\$ 3,700,501
\$ 459,585	\$ 542,177
\$ 10,544	\$ 77
\$ 6,507,605	\$ 5,805,221

\$ 36,115,712	\$ 35,710,336
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DUNCANVILLE INDEPENDENT SCHOOL DISTRICT
GOVERNMENTAL FUNDS REVENUES
LAST TEN FISCAL YEARS
(Modified Accrual Basis of Accounting, Unaudited)

	2003	2004	2005	2006
Local Sources:				
Local Maintenance and Debt Service Tax	\$ 45,704,059	\$ 49,848,788	\$ 52,195,432	\$ 56,197,164
Tuition/Fees From Patrons	116,011	127,458	138,829	145,250
Other Revenue From Local Services	2,791,241	2,725,709	1,987,075	2,696,578
Co-curricular Revenues	2,142,230	2,046,120	1,883,933	2,401,867
Total Local Sources	50,753,541	54,748,074	56,205,269	61,440,859
State Sources:				
Per Capita and Foundation	\$ 21,523,464	\$ 24,363,778	\$ 25,899,390	\$ 27,301,170
Other State Program Revenues	6,591,669	7,575,579	7,945,136	8,195,247
Total State Programs	28,115,133	31,939,356	33,844,526	35,496,417
Federal Programs:				
State Distributed Revenues from Federal Source:	\$ 4,059,805	\$ 5,314,005	\$ 6,623,555	\$ 10,036,956
Total Federal Programs:	4,059,805	5,314,005	6,623,555	10,036,956
Total Revenues	\$ 82,928,479	\$ 92,001,435	\$ 96,673,350	\$ 106,974,232

Source: Duncanville ISD records

SCHEDULE 5

2007	2008	2009	2010	2011	2012
\$ 56,068,319	\$ 49,614,634	\$ 49,078,801	\$ 46,709,469	\$ 45,762,920	\$ 45,105,586
156,549	175,368	183,345	150,618	139,708	141,253
2,618,303	2,570,485	1,884,755	1,016,714	992,677	1,088,309
1,861,429	2,193,926	2,037,719	1,823,708	1,956,927	1,904,772
60,704,600	54,554,414	53,184,620	49,700,510	48,852,232	48,239,920
\$ 33,015,242	\$ 43,288,172	\$ 46,209,961	\$ 46,597,327	\$ 45,585,945	\$ 50,493,207
7,144,024	7,685,484	6,774,210	7,551,111	8,396,331	9,695,582
40,159,266	50,973,656	52,984,171	54,148,437	53,982,276	60,188,789
\$ 7,134,037	\$ 8,619,519	\$ 8,905,655	\$ 21,055,912	\$ 22,259,033	\$ 13,383,395
7,134,037	8,619,519	8,905,655	21,055,912	22,259,033	13,383,395
\$ 107,997,903	\$ 114,147,588	\$ 115,074,446	\$ 124,904,859	\$ 125,093,541	\$ 121,812,104

DUNCANVILLE INDEPENDENT SCHOOL DISTRICT
GOVERNMENTAL FUNDS EXPENDITURES AND DEBT SERVICE RATIO
LAST TEN FISCAL YEARS
(Modified Accrual Basis of Accounting, Unaudited)

Expenditures by Function	2003	2004	2005
Current:			
Instruction	\$40,861,032	\$43,659,724	\$47,217,848
Instructional Resources & Media Services	1,296,735	1,557,380	1,834,171
Curriculum & Instructional Staff Development	836,365	817,037	954,175
Instructional Leadership	1,952,752	2,044,033	1,987,252
School Leadership	4,876,244	4,780,573	4,851,125
Guidance, Counseling, & Evaluation Services	3,249,221	3,622,005	3,601,678
Social Work Services	0	0	0
Health Services	723,461	830,359	863,758
Student (Pupil) Transportation	1,796,851	2,589,456	2,776,094
Food Services	3,679,605	4,131,462	4,265,965
Cocurricular/Extracurricular Activities	1,781,157	1,693,629	1,999,718
General Administration	2,537,006	2,265,029	2,499,064
Plant Maintenance and Operations	8,456,242	10,201,661	9,159,857
Security and Monitoring Services	550,577	779,073	913,215
Data Processing Services	384,067	406,743	1,275,657
Community Services	336,221	309,608	283,221
Debt Service:			
Debt Service - Principal on long-term debt	3,638,209	4,797,596	5,146,453
Debt Service - Interest on long-term debt	6,689,018	8,326,999	8,124,446
Debt Service - Bond Issuance Cost and Fees	392,255	18,261	15,776
Capital Outlay:			
Facilities Acquisition and Construction	56,170,959	45,899,292	50,008,416
Intergovernmental:			
Payments to Fiscal Agent/Member Districts of SSA	0	0	0
Payments to Juvenile Justice Alternative Ed. Prg.	90,212	79,235	68,544
Other Intergovernmental Charges	0	0	0
Total Expenditures	\$140,298,189	\$138,809,155	\$147,846,433
 Debt Service as a Percentage of Non-Capital Expenditures	 12.74%	 14.15%	 13.58%

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

SCHEDULE 6

2006	2007	2008	2009	2010	2011	2012
\$50,603,055	\$48,957,332	\$50,539,163	\$50,012,231	\$57,576,997	\$55,769,281	\$54,409,199
1,607,723	1,458,988	1,562,762	1,554,453	1,646,761	1,547,994	1,398,268
987,325	1,338,040	1,428,981	1,108,447	1,730,435	3,025,869	3,583,144
1,869,706	1,674,660	1,571,598	1,562,483	1,863,949	1,796,768	1,854,738
5,232,415	5,450,561	5,627,394	5,523,071	5,900,192	6,093,574	5,848,900
4,079,766	4,081,735	4,196,816	4,251,553	4,166,174	4,213,139	4,170,934
47,884	43,470	43,984	49,480	44,004	48,245	34,576
973,259	929,318	991,796	1,004,109	1,072,387	1,125,834	1,034,352
4,456,979	3,005,621	2,798,572	2,201,271	2,305,087	2,569,476	2,893,358
5,766,474	5,517,812	5,047,957	5,867,895	6,670,742	6,853,601	7,565,482
2,126,081	2,332,110	2,697,386	2,730,701	2,618,644	2,634,545	2,594,665
2,857,928	2,730,286	2,542,832	2,384,530	2,613,400	2,704,747	2,939,688
11,400,049	10,784,786	11,008,098	10,590,049	15,034,380	13,007,002	13,840,820
1,057,050	1,092,192	1,037,214	881,973	1,032,323	1,013,735	1,260,381
1,588,135	1,141,205	1,232,021	2,162,934	1,693,049	1,901,359	2,264,313
302,335	350,779	406,653	385,846	270,405	255,307	420,263
8,165,052	6,680,455	7,685,247	8,509,932	7,458,989	7,747,639	3,090,752
7,420,720	8,555,030	7,956,364	7,324,059	8,572,077	8,335,057	11,685,344
1,467,881	34,328	19,879	23,828	16,017	12,496	312,864
10,116,702	3,134,813	1,451,902	143,790	0	11,223	1,205,323
100	700	3,000	3,600	3,850	4,025	4,250
122,598	166,972	134,311	107,915	160,239	270,199	87,012
0	0	0	222,688	226,221	218,841	208,775
\$122,249,217	\$109,461,193	\$109,983,930	\$108,606,838	\$122,676,322	\$121,159,956	\$122,707,401
15.21%	14.36%	14.43%	14.62%	13.08%	13.29%	12.42%

DUNCANVILLE INDEPENDENT SCHOOL DISTRICT
OTHER FINANCING SOURCES AND USES AND NET CHANGE IN FUND BALANCE
LAST TEN FISCAL YEARS
(Modified Accrual Basis of Accounting, Unaudited)

	2003	2004	2005	2006
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ (57,369,710)	\$ (46,807,720)	\$ (51,173,083)	\$ (15,274,985)
Other Finance Sources (Uses)				
Refunding Bonds Issued	\$ 2,095,000	\$ -	\$ -	\$ 118,272,005
Capital Related Debt Issued (Regular Bonds)	\$ 35,262,078	\$ -	\$ -	\$ -
Transfers In	\$ 15,077	\$ 5,030	\$ 202,748	\$ 633,722
Transfers Out	\$ -	\$ (5,030)	\$ (202,748)	\$ (633,722)
Premium or Discount on Issuance of Bonds	\$ 217,036	\$ -	\$ -	\$ 19,684,041
Prepaid Interest	\$ -	\$ -	\$ -	\$ 538,284
Capital Leases	\$ -	\$ -	\$ -	\$ 1,508,512
Non-Current Loans	\$ -	\$ -	\$ -	\$ -
Other (Uses)	\$ (2,208,005)	\$ -	\$ -	\$ (136,542,459)
Total Other Financing Sources (Uses)	\$ 35,381,186	\$ -	\$ -	\$ 3,460,383
Net Change in Fund Balances	\$ (21,988,524)	\$ (46,807,720)	\$ (51,173,083)	\$ (11,814,602)
Beginning Fund Balance - Sept 1	\$ 150,344,275	\$ 128,355,751	\$ 81,548,031	\$ 30,374,948
Ending Fund Balance - August 31	\$ 128,355,751	\$ 81,548,031	\$ 30,374,948	\$ 18,560,346

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

SCHEDULE 7

2007	2008	2009	2010	2011	2012
\$ (1,463,290)	\$ 4,163,659	\$ 6,467,608	\$ 2,228,537	\$ 3,933,585	\$ (895,297)
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 18,350,000
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$ 820,378	\$ 67,654	\$ -	\$ 70,441	\$ -	\$ 200,000
\$ (820,378)	\$ (516)	\$ -	\$ (70,441)	\$ -	\$ -
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,542,892
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 33,149
\$ 617,716	\$ 340,413	\$ -	\$ -	\$ -	\$ -
\$ 1,200,000	\$ -	\$ -	\$ -	\$ -	\$ -
\$ -	\$ -	\$ -	\$ -	\$ -	\$ (19,636,120)
\$ 1,817,716	\$ 407,551	\$ -	\$ -	\$ -	\$ 489,921
\$ 354,426	\$ 4,571,210	\$ 6,467,608	\$ 2,228,537	\$ 3,933,585	\$ (405,376)
\$ 18,560,346	\$ 18,914,772	\$ 23,485,982	\$ 29,953,590	\$ 32,182,127	\$ 36,115,712
\$ 18,914,772	\$ 23,485,982	\$ 29,953,590	\$ 32,182,127	\$ 36,115,712	\$ 35,710,336

REVENUE CAPACITY

DUNCANVILLE INDEPENDENT SCHOOL DISTRICT
 ASSESSED AND ACTUAL VALUE - REAL AND PERSONAL PROPERTY
 LAST TEN FISCAL YEARS
(Unaudited)

Actual Value								Assessed Value
Fiscal	Real	Personal	Less	Total Taxable	Total	Estimated	to Total	
Year	Property	Property	Exemptions	Assessed Value	Direct Tax Rate	Actual Value	Estimated Actual Value	
2003	\$ 2,675,839,480	\$ 520,985,647	\$ 440,449,128	\$ 2,756,375,999	1.8550	\$ 3,196,825,127	86.22%	
2004	\$ 2,873,598,540	\$ 526,171,723	\$ 496,825,916	\$ 2,902,944,347	1.8360	\$ 3,399,770,263	85.39%	
2005	\$ 3,026,452,140	\$ 563,788,550	\$ 519,882,187	\$ 3,070,358,503	1.8660	\$ 3,590,240,690	85.52%	
2006	\$ 3,263,357,300	\$ 567,403,900	\$ 542,000,496	\$ 3,288,760,704	1.7360	\$ 3,830,761,200	85.85%	
2007	\$ 3,486,071,350	\$ 596,490,610	\$ 561,597,771	\$ 3,520,964,189	1.4180	\$ 4,082,561,960	86.24%	
2008	\$ 3,599,378,040	\$ 604,210,110	\$ 691,325,397	\$ 3,512,262,753	1.4180	\$ 4,203,588,150	83.55%	
2009	\$ 3,435,761,980	\$ 623,611,980	\$ 728,218,264	\$ 3,331,155,696	1.4180	\$ 4,059,373,960	82.06%	
2010	\$ 3,368,496,580	\$ 567,892,460	\$ 710,182,090	\$ 3,226,206,950	1.4180	\$ 3,936,389,040	81.96%	
2011	\$ 3,350,009,150	\$ 590,835,280	\$ 747,607,439	\$ 3,193,236,991	1.4180	\$ 3,940,844,430	81.03%	
2012	\$ 3,319,958,920	\$ 692,114,920	\$ 763,888,494	\$ 3,248,185,346	1.4300	\$ 4,012,073,840	80.96%	

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)

	2003	2004	2005	2006	2007
Duncanville ISD:					
Maintenance and Operations	1.4700	1.4700	1.4700	1.5000	1.3700
Interest and Sinking	0.2800	0.3850	0.3660	0.3660	0.3660
Total	1.7500	1.8550	1.8360	1.8660	1.7360
City of Cedar Hill	0.6414	0.6414	0.6414	0.6414	0.6414
City of Dallas	0.6998	0.6998	0.7200	0.7417	0.7292
Dallas County	0.2020	0.2040	0.2040	0.2139	0.2139
Dallas Co. Community College	0.0600	0.0780	0.0780	0.0816	0.0810
Dallas Co. Hospital	0.2540	0.2540	0.2540	0.2540	0.2540
City of Desoto	0.6592	0.6590	0.6590	0.6850	0.6980
City of Duncanville	0.7180	0.7180	0.7180	0.7180	0.6960

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

SCHEDULE 9

2008	2009	2010	2011	2012
1.0400	1.0400	1.0400	1.0400	1.0400
0.3780	0.3780	0.3780	0.3780	0.3780
1.4180	1.4180	1.4180	1.4180	1.4180
0.6414	0.6414	0.6414	0.6700	0.6859
0.7479	0.7479	0.7479	0.7970	0.7970
0.2281	0.2281	0.2281	0.2431	0.2531
0.0804	0.0894	0.0949	0.0992	0.1018
0.2540	0.2540	0.2740	0.2710	0.2710
0.5700	0.5700	0.7000	0.7351	0.7574
0.6960	0.6960	0.6960	0.7377	0.7377

DUNCANVILLE INDEPENDENT SCHOOL DISTRICT
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS
(Unaudited)

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
2002	\$ 45,145,612	\$ 44,366,800	98.27%	\$ 721,200	\$ 45,088,000	99.87%
2003	\$ 49,510,840	\$ 48,241,014	97.44%	\$ 1,203,339	\$ 49,444,353	99.87%
2004	\$ 51,900,163	\$ 50,310,992	96.94%	\$ 1,480,970	\$ 51,791,962	99.79%
2005	\$ 54,458,311	\$ 54,274,450	99.66%	\$ 50,804	\$ 54,325,254	99.76%
2006	\$ 54,495,210	\$ 54,097,735	99.27%	\$ 258,444	\$ 54,356,179	99.74%
2007	\$ 47,701,526	\$ 47,470,138	99.51%	\$ 91,947	\$ 47,562,085	99.71%
2008	\$ 48,855,851	\$ 47,460,621	97.14%	\$ 1,158,415	\$ 48,619,036	99.52%
2009	\$ 46,583,082	\$ 45,117,189	96.85%	\$ 1,195,390	\$ 46,312,579	99.42%
2010	\$ 45,079,088	\$ 44,172,447	97.99%	\$ 495,226	\$ 44,667,673	99.09%
2011	\$ 44,625,453	\$ 43,910,289	98.40%	\$ (33,848)	\$ 43,876,441	98.32%

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

DUNCANVILLE INDEPENDENT SCHOOL DISTRICT
 PRINCIPAL PROPERTY TAXPAYERS
 CURRENT YEAR AND NINE YEARS AGO
(Unaudited)

				2012		2003	
Principal Employer	Rank	Percentage of		Rank	Percentage of		
		2011-2012 Taxable	Total Taxable		2002-2003 Taxable	Total Taxable	
		Assessed Value	Assessed Value		Assessed Value	Assessed Value	
Solo Cup Operating Corp	1	\$ 51,189,347	1.60%				
Oncor Electric Delivery	2	31,375,800	0.98%				
Masco Building Cabinet Group	3	17,951,596	0.56%				
Old Dominion Freight	4	16,542,000	0.52%				
Istar SCC Distribution	5	16,400,000	0.51%				
Gruma Corp.	6	16,109,628	0.50%				
C.H. Guenther & Son	7	14,925,543	0.47%				
G&E Apartment REIT Bella Ruscel	8	12,777,680	0.40%				
Masco Builder Cabinet Group	9	12,754,090	0.40%				
Dematteo Management Inc.	10	11,331,930	0.35%				
Sweetheart Cup Co Inc.				1	\$ 60,010,000	2.26%	
Fujikoko Manufacturing				2	\$ 31,049,000	1.17%	
Texas Utilities Elec Co.				3	\$ 31,015,000	1.17%	
Texwood Industries				4	\$ 26,086,000	0.98%	
Southwestern Bell/Cingular				5	\$ 19,149,000	0.72%	
Americana Foods				6	\$ 17,095,000	0.64%	
Multifoods Distribution				7	\$ 16,359,000	0.62%	
Tree of Life Inc.				8	\$ 13,994,000	0.53%	
WRH Mt Vernon Inc.				9	\$ 13,278,000	0.50%	
Frankel Family Trust				10	\$ 12,742,000	0.48%	
Total		\$ 201,357,614	6.30%		\$ 240,777,000	9.08%	

Total 2012 taxable assessed value equals: \$ 3,197,348,376

Total 2003 taxable assessed value equals: \$ 2,652,695,034

SOURCE: Dallas Central Appraisal District and Duncanville ISD records

DEBT CAPACITY

DUNCANVILLE INDEPENDENT SCHOOL DISTRICT
LEGAL DEBT MARGIN INFORMATION
LAST TEN FISCAL YEARS
(Unaudited)

Fiscal Year	Debt Limit	Total Net Debt		Total Net Debt Applicable to the Limit As a Percentage of Debt Limit
		Applicable to Limit	Legal Debt Margin	
2003	\$ 265,269,503	\$ 204,980,271	\$ 60,289,232	77%
2004	\$ 275,546,684	\$ 199,784,750	\$ 75,761,934	73%
2005	\$ 285,807,073	\$ 193,887,105	\$ 91,919,968	68%
2006	\$ 300,928,313	\$ 185,873,807	\$ 115,054,506	62%
2007	\$ 322,222,666	\$ 178,971,737	\$ 143,250,929	56%
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%

Legal Debt Margin Calculation for Fiscal Year 2012

Assessed Value	\$ 3,197,348,376
Debt Limit Percentage	10%
Legal Debt Limit	<u>\$ 319,734,838</u>
 Total Bonded Debt	 \$ 149,870,651
Less - Reserve for Retirement of Bonded Debt	<u>\$ 3,700,501</u>
Net Bonded Debt Applicable to Debt Limit	<u>\$ 146,170,150</u>
 Legal Debt Margin	 <u><u>\$ 173,564,688</u></u>

Source: Duncanville ISD records

DUNCANVILLE INDEPENDENT SCHOOL DISTRICT
OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS
(Unaudited)

Fiscal Year	General				Total Primary Government	Percentage of Disposable		Per Student Enrolled
	Obligation Debt	Other Obligations	Capital Leases	Notes Payables		Personal Income	Per Capita	
2003	\$ 205,826,799	\$ 16,141,047	\$ 120,160	\$ -	\$ 222,088,006	23.59%	\$ 6,243	\$ 21,758
2004	\$ 201,176,799	\$ 19,057,629	\$ 82,564	\$ -	\$ 220,316,992	n/a	\$ 6,265	\$ 20,789
2005	\$ 196,190,348	\$ 22,126,794	\$ 42,562	\$ -	\$ 218,359,704	n/a	\$ 6,252	\$ 19,640
2006	\$ 188,201,653	\$ 25,085,681	\$ 1,374,718	\$ -	\$ 214,662,052	20.32%	\$ 6,103	\$ 18,777
2007	\$ 181,758,417	\$ 27,138,610	\$ 1,887,156	\$ 1,088,986	\$ 211,873,169	19.22%	\$ 5,873	\$ 18,408
2008	\$ 174,686,552	\$ 32,405,739	\$ 1,716,327	\$ 986,849	\$ 209,795,467	19.28%	\$ 5,800	\$ 18,098
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%	\$ 5,163	\$ 16,612
2011	\$ 152,811,997	\$ 39,540,190	\$ 207,083	\$ 654,087	\$ 193,213,357	n/a	\$ 5,015	\$ 16,024
2012	\$ 149,870,651	\$ 38,126,082	\$ -	\$ 533,765	\$ 188,530,498	n/a	\$ 4,883	\$ 15,302

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



Duncanville

Independent School District
2012

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
2003	35,576	\$ 2,652,695,034	\$ 205,826,799	\$ 846,528
2004	35,168	\$ 2,755,466,841	\$ 201,176,799	\$ 1,392,049
2005	34,929	\$ 2,858,070,731	\$ 196,190,348	\$ 2,303,243
2006	35,173	\$ 3,009,283,125	\$ 188,201,653	\$ 2,327,846
2007	36,076	\$ 3,222,226,655	\$ 181,758,417	\$ 2,786,680
2008	36,169	\$ 3,458,119,294	\$ 174,686,552	\$ 4,022,498
2009	36,412	\$ 3,532,442,496	\$ 166,814,083	\$ 4,064,320
2010	38,562	\$ 3,350,027,390	\$ 160,017,585	\$ 3,058,821
2011	38,524	\$ 3,238,214,918	\$ 152,811,997	\$ 2,611,137
2012	38,610	\$ 3,197,348,376	\$ 149,870,651	\$ 3,700,501

Source: Duncanville ISD records; population from Schedule 16.

		Ratio of Net		
Net	Bonded Debt to	Net Bonded Debt	Taxable Assessed	
Bonded Debt	Taxable Assessed Value	Per Capita	Value per Capita	
\$ 204,980,271	7.73%	\$ 5,762	\$ 74,564	
\$ 199,784,750	7.25%	\$ 5,681	\$ 78,352	
\$ 193,887,105	6.78%	\$ 5,551	\$ 81,825	
\$ 185,873,807	6.18%	\$ 5,285	\$ 85,557	
\$ 178,971,737	5.55%	\$ 4,961	\$ 89,318	
\$ 170,664,054	4.94%	\$ 4,719	\$ 95,610	
\$ 162,749,763	4.61%	\$ 4,470	\$ 97,013	
\$ 156,958,764	4.69%	\$ 4,070	\$ 86,874	
\$ 150,200,860	4.64%	\$ 3,899	\$ 84,057	
\$ 146,170,150	4.57%	\$ 3,786	\$ 82,811	

DUNCANVILLE INDEPENDENT SCHOOL DISTRICT
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT

August 31, 2012

(Unaudited)

Governmental Unit	Net Debt		Percent Overlapping	Amount Overlapping	
	Outstanding	As of		Net Debt	
City of Cedar Hill	\$ 81,515,000	2/15/2012	3.66%	\$	2,983,449
City of Dallas	\$ 1,664,802,336	2/15/2012	1.45%	\$	24,139,634
Dallas County	\$ 139,062,642	2/15/2012	2.05%	\$	2,850,784
Dallas Co. Comm. College District	\$ 374,265,000	2/15/2012	2.05%	\$	7,672,433
Dallas Co. Hospital District	\$ 705,000,000	2/15/2012	2.05%	\$	14,452,500
City of DeSoto	\$ 88,730,000	2/15/2012	9.38%	\$	8,322,874
City of Duncanville	\$ 16,229,227	2/15/2012	100.00%	\$	16,229,227
Sub-total overlapping bonded debt				\$	76,650,901
Duncanville Independent School District	\$ 152,808,998	2/15/2012	100.00%	\$	152,808,998
Total Direct and Overlapping Debt				\$	<u>229,459,899</u>
Total Assessed 2011 Taxable Valuation				\$	3,197,348,376
Total Population					38,610
Ratio of Total Direct and Overlapping Net Debt to 2011 Taxable Assessed Valuation					<u>7.18%</u>
Per Capita Total Direct and Overlapping Debt				\$	82,811

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.

DEMOGRAPHIC AND ECONOMIC INFORMATION

DUNCANVILLE INDEPENDENT SCHOOL DISTRICT
 DEMOGRAPHIC AND ECONOMIC STATISTICS
 LAST TEN CALENDAR YEARS
(Unaudited)

Calendar Year	Estimated Population	Disposable Personal Income	Per Capita Personal Income	Unemployment Rate
2003	35,576	\$ 941,610,534	\$ 26,468	4.50%
2004	35,168	n/a	n/a	4.00%
2005	34,929	n/a	n/a	6.00%
2006	35,173	\$ 1,056,434,400	\$ 30,053	5.66%
2007	36,076	\$ 1,102,546,824	\$ 30,562	4.58%
2008	36,169	\$ 1,088,222,310	\$ 30,087	4.30%
2009	36,412	\$ 1,066,765,476	\$ 29,297	7.90%
2010	38,562	\$ 1,071,483,732	\$ 27,813	9.45%
2011	38,524	n/a	\$ 24,532	9.60%
2012	38,610	n/a	n/a	8.00%

Note: n/a = not available

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

DUNCANVILLE INDEPENDENT SCHOOL DISTRICT
 PRINCIPAL EMPLOYERS
 CURRENT YEAR AND NINE YEARS AGO
(Unaudited)

<u>Principal Employer</u>	2012			2003		
	Rank	Number of Employees	Workforce Percentage	Rank	Number of Employees	Workforce Percentage
Duncanville Independent School District	1	1,600	9.03%	2	1,500	8.32%
Masco (formerly Texwood/Quality Cabinets)	2	706	3.98%	1	2,400	13.31%
City of Duncanville	3	302	1.70%	3	252	1.40%
Pioneer Frozen Foods	4	176	0.99%	5	175	0.97%
Costco	5	145	0.82%		0	0.00%
DeFords	6	130	0.73%	6	147	0.82%
Pappadeaux	7	125	0.71%	7	100	0.55%
W&B Service Company	8	100	0.56%		0	0.00%
Freedom Dodge, Chrysler, Jeep	9	75	0.42%		0	0.00%
Personalized Communications	10	70	0.39%		0	0.00%
Wal-Mart				4	250	1.39%
Duncanville Ford				8	75	0.42%
ACCO/USA				9	70	0.39%
Advanced Machine Tool/P&W Quality Machine				10	65	0.36%

Total employed 2012 Workforce: 17,724

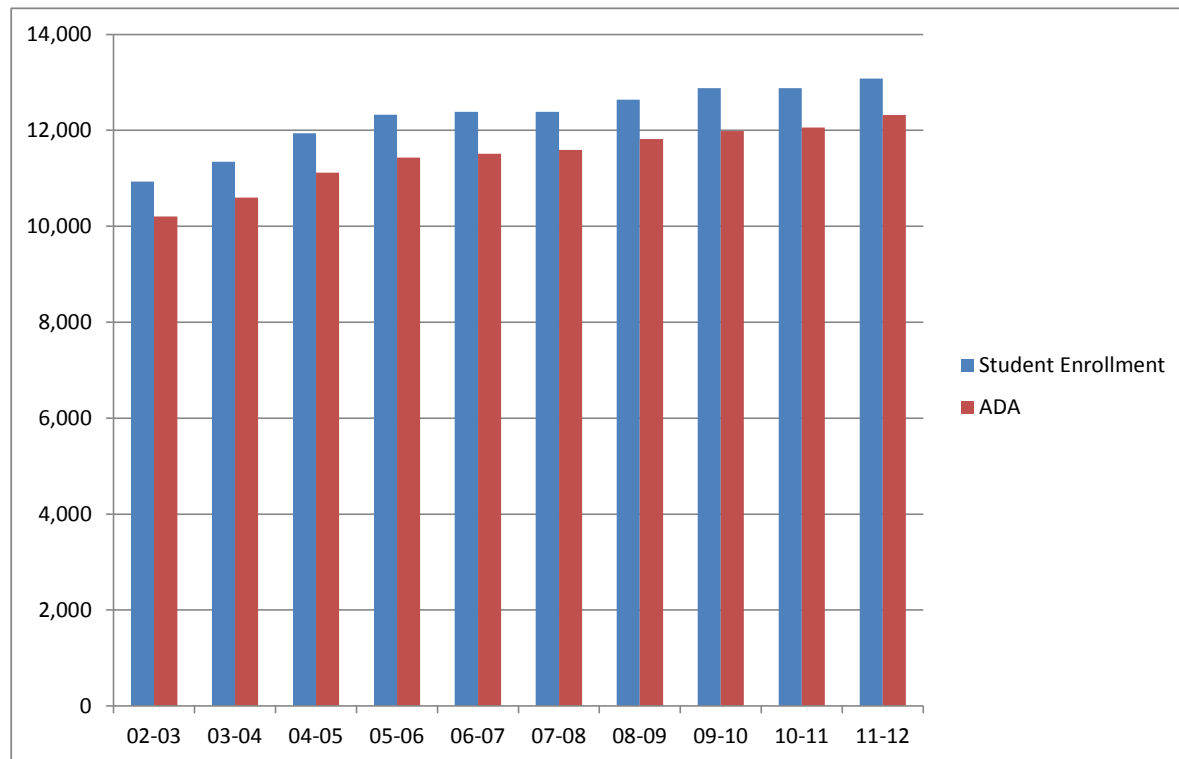
Total employed 2003 Workforce: 18,035

Source: Duncanville Community Economic Development Corporation

OPERATING INFORMATION

DUNCANVILLE INDEPENDENT SCHOOL DISTRICT
TOTAL ENROLLMENT AND AVERAGE DAILY ATTENDANCE DATA CHART
LAST TEN FISCAL YEARS
(Unaudited)

	02-03	03-04	04-05	05-06	06-07	07-08	08-09	09-10	10-11	11-12
Student Enrollment	10,930	11,346	11,938	12,327	12,387	12,385	12,637	12,882	12,880	13,079
ADA	10,206.94	10,598.45	11,117.61	11,432.15	11,509.59	11,592.45	11,821.53	11,986.13	12,058.32	12,320.44



DUNCANVILLE INDEPENDENT SCHOOL DISTRICT
 FULL TIME EQUIVALENT DISTRICT EMPLOYEES BY TYPE
 LAST EIGHT FISCAL YEARS
 (Unaudited)

	2005	2006	2007	2008	2009	2010	2011	2012
Teachers								
Elementary Classroom Teachers	389	408	364	378	409	406	396	409
Secondary Classroom Teachers	381	373	399	379	349	357	358	354
Other Teachers	2	2	2	2				
Total Teachers	772	783	765	759	758	763	754	763
Professional Support								
Guidance Counselors	33	35	35	33	34	34	34	32
Therapists	12	13	15	11	11	14	12	12
Psychologists/Diagnosticians	10	12	14	15	15	16	15	16
Other Campus Professional	4	5	5	7	7	23	20	6
Other Non-Instructional	20	20	20	23	29	30	38	36
Other Support Staff							3	
Athletic Trainer	3	4	4	4	3	2	2	3
Librarians	17	17	17	15	17	18	18	17
Nurses/Physicians	13	13	13	13	13	13	13	14
Total Professional Support	112	119	123	121	129	150	155	136
Administrative Staff								
Admin/Instructional Officers	14	14	11	12			4	14
Principals	17	17	17	18	18	18	19	17
Assistant Principals	29	32	28	29	28	30	29	31
Superintendent	1	1	1	1	1	1	1	1
Assistant Superintendent	5	5	4	3	3	3	3	3
Managers					1	1	1	1
Directors	4	4	2	2	6	5	2	5
Total Administrative Staff	70	73	63	65	57	58	59	72
Support Staff								
Educational Aides	178	163	156	160	139	133	123	133
Auxiliary Staff	434	455	491	477	495	495	536	555
Total Support and Auxiliary Staff	612	618	647	637	634	628	659	688
Total	1,566	1,593	1,598	1,582	1,578	1,599	1,627	1,659

Note: Data for years 2003 and 2004 was not available.

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

DUNCANVILLE INDEPENDENT SCHOOL DISTRICT
TEACHER BASE SALARIES
LAST TEN FISCAL YEARS
(Unaudited)

Fiscal Year	Minimum Salary	Maximum Salary	District Average Salary	Region Average Salary	State Average Salary
2003	\$ 36,000	\$ 48,500	\$ 43,717	\$ 42,130	\$ 39,974
2004	\$ 36,500	\$ 46,000	\$ 47,827	\$ 42,823	\$ 40,478
2005	\$ 37,500	\$ 48,500	\$ 47,817	\$ 43,363	\$ 41,011
2006	\$ 38,000	\$ 49,410	\$ 47,017	\$ 46,225	\$ 41,744
2007	\$ 40,500	\$ 51,910	\$ 47,819	\$ 47,733	\$ 44,897
2008	\$ 41,000	\$ 52,907	\$ 48,500	\$ 44,969	\$ 46,179
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

Source: Duncanville ISD records and TASB reports

DUNCANVILLE INDEPENDENT SCHOOL DISTRICT
 OPERATING STATISTICS
 LAST TEN FISCAL YEARS
(Unaudited)

Fiscal	Total	Average	Direct	Cost Per	Percent Change
<u>Year</u>	<u>Enrollment</u>	<u>Daily</u> <u>Attendance</u>	<u>Operating</u> <u>Expenditures (1)</u>	<u>Pupil</u>	<u>From Prior Year</u>
2003	10,956	10,207	\$ 73,317,536	\$ 7,183	n/a
2004	11,368	10,598	\$ 79,687,772	\$ 7,519	4.68%
2005	11,953	11,118	\$ 84,482,798	\$ 7,599	1.06%
2006	12,337	11,432	\$ 94,956,164	\$ 8,306	9.31%
2007	12,405	11,510	\$ 90,888,895	\$ 7,897	-4.93%
2008	12,467	11,592	\$ 92,733,227	\$ 8,000	1.31%
2009	12,660	11,822	\$ 92,271,026	\$ 7,805	-2.43%
2010	12,903	11,986	\$ 106,238,929	\$ 8,864	13.56%
2011	12,902	12,058	\$ 104,560,476	\$ 8,671	-2.17%
2012	13,079	12,321	\$ 106,113,081	\$ 8,612	-0.68%

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

Source: Duncanville ISD records

SCHEDULE 21

Direct Operating <u>Expenses (2)</u>	Cost Per <u>Pupil</u>	Percent Change <u>From Prior Year</u>	<u>Teaching Staff</u>	Pupil- Teacher <u>Ratio</u>	Percentage of Students Receiving Free or Reduced- <u>Price Meals</u>
\$ 77,766,005	\$ 7,619	n/a	700	14.6	45%
\$ 82,680,285	\$ 7,801	2.40%	730	14.5	49%
\$ 88,585,044	\$ 7,968	2.13%	772	14.4	51%
\$ 97,792,107	\$ 8,554	7.36%	783	14.6	54%
\$ 96,213,459	\$ 8,359	-2.28%	765	15.0	59%
\$ 98,329,213	\$ 8,483	1.48%	759	15.3	64%
\$ 97,825,306	\$ 8,275	-2.45%	758	15.6	68%
\$ 107,993,140	\$ 9,010	8.88%	720	16.6	70%
\$ 109,067,620	\$ 9,045	0.39%	754	16.0	73%
\$ 111,532,663	\$ 9,052	0.08%	763	16.1	75%

DUNCANVILLE INDEPENDENT SCHOOL DISTRICT
SCHOOL BUILDING INFORMATION - CAMPUS
LAST TEN FISCAL YEARS
(Unaudited)

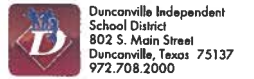
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Elementary										
# of Locations	10	12	12	12	12	12	12	12	12	12
Square Footage	481,077	705,913	705,913	707,449	708,949	710,449	710,449	710,449	710,449	710,449
Capacity	4,680	6,803	6,803	6,847	6,891	6,935	6,935	6,935	6,935	6,935
Enrollment	5,516	5,823	6,236	6,448	6,583	6,656	6,865	6,957	6,951	6,992
Middle Schools										
# of Locations	2	2	3	3	3	3	3	3	3	3
Square Footage	136,229	266,554	437,437	437,437	437,437	437,437	437,437	437,437	437,437	437,437
Capacity	810	1,430	2,160	2,160	2,160	2,160	2,160	2,160	2,160	2,160
Enrollment	1,937	1,917	2,008	2,052	1,969	2,008	2,016	2,007	2,074	2,083
High School										
# of Locations	2	2	1	1	1	1	1	1	1	1
Square Footage	657,298	657,298	926,434	926,434	926,434	926,434	926,434	926,434	926,434	926,434
Capacity	3,000	3,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000
Enrollment	3,395	3,509	3,598	3,736	3,756	3,696	3,673	3,844	3,765	3,884
Alternative Education										
PACE										
Square Footage	13,170	13,170	13,170	13,170	13,170	13,170	13,170	13,170	13,170	13,170
Capacity	330	330	330	330	330	330	330	330	330	330
Enrollment	100	111	103	92	82	99	94	87	99	116
Summit/JJAEP										
Square Footage	21,750	21,750	21,750	21,750	21,750	45,815	45,815	45,815	45,815	45,815
Capacity	105	105	105	105	105	220	220	220	220	220
Enrollment	8	8	8	9	15	8	12	8	13	4
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	1	1	2	2	2	2	2	2	2	2
Natatorium	1	1	1	1	1	1	1	1	1	1
Playgrounds	7	9	9	9	9	9	9	9	9	9

Source: Duncanville ISD records

DUNCANVILLE INDEPENDENT SCHOOL DISTRICT
SCHOOL BUILDING INFORMATION - OTHER BUILDINGS
LAST TEN FISCAL YEARS
(Unaudited)

	Square Footage									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Administration	8,100	8,100	8,100	8,100	8,100	8,100	8,100	8,100	8,100	8,100
Education Center	22,153	22,153	22,153	22,153	22,153	22,153	22,153	22,153	22,153	22,153
Technology	8,400	8,400	8,400	8,400	8,400	8,400	8,400	8,400	8,400	8,400
Maintenance Facility	12,942	12,942	12,942	12,942	12,942	12,942	12,942	12,942	12,942	12,942
Transportation Facility	6,500	6,500	6,500	8,000	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	0	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

Source: Duncanville ISD records



1. **Acton Elementary**
972.708.2400 Fax 972.708.2424
9240 County View Dallas 75249
2. **Alexander Elementary**
972.708.2500 Fax 972.708.2525
510 Sawwood Duncanville 75137
3. **Bibb Elementary**
972.708.6600 Fax 972.708.6666
6700 Wondt Dallas 75236
4. **Central Elementary**
972.708.2600 Fax 972.708.2626
302 E. Freeman Duncanville 75116
5. **Fairmeadows Elementary**
972.708.2700 Fax 972.708.2727
101 E. Fairmeadows Duncanville 75116
5. **Hastings Elementary**
972.708.2800 Fax 972.708.2828
602 W. Center Duncanville 75116
7. **Hyman Elementary**
972.708.6700 Fax 972.708.6767
8441 Fox Creek Trail Dallas 75249
8. **Merrifield Elementary**
972.708.2900 Fax 972.708.2929
102 E. Vineyard Duncanville 75137
9. **Smith Elementary**
972.708.3000 Fax 972.708.3030
1010 Big Stone Gap Duncanville 75137
10. **Brandenburg Intermediate**
972.708.3100 Fax 972.708.3131
1903 Blueridge Duncanville 75137
11. **Daniel Intermediate**
972.708.3200 Fax 972.708.3232
1007 Springwood Duncanville 75137
12. **Hardin Intermediate**
972.708.3300 Fax 972.708.3333
426 E. Freeman Duncanville 75116
13. **Byrd Middle School**
972.708.3400 Fax 972.708.3434
1040 W. Wheatland Duncanville 75116
14. **Reed Middle School**
972.708.3500 Fax 972.708.3535
530 E. Freeman Duncanville 75116
15. **Kennemer Middle School**
972.708.3600 Fax 972.708.3636
7101 W. Wheatland Dallas 75249
16. **Duncanville High School**
972.708.3700 Fax 972.708.3737
900 W. Camp Wisdom Duncanville 75116
17. **PACE Learning Center**
972.708.2470 Fax 972.708.2474
815 Fairlawn Duncanville 75116
18. **Summit Center**
972.708.2570 Fax 972.708.2585
900 S. Cedar Ridge #300A Duncanville 75137
19. **Duncanville ISD Administration**
972.708.2000 Fax 972.708.2020
802 S. Main Street Duncanville 75137
20. **Duncanville Education Center (DEC)**
972.708.2000 Fax 972.708.2095
502 E. Freeman Duncanville 75116
21. **Duncanville ISD Technology Center**
972.708.2300 Fax 972.708.2323
103 E. Wheatland Duncanville 75116
22. **Operations Compound**
Purchasing/Warehouse
307 Crankshaft Duncanville 75116
Purchasing 972.708.2270 Fax 972.708.2176
Warehouse 972.708.2290 Fax 972.708.2279
Maintenance/Custodial
972.708.2260 Fax 972.708.2269
315 Crankshaft Duncanville 75116
Transportation
972.708.2280 Fax 972.708.2289
407 Crankshaft Duncanville 75116
23. **Nutrition Services**
972.708.2328 Fax 972.708.2690
6915 Cedar Ridge Dallas 75236
24. **Panther Stadium**
Athletic Department
972.708.2150 Fax 972.708.2199
900 W. Camp Wisdom Rd. Duncanville 75116
25. **Old Panther Field**
402 E. Freeman Duncanville 75116

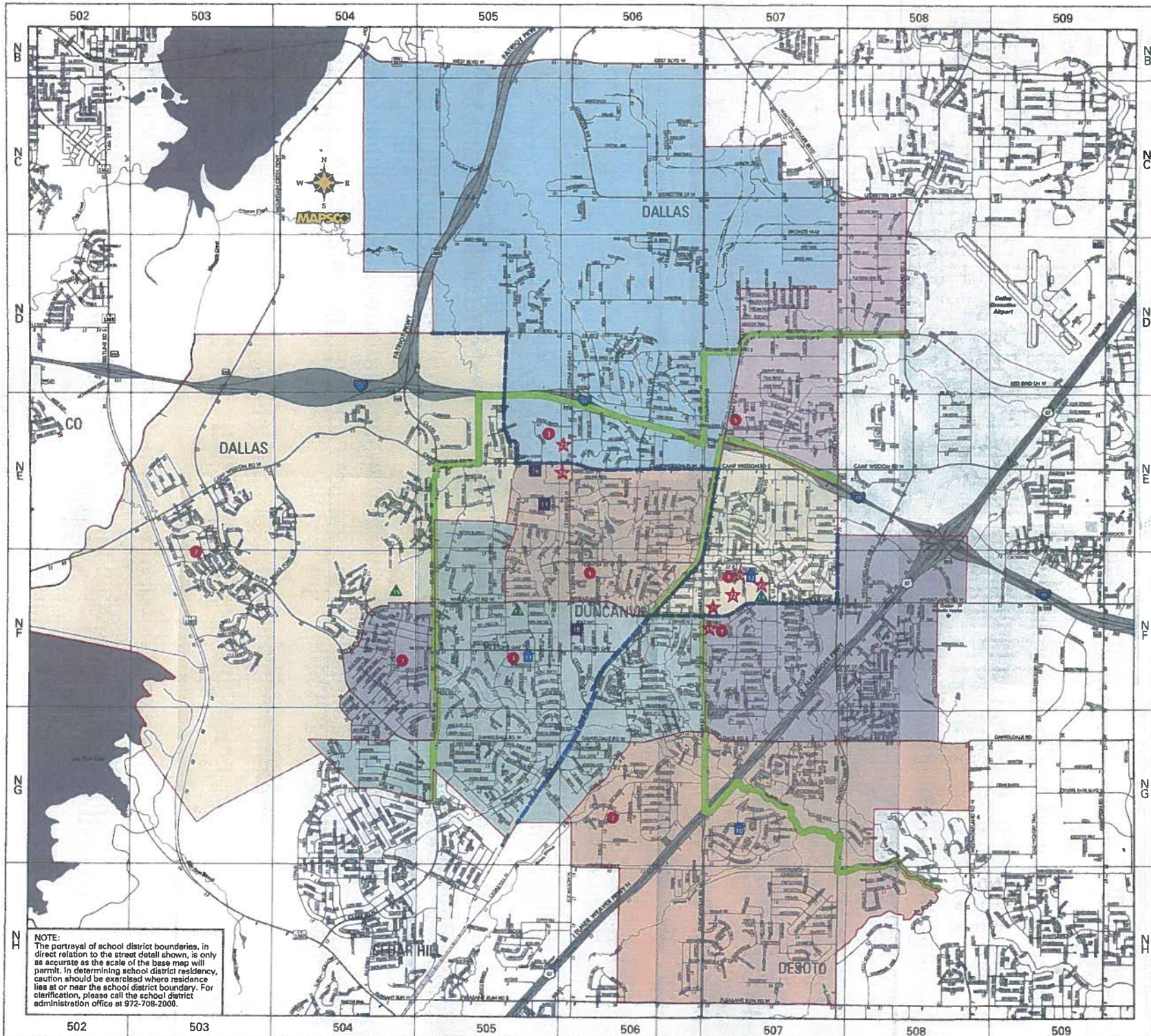
LEGEND

- Elementary Schools
- Intermediate Schools
- ▲ Middle Schools
- Grades 9-12 and Alternative Campuses
- ★ Other Facilities

Scale: 1" = 2393'



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NOTE:
The portrayal of school district boundaries, in direct relation to the street detail shown, is only as accurate as the scale of the base map will permit. In determining school district residency, caution should be exercised where residence lies at or near the school district boundary. For clarification, please call the school district administration office at 972-708-2000.

FEDERAL AWARDS SECTION

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

Board of Trustees
Duncanville Independent School District
Duncanville, Texas

We have audited 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 August 31, 2012, which collectively comprise the District's basic financial statements and have issued our report thereon dated January 7, 2013. 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.

Internal Control Over Financial Reporting

Management of the District is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the District's internal control over financial reporting as a basis for designing our auditing procedures 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 over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over financial reporting.

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

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 deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free of 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*.

This report is intended solely for the information and use of management, the Board of Trustees, others within the District, the Texas Education Agency, and appropriate federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Hankins, Eastup, Deaton, Tonn & Seay

Hankins, Eastup, Deaton, Tonn & Seay
A Professional Corporation
Certified Public Accountants

January 7, 2013

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS THAT
COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON
INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

Board of Trustees
Duncanville Independent School District
Duncanville, Texas

Compliance

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) *Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended August 31, 2012. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of finding and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the District's management. Our responsibility is to express an opinion on the District's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about 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. Our audit does not provide a legal determination on the District's compliance with those requirements.

In our opinion, the District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended August 31, 2012.

Internal Control Over Compliance

Management of the District is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the District's internal control over compliance with requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion 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.

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 deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of management, the Board of Trustees, others within the District, the Texas Education Agency, federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Hankins, Eastup, Deaton, Tonn & Seay

Hankins, Eastup, Deaton, Tonn & Seay
A Professional Corporation
Certified Public Accountants

January 7, 2013

DUNCANVILLE INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF FINDING AND QUESTIONED COSTS
FOR THE YEAR ENDED AUGUST 31, 2012

I. Summary of Auditor's Results

1. Type of auditor's report issued on the financial statements: Unqualified.
2. Internal control over financial reporting:
Material weakness(es) identified: None
Significant deficiency(ies) identified that are not considered to be material weaknesses: None reported
3. Noncompliance which is material to the financial statements: None
4. Internal controls over major federal programs:
Material weakness(es) identified: None
Significant deficiency(ies) identified that are not considered to be material weaknesses: None reported
5. Type of auditor's report on compliance for major federal programs: Unqualified.
6. Did the audit disclose findings which are required to be reported under Section .510(a)2-7 of OMB Circular A-133: No
7. Major programs include:

Child Nutrition Cluster:
CFDA 10.553 School Breakfast Program
CFDA 10.555 National School Lunch Program

CFDA 84.367A ESEA, Title II, Part A, Teacher/Principal Training

CFDA 84.394 Title XIV, State Fiscal Stabilization Fund-ARRA
8. Dollar threshold used to distinguish between Type A and Type B programs: \$351,576.
9. Low risk auditee: Yes

II. Findings Related to the Financial Statements

None

III. Other Findings

None

DUNCANVILLE INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF STATUS OF PRIOR FINDINGS
AUGUST 31, 2012

No prior year findings.

DUNCANVILLE INDEPENDENT SCHOOL DISTRICT
CORRECTIVE ACTION PLAN
AUGUST 31, 2012

CORRECTIVE ACTION PLAN

None required.



Duncanville
Independent School District

DUNCANVILLE INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED AUGUST 31, 2012

EXHIBIT K-1 (Cont'd)

(1) FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM or CLUSTER TITLE	(2) Federal CFDA Number	(3) Pass-Through Entity Identifying Number	(4) Federal Expenditures
U.S. DEPARTMENT OF EDUCATION			
<u>Passed Through State Department of Education</u>			
*ESEA, Title I, Part A - Improving Basic Programs	84.010A	11610101057907	\$ 467
*ESEA, Title I, Part A - Improving Basic Programs	84.010A	12610101057907	2,408,671
*ESEA, Title I, Part A - Improving Basic Programs	84.010A	13610101057907	141,252
Total CFDA Number 84.010A			2,550,390
*ESEA, Title I, A - ARRA -Improving Basic Programs	84.389	10551001057907	16,408
Total Title I, Part A Cluster			2,566,798
*IDEA - Part B, Formula	84.027	116600010579076600	196,614
*IDEA - Part B, Formula	84.027	126600010579076600	2,095,643
*IDEA - Part B, Formula	84.027	136600010579076600	120,493
Total CFDA Number 84.027			2,412,750
*IDEA - Part B, Preschool	84.173	116610010579076610	59
*IDEA - Part B, Preschool	84.173	126610010579076610	37,331
*IDEA - Part B, Preschool	84.173	136610010579076610	1,968
Total CFDA Number 84.173			39,358
*IDEA, Part B, Preschool - ARRA	84.392	10555001057907	1,990
Total Special Education Cluster (IDEA)			2,454,098
Career and Technical - Basic Grant	84.048	12420006057907	136,991
Title III, Part A - English Language Acquisition	84.365A	11671001057907	1,681
Title III, Part A - English Language Acquisition	84.365A	12671001057907	242,095
Title III, Part A - English Language Acquisition	84.365A	13671001057907	7,838
Total CFDA Number 84.365A			251,614
ESEA, Title II, Part A, Teacher/Principal Training	84.367A	11694501057907	20
ESEA, Title II, Part A, Teacher/Principal Training	84.367A	12694501057907	327,369
ESEA, Title II, Part A, Teacher/Principal Training	84.367A	13694501057907	48,303
Total CFDA Number 84.367A			375,692
Summer School LEP	84.369A	69551102	5,549
Title XIV, State Fiscal Stabilization Fund - ARRA	84.394	11557001057907	195,083
Education Jobs Fund- ARRA	84.410	11550101057907	50,524
Total Passed Through State Department of Education			\$ 6,036,349
TOTAL DEPARTMENT OF EDUCATION			\$ 6,036,349
 U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			
<u>Passed Through Texas Dept of Human Services</u>			
Medicaid Administrative Claiming Program - MAC	93.778	529-07-0157-00167	\$ 55,591
Total Passed Through Texas Dept of Human Services			\$ 55,591
TOTAL DEPARTMENT OF HEALTH AND HUMAN SERVICES			\$ 55,591

DUNCANVILLE INDEPENDENT SCHOOL DISTRICT
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 FOR THE YEAR ENDED AUGUST 31, 2012

(1) FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM or CLUSTER TITLE	(2) Federal CFDA Number	(3) Pass-Through Entity Identifying Number	(4) Federal Expenditures
U.S. DEPARTMENT OF AGRICULTURE			
<u>Passed Through the State Department of Agriculture</u>			
*School Breakfast Program	10.553	71401201	\$ 1,223,320
*National School Lunch Program - Cash Assistance	10.555	71301201	3,986,389
*National School Lunch Prog. - Non-Cash Assistance	10.555	71301201	417,535
Total CFDA Number 10.555			<u>4,403,924</u>
Total Child Nutrition Cluster			<u>5,627,244</u>
Total Passed Through the State Department of Agriculture			<u>\$ 5,627,244</u>
TOTAL DEPARTMENT OF AGRICULTURE			<u>\$ 5,627,244</u>
 TOTAL EXPENDITURES OF FEDERAL AWARDS			 <u><u>\$ 11,719,184</u></u>

*Clustered Programs

DUNCANVILLE INDEPENDENT SCHOOL DISTRICT
NOTES ON ACCOUNTING POLICIES FOR FEDERAL AWARDS
YEAR ENDED AUGUST 31, 2012

1. The District uses the fund types specified in Texas Education Agency's Financial Accountability System Resource Guide. Special Revenue Funds are used to account for resources restricted to, or designated for, specific purposes by a grantor. Federal and state financial assistance generally is accounted for in a Special Revenue Fund. Generally, unused balances are returned to the grantor at the close of specified project periods.
2. The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. The Governmental Fund types are accounted for using a current financial resources measurement focus. All Federal grant funds were accounted for in a Special Revenue Fund which is a Governmental Fund type. With this measurement focus, only current assets and current liabilities and the fund balance are included on the balance sheet. Operating statements of these funds present increases and decreases in net current assets.

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

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

3. The District participates in numerous state and Federal grant programs that are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that the District has not complied with the rules and regulations governing the grants, if any, refunds of any money received may be required and the collectability of any related receivable at August 31, 2012, 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.