



Duncanville Independent School District

Comprehensive Annual Financial Report For the Fiscal Year Ended June 30, 2016

710 S. Cedar Ridge Drive
Duncanville, Texas 75137
www.duncanvilleisd.org

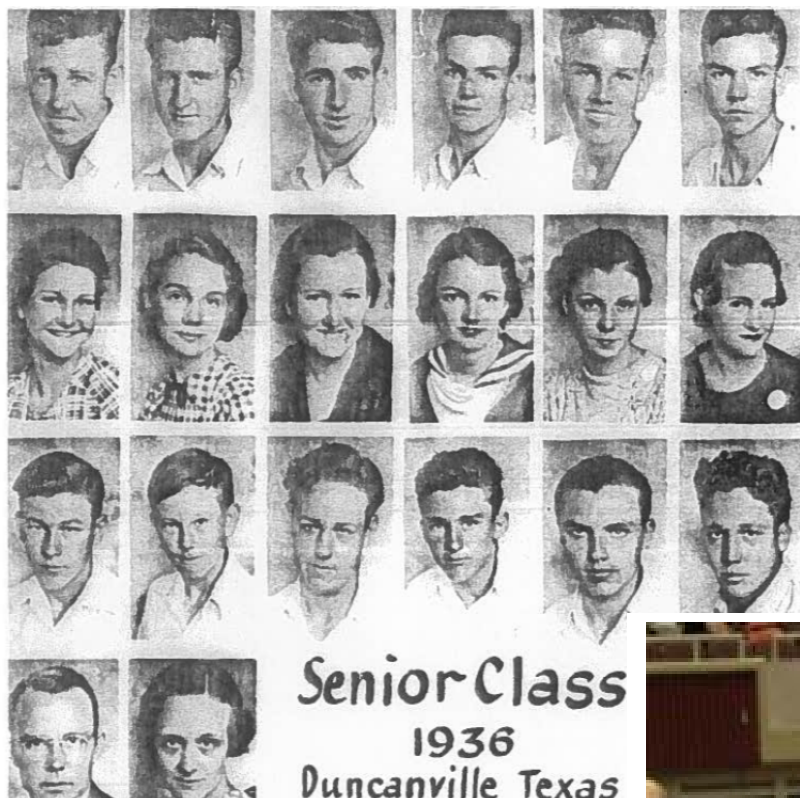
Prepared by:
Jan Arrington, Chief Financial Officer

**Duncanville Independent School District
Comprehensive Annual Financial Report
For the Year Ended June 30, 2016
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Introductory Section



HONORING THE PAST



CELEBRATING THE FUTURE





DUNCANVILLE ISD

Writing success stories, one student at a time.

Mission

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

Vision

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

Values

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

* Approved January 2016



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

November 14, 2016

Formal Transmittal of the Comprehensive Annual Financial Report (CAFR)

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

The CAFR of the Duncanville Independent School District (the District) for the fiscal year ended June 30, 2016, is hereby submitted. The report includes the unmodified 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 June 30, 2016, is presented in conformance with the reporting model adopted by the Governmental Accounting Standards Board ("GASB") in their statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*, issued in June 1999. The CAFR also adheres to guidelines recommended by the Government Finance Officers Association of the United State and Canada (GFOA) and the Association of School Business Officials International (ASBO).

Generally Accepted Accounting Principles (GAAP) requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). MD&A is intended to give the reader an easy-to-understand overview of the school district's financial position and results of operations for the year. This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. The District's MD&A can be found immediately following the Independent Auditors Report.

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

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

PROFILE OF THE DISTRICT

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

General Education

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

- Agriculture, Food and Natural Resources
- Architecture and Construction

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

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

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

The District provides Special Education Program, a comprehensive educational program with complete educational opportunities essential to the full intellectual and social development of students with disabilities between the ages of 3 and 21. The needs of such students require resources and assistance beyond those available within the regular classroom. The District believes in educating students in the least restrictive environment. A full continuum of instructional and related services is available to eligible students, with initial consideration given to provision of services in the general education classroom to the greatest extent possible. The emphasis will be on flexibility, with an individually tailored education to be provided on campus and/or within a centralized program to address communication, cognitive, developmental, socio/emotional, physical, and/or medical challenges. The District's goal is to assist students in developing skills that will enable them to participate successfully in society by improving outcomes, both in learning and social situations.

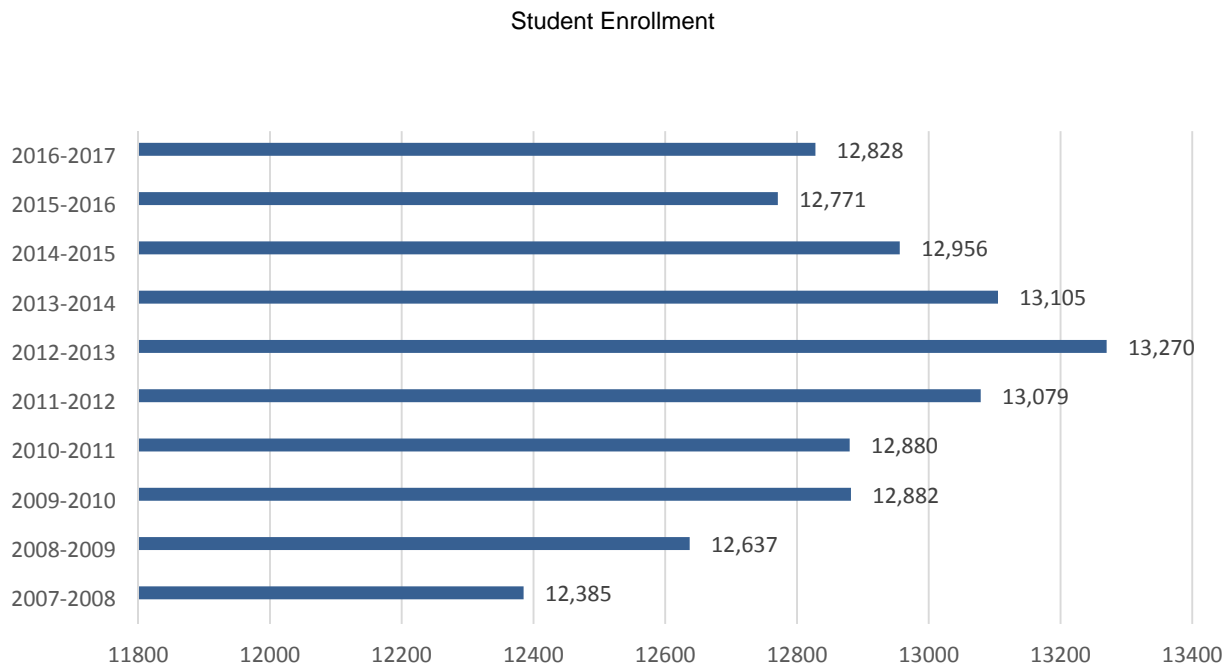
DESCRIPTION OF THE ENTITY

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

There are two charter schools, A.W. Brown Charter School and Harmony Nature School in the District that their primary source of funding comes through tuition and the Foundation School Program (FSP) which is based on the number and types of students attending school (what the agency calls average daily attendance [ADA]). Schools that choose to

provide transportation to students receive additional state funds. Charter schools are not entitled to participate in the Instructional Facilities Allotment program or the Existing Debt Allotment program.

The Texas Education Agency and Southern Association of Colleges and Schools provide the District's K-12 education accreditation. The District is home to approximately 68,380 residents within an area of 29.4 square miles and serves four communities, the entire city of Duncanville and portions of Dallas, Cedar Hill, and Desoto. Enrollment in the District's eighteen campuses, these include nine elementary, three intermediate and three middle schools, one high school, and two alternative campuses, was 12,768 for the 2015-2016 fiscal year, of which 33% were enrolled at the high school level, 16% at the middle school level and 51% at the elementary level.



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

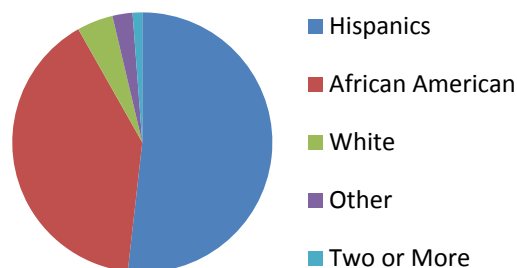
The class of 1936 was the first class to graduate from a fully-accredited school in Duncanville. Since the first class left Duncanville ISD as graduates, the community has evolved and changed in the past 79 years. Since the first building in 1936 we have continue to build school buildings up to the new Bond Construction Program of 2014. To see the Construction in process please note the attached website <http://www.duncanvilleisdbond.org/>. 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 may be the cause of the slowdown in the enrollment of the Duncanville District for 2015-2016. We had a decrease in enrollment for the 2015-2016 school year to 12,771, however, 2016-2017 an increase is expected to 12,828 students.

Statistics

Student Demographics

Hispanics – 51.8%
 African American – 40.0%
 White – 4.5%
 Other – 2.5%
 Two or more - 1.2%
 Economically Disadvantaged – 75.08%
 Limited English Proficient – 15.53%
 Students w/Disciplinary Placements – .60%
 At Risk – 64.93%



Staff Demographics

Teachers – 48.82%
 Professional Support – 8.54%
 School Leadership – 1.95%
 Central Administration – 1.92%
 Educational Staff – 7.69%
 Auxiliary Staff – 31.08%

State of Texas Assessments of Academic Readiness

The State of Texas Assessments of Academic Readiness (STAAR) assessment replaced the Texas Assessment of Knowledge and Skills (TAKS), beginning in the 2011-2012 school year.

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

All District Grades Tested	Reading		Math		Social Studies		Science		Writing	
	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016
All Students	70%	66%	67%	68%	71%	73%	70%	68%	63%	60%
African Amer.	68%	61%	61%	60%	68%	69%	68%	63%	57%	55%
Hispanic	75%	69%	70%	73%	71%	75%	69%	71%	65%	62%
White	81%	82%	81%	81%	86%	80%	89%	81%	72%	67%
Econ Disadv.	50%	64%	66%	66%	67%	69%	68%	66%	60%	58%

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 2015 population of Duncanville is 39,221 with 5.30% unemployment rate. The job growth is 3.43% with future job growth over the next ten years is predicted to be 41.60%. The median home value in Duncanville is \$112,300. Home appreciation is 10.0% over the last year. The median age of Duncanville real estate is 36 years. Renters make up 30.22% of the Duncanville population. 5.63% of houses and apartments in Duncanville are unoccupied. Overall Cost of Living in Duncanville is 90.0% compared to the United States average. Economic development activities in Duncanville over the last 5-7 years indicate that our community remains on a slow rise. New businesses have started coming to the area.

Local Economy/Access

Duncanville provides businesses with a mature transportation infrastructure and convenient access to major freeways, railways and airports. Duncanville is literally minutes from Love Field (Southwest Airlines main hub), and DFW International Airport (American Airlines headquarters and one of the largest airports in the nation) is only twenty minutes away. The city sits just west of I-35E, a primary north & south highway in the center of Dallas county, while Interstate 20 crosses the north side of the city and Highway 67 runs through the east side. By providing companies with multiple means of access, Duncanville offers convenient and cost effective business opportunities at local, regional, national and international levels. The Duncanville Community & Economic Development Corporation (CEDC) continues to successfully recruit and retain dozens of businesses and further beautify this thriving city. In November 2005 the City broke ground on a 28 plus acre mixed use development that will consist of retail space, a financial institution, quality multi-family residential units, walking trails, fountains, and a five acre city park. This project generates annual retail sales of \$23,000,000 and annual sales tax revenues of \$448,000.00 and creating hundreds of jobs.

An example of a long-lasting sense of community spirit is the magical Kildsville 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), AT&T Stadium in Arlington (home of the Dallas Cowboys), and the Ballpark in Arlington (home of the Texas Rangers).

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

FINANCIAL POLICIES

Internal and Budgetary Controls: The management of the District follows certain methods and procedures of accounting for revenues and disbursements as required by Texas Education Code. These methods and procedures are outlined by TEA Financial Accountability System Resources Guide. The business and purchasing operations of the District are under the direction of the Chief Financial and Operations Officer.

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

The annual operating budget is a site-based decision making process. This process is designed to allow schools and central office departments to plan future operations in a manner which best serves the needs of students. Each principal/director works with a total appropriation. Individual allocations will be determined at the campus level and site-based shared decision-making requires input from the faculty.

State Funding Components

- Maintenance and Operations Tax Rate - \$1.04
- Interest and Sinking Tax Rate - \$.4895
- High School Allotment – \$275 per grades 9-12 ADA
- Basic Allotment – \$5,140
- Revenue at Compressed Rate per WADA – \$5,620
- Equalized Wealth Level – \$319,500
- Student transportation provides additional state funds

Long-Term Financial Planning

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

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

Major Initiatives

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

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 2015-2016 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 2014-2015 school year and budgetary and actual financial data for the fiscal year ending June 30, 2015. The District has received a Superior Achievement rating for the past fourteen years.
- According to the No Child Left Behind Act, school districts are required to meet the state's measurable highly qualified requirements. For the fourteenth year in a row, the District has 100% of the core academic subjects taught by highly qualified teachers.
- All of the District's campuses Met TEA School Accountability Standards for TEA School Accountability Standards for 2016.
- The Texas Comptroller's Office awarded a Fifth Year Platinum Award to the District for the Texas Comptroller Leadership Circle Program 2011, 2012, 2013, 2014 and 2015. This award is given to local governments across the state of Texas striving to meet a high standard for financial transparency online.
- Received the ASBO Certificate of Excellence in Financial Reporting Award for a second time for the fiscal year end of June 30, 2015.
- Received the Government Finance Officers Association, Certificate of Achievement for Excellence in Financial Reporting for a fourth time for the fiscal year end of June 30, 2012, June 30, 2013, June 30, 2014, and June 30, 2015.

Acknowledgements

The presentation and development of this report would not be possible without the special efforts of Marcy Moran - Director of Accounting, Debbie Prather, and other Finance Department staff members. We would also like to express our appreciation to the Board of Trustees for their interest and support regarding District financial operations.

Sincerely,



Dr. Marc Smith
Superintendent



Jan Arrington
Chief Financial Officer

Duncanville Independent School District Board of Trustees



ELIJAH GRANGER
President
Place 5
Term Expires 2017



RENE MCNEELY
Vice-President
Place 4
Term Expires 2017



CARLA FAHEY
Secretary
Place 7
Term Expires 2018



TOM KENNEDY
Place 1
Term Expires 2019



PHIL MCNEELY
Place 2
Term Expires 2019



JOE VERACRUZ, JR
Place 3
Term Expires 2019



JANICE SAVAGE-MARTIN
Place 6
Term Expires 2018

Duncanville Independent School District Administrators and Consultants

Administrative Staff



DR. MARC SMITH
Superintendent of Schools

Mike Chrietberg.....Assistant Superintendent for Campus Support
Dr. Sandra McCoy-Jackson.....Assistant Superintendent for Curriculum and Instruction
Kathleen Brown.....Assistant Superintendent of Personnel
Andrea Fields.....Assistant Superintendent of Operations
Tiara Richards..... Chief Communications Officer
Jan Arrington.....Chief Financial Officer
Dr. Eduardo Hernandez.....Chief of Schools
Dr. Thurston Lamb.....Chief of Schools
Kyle Berger.....Chief of Technology
Cathy Self-Morgan.....Director of Athletics

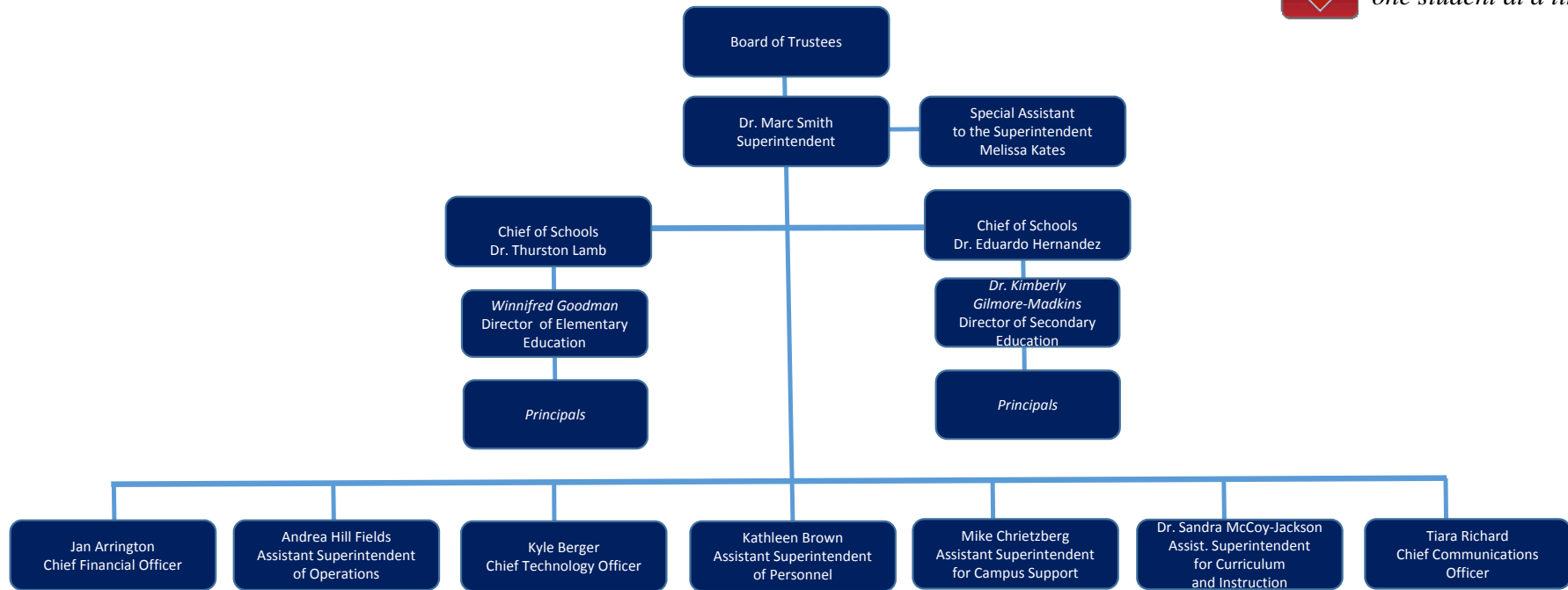
Consultants and Advisors

Hankins, Eastup, Deaton, Tonn & Seay.....Independent Auditor
Leasor Crass.....Legal Counsel
BOSC, Inc.....Financial Advisor
McCall, Parkhurst & Horton.....Bond Counsel

Senior Leadership Team



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





Government Finance Officers Association

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

Presented to

**Duncanville Independent School
District, Texas**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2015

A handwritten signature in black ink, reading "Jeffrey R. Enos". The signature is written in a cursive, flowing style with a prominent 'J' and 'E'.

Executive Director/CEO



**ASSOCIATION OF
SCHOOL BUSINESS OFFICIALS
INTERNATIONAL**

**The Certificate of Excellence in Financial Reporting Award
is presented to**

Duncanville Independent School District

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

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



Brenda Burkett

Brenda R. Burkett, CPA, CSBA, SFO
President

John D. Musso

John D. Musso, CAE, RSBA
Executive Director

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 June 30, 2016, at a meeting of the board of school trustee of such school district on the 14th day of November, 2016.

Carla Fahey
Signature of Board Secretary

Elijah O'Leary
Signature of Board President



Financial Section

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Independent Auditors' Report

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

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Duncanville Independent School District as of June 30, 2016, 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 accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the *management's discussion and analysis* on pages 21 through 29 and the *pension schedules* on pages 74 and 75 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Duncanville Independent School District's basic financial statements. The introductory section, other supplementary information (as described in the accompanying table of contents), required Texas Education Agency schedules, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance, and is also not a required part of the basic financial statements.

The other supplementary information (as described in the accompanying table of contents), 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 basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other supplementary information (as described in the accompanying table of contents), the required Texas Education Agency schedules, and the Schedule of Expenditures of Federal Awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 4, 2016 on our consideration of Duncanville Independent School District's internal control over financial reporting and on our test of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Duncanville Independent School District's internal control over financial reporting and compliance.

Hankins, Eastup, Deaton, Tonn & Seay

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

November 4, 2016

**DUNCANVILLE INDEPENDENT SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2016
(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 year ended June 30, 2016. Please read it in conjunction with the District's financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

On a Government-wide Basis:

- The District's total net position was \$15,701,828 at June 30, 2016. A total of \$11,989,073 is unrestricted and may be used to meet the District's ongoing obligations.
- The District's total net position decreased by \$9,454,634 during the fiscal year.
- The total cost of the District's programs was \$151,912,486 for the year ended June 30, 2016.

In accordance with Fund Accounting:

- The District's governmental funds financial statements reported a combined ending fund balance of \$88,171,426. Of this amount, the General Fund includes \$333,497 of nonspendable funds, \$815,000 committed for the District's retirement plan and \$39,330,048 of unassigned fund balance available for spending at the District's discretion. The Special Revenue Funds have a fund balance of \$848,586 primarily restricted or committed with a small portion in the nonspendable and assigned categories. Fund balance of \$46,844,295 is restricted for use by the Debt Service and Capital Projects Funds.
- The District's General Fund reported an unassigned fund balance of \$39,330,048 or 36.4% of the total General Fund expenditures for the year ended June 30, 2016.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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

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

Government-wide Statements

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

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

- Over time, increases or decreases in the District's net position is an indicator of whether its financial health is improving or deteriorating, respectively.
- To assess the overall health of the District, you need to consider additional non-financial factors such as changes in the District's tax base.

The government-wide financial statements of the District include the *governmental activities*. These statements recognize the District's functions, such as instruction, extracurricular activities, curriculum and staff development, health services, and general administration as being primarily supported by property taxes and intergovernmental revenues. The government-wide financial statements can be found on pages 32 and 33 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 34 of this report. Page 42 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 43 of this report.

- *Fiduciary funds*—The District is the trustee, or *fiduciary*, for certain funds. It is also responsible for other assets that—because of a trust arrangement—can be used only for the trust beneficiaries. The District is responsible for ensuring that the assets reported in these funds are used for their intended purposes. All of the District’s fiduciary activities are reported in a separate statement of fiduciary net position and a statement of changes in fiduciary net position that can be found on pages 46 and 47 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 48 of this report.

Other Information

This report also presents certain *required supplementary information, combining schedules, and other information* required by the Texas Education Agency that further explains and supports the information in the financial statements. The required supplementary information, combining schedules, and other TEA required information can be found on pages 73-93 of this report.

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

Net position. The District's *combined* net position was \$15,701,828 at June 30, 2016. (See Table A-1).

Table A-1

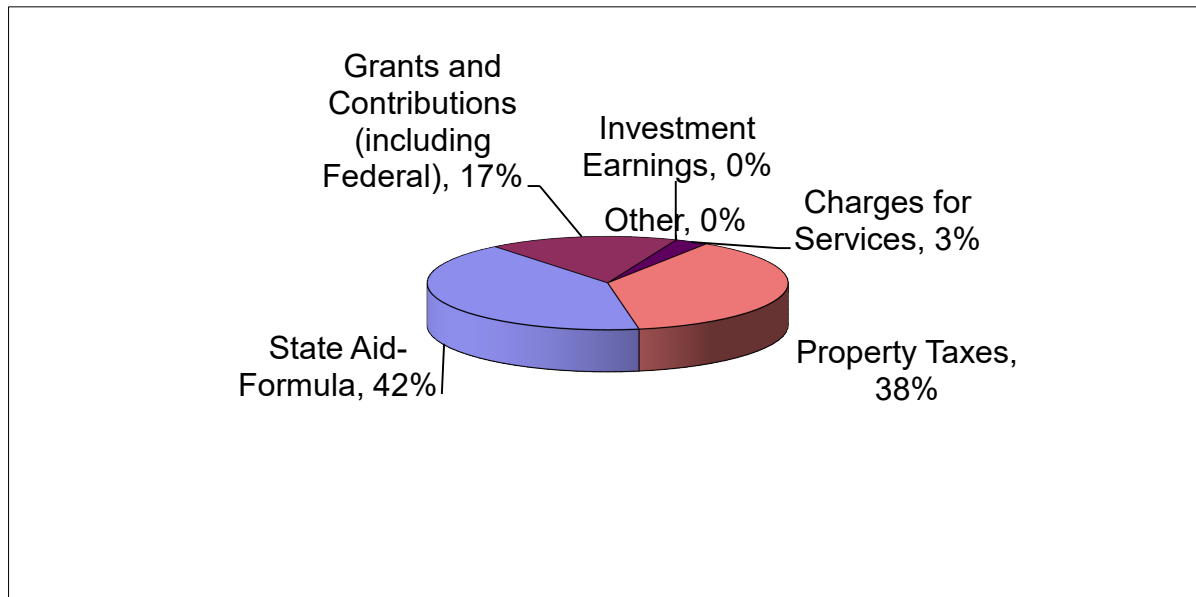
	2016	2015	
Current and Other Assets	112,391,183	166,371,458	-32%
Capital Assets	207,836,243	159,129,221	31%
Total Assets	<u>320,227,426</u>	<u>325,500,679</u>	-2%
Deferred Outflows of Resources	<u>16,907,828</u>	<u>8,027,088</u>	111%
Current Liabilities	23,700,531	13,666,510	73%
Noncurrent Liabilities	295,573,636	290,021,599	2%
Total Liabilities	<u>319,274,167</u>	<u>303,688,109</u>	5%
Deferred Inflows of Resources	<u>2,159,259</u>	<u>4,683,196</u>	-54%
Net Position:			
Net Investment in Capital Assets	(5,214,642)	(927,924)	-462%
Restricted	8,927,397	9,766,056	-9%
Unrestricted	11,989,073	16,318,330	-27%
Total Net Position	<u>15,701,828</u>	<u>25,156,462</u>	-38%

Net investment in capital assets (e.g. land, buildings, furniture, and equipment) is (\$5,214,642). 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, \$8,927,397 (restricted net position), represents resources that are subject to external limitations on how they may be used. The remaining \$11,989,073 (unrestricted net position) represents resources available to fund future activities of the District.

Change in net position. The District's total revenues were \$142,457,852. Forty-two percent of the District's revenues comes from state allocations – formula grants and thirty-eight percent from property taxes. (See Figure A-1) Seventeen percent relates to grants and contributions (including federal funds).

Figure A-1

District Sources of Revenue for Fiscal Year 2016



Governmental Activities. The total cost of all programs and services was \$151,912,486 (See Table A-2); 52% of these costs are for instruction and instructional related services.

Table A-2

	Governmental Activities		Total % Change
	Year Ended June 30, 2016	Year Ended June 30, 2015	
Revenues			
<u>Program Revenues</u>			
Charges for Services	3,864,937	3,996,241	-3%
Operating Grants and Contributions	24,556,730	20,719,274	19%
<u>General Revenues</u>			
Property Taxes	53,823,956	48,702,129	11%
State aid - Formula	59,815,620	59,108,704	1%
Grants and Contributions	-	1,000	N/A
Investment earnings	252,669	26,692	847%
Other	143,940	238,809	-40%
Total Revenues	142,457,852	132,792,849	7%
Expenses			
Instruction	73,801,099	65,346,809	13%
Instructional Resources & Media Services	1,128,544	1,014,799	11%
Curriculum and Staff Development	3,723,403	3,859,002	-4%
Instructional Leadership	2,272,785	1,963,999	16%
School Leadership	7,252,391	6,417,454	13%
Guidance, Counseling and Evaluation Services	4,801,292	4,404,532	9%
Social Work Services	49,547	46,054	8%
Health Services	1,185,430	1,105,745	7%
Student (Pupil) Transportation	4,303,304	3,918,072	10%
Food Services	8,076,928	7,560,833	7%
Extracurricular Activities	3,011,438	3,012,097	0%
General Administration	4,058,948	3,535,368	15%
Plant Maintenance and Operations	12,476,392	11,312,346	10%
Security and Monitoring Services	1,451,947	1,330,896	9%
Data Processing Services	11,044,264	3,186,471	247%
Community Services	445,671	348,410	28%
Debt Service - Interest on Long Term Debt	11,992,931	8,584,286	40%
Debt Service - Bond Issuance Cost and Fees	518,998	978,412	-47%
Capital Outlay	-	1,565,444	N/A
Payments to Juvenile Justice Alternative Ed. Prg.	92,604	57,378	61%
Other Intergovernmental Charges	224,570	218,660	3%
Total Expenses	151,912,486	129,767,067	17%
Increase (Decrease) in Net Position	(9,454,634)	3,025,782	N/A
Beginning Net Position	25,156,462	39,709,440	-37%
Prior Period Adjustment	-	(17,578,760)	N/A
Ending Net Position	15,701,828	22,130,680	-38%

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

- The cost of all *governmental* activities for the year was \$151,912,486.
- The amount that our taxpayers paid for these activities through property taxes was \$53,823,956.
- Some of the cost was paid by those who directly benefited from the programs \$3,864,937, or
- By operating grants and contributions \$24,556,730.

Table A-3
Net Cost of Selected District Functions

	Total Cost of Service		Total % Change	Net Cost of Services		Total % Change
	Year Ended June 30, 2016	Year Ended June 30, 2015		Year Ended June 30, 2016	Year Ended June 30, 2015	
Instruction	73,801,099	65,346,809	12.9%	62,670,021	55,754,752	12.4%
Facilities Maintenance and Operations	12,476,392	11,312,346	10.3%	11,879,631	10,862,492	9.4%
Debt Service	12,511,929	9,562,698	30.8%	9,795,095	7,075,588	38.4%
Data Processing Services	11,044,264	3,186,471	246.6%	10,942,257	3,124,506	250.2%
Food Services	8,076,928	7,560,833	6.8%	609,168	146,418	316.0%
School Leadership	7,252,391	6,417,454	13.0%	6,769,074	6,074,023	11.4%

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

Revenues of the General Fund totaled \$104,718,643, an increase of 1.4% compared to the preceding period's General Fund revenues. Local revenues increased by 1.1% due to an increase in property values, state revenues increased 1.8%, and federal revenues in the General Fund decreased by 5.5%. The state funding formula was increased for the current fiscal year by the state. The increase in the funding formula was offset by a 1.5% decrease in average daily attendance.

General Fund Budgetary Highlights

Over the course of the fiscal period, the District amended its budget several times. Even with these adjustments, actual expenditures were \$2,612,859 below final budgeted amounts. The most significant positive variances resulted from instruction, instructional leadership, general administration and facilities maintenance and operations. A portion of the positive variances were due to personnel savings from open positions.

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

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

As of June 30, 2016, the District had invested \$355,440,091 in a broad range of capital assets, including land, land improvements, buildings and improvements and furniture and equipment (See Table A-4). This amount represents a net increase (including additions and deductions) of \$56,153,964 or 18.8 percent more than last year.

**Table A-4
District's Capital Assets**

	Governmental Activities		Total % Change
	June 30, 2016	June 30, 2015	
Land	5,151,359	5,151,359	0.0%
Construction in Progress	52,960,908	1,300,788	3971.4%
Land Improvements	8,831,764	8,831,764	0.0%
Buildings and Improvements	269,244,977	266,307,139	1.1%
Furniture and Equipment	19,251,083	17,695,077	8.8%
Totals at Historical Cost	355,440,091	299,286,127	18.8%
 Total Accumulated Depreciation	 (147,603,848)	 (140,156,906)	 5.3%
Net Capital Assets	207,836,243	159,129,221	30.6%

More detailed information about the District's capital assets is presented in Note 5 to the financial statements.

Long-Term Debt

At June 30, 2016, the District had \$266,561,110 in bonds payable as shown in Table A-5. More detailed information about the District's debt is presented in Notes 8 through 11 to the financial statements.

**Table A-5
District's Long Term Debt**

	Governmental Activities		Total % Change
	June 30, 2016	June 30, 2015	
General Obligation Bonds	213,701,096	225,991,096	-5.4%
Accreted Interest	13,465,551	14,639,319	-8.0%
 Bond Premium/Discount	 39,394,463	 34,081,769	 15.6%
 Total Long-Term Debt	 266,561,110	 274,712,184	 -3.0%

Bond Ratings

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

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

- Appraised value used for the 2017 budget preparation increased 5.0% from the previous year.
- The District's refined average daily attendance (ADA) was based on a decrease in enrollment of approximately 230 students.
- State funding is estimated to decrease approximately \$3.0 million in 2017 due to higher local tax collections and lower ADA.

These indicators were taken into account when adopting the general fund budget for 2017. Amounts available for appropriation in the general fund budget are \$104.7 million, a decrease of approximately \$7,000 compared to the 2016 actual revenue. Expenditures are budgeted at \$104.7 million in 2017, a decrease of 3.1 percent, mainly due to decreased capital outlay.

The District's maintenance and operations tax rate remained \$1.04 per \$100 of taxable value for the 2017 fiscal year. The debt service tax rate decreased from \$0.4895 per \$100 of taxable value to \$0.48148 per \$100 of taxable value for the 2017 fiscal year due to increased property values.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, please contact the District's Financial Services Department.

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BASIC FINANCIAL STATEMENTS

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

EXHIBIT A-1

Data Control Codes	Primary Government Governmental Activities
ASSETS	
1110 Cash and Cash Equivalents	\$ 89,986,681
1210 Property Taxes - Current	2,885,581
1230 Allowance for Uncollectible Taxes	(144,279)
1240 Due from Other Governments	19,166,057
1290 Other Receivables, net	20,270
1300 Inventories	414,860
1410 Prepayments	62,013
Capital Assets:	
1510 Land	5,151,359
1520 Buildings, Net	146,425,135
1530 Furniture and Equipment, Net	3,298,841
1580 Construction in Progress	52,960,908
1000 Total Assets	320,227,426
DEFERRED OUTFLOWS OF RESOURCES	
1701 Deferred Charge on Bond Refundings	4,596,600
1705 Deferred Outflows Related to TRS	12,311,228
1700 Total Deferred Outflows of Resources	16,907,828
LIABILITIES	
2110 Accounts Payable	7,838,623
2140 Accrued Interest Payable	3,542,013
2150 Payroll Deductions & Withholdings	1,349,541
2160 Accrued Wages Payable	10,397,782
2200 Accrued Expenses	332,306
2300 Unearned Revenue	240,266
Noncurrent Liabilities	
2501 Due Within One Year	9,605,000
2502 Due in More Than One Year	256,956,110
2540 Net Pension Liability (District's Share)	29,012,526
2000 Total Liabilities	319,274,167
DEFERRED INFLOWS OF RESOURCES	
2605 Deferred Inflows Related to TRS	2,159,259
2600 Total Deferred Inflows of Resources	2,159,259
NET POSITION	
3200 Net Investment in Capital Assets	(5,214,642)
3820 Restricted for Federal and State Programs	335,893
3850 Restricted for Debt Service	8,591,504
3900 Unrestricted	11,989,073
3000 Total Net Position	\$ 15,701,828

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

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

EXHIBIT B-1

Data Control Codes	1	Program Revenues		Net (Expense) Revenue and Changes in Net Position
		3	4	6
		Charges for Services	Operating Grants and Contributions	Primary Gov. Governmental Activities
	Expenses			
Primary Government:				
GOVERNMENTAL ACTIVITIES:				
11 Instruction	\$ 73,545,640	\$ 1,941,707	\$ 9,189,371	\$ (62,414,562)
12 Instructional Resources and Media Services	1,128,544	119,339	50,968	(958,237)
13 Curriculum and Staff Development	3,723,403	-	1,285,873	(2,437,530)
21 Instructional Leadership	2,272,785	-	327,345	(1,945,440)
23 School Leadership	7,252,391	48	483,269	(6,769,074)
31 Guidance, Counseling and Evaluation Services	4,801,292	-	1,702,644	(3,098,648)
32 Social Work Services	49,547	-	3,289	(46,258)
33 Health Services	1,185,430	-	86,134	(1,099,296)
34 Student (Pupil) Transportation	4,303,304	-	1,260,804	(3,042,500)
35 Food Services	8,076,928	1,265,436	6,202,324	(609,168)
36 Extracurricular Activities	3,011,438	444,124	135,930	(2,431,384)
41 General Administration	4,058,948	-	345,801	(3,713,147)
51 Facilities Maintenance and Operations	12,476,392	94,283	502,478	(11,879,631)
52 Security and Monitoring Services	1,451,947	-	54,301	(1,397,646)
53 Data Processing Services	11,044,264	-	102,007	(10,942,257)
61 Community Services	445,671	-	107,358	(338,313)
72 Debt Service - Interest on Long Term Debt	11,992,931	-	2,716,834	(9,276,097)
73 Debt Service - Bond Issuance Cost and Fees	518,998	-	-	(518,998)
81 Capital Outlay	255,459	-	-	(255,459)
95 Payments to Juvenile Justice Alternative Ed. Prg.	92,604	-	-	(92,604)
99 Other Intergovernmental Charges	224,570	-	-	(224,570)
[TP] TOTAL PRIMARY GOVERNMENT:	\$ 151,912,486	\$ 3,864,937	\$ 24,556,730	(123,490,819)

Data Control Codes	General Revenues:	
	Taxes:	
MT	Property Taxes, Levied for General Purposes	36,613,846
DT	Property Taxes, Levied for Debt Service	17,210,110
SF	State Aid - Formula Grants	59,815,620
IE	Investment Earnings	252,669
MI	Miscellaneous Local and Intermediate Revenue	143,940
TR	Total General Revenues	114,036,185
CN	Change in Net Position	(9,454,634)
NB	Net Position - Beginning	25,156,462
NE	Net Position--Ending	\$ 15,701,828

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

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

Data Control Codes	10 General Fund	50 Debt Service Fund	60 Capital Projects
ASSETS			
1110 Cash and Cash Equivalents	\$ 33,526,088	\$ 11,567,032	\$ 42,465,838
1210 Property Taxes - Current	2,109,480	776,101	-
1230 Allowance for Uncollectible Taxes (Credit)	(105,474)	(38,805)	-
1240 Receivables from Other Governments	17,178,173	-	-
1260 Due from Other Funds	1,236,588	-	-
1290 Other Receivables	5,776	-	-
1300 Inventories	275,411	-	-
1410 Prepayments	58,086	-	-
1000 Total Assets	<u>\$ 54,284,128</u>	<u>\$ 12,304,328</u>	<u>\$ 42,465,838</u>
LIABILITIES			
2110 Accounts Payable	\$ 623,869	\$ 1,210	\$ 7,017,444
2150 Payroll Deductions and Withholdings Payable	1,282,496	-	320
2160 Accrued Wages Payable	9,762,098	-	-
2170 Due to Other Funds	-	-	-
2200 Accrued Expenditures	133,114	-	-
2300 Unearned Revenues	-	169,601	-
2000 Total Liabilities	<u>11,801,577</u>	<u>170,811</u>	<u>7,017,764</u>
DEFERRED INFLOWS OF RESOURCES			
2601 Unavailable Revenue - Property Taxes	2,004,006	737,296	-
2600 Total Deferred Inflows of Resources	<u>2,004,006</u>	<u>737,296</u>	<u>-</u>
FUND BALANCES			
Nonspendable Fund Balance:			
3410 Inventories	275,411	-	-
3430 Prepaid Items	58,086	-	-
Restricted Fund Balance:			
3450 Federal or State Funds Grant Restriction	-	-	-
3470 Capital Acquisition and Contractual Obligation	-	-	35,448,074
3480 Retirement of Long-Term Debt	-	11,396,221	-
Committed Fund Balance:			
3545 Other Committed Fund Balance	815,000	-	-
Assigned Fund Balance:			
3590 Other Assigned Fund Balance	-	-	-
3600 Unassigned Fund Balance	39,330,048	-	-
3000 Total Fund Balances	<u>40,478,545</u>	<u>11,396,221</u>	<u>35,448,074</u>
4000 Total Liabilities, Deferred Inflows & Fund Balances	<u>\$ 54,284,128</u>	<u>\$ 12,304,328</u>	<u>\$ 42,465,838</u>

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

Other Funds	Total Governmental Funds
\$ 903,815	\$ 88,462,773
-	2,885,581
-	(144,279)
1,987,884	19,166,057
-	1,236,588
5,967	11,743
139,449	414,860
3,927	62,013
<u>\$ 3,041,042</u>	<u>\$ 112,095,336</u>
\$ 167,744	\$ 7,810,267
66,628	1,349,444
635,684	10,397,782
1,236,588	1,236,588
15,147	148,261
70,665	240,266
<u>2,192,456</u>	<u>21,182,608</u>
-	2,741,302
-	2,741,302
139,449	414,860
3,927	62,013
335,893	335,893
-	35,448,074
-	11,396,221
368,455	1,183,455
862	862
-	39,330,048
<u>848,586</u>	<u>88,171,426</u>
<u>\$ 3,041,042</u>	<u>\$ 112,095,336</u>

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

Total Fund Balances - Governmental Funds	\$ 88,171,426
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 position.	1,319,937
2 Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the fund financial statements.	355,440,091
3 Accumulated depreciation is not reported in the fund financial statements.	(147,603,848)
4 Bonds payable are not reported in the fund financial statements.	(213,701,096)
5 Accreted interest payable on capital appreciation bonds is not reported in the fund financial statements.	(13,465,551)
6 Property tax revenue reported as unavailable revenue in the fund financial statements is recognized as revenue in the government-wide financial statements.	2,741,302
7 Interest on outstanding debt is accrued in the government-wide financial statements, whereas in the fund financial statements interest expenditures are reported when due.	(3,542,013)
8 Bond premiums are not recognized in the fund financial statements.	(39,394,463)
9 Deferred charges on bond refundings are not recognized in the fund financial statements.	4,596,600
10 Included in the items related to government-wide long-term debt is the recognition of the District's proportionate share of the net pension liability required by GASB 68 in the amount of \$29,012,526, Deferred Resource Inflows related to TRS in the amount of \$2,159,259, and Deferred Resource Outflows related to TRS in the amount of \$12,311,228. This results in a decrease in Net Position in the amount of \$18,860,557.	(18,860,557)
19 Net Position of Governmental Activities	\$ 15,701,828

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 JUNE 30, 2016

Data Control Codes	10 General Fund	50 Debt Service Fund	60 Capital Projects
REVENUES:			
5700 Total Local and Intermediate Sources	\$ 37,184,420	\$ 17,148,474	\$ 138,283
5800 State Program Revenues	65,587,113	2,716,834	15,038
5900 Federal Program Revenues	1,947,110	-	-
5020 Total Revenues	104,718,643	19,865,308	153,321
EXPENDITURES:			
Current:			
0011 Instruction	60,408,661	-	-
0012 Instructional Resources and Media Services	858,233	-	-
0013 Curriculum and Instructional Staff Development	2,485,336	-	-
0021 Instructional Leadership	1,872,255	-	-
0023 School Leadership	6,915,660	-	-
0031 Guidance, Counseling and Evaluation Services	3,312,171	-	-
0032 Social Work Services	46,290	-	-
0033 Health Services	1,136,143	-	-
0034 Student (Pupil) Transportation	4,500,704	-	36,777
0035 Food Services	193,816	-	-
0036 Extracurricular Activities	2,614,263	-	-
0041 General Administration	3,825,805	-	-
0051 Facilities Maintenance and Operations	14,707,916	-	23,559
0052 Security and Monitoring Services	1,410,325	-	-
0053 Data Processing Services	3,118,018	-	12,902,893
0061 Community Services	326,952	-	-
Debt Service:			
0071 Principal on Long Term Debt	-	5,250,000	-
0072 Interest on Long Term Debt	-	12,776,287	-
0073 Bond Issuance Cost and Fees	-	518,998	-
Capital Outlay:			
0081 Facilities Acquisition and Construction	-	-	47,029,572
Intergovernmental:			
0095 Payments to Juvenile Justice Alternative Ed. Prg.	92,604	-	-
0099 Other Intergovernmental Charges	224,570	-	-
6030 Total Expenditures	108,049,722	18,545,285	59,992,801
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	(3,331,079)	1,320,023	(59,839,480)
OTHER FINANCING SOURCES (USES):			
7901 Refunding Bonds Issued	-	54,460,000	-
7916 Premium or Discount on Issuance of Bonds	-	8,998,229	-
8949 Other Use-Pymt to Refunded Bonds Escrow Agent	-	(62,940,077)	-
7080 Total Other Financing Sources (Uses)	-	518,152	-
1200 Net Change in Fund Balances	(3,331,079)	1,838,175	(59,839,480)
0100 Fund Balance - July 1 (Beginning)	43,809,624	9,558,046	95,287,554
3000 Fund Balance - June 30 (Ending)	\$ 40,478,545	\$ 11,396,221	\$ 35,448,074

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

	Other Funds	Total Governmental Funds
\$	1,924,714	\$ 56,395,891
	1,310,989	69,629,974
	12,022,079	13,969,189
	15,257,782	139,995,054
	4,998,624	65,407,285
	119,339	977,572
	1,094,603	3,579,939
	187,389	2,059,644
	3,964	6,919,624
	1,167,959	4,480,130
	-	46,290
	-	1,136,143
	2,090	4,539,571
	7,315,351	7,509,167
	287,327	2,901,590
	-	3,825,805
	122,000	14,853,475
	13,885	1,424,210
	-	16,020,911
	98,508	425,460
	-	5,250,000
	-	12,776,287
	-	518,998
	-	47,029,572
	-	92,604
	-	224,570
	15,411,039	201,998,847
	(153,257)	(62,003,793)
	-	54,460,000
	-	8,998,229
	-	(62,940,077)
	-	518,152
	(153,257)	(61,485,641)
	1,001,843	149,657,067
\$	848,586	\$ 88,171,426

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 JUNE 30, 2016

Total Net Change in Fund Balances - Governmental Funds	\$ (61,485,641)
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 position.	(131,739)
Current year capital asset additions are expenditures in the fund financial statements, but they are shown as increases in capital assets in the government-wide financial statements. The net effect of reclassifying the current year capital asset additions is to increase net position.	56,153,964
Depreciation is not recognized as an expenditure in governmental funds since it does not require the use of current financial resources. The net effect of the current year's depreciation is to decrease net position in the government-wide financial statements.	(7,446,942)
Current year long-term debt principal payments on bonds payable 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.	8,260,318
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.	(1,836,550)
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.	3,533,950
Revenues from property taxes are not recognized in the fund financial statements until they are considered available to finance current expenditures, but such revenues are recognized when assessed, net of an allowance for uncollectable amounts, in the government-wide financial statements.	107,388
Interest expense on outstanding debt is accrued in the government-wide financial statements, whereas in the fund financial statements interest expenditures are reported when due.	(2,504,304)
Current year amortization of the deferred charges on bond refundings is not recognized in the fund financial statements, but is shown as a reduction of the deferred charges in the government-wide financial statements.	(311,697)
The current year issuance of refunding bonds and regular bonds is shown as other resources in the fund financial statements, but is shown as an increase in long-term debt in the government-wide financial statements.	(54,460,000)

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 JUNE 30, 2016

The premiums on the current year issuance of refunding bonds and regular bonds are recorded as other financing sources in the fund financial statements, but are shown as an increase in long-term debt in the government-wide financial statements.	(8,998,229)
The current year payment to the escrow agent for refunding debt is an other financing use in the fund financial statements, but is reported as a reduction in long-term debt in the government-wide financial statements. The payment of \$62,940,077 include the payments to refund bonds of \$61,651,585 plus accrued interest of \$1,108,361 and a deferred loss on bond refundings of \$180,131.	61,831,716
The implementation of GASB 68 required that certain expenditures be de-expended and recorded as deferred resource outflows. TRS contributions made after the measurement date of 8/31/2015 caused the change in the ending net position to decrease by \$75,783. These contributions were replaced with the District's pension expense for the year of \$2,091,085, which caused a decrease in the change in net position. The net effect of all of these is to decrease the change in net position by \$2,166,868.	(2,166,868)
Change in Net Position of Governmental Activities	<hr/> \$ (9,454,634) <hr/>

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 JUNE 30, 2016

Data Control Codes		Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)
		Original	Final		
REVENUES:					
5700	Total Local and Intermediate Sources	\$ 37,320,921	\$ 37,320,921	\$ 37,184,420	\$ (136,501)
5800	State Program Revenues	63,929,962	65,279,962	65,587,113	307,151
5900	Federal Program Revenues	925,000	1,800,000	1,947,110	147,110
5020	Total Revenues	102,175,883	104,400,883	104,718,643	317,760
EXPENDITURES:					
Current:					
0011	Instruction	60,545,461	60,974,267	60,408,661	565,606
0012	Instructional Resources and Media Services	955,420	974,296	858,233	116,063
0013	Curriculum and Instructional Staff Development	2,660,810	2,777,936	2,485,336	292,600
0021	Instructional Leadership	2,250,141	2,200,083	1,872,255	327,828
0023	School Leadership	6,529,945	6,889,448	6,915,660	(26,212)
0031	Guidance, Counseling and Evaluation Services	3,449,491	3,504,927	3,312,171	192,756
0032	Social Work Services	46,875	49,390	46,290	3,100
0033	Health Services	1,217,898	1,240,527	1,136,143	104,384
0034	Student (Pupil) Transportation	3,913,247	4,456,871	4,500,704	(43,833)
0035	Food Services	70,000	266,016	193,816	72,200
0036	Extracurricular Activities	2,524,314	2,636,362	2,614,263	22,099
0041	General Administration	4,028,712	4,273,588	3,825,805	447,783
0051	Facilities Maintenance and Operations	11,347,336	15,118,183	14,707,916	410,267
0052	Security and Monitoring Services	1,350,626	1,351,097	1,410,325	(59,228)
0053	Data Processing Services	3,759,554	3,298,110	3,118,018	180,092
0061	Community Services	309,030	317,480	326,952	(9,472)
Intergovernmental:					
0095	Payments to Juvenile Justice Alternative Ed. Prg.	100,000	100,000	92,604	7,396
0099	Other Intergovernmental Charges	234,000	234,000	224,570	9,430
6030	Total Expenditures	105,292,860	110,662,581	108,049,722	2,612,859
1200	Net Change in Fund Balances	(3,116,977)	(6,261,698)	(3,331,079)	2,930,619
0100	Fund Balance - July 1 (Beginning)	43,809,624	43,809,624	43,809,624	-
3000	Fund Balance - June 30 (Ending)	\$ 40,692,647	\$ 37,547,926	\$ 40,478,545	\$ 2,930,619

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

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

	Governmental Activities -
	Total Internal Service Funds
<hr/>	
ASSETS	
Current Assets:	
Cash and Cash Equivalents	\$ 1,523,908
Other Receivables	8,527
Total Assets	<u>1,532,435</u>
LIABILITIES	
Current Liabilities:	
Accounts Payable	28,356
Payroll Deductions and Withholdings Payable	97
Accrued Expenses	184,045
Total Liabilities	<u>212,498</u>
NET POSITION	
Unrestricted Net Position	<u>1,319,937</u>
Total Net Position	<u><u>\$ 1,319,937</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 POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2016

	Governmental Activities -
	Total Internal Service Funds
OPERATING REVENUES:	
Local and Intermediate Sources	\$ 683,217
State Program Revenues	5,593
Total Operating Revenues	688,810
OPERATING EXPENSES:	
Payroll Costs	142,655
Supplies and Materials	41,675
Other Operating Costs	637,412
Total Operating Expenses	821,742
Operating Income (Loss)	(132,932)
NONOPERATING REVENUES (EXPENSES):	
Earnings from Temporary Deposits & Investments	1,193
Total Nonoperating Revenues (Expenses)	1,193
Change in Net Position	(131,739)
Total Net Position - July 1 (Beginning)	1,451,676
Total Net Position - June 30 (Ending)	\$ 1,319,937

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 JUNE 30, 2016

	Governmental Activities -
	Total Internal Service Funds
<u>Cash Flows from Operating Activities:</u>	
Cash Received from District	\$ 586,185
Internal Activity - Receipts from Other Funds	97,032
Cash Payments to Employees for Services	(142,439)
Cash Payments for Insurance Claims	(630,820)
Cash Payments for Suppliers	(41,675)
Net Cash Used for Operating Activities	(131,717)
<u>Cash Flows from Investing Activities:</u>	
Interest and Dividends on Investments	1,193
Net Decrease in Cash and Cash Equivalents	(130,524)
Cash and Cash Equivalents at Beginning of Year	1,654,432
Cash and Cash Equivalents at End of Year	\$ 1,523,908
<u>Reconciliation of Operating Income (Loss) to Net Cash</u>	
<u>Used for Operating Activities:</u>	
Operating Income (Loss):	\$ (132,932)
Effect of Increases and Decreases in Current Assets and Liabilities:	
Decrease (increase) in Other Receivables	(3,638)
Increase (decrease) in Accounts Payable	28,356
Increase (decrease) in Accrued Wages Payable	(499)
Increase (decrease) in Accrued Expenses	(23,004)
Net Cash Used for Operating Activities	\$ (131,717)

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

DUNCANVILLE INDEPENDENT SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2016

	Private Purpose Trust Funds	Agency Funds
ASSETS		
Cash and Cash Equivalents	\$ 94,380	\$ 111,741
Total Assets	<u>94,380</u>	<u>\$ 111,741</u>
LIABILITIES		
Accounts Payable	1,580	\$ -
Due to Student Groups	-	111,741
Total Liabilities	<u>1,580</u>	<u>\$ 111,741</u>
NET POSITION		
Unrestricted Net Position	<u>92,800</u>	
Total Net Position	<u>\$ 92,800</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 POSITION
FIDUCIARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2016

	Private Purpose Trust Funds
ADDITIONS:	
Local and Intermediate Sources	\$ 40,113
Total Additions	<u>40,113</u>
DEDUCTIONS:	
Other Operating Costs	<u>500</u>
Total Deductions	<u>500</u>
Change in Net Position	39,613
 Total Net Position - July 1 (Beginning)	 <u>53,187</u>
 Total Net Position - June 30 (Ending)	 <u><u>\$ 92,800</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 JUNE 30, 2016**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Reporting Entity

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

Government-Wide and Fund Financial Statements

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

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

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

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

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

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.

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

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

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

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

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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES- continued

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.
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.
3. **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.

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.

Proprietary Funds

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

Fiduciary Funds

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

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

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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES- continued

Implementation of New Standards

In fiscal year 2015, the District implemented the following new standards:

GASB Statement 68, *Accounting and Financial Reporting for Pensions* ("GASB 68") establishes accounting and financial reporting standards for pensions that are provided to the employees of state and local governmental employers through pension plans that are administered through trusts or similar arrangements that meet certain criteria. The Statement establishes standards for measuring and recognizing liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures. Implementation is reflected in the financial statements, notes to the financial statements and required supplementary information.

GASB Statement 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date* ("GASB 71") amends the transition provisions of GASB 68. GASB 71 to require that, at transition, a government recognize a beginning deferred outflow of resources for its pension contributions made subsequent to the measurement date of the beginning net pension liability. Implementation is reflected in the financial statements and the notes to the financial statements.

Cash and Cash Equivalents

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

Investments

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

Inventories of Supplies and Materials

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

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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES- continued

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.

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 position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bond issuance costs are expensed when incurred.

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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES- continued

Long-Term Debt- continued

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 Position

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

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

Encumbrances

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

Data Control Codes

The Data Control Codes refer to the account code structure prescribed by TEA in the *Financial Accountability System Resource Guide*. Texas Education Agency requires school districts to display these codes in the financial statements filed with the Agency in order to 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 June 30, 2016 will change.

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

NOTE 2. FUND BALANCES

The District has implemented GASB Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions." This Statement provides 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 and prepaid items as being nonspendable as these items are not expected to be converted to cash.
- Restricted: This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation. Debt service resources are to be used for future servicing of the District's bonded debt and are restricted through debt covenants. Capital projects resources are restricted for future capital outlay. Federal and State grant resources are restricted because their use is restricted pursuant to the grant requirements.
- Committed: This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the District's Board of Trustees. The Board of Trustees establishes (and modifies or rescinds) fund balance commitments by passage of a resolution. This can also be done through adoption and amendment of the budget. These amounts cannot be used for any other purpose unless the Board removes or changes the specified use by taking the same type of action that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements. The Board of Trustees has committed resources as of June 30, 2016 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.

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

NOTE 2. FUND BALANCES- continued

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

General Fund

The General Fund has nonspendable fund balance of \$333,497, consisting of inventories of \$275,411 and prepaid items of \$58,086. 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 \$39,330,048 at June 30, 2016.

Debt Service Fund

The Debt Service Fund has restricted funds of \$11,396,221 at June 30, 2016 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 \$35,448,074 at June 30, 2016 consisting primarily of remaining bond issuance proceeds that are restricted for construction and other capital outlay expenditures.

Other Funds

The National Breakfast and Lunch Program (a special revenue fund) has nonspendable fund balance of \$143,376 consisting of inventories of \$139,449 and prepaid items of \$3,927. The fund balance of \$368,455 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:

National Breakfast and Lunch Program	\$327,258
Advanced Placement Incentives	4,120
State Textbook Fund	4,400
Other State Grants	<u>115</u>
Total	<u>\$335,893</u>

The \$862 fund balance of the Education Foundation Grants Fund (a special revenue fund) is assigned to be expended on those grants.

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

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 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 June 20 the District prepares a budget for the next succeeding fiscal year beginning July 1. The operating budget includes proposed expenditures and the means of financing them.
2. A meeting of the Board is then called for the purpose of adopting the proposed budget. At least ten days public notice of the meeting must be given.
3. Prior to July 1, the budget is legally enacted through passage of a resolution by the Board. Once a budget is approved, it can only be amended at the function and fund level by the approval of a majority of the members of the Board. Amendments are presented to the Board at its regular meetings. Each amendment must have Board approval. As required by law, such amendments are made before the fact, are reflected in the official minutes of the Board, and are not made after fiscal year end. The following amendments were significant.
 - a. Student Transportation budget was increased by \$543,624.
 - b. Facilities Maintenance & Operations budget was increased by \$3,770,847.
4. The Texas Education Agency requires these budgets to be filed with the Texas Education Agency. The budget should not be exceeded in any functional expenditure category under TEA requirements. The original and final amended versions of these budgets are used in this report.

NOTE 4. DEPOSITS AND INVESTMENTS

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

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

NOTE 4. DEPOSITS AND INVESTMENTS- continued

1. Cash Deposits:

At June 30, 2016, the carrying amount of the District's deposits (checking accounts and interest-bearing demand accounts) was \$2,551,414 and the bank balance was \$3,206,060. The District's cash deposits at June 30, 2016 were entirely covered by FDIC insurance or by pledged collateral held by the District's agent bank in the District's name. The District's deposits were fully collateralized throughout the fiscal year with the exception of one day during the fiscal year.

2. Investments:

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

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

- a. Custodial Credit Risk – Deposits: In the case of deposits, this is the risk that, in the event of a bank failure, the District's deposits may not be returned to it. As of June 30, 2016, the District's cash deposits totaled \$3,206,060. 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 as of June 30, 2016.
- 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 June 30, 2016, 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.

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

NOTE 4. DEPOSITS AND INVESTMENTS- continued

- 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 June 30, 2016, the District was not exposed to foreign currency risk.
- f. Concentration of Credit Risk: This is the risk of loss attributed to the magnitude of the District's investment in a single issuer (i.e., lack of diversification). Concentration risk is defined as positions of 5 percent or more in the securities of a single issuer. Investment pools 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.

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

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

NOTE 4. DEPOSITS AND INVESTMENTS- continued

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

<u>Name</u>	<u>Carrying Amount</u>	<u>Market Value</u>
Lone Star Investment Pool	\$28,028,353	\$28,028,353
LOGIC Investment Pool	1,694,622	1,694,622
MBIA Texas CLASS Investment Pool	1,625,524	1,625,524
TexPool Investment Pool	<u>56,269,042</u>	<u>56,269,042</u>
	<u>\$87,617,541</u>	<u>\$87,617,541</u>

Fair Value Measurements

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

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

The District's investments in public funds investment pools are not required to be measured at fair value but are measured at amortized cost.

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

NOTE 5. CAPITAL ASSET ACTIVITY

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

	<u>Balance</u> <u>July 1</u>	<u>Additions/</u> <u>Completions</u>	<u>Retirement/</u> <u>Adjustments</u>	<u>Balance</u> <u>June 30</u>
Governmental Activities:				
Capital assets not being depreciated				
Land	\$ 5,151,359	\$ -	\$ -	\$ 5,151,359
Construction in Progress	<u>1,300,788</u>	<u>51,660,120</u>	<u>-</u>	<u>52,960,908</u>
Total Capital assets not being depreciated	<u>6,452,147</u>	<u>51,660,120</u>	<u>-</u>	<u>58,112,267</u>
Capital assets, being depreciated				
Land Improvements	8,831,764	-	-	8,831,764
Buildings	266,307,139	2,937,838	-	269,244,977
Furniture and Equipment	<u>17,695,077</u>	<u>1,556,006</u>	<u>-</u>	<u>19,251,083</u>
Total capital assets being depreciated	<u>292,833,980</u>	<u>4,493,844</u>	<u>-</u>	<u>297,327,824</u>
Less accumulated depreciation for:				
Land Improvements	(6,231,080)	(377,022)	-	(6,608,102)
Buildings	(118,926,834)	(6,116,670)	-	(125,043,504)
Furniture and Equipment	<u>(14,998,992)</u>	<u>(953,250)</u>	<u>-</u>	<u>(15,952,242)</u>
Total accumulated depreciation	<u>(140,156,906)</u>	<u>(7,446,942)</u>	<u>-</u>	<u>(147,603,848)</u>
Total capital assets, being depreciated, net	<u>152,677,074</u>	<u>(2,953,098)</u>	<u>-</u>	<u>149,723,976</u>
Governmental activities capital assets, net	<u>\$159,129,221</u>	<u>\$ 48,707,022</u>	<u>\$ -</u>	<u>\$207,836,243</u>

Depreciation expense was charged to governmental functions as follows:

Instruction	\$5,148,842
Instruction resources and media services	124,292
Curriculum and staff development	4,511
Instructional leadership	138,071
School leadership	66,348
Guidance, counseling and evaluation services	57,967
Social work services	2,255
Health services	4,524
Student (pupil) transportation	238,631
Food services	374,216
Cocurricular/Extracurricular activities	27,221
General administration	146,805
Plant maintenance and operations	510,160
Security and monitoring services	8,848
Data Processing	579,369
Community Services	<u>14,882</u>
Total depreciation expense	<u>\$7,446,942</u>

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

NOTE 6. DUE FROM OTHER GOVERNMENTS

The District participates in a variety of federal and state programs from which it receives grants to partially or fully finance certain activities. In addition, the District receives entitlements from the State through the School Foundation and Per Capita Programs. Amounts due from federal and state governments as of June 30, 2016, are summarized below. All federal grants shown below are passed through the TEA and are reported on the combined financial statements as Due from Other Governments.

<u>Fund</u>	<u>State Entitlements</u>	<u>Federal Grants</u>	<u>Total</u>
General	\$17,134,972	\$ 43,201	\$17,178,173
Special Revenue	26	1,987,858	1,987,884
Debt Service	-	-	-
Total	<u>\$17,134,998</u>	<u>\$2,031,059</u>	<u>\$19,166,057</u>

NOTE 7. UNEARNED REVENUE

Unearned revenue at June 30, 2016 consisted of the following:

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Debt Service Fund</u>	<u>Total</u>
Campus Activities	\$ -	\$ 10,000	\$ -	\$ 10,000
Federal Food Commodities	-	60,665	-	60,665
State Funding	-	-	169,601	169,601
Total	<u>\$ -</u>	<u>\$ 70,665</u>	<u>\$169,601</u>	<u>\$240,266</u>

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

NOTE 8. 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.

A summary of bonds payable for the year ended June 30, 2016 is as follows:

Description	Interest Rate Payable	Amounts Original Issue	Amounts Outstanding 7/01/15	Issued	Retired	Amounts Outstanding 6/30/16	Amounts Due Within One Year
Unlimited tax refunding bonds – Series 2005	3.00-5.00%	47,166,096	\$ 2,341,096	\$ -	\$ 1,200,000	\$ 1,141,096	\$ -
Unlimited tax refunding bonds – Series 2006	4.00-5.00%	71,105,909	68,855,000	-	63,100,000	5,755,000	2,700,000
Unlimited tax refunding bonds – Series 2011	2.00-3.00%	9,125,000	8,665,000	-	130,000	8,535,000	135,000
Unlimited tax refunding bonds – Series 2012	4.00%	9,225,000	9,225,000	-	-	9,225,000	-
Unlimited tax refunding bonds – Series 2013A	2.00-3.50%	7,985,000	7,160,000	-	405,000	6,755,000	610,000
Unlimited tax refunding bonds – Series 2013B	1.00-4.00%	33,365,000	32,930,000	-	-	32,930,000	-
Unlimited tax refunding bonds – Series 2014	2.00-4.00%	8,835,000	8,645,000	-	-	8,645,000	-
Unlimited tax school building Bonds – Series 2015	2.00-5.00%	88,170,000	88,170,000	-	630,000	87,540,000	505,000
Unlimited tax school building bonds – Series 2015	2.00-5.00%	54,460,000	-	54,460,000	1,285,000	53,175,000	-
Total Bonded Debt Payable			<u>\$225,991,096</u>	<u>\$54,460,000</u>	<u>\$66,750,000</u>	<u>\$213,701,096</u>	<u>\$3,950,000</u>

Debt service requirements are as follows:

Years Ending June 30,	Principal	Interest	Total Requirements
2017	\$ 3,950,000	\$ 15,190,369	\$ 19,140,369
2018	3,290,000	15,099,019	18,389,019
2019	8,580,000	10,034,419	18,614,419
2020	1,541,096	16,848,473	18,389,569
2021	1,170,000	16,225,819	17,395,819
2022-2026	43,060,000	49,094,869	92,154,869
2027-2031	57,240,000	30,206,255	87,446,255
2032-2036	41,255,000	17,427,750	58,682,750
2037-2041	26,795,000	10,858,500	37,653,500
Thereafter	<u>26,820,000</u>	<u>3,436,250</u>	<u>30,256,250</u>
	<u>\$213,701,096</u>	<u>\$184,421,723</u>	<u>\$398,122,819</u>

The District has three bond series that include Capital Appreciation Bonds. No interest is paid on these bonds prior to maturity. The bonds mature variously in 2017 through 2022. Interest accrues on these bonds each February 15 and August 15 even though the interest is not paid until maturity.

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

NOTE 8. BONDS PAYABLE- continued

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.

NOTE 9. DEBT ISSUANCES AND DEFEASED DEBT

In December 2015, the District issued \$54,460,000 (par value) in Unlimited Tax School Refunding Bonds to advance refund \$61,500,000 (par value) of outstanding bonds. The net proceeds of \$62,940,077 (\$54,460,000 par amount of the bonds plus \$8,998,229 of premium paid on the bonds less \$518,152 of underwriting fees, insurance, and other issuance costs) were used to advance refund \$61,500,000 of principal plus interest on the refunded bonds. The refunded bonds were repaid from the irrevocable trust when the bonds reached their call date on February 15, 2016.

The refunding was undertaken to reduce the District's total debt service payments by \$12,422,734 and to obtain an economic gain (difference between the present value of the debt service payments on the old and new debt) of \$8,665,335.

NOTE 10. DEFERRED CHARGE ON BOND REFUNDINGS

The District's deferred charges on bond refundings are as follows:

Balance – June 30, 2015	\$4,728,166
Current year deferred charge on bond refundings	1,336,794
Current period amortization and write-off of prior deferred charges due to current year refunding	<u>(1,468,360)</u>
Balance – June 30, 2016	<u>\$4,596,600</u>

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

NOTE 11. CHANGES IN LONG-TERM LIABILITIES

Long-term liabilities activity for the year ended June 30, 2016 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	\$225,991,096	\$54,460,000	\$66,750,000	\$213,701,096	\$3,950,000
Accreted Interest	14,639,319	1,836,550	3,010,318	13,465,551	3,010,318
Bond Premium/Discount	<u>34,081,769</u>	<u>8,998,229</u>	<u>3,685,535</u>	<u>39,394,463</u>	<u>2,644,682</u>
Total Governmental Activities					
Long-term Liabilities	<u>\$274,712,184</u>	<u>\$65,294,779</u>	<u>\$73,445,853</u>	<u>\$266,561,110</u>	<u>\$9,605,000</u>

NOTE 12. DEFINED BENEFIT PENSION PLAN

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

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

Pension Plan Fiduciary Net Position. Detailed information about the Teacher Retirement System's fiduciary net position is available in a separately-issued Comprehensive Annual Financial Report that includes financial statements and required supplementary information. That report may be obtained on the Internet at <http://www.trs.state.tx.us/about/documents/cafr.pdf#CAFR>; by writing to TRS at 1000 Red River Street, Austin, TX, 78701-2698; or by calling (512) 542-6592. The information provided in the Notes to the Financial Statements in the 2015 Comprehensive Annual Financial Report for TRS provides the following information regarding the Pension Plan fiduciary net position as of August 31, 2015.

<u>Net Pension Liability</u>	<u>Total</u>
Total Pension Liability	\$163,887,375,172
Less: Plan Fiduciary Net Position	<u>(128,538,706,212)</u>
Net Pension Liability	<u>\$ 35,348,668,960</u>
Net Position as percentage of Total Pension Liability	78.43%

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

NOTE 12. DEFINED BENEFIT PENSION PLAN - continued

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

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

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

<u>Contribution Rates</u>		
	<u>2015</u>	<u>2016</u>
Member	6.7%	7.2%
Non-Employer Contributing Entity (State)	6.8%	6.8%
Employers	6.8%	6.8%
Duncanville ISD FY2016 Employer Contributions	\$	2,363,167
Duncanville ISD FY2016 Member Contributions	\$	5,547,640
Duncanville ISD 2015 NECE On-Behalf Contributions	\$	3,665,288

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

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

NOTE 12. DEFINED BENEFIT PENSION PLAN – continued

As the non-employer contributing entity for public education, the State of Texas contributes to the retirement system an amount equal to the current employer contribution rate times the aggregate annual compensation of all participating members of the pension trust fund during the fiscal year reduced by the amounts described below which are paid by the employers. Employers including public schools are required to pay the employer contribution rate in the following instances:

- On the portion of the member's salary that exceeds the statutory minimum for members entitled to the statutory minimum under Section 21.402 of the Texas Education Code.
- During a new member's first 90 days of employment.
- When any part or all of an employee's salary is paid by federal funding source or a privately sponsored source.

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

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

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

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

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

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

NOTE 12. DEFINED BENEFIT PENSION PLAN – continued

Discount Rate. The single discount rate used to measure the total pension liability was 8.0%. There was no change in the discount rate since the previous year. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers and the non-employer contributing entity are made at the statutorily required rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The long-term rate of return on pension plan investments is 8%. The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimates ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of geometric real rates of return for each major asset class included in the Systems target asset allocation as of August 31, 2015 are summarized below.

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

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

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

NOTE 12. DEFINED BENEFIT PENSION PLAN – continued

Discount Rate Sensitivity Analysis. The following schedule shows the impact of the Net Pension Liability if the discount rate used was 1% less than and 1% greater than the discount rate that was used (8%) in measuring the 2015 Net Pension Liability.

	1% Decrease in Discount Rate (7.0%)	Discount Rate (8.0%)	1% Increase in Discount Rate (9.0%)
Duncanville ISD's proportionate share of the net pension liability:	\$45,457,157	\$29,012,526	\$15,315,167

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions. At June 30, 2016, Duncanville Independent School District reported a liability of \$29,012,526 for its proportionate share of the TRS's net pension liability. This liability reflects a reduction for State pension support provided to Duncanville Independent School District. The amount recognized by Duncanville Independent School District as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with Duncanville Independent School District were as follows:

District's Proportionate share of the collective net pension liability	\$29,012,526
State's proportionate share that is associated with the District	<u>43,742,911</u>
Total	<u>\$72,755,437</u>

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

At August 31, 2015 the employer's proportion of the collective net pension liability was .0820753%, an increase of 43.2% from its proportionate share of .0573142% at August 31, 2014.

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

Economic Assumptions

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

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

NOTE 12. DEFINED BENEFIT PENSION PLAN – continued

Mortality Assumptions

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

Other Demographic Assumptions

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

Actuarial Methods and Policies

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

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

For the year ended June 30, 2016, Duncanville Independent School District recognized pension expense of \$6,232,661 and revenue of \$6,232,661 for support provided by the State.

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

NOTE 12. DEFINED BENEFIT PENSION PLAN – continued

At June 30, 2016, Duncanville Independent School District reported its proportionate share of the TRS's deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 196,910	\$1,114,977
Changes in actuarial assumptions	827,616	1,035,040
Difference between projected and actual investment earnings	3,635,752	-
Changes in proportion and difference between the employer's contributions and the proportionate share of contributions	5,659,705	9,242
Contributions paid to TRS subsequent to the measurement date	1,991,245	-
Total	\$12,311,228	\$2,159,259

\$1,991,245 reported as deferred outflows of resources resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2017. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	Pension Expense Amount
2017	\$ 1,416,752
2018	1,416,752
2019	1,416,753
2020	2,586,547
2021	787,992
2022	535,928

NOTE 13. 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 JUNE 30, 2016

NOTE 13. 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 effective September 1, 2013, with school districts contributing a percentage of payroll set at 0.55% for fiscal years 2016, 2015 and 2014. The State of Texas contributed 0.5% for the period September 1, 2012 through August 31, 2013. 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 June 30, 2016, 2015 and 2014, the State's contributions to TRS-Care were \$727,987, \$699,210, and \$560,247, respectively, the active member contributions were \$506,502, \$489,811, and \$393,058, respectively, and the school district's contribution were \$479,536, \$468,112, and \$443,734, 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 June 30, 2016, the contribution made on behalf of the District was \$232,558.

NOTE 14. 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 through membership in a self-insured pool. For this pool, stop-loss coverage was in effect for individual claims exceeding \$450,000 with an aggregate limit of \$2,000,000. The District is partially self-funded to a loss fund maximum of \$397,964. Additionally, the District incurred fixed costs of \$251,238 for its share of claims administration, loss control, record keeping, and cost of excess insurance.

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

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

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

NOTE 14. RISK MANAGEMENT - continued

	Year Ended <u>June 30 2016</u>	Year Ended <u>June 30, 2015</u>
Claims payable, beginning of year	\$ 207,146	\$ 107,035
Claims incurred and changes in estimates	218,782	307,260
Claims payments	<u>(241,883)</u>	<u>(207,149)</u>
Claims payable, end of year	<u>\$ 184,045</u>	<u>\$ 207,146</u>

NOTE 15. INTERFUND BALANCES

Interfund balances at June 30, 2016 consisted of the following individual fund balances:

	<u>Due From</u>	<u>Due To</u>	<u>Purpose</u>
<u>General Fund</u>			
Special Revenue Funds	<u>\$1,236,588</u>	\$ -	Deficit of pooled cash
<u>Special Revenue Funds</u>			
General Fund	-	<u>1,236,588</u>	Deficit of pooled cash
Totals	<u>\$1,236,588</u>	<u>\$1,236,588</u>	

All amounts due are scheduled to be repaid within one year.

NOTE 16. CONSTRUCTION COMMITMENTS

As of June 30, 2016, the District had entered into several construction contracts for various construction and renovation projects totaling \$64,672,571. At June 30, 2016, there was \$19,662,038 remaining costs under these contracts. These projects are being funded by the District's Capital Projects Fund.

NOTE 17. EXCESS OF EXPENDITURES OVER APPROPRIATIONS BY FUNCTION

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

REQUIRED SUPPLEMENTARY INFORMATION

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

EXHIBIT G-1

	<u>2016</u>	<u>2015</u>
District's Proportion of the Net Pension Liability (Asset)	0.0820753%	0.0573142%
District's Proportionate Share of Net Pension Liability (Asset)	\$ 29,012,526	\$ 15,309,415
State's Proportionate Share of the Net Pension Liability (Asset) associated with the District	43,742,911	37,101,536
Total	<u>\$ 72,755,437</u>	<u>\$ 52,410,951</u>
District's Covered-Employee Payroll	\$ 76,040,667	\$ 72,292,518
District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll	38.15%	21.18%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	78.43%	83.25%

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

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

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

EXHIBIT G-2

	<u>2016</u>	<u>2015</u>
Contractually Required Contribution	\$ 2,363,167	\$ 2,299,184
Contribution in Relation to the Contractually Required Contribution	(2,363,167)	(2,299,184)
Contribution Deficiency (Excess)	<u>\$ -0-</u>	<u>\$ -0-</u>
District's Covered-Employee Payroll	\$ 77,893,794	\$ 75,286,832
Contributions as a Percentage of Covered-Employee Payroll	3.03%	3.05%

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

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

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

Changes of benefit terms.

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

Changes of assumptions.

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

Economic Assumptions

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

Mortality Assumptions

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

Other Demographic Assumptions

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

Actuarial Methods and Policies

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

COMBINING SCHEDULES

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

Data Control Codes		211 ESEA I, A Improving Basic Program	224 IDEA - Part B Formula	225 IDEA - Part B Preschool	240 National Breakfast and Lunch Program
ASSETS					
1110	Cash and Cash Equivalents	\$ -	\$ -	\$ -	\$ 497,837
1240	Receivables from Other Governments	1,087,261	604,898	5,308	93,396
1290	Other Receivables	4,409	1,558	-	-
1300	Inventories	-	-	-	139,449
1410	Prepayments	-	-	-	3,927
1000	Total Assets	<u>\$ 1,091,670</u>	<u>\$ 606,456</u>	<u>\$ 5,308</u>	<u>\$ 734,609</u>
LIABILITIES					
2110	Accounts Payable	\$ 10,439	\$ 46,753	\$ -	\$ 56,428
2150	Payroll Deductions and Withholdings Payable	28,842	25,094	231	11,337
2160	Accrued Wages Payable	285,336	226,682	3,268	120,398
2170	Due to Other Funds	767,053	307,927	1,809	-
2200	Accrued Expenditures	-	-	-	15,147
2300	Unearned Revenues	-	-	-	60,665
2000	Total Liabilities	<u>1,091,670</u>	<u>606,456</u>	<u>5,308</u>	<u>263,975</u>
FUND BALANCES					
Nonspendable Fund Balance:					
3410	Inventories	-	-	-	139,449
3430	Prepaid Items	-	-	-	3,927
Restricted Fund Balance:					
3450	Federal or State Funds Grant Restriction	-	-	-	327,258
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>470,634</u>
4000	Total Liabilities and Fund Balances	<u>\$ 1,091,670</u>	<u>\$ 606,456</u>	<u>\$ 5,308</u>	<u>\$ 734,609</u>

244 Career and Technical - Basic Grant	255 ESEA II,A Training and Recruiting	263 Title III, A English Lang. Acquisition	289 Summer School LEP	385 Visually Impaired SSVI	397 Advanced Placement Incentives	410 State Textbook Fund	429 Other State Special Revenue Funds
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,120	\$ 4,400	\$ 89
26,376	74,059	96,560	-	-	-	-	26
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>\$ 26,376</u>	<u>\$ 74,059</u>	<u>\$ 96,560</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,120</u>	<u>\$ 4,400</u>	<u>\$ 115</u>
\$ 1,944	\$ 31,574	\$ 2,554	\$ -	\$ -	\$ -	\$ -	\$ -
385	37	702	-	-	-	-	-
-	-	-	-	-	-	-	-
24,047	42,448	93,304	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>26,376</u>	<u>74,059</u>	<u>96,560</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	4,120	4,400	115
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,120</u>	<u>4,400</u>	<u>115</u>
<u>\$ 26,376</u>	<u>\$ 74,059</u>	<u>\$ 96,560</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,120</u>	<u>\$ 4,400</u>	<u>\$ 115</u>

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

Data Control Codes		461 Campus Activity Funds	491 Education Foundation Grants	Total Nonmajor Governmental Funds
ASSETS				
1110	Cash and Cash Equivalents	\$ 396,507	\$ 862	\$ 903,815
1240	Receivables from Other Governments	-	-	1,987,884
1290	Other Receivables	-	-	5,967
1300	Inventories	-	-	139,449
1410	Prepayments	-	-	3,927
1000	Total Assets	<u>\$ 396,507</u>	<u>\$ 862</u>	<u>\$ 3,041,042</u>
LIABILITIES				
2110	Accounts Payable	\$ 18,052	\$ -	\$ 167,744
2150	Payroll Deductions and Withholdings Payable	-	-	66,628
2160	Accrued Wages Payable	-	-	635,684
2170	Due to Other Funds	-	-	1,236,588
2200	Accrued Expenditures	-	-	15,147
2300	Unearned Revenues	10,000	-	70,665
2000	Total Liabilities	<u>28,052</u>	<u>-</u>	<u>2,192,456</u>
FUND BALANCES				
Nonspendable Fund Balance:				
3410	Inventories	-	-	139,449
3430	Prepaid Items	-	-	3,927
Restricted Fund Balance:				
3450	Federal or State Funds Grant Restriction	-	-	335,893
Committed Fund Balance:				
3545	Other Committed Fund Balance	368,455	-	368,455
Assigned Fund Balance:				
3590	Other Assigned Fund Balance	-	862	862
3000	Total Fund Balances	<u>368,455</u>	<u>862</u>	<u>848,586</u>
4000	Total Liabilities and Fund Balances	<u>\$ 396,507</u>	<u>\$ 862</u>	<u>\$ 3,041,042</u>

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

Data Control Codes		211 ESEA I, A Improving Basic Program	224 IDEA - Part B Formula	225 IDEA - Part B Preschool	240 National Breakfast and Lunch Program
REVENUES:					
5700	Total Local and Intermediate Sources	\$ -	\$ -	\$ -	\$ 1,267,295
5800	State Program Revenues	-	-	-	118,308
5900	Federal Program Revenues	3,311,915	2,204,759	19,721	5,943,884
5020	Total Revenues	3,311,915	2,204,759	19,721	7,329,487
EXPENDITURES:					
Current:					
0011	Instruction	2,502,672	741,729	19,721	-
0012	Instructional Resources and Media Services	-	-	-	-
0013	Curriculum and Instructional Staff Development	664,016	179,501	-	-
0021	Instructional Leadership	51,235	113,480	-	-
0023	School Leadership	2,416	-	-	-
0031	Guidance, Counseling and Evaluation Services	-	1,167,959	-	-
0034	Student (Pupil) Transportation	-	2,090	-	-
0035	Food Services	-	-	-	7,315,351
0036	Extracurricular Activities	-	-	-	-
0051	Facilities Maintenance and Operations	-	-	-	117,016
0052	Security and Monitoring Services	-	-	-	13,885
0061	Community Services	91,576	-	-	-
6030	Total Expenditures	3,311,915	2,204,759	19,721	7,446,252
1200	Net Change in Fund Balance	-	-	-	(116,765)
0100	Fund Balance - July 1 (Beginning)	-	-	-	587,399
3000	Fund Balance - June 30 (Ending)	\$ -	\$ -	\$ -	\$ 470,634

244 Career and Technical - Basic Grant	255 ESEA II,A Training and Recruiting	263 Title III, A English Lang. Acquisition	289 Summer School LEP	385 Visually Impaired SSVI	397 Advanced Placement Incentives	410 State Textbook Fund	429 Other State Special Revenue Funds
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	1,540	-	1,189,417	89
143,259	218,976	169,580	9,985	-	-	-	-
143,259	218,976	169,580	9,985	1,540	-	1,189,417	89
141,273	10,687	98,263	9,385	1,540	-	1,187,730	-
-	-	-	-	-	-	-	-
1,986	186,315	62,185	600	-	-	-	-
-	21,974	700	-	-	-	-	-
-	-	1,500	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	6,932	-	-	-	-	-
143,259	218,976	169,580	9,985	1,540	-	1,187,730	-
-	-	-	-	-	-	1,687	89
-	-	-	-	-	4,120	2,713	26
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,120	\$ 4,400	\$ 115

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

Data Control Codes		461	491	Total
		Campus Activity Funds	Education Foundation Grants	Nonmajor Governmental Funds
	REVENUES:			
5700	Total Local and Intermediate Sources	\$ 657,419	\$ -	\$ 1,924,714
5800	State Program Revenues	1,635	-	1,310,989
5900	Federal Program Revenues	-	-	12,022,079
5020	Total Revenues	659,054	-	15,257,782
	EXPENDITURES:			
	Current:			
0011	Instruction	284,624	1,000	4,998,624
0012	Instructional Resources and Media Services	119,339	-	119,339
0013	Curriculum and Instructional Staff Development	-	-	1,094,603
0021	Instructional Leadership	-	-	187,389
0023	School Leadership	48	-	3,964
0031	Guidance, Counseling and Evaluation Services	-	-	1,167,959
0034	Student (Pupil) Transportation	-	-	2,090
0035	Food Services	-	-	7,315,351
0036	Extracurricular Activities	287,327	-	287,327
0051	Facilities Maintenance and Operations	4,984	-	122,000
0052	Security and Monitoring Services	-	-	13,885
0061	Community Services	-	-	98,508
6030	Total Expenditures	696,322	1,000	15,411,039
1200	Net Change in Fund Balance	(37,268)	(1,000)	(153,257)
0100	Fund Balance - July 1 (Beginning)	405,723	1,862	1,001,843
3000	Fund Balance - June 30 (Ending)	\$ 368,455	\$ 862	\$ 848,586

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

	751 Transpor- tation	753 Workers Comp. Insurance	Total Internal Service Funds
<hr/>			
ASSETS			
Current Assets:			
Cash and Cash Equivalents	\$ 81,412	\$ 1,442,496	\$ 1,523,908
Other Receivables	-	8,527	8,527
	<hr/>	<hr/>	<hr/>
Total Assets	81,412	1,451,023	1,532,435
LIABILITIES			
Current Liabilities:			
Accounts Payable	-	28,356	28,356
Payroll Deductions and Withholdings Payable	4	93	97
Accrued Expenses	-	184,045	184,045
	<hr/>	<hr/>	<hr/>
Total Liabilities	4	212,494	212,498
NET POSITION			
Unrestricted Net Position	81,408	1,238,529	1,319,937
	<hr/>	<hr/>	<hr/>
Total Net Position	\$ 81,408	\$ 1,238,529	\$ 1,319,937
	<hr/>	<hr/>	<hr/>

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

	751 Transpor- tation	753 Workers Comp. Insurance	Total Internal Service Funds
OPERATING REVENUES:			
Local and Intermediate Sources	\$ 97,032	\$ 586,185	\$ 683,217
State Program Revenues	618	4,975	5,593
Total Operating Revenues	<u>97,650</u>	<u>591,160</u>	<u>688,810</u>
OPERATING EXPENSES:			
Payroll Costs	55,816	86,839	142,655
Supplies and Materials	41,675	-	41,675
Other Operating Costs	-	637,412	637,412
Total Operating Expenses	<u>97,491</u>	<u>724,251</u>	<u>821,742</u>
Operating Income (Loss)	<u>159</u>	<u>(133,091)</u>	<u>(132,932)</u>
NONOPERATING REVENUES (EXPENSES):			
Earnings from Temporary Deposits & Investments	-	1,193	1,193
Total Nonoperating Revenues (Expenses)	<u>-</u>	<u>1,193</u>	<u>1,193</u>
Change in Net Position	159	(131,898)	(131,739)
Total Net Position - July 1 (Beginning)	<u>81,249</u>	<u>1,370,427</u>	<u>1,451,676</u>
Total Net Position June 30 (Ending)	<u><u>\$ 81,408</u></u>	<u><u>\$ 1,238,529</u></u>	<u><u>\$ 1,319,937</u></u>

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

	751 Transpor- tation	753 Workers Comp. Insurance	Total Internal Service Funds
<u>Cash Flows from Operating Activities:</u>			
Cash Received from District	\$ -	\$ 586,185	\$ 586,185
Internal Activity - Receipts from Other Funds	97,032	-	97,032
Cash Payments to Employees for Services	(55,693)	(86,746)	(142,439)
Cash Payments for Insurance Claims	-	(630,820)	(630,820)
Cash Payments for Suppliers	(41,675)	-	(41,675)
Net Cash Used For Operating Activities	(336)	(131,381)	(131,717)
<u>Cash Flows from Investing Activities:</u>			
Interest and Dividends on Investments	-	1,193	1,193
Net Decrease in Cash and Cash Equivalents	(336)	(130,188)	(130,524)
Cash and Cash Equivalents at Beginning of Year	81,748	1,572,684	1,654,432
Cash and Cash Equivalents at End of Year	<u>\$ 81,412</u>	<u>\$ 1,442,496</u>	<u>\$ 1,523,908</u>
<u>Reconciliation of Operating Income (Loss) to Net Cash</u>			
<u>Used for Operating Activities:</u>			
Operating Income (Loss):	\$ 159	\$ (133,091)	\$ (132,932)
Effect of Increases and Decreases in Current Assets and Liabilities:			
Decrease (increase) in Other Receivables	-	(3,638)	(3,638)
Increase (decrease) in Accounts Payable	-	28,356	28,356
Increase (decrease) in Accrued Wages Payable	(499)	-	(499)
Increase (decrease) in Accrued Expenses	4	(23,008)	(23,004)
Net Cash Used for Operating Activities	<u>\$ (336)</u>	<u>\$ (131,381)</u>	<u>\$ (131,717)</u>

DUNCANVILLE INDEPENDENT SCHOOL DISTRICT
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUND
FOR THE YEAR END JUNE 30,2016

	Balance July 1 2015	Additions	Deductions	Balance June 30 2016
STUDENT ACTIVITY ACCOUNT				
Assets:				
Cash and Temporary Investments	\$ 127,981	\$ 160,891	\$ 177,131	\$ 111,741
Total Assets	\$ 127,981	\$ 160,891	\$ 177,131	\$ 111,741
Liabilities:				
Due To Student Groups	\$ 127,981	\$ 160,891	\$ 177,131	\$ 111,741
Total Liabilities	\$ 127,981	\$ 160,891	\$ 177,131	\$ 111,741
TOTAL AGENCY FUNDS				
Assets:				
Cash and Temporary Investments	\$ 127,981	\$ 160,891	\$ 177,131	\$ 111,741
Total Assets	\$ 127,981	\$ 160,891	\$ 177,131	\$ 111,741
Liabilities:				
Due To Student Groups	\$ 127,981	\$ 160,891	\$ 177,131	\$ 111,741
Total Liabilities	\$ 127,981	\$ 160,891	\$ 177,131	\$ 111,741

REQUIRED TEA SCHEDULES

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

Last 10 Years	(1)	(2)	(3)
	Tax Rates		Assessed/Appraised Value for School Tax Purposes
	Maintenance	Debt Service	
2007 and prior years	Various	Various	\$ 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	1.040000	0.378000	3,197,348,376
2013	1.040000	0.390000	3,222,372,129
2014	1.040000	0.370000	3,323,010,728
2015	1.040000	0.370000	3,499,363,902
2016 (School year under audit)	1.040000	0.489500	3,687,252,487
1000 TOTALS			

(10) Beginning Balance 7/1/2015	(20) Current Year's Total Levy	(31) Maintenance Collections	(32) Debt Service Collections	(40) Entire Year's Adjustments	(50) Ending Balance 6/30/2016
\$ 586,705	\$ -	\$ 24,064	\$ 5,670	\$ (63,780)	\$ 493,191
95,691	-	4,912	1,785	(531)	88,463
116,393	-	7,910	2,875	(558)	105,050
125,384	-	13,666	4,967	(2,009)	104,742
174,628	-	43,835	15,932	(5,606)	109,255
250,008	-	50,426	18,328	40,850	222,104
236,975	-	55,899	20,962	39,689	199,803
286,927	-	93,608	33,303	47,633	207,649
899,830	-	306,565	109,066	(61,370)	422,829
-	53,318,519	35,708,115	16,806,848	128,939	932,495
<u>\$ 2,772,541</u>	<u>\$ 53,318,519</u>	<u>\$ 36,309,000</u>	<u>\$ 17,019,736</u>	<u>\$ 123,257</u>	<u>\$ 2,885,581</u>

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

Data Control Codes	Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)
	Original	Final		
REVENUES:				
5700 Total Local and Intermediate Sources	\$ 1,273,700	\$ 1,273,700	\$ 1,267,295	\$ (6,405)
5800 State Program Revenues	177,600	177,600	118,308	(59,292)
5900 Federal Program Revenues	6,225,695	6,225,695	5,943,884	(281,811)
5020 Total Revenues	7,676,995	7,676,995	7,329,487	(347,508)
EXPENDITURES:				
0035 Food Services	7,513,995	7,513,995	7,315,351	198,644
0051 Facilities Maintenance and Operations	138,000	138,000	117,016	20,984
0052 Security and Monitoring Services	25,000	25,000	13,885	11,115
6030 Total Expenditures	7,676,995	7,676,995	7,446,252	230,743
1200 Net Change in Fund Balances	-	-	(116,765)	(116,765)
0100 Fund Balance - July 1 (Beginning)	587,399	587,399	587,399	-
3000 Fund Balance - June 30 (Ending)	\$ 587,399	\$ 587,399	\$ 470,634	\$ (116,765)

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

Data Control Codes		Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)
		Original	Final		
REVENUES:					
5700	Total Local and Intermediate Sources	\$ 17,100,000	\$ 17,100,000	\$ 17,148,474	\$ 48,474
5800	State Program Revenues	2,366,212	2,366,212	2,716,834	350,622
5020	Total Revenues	19,466,212	19,466,212	19,865,308	399,096
EXPENDITURES:					
Debt Service:					
0071	Principal on Long Term Debt	3,965,000	5,250,000	5,250,000	-
0072	Interest on Long Term Debt	15,426,801	13,696,801	12,776,287	920,514
0073	Bond Issuance Cost and Fees	74,411	519,411	518,998	413
6030	Total Expenditures	19,466,212	19,466,212	18,545,285	920,927
1100	Excess of Revenues Over Expenditures	-	-	1,320,023	1,320,023
OTHER FINANCING SOURCES (USES):					
7901	Refunding Bonds Issued	-	-	54,460,000	54,460,000
7916	Premium or Discount on Issuance of Bonds	-	-	8,998,229	8,998,229
8949	Other Use-Pymt to Refunded Bonds Escrow Agent	-	-	(62,940,077)	(62,940,077)
7080	Total Other Financing Sources (Uses)	-	-	518,152	518,152
1200	Net Change in Fund Balances	-	-	1,838,175	1,838,175
0100	Fund Balance - July 1 (Beginning)	9,558,046	9,558,046	9,558,046	-
3000	Fund Balance - June 30 (Ending)	\$ 9,558,046	\$ 9,558,046	\$ 11,396,221	\$ 1,838,175

STATISTICAL SECTION

This part of the Duncanville Independent School District's comprehensive annual financial report present detailed information as a context for understanding what the information in the financial statements, 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.....	96
Revenue Capacity	
These schedules contain information to help the reader access the government's most significant local revenue source, the property tax.....	111
Debt Capacity	
These schedules present information to help the reader access the affordability of the government's current levels of outstanding debt and government's ability to issue additional debt in the future.....	117
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.....	124
Operating Information	
These schedule 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.....	127

FINANCIAL TRENDS

DUNCANVILLE INDEPENDENT SCHOOL DISTRICT

NET POSITION BY COMPONENT

LAST TEN FISCAL YEARS

(Accrual Basis of Accounting, Unaudited)

	2007	2008	2009
Governmental Activities			
Net Investment in Capital Assets	\$ (13,018,343)	\$ (6,435,542)	\$ (5,678,967)
Restricted for			
Federal and State Programs	\$ -	\$ -	\$ -
Food Service	\$ -	\$ 469,271	\$ 755,737
Debt Service	\$ 3,319,201	\$ 4,497,666	\$ 4,594,799
Unrestricted	\$ 13,160,504	\$ 6,815,953	\$ 11,785,583
Total Primary Government Net Position	\$ 3,461,362	\$ 5,347,348	\$ 11,457,152

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

Notes:

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

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

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

SCHEDULE 1

2010	2011	2012	2013	2014	2015	2016
\$ (1,507,272)	\$ 226,763	\$ (201,638)	\$ (220,823)	\$ 3,815,635	\$ (927,924)	\$ (5,214,642)
\$ -	\$ 676,049	\$ 145,905	\$ 689,710	\$ 594,941	\$ 594,258	\$ 335,893
\$ 817,311	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$ 3,578,399	\$ 3,011,414	\$ 4,086,128	\$ 7,438,630	\$ 8,748,917	\$ 9,171,798	\$ 8,591,504
\$ 14,086,137	\$ 17,577,298	\$ 17,286,780	\$ 21,969,549	\$ 26,549,947	\$ 16,318,330	\$ 11,989,073
\$ 16,974,575	\$ 21,491,524	\$ 21,317,175	\$ 29,877,066	\$ 39,709,440	\$ 25,156,462	\$ 15,701,828

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

	2007	2008	2009	2010
Expenses				
Governmental Activities:				
Instruction	\$ 53,732,109	\$ 55,306,325	\$ 54,939,554	\$ 61,137,934
Instructional Resources and Media Services	\$ 1,629,981	\$ 1,729,364	\$ 1,712,661	\$ 1,730,071
Curriculum and Staff Development	\$ 1,338,054	\$ 1,428,995	\$ 1,108,461	\$ 1,730,449
Instructional Leadership	\$ 1,695,487	\$ 1,592,425	\$ 1,583,310	\$ 1,884,776
School Leadership	\$ 5,516,302	\$ 5,692,790	\$ 5,589,501	\$ 5,969,904
Guidance, Counseling and Evaluation Services	\$ 4,135,105	\$ 4,256,834	\$ 4,312,605	\$ 4,229,542
Social Work Services	\$ 43,470	\$ 43,984	\$ 49,480	\$ 44,004
Health Services	\$ 933,312	\$ 995,790	\$ 1,008,103	\$ 1,076,871
Student (Pupil) Transportation	\$ 2,940,952	\$ 3,002,489	\$ 2,768,674	\$ 2,879,302
Food Services	\$ 5,783,361	\$ 5,304,789	\$ 6,098,221	\$ 6,928,672
Cocurricular/Extracurricular Activities	\$ 2,337,282	\$ 2,713,846	\$ 2,732,975	\$ 2,517,317
General Administration	\$ 2,790,804	\$ 2,560,543	\$ 2,399,481	\$ 2,634,350
Facilities Maintenance and Operations	\$ 10,583,230	\$ 10,913,535	\$ 10,479,529	\$ 11,992,617
Security and Monitoring Services	\$ 1,167,767	\$ 1,077,174	\$ 896,035	\$ 1,032,893
Data Processing Services	\$ 1,235,464	\$ 1,303,677	\$ 1,745,988	\$ 1,919,151
Community Services	\$ 350,779	\$ 406,653	\$ 400,728	\$ 285,287
Debt Service - Interest on Long Term Debt	\$ 10,516,972	\$ 11,052,583	\$ 10,708,674	\$ 10,439,529
Debt Service - Bond Issuance Cost & Fees	\$ 190,654	\$ 176,205	\$ 180,154	\$ 172,343
Facilities Acquisition and Construction	\$ 175,333	\$ 25,028	\$ 10,050	\$ -
Payments related to Shared Services Arrangements	\$ 700	\$ 3,000	\$ 3,600	\$ 3,850
Payments to Juvenile Justice Alternative Ed. Prg.	\$ 166,972	\$ 134,311	\$ 107,915	\$ 160,239
Other Intergovernmental Charges	\$ -	\$ -	\$ 222,688	\$ 226,221
Total Primary Government Expenses	\$ 107,264,090	\$ 109,720,340	\$ 109,058,387	\$ 118,995,322
Program Revenues				
Governmental Activities:				
Charges for Services				
Instruction	\$ 156,549	\$ 175,368	\$ 183,345	\$ 150,618
Food Services	\$ 1,453,690	\$ 1,398,946	\$ 1,365,436	\$ 1,307,830
Cocurricular/Extracurricular Activities	\$ 194,269	\$ 208,889	\$ 191,253	\$ 155,195
Facilities Maintenance and Operations	\$ 152,220	\$ 173,359	\$ 107,643	\$ 107,693
Other	\$ -	\$ -	\$ -	\$ -
Operating Grants and Contributions	\$ 14,623,441	\$ 16,678,585	\$ 16,235,603	\$ 29,133,149
Total Primary Government Program Revenues	\$ 16,580,169	\$ 18,635,147	\$ 18,083,280	\$ 30,854,485
Net (Expense) Revenue				
Total Primary Government	\$ (90,683,921)	\$ (91,085,193)	\$ (90,975,107)	\$ (88,140,837)

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

Notes:

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

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

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

SCHEDULE 2

2011	2012	2013	2014	2015	2016
\$ 60,615,066	\$ 60,326,725	\$ 57,408,241	\$ 63,316,082	\$ 65,346,809	\$ 73,545,640
\$ 1,698,191	\$ 1,554,623	\$ 1,273,818	\$ 985,942	\$ 1,014,799	\$ 1,128,544
\$ 3,025,883	\$ 3,583,144	\$ 2,581,574	\$ 3,755,404	\$ 3,859,002	\$ 3,723,403
\$ 1,817,117	\$ 1,892,062	\$ 1,756,426	\$ 2,283,469	\$ 1,963,999	\$ 2,272,785
\$ 6,162,064	\$ 5,918,084	\$ 5,250,425	\$ 6,169,919	\$ 6,417,454	\$ 7,252,391
\$ 4,270,680	\$ 4,229,002	\$ 3,668,734	\$ 4,165,357	\$ 4,404,532	\$ 4,801,292
\$ 48,245	\$ 34,576	\$ 36,317	\$ 42,845	\$ 46,054	\$ 49,547
\$ 1,130,645	\$ 1,039,331	\$ 1,061,518	\$ 1,082,444	\$ 1,105,745	\$ 1,185,430
\$ 3,051,753	\$ 3,397,401	\$ 2,934,140	\$ 3,235,654	\$ 3,918,072	\$ 4,303,304
\$ 6,909,395	\$ 7,681,674	\$ 6,731,002	\$ 7,777,268	\$ 7,560,833	\$ 8,076,928
\$ 2,689,211	\$ 2,643,108	\$ 2,740,301	\$ 2,812,124	\$ 3,012,097	\$ 3,011,438
\$ 2,724,120	\$ 2,975,747	\$ 2,411,842	\$ 3,070,088	\$ 3,535,368	\$ 4,058,948
\$ 11,708,254	\$ 12,146,625	\$ 9,577,211	\$ 11,384,624	\$ 11,312,346	\$ 12,476,392
\$ 1,014,305	\$ 1,240,156	\$ 1,082,114	\$ 1,088,207	\$ 1,330,896	\$ 1,451,947
\$ 1,932,502	\$ 2,435,260	\$ 1,860,202	\$ 2,303,696	\$ 3,186,471	\$ 11,044,264
\$ 270,189	\$ 435,145	\$ 350,162	\$ 414,328	\$ 348,410	\$ 445,671
\$ 10,167,214	\$ 9,784,285	\$ 7,293,685	\$ 8,406,530	\$ 8,584,286	\$ 11,992,931
\$ 168,822	\$ 183,512	\$ 503,852	\$ 19,135	\$ 978,412	\$ 518,998
\$ 11,223	\$ -	\$ -	\$ 97,812	\$ 1,565,444	\$ 255,459
\$ 4,025	\$ 4,250	\$ -	\$ 216,068		
\$ 270,199	\$ 87,012	\$ 49,020		\$ 57,378	\$ 92,604
\$ 218,841	\$ 208,775	\$ 182,148		\$ 218,660	\$ 224,570
\$ 119,907,944	\$ 121,800,497	\$ 108,752,732	\$ 122,626,996	\$ 129,767,067	\$ 151,912,486
\$ 139,708	\$ 286,832	\$ 293,305	\$ 143,174	\$ 2,231,087	\$ 1,941,707
\$ 1,275,465	\$ 1,365,743	\$ 1,264,941	\$ 1,392,804	\$ 1,224,683	\$ 1,265,436
\$ 236,470	\$ 494,445	\$ 550,280	\$ 647,941	\$ 349,708	\$ 444,124
\$ 119,590	\$ 395,259	\$ 145,266	\$ 131,783	\$ 137,352	\$ 94,283
\$ -	\$ 95,471	\$ 40,123		\$ 53,411	\$ 119,387
\$ 31,337,634	\$ 23,695,681	\$ 19,496,243	\$ 23,133,249	\$ 20,719,274	\$ 24,556,730
\$ 33,108,867	\$ 26,333,431	\$ 21,790,158	\$ 25,448,951	\$ 24,715,515	\$ 28,421,667
\$ (86,799,077)	\$ (95,467,066)	\$ (86,962,574)	\$ (97,178,045)	\$ (105,051,552)	\$ (123,490,819)

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

	2007	2008	2009
Net (Expense)/Revenue			
Total Primary Government Net Expense	\$ (90,683,921)	\$ (91,085,193)	\$ (90,975,107)
General Revenue and Other Changes in Net Assets			
Governmental Activities:			
Taxes			
Property Taxes, Levied for General Purposes	44,656,493	36,117,675	36,059,147
Property Taxes, Levied for Debt Service	11,923,966	13,102,742	13,113,400
State Aid - Unrestricted Formula Grants	32,669,861	42,914,590	45,654,223
Grants and Contributions not Restricted	71,782	569,550	878,335
Investment Earnings	1,886,109	1,152,862	373,260
Miscellaneous Local and Intermediate Revenue	721,662	1,327,942	1,006,546
Total General Revenues - Primary Government	\$ 91,929,873	\$ 95,185,361	\$ 97,084,911
Changes in Net Assets			
Net Position - Beginning	\$ 19,157,046	\$ 19,157,046	\$ 19,157,046
Prior Period Adjustments	-	(2,214,182)	-
Total Change in Net Position - Primary Government	1,245,952	4,100,168	6,109,804
Net Position - Ending	\$ 20,402,998	\$ 21,043,032	\$ 25,266,850

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

Notes:

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

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

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

SCHEDULE 3

2010	2011	2012	2013	2014	2015	2016
\$ (88,140,837)	\$ (86,799,077)	\$ (95,467,066)	\$ (86,962,574)	\$ (97,178,045)	\$ (105,051,552)	\$ (123,490,819)
33,908,268	33,047,959	32,940,257	\$ 33,130,535	\$ 34,389,518	\$ 35,924,406	\$ 36,613,846
12,409,086	12,046,313	11,979,373	\$ 12,425,522	\$ 12,211,177	\$ 12,777,723	\$ 17,210,110
46,071,203	44,903,675	49,753,085	\$ 51,964,070	\$ 60,099,570	\$ 59,108,704	\$ 59,815,620
38,768	61,269	3,280	\$ 21,581	\$ 49,830	\$ 1,000	
82,283	38,948	55,781	\$ 48,057	\$ 20,971	\$ 26,692	\$ 252,669
1,148,652	1,217,862	560,941	\$ 92,829	\$ 239,353	\$ 238,809	\$ 143,940
\$ 93,658,260	\$ 91,316,026	\$ 95,292,717	\$ 97,682,594	\$ 107,010,419	\$ 108,077,334	\$ 114,036,185
\$ 19,157,046	\$ 19,157,046	\$ 19,157,046	\$ 19,157,046	\$ 29,877,066	\$ 39,709,440	\$ 25,156,462
-	-	-			\$ (17,578,760)	
5,517,423	4,516,949	(174,349)	10,720,020	9,832,374	3,025,782	(9,454,634)
\$ 24,674,469	\$ 23,673,995	\$ 18,982,697	\$ 29,877,066	\$ 39,709,440	\$ 25,156,462	\$ 15,701,828

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

	2007	2008	2009	2010
General Fund				
Reserved	\$ 1,563,859	\$ 497,918	\$ 658,162	\$ 1,048,763
Unreserved Designated	\$ 815,000	\$ 815,000	\$ 815,000	\$ 815,000
Unreserved and Undesignated	\$ 5,948,939	\$ 11,290,428	\$ 18,437,503	\$ 22,349,461
Total General Fund	\$ 8,327,798	\$ 12,603,346	\$ 19,910,665	\$ 24,213,224
All Other Governmental Funds				
Reserved, Reported In				
Special Revenue Fund	\$ -	\$ 469,271	\$ 755,737	\$ 833,267
Debt Service Fund	\$ 2,786,680	\$ 4,022,498	\$ 4,064,320	\$ 3,058,821
Capital Projects Fund	\$ 627,113	\$ 5,903,535	\$ 4,448,230	\$ 3,592,501
Unreserved Designated, Reported In				
Capital Projects Fund	\$ 6,767,733	\$ -	\$ -	\$ -
Unreserved and Undesignated, Reported In				
Special Revenue Fund	\$ 405,448	\$ 487,332	\$ 774,638	\$ 484,314
Total All Other Governmental Funds	\$ 10,586,974	\$ 10,882,636	\$ 10,042,925	\$ 7,968,903
Total All Government Funds	\$ 18,914,772	\$ 23,485,982	\$ 29,953,590	\$ 32,182,127

General Fund

Nonspendable - Inventories
Prepaid Items
Committed
Assigned
Unassigned
Total General Fund

All Other Governmental Funds

Nonspendable - Inventories
Prepaid Items
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

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

Notes:

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

SCHEDULE 4

2011	2012	2013	2014	2015	2016
\$ 342,187	\$ 416,045	\$ 417,037	\$ 383,474	\$ 289,122	\$ 275,411
					\$ 58,086
\$ 815,000	\$ 815,000	\$ 815,000	\$ 815,000	\$ 815,000	\$ 815,000
\$ 7,322,781		\$ 2,730,915	\$ -	\$ 3,116,977	\$ -
\$ 21,128,139	\$ 28,674,070	\$ 31,452,215	\$ 37,971,424	\$ 39,588,525	\$ 39,330,048
\$ 29,608,107	\$ 29,905,115	\$ 35,415,167	\$ 39,169,898	\$ 43,809,624	\$ 40,478,545
\$ 69,467	\$ 141,785	\$ 95,669	\$ 82,900	\$ 121,451	\$ 139,449
					\$ 3,927
\$ 606,582	\$ 4,120	\$ 594,041	\$ 512,041	\$ 472,807	\$ 335,893
\$ 2,750,290	\$ 1,416,561	\$ 1,203,028	\$ 287,822	\$ 95,287,554	\$ 35,448,074
\$ 2,611,137	\$ 3,700,501	\$ 7,686,645	\$ 9,122,794	\$ 9,558,046	\$ 11,396,221
\$ 459,585	\$ 542,177	\$ 490,049	\$ 515,481	\$ 405,723	\$ 368,455
\$ 10,544	\$ 77	\$ 1,251	\$ 6,094	\$ 1,862	\$ 862
\$ 6,507,605	\$ 5,805,221	\$ 10,070,683	\$ 10,527,132	\$ 105,847,443	\$ 47,692,881
\$ 36,115,712	\$ 35,710,336	\$ 45,485,850	\$ 49,697,030	\$ 149,657,067	\$ 88,171,426

DUNCANVILLE INDEPENDENT SCHOOL DISTRICT
GOVERNMENTAL FUNDS REVENUES
LAST TEN FISCAL YEARS

	2007	2008	2009	2010
Local Sources:				
Local Maintenance and Debt Service Tax	\$ 56,068,319	\$ 49,614,634	\$ 49,078,801	\$ 46,709,469
Tuition/Fees From Patrons	156,549	175,368	183,345	150,618
Other Revenue From Local Services	2,618,303	2,570,485	1,884,755	1,016,714
Co-curricular Revenues	1,861,429	2,193,926	2,037,719	1,823,708
Total Local Sources	60,704,600	54,554,414	53,184,620	49,700,510
State Sources:				
Per Capita and Foundation	\$ 33,015,242	\$ 43,288,172	\$ 46,209,961	\$ 46,597,327
Other State Program Revenues	7,144,024	7,685,484	6,774,210	7,551,111
Total State Programs	40,159,266	50,973,656	52,984,171	54,148,437
Federal Programs:				
State Distributed Revenues from Federal Source:	\$ 7,134,037	\$ 8,619,519	\$ 8,905,655	\$ 21,055,912
Total Federal Programs:	7,134,037	8,619,519	8,905,655	21,055,912
Total Revenues	\$ 107,997,903	\$ 114,147,588	\$ 115,074,446	\$ 124,904,859

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

Notes:

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

SCHEDULE 5

2011	2012	2013	2014	2015	2016
\$ 45,762,920	\$ 45,105,586	\$ 45,419,888	\$ 46,574,358	\$ 48,905,109	\$ 53,716,568
139,708	141,253	130,801	\$ 143,175	\$ 116,482	\$ 74,949
992,677	1,088,309	461,252	\$ 510,714	\$ 467,374	\$ 1,072,118
1,956,927	1,904,772	1,864,328	\$ 1,971,967	\$ 1,795,401	\$ 1,532,256
48,852,232	48,239,920	47,876,269	49,200,214	51,284,366	56,395,891
\$ 45,585,945	\$ 50,493,207	\$ 52,711,645	\$ 61,126,496	\$ 59,868,547	\$ 60,822,260
8,396,331	9,695,582	6,667,040	\$ 8,591,510	\$ 7,880,916	\$ 8,807,714
53,982,276	60,188,789	59,378,685	69,718,006	67,749,463	69,629,974
\$ 22,259,033	\$ 13,383,395	\$ 12,081,629	\$ 13,514,813	\$ 13,962,000	\$ 13,969,189
22,259,033	13,383,395	12,081,629	13,514,813	13,962,000	13,969,189
\$ 125,093,541	\$ 121,812,104	\$ 119,336,583	\$ 132,433,033	\$ 132,995,829	\$ 139,995,054

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

Expenditures by Function	2007	2008	2009
Current:			
Instruction	\$48,957,332	\$50,539,163	\$50,012,231
Instructional Resources & Media Services	1,458,988	1,562,762	1,554,453
Curriculum & Instructional Staff Development	1,338,040	1,428,981	1,108,447
Instructional Leadership	1,674,660	1,571,598	1,562,483
School Leadership	5,450,561	5,627,394	5,523,071
Guidance, Counseling, & Evaluation Services	4,081,735	4,196,816	4,251,553
Social Work Services	43,470	43,984	49,480
Health Services	929,318	991,796	1,004,109
Student (Pupil) Transportation	3,005,621	2,798,572	2,201,271
Food Services	5,517,812	5,047,957	5,867,895
Cocurricular/Extracurricular Activities	2,332,110	2,697,386	2,730,701
General Administration	2,730,286	2,542,832	2,384,530
Plant Maintenance and Operations	10,784,786	11,008,098	10,590,049
Security and Monitoring Services	1,092,192	1,037,214	881,973
Data Processing Services	1,141,205	1,232,021	2,162,934
Debt Service - Bond Issuance Cost and Fees	34,328	19,879	23,828
Community Services	350,779	406,653	385,846
Debt Service:			
Debt Service - Principal on long-term debt	6,680,455	7,685,247	8,509,932
Debt Service - Interest on long-term debt	8,555,030	7,956,364	7,324,059
Capital Outlay:			
Facilities Acquisition and Construction	3,134,813	1,451,902	143,790
Intergovernmental:			
Payments to Fiscal Agent/Member Districts of SSA	700	3,000	3,600
Payments to Juvenile Justice Alternative Ed. Prg.	166,972	134,311	107,915
Other Intergovernmental Charges	0	0	222,688
Total Expenditures	\$109,461,193	\$109,983,930	\$108,606,838
Debt Service as a Percentage of Non-Capital Expenditures	14.33%	14.41%	14.60%

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

Notes:

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

SCHEDULE 6

2010	2011	2012	2013	2014	2015	2016
\$57,576,997	\$55,769,281	\$54,409,199	\$51,880,815	\$ 57,820,291	\$ 60,547,930	\$ 65,407,285
1,646,761	1,547,994	1,398,268	1,121,596	\$ 885,052	\$ 894,681	\$ 977,572
1,730,435	3,025,869	3,583,144	2,577,459	\$ 3,750,893	\$ 3,889,293	\$ 3,579,939
1,863,949	1,796,768	1,854,738	1,627,268	\$ 2,145,398	\$ 1,843,607	\$ 2,059,644
5,900,192	6,093,574	5,848,900	5,183,354	\$ 6,102,897	\$ 6,401,580	\$ 6,919,624
4,166,174	4,213,139	4,170,934	3,610,529	\$ 4,107,003	\$ 4,400,383	\$ 4,480,130
44,004	48,245	34,576	34,260	\$ 40,590	\$ 43,993	\$ 46,290
1,072,387	1,125,834	1,034,352	1,056,707	\$ 1,077,633	\$ 1,109,513	\$ 1,136,143
2,305,087	2,569,476	2,893,358	2,481,830	\$ 3,542,571	\$ 3,825,960	\$ 4,539,571
6,670,742	6,853,601	7,565,482	6,409,552	\$ 7,574,128	\$ 7,266,764	\$ 7,509,167
2,618,644	2,634,545	2,594,665	2,684,165	\$ 2,787,516	\$ 3,002,361	\$ 2,901,590
2,613,400	2,704,747	2,939,688	2,277,405	\$ 2,930,120	\$ 3,416,326	\$ 3,825,805
15,034,380	13,007,002	13,840,820	9,670,850	\$ 16,459,367	\$ 11,459,476	\$ 14,853,475
1,032,323	1,013,735	1,260,381	1,099,465	\$ 1,072,441	\$ 1,326,867	\$ 1,424,210
1,693,049	1,901,359	2,264,313	1,722,942	\$ 2,311,712	\$ 3,259,723	\$ 16,020,911
16,017	12,496	312,864	503,852	\$ 19,135	\$ 978,412	\$ 518,998
270,405	255,307	420,263	335,280	\$ 399,446	\$ 334,615	\$ 425,460
7,458,989	7,747,639	3,090,752	2,694,248	\$ 2,656,755	\$ 5,799,140	\$ 5,250,000
8,572,077	8,335,057	11,685,344	9,267,189	\$ 11,828,866	\$ 9,661,534	\$ 12,776,287
0	11,223	1,205,323	3,598,630	\$ 396,159	\$ 2,649,356	\$ 47,029,572
3,850	4,025	4,250	0	\$ -	\$ -	\$ -
160,239	270,199	87,012	49,020	\$ 97,812	\$ 57,378	\$ 92,604
226,221	218,841	208,775	182,148	\$ 216,068	\$ 218,660	\$ 224,570
<u>\$122,676,322</u>	<u>\$121,159,956</u>	<u>\$122,707,401</u>	<u>\$110,068,564</u>	<u>\$128,221,853</u>	<u>\$132,387,552</u>	<u>\$201,998,847</u>
13.07%	13.28%	12.16%	11.23%	11.33%	11.92%	11.63%

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)

	2007	2008	2009	2010
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ (1,463,290)	\$ 4,163,659	\$ 6,467,608	\$ 2,228,537
Other Finance Sources (Uses)				
Refunding Bonds Issued	\$ -	\$ -	\$ -	\$ -
Capital Related Debt Issued (Regular Bonds)	\$ -	\$ -	\$ -	\$ -
Transfers In	\$ 820,378	\$ 67,654	\$ -	\$ 70,441
Transfers Out	\$ (820,378)	\$ (516)	\$ -	\$ (70,441)
Premium or Discount on Issuance of Bonds	\$ -	\$ -	\$ -	\$ -
Prepaid Interest	\$ -	\$ -	\$ -	\$ -
Capital Leases	\$ 617,716	\$ 340,413	\$ -	\$ -
Non-Current Loans	\$ 1,200,000	\$ -	\$ -	\$ -
Other (Uses)	\$ -	\$ -	\$ -	\$ -
Total Other Financing Sources (Uses)	\$ 1,817,716	\$ 407,551	\$ -	\$ -
Net Change in Fund Balances	\$ 354,426	\$ 4,571,210	\$ 6,467,608	\$ 2,228,537
Beginning Fund Balance	\$ 18,560,346	\$ 18,914,772	\$ 23,485,982	\$ 29,953,590
Ending Fund Balance	\$ 18,914,772	\$ 23,485,982	\$ 29,953,590	\$ 32,182,127

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

Notes:

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

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

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

SCHEDULE 7

2011	2012	2013	2014	2015	2016
\$ 3,933,585	\$ (895,297)	\$ 9,268,019	\$ 4,211,180	\$ 608,277	\$ (62,003,793)
\$ -	\$ 18,350,000	\$ 41,350,000	\$ -	\$ 8,835,000	\$ 54,460,000
\$ -	\$ -	\$ -	\$ -	\$ 88,170,000	\$ -
\$ -	\$ 200,000	\$ -	\$ -	\$ -	\$ -
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$ -	\$ 1,542,892	\$ 4,534,684	\$ -	\$ 12,162,368	\$ 8,998,229
\$ -	\$ 33,149	\$ -	\$ -	\$ -	\$ -
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$ -	\$ (19,636,120)	\$ (45,377,189)	\$ -	\$ (9,815,608)	\$ (62,940,077)
\$ -	\$ 489,921	\$ 507,495	\$ -	\$ 99,351,760	\$ 518,152
\$ 3,933,585	\$ (405,376)	\$ 9,775,514	\$ 4,211,180	\$ 99,960,037	\$ (61,485,641)
\$ 32,182,127	\$ 36,115,712	\$ 35,710,336	\$ 45,485,850	\$ 49,697,030	\$ 149,657,067
\$ 36,115,712	\$ 35,710,336	\$ 45,485,850	\$ 49,697,030	\$ 149,657,067	\$ 88,171,426

REVENUE CAPACITY

DUNCANVILLE INDEPENDENT SCHOOL DISTRICT
 ASSESSED AND ACTUAL VALUE OF TAXABLE PROPERTY
 LAST TEN FISCAL YEARS(Unaudited)
 (AMOUNTS IN THOUSANDS, EXCEPT TAX RATE INFORMATION)

Fiscal Year	Actual Value			Less: Exemptions	Total Taxable Value	Total Direct Tax Rate
	Residential Property	Commercial Property	Personal Property			
2007	2,342,044,730	1,144,026,620	596,490,610	561,592,771	3,520,969,189	1.4180
2008	2,357,988,950	1,241,381,770	604,210,110	691,140,617	3,512,440,213	1.4180
2009	2,199,529,290	1,236,225,370	623,610,960	727,998,984	3,331,366,636	1.4180
2010	2,155,860,410	1,212,628,850	567,684,700	709,917,959	3,226,256,001	1.4180
2011	2,136,506,820	1,211,834,170	590,730,190	747,812,958	3,191,258,222	1.4180
2012	2,086,820,320	1,224,056,590	692,974,790	774,647,730	3,229,203,970	1.4300
2013	2,085,530,740	1,266,401,890	771,421,910	792,723,646	3,330,630,894	1.4100
2014	2,183,237,240	1,351,609,740	810,120,580	846,801,936	3,498,165,624	1.4100
2015	2,307,010,420	1,410,105,710	853,636,480	883,500,123	3,687,252,487	1.4100
2016	2,598,385,450	1,508,974,850	932,344,300	1,100,870,547	3,938,834,053	1.4100

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)

	2007	2008	2009	2010	2011
Duncanville ISD:					
Maintenance and Operations	1.3700	1.0400	1.0400	1.0400	1.0400
Interest and Sinking	0.3660	0.3780	0.3780	0.3780	0.3780
Total	1.7360	1.4180	1.4180	1.4180	1.4180
City of Cedar Hill	0.6414	0.6414	0.6414	0.6414	0.6700
City of Dallas	0.7292	0.7479	0.7479	0.7479	0.7970
Dallas County	0.2139	0.2281	0.2281	0.2281	0.2431
Dallas Co. Community College	0.0810	0.0804	0.0894	0.0949	0.0992
Dallas Co. Hospital	0.2540	0.2540	0.2540	0.2740	0.2710
City of Desoto	0.6980	0.5700	0.5700	0.7000	0.7351
City of Duncanville	0.6960	0.6960	0.6960	0.6960	0.7377

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

SCHEDULE 9

2012	2013	2014	2015	2016
1.0400	1.0400	1.0400	1.0400	1.0400
0.3780	0.3900	0.3700	0.4895	0.4895
1.4180	1.4300	1.4100	1.5295	1.5295
0.6859	0.6988	0.6988	0.6988	0.6988
0.7970	0.7970	0.7970	0.7970	0.7825
0.2531	0.2431	0.2431	0.2431	0.2431
0.1018	0.1247	0.1248	0.1237	0.1229
0.2710	0.2760	0.2860	0.2860	0.2794
0.7574	0.7574	0.7574	0.7499	0.7449
0.7377	0.7584	0.7584	0.7584	0.7584

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
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%
2012	\$ 45,443,101	\$ 44,784,074	98.55%	\$ (238,712)	\$ 44,545,362	98.02%
2013	\$ 46,409,966	\$ 45,421,948	97.87%	\$ 112,472	\$ 45,534,420	98.11%
2014	\$ 48,739,609	\$ 47,635,454	97.73%	\$ 204,325	\$ 47,839,779	98.15%
2015	\$ 53,318,519	\$ 52,514,963	98.49%	\$ 128,938	\$ 52,643,901	98.73%

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

Notes:

¹ Fiscal period 2013 represents a ten month transitional year for the period of September 1 through June

30. Years preceding 2013 are September 1 through August 31.

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

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

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

Principal Employer	Rank	2016		Rank	2007		
			Percentage of			Percentage of	
		2015-2016 Taxable Assessed Value	Total Taxable Assessed Value		2006-2007 Taxable Assessed Value	Total Taxable Assessed Value	
White Wave Food Inc.	1	\$	150,836,731				
Dart Container Corporation	2	\$	51,412,724				
Oncor Electric Delivery	3		36,180,980				
Masco Building Cabinet Group	4		32,313,538				
WRH Properties Inc.	5		26,500,000				
Old Dominion Freight	6		24,618,730				
Walmart Stores, Inc.	7		21,816,280				
Exponential PPTY Group I LLC	8		20,450,000				
C H Guenther & Son Inc	9		19,410,229				
Costco Wholesale Corporation	10		19,260,340				
Texwood Industries				1	\$	15,945,720	0.95%
C H Guenther & Son Inc				2	\$	15,457,440	0.92%
Southwestern Bell/Cingular				3	\$	13,358,660	0.79%
Frankel Family Trust				4	\$	13,200,000	0.78%
Texas Utilities Elec Co.				5	\$	10,867,450	0.65%
SCI Duncanville Hotel LTD				6	\$	10,369,700	0.62%
WR Senior Living				7	\$	9,400,220	0.56%
Apple Reit Limited PS				8	\$	8,314,390	0.49%
Deford Lumber LTD				9	\$	6,850,000	0.41%
TT Duncanville LTD				10	\$	6,282,520	0.37%
Total		\$	402,799,552		\$	110,046,100	6.54%

Total 2014 taxable assessed value equals: \$ 3,502,552,802

Total 2006 taxable assessed value equals: \$ 1,682,391,506

SOURCE: Dallas County Tax Office 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		Legal Debt Margin	Total Net Debt Applicable to the Limit As a Percentage of Debt Limit
		Applicable to Limit			
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%
2013	\$ 322,237,213	\$ 139,355,455	\$ 182,881,758		43%
2014	\$ 332,301,073	\$ 135,262,442	\$ 197,038,631		41%
2015	\$ 349,936,390	\$ 216,433,050	\$ 133,503,340		62%
2016	\$ 368,725,249	\$ 202,304,875	\$ 166,420,374		55%

Legal Debt Margin Calculation for Fiscal Year 2013

Assessed Value	\$ 3,687,252,487
Debt Limit Percentage	10%
Legal Debt Limit	<u>\$ 368,725,249</u>
 Total Bonded Debt	 \$ 213,701,096
Less - Reserve for Retirement of Bonded Debt	<u>\$ 11,396,221</u>
Net Bonded Debt Applicable to Debt Limit	<u>\$ 202,304,875</u>
 Legal Debt Margin	 <u><u>\$ 166,420,374</u></u>

Source: Duncanville ISD records

Notes:

- ¹ Fiscal period 2013 represents a ten month transitional year for the period of September 1 through June 30. Years preceding 2013 are September 1 through August 31.
- ² Effective for the fiscal year ended June 30, 2133, the district implemtented GASB Statement No. 63, Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position. With the implementation of this standard, balances previously reported as "net assest" are now reported as "net position."
- ³ Fiscal years prior to 2013 included in this schedule are shown as adjusted for changes required by GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*.

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

Fiscal Year	General				Total Primary Government	Percentage of Disposable	Per Capita	Per Student Enrolled
	Obligation Debt	Other Obligations	Capital Leases	Notes Payables		Personal Income		
2007	\$ 181,758,417	\$ 27,138,610	\$ 1,887,156	\$ 1,088,986	\$ 211,873,169	19.22%	\$ 6,024	\$ 18,408
2008	\$ 174,686,552	\$ 32,405,739	\$ 1,716,327	\$ 986,849	\$ 209,795,467	19.28%	\$ 5,815	\$ 18,098
2009	\$ 166,814,083	\$ 35,796,444	\$ 1,185,273	\$ 880,440	\$ 204,676,240	19.19%	\$ 5,659	\$ 17,313
2010	\$ 160,017,585	\$ 37,688,134	\$ 633,640	\$ 769,581	\$ 199,108,940	18.58%	\$ 5,468	\$ 16,612
2011	\$ 152,811,997	\$ 39,540,190	\$ 207,083	\$ 654,087	\$ 193,213,357	20.44%	\$ 5,010	\$ 16,024
2012	\$ 149,870,651	\$ 38,126,082	\$ -	\$ 533,765	\$ 188,530,498	19.91%	\$ 4,894	\$ 15,302
2013	\$ 147,042,100	\$ 44,398,303	\$ -	\$ -	\$ 191,440,403	19.77%	\$ 4,958	\$ 15,382
2014	\$ 144,385,236	\$ 39,990,772	\$ -	\$ -	\$ 184,376,008	18.66%	\$ 4,786	\$ 15,062
2015	\$ 225,991,096	\$ 48,721,088	\$ -	\$ -	\$ 274,712,184	28.22%	\$ 6,936	\$ 22,586
2016	\$ 213,701,096	\$ 52,860,014	\$ -	\$ -	\$ 266,561,110	27.38%	\$ 6,796	\$ 22,030

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

Source: Duncanville ISD records

Notes:

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

DUNCANVILLE INDEPENDENT SCHOOL DISTRICT
RATIO OF NET BONDED DEBT TO TAXABLE ASSESSED VALUATION AND
NET BONDED DEBT PER CAPITA
LAST TEN FISCAL YEARS
(Unaudited)

Fiscal Year	Estimated Population	Total Taxable Assessed Value	Gross Bonded Debt	Reserve for Retirement of Bonded Debt
2007	38,251	\$ 3,222,226,655	\$ 181,758,417	\$ 2,786,680
2008	38,430	\$ 3,458,119,294	\$ 174,686,552	\$ 4,022,498
2009	38,542	\$ 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	39,360	\$ 3,197,348,376	\$ 149,870,651	\$ 3,700,501
2013	38,628	\$ 3,222,372,129	\$ 147,042,100	\$ 7,686,645
2014	39,605	\$ 3,323,010,728	\$ 144,385,236	\$ 9,122,794
2015	39,221	\$ 3,499,363,902	\$ 274,712,184	\$ 9,558,046
2016	39,481	\$ 3,687,252,487	\$ 266,561,110	\$ 11,396,221

Source: Duncanville ISD records; population from Schedule 16.

Notes:

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

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

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

Ratio of Net				
Net	Bonded Debt to		Net Bonded Debt	Taxable Assessed
Bonded Debt	Taxable Assessed Value		Per Capita	Value per Capita
\$ 178,971,737	5.55%		\$ 4,679	\$ 84,239
\$ 170,664,054	4.94%		\$ 4,441	\$ 89,985
\$ 162,749,763	4.61%		\$ 4,223	\$ 91,652
\$ 156,958,764	4.69%		\$ 4,070	\$ 86,874
\$ 150,200,860	4.64%		\$ 3,899	\$ 84,057
\$ 146,170,150	4.57%		\$ 3,714	\$ 81,233
\$ 139,355,455	4.32%		\$ 3,608	\$ 83,421
\$ 135,262,442	4.07%		\$ 3,415	\$ 83,904
\$ 265,154,138	7.58%		\$ 6,761	\$ 89,222
\$ 255,164,889	6.92%		\$ 6,463	\$ 93,393

DUNCANVILLE INDEPENDENT SCHOOL DISTRICT
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT

June 30, 2016 *

(Unaudited)

Governmental Unit	Gross Debt		Percent		Amount Overlapping
	Outstanding	As of	Overlapping		
City of Cedar Hill	\$ 84,450,000	6/30/2016	3.45%	\$	2,913,525
City of Dallas	\$ 1,700,336,063	6/30/2016	1.59%	\$	27,035,343
Dallas County	\$ 84,725,000	6/30/2016	2.00%	\$	1,694,500
Dallas County Schools	\$ 60,215,000	6/30/2016	2.00%	\$	1,204,300
Dallas Co. Comm. College District	\$ 321,510,000	6/30/2016	2.00%	\$	6,430,200
Dallas Co. Hospital District	\$ 728,005,000	6/30/2016	2.00%	\$	14,560,100
City of DeSoto	\$ 77,760,000	6/30/2016	8.70%	\$	6,765,120
City of Duncanville	\$ 9,130,000	6/30/2016	97.71%	\$	8,920,923
Sub-total overlapping bonded debt				\$	69,524,011
Duncanville Independent School District	\$ 266,561,110	6/30/2016	100.00%	\$	266,561,110
Total Direct and Overlapping Debt				\$	336,085,121
Total Assessed 2016 Taxable Valuation				\$	3,687,252,487
Total Population					39,481
Ratio of Total Direct and Overlapping Net Debt to 2016 Taxable Assessed Valuation					9.11%
Per Capita Total Direct and Overlapping Debt				\$	8,513

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

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

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

* Do not have access to 6-30-2016 information at this time

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
2007	38,251	\$ 1,102,546,824	\$ 28,824	4.58%
2008	38,430	\$ 1,088,222,310	\$ 28,317	4.30%
2009	38,542	\$ 1,066,765,476	\$ 27,678	7.90%
2010	38,562	\$ 1,071,483,732	\$ 27,786	9.45%
2011	38,524	\$ 945,070,768	\$ 24,532	9.60%
2012	39,360	\$ 946,726,080	\$ 24,053	6.80%
2013	38,628	\$ 968,288,076	\$ 25,067	7.20%
2014	39,605	\$ 988,342,775	\$ 24,955	5.90%
2015	39,221	\$ 973,543,662	\$ 24,822	4.80%
2016	39,481	* \$ 973,543,662	\$ 24,762	4.50%

* Do not have access to 6-30-2016 Disposable Personal Income at this time

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)

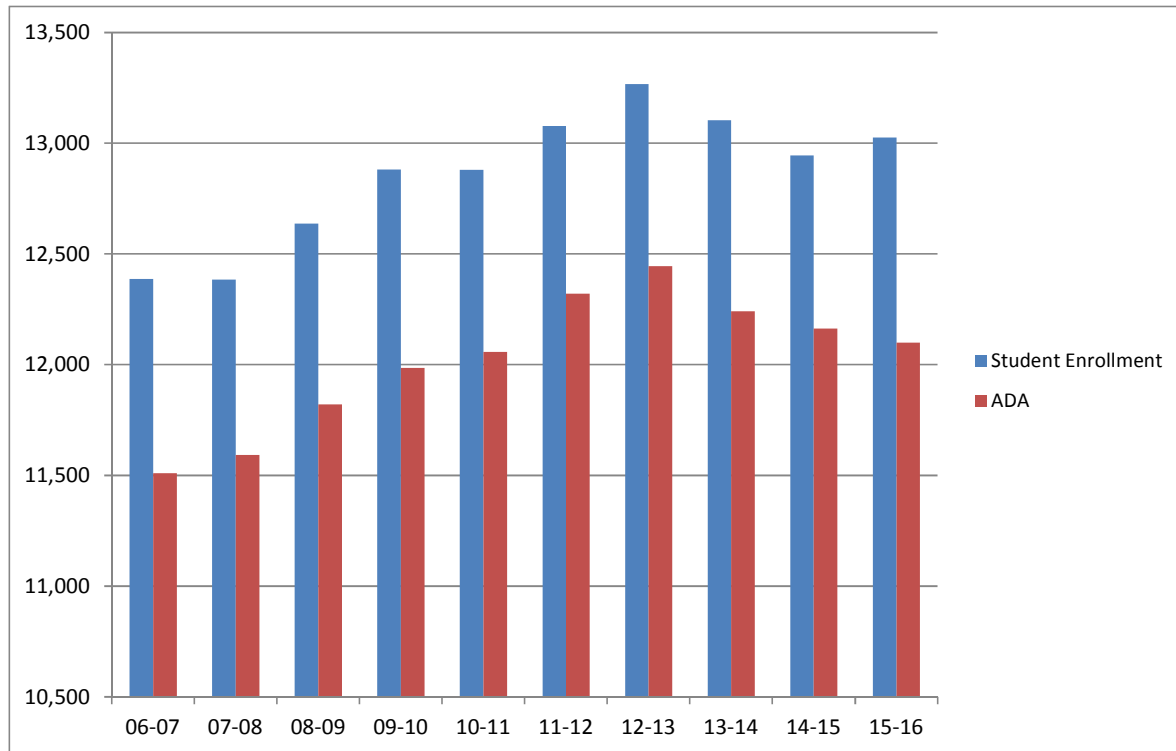
<u>Principal Employer</u>	2016			2007		
	Rank	Number of Employees	Workforce Percentage	Rank	Number of Employees	Workforce Percentage
Duncanville Independent School District	1	1,690	8.59%	1	1,600	8.46%
Masco/Quality Cabinets & Doors (Texwood)	2	590	3.00%	2	798	4.22%
City of Duncanville	3	262	1.33%	3	249	1.32%
Pioneer Frozen Foods	5	185	0.94%	4	179	0.95%
Costco	6	180	0.91%	6	150	0.79%
DeFords	4	200	1.02%	7	147	0.78%
Pappadeaux	7	145	0.74%	5	170	0.90%
Brittle-Brittle	8	75	0.38%	8	75	0.40%
Personalized Communications	10	100	0.51%	9	70	0.37%
Winco	8	130	0.66%			
Duncanville Ford				10	65	0.34%
Freedom Dodge	9	119	0.60%			
Holiday Inn				10	65	0.34%
La Sabor Torilla Factory	10	100	0.51%			
Total employed 2016 Workforce:		19,681				
Total employed 2007 Workforce:		18,909				

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)

	06-07	07-08	08-09	09-10	10-11	11-12	12-13	13-14	14-15	15-16
Student Enrollment	12,387	12,385	12,637	12,882	12,880	13,079	13,267	13,104	12,945	13,026
ADA	11,509.59	11,592.45	11,821.53	11,986.13	12,058.32	12,320.70	12,445.81	12,241.28	12,162.78	12,100.00



SCHEDULE 19

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

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Teachers										
Elementary Classroom Teachers	364	378	409	406	396	409	408	410	421	472
Secondary Classroom Teachers	399	379	349	357	358	354	355	388	382	353
Other Teachers	2	2								
Total Teachers	765	759	758	763	754	763	763	798	803	825
Professional Support										
Guidance Counselors	35	33	34	34	34	32	32	32	33	29
Therapists	15	11	11	14	12	12	12	11	10	11
Psychologists/Diagnosticians	14	15	15	16	15	16	16	14	15	15
Other Campus Professional	5	7	7	23	20	6	3	1	1	3
Other Non-Instructional	20	23	29	30	38	36	36	38	45	52
Other Support Staff					3		3	2	2	2
Athletic Trainer	4	4	3	2	2	3	3	3	3	2
Librarians	17	15	17	18	18	17	17	16	16	17
Nurses/Physicians	13	13	13	13	13	14	14	13	13	13
Total Professional Support	123	121	129	150	155	136	136	130	138	144
Administrative Staff										
Admin/Instructional Officers	11	12			4	14	14	16	14	4
Principals	17	18	18	18	19	17	17	17	18	18
Assistant Principals	28	29	28	30	29	31	31	33	32	29
Superintendent	1	1	1	1	1	1	1	1	1	1
Assistant Superintendent	4	3	3	3	3	3	3	3	3	2
Managers			1	1	1	1	1	1	1	2
Directors	2	2	6	5	2	5	5	7	7	10
Total Administrative Staff	63	65	57	58	59	72	72	78	76	66
Support Staff										
Educational Aides	156	160	139	133	123	133	133	135	139	130
Auxiliary Staff	491	477	495	495	536	555	555	548	540	525
Total Support and Auxiliary Staff	647	637	634	628	659	688	688	683	679	655
Total	1,598	1,582	1,578	1,599	1,627	1,659	1,659	1,689	1,696	1,690

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	
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
2013	\$	47,000	\$	56,047	\$ 48,892	\$ 47,614	\$	48,638
2014	\$	48,500	\$	58,547	\$ 51,625	\$ 50,675	\$	49,692
2015	\$	49,000	\$	59,047	\$ 53,151	\$ 53,151	\$	51,041
2016	\$	49,000	\$	59,047	\$ 54,230	\$ 53,053	\$	52,456

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>
2007	12,387	11,510	\$ 90,923,223	\$ 7,899	-4.93%
2008	12,385	11,592	\$ 92,753,106	\$ 8,001	1.29%
2009	12,637	11,822	\$ 92,294,854	\$ 7,807	-2.43%
2010	12,882	11,986	\$ 106,254,946	\$ 8,865	13.55%
2011	12,880	12,058	\$ 104,572,972	\$ 8,672	-2.17%
2012	13,079	12,321	\$ 106,425,945	\$ 8,638	-0.40%
2013	13,267	12,446	\$ 94,277,329	\$ 7,575	-12.30%
2014	13,104	12,241	\$ 113,026,193	\$ 9,233	21.89%
2015	12,945	12,163	\$ 114,001,484	\$ 9,373	1.51%
2016	13,026	12,100	\$ 136,625,814	\$ 11,291	20.47%

Notes:

- (1) Total Governmental Fund expenditures less capital, debt service,
and intergovernmental expenditures
- (2) Total Government-Wide expenses less capital, debt service,
and intergovernmental expenditures
- (3) 2013 Fiscal Year changed to June 30 from prior year end of August 31
resulting in a 10-month audit year

Source: Duncanville ISD records

SCHEDULE 21

Direct Operating Expenses (2)	Cost Per Pupil	Percent Change From Prior Year	Teaching Staff	Pupil- Teacher Ratio	Percentage of Students Receiving Free or Reduced- Price Meals
\$ 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%	763	15.7	70%
\$ 109,067,620	\$ 9,045	0.39%	754	16.0	73%
\$ 111,532,663	\$ 9,052	0.08%	763	16.1	75%
\$ 100,724,027	\$ 8,093 #	-10.60%	763	16.3	76%
\$ 113,887,451	\$ 9,304	14.96%	798	15.3	75%
\$ 118,362,887	\$ 9,732	4.60%	803	15.1	75%
\$ 139,083,383	\$ 11,494	18.12%	825	14.7	75%

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

(Unaudited)

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Elementary										
# of Locations	12	12	12	12	12	12	12	12	12	12
Square Footage	708,949	710,449	710,449	710,449	710,449	710,449	710,449	710,449	710,449	710,449
Capacity	6,891	6,935	6,935	6,935	6,935	6,935	6,935	6,935	6,935	6,935
Enrollment	6,583	6,656	6,865	6,957	6,951	6,992	7,150	7,150	7,150	7,150
Middle Schools										
# of Locations	3	3	3	3	3	3	3	3	3	3
Square Footage	437,437	437,437	437,437	437,437	437,437	437,437	437,437	437,437	437,437	437,437
Capacity	2,160	2,160	2,160	2,160	2,160	2,160	2,160	2,160	2,160	2,160
Enrollment	1,969	2,008	2,016	2,007	2,074	2,083	2,000	2,000	2,000	2,000
High School										
# of Locations	1	1	1	1	1	1	1	1	1	1
Square Footage	926,434	926,434	926,434	926,434	926,434	926,434	926,434	926,434	926,434	926,434
Capacity	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000
Enrollment	3,756	3,696	3,673	3,844	3,765	3,884	3,950	3,950	3,950	3,950
Alternative Education										
PACE										
Square Footage	13,170	13,170	13,170	13,170	13,170	13,170	22,153	22,153	22,153	22,153
Capacity	330	330	330	330	330	330	615	615	615	615
Enrollment	82	99	94	87	99	116	87	87	87	87
Summit/JJAEP										
Square Footage	21,750	45,815	45,815	45,815	45,815	45,815	45,815	27,419	27,419	27,419
Capacity	105	220	220	220	220	220	220	220	220	220
Enrollment	15	8	12	8	13	4	96	96	96	96
Athletic Facilities										
Football fields	2	2	2	2	2	2	2	2	2	2
Running Tracks	4	4	4	4	4	4	4	4	4	4
Baseball/Softball	2	2	2	2	2	2	2	2	2	2
Natatorium	1	1	1	1	1	1	1	1	1	1
Playgrounds	9	9	9	9	9	9	9	9	9	9

Source: Duncanville ISD records

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

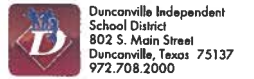
DUNCANVILLE INDEPENDENT SCHOOL DISTRICT
SCHOOL BUILDING INFORMATION - OTHER BUILDINGS
LAST TEN FISCAL YEARS
(Unaudited)

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Administration	8,100	8,100	8,100	8,100	8,100	8,100				
Education Plaza							27,031	27,031	27,031	27,031
Technology	8,400	8,400	8,400	8,400	8,400	8,400	8,400	18,396	18,396	18,396
Maintenance Facility	12,942	12,942	12,942	12,942	12,942	12,942	12,942	12,942	12,942	12,942
Transportation Facility	9,500	9,500	9,500	9,500	9,500	9,500	9,500	9,500	9,500	9,500
Warehouse/Purchasing	29,682	29,682	29,682	29,682	29,682	29,682	29,682	29,682	29,682	29,682
Central Kitchen	19,000	19,000	19,000	19,000	19,000	19,000	19,000	19,000	19,000	19,000
Ag Barn	34,207	34,207	34,207	34,207	34,207	34,207	34,207	34,207	34,207	34,207
Storage Buildings							21,270	21,270	21,270	21,270

Source: Duncanville ISD records

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

Note: Technology moved into new IDEA Hub during 2013-2014, and lease expired with City of Duncanville on 6-30-14 on the vacated technology building.



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 Wondl 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

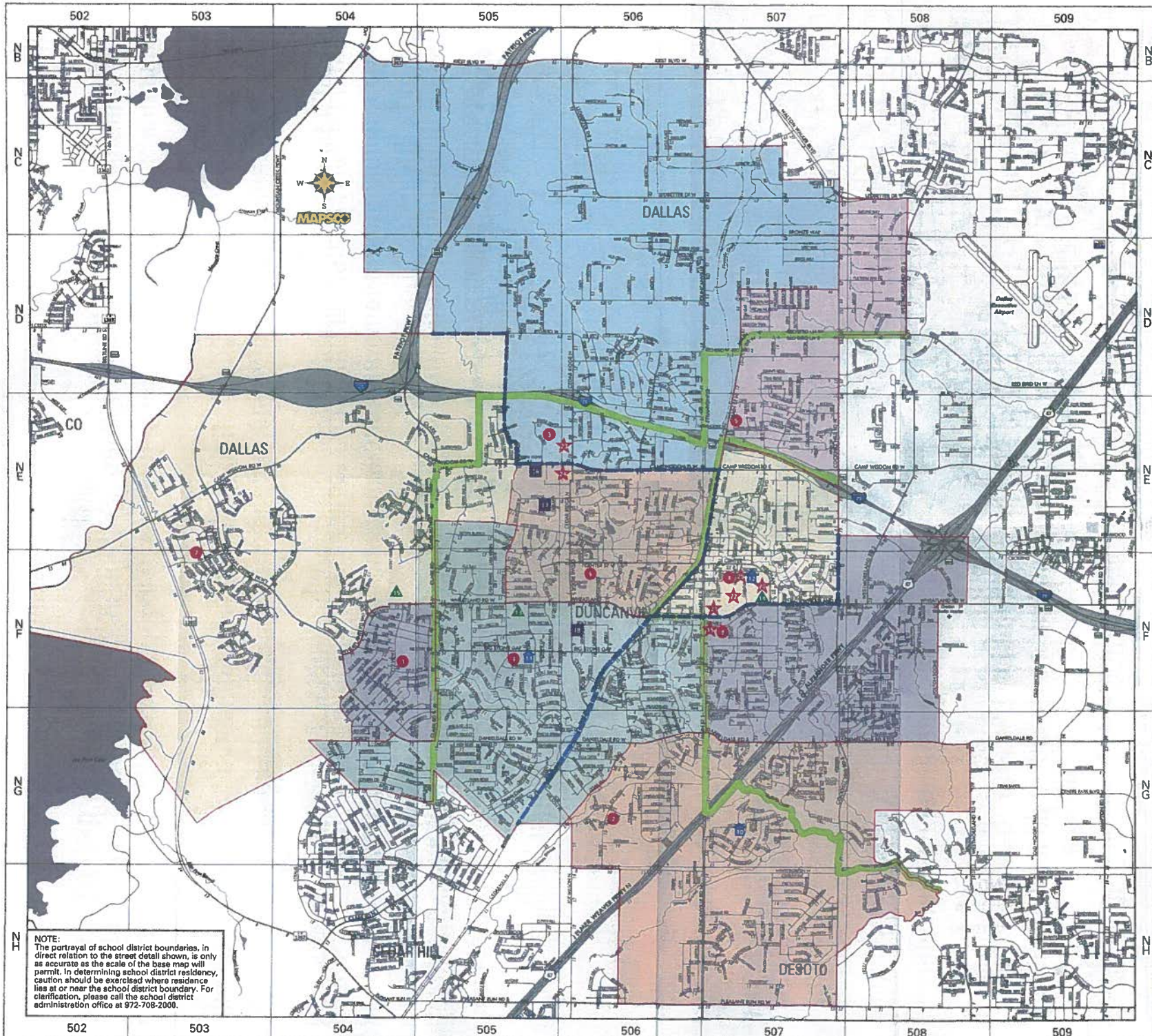
LEGEND

- 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

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Duncanville Independent School District, as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise Duncanville Independent School District's basic financial statements, and have issued our report dated November 4, 2016.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as items 2016-001 and 2016-002.

District's Response to Finding

The District's response to the findings identified in our audit is described in the accompanying corrective action plan. The District's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

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

Hankins, Eastup, Deaton, Tonn & Seay

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

November 4, 2016

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND
ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

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

Report on Compliance for Each Major Federal Program

We have audited Duncanville Independent School District's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Duncanville Independent School District's major federal programs for the year ended June 30, 2016. Duncanville Independent School District's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of finding and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program

In our opinion, Duncanville Independent School District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2016.

Report on Internal Control Over Compliance

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

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

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

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



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

November 4, 2016

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

I. Summary of Auditor's Results

1. Type of auditor's report issued on the financial statements: Unmodified.
2. Internal control over financial reporting:
Material weakness(es) identified: No
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: Unmodified.
6. Did the audit disclose findings which are required to be reported in accordance with 2 CFR 200.516(a)?: No
7. Major programs include:

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

Special Education Cluster:
CFDA 84.027 IDEA - Part B, Formula
CFDA 84.173 IDEA - Part B, Preschool
8. Dollar threshold used to distinguish between Type A and Type B programs: \$750,000.
9. Low risk auditee: No

II. Findings Related to the Financial Statements

Finding 2016-001 - Mandated Programs Spending

Criteria: Per the Texas Administrative Code Section 105.11 and the Texas Education Agency's Financial Accountability System Resource Guide Section 4.6.5, school districts must spend at least 58 percent of their Career and Technology program allotment, 52 percent of their Compensatory Education program allotment, and 55 percent of their Gifted and Talented program allotment on direct expenditures.

Condition: For fiscal year 2016, the District's calculation shows the District underspent its Career and Technology, Compensatory Education and Gifted and Talented program allotments.

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

II. Findings Related to the Financial Statements - continued

Effect: The District, after allocation of Program Intent Code 99, may not be in compliance with the spending requirement.

Cause: The District did not budget appropriate spending levels and review expenditure coding for these program allotments.

Recommendation: The District should evaluate the account coding of eligible special program allotments costs and revise budgeting procedures to ensure compliance with this spending requirement in future fiscal years.

III. Findings and Questioned Costs Related to Federal Awards

None

IV. Other Findings

Finding 2016-002 - Pledged collateral less than required amount

Criteria: The Texas Public Funds Investment Act (the Act) requires the District's depository bank to pledge securities or letters of credit to the District to fully secure any bank balances that exceed the FDIC deposit insurance coverage on District bank balances. When certain types of securities are pledged, the Act requires that the value of the pledged collateral must equal 110% of uninsured deposits.

Condition: During the year ended June 30, 2016, there was one day on which the amount of collateral pledged by the depository bank was less than the District's uninsured deposits.

Cause: The District monitors the level of deposits and pledged securities on a regular basis. For the one day on which collateral was less than required, the District and its depository bank underestimated the amount of deposits that would need to be collateralized. On the day involved, there was a large deposit that caused a one-day increase in total deposits. Additional collateral was pledged by the depository bank the following day.

Effect: Pledge collateral was less than the amount required by the Act on one day during the fiscal year.

Recommendation: The District has procedures in place to monitor balances and pledged securities on a regular basis. The District should more closely monitor daily deposits and pledged collateral as necessary.

DUNCANVILLE INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF STATUS OF PRIOR FINDINGS
JUNE 30, 2016

Finding 2015-001: Lack of Internal Control over Financial Reporting

Status: The District completed a conversion to a new financial software system in September 2015 and filled a vacancy in the Director of Accounting position in January 2016. The District was able to complete all bank reconciliations and other general ledger reconciliations.

DUNCANVILLE INDEPENDENT SCHOOL DISTRICT
CORRECTIVE ACTION PLAN
JUNE 30, 2016

CORRECTIVE ACTION PLAN

Finding 2016-001 - Mandated Programs Spending

The District will review all budgeting and expenditure coding for State program allotments spending requirements to address any spending shortfalls in future budget development processes.

Finding 2016-002 – Pledged Collateral less than Required Amount

The District will implement additional procedures to monitor large deposits and their effect on cash balances and required pledged securities.

Contact Person: Jan Arrington, CPA Chief Financial Officer

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

(1)	(2)	(3)	(4)
FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM or CLUSTER TITLE	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. DEPARTMENT OF EDUCATION			
<u>Passed Through State Department of Education</u>			
ESEA, Title I, Part A - Improving Basic Programs	84.010A	15610101057907	\$ 461,827
ESEA, Title I, Part A - Improving Basic Programs	84.010A	16610101057907	2,923,787
Total CFDA Number 84.010A			3,385,614
*IDEA - Part B, Formula	84.027	156600010579076600	48,561
*IDEA - Part B, Formula	84.027	166600010579076600	2,193,311
Total CFDA Number 84.027			2,241,872
*IDEA - Part B, Preschool	84.173	16610010579076610	20,329
Total Special Education Cluster (IDEA)			2,262,201
Career and Technical - Basic Grant	84.048	16420006057907	146,182
Title III, Part A - English Language Acquisition	84.365A	15671001057907	988
Title III, Part A - English Language Acquisition	84.365A	16671001057907	172,103
Total CFDA Number 84.365A			173,091
ESEA, Title II, Part A, Teacher/Principal Training	84.367A	15694501057907	19,901
ESEA, Title II, Part A, Teacher/Principal Training	84.367A	16694501057907	203,136
Total CFDA Number 84.367A			223,037
Summer School LEP	84.369A	69551502	9,985
Total Passed Through State Department of Education			\$ 6,200,110
TOTAL U.S. DEPARTMENT OF EDUCATION			\$ 6,200,110
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	\$ 243,061
Total Passed Through Texas Dept of Human Services			\$ 243,061
TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			\$ 243,061
U.S. DEPARTMENT OF AGRICULTURE			
<u>Passed Through the State Department of Agriculture</u>			
*School Breakfast Program	10.553	71401601	\$ 1,143,511
*National School Lunch Program - Cash Assistance	10.555	71301601	4,309,246
*National School Lunch Prog. - Non-Cash Assistance	10.555	71301601	491,127
Total CFDA Number 10.555			4,800,373
Total Child Nutrition Cluster			5,943,884
Total Passed Through the State Department of Agriculture			\$ 5,943,884
TOTAL U.S. DEPARTMENT OF AGRICULTURE			\$ 5,943,884
TOTAL EXPENDITURES OF FEDERAL AWARDS			\$ 12,387,055

*Clustered Programs

See Accompanying Notes to the Schedule of Expenditures of Federal Awards

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

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

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

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

3. The District participates in numerous state and Federal grant programs that are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that the District has not complied with the rules and regulations governing the grants, if any, refunds of any money received may be required and the collectability of any related receivable at June 30, 2016, may be impaired. In the opinion of the District, there are not significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provisions has been recorded in the accompanying combined financial statements for such contingencies.
4. The District also received \$1,582,134 of School Health and Related Services (SHARS) payments. These payments are not considered Federal awards for purposes of the Schedule of Expenditures of Federal Awards and were recorded as Federal revenues in the General Fund.

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