



DUNCANVILLE ISD

Writing success stories, one student at a time.

Comprehensive Annual Financial Report

For the Year Ending June 30, 2017



A NEW ACTON

95,135 sf | Pre-K - 5
Currently serving the Woods Sugarberry neighborhoods

Huckabee | Acton Elementary School & Kennerly Middle School Site, Duncanville ISD

Duncanville Independent School District

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

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Duncanville Independent School District
 Comprehensive Annual Financial Report
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Introductory Section



DUNCANVILLE ISD

Writing success stories, one student at a time.

Mission

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

Vision

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

Values

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



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

November 27, 2017

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, 2017, is hereby submitted. The report includes the unmodified opinion of our independent auditors, Weaver and Tidwell, LLP. Responsibility for both the accuracy of the data, and the completeness and fairness of the presentation, including all disclosures, rests with the District. To the best of our knowledge and belief, the enclosed data is accurate in all material respect; that it is presented in a manner designed to fairly set forth the financial position and the results of operations of the District as measured by the financial activity of its various funds; and that all disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included. This report includes all funds of the District. The CAFR for the year end June 30, 2017, 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.

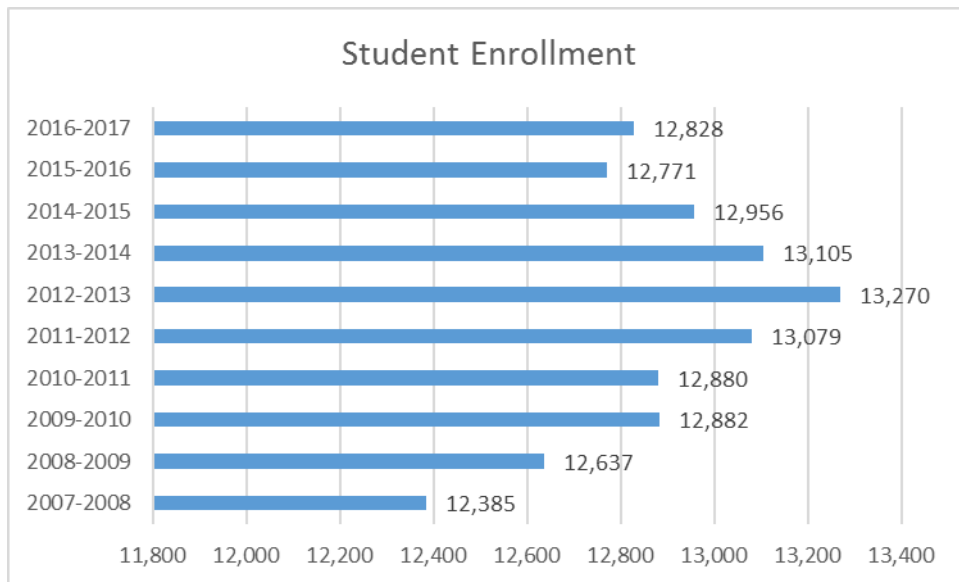
The District provides Special Education Program, a comprehensive educational program with complete educational opportunities essential to the full intellectual and social development of students with disabilities between the ages of 3 and 21. The needs of such students require resources and assistance 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 12,823 for the 2016-2017 fiscal year, of which 34% were enrolled at the high school level, 15% at the middle school level and 50% at the elementary level.



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

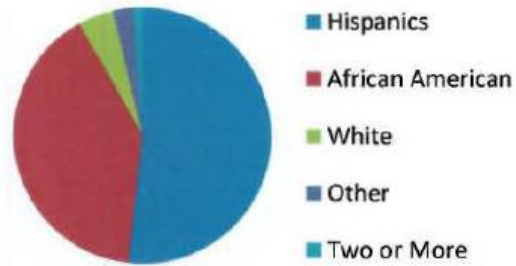
The class of 1936 was the first class to graduate from a fully-accredited school in Duncanville. Since the first class left Duncanville ISD as graduates, the community has evolved and changed in the past 81 years. Since the first building in 1936 we have continued to build and improve school buildings with funding from the Bond Construction Program of 2014.

Currently, a culturally and ethnically diverse population offers the benefit of a "real world setting" to the patrons of the District. By embracing change and progress, Duncanville schools represent the ideal environment for families who place education as a top priority in their lives and the lives of their children.

Statistics

Student Demographics

Hispanics- 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. Beginning in the Spring of 2016, STARR English III and Algebra II will be available for districts to administer as optional assessments.

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

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

ECONOMIC CONDITION AND OUTLOOK

Introduction

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

Local Economy/Access

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

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

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

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

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

FINANCIAL POLICIES

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

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

Long-Term Financial Planning

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

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

Major Initiatives

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

Independent Audit

A financial audit is required annually for each school district, and is to be made on an organization-wide basis, including all fund types and account groups that are the accounting responsibility of the school district. The Board of Trustees selected the accounting firm Weaver and Tidwell, LLP, for the 2016-2017 financial audit.

Summary of Achievements

- Senate Bill (SB) 218 of the 77th Legislature (2001) authorized the implementation of a financial accountability rating system called school FIRST (Financial Integrity Rating System of Texas). The District received the highest rating of Superior Achievement. This rating shows that the District's schools are accountable not only for student learning, but also for achieving those results cost effectively and efficiently. This rating is based upon an analysis of staff and student data reported for the 2015-2016 school year and budgetary and actual financial data for the fiscal year ending June 30, 2016. The District has received a Superior Achievement rating for the past fifteen years.
- According to the No Child Left Behind Act, school districts are required to meet the state's measurable highly qualified requirements. For the sixteenth year in a row, the District has 100% of the core academic subjects taught by highly qualified teachers.
- All of the District's campuses Met TEA School Accountability Standards for TEA School Accountability Standards for 2017.
- 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 third time for the fiscal year end of June 30, 2016.
- Received the Government Finance Officers Association, Certificate of Achievement for Excellence in Financial Reporting for a fifth time for the fiscal year end of June 30, 2016.

Acknowledgements

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

Sincerely,



Dr. Marc Smith
Superintendent

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Duncanville Independent School District Board of Trustees



Renee McNeely
President
Place 4
Term Expires 2020



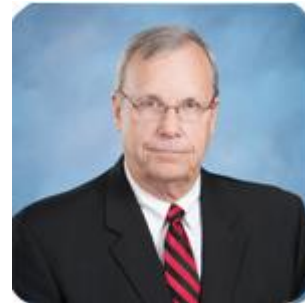
Janice Savage-Martin
Vice President
Place 6
Term Expires 2018



Carla Fahey
Secretary
Place 7
Term Expires 2018



Tom Kennedy
Trustee
Place 1
Term Expires 2019



Phil McNeely
Trustee
Place 2
Term Expires 2019



Joe Veracruz, Jr.
Trustee
Place 3
Term Expires 2019



Cassandra Phillips
Trustee
Place 5
Term Expires 2020

Senior Leadership Team
Organizational Chart

**Duncanville Independent School District
Administrators and Consultants**

Administrative Staff



Dr. Marc Smith
Superintendent of Schools

Mike Chrietzberg.....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

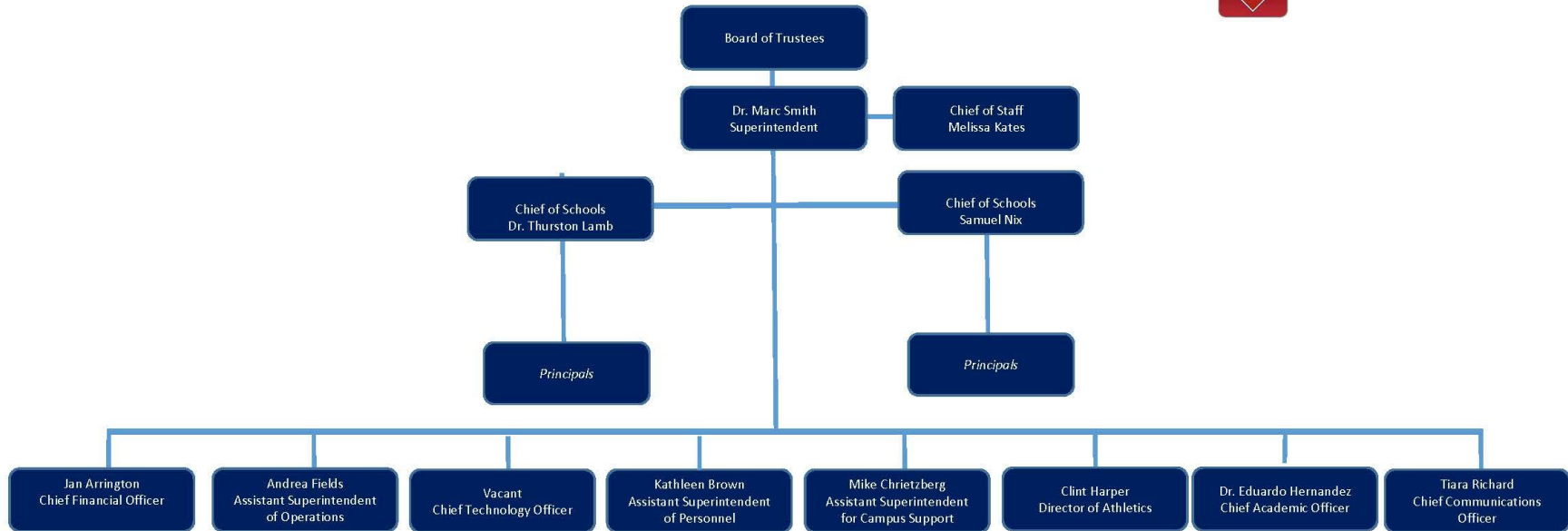
Consultants and Advisors

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

Senior Leadership Team Organizational Chart



*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, 2016

Executive Director/CEO



ASSOCIATION OF
SCHOOL BUSINESS OFFICIALS
INTERNATIONAL

The Certificate of Excellence in Financial Reporting
is presented to

Duncanville Independent School District

for its Comprehensive Annual Financial Report (CAFR)
for the Fiscal Year Ended June 30, 2016.

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



A handwritten signature in black ink, appearing to read 'Anthony N. Dragona'. The signature is written over a horizontal line.

Anthony N. Dragona, Ed.D., RSBA
President

A handwritten signature in black ink, appearing to read 'John D. Musso'. The signature is written over a horizontal line.

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 reports of the above-named school district were reviewed and (check one) approved disapproved for the year ended June 30, 2017 at a meeting of the Board of Trustees of such school district on the 27th day of November, 2017.

Carla Fahey
Signature of Board Secretary

Renee Mcneely
Signature of Board President

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

Financial Section

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Independent Auditor's Report

Board of Trustees
Duncanville Independent School District
Duncanville, Texas

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Duncanville Independent School District (the District), as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the District, as of June 30, 2017, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

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

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

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

Board of Trustees
Duncanville Independent School District

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 27, 2017 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Weaver and Tidwell LLP". The signature is written in a cursive, flowing style.

WEAVER AND TIDWELL, L.L.P.

Dallas, Texas
November 27, 2017

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Management's Discussion and Analysis

This section of Duncanville Independent School District's annual financial report presents our discussion and analysis of the District's financial performance during the year ended June 30, 2017. 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 \$17,098,124 at June 30, 2017. A total of \$21,146,102 is unrestricted and may be used to meet the District's ongoing obligations.
- The District's total net position increased by \$1,396,296 during the fiscal year.
- The total cost of the District's programs was \$150,769,425 for the year ended June 30, 2017.

In accordance with Fund Accounting:

- The District's governmental funds financial statements reported a combined ending fund balance of \$75,223,089. Of this amount, the General Fund includes \$229,847 of nonspendable funds and \$44,387,675 of unassigned fund balance available for spending at the District's discretion. The Special Revenue Funds have a fund balance of \$1,019,711 primarily restricted or committed with a small portion in the nonspendable and assigned categories. Fund balance of \$12,994,572 and \$16,591,284 is restricted for use by the Debt Service and Capital Projects Funds, respectively.
- The District's General Fund reported an unassigned fund balance of \$44,387,675 or 42.6% of the total General Fund expenditures for the year ended June 30, 2017.

Overview of the Financial Statements

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

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

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

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

Government-wide Statements

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

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

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

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

Fund Financial Statements

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

- Some funds are required by State law and by bond covenants.
- The Board of Trustees establishes other funds to control and manage money for particular purposes or to show that it is properly using certain taxes and grants.

The District has three kinds of funds:

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

- *Proprietary funds*—Services for which the District charges customers a fee are generally reported in proprietary funds. Proprietary funds, like the government-wide statements, provide both long-and short-term financial information. There are two types of proprietary funds:
 - *Internal service funds* are used to report activities that provide supplies and services for the District's other programs and activities—such as the District's Worker's Compensation Self Insurance Fund.
 - *Enterprise funds* are used to report the same functions presented as business-type activities in the government-wide financial statements. The District does not maintain any enterprise funds.

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

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

Notes to the Financial Statements

The notes provide additional information that is essential to a complete understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found beginning on page 32 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 55-76 of this report.

Financial Analysis of the District as a Whole

Net position. The District's combined net position was \$17,098,124 at June 30, 2017. (See Table A-I).

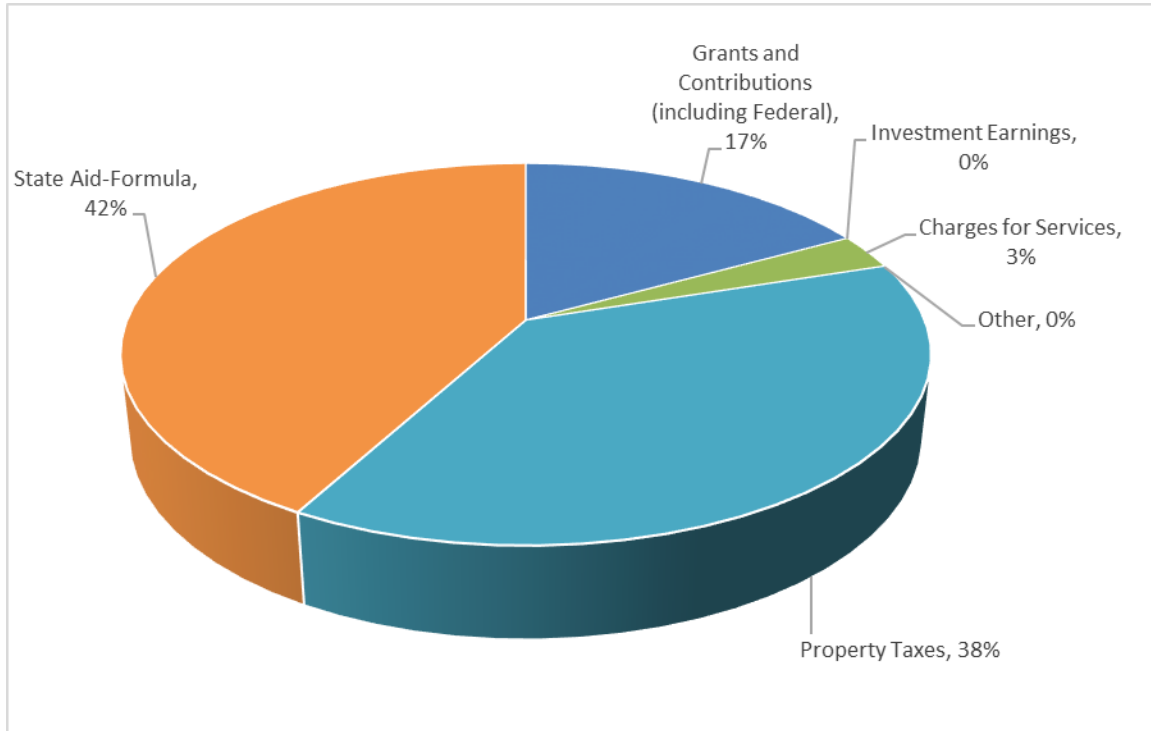
Table A-I

	<u>2017</u>	<u>2016</u>
Current and other assets	\$ 94,746,061	\$ 112,391,183
Capital assets	<u>216,787,581</u>	<u>207,836,243</u>
Total assets	<u>311,533,642</u>	<u>320,227,426</u>
Deferred outflows of resources	<u>14,553,385</u>	<u>16,907,828</u>
Current liabilities	19,655,997	23,700,531
Noncurrent liabilities	<u>286,657,652</u>	<u>295,573,636</u>
Total liabilities	<u>306,313,649</u>	<u>319,274,167</u>
Deferred inflows of resources	<u>2,675,254</u>	<u>2,159,259</u>
Net position		
Net investment in capital assets	(8,989,227)	(5,214,642)
Restricted	4,941,249	8,927,397
Unrestricted	<u>21,146,102</u>	<u>11,989,073</u>
Total net position	<u><u>\$ 17,098,124</u></u>	<u><u>\$ 15,701,828</u></u>

Net investment in capital assets (e.g. land, buildings, furniture, and equipment) is (\$8,989,227). Although the District's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay the debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. An additional amount, \$4,941,249 (restricted net position), represents resources that are subject to external limitations on how they may be used. The remaining \$21,146,102 (unrestricted net position) represents resources available to fund future activities of the District.

Change in net position. The District's total revenues were \$152,165,721. 39.8% of the District's revenues comes from state allocations - formula grants and 37.9% from property taxes. (See Figure A-1) 20.7% relates to grants and contributions (including federal funds).

**Figure A-1
District Sources of Revenue for Fiscal Year 2017**



Governmental Activities. The total cost of all programs and services was \$150,769,425 (See Table A-2); 59.4% of these costs are for instruction and instructional related services.

Table A-2

	Governmental Activities		Total % Change
	Year Ended 2017	Year Ended 2016	
REVENUES			
Program revenues:			
Charges for services	\$ 1,603,088	\$ 3,864,937	-59%
Operating grants and contributions	31,535,543	24,556,730	28%
General revenues:			
Property taxes	57,611,855	53,823,956	7%
State aid - formula	60,615,054	59,815,620	1%
Investment earnings	422,011	252,669	67%
Other	378,170	143,940	163%
Total revenues	152,165,721	142,457,852	7%
EXPENSES			
Instruction	\$ 73,554,082	73,801,099	0%
Instructional resources and media services	1,824,605	1,128,544	62%
Curriculum and staff development	3,331,105	3,723,403	-11%
Instructional leadership	2,989,379	2,272,785	32%
School leadership	7,838,067	7,252,391	8%
Guidance, counseling and evaluation services	4,848,041	4,801,292	1%
Social work services	54,451	49,547	10%
Health services	1,281,856	1,185,430	8%
Student (pupil) transportation	4,221,678	4,303,304	-2%
Food services	7,285,611	8,076,928	-10%
Extracurricular activities	3,733,686	3,011,438	24%
General administration	5,444,618	4,058,948	34%
Plant maintenance and operations	15,224,319	12,476,392	22%
Security and monitoring services	1,617,459	1,451,947	11%
Data processing services	3,375,062	11,044,264	-69%
Community services	496,501	445,671	11%
Debt service - interest on long term debt	13,386,228	11,992,931	12%
Debt service - bond issuance cost and fees	7,440	518,998	-99%
Payments to Juvenile Justice Alternative Ed. Prg.	49,170	92,604	-47%
Other intergovernmental charges	206,067	224,570	-8%
Total expenses	150,769,425	151,912,486	-1%
Increase (decrease) in net position	1,396,296	(9,454,634)	-115%
Beginning net position	15,701,828	25,156,462	-38%
Net position - ending (June 30)	\$ 17,098,124	\$ 15,701,828	9%

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 \$150,769,425.
- The amount that our taxpayers paid for these activities through property taxes was \$57,611,855.
- Some of the cost was paid by those who directly benefited from the programs \$1,603,088, or
- By operating grants and contributions \$31,535,543.

**Table A-3
Net Cost of Selected District Functions**

	Total Cost of Services		% Change	Net Cost of Services		% Change
	Year Ended	Year Ended		Year Ended	Year Ended	
	2017	2016		2017	2016	
Instruction	\$ 73,554,082	\$ 73,801,099	-0.3%	\$ 60,135,008	\$ 62,670,021	-4.0%
Plant maintenance and operations	15,224,319	12,476,392	22.0%	12,337,839	11,879,631	3.9%
Debt service	13,393,668	12,511,929	7.0%	11,100,696	9,795,095	13.3%
Data processing services	3,375,062	11,044,264	-69.4%	2,982,261	10,942,257	-72.7%
Food services	7,285,611	8,076,928	-9.8%	13,326	609,168	-97.8%
School leadership	7,838,067	7,252,391	8.1%	6,859,937	6,769,074	1.3%

Financial Analysis of the District's Funds

Revenues of the General Fund totaled \$108,414,362, an increase of 3.5% compared to the preceding period's General Fund revenues. Local revenues increased by 9.7% due to an increase in property values, state revenues increased 0.4%, and federal revenues in the General Fund decreased by 10.9%. The decrease was related to state revenue.

General Fund Budgetary Highlights

Over the course of the fiscal period, the District amended its budget several times. Even with these adjustments, actual expenditures were \$5,260,212 below final budgeted amounts. The most significant positive variances resulted from personnel savings from open positions.

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

Capital Assets and Debt Administration

Capital Assets

As of June 30, 2017, the District had invested \$376,304,839 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 \$20,864,748 or 5.9% more than last year.

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

	<u>2017</u>	<u>2016</u>	<u>Total Percentage Change</u>
Land	\$ 5,151,359	\$ 5,151,359	0.0%
Construction in progress	1,700,206	52,960,908	-96.8%
Land improvements	8,831,764	8,831,764	0.0%
Buildings and improvements	334,824,388	269,244,977	24.4%
Furniture and equipment	25,797,122	19,251,083	34.0%
Totals at historical cost	376,304,839	355,440,091	5.9%
Total accumulated depreciation	(159,517,258)	(147,603,848)	8.1%
Net capital assets	<u>\$ 216,787,581</u>	<u>\$ 207,836,243</u>	4.3%

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

Long-Term Debt

At June 30, 2017, the District had \$258,238,197 in bonds payable as shown in Table A-5. More detailed information about the District's debt is presented in Note 9 to the financial statements.

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

	<u>2017</u>	<u>2016</u>	<u>Total Percentage Change</u>
General obligation bonds	\$ 209,751,096	\$ 213,701,096	-1.8%
Accreted interest	11,722,158	13,465,551	-12.9%
Bond premium/discount	36,764,943	39,394,463	-6.7%
Total long term debt	<u>\$ 258,238,197</u>	<u>\$ 266,561,110</u>	-3.1%

Bond Ratings

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

Economic Factors and Next Year's Budgets and Rates

- Appraised value used for the 2018 budget preparation increased 10.0% from the previous year.
- The District's refined average daily attendance (ADA) was based on a decrease in enrollment of approximately 147 students.
- State funding is estimated to decrease approximately \$292,000 in 2018 due to higher local tax collections and lower ADA.

These indicators were taken into account when adopting the general fund budget for 2018. Amounts available for appropriation in the general fund budget are \$106.8 million, an increase of approximately \$1.6 million compared to the 2017 actual revenue. Expenditures are budgeted at \$106.8 million in 2018.

The District's maintenance and operations tax rate remained \$1.04 per \$100 of taxable value for the 2018 fiscal year. The debt service tax rate remained the same at \$0.48148 per \$100 of taxable value for the 2018 fiscal year.

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, 2017

Exhibit A-1

Data Control Codes		<u>Primary Government</u>
		<u>Governmental Activities</u>
ASSETS		
1110	Cash and cash equivalents	\$ 71,048,146
1220	Property taxes receivable	2,704,631
1230	Allowance for uncollectible taxes (credit)	(492,555)
1240	Due from other governments	21,023,440
1300	Inventories	414,985
1410	Prepayments	47,414
	Capital assets:	
1510	Land	5,151,359
1520	Buildings, net	202,246,182
1530	Furniture and equipment, net	7,689,834
1580	Construction in progress	1,700,206
1000	Total assets	<u>311,533,642</u>
DEFERRED OUTFLOWS OF RESOURCES		
1701	Deferred charge on bond refundings	4,147,947
1705	Deferred outflows related to TRS	10,405,438
1700	Total deferred outflows of resources	<u>14,553,385</u>
LIABILITIES		
2110	Accounts payable	2,169,894
2140	Accrued interest payable	5,662,132
2150	Payroll deductions and withholdings	1,448,738
2160	Accrued wages payable	9,820,344
2180	Due to other governments	230,444
2200	Accrued expenses	191,634
2300	Unearned revenue	132,811
	Noncurrent liabilities:	
2501	Due within one year	6,789,656
2502	Due in more than one year	251,448,541
2540	Net pension liability (District's share)	28,419,455
2000	Total liabilities	<u>306,313,649</u>
DEFERRED INFLOWS OF RESOURCES		
2605	Deferred inflows related to TRS	2,675,254
2600	Total deferred inflows of resources	<u>2,675,254</u>
NET POSITION (DEFICIT)		
3200	Net investment in capital assets	(8,989,227)
3820	Restricted for federal and state programs	456,065
3850	Restricted for debt service	4,485,184
3900	Unrestricted	21,146,102
3000	Total net position (deficit)	<u>\$ 17,098,124</u>

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

Duncanville Independent School District

Statement of Activities

For the Year Ended June 30, 2017

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	
GOVERNMENTAL ACTIVITIES:					
11	Instruction	\$ 73,554,082	\$ 126,484	\$ 13,292,590	\$ (60,135,008)
12	Instructional resources and media services	1,824,605	-	358,984	(1,465,621)
13	Curriculum and staff development	3,331,105	-	857,751	(2,473,354)
21	Instructional leadership	2,989,379	-	534,268	(2,455,111)
23	School leadership	7,838,067	-	978,130	(6,859,937)
31	Guidance, counseling, and evaluation services	4,848,041	-	1,049,365	(3,798,676)
32	Social work services	54,451	-	6,431	(48,020)
33	Health services	1,281,856	-	157,307	(1,124,549)
34	Student (pupil) transportation	4,221,678	-	491,642	(3,730,036)
35	Food services	7,285,611	1,146,403	6,125,882	(13,326)
36	Extracurricular activities	3,733,686	197,923	1,150,540	(2,385,223)
41	General administration	5,444,618	-	669,180	(4,775,438)
51	Facilities maintenance and operations	15,224,319	132,278	2,754,202	(12,337,839)
52	Security and monitoring services	1,617,459	-	203,914	(1,413,545)
53	Data processing services	3,375,062	-	392,801	(2,982,261)
61	Community services	496,501	-	185,691	(310,810)
72	Debt service - interest on long-term debt	13,386,228	-	2,292,972	(11,093,256)
73	Debt service - bond issuance cost and fees	7,440	-	-	(7,440)
95	Payments to juvenile justice alternative ed. prg.	49,170	-	6,529	(42,641)
99	Other intergovernmental charges	206,067	-	27,364	(178,703)
	[TP] TOTAL PRIMARY GOVERNMENT:	\$ 150,769,425	\$ 1,603,088	\$ 31,535,543	\$ (117,630,794)

General Revenues:

	Taxes	
MT	Property taxes, levied for general purposes	39,307,588
DT	Property taxes, levied for debt service	18,304,267
SF	State aid - formula grants	60,615,054
IE	Investment earnings	422,011
MI	Miscellaneous local and intermediate revenue	378,170
TR	Total general revenues	119,027,090
CN	Change in net position	1,396,296
NB	Net position (deficit)- beginning	15,701,828
NE	Net position (deficit)- ending	\$ 17,098,124

Duncanville Independent School District

Balance Sheet

Governmental Funds

June 30, 2017

Data Control Codes		10	50
		General Fund	Debt Service Fund
ASSETS			
1110	Cash and cash equivalents	\$ 36,392,363	\$ 12,992,608
1220	Property taxes receivable	1,961,827	742,804
1230	Allowance for uncollectable taxes (credit)	(402,151)	(90,404)
1240	Due from other governments	17,498,348	14,590
1260	Due from other funds	4,585,543	217,818
1300	Inventories	191,300	-
1410	Prepayments	38,547	-
1000	Total assets	<u>\$ 60,265,777</u>	<u>\$ 13,877,416</u>
LIABILITIES			
2110	Accounts payable	\$ 653,276	\$ -
2150	Payroll deductions and withholdings payable	1,373,230	-
2160	Accrued wages payable	9,181,488	-
2170	Due to other funds	944,668	-
2180	Due to other governments	-	230,444
2200	Accrued expenditures	15,000	-
2300	Unearned revenue	1,700	-
2000	Total liabilities	<u>12,169,362</u>	<u>230,444</u>
DEFERRED INFLOWS OF RESOURCES			
2601	Unavailable revenue	3,478,893	652,400
2600	Total deferred inflows of resources	<u>3,478,893</u>	<u>652,400</u>
FUND BALANCES			
Nonspendable fund balance:			
3410	Inventories	191,300	-
3430	Prepaid items	38,547	-
Restricted fund balance:			
3450	Federal or state funds grant restriction	-	-
3470	Capital acquisition and contractual obligation	-	-
3480	Retirement of long-term debt	-	12,994,572
Committed fund balance:			
3545	Other committed fund balance	-	-
Assigned fund balance:			
3590	Other assigned fund balance	-	-
3600	Unassigned fund balance	44,387,675	-
3000	Total fund balances	<u>44,617,522</u>	<u>12,994,572</u>
4000	Total liabilities, deferred inflows, and fund balances	<u>\$ 60,265,777</u>	<u>\$ 13,877,416</u>

EXHIBIT C-1

60 Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
\$ 17,979,067	\$ 2,865,414	\$ 70,229,452
-	-	2,704,631
-	-	(492,555)
-	3,510,502	21,023,440
17,059	-	4,820,420
-	223,685	414,985
-	8,867	47,414
<u>\$ 17,996,126</u>	<u>\$ 6,608,468</u>	<u>\$ 98,747,787</u>
\$ 1,404,842	\$ 90,706	\$ 2,148,824
-	75,106	1,448,336
-	638,856	9,820,344
-	4,652,978	5,597,646
-	-	230,444
-	-	15,000
-	131,111	132,811
<u>1,404,842</u>	<u>5,588,757</u>	<u>19,393,405</u>
-	-	4,131,293
<u>-</u>	<u>-</u>	<u>4,131,293</u>
-	223,685	414,985
-	8,867	47,414
-	456,065	456,065
16,591,284	-	16,591,284
-	-	12,994,572
-	332,570	332,570
-	178	178
-	(1,654)	44,386,021
<u>16,591,284</u>	<u>1,019,711</u>	<u>75,223,089</u>
<u>\$ 17,996,126</u>	<u>\$ 6,608,468</u>	<u>\$ 98,747,787</u>

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Duncanville Independent School District**Exhibit C-2**
 Reconciliation of the Governmental Funds Balance Sheet
 to the Statement of Net Position
 June 30, 2017

TOTAL FUND BALANCES - GOVERNMENTAL FUNDS	\$ 75,223,089
1 The District uses internal service funds to charge the cost of certain activities, such as self-insurance, to appropriate functions in other funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position.	1,397,814
2 Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental fund financial statements.	376,304,839
3 Accumulated depreciation is not reported in the fund financial statements.	(159,517,258)
4 Bonds payable are not reported in the fund financial statements.	(209,751,096)
5 Accreted interest payable for capital appreciation bonds is not reported in the fund financial statements.	(11,722,158)
6 Property tax revenue reported as unavailable revenue in the fund financial statements is recognized as revenue in the government-wide financial statements.	4,131,293
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.	(5,662,132)
8 Bond premiums are not recognized in the fund financial statements.	(36,764,943)
9 Deferred charges on bond refundings are not recognized in the fund financial statements.	4,147,947
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 \$28,419,455, Deferred Resource Inflows related to TRS in the amount of \$2,675,254, and Deferred Resource Outflows related to TRS in the amount of \$10,405,438. This results in a decrease in Net Position in the amount of \$20,689,271.	(20,689,271)
19 NET POSITION OF GOVERNMENTAL ACTIVITIES	<u>\$ 17,098,124</u>

Duncanville Independent School District
Statement of Revenues, Expenditures, and
Changes in Fund Balances
Governmental Funds
For The Year Ended June 30, 2017

Data Control Codes		10	50
		General Fund	Debt Service Fund
REVENUES			
5700	Total local and intermediate sources	\$ 40,808,500	\$ 18,453,188
5800	State program revenues	65,870,147	2,292,972
5900	Federal program revenues	1,735,715	-
5020	Total revenues	<u>108,414,362</u>	<u>20,746,160</u>
EXPENDITURES			
CURRENT:			
0011	Instruction	58,092,429	-
0012	Instructional resources and media services	1,426,691	-
0013	Curriculum and instructional staff development	2,642,287	-
0021	Instructional leadership	2,419,976	-
0023	School leadership	7,239,264	-
0031	Guidance, counseling, and evaluation services	4,015,060	-
0032	Social work services	48,430	-
0033	Health services	1,184,627	-
0034	Student (pupil) transportation	3,672,249	-
0035	Food services	4,102	-
0036	Extracurricular activities	2,761,796	-
0041	General administration	5,039,047	-
0051	Facilities maintenance and operations	10,417,796	-
0052	Security and monitoring services	1,535,614	-
0053	Data processing services	2,916,368	-
0061	Community services	327,490	-
DEBT SERVICE:			
0071	Principal on long-term debt	-	3,950,000
0072	Interest on long-term debt	-	15,190,369
0073	Bond issuance costs and fees	-	7,440
CAPITAL OUTLAY:			
0081	Facilities acquisition and construction	186,896	-
INTERGOVERNMENTAL:			
0095	Payments to Juvenile Justice Alternative Ed. Prg.	49,170	-
0099	Other intergovernmental charges	206,067	-
6030	Total expenditures	<u>104,185,359</u>	<u>19,147,809</u>
1100	Excess (deficiency) of revenues over (under) expenditures	<u>4,229,003</u>	<u>1,598,351</u>
OTHER FINANCING SOURCES (USES) :			
7915	Transfers in	-	-
8911	Transfers out	(90,026)	-
7080	Total other financing sources (uses)	<u>(90,026)</u>	<u>-</u>
1200	Net change in fund balances	4,138,977	1,598,351
0100	Fund balance - July 1 (beginning)	40,478,545	11,396,221
3000	Fund balances - June 30 (ending)	<u>\$ 44,617,522</u>	<u>\$ 12,994,572</u>

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

60	98	
Capital Projects	Other Governmental Funds	Total Governmental Funds
\$ 129,152	\$ 2,468,572	\$ 61,859,412
-	989,733	69,152,852
1,346,908	11,753,557	14,836,180
<u>1,476,060</u>	<u>15,211,862</u>	<u>145,848,444</u>
-	5,580,471	63,672,900
-	175,625	1,602,316
-	507,062	3,149,349
-	212,919	2,632,895
-	16,827	7,256,091
-	516,205	4,531,265
-	-	48,430
-	-	1,184,627
-	4,006	3,676,255
-	6,969,849	6,973,951
-	811,965	3,573,761
-	46	5,039,093
-	126,906	10,544,702
-	16,599	1,552,213
82,424	79	2,998,871
-	142,204	469,694
-	-	3,950,000
-	-	15,190,369
-	-	7,440
20,250,426	-	20,437,322
-	-	49,170
-	-	206,067
<u>20,332,850</u>	<u>15,080,763</u>	<u>158,746,781</u>
<u>(18,856,790)</u>	<u>131,099</u>	<u>(12,898,337)</u>
-	40,026	40,026
-	-	(90,026)
-	40,026	(50,000)
<u>(18,856,790)</u>	<u>171,125</u>	<u>(12,948,337)</u>
<u>35,448,074</u>	<u>848,586</u>	<u>88,171,426</u>
<u>\$ 16,591,284</u>	<u>\$ 1,019,711</u>	<u>\$ 75,223,089</u>

Duncanville Independent School District
 Reconciliation of the Governmental Funds
 Statement of Revenues, Expenditures, and Changes in Fund
 Balances to the Government-Wide Statement of Activities
 For the Year Ended June 30, 2017

Exhibit C-4

TOTAL NET CHANGE IN FUND BALANCES - GOVERNMENTAL FUNDS	\$ (12,948,337)
The District uses internal service funds to charge the costs self-insurance to appropriate functions in other funds. The net effect of this consolidation is to increase net position.	77,877
Current year capital outlays are expenditures in the fund financial statements, but they are shown as increases in capital assets in the government-wide financial statements. The net effect of removing the 2017 capital outlays is to increase net position.	20,864,748
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.	(11,913,410)
Current year long-term debt principal payments on bonds payable are expenditures in fund financial statements, but are shown as reductions in long-term debt in the government-wide financial statements.	3,950,000
Net decrease in current year accretion on capital appreciation bonds is not reflected in the fund financial statements, but is shown as a decrease in long-term debt on the government-wide financial statements.	1,743,393
Current year amortization of the premium on bonds payable is not recorded in the fund financial statements, but is shown as a reduction in long-term debt in the government-wide financial statements.	2,629,520
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.	1,389,991
Interest is accrued on outstanding debt in the government-wide financial statements, whereas in the fund financial statements interest expenditures are reported when due. This amount represents the current year increase in interest payable.	(2,120,119)
Current year amortization of the deferred charges on bond refundings is not recognized in the fund financial statements, but is shown as a reduction of the deferred charges in the government-wide financial statements.	(448,653)
The net change in net pension liability, deferred outflows, and deferred inflows is reported in the statement of activities but does not require the use of current financial resources and, therefore, is not reported as expenditures in the governmental funds. The net change consists of a decrease in deferred outflows (\$1,905,790); increase in deferred inflows (\$515,995); and decrease in net pension liability (\$593,071).	(1,828,714)
CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	\$ 1,396,296

Duncanville Independent School District

Statement of Net Position

Proprietary Funds

June 30, 2017

Exhibit D-1

	Governmental Activities
	Total
	Internal Service Funds
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 818,694
Due from other funds	777,226
	<hr/>
Total assets	1,595,920
	<hr/>
LIABILITIES	
Current liabilities:	
Accounts payable	21,070
Payroll deductions and withholdings payable	402
Accrued expenses	176,634
	<hr/>
Total liabilities	198,106
	<hr/>
NET POSITION	
Unrestricted net position	1,397,814
	<hr/>
TOTAL NET POSITION	\$ 1,397,814
	<hr/> <hr/>

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

Duncanville Independent School District**Exhibit D-2**

Statement of Revenues, Expenses, and Changes in Net Position
Proprietary Funds
For the Year Ended June 30, 2017

	Governmental Activities
	Total
	Internal Service Funds
OPERATING REVENUES	
Total local and intermediate sources	\$ 778,248
Total operating revenues	778,248
OPERATING EXPENSES	
Payroll costs	178,194
Supplies and materials	20,823
Other operating costs	554,311
Total operating expenses	753,328
Operating income (loss) before transfers	24,920
NONOPERATING REVENUES (EXPENSES)	
Earnings from temporary deposits and investments	2,957
Total nonoperating revenues (expenses)	2,957
Income before transfers	27,877
Transfers in	50,000
Change in net position	77,877
Total net position, beginning (July 1)	1,319,937
TOTAL NET POSITION, ENDING (JUNE 30)	\$ 1,397,814

Duncanville Independent School District

Statement of Cash Flows

Proprietary Funds

For the Year Ended June 30, 2017

Exhibit D-3

	Governmental Activities
	Total Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES:	
Cash received from district	\$ 615,472
Internal activity - receipts from (payments to) other funds	(613,029)
Cash payments to employees for services	(178,194)
Cash payments for insurance claims	(554,311)
Cash payments for suppliers	(28,109)
Net cash used in operating activities	<u>(758,171)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:	
Interest and dividends on investments	2,957
Net cash provided by investing activities	<u>2,957</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:	
Transfers in	50,000
Net cash provided by non-capital financing activities	<u>50,000</u>
Net decrease in cash and cash equivalents	(705,214)
Cash and cash equivalents at beginning of year	<u>1,523,908</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u><u>\$ 818,694</u></u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES:	
Operating income (loss):	\$ 24,920
Effect of increases and decreases in current Assets and liabilities:	
Decrease (increase) in due from other funds	(777,226)
Decrease (increase) in other receivables	8,527
Increase (decrease) in accounts payable	(7,286)
Increase (decrease) in accrued expenses	(7,106)
NET CASH USED IN OPERATING ACTIVITIES	<u><u>\$ (758,171)</u></u>

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

Duncanville Independent School District

Statement of Fiduciary Net Position

Fiduciary Funds

June 30, 2017

Exhibit E-1

	Private Purpose Trust Funds	Agency Funds
	<u> </u>	<u> </u>
ASSETS		
Cash and cash equivalents	\$ 82,693	\$ 121,668
	<u> </u>	<u> </u>
Total assets	82,693	\$ 121,668
	<u> </u>	<u> </u>
LIABILITIES		
Accounts payable	\$ 80	\$ -
Due to student groups	-	121,668
	<u> </u>	<u> </u>
Total liabilities	80	\$ 121,668
	<u> </u>	<u> </u>
NET POSITION		
Unrestricted net position	82,613	
	<u> </u>	
TOTAL NET POSITION	\$ 82,613	
	<u> </u>	

Duncanville Independent School District
Statement of Changes in Fiduciary Fund Net Position
Fiduciary Funds
For the Year Ended June 30, 2017

Exhibit E-2

	Private Purpose Trust Funds
ADDITIONS	
Local and intermediate sources	\$ 338
Total additions	<u>338</u>
DEDUCTIONS	
Other operating costs	<u>10,525</u>
Total deductions	<u>10,525</u>
Change in net position	(10,187)
Total net position - July 1 (beginning)	<u>92,800</u>
TOTAL NET POSITION - JUNE 30 (ENDING)	<u><u>\$ 82,613</u></u>

Duncanville Independent School District

Notes to the Financial Statements

Note 1. Summary of Significant Accounting Policies

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

Reporting Entity

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

Government-Wide and Fund Financial Statements

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

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

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

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

Duncanville Independent School District

Notes to the Financial Statements

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.

Fund Accounting

The District reports the following major governmental funds:

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

Duncanville Independent School District

Notes to the Financial Statements

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

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

Proprietary Funds

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

Fiduciary Funds

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

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

Financial Statement Amounts

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.

Duncanville Independent School District

Notes to the Financial Statements

Inventories of Supplies and Materials

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

Property Taxes

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

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

Capital Assets

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

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

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

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

Duncanville Independent School District

Notes to the Financial Statements

Long-Term Debt

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

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses.

Net Position

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

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

Encumbrances

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

Data Control Codes

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

Estimates

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

The amount of state foundation revenue a school district earns for a year can and does vary until the time when final values for each of the factors in the formula become available. Availability can be as late as midway into the next fiscal year. It is at least reasonably possible that the foundation revenue estimate as of June 30, 2017 will change.

Duncanville Independent School District

Notes to the Financial Statements

Pensions

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

Note 2. Fund Balances

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

- Nonspendable: This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) are legally or contractually required to be maintained intact. The District has classified inventories and prepaid items as being nonspendable as these items are not expected to be converted to cash.
- Restricted: This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation. Debt service resources are to be used for future servicing of the District's bonded debt and are restricted through debt covenants. Capital projects resources are restricted for future capital outlay. Federal and State grant resources are restricted because their use is restricted pursuant to the grant requirements.
- Committed: This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the District's Board of Trustees. The Board of Trustees establishes (and modifies or rescinds) fund balance commitments by passage of a resolution. This can also be done through adoption and amendment of the budget. These amounts cannot be used for any other purpose unless the Board removes or changes the specified use by taking the same type of action that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements. The Board of Trustees has committed resources as of June 30, 2017 for campus activities.
- Assigned: This classification includes amounts that are constrained by the District's intent to be used for a specific purpose but are neither restricted nor committed. This intent can be expressed by the Board of Trustees or through the Board of Trustees delegating this responsibility to other individuals in the District. Under the District's adopted policy, only the Board of Trustees may assign amounts for specific purposes. This classification also includes the remaining positive fund balance for all governmental funds except for the General Fund.

Duncanville Independent School District

Notes to the Financial Statements

- Unassigned: This classification includes all amounts not included in other spendable classifications, including the residual fund balance of the General Fund.

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

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

General Fund

The General Fund has nonspendable fund balance of \$229,847, consisting of inventories of \$191,300 and prepaid items of \$38,547. The General Fund has unassigned fund balance of \$44,387,675 at June 30, 2017.

Debt Service Fund

The Debt Service Fund has restricted funds of \$12,994,572 at June 30, 2017 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 \$16,591,284 at June 30, 2017 consisting primarily of remaining bond issuance proceeds that are restricted for construction and other capital outlay expenditures.

Other Governmental Funds

The National Breakfast and Lunch Program (a special revenue fund) has nonspendable fund balance of \$230,898 consisting of inventories of \$223,685 and prepaid items of \$7,213. Other nonmajor special revenue funds have prepaid items of \$1,654. The fund balance of \$332,570 of the Campus Activity Funds (a special revenue fund) is shown as committed due to Board policy committing those funds to campus activities. The following special revenue fund's fund balance is restricted by Federal or State grant restrictions:

National Breakfast and Lunch Program	\$ 447,448
Advanced Placement Incentives	4,120
State Textbook Fund	4,400
Other State Grants	97
Total	<u>\$ 456,065</u>

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

Duncanville Independent School District

Notes to the Financial Statements

Note 3. Stewardship, Compliance, and Accountability

Budgetary Data

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

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

1. Prior to June 20, the District prepares a budget for the next succeeding fiscal year beginning July 1. The operating budget includes proposed expenditures and the means of financing them.
2. A meeting of the Board is then called for the purpose of adopting the proposed budget. At least ten days public notice of the meeting must be given.
3. Prior to July 1, the budget is legally enacted through passage of a resolution by the Board. Once a budget is approved, it can only be amended at the function and fund level by the approval of a majority of the members of the Board. Amendments are presented to the Board at its regular meetings. Each amendment must have Board approval. As required by law, such amendments are made before the fact, are reflected in the official minutes of the Board, and are not made after fiscal year end. The following amendments were significant.
 - a. The Curriculum Development & Instructional Staff Development Budget was increased by \$1,026,166.
 - b. The Student Transportation Budget was increased by \$790,483
 - c. The General Administration Budget was increased by \$1,300,947.
 - d. Facilities, Maintenance and Operations Budget decreased by \$520,893.
4. The Texas Education Agency requires these budgets to be filed with the Texas Education Agency. The budget should not be exceeded in any functional expenditure category under TEA requirements. The original and final amended versions of these budgets are used in this report.

Note 4. Deposits and Investments

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

Duncanville Independent School District

Notes to the Financial Statements

Cash Deposits

At June 30, 2017, the carrying amount of the District's deposits (checking accounts and interest-bearing demand accounts) was \$1,619,281 and the bank balance was \$2,342,680. The District's cash deposits at June 30, 2017 and during the year ended June 30, 2017 were covered by the FDIC insurance or by pledged collateral held by the District's agent bank in the District's name.

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

- a. Depository: J.P.Morgan Chase Bank
- b. The market value of securities pledged as of the date of the highest combined balance on deposit was \$7,775,649.
- c. The highest combined balances of cash, savings, and time deposit accounts amounted to \$11,207,422 and occurred on March 23, 2017. With the exception of the date of highest deposits, the District's combined deposits at June 30, 2017, and during the year ending June 30, 2017, were fully insured by federal depository insurance or collateralized with securities pledged to the District and held by the District's agent.
- d. Total amount of FDIC coverage at the time of the highest combined balance was \$250,000.

Investments

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

The following table categorizes the District's investments at June 30, 2017:

Name	Amount	Minimum Legal Rating	Minimum Legal Rating
Lone Star Investment Pool	\$ 29,007,370	AAA/AAAm	AAA
LOGIC Investment Pool	251,926	AAA/AAAm	AAAm
MBIA Texas CLASS Investment Pool	1,308,101	AAA/AAAm	AAA
TexPool Investment Pool	39,061,393	AAA/AAAm	AAAm
	<u>\$ 69,628,790</u>		

Duncanville Independent School District

Notes to the Financial Statements

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

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

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

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

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

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

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

Duncanville Independent School District

Notes to the Financial Statements

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

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

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

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

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

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

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

Duncanville Independent School District

Notes to the Financial Statements

Cash and investments as of June 30, 2017 are classified in the accompanying financial statements as follows:

Statement of net position:	
Cash and cash equivalents	\$ 71,048,146
Fiduciary funds:	
Cash and cash equivalents	<u>204,361</u>
Total cash and cash equivalents	<u>\$ 71,252,507</u>
Cash on hand	\$ 4,436
Deposits with financial institutions	1,619,281
Cash equivalents	<u>69,628,790</u>
Total cash and cash equivalents	<u>\$ 71,252,507</u>

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

- a. **Credit Risk:** Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The table on page 36 presents the minimum rating required by (where applicable) the Public Funds Investment Act, the District's investment policy, or debt agreements, and the actual rating as of the year-end for each investment type held by the District.
- b. **Custodial Credit Risk:** Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. Investments held by third parties were fully collateralized and held in the District's name.
- c. **Concentration of Credit Risk:** This is the risk of loss attributed to the magnitude of the District's investment in a single issuer (i.e., lack of diversification). Concentration risk is defined as positions of 5 percent or more in the securities of a single issuer. The District's investments in public funds investment pools are not subject to the concentration risk.
- 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 each investment pool 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, 2017, the District was not exposed to foreign currency risk.

Duncanville Independent School District

Notes to the Financial Statements

Note 5. Due from Other Governments

The District participates in a variety of federal and state programs from which it receives grants to partially or fully finance certain activities. In addition, the District receives entitlements from the State through the School Foundation and Per Capita programs. Amounts due from federal and state governments as of June 30, 2017, are summarized below. All federal grants shown below are passed through the TEA and are reported on the combined financial statements as Due from Other Governments.

Fund	Due from Dallas County	State Entitlements	Federal Grants	Total
General	\$ 32,232	\$ 15,616,254	\$ 1,849,862	\$ 17,498,348
Special revenue	-	-	3,510,502	3,510,502
Debt service	14,590	-	-	14,590
Total	\$ 46,822	\$ 15,616,254	\$ 5,360,364	\$ 21,023,440

Note 6. Interfund Receivables, Payables, and Transfers

Interfund balances at June 30, 2017 consisted of the following individual fund receivables and payables:

	Due From	Due To
<u>General Fund</u>		
Debt Service Fund	\$ -	\$ 217,818
Capital Projects Fund	-	17,059
Internal Service Fund	-	709,791
Nonmajor Governmental Funds	4,585,543	-
	4,585,543	944,668
<u>Debt Service Fund</u>		
General Fund	217,818	-
<u>Capital Projects Fund</u>		
General Fund	17,059	-
<u>Internal Service Fund</u>		
General Fund	709,791	-
Nonmajor Governmental Funds	67,435	-
	777,226	-
<u>Other Governmental Funds</u>		
General Fund	-	4,585,543
Internal Service Fund	-	67,435
	-	4,652,978
Totals	\$ 5,597,646	\$ 5,597,646

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

Duncanville Independent School District

Notes to the Financial Statements

The detail transfer schedule for the year ended June 30, 2017 includes the following:

Transfer Out	Transfer In	Amount	Purpose
General Fund	Internal Service Fund	\$ 50,000	To fund workers' compensation
General Fund	Nonmajor Governmental Fund	40,026	To fund retirement payments, negative meal balances
		<u>\$ 90,026</u>	

Note 7. Capital Asset Activity

Capital asset activity for the District for the year ended June 30, 2017, was as follows:

	Balance July 1	Additions/ Completions	Transfers/ Retirements	Balance June 30
Governmental Activities:				
Capital assets not being depreciated:				
Land	\$ 5,151,359	\$ -	\$ -	\$ 5,151,359
Construction in progress	52,960,908	17,875,878	(69,136,580)	1,700,206
Total capital assets not being depreciated	<u>58,112,267</u>	<u>17,875,878</u>	<u>(69,136,580)</u>	<u>6,851,565</u>
Capital assets being depreciated:				
Land improvements	8,831,764	-	-	8,831,764
Buildings	269,244,977	1,539,582	64,039,829	334,824,388
Furniture and equipment	19,251,083	1,449,288	5,096,751	25,797,122
Total capital assets being depreciated	<u>297,327,824</u>	<u>2,988,870</u>	<u>69,136,580</u>	<u>369,453,274</u>
Less accumulated depreciation for:				
Land improvements	(6,608,102)	(376,823)	-	(6,984,925)
Buildings	(125,043,504)	(9,381,541)	-	(134,425,045)
Furniture and equipment	(15,952,242)	(2,155,046)	-	(18,107,288)
Total accumulated depreciation	<u>(147,603,848)</u>	<u>(11,913,410)</u>	<u>-</u>	<u>(159,517,258)</u>
Total capital assets being depreciated, net	<u>149,723,976</u>	<u>(8,924,540)</u>	<u>69,136,580</u>	<u>209,936,016</u>
Governmental activities capital assets, net	<u>\$ 207,836,243</u>	<u>\$ 8,951,338</u>	<u>\$ -</u>	<u>\$ 216,787,581</u>

Duncanville Independent School District

Notes to the Financial Statements

Depreciation expense was charged to governmental functions as follows:

Instruction	\$ 5,947,296
Instructional resources and media services	144,930
Curriculum and staff development	8,501
Instructional leadership	203,699
School leadership	73,468
Guidance, counseling and evaluation services	66,728
Social work services	2,073
Health services	8,598
Student (pupil) transportation	258,098
Food services	386,451
Co-curricular/ extracurricular activities	80,877
General administration	251,189
Plant maintenance and operations	4,044,331
Security and monitoring services	25,470
Data processing services	395,626
Community services	16,075
	<u> </u>
Total depreciation expense	<u><u>\$ 11,913,410</u></u>

As of June 30, 2017, the District had entered into several construction contracts for various construction and renovation projects totaling \$19,175,709. At June 30, 2017, there was \$653,558 remaining costs under these contracts. These projects are being funded by the District's Capital Projects Fund.

Note 8. Unearned and Unavailable Revenue

Unearned and unavailable revenue reported in the governmental funds at June 30, 2017 consisted of the following:

	General Fund	Debt Service Fund	Other Governmental Funds	Total
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Net tax unavailable revenue	\$ 1,559,676	\$ 652,400	\$ -	\$ 2,212,076
SHARS unavailable revenue	1,919,217	-	-	1,919,217
Total unavailable revenue	<u><u>\$ 3,478,893</u></u>	<u><u>\$ 652,400</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 4,131,293</u></u>
Other unearned revenue	<u>\$ 1,700</u>	<u>\$ -</u>	<u>\$ 131,111</u>	<u>\$ 132,811</u>
Total unearned revenue	<u><u>\$ 1,700</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 131,111</u></u>	<u><u>\$ 132,811</u></u>

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

Duncanville Independent School District

Notes to the Financial Statements

Note 9. Long-Term Debt

Long-Term obligation activities during the year ended June 30, 2017, were as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<u>Government Activities</u>					
Bonds and notes payable:					
General obligation bonds	\$ 213,701,096	\$ -	\$ 3,950,000	\$ 209,751,096	\$ 3,290,000
Accreted interest	13,465,551	1,530,396	3,273,789	11,722,158	3,499,656
Bond premium/ discount	39,394,463	-	2,629,520	36,764,943	-
Total governmental activities long-term liabilities	<u>\$ 266,561,110</u>	<u>\$ 1,530,396</u>	<u>\$ 9,853,309</u>	<u>\$ 258,238,197</u>	<u>\$ 6,789,656</u>

The District issues general obligation bonds for the governmental activities to provide funds for the acquisition of major capital facilities. General obligation bonds are direct obligations and pledge the full faith and credit of the District. Current principal and interest requirements are payable solely from future revenues of the Debt Service Fund which consists principally of property taxes collected by the District and interest earnings.

Unlimited tax bonds outstanding as of June 30, 2017 are as follows:

Description	Interest Rate Payable	Amounts Original Issue	Amounts Outstanding 7/1/16	Issued	Retired	Amounts Outstanding 6/30/17	Amounts Due Within One Year
Unlimited Tax Refunding Bonds - Series 2005	3.00 - 5.00%	\$ 47,166,096	\$ 1,141,096	\$ -	\$ -	\$ 1,141,096	\$ -
Unlimited Tax Refunding Bonds - Series 2006	4.00 - 5.00%	71,105,909	5,755,000	-	2,700,000	3,055,000	2,700,000
Unlimited Tax Refunding Bonds - Series 2011	2.00 - 3.00%	9,125,000	8,535,000	-	135,000	8,400,000	280,000
Unlimited Tax Refunding Bonds - Series 2012	4.00%	9,225,000	9,225,000	-	-	9,225,000	-
Unlimited Tax Refunding Bonds - Series 2013A	2.00 - 3.50%	7,985,000	6,755,000	-	610,000	6,145,000	-
Unlimited Tax Refunding Bonds - Series 2013B	1.00 - 4.00%	33,365,000	32,930,000	-	-	32,930,000	-
Unlimited Tax Refunding Bonds - Series 2014	2.00 - 4.00%	8,835,000	8,645,000	-	-	8,645,000	-
Unlimited Tax School Building Bonds - Series 2015	2.00 - 5.00%	88,170,000	87,540,000	-	505,000	87,035,000	310,000
Unlimited Tax Refunding Bonds - Series 2015	2.00 - 5.00%	54,460,000	53,175,000	-	-	53,175,000	-
			<u>\$ 213,701,096</u>	<u>\$ -</u>	<u>\$ 3,950,000</u>	<u>\$ 209,751,096</u>	<u>\$ 3,290,000</u>

Duncanville Independent School District

Notes to the Financial Statements

Debt service requirements are as follows:

Year Ending June 30	Principal	Interest	Total Requirements
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	1,205,000	16,194,269	17,399,269
2023 - 2027	52,670,000	39,960,419	92,630,419
2028 - 2032	59,445,000	27,480,237	86,925,237
2033 - 2037	33,070,000	15,774,700	48,844,700
2038 - 2042	28,170,000	9,518,750	37,688,750
2043 - 2045	20,610,000	2,095,250	22,705,250
	\$ 209,751,096	\$ 169,231,355	\$ 378,982,451

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.

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

In prior years and in the current year, the District issued refunding bonds for the purpose of generating resources and decreasing the total debt service payments. Placing the proceeds of the refunding bonds in an irrevocable trust has provided for all future debt service payments on the original bonds. As of June 30, 2017, the outstanding balance of defeased bonds is \$89,010,909.

Note 10. Defined Benefit Pension Plan

A. Plan Description

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

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

B. Pension Plan Fiduciary Net Position

Detailed information about the Teacher Retirement System's fiduciary net position is available in a separately-issued Comprehensive Annual Financial Report that includes financial statements and required supplementary information.

Duncanville Independent School District

Notes to the Financial Statements

That report may be obtained on the Internet at <http://www.trs.state.tx.us/about/documents/cafr.pdf#CAFR>; by writing to TRS at 1000 Red River Street, Austin, TX, 78701-2698; or by calling (512) 542-6592.

C. 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.

D. Contributions

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

Employee contribution rates are set in state statute, Texas Government Code 825.402. Senate Bill 1458 of the 83rd Texas Legislature amended Texas Government Code 825.402 for member contributions and established employee contribution rates for fiscal years 2014 thru 2017. The 83rd Texas Legislature, General Appropriations Act (GAA) established the employer contribution rates for fiscal years 2016 and 2017.

	Contribution Rates	
	2016	2017
Member	7.2%	7.7%
Non-Employer Contributing Entity (State)	6.8%	6.8%
Employers	6.8%	6.8%

2017 Employer Contributions	\$ 2,389,504
2017 Member Contributions	5,662,359
2017 NECE On-Behalf Contributions	3,997,647

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

Duncanville Independent School District

Notes to the Financial Statements

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

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

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

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

E. Actuarial assumptions

The total pension liability in the August 31, 2016 actuarial valuation was determined using the following actuarial assumptions:

Valuation Date	August 31, 2016
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 the Financial Statements

F. 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, 2016 are summarized below:

Asset Class	Target Allocation	Long-Term Expected Geometric Real Rate of Return	Expected Contribution to Long-Term Portfolio Returns*
<u>Global Equity</u>			
U.S.	18.0%	4.6%	1.0%
Non-U.S. Developed	13.0%	5.1%	0.8%
Emerging Markets	9.0%	5.9%	0.7%
Directional Hedge Funds	4.0%	3.2%	0.1%
Private Equity	13.0%	7.0%	1.1%
<u>Stable Value</u>			
U.S. Treasuries	11.0%	0.7%	0.1%
Absolute Return	0.0%	1.8%	0.0%
Hedge Funds (Stable Value)	4.0%	3.0%	0.1%
Cash	1.0%	-0.2%	0.0%
<u>Real Return</u>			
Global Inflation Linked-Bonds	3.0%	0.9%	0.0%
Real Assets	16.0%	5.1%	1.1%
Energy and Natural Resources	3.0%	6.6%	0.2%
Commodities	0.0%	1.2%	0.0%
<u>Risk Parity</u>			
Risk Parity	5.0%	6.7%	0.3%
Inflation Expectation			2.2%
Alpha			1.0%
Total	100.0%		8.7%

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

Duncanville Independent School District

Notes to the Financial Statements

G. 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 2016 Net Pension Liability.

	1% Decrease in Discount Rate (7.0%)	Discount Rate (8.0%)	1% Increase in Discount Rate (9.0%)
District's proportionate share of the net pension liability:	\$15,217,792	\$28,419,455	\$43,983,742

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

At June 30, 2017, the District reported a liability of \$28,419,455 for its proportionate share of the TRS's net pension liability. This liability reflects a reduction for State pension support provided to the District. The amount recognized by the District as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with the District were as follows:

District's proportionate share of the collective net pension liability	\$ 28,419,455
State's proportionate share that is associated with District	<u>47,451,454</u>
Total	<u><u>\$ 75,870,909</u></u>

The net pension liability was measured as of August 31, 2016 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, 2015 thru August 31, 2016.

At August 31, 2016, the employer's proportion of the collective net pension liability was .0752066%, an decrease of 8.4% from its proportionate share of .0820753% at August 31, 2015.

Changes Since the Prior Actuarial Valuation – There were no changes to the actuarial assumptions or other inputs that affected measurement of the total pension liability since the prior measurement period.

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

For the year ended June 30, 2017, the District recognized pension expense of \$4,924,329 and revenue of \$6,753,043 for support provided by the State.

Duncanville Independent School District

Notes to the Financial Statements

At June 30, 2017, the District reported its proportionate share of the TRS's deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
	<u> </u>	<u> </u>
Differences between expected and actual economic experience	\$ 445,612	\$ 848,588
Changes in actuarial assumptions	866,174	787,750
Difference between projected and actual investment earnings	2,406,501	-
Changes in proportion and difference between the employer's contributions and the proportionate share of contributions	4,695,999	1,038,916
Contributions paid to TRS subsequent to the measurement date	1,991,152	
Total	<u>\$ 10,405,438</u>	<u>\$ 2,675,254</u>

\$1,991,152 reported as deferred outflows of resources resulting from the District's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2018. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

	Pension Expense (Income)
	<u> </u>
Year ended August 31:	
2017	\$ 1,000,790
2018	1,000,790
2019	2,535,773
2020	882,859
2021	425,429
Thereafter	<u>(106,609)</u>
Total	<u>\$ 5,739,032</u>

Note 11. School District Retiree Health Plan

Plan Description. The 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 the Financial Statements

Funding Policy. Contribution requirements are not actuarially determined but are legally established each biennium by the Texas Legislature. Texas Insurance Code, Sections 1575.202, 203, and 204 establish state, active employee, and public school contributions, respectively. The State of Texas and active public school employee contribution rates were 1.0% and 0.65% of public school payroll, respectively, with school districts contributing a percentage of payroll set at 0.55% for fiscal years 2017, 2016 and 2015. 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, 2017, 2016 and 2015, the State's contributions to TRS-Care were \$812,435, \$727,987, and \$699,210, respectively, the active member contributions were \$528,082, \$506,502, and \$489,811, respectively, and the District's contribution were \$446,839, \$479,536, and \$468,112, 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, 2017, the contribution made on behalf of the District was \$371,469.

Note 12. Risk Management

The District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the District carries commercial insurance. There were no significant reductions in coverage in the past fiscal year, and there were no settlements exceeding insurance coverage for each of the past three fiscal years.

The District maintains a self-insured worker's compensation plan through membership in a self-insured pool. For this pool, stop-loss coverage was in effect for individual claims exceeding \$450,000 with an aggregate limit of \$2,000,000. The District is partially self-funded to a loss fund maximum of \$440,814. Additionally, the District incurred fixed costs of \$278,290 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.

	Year Ended June 30, 2017	Year Ended June 30, 2016
Claims payable, beginning of year	\$ 184,045	\$ 207,146
Claims incurred and changes in estimates	99,523	218,782
Claims payments	(106,934)	(241,883)
Claims payable, end of year	<u>\$ 176,634</u>	<u>\$ 184,045</u>

Note 13. Subsequent Events

On July 10, 2017, the Board of Trustees approved issuance of the "Duncanville Independent School District Unlimited Tax School Building Bonds, Series 2017" in the aggregated principal amount of \$4,475,000.

Required Supplementary Information

Duncanville Independent School District
 Budgetary Comparison Schedule – General Fund
 For the Year Ended June 30, 2017

Exhibit G-1

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	\$ 40,120,064	\$ 40,607,452	\$ 40,808,500	\$ 201,048
5800	State program revenues	62,566,965	63,781,695	65,870,147	2,088,452
5900	Federal program revenues	2,025,000	2,025,000	1,735,715	(289,285)
5020	Total revenues	<u>104,712,029</u>	<u>106,414,147</u>	<u>108,414,362</u>	<u>2,000,215</u>
EXPENDITURES					
CURRENT:					
0011	Instruction	61,068,910	61,090,428	58,092,429	2,997,999
0012	Instructional resources and media services	1,388,393	1,653,814	1,426,691	227,123
0013	Curriculum and instructional staff development	2,699,709	2,760,096	2,642,287	117,809
0021	Instructional leadership	1,986,708	2,436,245	2,419,976	16,269
0023	School leadership	7,170,770	7,333,183	7,239,264	93,919
0031	Guidance, counseling, and evaluation services	3,272,274	4,299,968	4,015,060	284,908
0032	Social work services	43,625	49,841	48,430	1,411
0033	Health services	1,374,279	1,310,981	1,184,627	126,354
0034	Student (pupil) transportation	3,183,787	3,974,271	3,672,249	302,022
0035	Food services	10,000	59,000	4,102	54,898
0036	Extracurricular activities	2,560,968	2,877,157	2,761,796	115,361
0041	General administration	3,928,220	5,229,168	5,039,047	190,121
0051	Facilities maintenance and operations	10,891,111	10,370,219	10,417,796	(47,577)
0052	Security and monitoring services	1,144,021	1,520,551	1,535,614	(15,063)
0053	Data processing services	3,258,152	3,647,264	2,916,368	730,896
0061	Community services	330,295	330,489	327,490	2,999
CAPITAL OUTLAY					
0081	Facilities acquisition and construction	-	186,896	186,896	-
INTERGOVERNMENTAL:					
0093	Payments to Juvenile Justice Alternative Ed. Prg.	100,000	100,000	49,170	50,830
0099	Other intergovernmental charges	247,000	216,000	206,067	9,933
6030	Total expenditures	<u>104,658,222</u>	<u>109,445,571</u>	<u>104,185,359</u>	<u>5,260,212</u>
1100	Excess (deficiency) of revenues over (under) expenditures	<u>53,807</u>	<u>(3,031,424)</u>	<u>4,229,003</u>	<u>7,260,427</u>
OTHER FINANCING SOURCES (USES) :					
8911	Transfers out	-	(40,026)	(90,026)	(50,000)
	Total other financing sources (uses)	<u>-</u>	<u>(40,026)</u>	<u>(90,026)</u>	<u>(50,000)</u>
1200	Net change in fund balances	53,807	(3,071,450)	4,138,977	7,210,427
0100	Fund balance - July 1 (beginning)	40,478,545	40,478,545	40,478,545	-
3000	Fund balances - June 30 (ending)	<u>\$ 40,532,352</u>	<u>\$ 37,407,095</u>	<u>\$ 44,617,522</u>	<u>\$ 7,210,427</u>

Duncanville Independent School District**Exhibit G-2**

Schedule of the District's Proportionate Share of the Net Pension Liability
 Teacher Retirement System of Texas
 For the Last Three Fiscal Years

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

Note: GASB 68,81,2,a requires that the information on this schedule be data from the period corresponding with the period covered as of the measurement date of August 31, 2016 - the period from September 1, 2015 - August 31, 2016.

Note: Ten years of data is not available.

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

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

Note: GASB 68, Paragraph 81.2.b. requires that the data in this schedule be presented as the District's current fiscal year as opposed to the time period covered by the measurement date of September 1, 2015 - August 31, 2016.

Note: Ten years of data is not available.

Duncanville Independent School District
 Notes to Required Supplementary Information

NOTE 1. Budgetary Data

A. Budgetary Information

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

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

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

B. Excess Expenditures Over Appropriations

For the year ended June 30, 2017, expenditures exceeded appropriations in the functions (the legal level of budgetary control) of the following funds:

<u>Fund</u>	<u>Function</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
General Fund	Facilities maintenance and operations	\$ 10,370,219	\$ 10,417,796	(47,577)
General Fund	Security and monitoring services	1,520,551	1,535,614	(15,063)

Facilities maintenance and operations expenditures exceeded budget due to a substantial increase in extra duty pay for custodial services.

Security and monitoring services expenditures exceeded budget due to DCS SRO charges. The SRO program incurred significant overtime cost causing contracted fees to increase.

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Combining Schedules

Duncanville Independent School District

Combining Balance Sheet
 Nonmajor Governmental Funds
 June 30, 2017

Data Control Codes	211 ESEA I, A Improving Basic Program	224 IDEA- Part B Formula	225 IDEA- Part B Preschool
ASSETS			
1110 Cash and cash equivalents	\$ -	\$ -	\$ -
1240 Due from other governments	1,625,465	1,392,832	12,884
1300 Inventories	-	-	-
1410 Prepayments	-	1,654	-
1000 Total assets	<u>\$ 1,625,465</u>	<u>\$ 1,394,486</u>	<u>\$ 12,884</u>
LIABILITIES			
2110 Accounts payable	\$ 26,849	\$ -	\$ -
2150 Payroll deductions and withholdings payable	31,958	29,940	228
2160 Accrued wages payable	280,480	270,171	3,371
2170 Due to other funds	1,286,178	1,094,375	9,285
2300 Unearned revenues	-	-	-
2000 Total liabilities	<u>1,625,465</u>	<u>1,394,486</u>	<u>12,884</u>
FUND BALANCES			
Nonspendable fund balances:			
3410 Inventories	-	-	-
3430 Prepaid items	-	1,654	-
Restricted fund balance:			
3450 Federal or state funds grant restriction	-	-	-
Committed fund balance:			
3545 Other committed fund balance	-	-	-
Assigned fund balance:			
3590 Other assigned fund balance	-	-	-
3600 Unassigned fund balance	-	(1,654)	-
3000 Total fund balances	<u>-</u>	<u>-</u>	<u>-</u>
4000 Total liabilities and fund balances	<u>\$ 1,625,465</u>	<u>\$ 1,394,486</u>	<u>\$ 12,884</u>

240 National Breakfast and Lunch Program	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
\$ 2,370,857	\$ -	\$ -	\$ -	\$ -	\$ -
58,952	90,455	79,196	250,718	-	-
223,685	-	-	-	-	-
7,213	-	-	-	-	-
<u>\$ 2,660,707</u>	<u>\$ 90,455</u>	<u>\$ 79,196</u>	<u>\$ 250,718</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 15,215	\$ 4,240	\$ 21,602	\$ 1,043	\$ -	\$ -
12,485	379	35	-	-	-
84,834	-	-	-	-	-
1,869,827	85,836	57,559	249,675	-	-
-	-	-	-	-	-
<u>1,982,361</u>	<u>90,455</u>	<u>79,196</u>	<u>250,718</u>	<u>-</u>	<u>-</u>
223,685	-	-	-	-	-
7,213	-	-	-	-	-
447,448	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>678,346</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ 2,660,707</u>	<u>\$ 90,455</u>	<u>\$ 79,196</u>	<u>\$ 250,718</u>	<u>\$ -</u>	<u>\$ -</u>

Duncanville Independent School District

Combining Balance Sheet
 Nonmajor Governmental Funds
 June 30, 2017

Exhibit H-1

Page 2 of 2

397 Advanced Placement Incentives	410 State Textbook Fund	429 Other State Special Revenue Funds	461 Campus Activity Funds	491 Education Foundation Grants	Total Nonmajor Governmental Funds
\$ 4,120	\$ 135,511	\$ 178	\$ 354,570	\$ 178	\$ 2,865,414
-	-	-	-	-	3,510,502
-	-	-	-	-	223,685
-	-	-	-	-	8,867
<u>\$ 4,120</u>	<u>\$ 135,511</u>	<u>\$ 178</u>	<u>\$ 354,570</u>	<u>\$ 178</u>	<u>\$ 6,608,468</u>
\$ -	\$ -	\$ -	\$ 21,757	\$ -	\$ 90,706
-	-	81	-	-	75,106
-	-	-	-	-	638,856
-	-	-	243	-	4,652,978
-	131,111	-	-	-	131,111
<u>-</u>	<u>131,111</u>	<u>81</u>	<u>22,000</u>	<u>-</u>	<u>5,588,757</u>
-	-	-	-	-	223,685
-	-	-	-	-	8,867
4,120	4,400	97	-	-	456,065
-	-	-	332,570	-	332,570
-	-	-	-	178	178
-	-	-	-	-	(1,654)
<u>4,120</u>	<u>4,400</u>	<u>97</u>	<u>332,570</u>	<u>178</u>	<u>1,019,711</u>
<u>\$ 4,120</u>	<u>\$ 135,511</u>	<u>\$ 178</u>	<u>\$ 354,570</u>	<u>\$ 178</u>	<u>\$ 6,608,468</u>

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Duncanville Independent School District

Combining Statement of Revenues, Expenditures and Changes
in Fund Balance – Nonmajor Governmental Funds
For the Year Ended June 30, 2017

Data Control Codes	211 ESEA I, A Improving Basic Program	224 IDEA- Part B Formula	225 IDEA- Part B Preschool
REVENUES			
5700	\$ -	\$ -	\$ -
5800	-	-	-
5900	2,813,204	2,286,108	27,886
5020	<u>2,813,204</u>	<u>2,286,108</u>	<u>27,886</u>
EXPENDITURES			
Current:			
0011	2,505,312	1,466,892	27,886
0012	-	-	-
0013	93,896	186,487	-
0021	77,395	115,050	-
0023	1,898	-	-
0031	1,026	515,179	-
0034	1,448	2,500	-
0035	-	-	-
0036	-	-	-
0041	-	-	-
0051	-	-	-
0052	-	-	-
0053	-	-	-
0061	132,229	-	-
6030	<u>2,813,204</u>	<u>2,286,108</u>	<u>27,886</u>
1100	-	-	-
OTHER FINANCING SOURCES (USES) :			
7915	-	-	-
7080	<u>-</u>	<u>-</u>	<u>-</u>
1200	-	-	-
0100	<u>-</u>	<u>-</u>	<u>-</u>
3000	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

240 National Breakfast and Lunch Program	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
\$ 1,150,983	\$ -	\$ -	\$ -	\$ -	\$ -
115,417	-	-	-	-	1,400
6,009,920	142,736	181,119	286,759	5,825	-
<u>7,276,320</u>	<u>142,736</u>	<u>181,119</u>	<u>286,759</u>	<u>5,825</u>	<u>1,400</u>
-	142,736	-	225,064	5,825	1,400
-	-	-	-	-	-
-	-	148,131	49,305	-	-
-	-	19,924	550	-	-
-	-	13,064	1,865	-	-
-	-	-	-	-	-
-	-	-	-	-	-
6,969,849	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
122,186	-	-	-	-	-
16,599	-	-	-	-	-
-	-	-	-	-	-
-	-	-	9,975	-	-
<u>7,108,634</u>	<u>142,736</u>	<u>181,119</u>	<u>286,759</u>	<u>5,825</u>	<u>1,400</u>
<u>167,686</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>40,026</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>40,026</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
207,712	-	-	-	-	-
<u>470,634</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ 678,346</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Duncanville Independent School District

Combining Statement of Revenues, Expenditures and Changes
in Fund Balance – Nonmajor Governmental Funds
For the Year Ended June 30, 2017

Exhibit H-2

Page 2 of 2

397 Advanced Placement Incentives	410 State Textbook Fund	429 Other State Special Revenue Funds	461 Campus Activity Funds	491 Education Foundation Grants	Total Nonmajor Governmental Funds
\$ -	\$ -	\$ -	\$ 1,286,945	\$ 30,644	\$ 2,468,572
-	848,391	24,525	-	-	989,733
-	-	-	-	-	11,753,557
<u>-</u>	<u>848,391</u>	<u>24,525</u>	<u>1,286,945</u>	<u>30,644</u>	<u>15,211,862</u>
-	848,391	-	325,637	31,328	5,580,471
-	-	-	175,625	-	175,625
-	-	24,543	4,700	-	507,062
-	-	-	-	-	212,919
-	-	-	-	-	16,827
-	-	-	-	-	516,205
-	-	-	58	-	4,006
-	-	-	-	-	6,969,849
-	-	-	811,965	-	811,965
-	-	-	46	-	46
-	-	-	4,720	-	126,906
-	-	-	-	-	16,599
-	-	-	79	-	79
-	-	-	-	-	142,204
<u>-</u>	<u>848,391</u>	<u>24,543</u>	<u>1,322,830</u>	<u>31,328</u>	<u>15,080,763</u>
-	-	(18)	(35,885)	(684)	131,099
-	-	-	-	-	40,026
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>40,026</u>
-	-	(18)	(35,885)	(684)	171,125
4,120	4,400	115	368,455	862	848,586
<u>\$ 4,120</u>	<u>\$ 4,400</u>	<u>\$ 97</u>	<u>\$ 332,570</u>	<u>\$ 178</u>	<u>\$ 1,019,711</u>

Duncanville Independent School District
Combining Statement of Net Position
Internal Service Funds
June 30, 2017

Exhibit H-3

	751	753	
	Transportation	Workers Comp. Insurance	Total Internal Service Funds
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 134,345	\$ 684,349	\$ 818,694
Due from other funds	-	777,226	777,226
Total assets	<u>\$ 134,345</u>	<u>\$ 1,461,575</u>	<u>\$ 1,595,920</u>
LIABILITIES			
Current liabilities:			
Accounts payable	\$ -	\$ 21,070	\$ 21,070
Payroll deductions and withholdings payable	308	94	402
Accrued expenses	-	176,634	176,634
Total liabilities	<u>308</u>	<u>197,798</u>	<u>198,106</u>
NET POSITION			
Unrestricted net position	<u>134,037</u>	<u>1,263,777</u>	<u>1,397,814</u>
TOTAL NET POSITION	<u><u>\$ 134,037</u></u>	<u><u>\$ 1,263,777</u></u>	<u><u>\$ 1,397,814</u></u>

Duncanville Independent School District
Combining Statement of Revenues, Expenses and
Changes in Net Position - Internal Service Funds
June 30, 2017

Exhibit H-4

	751	753	Total
	Transportation	Workers Comp. Insurance	Internal Service Funds
OPERATING REVENUES			
Local and intermediate sources	\$ 171,304	\$ 606,944	\$ 778,248
Total operating revenues	<u>171,304</u>	<u>606,944</u>	<u>778,248</u>
OPERATING EXPENSES			
Payroll costs	97,852	80,342	178,194
Supplies and materials	20,823	-	20,823
Other operating costs	-	554,311	554,311
Total operating expenses	<u>118,675</u>	<u>634,653</u>	<u>753,328</u>
Operating income (loss)	<u>52,629</u>	<u>(27,709)</u>	<u>24,920</u>
NON-OPERATING REVENUES			
Earnings from temporary deposits and investments	-	2,957	2,957
Total non-operating revenues	<u>-</u>	<u>2,957</u>	<u>2,957</u>
Income (loss) before Transfers	52,629	(24,752)	27,877
TRANSFERS IN			
	<u>-</u>	<u>50,000</u>	<u>50,000</u>
Change in net position	52,629	25,248	77,877
Total net position, beginning (July 1)	<u>81,408</u>	<u>1,238,529</u>	<u>1,319,937</u>
Total net position, ending (June 30)	<u>\$ 134,037</u>	<u>\$ 1,263,777</u>	<u>\$ 1,397,814</u>

Duncanville Independent School District
Combining Statement of Cash Flows
Internal Service Funds
For the Year Ended June 30, 2017

Exhibit H-5

	751	753	Total
	<u>Transportation</u>	<u>Workers Comp. Insurance</u>	<u>Internal Service Funds</u>
CASH FLOWS FROM OPERATING ACTIVITIES:			
Cash received from District	\$ -	\$ 615,472	\$ 615,472
Internal activity - receipts from (payments to) other funds	171,608	(784,637)	(613,029)
Cash payments to employees for services	(97,852)	(80,342)	(178,194)
Cash payments for insurance claims	-	(554,311)	(554,311)
Cash payments for suppliers	(20,823)	(7,286)	(28,109)
Net cash provided by (used) in operating activities	<u>52,933</u>	<u>(811,104)</u>	<u>(758,171)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:			
Interest and dividends on investments	-	2,957	2,957
Net cash provided by investment activities	<u>-</u>	<u>2,957</u>	<u>2,957</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:			
Transfers in	-	50,000	50,000
Net cash provided by non-capital financing activities	<u>-</u>	<u>50,000</u>	<u>50,000</u>
Net increase (decrease) in cash and cash equivalents	52,933	(758,147)	(705,214)
Cash and cash equivalents at beginning of the year	81,412	1,442,496	1,523,908
Cash and cash equivalents at end of the year	<u>\$ 134,345</u>	<u>\$ 684,349</u>	<u>\$ 818,694</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities:			
Operating income (loss):	\$ 52,629	\$ (27,709)	\$ 24,920
Effect of increases and decreases in current assets and liabilities:			
Decrease (increase) in due from other funds	-	(777,226)	(777,226)
Decrease (increase) in other receivables	-	8,527	8,527
Increase (decrease) in accounts payable	-	(7,286)	(7,286)
Increase (decrease) in accrued expenses	304	(7,410)	(7,106)
Net cash provided by (used) in operating activities	<u>\$ 52,933</u>	<u>\$ (811,104)</u>	<u>\$ (758,171)</u>

Duncanville Independent School District
Statement of Changes in Assets and Liabilities
Agency Fund
For the Year Ended June 30, 2017

Exhibit H-6

	Balance July 1, 2016	Additions	Deletions	Balance June 30, 2017
STUDENT ACTIVITY ACCOUNT				
Assets:				
Cash and temporary investments	\$ 111,741	\$ 194,492	\$ 184,565	\$ 121,668
Total assets	<u>\$ 111,741</u>	<u>\$ 194,492</u>	<u>\$ 184,565</u>	<u>\$ 121,668</u>
Liabilities:				
Due to student groups	111,741	342,436	332,509	121,668
Total liabilities	<u>\$ 111,741</u>	<u>\$ 342,436</u>	<u>\$ 332,509</u>	<u>\$ 121,668</u>
TOTAL AGENCY FUNDS				
Assets:				
Cash and temporary investments	\$ 111,741	\$ 194,492	\$ 184,565	\$ 121,668
Total assets	<u>\$ 111,741</u>	<u>\$ 194,492</u>	<u>\$ 184,565</u>	<u>\$ 121,668</u>
Liabilities:				
Due to student groups	\$ 111,741	\$ 342,436	\$ 332,509	\$ 121,668
Total liabilities	<u>\$ 111,741</u>	<u>\$ 342,436</u>	<u>\$ 332,509</u>	<u>\$ 121,668</u>

Required T.E.A. Schedules

Duncanville Independent School District

Schedule of Delinquent Taxes Receivable

For the Year Ended June 30, 2017

Last Ten Years Ended	Tax Rates		3 Assessed/Appraised Value For School Tax Purposes
	1 Maintenance	2 Debt Service	
2008 and prior years	Various	Various	\$ 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	1.040000	0.489500	3,687,252,487
2017 (School year under audit)	1.040000	0.481480	3,938,834,053
1000 TOTALS			

Exhibit J-1

10	20	31	32	40	50
Beginning Balance 7/1/2016	Current Year's Total Levy	Maintenance Collections	Debt Service Collections	Entire Year's Adjustments	Ending Balance 6/30/2017
\$ 581,654	\$ -	\$ 11,165	\$ 3,407	\$ (78,160)	\$ 488,922
105,050	-	7,309	2,656	(6,809)	88,276
104,742	-	6,944	2,524	(1,140)	94,134
109,255	-	7,497	2,725	(1,145)	97,888
222,104	-	14,987	5,447	(94,131)	107,539
199,803	-	23,208	8,703	1,412	169,304
207,649	-	39,239	13,960	2,571	157,021
422,829	-	100,354	35,703	(26,055)	260,717
932,495	-	266,448	125,410	(200,054)	340,583
-	58,393,091	39,043,682	18,075,724	(373,438)	900,247
<u>\$ 2,885,581</u>	<u>\$ 58,393,091</u>	<u>\$ 39,520,833</u>	<u>\$ 18,276,259</u>	<u>\$ (776,949)</u>	<u>\$ 2,704,631</u>

Duncanville Independent School District
 Budgetary Comparison Schedule – Child Nutrition Fund
 For the Year Ended June 30, 2017

Exhibit J-2

Data Control Codes		Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)
		Original	Final		
REVENUES					
5700	Total local and intermediate sources	\$ 1,219,718	\$ 1,219,718	\$ 1,150,983	\$ (68,735)
5800	State program revenues	42,000	162,000	115,417	(46,583)
5900	Federal program revenues	6,276,909	6,163,809	6,009,920	(153,889)
5020	Total revenues	<u>7,538,627</u>	<u>7,545,527</u>	<u>7,276,320</u>	<u>(269,207)</u>
EXPENDITURES					
35	Food services	7,380,627	7,387,527	6,969,849	417,678
51	Facilities maintenance and operations	133,000	133,000	122,186	10,814
52	Security and monitoring services	25,000	25,000	16,599	8,401
6030	Total expenditures	<u>7,538,627</u>	<u>7,545,527</u>	<u>7,108,634</u>	<u>436,893</u>
1100	Excess of Revenues Over Expenditures	<u>-</u>	<u>-</u>	<u>167,686</u>	<u>167,686</u>
OTHER FINANCING SOURCES (USES):					
7901	Transfer in	<u>-</u>	<u>40,026</u>	<u>40,026</u>	<u>-</u>
7080	Total other financing sources (uses)	<u>-</u>	<u>40,026</u>	<u>40,026</u>	<u>-</u>
1200	Net change in fund balances	-	40,026	207,712	167,686
0100	Fund balance - July 1 (beginning)	<u>470,634</u>	<u>470,634</u>	<u>470,634</u>	<u>-</u>
3000	Fund balance - June 30 (ending)	<u>\$ 470,634</u>	<u>\$ 510,660</u>	<u>\$ 678,346</u>	<u>\$ 167,686</u>

Duncanville Independent School District
 Budgetary Comparison Schedule – Debt Service Fund
 For the Year Ended June 30, 2017

Exhibit J-3

Data Control Codes		Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)
		Original	Final		
REVENUES					
5700	Total local and intermediate sources	\$ 17,378,913	\$ 17,378,913	\$ 18,453,188	\$ 1,074,275
5800	State program revenues	2,064,062	2,064,062	2,292,972	228,910
5020	Total revenues	19,442,975	19,442,975	20,746,160	1,303,185
EXPENDITURES					
0071	Principal on long-term debt	3,950,000	3,950,000	3,950,000	-
0072	Interest on long-term debt	15,177,184	15,190,369	15,190,369	-
0073	Bond issuance costs and fees	315,791	302,606	7,440	295,166
6030	Total expenditures	19,442,975	19,442,975	19,147,809	295,166
1100	Excess of Revenues Over Expenditures	-	-	1,598,351	1,598,351
0100	Fund balance - July 1 (beginning)	11,396,221	11,396,221	11,396,221	-
3000	Fund balance - June 30 (ending)	\$ 11,396,221	\$ 11,396,221	\$ 12,994,572	\$ 1,598,351

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, note disclosures, and required supplementary information says about the government's overall financial health.

Contents	Schedules
Financial Trends Information These schedules contain trend information intended to help the reader understand how the District's financial position has changed over time.	1-7
Revenue Capacity Information These schedules contain information intended to help the reader assess the District's most significant revenue source, state tax collections.	8-11
Debt Capacity Information These schedules contain information intended to assist users in understanding and assessing the District's current levels of outstanding debt and the ability to issue additional debt.	12-15
Demographic and Economic Information These schedules provide demographic and economic indicators intended to help the readers understand the socioeconomic environment within which the District's financial activities take place.	16-17
Operating Information These schedules provide contextual information about the District's operations and resources intended to assist readers in using financial statement information to understand and assess the District's economic condition.	18-24

Financial Trends

Duncanville Independent School District

Net Position By Component

Last Ten Fiscal Years

(Accrual Basis of Accounting, Unaudited)

	2008	2009	2010	2011
Governmental Activities				
Net Investment in Capital Assets	\$ (6,435,542)	\$ (5,678,967)	\$ (1,507,272)	\$ 226,763
Restricted for				
Federal and State Programs	-	-	-	676,049
Food Service	469,271	755,737	817,311	-
Debt Service	4,497,666	4,594,799	3,578,399	3,011,414
Unrestricted	6,815,953	11,785,583	14,086,137	17,577,298
Total Primary Government Net Position	\$ 5,347,348	\$ 11,457,152	\$ 16,974,575	\$ 21,491,524

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

2012	2013	2014	2015	2016	2017
\$ (201,638)	\$ (220,823)	\$ 3,815,635	\$ (927,924)	\$ (5,214,642)	\$ (8,989,227)
145,905	689,710	594,941	594,258	335,893	456,065
-	-	-	-	-	-
4,086,128	7,438,630	8,748,917	9,171,798	8,591,504	4,485,184
17,286,780	21,969,549	26,549,947	16,318,330	11,989,073	21,146,102
<u>\$ 21,317,175</u>	<u>\$ 29,877,066</u>	<u>\$ 39,709,440</u>	<u>\$ 25,156,462</u>	<u>\$ 15,701,828</u>	<u>\$ 17,098,124</u>

Duncanville Independent School District

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

Last Ten Fiscal Years

(Accrual Basis of Accounting, Unaudited)

	2008	2009	2010	2011
Expenses				
Governmental Activities:				
Instruction	\$ 55,306,325	\$ 54,939,554	\$ 61,137,934	\$ 60,615,066
Instructional Resources and Media Services	1,729,364	1,712,661	1,730,071	1,698,191
Curriculum and Staff Development	1,428,995	1,108,461	1,730,449	3,025,883
Instructional Leadership	1,592,425	1,583,310	1,884,776	1,817,117
School Leadership	5,692,790	5,589,501	5,969,904	6,162,064
Guidance, Counseling and Evaluation Services	4,256,834	4,312,605	4,229,542	4,270,680
Social Work Services	43,984	49,480	44,004	48,245
Health Services	995,790	1,008,103	1,076,871	1,130,645
Student (Pupil) Transportation	3,002,489	2,768,674	2,879,302	3,051,753
Food Services	5,304,789	6,098,221	6,928,672	6,909,395
Cocurricular/Extracurricular Activities	2,713,846	2,732,975	2,517,317	2,689,211
General Administration	2,560,543	2,399,481	2,634,350	2,724,120
Facilities Maintenance and Operations	10,913,535	10,479,529	11,992,617	11,708,254
Security and Monitoring Services	1,077,174	896,035	1,032,893	1,014,305
Data Processing Services	1,303,677	1,745,988	1,919,151	1,932,502
Community Services	406,653	400,728	285,287	270,189
Debt Service - Interest on Long Term Debt	11,052,583	10,708,674	10,439,529	10,167,214
Debt Service - Bond Issuance Cost & Fees	176,205	180,154	172,343	168,822
Facilities Acquisition and Construction	25,028	10,050	-	11,223
Payments related to Shared Services Arrangements	3,000	3,600	3,850	4,025
Payments to Juvenile Justice Alternative Ed. Prg.	134,311	107,915	160,239	270,199
Other Intergovernmental Charges	-	222,688	226,221	218,841
Total Primary Government Expenses	109,720,340	109,058,387	118,995,322	119,907,944
Program Revenues				
Governmental Activities:				
Charges for Services				
Instruction	175,368	183,345	150,618	139,708
Food Services	1,398,946	1,365,436	1,307,830	1,275,465
Cocurricular/Extracurricular Activities	208,889	191,253	155,195	236,470
Facilities Maintenance and Operations	173,359	107,643	107,693	119,590
Other	-	-	-	-
Operating Grants and Contributions	16,678,585	16,235,603	29,133,149	31,337,634
Total Primary Government Program Revenues	18,635,147	18,083,280	30,854,485	33,108,867
Net (Expense) Revenue				
Total Primary Government	\$ (91,085,193)	\$ (90,975,107)	\$ (88,140,837)	\$ (86,799,077)

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

	2012	2013	2014	2015	2016	2017
\$	60,326,725	\$ 57,408,241	\$ 63,316,082	\$ 65,346,809	\$ 73,545,640	\$ 73,554,082
	1,554,623	1,273,818	985,942	1,014,799	1,128,544	1,824,605
	3,583,144	2,581,574	3,755,404	3,859,002	3,723,403	3,331,105
	1,892,062	1,756,426	2,283,469	1,963,999	2,272,785	2,989,379
	5,918,084	5,250,425	6,169,919	6,417,454	7,252,391	7,838,067
	4,229,002	3,668,734	4,165,357	4,404,532	4,801,292	4,848,041
	34,576	36,317	42,845	46,054	49,547	54,451
	1,039,331	1,061,518	1,082,444	1,105,745	1,185,430	1,281,856
	3,397,401	2,934,140	3,235,654	3,918,072	4,303,304	4,221,678
	7,681,674	6,731,002	7,777,268	7,560,833	8,076,928	7,285,611
	2,643,108	2,740,301	2,812,124	3,012,097	3,011,438	3,733,686
	2,975,747	2,411,842	3,070,088	3,535,368	4,058,948	5,444,618
	12,146,625	9,577,211	11,384,624	11,312,346	12,476,392	15,145,477
	1,240,156	1,082,114	1,088,207	1,330,896	1,451,947	1,617,459
	2,435,260	1,860,202	2,303,696	3,186,471	11,044,264	3,375,062
	435,145	350,162	414,328	348,410	445,671	496,501
	9,784,285	7,293,685	8,406,530	8,584,286	11,992,931	13,386,228
	183,512	503,852	19,135	978,412	518,998	7,440
	-	-	97,812	1,565,444	255,459	78,842
	4,250	-	216,068	-	-	-
	87,012	49,020	-	57,378	92,604	49,170
	208,775	182,148	-	218,660	224,570	206,067
	<u>121,800,497</u>	<u>108,752,732</u>	<u>122,626,996</u>	<u>129,767,067</u>	<u>151,912,486</u>	<u>150,769,425</u>
	286,832	293,305	143,174	2,231,087	1,941,707	126,484
	1,365,743	1,264,941	1,392,804	1,224,683	1,265,436	1,146,403
	494,445	550,280	647,941	349,708	444,124	197,923
	395,259	145,266	131,783	137,352	94,283	132,278
	95,471	40,123	-	53,411	119,387	-
	23,695,681	19,496,243	23,133,249	20,719,274	24,556,730	31,535,543
	<u>26,333,431</u>	<u>21,790,158</u>	<u>25,448,951</u>	<u>24,715,515</u>	<u>28,421,667</u>	<u>33,138,631</u>
\$	<u>(95,467,066)</u>	<u>(86,962,574)</u>	<u>(97,178,045)</u>	<u>(105,051,552)</u>	<u>(123,490,819)</u>	<u>(117,630,794)</u>

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

	2008	2009	2010	2011
Net (Expense)/Revenue				
Total Primary Government Net Expense	\$ (91,085,193)	\$ (90,975,107)	\$ (88,140,837)	\$ (86,799,077)
General Revenue and Other Changes in Net Assets				
Governmental Activities:				
Taxes				
Property Taxes, Levied for General Purposes	36,117,675	36,059,147	33,908,268	33,047,959
Property Taxes, Levied for Debt Service	13,102,742	13,113,400	12,409,086	12,046,313
State Aid - Unrestricted Formula Grants	42,914,590	45,654,223	46,071,203	44,903,675
Grants and Contributions not Restricted	569,550	878,335	38,768	61,269
Investment Earnings	1,152,862	373,260	82,283	38,948
Miscellaneous Local and Intermediate Revenue	1,327,942	1,006,546	1,148,652	1,217,862
Total General Revenues - Primary Government	95,185,361	97,084,911	93,658,260	91,316,026
Changes in Net Assets				
Net Position - Beginning	19,157,046	19,157,046	19,157,046	19,157,046
Prior Period Adjustments	(2,214,182)	-	-	-
Total Change in Net Position - Primary Government	4,100,168	6,109,804	5,517,423	4,516,949
Net Position - Ending	\$ 21,043,032	\$ 25,266,850	\$ 24,674,469	\$ 23,673,995

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

2012	2013	2014	2015	2016	2017
\$ (95,467,066)	\$ (86,962,574)	\$ (97,178,045)	\$ (105,051,552)	\$ (123,490,819)	\$ (117,630,794)
32,940,257	33,130,535	34,389,518	35,924,406	36,613,846	39,307,588
11,979,373	12,425,522	12,211,177	12,777,723	17,210,110	18,304,267
49,753,085	51,964,070	60,099,570	59,108,704	59,815,620	60,615,054
3,280	21,581	49,830	1,000	-	-
55,781	48,057	20,971	26,692	252,669	422,011
560,941	92,829	239,353	238,809	143,940	378,170
95,292,717	97,682,594	107,010,419	108,077,334	114,036,185	119,027,090
19,157,046	19,157,046	29,877,066	39,709,440	25,156,462	15,701,828
-	-	-	(17,578,760)	-	-
(174,349)	10,720,020	9,832,374	3,025,782	(9,454,634)	1,396,296
\$ 18,982,697	\$ 29,877,066	\$ 39,709,440	\$ 25,156,462	\$ 15,701,828	\$ 17,098,124

Duncanville Independent School District

Fund Balances – Governmental Funds

Last Ten Fiscal Years

(Modified Accrual Basis of Accounting, Unaudited)

	2008	2009	2010
General Fund			
Reserved	\$ 497,918	\$ 658,162	\$ 1,048,763
Unreserved Designated	815,000	815,000	815,000
Unreserved and Undesignated	11,290,428	18,437,503	22,349,461
Total General Fund	<u>12,603,346</u>	<u>19,910,665</u>	<u>24,213,224</u>
All Other Governmental Funds			
Reserved, Reported In			
Special Revenue Fund	469,271	755,737	833,267
Debt Service Fund	4,022,498	4,064,320	3,058,821
Capital Projects Fund	5,903,535	4,448,230	3,592,501
Unreserved Designated, Reported In			
Capital Projects Fund	-	-	-
Unreserved and Undesignated, Reported In			
Special Revenue Fund	487,332	774,638	484,314
Total All Other Governmental Funds	<u>10,882,636</u>	<u>10,042,925</u>	<u>7,968,903</u>
Total All Government Funds	<u>\$ 23,485,982</u>	<u>\$ 29,953,590</u>	<u>\$ 32,182,127</u>

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."

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Schedule-4

2011	2012	2013	2014	2015	2016	2017
\$ 342,187	\$ 416,045	\$ 417,037	\$ 383,474	\$ 289,122	\$ 275,411	\$ 191,300
-	-	-	-	-	58,086	38,547
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	44,387,675
29,608,107	29,905,115	35,415,167	39,169,898	43,809,624	40,478,545	44,617,522
69,467	141,785	95,669	82,900	121,451	139,449	223,685
-	-	-	-	-	3,927	8,867
606,582	4,120	594,041	512,041	472,807	335,893	456,065
2,750,290	1,416,561	1,203,028	287,822	95,287,554	35,448,074	16,591,284
2,611,137	3,700,501	7,686,645	9,122,794	9,558,046	11,396,221	12,994,572
459,585	542,177	490,049	515,481	405,723	368,455	332,570
10,544	77	1,251	6,094	1,862	862	178
-	-	-	-	-	-	(1,654)
6,507,605	5,805,221	10,070,683	10,527,132	105,847,443	47,692,881	30,605,567
\$ 36,115,712	\$ 35,710,336	\$ 45,485,850	\$ 49,697,030	\$ 149,657,067	\$ 88,171,426	\$ 75,223,089

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

	2008	2009	2010	2011
Local Sources:				
Local Maintenance and Debt Service Tax	\$ 49,614,634	\$ 49,078,801	\$ 46,709,469	\$ 45,762,920
Tuition/Fees From Patrons	175,368	183,345	150,618	139,708
Other Revenue From Local Services	2,570,485	1,884,755	1,016,714	992,677
Co-curricular Revenues	2,193,926	2,037,719	1,823,708	1,956,927
Total Local Sources	54,554,414	53,184,620	49,700,510	48,852,232
State Sources:				
Per Capita and Foundation	43,288,172	46,209,961	46,597,327	45,585,945
Other State Program Revenues	7,685,484	6,774,210	7,551,111	8,396,331
Total State Programs	50,973,656	52,984,171	54,148,437	53,982,276
Federal Programs:				
State Distributed Revenues from Federal Source:	8,619,519	8,905,655	21,055,912	22,259,033
Total Federal Programs:	8,619,519	8,905,655	21,055,912	22,259,033
Total Revenues	\$ 114,147,588	\$ 115,074,446	\$ 124,904,859	\$ 125,093,541

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."

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Schedule-5

2012	2013	2014	2015	2016	2017
\$ 45,105,586	\$ 45,419,888	\$ 46,574,358	\$ 48,905,109	\$ 53,716,568	\$ 58,141,081
141,253	130,801	143,175	116,482	74,949	126,484
1,088,309	461,252	510,714	467,374	1,072,118	1,150,983
1,904,772	1,864,328	1,971,967	1,795,401	1,532,256	2,440,864
48,239,920	47,876,269	49,200,214	51,284,366	56,395,891	61,859,412
50,493,207	52,711,645	61,126,496	59,868,547	60,822,260	60,615,054
9,695,582	6,667,040	8,591,510	7,880,916	8,807,714	8,537,798
60,188,789	59,378,685	69,718,006	67,749,463	69,629,974	69,152,852
13,383,395	12,081,629	13,514,813	13,962,000	13,969,189	14,836,180
13,383,395	12,081,629	13,514,813	13,962,000	13,969,189	14,836,180
\$ 121,812,104	\$ 119,336,583	\$ 132,433,033	\$ 132,995,829	\$ 139,995,054	\$ 145,848,444

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

Expenditures by Function	2008	2009	2010	2011
Current:				
Instruction	\$50,539,163	\$50,012,231	\$57,576,997	\$55,769,281
Instructional Resources & Media Services	1,562,762	1,554,453	1,646,761	1,547,994
Curriculum & Instructional Staff Development	1,428,981	1,108,447	1,730,435	3,025,869
Instructional Leadership	1,571,598	1,562,483	1,863,949	1,796,768
School Leadership	5,627,394	5,523,071	5,900,192	6,093,574
Guidance, Counseling, & Evaluation Services	4,196,816	4,251,553	4,166,174	4,213,139
Social Work Services	43,984	49,480	44,004	48,245
Health Services	991,796	1,004,109	1,072,387	1,125,834
Student (Pupil) Transportation	2,798,572	2,201,271	2,305,087	2,569,476
Food Services	5,047,957	5,867,895	6,670,742	6,853,601
Cocurricular/Extracurricular Activities	2,697,386	2,730,701	2,618,644	2,634,545
General Administration	2,542,832	2,384,530	2,613,400	2,704,747
Facilities Maintenance and Operations	11,008,098	10,590,049	15,034,380	13,007,002
Security and Monitoring Services	1,037,214	881,973	1,032,323	1,013,735
Data Processing Services	1,232,021	2,162,934	1,693,049	1,901,359
Community Services	406,653	385,846	270,405	255,307
Debt Service:				
Debt Service - Principal on long-term debt	7,685,247	8,509,932	7,458,989	7,747,639
Debt Service - Interest on long-term debt	7,956,364	7,324,059	8,572,077	8,335,057
Debt Service - Bond Issuance Cost and Fees	19,879	23,828	16,017	12,496
Capital Outlay:				
Facilities Acquisition and Construction	1,451,902	143,790	-	11,223
Intergovernmental:				
Payments to Fiscal Agent/Member Districts of SSA	3,000	3,600	3,850	4,025
Payments to Juvenile Justice Alternative Ed. Prg.	134,311	107,915	160,239	270,199
Other Intergovernmental Charges	-	222,688	226,221	218,841
Total Expenditures	\$109,983,930	\$108,606,838	\$122,676,322	\$121,159,956
Debt Service as a Percentage of Non-Capital Expenditures	14.43%	14.62%	13.08%	13.29%

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

2012	2013	2014	2015	2016	2017
\$54,409,199	\$51,880,815	\$ 57,820,291	\$ 60,547,930	\$ 65,407,285	\$ 63,672,900
1,398,268	1,121,596	885,052	894,681	977,572	1,602,316
3,583,144	2,577,459	3,750,893	3,889,293	3,579,939	3,149,349
1,854,738	1,627,268	2,145,398	1,843,607	2,059,644	2,632,895
5,848,900	5,183,354	6,102,897	6,401,580	6,919,624	7,256,091
4,170,934	3,610,529	4,107,003	4,400,383	4,480,130	4,531,265
34,576	34,260	40,590	43,993	46,290	48,430
1,034,352	1,056,707	1,077,633	1,109,513	1,136,143	1,184,627
2,893,358	2,481,830	3,542,571	3,825,960	4,539,571	3,676,255
7,565,482	6,409,552	7,574,128	7,266,764	7,509,167	6,973,951
2,594,665	2,684,165	2,787,516	3,002,361	2,901,590	3,573,761
2,939,688	2,277,405	2,930,120	3,416,326	3,825,805	5,039,093
13,840,820	9,670,850	16,459,367	11,459,476	14,853,475	10,544,702
1,260,381	1,099,465	1,072,441	1,326,867	1,424,210	1,552,213
2,264,313	1,722,942	2,311,712	3,259,723	16,020,911	2,998,871
420,263	335,280	399,446	334,615	425,460	469,694
3,090,752	2,694,248	2,656,755	5,799,140	5,250,000	3,950,000
11,685,344	9,267,189	11,828,866	9,661,534	12,776,287	15,190,369
312,864	503,852	19,135	978,412	518,998	7,440
1,205,323	3,598,630	396,159	2,649,356	47,029,572	20,437,322
4,250	-	-	-	-	-
87,012	49,020	97,812	57,378	92,604	49,170
208,775	182,148	216,068	218,660	224,570	206,067
<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>	<u>\$158,746,781</u>
12.42%	11.71%	11.35%	12.67%	12.72%	13.89%

Duncanville Independent School District

Other Financing Sources and Uses and Changes in Fund Balance

Last Ten Fiscal Years

(Modified Accrual Basis of Accounting, Unaudited)

	2008	2009	2010	2011
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ 4,163,659	\$ 6,467,608	\$ 2,228,537	\$ 3,933,585
Other Finance Sources (Uses)				
Refunding Bonds Issued	-	-	-	-
Capital Related Debt Issued (Regular Bonds)	-	-	-	-
Transfers In	67,654	-	70,441	-
Transfers Out	(516)	-	(70,441)	-
Premium or Discount on Issuance of Bonds	-	-	-	-
Prepaid Interest	-	-	-	-
Capital Leases	340,413	-	-	-
Non-Current Loans	-	-	-	-
Other (Uses)	-	-	-	-
Total Other Financing Sources (Uses)	407,551	-	-	-
Net Change in Fund Balances	4,571,210	6,467,608	2,228,537	3,933,585
Beginning Fund Balance	18,914,772	23,485,982	29,953,590	32,182,127
Ending Fund Balance	\$ 23,485,982	\$ 29,953,590	\$ 32,182,127	\$ 36,115,712

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

2012	2013	2014	2015	2016	2017
\$ (895,297)	\$ 9,268,019	\$ 4,211,180	\$ 608,277	\$ (62,003,793)	\$ (12,898,337)
18,350,000	41,350,000	-	8,835,000	54,460,000	-
-	-	-	88,170,000	-	-
200,000	-	-	-	-	40,026
-	-	-	-	-	(90,026)
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	(50,000)
(405,376)	9,775,514	4,211,180	99,960,037	(61,485,641)	(12,948,337)
36,115,712	35,710,336	45,485,850	49,697,030	149,657,067	88,171,426
\$ 35,710,336	\$ 45,485,850	\$ 49,697,030	\$ 149,657,067	\$ 88,171,426	\$ 75,223,089

Revenue Capacity

Duncanville Independent School District**Schedule 8**

Assessed and Actual Value - Real and Personal Property

Last Ten Fiscal Years (Unaudited)

(Amounts in Thousands, Except Tax Rate Information)

Fiscal Year	Actual Value			Less: Exemptions	Total Taxable Value	Total Direct Tax Rate
	Residential Property	Commercial Property	Personal Property			
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
2017	2,789,259,410	1,655,337,040	975,671,880	1,152,542,331	4,267,725,999	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)

	2008	2009	2010	2011
Duncanville ISD:				
Maintenance and Operations	1.0400	1.0400	1.0400	1.0400
Interest and Sinking	0.3780	0.3780	0.3780	0.3780
Total	1.4180	1.4180	1.4180	1.4180
City of Cedar Hill	0.6414	0.6414	0.6414	0.6700
City of Dallas	0.7479	0.7479	0.7479	0.7970
Dallas County	0.2281	0.2281	0.2281	0.2431
Dallas Co. Community College	0.0804	0.0894	0.0949	0.0992
Dallas Co. Hospital	0.2540	0.2540	0.2740	0.2710
City of Desoto	0.5700	0.5700	0.7000	0.7351
City of Duncanville	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	2017
1.0400	1.0400	1.0400	1.0400	1.0400	1.0400
0.3780	0.3900	0.3700	0.4895	0.4895	0.4815
1.4180	1.4300	1.4100	1.5295	1.5295	1.5215
0.6859	0.6988	0.6988	0.6988	0.6988	0.6988
0.7970	0.7970	0.7970	0.7970	0.7825	0.7804
0.2531	0.2431	0.2431	0.2431	0.2431	0.2431
0.1018	0.1247	0.1248	0.1237	0.1229	0.1242
0.2710	0.2760	0.2860	0.2860	0.2794	0.2794
0.7574	0.7574	0.7574	0.7499	0.7449	0.7399
0.7377	0.7584	0.7584	0.7584	0.7584	0.7584

Duncanville Independent School District

Schedule 10

Property Tax Levies and Collections

Last Ten Fiscal Years

(Unaudited)

Fiscal Year	Tax Levy Year	Taxes Levied for the Fiscal Year	Collected Within Fiscal Year of Levy		Collections in Subsequent Years and Cumulative Adjustments	Total Collections and Cumulative Adjustments to Date	
			Amount	Percentage of Levy		Amount	Percentage of Levy
2008	2007	\$ 47,701,526	\$ 47,470,138	99.51%	\$ 91,947	\$ 47,562,085	99.71%
2009	2008	48,855,851	47,460,621	97.14%	1,158,415	48,619,036	99.52%
2010	2009	46,583,082	45,117,189	96.85%	1,195,390	46,312,579	99.42%
2011	2010	45,079,088	44,172,447	97.99%	495,226	44,667,673	99.09%
2012	2011	44,625,453	43,910,289	98.40%	(33,848)	43,876,441	98.32%
2013	2012	45,443,101	44,784,074	98.55%	(238,712)	44,545,362	98.02%
2014	2013	46,409,966	45,421,948	97.87%	112,472	45,534,420	98.11%
2015	2014	48,739,609	47,635,454	97.73%	204,325	47,839,779	98.15%
2016	2015	53,318,519	52,514,963	98.49%	128,938	52,643,901	98.73%
2017	2016	58,393,091	57,072,583	97.74%	(717,155)	56,355,428	96.51%

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."

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Duncanville Independent School District

Schedule 11

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

Principal Employer	Rank	2017		Rank	2008	
		2016-2017 Taxable Assessed Value	Percentage of Total Taxable Assessed Value		2007-2008 Taxable Assessed Value	Percentage of Total Taxable Assessed Value
White Wave Food Inc.	1	\$ 146,760,093	3.44%			
Old Dominion Freight	2	60,955,630	1.43%			
Dart Container Corporation	3	56,114,952	1.31%			
Oncor Electric Delivery	4	37,822,230	0.89%			
Prologis LP	5	32,228,710	0.76%			
WRH Properties Inc.	6	29,000,000	0.68%			
Masco Building Cabinet Group	7	28,580,883	0.67%			
Cummins Southern Plains Inc.	8	23,760,830	0.56%			
Exponential PPTY Group I LLC	9	23,087,240	0.54%			
Kimberly Clark Global Sales LLC	10	22,992,671	0.54%			
Texwood Industries				1	\$ 45,838,150	1.30%
Costco Wholesale Corporation				2	21,957,430	0.62%
GH Guenther & Son Inc				3	14,804,640	0.42%
Southwestern Bell/Cingular				4	13,333,440	0.38%
Frankel Family Trust				5	13,200,000	0.37%
SCI Duncanville Hotel LTD				6	11,052,970	0.31%
Texas Utilities Elec Co.				7	10,530,520	0.30%
TT Duncanville LTD				8	9,288,740	0.26%
Apple Reit Limited PS				9	8,314,390	0.24%
Puget of Texas				10	7,200,000	0.20%
Total		\$ 461,303,239	10.81%		\$ 155,520,280	4.40%

Total 2017 taxable assessed value equals: \$ 4,267,725,999
 Total 2008 taxable assessed value equals: \$ 3,532,437,498

SOURCE: Dallas County Tax Office and Duncanville ISD records

Debt Capacity

Duncanville Independent School District

Schedule 12

Legal Debt Margin Information

Last Ten Fiscal Years

(Unaudited)

Fiscal Year	Debt Limit	Total Net Debt Applicable to Limit	Legal Debt Margin	Total Net Debt Applicable to the Limit As a Percentage of Debt Limit
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%
2017	393,883,405	196,756,524	197,126,881	50%

Legal Debt Margin Calculation for Fiscal Year 2017

Assessed Value	\$ 3,938,834,053
Debt Limit Percentage	10%
Legal Debt Limit	<u>\$ 393,883,405</u>
Total Bonded Debt	\$ 209,751,096
Less - Reserve for Retirement of Bonded Debt	<u>12,994,572</u>
Net Bonded Debt Applicable to Debt Limit	<u>\$ 196,756,524</u>
Legal Debt Margin	<u><u>\$ 197,126,881</u></u>

Source: Duncanville ISD records

Notes:

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

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

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

Duncanville Independent School District

Schedule 13

Outstanding Debt By Type
Last Ten Fiscal Years
(Unaudited)

Fiscal Year	General Obligation Debt	Other Obligations	Capital Leases	Notes Payables	Total Primary Government	Percentage of Disposable		Per Capita	Per Student Enrolled
						Personal Income			
2008	\$ 174,686,552	\$ 32,405,739	\$ 1,716,327	\$ 986,849	\$ 209,795,467	19.28%	\$ 5,800	\$ 18,098	
2009	166,814,083	35,796,444	1,185,273	880,440	204,676,240	19.19%	\$ 5,621	17,313	
2010	160,017,585	37,688,134	633,640	769,581	199,108,940	18.58%	5,468	16,612	
2011	152,811,997	39,540,190	207,083	654,087	193,213,357	20.44%	5,010	16,024	
2012	149,870,651	38,126,082	-	533,765	188,530,498	19.91%	4,894	15,302	
2013	147,042,100	44,398,303	-	-	191,440,403	19.77%	4,958	15,382	
2014	144,385,236	39,990,772	-	-	184,376,008	18.66%	4,786	15,062	
2015	225,991,096	48,721,088	-	-	274,712,184	28.22%	6,936	22,586	
2016	213,701,096	52,860,014	-	-	266,561,110	27.38%	6,796	22,030	
2017	209,751,096	48,487,101	-	-	258,238,197	26.52%	6,545	20,959	

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*.

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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
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
2017	39,457	3,938,834,053	258,238,197	12,994,572

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*.

Schedule 14

Net Bonded Debt	Ratio of Net Bonded Debt to Taxable Assessed Value	Net Bonded Debt Per Capita	Total Assessed Value per Capita
\$ 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
245,243,625	6.23%	6,215	99,826

Duncanville Independent School District

Schedule 15

Direct and Overlapping Governmental Activities Debt

June 30, 2017 *

(Unaudited)

Governmental Unit	Gross Debt Outstanding	As of	Percent Overlapping	Amount Overlapping
City of Cedar Hill	\$ 56,714,503	6/30/2017	3.36%	\$ 1,905,607
City of Dallas	199,545,000	6/30/2017	1.92%	3,831,264
Dallas County	263,140,000	6/30/2017	1.92%	5,052,288
Dallas County Schools	664,441,526	6/30/2017	1.92%	12,757,277
Dallas Co. Comm. College District	40,330,000	6/30/2017	1.92%	774,336
Dallas Co. Hospital District	1,632,595,997	6/30/2017	1.57%	25,631,757
City of DeSoto	53,391,270	6/30/2017	8.08%	4,314,015
City of Duncanville	6,520,000	6/30/2017	97.82%	6,377,864
Sub-total overlapping bonded debt				<u>\$ 60,644,408</u>
Duncanville Independent School District	\$ 201,829,875	6/30/2017	100.00%	\$ 201,829,875
Total Direct and Overlapping Debt				<u><u>\$ 262,474,283</u></u>
Total Assessed 2017 Taxable Valuation				\$ 3,938,834,053
Total Population				39,457
Ratio of Total Direct and Overlapping Net Debt to 2017 Taxable Assessed Valuation				<u><u>6.66%</u></u>
Per Capita Total Direct and Overlapping Debt				\$ 6,652

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

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

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

Demographic and Economic Information

Duncanville Independent School District

Demographic and Economic Statistics

Last Ten Calendar Years

(Unaudited)

Schedule 16

Calendar Year	Estimated Population	Disposable Personal Income	Per Capita Personal Income	Unemployment Rate
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	973,618,128	24,762	4.50%
2017	39,457	973,618,128	24,822	4.90%

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

Duncanville Independent School District

Schedule 17

Principal Employers
 Current Year and Nine Years Ago
 (Unaudited)

<u>Principal Employer</u>	2017			2008		
	Rank	Number of Employees	Workforce Percentage	Rank	Number of Employees	Workforce Percentage
Duncanville Independent School District	1	1,785	9.51%	1	1,838	9.72%
Masco/Quality Cabinets & Doors (Texwood)	2	706	3.76%	2	680	3.60%
City of Duncanville	3	290	1.55%	3	285	1.51%
Pioneer Frozen Foods	4	175	0.93%	4	179	0.95%
Pappadeaux	7	130	0.69%	5	170	0.90%
Costco	5	145	0.77%	6	132	0.70%
DeFord's	6	130	0.69%	7	130	0.69%
Brittle-Brittle	8	75	0.40%	8	75	0.40%
Personalized Communications	9	70	0.37%	9	70	0.37%
Best Western Hotel	10	50	0.27%	10	65	0.34%
Total employed 2017 Workforce:		18,760				
Total employed 2008 Workforce:		18,904				

Source: Duncanville Community Economic Development Corporation

Operating Information

Duncanville Independent School District

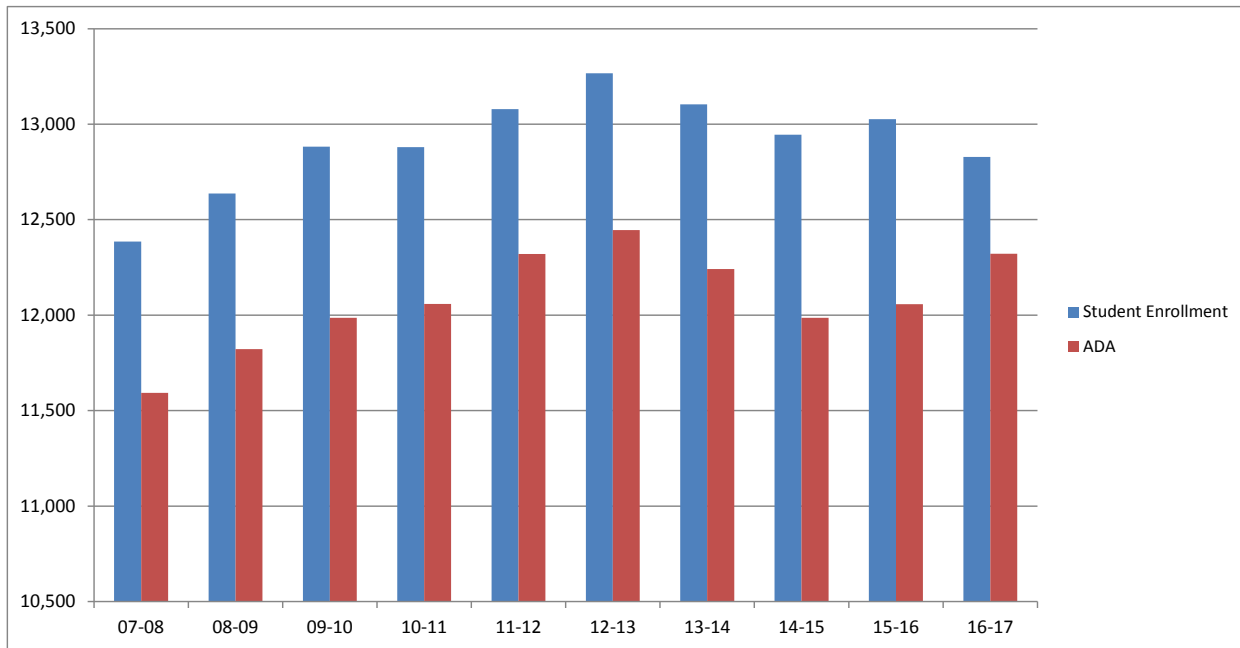
Schedule 18

Total Enrollment and Average Daily Attendance Data Chart

Last Ten Fiscal Years

(Unaudited)

	07-08	08-09	09-10	10-11	11-12	12-13	13-14	14-15	15-16	16-17
Student Enrollment	12,385	12,637	12,882	12,880	13,079	13,267	13,104	12,945	13,026	12,828
ADA	11,592.45	11,821.53	11,986.13	12,058.32	12,320.70	12,445.81	12,241.28	11,986.00	12,058.00	12,321.00



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

Schedule 19

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Teachers										
Elementary Classroom Teachers	378	409	406	396	409	408	410	421	472	438
Secondary Classroom Teachers	379	349	357	358	354	355	388	382	353	389
Other Teachers	2	-	-	-	-	-	-	-	-	-
Total Teachers	759	758	763	754	763	763	798	803	825	827
Professional Support										
Guidance Counselors	33	34	34	34	32	32	32	33	29	26
Therapists	11	11	14	12	12	12	11	10	11	15
Psychologists/Diagnosticians	15	15	16	15	16	16	14	15	15	14
Other Campus Professional	7	7	23	20	6	3	1	1	3	11
Other Non-Instructional	23	29	30	38	36	36	38	45	52	53
Other Support Staff	-	-	-	3	-	3	2	2	2	20
Athletic Trainer	4	3	2	2	3	3	3	3	2	3
Librarians	15	17	18	18	17	17	16	16	17	12
Nurses/Physicians	13	13	13	13	14	14	13	13	13	14
Total Professional Support	121	129	150	155	136	136	130	138	144	168
Administrative Staff										
Admin/Instructional Officers	12	-	-	4	14	14	16	14	4	2
Principals	18	18	18	19	17	17	17	18	18	18
Assistant Principals	29	28	30	29	31	31	33	32	29	34
Superintendent	1	1	1	1	1	1	1	1	1	1
Assistant Superintendent	3	3	3	3	3	3	3	3	2	7
Managers		1	1	1	1	1	1	1	2	1
Directors	2	6	5	2	5	5	7	7	10	9
Total Administrative Staff	65	57	58	59	72	72	78	76	66	72
Support Staff										
Educational Aides	160	139	133	123	133	133	135	139	130	143
Auxiliary Staff	477	495	495	536	555	555	548	540	525	504
Total Support and Auxiliary Staff	637	634	628	659	688	688	683	679	655	647
Total	1,582	1,578	1,599	1,627	1,659	1,659	1,689	1,696	1,690	1,714

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

Duncanville Independent School District**Schedule 20**

Teacher Base Salaries

Last Ten Fiscal Years

(Unaudited)

Fiscal Year	Minimum Salary	Maximum Salary	District Average Salary	Region Average Salary	State Average Salary
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
2017	50,000	51,000	54,422	53,943	52,525

Source: Duncanville ISD records and TASB reports

Duncanville Independent School District

Operating Statistics
 Last Ten Fiscal Years
 (Unaudited)

Fiscal Year	Total Enrollment	Average Daily Attendance	Direct Operating Expenditures (1)	Cost Per Pupil	Percent Change From Prior Year
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	113,023,072	9,233	21.89%
2015	12,945	11,986	114,001,484	9,511	3.01%
2016	13,026	12,058	136,106,816	11,288	18.68%
2017	12,828	12,321	118,906,413	9,651	-14.50%

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 <u>Expenses (2)</u>	Cost Per <u>Pupil</u>	Percent Change <u>From Prior Year</u>	<u>Teaching Staff</u>	Pupil- Teacher <u>Ratio</u>	Percentage of Students Receiving Free or Reduced- <u>Price Meals</u>
\$ 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	9,875	6.14%	803	14.9	75%
139,083,383	11,535	16.80%	825	14.6	75%
137,041,678	11,123	-3.57%	827	14.9	75%

Duncanville Independent School District

Schedule 22

School Building Information – Campus

Last Ten Fiscal Years

(Unaudited)

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Elementary										
# of Locations	12	12	12	12	12	12	12	12	12	12
Square Footage	710,449	710,449	710,449	710,449	710,449	710,449	710,449	710,449	710,449	762,693
Capacity	6,935	6,935	6,935	6,935	6,935	6,935	6,935	6,935	6,935	7,935
Enrollment	6,656	6,865	6,957	6,951	6,992	7,150	7,150	7,150	7,150	6,512
Middle Schools										
# of Locations	3	3	3	3	3	3	3	3	3	3
Square Footage	437,437	437,437	437,437	437,437	437,437	437,437	437,437	437,437	437,437	437,437
Capacity	2,160	2,160	2,160	2,160	2,160	2,160	2,160	2,160	2,160	2,160
Enrollment	2,008	2,016	2,007	2,074	2,083	2,000	2,000	2,000	2,000	2,026
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	3,696	3,673	3,844	3,765	3,884	3,950	3,950	3,950	3,950	3,974
Alternative Education										
PACE										
Square Footage	13,170	13,170	13,170	13,170	13,170	22,153	22,153	22,153	22,153	22,153
Capacity	330	330	330	330	330	615	615	615	615	615
Enrollment	99	94	87	99	116	87	87	87	87	60
Summit/JJAEP										
Square Footage	45,815	45,815	45,815	45,815	45,815	45,815	27,419	27,419	27,419	27,419
Capacity	220	220	220	220	220	220	220	220	220	220
Enrollment	8	12	8	13	4	96	96	96	96	110
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)

Schedule 23

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Administration	8,100	8,100	8,100	8,100	8,100	-	-	-	-	-
Education Plaza	-	-	-	-	-	27,031	27,031	27,031	27,031	27,031
Technology	8,400	8,400	8,400	8,400	8,400	8,400	18,396	18,396	18,396	18,396
Maintenance Facility	12,942	12,942	12,942	12,942	12,942	12,942	12,942	12,942	12,942	12,942
Transportation Facility	9,500	9,500	9,500	9,500	9,500	9,500	9,500	9,500	9,500	9,500
Warehouse/Purchasing	29,682	29,682	29,682	29,682	29,682	29,682	29,682	29,682	29,682	29,682
Central Kitchen	19,000	19,000	19,000	19,000	19,000	19,000	19,000	19,000	19,000	19,000
Ag Barn	34,207	34,207	34,207	34,207	34,207	34,207	34,207	34,207	34,207	34,207
Storage Buildings	-	-	-	-	-	21,270	21,270	21,270	21,270	21,270

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.

Federal Awards Section

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

To the Board of Trustees
Duncanville Independent School District

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Duncanville Independent School District (the District), as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated November 27, 2017.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

To the Board of Trustees
Duncanville Independent School District

Purpose of this Report

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

A handwritten signature in black ink that reads "Weaver and Tidwell LLP". The signature is written in a cursive, flowing style.

WEAVER AND TIDWELL, L.L.P.

Dallas, Texas
November 27, 2017



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

To the Board of Trustees
Duncanville Independent School District

Report on Compliance for Each Major Federal Program

We have audited Duncanville Independent School District's (the District) compliance with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2017. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

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

Opinion on Each Major Federal Program

In our opinion, the District, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2017.

To the Board of Trustees
Duncanville Independent School District

Report on Internal Control Over Compliance

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

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

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

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

Weaver and Tidwell LLP

WEAVER AND TIDWELL, L.L.P.

Dallas, Texas
November 27, 2017

Duncanville Independent School District
 Schedule of Findings and Questioned Costs
 For The Year Ended June 30, 2017

I. Summary of the Auditor's Results:

Financial Statements

- a. An unmodified opinion was issued on the financial statements.
- b. Internal control over financial reporting:
 - Material weakness(es) identified? Yes No
 - Significant deficiency(ies) identified that are not considered a material weakness? Yes None Reported
- c. Noncompliance material to financial statements noted Yes No

Major Programs

- d. Internal control over major programs:
 - Material weakness(es) identified? Yes No
 - Significant deficiency(ies) identified that are not considered a material weakness? Yes None Reported
- e. An unmodified opinion was issued on compliance for major programs.
- f. Any audit findings disclosed that were required to be reported in accordance with Uniform Guidance Yes No
- g. Identification of major programs:

Child Nutrition Cluster	10.553, 10.555, 10.559
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- h. The dollar threshold used to distinguish between Type A and Type B programs. \$750,000
- i. Auditee qualified as a low-risk auditee. Yes No

Duncanville Independent School District

Schedule of Findings and Questioned Costs - Continued

June 30, 2017

II. Findings Relating To The Financial Statements Which Are To Be Reported In Accordance With Generally Accepted Government Auditing Standards:

None

III. Findings And Questioned Costs For Federal Awards Including Audit Findings As Described Above In I.b:

None

IV. Prior Year Findings and Questioned Costs:

Finding 2016-001 – Mandated Programs Spending

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

Status: The District's management and staff has worked to ensure the allotments are properly spent and correctly coded. The District has worked on effectively budgeting.

Duncanville Independent School District
Schedule of Expenditures of Federal Awards
For The Year Ended June 30, 2017

(1) Federal and State/ Pass-Through Grantor/ Program Title	(2) Federal CFDA Number	(3) Pass-Through Entity Identifying Number	(4) Federal Expenditures
<u>U S DEPARTMENT OF EDUCATION:</u>			
<u>Passed Through the State Department of Education</u>			
ESEA, Title I, Part A - Improving Basic Programs	84.010A	16610101057907	\$ 2,813,204
Special Education Cluster (IDEA)			
IDEA -Part B, Formula	84.027	166600010579076000	2,286,108
IDEA- Part B, Preschool	84.173	16610010579076600	27,886
Total Special Education Cluster			2,313,994
Career and Technical - Basic Grant	84.048	16420006057907	142,736
Title III, Part A - English Language Acquisition	84.365A	16671001057907	286,759
ESEA, Title II, Part A, Teacher/Principal Training	84.367A	16694501057907	181,119
Summer School LEP	84.369A	69551502	5,825
Total Passed Through State Department of Education			5,743,637
Total Department of Education			5,743,637
<u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</u>			
<u>Passed Through Texas Dept of Human Services</u>			
Medicaid Administrative Claiming Program- MAC	93.778	529-07-0157-00167	\$ 80,000
Total Passed Through Texas Dept of Human Services			80,000
Total Department of Health and Human Services			80,000
<u>U.S. DEPARTMENT OF AGRICULTURE</u>			
<u>Passed Through the State Department of Agriculture</u>			
Child Nutrition Cluster			
National School Breakfast Program	10.553	71401601	1,127,335
National School Lunch Program	10.555	71301601	4,311,953
Commodity Supplemental Food Program	10.555	71301601	528,219
Summer Feeding Program	10.559	N/A	42,413
Total Child Nutrition Cluster			6,009,920
Total Passed Through State Department of Agriculture			6,009,920
Total Department of Agriculture			6,009,920
TOTAL EXPENDITURES OF FEDERAL AWARDS			\$ 11,833,557

Duncanville Independent School District

Notes to Schedule of Expenditures of Federal Awards

Year Ended June 30, 2017

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, 2017, 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 following table reconciles total expenditures per the Schedule of Expenditures of Federal Awards (Exhibit K-1) to the federal program revenues per Exhibit C-3:

Total expenditures of federal awards per Exhibit K-1	\$	11,833,557
E-rate revenue		1,346,908
SHARS revenue		1,655,715
Total federal programs revenue per Exhibit C-3	\$	<u>14,836,180</u>

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