



# **Comprehensive Annual Financial Report**

**For fiscal year ending  
August 31, 2018**

**Lake Dallas ISD  
104 Swisher Road  
Lake Dallas, Texas 75065**

# **FALCON**

**P R O U D**

**COMPREHENSIVE  
ANNUAL FINANCIAL REPORT  
  
OF THE  
  
LAKE DALLAS INDEPENDENT SCHOOL DISTRICT  
LAKE DALLAS, TEXAS  
  
FOR THE FISCAL YEAR ENDED  
AUGUST 31, 2018**

**PREPARED BY:**

**WESLEY C. EVERSOLE, RTSBA  
DEPUTY SUPERINTENDENT/CFO**

**ANNE HAEHN  
DIRECTOR OF ACCOUNTING**

LAKE DALLAS INDEPENDENT SCHOOL DISTRICT  
COMPREHENSIVE ANNUAL FINANCIAL REPORT  
FOR THE YEAR ENDED AUGUST 31, 2018

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CERTIFICATE OF BOARD

Lake Dallas Independent School District  
Name of School District

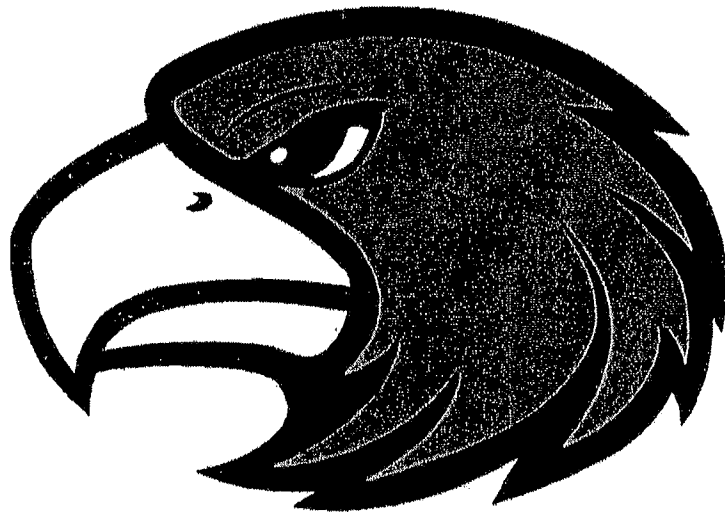
Denton  
County

061-912  
Co. - Dist. Number

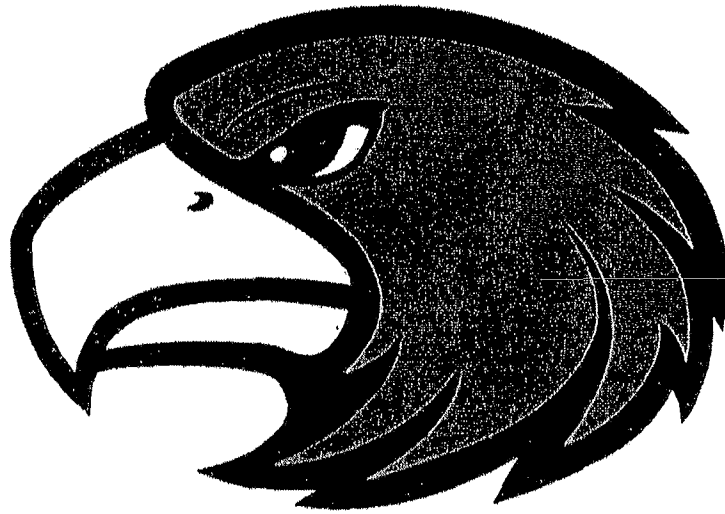
We, the undersigned, certify that the attached annual financial reports of the above-named school district were reviewed and (check one) \_\_\_\_\_ approved \_\_\_\_\_ disapproved for the year ended August 31, 2018, at a meeting of the Board of Trustees of such school district on the 14th day of January, 2019.

\_\_\_\_\_  
Signature of Board Secretary

\_\_\_\_\_  
Signature of Board President



**INTRODUCTORY SECTION  
(UNAUDITED)**





# LAKE DALLAS INDEPENDENT SCHOOL DISTRICT

104 Swisher Road • Box 548

LAKE DALLAS, TEXAS 75065

940-497-4039

Fax 940-497-3737

[www.ldisd.net](http://www.ldisd.net)

January 10, 2019

Board of Trustees  
Lake Dallas Independent School District  
P.O. Box 548  
Lake Dallas, Texas 75065

To the Board of Trustees and the Citizens of the Lake Dallas Independent School District:

The Comprehensive Annual Financial Report of the Lake Dallas Independent School District (District) for the fiscal year ended August 31, 2018, is hereby submitted. 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 respects and is reported in a manner designed to present fairly the financial position and results of the various funds and account groups of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

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

The Lake Dallas Independent School District Board of Trustees (Board), a seven-member group, is the level of government, which has responsibilities over all activities related to public elementary and secondary school education within the jurisdiction of the District. The District received funding from local, state and federal funding sources. The District is not included in any other governmental "reporting entity" as defined in Section 2100, Codification of Governmental Accounting and Financial Reporting Standards, since Board members are elected by the public and have decision making authority, the power to designate management, the responsibility to significantly influence operations and primary accountability for fiscal matters.

## Profile of the District

Lake Dallas ISD is adjacent to Lewisville Lake in North Texas. The school district covers 9.8 square miles in Denton County with the beauty of the lake as a backdrop. Lake Dallas, Shady Shores, Corinth and Hickory Creek are the four towns within the boundaries of Lake Dallas ISD. With a focus on family and community, Lake Dallas ISD is excited about the achievement of the three elementary schools, one middle school and one high school. Our mission is to provide a quality education so that students may reach their full academic and social potential.

Located approximately 30 miles from downtown Dallas on the growing I-35 corridor, the District has recorded increased population over the past several decades. The character of the District has changed from a part-time recreational and retirement community to a year-round residential area. New home construction has been significant, but has slowed dramatically in the past years.

The Lake Dallas ISD is approximately twenty miles from the Dallas/Ft. Worth metroplex and from DFW International Airport. The Dallas-Ft. Worth area is an important center of trade, finance and other major services. The quality of life and diversified economic base make this area one of the choice home, industrial, and manufacturing places to locate. This economic footing should allow for sustained growth in the future.

Lake Dallas ISD educates 4,000 students on five campuses. The District offers programs and educational opportunities that are suited to the needs of a broad spectrum of students. Student attendance is commendable. In LDISD, 96% of all students are present in school each day. Lake Dallas ISD schools, programs, staff and students earn state and regional recognition regularly.

A challenging curriculum, dedicated staff, and supportive community ensure exceptional educational opportunities for all students. Lake Dallas schools continually strive for educational excellence in all areas. Lake Dallas ISD is dedicated to giving every student the best possible education through an intensive core curriculum based on guidelines of the Texas Education Agency and an array of specialized, challenging instructional and career programs.

Lake Dallas ISD is committed to being one of the nation's best school systems, constantly improving and refining both instructional programs and managerial operations in the interest of effectiveness, productivity, and economy. Our standards for students and staff members are high, and we strive constantly to raise them still higher. That is how it must be if we are to play a decisive role in ensuring the future success of the dynamic community we serve.

#### Major Initiatives

District Curriculum is vertically aligned throughout all grade levels and based on the Texas Essential Knowledge and Skills (TEKS). The District has a vibrant, growing student population, an excellent array of programs, a strong curriculum, access to an array of intellectual resources and a progressive, innovative atmosphere. An educated School Board, a skilled administration and a professional, dedicated and inventive staff, as well as an involved community, make Lake Dallas ISD a leader in education.

#### Financial Information

The Comprehensive Annual Financial Report for the year ended August 31, 2018 is prepared in accordance with generally accepted accounting principles (GAAP) and in conformance with standards of financial reporting established by the Governmental Accounting Standards Board (GASB) using guidelines recommended by the Government Finance Officers Association of the United States and Canada (GFOA). All funds of the District are covered by this report. Presented funds are organized into three types dictated by the nature of the activities involved.

##### Governmental Fund Types:

- General Fund
- Debt Service Fund
- Capital Projects Fund
- Special Revenue Funds

##### Proprietary Fund Types:

- Internal Service Funds
- Enterprise Fund

##### Fiduciary Fund Type:

- Agency Funds

## Financial Policies and Planning

The annual budget serves as the foundation for the District's financial planning and control. The objective of these budgetary controls is to ensure compliance with legal provisions and provide a roadmap to insure state and local goals are met.

Most of the District's planning effort is focused on the District's Improvement Plan. Campus Improvement plans are analyzed to form a cohesive District Plan. This plan includes criteria for measuring and ultimately reaching success. The District Improvement Plan also includes long term goals that form the basis of long term planning.

Increasing the capitalization level of \$5,000 per unit cost years ago has an impact on the current period's financial statements. Items below this level are not capitalized and are expensed into the financial statements. This also affects the depreciation schedule by reducing the amount of annual depreciation.

### *Budgetary Controls*

The objective of budgetary controls is to ensure compliance with legal provisions in the annual appropriated budget approved by the Board of Trustees. Every school district in Texas is required by law to prepare and file a budget with the Texas Education Agency. Activities of the general fund, food service fund and debt service fund are included in the District's budget.

Budgetary control (the level at which expenditures cannot legally exceed appropriations) is maintained at the functional category level within each fund. These functional categories are defined by the Texas Education Agency and identify the purpose of the transactions. A listing of these categories as well as related financial information is included herein. The District also maintains an encumbrance accounting system as one technique of accomplishing budgetary control. Encumbered amounts lapse at year-end.

As demonstrated by the statements and schedules included in the financial section of this report, the District continues meeting its responsibility for sound financial management.

### *Internal Controls*

The extent of internal controls that a school district should establish is a judgment that must be made by management. Management's judgment regarding the extent of internal control necessary is affected by circumstances such as the size of the organization and the number of personnel available. Consideration must be given to the relationship between costs and benefits. In addition, the nature of internal control is such that even appropriate internal control methods and systems will not guarantee that a school district's objectives will be achieved, nor will they ensure its success.

Internal controls procedures are established to provide reasonable assurance regarding the achievement of objectives in the following categories:

- Reliability of financial reporting
- Effectiveness and efficiency of operations
- Compliance with applicable laws and regulations

## *Relevant Financial Policy*

The School Board has been instrumental in maintaining and increasing reserves of the District. The Board recognizes that maintaining an appropriate fund balance is a critical factor in the district financial planning and budgeting processes. Although fund balance levels could be affected by legislative actions and the amount of available state and federal resources, the Board has been proactive in building the District's reserves to fund unanticipated expenditures or the offset future short term revenue reductions. In addition, the Board has maintained an appropriate fund balance to avoid short term borrowing and to demonstrate financial stability, therefore preserving or enhancing its bond rating.

### State Funding

The current system in the State of Texas provides funding for public education via a financing formula which weigh student's attendance levels, property value per student, the District's tax effort and regional variations in payroll and other costs.

### Debt Administration

At August 31, 2018, the District had \$77,342,787 of general obligation bonds outstanding. The District has deployed various debt management practices to lower its borrowing costs. These include refunding existing bonds at a lower rate and prepaying bonds prior to scheduled maturity. Such actions have provided the District and its taxpayers with over \$26 million of direct savings over the last seven years.

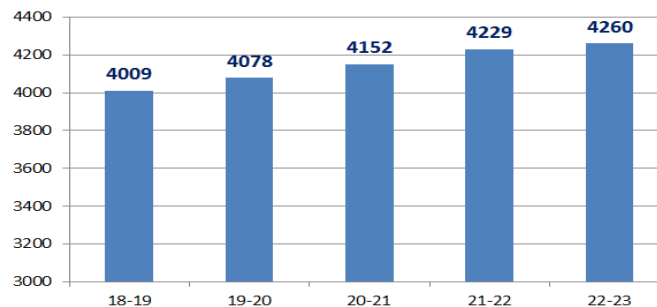
### Economic Condition and Outlook

Over the last several years, Lake Dallas ISD's local economy has experienced an upturn. The diversity of businesses located in the area and the range of housing available combined with the transpiration grid of the metroplex and proximity to Dallas-Fort Worth and Alliance airports provide a degree of protection from the economic cycle affecting many other school districts.

### Enrollment

Student population has not materially changed over the last several years. The school district plans its budget based on estimated student enrollment and state aid earned based on student attendance. With new housing underway, enrollment increased almost 1.5% during the 2018-2019 school year. As additional housing comes online enrollment is projected to increase around 1.5% each year over the next several years.

#### *Projected Enrollment*



### District Facilities

District facilities are in good condition. The District maintains all of its facilities with an internal staff. Lake Dallas Middle School and Corinth Elementary were built in the 1980s with major additions and substantial renovations occurring in the 2000s. Lake Dallas High School was built in 1998 with additional classroom and athletic spaces added in 2007.

Campus	Year Built	Addition
Lake Dallas High School	1998	2007
Lake Dallas Middle School	1980	2003
Corinth Elementary School	1985	2001
Lake Dallas Elementary School	2009	
Shady Shores Elementary School	2004	

The community is one of absolute support for the District. Lake Dallas ISD has a history of 4 bond elections since 1995. All four bond elections have passed with overwhelming support. The District also held a Tax Rate election in 2008 and won with an 84% passage rate. Residents continue to support the school and demand a quality education for their students.

### Independent Audit

District policy and State law requires an annual audit performed by an independent certified public accountant. Lake Dallas ISD's School Board has selected the accounting firm of Hankins, Eastup, Deaton, Tonn and Seay to perform this audit. An audit report is generated and a presentation to the School Board is made each January by the audit firm. The audit, which is included in the financial section of this report, meets all state and federal reporting requirements.

### Educational Accomplishments and Awards

LDHS is also proud to be one of the first high schools in North Texas to form a partnership with North Central Texas College enabling LDHS students to receive college hours up to an Associate degree while in high school.

The results of the State of Texas Assessment of Academic Readiness (STAAR) show Lake Dallas ISD students performing above regional and state averages in all subjects of the state assessments. In addition, Lake Dallas High School students perform above state and region averages in College Readiness Indicators.

Highlights of the state assessments include:

All Grades, All Subjects, 82% compared to the state average 77%  
All Grades, Reading, 79% compared to the state average 74%  
All Grades, Writing, 71% compared to the state average 66%  
All Grades, Mathematics, 88%, compared to the state average 81%  
All Grades, Science, 82%, compared to the state average 80%  
All Grades, Social Studies, 84%, compared to the state average 78%

### Financial Awards Programs

This District has submitted their comprehensive annual financial report (CAFR) to the Association of School Business Officials (ASBO) for the purpose of participating in their awards program. The ASBO Certificate of Excellence in Financial Reporting recognizes school districts that have met the highest standards of excellence in school financial reporting.

The purpose of the program is to:

- A. Encourage school systems to adopt and use generally accepted accounting principles.
- B. Encourage school systems to adopt sound budgetary and financial reporting procedures.
- C. Recognize excellence in school financial reporting.
- D. Contribute to their enhancement of credibility of financial management of school systems by recognizing and publicizing excellence in school financial reporting.

The District has also submitted their CAFR to the Government Finance Officers Association (GFOA) for their review. The GFOA Certificate of Achievement for Excellence in Financial Reporting is awarded to easily readable and efficiently organized Comprehensive Annual Financial Reports. Such reports must satisfy both generally accepted accounting principles and applicable legal requirements. We believe that our current Comprehensive Annual Financial Report meets the GFOA's and ASBO's program requirements.

The District has received both of these prestigious awards for twenty consecutive years. We believe that our current report conforms to the Certificate of Excellence Program requirements.

In addition, Lake Dallas ISD has received several five star ratings from the State Comptroller's Texas Honors Circle award program for academic progress and financial efficacy. FAST (Financial Allocation System of Texas) is a five-star rating system based on the Comptroller's report Connecting the Dots: School Spending and Student Progress, which identifies Texas school districts that achieve strong student performance while keeping spending growth to a minimum. Less than 5% of the districts in the state received a five star rating.

#### Board of Trustees

The Board of Trustees holds its regular monthly meeting on the third Monday of each month in the Board Room located in Lake Dallas ISD Central Services Building, 104 Swisher, at 5:30 p.m. for executive session with the open meeting resuming beginning at approximately 6:30 pm. Special and emergency meetings are scheduled when necessary. Proper public notice is given for all meetings.

The Lake Dallas Board of Trustees welcomes public participation in its meetings and encourages citizens to express their views on matters affecting the students of our community.

#### Outstanding Staff

Highly competent, dedicated staff members work together at every level to promote high academic standards and to provide every student with educational opportunities to meet individual needs and interests. Teachers emphasize strong curriculum, effective instructional techniques, and consistent student discipline.

Lake Dallas staff members recognize the importance of personal attention. Both tutoring and enrichment programs are provided to enhance student development.

Many of Lake Dallas personnel pursue professional growth through university coursework and educational workshops and staff development sessions. Many have advanced degrees. Staff commitment to personal growth ensures continuing academic excellence for Lake Dallas ISD.

### Supportive Community

Community support and involvement are evident in Lake Dallas ISD. Strong PTA groups provide support for the schools and a strong link between home and school. Parent volunteers serve hundreds of hours in various capacities - from helping with extracurricular activities to assisting students and teachers in the classrooms. The community has continually shown the value it places on quality education through the financial and personal support it has given the District.

### Comprehensive Safety Program

The District takes every reasonable precaution regarding the safety of students, employees, visitors, and all others with whom it conducts business. The District has developed, implemented, and promoted a comprehensive safety program. The program includes guidelines and procedures for responding to emergencies. See policy CK (Local).

Policies are in place related to:

- Use, possession, or exhibition of a firearm, an illegal knife, a club, or a prohibited weapon, as those terms are defined in the Penal Code,
- Conduct that contains the elements of the offense of aggravated assault, sexual assault, aggravated sexual assault, arson, murder, capital murder, criminal attempt to commit murder or capital murder, indecency with a child, or aggravated kidnapping, as those offenses are defined in the Penal Code;
- Drug- or alcohol-related offenses described in Education Code 37.006
- Criminal mischief
- Persistent misbehavior

Each school has effective emergency procedures that can be implemented on short notice and that will ensure optimum safety for students and school personnel. Lake Dallas ISD has two resource officers to assist with safety issues. The Superintendent has the authority to dismiss school for a part of a day or for longer periods of time, if necessary, in case of unusual or emergency situations. Campus principals have designed and implemented a system to familiarize employees and students with evacuation procedures and shall ensure that evacuation diagrams are appropriately posted. Principals also conduct fire, tornado, or other emergency drills designed to assure the orderly movement of students and personnel to the safest areas available.

### Acknowledgments

The preparation of this report could not have been accomplished without the services of the entire staff of the business office. In addition, the Board of Trustees should be commended for its continued support and leadership.

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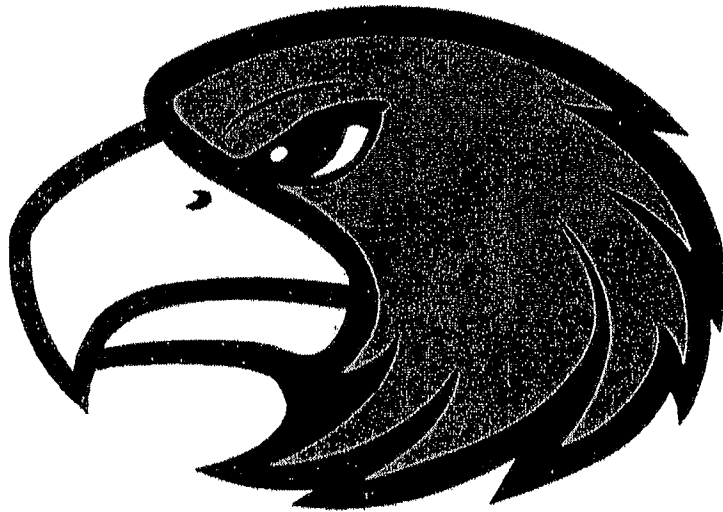
Gayle Stinson Ed.D - Superintendent of Schools

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Wes Eversole, RTSBA - Deputy Superintendent/  
Chief Financial Officer

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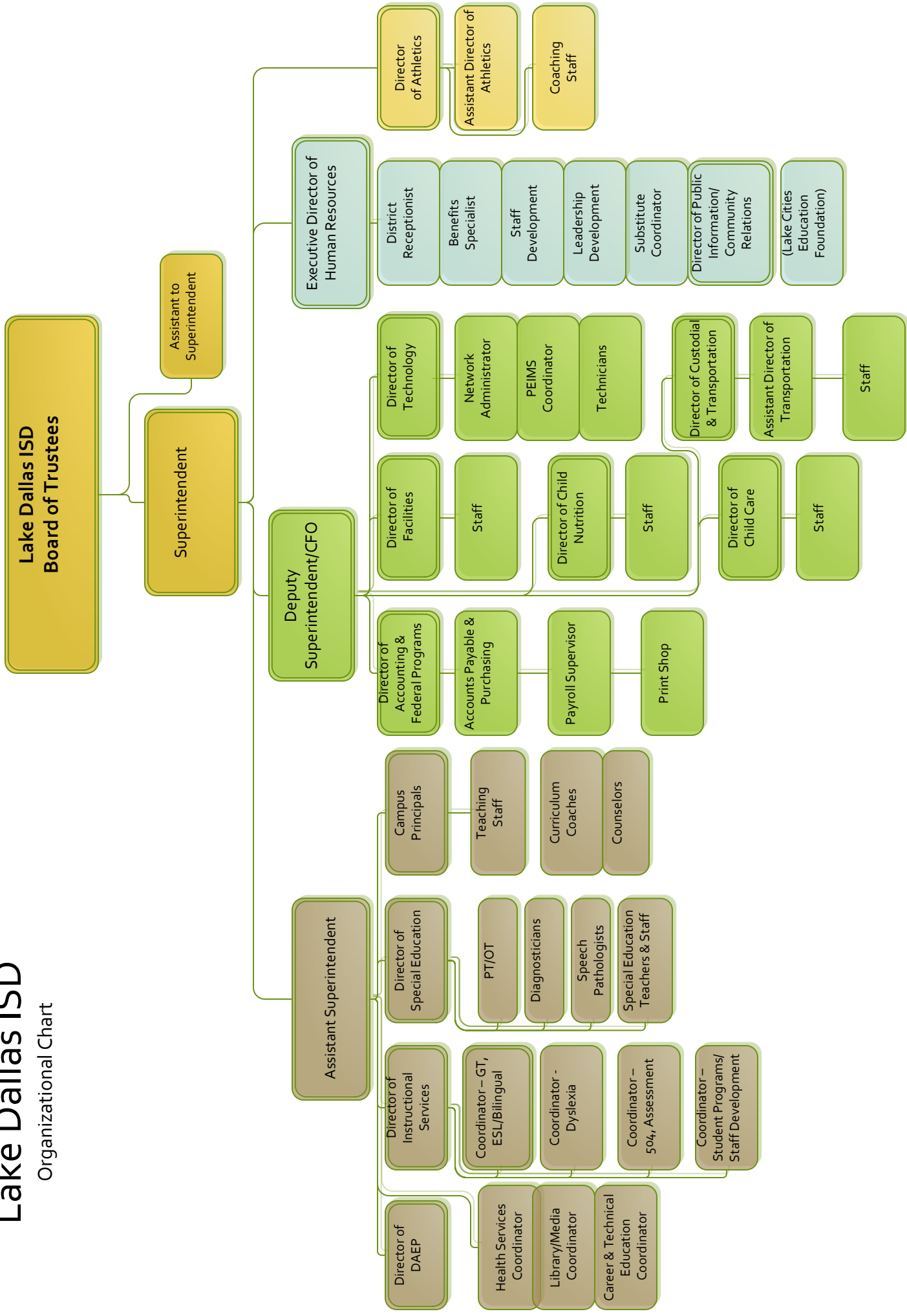
Anne Haehn - Director of Accounting





# Lake Dallas ISD

## Organizational Chart



# **LAKE DALLAS INDEPENDENT SCHOOL DISTRICT**

## **Consultants and Advisors**

### **Audit Firm**

Hankins, Eastup, Deaton, Tonn & Seay  
Certified Public Accountants  
902 North Locust  
Denton, Texas 76202-0977

### **Bond Attorneys**

Fulbright & Jaworski L.L.P.  
2200 Ross Avenue, Suite 2800  
Dallas, Texas 75201-2784

### **Fiscal Agents**

The Bank of New York Trust Company  
of Florida  
10161 Centurion Parkway  
2nd Floor  
Jacksonville, FL 32256

### **General Counsel**

Walsh, Gallegos, Trevino, Russo & Kyle, P.C.  
P.O. Box 168046  
Irving, Texas 75016

### **Tax Attorney**

Sawko and Burroughs  
1100 Dallas Drive, Ste. 100  
Denton, Texas 76201

### **Financial Advisors**

BOK Financial Securities, Inc.  
333 West Campbell Road, Suite 350  
Richardson, Texas 75080

### **Official Depository**

Independent Bank  
2004 Stemmons Freeway  
Lake Dallas, Texas 75065

### **Tax Collector**

Denton County Tax Collector Assessor  
P.O. Box 1249  
Denton, Texas 76201

### **Tax Appraisal**

Denton Central Appraisal District  
3911 Morse St.  
Denton, TX 76208

# LAKE DALLAS INDEPENDENT SCHOOL DISTRICT

## PRINCIPAL OFFICIALS

### Elected Officials:

### Board of Trustees:

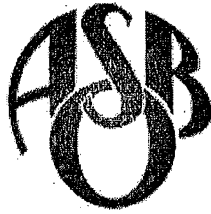
Lance Stacy  
Chad Thiessen  
Glen Gowans  
Scott Baird  
Mark Tucker  
Courtney Tankersley  
Steve Payne

President  
Vice President  
Secretary  
Member  
Member  
Member  
Member

### Appointed Officials:

Gayle Stinson, Ed.D  
Wesley Eversole, RTSBA  
Marci Malcom, PhD.  
Karla Landrum  
Mark Ruggles, PhD.  
Wendy Konz  
David Talbert  
Anne Haehn  
Charlotte Hicks  
Matt Clark  
Mike Dabney  
Scott Head  
Kristi Strickland, PhD.  
Randall Caldwell  
Jennifer Bryant  
Jennifer Perry, PhD.  
Vangee Deussen

Superintendent  
Deputy Superintendent/CFO  
Assistant Superintendent of Curriculum and Instruction  
Executive Director of Human Resources  
Director of Special Education  
Director of Maintenance & Transportation  
Director of Facilities  
Director of Accounting  
Director of Food Service  
Director of Curriculum and Instruction  
Director of Technology  
Athletic Director  
High School Principal  
Middle School Principal  
Shady Shores Elementary School Principal  
Lake Dallas Elementary School Principal  
Corinth Elementary School Principal



**ASSOCIATION OF  
SCHOOL BUSINESS OFFICIALS  
INTERNATIONAL**

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

**Lake Dallas Independent School District**

**for its Comprehensive Annual Financial Report (CAFR)  
for the Fiscal Year Ended August 31, 2017.**

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



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

**John D. Musso, CAE**  
Executive Director



Government Finance Officers Association

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

Presented to

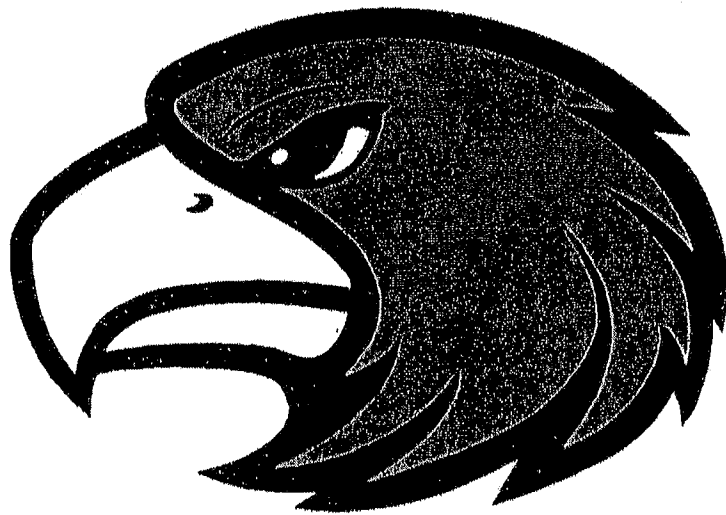
**Lake Dallas Independent  
School District, Texas**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

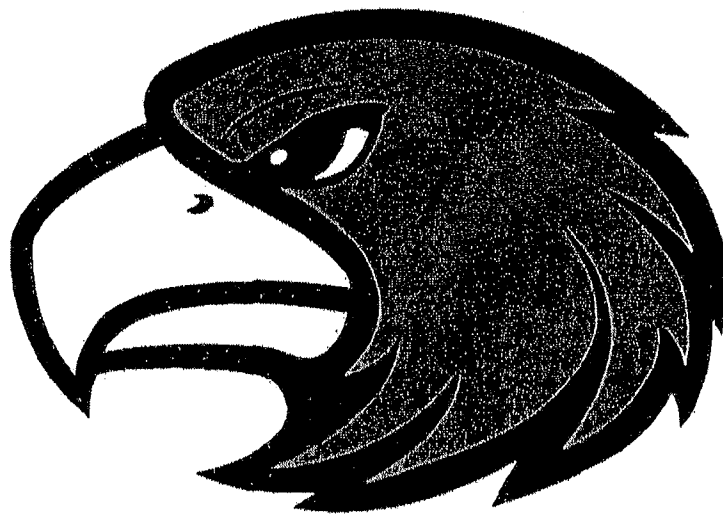
**August 31, 2017**

*Christopher P. Morrill*

Executive Director/CEO



## **FINANCIAL SECTION**





### Independent Auditors' Report

To the Board of Trustees  
Lake Dallas Independent School District  
Lake Dallas, Texas

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Lake Dallas Independent School District (the District), as of and for the year ended August 31, 2018, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

#### **Management's Responsibility for the Financial Statements**

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

#### **Auditor's Responsibility**

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

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

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

#### **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Lake Dallas Independent School District as of August 31, 2018, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## ***Emphasis of Matter***

As discussed in Notes 10 and 20 to the financial statements, in the current fiscal year, the District adopted new accounting guidance prescribed by GASB Statement No. 75 for its other post-employment benefit (OPEB) plan – a multiple-employer, cost-sharing, defined benefit OPEB plan that has a special funding situation. Because GASB Statement No. 75 implements new measurement criteria and reporting provisions, significant information has been added to the Government-Wide Statements. Exhibit A-1 discloses the District's Net OPEB Liability and deferred resource outflows and deferred resource inflows related to the District's OPEB plan. Exhibit B-1 discloses the adjustment to the District's Beginning Net Position. Our opinion is not modified with respect to the matter.

## **Other Matters**

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the *management's discussion and analysis* on pages 25 through 31, budgetary comparison information on page 79 and the *pension and OPEB schedules* on pages 80 through 84 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 Lake Dallas Independent School District's basic financial statements. The introductory section, other supplementary information (as described in the accompanying table of contents), statistical section and the required TEA schedules listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. The Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by the Uniform Guidance, and is also not a required part of the basic financial statements. The other supplementary information (as described in the accompanying table of contents) and the required TEA schedules, and the Schedule of Expenditures of Federal Awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other supplementary information (as described in the accompanying table of contents), and the Schedule of Expenditures of Federal Awards are fairly stated in all material respects in relation to the basic financial statements as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and accordingly, we do not express an opinion or provide any assurance on them.

## **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated January 10, 2019 on our consideration of Lake Dallas Independent School District's internal control over financial reporting and on our test of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Lake Dallas Independent School District's internal control over financial reporting and compliance.

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

January 10, 2019

**LAKE DALLAS INDEPENDENT SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED AUGUST 31, 2018  
(UNAUDITED)**

As management of Lake Dallas Independent School District, we offer readers of the District's financial statement this narrative overview and analysis of the financial activities of the District for the year ended August 31, 2018. The District has implemented Government Accounting Standards Board Statement 34 "Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments". Please read this narrative in conjunction with the independent auditors' report on page 23, and the District's Basic Financial Statements that begin on page 35.

**FINANCIAL HIGHLIGHTS**

- The liabilities and deferred inflows of resources of Lake Dallas Independent School District exceeded its assets and deferred outflows of resources at the close of the most recent fiscal period by \$20,077,044 (negative net position). Of this amount, \$(20,469,736) (negative unrestricted net position) may be used to meet the District's ongoing obligations to citizens and creditors in accordance with the District's fiscal policies.
- The District's total net position increased by \$7,890,204 during the fiscal year from the results of current year operations. However, beginning net position decreased by \$21,865,883 due to new standards that required recording of the District's proportionate share of the Teacher Retirement System's net OPEB liability.
- As of the close of the current fiscal period, the District's governmental funds reported combined ending fund balances of \$12,572,387. 83.2% of this total amount, \$10,455,894, is unassigned and available for use within the District's policies.
- At the end of the current fiscal period, unassigned fund balance for the general fund was \$10,455,894 or 28.7% of the total general fund expenditures, an increase of \$307,267 from the prior year. Budgeted tax revenues were based on property values certified by the Denton County Appraisal District. Current and prior year taxes collected were more than anticipated. The District also generated additional State funds due to in part, increased student participation in High School career and technology classes. In addition the Federal Government funded the Section 7002 Federal Impact Aid program to prior year levels which was not anticipated.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

This annual report consists of a series of financial statements. The government-wide financial statements include the Statement of Net Position and the Statement of Activities (on pages 35 through 37). These provide information about the activities of the District as a whole and present a longer-term view of the District's property and debt obligations and other financial matters. They reflect the flow of total economic resources in a manner similar to the financial reports of a business enterprise.

Fund financial statements (starting on page 38) report the District's operations in more detail than the government-wide statements by providing information about the District's most significant funds. For governmental activities, these statements tell how services were financed in the short term as well as what resources remain for future spending. They reflect the flow of current financial resources, and supply the basis for tax levies and the appropriations budget. For proprietary activities, fund financial statements tell how goods or services of the District were sold to departments within the District or to external customers and how the sales revenues covered the expenses of the goods or services. The remaining statements, fiduciary statements, provide financial information about activities for which the District acts solely as a trustee or agent for the benefit of those outside of the district.

The notes to the financial statements (starting on page 47) provide narrative explanations or additional data needed for full disclosure in the government-wide statements or the fund financial statements.

The combining statements for nonmajor funds contain even more information about the District's individual funds. These are not required by TEA. The sections labeled TEA Required Schedules and Federal Awards Section contain data used by monitoring or regulatory agencies for assurance that the District is using funds supplied in compliance with the terms of grants.

## **Reporting the District as a Whole**

### **The Statement of Net Position and the Statement of Activities**

The analysis of the District's overall financial condition and operations begins on page 35. Its primary purpose is to show whether the District is better off or worse off as a result of the year's activities. The Statement of Net Position includes all the District's assets, deferred outflows of resources, liabilities and deferred inflows of resources at the end of the year while the Statement of Activities includes all revenues and expenses generated by the District's operations during the year. These apply the accrual basis of accounting (the basis used by private sector companies).

All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid. The District's revenues are divided into those provided by outside parties who share the costs of some programs, such as tuition received from students from outside the district and grants provided by the U.S. Department of Education to assist children with disabilities or from disadvantaged backgrounds (program revenues), and revenues provided by the taxpayers or by TEA in equalization funding processes (general revenues). All the District's assets are reported whether they serve the current year or future years. Liabilities are considered regardless of whether they must be paid in the current or future years.

These two statements report the District's net position and changes in them. The District's net position (the difference between assets, deferred outflows of resources, liabilities and deferred inflows of resources) provide one measure of the District's financial health, or financial position. Over time, increases or decreases in the District's net position are one indicator of whether its financial health is improving or deteriorating. To fully assess the overall health of the District, however, you should consider nonfinancial factors as well, such as changes in the District's average daily attendance or its property tax base and the condition of the District's facilities.

In the Statement of Net Position and the Statement of Activities, we divide the District into two kinds of activities:

- Governmental activities—Most of the District's basic services are reported here, including the instruction, counseling, co-curricular activities, food services, transportation, maintenance, community services, and general administration. Property taxes, tuition, fees, and state and federal grants finance most of these activities.
- Business-type activities—The District charges a fee to “customers” to help it cover all or most of the cost of services it provides in the child care program.

## **Reporting the District's Most Significant Funds**

### **Fund Financial Statements**

The fund financial statements begin on page 38 and provide detailed information about the most significant funds—not the District as a whole. Laws and contracts require the District to establish some funds, such as grants received under the U.S. Department of Education. The District's administration establishes many other funds to help it control and manage money for particular purposes (like campus activities). The District's two kinds of funds—governmental and proprietary—use different accounting approaches.

- Governmental funds—Most of the District's basic services are reported in governmental funds. These use modified accrual accounting (a method that measures the receipt and disbursement of cash and all other financial assets that can be readily converted to cash) and report balances that are available for future spending. The governmental fund statements provide a detailed short-term view of the District's general operations and the basic services it provides. We describe the differences between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds in reconciliation schedules following each of the fund financial statements.

- Proprietary funds—The District reports the activities for which it charges users (whether outside customers or other units of the District) in proprietary funds using the same accounting methods employed in the Statement of Net Position and the Statement of Activities. In fact, the District's enterprise fund (one category of proprietary funds) are the business-type activities reported in the government-wide statements but containing more detail and additional information, such as cash flows. The internal service funds (the other category of proprietary funds) report activities that provide supplies and services for the District's other programs and activities—such as the District's print shop and computer operations.

## **The District as Trustee**

### **Reporting the District's Fiduciary Responsibilities**

The District is the trustee, or fiduciary, for money raised by student activities. The District's fiduciary activity is reported in a separate Statement of Fiduciary Assets and Liabilities on page 45. We exclude these resources from the District's other financial statements because the District cannot use these assets to finance its operations. The District is only responsible for ensuring that the assets reported in this fund are used for their intended purposes.

## **GOVERNMENT-WIDE FINANCIAL ANALYSIS**

The following analysis of comparative balances and changes therein is presented for the current and prior year's operations and a discussion of significant changes in the accounts. The analysis focuses on the net position (Table I) and changes in net position (Table II) of the District's governmental activities.

Net position of the District's governmental activities decreased from (\$6,101,365) to (\$20,077,044). Unrestricted net position – the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements – was (\$20,469,736) at August 31, 2018. This decrease in governmental net position was the result of a prior period adjustment of \$21.9 million as a result of implementation of GASB Statement No. 75, which deals with accounting for the District's participation in the State of Texas retiree health insurance plan. Due to an increase in the value of new construction within the District, the Board of Trustees was able to defease \$889,882 of the August 15, 2036 maturity of the District's 2012 Unlimited Tax Refunding Bonds. The District deposited \$1,649,558 into the escrow account in order to pay off the entire \$889,882 when such bonds are redeemed on August 15, 2021. The District and its taxpayers will save \$1,360,442 of future interest costs. A reduction in both accreted interest and bond discounts also contributed to an increase in net position.

In 2018, net position of our business-type activities remained at \$2,019 during the year. This activity is relatively insignificant to the overall operations of the District, but it represents significant services to the District through the Child Care program.

**Table I**  
**NET POSITION**

	Governmental Activities		Business-type Activities		Total	
	2017	2018	2017	2018	2017	2018
Current and other assets	\$ 15,780,903	\$ 16,269,181	\$ 5,021	\$ 2,607	\$ 15,785,924	\$ 16,271,788
Capital assets	94,349,995	92,413,423	-	-	94,349,995	92,413,423
Total assets	110,130,898	108,682,604	5,021	2,607	110,135,919	108,685,211
Deferred outflows of resources	7,831,355	7,275,210	-	-	7,831,355	7,275,210
Total assets and deferred outflows of resources	117,962,253	115,957,814	5,021	2,607	117,967,274	115,960,421
Long-term liabilities	119,723,641	125,892,025	-	-	119,723,641	125,892,025
Other liabilities	3,173,231	3,021,903	3,002	588	3,176,233	3,022,491
Total liabilities	122,896,872	128,913,928	3,002	588	122,899,874	128,914,516
Deferred inflows of resources	1,166,746	7,120,930	-	-	1,166,746	7,120,930
Total liabilities and deferred inflows of resources	124,063,618	136,034,858	3,002	588	124,066,620	136,035,446
Net Position:						
Net investments in capital assets	999,254	(1,011,015)	-	-	999,254	(1,011,015)
Restricted	824,545	1,403,707	-	-	824,545	1,403,707
Unrestricted	(7,925,164)	(20,469,736)	2,019	2,019	(7,923,145)	(20,467,717)
Total net position	\$ (6,101,365)	\$ (20,077,044)	\$ 2,019	\$ 2,019	\$ (6,099,346)	\$ (20,075,025)

The District's total ending net position is \$17.5 million lower due to new accounting standards adopted regarding the accounting for OPEB (TRS-Care retiree health insurance program) promulgated by the Governmental Accounting Standards Board.

**Table II**  
**CHANGES IN NET POSITION**

	Governmental Activities		Business-type Activities		Total	
	2017	2018	2017	2018	2017	2018
Revenues:						
Program Revenues:						
Charges for services	\$ 1,020,137	\$ 813,117	\$ 303,073	\$ 336,824	\$ 1,323,210	\$ 1,149,941
Operating grants and contributions	4,997,486	(1,901,848)	19,994	-	5,017,480	(1,901,848)
General Revenues:						
Maintenance and operations taxes	18,523,586	20,182,739	-	-	18,523,586	20,182,739
Debt service taxes	7,903,046	8,622,478	-	-	7,903,046	8,622,478
State aid	14,292,335	13,456,486	-	-	14,292,335	13,456,486
Investment earnings	163,067	339,170	-	-	163,067	339,170
Miscellaneous	227,052	2,348,060	-	-	227,052	2,348,060
Grants not restricted	388,692	388,721	-	-	388,692	388,721
Total Revenue	<u>47,515,401</u>	<u>44,248,923</u>	<u>323,067</u>	<u>336,824</u>	<u>47,838,468</u>	<u>44,585,747</u>
Expenses:						
Instruction, curriculum and media services	25,150,650	17,781,492	-	-	25,150,650	17,781,492
Instructional and school leadership	2,783,918	1,906,231	-	-	2,783,918	1,906,231
Student support services	3,035,474	2,056,915	-	-	3,035,474	2,056,915
Child nutrition	1,869,615	1,767,424	-	-	1,869,615	1,767,424
Cocurricular activities	1,484,754	1,215,238	-	-	1,484,754	1,215,238
General administration	1,422,654	1,072,859	-	-	1,422,654	1,072,859
Plant maintenance, security and data processing	5,822,611	4,785,416	-	-	5,822,611	4,785,416
Community services	10,691	4,023	338,986	336,824	349,677	340,847
Debt services	4,206,670	3,730,281	-	-	4,206,670	3,730,281
Capital outlay	63,123	1,780,675	-	-	63,123	1,780,675
Payments related to shared services arrangements	50,205	58,603	-	-	50,205	58,603
Intergovernmental charges	172,488	179,701	-	-	172,488	179,701
Total Expenses	<u>46,072,853</u>	<u>36,338,858</u>	<u>338,986</u>	<u>336,824</u>	<u>46,411,839</u>	<u>36,675,682</u>
Increase (Decrease) in Net Position before transfers	1,442,548	7,910,065	(15,919)	-	1,426,629	7,910,065
Nonoperating Revenues (Expenses)						
Transfers in (out)	(15,919)	(19,861)	15,919	-	-	(19,861)
Increase (Decrease) in Net Position	<u>1,426,629</u>	<u>7,890,204</u>	<u>-</u>	<u>-</u>	<u>1,426,629</u>	<u>7,890,204</u>
Net position at beginning of year	(7,527,994)	(6,101,365)	2,019	2,019	(7,525,975)	(6,099,346)
Prior period adjustment	-	(21,865,883)	-	-	-	(21,865,883)
Net position at end of year	<u>\$ (6,101,365)</u>	<u>\$ (20,077,044)</u>	<u>\$ 2,019</u>	<u>\$ 2,019</u>	<u>\$ (6,099,346)</u>	<u>\$ (20,075,025)</u>

The cost of all governmental activities for the current fiscal year was \$36,338,858. However, as shown in the Statement of Activities on pages 36 and 37, the amount that our taxpayers ultimately financed for these activities through District taxes was only \$28,805,217 because some of the costs were paid by those who directly benefited from the programs \$813,117 or by other governments and organizations that subsidized certain programs with grants and contributions (\$1,901,848) or by State equalization funding \$13,456,486.

## **THE DISTRICT'S FUNDS**

As the District completed the year, its governmental funds (as presented in the balance sheet on page 38) reported a combined fund balance of \$12,572,387, which is \$176,596 higher than last year's total of \$12,395,791. Included in this year's total change in fund balance is an increase of \$144,930 in the District's General Fund. The primary reason for the General Fund's increase was the increase in property tax revenues. The Debt Service Fund increased by \$119,883 due to increased property tax revenue. The Capital Projects Fund decreased by \$88,217 due to spending on various projects in the District.

The District's General Fund balance of \$10,467,166 reported on page 38 differs from the General Fund's budgetary fund balance of \$10,608,282 reported in the budgetary comparison schedule on page 71. This is principally due to cost savings in all functions and an increase in local revenues from property taxes. Revenues collected from the Federal Impact Aid and Medicaid Reimbursement programs were also more than anticipated.

## **THE DISTRICT'S BUDGET**

Over the course of the year, the Board of Trustees revised the District's budget several times. These budget amendments fall into three categories. The first category includes amendments and supplemental appropriations that were approved shortly after the beginning of the year and reflect the actual beginning balances (versus the amounts we estimated in August 2017). The second category includes changes that the Board made during the year to reflect new information regarding revenue sources and expenditure needs. The third category involves amendments moving funds from programs that did not need all the resources originally appropriated to them to programs with resource needs.

## **CAPITAL ASSETS AND DEBT ADMINISTRATION**

### **Capital Assets**

At August 31, 2018, the District had \$92,413,424 (net of accumulated depreciation) invested in a broad range of capital assets, including facilities and equipment for instruction, transportation, athletics, administration, and maintenance. This amount represents a net decrease of (\$1,936,571), or 2.10 percent, below last year, due to depreciation.

This fiscal period's major additions consisted of furniture, equipment and building improvements paid for out of the General Fund.

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

### **Debt Administration**

At year-end, the District had \$107,582,023 in long-term debt (including bonds, notes payable, accreted interest on bonds and discount/premium on debt issuance) versus \$112,680,956 last year—a decrease of 4.53 percent.

More detailed information about the District's long-term debt is presented in Note 5 to the financial statements.



## **ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES**

The District's relationship with the local communities assures the development projects selected by the cities are also desirable for the community at large. With the expansion of IH 35, the community has seen economic growth and expansion of its commercial tax base.

Federal, state and local guidelines direct the budget development process. The Texas Education Agency (TEA) requires the General, Food Service and Debt Service funds to be budgeted, and adopted annually, by the District's Board of Trustees. The budget assumptions for the 2018-2019 school year were based on the same tax rate as the preceding year. The current \$1.67 tax rate is down from a high point in 05-06 of \$1.86. The tax rate has two components; the tax for maintenance and operations, and the tax to service long term debt.

Budgetary issues addressed include a budget based upon 1% student growth (which is the basis of state funding), striving to reach federal, state and local goals, maintaining current programs and budgeting funds to adhere to all state and federal mandates.

The General Fund accounts for most of the day-to-day operations of the District. Debt Service Fund expenditures account for voter-authorized debt payments. The Child Nutrition Fund supports the student food service program and is funded by user fees and reimbursements from the National School Breakfast and Lunch program.

General Fund expenditures are projected to be \$37.0 million. Within the General Fund, \$22.6 million is budgeted for instruction, \$5.4 million for instructional support, \$1.5 million for administration support, \$7.3 million for district operations and \$73K for locally funded debt service.

The school district anticipates receiving 60.4% of its general fund revenue from taxes and other local sources. The District is expecting a decrease in state funding of approximately \$966,000. State funds account for 38.1% of the total budgeted general fund operating revenue. Due to current school funding formulas, the State's contribution to the General Fund is down from 42% during the 17-18 school year and 45% during the 16-17 school year. Federal funds account for the remaining 1.5% of operating revenue. The overall General Fund revenue increase is projected to be 3.30%.

The Debt Service Fund is used to account for the payment of bonds approved by the voters. Budgeted at \$9.4 million, the fund will account for debt payments made within the next fiscal year. The District has deployed various debt management practices to lower its borrowing costs. These include refunding existing bonds at a lower rate and prepaying bonds prior to scheduled maturity. Such actions have provided the District and its taxpayers with over \$26.1 million of direct savings over the last six years.

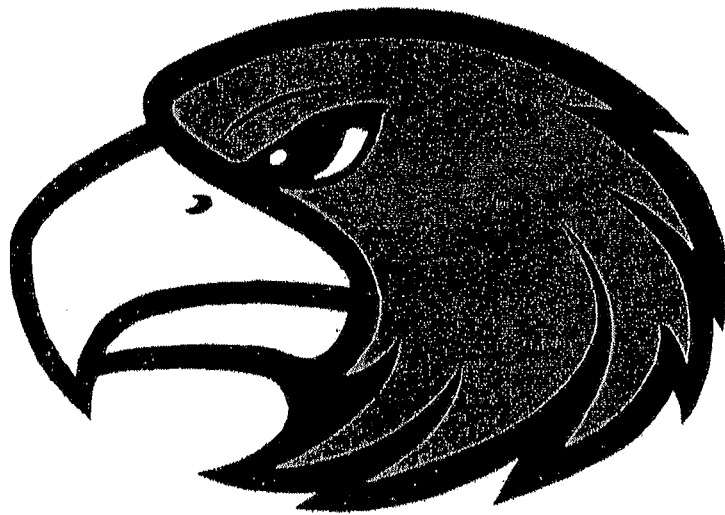
The Child Nutrition budget is projected to be \$1.9 million and is financed from student/staff charges and federal funding. National School Breakfast and Lunch Program funding will increase over the preceding year as more students become eligible for the program. There is no increase to student breakfast and lunch prices for the upcoming year.

For years, when possible, the District has reduced budgets to provide for increasing personnel and supply costs. Even with those cuts, the District has worked to maintain a competitive position for the recruiting and retaining of quality staff. Inflationary costs for goods and services, new program costs that result from requirements of the State and Federal accountability system, and other new requirements have all been incorporated into the proposed budget.

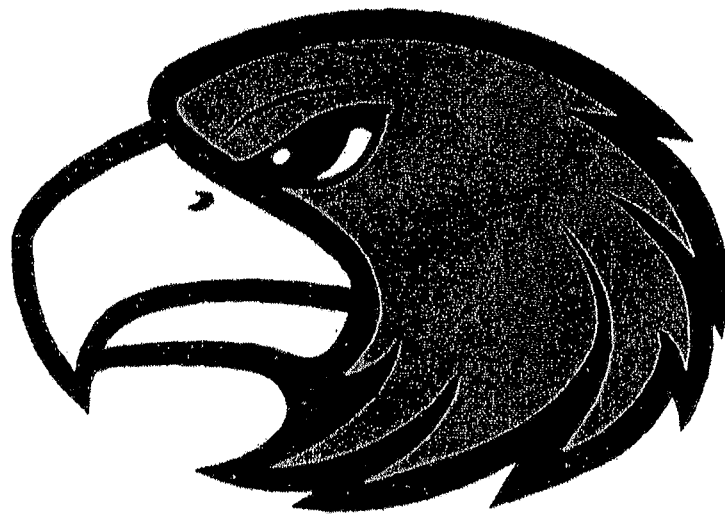
Salaries and benefits total 85% of the general fund budget. Approximately one-fourth of non-payroll expenditures are utility and insurance related.

## **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 show the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the District's business office, at Lake Dallas Independent School District, 104 Swisher, Lake Dallas, Texas 75065, (940) 497-4039.



## **BASIC FINANCIAL STATEMENTS**



LAKE DALLAS INDEPENDENT SCHOOL DISTRICT  
STATEMENT OF NET POSITION  
AUGUST 31, 2018

EXHIBIT A-1

		1	2	3
		Primary Government		
Data				
Control			Business	
Codes		Governmental	Type	
		Activities	Activities	Total
ASSETS				
1110	Cash and Cash Equivalents	\$ 11,221,436	\$ 2,607	\$ 11,224,043
1120	Current Investments	3,000,000	-	3,000,000
1220	Property Taxes - Delinquent	630,673	-	630,673
1230	Allowance for Uncollectible Taxes	(63,067)	-	(63,067)
1240	Due from Other Governments	517,088	-	517,088
1250	Accrued Interest	32,528	-	32,528
1260	Internal Balances	4,538	-	4,538
1290	Other Receivables, Net	878,602	-	878,602
1300	Inventories	10,436	-	10,436
1410	Prepayments	36,947	-	36,947
	Capital Assets:			
1510	Land	3,586,103	-	3,586,103
1520	Buildings, Net	87,324,396	-	87,324,396
1530	Furniture and Equipment, Net	1,502,924	-	1,502,924
1000	Total Assets	108,682,604	2,607	108,685,211
DEFERRED OUTFLOWS OF RESOURCES				
1701	Deferred Charge for Refunding	3,528,324	-	3,528,324
1705	Deferred Resource Outflows Related to TRS Pension	3,526,008	-	3,526,008
1706	Deferred Resource Outflows Related to TRS OPEB	220,878	-	220,878
1700	Total Deferred Outflows of Resources	7,275,210	-	7,275,210
LIABILITIES				
2110	Accounts Payable	648,997	461	649,458
2140	Interest Payable	116,220	-	116,220
2150	Payroll Deductions and Withholdings	201,825	-	201,825
2160	Accrued Wages Payable	1,944,022	-	1,944,022
2190	Due to Student Groups	105	-	105
2200	Accrued Expenses	96,595	127	96,722
2300	Unearned Revenue	14,139	-	14,139
	Noncurrent Liabilities:			
2501	Due Within One Year	6,359,457	-	6,359,457
2502	Due in More Than One Year	101,222,566	-	101,222,566
2540	Net Pension Liability (District's Share)	5,840,123	-	5,840,123
2545	Net OPEB Liability (District's Share)	12,469,879	-	12,469,879
2000	Total Liabilities	128,913,928	588	128,914,516
DEFERRED INFLOWS OF RESOURCES				
2605	Deferred Resource Inflows Related to TRS Pension	1,904,756	-	1,904,756
2606	Deferred Resource Inflows Related to TRS OPEB	5,216,174	-	5,216,174
2600	Total Deferred Inflows of Resources	7,120,930	-	7,120,930
NET POSITION				
3200	Net Investment in Capital Assets	(1,011,015)	-	(1,011,015)
	Restricted:			
3820	Restricted for Federal and State Programs	387,245	-	387,245
3850	Restricted for Debt Service	1,016,462	-	1,016,462
3900	Unrestricted	(20,469,736)	2,019	(20,467,717)
3000	Total Net Position	\$ (20,077,044)	\$ 2,019	\$ (20,075,025)

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

LAKE DALLAS INDEPENDENT SCHOOL DISTRICT  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED AUGUST 31, 2018

Data Control Codes	1	Program Revenues	
		3	4
	Expenses	Charges for Services	Operating Grants and Contributions
<b>Primary Government:</b>			
GOVERNMENTAL ACTIVITIES:			
11 Instruction	\$ 16,521,116	\$ 10,680	\$ (1,742,530)
12 Instructional Resources and Media Services	435,713	-	(85,858)
13 Curriculum and Instructional Staff Development	824,663	-	(66,611)
21 Instructional Leadership	382,487	-	(79,805)
23 School Leadership	1,523,744	-	(351,289)
31 Guidance, Counseling and Evaluation Services	1,094,629	-	(70,267)
32 Social Work Services	11,942	-	(4,280)
33 Health Services	233,779	-	(51,530)
34 Student (Pupil) Transportation	716,565	-	(90,076)
35 Food Services	1,767,424	705,650	1,165,360
36 Extracurricular Activities	1,215,238	92,362	(144,407)
41 General Administration	1,072,859	-	(173,594)
51 Facilities Maintenance and Operations	3,956,372	4,425	(394,494)
52 Security and Monitoring Services	226,556	-	(350)
53 Data Processing Services	602,488	-	(84,140)
61 Community Services	4,023	-	2,212
72 Debt Service - Interest on Long-Term Debt	3,726,770	-	213,611
73 Debt Service - Bond Issuance Cost and Fees	3,511	-	-
81 Capital Outlay	1,780,675	-	-
93 Payments Related to Shared Services Arrangements	56,200	-	56,200
95 Payments to Juvenile Justice Alternative Ed. Prg.	2,403	-	-
99 Other Intergovernmental Charges	179,701	-	-
[TG] Total Governmental Activities:	36,338,858	813,117	(1,901,848)
BUSINESS-TYPE ACTIVITIES:			
01 Childcare	356,685	336,824	-
[TB] Total Business-Type Activities:	356,685	336,824	-
[TP] TOTAL PRIMARY GOVERNMENT:	\$ 36,695,543	\$ 1,149,941	\$ (1,901,848)

Data	General Revenues:
Control	
Codes	Taxes:
MT	Property Taxes, Levied for General Purposes
DT	Property Taxes, Levied for Debt Service
SF	State Aid - Formula Grants
GC	Grants and Contributions not Restricted
IE	Investment Earnings
MI	Miscellaneous Local and Intermediate Revenue
FR	Transfers In (Out)
TR	Total General Revenues & Transfers
CN	Change in Net Position
NB	Net Position - Beginning
PA	Prior Period Adjustment
NE	Net Position--Ending

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

Net (Expense) Revenue and Changes in Net Position		
6	7	8
Primary Government		
Governmental Activities	Business Type Activities	Total
\$ (18,252,966)	\$ -	\$ (18,252,966)
(521,571)	-	(521,571)
(891,274)	-	(891,274)
(462,292)	-	(462,292)
(1,875,033)	-	(1,875,033)
(1,164,896)	-	(1,164,896)
(16,222)	-	(16,222)
(285,309)	-	(285,309)
(806,641)	-	(806,641)
103,586	-	103,586
(1,267,283)	-	(1,267,283)
(1,246,453)	-	(1,246,453)
(4,346,441)	-	(4,346,441)
(226,906)	-	(226,906)
(686,628)	-	(686,628)
(1,811)	-	(1,811)
(3,513,159)	-	(3,513,159)
(3,511)	-	(3,511)
(1,780,675)	-	(1,780,675)
-	-	-
(2,403)	-	(2,403)
(179,701)	-	(179,701)
(37,427,589)	-	(37,427,589)
-	(19,861)	(19,861)
-	(19,861)	(19,861)
(37,427,589)	(19,861)	(37,447,450)
20,182,739	-	20,182,739
8,622,478	-	8,622,478
13,456,486	-	13,456,486
388,721	-	388,721
339,170	-	339,170
2,348,060	-	2,348,060
(19,861)	19,861	-
45,317,793	19,861	45,337,654
7,890,204	-	7,890,204
(6,101,365)	2,019	(6,099,346)
(21,865,883)	-	(21,865,883)
\$ (20,077,044)	\$ 2,019	\$ (20,075,025)

LAKE DALLAS INDEPENDENT SCHOOL DISTRICT  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
AUGUST 31, 2018

Data Control Codes	10 General Fund	50 Debt Service Fund	Other Funds	Total Governmental Funds
<b>ASSETS</b>				
1110 Cash and Cash Equivalents	\$ 9,058,882	\$ 966,216	\$ 941,969	\$ 10,967,067
1120 Investments - Current	3,000,000	-	-	3,000,000
1220 Property Taxes - Delinquent	445,711	184,962	-	630,673
1230 Allowance for Uncollectible Taxes	(44,571)	(18,496)	-	(63,067)
1240 Due from Other Governments	100,853	-	416,235	517,088
1250 Accrued Interest	32,528	-	-	32,528
1260 Due from Other Funds	754,991	-	-	754,991
1290 Other Receivables	-	-	878,602	878,602
1410 Prepayments	11,272	-	25,675	36,947
1000 Total Assets	<u>\$ 13,359,666</u>	<u>\$ 1,132,682</u>	<u>\$ 2,262,481</u>	<u>\$ 16,754,829</u>
<b>LIABILITIES</b>				
2110 Accounts Payable	\$ 310,879	\$ -	\$ 338,118	\$ 648,997
2150 Payroll Deductions and Withholdings Payable	201,936	-	(111)	201,825
2160 Accrued Wages Payable	1,944,022	-	-	1,944,022
2170 Due to Other Funds	-	-	757,361	757,361
2190 Due to Student Groups	-	-	105	105
2200 Accrued Expenditures	68,254	-	28,253	96,507
2300 Unearned Revenue	-	-	14,139	14,139
2000 Total Liabilities	<u>2,525,091</u>	<u>-</u>	<u>1,137,865</u>	<u>3,662,956</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
2601 Unavailable Revenue - Property Taxes	367,409	152,077	-	519,486
2600 Total Deferred Inflows of Resources	<u>367,409</u>	<u>152,077</u>	<u>-</u>	<u>519,486</u>
<b>FUND BALANCES</b>				
Nonspendable Fund Balance:				
3430 Prepaid Items	11,272	-	-	11,272
Restricted Fund Balance:				
3450 Federal or State Funds Grant Restriction	-	-	387,245	387,245
3470 Capital Acquisition and Contractual Obligation	-	-	663,394	663,394
3480 Retirement of Long-Term Debt	-	980,605	-	980,605
Committed Fund Balance:				
3545 Campus Activities	-	-	73,977	73,977
3600 Unassigned Fund Balance	10,455,894	-	-	10,455,894
3000 Total Fund Balances	<u>10,467,166</u>	<u>980,605</u>	<u>1,124,616</u>	<u>12,572,387</u>
4000 Total Liabilities, Deferred Inflows & Fund Balances	<u>\$ 13,359,666</u>	<u>\$ 1,132,682</u>	<u>\$ 2,262,481</u>	<u>\$ 16,754,829</u>

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



LAKE DALLAS INDEPENDENT SCHOOL DISTRICT  
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE  
STATEMENT OF NET POSITION  
AUGUST 31, 2018

EXHIBIT C-2

<b>Total Fund Balances - Governmental Funds</b>	<b>\$ 12,572,387</b>
1 The assets and liabilities of the Internal Service Funds are included in governmental activities, but are not reported in the fund financial statements.	271,625
2 Capital assets used in governmental activities are not financial resources and therefore are not reported in the fund financial statements.	136,415,707
3 Accumulated depreciation has not been included in the fund financial statements.	(44,002,284)
4 Included in the items related to debt is the recognition of the District's proportionate share of the net pension liability required by GASB 68 in the amount of \$5,840,123, a Deferred Resource Inflow related to TRS in the amount of \$1,904,756 and a Deferred Resource Outflow related to TRS in the amount of \$3,526,008. This amounted to a decrease in Net Position in the amount of \$4,218,871.	(4,218,871)
5 Bonds payable have not been included in the fund financial statements.	(77,342,787)
6 Accreted interest on capital appreciation bonds has not been included in the fund financial statements.	(14,273,805)
7 Bond discounts and premiums are not recognized in the fund financial statements.	(15,791,678)
8 Notes payable have not been included in the fund financial statements.	(173,753)
9 Property tax revenue reported as unavailable revenue in the fund financial statements was recognized as revenue in the government-wide financial statements.	519,486
10 Deferred charge for refunding has not been included in the fund financial statements.	3,528,324
11 Interest on outstanding debt is accrued in the government-wide financial statements, whereas in the fund financial statements interest expenditures are reported when due.	(116,220)
12 Included in the items related to government-wide long-term debt is the recognition of the District's proportionate share of the net Other Post-Employment Benefit (OPEB) liability required by GASB 75 in the amount of \$12,469,879, a Deferred Resource Inflow related to TRS OPEB in the amount of \$5,216,174, and a Deferred Resource Outflow related to TRS OPEB in the amount of \$220,878. This amounted to a net decrease in Net Position in the amount of \$17,465,175.	(17,465,175)
<b>19 Net Position of Governmental Activities</b>	<b>\$ (20,077,044)</b>

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

LAKE DALLAS INDEPENDENT SCHOOL DISTRICT  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED AUGUST 31, 2018

EXHIBIT C-3

Data Control Codes	10 General Fund	50 Debt Service Fund	Other Funds	Total Governmental Funds
<b>REVENUES:</b>				
5700 Total Local and Intermediate Sources	\$ 20,825,984	\$ 8,577,697	\$ 2,508,349	\$ 31,912,030
5800 State Program Revenues	15,416,589	213,611	411,208	16,041,408
5900 Federal Program Revenues	704,367	-	2,340,836	3,045,203
5020 Total Revenues	<u>36,946,940</u>	<u>8,791,308</u>	<u>5,260,393</u>	<u>50,998,641</u>
<b>EXPENDITURES:</b>				
Current:				
0011 Instruction	20,857,233	-	1,273,121	22,130,354
0012 Instructional Resources and Media Services	575,768	-	-	575,768
0013 Curriculum and Instructional Staff Development	1,001,126	-	96,267	1,097,393
0021 Instructional Leadership	517,534	-	3,050	520,584
0023 School Leadership	2,116,758	-	1,230	2,117,988
0031 Guidance, Counseling and Evaluation Services	1,321,686	-	155,001	1,476,687
0032 Social Work Services	19,625	-	-	19,625
0033 Health Services	319,824	-	-	319,824
0034 Student (Pupil) Transportation	1,243,785	-	-	1,243,785
0035 Food Services	-	-	1,767,424	1,767,424
0036 Extracurricular Activities	1,432,678	-	66,303	1,498,981
0041 General Administration	1,342,275	-	-	1,342,275
0051 Facilities Maintenance and Operations	4,498,155	-	-	4,498,155
0052 Security and Monitoring Services	211,013	-	-	211,013
0053 Data Processing Services	768,398	-	-	768,398
0061 Community Services	-	-	250	250
Debt Service:				
0071 Principal on Long-Term Debt	77,368	1,949,845	-	2,027,213
0072 Interest on Long-Term Debt	1	5,068,511	-	5,068,512
0073 Bond Issuance Cost and Fees	-	3,511	-	3,511
Capital Outlay:				
0081 Facilities Acquisition and Construction	10,175	-	2,229,462	2,239,637
Intergovernmental:				
0093 Payments to Fiscal Agent/Member Districts of SSA	-	-	56,200	56,200
0095 Payments to Juvenile Justice Alternative Ed. Prg.	2,403	-	-	2,403
0099 Other Intergovernmental Charges	166,646	-	-	166,646
6030 Total Expenditures	<u>36,482,451</u>	<u>7,021,867</u>	<u>5,648,308</u>	<u>49,152,626</u>
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>464,489</u>	<u>1,769,441</u>	<u>(387,915)</u>	<u>1,846,015</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
7915 Transfers In	-	-	299,698	299,698
8911 Transfers Out (Use)	(319,559)	-	-	(319,559)
8949 Other (Uses)	-	(1,649,558)	-	(1,649,558)
7080 Total Other Financing Sources (Uses)	<u>(319,559)</u>	<u>(1,649,558)</u>	<u>299,698</u>	<u>(1,669,419)</u>
1200 Net Change in Fund Balances	144,930	119,883	(88,217)	176,596
0100 Fund Balance - September 1 (Beginning)	<u>10,322,236</u>	<u>860,722</u>	<u>1,212,833</u>	<u>12,395,791</u>
3000 Fund Balance - August 31 (Ending)	<u>\$ 10,467,166</u>	<u>\$ 980,605</u>	<u>\$ 1,124,616</u>	<u>\$ 12,572,387</u>

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

LAKE DALLAS INDEPENDENT SCHOOL DISTRICT EXHIBIT C-4  
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED AUGUST 31, 2018

<b>Total Net Change in Fund Balances - Governmental Funds</b>	<b>\$ 176,596</b>
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 effect of reclassifying the 2016 capital outlays is to increase net position.	880,553
Depreciation is not recognized as an expense in governmental funds since it does not require the use of current financial resources. The net effect of the current year's depreciation is to decrease net position in the government-wide financial statements.	(2,817,125)
Current year long-term debt principal payments on bonds payable, loans and payments of accreted interest on capital appreciation bonds are expenditures in the fund financial statements, but are shown as reductions in long-term debt in the government-wide financial statements.	4,988,251
Current year interest accretion on capital appreciation bonds is not reflected in the fund financial statements, but is shown as an increase in long term liabilities in the government-wide financial statements.	(1,712,378)
Bond premiums and discounts are not amortized in the governmental funds but are capitalized in the statement of net position.	933,178
The implementation of GASB 68 required that certain expenditures be de-expended and recorded as deferred resource outflows. These contributions made after the measurement date of 8/31/2017 caused the ending net position to increase in the amount of \$786,464. Contributions made before the measurement but during the 2017 FY were also de-expended and recorded as a reduction in the net pension liability for the District. These contributions were replaced with the District's pension expense for the year of \$948,094, which caused a net decrease in net position. The impact of all of these is to decrease net position by \$161,630.	(161,630)
Revenues from property taxes are shown as unavailable 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 uncollectible amounts, in the government-wide financial statements.	393,534
The net income (loss) of the Internal Service Funds is reported with governmental activities but not in the fund financial statements.	(947)
Current year amortization of the deferred charge for refundings is not reflected in the fund financial statements, but is shown as a reduction of the deferred loss in the government-wide financial statements.	(150,841)
Payments to refund bonds payable are shown as other financing uses in the fund financial statements, but are shown as reduction in long-term debt in the government-wide financial statements.	889,882
Interest on outstanding debt is accrued in the government-wide financial statements, whereas in the fund financial statements interest expenditures are reported when due.	70,421

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

LAKE DALLAS INDEPENDENT SCHOOL DISTRICT EXHIBIT C-4  
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED AUGUST 31, 2018

<p>The implementation of GASB 75 required that certain expenditures be de-expended and recorded as deferred resource outflows. TRS OPEB contributions made after the measurement date of 8/31/2017 but during the current fiscal year caused the ending net position to increase in the amount of \$69,869. These contributions were replaced with the District's OPEB expense for the year, which was a \$4,330,841 benefit and also caused an increase in net position. The impact of both of these is to increase the change in net position by \$4,400,710.</p>	<p>4,400,710</p>
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<p><b>Change in Net Position of Governmental Activities</b></p>	<table style="width: 100%; border-collapse: collapse;"> <tr> <td style="border-top: 1px solid black; border-bottom: 3px double black; text-align: right;">\$</td> <td style="border-top: 1px solid black; border-bottom: 3px double black; text-align: right;">7,890,204</td> </tr> </table>	\$	7,890,204
\$	7,890,204		

LAKE DALLAS INDEPENDENT SCHOOL DISTRICT  
STATEMENT OF NET POSITION  
PROPRIETARY FUNDS  
AUGUST 31, 2018

EXHIBIT D-1

	Business-Type Activities -	Governmental Activities -
	Total Enterprise Funds	Total Internal Service Funds
<b>ASSETS</b>		
Current Assets:		
Cash and Cash Equivalents	\$ 2,607	\$ 254,369
Due from Other Funds	-	6,908
Inventories	-	10,436
Total Assets	2,607	271,713
<b>LIABILITIES</b>		
Current Liabilities:		
Accounts Payable	461	-
Accrued Expenses	127	88
Total Liabilities	588	88
<b>NET POSITION</b>		
Unrestricted Net Position	2,019	271,625
Total Net Position	\$ 2,019	\$ 271,625

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

LAKE DALLAS INDEPENDENT SCHOOL DISTRICT  
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED AUGUST 31, 2018

	Business-Type Activities -	Governmental Activities -
	Total Enterprise Funds	Total Internal Service Funds
OPERATING REVENUES:		
Local and Intermediate Sources	\$ 315,834	\$ 175,647
State Program Revenues	20,990	5,281
Total Operating Revenues	<u>336,824</u>	<u>180,928</u>
OPERATING EXPENSES:		
Payroll Costs	341,563	80,061
Professional and Contracted Services	9,400	69,747
Supplies and Materials	4,415	31,950
Other Operating Costs	1,307	-
Capital Outlay	-	117
Total Operating Expenses	<u>356,685</u>	<u>181,875</u>
Income (Loss) Before Transfers	(19,861)	(947)
Transfer In	<u>19,861</u>	<u>-</u>
Change in Net Position	-	(947)
Total Net Position - September 1 (Beginning)	<u>2,019</u>	<u>272,572</u>
Total Net Position - August 31 (Ending)	<u><u>\$ 2,019</u></u>	<u><u>\$ 271,625</u></u>

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

LAKE DALLAS INDEPENDENT SCHOOL DISTRICT  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED AUGUST 31, 2018

EXHIBIT D-3

	Business-Type Activities	Governmental Activities -
	Total Enterprise Funds	Total Internal Service Funds
<u>Cash Flows from Operating Activities:</u>		
Cash Received from Employees	\$ 315,833	\$ -
Cash Received from District	-	358,445
Cash Payments for Payroll Costs	(320,573)	(74,780)
Cash Payments for Supplies and Materials	(4,415)	(95,328)
Cash Payments for Purchased Services	(9,400)	(69,747)
Cash Payments for Other Operating Expenses	(3,720)	-
Net Cash Provided by (Used for) Operating Activities	(22,275)	118,590
<u>Cash Flows from Non-Capital Financing Activities:</u>		
Transfer In	19,861	-
Net Increase (Decrease) in Cash and Cash Equivalents	(2,414)	118,590
Cash and Cash Equivalents at Beginning of Year	5,021	135,779
Cash and Cash Equivalents at End of Year	\$ 2,607	\$ 254,369
<u>Reconciliation of Operating Income (Loss) to Net Cash</u>		
<u>Provided by (Used for) Operating Activities:</u>		
Operating Income (Loss):	\$ (19,861)	\$ (947)
Effect of Increases and Decreases in Current Assets and Liabilities:		
Decrease (increase) in Due from Other Funds	-	182,798
Decrease (increase) in Inventories	-	9,013
Increase (decrease) in Accounts Payable	(2,414)	(72,274)
Net Cash Provided by (Used for) Operating Activities	\$ (22,275)	\$ 118,590

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

LAKE DALLAS INDEPENDENT SCHOOL DISTRICT  
STATEMENT OF FIDUCIARY NET POSITION  
FIDUCIARY FUNDS  
AUGUST 31, 2018

EXHIBIT E-1

	Agency Fund
<hr/>	
ASSETS	
Cash and Cash Equivalents	\$ 589,183
Due from Other Funds	6,700
Other Receivables	15
Total Assets	<u>\$ 595,898</u>
LIABILITIES	
Accounts Payable	\$ 8,616
Due to Other Funds	11,238
Due to Student Groups	576,044
Total Liabilities	<u>\$ 595,898</u>

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



LAKE DALLAS INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED AUGUST 31, 2018

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Lake Dallas Independent School District's (the "District") combined financial statements have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units in conjunction with the Texas Education Agency's Financial Accountability System Resource Guide (FAR). The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The more significant accounting policies of the District are described below.

**A. REPORTING ENTITY**

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

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

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

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

**B. BASIS OF PRESENTATION**

The government-wide financial statements (the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the District. The effect of interfund activity, within the governmental and business-type activities columns, has been removed from these statements however interfund services provided and used are not eliminated in the process of consolidation. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

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

LAKE DALLAS INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED AUGUST 31, 2018

Fund Financial Statements:

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

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

1. **General Fund** - This fund is established to account for resources financing the fundamental operations of the District, in partnership with the community, in enabling and motivating students to reach their full potential. All revenues and expenditures not required to be accounted for in other funds are included here. This is a budgeted fund and any fund balances are considered resources available for current operations. Fund balances may be appropriated by the Board of Trustees to implement its responsibilities.
2. **Debt Service Fund** - This fund is established to account for payment of principal and interest on long-term general obligation debt and other long-term debts for which a tax has been dedicated. This is a budgeted fund. Any unused sinking fund balances are transferred to the General Fund after all of the related debt obligations have been met.

Additionally, the District reports the following fund types:

1. **Special Revenue Funds** - These funds are established to account for federally financed or expenditures legally restricted for specified purposes. In many special revenue funds, any unused balances are returned to the grantor at the close of specified project periods. For funds in this fund type, project accounting is employed to maintain integrity for the various sources of funds.
2. **Capital Projects Fund** - This fund is established to account for proceeds, from the sale of bonds and other resources to be used for Board authorized acquisition, construction, or renovation, as well as, furnishings and equipping of major capital facilities. Upon completion of a project, any unused bond proceeds are transferred to the Debt Service Fund and are used to retire related bond principal.
3. **Enterprise Fund** - The District utilizes an enterprise fund to account for the Districts' activities for which outside users are charged a fee roughly equal to the cost of providing the goods or services of those activities. The District uses this fund to account for its child care program, because the child care program is generally self-supporting and does not normally require subsidies from the general fund.
4. **Internal Service Funds** - The District utilizes Internal Service Funds to account for revenues and expenses related to services provided to parties inside the District on a cost reimbursement basis. These funds facilitate distribution of support costs to the users of support services. The District has internal service funds for its print shop and computer operations.

LAKE DALLAS INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED AUGUST 31, 2018

5. **Agency Funds** - These custodial funds are used to account for activities of student groups and other organizational activities requiring clearing accounts. Financial resources for the Agency funds are recorded as assets and liabilities; therefore, these funds do not include revenues and expenditures and have no fund equity. If any unused resources are declared surplus by the student groups, they are transferred to the General Fund with a recommendation to the Board for an appropriate utilization through a budgeted program.

**C. MEASUREMENT FOCUS/BASIS OF ACCOUNTING**

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

The government-wide statements and fund financial statements for proprietary funds are reported using the economic resources measurement focus and the accrual basis of accounting. The economic resources measurement focus means all assets, deferred outflows of resources, liabilities and deferred inflows of resources (whether current or non-current) are included on the statement of net position and the operating statements present increases (revenues) and decreases (expenses) in net total position. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recognized at the time the liability is incurred.

Governmental fund financial statements are reported using the current financial resources measurement focus and are accounted for using the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual; i.e., when they become both measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The District considers property taxes as available if they are collected within 60 days after year-end. A 90 day availability period is used for recognition of all other Governmental Fund revenues. Expenditures are recorded when the related fund liability is incurred. However, debt service expenditures, as well as expenditures related to compensated absences are recorded only when payment is due.

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

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

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

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

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

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

**D. BUDGETARY CONTROL**

Formal budgetary accounting is employed for all required Governmental Fund Types, as outlined in TEA's FAR module, and is presented on the modified accrual basis of accounting consistent with generally accepted accounting principles. The budget is prepared and controlled at the function level within each organization to which responsibility for controlling operations is assigned.

The official school budget is prepared for adoption for required Governmental Fund Types prior to August 20 of the preceding fiscal year for the subsequent fiscal year beginning September 1. The budget is formally adopted by the Board of Trustees at a public meeting held at least ten days after public notice has been given. The budget is prepared by fund, function, object, and organization. The budget is controlled at the organizational level by the appropriate department head or campus principal within Board allocations. Therefore, organizations may transfer appropriations as necessary without the approval of the board unless the intent is to cross fund, function or increase the overall budget allocations. Control of appropriations by the Board of Trustees is maintained within Fund Groups at the function code level and revenue object code level.

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for the General Fund, Child Nutrition Fund and the Debt Service Fund. The special revenue funds and the Capital Projects Fund adopt project-length budgets which do not correspond to the District's fiscal year. Each annual budget is presented on the modified accrual basis of accounting which is consistent with generally accepted accounting principles. The budget is amended throughout the year by the Board of Trustees. Such amendments are reflected in the official minutes of the Board.

A reconciliation of fund balances for both appropriated budget and nonappropriated budget special revenue funds is as follows:

August 31, 2018	
<u>Fund Balance</u>	
Appropriated Budget Funds - Food Service Special Revenue Fund	\$358,172
Nonappropriated Budget Funds	<u>103,050</u>
All Special Revenue Funds	<u>\$461,222</u>

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**E. ENCUMBRANCE ACCOUNTING**

The District employs encumbrance accounting, whereby encumbrances for goods or purchased services are documented by purchase orders and contracts. An encumbrance represents a commitment of Board appropriation related to unperformed contracts for goods and services. The issuance of a purchase order or the signing of a contract creates an encumbrance but does not represent an expenditure for the period, only a commitment to expend resources. Appropriations lapse at August 31 and encumbrances outstanding at that time are either canceled or appropriately provided for in the subsequent year's budget. There were no outstanding encumbrances at August 31, 2018 that were subsequently provided for in the 2018-19 budget.

**F. PREPAYMENTS**

Prepayments are for payments made by the District in the current year to provide services occurring in the subsequent fiscal year and the nonspendable fund balance has been recognized to signify that a portion of fund balance is not available for other subsequent expenditures.

**G. INVENTORIES**

The consumption method is used to account for inventories of printing supplies and computer equipment. Under this method, these items are carried in an inventory account of the respective fund at cost, using the first-in, first-out method of accounting and are subsequently charged to expenditures when consumed.

**H. INTERFUND RECEIVABLES AND PAYABLES**

Short-term amounts owed between funds are classified as "Due to/from other funds". Interfund loans are classified as "Advances to/from other funds" and are offset by a fund balance reserve account. Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances" and "internal advances".

**I. CAPITAL ASSETS**

Capital assets, which includes property, plant, equipment, and infrastructure assets, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements and in the fund financial statements for proprietary funds. All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated assets are valued at their acquisition value. Repairs and maintenance are recorded as expenses. Renewals and betterments are capitalized. Interest has not been capitalized during the construction period on property, plant and equipment.

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

Buildings and Improvements	50 Years
Furniture and Equipment	7-10 Years

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**J. COMPENSATED ABSENCES**

It is the District's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. There is no liability for unpaid accumulated sick leave since the District does not have a policy to pay any amounts when employees separate from service with the District. All vacation pay is accrued when incurred in the government-wide financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

**K. CASH EQUIVALENTS**

For purposes of the statement of cash flows, investments are considered to be cash equivalents if they are highly liquid with maturities of three months or less.

**L. NET POSITION**

Net position represents the difference between assets, deferred outflows of resources, 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 improvements of those assets, and adding back unspent proceeds and the deferred charge for refunding. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislations adopted by the District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. Unrestricted net position are available for general governmental uses. When both restricted and unrestricted net position are available, restricted net position are expended before unrestricted net position is such use is consistent with the restricted purpose.

**M. LONG-TERM OBLIGATIONS**

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

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

The net pension and net OPEB liability are reduced through the General Fund.

**N. DEFERRED OUTFLOWS/INFLOWS OF RESOURCES**

Deferred outflows and inflows of resources are reported in the statement of financial position as described below:

A *deferred outflow of resources* is a consumption of a government's net assets (a decrease in assets in excess of any related decrease in liabilities or an increase in liabilities in excess of any related increase in assets) by the government that is applicable to a future reporting period. The District has three items that qualify for reporting in this category:

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**Deferred outflows of resources for refunding** - Reported in the government-wide statement of net position, the deferred charge on bond refundings results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The amount of deferred outflows reported in the governmental activities for the deferred charge on bond refundings at August 31, 2018 was \$3,528,324.

**Deferred outflows of resources for pensions** - Reported in the government-wide financial statement of net position, this deferred outflow results from pension plan contributions made after the measurement date of the net pension liability and the results of differences between expected and actual actuarial experiences. The deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the next fiscal year. The other pension related deferred outflows will be amortized over the expected remaining service lives of all employees (active and inactive employees) that are provided with pensions through the pension plan which is currently approximately 6.7 years.

The amount of deferred outflows reported in the governmental activities for deferred pension expenses at August 31, 2018 was \$3,526,008.

**Deferred outflows of resources for OPEB**- Reported in the government-wide financial statement of net position, this deferred outflow results from OPEB plan contributions made after the measurement date of the net OPEB liability and the results of differences between expected and actual investment earnings and changes in proportionate share. The deferred outflows of resources related to OPEB resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the next fiscal year. The other OPEB related deferred outflows will be amortized over the expected remaining service lives of all employees (active and inactive employees) that are provided with OPEB through the OPEB plan which is currently approximately 8.6 years. The amount of deferred outflows reported for deferred OPEB expense at August 31, 2018 was \$220,878.

*A deferred inflow of resources* is an acquisition of a government's net assets (an increase in assets in excess of any related increase in liabilities or a decrease in liabilities in excess of any related decrease in assets) by the government that is applicable to a future reporting period. The District has three items that qualify for reporting in this category:

**Deferred inflows of resources for unavailable revenues** - Reported only in the governmental funds balance sheet, unavailable revenues from property taxes arise under the modified accrual basis of accounting. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. The District reported property taxes that are unavailable as deferred inflows of resources in the fund financial statements. The amount of deferred inflows of resources reported in the governmental funds at August 31, 2018 was \$519,486.

**Deferred inflows of resources for pensions** - Reported in the government-wide financial statement of net position, these deferred inflows result primarily from differences between projected and actual earnings on pension plan investments and other actuarial and other assumption differences. These amounts will be amortized over a closed 5 year period. In fiscal year 2018, the District reported deferred inflows of resources for pensions in the governmental activities in the amount of \$1,904,756.

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**Deferred inflows of resources for OPEB** - Reported in the government-wide financial statement of net position, these deferred inflows result primarily from differences between expected and actual experience and from changes in assumptions. These amounts will be amortized over the average expected remaining service life (AERSL) of all members (8.6 years for the 2017 measurement year). In fiscal year 2018, the District reported deferred inflows of resources for OPEB in the governmental activities in the amount of \$5,216,174.

**O. RISK MANAGEMENT**

The District is exposed to various risks of loss related to torts theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal 2018, the District purchased commercial insurance to cover general liabilities. There were no significant reductions in coverage in the past fiscal year, and there were no settlements exceeding insurance coverage for each of the past three fiscal years.

During the year ended August 31, 2018, the District participated in the Texas Association of School Boards Risk Management Fund (the Fund). The Fund was created and is operated under provisions of the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code. The following are Funds the District participated in during the year ended August 31, 2018.

**Workers' Compensation Aggregate Deductible**

The District met its statutory workers' compensation obligations through participation in the TASB Risk Management Fund (the Fund). The Fund's Workers Compensation Program is authorized by Chapter 504, Texas Labor Code. All members participating in the Fund execute Interlocal Agreements that define the responsibilities of the parties. The Fund provides statutory workers' compensation benefits to its members and their injured employees.

The District participates in the Fund's reimbursable aggregate deductible program. As such, the member is responsible for a certain amount of claims liability as outlined on the member's Contribution and Coverage Summary document. After the member's deductible has been met, the Fund is responsible for additional claims liability.

The Fund and its members are protected against higher than expected claims cost through the purchase of stop loss coverage for any claim in excess of the Fund's self-insured retention of \$2.0 million. The Fund uses the services of an independent actuary to determine reserve adequacy and fully funds those reserves. As of August 31, 2017, the fund carries a discounted reserve of \$49,076,113 for future development on reported claims and claims that have been incurred but not yet reported. For the year-ended August 31, 2018, the Fund anticipates no additional liability to members beyond their contractual obligations for payment of contributions and reimbursable aggregate deductibles.

The Fund engages the services of independent auditors to conduct a financial audit after the close of each year on August 31. The audit is accepted by the Fund's Board of Trustees in February of the following year. The Fund's audited financial statements as of August 31, 2017, are available on the TASB Risk Management Fund website and have been filed with the Texas Department of Insurance in Austin.



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**Unemployment Compensation Pool**

During the year ended August 31, 2018, Lake Dallas ISD provided unemployment compensation coverage to its employees through participation in the TASB Risk Management Fund (the Fund). The Fund was created and is operated under the provisions of the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code. The Fund's Unemployment Compensation Program is authorized by Section 22.005 of the Texas Education Code and Chapter 172 of the Texas Local Government Code. All members participating in the Fund execute Interlocal Agreements that define the responsibilities of the parties.

The Fund meets its quarterly obligation to the Texas Workforce Commission. Expenses are accrued monthly until the quarterly payment has been made. Expenses can be reasonably estimated; therefore there is no need for specific or aggregate stop loss coverage for the Unemployment Compensation pool. For the year ended August 31, 2018, the Fund anticipates that Lake Dallas ISD has no additional liability beyond the contractual obligation for payment of contribution.

The Fund engages the services of an independent auditor to conduct a financial audit after the close of each year on August 31. The audit is accepted by the Fund's Board of Trustees in February of the following year. The Fund's audited financial statements as of August 31, 2017, are available on the TASB Risk Management Fund website and have been filed with the Texas Department of Insurance in Austin.

**Auto, Liability and Property Programs**

During the year ended August 31, 2018, Lake Dallas ISD participated in the following TASB Risk Management Fund (the Fund) programs:

Auto Liability  
Auto Physical Damage  
Legal Liability  
Privacy & Information Security  
Property

The Fund was created and is operated under the provisions of the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code. All members participating in the Fund execute Interlocal Agreements that define the responsibilities of the parties.

The Fund purchases stop-loss coverage for protection against catastrophic and larger than anticipated claims for its Auto, Liability and Property programs. The terms and limits of the stop-loss program vary by line of coverage. The Fund uses the services of an independent actuary to determine the adequacy of reserves and fully funds those reserves. For the year ended August 31, 2018, the Fund anticipates Lake Dallas ISD has no additional liability beyond the contractual obligations for payment of contributions.

The Fund engages the services of an independent auditor to conduct a financial audit after the close of each year on August 31. The audit is accepted by the Fund's Board of Trustees in February of the following year. The Fund's audited financial statements as of August 31, 2017, are available on the TASB Risk Management Fund website and have been filed with the Texas Department of Insurance in Austin.

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**P. 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.

**Q. IMPLEMENTATION OF NEW STANDARD**

In the current fiscal year the District implemented the following new standard:

GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits other than Pensions* ("GASB 75") establishes accounting and financial reporting standards for other post-employment benefits (OPEB) that are provided to the employees of state and local governmental employers through plans that are administered through trusts or similar arrangements that meet certain criteria. The Statement establishes standards for measuring and recognizing liabilities, deferred outflows of resources, deferred inflows of resources and expenses/expenditures. Implementation is reflected in the financial statements, notes to the financial statements and required supplementary information.

**NOTE 2. FUND BALANCE**

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

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

- Nonspendable: This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) are legally or contractually required to be maintained intact. The District has classified 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. Federal and State grant resources are being restricted because their use is restricted pursuant to the mandates of the Federal or State grants. Capital projects resources are restricted for future capital outlay.
- 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. These amounts cannot be used for any other purpose unless the Board removes or changes the specified use by taking the same type of action that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements. The Board of Trustees have committed resources as of August 31, 2018 for campus activities.

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- 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 by Board resolution. Under the Board's adopted policy, the Superintendent has been given the authority to assign amounts for specific purposes. This classification also includes the remaining positive fund balance for all governmental funds except for the General Fund.
- Unassigned: This classification includes all amounts not included in other spendable classifications, including the residual fund balance for 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 (pages 38) and are described below:

#### **General Fund**

The General Fund has unassigned fund balance of \$10,455,894 at August 31, 2018. Prepayments (prepaid items) of \$11,272 are considered nonspendable fund balance.

#### **Other Major Funds**

The Debt Service Fund has restricted funds of \$980,605 at August 31, 2018 consisting primarily of property tax collections that are restricted for debt service payments on bonded debt.

#### **Other Funds**

The fund balance of \$73,977 of the Campus Activity Fund (a special revenue fund) is shown as committed due to Board policy committing those funds to campus activities. The fund balance of \$358,172 in the Food Service Fund is shown as restricted for food service operations. The Capital Projects Fund has restricted funds of \$663,394 at August 31, 2018 consisting primarily of unspent bond funds. The other fund balances of \$29,073 in the other special revenue funds are restricted due to grant agreements.

### **NOTE 3. DEPOSITS AND INVESTMENTS**

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

#### **1. Cash Deposits:**

At August 31, 2018, the carrying amount of the District's deposits checking accounts and interest-bearing savings accounts was \$1,361,922 which includes \$4,537 petty cash and the combined bank balance was \$1,616,781. The District's cash deposits at August 31, 2018 were entirely covered by FDIC insurance or by pledged collateral held by the District's agent bank in the District's name.

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2. Investments:

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

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

- a. Custodial Credit Risk – Deposits: In the case of deposits, this is the risk that, in the event of a bank failure, the District's deposits may not be returned to it. As of August 31, 2018, the District's cash balances totaled \$1,616,781. This entire amount was either collateralized with securities held by the District's financial institution's agent in the District's name or covered by FDIC insurance. Thus, the District's deposits are not exposed to custodial credit risk at August 31, 2018.
- b. Custodial Credit Risk - Investments: For an investment, this is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. At August 31, 2018, the District held all of its investments in four public funds investment pools (TexPool, Lone Star, LOGIC and TxTerm). Investments in external investment pools are considered unclassified as to custodial credit risk because they are not evidenced by securities that exist in physical or book entry form.
- c. Credit Risk – This is the risk that an issuer or other counterparty to an investment will be unable to fulfill its obligations. The rating of securities by nationally recognized rating agencies is designed to give an indication of credit risk. Credit risk is monitored and controlled by purchasing quality related instruments that have been evaluated by agencies such as Standard and Poor's or Moody's Investment Services.

The District utilizes government investment pools as part of its investment strategy.

Board policy states that investment pools must:

1. Have an average weighted maturity of less than two years;
2. Are invested exclusively in obligations approved by Government Code Chapter 2256, Subchapter A, regarding authorized investments (Public Funds Investment Act);
3. Are continuously rated by at least one nationally recognized investment rating firm of not less than AAA or its equivalent; and

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4. Conform to the requirements in Government Code Section 2256.016(b) and (c) relating to the eligibility of investment pools to receive and invest funds of investing entities.

The credit quality rating for the four investment pools range from AAA (Standard and Poor's) to AAAM (Standard and Poor's)

- d. Interest Rate Risk - This is the risk that changes in interest rates will adversely affect the fair value of an investment. The District manages its exposure to declines in fair values by limiting the weighted average maturity of its investment portfolio to less than one year from the time of purchase. The weighted average maturity for each of the four investment pools is less than 120 days. The District follows its investment policy to limit investments only in government investments pools with average maturities of less than 120 days.
- e. Foreign Currency Risk - This is the risk that exchange rates will adversely affect the fair value of an investment. At August 31, 2018, the District was not exposed to foreign currency risk.
- f. Concentration of Credit Risk - This is the risk of loss attributed to the magnitude of the District's investment in a single issuer (i.e., lack of diversification). Concentration risk is defined as positions of 5 percent or more in the securities of a single issuer. Investment pools are excluded from the 5 percent disclosure requirement.

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 fair value of its underlying investment portfolio within one half of one percent of the value of its shares.

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

The District's investments at August 31, 2018, are shown below:

<u>Name</u>	<u>Carrying Amount</u>	<u>Fair Value</u>	<u>Maturity Date</u>
TexPool	\$ 3,400,254	\$ 3,400,254	N/A
TxTerm	9,920,755	9,920,755	N/A
Lone Star	6,192	6,192	N/A
LOGIC	124,101	124,101	N/A
Total	<u>\$13,451,302</u>	<u>\$13,451,302</u>	

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**Fair Value Measurements**

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

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

The District's investment in Texpool, TxTerm, Lone Star, and Logic (statewide 2a7-like external investment pools) are not required to be measured at fair value but are measured at amortized cost.

**NOTE 4. CAPITAL ASSETS**

Capital asset activity for the year ended August 31, 2018, was as follows:

	<u>Balance September 1</u>	<u>Additions/ Completions</u>	<u>Retirement/ Adjustments</u>	<u>Balance August 31</u>
Governmental Activities:				
Capital assets, not being depreciated:				
Land	\$ 3,480,854	\$ 105,249	\$ -	\$ 3,586,103
Total capital assets, not being depreciated	<u>3,480,854</u>	<u>105,249</u>	<u>-</u>	<u>3,586,103</u>
Capital assets, being depreciated:				
Buildings and improvements	125,428,293	354,499	-	125,782,792
Furniture and equipment	<u>6,626,007</u>	<u>420,805</u>	<u>-</u>	<u>7,046,812</u>
Total capital assets, being depreciated	<u>132,054,300</u>	<u>775,304</u>	<u>-</u>	<u>132,829,604</u>
Less accumulated depreciation for:				
Buildings and improvements	(35,942,740)	(2,515,656)	-	(38,458,396)
Furniture and equipment	<u>(5,242,419)</u>	<u>(301,469)</u>	<u>-</u>	<u>(5,543,888)</u>
Total accumulated depreciation	<u>(41,185,159)</u>	<u>(2,817,125)</u>	<u>-</u>	<u>(44,002,284)</u>
Total capital assets, being depreciated, net	<u>90,869,141</u>	<u>(2,041,821)</u>	<u>-</u>	<u>88,827,320</u>
Governmental activities capital assets, net	<u>\$ 94,349,995</u>	<u>\$ (1,936,572)</u>	<u>\$ -</u>	<u>\$ 92,413,423</u>

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

Governmental activities:	
Instruction	\$1,616,506
Instructional Resources & Media Services	44,461
Curriculum & Instructional Staff Development	77,308
Instructional Leadership	39,964
School Leadership	163,458
Guidance, Counseling & Evaluation Services	102,062
Social Work Services	1,515
Health Services	24,697
Student (Pupil) Transportation	96,046
Cocurricular/Extracurricular Activities	110,633
General Administration	103,652
Plant Maintenance and Operations	347,351
Security & Data Processing Services	75,631
Capital Outlay and Other	<u>13,841</u>
Total depreciation expense-Governmental activities	<u>\$2,817,125</u>

**NOTE 5. LONG-TERM DEBT**

Long-term debt includes par bonds, capital appreciation (deep discount) serial bonds and a loan. All long-term debt represents transactions in the District's governmental activities. No long-term debt exists in the District's business-type activities.

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

The following is a summary of the changes in the District's Long-term Debt for the year ended August 31, 2018:

Description	Interest Rate Payable	Amount Original Issue	Amounts Outstanding 9/1/17	Additions	Refunded/ Retired	Amounts Outstanding 8/31/18	Due Within One Year
<b>Bonded Indebtedness:</b>							
1999 Bldg/Refunding	4.40-6.06%	\$ 8,861,571	\$ 3,822,892	\$ -	\$ 718,934	\$ 3,103,958	\$ 697,098
2001 Bldg/Refunding	4.00-5.70%	13,264,871	4,361,412	-	152,951	4,208,461	124,592
2008 Building	4.00-6.89%	7,400,000	120,000	-	120,000	-	-
2010 Refunding	2.00-4.50%	6,340,000	3,335,000	-	415,000	2,920,000	440,000
2012 Refunding	1.90-4.05%	9,340,000	8,755,966	-	889,882	7,866,084	2,036,084
2013 Refunding	2.00-4.00%	8,955,000	8,855,000	-	-	8,855,000	-
2014 Refunding	2.00-4.00%	9,295,000	9,195,000	-	-	9,195,000	655,000
2015 Refunding	0.47-5.00%	19,063,027	17,794,544	-	237,960	17,556,584	109,833
2016 Refunding	2.00-4.00%	24,877,700	23,942,700	-	305,000	23,637,700	285,000
Total Bonded Indebtedness			<u>80,182,514</u>	<u>-</u>	<u>2,839,727</u>	<u>77,342,787</u>	<u>4,347,607</u>
State Energy Cons. Loan	2.00%	658,262	251,121	-	77,368	173,753	74,931
Accreted Interest			15,522,465	1,712,378	2,961,038	14,273,805	1,609,736
Discount/Premium on Issuance of Debt			16,724,856	-	933,178	15,791,678	327,183
Total Other Obligations			<u>32,498,442</u>	<u>1,712,378</u>	<u>3,971,584</u>	<u>30,239,236</u>	<u>2,011,850</u>
Total Obligations of District			<u>\$112,680,956</u>	<u>\$ 1,712,378</u>	<u>\$ 6,811,311</u>	<u>\$107,582,023</u>	<u>\$6,359,457</u>

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The 1999, 2001, 2008, 2012, 2015, and 2016 bond series include outstanding capital appreciation bonds in the principal amount of \$9,647,787. The bonds mature variously through 2033. Interest accrues on these bonds each February 15 and August 15, even though the interest is not paid until maturity. The accrued interest of \$14,273,805 is accounted for as Accrued Interest Payable-Capital Appreciation Bonds.

General Obligation Bonds are direct obligations issued on a pledge of the general taxing power for the payment of the debt obligations of the District. General Obligation Bonds require the District to compute, at the time taxes are levied, the rate of tax required to provide (in each year bonds are outstanding) a fund to pay interest and principal at maturity. The District is in compliance with this requirement.

There are a number of limitations and restrictions contained in the various general obligation bonds indentures. The District is in compliance with all significant limitations and restrictions at August 31, 2018.

Presented below is a summary of general obligation bond requirements to maturity:

Year Ended August 31,	<u>General Obligation</u>		Total <u>Requirements</u>
	<u>Principal</u>	<u>Interest</u>	
2019	\$ 4,347,607	\$ 5,076,358	\$ 9,423,965
2020	2,532,988	4,774,918	7,307,906
2021	2,530,324	4,773,257	7,303,581
2022	2,528,244	4,782,587	7,310,831
2023	2,551,826	4,749,455	7,301,281
2024-2028	12,455,860	24,733,146	37,189,006
2029-2033	14,635,938	22,583,331	37,219,269
2034-2038	20,885,000	5,597,894	26,482,894
2039-2043	9,640,000	2,114,457	11,754,457
2044-2048	<u>5,235,000</u>	<u>582,719</u>	<u>5,817,719</u>
	<u>\$ 77,342,787</u>	<u>\$ 79,768,122</u>	<u>\$157,110,909</u>

**NOTE 6. NOTE PAYABLE**

The District entered into a note agreement with the State Energy Conservation Office to finance energy conservation projects within the District. As of August 31, 2018 the loan balance was \$173,753. The note is for 10 years at a rate of 2%.

Presented below is a summary of note payments to maturity:

Year Ended August 31,			Total <u>Requirements</u>
	<u>Principal</u>	<u>Interest</u>	
2019	\$ 74,931	\$2,437	\$ 77,368
2020	75,025	2,343	77,368
2021	<u>23,797</u>	<u>554</u>	<u>24,351</u>
	<u>\$173,753</u>	<u>\$5,334</u>	<u>\$179,087</u>

**NOTE 7. DEBT REFUNDING AND DEFEASED BONDS OUTSTANDING**

In February 2019, the District advance refunded \$889,882 (par value) of bonds by paying \$1,649,558 into an irrevocable escrow account. All future payments on the refunded bonds will be paid from the escrow account. The refunded bonds will be redeemed in August 2021, the call date of the bonds.

In prior years, the District has defeased other bond series in advance refunding transactions. As of August 31, 2018, there were \$1,158,916 (par value) of defeased bonds outstanding.



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

Balance – August 31, 2017	\$3,679,165
Current year amortization	<u>(150,841)</u>
Balance -- August 31, 2018	<u>\$3,528,324</u>

**NOTE 8. PROPERTY TAXES**

Property taxes are considered available when collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. The District levies its taxes on October 1 on the assessed (appraised) value listed as of the prior January 1 for all real and business personal property located in the District in conformity with Subtitle E, Texas Property Tax Code. Taxes are due upon receipt of the tax bill and are past due and subject to interest if not paid by February 1 of the year following the October 1 levy date. The assessed value of the property tax roll upon which the levy for the 2017-18 fiscal year was based was \$1,748,779,669. Taxes are delinquent if not paid by August 31. Delinquent taxes are subject to both penalty and interest charges plus 15 % delinquent collection fees for attorney costs.

The tax rates assessed for the year ended August 31, 2018, to finance General Fund operations and the payment of principal and interest on general obligation long-term debt were \$1.17 and \$0.50 per \$100 valuation, respectively, for a total of \$1.67 per \$ 100 valuation.

Current tax collections for the year ended August 31, 2018 were 99.42% of the year-end adjusted tax levy. Delinquent taxes are prorated between maintenance and debt service based on rates adopted for the year of the levy. Allowances for uncollectible taxes within the General and Debt Service Funds are based on historical experience in collecting taxes. Uncollectible personal property taxes are periodically reviewed and written off, but the District is prohibited from writing off real property taxes without specific statutory authority from the Texas Legislature. As of August 31, 2018, property taxes receivable, net of estimated uncollectible taxes, totaled \$401,140 and \$166,466 for the General and Debt Service Funds, respectively.

Property taxes are recorded as receivables and unavailable revenues at the time the taxes are assessed. Revenues are recognized as the related ad valorem taxes are collected. Additional amounts estimated to be collectible in time to be a resource for payment of obligations incurred during the fiscal year and therefore susceptible to accrual in accordance with Generally Accepted Accounting Principles have been recognized as revenue.

**NOTE 9. DEFINED BENEFIT PENSION PLAN**

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

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

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

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

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

Employee contribution rates are set in state statute, Texas Government Code 825.402. Senate Bill 1458 of the 83<sup>rd</sup> Texas Legislature amended Texas Government Code 825.402 for member contributions and established employee contribution rates for fiscal years 2014 thru 2017. The 83<sup>rd</sup> Texas Legislature, General Appropriations Act (GAA) established the employer contribution rates for fiscal years 2014 and 2015. The 84<sup>th</sup> Texas Legislature, General Appropriations Act (GAA) established the employer contribution rates for fiscal years 2016 and 2017.

	<u>Contribution Rates</u>	
	<u>2018</u>	<u>2017</u>
Member	7.7%	7.7%
Non-Employer Contributing Entity (State)	6.8%	6.8%
Employers	6.8%	6.8%
Lake Dallas ISD FY2018 Employer Contributions	\$	786,464
Lake Dallas ISD FY2018 Member Contributions	\$	2,109,602
Lake Dallas ISD 2018 NECE On-Behalf Contributions	\$	1,873,413

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

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

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- 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.

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

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

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

Valuation Date	August 31, 2017
Actuarial Cost Method	Individual Entry Age Normal
Asset Valuation Method	Market Value
Single Discount Rate	8.00%
Long-term expected Investment Rate of Return	8.00%
Inflation	2.50%
Salary Increases Including Inflation	3.50% to 9.50%
Payroll Growth Rate	2.50%
Benefit Changes During the Year	None
Ad hoc Post Employment Benefit Changes	None

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

**Discount Rate.** The discount rate used to measure the total pension liability was 8.0%. There was no change in the discount rate since the previous year. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers and the non-employer contributing entity are made at the statutorily required rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The long-term rate of return on pension plan investments is 8%. The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimates ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of geometric real rates of return for each major asset class included in the Systems target asset allocation as of August 31, 2017 are summarized below:

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

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

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

	1% Decrease in Discount Rate (7.0%)	Discount Rate (8.0%)	1% Increase in Discount Rate (9.0%)
Lake Dallas ISD's proportionate share of the net pension liability:	\$9,845,289	\$5,840,123	\$2,505,167

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions.** At August 31, 2018, Lake Dallas Independent School District reported a liability of \$5,840,123 for its proportionate share of the TRS's net pension liability. This liability reflects a reduction for State pension support provided to Lake Dallas Independent School District. The amount recognized by Lake Dallas Independent School District as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with Lake Dallas Independent School District were as follows:

District's Proportionate share of the collective net pension liability	\$ 5,840,123
State's proportionate share that is associated with the District	<u>15,271,643</u>
Total	<u>\$21,111,766</u>

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

At August 31, 2017 the employer's proportion of the collective net pension liability was 0.0182648746%, a decrease of 0.000372230% from its proportionate share of 0.0186371047% at August 31, 2016.

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**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 August 31, 2018, Lake Dallas Independent School District recognized pension expense of \$1,873,413 and revenue of \$1,873,413 for support provided by the State.

At August 31, 2018, Lake Dallas Independent School District reported its proportionate share of the TRS's deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 85,444	\$ 314,950
Changes in actuarial assumptions	266,027	152,294
Difference between projected and actual investment earnings	898,143	1,323,759
Changes in proportion and difference between the employer's contributions and the proportionate share of contributions	1,489,930	113,753
Contributions paid to TRS subsequent to the measurement date	786,464	-
Total	\$ 3,526,008	\$1,904,756

\$786,464 reported as deferred outflows of resources resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended August 31, 2019. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended August 31:	Pension Expense Amount
2019	\$ 170,773
2020	543,563
2021	142,130
2022	16,686
2023	(18,124)
Thereafter	(20,241)

**NOTE 10. DEFINED OTHER POST-EMPLOYMENT BENEFIT PLANS**

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

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

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Components of the net OPEB liability of the TRS-Care plan as of August 31, 2017 are as follows:

<u>Net OPEB Liability</u>	<u>Total</u>
Total OPEB Liability	\$43,885,784,621
Less: plan fiduciary net position	<u>399,535,986</u>
Net OPEB liability	<u>\$43,486,248,635</u>
Net position as a percentage of total OPEB liability	0.91%

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

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

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

TRS-Care Plan Premium Rates Effective Sept. 1, 2016 - Dec. 31, 2017			
	<u>TRS-Care 1</u> <u>Basic Plan</u>	<u>TRS-Care 2</u> <u>Optional Plan</u>	<u>TRS-Care 3</u> <u>Optional Plan</u>
Retiree*	\$ 0	\$ 70	\$ 100
Retiree and Spouse	20	175	255
Retiree* and Children	41	132	182
Retiree and Family	61	237	337
Surviving Children only	28	62	82

\* or surviving spouse

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

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

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	<u>Contribution Rates</u>	
	<u>2018</u>	<u>2017</u>
Active Employee	0.65%	0.65%
Non-Employer Contributing Entity (State)	1.25%	1.00%
Employers	0.75%	0.55%
Federal/private Funding remitted by Employers	1.25%	1.00%
 Lake Dallas ISD FY18 Employer Contributions	 \$218,925	
Lake Dallas ISD FY18 Member Contributions	\$178,072	
Lake Dallas ISD 2018 NECE On-behalf Contributions	\$342,468	

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

TRS-Care received supplemental appropriations from the State of Texas as the Non-Employer Contributing Entity in the amount of \$15.6 million in fiscal year 2017 and \$182.6 million in fiscal year 2018. House Bill 21 was passed in special session and provided a supplemental appropriation in the amount of \$212 million in fiscal year 2018.

The District's proportionate share of the \$212,000,000 received during the District's 2018 fiscal year is reported in the fund level financial statements as an on-behalf contribution as required by GASB 85 and GASB 24.

**Actuarial Assumptions.** The actuarial valuation of TRS-Care is similar to the actuarial valuations performed for the pension plan, except that the OPEB valuation is more complex. All of the demographic assumptions, including mortality, and most of the economic assumptions are identical to those which were adopted by the Board in 2015 and are based on the 2014 actuarial experience study of TRS.

The active mortality rates were based on 90 percent of the RP-2014 Employee Mortality Tables for males and females. The post-retirement mortality rates were based on the 2015 TRS of Texas Healthy Pensioner Mortality Tables.

The total OPEB liability in the August 31, 2017 actuarial valuation was determined using the following actuarial assumptions. The following assumptions and other inputs used for members of TRS-Care are identical to the assumptions used in the August 31, 2017 TRS pension actuarial valuation:

LAKE DALLAS INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED AUGUST 31, 2018

Rates of Mortality	General Inflation
Rates of Retirement	Wage Inflation
Rates of Termination	Expected Payroll Growth
Rates of Disability Incidence	

***Additional Actuarial Methods and Assumptions:***

Valuation Date	August 31, 2017
Actuarial Cost Method	Individual Entry Age Normal
Inflation	2.50%
Discount Rate	3.42%
Aging Factors	Based on specific plan experience
Expenses	Third-party administrative expenses related to the delivery of health care benefits are included in the age-adjusted claim costs
Payroll Growth Rate	2.50%
Projected Salary Increases	3.50% to 9.50%
Healthcare Trend Rates	4.50% to 12.00%
Election Rates	Normal Retirement: 70% participation prior to age 65 and 75% participation after age 65
Ad hoc post-employment benefit changes	None

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

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

	1% Decrease in Discount Rate (2.42%)	Current Single Discount Rate (3.42%)	1% Increase in Discount Rate (4.42%)
District’s proportionate share of the Net OPEB Liability:	\$14,717,552	\$12,469,879	\$10,687,540

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



LAKE DALLAS INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED AUGUST 31, 2018

	1% Decrease	Current Healthcare Cost Trend Rate	1% Increase
District's proportionate share of the Net OPEB Liability:	\$10,382,422	\$12,469,879	\$15,208,889

***OPEB Liabilities, OPEB Expenses, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEBs.*** At August 31, 2018, the District reported a liability of \$12,469,879 for its proportionate share of the TRS's Net OPEB Liability. This liability reflects a reduction for State OPEB support provided to the District.

The amount recognized by the District as its proportionate share of the net OPEB liability, the related State support, and the total portion of the net OPEB liability that was associated with the District were as follows:

District's Proportionate share of the collective Net OPEB Liability	\$12,469,879
State's proportionate share that is associated with the District	<u>21,870,140</u>
Total	<u>\$34,340,019</u>

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

At August 31, 2017 the employer's proportion of the collective Net OPEB Liability was 0.0286754529% which was the same proportion measured as of August 31, 2016.

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

1. Significant plan changes were adopted during fiscal year ending August 31, 2017. Effective January 1, 2018, only one health plan option will exist (instead of three), and all retirees will be required to contribute monthly premiums for coverage. The health plan changes triggered changes to several of the assumptions including participation rates, retirement rates, and spousal participation rates.
2. The August 31, 2016 valuation had assumed that the savings related to the Medicare Part D reimbursements would phase out by 2022. This assumption was removed for the August 31, 2017 valuation. Although there is uncertainty regarding these federal subsidies, the new assumption better reflects the current substantive plan. This change was unrelated to the plan amendment, and its impact included assumption change in the reconciliation of the total OPEB liability. This change significantly lowered the OPEB liability.
3. The discount rate changed from 2.98 percent as of August 31, 2016 to 3.42 percent as of August 31, 2017. This change lowered the total OPEB liability.

LAKE DALLAS INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED AUGUST 31, 2018

In this valuation the impact of the Cadillac Tax has been calculated as a portion of the trend assumption. Assumptions and methods used to determine the impact of the Cadillac Tax include:

- 2018 thresholds of \$850/\$2,292 were indexed annually by 2.50 percent.
- Premium data submitted was not adjusted for permissible exclusions to the Cadillac Tax.
- There were no special adjustments to the dollar limit than those permissible for non-Medicare retirees over 55.

Results indicate that the value of the excise tax would be reasonably represented by a 25 basis point addition to the long term rate assumption.

Future actuarial measurements may differ significantly from the current measurements due to such factors as the following: plan experience differing from that anticipated by the economic or demographic assumptions; changes in economic or demographic assumptions; increases or decreases expected as part of the natural operation of the methodology used for these measurements; and changes in plan provisions or applicable law.

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

For the year ended August 31, 2018, the District recognized OPEB expense of (\$7,318,330) and revenue of (\$7,318,330) for support provided by the State.

At August 31, 2018, the District reported its proportionate share of the TRS's deferred outflows of resources and deferred inflows of resources related to other post-employment benefits from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ -	\$ 260,318
Changes in actuarial assumptions	-	4,955,856
Difference between projected and actual investment earnings	1,894	-
Changes in proportion and difference between the employer's contributions and the proportionate share of contributions	59	-
Contributions paid to TRS subsequent to the measurement date	218,925	-
Total	\$ 220,878	\$ 5,216,174

The net amounts of the employer's balance of deferred outflows and inflows of resources (not including the deferred contribution paid subsequent to the measurement date) related to OPEB will be recognized in OPEB expense as follows:

Year ended August 31:	OPEB Expense Amount
2019	\$ (688,022)
2020	(688,022)
2021	(688,022)
2022	(688,022)
2023	(688,496)
Thereafter	(1,773,636)

LAKE DALLAS INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED AUGUST 31, 2018

**NOTE 11. SCHOOL DISTRICT RETIREE HEALTH PLAN**

*Plan Description.* Lake Dallas Independent School District contributes to the Texas Public School Retired Employees Group Insurance Program (TRS-Care), a cost-sharing multiple-employer defined benefit postemployment health care plan administered by the Teacher Retirement System of Texas. TRS-Care Retired Plan provides health care coverage for certain persons (and their dependents) who retired under the Teacher Retirement System of Texas. The statutory authority for the program is Texas Insurance Code, Chapter 1575. Section 1575.052 grants the TRS Board of Trustees authority to establish and amend the basic and optional group insurance coverage for participants. The TRS issues a publicly available financial report that includes financial statements and required supplementary information for TRS-Care. That report may be obtained by visiting the TRS Web site at [www.trs.state.tx.us](http://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.

*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% as of September 1, and 0.65% of public school payroll, respectively, with school districts contributing a percentage of payroll set at 0.55% for fiscal years 2017 and 2016. In fiscal year 2018, the State of Texas contribution rate increased to 1.25% and the District contribution rate increased to 0.75%. Per Texas Insurance Code, Chapter 1575, the public school contribution may not be less than 0.25% or greater than 0.75% of the salary of each active employee of the public school. For the years ended August 31, 2018, 2017, and 2016, the State's contributions to TRS-Care were \$342,468, \$262,848, and \$258,505, respectively. The on-behalf payments are recognized as equal revenues and expenditures/expenses by the District. The active member contributions were \$178,072, \$172,734, and \$168,028, respectively, and the school district's contribution were \$218,925, \$149,056, and \$142,175, respectively, which equaled the required contributions each year.

The Medicare Prescription Drug, Improvement, and Modernization Act of 2003, which was effective January 1, 2006, established prescription drug coverage for Medicare beneficiaries known as Medicare Part D. One of the provisions of Medicare D allows for the Texas Public School Retired Employee Group Insurance Program (TRS-Care) to receive retiree drug subsidy payments from the federal government to offset certain prescription drug expenditures for eligible TRS-Care participants. These on-behalf payments are recognized as equal revenues and expenditures/expenses by the District. For the year ended August 31, 2018, the contribution made on behalf of the District was \$83,163.

**NOTE 12. HEALTH CARE**

During the year ended August 31, 2018, employees of Lake Dallas Independent School District were covered by the TRS-Active Care health insurance plan (the Plan). The District contributed \$240 per month per employee to the Plan and employees, at their option, authorized payroll withholdings to pay any additional contribution and contributions for dependents. All contributions were paid to a self-funded pool. The Plan was authorized by Section 21.922, Texas Education Code and was documented by contractual agreement.

LAKE DALLAS INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED AUGUST 31, 2018

**NOTE 13. INTERFUND TRANSFERS AND BALANCES**

The following is a summary of the District's transfers for the fiscal year ended August 31, 2018:

<u>Fund</u>	<u>Transfers In</u>	<u>Transfers Out</u>
Major Funds:		
General Fund	\$ -	\$319,559
Non-Major Funds:		
Enterprise Fund	19,861	-
Capital Projects Fund	<u>299,698</u>	<u>-</u>
	<u>\$319,559</u>	<u>\$319,559</u>

\$319,559 was transferred from the General Fund to the Childcare Fund to help with operating costs and to the Capital Projects Fund to cover expenditures.

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

Interfund balances at August 31, 2018, consisted of the following individual fund receivables and payables:

<u>Fund</u>	<u>Advances to Other Funds</u>	<u>Advances from Other Funds</u>
<u>Major Funds:</u>		
General Fund:		
Special Revenue Funds	\$377,845	\$ -
Debt Service Fund	-	-
Capital Projects Fund	348,062	-
Internal Service Fund	-	6,908
Agency Fund	<u>4,538</u>	<u>-</u>
Total Major Funds	<u>730,445</u>	<u>6,908</u>
<u>Non-Major Funds:</u>		
Special Revenue Funds:		
General Fund	-	377,845
Capital Projects Fund:		
General Fund	-	348,062
Internal Service Fund:		
General Fund	6,908	-
Agency Fund:		
General Fund	<u>-</u>	<u>4,538</u>
Total Non-Major Funds	<u>6,908</u>	<u>730,445</u>
	<u>\$737,353</u>	<u>\$737,353</u>

**NOTE 14. RECEIVABLES FROM OTHER GOVERNMENTS**

The District participates in a variety of federal and state programs from which it receives grants to partially or fully finance certain activities. In addition, the District receives entitlements from the State through the School Foundation and Per Capita Programs. Amounts due from federal and state governments as of August 31, 2018, are summarized below. All federal grants shown below are passed through the TEA and are reported on the combined financial statements as Due from Other Governments.

**LAKE DALLAS INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED AUGUST 31, 2018**

<u>Fund</u>	<u>State Entitlements</u>	<u>Federal Grants</u>	<u>Local Governments</u>	<u>Total</u>
General Fund	\$100,853	\$ -	\$ -	\$100,853
Special Revenue	-	416,235	-	416,235
Total	<u>\$100,853</u>	<u>\$416,235</u>	<u>\$ -</u>	<u>\$517,088</u>

**NOTE 15. CONTINGENT LIABILITIES**

The Tax Reform Act of 1986 imposed regulations on tax-exempt bond issues. Governmental bonds issued after August 31, 1986 are subject to the rebate provisions of the Tax Reform Act of 1986. The rebate applies to earnings from bond issue proceeds investments which exceed bond issue stated interest rates. The exact amount of liability, if any, will not be known until as long as five years from the bond issuance date. At August 31, 2018 there was no estimated rebate liability.

**NOTE 16. LITIGATION AND CONTINGENCIES**

The District is not a party to any legal actions, accordingly, no provision for losses has been recorded in the accompanying combined financial statements for such contingencies.

The District participates in numerous state and Federal grant programs which are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that the District has not complied with the rules and regulations governing the grants, if any, refunds of any money received may be required and the collectability of any related receivable at August 31, 2018 may be impaired. In the opinion of the District, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provision has been recorded in the accompanying combined financial statements for such contingencies.

**NOTE 17. REVENUES FROM LOCAL AND INTERMEDIATE SOURCES**

During the current year, revenues from local and intermediate sources consisted of the following:

	<u>General Fund</u>	<u>Special Revenue Funds</u>	<u>Debt Service Fund</u>	<u>Capital Projects Fund</u>	<u>Total</u>
Property Taxes	\$19,784,232	\$ -	\$8,453,205	\$ -	\$28,237,437
Food Sales	-	710,850	-	-	710,850
Investment Income	253,354	2,043	74,505	9,267	339,169
Penalties, interest and other tax related income	124,258	-	49,987	-	174,245
Co-curricular student activities	92,362	-	-	-	92,362
Other	571,778	50,652	-	-	622,430
Total	<u>\$20,825,984</u>	<u>\$ 763,545</u>	<u>\$8,577,697</u>	<u>\$ 9,267</u>	<u>\$30,176,493</u>

**NOTE 18. UNEARNED REVENUE**

Unearned revenue at year-end consisted of the following:

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Total</u>
Unearned Grants	<u>\$ -</u>	<u>\$14,139</u>	<u>\$14,139</u>

LAKE DALLAS INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED AUGUST 31, 2018

**NOTE 19. GENERAL FUND FEDERAL SOURCE REVENUES**

<u>Program or Source</u>	<u>CFDA Number</u>	<u>Amount</u>	<u>Total Grant or Entitlement</u>
General Fund:			
Impact Aid	84.041	\$388,722	\$388,722
Federal Flood Control	10.904	104,819	104,819
Medicaid Administrative Claiming			
Program-MAC	93.778	13,826	13,826
Medicaid Reimbursement (SHARS)		<u>197,000</u>	<u>197,000</u>
Total for General Fund		<u>\$704,367</u>	<u>\$704,367</u>

**NOTE 20. PRIOR PERIOD ADJUSTMENT**

In fiscal year 2018, the District implemented GASB Statement No. 75, *Accounting and Financial Reporting for Post-Employment Benefits Other Than Pensions (OPEB)*. As such, a prior period adjustment was necessary to record the beginning OPEB liability of the District. The following illustrates the effect of the prior period adjustment on the District's Governmental Activities:

<b>Beginning Net Position – As Originally Presented</b>	\$ (6,101,365)
Restatement due to:	
Net OPEB liability (measurement date as of August 31, 2016)	(22,014,939)
Deferred Outflows:	
District contributions made to TRS after August 31, 2016	<u>149,056</u>
<b>Beginning Net Position – As Restated</b>	<u><b>\$(27,967,248)</b></u>

**REQUIRED SUPPLEMENTARY INFORMATION  
(UNAUDITED)**





LAKE DALLAS INDEPENDENT SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND  
FOR THE YEAR ENDED AUGUST 31, 2018

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	\$ 20,341,597	\$ 21,074,414	\$ 20,825,984	\$ (248,430)
5800 State Program Revenues	15,104,486	15,271,811	15,416,589	144,778
5900 Federal Program Revenues	480,000	625,113	704,367	79,254
5020 Total Revenues	35,926,083	36,971,338	36,946,940	(24,398)
EXPENDITURES:				
Current:				
0011 Instruction	20,493,436	20,915,067	20,857,233	57,834
0012 Instructional Resources and Media Services	563,984	580,878	575,768	5,110
0013 Curriculum and Instructional Staff Development	1,003,072	1,020,701	1,001,126	19,575
0021 Instructional Leadership	505,513	522,975	517,534	5,441
0023 School Leadership	2,081,290	2,129,113	2,116,758	12,355
0031 Guidance, Counseling and Evaluation Services	1,325,132	1,336,041	1,321,686	14,355
0032 Social Work Services	19,206	19,828	19,625	203
0033 Health Services	317,214	322,528	319,824	2,704
0034 Student (Pupil) Transportation	1,605,395	1,338,610	1,243,785	94,825
0036 Extracurricular Activities	1,121,754	1,457,922	1,432,678	25,244
0041 General Administration	1,306,667	1,344,595	1,342,275	2,320
0051 Facilities Maintenance and Operations	4,636,233	4,650,733	4,498,155	152,578
0052 Security and Monitoring Services	206,515	233,587	211,013	22,574
0053 Data Processing Services	677,641	813,982	768,398	45,584
Debt Service:				
0071 Principal on Long-Term Debt	-	77,372	77,368	4
0072 Interest on Long-Term Debt	-	1	1	-
Capital Outlay:				
0081 Facilities Acquisition and Construction	47,500	47,500	10,175	37,325
Intergovernmental:				
0095 Payments to Juvenile Justice Alternative Ed. Prg.	5,000	5,000	2,403	2,597
0099 Other Intergovernmental Charges	180,357	168,557	166,646	1,911
6030 Total Expenditures	36,095,909	36,984,990	36,482,451	502,539
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	(169,826)	(13,652)	464,489	478,141
OTHER FINANCING SOURCES (USES):				
8911 Transfers Out (Use)	-	299,698	(319,559)	(619,257)
1200 Net Change in Fund Balances	(169,826)	286,046	144,930	(141,116)
0100 Fund Balance - September 1 (Beginning)	10,322,236	10,322,236	10,322,236	-
3000 Fund Balance - August 31 (Ending)	\$ 10,152,410	\$ 10,608,282	\$ 10,467,166	\$ (141,116)

LAKE DALLAS INDEPENDENT SCHOOL DISTRICT  
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY  
TEACHER RETIREMENT SYSTEM OF TEXAS  
FOR THE YEAR ENDED AUGUST 31, 2018

	FY 2018 Plan Year 2017	FY 2017 Plan Year 2016	FY 2016 Plan Year 2015	FY 2015 Plan Year 2014
District's Proportion of the Net Pension Liability (Asset)	0.018264875%	0.018637105%	0.0198897%	0.0100669%
District's Proportionate Share of Net Pension Liability (Asset)	\$ 5,840,123	\$ 7,042,685	\$ 7,030,744	\$ 2,689,008
State's Proportionate Share of the Net Pension Liability (Asset) Associated with the District	15,271,643	18,223,942	17,229,897	14,622,939
Total	<u>\$ 21,111,766</u>	<u>\$ 25,266,627</u>	<u>\$ 24,260,641</u>	<u>\$ 17,311,947</u>
District's Covered Payroll	\$ 26,574,196	\$ 25,849,885	\$ 24,956,220	\$ 23,960,423
District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	21.98%	27.24%	28.17%	11.22%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	82.17%	78.00%	78.43%	83.25%

Note: GASB 68, Paragraph 81 requires that the information on this schedule be data from the period corresponding with the periods covered as of the measurement dates of August 31, 2017 for year 2018, August 31, 2016 for Year 2017, August 31, 2015 for Year 2016 and August 31, 2014 for 2015.

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

LAKE DALLAS INDEPENDENT SCHOOL DISTRICT  
SCHEDULE OF DISTRICT'S CONTRIBUTIONS FOR PENSIONS  
TEACHER RETIREMENT SYSTEM OF TEXAS  
FOR FISCAL YEAR 2018

	2018	2017	2016	2015
Contractually Required Contribution	\$ 786,464	\$ 598,616	\$ 592,480	\$ 588,942
Contribution in Relation to the Contractually Required Contribution	(786,464)	(598,616)	(592,480)	(588,942)
Contribution Deficiency (Excess)	\$ -0-	\$ -0-	\$ -0-	\$ -0-
District's Covered Payroll	\$ 27,397,418	\$ 26,574,196	\$ 25,849,885	\$ 24,956,220
Contributions as a Percentage of Covered Payroll	2.87%	2.25%	2.29%	2.36%

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

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

LAKE DALLAS INDEPENDENT SCHOOL DISTRICT  
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY  
TEACHER RETIREMENT SYSTEM OF TEXAS  
FOR THE YEAR ENDED AUGUST 31, 2018

	<u>FY 2018</u> <u>Plan Year 2017</u>
District's Proportion of the Net Liability (Asset) for Other Post Employment Benefits	0.028767545%
District's Proportionate Share of Net Post Employment Benefit Liability (Asset)	\$ 12,469,879
State's Proportionate Share of the Net Post Employment Benefit Liability (Asset) Associated with the District	21,870,140
Total	<u>\$ 34,340,019</u>
District's Covered Payroll	\$ 26,574,196
District's Proportionate Share of the Net OPEB Liability (Asset) as a Percentage of its Covered Payroll	46.92%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	0.91%

Note: GASB Codification, Vol. 2, P50.238 states that the information on this schedule should be determined as of the measurement date. Therefore the amounts reported for FY 2018 are based on the August 31, 2017 measurement date.

This schedule shows only the year for which this information is available. Additional information will be added until 10 years of data are available and reported.

LAKE DALLAS INDEPENDENT SCHOOL DISTRICT  
SCHEDULE OF DISTRICT'S CONTRIBUTIONS FOR OTHER POSTEMPLOYMENT BENEFITS (OPEB)  
TEACHER RETIREMENT SYSTEM OF TEXAS  
FOR FISCAL YEAR 2018

	<u>2018</u>
Contractually Required Contribution	\$ 218,925
Contribution in Relation to the Contractually Required Contribution	(218,925)
Contribution Deficiency (Excess)	<u>\$ -0-</u>
District's Covered Payroll	\$ 27,397,418
Contributions as a Percentage of Covered Payroll	0.80%

Note: GASB Codification, Vol. 2, P50.238 requires that the data in this schedule be presented as of the District's respective fiscal years as opposed to the time periods covered by the measurement dates ending August 31 of the preceding year.

Information in this schedule should be provided only for the years where data is available. Eventually 10 years of data should be presented.

LAKE DALLAS INDEPENDENT SCHOOL DISTRICT  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
PENSION AND OPEB INFORMATION  
FOR THE YEAR ENDED AUGUST 31, 2018

PENSION LIABILITY:

*Changes of benefit terms:*

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

*Changes of assumptions:*

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

OPEB LIABILITY:

*Changes of benefit terms:*

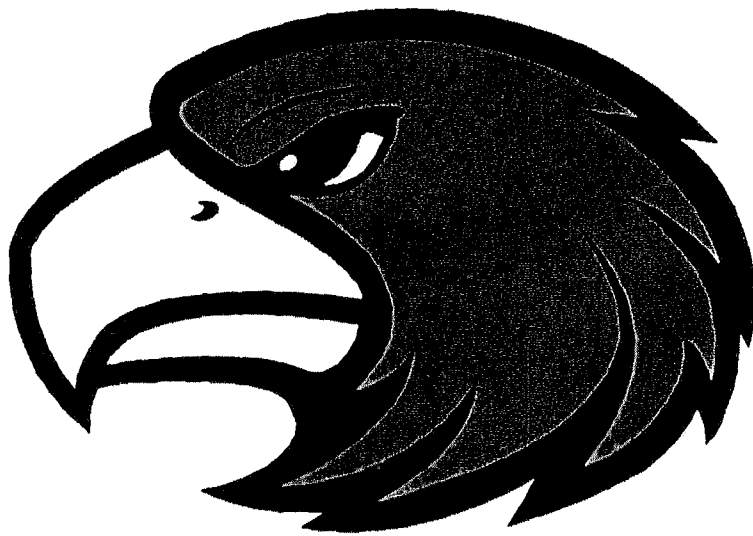
There were no changes in benefit terms that affected measurement of the total OPEB liability during the measurement period.

*Changes of assumptions:*

The following were changes to the actuarial assumptions or other inputs that affected measurement of the Total OPEB liability since the prior measurement period:

1. Significant plan changes were adopted during fiscal year ending August 31, 2017. Effective January 1, 2018, only one health plan option will exist (instead of three), and all retirees will be required to contribute monthly premiums for coverage. The health plan changes triggered changes to several of the assumptions including participation rates, retirement rates, and spousal participation rates.
2. The August 31, 2016 valuation had assumed that the savings related to the Medicare Part D reimbursements would phase out by 2022. This assumption was removed for the August 31, 2017 valuation. Although there is uncertainty regarding these federal subsidies, the new assumption better reflects the current substantive plan. This change was unrelated to the plan amendment, and its impact included assumption change in the reconciliation of the total OPEB liability. This change significantly lowered the OPEB liability.
3. The discount rate changed from 2.98 percent as of August 31, 2016 to 3.42 percent as of August 31, 2017. This change lowered the total OPEB liability.

**OTHER SUPPLEMENTARY INFORMATION:**  
**NONMAJOR GOVERNMENTAL FUNDS**





NONMAJOR GOVERNMENTAL FUNDS  
SPECIAL REVENUE FUNDS

Special Revenue Funds are used to account for proceeds of specific revenue sources that are legally restricted to expenditure for specified purposes.

Activities accounted for in the Special Revenue Funds are:

ESEA Title I, A Improving Basic Program  
IDEA-Part B, Formula  
IDEA-Part B, Preschool  
National Breakfast and Lunch Program  
Summer Feeding Program  
Career and Technical - Basic Grant  
ESEA, Title II, A Training and Recruiting  
Title III, A English Lang. Acquisition  
Summer School LEP

State Programs:

Advanced Placement Incentives  
State Textbook Fund  
Math Achievement Academics  
Campus Activity Funds

Capital Projects Fund

LAKE DALLAS INDEPENDENT SCHOOL DISTRICT  
COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
AUGUST 31, 2018

Data Control Codes		211	224	225
		ESEA I, A Improving Basic Program	IDEA - Part B Formula	IDEA - Part B Preschool
<b>ASSETS</b>				
1110	Cash and Cash Equivalents	\$ -	\$ -	\$ -
1240	Due from Other Governments	76,025	231,420	4,613
1290	Other Receivables	-	-	-
1410	Prepayments	-	25,675	-
1000	Total Assets	<u>\$ 76,025</u>	<u>\$ 257,095</u>	<u>\$ 4,613</u>
<b>LIABILITIES</b>				
2110	Accounts Payable	\$ -	\$ 1,381	\$ -
2150	Payroll Deductions and Withholdings Payable	-	-	-
2170	Due to Other Funds	76,025	255,714	4,613
2190	Due to Student Groups	-	-	-
2200	Accrued Expenditures	-	-	-
2300	Unearned Revenue	-	-	-
2000	Total Liabilities	<u>76,025</u>	<u>257,095</u>	<u>4,613</u>
<b>FUND BALANCES</b>				
Restricted Fund Balance:				
3450	Federal or State Funds Grant Restriction	-	-	-
3470	Capital Acquisition and Contractual Obligation	-	-	-
Committed Fund Balance:				
3545	Campus Activities	-	-	-
3000	Total Fund Balances	<u>-</u>	<u>-</u>	<u>-</u>
4000	Total Liabilities and Fund Balances	<u>\$ 76,025</u>	<u>\$ 257,095</u>	<u>\$ 4,613</u>

240 National Breakfast and Lunch Program	242 Summer Feeding Program	244 Career and Technical - Basic Grant	255 ESEA II,A Training and Recruiting	263 Title III, A English Lang. Acquisition	288 Summer School LEP	289 ESEA Title IV Part A	397 Advanced Placement Incentives
\$ 389,300	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 9,456
62,684	-	1,385	31,730	8,378	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>\$ 451,984</u>	<u>\$ -</u>	<u>\$ 1,385</u>	<u>\$ 31,730</u>	<u>\$ 8,378</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 9,456</u>
\$ 65,559	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-
-	-	1,385	31,730	8,378	-	-	-
-	-	-	-	-	-	-	-
28,253	-	-	-	-	-	-	-
-	-	-	-	-	-	-	9,456
<u>93,812</u>	<u>-</u>	<u>1,385</u>	<u>31,730</u>	<u>8,378</u>	<u>-</u>	<u>-</u>	<u>9,456</u>
358,172	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>358,172</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ 451,984</u>	<u>\$ -</u>	<u>\$ 1,385</u>	<u>\$ 31,730</u>	<u>\$ 8,378</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 9,456</u>

LAKE DALLAS INDEPENDENT SCHOOL DISTRICT  
COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
AUGUST 31, 2018

Data Control Codes		410 State Textbook Fund	429 Math Achievement Academies	461 Campus Activity Funds	Total Nonmajor Special Revenue Funds
<b>ASSETS</b>					
1110	Cash and Cash Equivalents	\$ 34,360	\$ -	\$ 106,005	\$ 539,121
1240	Due from Other Governments	-	-	-	416,235
1290	Other Receivables	-	-	-	-
1410	Prepayments	-	-	-	25,675
1000	Total Assets	<u>\$ 34,360</u>	<u>\$ -</u>	<u>\$ 106,005</u>	<u>\$ 981,031</u>
<b>LIABILITIES</b>					
2110	Accounts Payable	\$ 604	\$ -	\$ 580	\$ 68,124
2150	Payroll Deductions and Withholdings Payable	-	-	(111)	(111)
2170	Due to Other Funds	-	-	31,454	409,299
2190	Due to Student Groups	-	-	105	105
2200	Accrued Expenditures	-	-	-	28,253
2300	Unearned Revenue	4,683	-	-	14,139
2000	Total Liabilities	<u>5,287</u>	<u>-</u>	<u>32,028</u>	<u>519,809</u>
<b>FUND BALANCES</b>					
Restricted Fund Balance:					
3450	Federal or State Funds Grant Restriction	29,073	-	-	387,245
3470	Capital Acquisition and Contractual Obligation	-	-	-	-
Committed Fund Balance:					
3545	Campus Activities	-	-	73,977	73,977
3000	Total Fund Balances	<u>29,073</u>	<u>-</u>	<u>73,977</u>	<u>461,222</u>
4000	Total Liabilities and Fund Balances	<u>\$ 34,360</u>	<u>\$ -</u>	<u>\$ 106,005</u>	<u>\$ 981,031</u>

607 Capital Projects Funds	Total Nonmajor Governmental Funds
\$ 402,848	\$ 941,969
-	416,235
878,602	878,602
-	25,675
<u>\$ 1,281,450</u>	<u>\$ 2,262,481</u>
\$ 269,994	\$ 338,118
-	(111)
348,062	757,361
-	105
-	28,253
-	14,139
<u>618,056</u>	<u>1,137,865</u>
-	387,245
663,394	663,394
-	73,977
<u>663,394</u>	<u>1,124,616</u>
<u>\$ 1,281,450</u>	<u>\$ 2,262,481</u>

LAKE DALLAS INDEPENDENT SCHOOL DISTRICT  
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED AUGUST 31, 2018

Data Control Codes		211	224	225
		ESEA I, A Improving Basic Program	IDEA - Part B Formula	IDEA - Part B Preschool
REVENUES:				
5700	Total Local and Intermediate Sources	\$ -	\$ -	\$ -
5800	State Program Revenues	-	-	-
5900	Federal Program Revenues	271,936	747,821	12,380
5020	Total Revenues	271,936	747,821	12,380
EXPENDITURES:				
Current:				
0011	Instruction	250,205	527,640	12,380
0013	Curriculum and Instructional Staff Development	21,731	4,450	-
0021	Instructional Leadership	-	3,050	-
0023	School Leadership	-	1,230	-
0031	Guidance, Counseling and Evaluation Services	-	155,001	-
0035	Food Services	-	-	-
0036	Extracurricular Activities	-	-	-
0061	Community Services	-	250	-
Capital Outlay:				
0081	Facilities Acquisition and Construction	-	-	-
Intergovernmental:				
0093	Payments to Fiscal Agent/Member Districts of SSA	-	56,200	-
6030	Total Expenditures	271,936	747,821	12,380
1100	Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	-
OTHER FINANCING SOURCES (USES):				
7915	Transfers In	-	-	-
1200	Net Change in Fund Balance	-	-	-
0100	Fund Balance - September 1 (Beginning)	-	-	-
3000	Fund Balance - August 31 (Ending)	\$ -	\$ -	\$ -

240 National Breakfast and Lunch Program	242 Summer Feeding Program	244 Career and Technical - Basic Grant	255 ESEA II, A Training and Recruiting	263 Title III, A English Lang. Acquisition	288 Summer School LEP	289 ESEA Title IV Part A	397 Advanced Placement Incentives
\$ 712,893 9,864 1,140,926 1,863,683	\$ - - 14,570 14,570	\$ - - 27,471 27,471	\$ - - 73,836 73,836	\$ - - 41,223 41,223	\$ - - 2,374 2,374	\$ - - 8,299 8,299	\$ - - - -
-	-	23,471	7,750	41,223	2,374	8,299	-
-	-	4,000	66,086	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
1,752,854	14,570	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
1,752,854	14,570	27,471	73,836	41,223	2,374	8,299	-
110,829	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
110,829	-	-	-	-	-	-	-
247,343	-	-	-	-	-	-	-
\$ 358,172	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

LAKE DALLAS INDEPENDENT SCHOOL DISTRICT  
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED AUGUST 31, 2018

Data Control Codes		410 State Textbook Fund	429 Math Achievement Academics	461 Campus Activity Funds	Total Nonmajor Special Revenue Funds
REVENUES:					
5700	Total Local and Intermediate Sources	\$ -	\$ -	\$ 50,652	\$ 763,545
5800	State Program Revenues	392,662	7,117	1,565	411,208
5900	Federal Program Revenues	-	-	-	2,340,836
5020	Total Revenues	<u>392,662</u>	<u>7,117</u>	<u>52,217</u>	<u>3,515,589</u>
EXPENDITURES:					
Current:					
0011	Instruction	392,662	7,117	-	1,273,121
0013	Curriculum and Instructional Staff Development	-	-	-	96,267
0021	Instructional Leadership	-	-	-	3,050
0023	School Leadership	-	-	-	1,230
0031	Guidance, Counseling and Evaluation Services	-	-	-	155,001
0035	Food Services	-	-	-	1,767,424
0036	Extracurricular Activities	-	-	66,303	66,303
0061	Community Services	-	-	-	250
Capital Outlay:					
0081	Facilities Acquisition and Construction	-	-	-	-
Intergovernmental:					
0093	Payments to Fiscal Agent/Member Districts of SSA	-	-	-	56,200
6030	Total Expenditures	<u>392,662</u>	<u>7,117</u>	<u>66,303</u>	<u>3,418,846</u>
1100	Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	(14,086)	96,743
OTHER FINANCING SOURCES (USES):					
7915	Transfers In	-	-	-	-
1200	Net Change in Fund Balance	-	-	(14,086)	96,743
0100	Fund Balance - September 1 (Beginning)	<u>29,073</u>	<u>-</u>	<u>88,063</u>	<u>364,479</u>
3000	Fund Balance - August 31 (Ending)	<u>\$ 29,073</u>	<u>\$ -</u>	<u>\$ 73,977</u>	<u>\$ 461,222</u>



607 Capital Projects Funds	Total Nonmajor Governmental Funds
\$ 1,744,804	\$ 2,508,349
-	411,208
-	2,340,836
<u>1,744,804</u>	<u>5,260,393</u>
-	1,273,121
-	96,267
-	3,050
-	1,230
-	155,001
-	1,767,424
-	66,303
-	250
2,229,462	2,229,462
-	56,200
<u>2,229,462</u>	<u>5,648,308</u>
(484,658)	(387,915)
<u>299,698</u>	<u>299,698</u>
(184,960)	(88,217)
<u>848,354</u>	<u>1,212,833</u>
<u>\$ 663,394</u>	<u>\$ 1,124,616</u>

LAKE DALLAS INDEPENDENT SCHOOL DISTRICT  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL - CHILD NUTRITION PROGRAM  
FOR THE YEAR ENDED AUGUST 31, 2018

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	\$ 789,841	\$ 789,841	\$ 712,893	\$ (76,948)
5800 State Program Revenues	9,865	9,865	9,864	(1)
5900 Federal Program Revenues	1,060,497	1,060,497	1,140,926	80,429
5020 Total Revenues	1,860,203	1,860,203	1,863,683	3,480
EXPENDITURES:				
0035 Food Services	1,860,028	1,860,028	1,752,854	107,174
6030 Total Expenditures	1,860,028	1,860,028	1,752,854	107,174
1200 Net Change in Fund Balances	175	175	110,829	110,654
0100 Fund Balance - September 1 (Beginning)	247,343	247,343	247,343	-
3000 Fund Balance - August 31 (Ending)	\$ 247,518	\$ 247,518	\$ 358,172	\$ 110,654

LAKE DALLAS INDEPENDENT SCHOOL DISTRICT  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL - DEBT SERVICE FUND  
FOR THE YEAR ENDED AUGUST 31, 2018

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	\$ 8,569,827	\$ 8,569,827	\$ 8,577,697	\$ 7,870
5800	State Program Revenues	210,290	210,290	213,611	3,321
5020	Total Revenues	8,780,117	8,780,117	8,791,308	11,191
EXPENDITURES:					
Debt Service:					
0071	Principal on Long-Term Debt	3,599,845	3,599,845	1,949,845	1,650,000
0072	Interest on Long-Term Debt	5,068,511	5,068,511	5,068,511	-
0073	Bond Issuance Cost and Fees	10,000	10,000	3,511	6,489
6030	Total Expenditures	8,678,356	8,678,356	7,021,867	1,656,489
1100	Excess of Revenues Over Expenditures	101,761	101,761	1,769,441	1,667,680
OTHER FINANCING SOURCES (USES):					
8949	Other (Uses)	-	-	(1,649,558)	(1,649,558)
1200	Net Change in Fund Balances	101,761	101,761	119,883	18,122
0100	Fund Balance - September 1 (Beginning)	860,722	860,722	860,722	-
3000	Fund Balance - August 31 (Ending)	\$ 962,483	\$ 962,483	\$ 980,605	\$ 18,122



**OTHER SUPPLEMENTARY INFORMATION:**  
**INTERNAL SERVICE FUNDS**



## **INTERNAL SERVICE**

### **FUNDS**

The Internal Service Funds are used to account for the financing of services provided by one department to other departments of the District on a cost reimbursement basis.

Print Shop - This fund accounts for the printing services provided by the District Print Shop.

Computer Operations - This fund accounts for technology services provided to other departments.

LAKE DALLAS INDEPENDENT SCHOOL DISTRICT  
 COMBINING STATEMENT OF NET POSITION  
 INTERNAL SERVICE FUNDS  
 AUGUST 31, 2018

	752	754	Total
	Print Shop	Computer Operations	Internal Service Funds
<b>ASSETS</b>			
Current Assets:			
Cash and Cash Equivalents	\$ 143,845	\$ 110,524	\$ 254,369
Due from Other Funds	2,656	4,252	6,908
Inventories	6,813	3,623	10,436
Total Assets	<u>153,314</u>	<u>118,399</u>	<u>271,713</u>
<b>LIABILITIES</b>			
Current Liabilities:			
Accrued Expenses	<u>88</u>	<u>-</u>	<u>88</u>
Total Liabilities	<u>88</u>	<u>-</u>	<u>88</u>
<b>NET POSITION</b>			
Unrestricted Net Position	<u>153,226</u>	<u>118,399</u>	<u>271,625</u>
Total Net Position	<u>\$ 153,226</u>	<u>\$ 118,399</u>	<u>\$ 271,625</u>



LAKE DALLAS INDEPENDENT SCHOOL DISTRICT  
 COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION  
 INTERNAL SERVICE FUNDS  
 FOR THE YEAR ENDED AUGUST 31, 2018

	752	754	Total Internal Service Funds
	Print Shop	Computer Operations	
<b>OPERATING REVENUES:</b>			
Local and Intermediate Sources	\$ 175,647	\$ -	\$ 175,647
State Program Revenues	5,281	-	5,281
Total Operating Revenues	<u>180,928</u>	<u>-</u>	<u>180,928</u>
<b>OPERATING EXPENSES:</b>			
Payroll Costs	80,061	-	80,061
Professional and Contracted Services	69,747	-	69,747
Supplies and Materials	31,120	830	31,950
Capital Outlay	-	117	117
Total Operating Expenses	<u>180,928</u>	<u>947</u>	<u>181,875</u>
Operating Income (Loss)	-	(947)	(947)
Total Net Position - September 1 (Beginning)	<u>153,226</u>	<u>119,346</u>	<u>272,572</u>
Total Net Position August 31 (Ending)	<u>\$ 153,226</u>	<u>\$ 118,399</u>	<u>\$ 271,625</u>

LAKE DALLAS INDEPENDENT SCHOOL DISTRICT  
COMBINING STATEMENT OF CASH FLOWS  
INTERNAL SERVICE FUNDS  
FOR THE YEAR ENDED AUGUST 31, 2018

	752	754	Total
	Print Shop	Computer Operations	Internal Service Funds
<u>Cash Flows from Operating Activities:</u>			
Cash Received from District	\$ 175,647	\$ 182,798	\$ 358,445
Cash Payments for Payroll Costs	(74,780)	-	(74,780)
Cash Payments for Supplies and Materials	(23,054)	(72,274)	(95,328)
Cash Payments for Purchased Services	(69,747)	-	(69,747)
Net Cash Provided by Operating Activities	8,066	110,524	118,590
Net Increase in Cash and Cash Equivalents	8,066	110,524	118,590
Cash and Cash Equivalents at Beginning of Year	135,779	-	135,779
Cash and Cash Equivalents at End of Year	\$ 143,845	\$ 110,524	\$ 254,369
<u>Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities:</u>			
Operating Income (Loss):	\$ -	\$ (947)	\$ (947)
Effect of Increases and Decreases in Current Assets and Liabilities:			
Decrease (increase) in Due from Other Funds	-	182,798	182,798
Decrease (increase) in Inventories	8,066	947	9,013
Increase (decrease) in Accounts Payable	-	(72,274)	(72,274)
Net Cash Provided by Operating Activities	\$ 8,066	\$ 110,524	\$ 118,590

**OTHER SUPPLEMENTARY INFORMATION:**

**AGENCY FUND**

LAKE DALLAS INDEPENDENT SCHOOL DISTRICT  
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
AGENCY FUND  
FOR THE YEAR ENDED AUGUST 31, 2018

	BALANCE SEPTEMBER 1 2017	ADDITIONS	DEDUCTIONS	BALANCE AUGUST 31 2018
<b>STUDENT ACTIVITY ACCOUNT</b>				
Assets:				
Cash and Temporary Investments	\$ 801,981	\$ 762,940	\$ 975,738	\$ 589,183
Other Receivables	15	-	-	15
Total Assets	<u>\$ 801,996</u>	<u>\$ 762,940</u>	<u>\$ 975,738</u>	<u>\$ 589,198</u>
Liabilities:				
Accounts Payable	\$ 18,363	\$ -	\$ 9,747	\$ 8,616
Due to Other Funds	217,221	-	205,983	11,238
Due to Student Groups	566,412	9,632	-	576,044
Total Liabilities	<u>\$ 801,996</u>	<u>\$ 9,632</u>	<u>\$ 215,730</u>	<u>\$ 595,898</u>
<b>TOTAL AGENCY FUNDS</b>				
Assets:				
Cash and Temporary Investments	\$ 801,981	\$ 762,940	\$ 975,738	\$ 589,183
Other Receivables	15	-	-	15
Total Assets	<u>\$ 801,996</u>	<u>\$ 762,940</u>	<u>\$ 975,738</u>	<u>\$ 589,198</u>
Liabilities:				
Accounts Payable	\$ 18,363	\$ -	\$ 9,747	\$ 8,616
Due to Other Funds	217,221	-	205,983	11,238
Due to Student Groups	566,412	9,632	-	576,044
Total Liabilities	<u>\$ 801,996</u>	<u>\$ 9,632</u>	<u>\$ 215,730</u>	<u>\$ 595,898</u>

**OTHER SUPPLEMENTARY INFORMATION:**  
**REQUIRED TEA SCHEDULES**

LAKE DALLAS INDEPENDENT SCHOOL DISTRICT  
SCHEDULE OF DELINQUENT TAXES RECEIVABLE  
FISCAL YEAR ENDED AUGUST 31, 2018

Last 10 Years Ended August 31	(1)	(2)	(3)
	Tax Rates		Assessed/Appraised Value for School Tax Purposes
	Maintenance	Debt Service	
2009 and prior years	Various	Various	\$ Various
2010	1.170000	0.480000	1,235,565,492
2011	1.170000	0.500000	1,205,064,272
2012	1.170000	0.500000	1,215,992,122
2013	1.170000	0.500000	1,203,818,215
2014	1.170000	0.500000	1,244,533,513
2015	1.170000	0.500000	1,343,350,119
2016	1.170000	0.500000	1,422,319,042
2017	1.170000	0.500000	1,601,010,736
2018 (School year under audit)	1.170000	0.500000	1,748,779,669
1000 TOTALS			

(10) Beginning Balance 9/1/2017	(20) Current Year's Total Levy	(31) Maintenance Collections	(32) Debt Service Collections	(40) Entire Year's Adjustments	(50) Ending Balance 8/31/2018
\$ 65,904	\$ -	\$ 1,847	\$ 637	\$ (13,830)	\$ 49,590
12,763	-	478	196	(1)	12,088
22,209	-	513	219	1	21,478
31,778	-	5,862	2,505	(3,427)	19,984
89,162	-	11,370	4,859	(28,778)	44,155
82,927	-	37,428	15,995	24,822	54,326
113,617	-	49,660	21,222	29,114	71,849
126,839	-	50,664	21,651	28,500	83,024
194,850	-	63,126	26,977	7,254	112,001
-	28,237,340	19,907,706	8,507,567	340,111	162,178
<u>\$ 740,049</u>	<u>\$ 28,237,340</u>	<u>\$ 20,128,654</u>	<u>\$ 8,601,828</u>	<u>\$ 383,766</u>	<u>\$ 630,673</u>





**STATISTICAL  
SECTION  
(UNAUDITED)**



## Statistical Section

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

<b>Contents</b>	<b>Page</b>
Financial Trends	114
These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.	
Revenue Capacity	123
These schedules contain information to help the reader assess the government's most significant local revenue source, the property tax.	
Debt Capacity	130
These schedules present information to help the reader assess the affordability of the government's current levels of outstanding debt and the government's ability to issue additional debt in the future.	
Demographic and Economic Information	136
These schedules offer demographic and economic indicators to help the reader understand the environment within the government's financial activities take place.	
Operating Information	142
These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the government provides and the activities it performs.	

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.

LAKE DALLAS INDEPENDENT SCHOOL DISTRICT  
NET POSITION BY COMPONENT <sup>(1,2)</sup>  
LAST TEN FISCAL YEARS

Fiscal Year	2009	2010	2011	2012
Governmental Activities:				
Net Investment in Capital Assets	\$ 441,644	\$ 4,377,808	\$ 5,374,717	\$ 6,917,917
Restricted for Federal and State Programs	216,840	245,795	476,951	452,319
Restricted for Debt Service	2,010,567	1,472,099	916,427	397,695
Restricted for Campus Activities	-	-	22,208	43,228
Unrestricted Net Position	(9,822,464)	(11,314,665)	(13,595,936)	(15,000,928)
Total Governmental Activities Net Position (1,2)	<u>\$ (7,153,413)</u>	<u>\$ (5,218,963)</u>	<u>\$ (6,805,633)</u>	<u>\$ (7,189,769)</u>
Business-Type Activities:				
Unrestricted Net Position	\$ 14,746	\$ 1,428	\$ -	\$ 17,965
Total Business-Type Activities	<u>\$ 14,746</u>	<u>\$ 1,428</u>	<u>\$ -</u>	<u>\$ 17,965</u>
Primary Government:				
Net Investment in Capital Assets	\$ 441,644	\$ 4,377,808	\$ 5,374,717	\$ 6,917,917
Restricted for Federal and State Programs	216,840	245,795	476,951	452,319
Restricted for Debt Service	2,010,567	1,472,099	916,427	397,695
Restricted for Campus Activities	-	-	22,208	43,228
Unrestricted Net Position	(9,807,728)	(11,313,237)	(13,595,936)	(14,982,963)
Total Primary Government Net Position (1,2)	<u>\$ (7,138,677)</u>	<u>\$ (5,217,535)</u>	<u>\$ (6,805,633)</u>	<u>\$ (7,171,804)</u>

Source: The Statement of Net Position for the Lake Dallas Independent School District.

Notes: (1) Effective for the fiscal year ended August 31, 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".

(2) 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.

(3) Net position for fiscal year 2014 was adjusted in 2015 for the implementation of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, and Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*. Adjustment to periods prior to 2014 was not practical.

2013	2014 (3)	2015	2016	2017	2018
\$ 6,110,394	\$ 6,964,541	\$ 10,701,163	\$ 10,532,295	\$ 999,254	\$ (1,011,015)
353,245	363,149	372,313	289,104	276,416	387,245
717,021	165,123	204,440	552,093	548,129	1,016,462
47,627	-	-	-	-	-
(15,129,099)	(16,854,334)	(21,228,700)	(18,901,486)	(7,925,164)	(20,469,736)
<u>\$ (7,900,812)</u>	<u>\$ (9,361,521)</u>	<u>\$ (9,950,784)</u>	<u>\$ (7,527,994)</u>	<u>\$ (6,101,365)</u>	<u>\$ (20,077,044)</u>

\$ -	\$ -	\$ 2,019	\$ 2,019	\$ 2,019	\$ 2,019
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,019</u>	<u>\$ 2,019</u>	<u>\$ 2,019</u>	<u>\$ 2,019</u>

\$ 6,110,394	\$ 6,964,541	\$ 10,701,163	\$ 10,532,295	\$ 999,254	\$ (1,011,015)
353,245	363,149	372,313	289,104	276,416	387,245
717,021	165,123	204,440	552,093	548,129	1,016,462
47,627	-	-	-	-	-
(15,129,099)	(16,854,334)	(21,228,700)	(18,899,467)	(7,923,145)	(20,467,717)
<u>\$ (7,900,812)</u>	<u>\$ (9,361,521)</u>	<u>\$ (9,948,765)</u>	<u>\$ (7,525,975)</u>	<u>\$ (6,099,346)</u>	<u>\$ (20,075,025)</u>

LAKE DALLAS INDEPENDENT SCHOOL DISTRICT  
CHANGES IN NET POSITION  
LAST TEN FISCAL YEARS

Fiscal Year	2009	2010	2011	2012
Expenses				
Governmental Activities:				
Instruction	\$ 19,948,477	\$ 20,514,458	\$ 20,218,443	\$ 19,417,571
Instructional Resources & Media Services	610,741	652,911	611,435	525,739
Curriculum & Staff Development	655,865	721,919	748,658	743,596
Instructional Leadership	312,293	362,333	311,479	328,888
School Leadership	1,693,172	1,812,793	1,824,013	1,931,761
Guidance, Counseling & Evaluation Services	1,025,167	1,127,716	1,096,335	1,052,165
Social Work Services	-	-	-	391
Health Services	349,182	344,154	345,364	328,698
Student (Pupil) Transportation	1,070,322	1,127,079	1,131,566	1,273,673
Food Services	1,653,001	1,679,715	1,743,118	1,717,847
Cocurricular/Extracurricular Activities	1,184,279	1,292,504	1,300,510	1,350,211
General Administration	1,004,457	1,010,450	1,200,834	1,184,065
Plant Maintenance & Operations	4,269,938	4,529,637	5,425,032	4,344,652
Security Monitoring Services	90,721	117,424	118,717	123,984
Data Processing Services	540,645	534,990	638,803	702,435
Community Services	36,960	-	-	-
Debt Service - Interest and Fees	7,303,162	6,006,752	6,095,207	5,413,137
Facilities Furnishings - Noncapital	-	-	-	-
Shared Services Special Education	-	-	-	-
Juvenile Justice Alternative Education Program	9,167	-	-	-
Tax Appraisal Fees	174,320	178,174	175,100	171,105
Total Expenses	<u>41,931,869</u>	<u>42,013,009</u>	<u>42,984,614</u>	<u>40,609,918</u>
Program Revenues				
Governmental Activities:				
Charges for Services				
Instruction	31,540	26,044	11,810	11,495
Food Services	893,275	852,066	868,652	854,998
Cocurricular/Extracurricular Activities	89,924	132,819	115,525	117,257
Plant Maintenance & Operations	57,690	40,567	60,570	38,720
Operating Grants and Contributions	4,403,849	5,552,985	5,829,481	4,600,798
Total Governmental Program Revenues	<u>5,476,278</u>	<u>6,604,481</u>	<u>6,886,038</u>	<u>5,623,268</u>
Total Governmental Net (Expense) Revenue	<u>\$ (36,455,591)</u>	<u>\$ (35,408,528)</u>	<u>\$ (36,098,576)</u>	<u>\$ (34,986,650)</u>
General Revenues and Other Changes in Net Position				
Governmental Activities:				
Taxes:				
Property Taxes - General Purposes	\$ 15,017,155	\$ 14,915,083	\$ 14,505,620	\$ 14,518,282
Property Taxes - Debt Service	6,160,837	6,119,832	6,173,212	6,186,799
State Aid-Formula Grants	12,721,949	12,705,279	13,274,716	12,919,301
Grants and Contributions not Restricted	207,418	213,297	363,396	677,771
Investment Earnings	224,907	26,956	56,595	51,453
Miscellaneous	92,413	86,741	149,499	240,158
Transfers Out	-	-	(11,132)	-
Gain on Sale of Assets	-	-	-	8,750
Total General Revenues and Other Changes				
in Net Position Governmental Activities	<u>34,424,679</u>	<u>34,067,188</u>	<u>34,511,906</u>	<u>34,602,514</u>
Change in Net Position Governmental Activities	<u>(2,030,912)</u>	<u>(1,341,340)</u>	<u>(1,586,670)</u>	<u>(384,136)</u>
Business-Type Activities:				
Revenue-Charge for Service	326,428	378,746	390,496	371,397
Expense-Day Care Service	335,778	392,064	403,056	353,482
Operating Grants and Contributions	-	-	-	-
Transfer In	-	-	11,132	-
Change in Net Position-Business-Type Activities	<u>(9,350)</u>	<u>(13,318)</u>	<u>(1,428)</u>	<u>17,965</u>
Total Primary Government Change in Net Position	<u>\$ (2,040,262)</u>	<u>\$ (1,354,658)</u>	<u>\$ (1,588,098)</u>	<u>\$ (366,171)</u>

Source: The Statement of Activities for the Lake Dallas Independent School District.

Note: Fiscal years prior to 2013 are restated for GASB No. 63 and No. 65.

2013	2014	2015	2016	2017	2018
\$ 19,604,501	\$ 20,594,920	\$ 21,602,235	\$ 23,420,949	\$ 23,396,271	\$ 16,521,116
545,040	561,763	577,352	615,380	608,202	435,713
775,300	855,170	864,442	1,062,067	1,146,177	824,663
461,658	419,164	433,087	537,969	544,277	382,487
2,018,860	2,028,199	2,037,524	2,221,927	2,239,641	1,523,744
1,210,347	1,325,337	1,302,368	1,479,360	1,534,056	1,094,629
16,336	17,276	17,781	19,264	21,085	11,942
354,303	326,353	303,402	349,952	348,539	233,779
1,022,918	1,052,382	996,880	1,027,448	1,131,794	716,565
1,893,064	1,761,483	1,828,423	2,040,332	1,869,615	1,767,424
1,319,230	1,344,164	1,450,777	1,650,080	1,484,754	1,215,238
1,233,522	1,419,162	1,371,000	1,431,261	1,422,654	1,072,859
4,342,753	4,620,415	4,581,366	4,641,156	4,860,641	3,956,372
131,168	153,783	148,585	142,798	157,201	226,556
634,526	832,017	662,639	1,169,096	804,769	602,488
-	-	-	-	10,691	4,023
5,570,370	5,493,125	5,354,996	2,903,668	4,206,670	3,730,281
-	-	-	-	63,123	1,780,675
-	-	-	-	50,205	56,200
-	801	-	-	-	2,403
165,545	158,721	153,902	154,181	172,488	179,701
<u>41,299,441</u>	<u>42,964,235</u>	<u>43,686,759</u>	<u>44,866,888</u>	<u>46,072,853</u>	<u>36,338,858</u>
2,415	6,556	1,950	9,285	151,386	10,680
810,140	834,368	759,799	698,891	777,262	705,650
92,023	99,245	73,706	137,602	88,174	92,362
40,930	20,470	2,435	3,443	3,315	4,425
4,233,864	3,952,861	4,357,148	6,008,342	4,997,486	(1,901,848)
5,179,372	4,913,500	5,195,038	6,857,563	6,017,623	(1,088,731)
<u>\$ (36,120,069)</u>	<u>\$ (38,050,735)</u>	<u>\$ (38,491,721)</u>	<u>\$ (38,009,325)</u>	<u>\$ (40,055,230)</u>	<u>\$ (37,427,589)</u>
\$ 14,545,942	\$ 14,850,909	\$ 16,203,206	\$ 16,810,170	\$ 18,523,586	\$ 20,182,739
6,205,067	6,359,350	6,898,513	7,182,779	7,903,046	8,622,478
13,562,403	14,672,165	15,568,660	15,552,620	14,292,335	13,456,486
863,331	402,391	432,334	606,466	388,692	388,721
61,232	49,716	39,472	77,326	163,067	339,170
174,947	263,108	251,061	221,434	227,052	2,348,060
(3,896)	(7,613)	-	(18,680)	(15,919)	(19,861)
-	-	-	-	-	-
35,409,026	36,590,026	39,393,246	40,432,115	41,481,859	45,317,793
<u>(711,043)</u>	<u>(1,460,709)</u>	<u>901,525</u>	<u>2,422,790</u>	<u>1,426,629</u>	<u>7,890,204</u>
322,582	313,933	353,939	340,628	303,073	336,824
344,443	321,546	351,920	359,308	338,986	356,685
-	-	-	-	19,994	-
3,896	7,613	-	18,680	15,919	19,861
<u>(17,965)</u>	<u>-</u>	<u>2,019</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ (729,008)</u>	<u>\$ (1,460,709)</u>	<u>\$ 903,544</u>	<u>\$ 2,422,790</u>	<u>\$ 1,426,629</u>	<u>\$ 7,890,204</u>

LAKE DALLAS INDEPENDENT SCHOOL DISTRICT  
FUND BALANCES OF GOVERNMENTAL FUNDS  
LAST TEN FISCAL YEARS

Fiscal Year	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
General Fund					
Nonspendable Fund Balance:					
Prepayments	\$ 195,349	\$ 199,218	\$ 198,664	\$ 185,983	\$ 186,633
Assigned Fund Balance:					
Fiscal year 2018 Budget Deficit	-	-	-	-	-
Unassigned	<u>6,131,088</u>	<u>6,948,853</u>	<u>7,997,172</u>	<u>8,598,497</u>	<u>8,610,944</u>
Total General Fund	<u>\$ 6,326,437</u>	<u>\$ 7,148,071</u>	<u>\$ 8,195,836</u>	<u>\$ 8,784,480</u>	<u>\$ 8,797,577</u>
All Other Governmental Funds					
Restricted Fund Balance:					
Retirement of Long-Term Debt	\$ 2,010,881	\$ 1,483,738	\$ 913,359	\$ 397,129	\$ 628,469
Federal or State Grants	216,840	287,266	476,951	452,319	353,245
Capital Acquisition and Contractual Obligation	1,504,055	1,079,860	804,818	475,714	588,381
Committed Fund Balance:					
Campus Activities	<u>13,536</u>	<u>26,269</u>	<u>22,208</u>	<u>43,228</u>	<u>47,627</u>
Total All Other Governmental Funds	<u>\$ 3,745,312</u>	<u>\$ 2,877,133</u>	<u>\$ 2,217,336</u>	<u>\$ 1,368,390</u>	<u>\$ 1,617,722</u>

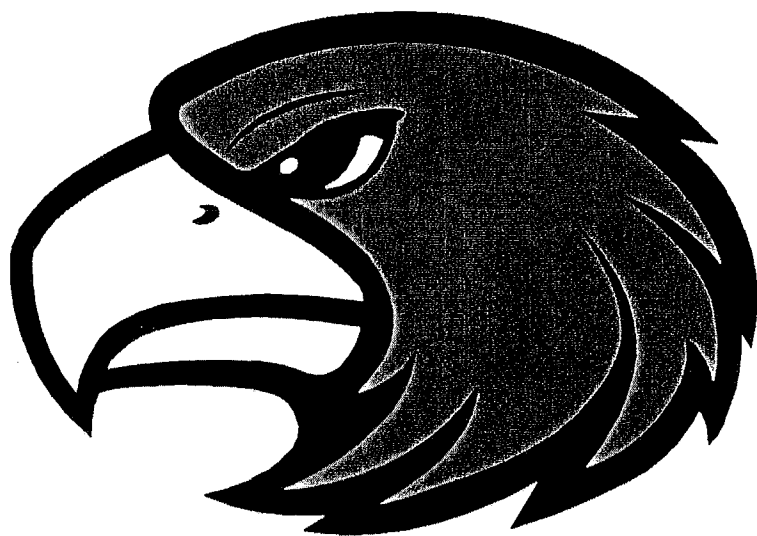


<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
\$ 189,985	\$ 10,731	\$ 3,042	\$ 3,782	\$ 11,272
-	-	-	169,826	-
<u>8,661,210</u>	<u>9,531,344</u>	<u>10,055,011</u>	<u>10,148,627</u>	<u>10,455,894</u>
<u>\$ 8,851,195</u>	<u>\$ 9,542,075</u>	<u>\$ 10,058,053</u>	<u>\$ 10,322,235</u>	<u>\$ 10,467,166</u>
\$ 139,593	\$ 214,899	\$ 588,223	\$ 860,722	\$ 980,605
363,149	372,313	289,104	276,416	387,245
433,642	770,835	842,019	848,353	663,394
<u>75,125</u>	<u>76,659</u>	<u>91,739</u>	<u>88,063</u>	<u>73,977</u>
<u>\$ 1,011,509</u>	<u>\$ 1,434,706</u>	<u>\$ 1,811,085</u>	<u>\$ 2,073,554</u>	<u>\$ 2,105,221</u>

LAKE DALLAS INDEPENDENT SCHOOL DISTRICT  
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
LAST TEN FISCAL YEARS

Fiscal Year	2009	2010	2011	2012
<b>REVENUES:</b>				
Total Local and Intermediate Sources	\$ 22,720,345	\$ 22,375,369	\$ 21,943,479	\$ 22,029,278
State Program Revenues	15,332,379	14,866,301	15,701,523	15,367,206
Federal Program Revenues	1,899,106	3,483,106	3,766,070	2,831,114
Total Revenues	<u>39,951,830</u>	<u>40,724,776</u>	<u>41,411,072</u>	<u>40,227,598</u>
<b>EXPENDITURES:</b>				
<b>Current:</b>				
Instruction	18,109,264	18,786,723	18,614,269	17,999,346
Instructional Resources & Media Services	571,522	595,200	558,438	478,975
Curriculum & Instructional Staff Development	620,958	664,300	690,037	684,337
Instructional Leadership	292,786	330,923	284,740	300,250
School Leadership	1,584,960	1,652,965	1,666,044	1,763,372
Guidance, Counseling & Evaluation Services	964,593	1,031,802	1,002,229	960,315
Social Work Services	-	-	-	391
Health Services	326,800	313,734	315,429	299,426
Student (Pupil) Transportation	1,001,740	1,277,001	1,153,028	1,160,381
Food Services	1,546,843	1,573,557	1,636,960	1,611,689
Cocurricular/Extracurricular Activities	1,110,974	1,181,592	1,192,403	1,235,315
General Administration	939,982	921,136	1,096,750	1,078,744
Plant Maintenance and Operations	3,996,021	4,232,782	4,333,894	3,970,249
Security and Monitoring Services	90,721	107,045	108,427	112,956
Data Processing Services	534,485	487,702	588,296	639,954
Community Services	-	-	-	-
<b>Debt Service:</b>				
Debt Service - Principal on long-term debt	2,671,613	2,867,990	3,031,480	3,479,937
Debt Service - Interest on long-term debt	4,073,213	4,085,652	4,051,998	3,678,527
Debt Service - Bond Issuance Cost and Fees	241,454	79,985	7,356	166,773
<b>Capital Outlay:</b>				
Facilities Acquisition and Construction	17,431,861	481,289	1,163,356	903,700
<b>Intergovernmental:</b>				
Payments to Fiscal Agent/Member Districts of SSA	-	-	-	-
Payments to Juvenile Justice Alternative Ed. Prg.	9,167	-	-	-
Other Intergovernmental Charges	174,320	178,174	175,100	171,105
Total Expenditures	<u>56,293,277</u>	<u>40,849,552</u>	<u>41,670,234</u>	<u>40,695,742</u>
Excess (Deficiency) of Revenues Over (Under)				
Expenditures	<u>(16,341,447)</u>	<u>(124,776)</u>	<u>(259,162)</u>	<u>(468,144)</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers In	4,086	-	-	92,390
Transfers Out	(4,086)	-	(11,132)	(92,390)
Bonds Issued	7,400,000	6,340,000	-	9,340,000
Premium or discount on Issuance of Bonds	1,061,985	365,428	-	617,120
Sale of Real or Personal Property	-	-	-	8,750
Capital Lease Proceeds	-	-	-	-
Non-current Loan	-	-	658,262	35,604
Payments to Bond Refunding Escrow Agent	-	(6,627,197)	-	(9,793,632)
Refund of Prior Year Taxes	-	-	-	-
Total Other Financing Sources (Uses)	<u>8,461,985</u>	<u>78,231</u>	<u>647,130</u>	<u>207,842</u>
Net Change in Fund Balances	<u>\$ (7,879,462)</u>	<u>\$ (46,545)</u>	<u>\$ 387,968</u>	<u>\$ (260,302)</u>
Debt service as a percentage of noncapital expenditures	17.1%	17.3%	17.2%	18.03%

2013	2014	2015	2016	2017	2018
\$ 21,916,928	\$ 22,403,813	\$ 24,267,450	\$ 25,277,027	\$ 27,807,379	\$ 31,912,030
15,770,892	16,834,060	17,976,575	18,247,506	16,783,305	16,041,408
2,888,706	2,187,218	2,380,465	2,967,718	2,672,292	3,045,203
<u>40,576,526</u>	<u>41,425,091</u>	<u>44,624,490</u>	<u>46,492,251</u>	<u>47,262,976</u>	<u>50,998,641</u>
18,090,353	19,022,062	20,292,379	21,148,185	21,377,389	22,130,354
498,623	514,093	536,718	546,198	551,588	575,768
716,481	802,070	815,428	959,912	1,042,807	1,097,393
433,233	393,625	411,108	482,176	493,726	520,584
1,851,721	1,867,111	1,902,508	1,940,524	2,025,767	2,117,988
1,119,179	1,231,707	1,226,646	1,316,630	1,386,036	1,476,687
16,336	17,276	17,930	18,518	18,948	19,625
325,248	296,514	278,717	303,370	315,015	319,824
1,133,915	1,121,481	979,160	1,084,652	1,110,579	1,243,785
1,787,694	1,653,268	1,742,163	1,845,766	1,869,405	1,767,424
1,205,187	1,241,695	1,349,429	1,491,906	1,359,900	1,498,981
1,128,983	1,240,316	1,290,885	1,240,379	1,292,688	1,342,275
3,971,130	4,238,758	4,232,882	4,201,445	4,490,946	4,498,155
120,222	142,541	137,878	132,113	146,372	211,013
572,509	768,326	605,141	1,093,345	805,850	768,398
-	-	-	-	-	250
2,699,486	2,556,288	2,639,168	2,541,705	2,555,323	2,027,213
4,367,004	4,608,806	4,645,179	4,680,862	4,979,100	5,068,512
153,890	144,750	296,535	316,954	10,345	3,511
107,576	20,148	252,759	395,440	215,652	2,239,637
-	-	-	-	-	56,200
-	801	-	-	50,205	2,403
165,545	158,721	153,902	154,181	160,658	166,646
<u>40,464,315</u>	<u>42,040,357</u>	<u>43,806,515</u>	<u>45,894,261</u>	<u>46,258,299</u>	<u>49,152,626</u>
112,211	(615,266)	817,975	597,990	1,004,677	1,846,015
665,859	100,000	525,000	100,000	-	299,698
(669,755)	(107,613)	(525,000)	(118,680)	(15,919)	(319,559)
8,955,000	9,295,000	19,063,027	24,877,700	-	-
1,040,260	701,308	9,175,973	6,013,881	-	-
-	-	5,300	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
(9,841,146)	(9,850,887)	(27,948,198)	(30,578,534)	-	-
-	(75,137)	-	-	(462,105)	(1,649,558)
150,218	62,671	296,102	294,367	(478,024)	(1,669,419)
<u>\$ 262,429</u>	<u>\$ (552,595)</u>	<u>\$ 1,114,077</u>	<u>\$ 892,357</u>	<u>\$ 526,653</u>	<u>\$ 176,596</u>
17.61%	17.15%	16.77%	16.03%	16.39%	15.10%



LAKE DALLAS INDEPENDENT SCHOOL DISTRICT  
 ASSESSED VALUE OF TAXABLE PROPERTY  
 LAST TEN YEARS  
 (UNAUDITED)

Fiscal Year	ASSESSED VALUE			Total Estimated Taxable Value	Total Direct Rate
	Residential or Real Property	Personal Property	Less Exemptions		
2009	\$1,288,945,048	\$ 96,346,363	\$ 153,242,946	\$ 1,232,048,465	1.650
2010	1,242,409,700	80,744,730	87,588,938	1,235,565,492	1.650
2011	1,270,631,001	74,685,726	140,252,455	1,205,064,272	1.670
2012	1,314,548,001	58,534,985	157,090,864	1,215,992,122	1.670
2013	1,327,242,099	78,989,731	202,413,615	1,203,818,215	1.670
2014	1,431,827,466	69,971,289	257,265,242	1,244,533,513	1.670
2015	1,559,600,334	74,999,543	291,249,758	1,343,350,119	1.670
2016	1,873,062,576	80,632,887	531,376,421	1,422,319,042	1.670
2017	1,901,567,473	67,846,198	368,402,935	1,601,010,736	1.670
2018	2,116,051,150	69,116,832	298,154,649	1,748,779,669	1.670

Source: Denton County Tax Collector

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

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Lake Dallas Independent School District Direct Rates				
Fiscal Year	Maintenance and Operations	Debt Service	Total	
2009	\$ 1.170	\$ 0.480	\$	1.650
2010	1.170	0.480		1.650
2011	1.170	0.500		1.670
2012	1.170	0.500		1.670
2013	1.170	0.500		1.670
2014	1.170	0.500		1.670
2015	1.170	0.500		1.670
2016	1.170	0.500		1.670
2017	1.170	0.500		1.670
2018	1.170	0.500		1.670

Source: Appropriate government entities' tax departments.

Notes:

(1) Includes levies for operating and debt service costs.

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Overlapping Rates (1)

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County of Denton	City of Lake Dallas	City of Corinth	Town of Hickory Creek	Corinth MUD #1
\$ 0.23577	\$ 0.71000	\$ 0.57698	\$ 0.445620	\$ 0.310
0.24980	0.71000	0.57698	0.424290	0.210
0.27390	0.71000	0.59292	0.424287	0.150
0.27736	0.71000	0.59135	0.424287	0.150
0.28287	0.71000	0.60489	0.424287	-
0.28491	0.70193	0.60489	0.416882	-
0.26200	0.66807	0.58489	0.401367	-
0.24841	0.66807	0.58193	0.387319	-
0.23781	0.66175	0.53686	0.366933	-
0.22557	0.66175	0.53000	0.347535	-

LAKE DALLAS INDEPENDENT SCHOOL DISTRICT  
PRINCIPAL PROPERTY TAXPAYERS  
CURRENT YEAR AND NINE YEARS AGO

Taxpayer	Description	2018		
		Taxable Assessed Value (in thousands)	Rank	Percentage of Total Taxable Assessed Value
Mansions at Hickory Creek LP	Real Estate	\$ 31,593,581	1	1.81%
Boulevard 2010 LLC	Real Estate	26,178,509	2	1.50%
Denton County Elec Coop	Utility	22,309,376	3	1.28%
CoServ Electric Coop	Utility	12,999,000	4	0.74%
Oxford 2181 Inc.	Real Estate	12,709,643	5	0.73%
Oncor Electric Delivery Co.	Utility	11,503,440	6	0.66%
Wal-Mart Stores Real Estate	Retail	11,312,385	7	0.65%
Tower Ridge Corinth I, LTD	Real Estate	8,682,463	8	0.50%
Anixter, Inc.	Wholesale Ind. Supplies	7,582,667	9	0.43%
AV Ashleye Village LP	Real Estate	7,500,000	10	0.43%
Goldfield, Alan H. & Shirley M.	Real Estate			
H D Supply Utilities, Ltd.	Utility			
Labinal-Corinth, Inc.	Avionic Manufacturing			
Wal-mart Stores, Inc.	Retail			
Kensington Square LP PS	Apartment			
RRC (TX) LP	Real Estate			
TOTAL		<u>\$ 152,371,064</u>		<u>8.71%</u>

The 2017 taxable valuation is based on the 2016-2017 tax roll with a total assessed value of \$11,748,779,669

Source of information: Denton Central Appraisal District



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2009		
Taxable Assessed Value (in thousands)	Rank	Percentage of Total Taxable Assessed Value
\$ 13,703,387	4	1.11%
9,545,510	6	0.77%
14,071,237	3	1.14%
7,482,980	7	0.61%
17,991,103	1	1.46%
11,109,139	5	0.90%
16,241,226	2	1.32%
7,221,922	8	0.59%
6,787,200	9	0.55%
5,482,493	10	0.45%
<u>\$ 109,636,197</u>		<u>8.90%</u>

The 2008 taxable valuation is based on the 2007-2008 tax roll with a total assessed value of \$1,232,048,465

Source of information: Denton Central Appraisal District

LAKE DALLAS INDEPENDENT SCHOOL DISTRICT  
PROPERTY TAX LEVIES AND COLLECTIONS  
LAST TEN FISCAL YEARS  
(UNAUDITED)

Fiscal Year	Tax Levied for the Fiscal Year	Collected Within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections
		Amount	Percentage of Levy		Amount
2009	\$ 21,026,564	\$ 20,789,892	98.87%	\$ 179,089	\$ 20,968,981
2010	20,881,712	20,664,965	98.96%	204,659	20,869,624
2011	20,461,313	20,293,265	99.18%	146,570	20,439,835
2012	20,511,720	20,372,587	99.32%	119,149	20,491,736
2013	20,542,830	20,397,497	99.29%	101,178	20,498,675
2014	20,948,111	20,820,019	99.39%	73,766	20,893,785
2015	22,684,911	22,504,021	99.20%	109,041	22,613,062
2016	23,682,610	23,532,301	99.37%	67,285	23,599,586
2017	26,042,409	25,842,333	99.23%	88,075	25,930,408
2018	28,577,451	28,415,273	99.23%	-	28,415,273

Source of information: Annual Financial Report.

<u>to Date</u>		Outstanding Delinquent Taxes as % of Tax Levy
<u>Percentage of Levy</u>	<u>Outstanding Delinquent Taxes</u>	
99.73%	\$ 10,019	0.05%
99.94%	12,088	0.06%
99.89%	21,478	0.10%
99.90%	19,984	0.09%
99.79%	44,155	0.21%
99.74%	54,326	0.26%
99.68%	71,849	0.32%
99.65%	83,024	0.35%
99.57%	112,001	0.43%
99.43%	162,168	0.57%

LAKE DALLAS INDEPENDENT SCHOOL DISTRICT  
OUTSTANDING DEBT BY TYPE  
LAST TEN FISCAL YEARS

Fiscal Year	General Obligation Bonds	Accreted Interest on Bonds	Capital Leases	Unamortized Bond Premium	Loan	Total Primary Government	Percentage of Personal Income *	Total Outstanding Debt Per Capita *
2009	\$103,144,288	\$18,195,865	\$ -	\$ 407,582	\$ -	\$125,412,735	17.31%	\$ 5,613
2010	100,051,298	20,106,459	-	4,306,334	-	124,464,091	16.87%	5,507
2011	97,019,818	22,287,040	-	4,161,606	658,262	124,126,726	16.68%	5,455
2012	93,571,648	24,329,620	-	4,292,642	662,099	122,856,009	16.35%	5,365
2013	90,742,582	25,526,225	-	5,149,278	597,607	122,015,692	15.22%	5,230
2014	87,922,086	26,431,403	-	5,629,727	531,815	120,515,031	14.89%	5,137
2015	85,340,015	28,787,501	-	6,097,526	464,697	120,689,739	14.75%	4,996
2016	82,931,615	26,180,674	-	7,379,975	326,377	116,818,641	14.24%	4,810
2017	80,182,514	25,875,328	-	6,371,993	251,121	112,680,956	13.71%	4,627
2018	77,342,787	14,273,805	-	15,791,678	173,753	107,582,023	13.09%	4,348

Source: District Records

\* See Exhibit S-13 for personal income and population data

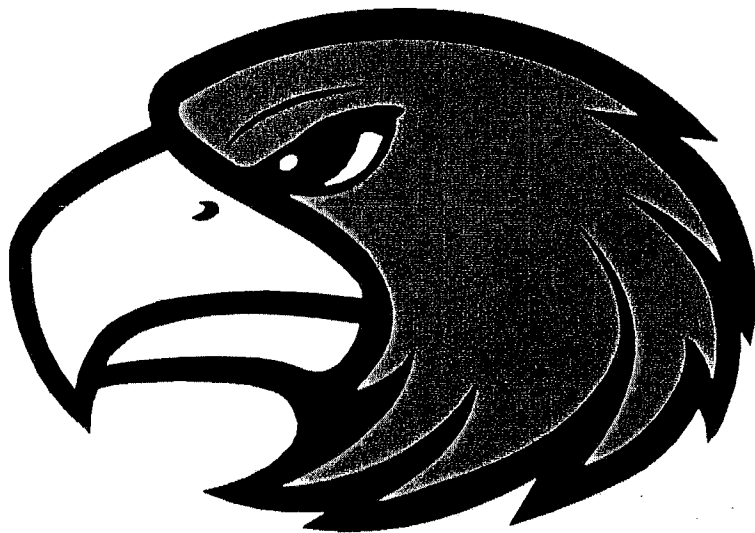
LAKE DALLAS INDEPENDENT SCHOOL DISTRICT  
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT  
AS OF AUGUST 31, 2018  
(UNAUDITED)

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable (1)	Estimated Share of Direct and Overlapping Debt
Corinth, City of	\$ 31,735,000	42.11%	\$ 13,363,609
Denton County	612,630,000	2.05%	12,558,915
Hickory Creek, Town of	7,805,000	99.42%	7,759,731
Lake Dallas, City of	3,270,000	100.00%	<u>3,270,000</u>
Subtotal, overlapping bonded debt			36,952,255
Lake Dallas ISD	77,342,787	100.000%	<u>77,342,787</u>
Total direct and overlapping debt			<u>\$ 114,295,042</u>

Source: Taxable value data used to estimate applicable percentages provided by the Municipal Advisory Council. Debt outstanding data provided by each governmental unit.

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the City. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of Lake Dallas Independent School District. This process recognizes that, when considering the government's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping government.

(1) The percentage of overlapping debt applicable is estimated using taxable assessed property values. Applicable percentages were estimated by determining the portion of each entity's taxable assessed value that is within the District's boundaries and dividing it by each entity's total taxable assessed value.



LAKE DALLAS INDEPENDENT SCHOOL DISTRICT  
 RATIO OF NET BONDED DEBT TO ASSESSED VALUE AND NET BONDED  
 DEBT PER CAPITA  
 LAST TEN FISCAL YEARS  
 (UNAUDITED)

Fiscal Year	Population	Assessed Value	Gross Bonded Debt	Less Debt Service Funds	Net Bonded Debt	Ratio of Net Bonded Debt to Assessed Value	Net Bonded Debt Per Capita
2009	22,342	\$ 1,232,048,465	\$ 125,412,735	\$ 2,010,881	\$123,401,854	10.02%	\$ 5,523
2010	22,601	1,235,565,492	124,464,091	1,483,738	122,980,353	9.95%	5,441
2011	22,756	1,205,064,272	124,126,726	913,359	123,213,367	10.22%	5,415
2012	22,901	1,215,922,122	122,856,009	397,129	122,458,880	10.07%	5,347
2013	23,328	1,203,818,215	122,015,692	628,469	121,387,223	10.08%	5,203
2014	23,462	1,244,533,513	120,515,031	139,593	120,375,438	9.67%	5,131
2015	24,159	1,343,350,119	120,689,739	214,899	120,474,840	8.97%	4,987
2016	24,289	1,422,319,042	116,818,641	588,223	116,230,418	8.17%	4,785
2017	24,352	1,601,010,736	112,433,835	860,722	111,573,113	6.97%	4,582
2018	24,743	1,748,779,669	107,408,270	980,605	106,427,665	6.09%	4,301

Source: North Central Council of Governments, District Financial Statements,  
 and Denton Central Appraisal District.

LAKE DALLAS INDEPENDENT SCHOOL DISTRICT  
LEGAL DEBT MARGIN INFORMATION  
LAST TEN FISCAL YEARS

Fiscal Year	2009	2010	2011	2012
Total Assessed Value	<u>\$1,232,048,465</u>	<u>\$1,235,565,492</u>	<u>\$1,205,064,272</u>	<u>\$1,215,992,122</u>
Debt Limit (10% of Total Assessed Value)	<u>\$ 123,204,847</u>	<u>\$ 123,556,549</u>	<u>\$ 120,506,427</u>	<u>\$ 121,599,212</u>
Debt Applicable to Limit:				
General Obligation Bonds	\$ 103,144,288	\$ 100,051,298	\$ 97,019,818	\$ 93,571,648
Less Net Position in Debt Service Fund	<u>2,010,881</u>	<u>1,483,738</u>	<u>913,359</u>	<u>397,129</u>
Total Amount of Debt Applicable to Debt Limit	<u>101,133,407</u>	<u>98,567,560</u>	<u>96,106,459</u>	<u>93,174,519</u>
Legal Debt Margin	<u>\$ 22,071,440</u>	<u>\$ 24,988,989</u>	<u>\$ 24,399,968</u>	<u>\$ 28,424,693</u>
Total Net Debt Applicable to the Limit as a percentage of Debt Limit	82.09%	79.78%	79.75%	76.62%

Source of Information: Denton Central Appraisal District and District Financial Information

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



2013	2014	2015	2016	2017	2018
<u>\$1,203,818,215</u>	<u>\$1,244,533,513</u>	<u>\$1,343,350,119</u>	<u>\$1,422,319,042</u>	<u>\$1,601,010,736</u>	<u>\$1,748,779,669</u>
<u>\$ 120,381,822</u>	<u>\$ 124,453,351</u>	<u>\$ 134,335,012</u>	<u>\$ 142,231,904</u>	<u>\$ 160,101,073</u>	<u>\$ 174,877,967</u>
<u>\$ 90,742,582</u>	<u>\$ 87,922,086</u>	<u>\$ 85,340,015</u>	<u>\$ 82,931,615</u>	<u>\$ 80,182,514</u>	<u>\$ 77,342,787</u>
<u>628,469</u>	<u>139,593</u>	<u>214,899</u>	<u>588,223</u>	<u>860,722</u>	<u>1,016,462</u>
<u>90,114,113</u>	<u>87,782,493</u>	<u>85,125,116</u>	<u>82,343,392</u>	<u>79,321,792</u>	<u>76,326,325</u>
<u>\$ 30,267,709</u>	<u>\$ 36,670,858</u>	<u>\$ 49,209,896</u>	<u>\$ 59,888,512</u>	<u>\$ 80,779,281</u>	<u>\$ 98,551,642</u>
74.86%	70.53%	63.37%	57.89%	50.46%	56.35%

LAKE DALLAS INDEPENDENT SCHOOL DISTRICT  
DEMOGRAPHIC AND ECONOMIC STATISTICS  
LAST TEN FISCAL YEARS  
(UNAUDITED)

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<u>Fiscal Year</u>	<u>Population</u>	<u>Personal Income</u>	<u>Per Capita Personal Income</u>	<u>Unemployment Rate *</u>
2009	22,342	\$ 724,600,519	\$ 32,432	5.2%
2010	22,601	737,764,443	32,643	5.4%
2011	22,756	744,075,688	32,968	6.7%
2012	22,901	751,364,972	32,809	6.4%
2013	23,328	801,671,640	34,377	5.4%
2014	23,462	809,562,341	34,505	5.1%
2015	24,159	818,131,083	33,864	3.6%
2016	24,289	820,267,538	33,771	3.4%
2017	24,352	821,978,647	33,754	3.5%
2018	24,743	822,000,458	33,222	3.3%

Source: North Central Texas Council of Governments

\* Texas Workforce Commission

LAKE DALLAS INDEPENDENT SCHOOL DISTRICT  
 DEMOGRAPHIC STATISTICS  
 (UNAUDITED)  
 AUGUST 31, 2018

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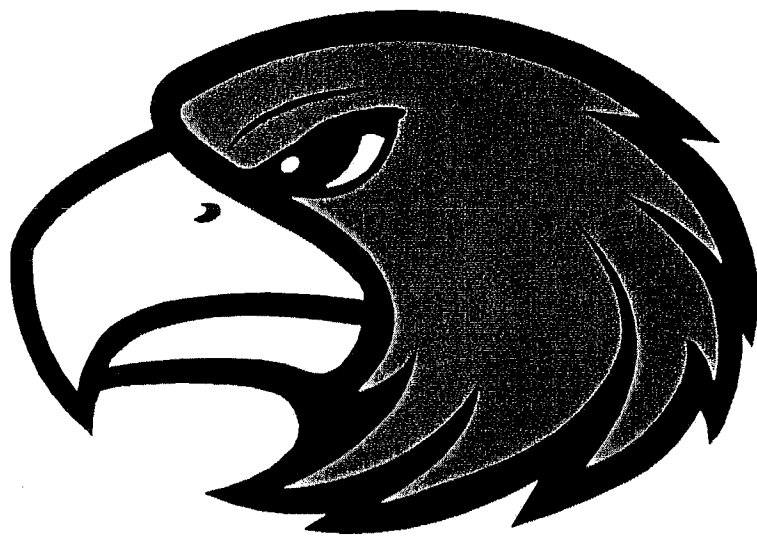
Student Data

Student Ethnicity:	
White	52.9%
Hispanic	30.1%
Black	8.3%
Other	8.7%
Attendance Rate:	95.8%
Dropout Rate:	0.1%
Number of Students per Campus:	
Lake Dallas	
Elementary	664
Middle School	907
High School	1260
Corinth	
Elementary	590
Shady Shores	
Elementary	543
Total Students	3,964

Faculty Data

Teachers	282.4
Counselors	11.0
Administrators	17
Educational Aides	71.9
Advance Degrees/Certifications:	
Master Degrees	70
Doctoral Degrees	5
Average Experience of Teachers	12.7 Years
Student/Teacher Ratio	14 to 1
Cost per Student based on expenses reported in the governmental financial statements	8,704
Percentage of Student population who received free or reduced meals	45.06%

Source of Information: District enrollment and financial records



LAKE DALLAS INDEPENDENT SCHOOL DISTRICT  
ENROLLMENT AND ATTENDANCE DATA  
LAST TEN FISCAL YEARS  
(UNAUDITED)

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		<u>Average Daily Attendance</u>		
	<u>Average Daily Enrollment</u>	<u>Average Daily Attendance</u>	<u>Percent of Increase/ (Decrease)</u>	<u>Percent of Enrollment</u>
2008/09	3,964	3,811	1.00%	96.14%
2009/10	4,016	3,852	1.10%	95.90%
2010/11	4,030	3,877	0.60%	96.20%
2011/12	4,002	3,846	-0.80%	96.10%
2012/13	4,015	3,788	-1.50%	94.30%
2013/14	3,961	3,746	-1.10%	94.57%
2014/15	4,011	3,804	1.50%	94.84%
2015/16	3,978	3,768	-1.00%	94.72%
2016/17	3,963	3,751	-0.50%	94.65%
2017/18	3,964	3,752	0.03%	94.65%

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Source of information: Superintendent's Annual Report.

LAKE DALLAS INDEPENDENT SCHOOL DISTRICT  
PRINCIPAL EMPLOYERS  
CURRENT YEAR AND NINE YEARS AGO

Employer	Description	2018		Percentage of Total City Employment
		Employees	Rank	
Lake Dallas ISD	School District	589.7	1	27.50%
Coserve	Electric Utility	490	2	22.85%
North Central Texas College	College	360	3	16.79%
Wal-Mart	Retail	315	4	14.69%
City of Corinth	Government	110	5	5.13%
Albertsons	Grocery	100	6	4.66%
Anixter, Inc.	Wholesale Distribution	56	7	2.61%
ComCo Systems	Manufacturer	44	8	2.05%
Lake Cities Fire Dept.	Fire Protection	40	9	1.87%
Success Partners	Media/Marketing Comm	40	10	1.87%
Labinal	Avionic Manufacturing			
Llano Utility	Utility/Construction			
Video Plus	Media/Marketing Comm.			
HD Supply	Wholesale Distribution			
TOTAL		2,145		100.00%

Source of Information: Lake Cities Chamber of Commerce

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2009		
Employees	Rank	Percentage of Total City Employment
615	2	22.23%
328	4	11.85%
449	3	16.23%
153	6	5.53%
120	8	4.34%
690	1	24.94%
200	5	7.23%
148	7	5.35%
64	9	2.31%
<u>2,767</u>		<u>100.00%</u>

LAKE DALLAS INDEPENDENT SCHOOL DISTRICT  
OPERATING STATISTICS  
LAST TEN FISCAL YEARS

<u>Fiscal Year</u>	<u>Enrollment</u>	<u>Operating Expenditures</u>	<u>Cost Per Pupil</u>	<u>Percentage Change</u>	<u>Teaching Staff</u>	<u>Pupil/ Teacher Ratio</u>
2008-2009	3,978	\$28,639,211	\$ 7,199	4.11%	285	13.9
2009-2010	4,090	29,060,062	7,105	-1.31%	281	14.5
2010-2011	4,104	29,745,120	7,248	2.01%	287	14.3
2011-2012	4,087	29,370,300	7,186	-0.86%	269	15.2
2012-2013	4,015	30,097,517	7,496	4.31%	266	15.1
2013-2014	3,961	31,766,333	8,020	6.99%	263	15.1
2014-2015	4,011	33,066,180	8,244	2.79%	270	14.9
2015-2016	3,978	34,634,615	8,707	5.62%	275	14.5
2016-2017	3,963	35,487,172	8,955	2.77%	277	14.2
2017-2018	3,964	36,482,451	9,203	2.77%	282	14.0

Source of Information: AEIS Report



<u>Economically Disadvantaged</u>	<u>Limited English Proficient</u>
1115	259
1321	240
1436	236
1446	232
1461	248
1626	278
1521	301
1514	338
1572	362
1786	362

LAKE DALLAS INDEPENDENT SCHOOL DISTRICT  
STAFF INFORMATION  
LAST TEN FISCAL YEARS

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<u>Fiscal Year</u>	<u>Teachers</u>	<u>Professional Support</u>	<u>Campus Administration</u>	<u>Central Administration</u>	<u>Total Professional Staff</u>	<u>Educational Aides</u>
2008-2009	285.3	46.7	14.0	5.0	351.0	53.6
2009-2010	281.4	54.5	14.0	4.5	354.4	47.6
2010-2011	286.9	55.5	14.0	4.0	360.4	40.5
2011-2012	268.6	53.7	15.0	4.0	341.3	56.4
2012-2013	265.9	59.9	17.0	4.0	346.8	60.4
2013-2014	262.8	60.0	17.0	4.0	343.3	65.1
2014-2015	270.2	61.7	17.0	4.0	352.9	68.8
2015-2016	274.9	63.7	16.0	4.0	358.6	64.5
2016-2017	278.2	64.4	16.0	4.0	362.6	67.3
2017-2018	282.4	58.4	17.0	5.0	362.8	71.9

Source of Information: AEIS Report

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Auxiliary Staff	Total Staff	% Change
172.3	576.9	-2.80%
182.4	584.4	1.30%
185.2	586.1	0.29%
147.4	545.1	-7.00%
148.1	555.4	1.89%
151.0	559.9	0.81%
150.2	571.9	2.14%
142.9	566.0	-1.03%
146.9	576.8	1.91%
155.0	589.7	2.24%

LAKE DALLAS INDEPENDENT SCHOOL DISTRICT  
TEACHERS SALARY DATA  
2017-18 SCHOOL YEAR

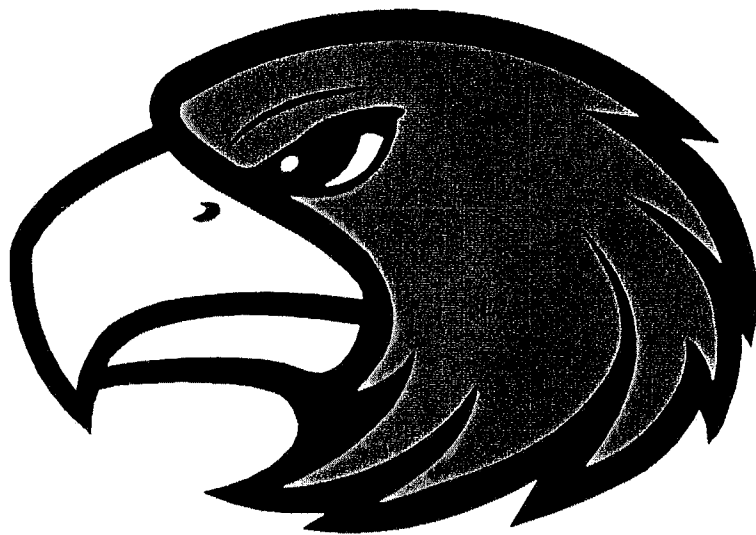
<u>Years of Experience</u>	<u>Bachelor's Degree</u>	<u>Master's Degree</u>	<u>Doctorate Degree</u>
0	\$ 49,700	\$ 51,200	\$ 52,200
1	49,800	51,300	52,300
2	49,900	51,400	52,400
3	50,000	51,500	52,500
4	50,100	51,600	52,600
5	50,200	51,700	52,700
6	50,300	51,800	52,800
7	50,400	51,900	52,900
8	50,500	52,000	53,000
9	50,600	52,100	53,100
10	50,700	52,200	53,200
11	50,800	52,300	53,300
12	50,900	52,400	53,400
13	51,400	52,900	53,900
14	52,300	53,800	54,800
15	53,000	54,500	55,500
16	53,500	55,000	56,000
17	53,800	55,300	56,300
18	54,100	55,600	56,600
19	54,500	56,000	57,000
20	55,500	57,000	58,000
21	56,500	58,000	59,000
22	57,500	59,000	60,000
23	58,500	60,000	61,000
24	59,500	61,000	62,000
25	60,500	62,000	63,000
26	61,500	63,000	64,000
27	62,500	64,000	65,000
28	63,500	65,000	66,000
29	64,500	66,000	67,000
30	65,500	67,000	68,000
31	66,200	67,700	68,700
32	66,700	68,200	69,200
33	67,050	68,550	69,550
34	67,150	68,650	69,650
35	67,350	68,850	69,850
36	67,750	69,250	70,250
37	68,350	69,850	70,850
38	68,950	70,450	71,450
39	69,050	70,550	71,550
40	69,150	70,650	71,650

Average Salary by Years of Experience

Beginning Teachers	\$ 49,544
1-5 Years of Experience	\$ 52,075
6-10 Years of Experience	\$ 52,466
11-20 Years of Experience	\$ 54,526
Over -20 Years of Experience	\$ 64,552

Average Actual Salaries

Teachers	\$ 55,464
Professional Staff	\$ 66,346
Campus Administration	\$ 77,568
Central Administration	\$ 143,115



LAKE DALLAS INDEPENDENT SCHOOL DISTRICT  
CAPITAL ASSET INFORMATION  
LAST TEN FISCAL YEARS  
UNAUDITED

Schools	2009	2010	2011	2012	2013
Elementary *					
Buildings	4	3	3	3	3
Square Feet	252,270	347,486	347,486	347,486	347,486
Capacity	1,800	2,100	2,100	2,100	2,100
Enrollment	1,920	1,951	1,910	1,910	1,785
Middle **					
Buildings	1	1	1	1	1
Square Feet	205,360	205,360	205,360	205,360	205,360
Capacity	1,150	1,150	1,150	1,150	1,150
Enrollment	920	957	1,007	1,007	974
High ***					
Buildings	1	1	1	1	1
Square Feet	272,048	272,048	272,048	272,048	272,048
Capacity	1,300	1,300	1,300	1,300	1,300
Enrollment	1,138	1,182	1,187	1,187	1,256
Non - instructional					
Buildings	3	5	5	5	5
Square Feet	15,824	116,246	116,246	116,246	116,246
Portable Buildings					
Buildings	17	8	8	5	2
Square Feet	20,400	9,600	9,600	6,000	2,400
Total Square Feet	765,902	950,740	950,740	947,140	943,540
Athletics					
Stadiums	1	1	1	1	1
Football/Soccer Practice Fields	4	4	4	4	4
Running Tracks	2	2	2	2	2
Baseball/Softball Fields	2	2	2	2	2
Playgrounds	4	4	4	4	4
Concession Stands	3	3	3	3	3

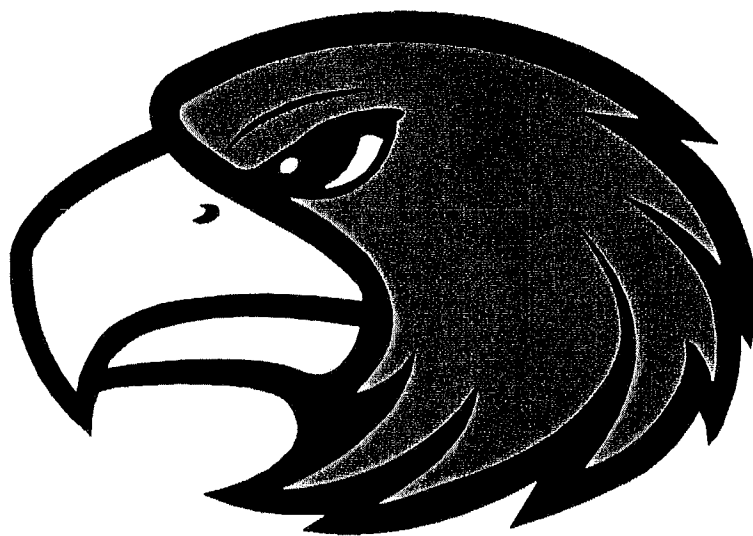
Source: District Records

\* Elementary Grades K-6 for year 2005 K-5 years 2006-2017

\*\* Middle School Grades 7-8 for year 2005 6-8 years 2006-2017

\*\*\* High School Grades 9-12

2014	2015	2016	2017	2018
3	3	3	3	3
347,486	347,486	351,486	351,486	351,486
2,100	2,100	2,100	2,100	2,100
1,739	1,739	1,739	1,761	1,761
1	1	1	1	1
205,360	205,360	205,360	205,360	205,360
1,150	1,150	1,150	1,150	1,150
930	930	930	902	902
1	1	1	1	1
272,048	272,048	272,048	272,048	272,048
1,300	1,300	1,300	1,300	1,300
1,292	1,292	1,292	1,300	1,300
5	5	5	5	5
116,246	116,246	116,246	116,246	116,246
2	2	2	2	2
2,400	2,400	2,400	2,400	2,400
943,540	943,540	947,540	947,540	947,540
1	1	1	1	1
4	4	4	4	4
2	2	2	2	2
2	2	2	2	2
4	4	4	4	4
3	3	3	3	3





**COMPLIANCE AND  
FEDERAL AWARDS SECTION**



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

To the Board of Trustees  
Lake Dallas Independent School District  
Lake Dallas, Texas

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Lake Dallas Independent School District, as of and for the year ended August 31, 2018, and the related notes to the financial statements, which collectively comprise Lake Dallas Independent School District's basic financial statements, and have issued our report dated January 10, 2019.

**Internal Control Over Financial Reporting**

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

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

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

**Compliance and Other Matters**

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

**Purpose of this Report**

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

*Hankins, Eastup, Deaton, Tonn & Seay*

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

January 10, 2019

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM  
AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH THE  
UNIFORM GUIDANCE

To the Board of Trustees  
Lake Dallas Independent School District  
Lake Dallas, Texas

**Report on Compliance for Each Major Federal Program**

We have audited Lake Dallas Independent School District's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Lake Dallas Independent School District's major federal programs for the year ended August 31, 2018. Lake Dallas Independent School District's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of finding and questioned costs.

***Management's Responsibility***

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

***Auditor's Responsibility***

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

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

***Opinion on Each Major Federal Program***

In our opinion, Lake Dallas Independent School District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended August 31, 2018.

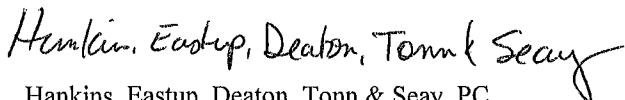
## Report on Internal Control Over Compliance

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

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

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

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



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

January 10, 2019

LAKE DALLAS INDEPENDENT SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED AUGUST 31, 2018

I. Summary of Auditor's Results

1. Type of auditor's report issued on the financial statements: Unmodified.
2. Internal control over financial reporting:  
Material weakness(es) identified: None  
Significant deficiency(ies) identified that are not considered to be material weaknesses: None reported
3. Noncompliance which is material to the financial statements: None
4. Internal controls over major federal programs:  
Material weakness(es) identified: None  
Significant deficiency(ies) identified that are not considered to be material weaknesses: None reported
5. Type of auditor's report on compliance for major federal programs: Unmodified.
6. Did the audit disclose findings which are required to be reported in accordance with 2 CFR 200.516(a)?: No
7. Major programs include:  

CFDA 84.010A ESEA Title I, Part A - Improving Basic Programs  
CFDA 84.041 Impact Aid
8. Dollar threshold used to distinguish between Type A and Type B programs: \$750,000.
9. Low risk auditee: Yes

II. Findings Related to the Financial Statements

None

III. Other Findings and Findings and Questioned Costs Related to Federal Awards

None

LAKE DALLAS INDEPENDENT SCHOOL DISTRICT  
SCHEDULE OF PRIOR AUDIT FINDINGS  
FOR THE YEAR ENDED AUGUST 31, 2018

FINDING/NONCOMPLIANCE

None



LAKE DALLAS INDEPENDENT SCHOOL DISTRICT  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED AUGUST 31, 2018

(1) FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM or CLUSTER TITLE	(2) Federal CFDA Number	(3) Pass-Through Entity Identifying Number	(4) Federal Expenditures
<b>U.S. DEPARTMENT OF EDUCATION</b>			
<u>Direct Programs</u>			
Impact Aid - P.L. 81.874 (Note A)	84.041	S041A-2018-5019	\$ 388,722
Total Direct Programs			388,722
<u>Passed Through State Department of Education</u>			
ESEA, Title I, Part A - Improving Basic Programs	84.010A	18610101061914	271,936
*IDEA - Part B, Formula	84.027	18660001061914	747,821
*IDEA - Part B, Preschool	84.173	18661001061914	12,380
Total Special Education Cluster (IDEA)			760,201
Career and Technical - Basic Grant	84.048	18420006061914	27,471
Title III, Part A - English Language Acquisition	84.365A	18671001061914	41,223
ESEA, Title II, Part A, Supporting Effective Instr	84.367A	18694501061914	73,836
Summer School LEP	84.369A	69551702	2,374
ESEA, Title IV, Part A - Student Support	84.424A	18680101061914	8,299
Total Passed Through State Department of Education			1,185,340
<b>TOTAL U.S. DEPARTMENT OF EDUCATION</b>			1,574,062
<b>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>			
<u>Passed Through Texas Dept of Human Services</u>			
Medicaid Administrative Claiming Program - MAC	93.778	01-061914	13,826
Total Passed Through Texas Dept of Human Services			13,826
<b>TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>			13,826
<b>U.S. DEPARTMENT OF AGRICULTURE</b>			
<u>Passed Through the State Department of Agriculture</u>			
*School Breakfast Program	10.553	71401801	246,275
*National School Lunch Program - Cash Assistance	10.555	71301801	774,142
*National School Lunch Prog. - Non-Cash Assistance	10.555	71301801	120,509
Total CFDA Number 10.555			894,651
*Summer Feeding Program - Cash Assistance	10.559	CE 00298	14,570
Total Child Nutrition Cluster			1,155,496
	10.904	9K180811	104,819
Total Passed Through the State Department of Agriculture			1,260,315
<b>TOTAL U.S. DEPARTMENT OF AGRICULTURE</b>			1,260,315
<b>TOTAL EXPENDITURES OF FEDERAL AWARDS</b>			\$ 2,848,203

\*Clustered Programs

See Accompanying Notes to the Schedule of Expenditures of Federal Awards

LAKE DALLAS INDEPENDENT SCHOOL DISTRICT  
NOTES TO SUPPLEMENTARY SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
YEAR ENDED AUGUST 31, 2018

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

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

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

3. The District participates in numerous state and Federal grant programs that are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that the District has not complied with the rules and regulations governing the grants, if any, refunds of any money received may be required and the collectability of any related receivable at August 31, 2018, may be impaired. In the opinion of the District, there are not significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provisions has been recorded in the accompanying combined financial statements for such contingencies.
4. The period of availability for federal grant funds for the purposes of liquidation of outstanding obligations made on or before the ending date of the federal project period extended 30 days beyond the federal project period ending date, in accordance with provisions in the Uniform Guidance.
5. During the current year, the District received the following funds which are not included in the Schedule of Expenditures of Federal Awards.

Total Expenditures of Federal Awards	\$2,848,203
Medicaid Reimbursement (SHARS)	<u>197,000</u>
Federal Revenues per Financial Statements	<u>\$3,045,203</u>