

**COMPREHENSIVE
ANNUAL FINANCIAL REPORT

OF THE

LAKE DALLAS INDEPENDENT SCHOOL DISTRICT
LAKE DALLAS, TEXAS

FOR THE FISCAL YEAR ENDED
AUGUST 31, 2016**

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, 2016

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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, 2016, at a meeting of the Board of Trustees of such school district on the _____ day of January, 2017.

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

January 11, 2017

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, 2016, 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 over 3,900 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 Skill (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.

On October 4, 2008, the voters of Lake Dallas ISD approved a \$.13 tax increase which raised the Maintenance and Operations tax rate to \$1.17 per one hundred dollar valuation. These funds have been used to increase compensation to teachers and other staff members in an attempt to maintain a competitive salary schedule. Additional funds have also been used to supplement existing programs and to expand programs needed for greater academic success.

The District issued tax refunding bonds during the school year. The District achieved \$7,000,445 of interest cost savings by refunding almost \$25 million of debt. This bond sale was strictly a bond sale for interest cost savings. These savings will accrue to the Interest and Sinking fund of the District. Annual savings will materially begin during the 2016-17 school year with average savings of \$259,276 annually.

Financial Information

The Comprehensive Annual Financial Report for the year ended August 31, 2016 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 several 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 weight 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, 2016, the District had \$82,931,615 of general obligation bonds outstanding. The debt service fund will provide debt service of long-term loans.

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.

Student population has not materially changed over the last 7 years. The school district plans its budget based on estimated student enrollment and state aid earned based on student attendance. Several charter schools have recently opened within District boundaries. These charter schools are funded by the State and do not draw funds directly from the local public schools. Although new housing is planned and underway, enrollment is projected to be stagnant for the upcoming school year due to the opening of these charter schools and the aging population of residents within the District.

The school district's facilities are in excellent condition and the District maintains all of its facilities with an internal staff.

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.

Since 1993, the Texas Education Agency (TEA) has worked closely with public school districts and others to develop an integrated accountability system. Under the current accountability system in Texas, Lake Dallas ISD as well as each campus within the district "Met Standard" as established by the Texas Education Agency. All five campuses and the district exceeded the target score for all four indices. In addition, campus distinction designations were earned in mathematics, science, social studies, postsecondary readiness, and for closing performance gaps. These distinctions are earned by scoring in the top 25% on multiple measures within a comparison group of campuses with similar demographics.

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, Reading, 80% compared to the state average 73%
All Grades, Writing, 75% compared to the state average 69%
All Grades, Mathematics, 84%, compared to the state average 76%
All Grades, Science, 85%, compared to the state average 79%
All Grades, Social Studies, 88%, compared to the state average 77%
All Grades, Science, 85%, compared to the state average 78%
All Grades, Social Studies, 89%, compared to the state average 76%

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.

Gayle Stinson Ed.D - Superintendent of Schools

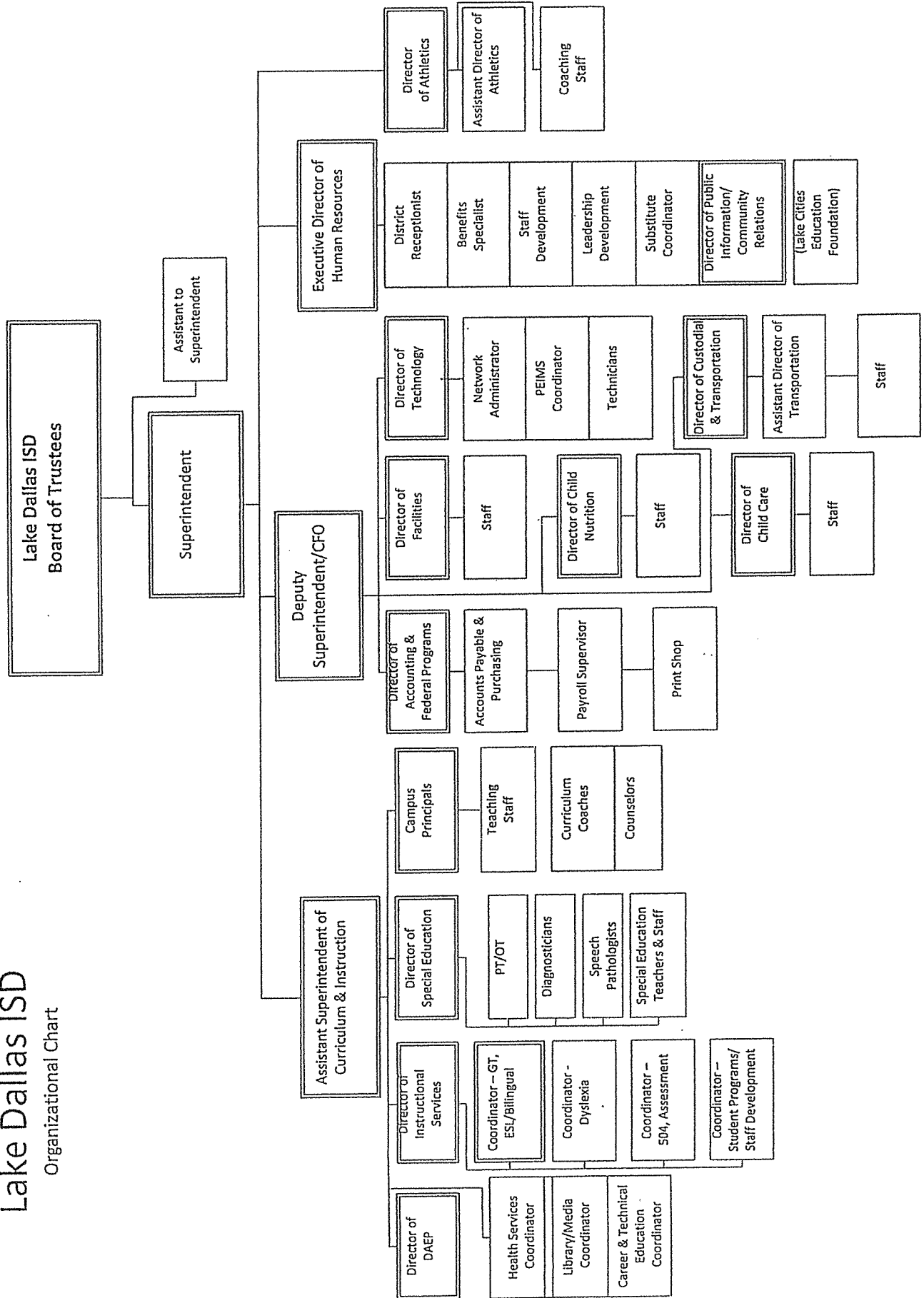
Wes Eversole, RTSBA - Deputy Superintendent/
Chief Financial Officer

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

BOSC, Inc.
333 West Campbell Road, Suite 350
Richardson, Texas 75080

Official Depository

Northstar 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

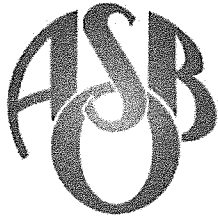
Elected Officials:

Board of Trustees:

Lance Stacy	President
Chad Thiessen	Vice President
Glen Gowans	Secretary
Scott Baird	Member
Tim Hicks	Member
Courtney Tankersley	Member
Steve Payne	Member

Appointed Officials:

Gayle Stinson, Ed.D	Superintendent
Wesley Eversole, RTSBA	Deputy Superintendent/CFO
Marci Malcom, PhD.	Assistant Superintendent of Curriculum and Instruction
Karla Landrum	Executive Director of Human Resources
Mark Ruggles, PhD.	Director of Special Education
Wendy Konz	Director of Maintenance & Transportation
David Talbert	Director of Facilities
Anne Haehn	Director of Accounting
Charlotte Hicks	Director of Food Service
Matt Clark	Director of Curriculum and Instruction
Mike Dabney	Director of Technology
Scott Head	Athletic Director
Kristi Strickland, PhD.	High School Principal
Jim Parker	Middle School Principal
Vangee Deussen	Shady Shores Elementary School Principal
Jennifer Perry, PhD.	Lake Dallas Elementary School Principal
Randall Caldwell	Corinth Elementary School Principal



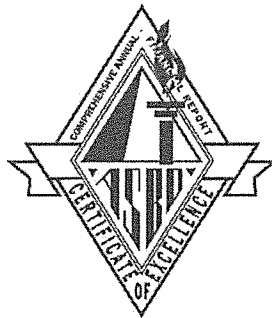
**ASSOCIATION OF
SCHOOL BUSINESS OFFICIALS
INTERNATIONAL**

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

Lake Dallas Independent School District

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

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



Brenda Burkett

Brenda R. Burkett, CPA, CSBA, SFO
President

John D. Musso

John D. Musso, CAE, RSBA
Executive Director



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, 2015

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, 2016, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Lake Dallas Independent School District as of August 31, 2016, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the *management's discussion and analysis* on pages 25 through 31, budgetary comparison information on page 71 and the Teacher Retirement System schedules on pages 72 and 73 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 11, 2017 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 11, 2017

**LAKE DALLAS INDEPENDENT SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED AUGUST 31, 2016
(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, 2016. 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 \$(7,527,994) (net position). Of this amount, \$(18,901,486) (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 \$2,422,790 during the fiscal year from the results of current year operations.
- As of the close of the current fiscal period, the District's governmental funds reported combined ending fund balances of \$11,869,138. 84.7% of this total amount \$10,055,011 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 \$10,055,011 or 29.04% of the total general fund expenditures, an increase of \$523,667 from the prior year. Budgeted tax revenues were based on property values certified by the Denton Central Appraisal District. Current and prior year tax collections were more than expected. The District also generated additional state funds due to 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 No Child Left Behind Act from 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 funds (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

In accordance with GASB Statement #34 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 increased from \$(9,950,784) to \$(7,527,994). 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 \$(18,901,486) at August 31, 2016. This increase in governmental fund position was the result of the District's revenues exceeding its expenses by \$2,422,790.

In 2016, 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	
	2015	2016	2015	2016	2015	2016
Current and other assets	14,082,698	15,292,301	2,146	2,146	14,084,844	15,294,447
Capital assets	98,454,267	96,498,237	-	-	98,454,267	96,498,237
Total assets	112,536,965	111,790,538	2,146	2,146	112,539,111	111,792,684
Deferred outflows of resources	4,183,616	7,962,102	-	-	4,183,616	7,962,102
Total assets and deferred outflows of resources	116,720,581	119,752,640	2,146	2,146	116,722,727	119,754,786
Long-term liabilities	123,378,747	123,849,385	-	-	123,378,747	123,849,385
Other liabilities	2,470,042	2,908,208	127	127	2,470,169	2,908,335
Total liabilities	125,848,789	126,757,593	127	127	125,848,916	126,757,720
Deferred inflows of resources	822,576	523,041	-	-	822,576	523,041
Total liabilities and deferred Inflows of resources	126,671,365	127,280,634	127	127	126,671,492	127,280,761
Net Position:						
Net investment in capital assets	10,701,163	10,532,295	-	-	10,701,163	10,532,295
Restricted	576,753	841,197	-	-	576,753	841,197
Unrestricted	(21,228,700)	(18,901,486)	2,019	2,019	(21,226,681)	(18,899,467)
Total net position	(9,950,784)	(7,527,994)	2,019	2,019	(9,948,765)	(7,525,975)

Table II
CHANGES IN NET POSITION

	Governmental Activities		Business-type Activities		Total	
	2015	2016	2015	2016	2015	2016
Revenues:						
Program Revenues:						
Charges for services	837,890	849,221	353,939	340,628	1,191,829	1,189,849
Operating grants and contributions	4,357,148	6,008,342	-	-	4,357,148	6,008,342
General Revenues:						
Maintenance and operations taxes	16,203,206	16,810,170	-	-	16,203,206	16,810,170
Debt service taxes	6,898,513	7,182,779	-	-	6,898,513	7,182,779
State aid	15,568,660	15,552,620	-	-	15,568,660	15,552,620
Investment earnings	39,472	77,326	-	-	39,472	77,326
Miscellaneous	251,061	221,434	-	-	251,061	221,434
Grants not Restricted	432,334	606,466	-	-	432,334	606,466
Total Revenue	44,588,284	47,308,358	353,939	340,628	44,942,223	47,648,986
Expenses:						
Instruction, curriculum and media services	23,044,029	25,098,396	-	-	23,044,029	25,098,396
Instructional and school leadership	2,470,611	2,759,896	-	-	2,470,611	2,759,896
Student support services	2,620,431	2,876,024	-	-	2,620,431	2,876,024
Child nutrition	1,828,423	2,040,332	-	-	1,828,423	2,040,332
Cocurricular activities	1,450,777	1,650,080	-	-	1,450,777	1,650,080
General administration	1,371,000	1,431,261	-	-	1,371,000	1,431,261
Plant maintenance, security & data processing	5,392,590	5,953,050	-	-	5,392,590	5,953,050
Community services	-	-	351,920	359,308	351,920	359,308
Debt services	5,354,996	2,903,668	-	-	5,354,996	2,903,668
Intergovernmental charges	153,902	154,181	-	-	153,902	154,181
Total Expenses	43,686,759	44,866,888	351,920	359,308	44,038,679	45,226,196
Increase (Decrease) in net position before transfers	901,525	2,441,470	2,019	(18,680)	903,544	2,422,790
Nonoperating Revenues (Expenses)						
Transfers in (out)	-	(18,680)	-	18,680	-	-
Net position at beginning of year	(9,361,521)	(9,950,784)	-	2,019	(9,361,521)	(9,948,765)
Prior period adjustment	(1,490,788)	-	-	-	(1,490,788)	-
Net position at end of year	(9,950,784)	(7,527,994)	2,019	2,019	(9,948,765)	(7,525,975)

The cost of all governmental activities for the current fiscal year was \$44,866,888. 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 \$23,992,949 because some of the costs were paid by those who directly benefited from the programs \$849,221 or by other governments and organizations that subsidized certain programs with grants and contributions \$6,008,342 or by State equalization funding \$15,552,620.

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 \$11,869,138, which is \$892,357 higher than last year's total of \$10,976,781. Included in this year's total change in fund balance is an increase of \$515,978 in the District's General Fund. The primary reason for the General Fund's increase was the increase in state program revenues, increase in impact aid, and the increase in property tax revenues. The Debt Service Fund increased by \$373,324 due to a refunding bond issue. The Capital Projects Fund increased by \$3,055 due to a \$100,000 transfer from the General Fund.

The District's General Fund balance of \$10,058,053 reported on page 38 differs from the General Fund's budgetary fund balance of \$9,117,929 reported in the budgetary comparison schedule on page 71. This is principally due to cost savings in all functions and an increase in local and federal revenues.

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 2015). 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, 2016, the District had \$96,498,237 (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 \$(1,956,030), or 1.99 percent, below last year.

This fiscal period's major additions consisted of furniture and equipment 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 \$116,818,641 in bonds (including notes payable, accreted interest on bonds and discount/premium on debt issuance) versus \$120,689,739 last year—a decrease of 3.21 percent. The new debt incurred during the year was a refunding bond for \$24,877,700.

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 hopes to eventually see 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 2016-17 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 no 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 sources of revenue for the District include local property taxes, other local revenue, state revenue and federal revenue. Local revenue accounts for 53.4% of the total general fund budget. Property tax estimates are based on values certified by the Denton Central Appraisal District based a State mandated \$25,000 homestead exemption. The certified tax roll reflects a freeze adjusted taxable value of \$1,452,258,614. This represents a 9.8% increase from the previous year.

State funds account for 45.6% of the total budgeted general fund operating revenue. State revenue is projected to be in approximately of \$16 million which is an 8.5% increase from the previous year.

The District expects the Federal Government to fund Section 7002 Federal Impact Aid. Section 7002 funding provides the District assistance because of lost tax base due to Federal acquisition of land with the expansion of Lake Lewisville. The General Operating Budget for the 2016-17 school year is projected to be balanced.

The proposed 2016-2017 budgeted expenditures for the General Fund totals \$34,946,328 which represents a 2% increase from the previous year's adopted budget. Employee salary and benefits account for the majority of the budgeted expenditure increase.

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, 2016

EXHIBIT A-1

		1	2	3
		Primary Government		
Data			Business	
Control		Governmental	Type	
Codes		Activities	Activities	Total
ASSETS				
1110	Cash and Cash Equivalents	\$ 14,109,683	\$ 2,146	\$ 14,111,829
1220	Property Taxes Receivable (Delinquent)	477,993	-	477,993
1230	Allowance for Uncollectible Taxes	(47,799)	-	(47,799)
1240	Due from Other Governments	526,000	-	526,000
1250	Accrued Interest	4,183	-	4,183
1290	Other Receivables, net	175,764	-	175,764
1300	Inventories	43,435	-	43,435
1410	Prepayments	3,042	-	3,042
	Capital Assets:			
1510	Land	3,480,854	-	3,480,854
1520	Buildings, Net	91,830,788	-	91,830,788
1530	Furniture and Equipment, Net	1,186,595	-	1,186,595
1000	Total Assets	111,790,538	2,146	111,792,684
DEFERRED OUTFLOWS OF RESOURCES				
1701	Deferred Charge for Refunding	3,830,006	-	3,830,006
1705	Deferred Outflow Related to TRS	4,132,096	-	4,132,096
1700	Total Deferred Outflows of Resources	7,962,102	-	7,962,102
LIABILITIES				
2110	Accounts Payable	1,075,962	-	1,075,962
2150	Payroll Deductions & Withholdings	140,631	-	140,631
2160	Accrued Wages Payable	1,525,638	-	1,525,638
2180	Due to Other Governments	19,905	-	19,905
2190	Due to Student Groups	105	-	105
2200	Accrued Expenses	134,136	127	134,263
2300	Unearned Revenue	11,831	-	11,831
	Noncurrent Liabilities			
2501	Due Within One Year	2,480,067	-	2,480,067
2502	Due in More Than One Year	114,338,574	-	114,338,574
2540	Net Pension Liability (District's Share)	7,030,744	-	7,030,744
2000	Total Liabilities	126,757,593	127	126,757,720
DEFERRED INFLOWS OF RESOURCES				
2605	Deferred Inflow Related to TRS	523,041	-	523,041
2600	Total Deferred Inflows of Resources	523,041	-	523,041
NET POSITION				
3200	Net Investment in Capital Assets	10,532,295	-	10,532,295
	Restricted:			
3820	Restricted for Federal and State Programs	289,104	-	289,104
3850	Restricted for Debt Service	552,093	-	552,093
3900	Unrestricted	(18,901,486)	2,019	(18,899,467)
3000	Total Net Position	\$ (7,527,994)	\$ 2,019	\$ (7,525,975)

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, 2016

Data Control Codes	1	Program Revenues	
		3	4
	Expenses	Charges for Services	Operating Grants and Contributions
Primary Government:			
GOVERNMENTAL ACTIVITIES:			
11 Instruction	\$ 23,420,949	\$ 9,285	\$ 3,230,243
12 Instructional Resources and Media Services	615,380	-	42,194
13 Curriculum and Staff Development	1,062,067	-	144,741
21 Instructional Leadership	537,969	-	42,340
23 School Leadership	2,221,927	-	175,416
31 Guidance, Counseling and Evaluation Services	1,479,360	-	149,439
32 Social Work Services	19,264	-	1,756
33 Health Services	349,952	-	26,975
34 Student (Pupil) Transportation	1,027,448	-	326,063
35 Food Services	2,040,332	698,891	1,182,863
36 Extracurricular Activities	1,650,080	137,602	164,449
41 General Administration	1,431,261	-	105,022
51 Facilities Maintenance and Operations	4,641,156	3,443	166,712
52 Security and Monitoring Services	142,798	-	65
53 Data Processing Services	1,169,096	-	35,399
72 Debt Service - Interest on Long Term Debt	2,586,714	-	214,665
73 Debt Service - Bond Issuance Cost and Fees	316,954	-	-
99 Other Intergovernmental Charges	154,181	-	-
[TG] Total Governmental Activities:	44,866,888	849,221	6,008,342
BUSINESS-TYPE ACTIVITIES:			
01 Childcare	359,308	340,628	-
[TB] Total Business-Type Activities:	359,308	340,628	-
[TP] TOTAL PRIMARY GOVERNMENT:	\$ 45,226,196	\$ 1,189,849	\$ 6,008,342
Data Control Codes	General Revenues:		
	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		
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
\$ (20,181,421)	\$ -	\$ (20,181,421)
(573,186)	-	(573,186)
(917,326)	-	(917,326)
(495,629)	-	(495,629)
(2,046,511)	-	(2,046,511)
(1,329,921)	-	(1,329,921)
(17,508)	-	(17,508)
(322,977)	-	(322,977)
(701,385)	-	(701,385)
(158,578)	-	(158,578)
(1,348,029)	-	(1,348,029)
(1,326,239)	-	(1,326,239)
(4,471,001)	-	(4,471,001)
(142,733)	-	(142,733)
(1,133,697)	-	(1,133,697)
(2,372,049)	-	(2,372,049)
(316,954)	-	(316,954)
(154,181)	-	(154,181)
(38,009,325)	-	(38,009,325)
-	(18,680)	(18,680)
-	(18,680)	(18,680)
(38,009,325)	(18,680)	(38,028,005)
16,810,170	-	16,810,170
7,182,779	-	7,182,779
15,552,620	-	15,552,620
606,466	-	606,466
77,326	-	77,326
221,434	-	221,434
(18,680)	18,680	-
40,432,115	18,680	40,450,795
2,422,790	-	2,422,790
(9,950,784)	2,019	(9,948,765)
\$ (7,527,994)	\$ 2,019	\$ (7,525,975)

LAKE DALLAS INDEPENDENT SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
AUGUST 31, 2016

Data Control Codes	10 General Fund	50 Debt Service Fund	Other Funds	Total Governmental Funds
ASSETS				
1110 Cash and Cash Equivalents	\$ 11,329,237	\$ 316,195	\$ 1,336,123	\$ 12,981,555
1120 Investments - Current	1,000,000	-	-	1,000,000
1220 Property Taxes - Delinquent	339,264	138,729	-	477,993
1230 Allowance for Uncollectible Taxes (Credit)	(33,926)	(13,873)	-	(47,799)
1240 Receivables from Other Governments	220,663	-	305,337	526,000
1250 Accrued Interest	4,183	-	-	4,183
1260 Due from Other Funds	118,601	214,665	70,741	404,007
1290 Other Receivables	25,796	-	-	25,796
1410 Prepayments	3,042	-	-	3,042
1000 Total Assets	<u>\$ 13,006,860</u>	<u>\$ 655,716</u>	<u>\$ 1,712,201</u>	<u>\$ 15,374,777</u>
LIABILITIES				
2110 Accounts Payable	\$ 720,651	\$ -	\$ 306,392	\$ 1,027,043
2150 Payroll Deductions and Withholdings Payable	140,631	-	-	140,631
2160 Accrued Wages Payable	1,525,638	-	-	1,525,638
2170 Due to Other Funds	285,406	-	122,853	408,259
2180 Due to Other Governments	-	-	19,905	19,905
2190 Due to Student Groups	-	-	105	105
2200 Accrued Expenditures	105,795	-	28,253	134,048
2300 Unearned Revenues	-	-	11,831	11,831
2000 Total Liabilities	<u>2,778,121</u>	<u>-</u>	<u>489,339</u>	<u>3,267,460</u>
DEFERRED INFLOWS OF RESOURCES				
2601 Unavailable Revenue - Property Taxes	170,686	67,493	-	238,179
2600 Total Deferred Inflows of Resources	<u>170,686</u>	<u>67,493</u>	<u>-</u>	<u>238,179</u>
FUND BALANCES				
Nonspendable Fund Balance:				
3430 Prepaid Items	3,042	-	-	3,042
Restricted Fund Balance:				
3450 Federal or State Funds Grant Restriction	-	-	289,104	289,104
3480 Retirement of Long-Term Debt	-	588,223	-	588,223
Committed Fund Balance:				
3545 Campus Activities	-	-	91,739	91,739
Assigned Fund Balance:				
3550 Construction	-	-	842,019	842,019
3600 Unassigned Fund Balance	10,055,011	-	-	10,055,011
3000 Total Fund Balances	<u>10,058,053</u>	<u>588,223</u>	<u>1,222,862</u>	<u>11,869,138</u>
4000 Total Liabilities, Deferred Inflows & Fund Balances	<u>\$ 13,006,860</u>	<u>\$ 655,716</u>	<u>\$ 1,712,201</u>	<u>\$ 15,374,777</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, 2016

Total Fund Balances - Governmental Funds	\$ 11,869,138
1 The assets and liabilities of the Internal Service Funds are included in governmental activities, but are not reported in the fund financial statements.	276,776
2 Capital assets used in governmental activities are not financial resources and therefore are not reported in the fund financial statements.	135,076,275
3 Accumulated depreciation has not been included in the fund financial statements.	(38,578,038)
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 \$7,030,744, a Deferred Resource Inflow related to TRS in the amount of \$523,041 and a Deferred Resource Outflow related to TRS in the amount of \$4,132,096. This amounted to a decrease in Net Position in the amount of \$3,421,689.	(3,421,689)
5 Bonds payable have not been included in the fund financial statements.	(82,931,615)
6 Accreted interest on capital appreciation bonds has not been included in the fund financial statements.	(26,180,674)
7 Bond discounts and premiums are not recognized in the fund financial statements.	(7,379,975)
8 Notes payable have not been included in the fund financial statements.	(326,377)
9 Property tax revenue reported as unavailable revenue in the fund financial statements was recognized as revenue in the government-wide financial statements.	238,179
10 Deferred charge for refunding has not been included in the fund financial statements.	3,830,006
19 Net Position of Governmental Activities	\$ (7,527,994)

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 BALANCE
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED AUGUST 31, 2016

Data Control Codes	10 General Fund	50 Debt Service Fund	Other Funds	Total Governmental Funds
REVENUES:				
5700 Total Local and Intermediate Sources	\$ 17,244,279	\$ 7,230,396	\$ 802,352	\$ 25,277,027
5800 State Program Revenues	17,418,528	214,665	614,313	18,247,506
5900 Federal Program Revenues	606,466	-	2,361,252	2,967,718
5020 Total Revenues	35,269,273	7,445,061	3,777,917	46,492,251
EXPENDITURES:				
Current:				
0011 Instruction	19,449,477	-	1,698,708	21,148,185
0012 Instructional Resources and Media Services	546,198	-	-	546,198
0013 Curriculum and Instructional Staff Development	893,208	-	66,704	959,912
0021 Instructional Leadership	481,386	-	790	482,176
0023 School Leadership	1,940,524	-	-	1,940,524
0031 Guidance, Counseling and Evaluation Services	1,287,702	-	28,928	1,316,630
0032 Social Work Services	18,518	-	-	18,518
0033 Health Services	303,370	-	-	303,370
0034 Student (Pupil) Transportation	966,084	-	118,568	1,084,652
0035 Food Services	-	-	1,845,766	1,845,766
0036 Extracurricular Activities	1,376,508	-	115,398	1,491,906
0041 General Administration	1,240,379	-	-	1,240,379
0051 Facilities Maintenance and Operations	4,201,445	-	-	4,201,445
0052 Security and Monitoring Services	132,113	-	-	132,113
0053 Data Processing Services	1,093,345	-	-	1,093,345
Debt Service:				
0071 Principal on Long Term Debt	138,320	2,403,385	-	2,541,705
0072 Interest on Long Term Debt	16,417	4,664,445	-	4,680,862
0073 Bond Issuance Cost and Fees	-	316,954	-	316,954
Capital Outlay:				
0081 Facilities Acquisition and Construction	395,440	-	-	395,440
Intergovernmental:				
0099 Other Intergovernmental Charges	154,181	-	-	154,181
6030 Total Expenditures	34,634,615	7,384,784	3,874,862	45,894,261
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	634,658	60,277	(96,945)	597,990
OTHER FINANCING SOURCES (USES):				
7911 Capital Related Debt Issued (Regular Bonds)	-	24,877,700	-	24,877,700
7915 Transfers In	-	-	100,000	100,000
7916 Premium or Discount on Issuance of Bonds	-	6,013,881	-	6,013,881
8911 Transfers Out (Use)	(118,680)	-	-	(118,680)
8949 Other (Uses)	-	(30,578,534)	-	(30,578,534)
7080 Total Other Financing Sources (Uses)	(118,680)	313,047	100,000	294,367
1200 Net Change in Fund Balances	515,978	373,324	3,055	892,357
0100 Fund Balance - September 1 (Beginning)	9,542,075	214,899	1,219,807	10,976,781
3000 Fund Balance - August 31 (Ending)	\$ 10,058,053	\$ 588,223	\$ 1,222,862	\$ 11,869,138

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

LAKE DALLAS INDEPENDENT SCHOOL DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED AUGUST 31, 2016

Total Net Change in Fund Balances - Governmental Funds	\$ 892,357
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.	821,835
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.	(2,777,865)
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.	2,541,704
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.	(461,828)
Bond premiums and discounts are not amortized in the governmental funds but are capitalized in the statement of net position.	2,687,380
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 8/31/2015 caused the ending net position to increase in the amount of \$592,480. Contributions made before the measurement but during the 2016 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 \$1,307,902, which caused a net decrease in net position. The impact of all of these is to decrease net position by \$715,422.	(715,422)
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.	(128,508)
The net income (loss) of the Internal Service Funds is reported with governmental activities but not in the fund financial statements.	7,588
Bond premiums are income when incurred in the fund financial statements, but are capitalized net of amortization in the government-wide financial statements.	(6,013,881)
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.	(131,404)
Current year issuances of bonds and loans are shown as other resources in the fund financial statements, but are shown as increases in long-term debt in the government-wide financial statements.	(24,877,700)
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.	30,578,534
Change in Net Position of Governmental Activities	\$ 2,422,790

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

LAKE DALLAS INDEPENDENT SCHOOL DISTRICT
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
AUGUST 31, 2016

EXHIBIT D-1

	Business-Type Activities -	Governmental Activities -
	Total Enterprise Funds	Total Internal Service Funds
ASSETS		
Current Assets:		
Cash and Cash Equivalents	\$ 2,146	\$ 128,128
Due from Other Funds	-	4,252
Other Receivables	-	149,968
Inventories	-	43,435
Total Current Assets	<u>2,146</u>	<u>325,783</u>
Noncurrent Assets:		
Capital Assets:		
Depreciation on Furniture and Equipment	-	(17,711)
District Defined Capital Assets	-	17,711
Total Noncurrent Assets	<u>-</u>	<u>-</u>
Total Assets	<u>2,146</u>	<u>325,783</u>
LIABILITIES		
Current Liabilities:		
Accounts Payable	-	48,919
Accrued Expenses	<u>127</u>	<u>88</u>
Total Liabilities	<u>127</u>	<u>49,007</u>
NET POSITION		
Unrestricted Net Position	<u>2,019</u>	<u>276,776</u>
Total Net Position	<u>\$ 2,019</u>	<u>\$ 276,776</u>

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, 2016

	Business-Type Activities -	Governmental Activities -
	Total Enterprise Funds	Total Internal Service Funds
OPERATING REVENUES:		
Local and Intermediate Sources	\$ 319,892	\$ 295,951
State Program Revenues	20,736	4,868
Total Operating Revenues	<u>340,628</u>	<u>300,819</u>
OPERATING EXPENSES:		
Payroll Costs	342,446	76,055
Professional and Contracted Services	8,550	69,380
Supplies and Materials	7,161	147,796
Other Operating Costs	1,151	-
Total Operating Expenses	<u>359,308</u>	<u>293,231</u>
Income Before Transfers	(18,680)	7,588
Transfer In	18,680	-
Change in Net Position	-	7,588
Total Net Position - September 1 (Beginning)	<u>2,019</u>	<u>269,188</u>
Total Net Position - August 31 (Ending)	<u><u>\$ 2,019</u></u>	<u><u>\$ 276,776</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, 2016

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 District	\$ -	\$ 264,002
Cash Received from Employees	319,892	-
Cash Payments for Payroll Costs	(321,710)	(71,187)
Cash Payments for Supplies and Materials	(7,161)	(121,618)
Cash Payments for Purchased Services	(8,550)	(69,380)
Cash Payments for Other Operating Expenses	(1,151)	-
Net Cash Provided by (Used for) Operating Activities	(18,680)	1,817
<u>Cash Flows from Non-Capital Financing Activities:</u>		
Operating Transfer In	18,680	-
Net Increase in Cash and Cash Equivalents	-	1,817
Cash and Cash Equivalents at Beginning of Year	2,146	126,311
Cash and Cash Equivalents at End of Year	\$ 2,146	\$ 128,128
<u>Reconciliation of Operating Income (Loss) to Net Cash</u>		
<u>Provided by (Used for) Operating Activities:</u>		
Operating Income (Loss):	\$ (18,680)	\$ 7,588
Effect of Increases and Decreases in Current Assets and Liabilities:		
Decrease (increase) in Due from Other Funds	-	(614)
Decrease (increase) in Other Receivables	-	(31,335)
Decrease (increase) in Inventories	-	(13,946)
Increase (decrease) in Accounts Payable	-	40,124
Net Cash Provided by (Used for) Operating Activities	\$ (18,680)	\$ 1,817

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, 2016

	Agency Fund
<hr/>	
ASSETS	
Cash and Cash Equivalents	\$ 738,010
Other Receivables	3,914
	<hr/>
Total Assets	\$ 741,924
	<hr/>
LIABILITIES	
Accounts Payable	\$ 221,235
Due to Student Groups	520,689
	<hr/>
Total Liabilities	\$ 741,924
	<hr/>

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, 2016

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, 2016

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 self-supporting and does not 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, 2016

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.

The enterprise fund and internal service funds are proprietary fund types. Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. Operating expenses for the proprietary funds include the cost of personal and contractual services, supplies and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

The Agency fund uses the accrual, rather than the modified accrual, basis of accounting.

The Agency fund is custodial in nature (assets equal liabilities) and does not involve measurement of results of operations. This fund is used to account for assets held by the District in a trustee capacity or as an agent for individuals, organization, and/or other funds. The Student Activity Fund accounts for the receipts and disbursement of monies from student activity organizations. These organizations exist with the explicit approval of and are subject to revocation by the District's Board of Trustees. This accounting reflects the District's agency relationship with the student activity organizations.

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.

LAKE DALLAS INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2016

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 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.

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 pool 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.

LAKE DALLAS INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2016

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, 2016 that were subsequently provided for in the 2016-17 budget.

F. PREPAYMENTS

Prepayments are for payments made by the District in the current year to provide services occurring in the subsequent fiscal year using the consumption method, and the nonspendable fund balance for prepaid expenditures 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 governmental-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 fair market value on the date donated. 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

LAKE DALLAS INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2016

J. COMPENSATED ABSENCES

Vacations are to be taken within the same year they are earned, and any unused days at the end of the year are forfeited. Therefore, no liability has been accrued in the accompanying general purpose financial statements. Employees of the District are entitled to sick leave based on category/class of employment. Sick leave is allowed to be accumulated but does not vest. Therefore, a liability for unused sick leave has not been recorded in the accompanying general purpose financial statements.

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 position invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciations, 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 are 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.

N. DEFERRED OUTFLOWS/INFLOWS OF RESOURCES

In addition to assets and liabilities, the government-wide *Statement of Net Position* and governmental fund *Balance Sheet* report separate sections for deferred outflows and deferred inflows of resources. Deferred outflows of resources represent a consumption of net position/fund balance that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. Deferred inflows of resources represent the acquisition of net position/fund balance that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. In addition to deferred losses on debt refundings, which are reported as deferred outflows of resources, the District reports certain deferred inflows and outflows related to pensions on the government-wide *Statement of Net Position*. At the governmental fund level, earned but unavailable tax revenue is reported as a deferred inflow of resources.

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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 year 2016, 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.

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.

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 inventories and prepaid items as being nonspendable as these items are not expected to be converted to cash.
- Restricted: This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation. Debt service resources are to be used for future servicing of the District's bonded debt and are restricted through debt covenants. Federal and State grant resources are being restricted because their use is restricted pursuant to the mandates of the Federal or State grants.
- Committed: This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the District's Board of Trustees. The Board of Trustees establishes (and modifies or rescinds) fund balance commitments by passage of a resolution. This can also be done through adoption and amendment of the budget. These amounts cannot be used for any other purpose unless the Board removes or changes the specified use by taking the same type of action that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements. The Board of Trustees have committed resources as of August 31, 2016 for campus activities.
- Assigned: This classification includes amounts that are constrained by the District's intent to be used for a specific purpose but are neither restricted nor committed. This intent can be expressed by the Board of Trustees or through the Board of Trustees delegating this responsibility to other individuals in the District 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.

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- 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 \$10,055,011 at August 31, 2016. Prepayments (prepaid items) of \$3,042 are considered nonspendable fund balance.

Other Major Funds

The Debt Service Fund has restricted funds of \$588,223 at August 31, 2016 consisting primarily of property tax collections that are restricted for debt service payments on bonded debt.

Other Funds

The fund balance of \$91,739 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 \$260,030 in the Food Service Fund is shown as restricted for food service operations. The Capital Projects Fund has assigned funds of \$842,019 at August 31, 2016 consisting primarily of unspent bond funds. The other fund balances of \$29,074 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, 2016, the carrying amount of the District's deposits checking accounts and interest-bearing savings accounts was \$6,508,798 which includes \$11,742 petty cash and the combined bank balance was \$6,510,039. The District's cash deposits at August 31, 2016 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, 2016, the District's cash balances totaled \$6,510,039. 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, 2016.
- b. Custodial Credit Risk - Investments: For an investment, this is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. At August 31, 2016, 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, 2016, the District was not exposed to foreign currency risk.
- f. Concentration of Credit Risk - This is the risk of loss attributed to the magnitude of the District's investment in a single issuer (i.e., lack of diversification). Concentration risk is defined as positions of 5 percent or more in the securities of a single issuer. Investment pools 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, 2016, are shown below:

<u>Name</u>	<u>Carrying Amount</u>	<u>Fair Value</u>	<u>Maturity Date</u>
TexPool	\$ 438,690	\$ 438,690	N/A
TxTerm	7,037,920	7,037,920	N/A
Lone Star	743,637	743,637	N/A
LOGIC	120,786	120,786	N/A
Total	<u>\$8,341,041</u>	<u>\$8,341,041</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 judgement 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, 2016, 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	\$ -	\$ -	\$ 3,480,854
Total capital assets, not being depreciated	<u>3,480,854</u>	<u>-</u>	<u>-</u>	<u>3,480,854</u>
Capital assets, being depreciated:				
Buildings and improvements	124,835,185	424,700	-	125,259,885
Furniture and equipment	<u>5,938,401</u>	<u>397,135</u>	<u>-</u>	<u>6,335,536</u>
Total capital assets, being depreciated	<u>130,773,586</u>	<u>821,835</u>	<u>-</u>	<u>131,595,421</u>
Less accumulated depreciation for:				
Buildings and improvements	(30,932,393)	(2,496,704)	-	(33,429,097)
Furniture and equipment	<u>(4,867,780)</u>	<u>(281,161)</u>	<u>-</u>	<u>(5,148,941)</u>
Total accumulated depreciation	<u>(35,800,173)</u>	<u>(2,777,865)</u>	<u>-</u>	<u>(38,578,038)</u>
Total capital assets, being depreciated, net	<u>94,973,413</u>	<u>(1,956,030)</u>	<u>-</u>	<u>93,017,383</u>
Governmental activities capital assets, net	<u>\$ 98,454,267</u>	<u>\$ (1,956,030)</u>	<u>\$ -</u>	<u>\$ 96,498,237</u>

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

Governmental activities:	
Instruction	\$1,506,954
Instructional Resources & Media Services	45,308
Curriculum & Instructional Staff Development	57,414
Instructional Leadership	27,745
School Leadership	163,146
Guidance, Counseling & Evaluation Services	88,991
Health Services	28,361
Student (Pupil) Transportation	109,765
Food Services	102,853
Cocurricular/Extracurricular Activities	111,319
General Administration	102,042
Plant Maintenance and Operations	362,747
Security	10,685
Data Processing Services	<u>60,535</u>
Total depreciation expense-Governmental activities	<u>\$2,777,865</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, 2016:

Description	Interest Rate Payable	Amount Original Issue	Amounts Outstanding 9/1/15	Additions	Refunded/ Retired	Amounts Outstanding 8/31/16	Due Within One Year
Bonded Indebtedness:							
1999 Bldg/Refunding	4.40-6.06%	\$ 8,861,571	\$ 5,152,920	\$ -	\$ 588,350	\$ 4,564,570	\$ 741,678
2001 Bldg/Refunding	4.00-5.70%	13,264,871	4,668,348	-	130,000	4,538,348	176,936
2002 Bldg/Refunding	2.40-5.89%	14,952,991	293,226	-	139,909	153,317	153,317
2005 Bldg/Refunding	3.00-4.62%	13,040,000	5,440,000	-	5,440,000	-	-
2007 Bldg/Refunding	3.75-4.93%	24,023,006	19,877,494	-	19,877,494	-	-
2008 Building	4.00-6.89%	7,400,000	405,000	-	160,000	245,000	125,000
2010 Refunding	2.00-4.50%	6,340,000	4,130,000	-	390,000	3,740,000	405,000
2012 Refunding	1.90-4.05%	9,340,000	9,025,000	-	-	9,025,000	-
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	-
2015 Refunding	0.47-5.00%	19,063,027	18,298,027	-	250,347	18,047,680	253,136
2016 Refunding	2.00-4.00%	24,877,700	-	24,877,700	310,000	24,567,700	625,000
Total Bonded Indebtedness			<u>85,340,015</u>	<u>24,877,700</u>	<u>27,286,100</u>	<u>82,931,615</u>	<u>2,480,067</u>
State Energy Cons. Loan	2.00%	658,262	464,697	-	138,320	326,377	-
Accreted Interest	4.05-5.15%		28,787,501	3,717,061	6,323,888	26,180,674	-
Discount/Premium on Issuance of Debt			6,097,526	3,969,829	2,687,380	7,379,975	-
Total Other Obligations			<u>35,349,724</u>	<u>7,686,890</u>	<u>9,149,588</u>	<u>33,887,026</u>	-
Total Obligations of District			<u>\$120,689,739</u>	<u>\$32,564,590</u>	<u>\$36,435,688</u>	<u>\$116,818,641</u>	<u>\$2,480,067</u>

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The 1999, 2001, 2002, 2008, 2012, 2015, and 2016 bond series include outstanding capital appreciation bonds in the principal amount of \$12,923,481. 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 \$26,180,674 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, 2016.

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>	
2017	\$ 2,480,067	\$ 4,976,989	\$ 7,457,056
2018	1,949,845	5,068,511	7,018,356
2019	2,311,523	4,839,133	7,150,656
2020	2,532,988	4,852,518	7,385,506
2021	2,530,324	4,850,857	7,381,181
2022-2026	12,681,183	24,535,547	37,216,730
2027-2031	12,814,225	25,008,706	37,822,931
2032-2036	22,246,460	15,403,460	37,649,920
2037-2041	14,890,000	3,298,050	18,188,050
2042-2046	6,290,000	1,008,714	7,298,714
2047-2048	<u>2,205,000</u>	<u>120,712</u>	<u>2,325,712</u>
	<u>\$ 82,931,615</u>	<u>\$ 93,963,197</u>	<u>\$176,894,812</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, 2016 the loan balance was \$326,377. 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>	
2018	\$ 71,257	\$ 6,111	\$ 77,368
2019	72,693	4,675	77,368
2020	74,158	3,210	77,368
2021	75,152	1,716	76,868
2022	<u>34,117</u>	<u>288</u>	<u>34,405</u>
	<u>\$ 326,377</u>	<u>\$ 16,000</u>	<u>\$ 342,377</u>

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NOTES TO THE BASIC FINANCIAL STATEMENTS
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NOTE 7. DEBT ISSUANCE AND DEFEASED BONDS OUTSTANDING

On May 15, 2016 the District issued \$23,045,000 (par value) in unlimited tax refunding bonds (current interest bonds) and \$1,832,700 in capital appreciation bonds to advance refund \$24,882,715 of unlimited tax school building and refunding bonds. The bonds were issued at a premium of \$6,013,881, and, after paying issuance costs of \$313,047 the net proceeds were \$30,578,534. \$30,578,534 of the net proceeds were used to purchase U.S. government securities and those securities were deposited in an irrevocable trust with an escrow agent to provide debt service payments on the refunded bonds until the bonds mature. The advanced refunding met the requirements of an in-substance debt defeasance and the unlimited tax school building bonds were removed from the District's General Long-Term Debt.

The refunding was undertaken to reduce the District's total debt service payments by approximately \$7,000,445 and to obtain an economic gain (difference between the present value of the debt service payments on the old and new debt) of approximately \$4,387,763.

In prior years, the District issued refunding bonds to defease certain outstanding bonds for the purpose of consolidation and to achieve debt service savings. The District has placed the proceeds from the refunding issues in irrevocable escrow accounts with a trust agent to ensure payment of debt service on the refunded bonds.

Accordingly, the trust account assets and liabilities for the defeased bonds are not included in the District's financial statements. Although defeased, the refunded debt from those earlier issues will not be actually retired until the call dates have come due or until maturity if they are not callable issues. On August 31, 2016, \$31,472,680 of bonds outstanding are considered defeased.

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 2015-16 fiscal year was based was \$1,422,319,042. 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, 2016, 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, 2016 were 99.37% 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, 2016, property taxes receivable, net of estimated uncollectible taxes, totaled \$170,686 and \$67,493 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.

LAKE DALLAS INDEPENDENT SCHOOL DISTRICT
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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.

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

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

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

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

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

LAKE DALLAS INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2016

	<u>Contribution Rates</u>	
	<u>2015</u>	<u>2016</u>
Member	6.7%	7.2%
Non-Employer Contributing Entity (State)	6.8%	6.8%
Employers	6.8%	6.8%

Lake Dallas ISD FY2016 Employer Contributions	\$ 592,480
Lake Dallas ISD FY2016 Member Contributions	\$ 1,861,190
State of Texas 2015 NECE On-Behalf Contributions	\$ 1,443,720

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

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

- On the portion of the member's salary that exceeds the statutory minimum for members entitled to the statutory minimum under Section 21.402 of the Texas Education Code.
- During a new member's first 90 days of employment.
- When any part or all of an employee's salary is paid by federal funding source or a privately sponsored source, 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, 2015 actuarial valuation was determined using the following actuarial assumptions:

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

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

LAKE DALLAS INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2016

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

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

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

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

	1% Decrease in Discount Rate (7.0%)	Discount Rate (8.0%)	1% Increase in Discount Rate (9.0%)
Lake Dallas ISD's proportionate share of the net pension liability:	\$11,015,849	\$7,030,744	\$3,711,397

LAKE DALLAS INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2016

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions. At August 31, 2016, Lake Dallas Independent School District reported a liability of \$7,030,744 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	\$ 7,030,744
State's proportionate share that is associated with the District	<u>17,229,897</u>
Total	<u>\$24,260,641</u>

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

At August 31, 2015 the employer's proportion of the collective net pension liability was 0.0198897% an increase of 97.6% from its proportionate share of 0.0100669 % at August 31, 2014.

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

Economic Assumptions

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

Mortality Assumptions

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

Other Demographic Assumptions

8. Previously, it was assumed 10% of all members who had contributed in the past 5 years to be an active member. This was an implicit rehire assumption because teachers have historically had a high incidence of terminating employment for a time and then returning to the workforce at a later date. This methodology was modified to add a more explicit valuation of the rehire incidence in the termination liabilities, and therefore these 10% are no longer being counted as active members.
9. There were adjustments to the termination patterns for members consistent with experience and future expectations. The termination patterns were adjusted to reflect the rehire assumption. The timing of the termination decrement was also changed from the middle of the year to the beginning to match the actual pattern in the data.

LAKE DALLAS INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2016

10. Small adjustments were made to the retirement patterns for members consistent with experience and future expectations.
11. Small adjustments to the disability patterns were made for members consistent with experience and future expectations. Two separate patterns were created based on whether the member has 10 years of service or more.
12. For members that become disabled in the future, it is assumed 20% of them will choose a 100% joint and survivor annuity option.

Actuarial Methods and Policies

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

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

For the year ended August 31, 2016, Lake Dallas Independent School District recognized pension expense of \$944,616 and revenue of \$944,616 for support provided by the State.

At August 31, 2016, 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	\$ 34,586	\$ 270,198
Changes in actuarial assumptions	145,286	250,826
Difference between projected and actual investment earnings	1,115,113	-
Changes in proportion and difference between the employer's contributions and the proportionate share of contributions	2,244,631	2,017
Contributions paid to TRS subsequent to the measurement date	592,480	-
Total	\$ 4,132,096	\$ 523,041

\$592,480 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, 2017. 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
2017	\$ 555,545
2018	555,545
2019	555,545
2020	761,012
2021	325,502
2022	263,426

LAKE DALLAS INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2016

NOTE 10. 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, 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 2016, 2015 and 2014. 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, 2016, 2015, and 2014, the State's contributions to TRS-Care were \$258,505, \$249,566, and \$239,714, respectively. The on-behalf payments are recognized as equal revenues and expenditures/expenses by the District. The active member contributions were \$168,028, \$162,218, and \$155,814, respectively, and the school district's contribution were \$142,175, \$137,261, and \$131,840, 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, 2016, the contribution made on behalf of the District was \$79,135.

NOTE 11. HEALTH CARE

During the year ended August 31, 2016, 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, 2016

NOTE 12. INTERFUND TRANSFERS AND BALANCES

The following is a summary of the District's transfers for the fiscal year ended August 31, 2016:

<u>Fund</u>	<u>Transfers In</u>	<u>Transfers Out</u>
Major Funds:		
General Fund	\$ -	\$118,680
Non-Major Funds:		
Capital Projects Fund	100,000	-
Enterprise Fund	<u>18,680</u>	<u>-</u>
	<u>\$118,680</u>	<u>\$118,680</u>

\$100,000 was transferred from the General Fund to the Capital Projects Fund to help with capital improvements. \$18,680 was transferred from the General Fund to the Childcare Fund to help with operating costs.

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, 2016, 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	\$118,601	\$ -
Debt Service Fund	-	214,665
Capital Projects Fund	-	70,741
Debt Service Fund:		
General Fund	<u>214,665</u>	<u>-</u>
Total Major Funds	<u>333,266</u>	<u>285,406</u>
<u>Non-Major Funds:</u>		
Special Revenue Funds:		
General Fund	-	118,601
Internal Service Fund	-	4,252
Capital Projects Fund:		
General Fund	70,741	
Internal Service Fund:		
Special Revenue Funds	<u>4,252</u>	<u>-</u>
Total Non-Major Funds	<u>74,993</u>	<u>122,853</u>
	<u>\$408,259</u>	<u>\$408,259</u>

NOTE 13. 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, 2016, are summarized below. All federal grants shown below are passed through the TEA and are reported on the combined financial statements as Due from Other Governments.

LAKE DALLAS INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2016

Fund	State Entitlements	Federal Grants	Local Governments	Total
General Fund	\$220,663	\$ -	\$ -	\$220,663
Special Revenue	10,547	294,790	-	305,337
Total	<u>\$231,210</u>	<u>\$294,790</u>	<u>\$ -</u>	<u>\$526,000</u>

NOTE 14. 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, 2016 there was no estimated rebate liability.

NOTE 15. 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, 2016 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 16. REVENUES FROM LOCAL AND INTERMEDIATE SOURCES

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

	General Fund	Special Revenue Funds	Debt Service Fund	Capital Projects Fund	Total
Property Taxes	\$16,766,220	\$ -	\$7,164,132	\$ -	\$23,930,352
Food Sales	-	698,891	-	-	698,891
Investment Income	62,137	3,259	11,487	443	77,326
Penalties, interest and other tax related income	136,328	-	54,777	-	191,105
Co-curricular student activities	137,602	-	-	-	137,602
Other	141,992	99,759	-	-	241,751
Total	<u>\$17,244,279</u>	<u>\$ 801,909</u>	<u>\$7,230,396</u>	<u>\$ 443</u>	<u>\$25,277,027</u>

NOTE 17. UNEARNED REVENUE

Unearned revenue at year-end consisted of the following:

	General Fund	Special Revenue Fund	Total
Unearned Grants	<u>\$ -</u>	<u>\$11,831</u>	<u>\$11,831</u>

LAKE DALLAS INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2016

NOTE 18. 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	\$441,314	\$441,314
Federal Flood Control	10.904	37,362	37,362
Medicaid Administrative Claiming			
Program-MAC	93.778	<u>127,790</u>	<u>127,790</u>
Total for General Fund		<u>\$606,466</u>	<u>\$606,466</u>

**REQUIRED SUPPLEMENTARY INFORMATION
(UNAUDITED)**

LAKE DALLAS INDEPENDENT SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
FOR THE YEAR ENDED AUGUST 31, 2016

Data Control Codes	Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)
	Original	Final		
REVENUES:				
5700 Total Local and Intermediate Sources	\$ 16,803,264	\$ 17,052,390	\$ 17,244,279	\$ 191,889
5800 State Program Revenues	17,268,813	17,503,822	17,418,528	(85,294)
5900 Federal Program Revenues	295,000	569,046	606,466	37,420
5020 Total Revenues	34,367,077	35,125,258	35,269,273	144,015
EXPENDITURES:				
Current:				
0011 Instruction	19,272,369	19,556,936	19,449,477	107,459
0012 Instructional Resources and Media Services	553,735	559,612	546,198	13,414
0013 Curriculum and Instructional Staff Development	817,524	924,134	893,208	30,926
0021 Instructional Leadership	496,978	504,939	481,386	23,553
0023 School Leadership	1,944,930	1,968,527	1,940,524	28,003
0031 Guidance, Counseling and Evaluation Services	1,294,443	1,349,032	1,287,702	61,330
0032 Social Work Services	18,284	18,766	18,518	248
0033 Health Services	311,459	314,269	303,370	10,899
0034 Student (Pupil) Transportation	1,466,389	1,068,802	966,084	102,718
0036 Extracurricular Activities	994,062	1,381,177	1,376,508	4,669
0041 General Administration	1,206,676	1,283,142	1,240,379	42,763
0051 Facilities Maintenance and Operations	4,542,289	4,489,214	4,201,445	287,769
0052 Security and Monitoring Services	154,654	154,719	132,113	22,606
0053 Data Processing Services	655,936	1,156,864	1,093,345	63,519
Debt Service:				
0071 Principal on Long Term Debt	67,126	138,320	138,320	-
0072 Interest on Long Term Debt	10,255	16,429	16,417	12
Capital Outlay:				
0081 Facilities Acquisition and Construction	230,243	401,457	395,440	6,017
Intergovernmental:				
0095 Payments to Juvenile Justice Alternative Ed. Prg.	16,000	7,886	-	7,886
0099 Other Intergovernmental Charges	186,032	155,179	154,181	998
6030 Total Expenditures	34,239,384	35,449,404	34,634,615	814,789
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	127,693	(324,146)	634,658	958,804
OTHER FINANCING SOURCES (USES):				
8911 Transfers Out (Use)	-	(100,000)	(118,680)	(18,680)
1200 Net Change in Fund Balances	127,693	(424,146)	515,978	940,124
0100 Fund Balance - September 1 (Beginning)	9,542,075	9,542,075	9,542,075	-
3000 Fund Balance - August 31 (Ending)	\$ 9,669,768	\$ 9,117,929	\$ 10,058,053	\$ 940,124

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, 2016

EXHIBIT G-2

	<u>2016</u>	<u>2015</u>
District's Proportion of the Net Pension Liability (Asset)	0.0198897%	0.0100669%
District's Proportionate Share of Net Pension Liability (Asset)	\$ 7,030,744	\$ 2,689,008
State's Proportionate Share of the Net Pension Liability (Asset) associated with the District	17,229,897	14,622,939
Total	<u>\$ 24,260,641</u>	<u>\$ 17,311,947</u>
District's Covered-Employee Payroll	\$ 24,956,220	\$ 23,960,423
District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll	28.17%	11.22%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	78.43%	83.25%

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

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

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

EXHIBIT G-3

	2016	2015
Contractually Required Contribution	\$ 592,480	\$ 588,942
Contribution in Relation to the Contractually Required Contribution	(592,480)	(588,942)
Contribution Deficiency (Excess)	\$ -0-	\$ -0-
District's Covered-Employee Payroll	\$ 25,849,885	\$ 24,956,220
Contributions as a Percentage of Covered-Employee Payroll	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, 2014 for Fiscal Year 2015 and August 31, 2015 for Fiscal Year 2016.

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

LAKE DALLAS INDEPENDENT SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED AUGUST 31, 2016

Changes of benefit terms.

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

Changes of assumptions.

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

Economic Assumptions

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

Mortality Assumptions

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

Other Demographic Assumptions

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

Actuarial Methods and Policies

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

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
Reading Recovery Co-op
Campus Activity Funds

Capital Projects Fund

LAKE DALLAS INDEPENDENT SCHOOL DISTRICT
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
AUGUST 31, 2016

Data Control Codes		211	224	225
		ESEA I, A Improving Basic Program	IDEA - Part B Formula	IDEA - Part B Preschool
ASSETS				
1110	Cash and Cash Equivalents	\$ -	\$ -	\$ -
1240	Receivables from Other Governments	23,983	211,501	798
1260	Due from Other Funds	-	-	-
1000	Total Assets	<u>\$ 23,983</u>	<u>\$ 211,501</u>	<u>\$ 798</u>
LIABILITIES				
2110	Accounts Payable	\$ 23,983	\$ 211,501	\$ 798
2170	Due to Other Funds	-	-	-
2180	Due to Other Governments	-	-	-
2190	Due to Student Groups	-	-	-
2200	Accrued Expenditures	-	-	-
2300	Unearned Revenues	-	-	-
2000	Total Liabilities	<u>23,983</u>	<u>211,501</u>	<u>798</u>
FUND BALANCES				
Restricted Fund Balance:				
3450	Federal or State Funds Grant Restriction	-	-	-
Committed Fund Balance:				
3545	Campus Activities	-	-	-
Assigned Fund Balance:				
3550	Construction	-	-	-
3000	Total Fund Balances	<u>-</u>	<u>-</u>	<u>-</u>
4000	Total Liabilities and Fund Balances	<u>\$ 23,983</u>	<u>\$ 211,501</u>	<u>\$ 798</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	397 Advanced Placement Incentives	410 State Textbook Fund
\$ 293,800	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 9,456	\$ 27,093
37,327	-	187	17,508	3,486	-	-	2,956
-	-	-	-	-	-	-	-
<u>\$ 331,127</u>	<u>\$ -</u>	<u>\$ 187</u>	<u>\$ 17,508</u>	<u>\$ 3,486</u>	<u>\$ -</u>	<u>\$ 9,456</u>	<u>\$ 30,049</u>
\$ 42,844	\$ -	\$ 187	\$ 17,508	\$ 3,486	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
28,253	-	-	-	-	-	-	-
-	-	-	-	-	-	9,456	975
<u>71,097</u>	<u>-</u>	<u>187</u>	<u>17,508</u>	<u>3,486</u>	<u>-</u>	<u>9,456</u>	<u>975</u>
260,030	-	-	-	-	-	-	29,074
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>260,030</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>29,074</u>
<u>\$ 331,127</u>	<u>\$ -</u>	<u>\$ 187</u>	<u>\$ 17,508</u>	<u>\$ 3,486</u>	<u>\$ -</u>	<u>\$ 9,456</u>	<u>\$ 30,049</u>

LAKE DALLAS INDEPENDENT SCHOOL DISTRICT
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
AUGUST 31, 2016

Data Control Codes		429 Math Achievement Academies	459 Reading Recovery Co-op	461 Campus Activity Funds	Total Nonmajor Special Revenue Funds
ASSETS					
1110	Cash and Cash Equivalents	\$ (6,031)	\$ 19,905	\$ 220,622	\$ 564,845
1240	Receivables from Other Governments	7,591	-	-	305,337
1260	Due from Other Funds	-	-	-	-
1000	Total Assets	<u>\$ 1,560</u>	<u>\$ 19,905</u>	<u>\$ 220,622</u>	<u>\$ 870,182</u>
LIABILITIES					
2110	Accounts Payable	\$ 160	\$ -	\$ 5,925	\$ 306,392
2170	Due to Other Funds	-	-	122,853	122,853
2180	Due to Other Governments	-	19,905	-	19,905
2190	Due to Student Groups	-	-	105	105
2200	Accrued Expenditures	-	-	-	28,253
2300	Unearned Revenues	1,400	-	-	11,831
2000	Total Liabilities	<u>1,560</u>	<u>19,905</u>	<u>128,883</u>	<u>489,339</u>
FUND BALANCES					
Restricted Fund Balance:					
3450	Federal or State Funds Grant Restriction	-	-	-	289,104
Committed Fund Balance:					
3545	Campus Activities	-	-	91,739	91,739
Assigned Fund Balance:					
3550	Construction	-	-	-	-
3000	Total Fund Balances	<u>-</u>	<u>-</u>	<u>91,739</u>	<u>380,843</u>
4000	Total Liabilities and Fund Balances	<u>\$ 1,560</u>	<u>\$ 19,905</u>	<u>\$ 220,622</u>	<u>\$ 870,182</u>

607 Capital Projects Fund	Total Nonmajor Governmental Funds
\$ 771,278	\$ 1,336,123
-	305,337
70,741	70,741
<u>\$ 842,019</u>	<u>\$ 1,712,201</u>
\$ -	\$ 306,392
-	122,853
-	19,905
-	105
-	28,253
-	11,831
<u>-</u>	<u>489,339</u>
-	289,104
-	91,739
<u>842,019</u>	<u>842,019</u>
<u>842,019</u>	<u>1,222,862</u>
<u>\$ 842,019</u>	<u>\$ 1,712,201</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, 2016

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	252,462	929,845	8,975
5020	Total Revenues	252,462	929,845	8,975
EXPENDITURES:				
Current:				
0011	Instruction	243,310	777,182	8,975
0013	Curriculum and Instructional Staff Development	9,152	4,377	-
0021	Instructional Leadership	-	790	-
0031	Guidance, Counseling and Evaluation Services	-	28,928	-
0034	Student (Pupil) Transportation	-	118,568	-
0035	Food Services	-	-	-
0036	Extracurricular Activities	-	-	-
6030	Total Expenditures	252,462	929,845	8,975
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	397 Advanced Placement Incentives	410 State Textbook Fund
\$ 702,149	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
10,209	669	-	-	-	-	250	594,135
1,033,999	15,531	31,975	51,944	34,295	2,226	-	-
1,746,357	16,200	31,975	51,944	34,295	2,226	250	594,135
-	-	27,994	3,000	34,295	2,226	-	594,135
-	-	3,981	48,944	-	-	250	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
1,829,566	16,200	-	-	-	-	-	-
-	-	-	-	-	-	-	-
1,829,566	16,200	31,975	51,944	34,295	2,226	250	594,135
(83,209)	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
(83,209)	-	-	-	-	-	-	-
343,239	-	-	-	-	-	-	29,074
\$ 260,030	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 29,074

LAKE DALLAS INDEPENDENT SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED AUGUST 31, 2016

Data Control Codes		429 Math Achievement Academies	459 Reading Recovery Co-op	461 Campus Activity Funds	Total Nonmajor Special Revenue Funds
REVENUES:					
5700	Total Local and Intermediate Sources	\$ -	\$ -	\$ 99,760	\$ 801,909
5800	State Program Revenues	7,591	-	1,459	614,313
5900	Federal Program Revenues	-	-	-	2,361,252
5020	Total Revenues	<u>7,591</u>	<u>-</u>	<u>101,219</u>	<u>3,777,474</u>
EXPENDITURES:					
Current:					
0011	Instruction	7,591	-	-	1,698,708
0013	Curriculum and Instructional Staff Development	-	-	-	66,704
0021	Instructional Leadership	-	-	-	790
0031	Guidance, Counseling and Evaluation Services	-	-	-	28,928
0034	Student (Pupil) Transportation	-	-	-	118,568
0035	Food Services	-	-	-	1,845,766
0036	Extracurricular Activities	-	-	86,139	86,139
6030	Total Expenditures	<u>7,591</u>	<u>-</u>	<u>86,139</u>	<u>3,845,603</u>
1100	Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	15,080	(68,129)
OTHER FINANCING SOURCES (USES):					
7915	Transfers In	-	-	-	-
1200	Net Change in Fund Balance	-	-	15,080	(68,129)
0100	Fund Balance - September 1 (Beginning)	-	-	76,659	448,972
3000	Fund Balance - August 31 (Ending)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 91,739</u>	<u>\$ 380,843</u>

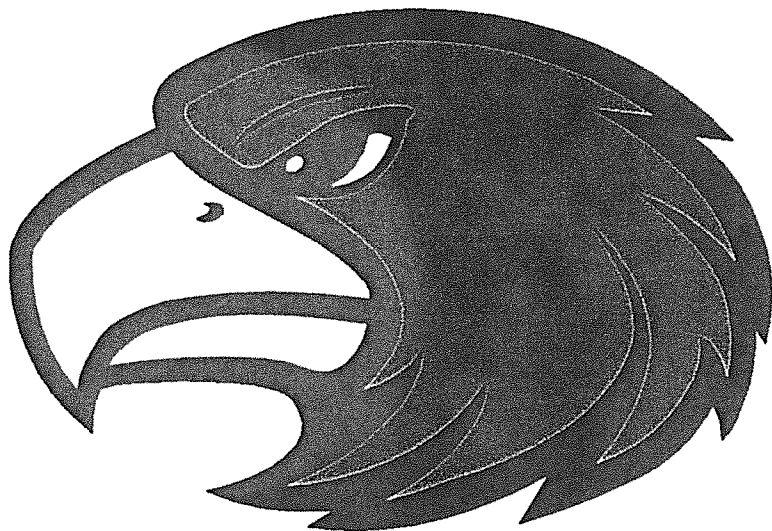
607 Capital Projects Fund	Total Nonmajor Governmental Funds
\$ 443	\$ 802,352
-	614,313
-	2,361,252
443	3,777,917
-	1,698,708
-	66,704
-	790
-	28,928
-	118,568
-	1,845,766
29,259	115,398
29,259	3,874,862
(28,816)	(96,945)
100,000	100,000
71,184	3,055
770,835	1,219,807
\$ 842,019	\$ 1,222,862

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, 2016

Data Control Codes		Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)
		Original	Final		
REVENUES:					
5700	Total Local and Intermediate Sources	\$ 800,948	\$ 800,948	\$ 702,149	\$ (98,799)
5800	State Program Revenues	10,298	10,298	10,209	(89)
5900	Federal Program Revenues	1,046,182	1,046,182	1,033,999	(12,183)
5020	Total Revenues	1,857,428	1,857,428	1,746,357	(111,071)
EXPENDITURES:					
0035	Food Services	1,854,986	1,854,986	1,829,566	25,420
6030	Total Expenditures	1,854,986	1,854,986	1,829,566	25,420
1200	Net Change in Fund Balances	2,442	2,442	(83,209)	(85,651)
0100	Fund Balance - September 1 (Beginning)	343,239	343,239	343,239	-
3000	Fund Balance - August 31 (Ending)	\$ 345,681	\$ 345,681	\$ 260,030	\$ (85,651)

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, 2016

Data Control Codes	Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)	
	Original	Final			
REVENUES:					
5700	Total Local and Intermediate Sources	\$ 7,121,269	\$ 7,121,269	\$ 7,230,396	\$ 109,127
5800	State Program Revenues	74,753	74,753	214,665	139,912
5020	Total Revenues	7,196,022	7,196,022	7,445,061	249,039
EXPENDITURES:					
Debt Service:					
0071	Principal on Long Term Debt	2,093,384	2,403,385	2,403,385	-
0072	Interest on Long Term Debt	4,978,504	4,668,503	4,664,445	4,058
0073	Bond Issuance Cost and Fees	10,000	323,047	316,954	6,093
6030	Total Expenditures	7,081,888	7,394,935	7,384,784	10,151
1100	Excess (Deficiency) of Revenues Over (Under) Expenditures	114,134	(198,913)	60,277	259,190
OTHER FINANCING SOURCES (USES):					
7911	Capital Related Debt Issued (Regular Bonds)	-	24,877,700	24,877,700	-
7916	Premium or Discount on Issuance of Bonds	-	6,013,881	6,013,881	-
8949	Other (Uses)	-	(30,578,534)	(30,578,534)	-
7080	Total Other Financing Sources (Uses)	-	313,047	313,047	-
1200	Net Change in Fund Balances	114,134	114,134	373,324	259,190
0100	Fund Balance - September 1 (Beginning)	214,899	214,899	214,899	-
3000	Fund Balance - August 31 (Ending)	\$ 329,033	\$ 329,033	\$ 588,223	\$ 259,190



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, 2016

	752	754	Total Internal Service Funds
	Print Shop	Computer Operations	
ASSETS			
Current Assets:			
Cash and Cash Equivalents	\$ 128,128	\$ -	\$ 128,128
Due from Other Funds	-	4,252	4,252
Other Receivables	2,656	147,312	149,968
Inventories	26,868	16,567	43,435
Total Current Assets	<u>157,652</u>	<u>168,131</u>	<u>325,783</u>
Noncurrent Assets:			
Capital Assets:			
Depreciation on Furniture and Equipment	(17,711)	-	(17,711)
District Defined Capital Assets	17,711	-	17,711
Total Noncurrent Assets	<u>-</u>	<u>-</u>	<u>-</u>
Total Assets	<u>157,652</u>	<u>168,131</u>	<u>325,783</u>
LIABILITIES			
Current Liabilities:			
Accounts Payable	2,477	46,442	48,919
Accrued Expenses	88	-	88
Total Liabilities	<u>2,565</u>	<u>46,442</u>	<u>49,007</u>
NET POSITION			
Unrestricted Net Position	<u>155,087</u>	<u>121,689</u>	<u>276,776</u>
Total Net Position	<u>\$ 155,087</u>	<u>\$ 121,689</u>	<u>\$ 276,776</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, 2016

	752	754	
	Print Shop	Computer Operations	Total Internal Service Funds
OPERATING REVENUES:			
Local and Intermediate Sources	\$ 183,269	\$ 112,682	\$ 295,951
State Program Revenues	4,868	-	4,868
Total Operating Revenues	<u>188,137</u>	<u>112,682</u>	<u>300,819</u>
OPERATING EXPENSES:			
Payroll Costs	76,055	-	76,055
Professional and Contracted Services	69,380	-	69,380
Supplies and Materials	31,094	116,702	147,796
Total Operating Expenses	<u>176,529</u>	<u>116,702</u>	<u>293,231</u>
Operating Income (Loss)	11,608	(4,020)	7,588
Total Net Position - September 1 (Beginning)	<u>143,479</u>	<u>125,709</u>	<u>269,188</u>
Total Net Position August 31 (Ending)	<u><u>\$ 155,087</u></u>	<u><u>\$ 121,689</u></u>	<u><u>\$ 276,776</u></u>

LAKE DALLAS INDEPENDENT SCHOOL DISTRICT
 COMBINING STATEMENT OF CASH FLOWS
 INTERNAL SERVICE FUNDS
 FOR THE YEAR ENDED AUGUST 31, 2016

	752	754	Total
	Print Shop	Computer Operations	Internal Service Funds
<u>Cash Flows from Operating Activities:</u>			
Cash Received from District	\$ 183,269	\$ 80,733	\$ 264,002
Cash Payments for Payroll Costs	(71,187)	-	(71,187)
Cash Payments for Supplies and Materials	(40,885)	(80,733)	(121,618)
Cash Payments for Purchased Services	(69,380)	-	(69,380)
Net Cash Provided by Operating Activities	1,817	-	1,817
Net Increase in Cash and Cash Equivalents	1,817	-	1,817
Cash and Cash Equivalents at Beginning of Year	126,311	-	126,311
Cash and Cash Equivalents at End of Year	<u>\$ 128,128</u>	<u>\$ -</u>	<u>\$ 128,128</u>
<u>Reconciliation of Operating Income (Loss) to Net Cash</u>			
<u>Provided by Operating Activities:</u>			
Operating Income (Loss):	\$ 11,608	\$ (4,020)	\$ 7,588
Effect of Increases and Decreases in Current Assets and Liabilities:			
Decrease (increase) in Due from Other Funds	-	(614)	(614)
Decrease (increase) in Other Receivables	-	(31,335)	(31,335)
Decrease (increase) in Inventories	(11,608)	(2,338)	(13,946)
Increase (decrease) in Accounts Payable	1,817	38,307	40,124
Net Cash Provided by Operating Activities	<u>\$ 1,817</u>	<u>\$ -</u>	<u>\$ 1,817</u>

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, 2016

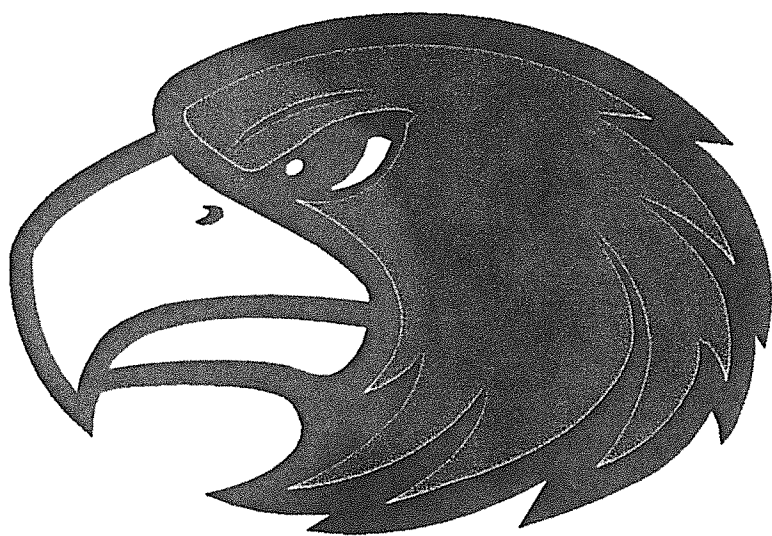
	BALANCE SEPTEMBER 1 2015	ADDITIONS	DEDUCTIONS	BALANCE AUGUST 31 2016
STUDENT ACTIVITY ACCOUNT				
Assets:				
Cash and Temporary Investments	\$ 704,006	\$ 696,559	\$ 662,555	\$ 738,010
Other Receivables	15	3,899	-	3,914
Total Assets	<u>\$ 704,021</u>	<u>\$ 700,458</u>	<u>\$ 662,555</u>	<u>\$ 741,924</u>
Liabilities:				
Accounts Payable	\$ 200,157	\$ 21,078	\$ -	\$ 221,235
Due to Student Groups	503,864	679,380	662,555	520,689
Total Liabilities	<u>\$ 704,021</u>	<u>\$ 700,458</u>	<u>\$ 662,555</u>	<u>\$ 741,924</u>
TOTAL AGENCY FUNDS				
Assets:				
Cash and Temporary Investments	\$ 704,006	\$ 696,559	\$ 662,555	\$ 738,010
Other Receivables	15	3,899	-	3,914
Total Assets	<u>\$ 704,021</u>	<u>\$ 700,458</u>	<u>\$ 662,555</u>	<u>\$ 741,924</u>
Liabilities:				
Accounts Payable	\$ 200,157	\$ 21,078	\$ -	\$ 221,235
Due to Student Groups	503,864	679,380	662,555	520,689
Total Liabilities	<u>\$ 704,021</u>	<u>\$ 700,458</u>	<u>\$ 662,555</u>	<u>\$ 741,924</u>

OTHER SUPPLEMENTARY INFORMATION:
REQUIRED TEA SCHEDULES

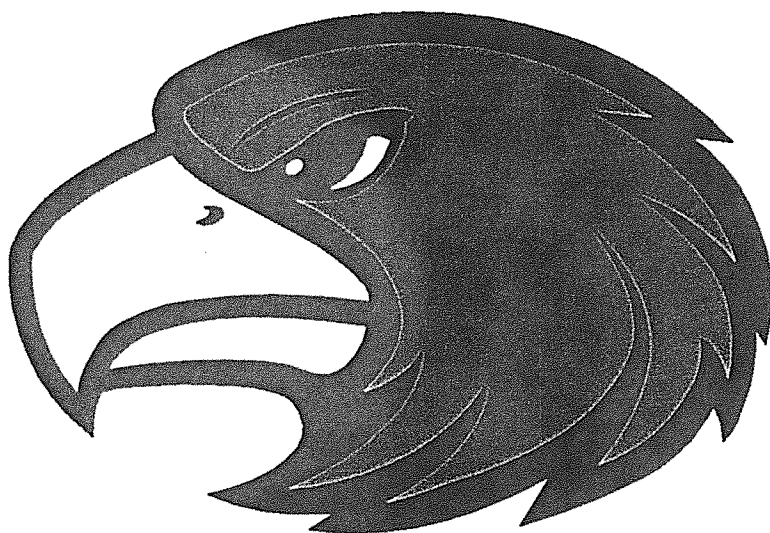
LAKE DALLAS INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF DELINQUENT TAXES RECEIVABLE
FISCAL YEAR ENDED AUGUST 31, 2016

Last 10 Years Ended August 31	(1)	(2)	(3)
	Tax Rates		Assessed/Appraised Value for School Tax Purposes
	Maintenance	Debt Service	
2007 and prior years	Various	Various	\$ Various
2008	1.040000	0.480000	1,184,109,629
2009	1.170000	0.480000	1,232,048,465
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 (School year under audit)	1.170000	0.500000	1,422,319,042
1000 TOTALS			

(10) Beginning Balance 9/1/2015	(20) Current Year's Total Levy	(31) Maintenance Collections	(32) Debt Service Collections	(40) Entire Year's Adjustments	(50) Ending Balance 8/31/2016
\$ 69,999	\$ -	\$ 257	\$ 79	\$ (3,083)	\$ 66,580
9,271	-	57	26	-	9,188
12,828	-	50	20	(1)	12,757
55,551	-	29,961	12,292	-	13,298
70,470	-	42,512	18,167	13,087	22,878
74,545	-	48,011	20,518	26,532	32,548
90,508	-	50,088	21,405	26,874	45,889
96,526	-	56,590	24,184	26,841	42,593
180,890	-	68,331	29,201	(1,405)	81,953
-	23,752,728	16,486,702	7,045,599	(70,118)	150,309
<u>\$ 660,588</u>	<u>\$ 23,752,728</u>	<u>\$ 16,782,559</u>	<u>\$ 7,171,491</u>	<u>\$ 18,727</u>	<u>\$ 477,993</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.

Contents	Page
Financial Trends	104
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	113
These schedules contain information to help the reader assess the government's most significant local revenue source, the property tax.	
Debt Capacity	120
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	126
These schedules offer demographic and economic indicators to help the reader understand the environment within the government's financial activities take place.	
Operating Information	132
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 ^(1,2)
LAST TEN FISCAL YEARS

Fiscal Year	2007	2008	2009	2010
Governmental Activities:				
Net Investment in Capital Assets	\$ (341,313)	\$ (8,580,508)	\$ 441,644	\$ 4,377,808
Restricted for Federal and State Programs	210,121	230,752	216,840	245,795
Restricted for Debt Service	1,053,559	1,192,495	2,010,567	1,472,099
Restricted for Campus Activities	-	-	-	-
Unrestricted Net Position	<u>(10,599,241)</u>	<u>2,034,760</u>	<u>(9,822,464)</u>	<u>(11,314,665)</u>
Total Governmental Activities Net Position (1,2)	<u>\$ (9,676,874)</u>	<u>\$ (5,122,501)</u>	<u>\$ (7,153,413)</u>	<u>\$ (5,218,963)</u>
Business-Type Activities:				
Unrestricted Net Position	<u>\$ 13,701</u>	<u>\$ 24,096</u>	<u>\$ 14,746</u>	<u>\$ 1,428</u>
Total Business-Type Activities	<u>\$ 13,701</u>	<u>\$ 24,096</u>	<u>\$ 14,746</u>	<u>\$ 1,428</u>
Primary Government:				
Net Investment in Capital Assets	\$ (341,313)	\$ (8,580,508)	\$ 441,644	\$ 4,377,808
Restricted for Federal and State Programs	210,121	230,752	216,840	245,795
Restricted for Debt Service	1,053,559	1,192,495	2,010,567	1,472,099
Restricted for Campus Activities	-	-	-	-
Unrestricted Net Position	<u>(10,585,540)</u>	<u>2,058,856</u>	<u>(9,807,728)</u>	<u>(11,313,237)</u>
Total Primary Government Net Position (1,2)	<u>\$ (9,663,173)</u>	<u>\$ (5,098,405)</u>	<u>\$ (7,138,677)</u>	<u>\$ (5,217,535)</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.

2011	2012	2013	2014 (3)	2015	2016
\$ 5,374,717	\$ 6,917,917	\$ 6,110,394	\$ 6,964,541	\$ 10,701,163	\$ 10,532,295
476,951	452,319	353,245	363,149	372,313	289,104
916,427	397,695	717,021	165,123	204,440	552,093
22,208	43,228	47,627	-	-	-
(13,595,936)	(15,000,928)	(15,129,099)	(16,854,334)	(21,228,700)	(18,901,486)
<u>\$ (6,805,633)</u>	<u>\$ (7,189,769)</u>	<u>\$ (7,900,812)</u>	<u>\$ (9,361,521)</u>	<u>\$ (9,950,784)</u>	<u>\$ (7,527,994)</u>
\$ -	\$ 17,965	\$ -	\$ -	\$ 2,019	\$ 2,019
<u>\$ -</u>	<u>\$ 17,965</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,019</u>	<u>\$ 2,019</u>
\$ 5,374,717	\$ 6,917,917	\$ 6,110,394	\$ 6,964,541	\$ 10,701,163	\$ 10,532,295
476,951	452,319	353,245	363,149	372,313	289,104
916,427	397,695	717,021	165,123	204,440	552,093
22,208	43,228	47,627	-	-	-
(13,595,936)	(14,982,963)	(15,129,099)	(16,854,334)	(21,228,700)	(18,899,467)
<u>\$ (6,805,633)</u>	<u>\$ (7,171,804)</u>	<u>\$ (7,900,812)</u>	<u>\$ (9,361,521)</u>	<u>\$ (9,948,765)</u>	<u>\$ (7,525,975)</u>

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

Fiscal Year	2007	2008	2009	2010
Expenses				
Governmental Activities:				
Instruction	\$ 17,031,722	\$ 18,618,562	\$ 19,948,477	\$ 20,514,458
Instructional Resources & Media Services	573,950	621,989	610,741	652,911
Curriculum & Staff Development	389,617	563,731	655,865	721,919
Instructional Leadership	268,790	292,536	312,293	362,333
School Leadership	1,652,339	1,654,181	1,693,172	1,812,793
Guidance, Counseling & Evaluation Services	1,008,512	1,003,009	1,025,167	1,127,716
Social Work Services	-	-	-	-
Health Services	295,597	343,534	349,182	344,154
Student (Pupil) Transportation	1,152,628	1,096,735	1,070,322	1,127,079
Food Services	1,363,536	1,425,098	1,653,001	1,679,715
Cocurricular/Extracurricular Activities	973,200	1,064,968	1,184,279	1,292,504
General Administration	1,003,391	1,073,763	1,004,457	1,010,450
Plant Maintenance & Operations	3,638,734	3,938,155	4,269,938	4,529,637
Security Monitoring Services	52,711	76,523	90,721	117,424
Data Processing Services	563,187	520,145	540,645	534,990
Community Services	27,796	1,263	36,960	-
Debt Service - Interest and Fees	9,772,615	5,495,782	7,303,162	6,006,752
Facilities Furnishings - Noncapital	546,343	-	-	-
Shared Services Special Education	6,430	19,220	-	-
Juvenile Justice Alternative Education Program	9,314	11,659	9,167	-
Tax Appraisal Fees	-	-	174,320	178,174
Total Expenses	<u>40,330,412</u>	<u>37,820,853</u>	<u>41,931,869</u>	<u>42,013,009</u>
Program Revenues				
Governmental Activities:				
Charges for Services				
Instruction	43,555	40,625	31,540	26,044
Food Services	796,291	866,642	893,275	852,066
Cocurricular/Extracurricular Activities	95,349	104,080	89,924	132,819
Plant Maintenance & Operations	22,727	54,454	57,690	40,567
Operating Grants and Contributions	<u>4,151,650</u>	<u>4,522,213</u>	<u>4,403,849</u>	<u>5,552,985</u>
Total Governmental Program Revenues	<u>5,109,572</u>	<u>5,588,014</u>	<u>5,476,278</u>	<u>6,604,481</u>
Total Governmental Net (Expense) Revenue	<u>\$ (35,220,840)</u>	<u>\$ (32,232,839)</u>	<u>\$ (36,455,591)</u>	<u>\$ (35,408,528)</u>
General Revenues and Other Changes in Net Position				
Governmental Activities:				
Taxes:				
Property Taxes - General Purposes	\$ 15,997,317	\$ 12,879,069	\$ 15,017,155	\$ 14,915,083
Property Taxes - Debt Service	4,869,035	5,906,285	6,160,837	6,119,832
State Aid-Formula Grants	8,515,595	11,977,292	12,721,949	12,705,279
Grants and Contributions not Restricted	738,688	304,610	207,418	213,297
Investment Earnings	1,708,150	943,230	224,907	26,956
Miscellaneous	294,836	67,442	92,413	86,741
Transfers Out	-	-	-	-
Gain on Sale of Assets	-	-	-	-
Total General Revenues and Other Changes				
in Net Position Governmental Activities	<u>32,123,621</u>	<u>32,077,928</u>	<u>34,424,679</u>	<u>34,067,188</u>
Change in Net Position Governmental Activities	<u>(3,097,219)</u>	<u>(154,911)</u>	<u>(2,030,912)</u>	<u>(1,341,340)</u>
Business-Type Activities:				
Revenue-Charge for Service	307,535	326,932	326,428	378,746
Expense-Day Care Service	283,656	316,537	335,778	392,064
Transfer In	-	-	-	-
Change in Net Position-Business-Type Activities	<u>23,879</u>	<u>10,395</u>	<u>(9,350)</u>	<u>(13,318)</u>
Total Primary Government Change in Net Position	<u>\$ (3,073,340)</u>	<u>\$ (144,516)</u>	<u>\$ (2,040,262)</u>	<u>\$ (1,354,658)</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.

2011	2012	2013	2014	2015	2016
\$ 20,218,443	\$ 19,417,571	\$ 19,604,501	\$ 20,594,920	\$ 21,602,235	\$ 23,420,949
611,435	525,739	545,040	561,763	577,352	615,380
748,658	743,596	775,300	855,170	864,442	1,062,067
311,479	328,888	461,658	419,164	433,087	537,969
1,824,013	1,931,761	2,018,860	2,028,199	2,037,524	2,221,927
1,096,335	1,052,165	1,210,347	1,325,337	1,302,368	1,479,360
-	391	16,336	17,276	17,781	19,264
345,364	328,698	354,303	326,353	303,402	349,952
1,131,566	1,273,673	1,022,918	1,052,382	996,880	1,027,448
1,743,118	1,717,847	1,893,064	1,761,483	1,828,423	2,040,332
1,300,510	1,350,211	1,319,230	1,344,164	1,450,777	1,650,080
1,200,834	1,184,065	1,233,522	1,419,162	1,371,000	1,431,261
5,425,032	4,344,652	4,342,753	4,620,415	4,581,366	4,641,156
118,717	123,984	131,168	153,783	148,585	142,798
638,803	702,435	634,526	832,017	662,639	1,169,096
-	-	-	-	-	-
6,095,207	5,413,137	5,570,370	5,493,125	5,354,996	2,903,668
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	801	-	-
175,100	171,105	165,545	158,721	153,902	154,181
42,984,614	40,609,918	41,299,441	42,964,235	43,686,759	44,866,888
11,810	11,495	2,415	6,556	1,950	9,285
868,652	854,998	810,140	834,368	759,799	698,891
115,525	117,257	92,023	99,245	73,706	137,602
60,570	38,720	40,930	20,470	2,435	3,443
5,829,481	4,600,798	4,233,864	3,952,861	4,357,148	6,008,342
6,886,038	5,623,268	5,179,372	4,913,500	5,195,038	6,857,563
\$ (36,098,576)	\$ (34,986,650)	\$ (36,120,069)	\$ (38,050,735)	\$ (38,491,721)	\$ (38,009,325)
\$ 14,505,620	\$ 14,518,282	\$ 14,545,942	\$ 14,850,909	\$ 16,203,206	\$ 16,810,170
6,173,212	6,186,799	6,205,067	6,359,350	6,898,513	7,182,779
13,274,716	12,919,301	13,562,403	14,672,165	15,568,660	15,552,620
363,396	677,771	863,331	402,391	432,334	606,466
56,595	51,453	61,232	49,716	39,472	77,326
149,499	240,158	174,947	263,108	251,061	221,434
(11,132)	-	(3,896)	(7,613)	-	(18,680)
-	8,750	-	-	-	-
34,511,906	34,602,514	35,409,026	36,590,026	39,393,246	40,432,115
(1,586,670)	(384,136)	(711,043)	(1,460,709)	901,525	2,422,790
390,496	371,397	322,582	313,933	353,939	340,628
403,056	353,482	344,443	321,546	351,920	359,308
11,132	-	3,896	7,613	-	18,680
(1,428)	17,965	(17,965)	-	2,019	-
\$ (1,588,098)	\$ (366,171)	\$ (729,008)	\$ (1,460,709)	\$ 903,544	\$ 2,422,790

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

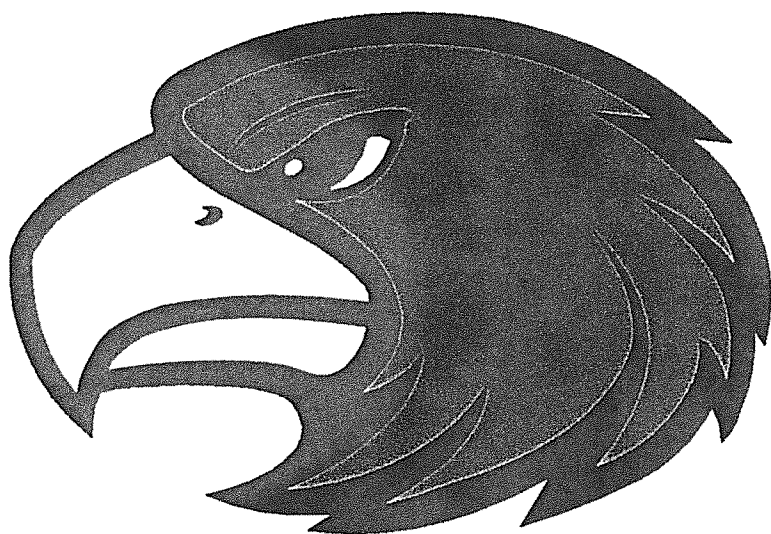
Fiscal Year	2007	2008	2009	2010	2011
General Fund					
Nonspendable Fund Balance:					
Prepayments	\$ 141,024	\$ 197,003	\$ 195,349	\$ 199,218	\$ 198,664
Unassigned	<u>5,102,517</u>	<u>4,919,456</u>	<u>6,131,088</u>	<u>6,948,853</u>	<u>7,997,172</u>
Total General Fund	<u>\$ 5,243,541</u>	<u>\$ 5,116,459</u>	<u>\$ 6,326,437</u>	<u>\$ 7,148,071</u>	<u>\$ 8,195,836</u>
All Other Governmental Funds					
Restricted Fund Balance:					
Retirement of Long-Term Debt	\$ 936,960	\$ 1,218,981	\$ 2,010,881	\$ 1,483,738	\$ 913,359
Federal or State Grants	215,754	249,514	216,840	287,266	476,951
Assigned Fund Balance:					
Construction	18,925,050	11,350,521	1,504,055	1,079,860	804,818
Committed Fund Balance:					
Campus Activities	<u>4,897</u>	<u>15,736</u>	<u>13,536</u>	<u>26,269</u>	<u>22,208</u>
Total All Other Governmental Funds	<u>\$ 20,082,661</u>	<u>\$ 12,834,752</u>	<u>\$ 3,745,312</u>	<u>\$ 2,877,133</u>	<u>\$ 2,217,336</u>

<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
\$ 185,983	\$ 186,633	\$ 189,985	\$ 10,731	\$ 3,042
<u>8,598,497</u>	<u>8,610,944</u>	<u>8,661,210</u>	<u>9,531,344</u>	<u>10,055,011</u>
<u>\$ 8,784,480</u>	<u>\$ 8,797,577</u>	<u>\$ 8,851,195</u>	<u>\$ 9,542,075</u>	<u>\$ 10,058,053</u>
\$ 397,129	\$ 628,469	\$ 139,593	\$ 214,899	\$ 588,223
452,319	353,245	363,149	372,313	289,104
475,714	588,381	433,642	770,835	842,019
<u>43,228</u>	<u>47,627</u>	<u>75,125</u>	<u>76,659</u>	<u>91,739</u>
<u>\$ 1,368,390</u>	<u>\$ 1,617,722</u>	<u>\$ 1,011,509</u>	<u>\$ 1,434,706</u>	<u>\$ 1,811,085</u>

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

Fiscal Year	2007	2008	2009	2010
REVENUES:				
Total Local and Intermediate Sources	\$ 23,561,135	\$ 21,223,107	\$ 22,720,345	\$ 22,375,369
State Program Revenues	11,219,154	14,702,215	15,332,379	14,866,301
Federal Program Revenues	2,127,382	1,961,291	1,899,106	3,483,106
Total Revenues	<u>36,907,671</u>	<u>37,886,613</u>	<u>39,951,830</u>	<u>40,724,776</u>
EXPENDITURES:				
Current:				
Instruction	15,689,032	17,384,167	18,109,264	18,786,723
Instructional Resources & Media Services	561,116	598,575	571,522	595,200
Curriculum & Instructional Staff Development	373,254	553,746	620,958	664,300
Instructional Leadership	243,963	279,337	292,786	330,923
School Leadership	1,488,133	1,562,131	1,584,960	1,652,965
Guidance, Counseling & Evaluation Services	966,814	977,529	964,593	1,031,802
Social Work Services	-	-	-	-
Health Services	273,215	306,576	326,800	313,734
Student (Pupil) Transportation	1,108,994	1,010,828	1,001,740	1,277,001
Food Services	1,283,940	1,398,585	1,546,843	1,573,557
Cocurricular/Extracurricular Activities	905,087	1,044,538	1,110,974	1,181,592
General Administration	961,636	1,052,989	939,982	921,136
Plant Maintenance and Operations	3,505,738	3,872,274	3,996,021	4,232,782
Security and Monitoring Services	52,711	76,523	90,721	107,045
Data Processing Services	533,648	504,076	534,485	487,702
Community Services	25,727	-	-	-
Debt Service:				
Debt Service - Principal on long-term debt	2,176,762	2,538,016	2,671,613	2,867,990
Debt Service - Interest on long-term debt	3,622,939	3,892,668	4,073,213	4,085,652
Debt Service - Bond Issuance Cost and Fees	346,498	4,671	241,454	79,985
Capital Outlay:				
Facilities Acquisition and Construction	15,251,782	8,205,496	17,431,861	481,289
Intergovernmental:				
Payments to Fiscal Agent/Member Districts of SSA	6,430	19,220	-	-
Payments to Juvenile Justice Alternative Ed. Prg.	9,314	11,659	9,167	-
Other Intergovernmental Charges	-	-	174,320	178,174
Total Expenditures	<u>49,386,733</u>	<u>45,293,604</u>	<u>56,293,277</u>	<u>40,849,552</u>
Excess (Deficiency) of Revenues Over (Under)				
Expenditures	<u>(12,479,062)</u>	<u>(7,406,991)</u>	<u>(16,341,447)</u>	<u>(124,776)</u>
OTHER FINANCING SOURCES (USES):				
Operating Transfers In	585	-	4,086	-
Operating Transfers Out	(585)	-	(4,086)	-
Bonds Issued	24,023,006	-	7,400,000	6,340,000
Premium or discount on Issuance of Bonds	3,295,209	-	1,061,985	365,428
Sale of Real or Personal Property	150,000	32,000	-	-
Capital Lease Proceeds	-	-	-	-
Non-current Loan	-	-	-	-
Payments to Bond Refunding Escrow Agent	(13,972,688)	-	-	(6,627,197)
Refund of Prior Year Taxes	-	-	-	-
Total Other Financing Sources (Uses)	<u>13,495,527</u>	<u>32,000</u>	<u>8,461,985</u>	<u>78,231</u>
Net Change in Fund Balances	<u>\$ 1,016,465</u>	<u>\$ (7,374,991)</u>	<u>\$ (7,879,462)</u>	<u>\$ (46,545)</u>
Debt service as a percentage of noncapital expenditures	16.7%	20.0%	17.1%	17.3%

2011	2012	2013	2014	2015	2016
\$ 21,943,479	\$ 22,029,278	\$ 21,916,928	\$ 22,403,813	\$ 24,267,450	\$ 25,277,027
15,701,523	15,367,206	15,770,892	16,834,060	17,976,575	18,247,506
3,766,070	2,831,114	2,888,706	2,187,218	2,380,465	2,967,718
<u>41,411,072</u>	<u>40,227,598</u>	<u>40,576,526</u>	<u>41,425,091</u>	<u>44,624,490</u>	<u>46,492,251</u>
18,614,269	17,999,346	18,090,353	19,022,062	20,292,379	21,148,185
558,438	478,975	498,623	514,093	536,718	546,198
690,037	684,337	716,481	802,070	815,428	959,912
284,740	300,250	433,233	393,625	411,108	482,176
1,666,044	1,763,372	1,851,721	1,867,111	1,902,508	1,940,524
1,002,229	960,315	1,119,179	1,231,707	1,226,646	1,316,630
-	391	16,336	17,276	17,930	18,518
315,429	299,426	325,248	296,514	278,717	303,370
1,153,028	1,160,381	1,133,915	1,121,481	979,160	1,084,652
1,636,960	1,611,689	1,787,694	1,653,268	1,742,163	1,845,766
1,192,403	1,235,315	1,205,187	1,241,695	1,349,429	1,491,906
1,096,750	1,078,744	1,128,983	1,240,316	1,290,885	1,240,379
4,333,894	3,970,249	3,971,130	4,238,758	4,232,882	4,201,445
108,427	112,956	120,222	142,541	137,878	132,113
588,296	639,954	572,509	768,326	605,141	1,093,345
-	-	-	-	-	-
3,031,480	3,479,937	2,699,486	2,556,288	2,639,168	2,541,705
4,051,998	3,678,527	4,367,004	4,608,806	4,645,179	4,680,862
7,356	166,773	153,890	144,750	296,535	316,954
1,163,356	903,700	107,576	20,148	252,759	395,440
-	-	-	-	-	-
-	-	-	801	-	-
175,100	171,105	165,545	158,721	153,902	154,181
<u>41,670,234</u>	<u>40,695,742</u>	<u>40,464,315</u>	<u>42,040,357</u>	<u>43,806,515</u>	<u>45,894,261</u>
(259,162)	(468,144)	112,211	(615,266)	817,975	597,990
-	92,390	665,859	100,000	525,000	100,000
(11,132)	(92,390)	(669,755)	(107,613)	(525,000)	(118,680)
-	9,340,000	8,955,000	9,295,000	19,063,027	24,877,700
-	617,120	1,040,260	701,308	9,175,973	6,013,881
-	8,750	-	-	5,300	-
-	-	-	-	-	-
658,262	35,604	-	-	-	-
-	(9,793,632)	(9,841,146)	(9,850,887)	(27,948,198)	(30,578,534)
-	-	-	(75,137)	-	-
647,130	207,842	150,218	62,671	296,102	294,367
<u>\$ 387,968</u>	<u>\$ (260,302)</u>	<u>\$ 262,429</u>	<u>\$ (552,595)</u>	<u>\$ 1,114,077</u>	<u>\$ 892,357</u>
17.2%	18.03%	17.61%	17.15%	16.77%	16.03%



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		
2007	\$1,250,070,787	\$ 89,164,695	\$ 254,824,185	\$ 1,084,411,297	1.790
2008	1,272,106,611	104,073,475	192,070,457	1,184,109,629	1.520
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

Source: Denton County Tax Collector

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

Lake Dallas Independent School District Direct Rates				
Fiscal Year	Maintenance and Operations (2)	Debt Service	Total	
2007	\$ 1.370	\$ 0.420	\$	1.790
2008	1.040	0.480		1.520
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

Source: Appropriate government entities' tax departments.

Notes:

- (1) Includes levies for operating and debt service costs.
- (2) The state statutory maximum tax rate for maintenance and operations was \$1.50 per \$100 assessed value, until 2007 when it was changed to 1.37, then down to 1.04 in 2008, then up to \$1.17 with voter approval in 2009.

 Overlapping Rates (1)

County of Denton	City of Lake Dallas	City of Corinth	Town of Hickory Creek	Corinth MUD #1
\$ 0.23589	\$ 0.69000	\$ 0.55698	\$ 0.445620	\$ 0.310
0.23589	0.69000	0.55698	0.445620	0.310
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	-

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

Taxpayer	Description	2016		Percentage of Total Taxable Assessed Value
		Taxable Assessed Value (in thousands)	Rank	
Mansions at Hickory Creek LP	Real Estate	\$ 23,030,000	1	1.62%
Boulevard 2010 LLC	Real Estate	22,426,418	2	1.58%
Denton County Elec Coop	Utility	21,030,718	3	1.48%
Anixter, Inc.	Wholesale Ind. Supplies	15,192,324	4	1.07%
Wal-mart Stores Real Estate	Real Estate	13,227,219	5	0.93%
T Hickory Creek LLC	Real Estate	11,410,322	6	0.80%
Oncor Electric Delivery Co.	Utility	9,807,730	7	0.69%
CTMGT Turbeville, LLC	Real Estate	9,592,016	8	0.67%
AV Ashleye Village LP	Real Estate	9,084,700	9	0.64%
Tower Ridge Corinth I, LTD	Real Estate	8,401,782	10	0.59%
Goldfield, Alan H. & Shirley M.	Real Estate			
TXU Electric Delivery Co.	Utility			
Labinal-Corinth, Inc.	Avionic Manufacturing			
Wal-mart Stores, Inc.	Retail			
Lewisville Water's Edge LP	Apartments			
Kensington Square LP PS	Retail			
Optical Plus	Retail			
TOTAL		<u>\$ 143,203,229</u>		<u>10.07%</u>

The 2016 taxable valuation is based on the 2015-2016 tax roll with a total assessed value of \$1,422,319,042

Source of information: Denton Central Appraisal District

2007		
Taxable Assessed Value (in thousands)	Rank	Percentage of Total Taxable Assessed Value
\$ 11,048,975	3	1.02%
14,542,269	2	1.34%
7,694,857	7	0.71%
18,431,146	1	1.70%
10,167,850	4	0.94%
9,934,191	5	0.92%
8,087,476	6	0.75%
7,570,791	8	0.70%
6,807,337	9	0.63%
<u>6,280,574</u>	10	<u>0.58%</u>
<u>\$ 100,565,466</u>		<u>9.29%</u>

The 2007 taxable valuation is based on the 2006-2007 tax roll with a total assessed value of \$1,084,411,297

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
2007	\$ 20,426,020	\$ 20,123,191	98.52%	\$ 287,779	\$ 20,410,970
2008	18,517,986	18,290,322	98.77%	217,873	18,508,195
2009	21,026,564	20,789,892	98.87%	176,351	20,966,243
2010	20,881,712	20,664,965	98.96%	155,070	20,820,035
2011	20,461,313	20,293,265	99.18%	90,079	20,383,344
2012	20,511,720	20,372,587	99.32%	69,282	20,441,869
2013	20,542,830	20,397,497	99.29%	80,461	20,477,958
2014	20,948,111	20,820,019	99.39%	104,652	20,924,671
2015	22,684,911	22,504,021	99.20%	97,532	22,601,553
2016	23,682,610	23,532,301	99.37%	-	23,532,301

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>	
99.93%	\$ 15,050	0.07%
99.95%	9,791	0.05%
99.71%	60,321	0.29%
99.70%	61,677	0.30%
99.62%	77,969	0.38%
99.66%	69,851	0.34%
99.68%	64,872	0.32%
99.89%	128,092	0.61%
99.63%	180,890	0.80%
99.37%	150,309	0.64%

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 *
2007	\$100,953,917	\$13,405,650	\$ -	\$3,213,874	\$ -	\$117,573,441	17.29%	\$ 5,375
2008	98,415,901	15,096,169	-	3,121,798	-	116,633,868	16.59%	5,268
2009	103,144,288	18,195,865	-	4,072,582	-	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

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, 2016
(UNAUDITED)

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable (1)	Estimated Share of Direct and Overlapping Debt
Corinth, City of	\$ 33,130,000	42.25%	\$ 13,997,425
Denton County	602,995,000	2.09%	12,602,596
Hickory Creek, Town of	8,945,000	100.00%	8,945,000
Lake Dallas, City of	4,260,000	100.00%	<u>4,260,000</u>
Subtotal, overlapping bonded debt			39,805,021
Lake Dallas ISD	116,818,641	100.000%	<u>116,818,641</u>
Total direct and overlapping debt			<u>\$ 156,623,662</u>

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

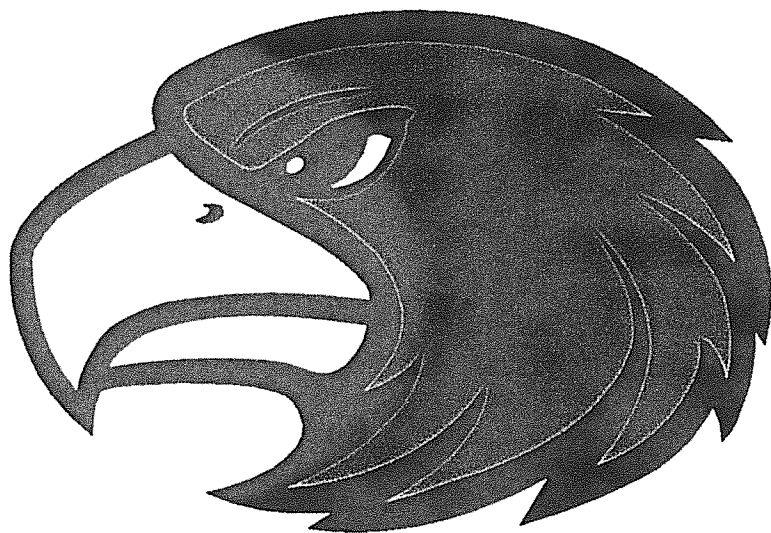
Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the City. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of Lake Dallas Independent School District. This 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
2007	21,876	\$ 1,084,411,297	\$ 117,573,441	\$ 936,960	\$116,636,481	10.76%	\$ 5,332
2008	22,139	1,184,109,629	116,633,868	1,218,981	115,414,887	9.75%	5,213
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

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	2007	2008	2009	2010
Total Assessed Value	<u>\$1,084,411,297</u>	<u>\$1,184,109,629</u>	<u>\$1,232,048,465</u>	<u>\$1,235,565,492</u>
Debt Limit (10% of Total Assessed Value)	<u>\$ 108,441,130</u>	<u>\$ 118,410,963</u>	<u>\$ 123,204,847</u>	<u>\$ 123,556,549</u>
Debt Applicable to Limit:				
General Obligation Bonds	\$ 100,953,917	\$ 98,415,901	\$ 103,144,288	\$ 100,051,298
Less Net Position in Debt Service Fund	<u>936,960</u>	<u>1,218,981</u>	<u>2,010,881</u>	<u>1,483,738</u>
Total Amount of Debt Applicable to Debt Limit	<u>100,016,957</u>	<u>97,196,920</u>	<u>101,133,407</u>	<u>98,567,560</u>
Legal Debt Margin	<u>\$ 8,424,173</u>	<u>\$ 21,214,043</u>	<u>\$ 22,071,440</u>	<u>\$ 24,988,989</u>
Total Net Debt Applicable to the Limit as a percentage of Debt Limit	92.23%	82.08%	82.09%	79.78%

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.

<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
<u>\$1,205,064,272</u>	<u>\$1,215,992,122</u>	<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>\$ 120,506,427</u>	<u>\$ 121,599,212</u>	<u>\$ 120,381,822</u>	<u>\$ 124,453,351</u>	<u>\$ 134,335,012</u>	<u>\$ 142,231,904</u>
<u>\$ 97,019,818</u>	<u>\$ 93,571,648</u>	<u>\$ 90,742,582</u>	<u>\$ 87,922,086</u>	<u>\$ 85,340,015</u>	<u>\$ 82,931,615</u>
<u>913,359</u>	<u>397,129</u>	<u>628,469</u>	<u>139,593</u>	<u>214,899</u>	<u>588,223</u>
<u>96,106,459</u>	<u>93,174,519</u>	<u>90,114,113</u>	<u>87,782,493</u>	<u>85,125,116</u>	<u>82,343,392</u>
<u>\$ 24,399,968</u>	<u>\$ 28,424,693</u>	<u>\$ 30,267,709</u>	<u>\$ 36,670,858</u>	<u>\$ 49,209,896</u>	<u>\$ 59,888,512</u>
79.75%	76.62%	74.86%	70.53%	63.37%	57.89%

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

<u>Fiscal Year</u>	<u>Population</u>	<u>Personal Income</u>	<u>Per Capita Personal Income</u>	<u>Unemployment Rate *</u>
2007	21,876	\$ 679,914,366	\$ 31,080	3.9%
2008	22,139	703,134,640	31,760	4.7%
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%

Source: North Central Texas Council of Governments

* Texas Workforce Commission

LAKE DALLAS INDEPENDENT SCHOOL DISTRICT
DEMOGRAPHIC STATISTICS
(UNAUDITED)
AUGUST 31, 2016

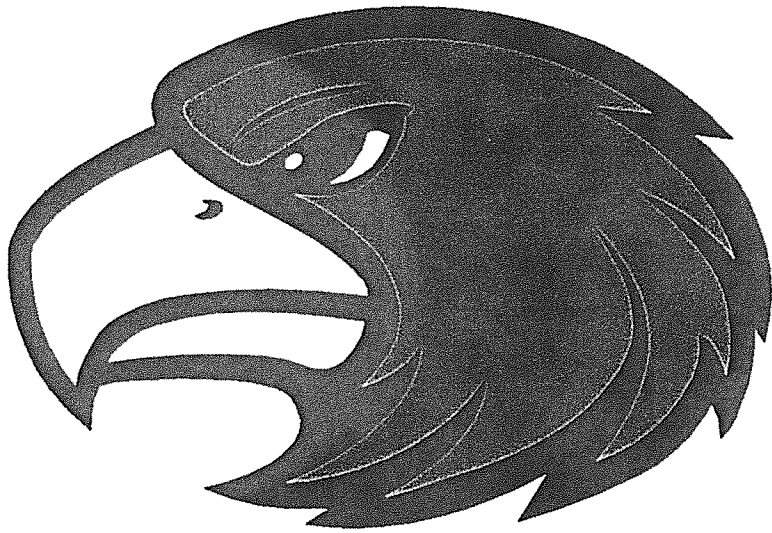
Student Data

Student Ethnicity:	
White	55.7%
Hispanic	27.8%
Black	7.6%
Other	8.1%
Attendance Rate:	96.2%
Dropout Rate:	0.2%
Number of Students per Campus:	
Lake Dallas	
Elementary	674
Middle School	940
High School	1288
Corinth	
Elementary	548
Shady Shores	
Elementary	<u>528</u>
Total Students	3,978

Faculty Data

Teachers	274.9
Counselors	10.0
Administrators	16
Educational Aides	63.9
Advance Degrees/Certifications:	
Master Degrees	63.9
Doctoral Degrees	7
Average Experience of Teachers	12.4 Years
Student/Teacher Ratio	14.5 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	38.1%

Source of Information: District enrollment and financial records



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

		<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>
2006/07	3,923	3,751	0.9%	95.60%
2007/08	3,923	3,771	0.5%	96.11%
2008/09	3,964	3,811	1.0%	96.14%
2009/10	4,016	3,852	1.1%	95.90%
2010/11	4,030	3,877	0.6%	96.20%
2011/12	4,002	3,846	-0.8%	96.10%
2012/13	4,015	3,788	-1.5%	94.30%
2013/14	3,961	3,746	-1.1%	94.57%
2014/15	4,011	3,804	1.5%	94.84%
2015/16	3,978	3,768	-1.0%	94.72%

Source of information: Superintendent's Annual Report.

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

Employer	Description	2016		Percentage of Total City Employment
		Employees	Rank	
Lake Dallas ISD	School District	566	1	30.56%
Coserve	Electric Utility	480	2	25.92%
Wal-Mart	Retail	300	3	16.20%
City of Corinth	Government	152	4	8.21%
Albertsons	Grocery	115	5	6.21%
Success Partners	Media/Marketing Comm	85	6	4.59%
Anixter, Inc.	Wholesale Distribution	60	7	3.24%
Lake Cities Fire Dept.	Fire Protection	40	8	2.16%
City of Lake Dallas	Government	39	9	2.11%
Best Western Motel	Motel	15	10	0.80%
North Central Texas College	College			
Upper Trinity Water Dist.	Utility			
Labinal	Avionic Manufacturing			
Gold Distributing Co.	Beverages			
TOTAL		1,852		100.00%

Source of Information: Lake Cities Chamber of Commerce

2007		
Employees	Rank	Percentage of Total City Employment
572	2	24.77%
220	3	9.53%
200	4	8.66%
130	6	5.63%
24	10	1.04%
28	9	1.21%
150	5	6.50%
40	8	1.95%
900	1	38.98%
45	7	1.95%
<u>2,309</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>
2006-2007	3,937	\$23,878,762	\$ 6,073	10.20%	282	14.0
2007-2008	3,978	27,508,475	6,915	13.86%	291	13.7
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

Source of Information: AEIS Report

<u>Economically Disadvantaged</u>	<u>Limited English Proficient</u>
834	237
1272	263
1115	259
1321	240
1436	236
1446	232
1461	248
1626	278
1521	301
1514	338

LAKE DALLAS INDEPENDENT SCHOOL DISTRICT
STAFF INFORMATION
LAST TEN FISCAL YEARS

<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>
2006-2007	282.0	55.8	16.0	4.0	357.4	73.3
2007-2008	291.5	46.7	15.0	4.0	357.2	59.8
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

Source of Information: AEIS Report

Auxiliary Staff	Total Staff	% Change
141.5	572.1	2.25%
176.5	593.5	3.74%
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%

LAKE DALLAS INDEPENDENT SCHOOL DISTRICT
TEACHERS SALARY DATA
2015-16 SCHOOL YEAR

<u>Years of Experience</u>	<u>Bachelor's Degree</u>	<u>Master's Degree</u>	<u>Doctorate Degree</u>
0	\$ 47,200	\$ 48,700	\$ 49,700
1	47,300	48,800	49,800
2	47,400	48,900	49,900
3	47,500	49,000	50,000
4	47,600	49,100	50,100
5	47,700	49,200	50,200
6	47,800	49,300	50,300
7	47,900	49,400	50,400
8	48,000	49,500	50,500
9	48,100	49,600	50,600
10	48,200	49,700	50,700
11	48,700	50,200	51,200
12	49,600	51,100	52,100
13	50,300	51,800	52,800
14	50,800	52,300	53,300
15	51,100	52,600	53,600
16	51,400	52,900	53,900
17	51,800	53,300	54,300
18	52,800	54,300	55,300
19	53,800	55,300	56,300
20	54,800	56,300	57,300
21	55,800	57,300	58,300
22	56,800	58,300	59,300
23	57,800	59,300	60,300
24	58,800	60,300	61,300
25	59,800	61,300	62,300
26	60,800	62,300	63,300
27	61,800	63,300	64,300
28	62,800	64,300	65,300
29	63,500	65,000	66,000
30	64,000	65,500	66,500
31	64,350	65,850	66,850
32	64,450	65,950	66,950
33	64,650	66,150	67,150
34	65,050	66,550	67,550
35	65,650	67,150	68,150
36	66,250	67,750	68,750
37	66,350	67,850	68,850
38	66,450	67,950	68,950
39	66,550	68,050	69,050
40	66,650	68,150	69,150

Average Salary by Years of Experience

Beginning Teachers	\$ 48,534
1-5 Years of Experience	\$ 49,631
6-10 Years of Experience	\$ 49,835
11-20 Years of Experience	\$ 53,266
Over -20 Years of Experience	\$ 63,383

Average Actual Salaries

Teachers	\$ 53,453
Professional Staff	\$ 61,539
Campus Administration	\$ 73,429
Central Administration	\$ 152,712



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

Schools	2007	2008	2009	2010	2011
Elementary *					
Buildings	4	4	4	3	3
Square Feet	252,270	252,270	252,270	347,486	347,486
Capacity	1,800	1,800	1,800	2,100	2,100
Enrollment	1,963	1,957	1,920	1,951	1,910
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	884	895	920	957	1,007
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	1,090	1,126	1,138	1,182	1,187
Non - instructional					
Buildings	3	3	3	5	5
Square Feet	15,824	15,824	15,824	116,246	116,246
Portable Buildings					
Buildings	17	17	17	8	8
Square Feet	20,400	20,400	20,400	9,600	9,600
Total Square Feet	765,902	765,902	765,902	950,740	950,740
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

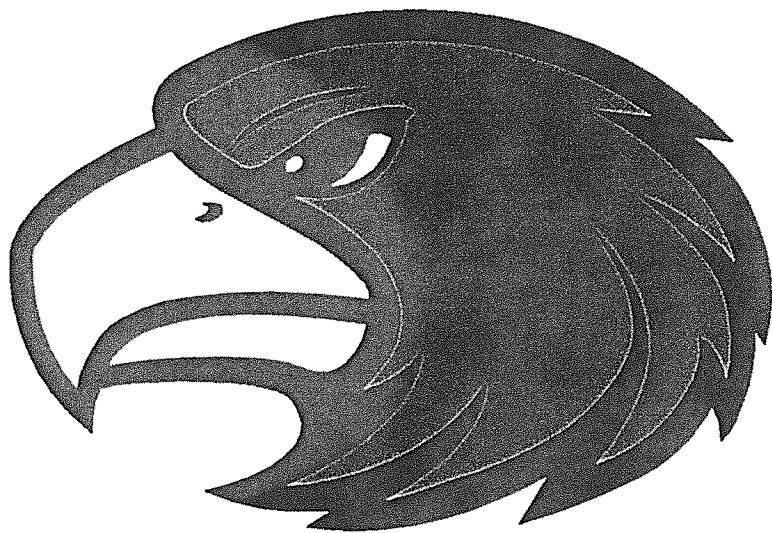
Source: District Records

* Elementary Grades K-6 for year 2005 K-5 years 2006-2014

** Middle School Grades 7-8 for year 2005 6-8 years 2006-2014

*** High School Grades 9-12

2012	2013	2014	2015	2016
3	3	3	3	3
347,486	347,486	347,486	347,486	351,486
2,100	2,100	2,100	2,100	2,100
1,910	1,785	1,739	1,739	1,739
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
1,007	974	930	930	930
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
1,187	1,256	1,292	1,292	1,292
5	5	5	5	5
116,246	116,246	116,246	116,246	116,246
5	2	2	2	2
6,000	2,400	2,400	2,400	2,400
947,140	943,540	943,540	943,540	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, 2016, 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 11, 2017.

Internal Control Over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the 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, PC
Denton, Texas

January 11, 2017

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

To the Board of Trustees
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, 2016. 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, 2016.

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 11, 2017

LAKE DALLAS INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED AUGUST 31, 2016

I. Summary of Auditor's Results

1. Type of auditor's report issued on the financial statements: Unmodified.
2. Internal control over financial reporting:
Material weakness(es) identified: 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:
Child Nutrition Cluster:
CFDA 10.553 School Breakfast Program
CFDA 10.555 National School Lunch Program - Cash Assistance
CFDA 10.555 National School Lunch Program - Non-Cash Assistance
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, 2016

FINDING/NONCOMPLIANCE

None

LAKE DALLAS INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED AUGUST 31, 2016

(1) FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM or CLUSTER TITLE	(2) Federal CFDA Number	(3) Pass-Through Entity Identifying Number	(4) Federal Expenditures
U.S. DEPARTMENT OF EDUCATION			
<u>Direct Programs</u>			
Impact Aid - P.L. 81.874 (Note A)	84.041		\$ 441,314
Total Direct Programs			\$ 441,314
<u>Passed Through State Department of Education</u>			
ESEA, Title I, Part A - Improving Basic Programs	84.010A	16-610101061912	\$ 252,462
*IDEA - Part B, Formula	84.027	16-660001061912	929,845
*IDEA - Part B, Preschool	84.173	16-661001061912	8,975
Total Special Education Cluster (IDEA)			938,820
Career and Technical - Basic Grant	84.048	16-420006061912	31,975
Title III, Part A - English Language Acquisition	84.365A	16-671001061912	34,295
ESEA, Title II, Part A, Teacher/Principal Training	84.367A	16-694501061912	51,944
Summer School LEP	84.369A	69551502	2,226
Total Passed Through State Department of Education			\$ 1,311,722
TOTAL U.S. DEPARTMENT OF EDUCATION			\$ 1,753,036
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			
<u>Passed Through Texas Dept of Human Services</u>			
Medicaid Administrative Claiming Program - MAC	93.778	01-061912	\$ 127,790
Total Passed Through Texas Dept of Human Services			\$ 127,790
TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			\$ 127,790
U.S. DEPARTMENT OF AGRICULTURE			
<u>Passed Through the State Department of Agriculture</u>			
*School Breakfast Program	10.553	71401601	\$ 225,977
*National School Lunch Program - Cash Assistance	10.555	71301601	684,152
*National School Lunch Prog. - Non-Cash Assistance	10.555	71301601	123,870
Total CFDA Number 10.555			808,022
*Summer Feeding Program - Cash Assistance	10.559	061-912	15,531
Total Child Nutrition Cluster			1,049,530
Watershed Protection & Flood Control	10.904		37,362
Total Passed Through the State Department of Agriculture			\$ 1,086,892
TOTAL U.S. DEPARTMENT OF AGRICULTURE			\$ 1,086,892
TOTAL EXPENDITURES OF FEDERAL AWARDS			\$ 2,967,718

*Clustered Programs

LAKE DALLAS INDEPENDENT SCHOOL DISTRICT
NOTES TO SUPPLEMENTARY SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED AUGUST 31, 2016

1. The District uses the fund types specified in Texas Education Agency's Financial Accountability System Resource Guide. Special Revenue Funds are used to account for resources restricted to, or designated for, specific purposes by a grantor. Federal and state financial assistance generally is accounted for in a Special Revenue Fund. Generally, unused balances are returned to the grantor at the close of specified project periods.
2. The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. The Governmental Fund types are accounted for using a current financial resources measurement focus. All Federal grant funds were accounted for in a Special Revenue Fund which is a Governmental Fund type. With this measurement focus, only current assets and current liabilities and the fund balance are included on the balance sheet. Operating statements of these funds present increases and decreases in net current 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, 2016, may be impaired. In the opinion of the District, there are not significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provisions has been recorded in the accompanying combined financial statements for such contingencies.

