

Comprehensive Annual Financial Report

For fiscal year ending August 31, 2013



Lake Dallas ISD
104 Swisher Road
Lake Dallas, Texas 75065

**COMPREHENSIVE
ANNUAL FINANCIAL REPORT

OF THE

LAKE DALLAS INDEPENDENT SCHOOL DISTRICT
LAKE DALLAS, TEXAS

FOR THE FISCAL YEAR ENDED
AUGUST 31, 2013**

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, 2013

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CERTIFICATE OF BOARD

Lake Dallas Independent School District
Name of School District

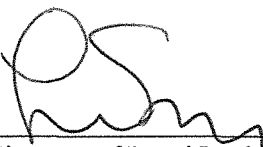
Denton
County

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, 2013, at a meeting of the Board of Trustees of such school district on the 13th day of January, 2014.



Signature of Board Secretary



Signature of Board President



INTRODUCTORY SECTION



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 3, 2014

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, 2013, 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 approximately 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 Texas School Business magazine announced that Lake Dallas ISD's ESL (English as a second language) Parent Center program is one of 12 initiatives to be honored in the magazine's Sixth Annual Bragging Rights special issue. Bragging Rights recognizes school districts that have implemented programs that are bettering the lives of students, schools and communities. The special issue accepts nominations and selects 12 stories to highlight.

The LDISD ESL Parent Center provides a series of workshops for ESL parents. The workshops are designed to educate parents on various topics, such as early literacy, technology, the English language, and family communication. The mission of the ESL Parent Involvement Center is to educate all parents so that the ultimate goal is student success.

Financial Information

The Comprehensive Annual Financial Report for the year ended August 31, 2013 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, 2013, the District had \$90,742,582 of general obligation bonds outstanding. The debt service fund will provide debt service of long-term loans.

Educational Accomplishments and Awards

Lake Dallas High School has been named to the 2013 "Best High Schools" in the U.S. list published by U.S. News & World Report. The high school received a National Silver Medal.

Each year, U.S. News & World Report evaluates nearly 21,000 public high schools in 49 states and the District of Columbia. Schools are awarded Gold, Silver or Bronze medals based on state proficiency standards, how well they prepare students for college, and other factors. According to the report, LDHS students have 100% proficiency in Reading and 96% in Math.

LDHS was one of only 410 Texas schools to make the list. The magazine reviewed 21,035 public high schools in the U.S. Only 7 percent received the Silver ranking.

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

Since 1993, the TEA has worked closely with public school districts and others to develop an integrated accountability system. As a result of the most current legislation, the accountability system is changing. During the implementation of the new accountability system in Texas, Lake Dallas ISD has Met Standard as established by the Texas Education Agency.

The results of the State of Texas Assessment of Academic Readiness (STAAR) show Lake Dallas ISD students performing above state and region 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, 87% compared to the state average 80%
- All Grades, Mathematics, 87%, compared to the state average 79%
- All Grades, Science, 86%, compared to the state average 82%
- All Grades, Social Studies, 84%, compared to the state average 76%

Economic Condition and Outlook

Over the last several years, Lake Dallas ISD's local economy has experienced a slight downturn. 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.

The student population has gradually increased over the past five years, but is currently stagnant. The school district plans its budget based on estimated student enrollment and state aid earned based on student attendance. Enrollment is projected to be the same for the 2013-2014 school year.

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

A pending statewide lawsuit alleges that the current State School finance system has resulted in an unconstitutional state funding system. Lake Dallas ISD is a party in this lawsuit challenging the funding for public education. A decision is expected in the lower courts prior to the start of the 84th Regular Legislative Session.

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.

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.

The Texas Education Agency has also awarded the district a rating of Superior Achievement under Texas' Schools FIRST financial accountability rating system. This is the tenth year of Schools FIRST (Financial Accountability Rating System of Texas). This financial accountability system for Texas school districts was developed by the TEA in response to Senate Bill 875 of the 76th Texas Legislature in 1999. The primary goal of Schools FIRST is to achieve quality performance in the management of school districts' financial resources, a goal made more significant due to the complexity of accounting associated with Texas' school finance system.

The Schools FIRST accountability rating ensures that Texas school districts are accountable not only for student learning, but also for achieving these results cost-effectively and efficiently. The information provided by the Schools FIRST system will guide us in our continued efforts to maximize each taxpayer dollar.

The Schools FIRST accountability rating system assigns one of four financial accountability ratings to Texas school districts, with the highest being "Superior Achievement," followed by "Above-Standard Achievement," "Standard Achievement" and "Substandard Achievement." Districts with serious data quality problems may receive the additional rating of Suspended-Data Quality." Districts that receive the 'Substandard Achievement of "Suspended -Data Quality" ratings under Schools FIRST must file a corrective action plan with the Texas Education Agency.

In addition, Lake Dallas ISD received a five star rating 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:

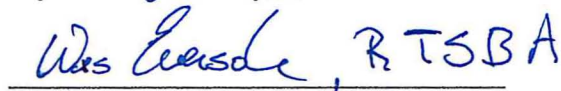
- Use, possession, or exhibition of a firearm, an illegal knife, a club, or a prohibited weapon, as those terms are defined in the Penal Code,
- Conduct that contains the elements of the offense of aggravated assault, sexual assault, aggravated sexual assault, arson, murder, capital murder, criminal 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

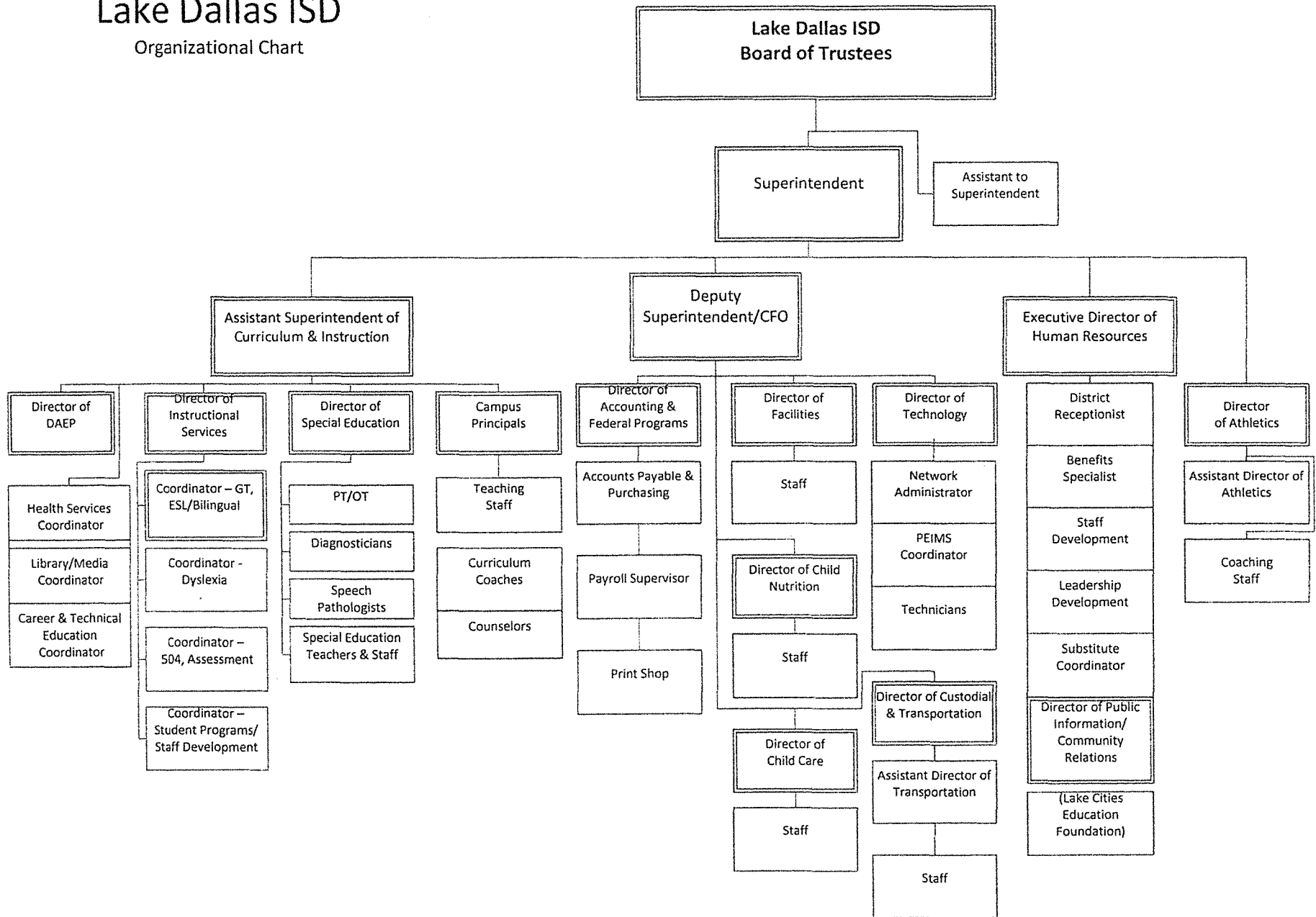

Anne Haehn - Director of Accounting



Lake Dallas ISD

Organizational Chart

15



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, Anderson, Brown, Schulze & Aldridge, P.C.
P.O. Box 2156
Austin, Texas 78768

Tax Attorney

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

Financial Advisors

BOSC, Inc.
7600 West Northwest Hwy.
Dallas, Texas 75225

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:

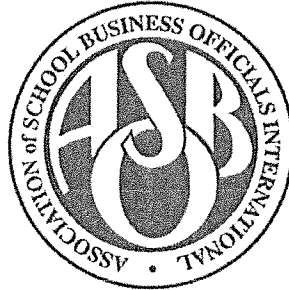
Board of Trustees:

Lance Stacy	President
Chad Thiessen	Vice President
Carol Julia	Secretary
Scott Baird	Member
Glen Gowens	Member
Tim Hicks	Member
Courtney Tankersley	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
Stephanie Dawson	Director of Advanced Academic Services
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
Deon Quisenberry	Corinth Elementary School Principal

Association of School Business Officials International



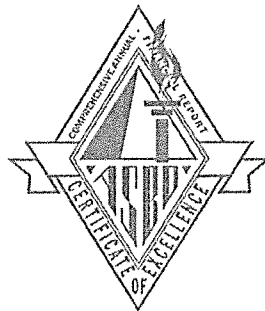
*The Certificate of Excellence in Financial Reporting Award
is presented to*

Lake Dallas Independent School District

For Its Comprehensive Annual Financial Report (CAFR)

For the Fiscal Year Ended August 31, 2012

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



Ron McCulley, CPPB, RSBO
President

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, 2012

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, 2013, 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, 2013, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Change in Accounting Principle

As discussed in Note 2 to the financial statements, in 2013 the District adopted new accounting guidance, GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflow of Resources, and Net Positions*, and GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the *management's discussion and analysis* on pages 25 through 31 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, combining and individual nonmajor fund financial statements, 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 U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements, Schedule of Changes in Agency Assets and Liabilities, the Schedule of Assets used in the Operations of Governmental Funds 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 combining and individual nonmajor fund financial statements, Schedule of Changes in Agency Assets and Liabilities, the Schedule of Assets used in the Operations of Governmental Funds and the required TEA schedules, and the Schedule of Expenditures of Federal Awards are fairly stated in all material respects in relation to the basic financial statements as a whole. The introductory 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 6, 2014 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 6, 2014

**LAKE DALLAS INDEPENDENT SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED AUGUST 31, 2013
(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, 2013. 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 of Lake Dallas Independent School District exceeded its assets and deferred outflows of resources at the close of the most recent fiscal period by \$(7,900,812) (net position). Of this amount, \$(15,129,099) (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 decreased by \$729,008. The District used resources to make debt payments during the year. Although Lake Dallas ISD has a relatively high debt ratio, the District is close to completing its facility master plan. Upon the completion of this plan, no new facilities will be needed for many years to come. Overall the District's financial position decreased during the year.
- As of the close of the current fiscal period, the District's governmental funds reported combined ending fund balances of \$10,415,299. 82.7% of this total amount \$8,610,944 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 \$8,610,944 or 28.6% of the total general fund expenditures, an increase of \$13,097 from the prior year. Budgeted revenues were based on no student growth. The actual student enrollment declined 1.8%.

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 and liabilities 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 and liabilities) 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 decreased from \$(5,679,404) to \$(7,900,812). 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 \$(15,129,099) at August 31, 2013. This decrease in governmental net position was the result of depreciation, accreted interest expense and the restatement (see Note 2).

In 2013, net position of our business-type activities decreased by \$17,965, or 100%. This decrease 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	
	2012	2013	2012	2013	2012	2013
Current and other assets	15,640,993	14,884,307	21,078	3,093	15,662,071	14,887,400
Capital assets	104,526,301	102,011,480	-	-	104,526,301	102,011,480
Total assets	120,167,294	116,895,787	21,078	3,093	120,188,372	116,898,880
Deferred outflows of resources	442,291	1,097,870	-	-	442,291	1,097,870
Total assets and deferred outflows of resources	120,609,585	117,993,657	21,078	3,093	120,630,663	117,996,750
Long-term liabilities	122,856,009	122,015,692	-	-	122,856,009	122,015,692
Other liabilities	3,432,980	3,878,777	3,113	3,093	3,436,093	3,881,870
Total liabilities	126,288,989	125,894,469	3,113	3,093	126,292,102	125,897,562
Net Position:						
Net investment in capital assets	6,917,917	6,110,394	-	-	6,917,917	6,110,394
Restricted	893,242	1,117,893	-	-	893,242	1,117,893
Unrestricted	(13,490,563)	(15,129,099)	17,965	-	(13,472,598)	(15,129,099)
Total net position	(5,679,404)	(7,900,812)	17,965	-	(5,661,439)	(7,900,812)

Table II
CHANGES IN NET POSITION

	Governmental Activities		Business-type Activities		Total	
	2012	2013	2012	2013	2012	2013
Revenues:						
Program Revenues:						
Charges for services	1,022,470	945,508	371,397	322,582	1,393,867	1,268,090
Operating grants and contributions	4,600,798	4,233,864	-	-	4,600,798	4,233,864
General Revenues:						
Maintenance and operations taxes	14,518,282	14,545,942	-	-	14,518,282	14,545,942
Debt service taxes	6,186,799	6,205,067	-	-	6,186,799	6,205,067
State aid	12,919,301	13,562,403	-	-	12,919,301	13,562,403
Investment earnings	51,453	61,232	-	-	51,453	61,232
Miscellaneous	240,158	174,947	-	-	240,158	174,947
Grants not Restricted	677,771	863,331	-	-	677,771	863,331
Total Revenue	40,217,032	40,592,294	371,397	322,582	40,588,429	40,914,876
Expenses:						
Instruction, curriculum and media services	20,686,906	20,924,841	-	-	20,686,906	20,924,841
Instructional and school leadership	2,260,649	2,480,518	-	-	2,260,649	2,480,518
Student support services	2,654,927	2,603,904	-	-	2,654,927	2,603,904
Child nutrition	1,717,847	1,893,064	-	-	1,717,847	1,893,064
Cocurricular activities	1,350,211	1,319,230	-	-	1,350,211	1,319,230
General administration	1,184,065	1,233,522	-	-	1,184,065	1,233,522
Plant maintenance, security & data processing	5,171,071	5,108,447	-	-	5,171,071	5,108,447
Community services	-	-	353,432	344,443	353,432	344,443
Debt services	5,307,833	5,570,370	-	-	5,307,833	5,570,370
Tax appraisal fees	171,105	165,545	-	-	171,105	165,545
Total Expenses	40,504,614	41,299,441	353,432	344,443	40,858,046	41,643,884
Nonoperating Revenues (Expenses)						
Gain on Sale of Assets	8,750	-	-	-	8,750	-
Transfers in (out)	-	(3,896)	-	3,896	-	-
Increase (Decrease) in net position	(278,832)	(711,043)	17,965	(17,965)	(260,867)	(729,008)
Net position at beginning of year (2013 as Restated)	(5,400,572)	(7,189,769)	-	17,965	(5,400,572)	(7,171,804)
Net position at end of year	(5,679,404)	(7,900,812)	17,965	-	(5,661,439)	(7,900,812)

The cost of all governmental activities for the current fiscal year was \$41,299,441. 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 \$20,751,009 because some of the costs were paid by those who directly benefited from the programs \$945,508 or by other governments and organizations that subsidized certain programs with grants and contributions \$4,233,864 or by State equalization funding \$13,562,403.

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 \$10,415,299, which is \$262,429 higher than last year's total of \$10,152,870. Included in this year's total change in fund balance is an increase of \$13,097 in the District's General Fund. The primary reason for the General Fund's increase was the decrease in expenditures. The Debt Service Fund increased by \$231,340 due to a transfer from the General Fund.

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 2012). 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.

The District's General Fund balance of \$8,797,577 reported on page 38 differs from the General Fund's budgetary fund balance of \$8,393,658 reported in the budgetary comparison schedule on page 66. This is principally due to cost savings and increased revenues.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At August 31, 2013, the District had \$102,011,480 (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 \$2,514,821, or 2.41 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 5 to the financial statements.

Debt Administration

At year-end, the District had \$122,015,692 in bonds (including notes payable, accreted interest on bonds and discount/premium on debt issuance) versus \$122,856,009 last year—a decrease of .63 percent. The new debt incurred during the year was a refunded bond for \$8,955,000 and accreted interest of \$2,526,610.

More detailed information about the District's long-term debt is presented in Note 6 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 and 2181, 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 2013-14 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.

Growth has slowed the past several years as the District reaches its housing capacity. The District's average daily attendance has been stagnant the past several years. The 2013-14 General Fund Budget calculations are based on no student growth.

The District set the Maintenance and Operations property tax rate at \$1.17 and a Debt Service tax rate of \$.50 for fiscal year 2013. In addition, the Federal Government funded the Section 8002 Federal Impact Aid program again for the 2012-13 school year. The District received over \$800,000 from the Federal Government for impact aid during the 2012-13 school year.

For years, schools were funded, in part, by property value increases. Schools used these funds to pay for the cost of educational programs. However, with the passage of HB1 in May 2006, a district is limited to the same target revenue per student as generated during prior year with no adjustments for inflation. A district's revenue is now distributed on this target revenue per student basis. Lake Dallas ISD's target revenue per student falls below State and Denton County averages.

With the passage of SB1 during the 2011 Special Legislative Session, the inequities of the target revenue system were maintained. State funding for public education was reduced by over \$5 billion over the biennium. As a result, State revenue per student was decreased substantially during the 2011-12 school year. State funding has increased, but not to pre-2011 funding levels.

The proposed 2013-2014 budgeted expenditures for the General Fund totals \$31,419,753 which is over \$1 million more than the previous year. An average 3% salary increase for all full time employees has been included in the new year budget. Employee salary and benefits was increased by \$818,631.

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. Almost one third 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, 2013

EXHIBIT A-1

		1	2	3
		Primary Government		
Data			Business	
Control		Governmental	Type	
Codes		Activities	Activities	Total
ASSETS				
1110	Cash and Cash Equivalents	\$ 13,847,121	\$ 6,325	\$ 13,853,446
1220	Property Taxes Receivable (Delinquent)	389,367	-	389,367
1230	Allowance for Uncollectible Taxes	(38,936)	-	(38,936)
1240	Due from Other Governments	344,908	-	344,908
1260	Internal Balances	3,270	(3,270)	-
1290	Other Receivables, net	108,597	38	108,635
1300	Inventories	43,347	-	43,347
1410	Prepayments	186,633	-	186,633
Capital Assets:				
1510	Land	3,414,396	-	3,414,396
1520	Buildings, Net	97,409,752	-	97,409,752
1530	Furniture and Equipment, Net	1,187,332	-	1,187,332
1000	Total Assets	116,895,787	3,093	116,898,880
DEFERRED OUTFLOWS OF RESOURCES				
1701	Deferred Charge for Refunding	1,097,870	-	1,097,870
1700	Total Deferred Outflows of Resources	1,097,870	-	1,097,870
LIABILITIES				
2110	Accounts Payable	1,250,990	2,966	1,253,956
2150	Payroll Deductions & Withholdings	355,517	-	355,517
2160	Accrued Wages Payable	946,731	-	946,731
2180	Due to Other Governments	19,905	-	19,905
2190	Due to Student Groups	105	-	105
2200	Accrued Expenses	215,431	127	215,558
2300	Unearned Revenue	1,090,098	-	1,090,098
Noncurrent Liabilities				
2501	Due Within One Year	2,456,289	-	2,456,289
2502	Due in More Than One Year	119,559,403	-	119,559,403
2000	Total Liabilities	125,894,469	3,093	125,897,562
NET POSITION				
3200	Net Investment in Capital Assets	6,110,394	-	6,110,394
Restricted for:				
3820	Restricted for Federal and State Programs	353,245	-	353,245
3850	Restricted for Debt Service	717,021	-	717,021
3870	Restricted for Campus Activities	47,627	-	47,627
3900	Unrestricted	(15,129,099)	-	(15,129,099)
3000	Total Net Position	\$ (7,900,812)	\$ -	\$ (7,900,812)

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, 2013

Data Control Codes	1	Program Revenues	
		3	4
	Expenses	Charges for Services	Operating Grants and Contributions
Primary Government:			
GOVERNMENTAL ACTIVITIES:			
11 Instruction	\$ 19,604,501	\$ 2,415	\$ 1,713,207
12 Instructional Resources and Media Services	545,040	-	27,161
13 Curriculum and Staff Development	775,300	-	105,177
21 Instructional Leadership	461,658	-	19,428
23 School Leadership	2,018,860	-	96,477
31 Guidance, Counseling and Evaluation Services	1,210,347	-	84,513
32 Social Work Services	16,336	-	860
33 Health Services	354,303	-	20,243
34 Student (Pupil) Transportation	1,022,918	-	274,757
35 Food Services	1,893,064	810,140	977,554
36 Extracurricular Activities	1,319,230	92,023	106,702
41 General Administration	1,233,522	-	131,741
51 Facilities Maintenance and Operations	4,342,753	40,930	189,112
52 Security and Monitoring Services	131,168	-	26
53 Data Processing Services	634,526	-	23,276
72 Debt Service - Interest on Long Term Debt	5,416,480	-	463,630
73 Debt Service - Bond Issuance Cost and Fees	153,890	-	-
99 Other Intergovernmental Charges	165,545	-	-
[TG] Total Governmental Activities:	41,299,441	945,508	4,233,864
BUSINESS-TYPE ACTIVITIES:			
01 Child Care Program	344,443	322,582	-
[TB] Total Business-Type Activities:	344,443	322,582	-
[TP] TOTAL PRIMARY GOVERNMENT:	\$ 41,643,884	\$ 1,268,090	\$ 4,233,864

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 as Restated - See Note 2
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
\$ (17,888,879)	\$ -	\$ (17,888,879)
(517,879)	-	(517,879)
(670,123)	-	(670,123)
(442,230)	-	(442,230)
(1,922,383)	-	(1,922,383)
(1,125,834)	-	(1,125,834)
(15,476)	-	(15,476)
(334,060)	-	(334,060)
(748,161)	-	(748,161)
(105,370)	-	(105,370)
(1,120,505)	-	(1,120,505)
(1,101,781)	-	(1,101,781)
(4,112,711)	-	(4,112,711)
(131,142)	-	(131,142)
(611,250)	-	(611,250)
(4,952,850)	-	(4,952,850)
(153,890)	-	(153,890)
(165,545)	-	(165,545)
(36,120,069)	-	(36,120,069)
-	(21,861)	(21,861)
-	(21,861)	(21,861)
(36,120,069)	(21,861)	(36,141,930)
14,545,942	-	14,545,942
6,205,067	-	6,205,067
13,562,403	-	13,562,403
863,331	-	863,331
61,232	-	61,232
174,947	-	174,947
(3,896)	3,896	-
35,409,026	3,896	35,412,922
(711,043)	(17,965)	(729,008)
(7,189,769)	17,965	(7,171,804)
\$ (7,900,812)	\$ -	\$ (7,900,812)

LAKE DALLAS INDEPENDENT SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
AUGUST 31, 2013

Data Control Codes	10 General Fund	50 Debt Service Fund	Other Funds	Total Governmental Funds
ASSETS				
1110 Cash and Cash Equivalents	\$ 12,712,563	\$ 72,461	\$ 717,734	\$ 13,502,758
1220 Property Taxes - Delinquent	283,613	105,754	-	389,367
1230 Allowance for Uncollectible Taxes (Credit)	(28,361)	(10,575)	-	(38,936)
1240 Receivables from Other Governments	-	-	344,908	344,908
1260 Due from Other Funds	72,211	549,381	449,414	1,071,006
1290 Other Receivables	12,601	-	8,066	20,667
1410 Prepayments	186,633	-	-	186,633
1000 Total Assets	<u>\$ 13,239,260</u>	<u>\$ 717,021</u>	<u>\$ 1,520,122</u>	<u>\$ 15,476,403</u>
LIABILITIES				
2110 Accounts Payable	\$ 633,178	\$ -	\$ 404,209	\$ 1,037,387
2150 Payroll Deductions and Withholdings Payable	355,517	-	-	355,517
2160 Accrued Wages Payable	946,731	-	-	946,731
2170 Due to Other Funds	998,795	-	68,941	1,067,736
2180 Due to Other Governments	-	-	19,905	19,905
2190 Due to Student Groups	-	-	105	105
2200 Accrued Expenditures	187,090	-	28,253	215,343
2300 Unearned Revenues	1,080,642	-	9,456	1,090,098
2000 Total Liabilities	<u>4,201,953</u>	<u>-</u>	<u>530,869</u>	<u>4,732,822</u>
DEFERRED INFLOWS OF RESOURCES				
2601 Unavailable Revenue - Property Taxes	239,730	88,552	-	328,282
2600 Total Deferred Inflows of Resources	<u>239,730</u>	<u>88,552</u>	<u>-</u>	<u>328,282</u>
FUND BALANCES				
Nonspendable Fund Balance:				
3430 Prepaid Items	186,633	-	-	186,633
Restricted Fund Balance:				
3450 Federal or State Funds Grant Restriction	-	-	353,245	353,245
3480 Retirement of Long-Term Debt	-	628,469	-	628,469
Committed Fund Balance:				
3545 Campus Activities	-	-	47,627	47,627
Assigned Fund Balance:				
3550 Construction	-	-	588,381	588,381
3600 Unassigned Fund Balance	8,610,944	-	-	8,610,944
3000 Total Fund Balances	<u>8,797,577</u>	<u>628,469</u>	<u>989,253</u>	<u>10,415,299</u>
4000 Total Liabilities, Deferred Inflows & Fund Balances	<u>\$ 13,239,260</u>	<u>\$ 717,021</u>	<u>\$ 1,520,122</u>	<u>\$ 15,476,403</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, 2013

EXHIBIT C-2

Total Fund Balances - Governmental Funds	\$ 10,415,299
1 The assets and liabilities of the Internal Service Funds are included in governmental activities, but are not reported in the fund financial statements.	261,949
2 Capital assets used in governmental activities are not financial resources and therefore are not reported in the fund financial statements.	133,661,283
3 Accumulated depreciation has not been included in the fund financial statements.	(31,649,803)
4 Bonds payable have not been included in the fund financial statements.	(90,742,582)
5 Accreted interest on capital appreciation bonds has not been included in the fund financial statements.	(25,526,225)
6 Bond discounts and premiums are not recognized in the fund financial statements.	(5,149,278)
7 Notes payable have not been included in the fund financial statements.	(597,607)
8 Property tax revenue reported as unavailable revenue in the fund financial statements was recognized as revenue in the government-wide financial statements.	328,282
9 Deferred charge for refunding has not been included in the fund financial statements.	1,097,870
19 Net Position of Governmental Activities	\$ (7,900,812)

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, 2013

Data Control Codes	10 General Fund	50 Debt Service Fund	Other Funds	Total Governmental Funds
REVENUES:				
5700 Total Local and Intermediate Sources	\$ 14,825,815	\$ 6,207,227	\$ 883,886	\$ 21,916,928
5800 State Program Revenues	15,092,223	463,630	215,039	15,770,892
5900 Federal Program Revenues	862,331	-	2,026,375	2,888,706
5020 Total Revenues	30,780,369	6,670,857	3,125,300	40,576,526
EXPENDITURES:				
Current:				
0011 Instruction	17,063,111	-	1,027,242	18,090,353
0012 Instructional Resources and Media Services	493,755	-	4,868	498,623
0013 Curriculum and Instructional Staff Development	643,196	-	73,285	716,481
0021 Instructional Leadership	428,541	-	4,692	433,233
0023 School Leadership	1,834,361	-	17,360	1,851,721
0031 Guidance, Counseling and Evaluation Services	1,091,824	-	27,355	1,119,179
0032 Social Work Services	16,224	-	112	16,336
0033 Health Services	321,813	-	3,435	325,248
0034 Student (Pupil) Transportation	1,025,210	-	108,705	1,133,915
0035 Food Services	-	-	1,787,694	1,787,694
0036 Extracurricular Activities	1,133,421	-	71,766	1,205,187
0041 General Administration	1,128,983	-	-	1,128,983
0051 Facilities Maintenance and Operations	3,880,860	-	90,270	3,971,130
0052 Security and Monitoring Services	120,196	-	26	120,222
0053 Data Processing Services	569,539	-	2,970	572,509
Debt Service:				
0071 Principal on Long Term Debt	64,492	2,634,994	-	2,699,486
0072 Interest on Long Term Debt	12,876	4,354,128	-	4,367,004
0073 Bond Issuance Cost and Fees	-	153,890	-	153,890
Capital Outlay:				
0081 Facilities Acquisition and Construction	103,570	-	4,006	107,576
Intergovernmental:				
0099 Other Intergovernmental Charges	165,545	-	-	165,545
6030 Total Expenditures	30,097,517	7,143,012	3,223,786	40,464,315
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	682,852	(472,155)	(98,486)	112,211
OTHER FINANCING SOURCES (USES):				
7911 Capital Related Debt Issued (Regular Bonds)	-	8,955,000	-	8,955,000
7915 Transfers In	-	549,381	116,478	665,859
7916 Premium or Discount on Issuance of Bonds	-	1,040,260	-	1,040,260
8911 Transfers Out (Use)	(669,755)	-	-	(669,755)
8949 Other (Uses)	-	(9,841,146)	-	(9,841,146)
7080 Total Other Financing Sources (Uses)	(669,755)	703,495	116,478	150,218
1200 Net Change in Fund Balances	13,097	231,340	17,992	262,429
0100 Fund Balance - September 1 (Beginning)	8,784,480	397,129	971,261	10,152,870
3000 Fund Balance - August 31 (Ending)	\$ 8,797,577	\$ 628,469	\$ 989,253	\$ 10,415,299

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, 2013

Total Net Change in Fund Balances - Governmental Funds	\$ 262,429
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 2013 capital outlays is to increase net position.	331,024
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.	(2,845,845)
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.	2,699,486
Current year interest accretion on capital appreciation bonds is not reflected in the fund financial statements, but is shown as an increase in long term liabilities in the government-wide financial statements.	(1,196,605)
Bond premiums and discounts are not amortized in the governmental funds but are capitalized in the statement of net position.	183,624
Revenues from property taxes are deferred in the fund financial statements until they are considered available to finance current expenditures, but such revenues are recognized when assessed, net of an allowance for uncollectible amounts, in the government-wide financial statements.	15,768
The net income (loss) of the Internal Service Funds is reported with governmental activities but not in the fund financial statements.	29,685
Bond premiums are income when incurred in the fund financial statements, but are capitalized net of amortization in the government-wide financial statements.	(1,040,260)
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.	(36,495)
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.	(8,955,000)
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.	9,841,146
Change in Net Position of Governmental Activities	\$ (711,043)

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, 2013

EXHIBIT D-1

	Business-Type Activities -	Governmental Activities -
	Total Enterprise Funds	Total Internal Service Funds
ASSETS		
Current Assets:		
Cash and Cash Equivalents	\$ 6,325	\$ 344,363
Other Receivables	38	87,930
Inventories	-	43,347
Total Current Assets	6,363	475,640
Noncurrent Assets:		
Capital Assets:		
Depreciation on Furniture and Equipment	-	(17,711)
District Defined Capital Assets	-	17,711
Total Noncurrent Assets	-	-
Total Assets	6,363	475,640
LIABILITIES		
Current Liabilities:		
Accounts Payable	2,966	213,603
Due to Other Funds	3,270	-
Accrued Expenses	127	88
Total Liabilities	6,363	213,691
NET POSITION		
Unrestricted Net Position	-	261,949
Total Net Position	\$ -	\$ 261,949

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, 2013

	Business-Type Activities -	Governmental Activities -
	Total Enterprise Funds	Total Internal Service Funds
OPERATING REVENUES:		
Local and Intermediate Sources	\$ 304,804	\$ 643,000
State Program Revenues	17,778	3,872
Total Operating Revenues	322,582	646,872
OPERATING EXPENSES:		
Payroll Costs	325,877	66,962
Professional and Contracted Services	11,777	67,450
Supplies and Materials	5,834	476,978
Other Operating Costs	955	-
Capital Outlay	-	5,797
Total Operating Expenses	344,443	617,187
Income (Loss) Before Transfers	(21,861)	29,685
Transfer In	3,896	-
Change in Net Position	(17,965)	29,685
Total Net Position - September 1 (Beginning)	17,965	232,264
Total Net Position - August 31 (Ending)	\$ -	\$ 261,949

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, 2013

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	\$ 3,896	\$ 631,236
Cash Received from Employees	304,819	-
Cash Payments for Payroll Costs	(306,508)	(63,090)
Cash Payments for Supplies and Materials	(5,854)	(452,792)
Cash Payments for Other Expenses	(955)	-
Cash Payments for Purchased Services	(11,777)	(67,450)
Cash Payments for Capital Outlay	-	(5,797)
Net Cash Provided by (Used for) Operating Activities	(16,379)	42,107
<u>Cash Flows from Non-Capital Financing Activities:</u>		
Operating Transfer In	3,896	-
Net Increase (Decrease) in Cash and Cash Equivalents	(16,379)	42,107
Cash and Cash Equivalents at Beginning of Year	22,704	302,256
Cash and Cash Equivalents at End of Year	\$ 6,325	\$ 344,363
<u>Reconciliation of Operating Income (Loss) to Net Cash</u>		
<u>Provided by (Used for) Operating Activities:</u>		
Operating Income (Loss):	\$ (21,861)	\$ 29,685
Effect of Increases and Decreases in Current Assets and Liabilities:		
Decrease (increase) in Due from Other Funds	-	(11,764)
Decrease (increase) in Inventories	-	(9,352)
Decrease (increase) in Other Receivables	15	-
Increase (decrease) in Accounts Payable	(20)	33,538
Increase (decrease) in Due to Other Funds	1,591	-
Net Cash Provided by (Used for) Operating Activities	\$ (20,275)	\$ 42,107

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

LAKE DALLAS INDEPENDENT SCHOOL DISTRICT
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
FIDUCIARY FUNDS
AUGUST 31, 2013

	Agency Fund
<hr/>	
ASSETS	
Cash and Cash Equivalents	\$ 558,953
Total Assets	<u>\$ 558,953</u>
LIABILITIES	
Accounts Payable	\$ 165,653
Due to Student Groups	<u>393,300</u>
Total Liabilities	<u>\$ 558,953</u>

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



LAKE DALLAS INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2013

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, 2013

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, 2013

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.

Under GASB Statement No. 20, "Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting", all proprietary funds will continue to follow Financial Accounting Standards Board (FASB) standards issued on or before November 30, 1989. However, from that date forward, proprietary funds will have the option of either 1) choosing not to apply future FASB standards (including amendments or earlier pronouncements), or 2) continuing to follow new FASB pronouncements (unless they conflict with GASB guidance). The District has chosen not to apply future FASB standards.

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 and liabilities (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.

LAKE DALLAS INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2013

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

The 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.

LAKE DALLAS INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2013

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.

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, 2013 that were subsequently provided for in the 2013-14 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:

LAKE DALLAS INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2013

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

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 and liabilities. 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. 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. 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 2013, 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.

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O. 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. ADOPTION OF NEW ACCOUNTING STANDARDS

Beginning in 2013, the District implemented GASB Statement Numbers 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, and 65, *Items Previously Reported as Assets and Liabilities*. These two statements:

- Defined transactions that result in the consumption of net assets in one period that are applicable to a future period as “deferred outflows of resources.”
- Defined transactions that result in the acquisition of net assets in one period that are applicable to a future period as “deferred inflows of resources.”
- Defined the difference between (a) assets and deferred outflows of resources and (b) liabilities and deferred inflows of resources as “net position.”
- Required certain items previously reported as assets and liabilities that meet the definition of deferred outflows or inflows of resources to be retroactively reclassified in the Statements of Net Position and Balance Sheets, if practical, for all prior periods presented.

The effects of these two changes in accounting principle on the District’s 2013 financial statements were

- Governmental fund financial statements
 - Record property taxes uncollected within 60 days of the fiscal year-end, and therefore unavailable, as deferred inflows of resources in the governmental fund financial statements.
- Government-wide financial statements
 - Reclassify bond issuance costs previously reported as assets to expenses of the period in which they were incurred, resulting in an adjustment to beginning net position.
 - For refunded debt, record the difference between the reacquisition price and the net carrying amount of the refunded debt as a deferred resource outflow or inflow, as appropriate, and amortize the balance as a component of interest expense in a systematic and rational manner over the remaining life of the old debt or the life of the new debt, whichever is shorter. Accordingly, all unamortized deferred losses on refunding transactions as of August 31, 2013 were reclassified as deferred outflows of resources.

Beginning Net Position (previously reported as Net Assets)	\$(5,679,404)
Reclassification of bond issuance costs	<u>(1,510,365)</u>
Beginning Net Position as Restated	<u>\$(7,189,769)</u>

NOTE 3. 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:

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- 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, 2013 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.
- 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.

Beginning fund balances for the District's governmental funds have been restated to reflect the above classifications. 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 \$8,610,944 at August 31, 2013. Prepayments (prepaid items) of \$186,633 are considered nonspendable fund balance.

Other Major Funds

The Debt Service Fund has restricted funds of \$628,469 at August 31, 2013 consisting primarily of property tax collections that are restricted for debt service payments on bonded debt.

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Other Funds

The fund balance of \$47,627 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 \$313,450 in the Food Service Fund is shown as restricted for food service operations. The Capital Projects Fund has assigned funds of \$588,381 at August 31, 2013 consisting primarily of unspent bond funds. The other fund balances of \$39,795 in the other special revenue funds are restricted due to grant agreements.

NOTE 4. DEPOSITS AND INVESTMENTS

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

1. Cash Deposits:

At August 31, 2013, the carrying amount of the District's deposits checking accounts and interest-bearing savings accounts was \$13,983,289 which includes \$12,181 petty cash and the combined bank balance was \$13,935,710. The District's cash deposits at August 31, 2013 were entirely covered by FDIC insurance or by pledged collateral held by the District's agent bank in the District's name.

2. Investments:

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

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

- 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, 2013, the District's cash balances totaled \$13,935,710. 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, 2013.

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- 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, 2013, 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
- 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, 2013, 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.

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

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

The District's investments at August 31, 2013, are shown below:

<u>Name</u>	<u>Carrying Amount</u>	<u>Fair Value</u>	<u>Maturity Date</u>
TexPool	\$159,505	\$159,505	N/A
TxTerm	15,336	15,336	N/A
Lone Star	134,223	134,223	N/A
LOGIC	<u>120,046</u>	<u>120,046</u>	N/A
Total	<u>\$429,110</u>	<u>\$429,110</u>	

NOTE 5. CAPITAL ASSETS

Capital asset activity for the year ended August 31, 2013, 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	\$ 3,414,396	\$ -	\$ -	\$ 3,414,396
Total capital assets, not being depreciated	<u>3,414,396</u>	<u>-</u>	<u>-</u>	<u>3,414,396</u>
Capital assets, being depreciated:				
Buildings and improvements	124,835,185	-	-	124,835,185
Furniture and equipment	<u>5,080,678</u>	<u>331,024</u>	<u>-</u>	<u>5,411,702</u>
Total capital assets, being depreciated	<u>129,915,863</u>	<u>331,024</u>	<u>-</u>	<u>130,246,887</u>
Less accumulated depreciation for:				
Buildings and improvements	(24,859,307)	(2,566,126)	-	(27,425,433)
Furniture and equipment	<u>(3,944,651)</u>	<u>(279,719)</u>	<u>-</u>	<u>(4,224,370)</u>
Total accumulated depreciation	<u>(28,803,958)</u>	<u>(2,845,845)</u>	<u>-</u>	<u>(31,649,803)</u>
Total capital assets, being depreciated, net	<u>101,111,905</u>	<u>(2,514,821)</u>	<u>-</u>	<u>98,597,084</u>
Governmental activities capital assets, net	<u>\$104,526,301</u>	<u>\$ (2,514,821)</u>	<u>\$ -</u>	<u>\$102,011,480</u>

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

Governmental activities:	
Instruction	\$1,543,833
Instructional Resources & Media Services	46,417
Curriculum & Instructional Staff Development	58,819
Instructional Leadership	28,425
School Leadership	167,139
Guidance, Counseling & Evaluation Services	91,168
Health Services	29,055
Student (Pupil) Transportation	112,451
Food Services	105,370
Cocurricular/Extracurricular Activities	114,043
General Administration	104,539
Plant Maintenance and Operations	371,623
Security	10,946
Data Processing Services	62,017
Total depreciation expense-Governmental activities	<u>\$2,845,845</u>

NOTE 6. 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, 2013:

<u>Description</u>	<u>Interest Rate Payable</u>	<u>Amounts Outstanding 9/1/12</u>	<u>Additions</u>	<u>Refunded/ Retired</u>	<u>Amounts Outstanding 8/31/13</u>	<u>Due Within One Year</u>
Bonded Indebtedness:						
1999 Bldg/Refunding	4.40-6.06%	\$ 6,806,513	\$ -	\$ 422,330	\$ 6,384,183	\$ 623,884
2001 Bldg/Refunding	4.00-5.70%	4,949,871	-	-	4,949,871	146,524
2002 Bldg/Refunding	2.40-5.89%	1,995,339	-	1,472,766	522,573	105,462
2004 Bldg/Refunding	2.50-4.16%	27,020,000	-	8,045,000	18,975,000	705,000
2005 Bldg/Refunding	3.00-4.62%	7,260,000	-	1,325,000	5,935,000	250,000
2007 Bldg/Refunding	3.75-4.93%	23,869,925	-	53,970	23,815,955	99,627
2008 Building	4.00-6.89%	7,400,000	-	-	7,400,000	90,000
2010 Refunding	2.00-4.50%	5,245,000	-	365,000	4,880,000	370,000
2012 Refunding	1.90-4.05%	9,025,000	-	-	9,025,000	-
2013 Refunding	2.00-4.00%	-	8,955,000	100,000	8,855,000	-
Total Bonded Indebtedness		<u>93,571,648</u>	<u>8,955,000</u>	<u>11,784,066</u>	<u>90,742,582</u>	<u>2,390,497</u>
State Energy Conservation Loan	2.00%	662,099	-	64,492	597,607	65,792
Accreted Interest	4.05-5.15%	24,329,620	2,526,610	1,330,005	25,526,225	-
Discount/Premium on Issuance of Debt		<u>4,292,642</u>	<u>1,040,260</u>	<u>183,624</u>	<u>5,149,278</u>	<u>-</u>
Total Other Obligations		<u>29,284,361</u>	<u>3,566,870</u>	<u>1,578,121</u>	<u>31,273,110</u>	<u>65,792</u>
Total Obligations of District		<u>\$122,856,009</u>	<u>\$12,521,870</u>	<u>\$13,362,187</u>	<u>\$122,015,692</u>	<u>\$2,456,289</u>

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The 1999, 2001, 2002, 2004, 2005, 2007, 2008 and 2012 bond series include outstanding capital appreciation bonds in the principal amount of \$23,771,653. The bonds mature variously through 2036. Interest accrues on these bonds each February 15 and August 15, even though the interest is not paid until maturity. The accrued interest of \$25,526,225 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, 2013.

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>	
2014	\$ 2,390,497	\$ 4,698,107	\$ 7,088,604
2015	2,502,050	4,835,954	7,338,004
2016	2,528,036	4,929,767	7,457,803
2017	2,780,094	4,800,110	7,580,204
2018	2,820,713	4,871,221	7,691,934
2019-2023	14,844,277	25,191,433	40,035,710
2024-2028	14,085,290	26,644,304	40,729,594
2029-2033	13,036,625	27,730,571	40,767,196
2034-2038	25,120,000	10,663,394	35,783,394
2039-2043	5,615,000	8,599,075	14,214,075
2044-2048	<u>5,020,000</u>	<u>2,099,300</u>	<u>7,119,300</u>
	<u>\$ 90,742,582</u>	<u>\$125,063,236</u>	<u>\$215,805,818</u>

NOTE 7. 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, 2013 the loan balance was \$597,607. 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>	
2014	\$ 65,792	\$ 11,576	\$ 77,368
2015	67,118	10,250	77,368
2016	68,470	8,898	77,368
2017	69,850	7,518	77,368
2018	71,257	6,111	77,368
2019-2022	<u>255,120</u>	<u>9,889</u>	<u>265,009</u>
	<u>\$ 597,607</u>	<u>\$ 54,242</u>	<u>\$ 651,849</u>

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NOTE 8. DEBT ISSUANCE AND DEFEASED BONDS OUTSTANDING

On February 1, 2013 the District issued \$8,955,000 (par value) in unlimited tax refunding bonds (current interest bonds) to advance refund \$9,149,072 of unlimited tax school building and refunding bonds. The bonds were issued at a premium of \$1,040,260, and, after paying issuance costs of \$154,114 the net proceeds were \$9,841,146. \$9,841,146 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 advance refunding resulted in a present value economic gain (difference between present value of debt service payments on the old and new debt) of \$2,546,157.

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, 2013, \$33,677,680 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 2012-13 fiscal year was based was \$1,203,818,215. 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, 2013, 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, 2013 were 99.29% 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, 2013, property taxes receivable, net of estimated uncollectible taxes, totaled \$255,252 and \$95,179 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.

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NOTE 10. PENSION PLAN OBLIGATIONS

Plan Description - The District contributes to the Teacher Retirement System of Texas (the System), a public employee retirement system. It is a cost-sharing, multiple-employer defined benefit pension plan with one exception; all risks and costs are not shared by the District, but are the liability of the State of Texas. The System provides service retirement and disability retirement benefits, and death benefits to plan members and beneficiaries. The System operates under the authority of provisions contained primarily in Texas Government code, Title 8, Public Retirement Systems, Subtitle C, Teacher Retirement System of Texas, which is subject to amendment by the Texas Legislature. The System's annual financial report and other required disclosure information are available by writing the Teacher Retirement System of Texas, 1000 Red River, Austin, Texas 78701-2698 or by calling (800) 233-8778.

Funding Policy - Under provisions in State law, plan members are required to contribute 6.4% of their annual covered salary and the State of Texas contributes an amount equal to 6.4% (6.0% in fiscal year 2012 and 6.644% in fiscal year 2011) of the District's covered payroll. In certain instances the District is required to make all or a portion of the state's 6.4% contribution. Contribution requirements are not actuarially determined but are legally established each biennium pursuant to the following state funding policy: (1) The state constitution requires the legislature to establish a member contribution rate of not less than 6.0% of the member's annual compensation and a state contribution of not less than 6.0% and not more than 10.0% of the aggregate annual compensation of all members of the system during that fiscal year; (2) A state statute prohibits benefit improvements or contribution reductions if, as a result of the particular action, the time required to amortize TRS's 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. The District's employees' contributions to the System for the years ending August 31, 2011, 2012, and 2013 were \$1,512,823, \$1,436,929 and \$1,488,364, respectively, equal to the required contributions for each year. Other contributions made from federal and private grants and from the District for salaries above the statutory minimum for the years ending August 31, 2011, 2012, and 2013 were \$155,364, \$117,018 and \$165,129, respectively, equal to the required contributions for each year. The amounts contributed by the State, for the years ended August 31, 2011, 2012 and 2013 were \$1,530,176, \$1,591,159 and \$1,325,216, respectively, and are reflected in the financial statements in the General Fund as equal revenues and expenditures/expenses by the respective function, in accordance with Governmental Accounting Standards Board Statement No. 24.

NOTE 11. SCHOOL DISTRICT RETIREE HEALTH PLAN

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

LAKE DALLAS INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2013

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 0.5% (1.0% prior to September 1, 2012) and 0.65% of public school payroll, respectively, with school districts contributing a percentage of payroll set at 0.55% for fiscal years 2013, 2012 and 2011. 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, 2013, 2012, and 2011, the State's contributions to TRS-Care were \$116,278, \$224,487, and \$236,379, respectively. The on-behalf payments are recognized as equal revenues and expenditures/expenses by the District. The active member contributions were \$151,162, \$145,917, and \$153,647, respectively, and the school district's contribution were \$127,907, \$123,438, and \$130,040, 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, 2013, the contribution made on behalf of the District was \$91,124.

NOTE 12. HEALTH CARE

During the year ended August 31, 2013, 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.

NOTE 13. INTERFUND TRANSFERS AND BALANCES

The following is a summary of the District's transfers for the fiscal year ended August 31, 2013:

<u>Fund</u>	<u>Transfers In</u>	<u>Transfers Out</u>
Major Funds:		
General Fund	\$ -	\$669,755
Debt Service Fund	549,381	
Nonmajor Funds:		
Capital Projects Fund	116,478	-
Proprietary Funds:		
Enterprise Fund	3,896	-
	<u>\$669,755</u>	<u>\$669,755</u>

The transfer from the General Fund to the Capital Projects Fund was made to help with capital construction projects. \$549,381 was transferred from the General Fund to the Debt Service Fund to help with the debt service expenditures. \$3,896 was transferred from the General Fund to the Enterprise Fund to help with expenses.

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.

LAKE DALLAS INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2013

Interfund balances at August 31, 2013, 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	\$ 68,941	\$ -
Debt Service Fund	-	549,381
Capital Projects Fund	-	449,414
Enterprise Fund	3,270	-
Debt Service Fund:		
General Fund	<u>549,381</u>	<u>-</u>
Total Major Funds	<u>621,592</u>	<u>998,795</u>
<u>Non-Major Funds:</u>		
Capital Projects Fund:		
General Fund	449,414	-
Special Revenue Funds:		
General Fund	-	68,941
Enterprise Fund:		
General Fund	<u>-</u>	<u>3,270</u>
Total Non-Major Funds	<u>449,414</u>	<u>72,211</u>
	<u>\$1,071,006</u>	<u>\$1,071,006</u>

NOTE 14. RECEIVABLES FROM OTHER GOVERNMENTS

The District participates in a variety of federal and state programs from which it receives grants to partially or fully finance certain activities. In addition, the District receives entitlements from the State through the School Foundation and Per Capita Programs. Amounts due from federal and state governments as of August 31, 2013, are summarized below. All federal grants shown below are passed through the TEA and are reported on the combined financial statements as Due from Other Governments.

<u>Fund</u>	<u>State Entitlements</u>	<u>Federal Grants</u>	<u>Local Governments</u>	<u>Total</u>
Special Revenue	<u>\$15,866</u>	<u>\$329,042</u>	<u>\$ -</u>	<u>\$344,908</u>

NOTE 15. CONTINGENT LIABILITIES

The Tax Reform Act of 1986 imposed regulations on tax-exempt bond issues. Governmental bonds issued after August 31, 1986 are subject to the rebate provisions of the Tax Reform Act of 1986. The rebate applies to earnings from bond issue proceeds investments which exceed bond issue stated interest rates. The exact amount of liability, if any, will not be known until as long as five years from the bond issuance date. At August 31, 2013 there was no estimated rebate liability.

NOTE 16. LITIGATION AND CONTINGENCIES

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

LAKE DALLAS INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2013

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, 2013 may be impaired. In the opinion of the District, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provision has been recorded in the accompanying combined financial statements for such contingencies.

NOTE 17. REVENUES FROM LOCAL AND INTERMEDIATE SOURCES

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

	General Fund	Special Revenue Funds	Debt Service Fund	Capital Projects Fund	Total
Property Taxes	\$14,396,724	\$ -	\$6,151,178	\$ -	\$20,547,902
Food Sales	-	810,140	-	-	810,140
Investment Income	46,922	5,197	8,918	195	61,232
Penalties, interest and other tax related income	140,208	-	47,131	-	187,339
Co-curricular student activities	92,023	-	-	-	92,023
Other	149,938	68,354	-	-	218,292
Total	<u>\$14,825,815</u>	<u>\$ 883,691</u>	<u>\$6,207,227</u>	<u>\$ 195</u>	<u>\$21,916,928</u>

NOTE 18. UNEARNED REVENUE

Unearned revenue at year-end consisted of the following:

	General Fund	Special Revenue Fund	Total
Unearned Grants	<u>\$1,080,642</u>	<u>\$ 9,456</u>	<u>\$1,090,098</u>

NOTE 19. GENERAL FUND FEDERAL SOURCE REVENUES

<u>Program or Source</u>	<u>CFDA Number</u>	<u>Amount</u>	<u>Total Grant or Entitlement</u>
General Fund:			
Impact Aid	84.041	\$809,469	\$809,469
Federal Flood Control	10.904	47,416	47,416
Medicaid Administrative Claiming			
Program-MAC	93.778	5,446	5,446
Total for General Fund		<u>\$862,331</u>	<u>\$862,331</u>

**BUDGETARY COMPARISON REPORTING –
REQUIRED SUPPLEMENTARY INFORMATION
(UNAUDITED)**

LAKE DALLAS INDEPENDENT SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED AUGUST 31, 2013

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	\$ 14,722,681	\$ 14,783,442	\$ 14,825,815	\$ 42,373
5800 State Program Revenues	15,040,912	15,122,036	15,092,223	(29,813)
5900 Federal Program Revenues	220,000	834,469	862,331	27,862
5020 Total Revenues	29,983,593	30,739,947	30,780,369	40,422
EXPENDITURES:				
Current:				
0011 Instruction	17,074,898	17,256,296	17,063,111	193,185
0012 Instructional Resources and Media Services	519,236	507,401	493,755	13,646
0013 Curriculum and Instructional Staff Development	703,721	656,650	643,196	13,454
0021 Instructional Leadership	431,459	431,459	428,541	2,918
0023 School Leadership	1,838,524	1,844,736	1,834,361	10,375
0031 Guidance, Counseling and Evaluation Services	993,894	1,092,133	1,091,824	309
0032 Social Work Services	14,219	18,133	16,224	1,909
0033 Health Services	340,457	340,457	321,813	18,644
0034 Student (Pupil) Transportation	1,292,789	1,036,927	1,025,210	11,717
0036 Extracurricular Activities	906,685	1,150,075	1,133,421	16,654
0041 General Administration	1,079,863	1,160,987	1,128,983	32,004
0051 Facilities Maintenance and Operations	4,106,704	3,897,512	3,880,860	16,652
0052 Security and Monitoring Services	130,037	130,037	120,196	9,841
0053 Data Processing Services	593,661	570,677	569,539	1,138
Debt Service:				
0071 Principal on Long Term Debt	64,505	64,505	64,492	13
0072 Interest on Long Term Debt	12,876	12,876	12,876	-
Capital Outlay:				
0081 Facilities Acquisition and Construction	55,243	110,522	103,570	6,952
Intergovernmental:				
0095 Payments to Juvenile Justice Alternative Ed.	10,800	-	-	-
0099 Other Intergovernmental Charges	186,032	183,527	165,545	17,982
6030 Total Expenditures	30,355,603	30,464,910	30,097,517	367,393
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	(372,010)	275,037	682,852	407,815
OTHER FINANCING SOURCES (USES):				
8911 Transfers Out (Use)	-	(665,859)	(669,755)	(3,896)
7080 Total Other Financing Sources (Uses)	-	(665,859)	(669,755)	(3,896)
1200 Net Change in Fund Balances	(372,010)	(390,822)	13,097	403,919
0100 Fund Balance - September 1 (Beginning)	8,784,480	8,784,480	8,784,480	-
3000 Fund Balance - August 31 (Ending)	\$ 8,412,470	\$ 8,393,658	\$ 8,797,577	\$ 403,919

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
- Career and Technical - Basic Grant
- ESEA, Title II, A Training and Recruiting
- Title III, A English Lang. Acquisition
- Education Jobs Fund
- Summer School LEP

State Programs:

- Advanced Placement Incentives
- Student Success Initiative
- State Textbook Fund
- Rural School Technology
- Reading Recovery Co-op
- Campus Activity Funds

Capital Projects Fund

LAKE DALLAS INDEPENDENT SCHOOL DISTRICT
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
AUGUST 31, 2013

Data Control Codes		211	224	225	240
		ESEA I, A Improving Basic Program	IDEA - Part B Formula	IDEA - Part B Preschool	National Breakfast and Lunch Program
ASSETS					
1110	Cash and Cash Equivalents	\$ -	\$ -	\$ -	\$ 356,221
1240	Receivables from Other Governments	72,468	207,519	2,278	20,860
1260	Due from Other Funds	-	-	-	-
1290	Other Receivables	1,507	3,080	103	2,556
1000	Total Assets	<u>\$ 73,975</u>	<u>\$ 210,599</u>	<u>\$ 2,381</u>	<u>\$ 379,637</u>
LIABILITIES					
2110	Accounts Payable	\$ 73,975	\$ 210,599	\$ 2,381	\$ 37,934
2170	Due to Other Funds	-	-	-	-
2180	Due to Other Governments	-	-	-	-
2190	Due to Student Groups	-	-	-	-
2200	Accrued Expenditures	-	-	-	28,253
2300	Unearned Revenues	-	-	-	-
2000	Total Liabilities	<u>73,975</u>	<u>210,599</u>	<u>2,381</u>	<u>66,187</u>
FUND BALANCES					
Restricted Fund Balance:					
3450	Federal or State Funds Grant Restriction	-	-	-	313,450
Committed Fund Balance:					
3510	Construction	-	-	-	-
3545	Campus Activities	-	-	-	-
3000	Total Fund Balances	<u>-</u>	<u>-</u>	<u>-</u>	<u>313,450</u>
4000	Total Liabilities and Fund Balances	<u>\$ 73,975</u>	<u>\$ 210,599</u>	<u>\$ 2,381</u>	<u>\$ 379,637</u>

244 Career and Technical - Basic Grant	255 ESEA II,A Training and Recruiting	263 Title III, A English Lang. Acquisition	287 Education Jobs Fund	288 Summer School LEP	397 Advanced Placement Incentives	404 Student Success Initiative	410 State Textbook Fund
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 9,456	\$ -	\$ 37,653
-	9,704	4,605	-	11,608	-	12,478	-
-	-	-	-	-	-	-	-
48	564	208	-	-	-	-	-
<u>\$ 48</u>	<u>\$ 10,268</u>	<u>\$ 4,813</u>	<u>\$ -</u>	<u>\$ 11,608</u>	<u>\$ 9,456</u>	<u>\$ 12,478</u>	<u>\$ 37,653</u>
\$ 48	\$ 10,268	\$ 4,813	\$ -	\$ 11,608	\$ -	\$ 12,478	\$ 8,579
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	9,456	-	-
<u>48</u>	<u>10,268</u>	<u>4,813</u>	<u>-</u>	<u>11,608</u>	<u>9,456</u>	<u>12,478</u>	<u>8,579</u>
-	-	-	-	-	-	-	29,074
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>29,074</u>
<u>\$ 48</u>	<u>\$ 10,268</u>	<u>\$ 4,813</u>	<u>\$ -</u>	<u>\$ 11,608</u>	<u>\$ 9,456</u>	<u>\$ 12,478</u>	<u>\$ 37,653</u>

LAKE DALLAS INDEPENDENT SCHOOL DISTRICT
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
AUGUST 31, 2013

Data Control Codes		429 Rural School Technology	459 Reading Recovery Co-op	461 Campus Activity Funds	Total Nonmajor Special Revenue Funds
ASSETS					
1110	Cash and Cash Equivalents	\$ 7,333	\$ 19,905	\$ 123,739	\$ 554,307
1240	Receivables from Other Governments	3,388	-	-	344,908
1260	Due from Other Funds	-	-	-	-
1290	Other Receivables	-	-	-	8,066
1000	Total Assets	<u>\$ 10,721</u>	<u>\$ 19,905</u>	<u>\$ 123,739</u>	<u>\$ 907,281</u>
LIABILITIES					
2110	Accounts Payable	\$ -	\$ -	\$ 7,066	\$ 379,749
2170	Due to Other Funds	-	-	68,941	68,941
2180	Due to Other Governments	-	19,905	-	19,905
2190	Due to Student Groups	-	-	105	105
2200	Accrued Expenditures	-	-	-	28,253
2300	Unearned Revenues	-	-	-	9,456
2000	Total Liabilities	<u>-</u>	<u>19,905</u>	<u>76,112</u>	<u>506,409</u>
FUND BALANCES					
Restricted Fund Balance:					
3450	Federal or State Funds Grant Restriction	10,721	-	-	353,245
Committed Fund Balance:					
3510	Construction	-	-	-	-
3545	Campus Activities	-	-	47,627	47,627
3000	Total Fund Balances	<u>10,721</u>	<u>-</u>	<u>47,627</u>	<u>400,872</u>
4000	Total Liabilities and Fund Balances	<u>\$ 10,721</u>	<u>\$ 19,905</u>	<u>\$ 123,739</u>	<u>\$ 907,281</u>

611 Capital Projects Fund	Total Nonmajor Governmental Funds
\$ 163,427	\$ 717,734
-	344,908
449,414	449,414
-	8,066
<u>\$ 612,841</u>	<u>\$ 1,520,122</u>
\$ 24,460	\$ 404,209
-	68,941
-	19,905
-	105
-	28,253
-	9,456
<u>24,460</u>	<u>530,869</u>
-	353,245
588,381	588,381
-	47,627
<u>588,381</u>	<u>989,253</u>
<u>\$ 612,841</u>	<u>\$ 1,520,122</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, 2013

Data Control Codes		211 ESEA I, A Improving Basic Program	224 IDEA - Part B Formula	225 IDEA - Part B Preschool	240 National Breakfast and Lunch Program
REVENUES:					
5700	Total Local and Intermediate Sources	\$ -	\$ -	\$ -	\$ 815,337
5800	State Program Revenues	-	-	-	10,193
5900	Federal Program Revenues	233,792	510,446	10,604	921,778
5020	Total Revenues	233,792	510,446	10,604	1,747,308
EXPENDITURES:					
Current:					
0011	Instruction	210,592	395,393	10,604	-
0012	Instructional Resources and Media Services	-	-	-	-
0013	Curriculum and Instructional Staff Development	23,200	343	-	-
0021	Instructional Leadership	-	943	-	-
0023	School Leadership	-	-	-	-
0031	Guidance, Counseling and Evaluation Services	-	17,128	-	-
0032	Social Work Services	-	-	-	-
0033	Health Services	-	-	-	-
0034	Student (Pupil) Transportation	-	96,639	-	-
0035	Food Services	-	-	-	1,787,694
0036	Extracurricular Activities	-	-	-	-
0051	Facilities Maintenance and Operations	-	-	-	69,188
0052	Security and Monitoring Services	-	-	-	-
0053	Data Processing Services	-	-	-	-
Capital Outlay:					
0081	Facilities Acquisition and Construction	-	-	-	-
6030	Total Expenditures	233,792	510,446	10,604	1,856,882
1100	Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	-	(109,574)
OTHER FINANCING SOURCES (USES):					
7915	Transfers In	-	-	-	-
7080	Total Other Financing Sources (Uses)	-	-	-	-
1200	Net Change in Fund Balance	-	-	-	(109,574)
0100	Fund Balance - September 1 (Beginning)	-	-	-	423,024
3000	Fund Balance - August 31 (Ending)	\$ -	\$ -	\$ -	\$ 313,450

244 Career and Technical - Basic Grant	255 ESEA II,A Training and Recruiting	263 Title III, A English Lang. Acquisition	287 Education Jobs Fund	288 Summer School LEP	397 Advanced Placement Incentives	404 Student Success Initiative	410 State Textbook Fund
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	12,478	180,349
28,997	40,371	24,537	250,000	5,850	-	-	-
28,997	40,371	24,537	250,000	5,850	-	12,478	180,349
25,009	-	24,537	162,430	5,850	-	12,478	180,349
-	-	-	4,868	-	-	-	-
3,988	40,371	-	5,383	-	-	-	-
-	-	-	3,749	-	-	-	-
-	-	-	17,360	-	-	-	-
-	-	-	10,227	-	-	-	-
-	-	-	112	-	-	-	-
-	-	-	3,435	-	-	-	-
-	-	-	12,066	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	6,292	-	-	-	-
-	-	-	21,082	-	-	-	-
-	-	-	26	-	-	-	-
-	-	-	2,970	-	-	-	-
-	-	-	-	-	-	-	-
28,997	40,371	24,537	250,000	5,850	-	12,478	180,349
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	29,074
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 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, 2013

Data Control Codes		429 Rural School Technology	459 Reading Recovery Co-op	461 Campus Activity Funds	Total Nonmajor Special Revenue Funds
REVENUES:					
5700	Total Local and Intermediate Sources	\$ -	\$ -	\$ 68,354	\$ 883,691
5800	State Program Revenues	10,500	-	1,519	215,039
5900	Federal Program Revenues	-	-	-	2,026,375
5020	Total Revenues	10,500	-	69,873	3,125,105
EXPENDITURES:					
Current:					
0011	Instruction	-	-	-	1,027,242
0012	Instructional Resources and Media Services	-	-	-	4,868
0013	Curriculum and Instructional Staff Development	-	-	-	73,285
0021	Instructional Leadership	-	-	-	4,692
0023	School Leadership	-	-	-	17,360
0031	Guidance, Counseling and Evaluation Services	-	-	-	27,355
0032	Social Work Services	-	-	-	112
0033	Health Services	-	-	-	3,435
0034	Student (Pupil) Transportation	-	-	-	108,705
0035	Food Services	-	-	-	1,787,694
0036	Extracurricular Activities	-	-	65,474	71,766
0051	Facilities Maintenance and Operations	-	-	-	90,270
0052	Security and Monitoring Services	-	-	-	26
0053	Data Processing Services	-	-	-	2,970
Capital Outlay:					
0081	Facilities Acquisition and Construction	-	-	-	-
6030	Total Expenditures	-	-	65,474	3,219,780
1100	Excess (Deficiency) of Revenues Over (Under) Expenditures	10,500	-	4,399	(94,675)
OTHER FINANCING SOURCES (USES):					
7915	Transfers In	-	-	-	-
7080	Total Other Financing Sources (Uses)	-	-	-	-
1200	Net Change in Fund Balance	10,500	-	4,399	(94,675)
0100	Fund Balance - September 1 (Beginning)	221	-	43,228	495,547
3000	Fund Balance - August 31 (Ending)	\$ 10,721	\$ -	\$ 47,627	\$ 400,872

611 Capital Projects Fund	Total Nonmajor Governmental Funds
\$ 195	\$ 883,886
-	215,039
-	2,026,375
195	3,125,300
-	1,027,242
-	4,868
-	73,285
-	4,692
-	17,360
-	27,355
-	112
-	3,435
-	108,705
-	1,787,694
-	71,766
-	90,270
-	26
-	2,970
4,006	4,006
4,006	3,223,786
(3,811)	(98,486)
116,478	116,478
116,478	116,478
112,667	17,992
475,714	971,261
\$ 588,381	\$ 989,253

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, 2013

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	\$ 847,443	\$ 847,443	\$ 815,337	\$ (32,106)
5800 State Program Revenues	10,718	10,718	10,193	(525)
5900 Federal Program Revenues	833,090	952,035	921,778	(30,257)
5020 Total Revenues	1,691,251	1,810,196	1,747,308	(62,888)
EXPENDITURES:				
0035 Food Services	1,689,774	1,831,019	1,787,694	43,325
0051 Facilities Maintenance and Operations	-	69,188	69,188	-
6030 Total Expenditures	1,689,774	1,900,207	1,856,882	43,325
1200 Net Change in Fund Balances	1,477	(90,011)	(109,574)	(19,563)
0100 Fund Balance - September 1 (Beginning)	423,024	423,024	423,024	-
3000 Fund Balance - August 31 (Ending)	\$ 424,501	\$ 333,013	\$ 313,450	\$ (19,563)

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, 2013

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	\$ 6,400,062	\$ 6,400,062	\$ 6,207,227	\$ (192,835)
5800	State Program Revenues	481,047	481,047	463,630	(17,417)
5020	Total Revenues	6,881,109	6,881,109	6,670,857	(210,252)
EXPENDITURES:					
Debt Service:					
0071	Principal on Long Term Debt	2,634,995	2,634,995	2,634,994	1
0072	Interest on Long Term Debt	4,354,983	4,354,983	4,354,128	855
0073	Bond Issuance Cost and Fees	10,000	164,114	153,890	10,224
6030	Total Expenditures	6,999,978	7,154,092	7,143,012	11,080
1100	Excess (Deficiency) of Revenues Over (Under) Expenditures	(118,869)	(272,983)	(472,155)	(199,172)
OTHER FINANCING SOURCES (USES):					
7911	Capital Related Debt Issued (Regular Bonds)	-	8,955,000	8,955,000	-
7915	Transfers In	-	549,381	549,381	-
7916	Premium or Discount on Issuance of Bonds	-	1,040,260	1,040,260	-
8949	Other (Uses)	-	(9,841,146)	(9,841,146)	-
7080	Total Other Financing Sources (Uses)	-	703,495	703,495	-
1200	Net Change in Fund Balances	(118,869)	430,512	231,340	(199,172)
0100	Fund Balance - September 1 (Beginning)	397,129	397,129	397,129	-
3000	Fund Balance - August 31 (Ending)	\$ 278,260	\$ 827,641	\$ 628,469	\$ (199,172)



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, 2013

	752	754	Total
	Print Shop	Computer Operations	Internal Service Funds
ASSETS			
Current Assets:			
Cash and Cash Equivalents	\$ 115,531	\$ 228,832	\$ 344,363
Other Receivables	1,878	86,052	87,930
Inventories	18,993	24,354	43,347
Total Current Assets	<u>136,402</u>	<u>339,238</u>	<u>475,640</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>136,402</u>	<u>339,238</u>	<u>475,640</u>
LIABILITIES			
Current Liabilities:			
Accounts Payable	262	213,341	213,603
Accrued Expenses	88	-	88
Total Liabilities	<u>350</u>	<u>213,341</u>	<u>213,691</u>
NET POSITION			
Unrestricted Net Position	<u>136,052</u>	<u>125,897</u>	<u>261,949</u>
Total Net Position	<u>\$ 136,052</u>	<u>\$ 125,897</u>	<u>\$ 261,949</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, 2013

	752	754	Total
	Print Shop	Computer Operations	Internal Service Funds
OPERATING REVENUES:			
Local and Intermediate Sources	\$ 193,168	\$ 449,832	\$ 643,000
State Program Revenues	3,872	-	3,872
Total Operating Revenues	<u>197,040</u>	<u>449,832</u>	<u>646,872</u>
OPERATING EXPENSES:			
Payroll Costs	66,962	-	66,962
Professional and Contracted Services	67,300	150	67,450
Supplies and Materials	35,165	441,813	476,978
Capital Outlay	-	5,797	5,797
Total Operating Expenses	<u>169,427</u>	<u>447,760</u>	<u>617,187</u>
Operating Income	27,613	2,072	29,685
Total Net Position - September 1 (Beginning)	<u>108,439</u>	<u>123,825</u>	<u>232,264</u>
Total Net Position August 31 (Ending)	<u>\$ 136,052</u>	<u>\$ 125,897</u>	<u>\$ 261,949</u>

LAKE DALLAS INDEPENDENT SCHOOL DISTRICT
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED AUGUST 31, 2013

	752	754	Total
	Print Shop	Computer Operations	Internal Service Funds
<u>Cash Flows from Operating Activities:</u>			
Cash Received from District	\$ 192,916	\$ 438,320	\$ 631,236
Cash Payments for Payroll Costs	(63,090)	-	(63,090)
Cash Payments for Supplies and Materials	(41,757)	(411,035)	(452,792)
Cash Payments for Purchased Services	(67,300)	(150)	(67,450)
Cash Payments for Capital Outlay	-	(5,797)	(5,797)
Net Cash Provided by Operating Activities	20,769	21,338	42,107
Net Increase in Cash and Cash Equivalents	20,769	21,338	42,107
Cash and Cash Equivalents at Beginning of Year	94,762	207,494	302,256
Cash and Cash Equivalents at End of Year	\$ 115,531	\$ 228,832	\$ 344,363
<u>Reconciliation of Operating Income to Net Cash</u>			
<u>Provided by Operating Activities:</u>			
Operating Income:	\$ 27,613	\$ 2,072	\$ 29,685
Effect of Increases and Decreases in Current Assets and Liabilities:			
Decrease (increase) in Due from Other Funds	(252)	(11,512)	(11,764)
Decrease (increase) in Inventories	(5,913)	(3,439)	(9,352)
Increase (decrease) in Accounts Payable	(679)	34,217	33,538
Net Cash Provided by Operating Activities	\$ 20,769	\$ 21,338	\$ 42,107

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, 2013

	BALANCE SEPTEMBER 1 2012	ADDITIONS	DEDUCTIONS	BALANCE AUGUST 31 2013
STUDENT ACTIVITY ACCOUNT				
Assets:				
Cash and Temporary Investments	\$ 504,903	\$ 685,741	\$ 631,691	\$ 558,953
Due From Other Funds	6,705	-	6,705	-
Other Receivables	15	-	15	-
Total Assets	<u>\$ 511,623</u>	<u>\$ 685,741</u>	<u>\$ 638,411</u>	<u>\$ 558,953</u>
Liabilities:				
Accounts Payable	\$ 26,848	\$ 138,805	\$ -	\$ 165,653
Due to Other Funds	84,414	-	84,414	-
Due to Student Groups	400,361	546,936	553,997	393,300
Total Liabilities	<u>\$ 511,623</u>	<u>\$ 685,741</u>	<u>\$ 638,411</u>	<u>\$ 558,953</u>
TOTAL AGENCY FUNDS				
Assets:				
Cash and Temporary Investments	\$ 504,903	\$ 685,741	\$ 631,691	\$ 558,953
Due From Other Funds	6,705	-	6,705	-
Other Receivables	15	-	15	-
Total Assets	<u>\$ 511,623</u>	<u>\$ 685,741</u>	<u>\$ 638,411</u>	<u>\$ 558,953</u>
Liabilities:				
Accounts Payable	\$ 26,848	\$ 138,805	\$ -	\$ 165,653
Due to Other Funds	84,414	-	84,414	-
Due to Student Groups	400,361	546,936	553,997	393,300
Total Liabilities	<u>\$ 511,623</u>	<u>\$ 685,741</u>	<u>\$ 638,411</u>	<u>\$ 558,953</u>

OTHER SUPPLEMENTARY INFORMATION:
REQUIRED TEA SCHEDULES

LAKE DALLAS INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF DELINQUENT TAXES RECEIVABLE
FISCAL YEAR ENDED AUGUST 31, 2013

Last 10 Years Ended August 31	(1)	(2)	(3)
	Tax Rates		Assessed/Appraised Value for School Tax Purposes
	Maintenance	Debt Service	
2004 and prior years	Various *	Various *	\$ Various
2005	1.500000	0.295000	966,191,284
2006	1.500000	0.360000	1,003,428,703
2007	1.370000	0.420000	1,084,411,297
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 (School year under audit)	1.170000	0.500000	1,203,818,215
1000 TOTALS			

* Dollars per \$100 valuation.

Source of information: Annual Financial Report

(10) Beginning Balance 9/1/2012	(20) Current Year's Total Levy	(31) Maintenance Collections	(32) Debt Service Collections	(40) Entire Year's Adjustments	(50) Ending Balance 8/31/2013
\$ 39,273	\$ -	\$ 255	\$ 41	\$ (4,790)	\$ 34,187
18,232	-	597	117	-	17,518
18,479	-	2,731	655	-	15,093
23,126	-	3,556	1,090	(136)	18,344
21,882	-	15,739	7,264	15,837	14,716
30,035	-	19,138	7,852	17,189	20,234
38,779	-	21,303	8,740	17,268	26,004
62,566	-	24,951	10,663	17,478	44,430
139,133	-	30,409	12,995	(42,221)	53,508
-	20,103,764	14,290,462	6,107,035	439,066	145,333
<u>\$ 391,505</u>	<u>\$ 20,103,764</u>	<u>\$ 14,409,141</u>	<u>\$ 6,156,452</u>	<u>\$ 459,691</u>	<u>\$ 389,367</u>

LAKE DALLAS INDEPENDENT SCHOOL DISTRICT
 SCHEDULE OF EXPENDITURES FOR COMPUTATIONS OF INDIRECT COST FOR 2014-2015
 GENERAL AND SPECIAL REVENUE FUNDS
 AUGUST 31, 2013

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

Account Number	Account Name	1 (702) School Board	2 (703) Tax Collections	3 (701) Supt's Office	4 (750) Indirect Cost	5 (720) Direct Cost	6 (other) Miscellaneous	7 Total
611X-6146	PAYROLL COSTS	\$ -	\$ -	\$ 256,715	\$ 686,854	\$ -	\$ -	\$ 943,569
6149	Leave for Separating Employees in Fn 41 & 53	-	-	5,160	27	-	-	5,187
6149	Leave - Separating Employees not in 41 & 53	-	-	-	-	-	-	-
6211	Legal Services	-	-	11,041	1,345	-	-	12,386
6212	Audit Services	-	-	-	21,500	-	-	21,500
6213	Tax Appraisal/Collection - Appraisal in Fn 99	-	165,545	-	-	-	-	165,545
6214	Lobbying	-	-	-	-	-	-	-
621X	Other Professional Services	-	6,878	-	6,604	-	-	13,482
6220	Tuition and Transfer Payments	-	-	-	-	-	-	-
6230	Education Service Centers	700	-	2,180	-	-	-	2,880
6240	Contr. Maint. and Repair	-	-	-	-	119	-	119
6250	Utilities	-	-	-	-	-	-	-
6260	Rentals	-	-	-	2,955	-	-	2,955
6290	Miscellaneous Contr.	-	-	-	5,300	-	-	5,300
6320	Textbooks and Reading	35	-	708	1,338	-	-	2,081
6330	Testing Materials	-	-	-	-	-	-	-
63XX	Other Supplies Materials	3,320	-	(40)	26,199	-	-	29,479
6410	Travel, Subsistence, Stipends	295	-	6,354	15,753	-	-	22,402
6420	Ins. and Bonding Costs	-	-	-	9,783	-	-	9,783
6430	Election Costs	3,538	-	-	-	-	-	3,538
6490	Miscellaneous Operating	2,168	-	7,242	44,912	-	-	54,322
6500	Debt Service	-	-	-	-	-	-	-
6600	Capital Outlay	-	-	-	-	-	-	-
6000	TOTAL	\$ 10,056	\$ 172,423	\$ 289,360	\$ 822,570	\$ 119	\$ -	\$ 1,294,528

Total expenditures/expenses for General and Special Revenue Funds:

(9) \$ 33,317,296

LESS: Deductions of Unallowable Costs

FISCAL YEAR

Total Capital Outlay (6600)	(10)	\$ 437,961
Total Debt & Lease(6500)	(11)	77,368
Plant Maintenance (Function 51, 6100-6400)	(12)	3,914,481
Food (Function 35, 6341 and 6499)	(13)	731,020
Stipends (6413)	(14)	-
Column 4 (above) - Total Indirect Cost		822,570

SubTotal:

5,983,400

Net Allowed Direct Cost

\$ 27,333,896

CUMULATIVE

Total Cost of Buildings before Depreciation (1520)	(15)	\$ 124,835,185
Historical Cost of Building over 50 years old	(16)	\$ -
Amount of Federal Money in Building Cost (Net of #16)	(17)	\$ -
Total Cost of Furniture & Equipment before Depreciation (1530 & 1540)	(18)	\$ 5,411,702
Historical Cost of Furniture & Equipment over 16 years old	(19)	\$ -
Amount of Federal Money in Furniture & Equipment (Net of #19)	(20)	\$ -

(8) NOTE A: No Function 53 expenditures are included in this report on administrative costs.

\$165,545 in Function 99 expenditures for appraisal district costs are included in this report on administrative costs.

**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	96
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	105
These schedules contain information to help the reader assess the government's most significant local revenue source, the property tax.	
Debt Capacity	112
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	118
These schedules offer demographic and economic indicators to help the reader understand the environment within the government's financial activities take place.	
Operating Information	124
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
LAST TEN FISCAL YEARS

Fiscal Year	2004	2005	2006	2007
Governmental Activities:				
Net Investment in Capital Assets	\$ 3,812,005	\$ 4,089,957	\$ (1,630,749)	\$ (341,313)
Restricted for Federal and State Programs	149,528	206,485	246,485	210,121
Restricted for Debt Service	858,588	887,607	927,820	1,053,559
Restricted for Campus Activities	-	-	-	-
Unrestricted Net Position	(3,055,726)	(4,506,705)	(6,123,211)	(10,599,241)
Total Governmental Activities Net Position (1,2)	<u>\$ 1,764,395</u>	<u>\$ 677,344</u>	<u>\$ (6,579,655)</u>	<u>\$ (9,676,874)</u>
Business-Type Activities:				
Unrestricted Net Position	\$ (17,283)	\$ (29,238)	\$ (10,178)	\$ 13,701
Total Business-Type Activities	<u>\$ (17,283)</u>	<u>\$ (29,238)</u>	<u>\$ (10,178)</u>	<u>\$ 13,701</u>
Primary Government:				
Net Investment in Capital Assets	\$ 3,812,005	\$ 4,089,957	\$ (1,630,749)	\$ (341,313)
Restricted for Federal and State Programs	149,528	206,485	246,485	210,121
Restricted for Debt Service	858,588	887,607	927,820	1,053,559
Restricted for Campus Activities	-	-	-	-
Unrestricted Net Position	(3,073,009)	(4,535,943)	(6,133,389)	(10,585,540)
Total Primary Government Net Position (1,2)	<u>\$ 1,747,112</u>	<u>\$ 648,106</u>	<u>\$ (6,589,833)</u>	<u>\$ (9,663,173)</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.

2008	2009	2010	2011	2012	2013
\$ (8,580,508)	\$ 441,644	\$ 4,377,808	\$ 5,374,717	\$ 6,917,917	\$ 6,110,394
230,752	216,840	245,795	476,951	452,319	353,245
1,192,495	2,010,567	1,472,099	916,427	397,695	717,021
-	-	-	22,208	43,228	47,627
<u>2,034,760</u>	<u>(9,822,464)</u>	<u>(11,314,665)</u>	<u>(13,595,936)</u>	<u>(15,000,928)</u>	<u>(15,129,099)</u>
<u>\$ (5,122,501)</u>	<u>\$ (7,153,413)</u>	<u>\$ (5,218,963)</u>	<u>\$ (6,805,633)</u>	<u>\$ (7,189,769)</u>	<u>\$ (7,900,812)</u>

<u>\$ 24,096</u>	<u>\$ 14,746</u>	<u>\$ 1,428</u>	<u>\$ -</u>	<u>\$ 17,965</u>	<u>\$ -</u>
<u>\$ 24,096</u>	<u>\$ 14,746</u>	<u>\$ 1,428</u>	<u>\$ -</u>	<u>\$ 17,965</u>	<u>\$ -</u>

\$ (8,580,508)	\$ 441,644	\$ 4,377,808	\$ 5,374,717	\$ 6,917,917	\$ 6,110,394
230,752	216,840	245,795	476,951	452,319	353,245
1,192,495	2,010,567	1,472,099	916,427	397,695	717,021
-	-	-	22,208	43,228	47,627
<u>2,058,856</u>	<u>(9,807,728)</u>	<u>(11,313,237)</u>	<u>(13,595,936)</u>	<u>(14,982,963)</u>	<u>(15,129,099)</u>
<u>\$ (5,098,405)</u>	<u>\$ (7,138,677)</u>	<u>\$ (5,217,535)</u>	<u>\$ (6,805,633)</u>	<u>\$ (7,171,804)</u>	<u>\$ (7,900,812)</u>

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

Fiscal Year	2004	2005	2006	2007
Expenses				
Governmental Activities:				
Instruction	\$ 13,906,300	\$ 14,728,768	\$ 16,096,074	\$ 17,031,722
Instructional Resources & Media Services	572,241	551,845	583,209	573,950
Curriculum & Staff Development	213,756	282,928	291,106	389,617
Instructional Leadership	304,072	310,852	309,237	268,790
School Leadership	1,286,346	1,407,465	1,487,023	1,652,339
Guidance, Counseling & Evaluation Services	784,815	885,973	1,023,468	1,008,512
Social Work Services	-	-	-	-
Health Services	277,676	269,615	277,386	295,597
Student (Pupil) Transportation	1,095,915	1,108,438	1,227,723	1,152,628
Food Services	1,025,925	1,089,572	1,299,852	1,363,536
Cocurricular/Extracurricular Activities	722,014	706,941	873,958	973,200
General Administration	722,417	773,417	788,743	1,003,391
Plant Maintenance & Operations	2,595,500	2,508,369	3,390,448	3,638,734
Security Monitoring Services	29,661	43,056	61,496	52,711
Data Processing Services	449,549	454,542	543,667	563,187
Community Services	22,963	23,457	22,542	27,796
Debt Service - Interest and Fees	3,669,660	4,812,362	5,041,685	9,772,615
Facilities Furnishings - Noncapital	1,047,059	-	2,707,345	546,343
Shared Services Special Education	-	-	1,155	6,430
Juvenile Justice Alternative Education Program	16,649	1,807	12,640	9,314
Tax Appraisal Fees	-	-	-	-
Total Expenses	<u>28,742,518</u>	<u>29,959,407</u>	<u>36,038,757</u>	<u>40,330,412</u>
Program Revenues				
Governmental Activities:				
Charges for Services				
Instruction	60,431	63,091	53,846	43,555
Food Services	699,007	682,002	789,568	796,291
Cocurricular/Extracurricular Activities	58,343	88,898	133,260	95,349
Plant Maintenance & Operations	20,953	6,109	13,465	22,727
Operating Grants and Contributions	3,146,886	3,348,418	4,142,866	4,151,650
Total Governmental Program Revenues	<u>3,985,620</u>	<u>4,188,518</u>	<u>5,133,005</u>	<u>5,109,572</u>
Total Governmental Net (Expense) Revenue	<u>\$ (24,756,898)</u>	<u>\$ (25,770,889)</u>	<u>\$ (30,905,752)</u>	<u>\$ (35,220,840)</u>
General Revenues and Other Changes in Net Position				
Governmental Activities:				
Taxes:				
Property Taxes - General Purposes	\$ 14,698,928	\$ 15,255,610	\$ 15,839,273	\$ 15,997,317
Property Taxes - Debt Service	2,349,337	2,995,471	3,788,211	4,869,035
State Aid-Formula Grants	5,691,197	5,130,235	5,872,277	8,515,595
Grants and Contributions not Restricted	-	214,857	338,716	738,688
Investment Earnings	193,372	969,972	1,481,431	1,708,150
Miscellaneous	76,136	117,693	14,590	294,836
Transfers Out	-	-	-	-
Gain on Sale of Assets	-	-	-	-
Total General Revenues and Other Changes				
in Net Position Governmental Activities	<u>23,008,970</u>	<u>24,683,838</u>	<u>27,334,498</u>	<u>32,123,621</u>
Change in Net Position Governmental Activities	<u>(1,747,928)</u>	<u>(1,087,051)</u>	<u>(3,571,254)</u>	<u>(3,097,219)</u>
Business-Type Activities:				
Revenue-Charge for Service	157,131	221,013	272,019	307,535
Expense-Day Care Service	168,326	232,968	252,959	283,656
Transfer In	-	-	-	-
Change in Net Position-Business-Type Activities	<u>(11,195)</u>	<u>(11,955)</u>	<u>19,060</u>	<u>23,879</u>
Total Primary Government Change in Net Position	<u>\$ (1,759,123)</u>	<u>\$ (1,099,006)</u>	<u>\$ (3,552,194)</u>	<u>\$ (3,073,340)</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.

2008	2009	2010	2011	2012	2013
\$ 18,618,562	\$ 19,948,477	\$ 20,514,458	\$ 20,218,443	\$ 19,417,571	\$ 19,604,501
621,989	610,741	652,911	611,435	525,739	545,040
563,731	655,865	721,919	748,658	743,596	775,300
292,536	312,293	362,333	311,479	328,888	461,658
1,654,181	1,693,172	1,812,793	1,824,013	1,931,761	2,018,860
1,003,009	1,025,167	1,127,716	1,096,335	1,052,165	1,210,347
-	-	-	-	391	16,336
343,534	349,182	344,154	345,364	328,698	354,303
1,096,735	1,070,322	1,127,079	1,131,566	1,273,673	1,022,918
1,425,098	1,653,001	1,679,715	1,743,118	1,717,847	1,893,064
1,064,968	1,184,279	1,292,504	1,300,510	1,350,211	1,319,230
1,073,763	1,004,457	1,010,450	1,200,834	1,184,065	1,233,522
3,938,155	4,269,938	4,529,637	5,425,032	4,344,652	4,342,753
76,523	90,721	117,424	118,717	123,984	131,168
520,145	540,645	534,990	638,803	702,435	634,526
1,263	36,960	-	-	-	-
5,495,782	7,303,162	6,006,752	6,095,207	5,413,137	5,570,370
-	-	-	-	-	-
19,220	-	-	-	-	-
11,659	9,167	-	-	-	-
-	174,320	178,174	175,100	171,105	165,545
<u>37,820,853</u>	<u>41,931,869</u>	<u>42,013,009</u>	<u>42,984,614</u>	<u>40,609,918</u>	<u>41,299,441</u>
40,625	31,540	26,044	11,810	11,495	2,415
866,642	893,275	852,066	868,652	854,998	810,140
104,080	89,924	132,819	115,525	117,257	92,023
54,454	57,690	40,567	60,570	38,720	40,930
<u>4,522,213</u>	<u>4,403,849</u>	<u>5,552,985</u>	<u>5,829,481</u>	<u>4,600,798</u>	<u>4,233,864</u>
<u>5,588,014</u>	<u>5,476,278</u>	<u>6,604,481</u>	<u>6,886,038</u>	<u>5,623,268</u>	<u>5,179,372</u>
<u>\$ (32,232,839)</u>	<u>\$ (36,455,591)</u>	<u>\$ (35,408,528)</u>	<u>\$ (36,098,576)</u>	<u>\$ (34,986,650)</u>	<u>\$ (36,120,069)</u>
\$ 12,879,069	\$ 15,017,155	\$ 14,915,083	\$ 14,505,620	\$ 14,518,282	\$ 14,545,942
5,906,285	6,160,837	6,119,832	6,173,212	6,186,799	6,205,067
11,977,292	12,721,949	12,705,279	13,274,716	12,919,301	13,562,403
304,610	207,418	213,297	363,396	677,771	863,331
943,230	224,907	26,956	56,595	51,453	61,232
67,442	92,413	86,741	149,499	240,158	174,947
-	-	-	(11,132)	-	(3,896)
-	-	-	-	8,750	-
<u>32,077,928</u>	<u>34,424,679</u>	<u>34,067,188</u>	<u>34,511,906</u>	<u>34,602,514</u>	<u>35,409,026</u>
<u>(154,911)</u>	<u>(2,030,912)</u>	<u>(1,341,340)</u>	<u>(1,586,670)</u>	<u>(384,136)</u>	<u>(711,043)</u>
326,932	326,428	378,746	390,496	371,397	322,582
316,537	335,778	392,064	403,056	353,482	344,443
-	-	-	11,132	-	3,896
<u>10,395</u>	<u>(9,350)</u>	<u>(13,318)</u>	<u>(1,428)</u>	<u>17,965</u>	<u>(17,965)</u>
<u>\$ (144,516)</u>	<u>\$ (2,040,262)</u>	<u>\$ (1,354,658)</u>	<u>\$ (1,588,098)</u>	<u>\$ (366,171)</u>	<u>\$ (729,008)</u>

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

Fiscal Year	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
General Fund					
Nonspendable Fund Balance:					
Prepayments	\$ 168,192	\$ 93,256	\$ 133,496	\$ 141,024	\$ 197,003
Unassigned	<u>2,755,875</u>	<u>3,295,897</u>	<u>3,135,056</u>	<u>5,102,517</u>	<u>4,919,456</u>
Total General Fund	<u>\$ 2,924,067</u>	<u>\$ 3,389,153</u>	<u>\$ 3,268,552</u>	<u>\$ 5,243,541</u>	<u>\$ 5,116,459</u>
All Other Governmental Funds					
Restricted Fund Balance:					
Retirement of Long-Term Debt	\$ 788,333	\$ 810,773	\$ 845,110	\$ 936,960	\$ 1,218,981
Federal or State Grants	156,469	215,085	256,991	215,754	249,514
Assigned Fund Balance:					
Construction	32,547,475	32,988,387	19,939,084	18,925,050	11,350,521
Committed Fund Balance:					
Campus Activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,897</u>	<u>15,736</u>
Total All Other Governmental Funds	<u>\$ 33,492,277</u>	<u>\$ 34,014,245</u>	<u>\$ 21,041,185</u>	<u>\$ 20,082,661</u>	<u>\$ 12,834,752</u>

<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
\$ 195,349	\$ 199,218	\$ 198,664	\$ 185,983	\$ 186,633
<u>6,131,088</u>	<u>6,948,853</u>	<u>7,997,172</u>	<u>8,598,497</u>	<u>8,610,944</u>
<u>\$ 6,326,437</u>	<u>\$ 7,148,071</u>	<u>\$ 8,195,836</u>	<u>\$ 8,784,480</u>	<u>\$ 8,797,577</u>
\$ 2,010,881	\$ 1,483,738	\$ 913,359	\$ 397,129	\$ 628,469
216,840	287,266	476,951	452,319	353,245
1,504,055	1,079,860	804,818	475,714	588,381
<u>13,536</u>	<u>26,269</u>	<u>22,208</u>	<u>43,228</u>	<u>47,627</u>
<u>\$ 3,745,312</u>	<u>\$ 2,877,133</u>	<u>\$ 2,217,336</u>	<u>\$ 1,368,390</u>	<u>\$ 1,617,722</u>

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

Fiscal Year	2004	2005	2006	2007
REVENUES:				
Total Local and Intermediate Sources	\$ 18,146,446	\$ 20,179,490	\$ 22,124,692	\$ 23,561,135
State Program Revenues	7,307,978	7,196,564	8,490,924	11,219,154
Federal Program Revenues	1,530,329	1,485,043	1,856,276	2,127,382
Total Revenues	<u>26,984,753</u>	<u>28,861,097</u>	<u>32,471,892</u>	<u>36,907,671</u>
EXPENDITURES:				
Current:				
Instruction	13,121,418	13,845,024	15,095,064	15,689,032
Instructional Resources & Media Services	529,803	507,011	533,291	561,116
Curriculum & Instructional Staff Development	202,773	271,080	277,274	373,254
Instructional Leadership	287,408	292,876	288,251	243,963
School Leadership	1,176,132	1,288,571	1,348,223	1,488,133
Guidance, Counseling & Evaluation Services	756,827	855,781	988,221	966,814
Social Work Services	-	-	-	-
Health Services	262,653	253,409	258,467	273,215
Student (Pupil) Transportation	930,359	924,252	1,019,165	1,108,994
Food Services	954,174	1,015,525	1,220,538	1,283,940
Cocurricular/Extracurricular Activities	697,311	680,469	843,427	905,087
General Administration	694,392	743,185	753,449	961,636
Plant Maintenance and Operations	2,504,715	2,719,067	3,279,602	3,505,738
Security and Monitoring Services	29,661	43,056	61,496	52,711
Data Processing Services	429,723	433,155	518,699	533,648
Community Services	21,574	21,959	20,793	25,727
Debt Service:				
Debt Service - Principal on long-term debt	878,551	599,813	1,330,964	2,176,762
Debt Service - Interest on long-term debt	2,262,694	3,024,206	3,484,541	3,622,939
Debt Service - Bond Issuance Cost and Fees	1,091,700	173,260	5,750	346,498
Capital Outlay:				
Facilities Acquisition and Construction	13,239,855	8,348,797	14,224,543	15,251,782
Intergovernmental:				
Payments to Fiscal Agent/Member Districts of SSA	-	1,807	1,155	6,430
Payments to Juvenile Justice Alternative Ed. Prg.	16,649	-	12,640	9,314
Other Intergovernmental Charges	-	-	-	-
Total Expenditures	<u>40,088,372</u>	<u>36,042,303</u>	<u>45,565,553</u>	<u>49,386,733</u>
Excess (Deficiency) of Revenues Over (Under)				
Expenditures	<u>(13,103,619)</u>	<u>(7,181,206)</u>	<u>(13,093,661)</u>	<u>(12,479,062)</u>
OTHER FINANCING SOURCES (USES):				
Operating Transfers In	-	-	-	585
Operating Transfers Out	-	-	-	(585)
Bonds Issued	30,088,700	13,502,024	-	24,023,006
Premium or discount on Issuance of Bonds	-	-	-	3,295,209
Sale of Real or Personal Property	-	-	-	150,000
Capital Lease Proceeds	65,556	-	-	-
Non-current Loan	-	-	-	-
Payments to Bond Refunding Escrow Agent	-	(5,333,764)	-	(13,972,688)
Total Other Financing Sources (Uses)	<u>30,154,256</u>	<u>8,168,260</u>	<u>-</u>	<u>13,495,527</u>
Net Change in Fund Balances	<u>\$ 17,050,637</u>	<u>\$ 987,054</u>	<u>\$ (13,093,661)</u>	<u>\$ 1,016,465</u>

Debt service as a percentage of noncapital expenditures	11.3%	13.2%	14.1%	16.7%
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2008	2009	2010	2011	2012	2013
\$ 21,223,107	\$ 22,720,345	\$ 22,375,369	\$ 21,943,479	\$ 22,029,278	\$ 21,916,928
14,702,215	15,332,379	14,866,301	15,701,523	15,367,206	15,770,892
1,961,291	1,899,106	3,483,106	3,766,070	2,831,114	2,888,706
<u>37,886,613</u>	<u>39,951,830</u>	<u>40,724,776</u>	<u>41,411,072</u>	<u>40,227,598</u>	<u>40,576,526</u>
17,384,167	18,109,264	18,786,723	18,614,269	17,999,346	18,090,353
598,575	571,522	595,200	558,438	478,975	498,623
553,746	620,958	664,300	690,037	684,337	716,481
279,337	292,786	330,923	284,740	300,250	433,233
1,562,131	1,584,960	1,652,965	1,666,044	1,763,372	1,851,721
977,529	964,593	1,031,802	1,002,229	960,315	1,119,179
-	-	-	-	391	16,336
306,576	326,800	313,734	315,429	299,426	325,248
1,010,828	1,001,740	1,277,001	1,153,028	1,160,381	1,133,915
1,398,585	1,546,843	1,573,557	1,636,960	1,611,689	1,787,694
1,044,538	1,110,974	1,181,592	1,192,403	1,235,315	1,205,187
1,052,989	939,982	921,136	1,096,750	1,078,744	1,128,983
3,872,274	3,996,021	4,232,782	4,333,894	3,970,249	3,971,130
76,523	90,721	107,045	108,427	112,956	120,222
504,076	534,485	487,702	588,296	639,954	572,509
-	-	-	-	-	-
2,538,016	2,671,613	2,867,990	3,031,480	3,479,937	2,699,486
3,892,668	4,073,213	4,085,652	4,051,998	3,678,527	4,367,004
4,671	241,454	79,985	7,356	166,773	153,890
8,205,496	17,431,861	481,289	1,163,356	903,700	107,576
19,220	-	-	-	-	-
11,659	9,167	-	-	-	-
-	174,320	178,174	175,100	171,105	165,545
<u>45,293,604</u>	<u>56,293,277</u>	<u>40,849,552</u>	<u>41,670,234</u>	<u>40,695,742</u>	<u>40,464,315</u>
<u>(7,406,991)</u>	<u>(16,341,447)</u>	<u>(124,776)</u>	<u>(259,162)</u>	<u>(468,144)</u>	<u>112,211</u>
-	4,086	-	-	92,390	665,859
-	(4,086)	-	(11,132)	(92,390)	(669,755)
-	7,400,000	6,340,000	-	9,340,000	8,955,000
-	1,061,985	365,428	-	617,120	1,040,260
32,000	-	-	-	8,750	-
-	-	-	-	-	-
-	-	-	658,262	35,604	-
-	-	(6,627,197)	-	(9,793,632)	(9,841,146)
<u>32,000</u>	<u>8,461,985</u>	<u>78,231</u>	<u>647,130</u>	<u>207,842</u>	<u>150,218</u>
<u>\$ (7,374,991)</u>	<u>\$ (7,879,462)</u>	<u>\$ (46,545)</u>	<u>\$ 387,968</u>	<u>\$ (260,302)</u>	<u>\$ 262,429</u>
20.0%	17.1%	17.3%	17.2%	18.4%	18.0%



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		
2004	980,824,504	101,085,015	131,863,464	950,046,055	1.740
2005	1,046,427,535	72,972,229	153,208,480	966,191,284	1.795
2006	1,165,110,028	91,091,019	252,772,344	1,003,428,703	1.860
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

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	
2004	\$ 1.500	\$ 0.240	\$	1.740
2005	1.500	0.295		1.795
2006	1.500	0.360		1.860
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
2012	1.170	0.500		1.670
2013	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
\$ 0.25480	\$ 0.63185	\$ 0.56062	\$ 0.340200	\$ 0.310
0.24648	0.64935	0.55698	0.340200	0.310
0.23192	0.67000	0.55698	0.340200	0.310
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
0.27736	0.71000	0.59135	0.424287	0.150
0.28287	0.71000	0.60489	0.424287	-

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

Taxpayer	Description	2013		
		Taxable Assessed Value (in thousands)	Rank	Percentage of Total Taxable Assessed Value
Wal-mart Stores Real Estate	Retail	\$ 22,763,217	1	1.89%
S. Corinth Apartments	Real Estate	18,932,253	2	1.57%
Denton County Elec Coop	Utility	15,090,644	3	1.25%
Labinal-Corinth, Inc.	Avionic Manufacturing	11,531,670	4	0.96%
Oncor Electric Delivery Co	Utility	8,881,360	5	0.74%
Unified Aircraft Services	Services	6,860,184	6	0.57%
Tower Ridge Corinth, Ltd.	Real Estate	6,299,659	7	0.52%
T. Chateau Event Center LLC	Real Estate	6,003,252	8	0.50%
Kensington Square LP PS	Shopping Center	4,875,840	9	0.41%
AV Ashleye Village, LP	Real Estate	4,566,656	10	0.38%
Boeing Aerospace & Electronics	Avionic Manufacturing			
Century Telephone	Utility			
Wal-Mart Stores, Inc.	Retail			
Standard Pacific of Texas	Real Estate			
Albertsons, Inc.	Retail			
RRC (TX) LP	Real Estate			
TOTAL		<u>\$ 105,804,735</u>		<u>8.79%</u>

The 2013 taxable valuation is based on the 2012-2013 tax roll with a total assessed value of \$1,203,818,215

Source of information: Denton Central Appraisal District

2004		
Taxable Assessed Value (in thousands)	Rank	Percentage of Total Taxable Assessed Value
\$ 9,951,788	3	1.05%
11,444,407	2	1.20%
22,085,845	1	2.32%
9,723,850	4	1.02%
8,908,960	5	0.94%
8,498,483	10	0.89%
7,517,612	6	0.79%
6,364,961	7	0.67%
6,017,350	8	0.63%
<u>5,851,404</u>	9	<u>0.62%</u>
<u>\$ 96,364,660</u>		<u>10.13%</u>

The 2004 taxable valuation is based on the 2003-2004 tax roll with a total assessed value of \$950,046,055

Source of information: Denton Central Appraisal District

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

<u>Levy Year</u>	<u>Total Tax Levy</u>	<u>Current Tax Collections</u>	<u>Percent of Levy Collected</u>	<u>Delinquent Tax Collections</u>	<u>Total Tax Collections</u>
2003	\$ 16,874,169	\$ 16,628,620	98.54%	\$ 269,343	\$ 16,897,963
2004	18,110,316	17,781,163	98.18%	222,823	18,003,986
2005	19,422,040	19,051,119	98.09%	299,932	19,351,051
2006	20,426,020	20,123,191	98.52%	381,172	20,504,363
2007	18,517,986	18,290,322	98.77%	486,185	18,776,507
2008	21,026,564	20,789,892	98.87%	261,819	21,051,711
2009	20,881,712	20,664,965	98.96%	209,670	20,874,635
2010	20,461,313	20,293,265	99.18%	221,721	20,714,581
2011	20,511,720	20,372,587	99.32%	160,498	20,533,085
2012	20,542,830	20,397,497	99.29%	168,096	20,565,593

(1) Does not include prior delinquent taxes or penalty and interest.

(2) The percentage of levy exceeds 100% due to the inclusion of delinquent taxes collected from prior years compared to current year levy.

Source of information: Annual Financial Report.

Total Collected as % of Current Tax Levy		Outstanding Delinquent Taxes (1)	Outstanding Delinquent Taxes as % of Tax Levy
100.14%	(2)	\$ 245,549	1.46%
99.41%		329,153	1.82%
99.63%		370,921	1.91%
99.62%		302,829	1.48%
101.40%	(2)	227,664	1.23%
100.12%	(2)	236,672	1.13%
99.97%		216,747	1.04%
101.24%	(2)	168,048	0.82%
100.10%	(2)	139,133	0.68%
100.11%	(2)	145,333	0.71%

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 *
2004	\$84,499,572	\$ 7,143,565	\$ 71,558	\$ -	\$ -	\$91,714,695	17.54%	\$ 4,984
2005	91,764,453	8,618,158	36,864	-	-	100,419,475	17.57%	5,138
2006	90,456,681	10,167,479	13,672	-	-	100,637,832	16.24%	4,876
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

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, 2013
(UNAUDITED)

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable (1)</u>	<u>Estimated Share of Direct and Overlapping Debt</u>
Corinth, City of	\$ 30,000,000	42.44%	\$ 12,732,000
Denton County	533,915,000	2.31%	12,795,437
Hickory Creek, Town of	6,845,000	100.00%	6,845,000
Lake Dallas, City of	5,490,000	100.00%	<u>5,490,000</u>
Subtotal, overlapping bonded debt			37,862,437
Lake Dallas ISD	122,015,692	100.000%	<u>122,015,692</u>
Total direct and overlapping debt			<u>\$ 159,878,129</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
2004	18,403	\$ 950,046,055	\$ 91,714,695	\$ 788,333	\$ 90,926,362	9.57%	\$ 4,941
2005	19,544	966,191,284	100,419,475	810,773	99,608,702	10.31%	5,097
2006	20,638	1,003,428,703	100,637,832	845,110	99,792,722	9.95%	4,835
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

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	2004	2005	2006	2007
Total Assessed Value	<u>\$ 950,046,055</u>	<u>\$ 966,191,284</u>	<u>\$1,003,428,703</u>	<u>\$1,084,411,297</u>
Debt Limit (10% of Total Assessed Value)	<u>\$ 95,004,606</u>	<u>\$ 96,619,128</u>	<u>\$ 100,342,870</u>	<u>\$ 108,441,130</u>
Debt Applicable to Limit:				
General Obligation Bonds	\$ 84,499,572	\$ 91,764,453	\$ 90,456,681	\$ 100,953,917
Less Net Position in Debt Service Fund	<u>788,333</u>	<u>810,773</u>	<u>845,110</u>	<u>936,960</u>
Total Amount of Debt Applicable to Debt Limit	<u>83,711,239</u>	<u>90,953,680</u>	<u>89,611,571</u>	<u>100,016,957</u>
Legal Debt Margin	<u>\$ 11,293,367</u>	<u>\$ 5,665,448</u>	<u>\$ 10,731,299</u>	<u>\$ 8,424,173</u>
Total Net Debt Applicable to the Limit as a percentage of Debt Limit	88.11%	94.14%	89.31%	92.23%

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>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
<u>\$1,184,109,629</u>	<u>\$1,232,048,465</u>	<u>\$1,235,565,492</u>	<u>\$1,205,064,272</u>	<u>\$1,215,992,122</u>	<u>\$1,203,818,215</u>
<u>\$ 118,410,963</u>	<u>\$ 123,204,847</u>	<u>\$ 123,556,549</u>	<u>\$ 120,506,427</u>	<u>\$ 121,599,212</u>	<u>\$ 120,381,822</u>
<u>\$ 98,415,901</u>	<u>\$ 103,144,288</u>	<u>\$ 100,051,298</u>	<u>\$ 97,019,818</u>	<u>\$ 93,571,648</u>	<u>\$ 90,742,582</u>
<u>1,218,981</u>	<u>2,010,881</u>	<u>1,483,738</u>	<u>913,359</u>	<u>397,129</u>	<u>628,469</u>
<u>97,196,920</u>	<u>101,133,407</u>	<u>98,567,560</u>	<u>96,106,459</u>	<u>93,174,519</u>	<u>90,114,113</u>
<u>\$ 21,214,043</u>	<u>\$ 22,071,440</u>	<u>\$ 24,988,989</u>	<u>\$ 24,399,968</u>	<u>\$ 28,424,693</u>	<u>\$ 30,267,709</u>
82.08%	82.09%	79.78%	79.75%	76.62%	74.86%

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>
2004	18,403	\$ 522,918,190	\$ 28,415	4.5%
2005	19,544	571,443,952	29,239	4.6%
2006	20,638	619,737,823	30,029	4.4%
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%

Source: North Central Texas Council of Governments

* Texas Workforce Commission

LAKE DALLAS INDEPENDENT SCHOOL DISTRICT
 DEMOGRAPHIC STATISTICS
 (UNAUDITED)
 AUGUST 31, 2013

Student Data

Student Ethnicity:	
White	60.3%
Hispanic	24.9%
Black	6.7%
Other	8.1%
Attendance Rate:	95.9%
Dropout Rate:	0.0%
Number of Students per Campus:	
Lake Dallas	
Elementary	694
Middle School	974
High School	1256
Corinth	
Elementary	550
Shady Shores	
Elementary	541
Total Students	4,015

Faculty Data

Teachers	265.9
Counselors	8.5
Administrators	17
Educational Aides	60.4
Advance Degrees/Certifications:	
Master Degrees	54.9
Doctoral Degrees	4
Average Experience of Teachers	11.5 Years
Student/Teacher Ratio	15.1 to 1
Cost per Student based on expenses reported in the governmental financial statements	7,496
Percentage of Student population who received free or reduced meals	36.4%

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>
2003/04	3,538	3,406	4.0%	96.30%
2004/05	3,711	3,559	4.3%	95.92%
2005/06	3,882	3,716	4.2%	95.71%
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%

Source of information: Superintendent's Annual Report.

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

Employer	Description	2013		Percentage of Total City Employment
		Employees	Rank	
Lake Dallas ISD	School District	555	1	36.97%
Wal-Mart	Retail	249	2	16.58%
Coserve	Electric Utility	220	3	14.66%
City of Corinth	Government	152	4	10.13%
Video Plus	Media/Marketing Comm.	115	5	7.66%
Albertsons	Grocery	100	6	6.67%
Llano Utility	Utility/Construction			
HD Supply	Wholesale Distribution	65	7	4.33%
Upper Trinity Water Dist.	Utility	45	8	3.00%
Labinal	Avionic Manufacturing			
Gold Distributing Co.	Beverages			
Lake Cities Fire Dept.	Fire Protection			
City of Lake Dallas	Government			
TOTAL		<u>1,501</u>		<u>100.00%</u>

Source of Information: Lake Cities Chamber of Commerce

Note: Information for 2004 not available, 2006 first year available

2006		
Employees	Rank	Percentage of Total City Employment
552	2	25.23%
300	3	13.71%
220	4	10.05%
33	9	1.51%
130	5	5.94%
40	7	1.83%
800	1	36.56%
45	6	2.06%
40	8	1.83%
28	10	1.28%
<u>2,188</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>
2003-2004	3,568	\$26,160,785	7,332	-2.73%	251	14.2
2004-2005	3,744	20,639,615	5,513	-24.81%	256	14.6
2005-2006	3,932	21,669,378	5,511	-0.03%	274	14.4
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

Source of Information: AEIS Report

<u>Economically Disadvantaged</u>	<u>Limited English Proficient</u>
643	150
763	167
808	204
834	237
1272	263
1115	259
1321	240
1436	236
1446	232
1461	248

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>
2003-2004	251.1	44.0	13.0	4.0	312.1	64.2
2004-2005	256.3	45.1	14.0	5.0	320.4	71.8
2005-2006	273.7	55.5	14.0	5.0	348.2	70.7
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

Source of Information: AEIS Report

Auxiliary Staff	Total Staff	% Change
124.8	501.1	-2.74%
125.4	517.6	3.29%
140.6	559.5	8.10%
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%

LAKE DALLAS INDEPENDENT SCHOOL DISTRICT
TEACHERS SALARY DATA
2012-13 SCHOOL YEAR

<u>Years of Experience</u>	<u>Bachelor's Degree</u>	<u>Master's Degree</u>	<u>Doctorate Degree</u>
0	\$ 42,800	\$ 44,300	\$ 45,300
1	42,900	44,400	45,400
2	43,000	44,500	45,500
3	43,100	44,600	45,600
4	43,200	44,700	45,700
5	43,300	44,800	45,800
6	43,400	44,900	45,900
7	43,500	45,000	46,000
8	44,000	45,500	46,500
9	44,900	46,400	47,400
10	45,600	47,100	48,100
11	46,100	47,600	48,600
12	46,400	47,900	48,900
13	46,700	48,200	49,200
14	47,100	48,600	49,600
15	48,100	49,600	50,600
16	49,100	50,600	51,600
17	50,100	51,600	52,600
18	51,100	52,600	53,600
19	52,100	53,600	54,600
20	53,100	54,600	55,600
21	54,100	55,600	56,600
22	55,100	56,600	57,600
23	56,100	57,600	58,600
24	57,100	58,600	59,600
25	58,100	59,600	60,600
26	58,800	60,300	61,300
27	59,300	60,800	61,800
28	59,650	61,150	62,150
29	59,750	61,250	62,250
30	59,950	61,450	62,450
31	60,350	61,850	62,850
32	60,950	62,450	63,450
33	61,550	63,050	64,050
34	61,650	63,150	64,150
35	61,750	63,250	64,250
36	61,850	63,350	64,350
37	61,950	63,450	64,450
38	62,050	63,550	64,550
39	62,150	63,650	64,650
40	62,250	63,750	64,750

Average Salary by Years of Experience

Beginning Teachers	\$ 42,657
1-5 Years of Experience	\$ 45,339
6-10 Years of Experience	\$ 46,715
11-20 Years of Experience	\$ 50,464
Over -20 Years of Experience	\$ 59,842

Average Actual Salaries

Teachers	\$ 49,444
Professional Staff	\$ 57,911
Campus Administration	\$ 73,660
Central Administration	\$ 124,049



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

Schools	2004	2005	2006	2007	2008
Elementary *					
Buildings	4	4	4	4	4
Square Feet	191,654	191,654	191,654	252,270	252,270
Capacity	1,450	1,450	1,450	1,800	1,800
Enrollment	2,048	2,111	1,946	1,963	1,957
Middle **					
Buildings	1	1	1	1	1
Square Feet	65,278	65,278	205,360	205,360	205,360
Capacity	500	500	1,150	1,150	1,150
Enrollment	572	599	912	884	895
High ***					
Buildings	1	1	1	1	1
Square Feet	169,936	169,936	169,936	272,048	272,048
Capacity	900	900	900	1,300	1,300
Enrollment	945	1,034	1,074	1,090	1,126
Non - instructional					
Buildings	3	3	3	3	3
Square Feet	15,824	15,824	15,824	15,824	15,824
Portable Buildings					
Buildings	32	32	27	17	17
Square Feet	38,400	38,400	32,400	20,400	20,400
Total Square Feet	481,092	481,092	615,174	765,902	765,902
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 years 2003-2005 K-5 years 2006-2010

** Middle School Grades 7-8 for years 2003-2005 6-8 years 2006-2011

*** High School Grades 9-12

2009	2010	2011	2012	2013
4	3	3	3	3
252,270	347,486	347,486	347,486	347,486
1,800	2,400	2,400	2,400	2,400
1,920	1,951	1,910	1,910	1,785
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
920	957	1,007	1,007	974
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
1,138	1,182	1,187	1,187	1,256
3	5	5	5	5
15,824	116,246	116,246	116,246	116,246
17	8	8	8	8
20,400	9,600	9,600	9,600	9,600
765,902	950,740	950,740	950,740	950,740
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, 2013, 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 6, 2014.

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 6, 2014

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON
INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

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 Circular A-133 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, 2013. 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 OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about 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, 2013

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 OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of 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 OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.



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

January 6, 2014

LAKE DALLAS INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED AUGUST 31, 2013

I. Summary of Auditor's Results

1. Type of auditor's report issued on the financial statements: Unmodified.
2. No internal control findings required to be reported in this schedule were disclosed in the audit of the financial statements.
3. Noncompliance which is material to the financial statements: None
4. No internal control findings required to be reported in this schedule were disclosed in the audit of the major programs.
5. Type of auditor's report on compliance for major programs: Unmodified.
6. Did the audit disclose findings which are required to be reported under Sec. 5 I O (a): No
7. Major programs include:

84.410	Education Jobs Fund
10.553	School Breakfast Program
10.555	National School Lunch Program
8. Dollar threshold used to distinguish between Type A and Type B programs: \$300,000.
9. Low risk auditee: Yes

II. Findings Related to the Financial Statements

The audit disclosed no findings or questioned costs to be reported.

III. Other Findings

The audit disclosed no other findings.

LAKE DALLAS INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED AUGUST 31, 2013

FINDING/NONCOMPLIANCE

Finding 2012-1 The District exceeded appropriations in one functional category in the Debt Service Fund.

The District did improve on monitoring expenses as compared to budget. There were no exceptions in 2012-2013.

LAKE DALLAS INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED AUGUST 31, 2013

(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		\$ 809,469
Total Direct Programs			\$ 809,469
<u>Passed Through State Department of Education</u>			
*ESEA, Title I, Part A - Improving Basic Programs	84.010A	13-610101061912	\$ 233,792
*IDEA - Part B, Formula	84.027	13-660001061912	510,446
*IDEA - Part B, Preschool	84.173	13-661001061912	10,604
Total Special Education Cluster (IDEA)			521,050
Career and Technical - Basic Grant	84.048	13-420006061912	28,997
Title III, Part A - English Language Acquisition	84.365A	13-671001061912	24,537
ESEA, Title II, Part A, Teacher/Principal Training	84.367A	13-694501061912	40,371
Title IV, Part A - Summer School LEP	84-369A	69551202	5,850
Education Jobs Fund- ARRA	84.410	11-550101061912	250,000
Total Passed Through State Department of Education			\$ 1,104,597
TOTAL DEPARTMENT OF EDUCATION			\$ 1,914,066
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			
<u>Direct Programs</u>			
Medicaid Administrative Claiming Program - MAC	93.778	01-061912	\$ 5,446
Total Direct Programs			\$ 5,446
TOTAL DEPARTMENT OF HEALTH AND HUMAN SERVICES			\$ 5,446
U.S. DEPARTMENT OF AGRICULTURE			
<u>Passed Through the State Department of Agriculture</u>			
*School Breakfast Program	10.553	71401301	\$ 192,853
*National School Lunch Program - Cash Assistance	10.555	71301301	635,310
*National School Lunch Prog. - Non-Cash Assistance	10.555	061912	93,615
Total CFDA Number 10.555			728,925
Total Child Nutrition Cluster			921,778
Watershed Protection & Flood Control	10.904		47,416
Total Passed Through the State Department of Agriculture			\$ 969,194
TOTAL DEPARTMENT OF AGRICULTURE			\$ 969,194
TOTAL EXPENDITURES OF FEDERAL AWARDS			\$ 2,888,706

*Clustered Programs

LAKE DALLAS INDEPENDENT SCHOOL DISTRICT
NOTES TO SUPPLEMENTARY SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED AUGUST 31, 2013

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

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

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

3. The District participates in numerous state and Federal grant programs that are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that the District has not complied with the rules and regulations governing the grants, if any, refunds of any money received may be required and the collectability of any related receivable at August 31, 2013, 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.

