

# **Comprehensive Annual Financial Report**

**For fiscal year ending August 31, 2012**



**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, 2012**

**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, 2012

TABLE OF CONTENTS

|                                                                                                                                             | <u>Page</u> | <u>Exhibit</u> |
|---------------------------------------------------------------------------------------------------------------------------------------------|-------------|----------------|
| Certificate of Board                                                                                                                        | 3           |                |
| <b><u>INTRODUCTORY SECTION (Unaudited)</u></b>                                                                                              |             |                |
| Letter of Transmittal                                                                                                                       | 7           |                |
| Organizational Chart                                                                                                                        | 15          |                |
| List of Consultants and Advisors                                                                                                            | 16          |                |
| List of Principal Officials                                                                                                                 | 17          |                |
| ASBO Certificate of Excellence                                                                                                              | 18          |                |
| GFOA Certificate of Achievement                                                                                                             | 19          |                |
| <b><u>FINANCIAL SECTION</u></b>                                                                                                             |             |                |
| Independent Auditors' Report                                                                                                                | 23          |                |
| Management's Discussion and Analysis (Unaudited)                                                                                            | 25          |                |
| <b>BASIC FINANCIAL STATEMENTS:</b>                                                                                                          |             |                |
| <b>Government-wide Financial Statements:</b>                                                                                                |             |                |
| Statement of Net Assets                                                                                                                     | 35          | A-1            |
| Statement of Activities                                                                                                                     | 36          | B-1            |
| <b>Governmental Fund Financial Statements:</b>                                                                                              |             |                |
| Balance Sheet                                                                                                                               | 38          | C-1            |
| Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Assets                                                       | 39          | C-2            |
| Statement of Revenues, Expenditures, and Changes in Fund Balances                                                                           | 40          | C-3            |
| Reconciliation of the Governmental Funds Statement of Revenues, Expenditures and<br>Changes in Fund Balances to the Statement of Activities | 41          | C-4            |
| <b>Proprietary Funds Financial Statements:</b>                                                                                              |             |                |
| Statement of Net Assets                                                                                                                     | 42          | D-1            |
| Statement of Revenues, Expenses, and Changes in Fund Net Assets                                                                             | 43          | D-2            |
| Statement of Cash Flows                                                                                                                     | 44          | D-3            |
| <b>Fiduciary Fund Financial Statement:</b>                                                                                                  |             |                |
| Statement of Fiduciary Assets and Liabilities                                                                                               | 45          | E-1            |
| <b>Notes to the Financial Statements</b>                                                                                                    | 47          |                |
| <b>BUDGETARY COMPARISON REPORTING – REQUIRED SUPPLEMENTAL INFORMATION<br/>(UNAUDITED):</b>                                                  |             |                |
| Schedule of Revenues, Expenditures, and Changes in Fund Balance-Budget and Actual – General Fund                                            | 66          | G-1            |
| <b>OTHER SUPPLEMENTARY INFORMATION:</b>                                                                                                     |             |                |
| Nonmajor Governmental Funds                                                                                                                 |             |                |
| Combining Balance Sheet                                                                                                                     | 70          | H-1            |
| Combining Statement of Revenues, Expenditures, and Changes in Fund Balances                                                                 | 74          | H-2            |
| Schedule of Revenues, Expenditures, and Changes in Fund Balance-Budget and Actual –<br>Child Nutrition Program                              | 78          | H-3            |
| Schedule of Revenues, Expenditures, and Changes in Fund Balance-Budget and Actual –<br>Debt Service Fund                                    | 79          | H-4            |
| Internal Service Funds                                                                                                                      |             |                |
| Combining Statement of Net Assets                                                                                                           | 84          | H-5            |
| Combining Statement of Revenues, Expenses, and Changes in Fund Net Assets                                                                   | 85          | H-6            |
| Combining Statement of Cash Flows                                                                                                           | 86          | H-7            |
| Agency Fund                                                                                                                                 |             |                |
| Statement of Changes in Assets and Liabilities                                                                                              | 88          | H-8            |
| Required TEA Schedules                                                                                                                      |             |                |
| Schedule of Delinquent Taxes Receivable                                                                                                     | 90          | J-1            |
| Schedule of Expenditures for Computations of Indirect Cost                                                                                  | 92          | J-2            |

## TABLE OF CONTENTS (CONTINUED)

Page Exhibit

### **STATISTICAL SECTION (Unaudited)**

|                                                                           |     |      |
|---------------------------------------------------------------------------|-----|------|
| Statistical Section Contents                                              | 95  |      |
| Net Assets by Component                                                   | 96  | S-1  |
| Changes in Net Assets                                                     | 98  | S-2  |
| Fund Balances of Governmental Funds                                       | 100 | S-3  |
| Changes in Fund Balances of Governmental Funds                            | 102 | S-4  |
| Assessed Value of Taxable Property                                        | 105 | S-5  |
| Direct and Overlapping Property Tax Rates                                 | 106 | S-6  |
| Principal Property Taxpayers                                              | 108 | S-7  |
| Property Tax Levies and Collections                                       | 110 | S-8  |
| Outstanding Debt By Type                                                  | 112 | S-9  |
| Direct and Overlapping Governmental Activities Debt                       | 113 | S-10 |
| Ratio of Net Bonded Debt to Assessed Value and Net Bonded Debt per Capita | 114 | S-11 |
| Legal Debt Margin Information                                             | 116 | S-12 |
| Demographic and Economic Statistics                                       | 118 | S-13 |
| Demographic Statistics                                                    | 119 | S-14 |
| Enrollment and Attendance Data                                            | 121 | S-15 |
| Principal Employers                                                       | 122 | S-16 |
| Operating Statistics                                                      | 124 | S-17 |
| Staff Information                                                         | 126 | S-18 |
| Teachers Salary Data                                                      | 128 | S-19 |
| Capital Asset Information                                                 | 130 | S-20 |

### **COMPLIANCE AND FEDERAL AWARDS SECTION**

#### **FEDERAL AWARDS**

|                                                                                                                                                                                                                           |     |     |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----|-----|
| 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 <i>Government Auditing Standards</i> | 135 |     |
| Independent Auditors' Report on Compliance with Requirements That Could Have a Direct and Material Effect on Each Major Program and on Internal Control over Compliance in Accordance with OMB Circular A-133             | 137 |     |
| Schedule of Findings and Questioned Costs                                                                                                                                                                                 | 139 |     |
| Corrective Action Plan                                                                                                                                                                                                    | 140 |     |
| Schedule of Prior Audit Findings                                                                                                                                                                                          | 141 |     |
| Schedule of Expenditure of Federal Awards                                                                                                                                                                                 | 142 | K-1 |
| Notes to Supplementary Schedule of Expenditures of Federal Awards                                                                                                                                                         | 143 |     |

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, 2012, at a meeting of the Board of Trustees of such school district on the 14th day of January, 2013.

\_\_\_\_\_  
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](http://www.ldisd.net)

January 7, 2013

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, 2012, 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 growth and 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 year.

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

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

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

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

### Major Initiatives

District Curriculum is vertically aligned throughout all grade levels and based on the Texas Essential Knowledge and 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.

Patrons of the District passed a bond package in the fall of 2002 for \$65,000,000 which included additions and renovations to Lake Dallas High School, Lake Dallas Middle School, and a new K-5 Elementary School. During the summer of 2005, the District completed work on its expansion and renovation of Lake Dallas Middle School. This 205,000 square foot facility now meets the needs of over 900 middle school students. During the summer of 2006, the District completed work on a new 125,000 square foot elementary school that was ready in time for the arrival of student during the fall of 2006.

A major addition to Lake Dallas High School was completed during the summer of 2007. This expansion included an instructional wing, and additional gym and locker space.

During 2007, voters approved the issuance of a \$25 million bond package. Those funds were used to build Lake Dallas Elementary School and to expand Falcon Stadium.

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, 2012 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, 2012, the District had \$93,571,648 of general obligation bonds outstanding. The debt service fund will provide debt service of long-term loans.

### Educational Accomplishments of the District

Lake Dallas Independent School District remains a Texas Education Agency (TEA) Academically Recognized school district. Since 1993, the TEA has worked closely with public school districts and others to develop an integrated accountability system. The system is based upon a number of guiding principles including the performance of its students on the Texas state assessments. In addition to the District's Recognized rating, the district has one exemplary campus, three recognized campuses, and one academically acceptable campus. The District is proud of this accomplishment.

The results of the Texas Assessment of Knowledge and Skills (TAKS) test for 10th and 11th grade students indicate the District continues to be successful in raising student performance. District scores are consistently above state averages.

In the first implementation year for End of Course (EOC) exams, LDISD students performed above state average in all areas. Highlights of the EOC results include:

- English I, 81% compared to the state average, 68%
- English II, 78% compared to the state average, 61%
- Algebra I, 94% compared to the state average, 83%.
- Middle School Algebra I students had 100% passing rate
- Geometry, 99% compared to the state average, 98%
- Biology, 94% compared to the state average, 87%
- World Geography, 90%, compared to the state average, 81%

#### 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. Total enrollment for the year ended August 31, 2012 was 4,087 with an average daily attendance rate of 96.10%. Enrollment is projected to be the same for the 2012-2013 school year.

The school district's facilities are in excellent condition and the District maintains all of its facilities. The average age of buildings in the District is eighteen years.

During the 2011 Texas Legislative Session, the Legislature enacted a budget that cut \$4 billion from the Foundation School Program for the 2012-13 State fiscal biennium as compared to the funding level school districts were entitled to under the previous funding formulas. In addition, the Legislature cut approximately \$1.2 billion in various grants that were previously available to Districts across the State. Such cuts were made in light of a projected State deficit of up to \$27 billion for the 2012-13 State fiscal bienniums.

The focus for the District's 2012-13 school year budget process was to address a decrease in funding while maintaining current programs. Budget reductions were made to the 2011-2012 school year budget to align expenditures to the anticipated revenues. No educational programs were eliminated.

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 83rd 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.

### 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 over fifteen 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 Above Standard Achievement under Texas' Schools FIRST financial accountability rating system. This is the eighth 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" or "Suspended-Data Quality" ratings under Schools FIRST must file a corrective action plan with the Texas Education Agency.

In Addition, Lake Dallas ISD received 4 ½ stars from the State Comptroller's Texas Honors Circle award 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.

The report was a directive by the 2009 Texas State Legislature as "a method to compare school districts on a level playing field and determine which districts and campuses allocate their financial resources in a manner that contributes to high academic achievement and cost-effective operations," according to a statement from the Comptroller's office. The rating system is based on student progress in reading and math, and district spending from the 1998-99 school year to 2008-09. Of the 1,235 school districts and charter schools analyzed, only 43 received the maximum five-star FAST rating. Lake Dallas ISD was one of two school districts in Denton County to receive five stars.

#### 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 - Superintendent of Schools

---

Wes Eversole, RTSBA -Deputy Superintendent/  
Chief Financial Officer

---

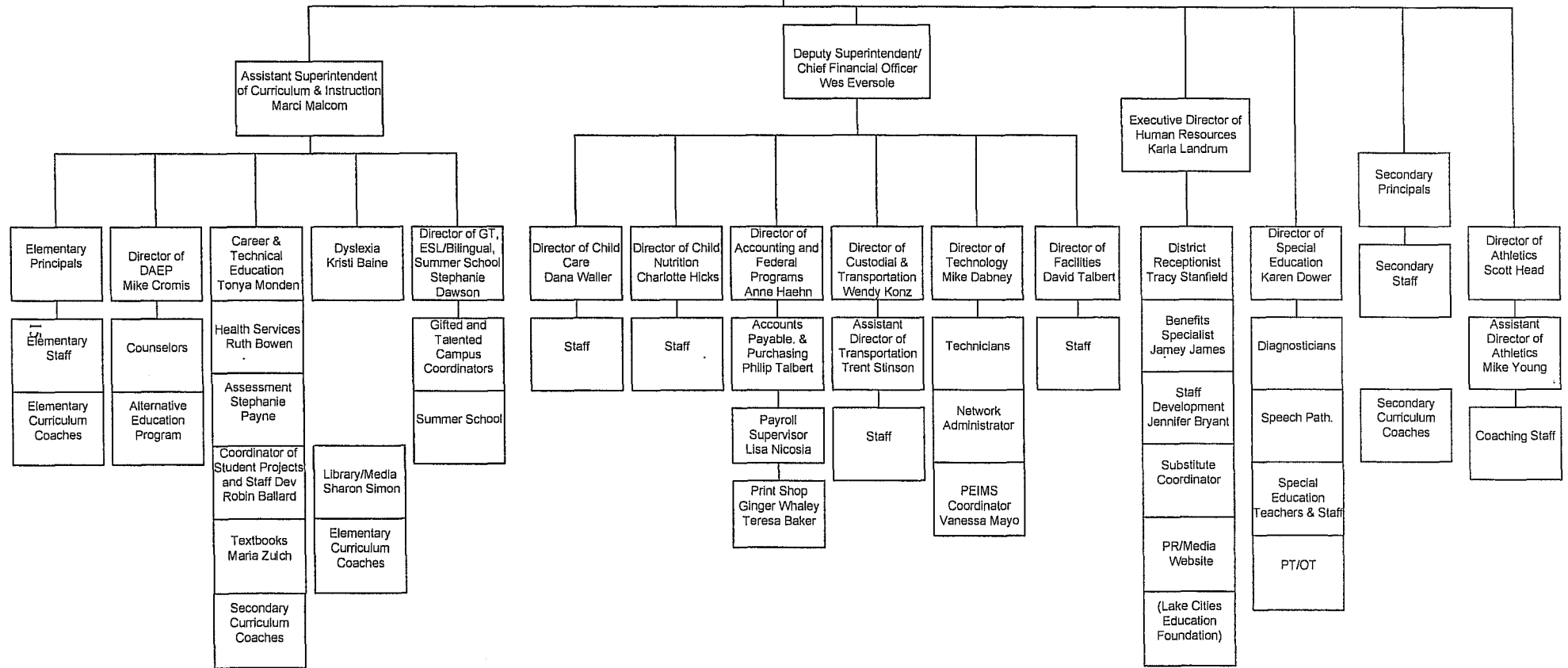
Anne Haehn -Director of Accounting



# LDISD Board of Trustees

Assistant to the  
Superintendent  
Kim Campbell

Superintendent  
Gayle Stinson



Lake Dallas Independent School District  
Organization Chart 2011-2012

# **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 AUGUST 31, 2012

### Elected Officials:

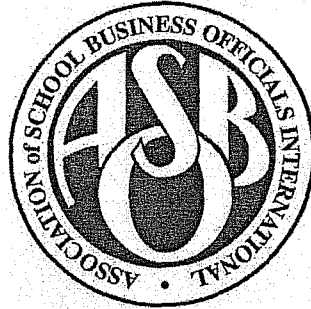
### Board of Trustees:

|                     |                |
|---------------------|----------------|
| Lance Stacy         | President      |
| Chad Thiessen       | Vice President |
| Carol Jula          | Secretary      |
| Scott Baird         | Member         |
| Glen Gowens         | Member         |
| Tim Hicks           | Member         |
| Courtney Tankersley | Member         |

### Appointed Officials:

|                         |                                                        |
|-------------------------|--------------------------------------------------------|
| Gayle Stinson           | 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

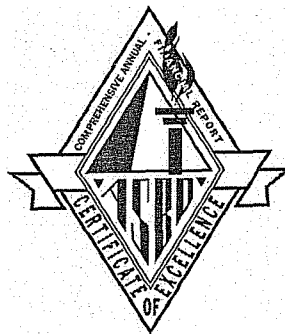


*The Certificate of Excellence in Financial Reporting Award  
is presented to*

## Lake Dallas Independent School District

*For Its Comprehensive Annual Financial Report (CAFR)  
For the Fiscal Year Ended August 31, 2011*

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



Brian L. Mee, SFO, RSBA  
President

John D. Musso, CAE, RSBA  
Executive Director

# 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, 2011

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



*Christopher P. Moynell*

President

*Jeffrey R. Ennis*

Executive Director



## **FINANCIAL SECTION**





MEMBERS:  
AMERICAN INSTITUTE OF  
CERTIFIED PUBLIC  
ACCOUNTANTS  
TEXAS SOCIETY OF CERTIFIED  
PUBLIC ACCOUNTANTS

---

**HANKINS, EASTUP, DEATON,  
TONN & SEAY**  
A PROFESSIONAL CORPORATION

---

CERTIFIED PUBLIC ACCOUNTANTS

902 NORTH LOCUST  
P.O. BOX 977  
DENTON, TEXAS 76202-0977  
  
TEL. (940) 387-8563  
FAX (940) 383-4746

Independent Auditor's Report

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

Members of the Board:

We have audited the accompanying financial statements of the governmental activities, 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, 2012, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of Lake Dallas Independent School District as of August 31, 2012, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 7, 2013, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 25 through 31 and 66, 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 inquires of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquires, 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.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's financial statements as a whole. 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 financial statements. The accompanying 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 financial statements. The combining and individual nonmajor fund financial statements and schedules, schedule of Changes in Agency Assets and Liabilities, the Schedules 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 financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the 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.



Hankins, Eastup, Deaton, Tonn & Seay  
A Professional Corporation  
Certified Public Accountants

January 7, 2013

**LAKE DALLAS INDEPENDENT SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED AUGUST 31, 2012  
(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, 2012. 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 at the close of the most recent fiscal period by \$(5,661,439) (net assets). Of this amount, \$(13,472,598) (unrestricted net assets) 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 assets decreased by \$260,867. The District has continued to use resources to build much needed new facilities. 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 \$10,152,870. 84.7% of this total amount (\$8,598,497) 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 \$8,598,497 or 29.3% of the total general fund expenditures, an increase of \$601,325 from the prior year. Budgeted revenues were based on no student growth. The actual growth rate was 0.8%.

**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 Assets 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 Assets 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 Assets includes all the District's assets 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 assets and changes in them. The District's net assets (the difference between assets and liabilities) provide one measure of the District's financial health, or financial position. Over time, increases or decreases in the District's net assets 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 Assets 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 Assets 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 Assets 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 Net Assets on page 45. We exclude these resources from the District's other financial statements because the District cannot use these assets to finance its operations. The District is only responsible for ensuring that the assets reported in this fund are used for their intended purposes.

## **GOVERNMENT-WIDE FINANCIAL ANALYSIS**

The District implemented GASB Statement #34 in a prior year. Therefore, our analysis presents both current and prior year data and discusses significant changes in the accounts. Our analysis focuses on the net assets (Table I) and changes in net assets (Table II) of the District's governmental and business-type activities.

Net assets of the District's governmental activities decreased from \$(5,400,572) to \$(5,679,404). Unrestricted net assets – the part of net assets that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements – was \$(13,490,563) at August 31, 2012. This decrease in governmental net assets was the result of depreciation and accreted interest expense.

In 2012, net assets of our business-type activities increased by \$17,965, or 100%. This increase 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 ASSETS**

|                                                   | Governmental<br>Activities |              | Business-type<br>Activities |        | Total        |              |
|---------------------------------------------------|----------------------------|--------------|-----------------------------|--------|--------------|--------------|
|                                                   | 2011                       | 2012         | 2011                        | 2012   | 2011         | 2012         |
| Current and other assets                          | 15,540,639                 | 15,640,993   | 128                         | 21,078 | 15,540,767   | 15,662,071   |
| Capital assets                                    | 106,409,585                | 104,526,301  | -                           | -      | 106,409,585  | 104,526,301  |
| Total assets                                      | 121,950,224                | 120,167,294  | 128                         | 21,078 | 121,950,352  | 120,188,372  |
| Long-term liabilities                             | 124,126,726                | 122,413,718  | -                           | -      | 124,126,726  | 122,413,718  |
| Other liabilities                                 | 3,224,070                  | 3,432,980    | 128                         | 3,113  | 3,224,198    | 3,436,093    |
| Total liabilities                                 | 127,350,796                | 125,846,698  | 128                         | 3,113  | 127,350,924  | 125,849,811  |
| Net Assets:                                       |                            |              |                             |        |              |              |
| Invested in capital assets net of<br>related debt | 4,569,899                  | 6,917,917    | -                           | -      | 4,569,899    | 6,917,917    |
| Restricted                                        | 1,415,586                  | 893,242      | -                           | -      | 1,415,586    | 893,242      |
| Unrestricted                                      | (11,386,057)               | (13,490,563) | -                           | 17,965 | (11,386,057) | (13,472,598) |
| Total net assets                                  | (5,400,572)                | (5,679,404)  | -                           | 17,965 | (5,400,572)  | (5,661,439)  |

**Table II**  
**CHANGES IN NET ASSETS**

|                                               | Governmental<br>Activities |             | Business-type<br>Activities |         | Total       |             |
|-----------------------------------------------|----------------------------|-------------|-----------------------------|---------|-------------|-------------|
|                                               | 2011                       | 2012        | 2011                        | 2012    | 2011        | 2012        |
| <b>Revenues:</b>                              |                            |             |                             |         |             |             |
| Program Revenues:                             |                            |             |                             |         |             |             |
| Charges for services                          | 1,056,557                  | 1,022,470   | 390,496                     | 371,397 | 1,447,053   | 1,393,867   |
| Operating grants and contributions            | 5,829,481                  | 4,600,798   | -                           | -       | 5,829,481   | 4,600,798   |
| General Revenues:                             |                            |             |                             |         |             |             |
| Maintenance and operations taxes              | 14,505,620                 | 14,518,282  | -                           | -       | 14,505,620  | 14,518,282  |
| Debt service taxes                            | 6,173,212                  | 6,186,799   | -                           | -       | 6,173,212   | 6,186,799   |
| State aid                                     | 13,274,716                 | 12,919,301  | -                           | -       | 13,274,716  | 12,919,301  |
| Investment earnings                           | 56,595                     | 51,453      | -                           | -       | 56,595      | 51,453      |
| Miscellaneous                                 | 149,499                    | 240,158     | -                           | -       | 149,499     | 240,158     |
| Grants not Restricted                         | 363,396                    | 677,771     | -                           | -       | 363,396     | 677,771     |
| Total Revenue                                 | 41,409,076                 | 40,217,032  | 390,496                     | 371,397 | 41,799,572  | 40,588,429  |
| <b>Expenses:</b>                              |                            |             |                             |         |             |             |
| Instruction, curriculum and media services    | 21,578,536                 | 20,686,906  | -                           | -       | 21,578,536  | 20,686,906  |
| Instructional and school leadership           | 2,135,492                  | 2,260,649   | -                           | -       | 2,135,492   | 2,260,649   |
| Student support services                      | 2,573,265                  | 2,654,927   | -                           | -       | 2,573,265   | 2,654,927   |
| Child nutrition                               | 1,743,118                  | 1,717,847   | -                           | -       | 1,743,118   | 1,717,847   |
| Cocurricular activities                       | 1,300,510                  | 1,350,211   | -                           | -       | 1,300,510   | 1,350,211   |
| General administration                        | 1,200,834                  | 1,184,065   | -                           | -       | 1,200,834   | 1,184,065   |
| Plant maintenance, security & data processing | 6,182,552                  | 5,171,071   | -                           | -       | 6,182,552   | 5,171,071   |
| Community services                            | -                          | -           | 403,056                     | 353,432 | 403,056     | 353,432     |
| Debt services                                 | 6,149,304                  | 5,307,833   | -                           | -       | 6,149,304   | 5,307,833   |
| Tax appraisal fees                            | 175,100                    | 171,105     | -                           | -       | 175,100     | 171,105     |
| Total Expenses                                | 43,038,711                 | 40,504,614  | 403,056                     | 353,432 | 43,441,767  | 40,858,046  |
| <b>Nonoperating Revenues (Expenses)</b>       |                            |             |                             |         |             |             |
| Gain on Sale of Assets                        | -                          | 8,750       | -                           | -       | -           | 8,750       |
| Transfers in (out)                            | (11,132)                   | -           | 11,132                      | -       | -           | -           |
| Increase (Decrease) in net assets             | (1,640,767)                | (278,832)   | (1,428)                     | 17,965  | (1,642,195) | (260,867)   |
| Net assets at beginning of year               | (3,759,805)                | (5,400,572) | 1,428                       | -       | (3,758,377) | (5,400,572) |
| Net assets at end of year                     | (5,400,572)                | (5,679,404) | -                           | 17,965  | (5,400,572) | (5,661,439) |

The cost of all governmental activities for the current fiscal year was \$40,504,614. 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 \$20,705,081 because some of the costs were paid by those who directly benefited from the programs (\$1,022,470) or by other governments and organizations that subsidized certain programs with grants and contributions (\$4,600,798) or by State equalization funding (\$12,919,301).

## **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 \$10,152,870, which is \$260,302 lower than last year's total of \$10,413,172. Included in this year's total change in fund balance is an increase of \$588,644 in the District's General Fund. The primary reason for the General Fund's increase was the decrease in expenditures. The Debt Service Fund decreased by \$516,230 due to an increase in debt service expenditures.

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 2011). 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 \$8,784,480 reported on page 38 differs from the General Fund's budgetary fund balance of \$8,537,976 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, 2012, the District had \$104,526,301 (net of accumulated depreciation) invested in a broad range of capital assets, including facilities and equipment for instruction, transportation, athletics, administration, and maintenance. This amount represents a net decrease of \$1,883,284, or 1.77 percent, below last year.

This fiscal period's major additions consisted of building improvements paid for out of the General Fund and Capital Projects Fund.

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

### **Debt Administration**

At year-end, the District had \$122,413,718 in bonds (including notes payable, loss on refunding, accreted interest on bonds and discount/premium on debt issuance) versus \$124,126,726 last year—a decrease of 1.4 percent. The new debt incurred during the year was a note for \$35,604 and accreted interest of \$2,608,669.

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

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

The District's relationship with the local communities assures the development projects selected by the cities are also desirable for the community at large. With the opening of Lake Lewisville Bridge, 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 2012-13 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 declined by 0.8% during the 2011-12 school year. The 2012-13 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 2012. In addition, the Federal Government funded the Section 8002 Federal Impact Aid program again for the 2011-12 school year. The District received over \$650,000 from the Federal Government for impact aid.

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 will increase during the 12-13 school year, but not to pre-2011 funding levels.

The proposed 2012-13 budgeted expenditures for the General Fund totals \$30,355,604 which is almost \$1.4 million more than the previous year. During the 11-12 school year, the General Fund was supplemented with over \$670,000 of Federal Education Jobs funds. Combining these federal funds with General Fund expenditures for the 11-12 school year, and comparing those combined funds with the budgeted 12-13 expenditures, the increase is approximately \$717,000.

An average 3% salary increase for all full time employees has been included in the new year budget. This follows a year of no salary increases due to State funding reductions. Employee salary and benefits was increased by \$1,476,560. Federal Education Jobs monies were used to fund 11-12 personnel related expenditures within the General Fund. Netting the Federal Education Jobs fund with General Fund expenditures, the 12-13 budgeted expenditures will increase by over \$700,000.

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 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 ASSETS  
AUGUST 31, 2012

EXHIBIT A-1

| Data<br>Control<br>Codes                             |                            |                                |                |
|------------------------------------------------------|----------------------------|--------------------------------|----------------|
|                                                      | 1                          | 2                              | 3              |
|                                                      | Primary Government         |                                |                |
|                                                      | Governmental<br>Activities | Business<br>Type<br>Activities | Total          |
| <b>ASSETS</b>                                        |                            |                                |                |
| 1110 Cash and Cash Equivalents                       | \$ 12,092,016              | \$ 22,704                      | \$ 12,114,720  |
| 1120 Current Investments                             | 992,000                    | -                              | 992,000        |
| 1220 Property Taxes Receivable (Delinquent)          | 391,505                    | -                              | 391,505        |
| 1230 Allowance for Uncollectible Taxes               | (39,151)                   | -                              | (39,151)       |
| 1240 Due from Other Governments                      | 386,686                    | -                              | 386,686        |
| 1250 Accrued Interest                                | 1,706                      | -                              | 1,706          |
| 1260 Internal Balances                               | 1,679                      | (1,679)                        | -              |
| 1267 Due from Fiduciary Funds                        | 77,709                     | -                              | 77,709         |
| 1290 Other Receivables, net                          | 6,500                      | 53                             | 6,553          |
| 1300 Inventories                                     | 33,995                     | -                              | 33,995         |
| 1410 Deferred Expenses                               | 185,983                    | -                              | 185,983        |
| 1420 Capitalized Bond and Other Debt Issuance Costs  | 1,510,365                  | -                              | 1,510,365      |
| Capital Assets:                                      |                            |                                |                |
| 1510 Land                                            | 3,414,396                  | -                              | 3,414,396      |
| 1520 Buildings, Net                                  | 99,975,878                 | -                              | 99,975,878     |
| 1530 Furniture and Equipment, Net                    | 1,136,027                  | -                              | 1,136,027      |
| 1000 Total Assets                                    | 120,167,294                | 21,078                         | 120,188,372    |
| <b>LIABILITIES</b>                                   |                            |                                |                |
| 2110 Accounts Payable                                | 1,198,418                  | 2,986                          | 1,201,404      |
| 2150 Payroll Deductions & Withholdings               | 352,417                    | -                              | 352,417        |
| 2160 Accrued Wages Payable                           | 926,422                    | -                              | 926,422        |
| 2180 Due to Other Governments                        | 19,905                     | -                              | 19,905         |
| 2190 Due to Student Groups                           | 105                        | -                              | 105            |
| 2200 Accrued Expenses                                | 216,819                    | 127                            | 216,946        |
| 2300 Deferred Revenues                               | 718,894                    | -                              | 718,894        |
| Noncurrent Liabilities                               |                            |                                |                |
| 2501 Due Within One Year                             | 2,599,487                  | -                              | 2,599,487      |
| 2502 Due in More Than One Year                       | 119,814,231                | -                              | 119,814,231    |
| 2000 Total Liabilities                               | 125,846,698                | 3,113                          | 125,849,811    |
| <b>NET ASSETS</b>                                    |                            |                                |                |
| 3200 Invested in Capital Assets, Net of Related Debt | 6,917,917                  | -                              | 6,917,917      |
| Restricted for:                                      |                            |                                |                |
| 3820 Restricted for Federal and State Programs       | 452,319                    | -                              | 452,319        |
| 3850 Restricted for Debt Service                     | 397,695                    | -                              | 397,695        |
| 3870 Restricted for Campus Activities                | 43,228                     | -                              | 43,228         |
| 3900 Unrestricted Net Assets                         | (13,490,563)               | 17,965                         | (13,472,598)   |
| 3000 Total Net Assets                                | \$ (5,679,404)             | \$ 17,965                      | \$ (5,661,439) |

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, 2012

| Data<br>Control<br>Codes                        | 1                                            | Program Revenues        |                                          |
|-------------------------------------------------|----------------------------------------------|-------------------------|------------------------------------------|
|                                                 |                                              | 3                       | 4                                        |
|                                                 | Expenses                                     | Charges for<br>Services | Operating<br>Grants and<br>Contributions |
| <b>Primary Government:</b>                      |                                              |                         |                                          |
| GOVERNMENTAL ACTIVITIES:                        |                                              |                         |                                          |
| 11 Instruction                                  | \$ 19,417,571                                | \$ 11,495               | \$ 2,396,604                             |
| 12 Instructional Resources and Media Services   | 525,739                                      | -                       | 22,244                                   |
| 13 Curriculum and Staff Development             | 743,596                                      | -                       | 110,733                                  |
| 21 Instructional Leadership                     | 328,888                                      | -                       | 19,699                                   |
| 23 School Leadership                            | 1,931,761                                    | -                       | 129,836                                  |
| 31 Guidance, Counseling and Evaluation Services | 1,052,165                                    | -                       | 66,930                                   |
| 32 Social Work Services                         | 391                                          | -                       | -                                        |
| 33 Health Services                              | 328,698                                      | -                       | 16,183                                   |
| 34 Student (Pupil) Transportation               | 1,273,673                                    | -                       | 171,700                                  |
| 35 Food Services                                | 1,717,847                                    | 854,998                 | 756,691                                  |
| 36 Extracurricular Activities                   | 1,350,211                                    | 117,257                 | 96,011                                   |
| 41 General Administration                       | 1,184,065                                    | -                       | 147,818                                  |
| 51 Facilities Maintenance and Operations        | 4,344,652                                    | 38,720                  | 233,939                                  |
| 52 Security and Monitoring Services             | 123,984                                      | -                       | 47                                       |
| 53 Data Processing Services                     | 702,435                                      | -                       | 22,803                                   |
| 72 Debt Service - Interest on Long Term Debt    | 5,246,364                                    | -                       | 409,560                                  |
| 73 Debt Service - Bond Issuance Cost and Fees   | 61,469                                       | -                       | -                                        |
| 99 Other Intergovernmental Charges              | 171,105                                      | -                       | -                                        |
| [TG] Total Governmental Activities:             | 40,504,614                                   | 1,022,470               | 4,600,798                                |
| BUSINESS-TYPE ACTIVITIES:                       |                                              |                         |                                          |
| 01 Child Care Program                           | 353,432                                      | 371,397                 | -                                        |
| [TB] Total Business-Type Activities:            | 353,432                                      | 371,397                 | -                                        |
| [TP] TOTAL PRIMARY GOVERNMENT:                  | \$ 40,858,046                                | \$ 1,393,867            | \$ 4,600,798                             |
| Data<br>Control<br>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 |                         |                                          |
| SI                                              | Special Item - Gain on Sale of Assets        |                         |                                          |
| TR                                              | Total General Revenues and Special Items     |                         |                                          |
| CN                                              | Change in Net Assets                         |                         |                                          |
| NB                                              | Net Assets--Beginning                        |                         |                                          |
| NE                                              | Net Assets--Ending                           |                         |                                          |

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

| Net (Expense) Revenue and<br>Changes in Net Assets |                             |                 |
|----------------------------------------------------|-----------------------------|-----------------|
| 6                                                  | 7                           | 8               |
|                                                    | Primary Government          |                 |
| Governmental<br>Activities                         | Business-type<br>Activities | Total           |
| \$ (17,009,472)                                    | \$ -                        | \$ (17,009,472) |
| (503,495)                                          | -                           | (503,495)       |
| (632,863)                                          | -                           | (632,863)       |
| (309,189)                                          | -                           | (309,189)       |
| (1,801,925)                                        | -                           | (1,801,925)     |
| (985,235)                                          | -                           | (985,235)       |
| (391)                                              | -                           | (391)           |
| (312,515)                                          | -                           | (312,515)       |
| (1,101,973)                                        | -                           | (1,101,973)     |
| (106,158)                                          | -                           | (106,158)       |
| (1,136,943)                                        | -                           | (1,136,943)     |
| (1,036,247)                                        | -                           | (1,036,247)     |
| (4,071,993)                                        | -                           | (4,071,993)     |
| (123,937)                                          | -                           | (123,937)       |
| (679,632)                                          | -                           | (679,632)       |
| (4,836,804)                                        | -                           | (4,836,804)     |
| (61,469)                                           | -                           | (61,469)        |
| (171,105)                                          | -                           | (171,105)       |
| (34,881,346)                                       | -                           | (34,881,346)    |
| -                                                  | 17,965                      | 17,965          |
| -                                                  | 17,965                      | 17,965          |
| (34,881,346)                                       | 17,965                      | (34,863,381)    |
| 14,518,282                                         | -                           | 14,518,282      |
| 6,186,799                                          | -                           | 6,186,799       |
| 12,919,301                                         | -                           | 12,919,301      |
| 677,771                                            | -                           | 677,771         |
| 51,453                                             | -                           | 51,453          |
| 240,158                                            | -                           | 240,158         |
| 8,750                                              | -                           | 8,750           |
| 34,602,514                                         | -                           | 34,602,514      |
| (278,832)                                          | 17,965                      | (260,867)       |
| (5,400,572)                                        | -                           | (5,400,572)     |
| \$ (5,679,404)                                     | \$ 17,965                   | \$ (5,661,439)  |

LAKE DALLAS INDEPENDENT SCHOOL DISTRICT  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
AUGUST 31, 2012

| Data<br>Control<br>Codes                         | 10<br>General<br>Fund | 50<br>Debt Service<br>Fund | Other<br>Funds      | Total<br>Governmental<br>Funds |
|--------------------------------------------------|-----------------------|----------------------------|---------------------|--------------------------------|
| <b>ASSETS</b>                                    |                       |                            |                     |                                |
| 1110 Cash and Cash Equivalents                   | \$ 10,430,582         | \$ 555,713                 | \$ 803,465          | \$ 11,789,760                  |
| 1120 Investments - Current                       | 992,000               | -                          | -                   | 992,000                        |
| 1220 Property Taxes - Delinquent                 | 287,399               | 104,106                    | -                   | 391,505                        |
| 1230 Allowance for Uncollectible Taxes (Credit)  | (28,740)              | (10,411)                   | -                   | (39,151)                       |
| 1240 Receivables from Other Governments          | -                     | -                          | 386,686             | 386,686                        |
| 1250 Accrued Interest                            | 1,706                 | -                          | -                   | 1,706                          |
| 1260 Due from Other Funds                        | 291,366               | -                          | 319,992             | 611,358                        |
| 1290 Other Receivables                           | 500                   | -                          | 6,000               | 6,500                          |
| 1410 Deferred Expenditures                       | 185,983               | -                          | -                   | 185,983                        |
| 1000 Total Assets                                | <u>\$ 12,160,796</u>  | <u>\$ 649,408</u>          | <u>\$ 1,516,143</u> | <u>\$ 14,326,347</u>           |
| <b>LIABILITIES AND FUND BALANCES</b>             |                       |                            |                     |                                |
| Liabilities:                                     |                       |                            |                     |                                |
| 2110 Accounts Payable                            | \$ 583,154            | \$ -                       | \$ 435,199          | \$ 1,018,353                   |
| 2150 Payroll Deductions and Withholdings Payable | 352,392               | -                          | 25                  | 352,417                        |
| 2160 Accrued Wages Payable                       | 926,422               | -                          | -                   | 926,422                        |
| 2170 Due to Other Funds                          | 385,712               | 170,485                    | 51,939              | 608,136                        |
| 2180 Due to Other Governments                    | -                     | -                          | 19,905              | 19,905                         |
| 2190 Due to Student Groups                       | -                     | -                          | 105                 | 105                            |
| 2200 Accrued Expenditures                        | 188,478               | -                          | 28,253              | 216,731                        |
| 2300 Deferred Revenues                           | 940,158               | 81,794                     | 9,456               | 1,031,408                      |
| 2000 Total Liabilities                           | <u>3,376,316</u>      | <u>252,279</u>             | <u>544,882</u>      | <u>4,173,477</u>               |
| Fund Balances:                                   |                       |                            |                     |                                |
| Nonspendable Fund Balance:                       |                       |                            |                     |                                |
| 3430 Prepaid Items                               | 185,983               | -                          | -                   | 185,983                        |
| Restricted Fund Balance:                         |                       |                            |                     |                                |
| 3450 Federal or State Funds Grant Restriction    | -                     | -                          | 452,319             | 452,319                        |
| 3480 Retirement of Long-Term Debt                | -                     | 397,129                    | -                   | 397,129                        |
| Committed Fund Balance:                          |                       |                            |                     |                                |
| 3510 Campus Activities                           | -                     | -                          | 43,228              | 43,228                         |
| Assigned Fund Balance:                           |                       |                            |                     |                                |
| 3550 Construction                                | -                     | -                          | 475,714             | 475,714                        |
| 3600 Unassigned Fund Balance                     | 8,598,497             | -                          | -                   | 8,598,497                      |
| 3000 Total Fund Balances                         | <u>8,784,480</u>      | <u>397,129</u>             | <u>971,261</u>      | <u>10,152,870</u>              |
| 4000 Total Liabilities and Fund Balances         | <u>\$ 12,160,796</u>  | <u>\$ 649,408</u>          | <u>\$ 1,516,143</u> | <u>\$ 14,326,347</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 ASSETS  
AUGUST 31, 2012

|                                                                                                                                                                    |                              |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------|
| <b>Total Fund Balances - Governmental Funds</b>                                                                                                                    | <b>\$ 10,152,870</b>         |
| <b>1</b> The assets and liabilities of the Internal Service Funds are included in governmental activities, but are not reported in the fund financial statements.  | 232,264                      |
| <b>2</b> Capital assets used in governmental activities are not financial resources and therefore are not reported in the fund financial statements.               | 133,330,259                  |
| <b>3</b> Accumulated depreciation has not been included in the fund financial statements.                                                                          | (28,803,958)                 |
| <b>4</b> Bonds payable have not been included in the fund financial statements.                                                                                    | (93,571,648)                 |
| <b>5</b> Accreted interest on capital appreciation bonds has not been included in the fund financial statements.                                                   | (24,329,620)                 |
| <b>6</b> Bond issuance cost is not capitalized in the fund financial statements.                                                                                   | 1,510,365                    |
| <b>7</b> Bond discounts and premiums are not recognized in the fund financial statements.                                                                          | (4,292,642)                  |
| <b>8</b> Notes payable have not been included in the fund financial statements.                                                                                    | (662,099)                    |
| <b>9</b> Property tax revenue reported as deferred revenue in the fund financial statements was recognized as revenue in the government-wide financial statements. | 312,514                      |
| <b>10</b> Deferred loss on bond refunding has not been included in the fund financial statements.                                                                  | 442,291                      |
| <b>19 Net Assets of Governmental Activities</b>                                                                                                                    | <u><u>\$ (5,679,404)</u></u> |

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, 2012

EXHIBIT C-3

| Data Control Codes                                             | 10 General Fund | 50 Debt Service Fund | Other Funds  | Total Governmental Funds |
|----------------------------------------------------------------|-----------------|----------------------|--------------|--------------------------|
| <b>REVENUES:</b>                                               |                 |                      |              |                          |
| 5700 Total Local and Intermediate Sources                      | \$ 14,817,501   | \$ 6,197,275         | \$ 1,014,502 | \$ 22,029,278            |
| 5800 State Program Revenues                                    | 14,482,634      | 409,560              | 475,012      | 15,367,206               |
| 5900 Federal Program Revenues                                  | 677,771         | -                    | 2,153,343    | 2,831,114                |
| 5020 Total Revenues                                            | 29,977,906      | 6,606,835            | 3,642,857    | 40,227,598               |
| <b>EXPENDITURES:</b>                                           |                 |                      |              |                          |
| Current:                                                       |                 |                      |              |                          |
| 0011 Instruction                                               | 16,380,207      | -                    | 1,619,139    | 17,999,346               |
| 0012 Instructional Resources and Media Services                | 478,975         | -                    | -            | 478,975                  |
| 0013 Curriculum and Instructional Staff Development            | 606,960         | -                    | 77,377       | 684,337                  |
| 0021 Instructional Leadership                                  | 293,324         | -                    | 6,926        | 300,250                  |
| 0023 School Leadership                                         | 1,725,372       | -                    | 38,000       | 1,763,372                |
| 0031 Guidance, Counseling and Evaluation Services              | 940,769         | -                    | 19,546       | 960,315                  |
| 0032 Social Work Services                                      | 391             | -                    | -            | 391                      |
| 0033 Health Services                                           | 299,426         | -                    | -            | 299,426                  |
| 0034 Student (Pupil) Transportation                            | 1,160,381       | -                    | -            | 1,160,381                |
| 0035 Food Services                                             | -               | -                    | 1,611,689    | 1,611,689                |
| 0036 Extracurricular Activities                                | 1,176,817       | -                    | 58,498       | 1,235,315                |
| 0041 General Administration                                    | 1,078,744       | -                    | -            | 1,078,744                |
| 0051 Facilities Maintenance and Operations                     | 3,834,798       | -                    | 135,451      | 3,970,249                |
| 0052 Security and Monitoring Services                          | 112,956         | -                    | -            | 112,956                  |
| 0053 Data Processing Services                                  | 639,954         | -                    | -            | 639,954                  |
| Debt Service:                                                  |                 |                      |              |                          |
| 0071 Principal on Long Term Debt                               | 31,767          | 3,448,170            | -            | 3,479,937                |
| 0072 Interest on Long Term Debt                                | 6,917           | 3,671,610            | -            | 3,678,527                |
| 0073 Bond Issuance Cost and Fees                               | -               | 166,773              | -            | 166,773                  |
| Capital Outlay:                                                |                 |                      |              |                          |
| 0081 Facilities Acquisition and Construction                   | 431,437         | -                    | 472,263      | 903,700                  |
| Intergovernmental:                                             |                 |                      |              |                          |
| 0099 Other Intergovernmental Charges                           | 171,105         | -                    | -            | 171,105                  |
| 6030 Total Expenditures                                        | 29,370,300      | 7,286,553            | 4,038,889    | 40,695,742               |
| 1100 Excess (Deficiency) of Revenues Over (Under) Expenditures | 607,606         | (679,718)            | (396,032)    | (468,144)                |
| <b>OTHER FINANCING SOURCES (USES):</b>                         |                 |                      |              |                          |
| 7911 Capital Related Debt Issued (Regular Bonds)               | -               | 9,340,000            | -            | 9,340,000                |
| 7912 Sale of Real and Personal Property                        | 8,750           | -                    | -            | 8,750                    |
| 7914 Non-Current Loans                                         | 35,604          | -                    | -            | 35,604                   |
| 7915 Transfers In                                              | -               | -                    | 92,390       | 92,390                   |
| 7916 Premium or Discount on Issuance of Bonds                  | -               | 617,120              | -            | 617,120                  |
| 8911 Transfers Out (Use)                                       | (63,316)        | -                    | (29,074)     | (92,390)                 |
| 8949 Payment to Bond Refunding Escrow Agent                    | -               | (9,793,632)          | -            | (9,793,632)              |
| 7080 Total Other Financing Sources (Uses)                      | (18,962)        | 163,488              | 63,316       | 207,842                  |
| 1200 Net Change in Fund Balances                               | 588,644         | (516,230)            | (332,716)    | (260,302)                |
| 0100 Fund Balance - September 1 (Beginning)                    | 8,195,836       | 913,359              | 1,303,977    | 10,413,172               |
| 3000 Fund Balance - August 31 (Ending)                         | \$ 8,784,480    | \$ 397,129           | \$ 971,261   | \$ 10,152,870            |

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, 2012

---

|                                                                                                                                                                                                                                                                                             |                     |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------|
| <b>Total Net Change in Fund Balances - Governmental Funds</b>                                                                                                                                                                                                                               | <b>\$ (260,302)</b> |
| Current year capital outlays are expenditures in the fund financial statements, but they are shown as increases in capital assets in the government-wide financial statements. The effect of reclassifying the 2012 capital outlays is to increase net assets.                              | 983,851             |
| 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 assets in the government-wide financial statements.                               | (2,867,135)         |
| 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.        | 3,479,937           |
| 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.                                                                          | (1,708,295)         |
| Bond issuance costs are not amortized in the fund financial statements, but are shown net of amortization in the government-wide financial statements.                                                                                                                                      | (58,184)            |
| Loan proceeds are shown as other resources in the governmental fund but are shown as increases in long term debt in the statement of net assets.                                                                                                                                            | (35,604)            |
| Bond premiums and discounts are not amortized in the governmental funds but are capitalized in the statement of net assets.                                                                                                                                                                 | 151,799             |
| 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. | (10,566)            |
| The net income (loss) of the Internal Service Funds is reported with governmental activities but not in the fund financial statements.                                                                                                                                                      | 57,008              |
| Bond premiums are income when incurred in the fund financial statements, but are capitalized net of amortization in the government-wide financial statements.                                                                                                                               | (617,120)           |
| Current year amortization of the deferred loss on bond 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.                                                                          | (11,341)            |

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, 2012

---

|                                                                                                                                                                                                                                                                                 |                         |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------|
| 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.                                                                              | (9,340,000)             |
| Current year bond issuance costs are expenditures in the fund financial statements, but are capitalizaed net of amortization in the government-wide financial statements.<br>Current year amortization of bond issuance cost is not reflected in the fund financial statements. | 163,488                 |
| 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.                                                                                  | 9,793,632               |
| <br><b>Change in Net Assets of Governmental Activities</b>                                                                                                                                                                                                                      | <br><u>\$ (278,832)</u> |

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

LAKE DALLAS INDEPENDENT SCHOOL DISTRICT  
STATEMENT OF NET ASSETS  
PROPRIETARY FUNDS  
AUGUST 31, 2012

EXHIBIT D-1

|                                         | Business-Type<br>Activities - | Governmental<br>Activities -       |
|-----------------------------------------|-------------------------------|------------------------------------|
|                                         | Total<br>Enterprise<br>Funds  | Total<br>Internal<br>Service Funds |
| <b>ASSETS</b>                           |                               |                                    |
| Current Assets:                         |                               |                                    |
| Cash and Cash Equivalents               | \$ 22,704                     | \$ 302,256                         |
| Due from Other Funds                    | -                             | 76,166                             |
| Other Receivables                       | 53                            | -                                  |
| Inventories                             | -                             | 33,995                             |
| Total Current Assets                    | <u>22,757</u>                 | <u>412,417</u>                     |
| Noncurrent Assets:                      |                               |                                    |
| Capital Assets:                         |                               |                                    |
| Depreciation on Furniture and Equipment | -                             | (17,711)                           |
| District Defined Capital Assets         | -                             | 17,711                             |
| Total Noncurrent Assets                 | <u>-</u>                      | <u>-</u>                           |
| Total Assets                            | <u>22,757</u>                 | <u>412,417</u>                     |
| <b>LIABILITIES</b>                      |                               |                                    |
| Current Liabilities:                    |                               |                                    |
| Accounts Payable                        | 2,986                         | 180,065                            |
| Due to Other Funds                      | 1,679                         | -                                  |
| Accrued Expenses                        | 127                           | 88                                 |
| Total Liabilities                       | <u>4,792</u>                  | <u>180,153</u>                     |
| <b>NET ASSETS</b>                       |                               |                                    |
| Unrestricted Net Assets                 | <u>17,965</u>                 | <u>232,264</u>                     |
| Total Net Assets                        | <u>\$ 17,965</u>              | <u>\$ 232,264</u>                  |

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

LAKE DALLAS INDEPENDENT SCHOOL DISTRICT  
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED AUGUST 31, 2012

|                                            | Business-Type<br>Activities - | Governmental<br>Activities -       |
|--------------------------------------------|-------------------------------|------------------------------------|
|                                            | Total<br>Enterprise<br>Funds  | Total<br>Internal<br>Service Funds |
| OPERATING REVENUES:                        |                               |                                    |
| Local and Intermediate Sources             | \$ 352,569                    | \$ 955,406                         |
| State Program Revenues                     | 18,828                        | 3,794                              |
| Total Operating Revenues                   | <u>371,397</u>                | <u>959,200</u>                     |
| OPERATING EXPENSES:                        |                               |                                    |
| Payroll Costs                              | 328,110                       | 64,177                             |
| Professional and Contracted Services       | 13,576                        | 67,841                             |
| Supplies and Materials                     | 10,667                        | 770,174                            |
| Other Operating Costs                      | 1,079                         | -                                  |
| Total Operating Expenses                   | <u>353,432</u>                | <u>902,192</u>                     |
| Operating Income                           | 17,965                        | 57,008                             |
| Total Net Assets - September 1 (Beginning) | <u>-</u>                      | <u>175,256</u>                     |
| Total Net Assets - August 31 (Ending)      | <u><u>\$ 17,965</u></u>       | <u><u>\$ 232,264</u></u>           |

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

LAKE DALLAS INDEPENDENT SCHOOL DISTRICT  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED AUGUST 31, 2012

EXHIBIT D-3

|                                                                      | Business-Type<br>Activities  | Governmental<br>Activities -       |
|----------------------------------------------------------------------|------------------------------|------------------------------------|
|                                                                      | Total<br>Enterprise<br>Funds | Total<br>Internal<br>Service Funds |
| <u>Cash Flows from Operating Activities:</u>                         |                              |                                    |
| Cash Received from District                                          | \$ -                         | \$ 882,261                         |
| Cash Received from Employees                                         | 371,397                      | -                                  |
| Cash Payments for Payroll Costs                                      | (328,163)                    | (60,383)                           |
| Cash Payments for Supplies and Materials                             | (6,929)                      | (561,408)                          |
| Cash Payments for Other Expenses                                     | (1,079)                      | -                                  |
| Cash Payments for Purchased Services                                 | (13,576)                     | (67,841)                           |
| Net Cash Provided by Operating Activities                            | 21,650                       | 192,629                            |
| Net Increase in Cash and Cash Equivalents                            | 21,650                       | 192,629                            |
| Cash and Cash Equivalents at Beginning of Year                       | 1,054                        | 109,627                            |
| Cash and Cash Equivalents at End of Year                             | \$ 22,704                    | \$ 302,256                         |
| <u>Reconciliation of Operating Income to Net Cash</u>                |                              |                                    |
| <u>Provided by Operating Activities:</u>                             |                              |                                    |
| Operating Income:                                                    | \$ 17,965                    | \$ 57,008                          |
| Effect of Increases and Decreases in Current Assets and Liabilities: |                              |                                    |
| Decrease (increase) in Due from Other Funds                          | -                            | (73,145)                           |
| Decrease (increase) in Inventories                                   | -                            | 12,881                             |
| Decrease (increase) in Other Receivables                             | (53)                         | 27,612                             |
| Increase (decrease) in Accounts Payable                              | 2,986                        | 168,274                            |
| Increase (decrease) in Due to Other Funds                            | 753                          | (1)                                |
| Increase (decrease) in Accrued Expenses                              | (1)                          | -                                  |
| Net Cash Provided by Operating Activities                            | \$ 21,650                    | \$ 192,629                         |

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

LAKE DALLAS INDEPENDENT SCHOOL DISTRICT  
STATEMENT OF FIDUCIARY NET ASSETS  
FIDUCIARY FUNDS  
AUGUST 31, 2012

|                           | Agency<br>Fund    |
|---------------------------|-------------------|
| <hr/>                     |                   |
| ASSETS                    |                   |
| Cash and Cash Equivalents | \$ 504,903        |
| Due from Other Funds      | 6,705             |
| Other Receivables         | 15                |
| Total Assets              | <u>\$ 511,623</u> |
| LIABILITIES               |                   |
| Accounts Payable          | \$ 26,848         |
| Due to Other Funds        | 84,414            |
| Due to Student Groups     | 400,361           |
| Total Liabilities         | <u>\$ 511,623</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, 2012

**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 assets and the statement of changes in net assets) 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, 2012

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, 2012

- 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 and liabilities (whether current or non-current) are included on the statement of net assets and the operating statements present increases (revenues) and decreases (expenses) in net total assets. 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, 2012

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 deferred 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, 2012

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, 2012 that were subsequently provided for in the 2012-13 budget.

**F. DEFERRED EXPENDITURES**

Deferred expenditures 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 deferred 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, 2012

|                            |            |
|----------------------------|------------|
| 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 ASSETS**

Net assets represents the difference between assets and liabilities. Net assets 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 assets 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 assets are available for general governmental uses. When both restricted and unrestricted net assets are available, restricted net assets are expended before unrestricted net assets 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 assets. Bond premiums and discounts, as well as issuance costs, 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 deferred charges and amortized over the term of the related debt.

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 2012, 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.

LAKE DALLAS INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED AUGUST 31, 2012

**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. FUND BALANCE**

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

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

- Nonspendable: This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) are legally or contractually required to be maintained intact. The District has classified inventories and prepaid items as being nonspendable as these items are not expected to be converted to cash.
- Restricted: This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation. Debt service resources are to be used for future servicing of the District's bonded debt and are restricted through debt covenants. Federal and State grant resources are being restricted because their use is restricted pursuant to the mandates of the Federal or State grants.
- Committed: This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the District's Board of Trustees. The Board of Trustees establishes (and modifies or rescinds) fund balance commitments by passage of a resolution. This can also be done through adoption and amendment of the budget. These amounts cannot be used for any other purpose unless the Board removes or changes the specified use by taking the same type of action that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements. The Board of Trustees have committed resources as of August 31, 2012 for campus activities.
- Assigned: This classification includes amounts that are constrained by the District's intent to be used for a specific purpose but are neither restricted nor committed. This intent can be expressed by the Board of Trustees or through the Board of Trustees delegating this responsibility to other individuals in the District. Under the District's adopted policy, 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.

LAKE DALLAS INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED AUGUST 31, 2012

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 \$8,598,497 at August 31, 2012. Deferred expenditures (prepaid items) of \$185,983 are considered nonspendable fund balance.

**Other Major Funds**

The Debt Service Fund has restricted funds of \$397,129 at August 31, 2012 consisting primarily of property tax collections that are restricted for debt service payments on bonded debt.

**Other Funds**

The fund balance of \$43,228 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 \$423,024 in the Food Service Fund is shown as restricted for food service operations. The Capital Projects Fund has assigned funds of \$475,714 at August 31, 2012 consisting primarily of unspent bond funds. The other fund balances of \$29,295 in the other special revenue funds are restricted due to grant agreements.

**NOTE 3. DEPOSITS AND INVESTMENTS**

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

1. Cash Deposits:

At August 31, 2012, the carrying amount of the District's deposits checking accounts and interest-bearing savings accounts was \$10,327,418 which includes \$11,156 petty cash and the combined bank balance was \$10,348,005. The District's cash deposits at August 31, 2012 were entirely covered by FDIC insurance or by pledged collateral held by the District's agent bank in the District's name.



LAKE DALLAS INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED AUGUST 31, 2012

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, 2012, the District's cash balances totaled \$10,348,005. 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, 2012.
- 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, 2012, 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

LAKE DALLAS INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED AUGUST 31, 2012

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, 2012, the District was not exposed to foreign currency risk.
- f. Concentration of Credit Risk - This is the risk of loss attributed to the magnitude of the District's investment in a single issuer (i.e., lack of diversification). Concentration risk is defined as positions of 5 percent or more in the securities of a single issuer. Investment pools are excluded from the 5 percent disclosure requirement.

Public funds investment pools in Texas ("Pools") are established under the authority of the Interlocal Cooperation Act, Chapter 79 of the Texas Government Code, and are subject to the provisions of the Public Funds Investment Act (the "Act"), Chapter 2256 of the Texas Government Code. In addition to other provisions of the Act designed to promote liquidity and safety of principal, the Act requires Pools to: 1) have an advisory board composed of participants in the pool and other persons who do not have a business relationship with the pool and are qualified to advise the pool; 2) maintain a continuous rating of no lower than AAA or AAA-m or an equivalent rating by at least one nationally recognized rating service; and 3) maintain the 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, 2012, are shown below:

| <u>Name</u>                        | <u>Carrying<br/>Amount</u> | <u>Fair<br/>Value</u> | <u>Maturity<br/>Date</u> |
|------------------------------------|----------------------------|-----------------------|--------------------------|
| TexPool                            | \$ 244,374                 | \$ 244,374            | N/A                      |
| TxTerm                             | 1,415,295                  | 1,415,295             | N/A                      |
| Lone Star                          | 203,130                    | 203,130               | N/A                      |
| LOGIC                              | <u>429,406</u>             | <u>429,406</u>        | N/A                      |
| Total                              | <u>\$2,292,205</u>         | <u>\$2,292,205</u>    |                          |
| <br>Tx Term-Certificate of Deposit | <br><u>\$ 992,000</u>      | <br><u>\$ 992,000</u> | <br>5-13-13              |

LAKE DALLAS INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED AUGUST 31, 2012

**NOTE 4. CAPITAL ASSETS**

Capital asset activity for the year ended August 31, 2012, was as follows:

|                                              | Balance<br><u>September 1</u> | Additions/<br><u>Completions</u> | Retirement/<br><u>Adjustments</u> | Balance<br><u>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                   | 123,942,291                   | 892,894                          | -                                 | 124,835,185                 |
| Furniture and equipment                      | 4,989,721                     | 90,957                           | -                                 | 5,080,678                   |
| Total capital assets, being depreciated      | <u>128,932,012</u>            | <u>983,851</u>                   | <u>-</u>                          | <u>129,915,863</u>          |
| Less accumulated depreciation for:           |                               |                                  |                                   |                             |
| Buildings and improvements                   | (22,294,032)                  | (2,565,275)                      | -                                 | (24,859,307)                |
| Furniture and equipment                      | <u>(3,642,791)</u>            | <u>(301,860)</u>                 | <u>-</u>                          | <u>(3,944,651)</u>          |
| Total accumulated depreciation               | <u>(25,936,823)</u>           | <u>(2,867,135)</u>               | <u>-</u>                          | <u>(28,803,958)</u>         |
| Total capital assets, being depreciated, net | <u>102,995,189</u>            | <u>(1,883,284)</u>               | <u>-</u>                          | <u>101,111,905</u>          |
| Governmental activities capital assets, net  | <u>\$106,409,585</u>          | <u>\$ (1,883,284)</u>            | <u>\$ -</u>                       | <u>\$104,526,301</u>        |

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

|                                                    |                    |
|----------------------------------------------------|--------------------|
| Governmental activities:                           |                    |
| Instruction                                        | \$1,555,384        |
| Instructional Resources & Media Services           | 46,764             |
| Curriculum & Instructional Staff Development       | 59,259             |
| Instructional Leadership                           | 28,638             |
| School Leadership                                  | 168,389            |
| Guidance, Counseling & Evaluation Services         | 91,850             |
| Health Services                                    | 29,272             |
| Student (Pupil) Transportation                     | 113,292            |
| Food Services                                      | 106,158            |
| Cocurricular/Extracurricular Activities            | 114,896            |
| General Administration                             | 105,321            |
| Plant Maintenance and Operations                   | 374,403            |
| Security                                           | 11,028             |
| Data Processing Services                           | <u>62,481</u>      |
| Total depreciation expense-Governmental activities | <u>\$2,867,135</u> |

**NOTE 5. LONG-TERM DEBT**

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

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

LAKE DALLAS INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED AUGUST 31, 2012

The following is a summary of the changes in the District's Long-term Debt for the year ended August 31, 2012:

| <u>Description</u>                      | <u>Interest<br/>Rate<br/>Payable</u> | <u>Amounts<br/>Outstanding<br/>9/1/11</u> | <u>Additions</u>    | <u>Refunded/<br/>Retired</u> | <u>Amounts<br/>Outstanding<br/>8/31/12</u> | <u>Due<br/>Within<br/>One Year</u> |
|-----------------------------------------|--------------------------------------|-------------------------------------------|---------------------|------------------------------|--------------------------------------------|------------------------------------|
| Bonded Indebtedness:                    |                                      |                                           |                     |                              |                                            |                                    |
| 1999 Bldg/Refunding                     | 4.40-6.06%                           | \$ 7,159,767                              | \$ -                | \$ 353,254                   | \$ 6,806,513                               | \$ 422,330                         |
| 2001 Bldg/Refunding                     | 4.00-5.70%                           | 5,484,871                                 | -                   | 535,000                      | 4,949,871                                  | -                                  |
| 2002 Bldg/Refunding                     | 2.40-5.89%                           | 10,865,996                                | -                   | 8,870,657                    | 1,995,339                                  | 83,695                             |
| 2004 Bldg/Refunding                     | 2.50-4.16%                           | 27,590,000                                | -                   | 570,000                      | 27,020,000                                 | 285,000                            |
| 2005 Bldg/Refunding                     | 3.00-4.62%                           | 9,000,000                                 | -                   | 1,740,000                    | 7,260,000                                  | 1,325,000                          |
| 2007 Bldg/Refunding                     | 3.75-4.93%                           | 23,914,184                                | -                   | 44,259                       | 23,869,925                                 | 53,970                             |
| 2008 Building                           | 4.00-6.89%                           | 7,400,000                                 | -                   | -                            | 7,400,000                                  | -                                  |
| 2010 Refunding                          | 2.00-4.50%                           | 5,605,000                                 | -                   | 360,000                      | 5,245,000                                  | 365,000                            |
| 2012 Refunding                          | 1.90-4.05%                           | -                                         | 9,340,000           | 315,000                      | 9,025,000                                  | -                                  |
| Total Bonded Indebtedness               |                                      | <u>97,019,818</u>                         | <u>9,340,000</u>    | <u>12,788,170</u>            | <u>93,571,648</u>                          | <u>2,534,995</u>                   |
| State Energy Conservation Loan          | 2.00%                                | 658,262                                   | 35,604              | 31,767                       | 662,099                                    | 64,492                             |
| Accreted Interest                       | 4.05-5.15%                           | 22,287,040                                | 2,608,669           | 566,089                      | 24,329,620                                 | -                                  |
| Loss on Refunding                       |                                      | -                                         | (453,632)           | (11,341)                     | (442,291)                                  | -                                  |
| Discount/Premium on<br>Issuance of Debt |                                      | <u>4,161,606</u>                          | <u>282,835</u>      | <u>151,799</u>               | <u>4,292,642</u>                           | <u>-</u>                           |
| Total Other Obligations                 |                                      | <u>27,106,908</u>                         | <u>2,473,476</u>    | <u>738,314</u>               | <u>28,842,070</u>                          | <u>64,492</u>                      |
| Total Obligations of District           |                                      | <u>\$124,126,726</u>                      | <u>\$11,813,476</u> | <u>\$13,526,484</u>          | <u>\$122,413,718</u>                       | <u>\$2,599,487</u>                 |

The 1999, 2001, 2002, 2004, 2005, 2007, 2008 and 2012 bond series include outstanding capital appreciation bonds in the principal amount of \$24,616,648. 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 \$24,329,620 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, 2012.

LAKE DALLAS INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED AUGUST 31, 2012

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

| Year Ended<br>August 31, | <u>General Obligation</u> |                       | Total                 |
|--------------------------|---------------------------|-----------------------|-----------------------|
|                          | <u>Principal</u>          | <u>Interest</u>       | <u>Requirements</u>   |
| 2013                     | \$ 2,534,995              | \$ 4,454,984          | \$ 6,989,979          |
| 2014                     | 2,390,496                 | 4,842,557             | 7,233,053             |
| 2015                     | 2,502,050                 | 4,980,404             | 7,482,454             |
| 2016                     | 2,528,037                 | 5,074,217             | 7,602,254             |
| 2017                     | 2,780,094                 | 4,944,560             | 7,724,654             |
| 2018-2022                | 14,666,223                | 25,797,603            | 40,463,826            |
| 2023-2027                | 14,374,422                | 26,881,916            | 41,256,338            |
| 2028-2032                | 12,165,549                | 29,205,240            | 41,370,789            |
| 2033-2037                | 27,719,782                | 13,657,892            | 41,377,674            |
| 2038-2042                | 6,825,000                 | 9,162,125             | 15,987,125            |
| 2043-2047                | 3,740,000                 | 3,376,200             | 7,116,200             |
| 2048                     | 1,345,000                 | 80,700                | 1,425,700             |
|                          | <u>\$ 93,571,648</u>      | <u>\$ 132,458,398</u> | <u>\$ 226,030,046</u> |

**NOTE 6. NOTE PAYABLE**

The District entered into a note agreement with the State Energy Conservation Office to finance energy conservation projects within the District. As of August 31, 2012 the District had been advanced \$693,866 on this project. The note is for 10 years at a rate of 2%.

Presented below is a summary of note payments to maturity:

| Year Ended<br>August 31, |                   |                  | Total               |
|--------------------------|-------------------|------------------|---------------------|
|                          | <u>Principal</u>  | <u>Interest</u>  | <u>Requirements</u> |
| 2013                     | \$ 64,492         | \$ 12,876        | \$ 77,368           |
| 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              |
| 2018-2022                | 326,377           | 16,003           | 342,380             |
|                          | <u>\$ 662,099</u> | <u>\$ 67,121</u> | <u>\$ 729,220</u>   |

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

On July 15, 2012 the District issued \$8,085,000 (par value) in unlimited tax refunding bonds (current interest bonds) and \$1,255,000 in premium capital appreciation bonds to advance refund \$9,340,000 of unlimited tax school building and refunding bonds. The bonds were issued at a premium of \$282,835, and, after paying issuance costs of \$163,488 the net proceeds were \$9,459,347. \$9,793,632 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 \$1,593,862.

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.

LAKE DALLAS INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED AUGUST 31, 2012

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, 2012, \$27,497,680 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 2011-12 fiscal year was based was \$1,215,992,122. 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, 2012, 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, 2012 were 99.32% 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, 2012, property taxes receivable, net of estimated uncollectible taxes, totaled \$258,659 and \$93,695 for the General and Debt Service Funds, respectively.

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

**NOTE 9. 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.

LAKE DALLAS INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED AUGUST 31, 2012

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 6.644% of the District's covered payroll. In certain instances the District is required to make all or a portion of the state's 6.644% 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, 2010, 2011, and 2012 were \$1,500,678, \$1,512,823 and \$1,436,929, 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, 2010, 2011, and 2012 were \$166,923, \$155,364 and \$117,018, respectively, equal to the required contributions for each year. The amounts contributed by the State, for the years ended August 31, 2010, 2011 and 2012 were \$1,494,866, \$1,530,176 and \$1,591,159, 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 10. SCHOOL DISTRICT RETIREE HEALTH PLAN**

*Plan Description.* Lake Dallas Independent School District contributes to the Texas Public School Retired Employees Group Insurance Program (TRS-Care), a cost-sharing multiple-employer defined benefit postemployment health care plan administered by the Teacher Retirement System of Texas. TRS-Care Retired Plan provides health care coverage for certain persons (and their dependents) who retired under the Teacher Retirement System of Texas. The statutory authority for the program is Texas Insurance Code, Chapter 1575. Section 1575.052 grants the TRS Board of Trustees authority to establish and amend the basic and optional group insurance coverage for participants. The TRS issues a publicly available financial report that includes financial statements and required supplementary information for TRS-Care. That report may be obtained by visiting the TRS Web site at [www.trs.state.tx.us](http://www.trs.state.tx.us), by writing to the Communications Department of the Teacher Retirement System of Texas at 1000 Red River Street, Austin, Texas 78701, or by calling 1-800-223-8778.

*Funding Policy.* Contribution requirements are not actuarially determined but are legally established each biennium by the Texas Legislature. Texas Insurance Code, Sections 1575.202, 203, and 204 establish state, active employee, and public school contributions, respectively. The State of Texas and active public school employee contribution rates were 1.0% and 0.65% of public school payroll, respectively, with school districts contributing a percentage of payroll set at 0.55% for fiscal years 2012, 2011 and 2010. 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, 2012, 2011, and 2010, the State's contributions to TRS-Care were \$224,487, \$236,379, and \$234,481, respectively. The on-behalf payments are recognized as equal revenues and expenditures/expenses by the District. The active member contributions were \$145,917, \$153,647, and \$152,413, respectively, and the school district's contribution were \$123,438, \$130,040, and \$128,965, 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, 2012, the contribution made on behalf of the District was \$51,261.

LAKE DALLAS INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED AUGUST 31, 2012

The Early Retiree Reinsurance Program (ERRP) is a provision of the Patient Protection and Affordable Care Act (PPACA) and provides reimbursement to plan sponsors for a portion of the cost of providing health benefits to retirees between the ages of 55-64 and their covered dependents regardless of age. An “early retiree” is defined as a plan participant aged 55-64 who is not eligible for Medicare and is not covered as an active employee of the plan sponsor. This temporary program is available to help employers continue to provide coverage to early retirees. TRS has been certified for this program and received funds from the ERRP program. These funds are considered on-behalf payments and are recognized as equal revenues and expenditures/expenses by the District. For the year ended August 31, 2012, the contribution made on behalf of the District was \$56,524.

**NOTE 11. HEALTH CARE**

During the year ended August 31, 2012, employees of Lake Dallas Independent School District were covered by the TRS-Active Care health insurance plan (the Plan). The District contributed \$225 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 12. INTERFUND TRANSFERS AND BALANCES**

The following is a summary of the District’s transfers for the fiscal year ended August 31, 2012:

| <u>Fund</u>               | <u>Transfers<br/>In</u> | <u>Transfers<br/>Out</u> |
|---------------------------|-------------------------|--------------------------|
| Major Funds:              |                         |                          |
| General Fund              | \$ -                    | \$ 63,316                |
| Nonmajor Funds:           |                         |                          |
| Special Revenue Funds:    |                         |                          |
| Technology Allotment Fund | -                       | 29,074                   |
| State Textbook Fund       | 29,074                  | -                        |
| Capital Projects Fund     | <u>63,316</u>           | <u>-</u>                 |
|                           | <u>\$ 92,390</u>        | <u>\$ 92,390</u>         |

The transfer from the General Fund to the Capital Projects Fund was made to help with capital construction projects. \$29,074 was transferred from the Technology Allotment Fund to the State Textbook Fund (both special revenue funds) to comply with new state guidelines.

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, 2012

Interfund balances at August 31, 2012, consisted of the following individual fund receivables and payables:

| <u>Fund</u>             | <u>Advances to<br/>Other Funds</u> | <u>Advances from<br/>Other Funds</u> |
|-------------------------|------------------------------------|--------------------------------------|
| <u>Major Funds:</u>     |                                    |                                      |
| General Fund:           |                                    |                                      |
| Special Revenue Funds   | \$ 45,234                          | \$ -                                 |
| Debt Service Fund       | 170,485                            | -                                    |
| Capital Projects Fund   | -                                  | 319,992                              |
| Enterprise Fund         | 1,679                              | -                                    |
| Internal Service Funds  | -                                  | 65,720                               |
| Agency Fund             | 73,968                             | -                                    |
| Debt Service Fund:      |                                    |                                      |
| General Fund            | -                                  | 170,485                              |
| Total Major Funds       | <u>291,366</u>                     | <u>556,197</u>                       |
| <u>Non-Major Funds:</u> |                                    |                                      |
| Capital Projects Fund:  |                                    |                                      |
| General Fund            | 319,992                            | -                                    |
| Special Revenue Funds:  |                                    |                                      |
| General Fund            | -                                  | 45,234                               |
| Agency Fund             | -                                  | 6,705                                |
| Enterprise Fund:        |                                    |                                      |
| General Fund            | -                                  | 1,679                                |
| Internal Service Funds: |                                    |                                      |
| General Fund            | 65,720                             | -                                    |
| Agency Fund             | 10,446                             | -                                    |
| Agency Fund:            |                                    |                                      |
| General Fund            | -                                  | 73,968                               |
| Special Revenue Fund    | 6,705                              | -                                    |
| Internal Service Fund   | -                                  | 10,446                               |
| Total Non-Major Funds   | <u>402,863</u>                     | <u>138,032</u>                       |
|                         | <u>\$ 694,229</u>                  | <u>\$ 694,229</u>                    |

**NOTE 13. DUE FROM OTHER GOVERNMENTS**

The District participates in a variety of federal and state programs from which it receives grants to partially or fully finance certain activities. In addition, the District receives entitlements from the State through the School Foundation and Per Capita Programs. Amounts due from federal and state governments as of August 31, 2012, 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<br/>Entitlements</u> | <u>Federal<br/>Grants</u> | <u>Local<br/>Governments</u> | <u>Total</u>     |
|-----------------|-------------------------------|---------------------------|------------------------------|------------------|
| Special Revenue | <u>\$ 3,388</u>               | <u>\$383,298</u>          | <u>\$ -</u>                  | <u>\$386,686</u> |

**NOTE 14. CONTINGENT LIABILITIES**

The Tax Reform Act of 1986 imposed regulations on tax-exempt bond issues. Governmental bonds issued after August 31, 1986 are subject to the rebate provisions of the Tax Reform Act of 1986. The rebate applies to earnings from bond issue proceeds investments which exceed bond issue stated interest rates. The exact amount of liability, if any, will not be known until as long as five years from the bond issuance date. At August 31, 2012 there was no estimated rebate liability.

LAKE DALLAS INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED AUGUST 31, 2012

**NOTE 15. LITIGATION AND CONTINGENCIES**

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

The District participates in numerous state and Federal grant programs which are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that the District has not complied with the rules and regulations governing the grants, if any, refunds of any money received may be required and the collectability of any related receivable at August 31, 2012 may be impaired. In the opinion of the District, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provision has been recorded in the accompanying combined financial statements for such contingencies.

**NOTE 16. REVENUES FROM LOCAL AND INTERMEDIATE SOURCES**

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

|                                                     | General<br>Fund     | Special<br>Revenue Funds | Debt<br>Service Fund | Capital<br>Projects Fund | Total               |
|-----------------------------------------------------|---------------------|--------------------------|----------------------|--------------------------|---------------------|
| Property Taxes                                      | \$14,380,072        | \$ -                     | \$6,143,780          | \$ -                     | \$20,523,852        |
| Food Sales                                          | -                   | 844,796                  | -                    | -                        | 844,796             |
| Investment Income                                   | 38,351              | 1,441                    | 11,042               | 619                      | 51,453              |
| Penalties, interest and other<br>tax related income | 149,342             | -                        | 42,453               | -                        | 191,795             |
| Co-curricular student activities                    | 117,257             | 10,201                   | -                    | -                        | 127,458             |
| Other                                               | <u>132,479</u>      | <u>78,221</u>            |                      | <u>79,224</u>            | <u>289,924</u>      |
| Total                                               | <u>\$14,817,501</u> | <u>\$ 934,659</u>        | <u>\$6,197,275</u>   | <u>\$ 79,843</u>         | <u>\$22,029,278</u> |

**NOTE 17. DEFERRED REVENUE**

Deferred revenue at year-end consisted of the following:

|                 | General<br>Fund   | Special<br>Revenue<br>Fund | Debt<br>Service<br>Fund | Total              |
|-----------------|-------------------|----------------------------|-------------------------|--------------------|
| Net Tax Revenue | \$ 230,720        | \$ -                       | \$81,794                | \$ 312,514         |
| Deferred Grants | <u>709,438</u>    | <u>9,456</u>               | <u>-</u>                | <u>718,894</u>     |
|                 | <u>\$ 940,158</u> | <u>\$ 9,456</u>            | <u>\$81,794</u>         | <u>\$1,031,408</u> |

**NOTE 18. GENERAL FUND FEDERAL SOURCE REVENUES**

| <u>Program or Source</u> | <u>CFDA<br/>Number</u> | <u>Amount</u>    | <u>Total Grant<br/>or Entitlement</u> |
|--------------------------|------------------------|------------------|---------------------------------------|
| General Fund:            |                        |                  |                                       |
| Impact Aid               | 84.041                 | \$651,156        | \$651,156                             |
| Federal Flood Control    | 10.904                 | <u>26,615</u>    | <u>26,615</u>                         |
| Total for General Fund   |                        | <u>\$677,771</u> | <u>\$677,771</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, 2012

| Data Control Codes              |                                                           |    | Budgeted Amounts |       | Actual Amounts<br>(GAAP BASIS) | Variance With<br>Final Budget<br>Over<br>(Under) |
|---------------------------------|-----------------------------------------------------------|----|------------------|-------|--------------------------------|--------------------------------------------------|
|                                 |                                                           |    | Original         | Final |                                |                                                  |
| REVENUES:                       |                                                           |    |                  |       |                                |                                                  |
| 5700                            | Total Local and Intermediate Sources                      | \$ | 14,429,176       | \$    | 14,467,564                     | \$ 14,817,501 \$ 349,937                         |
| 5800                            | State Program Revenues                                    |    | 14,699,284       |       | 14,895,967                     | 14,482,634 (413,333)                             |
| 5900                            | Federal Program Revenues                                  |    | 175,000          |       | 606,840                        | 677,771 70,931                                   |
| 5020                            | Total Revenues                                            |    | 29,303,460       |       | 29,970,371                     | 29,977,906 7,535                                 |
| EXPENDITURES:                   |                                                           |    |                  |       |                                |                                                  |
| Current:                        |                                                           |    |                  |       |                                |                                                  |
| 0011                            | Instruction                                               |    | 16,105,153       |       | 16,410,239                     | 16,380,207 30,032                                |
| 0012                            | Instructional Resources and Media Services                |    | 534,058          |       | 509,503                        | 478,975 30,528                                   |
| 0013                            | Curriculum and Instructional Staff Development            |    | 630,765          |       | 623,102                        | 606,960 16,142                                   |
| 0021                            | Instructional Leadership                                  |    | 296,384          |       | 296,384                        | 293,324 3,060                                    |
| 0023                            | School Leadership                                         |    | 1,654,642        |       | 1,729,533                      | 1,725,372 4,161                                  |
| 0031                            | Guidance, Counseling and Evaluation Services              |    | 953,181          |       | 948,461                        | 940,769 7,692                                    |
| 0032                            | Social Work Services                                      |    | -                |       | 471                            | 391 80                                           |
| 0033                            | Health Services                                           |    | 302,480          |       | 302,480                        | 299,426 3,054                                    |
| 0034                            | Student (Pupil) Transportation                            |    | 1,371,318        |       | 1,226,005                      | 1,160,381 65,624                                 |
| 0036                            | Extracurricular Activities                                |    | 906,471          |       | 1,204,129                      | 1,176,817 27,312                                 |
| 0041                            | General Administration                                    |    | 1,129,351        |       | 1,079,595                      | 1,078,744 851                                    |
| 0051                            | Facilities Maintenance and Operations                     |    | 4,225,137        |       | 3,886,065                      | 3,834,798 51,267                                 |
| 0052                            | Security and Monitoring Services                          |    | 115,876          |       | 115,876                        | 112,956 2,920                                    |
| 0053                            | Data Processing Services                                  |    | 593,847          |       | 664,439                        | 639,954 24,485                                   |
| Debt Service:                   |                                                           |    |                  |       |                                |                                                  |
| 0071                            | Principal on Long Term Debt                               |    | 69,697           |       | 31,796                         | 31,767 29                                        |
| 0072                            | Interest on Long Term Debt                                |    | 6,917            |       | 6,917                          | 6,917 -                                          |
| Capital Outlay:                 |                                                           |    |                  |       |                                |                                                  |
| 0081                            | Facilities Acquisition and Construction                   |    | 55,243           |       | 446,935                        | 431,437 15,498                                   |
| Intergovernmental:              |                                                           |    |                  |       |                                |                                                  |
| 0095                            | Payments to Juvenile Justice Alternative Ed. Prg.         |    | 10,800           |       | 10,800                         | - 10,800                                         |
| 0099                            | Other Intergovernmental Charges                           |    | -                |       | 171,105                        | 171,105 -                                        |
| 6030                            | Total Expenditures                                        |    | 28,961,320       |       | 29,663,835                     | 29,370,300 293,535                               |
| 1100                            | Excess (Deficiency) of Revenues Over (Under) Expenditures |    | 342,140          |       | 306,536                        | 607,606 301,070                                  |
| OTHER FINANCING SOURCES (USES): |                                                           |    |                  |       |                                |                                                  |
| 7912                            | Sale of Real and Personal Property                        |    | -                |       | -                              | 8,750 8,750                                      |
| 7914                            | Non-Current Loans                                         |    | -                |       | 35,604                         | 35,604 -                                         |
| 8911                            | Transfers Out (Use)                                       |    | -                |       | -                              | (63,316) (63,316)                                |
| 7080                            | Total Other Financing Sources (Uses)                      |    | -                |       | 35,604                         | (18,962) (54,566)                                |
| 1200                            | Net Change in Fund Balances                               |    | 342,140          |       | 342,140                        | 588,644 246,504                                  |
| 0100                            | Fund Balance - September 1 (Beginning)                    |    | 8,195,836        |       | 8,195,836                      | 8,195,836 -                                      |
| 3000                            | Fund Balance - August 31 (Ending)                         | \$ | 8,537,976        | \$    | 8,537,976                      | \$ 8,784,480 \$ 246,504                          |

**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  
Title XIV ARRA State Stabilization  
Education Jobs Fund  
Summer School LEP

State Programs:

Advanced Placement Incentives  
State Textbook Fund  
Technology Allotment  
Teacher Induction and Mentoring  
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, 2012

| Data<br>Control<br>Codes             |                                             | 211<br>ESEA I, A<br>Improving<br>Basic Program | 224<br>IDEA - Part B<br>Formula | 225<br>IDEA - Part B<br>Preschool | 240<br>National<br>Breakfast and<br>Lunch Program |
|--------------------------------------|---------------------------------------------|------------------------------------------------|---------------------------------|-----------------------------------|---------------------------------------------------|
| <b>ASSETS</b>                        |                                             |                                                |                                 |                                   |                                                   |
| 1110                                 | Cash and Cash Equivalents                   | \$ -                                           | \$ -                            | \$ -                              | \$ 457,774                                        |
| 1240                                 | Receivables from Other Governments          | 20,050                                         | 94,603                          | 1,331                             | 19,995                                            |
| 1260                                 | Due from Other Funds                        | -                                              | -                               | -                                 | -                                                 |
| 1290                                 | Other Receivables                           | 1,180                                          | 1,637                           | 53                                | 2,664                                             |
| 1000                                 | Total Assets                                | <u>\$ 21,230</u>                               | <u>\$ 96,240</u>                | <u>\$ 1,384</u>                   | <u>\$ 480,433</u>                                 |
| <b>LIABILITIES AND FUND BALANCES</b> |                                             |                                                |                                 |                                   |                                                   |
| Liabilities:                         |                                             |                                                |                                 |                                   |                                                   |
| 2110                                 | Accounts Payable                            | \$ 21,230                                      | \$ 96,240                       | \$ 1,384                          | \$ 29,156                                         |
| 2150                                 | Payroll Deductions and Withholdings Payable | -                                              | -                               | -                                 | -                                                 |
| 2170                                 | Due to Other Funds                          | -                                              | -                               | -                                 | -                                                 |
| 2180                                 | Due to Other Governments                    | -                                              | -                               | -                                 | -                                                 |
| 2190                                 | Due to Student Groups                       | -                                              | -                               | -                                 | -                                                 |
| 2200                                 | Accrued Expenditures                        | -                                              | -                               | -                                 | 28,253                                            |
| 2300                                 | Deferred Revenues                           | -                                              | -                               | -                                 | -                                                 |
| 2000                                 | Total Liabilities                           | <u>21,230</u>                                  | <u>96,240</u>                   | <u>1,384</u>                      | <u>57,409</u>                                     |
| Fund Balances:                       |                                             |                                                |                                 |                                   |                                                   |
| Restricted Fund Balance:             |                                             |                                                |                                 |                                   |                                                   |
| 3450                                 | Federal or State Funds Grant Restriction    | -                                              | -                               | -                                 | 423,024                                           |
| Committed Fund Balance:              |                                             |                                                |                                 |                                   |                                                   |
| 3510                                 | Campus Activities                           | -                                              | -                               | -                                 | -                                                 |
| Assigned Fund Balance:               |                                             |                                                |                                 |                                   |                                                   |
| 3550                                 | Construction                                | -                                              | -                               | -                                 | -                                                 |
| 3000                                 | Total Fund Balances                         | <u>-</u>                                       | <u>-</u>                        | <u>-</u>                          | <u>423,024</u>                                    |
| 4000                                 | Total Liabilities and Fund Balances         | <u>\$ 21,230</u>                               | <u>\$ 96,240</u>                | <u>\$ 1,384</u>                   | <u>\$ 480,433</u>                                 |



## EXHIBIT H-1 (Cont'd)

| 244<br>Career and<br>Technical -<br>Basic Grant | 255<br>ESEA II,A<br>Training and<br>Recruiting | 263<br>Title III, A<br>English Lang.<br>Acquisition | 266<br>Title XIV<br>ARRA State<br>Stabilization | 287<br>Education<br>Jobs Fund | 288<br>Summer<br>School<br>LEP | 397<br>Advanced<br>Placement<br>Incentives | 410<br>State<br>Textbook<br>Fund |
|-------------------------------------------------|------------------------------------------------|-----------------------------------------------------|-------------------------------------------------|-------------------------------|--------------------------------|--------------------------------------------|----------------------------------|
| \$ -                                            | \$ -                                           | \$ -                                                | \$ -                                            | \$ -                          | \$ -                           | \$ 9,736                                   | \$ 35,462                        |
| -                                               | 11,172                                         | 4,693                                               | -                                               | 223,464                       | 7,990                          | -                                          | -                                |
| -                                               | -                                              | -                                                   | -                                               | -                             | -                              | -                                          | -                                |
| 25                                              | 334                                            | 107                                                 | -                                               | -                             | -                              | -                                          | -                                |
| <u>\$ 25</u>                                    | <u>\$ 11,506</u>                               | <u>\$ 4,800</u>                                     | <u>\$ -</u>                                     | <u>\$ 223,464</u>             | <u>\$ 7,990</u>                | <u>\$ 9,736</u>                            | <u>\$ 35,462</u>                 |
| \$ 25                                           | \$ 11,506                                      | \$ 4,800                                            | \$ -                                            | \$ 223,464                    | \$ 7,990                       | \$ 280                                     | \$ 6,388                         |
| -                                               | -                                              | -                                                   | -                                               | -                             | -                              | -                                          | -                                |
| -                                               | -                                              | -                                                   | -                                               | -                             | -                              | -                                          | -                                |
| -                                               | -                                              | -                                                   | -                                               | -                             | -                              | -                                          | -                                |
| -                                               | -                                              | -                                                   | -                                               | -                             | -                              | -                                          | -                                |
| -                                               | -                                              | -                                                   | -                                               | -                             | -                              | -                                          | -                                |
| -                                               | -                                              | -                                                   | -                                               | -                             | -                              | 9,456                                      | -                                |
| <u>25</u>                                       | <u>11,506</u>                                  | <u>4,800</u>                                        | <u>-</u>                                        | <u>223,464</u>                | <u>7,990</u>                   | <u>9,736</u>                               | <u>6,388</u>                     |
| -                                               | -                                              | -                                                   | -                                               | -                             | -                              | -                                          | 29,074                           |
| -                                               | -                                              | -                                                   | -                                               | -                             | -                              | -                                          | -                                |
| -                                               | -                                              | -                                                   | -                                               | -                             | -                              | -                                          | -                                |
| <u>-</u>                                        | <u>-</u>                                       | <u>-</u>                                            | <u>-</u>                                        | <u>-</u>                      | <u>-</u>                       | <u>-</u>                                   | <u>29,074</u>                    |
| <u>\$ 25</u>                                    | <u>\$ 11,506</u>                               | <u>\$ 4,800</u>                                     | <u>\$ -</u>                                     | <u>\$ 223,464</u>             | <u>\$ 7,990</u>                | <u>\$ 9,736</u>                            | <u>\$ 35,462</u>                 |

LAKE DALLAS INDEPENDENT SCHOOL DISTRICT  
COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
AUGUST 31, 2012

| Data<br>Control<br>Codes      |                                             | 411<br>Technology<br>Allotment | 425<br>Teacher<br>Induction and<br>Mentoring | 429<br>Rural<br>School<br>Technology | 459<br>Reading<br>Recovery<br>Co-op |
|-------------------------------|---------------------------------------------|--------------------------------|----------------------------------------------|--------------------------------------|-------------------------------------|
| ASSETS                        |                                             |                                |                                              |                                      |                                     |
| 1110                          | Cash and Cash Equivalents                   | \$ -                           | \$ -                                         | \$ -                                 | \$ 19,905                           |
| 1240                          | Receivables from Other Governments          | -                              | -                                            | 3,388                                | -                                   |
| 1260                          | Due from Other Funds                        | -                              | -                                            | -                                    | -                                   |
| 1290                          | Other Receivables                           | -                              | -                                            | -                                    | -                                   |
| 1000                          | Total Assets                                | <u>\$ -</u>                    | <u>\$ -</u>                                  | <u>\$ 3,388</u>                      | <u>\$ 19,905</u>                    |
| LIABILITIES AND FUND BALANCES |                                             |                                |                                              |                                      |                                     |
| Liabilities:                  |                                             |                                |                                              |                                      |                                     |
| 2110                          | Accounts Payable                            | \$ -                           | \$ -                                         | \$ 3,167                             | \$ -                                |
| 2150                          | Payroll Deductions and Withholdings Payable | -                              | -                                            | -                                    | -                                   |
| 2170                          | Due to Other Funds                          | -                              | -                                            | -                                    | -                                   |
| 2180                          | Due to Other Governments                    | -                              | -                                            | -                                    | 19,905                              |
| 2190                          | Due to Student Groups                       | -                              | -                                            | -                                    | -                                   |
| 2200                          | Accrued Expenditures                        | -                              | -                                            | -                                    | -                                   |
| 2300                          | Deferred Revenues                           | -                              | -                                            | -                                    | -                                   |
| 2000                          | Total Liabilities                           | <u>-</u>                       | <u>-</u>                                     | <u>3,167</u>                         | <u>19,905</u>                       |
| Fund Balances:                |                                             |                                |                                              |                                      |                                     |
| Restricted Fund Balance:      |                                             |                                |                                              |                                      |                                     |
| 3450                          | Federal or State Funds Grant Restriction    | -                              | -                                            | 221                                  | -                                   |
| Committed Fund Balance:       |                                             |                                |                                              |                                      |                                     |
| 3510                          | Campus Activities                           | -                              | -                                            | -                                    | -                                   |
| Assigned Fund Balance:        |                                             |                                |                                              |                                      |                                     |
| 3550                          | Construction                                | -                              | -                                            | -                                    | -                                   |
| 3000                          | Total Fund Balances                         | <u>-</u>                       | <u>-</u>                                     | <u>221</u>                           | <u>-</u>                            |
| 4000                          | Total Liabilities and Fund Balances         | <u>\$ -</u>                    | <u>\$ -</u>                                  | <u>\$ 3,388</u>                      | <u>\$ 19,905</u>                    |

| 461<br>Campus<br>Activity<br>Funds | Total<br>Nonmajor<br>Special<br>Revenue Funds | 611<br>Capital<br>Projects<br>Fund | Total<br>Nonmajor<br>Governmental<br>Funds |
|------------------------------------|-----------------------------------------------|------------------------------------|--------------------------------------------|
| \$ 100,406                         | \$ 623,283                                    | \$ 180,182                         | \$ 803,465                                 |
| -                                  | 386,686                                       | -                                  | 386,686                                    |
| -                                  | -                                             | 319,992                            | 319,992                                    |
| -                                  | 6,000                                         | -                                  | 6,000                                      |
| <u>\$ 100,406</u>                  | <u>\$ 1,015,969</u>                           | <u>\$ 500,174</u>                  | <u>\$ 1,516,143</u>                        |
|                                    |                                               |                                    |                                            |
| \$ 5,109                           | \$ 410,739                                    | \$ 24,460                          | \$ 435,199                                 |
| 25                                 | 25                                            | -                                  | 25                                         |
| 51,939                             | 51,939                                        | -                                  | 51,939                                     |
| -                                  | 19,905                                        | -                                  | 19,905                                     |
| 105                                | 105                                           | -                                  | 105                                        |
| -                                  | 28,253                                        | -                                  | 28,253                                     |
| -                                  | 9,456                                         | -                                  | 9,456                                      |
| <u>57,178</u>                      | <u>520,422</u>                                | <u>24,460</u>                      | <u>544,882</u>                             |
|                                    |                                               |                                    |                                            |
| -                                  | 452,319                                       | -                                  | 452,319                                    |
|                                    |                                               |                                    |                                            |
| 43,228                             | 43,228                                        | -                                  | 43,228                                     |
|                                    |                                               |                                    |                                            |
| -                                  | -                                             | 475,714                            | 475,714                                    |
| <u>43,228</u>                      | <u>495,547</u>                                | <u>475,714</u>                     | <u>971,261</u>                             |
|                                    |                                               |                                    |                                            |
| <u>\$ 100,406</u>                  | <u>\$ 1,015,969</u>                           | <u>\$ 500,174</u>                  | <u>\$ 1,516,143</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, 2012

| Data<br>Control<br>Codes        |                                                           | 211<br>ESEA I, A<br>Improving<br>Basic Program | 224<br>IDEA - Part B<br>Formula | 225<br>IDEA - Part B<br>Preschool | 240<br>National<br>Breakfast and<br>Lunch Program |
|---------------------------------|-----------------------------------------------------------|------------------------------------------------|---------------------------------|-----------------------------------|---------------------------------------------------|
| REVENUES:                       |                                                           |                                                |                                 |                                   |                                                   |
| 5700                            | Total Local and Intermediate Sources                      | \$ -                                           | \$ -                            | \$ -                              | \$ 856,438                                        |
| 5800                            | State Program Revenues                                    | -                                              | -                               | -                                 | 10,995                                            |
| 5900                            | Federal Program Revenues                                  | 216,761                                        | 448,857                         | 11,280                            | 831,096                                           |
| 5020                            | Total Revenues                                            | 216,761                                        | 448,857                         | 11,280                            | 1,698,529                                         |
| EXPENDITURES:                   |                                                           |                                                |                                 |                                   |                                                   |
| Current:                        |                                                           |                                                |                                 |                                   |                                                   |
| 0011                            | Instruction                                               | 206,197                                        | 426,887                         | 11,280                            | -                                                 |
| 0013                            | Curriculum and Instructional Staff Development            | 9,669                                          | 1,393                           | -                                 | -                                                 |
| 0021                            | Instructional Leadership                                  | -                                              | 1,926                           | -                                 | -                                                 |
| 0023                            | School Leadership                                         | -                                              | -                               | -                                 | -                                                 |
| 0031                            | Guidance, Counseling and Evaluation Services              | 895                                            | 18,651                          | -                                 | -                                                 |
| 0035                            | Food Services                                             | -                                              | -                               | -                                 | 1,611,689                                         |
| 0036                            | Extracurricular Activities                                | -                                              | -                               | -                                 | -                                                 |
| 0051                            | Facilities Maintenance and Operations                     | -                                              | -                               | -                                 | -                                                 |
| Capital Outlay:                 |                                                           |                                                |                                 |                                   |                                                   |
| 0081                            | Facilities Acquisition and Construction                   | -                                              | -                               | -                                 | -                                                 |
| 6030                            | Total Expenditures                                        | 216,761                                        | 448,857                         | 11,280                            | 1,611,689                                         |
| 1100                            | Excess (Deficiency) of Revenues Over (Under) Expenditures | -                                              | -                               | -                                 | 86,840                                            |
| OTHER FINANCING SOURCES (USES): |                                                           |                                                |                                 |                                   |                                                   |
| 7915                            | Transfers In                                              | -                                              | -                               | -                                 | -                                                 |
| 8911                            | Transfers Out (Use)                                       | -                                              | -                               | -                                 | -                                                 |
| 7080                            | Total Other Financing Sources (Uses)                      | -                                              | -                               | -                                 | -                                                 |
| 1200                            | Net Change in Fund Balance                                | -                                              | -                               | -                                 | 86,840                                            |
| 0100                            | Fund Balance - September 1 (Beginning)                    | -                                              | -                               | -                                 | 336,184                                           |
| 3000                            | Fund Balance - August 31 (Ending)                         | \$ -                                           | \$ -                            | \$ -                              | \$ 423,024                                        |

| 244<br>Career and<br>Technical -<br>Basic Grant | 255<br>ESEA II,A<br>Training and<br>Recruiting | 263<br>Title III, A<br>English Lang.<br>Acquisition | 266<br>Title XIV<br>ARRA State<br>Stabilization | 287<br>Education<br>Jobs Fund | 288<br>Summer<br>School<br>LEP | 397<br>Advanced<br>Placement<br>Incentives | 410<br>State<br>Textbook<br>Fund |
|-------------------------------------------------|------------------------------------------------|-----------------------------------------------------|-------------------------------------------------|-------------------------------|--------------------------------|--------------------------------------------|----------------------------------|
| \$ -                                            | \$ -                                           | \$ -                                                | \$ -                                            | \$ -                          | \$ -                           | \$ -                                       | \$ -                             |
| -                                               | -                                              | -                                                   | -                                               | -                             | -                              | 1,867                                      | 429,633                          |
| 33,210                                          | 55,254                                         | 27,839                                              | 98,575                                          | 426,376                       | 4,095                          | -                                          | -                                |
| 33,210                                          | 55,254                                         | 27,839                                              | 98,575                                          | 426,376                       | 4,095                          | 1,867                                      | 429,633                          |
| 29,205                                          | -                                              | 27,839                                              | -                                               | 348,000                       | 4,095                          | 1,434                                      | 429,633                          |
| 4,005                                           | 53,754                                         | -                                                   | -                                               | -                             | -                              | 450                                        | -                                |
| -                                               | -                                              | -                                                   | -                                               | 5,000                         | -                              | -                                          | -                                |
| -                                               | 1,500                                          | -                                                   | -                                               | 36,500                        | -                              | -                                          | -                                |
| -                                               | -                                              | -                                                   | -                                               | -                             | -                              | -                                          | -                                |
| -                                               | -                                              | -                                                   | -                                               | -                             | -                              | -                                          | -                                |
| -                                               | -                                              | -                                                   | -                                               | -                             | -                              | -                                          | -                                |
| -                                               | -                                              | -                                                   | 98,575                                          | 36,876                        | -                              | -                                          | -                                |
| -                                               | -                                              | -                                                   | -                                               | -                             | -                              | -                                          | -                                |
| 33,210                                          | 55,254                                         | 27,839                                              | 98,575                                          | 426,376                       | 4,095                          | 1,884                                      | 429,633                          |
| -                                               | -                                              | -                                                   | -                                               | -                             | -                              | (17)                                       | -                                |
| -                                               | -                                              | -                                                   | -                                               | -                             | -                              | -                                          | 29,074                           |
| -                                               | -                                              | -                                                   | -                                               | -                             | -                              | -                                          | -                                |
| -                                               | -                                              | -                                                   | -                                               | -                             | -                              | -                                          | 29,074                           |
| -                                               | -                                              | -                                                   | -                                               | -                             | -                              | (17)                                       | 29,074                           |
| -                                               | -                                              | -                                                   | -                                               | -                             | -                              | 17                                         | -                                |
| \$ -                                            | \$ -                                           | \$ -                                                | \$ -                                            | \$ -                          | \$ -                           | \$ -                                       | \$ 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, 2012

| Data<br>Control<br>Codes        |                                                           | 411<br>Technology<br>Allotment | 425<br>Teacher<br>Induction and<br>Mentoring | 429<br>Rural<br>School<br>Technology | 459<br>Reading<br>Recovery<br>Co-op |
|---------------------------------|-----------------------------------------------------------|--------------------------------|----------------------------------------------|--------------------------------------|-------------------------------------|
| REVENUES:                       |                                                           |                                |                                              |                                      |                                     |
| 5700                            | Total Local and Intermediate Sources                      | \$ -                           | \$ -                                         | \$ -                                 | \$ -                                |
| 5800                            | State Program Revenues                                    | -                              | 8,106                                        | 23,114                               | -                                   |
| 5900                            | Federal Program Revenues                                  | -                              | -                                            | -                                    | -                                   |
| 5020                            | Total Revenues                                            | -                              | 8,106                                        | 23,114                               | -                                   |
| EXPENDITURES:                   |                                                           |                                |                                              |                                      |                                     |
| Current:                        |                                                           |                                |                                              |                                      |                                     |
| 0011                            | Instruction                                               | 111,676                        | -                                            | 22,893                               | -                                   |
| 0013                            | Curriculum and Instructional Staff Development            | -                              | 8,106                                        | -                                    | -                                   |
| 0021                            | Instructional Leadership                                  | -                              | -                                            | -                                    | -                                   |
| 0023                            | School Leadership                                         | -                              | -                                            | -                                    | -                                   |
| 0031                            | Guidance, Counseling and Evaluation Services              | -                              | -                                            | -                                    | -                                   |
| 0035                            | Food Services                                             | -                              | -                                            | -                                    | -                                   |
| 0036                            | Extracurricular Activities                                | -                              | -                                            | -                                    | -                                   |
| 0051                            | Facilities Maintenance and Operations                     | -                              | -                                            | -                                    | -                                   |
| Capital Outlay:                 |                                                           |                                |                                              |                                      |                                     |
| 0081                            | Facilities Acquisition and Construction                   | -                              | -                                            | -                                    | -                                   |
| 6030                            | Total Expenditures                                        | 111,676                        | 8,106                                        | 22,893                               | -                                   |
| 1100                            | Excess (Deficiency) of Revenues Over (Under) Expenditures | (111,676)                      | -                                            | 221                                  | -                                   |
| OTHER FINANCING SOURCES (USES): |                                                           |                                |                                              |                                      |                                     |
| 7915                            | Transfers In                                              | -                              | -                                            | -                                    | -                                   |
| 8911                            | Transfers Out (Use)                                       | (29,074)                       | -                                            | -                                    | -                                   |
| 7080                            | Total Other Financing Sources (Uses)                      | (29,074)                       | -                                            | -                                    | -                                   |
| 1200                            | Net Change in Fund Balance                                | (140,750)                      | -                                            | 221                                  | -                                   |
| 0100                            | Fund Balance - September 1 (Beginning)                    | 140,750                        | -                                            | -                                    | -                                   |
| 3000                            | Fund Balance - August 31 (Ending)                         | \$ -                           | \$ -                                         | \$ 221                               | \$ -                                |

| 461<br>Campus<br>Activity<br>Funds | Total<br>Nonmajor<br>Special<br>Revenue Funds | 611<br>Capital<br>Projects<br>Fund | Total<br>Nonmajor<br>Governmental<br>Funds |
|------------------------------------|-----------------------------------------------|------------------------------------|--------------------------------------------|
| \$ 78,221                          | \$ 934,659                                    | \$ 79,843                          | \$ 1,014,502                               |
| 1,297                              | 475,012                                       | -                                  | 475,012                                    |
| -                                  | 2,153,343                                     | -                                  | 2,153,343                                  |
| 79,518                             | 3,563,014                                     | 79,843                             | 3,642,857                                  |
| -                                  | 1,619,139                                     | -                                  | 1,619,139                                  |
| -                                  | 77,377                                        | -                                  | 77,377                                     |
| -                                  | 6,926                                         | -                                  | 6,926                                      |
| -                                  | 38,000                                        | -                                  | 38,000                                     |
| -                                  | 19,546                                        | -                                  | 19,546                                     |
| -                                  | 1,611,689                                     | -                                  | 1,611,689                                  |
| 58,498                             | 58,498                                        | -                                  | 58,498                                     |
| -                                  | 135,451                                       | -                                  | 135,451                                    |
| -                                  | -                                             | 472,263                            | 472,263                                    |
| 58,498                             | 3,566,626                                     | 472,263                            | 4,038,889                                  |
| 21,020                             | (3,612)                                       | (392,420)                          | (396,032)                                  |
| -                                  | 29,074                                        | 63,316                             | 92,390                                     |
| -                                  | (29,074)                                      | -                                  | (29,074)                                   |
| -                                  | -                                             | 63,316                             | 63,316                                     |
| 21,020                             | (3,612)                                       | (329,104)                          | (332,716)                                  |
| 22,208                             | 499,159                                       | 804,818                            | 1,303,977                                  |
| \$ 43,228                          | \$ 495,547                                    | \$ 475,714                         | \$ 971,261                                 |

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, 2012

| Data<br>Control<br>Codes |                                        | Budgeted Amounts |            | Actual Amounts<br>(GAAP BASIS) | Variance With<br>Final Budget<br>Over<br>(Under) |
|--------------------------|----------------------------------------|------------------|------------|--------------------------------|--------------------------------------------------|
|                          |                                        | Original         | Final      |                                |                                                  |
| REVENUES:                |                                        |                  |            |                                |                                                  |
| 5700                     | Total Local and Intermediate Sources   | \$ 883,574       | \$ 883,574 | \$ 856,438                     | \$ (27,136)                                      |
| 5800                     | State Program Revenues                 | 10,508           | 10,508     | 10,995                         | 487                                              |
| 5900                     | Federal Program Revenues               | 788,923          | 788,923    | 831,096                        | 42,173                                           |
| 5020                     | Total Revenues                         | 1,683,005        | 1,683,005  | 1,698,529                      | 15,524                                           |
| EXPENDITURES:            |                                        |                  |            |                                |                                                  |
| 0035                     | Food Services                          | 1,676,756        | 1,676,756  | 1,611,689                      | 65,067                                           |
| 6030                     | Total Expenditures                     | 1,676,756        | 1,676,756  | 1,611,689                      | 65,067                                           |
| 1200                     | Net Change in Fund Balances            | 6,249            | 6,249      | 86,840                         | 80,591                                           |
| 0100                     | Fund Balance - September 1 (Beginning) | 336,184          | 336,184    | 336,184                        | -                                                |
| 3000                     | Fund Balance - August 31 (Ending)      | \$ 342,433       | \$ 342,433 | \$ 423,024                     | \$ 80,591                                        |



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, 2012

| Data<br>Control<br>Codes        |                                                           | Budgeted Amounts |              | Actual Amounts<br>(GAAP BASIS) | Variance With<br>Final Budget<br>Over<br>(Under) |
|---------------------------------|-----------------------------------------------------------|------------------|--------------|--------------------------------|--------------------------------------------------|
|                                 |                                                           | Original         | Final        |                                |                                                  |
| REVENUES:                       |                                                           |                  |              |                                |                                                  |
| 5700                            | Total Local and Intermediate Sources                      | \$ 6,094,690     | \$ 6,094,690 | \$ 6,197,275                   | \$ 102,585                                       |
| 5800                            | State Program Revenues                                    | 538,098          | 538,098      | 409,560                        | (128,538)                                        |
| 5020                            | Total Revenues                                            | 6,632,788        | 6,632,788    | 6,606,835                      | (25,953)                                         |
| EXPENDITURES:                   |                                                           |                  |              |                                |                                                  |
| Debt Service:                   |                                                           |                  |              |                                |                                                  |
| 0071                            | Principal on Long Term Debt                               | 3,133,169        | 3,133,169    | 3,448,170                      | (315,001)                                        |
| 0072                            | Interest on Long Term Debt                                | 3,989,497        | 4,013,523    | 3,671,610                      | 341,913                                          |
| 0073                            | Bond Issuance Cost and Fees                               | 10,000           | 102,476      | 166,773                        | (64,297)                                         |
| 6030                            | Total Expenditures                                        | 7,132,666        | 7,249,168    | 7,286,553                      | (37,385)                                         |
| 1100                            | Excess (Deficiency) of Revenues Over (Under) Expenditures | (499,878)        | (616,380)    | (679,718)                      | (63,338)                                         |
| OTHER FINANCING SOURCES (USES): |                                                           |                  |              |                                |                                                  |
| 7911                            | Capital Related Debt Issued (Regular Bonds)               | -                | 9,340,000    | 9,340,000                      | -                                                |
| 7916                            | Premium or Discount on Issuance of Bonds                  | -                | 546,108      | 617,120                        | 71,012                                           |
| 7917                            | Prepaid Interest                                          | -                | 24,026       | -                              | (24,026)                                         |
| 8949                            | Other (Uses)                                              | -                | (9,793,632)  | (9,793,632)                    | -                                                |
| 7080                            | Total Other Financing Sources (Uses)                      | -                | 116,502      | 163,488                        | 46,986                                           |
| 1200                            | Net Change in Fund Balances                               | (499,878)        | (499,878)    | (516,230)                      | (16,352)                                         |
| 0100                            | Fund Balance - September 1 (Beginning)                    | 913,359          | 913,359      | 913,359                        | -                                                |
| 3000                            | Fund Balance - August 31 (Ending)                         | \$ 413,481       | \$ 413,481   | \$ 397,129                     | \$ (16,352)                                      |



**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 ASSETS  
INTERNAL SERVICE FUNDS  
AUGUST 31, 2012

|                                         | 752               | 754                    | Total                     |
|-----------------------------------------|-------------------|------------------------|---------------------------|
|                                         | Print Shop        | Computer<br>Operations | Internal<br>Service Funds |
| <b>ASSETS</b>                           |                   |                        |                           |
| Current Assets:                         |                   |                        |                           |
| Cash and Cash Equivalents               | \$ 94,762         | \$ 207,494             | \$ 302,256                |
| Due from Other Funds                    | 1,626             | 74,540                 | 76,166                    |
| Inventories                             | 13,080            | 20,915                 | 33,995                    |
| Total Current Assets                    | <u>109,468</u>    | <u>302,949</u>         | <u>412,417</u>            |
| Noncurrent Assets:                      |                   |                        |                           |
| Capital Assets:                         |                   |                        |                           |
| Depreciation on Furniture and Equipment | (17,711)          | -                      | (17,711)                  |
| District Defined Capital Assets         | <u>17,711</u>     | <u>-</u>               | <u>17,711</u>             |
| Total Noncurrent Assets                 | <u>-</u>          | <u>-</u>               | <u>-</u>                  |
| Total Assets                            | <u>109,468</u>    | <u>302,949</u>         | <u>412,417</u>            |
| <b>LIABILITIES</b>                      |                   |                        |                           |
| Current Liabilities:                    |                   |                        |                           |
| Accounts Payable                        | 941               | 179,124                | 180,065                   |
| Accrued Expenses                        | <u>88</u>         | <u>-</u>               | <u>88</u>                 |
| Total Liabilities                       | <u>1,029</u>      | <u>179,124</u>         | <u>180,153</u>            |
| <b>NET ASSETS</b>                       |                   |                        |                           |
| Unrestricted Net Assets                 | <u>108,439</u>    | <u>123,825</u>         | <u>232,264</u>            |
| Total Net Assets                        | <u>\$ 108,439</u> | <u>\$ 123,825</u>      | <u>\$ 232,264</u>         |

LAKE DALLAS INDEPENDENT SCHOOL DISTRICT  
 COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS  
 INTERNAL SERVICE FUNDS  
 FOR THE YEAR ENDED AUGUST 31, 2012

|                                            | 752                      | 754                      |                                    |
|--------------------------------------------|--------------------------|--------------------------|------------------------------------|
|                                            | Print Shop               | Computer<br>Operations   | Total<br>Internal<br>Service Funds |
| <hr/>                                      |                          |                          |                                    |
| OPERATING REVENUES:                        |                          |                          |                                    |
| Local and Intermediate Sources             | \$ 208,748               | \$ 746,658               | \$ 955,406                         |
| State Program Revenues                     | 3,794                    | -                        | 3,794                              |
| Total Operating Revenues                   | <u>212,542</u>           | <u>746,658</u>           | <u>959,200</u>                     |
| OPERATING EXPENSES:                        |                          |                          |                                    |
| Payroll Costs                              | 64,177                   | -                        | 64,177                             |
| Professional and Contracted Services       | 67,841                   | -                        | 67,841                             |
| Supplies and Materials                     | 46,072                   | 724,102                  | 770,174                            |
| Total Operating Expenses                   | <u>178,090</u>           | <u>724,102</u>           | <u>902,192</u>                     |
| Operating Income                           | 34,452                   | 22,556                   | 57,008                             |
| Total Net Assets - September 1 (Beginning) | <u>73,987</u>            | <u>101,269</u>           | <u>175,256</u>                     |
| Total Net Assets - August 31 (Ending)      | <u><u>\$ 108,439</u></u> | <u><u>\$ 123,825</u></u> | <u><u>\$ 232,264</u></u>           |

LAKE DALLAS INDEPENDENT SCHOOL DISTRICT  
 COMBINING STATEMENT OF CASH FLOWS  
 INTERNAL SERVICE FUNDS  
 FOR THE YEAR ENDED AUGUST 31, 2012

|                                                                                             | 752        | 754                    | Total                     |
|---------------------------------------------------------------------------------------------|------------|------------------------|---------------------------|
|                                                                                             | Print Shop | Computer<br>Operations | Internal<br>Service Funds |
| <u>Cash Flows from Operating Activities:</u>                                                |            |                        |                           |
| Cash Received from District                                                                 | \$ 208,300 | \$ 673,961             | \$ 882,261                |
| Cash Payments for Payroll Costs                                                             | (60,383)   | -                      | (60,383)                  |
| Cash Payments for Supplies and Materials                                                    | (31,315)   | (530,093)              | (561,408)                 |
| Cash Payments for Purchased Services                                                        | (67,841)   | -                      | (67,841)                  |
| Net Cash Provided by Operating Activities                                                   | 48,761     | 143,868                | 192,629                   |
| Net Increase in Cash and Cash Equivalents                                                   | 48,761     | 143,868                | 192,629                   |
| Cash and Cash Equivalents at Beginning of Year                                              | 46,001     | 63,626                 | 109,627                   |
| Cash and Cash Equivalents at End of Year                                                    | \$ 94,762  | \$ 207,494             | \$ 302,256                |
| <u>Reconciliation of Operating Income to Net Cash<br/>Provided by Operating Activities:</u> |            |                        |                           |
| Operating Income:                                                                           | \$ 34,452  | \$ 22,556              | \$ 57,008                 |
| Effect of Increases and Decreases in Current Assets and Liabilities:                        |            |                        |                           |
| Decrease (increase) in Due from Other Funds                                                 | (448)      | (72,697)               | (73,145)                  |
| Decrease (increase) in Inventories                                                          | 20,710     | (7,829)                | 12,881                    |
| Decrease (increase) in Other Receivables                                                    | -          | 27,612                 | 27,612                    |
| Increase (decrease) in Accounts Payable                                                     | (5,952)    | 174,226                | 168,274                   |
| Increase (decrease) in Due to Other Funds                                                   | (1)        | -                      | (1)                       |
| Net Cash Provided by Operating Activities                                                   | \$ 48,761  | \$ 143,868             | \$ 192,629                |



**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, 2012

|                                 | BALANCE<br>SEPTEMBER 1<br>2011 | ADDITIONS         | DEDUCTIONS        | BALANCE<br>AUGUST 31<br>2012 |
|---------------------------------|--------------------------------|-------------------|-------------------|------------------------------|
| <b>STUDENT ACTIVITY ACCOUNT</b> |                                |                   |                   |                              |
| Assets:                         |                                |                   |                   |                              |
| Cash and Temporary Investments  | \$ 469,597                     | \$ 678,951        | \$ 643,645        | \$ 504,903                   |
| Due From Other Funds            | -                              | 6,705             | -                 | 6,705                        |
| Other Receivables               | 15                             | -                 | -                 | 15                           |
| Total Assets                    | <u>\$ 469,612</u>              | <u>\$ 685,656</u> | <u>\$ 643,645</u> | <u>\$ 511,623</u>            |
| Liabilities:                    |                                |                   |                   |                              |
| Accounts Payable                | \$ 79,273                      | \$ -              | \$ 52,425         | \$ 26,848                    |
| Due to Other Funds              | -                              | 84,414            | -                 | 84,414                       |
| Due to Student Groups           | 390,339                        | 601,242           | 591,220           | 400,361                      |
| Total Liabilities               | <u>\$ 469,612</u>              | <u>\$ 685,656</u> | <u>\$ 643,645</u> | <u>\$ 511,623</u>            |
| <b>TOTAL AGENCY FUNDS</b>       |                                |                   |                   |                              |
| Assets:                         |                                |                   |                   |                              |
| Cash and Temporary Investments  | \$ 469,597                     | \$ 678,951        | \$ 643,645        | \$ 504,903                   |
| Due From Other Funds            | -                              | 6,705             | -                 | 6,705                        |
| Other Receivables               | 15                             | -                 | -                 | 15                           |
| Total Assets                    | <u>\$ 469,612</u>              | <u>\$ 685,656</u> | <u>\$ 643,645</u> | <u>\$ 511,623</u>            |
| Liabilities:                    |                                |                   |                   |                              |
| Accounts Payable                | \$ 79,273                      | \$ -              | \$ 52,425         | \$ 26,848                    |
| Due to Other Funds              | -                              | 84,414            | -                 | 84,414                       |
| Due to Student Groups           | 390,339                        | 601,242           | 591,220           | 400,361                      |
| Total Liabilities               | <u>\$ 469,612</u>              | <u>\$ 685,656</u> | <u>\$ 643,645</u> | <u>\$ 511,623</u>            |

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

LAKE DALLAS INDEPENDENT SCHOOL DISTRICT  
SCHEDULE OF DELINQUENT TAXES RECEIVABLE  
FISCAL YEAR ENDED AUGUST 31, 2012

| Last 10 Years Ended<br>August 31 | (1)         | (2)          | (3)                                                    |               |
|----------------------------------|-------------|--------------|--------------------------------------------------------|---------------|
|                                  | Tax Rates   |              | Assessed/Appraised<br>Value for School<br>Tax Purposes |               |
|                                  | Maintenance | Debt Service | Total                                                  |               |
| 2003 and prior years             | Various *   | Various *    | \$                                                     | Various       |
| 2004                             | 1.500000    | 0.240000     | 1.7400                                                 | 950,046,055   |
| 2005                             | 1.500000    | 0.295000     | 1.7950                                                 | 966,191,284   |
| 2006                             | 1.500000    | 0.360000     | 1.8600                                                 | 1,003,428,703 |
| 2007                             | 1.370000    | 0.420000     | 1.7900                                                 | 1,084,411,297 |
| 2008                             | 1.040000    | 0.480000     | 1.5200                                                 | 1,184,109,629 |
| 2009                             | 1.170000    | 0.480000     | 1.6500                                                 | 1,232,048,465 |
| 2010                             | 1.170000    | 0.480000     | 1.6500                                                 | 1,235,565,492 |
| 2011                             | 1.170000    | 0.500000     | 1.6700                                                 | 1,205,064,272 |
| 2012 (School year under audit)   | 1.170000    | 0.500000     | 1.6700                                                 | 1,215,992,122 |
| 1000 TOTALS                      |             |              |                                                        |               |

\* Dollars per \$100 valuation.

Source of information: Annual Financial Report

| (10)<br>Beginning<br>Balance<br>9/1/2011 | (20)<br>Current<br>Year's<br>Total Levy | (31)<br>Maintenance<br>Collections | (32)<br>Debt Service<br>Collections | (40)<br>Entire<br>Year's<br>Adjustments | (50)<br>Ending<br>Balance<br>8/31/2012 |
|------------------------------------------|-----------------------------------------|------------------------------------|-------------------------------------|-----------------------------------------|----------------------------------------|
| \$ 42,435                                | \$ -                                    | \$ 650                             | \$ 82                               | \$ (17,083)                             | \$ 24,620                              |
| 14,812                                   | -                                       | 137                                | 22                                  | -                                       | 14,653                                 |
| 18,677                                   | -                                       | 372                                | 73                                  | -                                       | 18,232                                 |
| 22,302                                   | -                                       | 3,083                              | 740                                 | -                                       | 18,479                                 |
| 26,122                                   | -                                       | 3,961                              | 1,214                               | 2,179                                   | 23,126                                 |
| 26,656                                   | -                                       | 6,481                              | 2,991                               | 4,698                                   | 21,882                                 |
| 38,837                                   | -                                       | 9,698                              | 3,979                               | 4,875                                   | 30,035                                 |
| 55,617                                   | -                                       | 14,778                             | 6,063                               | 4,003                                   | 38,779                                 |
| 168,048                                  | -                                       | 74,385                             | 31,789                              | 692                                     | 62,566                                 |
| -                                        | 20,307,068                              | 14,273,010                         | 6,099,577                           | 204,652                                 | 139,133                                |
| <u>\$ 413,506</u>                        | <u>\$ 20,307,068</u>                    | <u>\$ 14,386,555</u>               | <u>\$ 6,146,530</u>                 | <u>\$ 204,016</u>                       | <u>\$ 391,505</u>                      |

LAKE DALLAS INDEPENDENT SCHOOL DISTRICT  
SCHEDULE OF EXPENDITURES FOR COMPUTATIONS OF INDIRECT COST FOR 2013-2014  
GENERAL AND SPECIAL REVENUE FUNDS  
AUGUST 31, 2012

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

| Account Number | Account Name                                  | 1<br>(702)<br>School Board | 2<br>(703)<br>Tax Collections | 3<br>(701)<br>Supt's Office | 4<br>(750)<br>Indirect Cost | 5<br>(720)<br>Direct Cost | 6<br>(other)<br>Miscellaneous | 7<br>Total   |
|----------------|-----------------------------------------------|----------------------------|-------------------------------|-----------------------------|-----------------------------|---------------------------|-------------------------------|--------------|
| 611X-6146      | PAYROLL COSTS                                 | \$ -                       | \$ -                          | \$ 257,395                  | \$ 620,658                  | \$ -                      | \$ -                          | \$ 878,053   |
| 6149           | Leave for Separating Employees in Fn 41 & 53  | -                          | -                             | -                           | -                           | -                         | -                             | -            |
| 6149           | Leave - Separating Employees not in 41 & 53   | -                          | -                             | -                           | -                           | -                         | -                             | -            |
| 6211           | Legal Services                                | -                          | -                             | 15,513                      | 10,227                      | -                         | -                             | 25,740       |
| 6212           | Audit Services                                | -                          | -                             | -                           | 21,000                      | -                         | -                             | 21,000       |
| 6213           | Tax Appraisal/Collection - Appraisal in Fn 99 | -                          | 171,105                       | -                           | -                           | -                         | -                             | 171,105      |
| 6214           | Lobbying                                      | -                          | -                             | -                           | -                           | -                         | -                             | -            |
| 621X           | Other Professional Services                   | -                          | 7,031                         | -                           | 11,591                      | -                         | -                             | 18,622       |
| 6220           | Tuition and Transfer Payments                 | -                          | -                             | -                           | -                           | -                         | -                             | -            |
| 6230           | Education Service Centers                     | 700                        | -                             | 2,107                       | -                           | -                         | -                             | 2,807        |
| 6240           | Contr. Maint. and Repair                      | -                          | -                             | -                           | 760                         | -                         | -                             | 760          |
| 6250           | Utilities                                     | -                          | -                             | -                           | -                           | -                         | -                             | -            |
| 6260           | Rentals                                       | -                          | -                             | -                           | 2,116                       | -                         | -                             | 2,116        |
| 6290           | Miscellaneous Contr.                          | -                          | -                             | -                           | 4,885                       | -                         | -                             | 4,885        |
| 6320           | Textbooks and Reading                         | 40                         | -                             | 340                         | 2,113                       | -                         | -                             | 2,493        |
| 6330           | Testing Materials                             | -                          | -                             | -                           | -                           | -                         | -                             | -            |
| 63XX           | Other Supplies Materials                      | 427                        | -                             | (1,560)                     | 37,325                      | -                         | -                             | 36,192       |
| 6410           | Travel, Subsistence, Stipends                 | 2,622                      | -                             | 4,450                       | 15,236                      | -                         | -                             | 22,308       |
| 6420           | Ins. and Bonding Costs                        | -                          | -                             | -                           | 11,252                      | -                         | -                             | 11,252       |
| 6430           | Election Costs                                | -                          | -                             | -                           | -                           | -                         | -                             | -            |
| 6490           | Miscellaneous Operating                       | 2,237                      | -                             | 13,520                      | 36,759                      | -                         | -                             | 52,516       |
| 6500           | Debt Service                                  | -                          | -                             | -                           | -                           | -                         | -                             | -            |
| 6600           | Capital Outlay                                | -                          | -                             | -                           | -                           | -                         | -                             | -            |
| 6000           | TOTAL                                         | \$ 6,026                   | \$ 178,136                    | \$ 291,765                  | \$ 773,922                  | \$ -                      | \$ -                          | \$ 1,249,849 |

Total expenditures/expenses for General and Special Revenue Funds: (9) \$ 32,936,928

LESS: Deductions of Unallowable Costs

FISCAL YEAR

|                                            |                 |
|--------------------------------------------|-----------------|
| Total Capital Outlay (6600)                | (10) \$ 620,534 |
| Total Debt & Lease(6500)                   | (11) 38,684     |
| Plant Maintenance (Function 51, 6100-6400) | (12) 3,970,249  |
| Food (Function 35, 6341 and 6499)          | (13) 662,065    |
| Stipends (6413)                            | (14) -          |
| Column 4 (above) - Total Indirect Cost     | 773,922         |

SubTotal:

6,065,454

Net Allowed Direct Cost

\$ 26,871,475

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) \$ 5,080,678   |
| 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.

\$171,105 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.

| <b>Contents</b>                                                                                                                                                                                                                | <b>Page</b> |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------|
| 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 ASSETS BY COMPONENT  
LAST TEN FISCAL YEARS

| Fiscal Year                                     | 2003                | 2004                | 2005                | 2006                  |
|-------------------------------------------------|---------------------|---------------------|---------------------|-----------------------|
| Governmental Activities:                        |                     |                     |                     |                       |
| Invested in Capital Assets, Net of Related Debt | \$ 5,364,491        | \$ 3,812,005        | \$ 4,089,957        | \$ (1,630,749)        |
| Restricted for Federal and State Programs       | 60,661              | 149,528             | 206,485             | 246,485               |
| Restricted for Debt Service                     | 972,035             | 858,588             | 887,607             | 927,820               |
| Restricted for Campus Activities                | -                   | -                   | -                   | -                     |
| Unrestricted Net Assets                         | <u>(2,446,055)</u>  | <u>(2,303,719)</u>  | <u>(3,489,053)</u>  | <u>(5,138,783)</u>    |
| Total Governmental Activities Net Assets        | <u>\$ 3,951,132</u> | <u>\$ 2,516,402</u> | <u>\$ 1,694,996</u> | <u>\$ (5,595,227)</u> |
| Business-Type Activities:                       |                     |                     |                     |                       |
| Unrestricted Net Assets                         | <u>\$ (6,088)</u>   | <u>\$ (17,283)</u>  | <u>\$ (29,238)</u>  | <u>\$ (10,178)</u>    |
| Total Business-Type Activities                  | <u>\$ (6,088)</u>   | <u>\$ (17,283)</u>  | <u>\$ (29,238)</u>  | <u>\$ (10,178)</u>    |
| Primary Government:                             |                     |                     |                     |                       |
| Invested in Capital Assets, Net of Related Debt | \$ 5,364,491        | \$ 3,812,005        | \$ 4,089,957        | \$ (1,630,749)        |
| Restricted for Federal and State Programs       | 60,661              | 149,528             | 206,485             | 246,485               |
| Restricted for Debt Service                     | 972,035             | 858,588             | 887,607             | 927,820               |
| Restricted for Campus Activities                | -                   | -                   | -                   | -                     |
| Unrestricted Net Assets                         | <u>(2,452,143)</u>  | <u>(2,321,002)</u>  | <u>(3,518,291)</u>  | <u>(5,148,961)</u>    |
| Total Primary Government                        | <u>\$ 3,945,044</u> | <u>\$ 2,499,119</u> | <u>\$ 1,665,758</u> | <u>\$ (5,605,405)</u> |

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

| <u>2007</u>           | <u>2008</u>           | <u>2009</u>           | <u>2010</u>           | <u>2011</u>           | <u>2012</u>           |
|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| \$ (341,313)          | \$ (8,580,508)        | \$ 441,644            | \$ 4,377,808          | \$ 5,374,717          | \$ 6,917,917          |
| 210,121               | 230,752               | 216,840               | 245,795               | 476,951               | 452,319               |
| 1,053,559             | 1,192,495             | 2,010,567             | 1,472,099             | 916,427               | 397,695               |
| -                     | -                     | -                     | -                     | 22,208                | 43,228                |
| <u>(9,307,446)</u>    | <u>3,283,459</u>      | <u>(8,382,490)</u>    | <u>(9,855,507)</u>    | <u>(12,190,875)</u>   | <u>(13,490,563)</u>   |
| <u>\$ (8,385,079)</u> | <u>\$ (3,873,802)</u> | <u>\$ (5,713,439)</u> | <u>\$ (3,759,805)</u> | <u>\$ (5,400,572)</u> | <u>\$ (5,679,404)</u> |

|                  |                  |                  |                 |             |                  |
|------------------|------------------|------------------|-----------------|-------------|------------------|
| \$ 13,701        | \$ 24,096        | \$ 14,746        | \$ 1,428        | \$ -        | \$ 17,965        |
| <u>\$ 13,701</u> | <u>\$ 24,096</u> | <u>\$ 14,746</u> | <u>\$ 1,428</u> | <u>\$ -</u> | <u>\$ 17,965</u> |

|                       |                       |                       |                       |                       |                       |
|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| \$ (341,313)          | \$ (8,580,508)        | \$ 441,644            | \$ 4,377,808          | \$ 5,374,717          | \$ 6,917,917          |
| 210,121               | 230,752               | 216,840               | 245,795               | 476,951               | 452,319               |
| 1,053,559             | 1,192,495             | 2,010,567             | 1,472,099             | 916,427               | 397,695               |
| -                     | -                     | -                     | -                     | 22,208                | 43,228                |
| <u>(9,293,745)</u>    | <u>3,307,555</u>      | <u>(8,367,744)</u>    | <u>(9,854,079)</u>    | <u>(12,190,875)</u>   | <u>(13,472,598)</u>   |
| <u>\$ (8,371,378)</u> | <u>\$ (3,849,706)</u> | <u>\$ (5,698,693)</u> | <u>\$ (3,758,377)</u> | <u>\$ (5,400,572)</u> | <u>\$ (5,661,439)</u> |

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

| Fiscal Year                                      | 2003                   | 2004                   | 2005                   | 2006                   |
|--------------------------------------------------|------------------------|------------------------|------------------------|------------------------|
| Expenses                                         |                        |                        |                        |                        |
| Governmental Activities:                         |                        |                        |                        |                        |
| Instruction                                      | \$ 15,120,838          | \$ 13,906,300          | \$ 14,728,768          | \$ 16,096,074          |
| Instructional Resources & Media Services         | 632,035                | 572,241                | 551,845                | 583,209                |
| Curriculum & Staff Development                   | 244,369                | 213,756                | 282,928                | 291,106                |
| Instructional Leadership                         | 308,598                | 304,072                | 310,852                | 309,237                |
| School Leadership                                | 1,316,759              | 1,286,346              | 1,407,465              | 1,487,023              |
| Guidance, Counseling & Evaluation Services       | 481,634                | 784,815                | 885,973                | 1,023,468              |
| Social Work Services                             | -                      | -                      | -                      | -                      |
| Health Services                                  | 271,590                | 277,676                | 269,615                | 277,386                |
| Student (Pupil) Transportation                   | 965,237                | 1,095,915              | 1,108,438              | 1,227,723              |
| Food Services                                    | 966,127                | 1,025,925              | 1,089,572              | 1,299,852              |
| Cocurricular/Extracurricular Activities          | 714,123                | 722,014                | 706,941                | 873,958                |
| General Administration                           | 713,373                | 722,417                | 773,417                | 788,743                |
| Plant Maintenance & Operations                   | 2,504,981              | 2,595,500              | 2,508,369              | 3,390,448              |
| Security Monitoring Services                     | 30,262                 | 29,661                 | 43,056                 | 61,496                 |
| Data Processing Services                         | 433,950                | 449,549                | 454,542                | 543,667                |
| Community Services                               | 24,299                 | 22,963                 | 23,457                 | 22,542                 |
| Debt Service - Interest and Fees                 | 2,947,127              | 3,356,462              | 4,546,717              | 5,074,909              |
| Facilities Furnishings - Noncapital              | 1,505,018              | 1,047,059              | -                      | 2,707,345              |
| Shared Services Special Education                | 5,519                  | -                      | -                      | 1,155                  |
| Juvenile Justice Alternative Education Program   | 15,094                 | 16,649                 | 1,807                  | 12,640                 |
| Tax Appraisal Fees                               | -                      | -                      | -                      | -                      |
| Total Expenses                                   | <u>29,200,933</u>      | <u>28,429,320</u>      | <u>29,693,762</u>      | <u>36,071,981</u>      |
| Program Revenues                                 |                        |                        |                        |                        |
| Governmental Activities:                         |                        |                        |                        |                        |
| Charges for Services                             |                        |                        |                        |                        |
| Instruction                                      | 53,351                 | 60,431                 | 63,091                 | 53,846                 |
| Food Services                                    | 611,387                | 699,007                | 682,002                | 789,568                |
| Cocurricular/Extracurricular Activities          | 57,885                 | 58,343                 | 88,898                 | 133,260                |
| Plant Maintenance & Operations                   | 12,571                 | 20,953                 | 6,109                  | 13,465                 |
| Operating Grants and Contributions               | <u>3,416,684</u>       | <u>3,146,886</u>       | <u>3,348,418</u>       | <u>4,142,866</u>       |
| Total Governmental Program Revenues              | <u>4,151,878</u>       | <u>3,985,620</u>       | <u>4,188,518</u>       | <u>5,133,005</u>       |
| Total Governmental Net (Expense) Revenue         | <u>\$ (25,049,055)</u> | <u>\$ (24,443,700)</u> | <u>\$ (25,505,244)</u> | <u>\$ (30,938,976)</u> |
| General Revenues and Other Changes in Net Assets |                        |                        |                        |                        |
| Governmental Activities:                         |                        |                        |                        |                        |
| Taxes:                                           |                        |                        |                        |                        |
| Property Taxes - General Purposes                | \$ 13,828,297          | \$ 14,698,928          | \$ 15,255,610          | \$ 15,839,273          |
| Property Taxes - Debt Service                    | 1,744,629              | 2,349,337              | 2,995,471              | 3,788,211              |
| State Aid-Formula Grants                         | 5,803,130              | 5,691,197              | 5,130,235              | 5,872,277              |
| Grants and Contributions not Restricted          | -                      | -                      | 214,857                | 338,716                |
| Investment Earnings                              | 312,536                | 193,372                | 969,972                | 1,481,431              |
| Miscellaneous                                    | 164,413                | 76,136                 | 117,693                | 14,590                 |
| Transfers Out                                    | -                      | -                      | -                      | -                      |
| Gain on Sale of Assets                           | -                      | -                      | -                      | -                      |
| Total General Revenues and Other Changes         |                        |                        |                        |                        |
| in Net Assets Governmental Activities            | <u>21,853,005</u>      | <u>23,008,970</u>      | <u>24,683,838</u>      | <u>27,334,498</u>      |
| Change in Net Assets Governmental Activities     | <u>(3,196,050)</u>     | <u>(1,434,730)</u>     | <u>(821,406)</u>       | <u>(3,604,478)</u>     |
| Business-Type Activities:                        |                        |                        |                        |                        |
| Revenue-Charge for Service                       | 161,761                | 157,131                | 221,013                | 272,019                |
| Expense-Day Care Service                         | 164,994                | 168,326                | 232,968                | 252,959                |
| Transfer In                                      | -                      | -                      | -                      | -                      |
| Change in Net Assets-Business-Type Activities    | <u>(3,233)</u>         | <u>(11,195)</u>        | <u>(11,955)</u>        | <u>19,060</u>          |
| Total Primary Government Change in Net Assets    | <u>\$ (3,199,283)</u>  | <u>\$ (1,445,925)</u>  | <u>\$ (833,361)</u>    | <u>\$ (3,585,418)</u>  |

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

| 2007                   | 2008                   | 2009                   | 2010                   | 2011                   | 2012                   |
|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|
| \$ 17,031,722          | \$ 18,618,562          | \$ 19,948,477          | \$ 20,514,458          | \$ 20,218,443          | \$ 19,417,571          |
| 573,950                | 621,989                | 610,741                | 652,911                | 611,435                | 525,739                |
| 389,617                | 563,731                | 655,865                | 721,919                | 748,658                | 743,596                |
| 268,790                | 292,536                | 312,293                | 362,333                | 311,479                | 328,888                |
| 1,652,339              | 1,654,181              | 1,693,172              | 1,812,793              | 1,824,013              | 1,931,761              |
| 1,008,512              | 1,003,009              | 1,025,167              | 1,127,716              | 1,096,335              | 1,052,165              |
| -                      | -                      | -                      | -                      | -                      | 391                    |
| 295,597                | 343,534                | 349,182                | 344,154                | 345,364                | 328,698                |
| 1,152,628              | 1,096,735              | 1,070,322              | 1,127,079              | 1,131,566              | 1,273,673              |
| 1,363,536              | 1,425,098              | 1,653,001              | 1,679,715              | 1,743,118              | 1,717,847              |
| 973,200                | 1,064,968              | 1,184,279              | 1,292,504              | 1,300,510              | 1,350,211              |
| 1,003,391              | 1,073,763              | 1,004,457              | 1,010,450              | 1,200,834              | 1,184,065              |
| 3,638,734              | 3,938,155              | 4,269,938              | 4,529,637              | 5,425,032              | 4,344,652              |
| 52,711                 | 76,523                 | 90,721                 | 117,424                | 118,717                | 123,984                |
| 563,187                | 520,145                | 540,645                | 534,990                | 638,803                | 702,435                |
| 27,796                 | 1,263                  | 36,960                 | -                      | -                      | -                      |
| 9,465,248              | 5,538,878              | 7,111,887              | 5,987,568              | 6,149,304              | 5,307,833              |
| 546,343                | -                      | -                      | -                      | -                      | -                      |
| 6,430                  | 19,220                 | -                      | -                      | -                      | -                      |
| 9,314                  | 11,659                 | 9,167                  | -                      | -                      | -                      |
| -                      | -                      | 174,320                | 178,174                | 175,100                | 171,105                |
| <u>40,023,045</u>      | <u>37,863,949</u>      | <u>41,740,594</u>      | <u>41,993,825</u>      | <u>43,038,711</u>      | <u>40,504,614</u>      |
| 43,555                 | 40,625                 | 31,540                 | 26,044                 | 11,810                 | 11,495                 |
| 796,291                | 866,642                | 893,275                | 852,066                | 868,652                | 854,998                |
| 95,349                 | 104,080                | 89,924                 | 132,819                | 115,525                | 117,257                |
| 22,727                 | 54,454                 | 57,690                 | 40,567                 | 60,570                 | 38,720                 |
| 4,151,650              | 4,522,213              | 4,403,849              | 5,552,985              | 5,829,481              | 4,600,798              |
| 5,109,572              | 5,588,014              | 5,476,278              | 6,604,481              | 6,886,038              | 5,623,268              |
| <u>\$ (34,913,473)</u> | <u>\$ (32,275,935)</u> | <u>\$ (36,264,316)</u> | <u>\$ (35,389,344)</u> | <u>\$ (36,152,673)</u> | <u>\$ (34,881,346)</u> |
| \$ 15,997,317          | \$ 12,879,069          | \$ 15,017,155          | \$ 14,915,083          | \$ 14,505,620          | \$ 14,518,282          |
| 4,879,035              | 5,906,285              | 6,160,837              | 6,119,832              | 6,173,212              | 6,186,799              |
| 8,515,595              | 11,977,292             | 12,721,949             | 12,705,279             | 13,274,716             | 12,919,301             |
| 738,688                | 304,610                | 207,418                | 213,297                | 363,396                | 677,771                |
| 1,708,150              | 943,230                | 224,907                | 26,956                 | 56,595                 | 51,453                 |
| 294,836                | 67,442                 | 92,413                 | 86,741                 | 149,499                | 240,158                |
| -                      | -                      | -                      | -                      | (11,132)               | -                      |
| -                      | -                      | -                      | -                      | -                      | 8,750                  |
| <u>32,133,621</u>      | <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>(2,779,852)</u>     | <u>(198,007)</u>       | <u>(1,839,637)</u>     | <u>(1,322,156)</u>     | <u>(1,640,767)</u>     | <u>(278,832)</u>       |
| 307,535                | 326,932                | 326,428                | 378,746                | 390,496                | 371,397                |
| 283,656                | 316,537                | 335,778                | 392,064                | 403,056                | 353,482                |
| -                      | -                      | -                      | -                      | 11,132                 | -                      |
| 23,879                 | 10,395                 | (9,350)                | (13,318)               | (1,428)                | 17,965                 |
| <u>\$ (2,755,973)</u>  | <u>\$ (187,612)</u>    | <u>\$ (1,848,987)</u>  | <u>\$ (1,335,474)</u>  | <u>\$ (1,642,195)</u>  | <u>\$ (260,867)</u>    |

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

| Fiscal Year                        | <u>2003</u>          | <u>2004</u>          | <u>2005</u>          | <u>2006</u>          | <u>2007</u>          |
|------------------------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| General Fund                       |                      |                      |                      |                      |                      |
| Nonspendable Fund Balance:         |                      |                      |                      |                      |                      |
| Deferred Expenditures              | \$ 141,070           | \$ 168,192           | \$ 93,256            | \$ 133,496           | \$ 141,024           |
| Unassigned                         | <u>1,619,834</u>     | <u>2,755,875</u>     | <u>3,295,897</u>     | <u>3,135,056</u>     | <u>5,102,517</u>     |
| Total General Fund                 | <u>\$ 1,760,904</u>  | <u>\$ 2,924,067</u>  | <u>\$ 3,389,153</u>  | <u>\$ 3,268,552</u>  | <u>\$ 5,243,541</u>  |
| All Other Governmental Funds       |                      |                      |                      |                      |                      |
| Restricted Fund Balance:           |                      |                      |                      |                      |                      |
| Retirement of Long-Term Debt       | \$ 906,284           | \$ 788,333           | \$ 810,773           | \$ 845,110           | \$ 936,960           |
| Federal or State Grants            | 63,403               | 156,469              | 215,085              | 256,991              | 215,754              |
| Assigned Fund Balance:             |                      |                      |                      |                      |                      |
| Construction                       | 16,635,116           | 32,547,475           | 32,988,387           | 19,939,084           | 18,925,050           |
| Committed Fund Balance:            |                      |                      |                      |                      |                      |
| Campus Activities                  | <u>-</u>             | <u>-</u>             | <u>-</u>             | <u>-</u>             | <u>4,897</u>         |
| Total All Other Governmental Funds | <u>\$ 17,604,803</u> | <u>\$ 33,492,277</u> | <u>\$ 34,014,245</u> | <u>\$ 21,041,185</u> | <u>\$ 20,082,661</u> |

| <u>2008</u>          | <u>2009</u>         | <u>2010</u>         | <u>2011</u>         | <u>2012</u>         |
|----------------------|---------------------|---------------------|---------------------|---------------------|
| \$ 197,003           | \$ 195,349          | \$ 199,218          | \$ 198,664          | \$ 185,983          |
| <u>4,919,456</u>     | <u>6,131,088</u>    | <u>6,948,853</u>    | <u>7,997,172</u>    | <u>8,598,497</u>    |
| <u>\$ 5,116,459</u>  | <u>\$ 6,326,437</u> | <u>\$ 7,148,071</u> | <u>\$ 8,195,836</u> | <u>\$ 8,784,480</u> |
|                      |                     |                     |                     |                     |
| \$ 1,218,981         | \$ 2,010,881        | \$ 1,483,738        | \$ 913,359          | \$ 397,129          |
| 249,514              | 216,840             | 287,266             | 476,951             | 452,319             |
| 11,350,521           | 1,504,055           | 1,079,860           | 804,818             | 475,714             |
| <u>15,736</u>        | <u>13,536</u>       | <u>26,269</u>       | <u>22,208</u>       | <u>43,228</u>       |
| <u>\$ 12,834,752</u> | <u>\$ 3,745,312</u> | <u>\$ 2,877,133</u> | <u>\$ 2,217,336</u> | <u>\$ 1,368,390</u> |

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

| Fiscal Year                                             | 2003                | 2004                 | 2005               | 2006                  |
|---------------------------------------------------------|---------------------|----------------------|--------------------|-----------------------|
| REVENUES:                                               |                     |                      |                    |                       |
| Total Local and Intermediate Sources                    | \$ 17,009,387       | \$ 18,146,446        | \$ 20,179,490      | \$ 22,124,692         |
| State Program Revenues                                  | 8,106,494           | 7,307,978            | 7,196,564          | 8,490,924             |
| Federal Program Revenues                                | 1,092,044           | 1,530,329            | 1,485,043          | 1,856,276             |
| Total Revenues                                          | <u>26,207,925</u>   | <u>26,984,753</u>    | <u>28,861,097</u>  | <u>32,471,892</u>     |
| EXPENDITURES:                                           |                     |                      |                    |                       |
| Current:                                                |                     |                      |                    |                       |
| Instruction                                             | 14,561,508          | 13,121,418           | 13,845,024         | 15,095,064            |
| Instructional Resources & Media Services                | 580,690             | 529,803              | 507,011            | 533,291               |
| Curriculum & Instructional Staff Development            | 235,484             | 202,773              | 271,080            | 277,274               |
| Instructional Leadership                                | 295,117             | 287,408              | 292,876            | 288,251               |
| School Leadership                                       | 1,227,598           | 1,176,132            | 1,288,571          | 1,348,223             |
| Guidance, Counseling & Evaluation Services              | 458,993             | 756,827              | 855,781            | 988,221               |
| Social Work Services                                    | -                   | -                    | -                  | -                     |
| Health Services                                         | 259,437             | 262,653              | 253,409            | 258,467               |
| Student (Pupil) Transportation                          | 824,690             | 930,359              | 924,252            | 1,019,165             |
| Food Services                                           | 899,947             | 954,174              | 1,015,525          | 1,220,538             |
| Cocurricular/Extracurricular Activities                 | 693,912             | 697,311              | 680,469            | 843,427               |
| General Administration                                  | 690,701             | 694,392              | 743,185            | 753,449               |
| Plant Maintenance and Operations                        | 2,429,967           | 2,504,715            | 2,719,067          | 3,279,602             |
| Security and Monitoring Services                        | 30,262              | 29,661               | 43,056             | 61,496                |
| Data Processing Services                                | 417,911             | 429,723              | 433,155            | 518,699               |
| Community Services                                      | 23,176              | 21,574               | 21,959             | 20,793                |
| Debt Service:                                           |                     |                      |                    |                       |
| Debt Service - Principal on long-term debt              | 483,991             | 878,551              | 599,813            | 1,330,964             |
| Debt Service - Interest on long-term debt               | 1,996,265           | 2,262,694            | 3,024,206          | 3,484,541             |
| Debt Service - Bond Issuance Cost and Fees              | 1,860               | 1,091,700            | 173,260            | 5,750                 |
| Capital Outlay:                                         |                     |                      |                    |                       |
| Facilities Acquisition and Construction                 | 10,044,001          | 13,239,855           | 8,348,797          | 14,224,543            |
| Intergovernmental:                                      |                     |                      |                    |                       |
| Payments to Fiscal Agent/Member Districts of SSA        | 5,519               | -                    | 1,807              | 1,155                 |
| Payments to Juvenile Justice Alternative Ed. Prg.       | 15,094              | 16,649               | -                  | 12,640                |
| Other Intergovernmental Charges                         | -                   | -                    | -                  | -                     |
| Total Expenditures                                      | <u>36,176,123</u>   | <u>40,088,372</u>    | <u>36,042,303</u>  | <u>45,565,553</u>     |
| Excess (Deficiency) of Revenues Over (Under)            |                     |                      |                    |                       |
| Expenditures                                            | <u>(9,968,198)</u>  | <u>(13,103,619)</u>  | <u>(7,181,206)</u> | <u>(13,093,661)</u>   |
| OTHER FINANCING SOURCES (USES):                         |                     |                      |                    |                       |
| Operating Transfers In                                  | -                   | -                    | -                  | -                     |
| Operating Transfers Out                                 | -                   | -                    | -                  | -                     |
| Bonds Issued                                            | 15,446,338          | 30,088,700           | 13,502,024         | -                     |
| Premium or discount on Issuance of Bonds                | -                   | -                    | -                  | -                     |
| Sale of Real or Personal Property                       | -                   | -                    | -                  | -                     |
| Capital Lease Proceeds                                  | -                   | 65,556               | -                  | -                     |
| Non-current Loan                                        | -                   | -                    | -                  | -                     |
| Payments to Bond Refunding Escrow Agent                 | (446,338)           | -                    | (5,333,764)        | -                     |
| Total Other Financing Sources (Uses)                    | <u>15,000,000</u>   | <u>30,154,256</u>    | <u>8,168,260</u>   | <u>-</u>              |
| Net Change in Fund Balances                             | <u>\$ 5,031,802</u> | <u>\$ 17,050,637</u> | <u>\$ 987,054</u>  | <u>\$(13,093,661)</u> |
| Debt service as a percentage of noncapital expenditures |                     |                      |                    |                       |
|                                                         | 9.0%                | 11.3%                | 13.2%              | 14.1%                 |



| 2007                | 2008                  | 2009                  | 2010               | 2011              | 2012                |
|---------------------|-----------------------|-----------------------|--------------------|-------------------|---------------------|
| \$ 23,561,135       | \$ 21,223,107         | \$ 22,720,345         | \$ 22,375,369      | \$ 21,943,479     | \$ 22,029,278       |
| 11,219,154          | 14,702,215            | 15,332,379            | 14,866,301         | 15,701,523        | 15,367,206          |
| 2,127,382           | 1,961,291             | 1,899,106             | 3,483,106          | 3,766,070         | 2,831,114           |
| <u>36,907,671</u>   | <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>   |
| 15,689,032          | 17,384,167            | 18,109,264            | 18,786,723         | 18,614,269        | 17,999,346          |
| 561,116             | 598,575               | 571,522               | 595,200            | 558,438           | 478,975             |
| 373,254             | 553,746               | 620,958               | 664,300            | 690,037           | 684,337             |
| 243,963             | 279,337               | 292,786               | 330,923            | 284,740           | 300,250             |
| 1,488,133           | 1,562,131             | 1,584,960             | 1,652,965          | 1,666,044         | 1,763,372           |
| 966,814             | 977,529               | 964,593               | 1,031,802          | 1,002,229         | 960,315             |
| -                   | -                     | -                     | -                  | -                 | 391                 |
| 273,215             | 306,576               | 326,800               | 313,734            | 315,429           | 299,426             |
| 1,108,994           | 1,010,828             | 1,001,740             | 1,277,001          | 1,153,028         | 1,160,381           |
| 1,283,940           | 1,398,585             | 1,546,843             | 1,573,557          | 1,636,960         | 1,611,689           |
| 905,087             | 1,044,538             | 1,110,974             | 1,181,592          | 1,192,403         | 1,235,315           |
| 961,636             | 1,052,989             | 939,982               | 921,136            | 1,096,750         | 1,078,744           |
| 3,505,738           | 3,872,274             | 3,996,021             | 4,232,782          | 4,333,894         | 3,970,249           |
| 52,711              | 76,523                | 90,721                | 107,045            | 108,427           | 112,956             |
| 533,648             | 504,076               | 534,485               | 487,702            | 588,296           | 639,954             |
| 25,727              | -                     | -                     | -                  | -                 | -                   |
| 2,176,762           | 2,538,016             | 2,671,613             | 2,867,990          | 3,031,480         | 3,479,937           |
| 3,622,939           | 3,892,668             | 4,073,213             | 4,085,652          | 4,051,998         | 3,678,527           |
| 346,498             | 4,671                 | 241,454               | 79,985             | 7,356             | 166,773             |
| 15,251,782          | 8,205,496             | 17,431,861            | 481,289            | 1,163,356         | 903,700             |
| 6,430               | 19,220                | -                     | -                  | -                 | -                   |
| 9,314               | 11,659                | 9,167                 | -                  | -                 | -                   |
| -                   | -                     | 174,320               | 178,174            | 175,100           | 171,105             |
| <u>49,386,733</u>   | <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>(12,479,062)</u> | <u>(7,406,991)</u>    | <u>(16,341,447)</u>   | <u>(124,776)</u>   | <u>(259,162)</u>  | <u>(468,144)</u>    |
| 585                 | -                     | 4,086                 | -                  | -                 | 92,390              |
| (585)               | -                     | (4,086)               | -                  | (11,132)          | (92,390)            |
| 24,023,006          | -                     | 7,400,000             | 6,340,000          | -                 | 9,340,000           |
| 3,295,209           | -                     | 1,061,985             | 365,428            | -                 | 617,120             |
| 150,000             | 32,000                | -                     | -                  | -                 | 8,750               |
| -                   | -                     | -                     | -                  | -                 | -                   |
| -                   | -                     | -                     | -                  | 658,262           | 35,604              |
| <u>(13,972,688)</u> | <u>-</u>              | <u>-</u>              | <u>(6,627,197)</u> | <u>-</u>          | <u>(9,793,632)</u>  |
| <u>13,495,527</u>   | <u>32,000</u>         | <u>8,461,985</u>      | <u>78,231</u>      | <u>647,130</u>    | <u>207,842</u>      |
| <u>\$ 1,016,465</u> | <u>\$ (7,374,991)</u> | <u>\$ (7,879,462)</u> | <u>\$ (46,545)</u> | <u>\$ 387,968</u> | <u>\$ (260,302)</u> |
| 16.7%               | 20.0%                 | 17.1%                 | 17.3%              | 17.2%             | 18.0%               |



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

---

| Fiscal<br>Year | ASSESSED VALUE                     |                      |                    | Total<br>Estimated<br>Taxable<br>Value | Total<br>Direct<br>Rate |
|----------------|------------------------------------|----------------------|--------------------|----------------------------------------|-------------------------|
|                | Residential<br>or<br>Real Property | Personal<br>Property | Less<br>Exemptions |                                        |                         |
| 2003           | 956,922,206                        | 104,374,979          | 173,623,292        | 887,673,893                            | 1.690                   |
| 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                   |

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<br>Year                                       | Maintenance<br>and<br>Operations (2) | Debt<br>Service | Total |       |
| 2003                                                 | \$ 1.500                             | \$ 0.190        | \$    | 1.690 |
| 2004                                                 | 1.500                                | 0.240           |       | 1.740 |
| 2004                                                 | 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 |

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<br>of<br>Denton | City<br>of<br>Lake Dallas | City<br>of<br>Corinth | Town<br>of<br>Hickory<br>Creek | Corinth<br>MUD<br>#1 |
| \$ 0.24717             | \$ 0.57980                | \$ 0.54975            | \$ 0.319390                    | \$ 0.310             |
| 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                |

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

| Taxpayer                          | Description           | 2012                                        |      | Percentage of<br>Total Taxable<br>Assessed Value |
|-----------------------------------|-----------------------|---------------------------------------------|------|--------------------------------------------------|
|                                   |                       | Taxable<br>Assessed Value<br>(in thousands) | Rank |                                                  |
| Denton County Elec Coop           | Utility               | \$ 15,086,139                               | 1    | 1.25%                                            |
| Wal-mart Stores Real Estate       | Retail                | 14,102,641                                  | 2    | 1.17%                                            |
| Goldfield, Alan H & Shirley M     | Real Estate           | 12,649,353                                  | 3    | 1.05%                                            |
| Oncor Electric Delivery Co        | Utility               | 8,625,660                                   | 4    | 0.72%                                            |
| United Aircraft Services          | Services              | 7,022,656                                   | 5    | 0.58%                                            |
| Tower Ridge Corinth, Ltd.         | Real Estate           | 6,299,659                                   | 6    | 0.52%                                            |
| HD Supply Utilities, Ltd.         | Warehouse             | 5,743,418                                   | 7    | 0.48%                                            |
| RRC (TX) LP                       | Real Estate           | 5,000,000                                   | 8    | 0.41%                                            |
| Kensington Square LP PS           | Apartment             | 4,850,000                                   | 9    | 0.40%                                            |
| AV Ashleye Village, LP            | Real Estate           | 4,671,871                                   | 10   | 0.39%                                            |
| Boeing Aerospace<br>& Electronics | Avionic Manufacturing |                                             |      |                                                  |
| ACLP Kensington Park              | Retail                |                                             |      |                                                  |
| Century Telephone                 | Utility               |                                             |      |                                                  |
| Wal-Mart Stores, Inc.             | Retail                |                                             |      |                                                  |
| Standard Pacific of Texas         | Real Estate           |                                             |      |                                                  |
| Albertsons, Inc.                  | Retail                |                                             |      |                                                  |
| TOTAL                             |                       | <u>\$ 84,051,397</u>                        |      | <u>6.97%</u>                                     |

The 2012 taxable valuation is based on the 2011-2012 tax roll with a total assessed value of \$1,215,992,122

Source of information: Denton Central Appraisal District

---

| 2003                                        |      |                                                  |
|---------------------------------------------|------|--------------------------------------------------|
| Taxable<br>Assessed Value<br>(in thousands) | Rank | Percentage of<br>Total Taxable<br>Assessed Value |
| \$ 9,673,271                                | 5    | 1.09%                                            |
| 11,525,144                                  | 4    | 1.30%                                            |
| 18,870,649                                  | 2    | 2.13%                                            |
| 9,245,360                                   | 6    | 1.04%                                            |
| 36,915,542                                  | 1    | 4.16%                                            |
| 14,379,526                                  | 3    | 1.62%                                            |
| 8,517,204                                   | 7    | 0.96%                                            |
| 7,711,238                                   | 8    | 0.87%                                            |
| 6,773,758                                   | 9    | 0.76%                                            |
| <u>6,397,048</u>                            | 10   | <u>0.72%</u>                                     |
| <u>\$ 130,008,740</u>                       |      | <u>14.65%</u>                                    |

The 2003 taxable valuation is based on the 2002-2003 tax roll with a total assessed value of \$887,673,893

Source of information: Denton Central Appraisal District

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

---

| <u>Fiscal<br/>Year<br/>Ending</u> | <u>Taxes Levied<br/>for the<br/>Fiscal<br/>Year</u> | <u>Current<br/>Tax<br/>Collections</u> | <u>Percent<br/>of Levy<br/>Collected</u> | <u>Delinquent<br/>Tax<br/>Collections</u> | <u>Total Tax<br/>Collections</u> |
|-----------------------------------|-----------------------------------------------------|----------------------------------------|------------------------------------------|-------------------------------------------|----------------------------------|
| 2003                              | 15,420,902                                          | 15,113,031                             | 98.00%                                   | 439,298                                   | 15,552,329                       |
| 2004                              | 16,874,169                                          | 16,628,620                             | 98.54%                                   | 269,343                                   | 16,897,963                       |
| 2005                              | 18,110,316                                          | 17,781,163                             | 98.18%                                   | 222,823                                   | 18,003,986                       |
| 2006                              | 19,422,040                                          | 19,051,119                             | 98.09%                                   | 299,932                                   | 19,351,051                       |
| 2007                              | 20,426,020                                          | 20,123,191                             | 98.52%                                   | 381,172                                   | 20,504,363                       |
| 2008                              | 18,517,986                                          | 18,290,322                             | 98.77%                                   | 486,185                                   | 18,776,507                       |
| 2009                              | 21,026,564                                          | 20,789,892                             | 98.87%                                   | 261,819                                   | 21,051,711                       |
| 2010                              | 20,881,712                                          | 20,664,965                             | 98.96%                                   | 209,670                                   | 20,874,635                       |
| 2011                              | 20,461,313                                          | 20,293,265                             | 99.18%                                   | 221,721                                   | 20,714,581                       |
| 2012                              | 20,511,720                                          | 20,372,587                             | 99.32%                                   | 160,498                                   | 20,533,085                       |

(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<br>Collected<br>as % of<br>Current<br>Tax Levy |     | Outstanding<br>Delinquent<br>Taxes (1) | Outstanding<br>Delinquent<br>Taxes as<br>% of<br>Tax Levy |
|------------------------------------------------------|-----|----------------------------------------|-----------------------------------------------------------|
| 100.85%                                              | (2) | 307,871                                | 2.00%                                                     |
| 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%                                                     |

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

| Fiscal Year | General<br>Obligation<br>Bonds | Accreted<br>Interest<br>on Bonds | Capital<br>Leases | Loan    | Total<br>Primary<br>Government | Percentage<br>of Personal<br>Income * | Total<br>Outstanding<br>Debt<br>Per Capita * |
|-------------|--------------------------------|----------------------------------|-------------------|---------|--------------------------------|---------------------------------------|----------------------------------------------|
| 2003        | \$ 56,288,440                  | \$ 5,534,518                     | \$ 95,685         | \$ -    | \$61,918,643                   | 12.88%                                | \$ 3,567                                     |
| 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                       | -                 | -       | 114,359,567                    | 16.82%                                | 5,228                                        |
| 2008        | 98,415,901                     | 15,096,169                       | -                 | -       | 113,512,070                    | 16.14%                                | 5,127                                        |
| 2009        | 103,144,288                    | 18,195,865                       | -                 | -       | 121,340,153                    | 16.75%                                | 5,431                                        |
| 2010        | 100,051,298                    | 20,106,459                       | -                 | -       | 120,157,757                    | 16.28%                                | 5,316                                        |
| 2011        | 97,019,818                     | 22,287,040                       | -                 | 658,262 | 119,965,120                    | 16.12%                                | 5,272                                        |
| 2012        | 93,571,648                     | 24,329,620                       | -                 | 662,099 | 118,563,367                    | 15.78%                                | 5,177                                        |

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, 2012  
(UNAUDITED)

| <u>Governmental Unit</u>          | <u>Debt<br/>Outstanding</u> | <u>Estimated<br/>Percentage<br/>Applicable (1)</u> | <u>Estimated<br/>Share of<br/>Direct and<br/>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            | 6,010,000                   | 100.00%                                            | 6,010,000                                                         |
| Lake Dallas, City of              | 5,410,000                   | 100.00%                                            | <u>5,410,000</u>                                                  |
| Subtotal, overlapping bonded debt |                             |                                                    | 36,947,437                                                        |
| Lake Dallas ISD                   | 93,571,648                  | 100.000%                                           | <u>93,571,648</u>                                                 |
| Total direct and overlapping debt |                             |                                                    | <u>\$ 130,519,085</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 |
|-------------|------------|----------------|-------------------|-------------------------|-----------------|--------------------------------------------|----------------------------|
| 2003        | 17,361     | \$ 887,673,893 | \$ 61,918,643     | \$ 906,284              | \$ 61,012,359   | 6.87%                                      | \$ 3,514                   |
| 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  | 114,359,567       | 936,960                 | 113,422,607     | 10.46%                                     | 5,185                      |
| 2008        | 22,139     | 1,184,109,629  | 113,512,070       | 1,218,981               | 112,293,089     | 9.48%                                      | 5,072                      |
| 2009        | 22,342     | 1,232,048,465  | 121,340,153       | 2,010,881               | 119,329,272     | 9.69%                                      | 5,341                      |
| 2010        | 22,601     | 1,235,565,492  | 120,157,757       | 1,483,738               | 118,674,019     | 9.60%                                      | 5,251                      |
| 2011        | 22,756     | 1,205,064,272  | 119,965,120       | 913,359                 | 119,051,761     | 9.88%                                      | 5,232                      |
| 2012        | 22,901     | 1,215,922,122  | 118,563,367       | 397,129                 | 118,166,238     | 9.72%                                      | 5,160                      |

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                                                             | 2003           | 2004           | 2005           | 2006            |
|-------------------------------------------------------------------------|----------------|----------------|----------------|-----------------|
| Total Assessed Value                                                    | \$ 887,673,893 | \$ 950,046,055 | \$ 966,191,284 | \$1,003,428,703 |
| Debt Limit (10% of Total Assessed Value)                                | \$ 88,767,389  | \$ 95,004,606  | \$ 96,619,128  | \$ 100,342,870  |
| Debt Applicable to Limit:                                               |                |                |                |                 |
| General Obligation Bonds                                                | \$ 56,288,440  | \$ 84,499,572  | \$ 91,764,453  | \$ 90,456,681   |
| Less Net Assets in Debt Service Fund                                    | 906,284        | 788,333        | 810,773        | 845,110         |
| Total Amount of Debt Applicable to Debt Limit                           | 55,382,156     | 83,711,239     | 90,953,680     | 89,611,571      |
| Legal Debt Margin                                                       | \$ 33,385,233  | \$ 11,293,367  | \$ 5,665,448   | \$ 10,731,299   |
| Total Net Debt Applicable to the Limit<br>as a percentage of Debt Limit | 62.39%         | 88.11%         | 94.14%         | 89.31%          |

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>2007</u>            | <u>2008</u>            | <u>2009</u>            | <u>2010</u>            | <u>2011</u>            | <u>2012</u>            |
|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|
| <u>\$1,084,411,297</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>\$ 108,441,130</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>  |
| <br>                   |                        |                        |                        |                        |                        |
| <u>\$ 100,953,917</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>936,960</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>100,016,957</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>      |
| <br>                   |                        |                        |                        |                        |                        |
| <u>\$ 8,424,173</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>   |
| <br>                   |                        |                        |                        |                        |                        |
| 92.23%                 | 82.08%                 | 82.09%                 | 79.78%                 | 79.75%                 | 76.62%                 |

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

---

| <u>Fiscal<br/>Year</u> | <u>Population</u> | <u>Personal<br/>Income</u> | <u>Per Capita<br/>Personal<br/>Income</u> | <u>Unemployment<br/>Rate *</u> |
|------------------------|-------------------|----------------------------|-------------------------------------------|--------------------------------|
| 2003                   | 17,361            | \$ 480,817,785             | \$ 27,695                                 | 5.5%                           |
| 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%                           |

Source: North Central Texas Council of Governments

\* Texas Workforce Commission



LAKE DALLAS INDEPENDENT SCHOOL DISTRICT  
 DEMOGRAPHIC STATISTICS  
 (UNAUDITED)  
 AUGUST 31, 2012

---

Student Data

|                                |       |
|--------------------------------|-------|
| Student Ethnicity:             |       |
| White                          | 61.3% |
| Hispanic                       | 24.0% |
| Black                          | 6.3%  |
| Other                          | 8.7%  |
| Attendance Rate:               | 96.1% |
| Dropout Rate:                  | 0.0%  |
| Number of Students per Campus: |       |
| Lake Dallas                    |       |
| Elementary                     | 696   |
| Middle School                  | 1005  |
| High School                    | 1231  |
| Corinth                        |       |
| Elementary                     | 613   |
| Shady Shores                   |       |
| Elementary                     | 542   |
| Total Students                 | 4,087 |

Faculty Data

|                                                                                            |            |
|--------------------------------------------------------------------------------------------|------------|
| Teachers                                                                                   | 268.6      |
| Counselors                                                                                 | 9.5        |
| Administrators                                                                             | 19         |
| Educational Aides                                                                          | 56.4       |
| Advance Degrees/Certifications:                                                            |            |
| Master Degrees                                                                             | 55.9       |
| Doctoral Degrees                                                                           | 4          |
| Average Experience of Teachers                                                             | 11.4 Years |
| Student/Teacher Ratio                                                                      | 15.2 to 1  |
| Cost per Student based on expenses<br>reported in the governmental financial<br>statements | 7,186      |
| Percentage of Student population who<br>received free or reduced meals                     | 35.4%      |

Source of Information: District enrollment and financial records



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

---

| Average Daily Attendance |                                         |                                         |                                                |                                  |
|--------------------------|-----------------------------------------|-----------------------------------------|------------------------------------------------|----------------------------------|
|                          | <u>Average<br/>Daily<br/>Enrollment</u> | <u>Average<br/>Daily<br/>Attendance</u> | <u>Percent<br/>of Increase/<br/>(Decrease)</u> | <u>Percent of<br/>Enrollment</u> |
| 2002/03                  | 3,440                                   | 3,271                                   | 4.3%                                           | 95.09%                           |
| 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%                           |

Source of information: Superintendent's Annual Report.

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

| Employer                  | Description            | 2012      |      | Percentage of<br>Total City<br>Employment |
|---------------------------|------------------------|-----------|------|-------------------------------------------|
|                           |                        | Employees | Rank |                                           |
| Lake Dallas ISD           | School District        | 580       | 1    | 29.81%                                    |
| Wal-Mart                  | Retail                 | 400       | 2    | 20.55%                                    |
| Coserve                   | Electric Utility       | 331       | 3    | 17.01%                                    |
| Video Plus                | Media/Marketing Comm.  | 206       | 4    | 10.59%                                    |
| City of Corinth           | Government             | 154       | 5    | 7.91%                                     |
| Albertsons                | Grocery                | 120       | 6    | 6.17%                                     |
| Llano Utility             | Utility/Construction   | 95        | 7    | 4.88%                                     |
| HD Supply                 | Wholesale Distribution | 60        | 8    | 3.08%                                     |
| Labinal                   | Avionic Manufacturing  |           |      |                                           |
| Gold Distributing Co.     | Beverages              |           |      |                                           |
| Upper Trinity Water Dist. | Utility                |           |      |                                           |
| Lake Cities Fire Dept.    | Fire Protection        |           |      |                                           |
| City of Lake Dallas       | Government             |           |      |                                           |
| TOTAL                     |                        | 1,946     |      | 100.00%                                   |

Source of Information: Lake Cities Chamber of Commerce

Note: Information for 2003 not available, 2006 first year available

---

| 2006         |      |                                           |
|--------------|------|-------------------------------------------|
| Employees    | Rank | Percentage of<br>Total City<br>Employment |
| 552          | 2    | 25.23%                                    |
| 300          | 3    | 13.71%                                    |
| 220          | 4    | 10.05%                                    |
| 33           | 9    | 1.51%                                     |
| 130          | 5    | 5.94%                                     |
| 800          | 1    | 36.56%                                    |
| 45           | 6    | 2.06%                                     |
| 40           | 7    | 1.83%                                     |
| 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<br/>Year</u> | <u>Enrollment</u> | <u>Operating<br/>Expenditures</u> | <u>Cost<br/>Per<br/>Pupil</u> | <u>Percentage<br/>Change</u> | <u>Teaching<br/>Staff</u> | <u>Pupil/<br/>Teacher<br/>Ratio</u> |
|------------------------|-------------------|-----------------------------------|-------------------------------|------------------------------|---------------------------|-------------------------------------|
| 2002-2003              | 3,439             | 25,923,091                        | 7,538                         | #DIV/0!                      | 271                       | 12.7                                |
| 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                                |

Source of Information: AEIS Report

---

| <u>Economically<br/>Disadvantaged</u> | <u>Limited<br/>English<br/>Proficient</u> |
|---------------------------------------|-------------------------------------------|
| 632                                   | 124                                       |
| 643                                   | 150                                       |
| 763                                   | 167                                       |
| 808                                   | 204                                       |
| 834                                   | 237                                       |
| 1272                                  | 263                                       |
| 1115                                  | 259                                       |
| 1321                                  | 240                                       |
| 1436                                  | 236                                       |
| 1446                                  | 232                                       |

LAKE DALLAS INDEPENDENT SCHOOL DISTRICT  
STAFF INFORMATION  
LAST TEN FISCAL YEARS

---

| <u>Fiscal<br/>Year</u> | <u>Teachers</u> | <u>Professional<br/>Support</u> | <u>Campus<br/>Administration</u> | <u>Central<br/>Administration</u> | <u>Total<br/>Professional<br/>Staff</u> | <u>Educational<br/>Aides</u> |
|------------------------|-----------------|---------------------------------|----------------------------------|-----------------------------------|-----------------------------------------|------------------------------|
| 2002-2003              | 271.0           | 37.7                            | 14.1                             | 10.0                              | 332.8                                   | 64.1                         |
| 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                         |

Source of Information: AEIS Report



| Auxiliary<br>Staff | Total<br>Staff | %<br>Change |
|--------------------|----------------|-------------|
| 118.3              | 515.2          | 1.24%       |
| 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%      |

LAKE DALLAS INDEPENDENT SCHOOL DISTRICT  
TEACHERS SALARY DATA  
2011-12 SCHOOL YEAR

| <u>Years of<br/>Experience</u> | <u>Bachelor's<br/>Degree</u> | <u>Master's<br/>Degree</u> | <u>Doctorate<br/>Degree</u> |
|--------------------------------|------------------------------|----------------------------|-----------------------------|
| 0                              | \$ 41,400                    | \$ 42,900                  | \$ 43,900                   |
| 1                              | 41,500                       | 43,000                     | 44,000                      |
| 2                              | 41,600                       | 43,100                     | 44,100                      |
| 3                              | 41,700                       | 43,200                     | 44,200                      |
| 4                              | 41,800                       | 43,300                     | 44,300                      |
| 5                              | 41,900                       | 43,400                     | 44,400                      |
| 6                              | 42,000                       | 43,500                     | 44,500                      |
| 7                              | 42,500                       | 44,000                     | 45,000                      |
| 8                              | 43,400                       | 44,900                     | 45,900                      |
| 9                              | 44,100                       | 45,600                     | 46,600                      |
| 10                             | 44,600                       | 46,100                     | 47,100                      |
| 11                             | 44,900                       | 46,400                     | 47,400                      |
| 12                             | 45,200                       | 46,700                     | 47,700                      |
| 13                             | 45,600                       | 47,100                     | 48,100                      |
| 14                             | 46,600                       | 48,100                     | 49,100                      |
| 15                             | 47,600                       | 49,100                     | 50,100                      |
| 16                             | 48,600                       | 50,100                     | 51,100                      |
| 17                             | 49,600                       | 51,100                     | 52,100                      |
| 18                             | 50,600                       | 52,100                     | 53,100                      |
| 19                             | 51,600                       | 53,100                     | 54,100                      |
| 20                             | 52,600                       | 54,100                     | 55,100                      |
| 21                             | 53,600                       | 55,100                     | 56,100                      |
| 22                             | 54,600                       | 56,100                     | 57,100                      |
| 23                             | 55,600                       | 57,100                     | 58,100                      |
| 24                             | 56,600                       | 58,100                     | 59,100                      |
| 25                             | 57,300                       | 58,800                     | 59,800                      |
| 26                             | 57,800                       | 59,300                     | 60,300                      |
| 27                             | 58,150                       | 59,650                     | 60,650                      |
| 28                             | 58,250                       | 59,750                     | 60,750                      |
| 29                             | 58,450                       | 59,950                     | 60,950                      |
| 30                             | 58,850                       | 60,350                     | 61,350                      |
| 31                             | 59,450                       | 60,950                     | 61,950                      |
| 32                             | 60,050                       | 61,550                     | 62,550                      |
| 33                             | 60,150                       | 61,650                     | 62,650                      |
| 34                             | 60,250                       | 61,750                     | 62,750                      |
| 35                             | 60,350                       | 61,850                     | 62,850                      |
| 36                             | 60,450                       | 61,950                     | 62,950                      |
| 37                             | 60,550                       | 62,050                     | 63,050                      |
| 38                             | 60,650                       | 62,150                     | 63,150                      |
| 39                             | 60,750                       | 62,250                     | 63,250                      |
| 40                             | 60,850                       | 62,350                     | 63,350                      |

Average Salary by Years of Experience

|                              |           |
|------------------------------|-----------|
| Beginning Teachers           | \$ 43,825 |
| 1-5 Years of Experience      | \$ 44,001 |
| 6-10 Years of Experience     | \$ 45,412 |
| 11-20 Years of Experience    | \$ 49,675 |
| Over -20 Years of Experience | \$ 59,515 |

Average Actual Salaries

|                        |            |
|------------------------|------------|
| Teachers               | \$ 48,306  |
| Professional Staff     | \$ 55,374  |
| Campus Administration  | \$ 70,522  |
| Central Administration | \$ 115,514 |



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

| Schools                         | 2003    | 2004    | 2005    | 2006    | 2007    |
|---------------------------------|---------|---------|---------|---------|---------|
| Elementary *                    |         |         |         |         |         |
| Buildings                       | 4       | 4       | 4       | 4       | 4       |
| Square Feet                     | 191,654 | 191,654 | 191,654 | 191,654 | 252,270 |
| Capacity                        | 1,450   | 1,450   | 1,450   | 1,450   | 1,800   |
| Enrollment                      | 1,996   | 2,048   | 2,111   | 1,946   | 1,963   |
| Middle **                       |         |         |         |         |         |
| Buildings                       | 1       | 1       | 1       | 1       | 1       |
| Square Feet                     | 65,278  | 65,278  | 65,278  | 205,360 | 205,360 |
| Capacity                        | 500     | 500     | 500     | 1,150   | 1,150   |
| Enrollment                      | 576     | 572     | 599     | 912     | 884     |
| High ***                        |         |         |         |         |         |
| Buildings                       | 1       | 1       | 1       | 1       | 1       |
| Square Feet                     | 169,936 | 169,936 | 169,936 | 169,936 | 272,048 |
| Capacity                        | 900     | 900     | 900     | 900     | 1,300   |
| Enrollment                      | 868     | 945     | 1,034   | 1,074   | 1,090   |
| Non - instructional             |         |         |         |         |         |
| Buildings                       | 3       | 3       | 3       | 3       | 3       |
| Square Feet                     | 15,824  | 15,824  | 15,824  | 15,824  | 15,824  |
| Portable Buildings              |         |         |         |         |         |
| Buildings                       | 28      | 32      | 32      | 27      | 17      |
| Square Feet                     | 33,600  | 38,400  | 38,400  | 32,400  | 20,400  |
| Total Square Feet               | 476,292 | 481,092 | 481,092 | 615,174 | 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

| 2008    | 2009    | 2010    | 2011    | 2012    |
|---------|---------|---------|---------|---------|
| 4       | 4       | 3       | 3       | 3       |
| 252,270 | 252,270 | 347,486 | 347,486 | 347,486 |
| 1,800   | 1,800   | 2,400   | 2,400   | 2,400   |
| 1,957   | 1,920   | 1,951   | 1,910   | 1,910   |
| 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   |
| 895     | 920     | 957     | 1,007   | 1,007   |
| 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   |
| 1,126   | 1,138   | 1,182   | 1,187   | 1,187   |
| 3       | 3       | 5       | 5       | 5       |
| 15,824  | 15,824  | 116,246 | 116,246 | 116,246 |
| 17      | 17      | 8       | 8       | 8       |
| 20,400  | 20,400  | 9,600   | 9,600   | 9,600   |
| 765,902 | 765,902 | 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*

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

We have audited the financial statements of the governmental activities, 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, 2012, which collectively comprise the District's basic financial statements and have issued our report thereon dated January 7, 2013. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

Management of the District is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the District's internal control over financial reporting as a basis for designing our auditing procedures 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 over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over financial reporting.

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.

Our consideration of internal control over financial reporting 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 financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

### Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free of 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 that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of management, the Board of Trustees, others within the District, the Texas Education Agency, and appropriate federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.



Hankins, Eastup, Deaton, Tonn & Seay  
A Professional Corporation  
Certified Public Accountants

January 7, 2013

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD  
HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON INTERNAL  
CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

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

Compliance

We have audited Lake Dallas Independent School District's (the "District") compliance with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the year ended August 31, 2012. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of finding and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of the major federal programs is the responsibility of the District's management. Our responsibility is to express an opinion on the District's compliance based on our audit.

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 the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the District's compliance with those requirements.

In our opinion, the District complied, in all material respects, with the 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, 2012.

Internal Control Over Compliance

Management of the District is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the District's internal control over compliance with requirements that could have a direct and material effect on a major federal program to determine our auditing procedures for the purpose of expressing our opinion on compliance 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 the District's internal control over compliance.

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

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 deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of management, the Board of Trustees, others within the District, the Texas Education Agency, federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.



Hankins, Eastup, Deaton, Tonn & Seay  
A Professional Corporation  
Certified Public Accountants

January 7, 2013

LAKE DALLAS INDEPENDENT SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED AUGUST 31, 2012

I. Summary of Auditor's Results

1. Type of auditor's report issued on the financial statements: Unqualified.
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: Unqualified.
6. Did the audit disclose findings which are required to be reported under Sec. 510 (a): No
7. Major programs include:
  - 84.041 Impact Aid
  - 84.394A Title XIV, State Fiscal Stabilization Fund-ARRA
  - 84.410A Education Jobs Fund
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

|                   |                                                                                                                                                                |
|-------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Finding 2012-1    | The District exceeded appropriations in one functional category in the Debt Service Fund.                                                                      |
| Criteria          | The District is required to monitor and amend the budget and control expenditures to make sure appropriations are not exceeded in any one functional category. |
| Condition Found   | The District exceeded appropriations in one functional category in the Debt Service Fund.                                                                      |
| Instance/Universe | One functional category in the Debt Service Fund exceeded appropriations by \$37,385 during the year.                                                          |
| Recommendation    | The District should review expenditures and amend the budget as needed to make sure expenditures don't exceed appropriations.                                  |

LAKE DALLAS INDEPENDENT SCHOOL DISTRICT  
CORRECTIVE ACTION PLAN  
FOR THE YEAR ENDED AUGUST 31, 2012

CORRECTIVE ACTION PLAN

Contact Person – Mr. Wesley Eversole, Deputy Superintendent/CFO

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

CORRECTIVE ACTION

The District exceeded appropriations in the Debt Service for bond principal and issuance costs that were incurred due to a bond issuance in 2012. The issuance costs were overlooked when the budget was amended in August 2012. In future years bonds issuance related items will be included in the budget or amended to cover any additions during the year.

LAKE DALLAS INDEPENDENT SCHOOL DISTRICT  
SCHEDULE OF PRIOR AUDIT FINDINGS  
FOR THE YEAR ENDED AUGUST 31, 2012

FINDING/NONCOMPLIANCE

None

LAKE DALLAS INDEPENDENT SCHOOL DISTRICT  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED AUGUST 31, 2012

| (1)<br>FEDERAL GRANTOR/<br>PASS-THROUGH GRANTOR/<br>PROGRAM or CLUSTER TITLE | (2)<br>Federal<br>CFDA<br>Number | (3)<br>Pass-Through<br>Entity Identifying<br>Number | (4)<br>Federal<br>Expenditures |
|------------------------------------------------------------------------------|----------------------------------|-----------------------------------------------------|--------------------------------|
| <b>U.S. DEPARTMENT OF EDUCATION</b>                                          |                                  |                                                     |                                |
| <u>Direct Programs</u>                                                       |                                  |                                                     |                                |
| Impact Aid - P.L. 81.874 (Note A)                                            | 84.041                           |                                                     | \$ 651,156                     |
| Total Direct Programs                                                        |                                  |                                                     | \$ 651,156                     |
| <u>Passed Through State Department of Education</u>                          |                                  |                                                     |                                |
| *ESEA, Title I, Part A - Improving Basic Programs                            | 84.010A                          | 12-610112061912                                     | \$ 216,761                     |
| *IDEA - Part B, Formula                                                      | 84.027                           | 12-660012061912                                     | 448,857                        |
| *IDEA - Part B, Preschool                                                    | 84.173                           | 12-661011061912                                     | 11,280                         |
| Total Special Education Cluster (IDEA)                                       |                                  |                                                     | 460,137                        |
| Career and Technical - Basic Grant                                           | 84.048                           | 12-420012061912                                     | 33,210                         |
| Title III, Part A - English Language Acquisition                             | 84.365A                          | 12-671012061912                                     | 27,839                         |
| ESEA, Title II, Part A, Teacher/Principal Training                           | 84.367A                          | 12-694512061912                                     | 55,254                         |
| Title IV, Part A - Summer School LEP                                         | 84.369A                          | 695511                                              | 4,095                          |
| Title XIV, State Fiscal Stabilization Fund - ARRA                            | 84.394                           | 12-557010061912                                     | 98,575                         |
| Education Jobs Fund- ARRA                                                    | 84.410                           | 12-550111061912                                     | 426,376                        |
| Total Passed Through State Department of Education                           |                                  |                                                     | \$ 1,322,247                   |
| <b>TOTAL DEPARTMENT OF EDUCATION</b>                                         |                                  |                                                     | \$ 1,973,403                   |
| <b>U.S. DEPARTMENT OF ENERGY</b>                                             |                                  |                                                     |                                |
| <u>Passed Through State Energy Conservation Office</u>                       |                                  |                                                     |                                |
| SECO/ARRA-Bldg Effic and Retrofit Program, Round 2                           | 81.041                           | CLS0014                                             | \$ 35,604                      |
| Total Passed Through State Energy Conservation Office                        |                                  |                                                     | \$ 35,604                      |
| <b>TOTAL DEPARTMENT OF ENERGY</b>                                            |                                  |                                                     | \$ 35,604                      |
| <b>U.S. DEPARTMENT OF AGRICULTURE</b>                                        |                                  |                                                     |                                |
| <u>Passed Through the State Department of Agriculture</u>                    |                                  |                                                     |                                |
| *School Breakfast Program                                                    | 10.553                           | 714012                                              | \$ 151,735                     |
| *National School Lunch Program - Cash Assistance                             | 10.555                           | 713012                                              | 581,924                        |
| *National School Lunch Prog. - Non-Cash Assistance                           | 10.555                           | 061912                                              | 97,437                         |
| Total CFDA Number 10.555                                                     |                                  |                                                     | 679,361                        |
| Total Child Nutrition Cluster                                                |                                  |                                                     | 831,096                        |
| Watershed Protection & Flood Control                                         | 10.904                           |                                                     | 26,615                         |
| Total Passed Through the State Department of Agriculture                     |                                  |                                                     | \$ 857,711                     |
| <b>TOTAL DEPARTMENT OF AGRICULTURE</b>                                       |                                  |                                                     | \$ 857,711                     |
| <b>TOTAL EXPENDITURES OF FEDERAL AWARDS</b>                                  |                                  |                                                     | \$ 2,866,718                   |

\*Clustered Programs



LAKE DALLAS INDEPENDENT SCHOOL DISTRICT  
NOTES TO SUPPLEMENTARY SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
YEAR ENDED AUGUST 31, 2012

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, 2012, 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.

