



Comprehensive Annual Financial Report
for the Fiscal Year Ended
June 30, 2018

Report Issued by the
Finance and Accounting
Services Division

Dallas Independent School District

**Dallas Independent School District
For the Fiscal Year Ended June 30, 2018**

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October 30, 2018

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

The Texas Education Code requires that all school districts file a set of financial statements with the Texas Education Agency (TEA) within 150 days of the close of each fiscal year. The financial statements must be presented in conformity with Generally Accepted Accounting Principles (GAAP) and audited by a Texas certified public accountant in accordance with generally accepted auditing standards. Pursuant to this requirement, we hereby issue the Comprehensive Annual Financial Report for Dallas Independent School District (the “District” or “Dallas ISD”) for the fiscal year ended June 30, 2018.

This report consists of management’s representations concerning the finances of the District. Consequently, management assumes full responsibility for the completeness and reliability of all the information presented in this report. To the best of our knowledge and belief, this financial report is complete and reliable in all material respects. Management has established a comprehensive framework of internal control to provide a reasonable basis for asserting that the financial statements are fairly presented.

The financial statements of the District have been audited by Weaver and Tidwell LLP, a firm of certified public accountants licensed in Texas. The goal of the independent audit is to provide reasonable assurance that the financial statements of the District for the fiscal year ended June 30, 2018 are free of material misstatement. The independent audit involves examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditors concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the District’s financial statements for the year ended June 30, 2018, are fairly presented in conformity with GAAP. The independent auditors’ report is presented as the first component of the financial section of this report.

The independent audit of the financial statements is accompanied by a federally mandated “Single Audit” designed to meet the special needs of federal grantor agencies. The standards governing Single Audit engagements require the independent auditors to report not only on the fair presentation of the financial statements, but also on the audited government’s internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal awards. These reports may be found in the compliance section of this report.

GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management 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 report of the independent auditors.

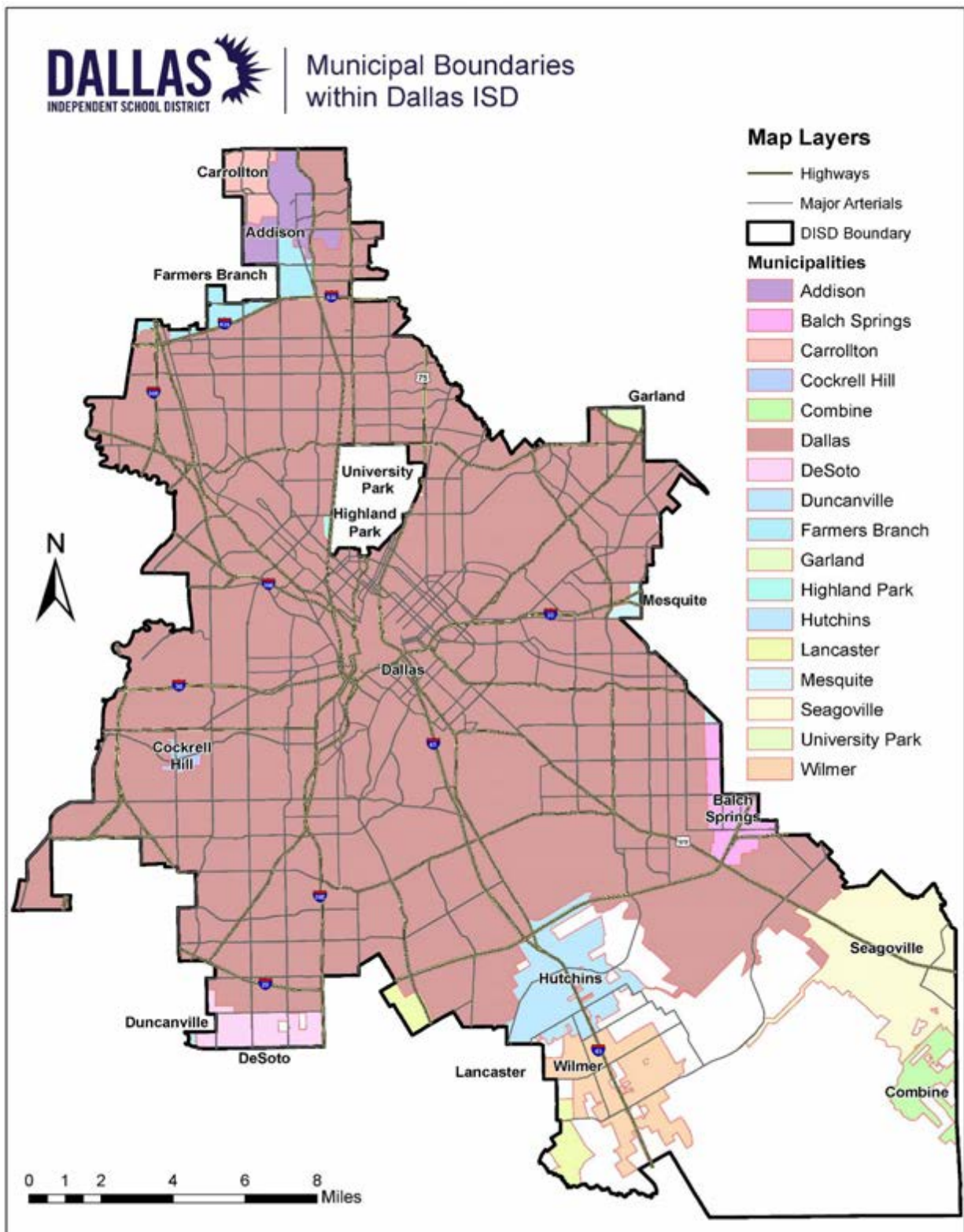
DISTRICT PROFILE

The Dallas Independent School District is an independent public school district operating under applicable laws and regulations of the State of Texas providing a full range of educational services appropriate to grade levels prekindergarten through twelve. The District is the second-largest public school district in the state, and the 14th-largest district by enrollment in the nation. In the 2017-2018 school year, the District served an ethnically and culturally diverse enrollment of 156,832 students in 234 schools. Our students came from homes where approximately 70 different languages are spoken. The ethnic composition was approximately 70.0 percent Hispanic, 22.5 percent African-American, 5.0 percent White, 1.4 percent Asian, and 1.1 percent other ethnicities. Dallas ISD had 21,262 full-time employees in 2017-2018. The District sits in the heart of the large, diverse and dynamic Dallas-Fort Worth metropolitan area, which has a population of approximately 7.2 million people in 12 counties in North Central Texas. The District comprises 384 square miles and encompasses all or portions of the municipalities of Dallas, Addison, Balch Springs, Carrollton, Cockrell Hill, Combine, DeSoto, Duncanville, Farmers Branch, Garland, Highland Park, Hutchins, Lancaster, Mesquite, Seagoville, University Park, and Wilmer.

The District serves its diverse student population in both traditional and alternative classroom settings. The District is dedicated to providing every student the best possible education through an intensive core curriculum and specialized, challenging instructional and career programs. The District provides a full range of programs and services for its students, including elementary and secondary courses for general, vocational, and college preparatory levels, as well as vanguard, academy, magnet, and gifted and talented programs. Academic programs are supplemented by a variety of co-curricular and extracurricular activities. In addition to the regular educational programs, the District offers programs in career and technology, special education, gifted and talented, bilingual, compensatory, and adult education.

The District has no component units. The Dallas Education Foundation (DEF) is an independent not-for-profit organization organized in 2006 for charitable and education purposes to benefit the District. The DEF receives funds from individuals, corporations, and foundations in support of programs and initiatives to accomplish key District priorities. Since 2013, the District has not considered the DEF a component unit as it does not meet the significance criterion under Governmental Accounting Standards Board (GASB) 39, as the economic resources received or held by the DEF are not significant to the District.

There are a number of charter schools that serve the same population that Dallas ISD serves. These charter schools receive their charters from the state and are separate and apart from Dallas ISD. We compete with these charter schools for the same students. Similar to Dallas ISD, these charter schools receive state funding based on their Average Daily Attendance and special population counts. However, unlike Dallas ISD, they do not have the ability to levy local property taxes. As such, relative to Dallas ISD, these charter schools are generally more heavily dependent on state revenues for their Maintenance and Operations funding.



GOVERNMENTAL STRUCTURE, BUDGET PROCESS, AND BUDGETARY CONTROL

Serving without compensation, board members establish the policies by which the District operates. The Board of Trustees (the “Board”) has final control over local school matters limited only by the state legislature, by the courts, and by the will of the people as expressed in school board elections. Board decisions are based on majority vote of those present. In general, the Board adopts policies, sets direction for curriculum, employs the Superintendent, and oversees the operations of the District. Trustees are charged with numerous statutory regulations including calling trustee and other school elections and canvassing the results, organizing the Board, and electing its officers. The Board is also responsible for setting the tax rate, acting as board of appeals in personnel and student matters, confirming recommendations for textbook adoptions, and adopting and amending the annual budget. Additionally, the Board has adopted vision and mission statements for the District. The District vision is “Dallas ISD seeks to be a premier urban school district,” and the mission is “Educating all students for success.”

The District administration is responsible for establishing and maintaining an internal control structure designed to ensure assets of the District are protected from loss, theft or misuse, and to ensure adequate accounting data is compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles. The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of “reasonable assurance” recognizes: (1) the cost of control should not exceed the benefits likely to be derived from its implementation; and (2) the valuation of cost and benefits requires estimates and judgments by management. Management believes the internal controls adequately meet the above objectives. As a recipient of federal, state, and local grants, the District is also responsible for an adequate internal control structure that ensures compliance with applicable laws and regulations related to these grants. All funded grants are subject to testing as part of the District’s Single Audit. The internal control structure is subject to periodic reviews by management.

Every school district in Texas is required, by law, to prepare and file a budget with TEA (“Texas Education Agency”). The General Fund, Food Service Fund, and Debt Service Fund are included in the District’s formally adopted budget and are adopted at the fund and function level. Budgets for Special Revenue funds (other than the Food Service Fund) and Capital Projects Fund are prepared on a project basis, based on grant regulations or applicable bond ordinances. 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 TEA and identify the purpose of transactions. Oversight control of all expenditures is maintained at this level by the Finance and Accounting staff. Budgetary control is also maintained through the preapproval of personnel transactions and the encumbrance of estimated purchase amounts and other expenditures after the execution of contracts. Obligations that will result in an overrun of appropriated funds are not released until additional appropriations are made available.

The annual budget process is designed to efficiently allocate resources based upon the needs of students and to support the District’s goals. The budget process consists of two phases: planning and preparation. The planning phase begins with the District goals set by the Board. District leadership develops the District improvement plan for all District organizations that support the District goals. The planning period usually occurs from September through January. Preparation begins in early January. During this phase, budgetary resource allocations are distributed to campuses based on enrollment projections, and budgets are distributed to non-campus (central organizations) organizations. Campus position and non-position budget allocations are formula-driven and applied against enrollment projections. Campus non-position general operating allocations are driven by pre-determined allocations and are dependent on enrollment, specific programs and District initiatives. Non-campus allocations (central organizations) are primarily based on previous year allocations. Adjustment requests are determined by divisional chiefs and are prioritized based on District need. Progress updates are provided to the Board throughout the budget development process, and the Board formally adopts the annual budget by June 30.

THE ECONOMIC CONDITION OF THE DISTRICT

The local economy continues to remain strong and vibrant. As of December 2017, the Dallas-Plano-Irving metropolitan division had a real gross product of \$351.8 billion and is expected to grow to \$431.4 billion (+4.2%) by 2021. The economy in the Dallas-Plano-Irving metropolitan division is also among the most diverse in the nation. Industry sectors and their share of overall employment was as follows: 20.2 percent trade, transportation and utilities, 19.2 percent professional and business services, 11.9 percent education and health services, 11.6 percent government, 10.2 percent leisure and hospitality, 8.8 percent financial activities, 6.8 percent manufacturing, 5.3 percent mining, logging, and construction, 2.7 percent information, and 3.3 percent other services. The Dallas metropolitan area is home to several Fortune 500 Companies, and the city's diversified economy shields the area from large swings in unemployment. As of December 2017, the Dallas-Fort Worth metropolitan area had an unemployment rate of 3.1 percent and a median household income of \$61,330.

The strong local economy has led to strong population growth in the Dallas-Fort Worth area in recent years. Based on the most recent US Census Bureau Estimates, the population of the City of Dallas is approximately 1.3 million and the population of the Dallas-Fort Worth area is approximately 7.2 million. The area population is projected to grow to 10.7 million by 2040, although much of that growth is projected in the suburban areas.

LONG-TERM FINANCIAL PLANNING

Strength in the local economy has helped to sustain growth in local property values in recent years. The District's certified net taxable property value grew from \$76.3 billion in 2013 to \$108.5 billion in 2018, a 42.2 percent increase over the five-year period. The District's certified net taxable property value for 2018 increased by 7.5 percent versus 2017. Revenue from local sources represented approximately 78.1 percent of Dallas ISD's General Fund total revenue, with revenue from property taxes driving local revenues. Additionally, the District's taxable value base is diverse. In 2018, the taxable value base was diversified among commercial, residential, and business personal property. The District's top ten taxpayers comprised only 4.4 percent of the District's total taxable value and no one taxpayer had a significant impact on the District's property tax income.

Net taxable property values are projected to grow 7 percent annually through the 2019 tax year and thereafter 5.0 annually through the 2021 tax year. It is proposed that an M&O tax rate of \$1.17 per \$100 valuation will be levied, and the estimated tax collection rate will remain at 98 percent through the forecast period.

It is critical to note that as local revenue increases due to rising net taxable property values, state revenue decreases. This is because the state education finance system is designed to decrease the State's contribution to education when local property values rise or student attendance decreases. It is also critical to note that in 2018-2019 the District will be subject to Chapter 41 recapture.

Student enrollment heavily influences Average Daily Attendance, which is one of the key drivers of the District's state revenue. Student enrollment grew slightly each year from 2009-10 to 2014-15, rising 2.0 percent from 157,111 to 160,253, but fell 2.1 percent from 2014-15 to 2017-2018. Enrollment fell from 2016-17 to 2017-18 by 0.7 percent to 156,832. Based on a demographic study conducted in early 2017, student enrollment is projected to decrease to 154,278 by 2021 and 151,921 by 2026 under the moderate growth projection. The reasons for the projected decline are various. The District is responding by strategically investing in initiatives that are expected to drive increased student enrollment. For 2018-19, the District has decided to invest in employee excellence/compensation, early childhood education, transformation and innovation schools/programs, and racial equity initiatives. Details are provided in the Major Initiatives section below.

In regard to federal revenue, the District is projected to continue to add the Build America Bonds (BABs) and Qualified School Construction Bonds (QSCBs) rebates to the General Operating Fund revenues through fiscal year 2018-19. The subsidies end in 2035 and 2033, respectively. BABs and QSCBs are taxable municipal bonds that carry special tax credits and federal subsidies for either the bond issuer or the bondholder. There is flexibility to deposit the tax rebate into the General Operating Fund or the Interest and Sinking (I&S) Fund. Management made the decision to move the subsidy rebate to the Maintenance and Operations (M&O) General Fund.

The average age of all school buildings in 2017-2018 was 51.3 years old. The average age of buildings by level was 52.4 years for elementary, 48.2 years for middle, and 50.2 for high schools. Voters approved a \$1.6 billion bond referendum on November 3, 2015. The District's 2015 Bond Program began after the first sale of bonds in February 2016 and includes \$100 million for technology improvements to campuses. Under the leadership and supervision of the Construction Services Department, the \$1.6 billion is being used to improve and build District facilities. The 2015 Program includes plans to construct nine new schools, including two high schools, two PK-8 schools, one 3-8 school, and four elementary schools. In addition, the program will construct nineteen additions to existing schools, including seven high schools, two middle schools, one PK-8 school, and nine elementary schools, adding 326 classrooms. The program includes renovations and improvements to 177 existing District facilities including roofs, HVAC, building envelope, interior improvements, site improvements, exterior façade improvements, plumbing, technology, gyms, locker rooms, libraries, science labs, cafeterias, auditoriums, performing arts, fine arts, athletic facilities, and administration areas in schools. The completion of all construction is targeted for 2022.

RELEVANT FINANCIAL POLICIES

The Board has adopted a local fund balance policy that the District shall strive to maintain a fund balance in which the year-end unassigned fund balance finances two months of operating expenditures. As of June 30, 2018, the General Fund unassigned fund balance was \$251,241,835. This met the fund balance policy goal, as the 2018-19 Adopted Budget includes \$1,498,620,542 of operating expenditures, and two-twelfths of this total is \$249,770,090.

MAJOR INITIATIVES – STRATEGIC INITIATIVE INVESTMENTS

The District continues to pursue its vision to be a premier urban district and achieve its mission to educate all students for success. The District strives to raise student achievement for all students and graduate students prepared to succeed in college or a career. The District is annually strategically investing in initiatives that leadership believes will achieve the above goals and also drive increased student enrollment. For 2018-19, the District has decided to invest in the key initiatives detailed below.

Excellence Initiatives (TEI, PEI, APEI, EDEI)

The District recognizes the important role of principals, assistant principals, counselors and teachers in raising student achievement results and building and sustaining a positive and supportive school culture. The District is committed to improving the quality of instruction by placing an effective teacher in front of every child, an effective principal at every campus, and effective staff in all roles across the District. Over the past few years, we have fundamentally changed how we assess principal, assistant principal, counselor and teacher effectiveness. Evaluations are now tied to student achievement results and other key performance metrics. Accordingly, compensation for principals, assistant principals, and teachers is tied to overall effectiveness. The Excellence Initiatives provide a fair, accurate, and rigorous way to identify and reward those having the biggest impact with our students, as well as valuable information to grow and develop as we seek to continually improve the quality of instruction.

For 2018-2019, the District plans additional strategic investments of \$16.1 million for the Teacher Excellence initiative, \$2.4 million for the Principal Excellence Initiative, \$1.4 million for the Assistant Principal Excellence Initiative, and \$0.1 million for the Executive Director Excellence Initiative for a total increase of \$20.9 million across all initiatives.

Early Learning

Increased publicity and public awareness about the brief window of time during which a child's brain develops has prompted more demand for early childhood education options. The District has addressed this demand with a renewed emphasis on early learning programs. This emphasis has included a ramp up in investment in early childhood education initiatives to accommodate a growth in pre-K registrations and to provide support for pre-K teachers. The District plans an additional strategic investment of \$3.1 million in Early Learning for 2018-2019. This is comprised of \$1.1 million for 14 additional staff and \$2.0 million for non-payroll related needs.

Office of Transformation and Innovation (OTI)

The District is making an additional strategic investment of \$1.0 million during 2018-19 in its transformation and innovation schools. These schools offer specialized academic programming similar to magnet schools, but do not have any academic entry requirements. They are created as new schools that showcase a single, schoolwide "anchor model" around which all teaching and learning happens, such as a Science/Technology/Engineering/Math (STEM) model, a performing and visual arts model, or a Montessori model. For many students, one of the District's transformation and innovation schools represents a best-fit school option that taps into their individual interests, learning styles, and aspirations. These schools often allow educators to more deeply and meaningfully engage with students intellectually.

Racial Equity

Ensuring racial, social and educational equity for all students is critical to the District's mission to educate all students for success. As a large urban school district with an ethnically and racially diverse staff and student enrollment, Dallas ISD is committed to equitable distribution of services and resources. At times in our District's 100-plus-year history, we have fallen short of this commitment. Inequity created unfair distribution of financial, educational and material resources that limited the advancement of many students. As we face the future, Dallas ISD is committed to taking decisive, corrective action. To address historic injustices and reverse their negative impact, the District will take actions to eliminate inequity in teacher quality, resource allocation, and access to programs. The District plans a strategic investment of \$2.0 million for the Racial Equity Initiative for 2018-2019.

MAJOR INITIATIVES – TAX RATIFICATION ELECTION AND BOND REFERENDUM

The District will place two major financial items before local voters on November 6, 2018. First, the District will ask voters to permit the District to raise its Maintenance & Operations (M&O) tax rate to \$1.1700, effectively a 13-cent increase in the District's M&O tax rate. This will increase the District's General Fund revenues by \$126 million annually. The increased revenues will fund strategic initiatives such as those listed above, plus others such as Public School Choice and Collegiate Academies/P-Techs. Second, the District will ask voters to approve a bond referendum that includes a provision for the issuance of \$75 million for the purchase of new school buses and the construction and equipping of bus operations facilities, and a provision for the refunding of \$75 million of maintenance tax notes. The former pertains to the need for future bus replacements since the District assumed operation and management of the student transportation function from Dallas County Schools effective August 2018. The latter is to refund the District's outstanding Limited Maintenance Tax Notes, Series 2015.

AWARDS AND ACKNOWLEDGMENTS

AWARDS

The District continues to earn recognition for strong financial management and to receive awards for financial reporting and budget presentation.

The FIRST (Financial Integrity Rating System of Texas) program is a financial accountability system for Texas school districts that was developed by the Texas Education Agency in response to Senate Bill 875 of the 76th Texas Legislature in 1999. FIRST measures and rates districts' financial performance, towards the dual goals of improving the quality of Texas school districts' financial management practices, and encouraging districts to provide the maximum possible allocation of district resources toward direct instructional purposes. Dallas ISD was rated "Superior" for 2017-2018. The rating of Superior is the highest possible rating and demonstrates the soundness of Dallas ISD's financial management practices.

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a certificate of Achievement for Excellence in Financial Reporting to the District for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 2017. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports. In order to be awarded a Certificate of Achievement, the District published a Comprehensive Annual Financial Report (CAFR) in which contents conformed to program standards. This report satisfied both generally accepted accounting principles and applicable legal requirements. A Certificate of Achievement is valid for a period of only one year. We believe this fiscal 2018 CAFR continues to meet the Certificate of Achievement program requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate.

The District received the Association of School Business Officials (ASBO) Certificate of Excellence in Financial Reporting Award for the fiscal year June 30, 2017. This award certifies that the CAFR substantially conforms to the principles and standards of financial reporting as recommended and adopted by the ASBO. A Certificate of Excellence is valid for a period of one year. We believe this fiscal 2018 CAFR continues to meet the Certificate of Excellence program requirements, and we are submitting it to the ASBO to determine its eligibility for another certificate.


The District received the ASBO Meritorious Budget Award for its 2017-18 fiscal year budget. This award certifies that the budget adheres to the principles and standards of ASBO International's Meritorious Budget Award criteria. A Meritorious Budget Award is valid for a period of one year. We believe the 2017-18 fiscal year budget continues to conform to the program requirements, and we are submitting it to ASBO to determine its eligibility for another certificate.

ACKNOWLEDGMENTS

The preparation of this report on a timely basis could not be accomplished without the efficient and dedicated services of the entire staff of the Finance and Accounting Services Division and the Graphics Department. Our thanks go to all members of these departments who assisted and contributed to its preparation. The District thanks the members of the Board of Trustees for their interest and support in planning and conducting the financial operations of the District in a responsible and progressive manner.

 10/30/2018

Michael Hinojosa, Ed.D.
Superintendent of Schools




Larry R. Throm
Chief Financial Officer



Dwayne L. Thompson, SFO
Deputy Chief Financial Officer



Edward E. Sorola, RTSBA
Executive Director of Finance and Accounting Services



Sarbani Majumdar, CPA, CTSBS
Director of Accounting Services



Government Finance Officers Association

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

Presented to

**Dallas Independent School District
Texas**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2017

Christopher P. Morill

Executive Director/CEO



ASSOCIATION OF
SCHOOL BUSINESS OFFICIALS
INTERNATIONAL

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

Dallas Independent School District

**for its Comprehensive Annual Financial Report (CAFR)
for the Fiscal Year Ended June 30, 2017.**

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



A handwritten signature in black ink, reading 'Charles E. Peterson, Jr.'.

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

A handwritten signature in black ink, reading 'John D. Musso'.

John D. Musso, CAE
Executive Director



ASSOCIATION OF
SCHOOL BUSINESS OFFICIALS
INTERNATIONAL

This Meritorious Budget Award is presented to

DALLAS INDEPENDENT SCHOOL DISTRICT

for excellence in the preparation and issuance of its budget
for the Fiscal Year 2017–2018.

The budget adheres to the principles and standards
of ASBO International's Meritorious Budget Award criteria.



Charles E. Peterson, Jr. MBA, PRSBA, SFO
President

John D. Musso, CAE, RSBA
Executive Director

Board of Trustees



Edwin Flores

President
District 1: Northwest
Dallas, including North
Dallas, Addison, and
parts of Carrollton and
Farmers Branch



Dan Micciche

First Vice President
District 3: Northeast Dallas



Joyce Foreman

Second Vice President
District 6: Southwest
Dallas



Justin Henry

Board Secretary
District 9: South
Dallas and parts of
Downtown Dallas,
Pleasant Grove, Deep
Ellum, Uptown, and
East Dallas



Dustin Marshall

District 2: North and Near
East Dallas



Jaime Resendez

District 4: Southeast
Dallas, Seagoville,
Balch Springs



Lew Blackburn, Ph.D.

District 5: Oak Lawn,
West Dallas, Wilmer,
Hutchins and portions
of East Oak Cliff



Audrey Pinkerton

District 7: North Central
Oak Cliff and parts of
West Dallas



Miguel Solis

District 8: Love Field,
Northwest Dallas, and
Central Dallas



Certificate of the Board

Dallas Independent School District
Name of School District

Dallas
County

657-905-10
County-District-
Regional No

We the undersigned certify that the attached annual financial reports of the above named school district were reviewed and (check one) ☒ approved ☐ disapproved for the year ended June 30, 2018, at a meeting of the Board of School Trustees of such school district on the 15th day of November, 2018



Signature of Board Secretary



Signature of Board President

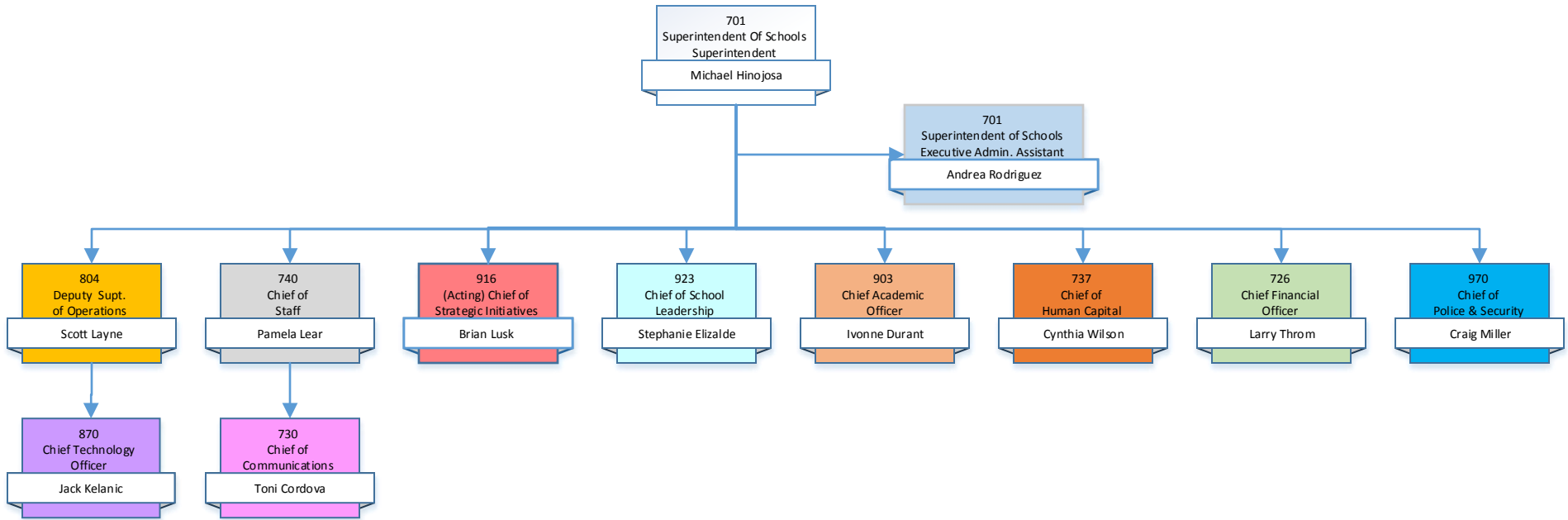
Dallas Independent School District
Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2018

ADMINISTRATIVE OFFICIALS

**Michael Hinojosa, Ed.D.
Superintendent of Schools**

Cynthia Wilson.....	Chief of Human Capital Management
Stephanie Elizalde.....	Chief of School Leadership
Scott Layne.....	Deputy Superintendent of Operations
Pamela Lear.....	Chief of Staff
Craig Miller.....	Chief of Police and Security
Larry Throm.....	Chief Financial Officer
Toni Cordova.....	Chief of Communications
Ivonne Durant.....	Chief Academic Officer
Jack Kelanic.....	Chief Technology Officer
Brian Lusk.....	(Acting) Chief of Strategic Initiatives
Aaron Munoz.....	Acting Chief Internal Auditor

Executive Leadership



Independent Auditor's Report

Board of Trustees
Dallas Independent School District
Dallas, Texas

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Dallas Independent School District (the District) as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the District, as of June 30, 2018, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

Change in Accounting Principle

As discussed in Note P. to the basic financial statements, the District implemented Governmental Accounting Standards Board (GASB) Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions. Beginning net position has been restated to reflect the change in accounting principle resulting from this statement. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the **management's discussion and analysis, budgetary comparison information** and notes to the budgetary comparison, and TRS pension and other post employment benefits schedules and notes to the TRS pension and other post employment benefits schedules on pages 5 through 14, 66 and 67, and 68 through 72, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for **consistency with management's responses to our inquiries, the basic financial statements, and other** knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

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

Board of Trustees
Dallas Independent School District

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 30, 2017 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Weaver and Tidwell, L.L.P.

WEAVER AND TIDWELL, L.L.P.

Dallas, Texas
October 30, 2018

**Dallas Independent School District
Management's Discussion and Analysis (Unaudited)
For the Fiscal Year Ended June 30, 2018**

This section of the District's CAFR discusses and analyzes the District's financial performance for the fiscal year ended June 30, 2018. The intent of this management discussion and analysis is to look at financial performance as a whole. Therefore, readers should also review the transmittal letter, financial statements, and the notes to the basic financial statements to further enhance their understanding of the District's financial performance.

FINANCIAL HIGHLIGHTS

The District's total combined net position as presented on the Government-wide Statement of Net Position was (\$203.8) million for the year ended June 30, 2018. The net position decreased by \$717.4 million overall due to \$1.1 billion prior period adjustments related to GASB Statement No. 75 for Accounting and Reporting for OPEB liability.

The District's governmental funds financial statements reported a combined ending fund balance of \$1,137.5 million. This balance consists of \$372.5 million in the General Fund of which \$112.4 million is assigned, \$8.9 million is non-spendable, and \$251.2 million is unassigned and available for spending at the District's discretion. Restricted fund balance totals \$643.5 million and is used by the Debt Service Fund, Capital Projects Fund and Non-Major Funds. Fund balance in the Debt Service Fund also consists of \$110.8 million of assigned fund balance.

For the year ended June 30, 2018, total revenue from all sources was \$1.7 billion. Program revenues accounted for \$56.9 million of total revenues. General revenues and special items accounted for \$1.7 billion.

The General Fund had \$1.4 billion in revenues, which primarily consisted of property taxes and state aid, in addition to a \$29.8 million transfer in from Internal Service Funds, and \$1.4 billion in expenditures, in addition to a \$7.2 million transfer out to the Debt Service Fund. Property tax revenues increased due to the increase in the District's certified net taxable property value. This resulted in an increase to the fund balance of \$112.4 million.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements are comprised of three components: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the financial statements. The statements are followed by a section of required supplementary information and a section of other information that further explains and supports the information in the financial statements.

Government-wide Financial Statements. The government-wide financial statements are designed to provide readers with a broad overview of the school district's finances in a manner similar to a private sector business. The government-wide statements are comprised of the Statement of Net Position and the Statement of Activities. These statements provide information about the activities of the District as a whole and present both long-term and short-term information about the District's overall financial status. The District's basic services are primarily financed by property taxes and inter-governmental revenues, and include instruction, extracurricular activities, curriculum, staff development, health services, general administration, and plant maintenance and operations.

The Statement of Net Position presents information on all of the District's assets, deferred outflows, liabilities, and deferred inflows with the difference reported as net position. Over time, increases or decreases in the District's net position may serve as a useful indicator of the District's financial health. The Statement of Net Position includes all of the District's non-fiduciary assets and liabilities.

The Statement of Activities presents information for all of the current year's revenues and expenses regardless of when revenue is received or expenses paid. Thus, some revenues and expenses reported in this statement will result in cash flows in future fiscal periods.

Fund Financial Statements. The remaining statements are fund financial statements that focus on individual parts of the government, reporting the District's operations in more detail than the government-wide statements. The fund financial statements provide more detailed information about the District's most

**Dallas Independent School District
Management's Discussion and Analysis (Unaudited)
For the Fiscal Year Ended June 30, 2018**

significant funds rather than the District as a whole. Funds are a governmental accounting tool that the District uses to track specific sources of funding and spending for particular purposes. Some funds are required by state law and by bond covenants. The Board of Trustees establishes other funds to control and manage resources for specific purposes or to delineate the use of certain taxes and grants.

The District has three kinds of funds:

- **Governmental Funds**—All of the District's basic services are included in governmental funds, which focus on (1) how cash and other financial assets can readily be converted to cash flow and (2) the balances left at year end that are available for spending. Consequently, the governmental fund statements provide a detailed short-term view that helps determine the availability of financial resources to finance the District's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, we provide additional information immediately following the governmental funds statements that explain the relationship (or differences) between them. These include debt financing, capital assets, and revenue recognition.
- **Proprietary Funds**—Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The District's five proprietary funds are Internal Service Funds. Internal Service Funds are an accounting device used to accumulate and allocate costs internally among the various functions. The District uses the Internal Service Fund to report activities for its risk management, graphics, program evaluation and accountability, technology and deferred maintenance programs. The proprietary fund statements offer short and long-term financial information about the activities the District operates like a business.
- **Fiduciary Funds**—Fiduciary funds are used to account for resources held by the District in a custodial capacity. The District is responsible for ensuring that the assets reported in these funds are used for their intended purposes. All of the District's fiduciary activities are reported in a separate statement of fiduciary assets and liabilities. Fiduciary funds are excluded from the District's government-wide financial statements because the District cannot use these assets to finance its operations. The fiduciary fund statement provides information about the financial relationships in which the District acts solely as a custodian or agent for funds that belong to others.

Notes to the Basic Financial Statements. The notes provide additional information that is essential to a complete understanding of the data provided in the government-wide and fund financial statements.

Required Supplementary Information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information that further explains and supports the information in the financial statements.

Combining and Other Statements. Immediately following the required supplementary information, combining statements are included for the Non-Major Funds, Internal Service Funds and Agency Funds.

**Dallas Independent School District
Management's Discussion and Analysis (Unaudited)
For the Fiscal Year Ended June 30, 2018**

Exhibit 1 summarizes the major features of the District's financial statements, including the portion of the District's government they cover and the types of information they contain. The remainder of this overview section explains the structure and contents of each of the statements.

**Exhibit 1
Major Features of the District's Government-wide
and Fund Financial Statements**

<i>Type of Statement</i>	<i>Government-wide</i>	<i>Governmental Funds</i>	<i>Proprietary Funds</i>	<i>Fiduciary Funds</i>
<i>Scope</i>	Entire District's government (except fiduciary funds) and the District's component units	The activities of the District that are not proprietary or fiduciary	Activities the District operates similar to private businesses	Instances in which the District is the trustee or agent for someone else's resources
<i>Required financial statements</i>	<ul style="list-style-type: none"> • Statement of Net Position • Statement of Activities 	<ul style="list-style-type: none"> • Balance Sheet • Statement of Revenues, Expenditures and Changes in Fund Balance 	<ul style="list-style-type: none"> • Statement of Net Position • Statement of Revenues, Expenses and Changes in Fund Net Position • Statement of Cash Flows 	<ul style="list-style-type: none"> • Statement of Changes in Fiduciary Assets and Liabilities
<i>Accounting basis and measurement focus</i>	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
<i>Type of asset/liability information</i>	All assets and liabilities, both financial and capital, short-term and long-term	Only assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets included	All assets and liabilities, both financial and capital, and short-term and long-term	All assets and liabilities, both short-term and long-term
<i>Type of inflow/outflow information</i>	All revenues and expenses during the year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payment is due during the year or soon thereafter	All revenues and expenses during the year, regardless of when cash is received or paid	Not applicable to Agency Fund

**Dallas Independent School District
Management's Discussion and Analysis (Unaudited)
For the Fiscal Year Ended June 30, 2018**

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net Position. As noted earlier, net position may serve over time as a useful indicator of the District's financial position. The District's combined net position between fiscal years 2018 and 2017 decreased by \$717.4 million due to \$1.1 billion for the cumulative effect of change in accounting principle related to GASB Statement No. 75. The District's net investment in capital assets is \$322.9 million and includes investments in capital assets (e.g. land, building, equipment, improvements, and construction in progress) less any debt used to acquire those assets that is still outstanding. Of the remaining net position, \$102.6 million are restricted resources subject to external restrictions on how they are used, and (\$629.3) million are unrestricted resources, of which (\$884.1) million is related to GASB Statement No. 75 adjustments.

The District uses the capital assets to provide services to students; consequently these assets are not available for future spending. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Exhibit 2 provides a summary of the Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position for governmental activities for years ended June 30, 2018 and 2017, respectively.

**Exhibit 2
Net Position
Governmental Activities**

	June 30, 2018	June 30, 2017	\$ Change Increase/ (Decrease)	% Change Increase/ (Decrease)
Current and Other Assets	\$ 1,487,297,480	\$ 1,586,959,005	\$ (99,661,525)	(6.3%)
Capital Assets	2,728,971,274	2,605,775,524	123,195,750	4.7%
Total Assets	4,216,268,754	4,192,734,529	23,534,225	0.6%
Deferred Outflows of Resources	205,811,446	255,373,121	(49,561,675)	(19.4%)
Current Liabilities	284,712,535	307,434,995	(22,722,460)	(7.4%)
Long Term Liabilities	4,004,255,487	3,600,478,502	403,776,985	11.2%
Total Liabilities	4,288,968,022	3,907,913,497	381,054,525	9.8%
Deferred Inflows of Resources	336,885,893	26,522,625	310,363,268	1170.2%
Net Position:				
Net Investment in				
Capital Assets	322,930,292	268,379,771	54,550,521	20.3%
Restricted	102,613,514	79,484,886	23,128,628	29.1%
Unrestricted	(629,317,521)	165,806,871	(795,124,392)	(479.5%)
Total Net Position	\$ (203,773,715)	\$ 513,671,528	\$ (717,445,243)	(139.7%)

Other Financial Highlights. For the year ended June 30, 2018, the District's total revenues were \$1.8 billion. Exhibit 3 shows the year-over-year change in revenues and expenses. The District's total revenues decreased \$184.8 million, or 9.5%, over the prior year and the total expenses decreased \$533.9 million or 27.9% over the prior year primarily due to reporting of on-behalf revenues and expenses accrual per GASB Statement No. 75. (See Note T.)

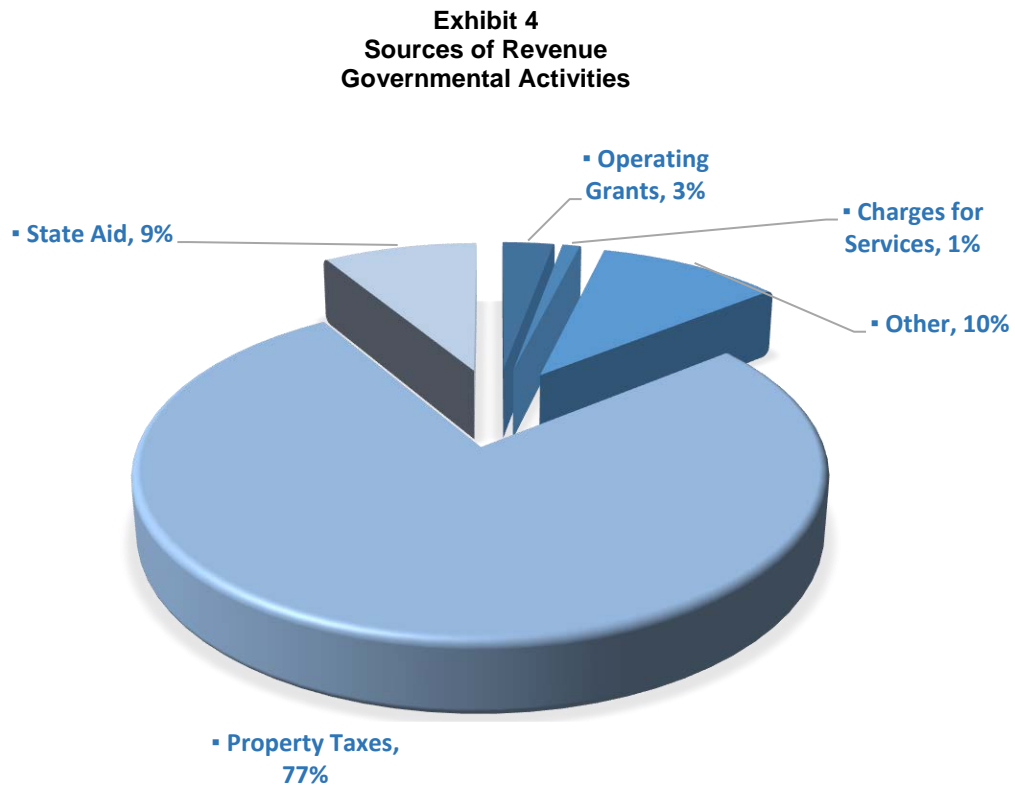
**Dallas Independent School District
Management's Discussion and Analysis (Unaudited)
For the Fiscal Year Ended June 30, 2018**

**Exhibit 3
Changes in Net Position
Governmental Activities**

	<u>June 30, 2018</u>	<u>June 30, 2017</u>	<u>\$ Change Increase/ (Decrease)</u>	<u>% Change Increase/ (Decrease)</u>
Revenues				
Program Revenues:				
Operating Grants and Contributions	\$ 49,994,516	\$ 334,916,110	\$ (284,921,594)	(85.1%)
Charges for Services	6,899,249	7,543,443	(644,194)	(8.5%)
General Revenues:				
Investment Earnings	20,599,310	10,901,449	9,697,861	89.0%
Property Taxes	1,340,265,264	1,237,362,483	102,902,781	8.3%
State Aid	150,206,649	257,588,928	(107,382,279)	(41.7%)
Grants and Contributions, Unrestricted	109,392,657	70,160,602	39,232,055	55.9%
Other	49,183,203	34,387,827	14,795,376	43.0%
Special Item	41,512,474	-	41,512,474	100.0%
Total Revenues and Special Items	<u>1,768,053,322</u>	<u>1,952,860,842</u>	<u>(184,807,520)</u>	<u>(9.5%)</u>
Expenses				
Instruction	650,662,754	956,576,387	(305,913,633)	(32.0%)
Instructional Resources and Media Services	14,203,567	24,430,222	(10,226,655)	(41.9%)
Curriculum and Staff Development	35,993,922	51,704,106	(15,710,184)	(30.4%)
Instructional Leadership	26,067,193	37,602,700	(11,535,507)	(30.7%)
School Leadership	64,548,864	106,125,020	(41,576,156)	(39.2%)
Guidance, Counseling and Evaluation Services	45,798,249	72,535,828	(26,737,579)	(36.9%)
Social Work Services	1,609,764	2,997,092	(1,387,328)	(46.3%)
Health Services	12,806,971	21,451,753	(8,644,782)	(40.3%)
Student (Pupil) Transportation	49,670,287	55,779,292	(6,109,005)	(11.0%)
National Breakfast and Lunch	103,681,948	123,592,132	(19,910,184)	(16.1%)
Cocurricular/Extracurricular Activities	29,291,340	38,266,030	(8,974,690)	(23.5%)
General Administration	34,962,724	51,693,840	(16,731,116)	(32.4%)
Facilities Maintenance and Operations	119,466,649	157,815,314	(38,348,665)	(24.3%)
Security and Monitoring Services	13,495,855	23,036,834	(9,540,979)	(41.4%)
Data Processing Services	38,018,316	45,348,246	(7,329,930)	(16.2%)
Community Services	8,209,966	12,992,401	(4,782,435)	(36.8%)
Debt Service - Interest on Long Term Debt	124,140,537	126,555,232	(2,414,695)	(1.9%)
Debt Service - Bond Related Fees	49,021	85,007	(35,986)	(42.3%)
Facilities Acquisition and Construction	2,831,109	1,078,436	1,752,673	162.5%
Payments to Juvenile Justice Alt. Ed. Prg.	7,332	8,814	(1,482)	(16.8%)
Payments to Tax Increment Fund	65,673	7,476	58,197	100.0%
Other Intergovernmental Charges	5,069,208	4,919,416	149,792	3.0%
Total Expenses	<u>1,380,651,249</u>	<u>1,914,601,578</u>	<u>(533,950,329)</u>	<u>(27.9%)</u>
Increase (decrease) in Net Position	387,402,073	38,259,264	349,142,809	(912.6%)
Net Position - Beginning	513,671,528	475,412,264	38,259,264	8.0%
Cumulative Effects of Change in Accounting Principle	(1,104,847,316)	-	(1,104,847,316)	(100.0%)
Net Position - After Adjustments	<u>(591,175,788)</u>	<u>475,412,264</u>	<u>(1,066,588,052)</u>	<u>(224.4%)</u>
Net Position - Ending	<u>\$ (203,773,715)</u>	<u>\$ 513,671,528</u>	<u>\$ (717,445,243)</u>	<u>(139.7%)</u>

**Dallas Independent School District
Management's Discussion and Analysis (Unaudited)
For the Fiscal Year Ended June 30, 2018**

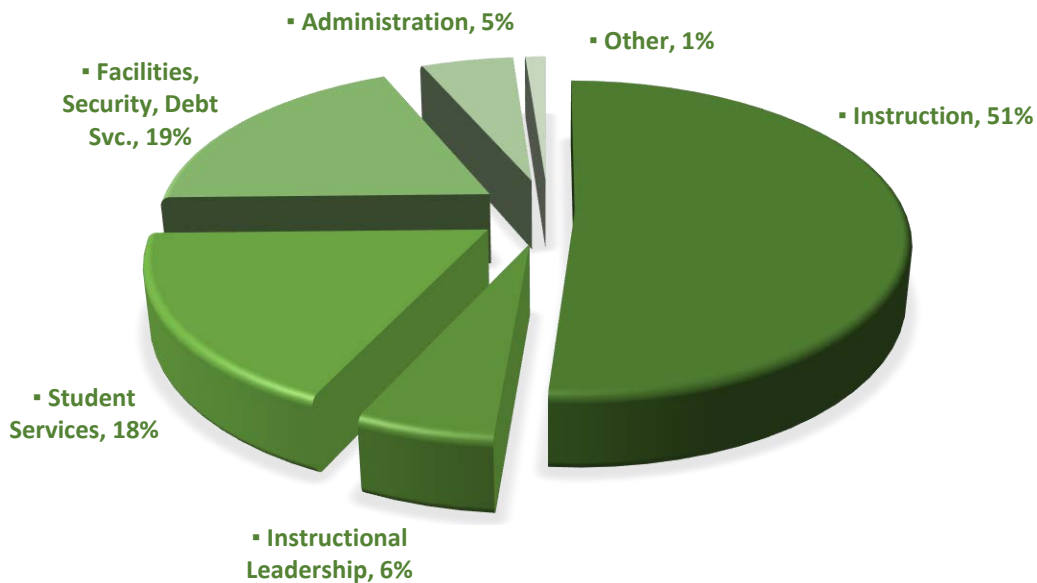
Approximately 77% of the District's revenue was generated from property taxes, 9% was state aid, 3% from operating grants and the remaining 11% was generated from miscellaneous revenue sources (See Exhibit 4).



**Dallas Independent School District
Management's Discussion and Analysis (Unaudited)
For the Fiscal Year Ended June 30, 2018**

For the year ended June 30, 2018, the District's total cost of all programs and services was \$1.4 billion. Approximately 51% of the District's governmental activities were dedicated to instructional areas. Direct student services, such as counseling, nursing, and transportation services, comprised 18% of governmental expenses. The costs to operate facilities, including utilities, security services and debt payments comprised 19% of the cost of all programs (See Exhibit 5).

**Exhibit 5
Expense Allocations
Governmental Activities**



FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

For the fiscal year ended June 30, 2018, the District's governmental funds reported ending fund balances of \$1.1 billion. Of this amount, \$251.2 million constitutes unassigned fund balance available for use in activities at the District's discretion. The remainder of the fund balance is designated as non-spendable, restricted or assigned, to indicate that it is not available for new spending because it has already been purposed for bond projects, debt service and other obligations of the District.

The General Fund is the chief operating fund of the District. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned and total fund balance to the total fund expenditures. Unassigned fund balance represents 18.2% of the total 2018 General Fund expenditures, while total fund balance represents 27.0% of that same amount.

The Debt Service Fund has a total fund balance of \$235.8 million, of which \$124.9 million is restricted for the payment of debt service requirements. The Capital Projects Fund balance decreased by \$196.9 million to \$497.0 million. This is due to expenditures on capital projects. Non-Major Governmental Funds have a total fund balance of \$32.2 million representing an increase for the current year of \$3.2 million.

**Dallas Independent School District
Management's Discussion and Analysis (Unaudited)
For the Fiscal Year Ended June 30, 2018**

Capital Assets. At June 30, 2018, the District had \$2.7 billion of capital assets, net of depreciation and loss on disposition of assets, including land, equipment, buildings, and vehicles. This amount represents a net increase of \$123.7 million or 4.75% over last year (See Exhibit 6.)

**Exhibit 6
District's Capital Assets**

	June 30, 2018	June 30, 2017	\$ Change	% Change
Land	\$ 249,985,988	\$ 219,651,075	\$ 30,334,913	13.81%
Building and Improvements	3,633,611,483	3,619,335,104	14,276,379	0.39%
Furniture and Equipment	288,570,622	229,757,441	58,813,181	25.60%
Total	<u>4,172,168,093</u>	<u>4,068,743,620</u>	<u>103,424,472</u>	<u>2.54%</u>
Accumulated Depreciation	(1,615,853,356)	(1,544,100,160)	(71,753,196)	4.65%
Net Book Value, net of CIP	<u>2,556,314,737</u>	<u>2,524,643,460</u>	<u>31,671,277</u>	<u>1.25%</u>
Construction in Progress	172,656,537	81,132,064	91,524,473	112.81%
Net Book Value	<u>\$ 2,728,971,274</u>	<u>\$ 2,605,775,524</u>	<u>\$ 123,195,750</u>	<u>4.73%</u>

For the year ended June 30, 2018, the District's capital spending totaled \$278.6 million in land, construction in progress, buildings and improvements and capital equipment. These expenditures resulted primarily from the projects committed to the 2008/2015 bond program and the transfer of Dallas County School buses operation to Dallas ISD.

The \$1.6 billion bond program is for improving the District's facilities and technology infrastructure. This program includes \$100 million for technology improvements to campuses. As of June 30, 2018, the program scope consisted of 189 projects, including 9 new facilities, 18 additions, and 182 renovations. The completion of construction is targeted for 2022. In addition, \$83.6 million in land, building and capital equipment were retired during the year. For more information on the District's capital assets, see Note H in the financial statements.

Debt Administration. For the year ended June 30, 2018, the District had \$4.0 billion in long-term debt outstanding. This represents a net increase of \$403.8 million, or 11.2%, over last year. (See Exhibit 7).

**Exhibit 7
District's Long Term Debt**

	June 30, 2018	June 30, 2017	\$ Change Increase/ (Decrease)	% Change Increase/ (Decrease)
Bonds and notes payable	\$ 2,830,495,000	\$ 2,939,100,000	\$ (108,605,000)	(3.7%)
Workers compensation liability	8,829,091	9,284,842	(455,751)	(4.9%)
Premium on bonds	164,355,890	192,207,755	(27,851,865)	(14.5%)
Net Pension Liability (District's Share)	371,237,578	459,885,905	(88,648,327)	(19.3%)
Net OPEB Liability (District's Share)	629,337,928	-	629,337,928	100.0%
Long Term Debt Outstanding	<u>\$ 4,004,255,487</u>	<u>\$ 3,600,478,502</u>	<u>\$ 403,776,985</u>	<u>11.2%</u>

**Dallas Independent School District
Management's Discussion and Analysis (Unaudited)
For the Fiscal Year Ended June 30, 2018**

The District's bonds presently carry ratings as follows: Moody's Investor Series "Aaa", Standard & Poor's "AAA" and Fitch "AAA" as guaranteed by the Permanent School Fund (PSF). The District's underlying debt ratings are as follows: Moody's Investor Series "Aa1", AA from Standard & Poor's, and AA+ from Fitch. For more information on the District's long-term debt, see Note I in the financial statements.

BUDGETARY HIGHLIGHTS

During the fiscal year ended June 30, 2018, the Board amended the General Fund operating budget on a monthly basis. These amendments fall into the following categories:

- Amendment approved to recognize additional revenue of \$0.8 million with a corresponding expense of \$2.0 million from closing the Program Evaluation fund (Fund 773).
- Amendment approved to recognize additional revenue of \$5.3 million with a corresponding expense of \$5.3 million from closing the Deferred Maintenance fund (Fund 774) for projects not completed by fiscal year end June 30, 2017.
- Amendment approved to increase E-rate reimbursement revenue by \$17.7 million with a corresponding \$17.7 million increase in E-rate related expenditures.
- Amendment approved to decrease revenue estimate by \$21.3 million for Current Year Taxes.
- Amendment approved to increase revenue estimate by \$0.8 million for Per Capita Apportionments.
- Amendment approved to decrease revenue estimate by \$11.4 million for Foundation revenue.
- Amendment approved to increase revenue by \$20.9 million for sale of land.
- Amendment approved to increase revenue by \$14.5 million from remaining balances in Deferred Maintenance Fund (Fund 774) and Technology Fund (Fund 775).
- Amendment approved to recognize additional \$4.0 million revenue for TRS On-Behalf.
- Amendment approved to recognize additional revenue of \$9.0 million from 2015 Property Taxable Value Audit.
- Amendment approved to decrease revenue by \$3.1 million from anticipated E-Rate revenue reimbursement not received.
- Amendment approved to increase expenditures by \$0.6 million for repairs of hail and freeze damage to Dallas ISD facilities not completed in fiscal year 2017.
- Amendment approved to increase fiscal year 2017-2018 expenditure budget by amount of unspent purchase order balances from fiscal year 2016-2017 totaling \$3.8 million.
- Amendments approved to transfer \$7.2 million from General Fund to Debt Service Fund for 2013 Qualified School Construction Bond (QSCB).
- Amendment approved to increase expenditures by \$1.9 million to fund additional campus positions due to leveling changes.
- Amendment approved to decrease expenditures by \$0.8 million for Bloodborne Pathogen Compliance Program move to the Risk Management fund (Fund 753) to align with other Dallas ISD safety programs managed by Risk Management.
- Amendment approved to increase expenditures by \$1.8 million to provide bus monitors for Special Education bus routes.
- Amendment approved to increase expenditures by \$4.0 million to properly align expenditure functions based upon projected financial results.

**Dallas Independent School District
Management's Discussion and Analysis (Unaudited)
For the Fiscal Year Ended June 30, 2018**

The Debt Service Fund budget was amended in September 2017 and February 2018 by the following:

- 2013 Qualified School Construction Bonds (QSCB) transfer from General Fund in the amount of \$7.2 million.
- Revised local revenue estimate I&S – 2008 Series (Fund 528) Current Year Taxes in the amount of \$5.6 million.
- Revised local revenue estimate 2015 Bond Authorization (Fund 529) Current Year Taxes in the amount of \$3.0 million.

The Food Services revenue and expenditure budget did not change in the fiscal year ended June 30, 2018.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

In June 2018, the Board of Trustees adopted the 2018-19 budget, which supports the District's goals.

The primary factors considered in preparing the District's budget for the 2018-19 fiscal year include 7.0% increases in local property values and a 97.6% assessed property tax collection rate. The Maintenance and Operations tax rate was raised to \$1.17000 per \$100 valuation for the 2018-19 year, subject to the results of the November 6, 2018 tax ratification election. The Interest and Sinking ("I&S") tax rate remained at \$0.242035 per \$100 valuation for the 2018-19 year.

Based on a demographic study conducted for the District in early 2017, student enrollment is projected to decrease to 154,278 by 2021 and 151,921 by 2026 under a moderate growth projection.

In fiscal year 2018-19, Dallas ISD is subject to Chapter 41 recapture. The District will need to make recapture payments of almost \$64 million.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the funding it receives. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the District's Finance and Accounting Services Division.

Dallas Independent School District

BASIC FINANCIAL STATEMENTS

**Dallas Independent School District
Statement of Net Position
June 30, 2018**

Data Control Codes	Primary Government Governmental Activities
ASSETS	
1110 Cash and Cash Equivalents	\$ 1,256,628,637
1120 Investments	33,414,327
1220 Property Taxes Receivables (delinquent)	65,599,392
1230 Allowance for Uncollectible Taxes (credit)	(43,122,882)
1240 Due from Other Governments	90,698,472
1250 Accrued Interest	444,161
1290 Other Receivables, Net	69,331,410
1300 Inventories	12,463,878
1410 Prepaid Items	1,840,085
Capital Assets	
1510 Land	249,985,988
1520 Buildings and Improvements, Net	2,206,381,480
1530 Furniture and Equipment, Net	99,947,269
1580 Construction in Progress	172,656,537
1000 Total Assets	4,216,268,754
DEFERRED OUTFLOWS OF RESOURCES	
1701 Deferred Loss on Refunding	91,793,455
1705 Related to the TRS Pension	105,583,733
1706 Related to the TRS OPEB	8,434,258
1700 Total Deferred Outflows of Resources	205,811,446
LIABILITIES	
2110 Accounts Payable	48,518,348
2120 Other Liabilities	147,736
2140 Interest Payable	52,777,795
2150 Payroll Deductions & Withholdings Payable	17,030,680
2160 Accrued Wages and Benefits Payable	147,728,906
2180 Due to Other Governments	4,130,562
2200 Accrued Expenses	9,996,981
2300 Unearned Revenue	4,381,527
Noncurrent Liabilities	
2501 Due Within One Year	75,999,170
2502 Due in More Than One Year	2,927,680,811
2540 Net Pension Liability (District's Share)	371,237,578
2545 Net OPEB Liability (District's Share)	629,337,928
2000 Total Liabilities	4,288,968,022
DEFERRED INFLOWS OF RESOURCES	
2605 Related to the TRS Pension	73,632,649
2606 Related to the TRS OPEB	263,253,244
2600 Total Deferred Inflows of Resources	336,885,893
NET POSITION	
3200 Net Investment in Capital Assets	322,930,292
3820 Restricted for Federal and State Programs	23,576,753
3850 Restricted for Debt Service	75,696,740
3890 Restricted for Other Programs	3,340,021
3900 Unrestricted	(629,317,521)
3000 Total Net Position	\$ (203,773,715)

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

Dallas Independent School District
Statement of Activities
For the Year Ended June 30, 2018

				Net (Expense) Revenue and Changes in Net Position
		Program Revenues		
	1	3	4	6
	Expenses	Charges for Services	Operating Grants and Contributions	Governmental Activities
Primary Government				
GOVERNMENTAL ACTIVITIES				
11 Instruction	\$ 650,662,754	\$ 2,592	\$ (70,821,807)	\$ (721,481,969)
12 Instructional Resources and Media Services	14,203,567	-	(3,593,014)	(17,796,581)
13 Curriculum and Staff Development	35,993,922	382,990	36,543,830	932,898
21 Instructional Leadership	26,067,193	42,554	1,868,541	(24,156,098)
23 School Leadership	64,548,864	-	(17,868,949)	(82,417,813)
31 Guidance, Counseling and Evaluation Services	45,798,249	-	4,537,124	(41,261,125)
32 Social Work Services	1,609,764	-	144,704	(1,465,060)
33 Health Services	12,806,971	-	(3,170,162)	(15,977,133)
34 Student (Pupil) Transportation	49,670,287	-	12,032,977	(37,637,310)
35 Food Services	103,681,948	1,587,248	110,127,092	8,032,392
36 Cocurricular/Extracurricular Activities	29,291,340	1,135,602	(3,512,932)	(31,668,670)
41 General Administration	34,962,724	-	(2,067,617)	(37,030,341)
51 Facilities Maintenance and Operations	119,466,649	3,748,263	(14,714,045)	(130,432,431)
52 Security and Monitoring Services	13,495,855	-	(4,076,134)	(17,571,989)
53 Data Processing Services	38,018,316	-	(2,401,466)	(40,419,782)
61 Community Services	8,209,966	-	6,966,374	(1,243,592)
72 Debt Service - Interest on Long Term Debt	124,140,537	-	-	(124,140,537)
73 Debt Service - Bond Related Fees	49,021	-	-	(49,021)
81 Facilities Acquisition and Construction	2,831,109	-	-	(2,831,109)
95 Payments to Juvenile Justice Alternative Ed. Prg.	7,332	-	-	(7,332)
97 Payments to Tax Increment Fund	65,673	-	-	(65,673)
99 Other Intergovernmental Charges	5,069,208	-	-	(5,069,208)
TOTAL PRIMARY GOVERNMENT	\$ 1,380,651,249	\$ 6,899,249	\$ 49,994,516	\$ (1,323,757,484)
Data	General Revenues			
Control	Taxes			
Codes				
MT	Property Taxes, Levied for General Purposes			1,086,494,144
DT	Property Taxes, Levied for Debt Service			253,771,120
SF	State Aid not Restricted to Specific Purpose			150,206,649
GC	Grants, Contributions and Other Revenue not Restricted			109,392,657
IE	Investment Earnings			20,599,310
MI	Miscellaneous Local and Intermediate Revenue			49,183,203
SI	Special Item			41,512,474
TR	Total General Revenues and Special Items			1,711,159,557
CN	Change in Net Position			387,402,073
NB	Net Position - Beginning			513,671,528
PA	Cumulative Effect of Change in Accounting Principle			(1,104,847,316)
NE	Net Position - Ending			<u>\$ (203,773,715)</u>

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

**Dallas Independent School District
Balance Sheet
Governmental Funds
June 30, 2018**

	10 General Fund	50 Debt Service Fund
ASSETS		
1110 Cash and Cash Equivalents	\$ 472,888,187	\$ 201,561,738
1120 Investments	-	33,409,327
1220 Property Taxes Receivables (delinquent)	54,281,166	11,318,226
1230 Allowance for Uncollectible Taxes (credit)	(35,881,909)	(7,240,973)
1240 Due from Other Governments	63,469,654	267,368
1250 Accrued Interest	283,505	-
1260 Due from Other Funds	11,446,058	-
1290 Other Receivables, Net	68,930,936	-
1300 Inventories	7,064,945	-
1410 Prepaid Items	1,840,085	-
1000 Total Assets	644,322,627	239,315,686
LIABILITIES		
2110 Accounts Payable	11,779,623	8,798
2120 Other Liabilities	147,336	-
2150 Payroll Deductions and Withholdings Payable	15,200,350	-
2160 Accrued Wages and Benefits Payable	136,688,068	-
2170 Due to Other Funds	1,403,486	-
2180 Due to Other Governments	4,103,950	-
2200 Accrued Expenditures	8,332,134	-
2300 Unearned Revenues	2,587,566	-
2000 Total Liabilities	180,242,513	8,798
DEFERRED INFLOWS OF RESOURCES		
2601 Unavailable Revenue - Property Taxes	15,969,154	3,548,049
2602 Other Deferred Resource Inflows (See Note J)	75,578,078	-
2600 Total Deferred Inflows of Resources	91,547,232	3,548,049
FUND BALANCES		
Nonspendable Fund Balance		
3410 Inventories	7,064,945	-
3430 Prepaid Items	1,840,085	-
Restricted Fund Balance		
3450 Federal or State Funds Grant Restriction	-	-
3470 Capital Acquisition and Contractual Obligation	-	-
3480 Retirement of Long Term Debt	-	124,926,486
3490 Other Restricted Fund Balance	-	-
Assigned Fund Balance		
3565 Retirement of Loans or Notes Payable	-	110,832,353
3590 Other Assigned Fund Balance	112,386,017	-
3600 Unassigned Fund Balance	251,241,835	-
3000 Total Fund Balances	372,532,882	235,758,839
4000 Total Liabilities, Deferred Inflows & Fund Balances	\$ 644,322,627	\$ 239,315,686

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

60 Capital Projects Fund	Non-Major Governmental Funds	Total Governmental Funds
\$ 529,174,217	\$ 31,410,501	\$ 1,235,034,643
-	5,000	33,414,327
-	-	65,599,392
-	-	(43,122,882)
-	26,961,450	90,698,472
160,656	-	444,161
-	-	11,446,058
-	370,474	69,301,410
-	5,398,933	12,463,878
-	-	1,840,085
529,334,873	64,146,358	1,477,119,544
32,318,020	4,094,440	48,200,881
400	-	147,736
-	1,829,816	17,030,166
-	11,000,367	147,688,435
-	11,561,003	12,964,489
-	26,612	4,130,562
-	1,640,597	9,972,731
-	1,793,961	4,381,527
32,318,420	31,946,796	244,516,527
-	-	19,517,203
-	-	75,578,078
-	-	95,095,281
-	5,398,933	12,463,878
-	-	1,840,085
-	18,177,820	18,177,820
497,016,453	-	497,016,453
-	-	124,926,486
-	3,340,021	3,340,021
-	-	110,832,353
-	5,282,788	117,668,805
-	-	251,241,835
497,016,453	32,199,562	1,137,507,736
\$ 529,334,873	\$ 64,146,358	\$ 1,477,119,544

Dallas Independent School District

**Dallas Independent School District
Reconciliation of the Governmental Funds Balance Sheet to the
Statement of Net Position
June 30, 2018**

Total Fund Balances - Governmental Funds (from C-1)	\$ 1,137,507,736
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Amounts reported for governmental activities in the statement of net position are different because:

Capital assets net of accumulated depreciation, less assets held in internal service funds, are not financial resources and therefore are not reported as assets in governmental funds. The total amount is \$2,728,737,674, which results in an increase in Net Position.	2,728,737,674
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Some liabilities, including bonds payables, are not due and payable in the current period and therefore are not reported in the funds:

Bonds and Notes Payable	(2,830,495,000)	
Deferred Losses on Refundings	91,793,455	
Premium on Bonds	(164,355,890)	(2,903,057,435)

Accrued interest is not due and payable in the current period and therefore is not reported as a liability in the governmental funds.	(52,777,795)
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Certain assets are not available to pay for current period expenditures and therefore are deferred in the funds. These are:

Deferred Resource Inflow for Property Taxes	19,517,203	
Medicaid/SHARS	75,578,078	95,095,281

Internal service funds are used by management to charge the costs of certain activities, such as workers' compensation. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position (see D-1).	14,164,232
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The government-wide statement includes the District's proportionate share of the TRS net pension liabilities, as well as certain pension related transactions accounted for as Deferred Inflows and Outflows of Resources.

Net Pension Liability	(371,237,578)	
Deferred Outflows of Resources - TRS Pension	105,583,733	
Deferred Inflows of Resources - TRS Pension	(73,632,649)	(339,286,494)

GASB 75 was implemented this reporting period. The District participates in the TRS OPEB plan TRS-Care. The impact on the ending net position related to the TRS OPEB plan came from the following:

Ending Net OPEB Liability	(629,337,928)	
Deferred Outflows of Resources - TRS Pension	8,434,258	
Deferred Inflows of Resources - TRS Pension	(263,253,244)	(884,156,914)

Total Net Position of Governmental Activities (see A-1)	\$ (203,773,715)
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The notes to the basic financial statements are an integral part of this statement.

Dallas Independent School District
Statement of Revenues, Expenditures, and Changes in Fund Balance
Governmental Funds
For the Year Ended June 30, 2018

Data Control Codes	10 General Fund	50 Debt Service Fund
REVENUES		
5700 Local and Intermediate Sources	\$ 1,131,975,313	\$ 256,079,839
5800 State Program Revenues	242,950,461	2,502,747
5900 Federal Program Revenues	74,272,495	-
5020 Total Revenues	<u>1,449,198,269</u>	<u>258,582,586</u>
EXPENDITURES		
Current		
11 Instruction	805,690,756	-
12 Instructional Resources and Media Services	19,106,615	-
13 Curriculum and Instructional Staff Development	12,480,419	-
21 Instructional Leadership	31,689,179	-
23 School Leadership	91,637,442	-
31 Guidance, Counseling and Evaluation Services	53,140,909	-
32 Social Work Services	2,023,824	-
33 Health Services	18,446,377	-
34 Student (Pupil) Transportation	39,012,203	-
35 Food Services	-	-
36 Cocurricular/Extracurricular Activities	33,076,584	-
41 General Administration	43,596,790	-
51 Facilities Maintenance and Operations	140,864,581	-
52 Security and Monitoring Services	20,002,401	-
53 Data Processing Services	29,573,843	-
61 Community Services	3,370,162	-
Debt Service		
71 Principal on Long Term Debt	-	108,605,000
72 Interest on Long Term Debt	8,362,237	137,331,210
73 Bond Fees and Charges	5,990	43,031
Capital Outlay		
81 Facilities Acquisition and Construction	23,266,814	-
Intergovernmental		
95 Payments to Juvenile Justice Alternative Ed. Prg.	7,332	-
97 Payments to Tax Increment Fund	65,673	-
99 Other Intergovernmental Charges	5,069,208	-
6030 Total Expenditures	<u>1,380,489,339</u>	<u>245,979,241</u>
1100 Excess (Deficiency) of Revenues Over Expenditures	<u>68,708,930</u>	<u>12,603,345</u>
OTHER FINANCING SOURCES (USES)		
7912 Sale of Real and Personal Property	21,084,897	-
7915 Transfers In	29,826,988	7,167,000
8911 Transfers Out (Use)	(7,241,393)	(2,647)
8949 Other (Uses)	-	-
7080 Total Other Financing Sources (Uses)	<u>43,670,492</u>	<u>7,164,353</u>
1200 Net Change in Fund Balance	112,379,422	19,767,698
0100 Fund Balance - Beginning	260,153,460	215,991,141
3000 Fund Balance - Ending	<u>\$ 372,532,882</u>	<u>\$ 235,758,839</u>

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

60 Capital Projects Fund	Non-Major Governmental Funds	Total Governmental Funds
\$ 10,444,643	\$ 11,276,368	\$ 1,409,776,163
-	26,469,308	271,922,516
-	231,053,651	305,326,146
10,444,643	268,799,327	1,987,024,825
-	75,668,553	881,359,309
-	493,163	19,599,778
-	38,687,748	51,168,167
-	6,974,674	38,663,853
-	2,386,182	94,023,624
-	14,138,977	67,279,886
-	666,065	2,689,889
-	394,892	18,841,269
-	42,256	39,054,459
-	111,415,975	111,415,975
-	906,364	33,982,948
-	3,473,548	47,070,338
-	1,949,653	142,814,234
-	158,921	20,161,322
-	557,625	30,131,468
-	7,717,406	11,087,568
-	-	108,605,000
-	-	145,693,447
-	-	49,021
207,315,816	-	230,582,630
-	-	7,332
-	-	65,673
-	-	5,069,208
207,315,816	265,632,002	2,099,416,398
(196,871,173)	3,167,325	(112,391,573)
-	-	21,084,897
-	74,393	37,068,381
-	-	(7,244,040)
-	(133)	(133)
-	74,260	50,909,105
(196,871,173)	3,241,585	(61,482,468)
693,887,626	28,957,977	1,198,990,204
\$ 497,016,453	\$ 32,199,562	\$ 1,137,507,736

Dallas Independent School District
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures,
and Changes in Fund Balances to the Statement of Activities
June 30, 2018

Total Net Change in Fund Balances - Governmental Funds (from C-2)	\$ (61,482,468)
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Governmental funds report capital outlays as expenditures. In the statement of activities, the cost of those assets is allocated over the estimated useful lives as depreciation expense. Capital outlays and donated assets this current period were \$278,576,627 and dispositions were \$83,661,261. The current year depreciation, excluding internal service funds (also adjusted for dispositions), was \$71,713,896. Capital outlays exceeded the current year depreciation by \$123,201,470.

123,201,470

Repayment of principal and other long-term debt is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position and is not expensed in the current period.

Principal Payment	108,605,000	
Amortization of Premium	27,851,865	
Amortization of Loss on Bond Refunding	(8,230,922)	

128,225,943

In the fund level statements, revenues are reported when they are available. In the Statement of Activities, revenues are reported when they are earned. Thus revenues reported as a deferred resource inflow in the fund level statements must be reclassified showing the portion of these earned in the current reporting period as revenues and the portion of these earned in prior periods as part of the beginning net position. Similarly, any revenues received and available in the current year which were earned in prior years must be reclassified from revenues and reported as part of the beginning net position. This includes revenues from property taxes and revenues earned in prior periods for the Medicaid/SHARS program. The impact from the revenues from property taxes was to decrease the change in net position by \$1,241,713. The impact from the SHARS adjustment was to decrease the change in net position by \$910,126. The District also reported as Deferred Resource Inflow the revenues earned this current period but not yet received from the conclusion of the Property Value Audit. These had to be removed from Deferred Resource Inflows and recorded as revenues earned this period. This increased the change in net position by \$10,686,951. The net effect of all of these adjustments was an increase in the change in net position of \$8,535,112.

8,535,112

Interest on long term debt in the Statement of Activities differs from the amount reported in the governmental funds because interest is recognized as an expenditure in the funds when it is due and thus requires the use of current financial resources. In the Statement of Activities, interest expense is recognized as the interest accrues, regardless of when it is due. The change in accrued interest is \$1,931,967. The change in ending net position will increase by that amount.

1,931,967

Dallas Independent School District
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures,
and Changes in Fund Balances to the Statement of Activities
June 30, 2018

The District uses Internal Service Funds to charge the costs of certain activities to appropriate functions in other funds. The net income of Internal Service Funds is reported with governmental activities. The net effect of this consolidation is to decrease the change in net position.

(25,449,268)

Adjustments were required for GASB 68 for the current fiscal year. The necessary changes in the ending net pension liability and the deferred resource outflow related to the TRS Pension and the deferred resource inflow related to the TRS Pension resulted in a decrease in the change in net position. This resulted from the following changes:

Deferred Outflows	(49,789,388)	
Deferred Inflows	(47,110,024)	
Ending Net Pension Liability	<u>88,648,327</u>	(8,251,085)

The changes in the deferred outflows and deferred inflows caused the change in net position to decrease by a total of \$96,899,412. The change in the ending net pension liability caused the change in net position to increase. The net decrease was \$8,251,085.

The District implemented GASB 75 during this reporting period. In addition to changes recorded in a prior period adjustment, there were amounts recorded as the District's Ending Net OPEB Liability, the deferred resource outflow and the deferred resource inflow related to the TRS OPEB plan. The resulting increase in the change in ending net position was \$220,690,402. Since this was the first year of implementation, the District recorded the beginning net OPEB liability of \$1,111,064,324 as a prior period adjustment and the contributions made by the District to TRS-Care during the measurement period prior to the end of their fiscal year of \$6,217,008 also as a prior period adjustment. The change in the ending net OPEB liability and in the deferred resource outflow were calculated as the change from these beginning amounts to the ending amounts reported on Exhibit A-1. These changes are listed below:

Deferred Resource Outflow	2,217,250	
Deferred Resource Inflow	(263,253,244)	
Ending Net OPEB Liability	<u>481,726,396</u>	

The increase in the Deferred Resource Outflow and the decrease in the ending net OPEB liability caused an increase in the change in net position of \$483,943,646 while the increase in the Deferred Resource Inflow caused a decrease in the change in net position of \$263,253,244. The net effect was an increase in the change in net position of \$220,690,402.

220,690,402**Total Change in Net Position of Governmental Activities (see B-1)**\$ 387,402,073

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

**Dallas Independent School District
Statement of Net Position
Proprietary Funds
June 30, 2018**

	Governmental Activities
	Total Internal Service Funds
<hr/>	
ASSETS	
Current Assets	
Cash and Cash Equivalents	\$ 21,593,994
Due from Other Funds	1,518,576
Other Receivables, Net	30,000
Total Current Assets	<u>23,142,570</u>
Noncurrent Assets	
Capital Assets	
Furniture and Equipment, Net	233,600
Total Noncurrent Assets	<u>233,600</u>
Total Assets	<u>23,376,170</u>
LIABILITIES	
Current Liabilities	
Accounts Payable	317,467
Accrued Liabilities - Short Term	2,989,170
Payroll Deductions and Withholdings Payable	514
Accrued Wages and Benefits Payable	40,471
Due to Other Funds	145
Accrued Expenses	24,250
Total Current Liabilities	<u>3,372,017</u>
Noncurrent Liabilities	
Accrued Liabilities - Long Term	5,839,921
Total Noncurrent Liabilities	<u>5,839,921</u>
Total Liabilities	<u>9,211,938</u>
NET POSITION	
Net Investment in Capital Assets	233,600
Unrestricted Net Position	13,930,632
Total Net Position	<u><u>\$ 14,164,232</u></u>

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

Dallas Independent School District
Statement of Revenues, Expenses, and Changes in Fund Net Position
Proprietary Funds
For the Year Ended June 30, 2018

	Governmental Activities
	Total Internal Service Funds
OPERATING REVENUES	
Charges for Services	\$ 13,917,627
Total Operating Revenues	<u>13,917,627</u>
OPERATING EXPENSES	
Personnel Services	6,894,628
Contractual Services	1,575,221
Supplies	943,580
Other Operating Expenses	89,821
Depreciation Expense	<u>39,304</u>
Total Operating Expenses	<u>9,542,554</u>
Operating Income (Loss)	4,375,073
NON-OPERATING REVENUES	
Transfers Out	<u>(29,824,341)</u>
Total Non-Operating Revenues	<u>(29,824,341)</u>
Change in Net Position	(25,449,268)
 Total Net Position - Beginning	 <u>39,613,500</u>
 Total Net Position - Ending	 <u><u>\$ 14,164,232</u></u>

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

**Dallas Independent School District
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2018**

	Governmental Activities
	Total Internal Service Funds
Cash Flows from Operating Activities	
Cash Received from User Charges	\$ 13,948,091
Cash Payments to Employees for Services	(3,320,126)
Cash Payments for Insurance Claims	(4,027,006)
Cash Payments for Suppliers	(2,756,446)
Net Cash Provided by Operating Activities	<u>3,844,513</u>
Cash Flows from Non-Capital Financing Activities	
Transfer Out	<u>(29,824,341)</u>
Cash Flows from Capital & Related Financing Activities	
Acquisition of Capital Assets	<u>(33,581)</u>
Net Increase in Cash and Cash Equivalents	(26,013,409)
Cash and Cash Equivalents at Beginning of Year	<u>47,607,403</u>
Cash and Cash Equivalents at End of Year	<u><u>21,593,994</u></u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities	
Operating Income	4,375,073
Adjustments to Reconcile Operating Income to Net Cash Used for Operating Activities	
Depreciation	39,304
Effect of Increases and Decreases in Current Assets and Liabilities	
Decrease (increase) in Due from Other Funds	30,464
Increase (decrease) in Accounts Payable	(84,539)
Increase (decrease) in Payroll Deductions	46
Increase (decrease) in Accrued Wages Payable	3,196
Increase (decrease) in Due to Other Funds	5
Increase (decrease) in Accrued Liabilities	91,815
Increase (decrease) in Accrued Expenses	(45,156)
Increase (decrease) in Accrued Liabilities - Long Term	(565,695)
Net Cash Provided by Operating Activities	<u><u>\$ 3,844,513</u></u>

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

**Dallas Independent School District
Statement of Fiduciary Assets and Liabilities
Fiduciary Funds
June 30, 2018**

	Agency Fund
<hr/>	
ASSETS	
Cash and Cash Equivalents	\$ 2,772,976
Total Assets	<u>2,772,976</u>
LIABILITIES	
Accounts Payable	113,209
Due to Student Groups	2,388,320
Accrued Expenses	<u>271,447</u>
Total Liabilities	<u>\$ 2,772,976</u>

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

**Dallas Independent School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2018**

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**Dallas Independent School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2018**

NOTE A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements of the Dallas Independent School District have been prepared in conformity with Generally Accepted Accounting Principles (GAAP) promulgated by the Governmental Accounting Standards Board (GASB) and other authoritative sources identified in GASB Statement No. 56, and complies with the requirements of the Texas Education Agency's Financial Accountability System Resource Guide (FASRG) and the requirements of contracts and grants of agencies from which the District receives funds.

Reporting Entity. The Board of Trustees (the "Board") consists of nine members and has governance responsibilities over all activities related to public elementary and secondary school education within the jurisdiction of the Dallas Independent School District (the "District"). 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.

In evaluating how to define the government for financial reporting purposes, the District's management has considered all potential component units. By applying the criteria set forth in Generally Accepted Accounting Principles ("GAAP"), the District has determined that no other organizations require inclusion in its reporting entity.

Government-wide and Fund Financial Statements. The government-wide financial statements consist of the Statement of Net Position and the Statement of Activities. These statements report information on all non-fiduciary activities of the District. The effect of the interfund activity in the government-wide statements eliminates services provided and used in the process of consolidation. Governmental activities are mainly supported by tax revenues and intergovernmental revenues.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. All capital asset depreciation is reported as a direct expense of the functional program that benefits from the use of the capital assets. Program revenues include: 1) charges for services and tuition charged by a given function and 2) grants and contributions that are restricted to meeting operational requirements of a particular function. Taxes, state aid, grants and contributions not restricted to specific programs are properly excluded from program revenues and reported instead as general revenues. During fiscal year 2018, the District adopted GASB Statement No. 75, Accounting and Financial Reporting for Post Employment Benefits Other than Pensions.

Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

Basis of Accounting/Measurement Focus. The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements are met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred. However, debt service expenditures, and claims and judgments, are recorded only when matured and payment is due. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long term debt and acquisitions under notes payable are reported as other financing sources. Property tax revenues and revenues received from the State of Texas and investment earnings are considered to be susceptible to accrual and so have been recognized as revenues in the current period. Property taxes collected within 60 days of year-end and included in revenue were \$3,864,795 and \$796,573 for the General Fund and Debt Service Fund, respectively.

**Dallas Independent School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2018**

Grant revenues and contributions are recognized when all eligibility requirements have been met. Grant funds received in advance are recorded as unearned revenue until earned. Contributions received with purpose restrictions are recorded as revenue and the related fund balance is designated until restrictions are satisfied. Amounts reported as program revenues include operating grants and contributions, food services user charges, rentals and tuition. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes. The Texas Education Agency (TEA), through its application of state law, allocates state revenues to school districts by formula allocation. The District receives two allocations, a per capita allocation and a foundation program allocation. The District also recognizes revenues for the state's share of the contributions to the Teacher Retirement System of Texas. See Note L for additional information on the employee's retirement plan. Other state revenues are received through other state miscellaneous programs on an allocated basis. Charges for services and miscellaneous revenues are recorded as revenues when received in cash because they are generally not measurable until actually received.

The District has accrued state aid revenues of \$48,340,298 which is included in receivables from other governments in the governmental funds balance sheet, to reflect cash that will be received in fiscal year 2019, which was generated by attendance and the type of instructional services provided in fiscal year 2018. The District has also accrued an offsetting liability of \$4,105,616 which is included in due to other governments, to reflect an anticipated Texas Education Agency final fiscal year 2018 settle-up adjustment that will occur in 2019.

The District, by law, is required to prepare and file a budget with the Texas Education Agency (TEA). Activities of the General Fund, Food Services Fund, and Debt Service Fund are included in the District's formally adopted budget. Budgets for Non-Major funds (other than the Food Services Fund) and Capital Projects Fund are prepared on a project basis, based on grant regulations or applicable bond ordinances. Budgetary control (the level at which expenditures cannot legally exceed appropriations) is maintained at the functional category level with each fund. These functional categories are defined by TEA and identify the purpose of transactions. Oversight control of all expenditures is maintained at this level by the Finance and Accounting staff. TEA requires school districts to present exhibits with budget comparison for Food Services Fund (Exhibit J-2) and the Debt Service Fund (Exhibit J-3). These exhibits are in the financial section of the Comprehensive Annual Financial Report.

The District's accounts are organized on the basis of funds, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for by providing a separate set of self-balancing accounts. The District reports the following Major Governmental funds:

- The General Fund is the District's primary operating fund. It accounts for all financial resources of the District, except those required to be accounted for in another fund. All general tax revenues and other receipts not allocated by law or contractual agreement to some other funds are accounted for in this fund.
- The Debt Service Fund accounts for the use of ad valorem taxes and other revenues collected for the purposes of retiring bond principal and paying interest when due. The main source of revenue for debt service is the apportionment of local property taxes.
- The Capital Projects Fund is used to account for proceeds from long term debt financing and revenues and expenditures related to authorized construction and other capital asset acquisitions.

The District reports the following Non-Major funds:

- The Special Revenue Funds are used to account for Food Services activities, federal and state financed programs and other local programs. The budget for the Food Services Fund is adopted by the Board each fiscal year. The budget for the Campus Activity Fund is adopted based on prior year's ending fund balance.

**Dallas Independent School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2018**

The District reports the following Proprietary Funds:

Internal service funds provide services from one department to other departments of the District on a cost-reimbursement basis. Internal service funds distinguish operating revenues from non-operating revenues. Operating revenues and expenses generally result from providing services and delivering goods in connection with an internal service fund's principal ongoing operations. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses. The District reports the following internal service funds:

- The Graphics Shop Fund is used to account for printing services.
- The Risk Management Fund is used to account for the costs associated with the workers' compensation self-funded program. Accrued liabilities include provisions for claims reported and claims incurred but not reported for workers' compensation insurance. The provision for reported claims is determined by estimating the amount that will ultimately be paid to each claimant. The provision for claims incurred but not yet reported is estimated based on the District's experience since the inception of the program.
- The Deferred Maintenance Fund is used to account for materials furnished by the Operations Department based on the assessed needs of the District's facilities.
- The Technology Services Fund is used to account for materials and projects furnished by the Technology Services Department.

The District reports Agency Funds as Fiduciary Funds. Agency Funds are custodial in nature and account for activities of student and employee groups. These funds have no equity. Assets are equal to liabilities and do not include revenues and expenditures for general operations of the District. Agency funds use the accrual basis of accounting to recognize assets and liabilities. The Agency Funds exist with the explicit approval of, and are subject to revocation by, the Board. The District reports the following Agency Fund:

- The Student Activity Fund accounts for the receipt and disbursement of monies from student activity organizations.

Assets, Liabilities, and Deferred Outflows and Inflows of Resources

Cash, Cash Equivalents and Investments. The District's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of 3 months or less from the date of acquisition. All investments in pools are considered cash equivalents.

Investments can consist of certificates of deposit, U.S. Treasury instruments, U.S. Government agency obligations, commercial paper, investments in government sponsored enterprises, repurchase agreements, and obligations of states and their political subdivisions. Investments with maturities at the time of acquisition of over 12 months are recorded at fair value. Fair value is determined by the amount by which a financial instrument could be exchanged in a current transaction between willing parties. The District accrues interest on temporary investments based on the terms and effective interest rates of the specific investments. See Note B for additional discussion.

Property Taxes. Property taxes are levied each October 1 on the assessed value as of the prior January 1 for all real and business personal property located in the District. Taxes are due on receipt of the tax bill and are delinquent if not paid before February 1 of the subsequent year. On January 1 of each year a lien attaches to the property to secure the payment of all taxes, penalties, and interest ultimately imposed. Property tax revenues are considered available when they become due or past due and receivable within the current period and 60 days thereafter. Allowances for uncollectible tax receivables within the General and Debt Service Funds are based upon historical experience in collecting property taxes and historical experience of adjustments to tax receivables. Uncollectible taxes are written off according to the Texas Property Tax Code. See Note C for the discussion of the write-off of uncollectible taxes in the current year.

**Dallas Independent School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2018**

Interfund Receivables and Payables. Advances between funds are accounted for in the appropriate interfund receivable and payable accounts. All legally authorized transfers are appropriately treated as transfers and are included in the results of operations. Such balances are eliminated within the governmental activities for the government-wide financial statements. See Note F for additional discussion.

Inventories and Prepaid Items. The consumption method is used to account for inventories of supplies and materials. Under this method, these items are carried in an inventory account of the respective fund at cost, using the weighted average method of accounting and are subsequently charged to expenditures when consumed or requisitioned. Although food commodities are received at no cost, their fair value is supplied by the Texas Department of Agriculture and is recorded as inventory on the date received. Prepaid items on the balance sheet are accounted for using the consumption method and are recognized as expenditures over the periods in which the service is provided. In the governmental funds, inventories and prepaid items are reported as non-spendable fund balance.

Capital Assets. Capital assets, which include land, buildings, furniture and equipment, and construction in progress are reported in the applicable governmental activities column in the government-wide financial statements. Capital assets are defined as assets with an initial individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost if purchased or constructed. Construction cost includes direct and all indirect costs. Donated capital assets are measured at acquisition value. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives, are not capitalized, and land and construction in progress are not depreciated. Capital assets of the District are depreciated using the straight-line method over the following estimated useful lives:

Asset Classification	Useful Life in Years
Buildings:	
Buildings - Permanent	40
Buildings - Improvements	20
Portable Buildings and Building Systems	15
Equipment:	
Heavy Installed Equipment	20
Maintenance/Warehouse/Custodial equipment	15
Heavy equipment - Tractors/Construction equipment	12
Furniture and Fixture equipment - Others	10
Kitchen equipment	10
Other Vehicles	10
Buses	7
Trucks and Vans	7
Automobiles	5
Technology equipment	3
Software	3

**Dallas Independent School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2018**

Deferred Outflows and Inflows of Resources. In addition to assets, the Statement of Net Position will report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expenditures) until then. The District has three items that qualify for reporting in this category. They are deferred loss on refunding, TRS pension costs, and TRS OPEB costs, which are reported in the Government-wide Statement of Net Position.

In addition to liabilities, the Statement of Net Position will report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and therefore, will not be recognized as an inflow of resources (revenue) until then. The District has four items that qualify for reporting in this category. They are related to TRS pension, TRS OPEB, unavailable revenue, and other deferred resource inflows. Unavailable revenue is reported only in the Governmental Funds Balance Sheet, and TRS pension investment earnings are reported only on the Government-wide Statement of Net Position. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available. See Note J for the detail of other deferred resource inflows.

Compensated Absences. Certain employees are entitled to receive accrued vacation and compensatory pay in a lump-sum cash payment upon termination of employment with the District. The amount of \$3,059,948 represents the recorded liability for employees vested in accumulated vacation and compensatory pay. The General Fund is used to liquidate compensated absences.

Long Term Obligations. In the government-wide financial statements, long term debt and other long term obligations are reported as liabilities under governmental activities. Bond premiums and discounts are 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 expensed as incurred. Gains or losses on refundings are capitalized and amortized over the shorter of the life of the new issuance or the life of the existing debt using the straight-line interest method, which approximates the interest method.

In the fund financial statements, bond premiums and discounts, as well as bond issuance costs are recognized in the governmental funds 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.

Use of Estimates. The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that effect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Encumbrances. Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of funds are recorded in the accounting system in order to assign the portion of the applicable appropriation, is employed in the governmental fund financial statements. Encumbrances, which have not been liquidated, are reported as an assigned portion of fund balance in the governmental funds.

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

**Dallas Independent School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2018**

Government-wide Net Position

Net position represents the difference between the sum of assets and deferred outflows of resources and the sum of liabilities and deferred inflows of resources. The District's net position is composed of the following:

Net Investment in Capital Assets. The component of net position that reports capital assets less both the accumulated depreciation and the outstanding balance of debt that is directly attributable to the acquisition, construction, or improvements of these capital assets.

Restricted for Federal and State Programs. The component of net position that reports the difference between assets and liabilities of the Federal and State special revenue programs that consists of assets with constraints placed on their use by the Department of Education, Health and Human Services, Labor, Agriculture or TEA.

Restricted for Debt Service. The component of net position that reports the difference between assets and liabilities of the Debt Service Funds net of accrued interest at June 30, that consists of assets with constraints placed on their use by the bond covenants.

Restricted for Capital Projects. The component of net position that reports the difference between capital assets net of accumulated depreciation and liabilities of the Capital Projects Fund with constraints placed on their use by the bond contracts and covenants contained in the Interim Bridge Plan.

Restricted for Other Purposes. The component of net position that reports the difference between assets and liabilities of the Restricted for Other Purposes Funds at June 30, that consists of assets with constraints placed on their use by external parties.

Unrestricted. The difference between the assets and liabilities that are not reported in net position invested in capital assets, net position restricted for debt service, net position restricted for federal and state programs, net position restricted for capital projects, and net position restricted for other purposes.

Governmental Fund Balances

According to the District's fund balance policy, fund balance is comprised of the following components:

Nonspendable Fund Balance. The portion of fund balance that is not expendable or is legally earmarked for a specific use. Nonspendable fund balance reserves may include items like inventory or prepaid items.

Spendable Fund Balance. The portion of fund balance that is comprised of restricted, committed, assigned, and unassigned fund balances.

- **Restricted Fund Balance.** The portion of fund balance that reflects resources that are subject to externally enforceable legal restrictions imposed by parties outside the District. Restricted fund balances include funds for the Food Services, funds restricted for capital acquisitions, funds used to retire long term debts or resources from granting agencies.
- **Committed Fund Balance.** The portion of fund balance that reflects resources whose use is limited based upon resolutions by the District's Board of Trustees. At June 30, 2018, the District had no committed fund balance.
- **Assigned Fund Balance.** The portion of fund balance that is self-imposed by the District to be used for a particular purpose. The assigned fund balance can only be removed by the Superintendent of Schools or the Chief Financial Officer.
- **Unassigned Fund Balance.** The portion of the spendable fund balance within the General Fund that has not been classified within any categories above. It is the portion of fund balance available to finance operating expenditures.

In general, it is in the District's policy to consider restricted resources to have been spent first when an expenditure is incurred for purposes for which restricted and unrestricted (i.e. committed, assigned, or unassigned) fund balances are available, followed by committed and then assigned fund balances. Unassigned amounts are used after the other resources have been used.

**Dallas Independent School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2018**

As of the end of the current fiscal year, the District's Governmental Fund Balance was \$1,137,507,736 reported as follows:

<u>Fund Balances</u>	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Capital Projects Fund</u>	<u>Non-Major Governmental Funds</u>	<u>Total Governmental Funds</u>
Nonspendable					
Inventories	\$ 7,064,945	\$ -	\$ -	\$ 5,398,933	\$ 12,463,878
Prepaid Items	1,840,085	-	-	-	1,840,085
Restricted					
Federal or State Grants	-	-	-	18,177,820	18,177,820
Debt Services	-	124,926,486	-	-	124,926,486
Capital Acquisition	-	-	497,016,453	-	497,016,453
Local	-	-	-	3,340,021	3,340,021
Assigned					
Qualified School Construction Notes	107,505,000	-	-	-	107,505,000
Retirement of Loans/Notes Payable	-	110,832,353	-	-	110,832,353
Encumbrances	4,881,017	-	-	-	4,881,017
Local Funds	-	-	-	5,282,788	5,282,788
Unassigned	251,241,835	-	-	-	251,241,835
Total Fund Balances	<u>\$ 372,532,882</u>	<u>\$ 235,758,839</u>	<u>\$ 497,016,453</u>	<u>\$ 32,199,562</u>	<u>\$ 1,137,507,736</u>

Note: Encumbrances are documented by purchase orders and contracts. They are commitments to expend resources. Appropriations lapse at June 30 and encumbrances outstanding at that time are either canceled or provided for in the subsequent year's budget. Outstanding encumbrances at June 30, 2018, that were subsequently provided for in the 2018-2019 budget totaled \$4,881,017 for the General Fund and were broken down by functions as follows:

Function 11 - Instruction	\$ 108,819
Function 21 - Instructional Leadership	11,348
Function 34 - Student Transportation	1,266,485
Function 36 - Extracurricular Activities	417,097
Function 41 - General Administration	43,500
Function 51 - Plant Maintenance and Operations	1,748,396
Function 52 - Security and Monitoring Services	60,961
Function 53 - Data Processing Services	713,686
Function 81 - Facility Acquisition & Construction	510,725
Total	<u><u>\$ 4,881,017</u></u>

Data Control Codes. In accordance with the Financial Accountability System Resource Guide published by the TEA, the District has adopted and installed an accounting system which meets the minimum requirements prescribed by the State Board of Education and has been approved by the state auditor. The TEA requires the display of these codes in the financial statements filed with the TEA in order to ensure accuracy in building a statewide database for policy development and funding plans.

**Dallas Independent School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2018**

NOTE B: CASH, CASH EQUIVALENTS AND INVESTMENTS

The District's funds are required to be deposited and invested under the terms of a depository contract pursuant to the School Depository Act. On July 1, 2017, the District changed depository banks from Bank of America, N.A. to Wells Fargo Bank, N.A. The transition of all bank accounts from Bank of America, N.A. to Wells Fargo Bank, N.A. began in July 2017 and was completed by May 31, 2018. As of June 30, 2018, all District bank accounts were located at Wells Fargo Bank, N.A. The depository bank deposits for safekeeping and trust with The Bank of New York Mellon, under a tri-party collateral agreement between the District, the depository bank and The Bank of New York Mellon. The Bank of New York Mellon deposits approved pledged securities, as authorized by Chapter 2257, Collateral for Public Funds of the Government Code, in an amount sufficient to protect the District's 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") coverage. In order to maximize return on cash balances, the District uses consolidated bank accounts from which all disbursements are made, with cash in excess of the District's total daily requirement being invested for future needs.

At June 30, 2018, the net carrying amount of the District's cash deposits, excluding student activity fund deposits of \$2,772,976, was \$12,269,307. The bank balance of \$20,965,904 was on deposit with the contracted depository bank. District funds are insured up to \$250,000 for the combined amount of all time and savings accounts, and up to an additional \$250,000 for the combined total of all Demand Deposit Accounts (DDA's). Interest-bearing accounts were collateralized by pledged United States government securities with a fair value of \$24,838,056 at June 30, 2018, held by The Bank of New York Mellon. Because The Bank of New York Mellon holds the pledged securities in trust on behalf of the District, the deposits were deemed collateralized under Texas law. All campus activity funds were centralized and were on deposit with the contracted depository. Agency and activity funds were in separate non-interest-bearing bank accounts at the depository bank, and as such, have full FDIC coverage of \$250,000 per bank account. At June 30, 2018, cash on hand in Agency Funds totaled \$2,772,976 and was on deposit with the contracted depository and separate bank accounts. The District's Agency Fund bank balance on June 30, 2018, was covered by federal depository insurance or by collateral held in the District's name.

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

- a. Depository bank: Bank of America, N.A. (July 1, 2017 through May 31, 2018) / Wells Fargo Bank, N.A. (from July 1, 2017).
- b. The date of highest deposit was July 26, 2017, with combined cash and certificates of deposit balance of \$87,407,679 (\$77,588,842 Bank of America and \$9,818,837 Wells Fargo).
- c. On July 26, 2017, the amount of bonds, securities pledged, and FDIC coverage was \$91,600,574 (\$80,600,156 Bank of America and \$11,000,418 Wells Fargo).
- d. The FDIC coverage portion of the collateral listed above was \$250,000/\$250,000.
- e. The District had no occasions during the year of not being sufficiently collateralized, in which the pledged collateral requirement was less than the collateral requirement.

The Texas legislature passed the Public Funds Investment Act of 1995 ("Public Funds Investment Act") which authorizes the District to invest its excess funds in the following:

- Obligations of the United States or its agencies and instrumentalities,
- Obligations of the State of Texas or its agencies, and instrumentalities,
- Other obligations guaranteed by the United States or the State of Texas or their agencies and instrumentalities,
- Public funds investment pools,
- No load money market funds with a weighted average maturity of 90 days or less,
- Fully collateralized repurchase agreements,
- Obligations of states, agencies, counties, cities, and other political subdivisions of any state having been rated as to investment quality not less than an "A", or its equivalent, by a nationally recognized investment rating firm,

Dallas Independent School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2018

- Commercial paper having a stated maturity of 270 days or fewer from the date of issuance and is not rated less than A-1 or P-1 by two nationally recognized credit rating agencies or one nationally recognized credit agency and is fully secured by an irrevocable letter of credit,
- Guaranteed investment contracts for bond proceeds investment only, with a defined termination date and secured by U.S. Government direct or agency obligations approved by the Texas Public Funds Investment Act in an amount equal to the bond proceeds,
- Guaranteed or secured certificates of deposit, issued by state and national banks domiciled in Texas, and insured by federal depository insurance or secured by the obligations mentioned above,
- Bonds issued, assumed or guaranteed by the State of Israel, and
- Secured corporate bonds rated not lower than "AA-" or the equivalent.

The Public Funds Investment Act requires an annual review and approval of investment policies and practices. The review disclosed that in this area of investment practices, management reports and establishment of appropriate policies, the District materially adhered to the requirements of the Public Funds Investment Act. Additionally, investment practices of the District were in accordance with local policies, which are more restrictive than state statutes.

As of June 30, 2018, the following are the District's cash equivalents and investments, with respective maturities and credit rating:

Type of Investment	Book Value	Percent	Fair Value	Percent	Maturity in Less Than 1 Year	Maturity in 1-10 Years	Maturity in Over 10 Years	Credit Rating
Cash	\$ 15,042,283	1.2%	\$ 15,042,283	1.2%	\$ 15,042,283	\$ -	\$ -	N/A
Money markets and FDIC insured investment accounts	18,967,505	1.5%	18,967,505	1.5%	18,967,505	-	-	N/A
Investment pools:								
LOGIC	295,235,120	22.8%	295,235,120	22.8%	295,235,120	-	-	AAAm
Lone Star	189,351,547	14.6%	189,351,547	14.6%	189,351,547	-	-	AAAm
Texas Class	291,172,897	22.5%	291,172,897	22.5%	291,172,897	-	-	AAAm
TexasTERM Daily	186,574,628		186,574,628		186,574,628			AAAm
TexasTERM Fixed Term	262,072,950	20.3%	262,072,950	20.3%	262,072,950			AAAf
TexPool	984,683	1.0%	984,683	1.0%	984,683			AAAm
Total Investment pools	1,225,391,825	94.8%	1,225,391,825	94.8%	1,225,391,825	-	-	
*Total cash and cash equivalents	1,259,401,613	97.4%	1,259,401,613	97.4%	1,259,401,613	-	-	
American Municipal Power Authority - Ohio	865,431	0.1%	865,431	0.1%			865,431	A2
Boone County Kentucky Municipal Bond	1,218,181	0.1%	1,218,181	0.1%			1,218,181	A+
Boone County Kentucky Municipal Bond	1,261,586	0.1%	1,261,586	0.1%			1,261,586	A+
Carbon County Pennsylvania Hospital Authority	2,156,814	0.2%	2,156,814	0.2%			2,156,814	AA
Cincinnati Ohio City School District QSCB Municipal Bond	2,854,791	0.2%	2,854,791	0.2%			2,854,791	Aa3
City of Alice, Texas GO LTD Bond	955,360	0.1%	955,360	0.1%			955,360	AA
City of West Palm Beach, Florida Bond	1,112,557	0.1%	1,112,557	0.1%			1,112,557	Aa3
Corpus Christi GO Municipal Bond	445,771	0.0%	445,771	0.0%			445,771	Aa2
Fontana Unified School District Municipal Bond	664,050	0.1%	664,050	0.1%			664,050	Aa3
Gainesville Florida Pension Municipal Bond	1,236,620	0.1%	1,236,620	0.1%			1,236,620	Aa3
Green Bay Wisconsin Municipal Bond	539,451	0.0%	539,451	0.0%			539,451	A1
Indiana State Finance Authority	668,726	0.1%	668,726	0.1%			668,726	A+
North Hudson Sewerage Authority, NJ (A)	1,053,039	0.1%	1,053,039	0.1%			1,053,039	A
Oregon State School Board Assoc GO Pension Municipal Bond	571,845	0.0%	571,845	0.0%			571,845	Aa2
Oregon State School Board Assoc Pension Municipal Bond	1,655,420	0.1%	1,655,420	0.1%		1,655,420		Aa2
Pennsylvania Economic Development Municipal Bond	2,379,928	0.2%	2,379,928	0.2%			2,379,928	A1
Port Douglas County Washington Municipal Bond	608,000	0.0%	608,000	0.0%			608,000	A+
Reading Pennsylvania Municipal Bond	4,147,324	0.3%	4,147,324	0.3%			4,147,324	A2
San Bernardino County Redevelopment Successor Muni Bond	2,049,840	0.2%	2,049,840	0.2%			2,049,840	AA
San Francisco City & County Redevelopment Municipal Bond	982,000	0.1%	982,000	0.1%			982,000	A2
Texas State Public Finance Municipal Bond	702,734	0.1%	702,734	0.1%			702,734	A1
Texas State Public Finance Municipal Bond	741,968	0.1%	741,968	0.1%			741,968	A1
Texas State University System	936,092	0.1%	936,092	0.1%			936,092	Aa2
University of North Texas	1,486,140	0.1%	1,486,140	0.1%			1,486,140	Aa2
Walnut Valley Unified School District Municipal Bond	2,309,307	0.2%	2,309,307	0.2%			2,309,307	Aa1
*Total Investments	33,602,975	2.6%	33,602,975	2.6%	-	1,655,420	31,947,555	
Total cash, cash equivalents and investments	\$1,293,004,588	100.0%	\$1,293,004,588	100.0%	\$1,259,401,613	\$ 1,655,420	\$31,947,555	

*Total cash and cash equivalents and total investments include accrued interest.

**Dallas Independent School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2018**

In accordance with the provisions of GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, the District's investments with a maturity date of greater than one year have been recorded at fair value based upon quoted market prices as of June 30, 2018 with increase or decrease in fair value being recorded as a component of earnings on investments. Investment Pools are measured at amortized cost or net asset value, i.e. fair value. As such, these investments are not required to be reported in the fair value hierarchy.

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

Texas CLASS, TexasTERM, and LOGIC investment pools are external investment pools measured at net asset value. Texas CLASS, TexasTERM, and LOGIC's strategy is to seek preservation of principal, liquidity, and current income through investment in a diversified portfolio of short-term marketable securities. The District has no unfunded commitments related to the investment pools. Texas CLASS, TexasTERM, and LOGIC have a redemption notice period of one day and may redeem daily. The investment pools authority may only impose restrictions on redemptions in the event of a general suspension of trading on major securities market, general banking moratorium, or national or state emergency that affects the pool's liquidity.

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

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

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

Dallas Independent School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2018

The District has recurring fair value measurements as presented in the table below. The District's investment balances and weighted average maturity of such investments are as follows:

	Fair Value Measurements Using				
	June 30, 2018	Quoted Prices in	Significant Other	Significant	Percent of Total
		Active Markets for	Observable Inputs	Unobservable	
		Identical Assets		Inputs	Investments
		(Level 1)	(Level 2)	(Level 3)	
<i>Investments not Subject to Fair Value:</i>					
Money markets and FDIC insured investment accounts	\$ 18,967,505	\$ -	\$ -	\$ -	1.48%
Investment Pools:					
LOGIC	\$ 295,235,120	\$ -	\$ -	\$ -	23.10%
Lone Star	189,351,547	-	-	-	14.82%
Texas Class	291,172,897	-	-	-	22.78%
Texas TERM Daily	186,574,628	-	-	-	14.60%
TexasTERM Fixed Term	262,072,950	-	-	-	20.51%
TexPool	984,683	-	-	-	0.08%
<i>Investments by Fair Value Level:</i>					
Municipal Bonds:					
American Municipal Power Authority - Ohio	\$ 865,431	\$ -	\$ 865,431	\$ -	0.07%
Boone County Kentucky Municipal Bond	1,218,181	-	1,218,181	-	0.10%
Boone County Kentucky Municipal Bond	1,261,586	-	1,261,586	-	0.10%
Carbon County Pennsylvania Hospital Authority	2,156,814	-	2,156,814	-	0.17%
Cincinnati Ohio City School District QSCB Municipal Bond	2,854,791	-	2,854,791	-	0.22%
City of Alice, Texas GO LTD Bond	955,360	-	955,360	-	0.07%
City of West Palm Beach, Florida Bond	1,112,557	-	1,112,557	-	0.09%
Corpus Christi GO Municipal Bond	445,771	-	445,771	-	0.03%
Fontana Unified School District Municipal Bond	664,050	-	664,050	-	0.05%
Gainesville Florida Pension Municipal Bond	1,236,620	-	1,236,620	-	0.10%
Green Bay Wisconsin Municipal Bond	539,451	-	539,451	-	0.04%
Indiana State Finance Authority	668,726	-	668,726	-	0.05%
North Hudson Sewerage Authority, NJ (A)	1,053,039	-	1,053,039	-	0.08%
Oregon State School Board Assoc GO Pension Municipal Bond	571,845	-	571,845	-	0.04%
Oregon State School Board Assoc Pension Municipal Bond	1,655,420	-	1,655,420	-	0.13%
Pennsylvania Economic Development Municipal Bond	2,379,928	-	2,379,928	-	0.19%
Port Douglas County Washington Municipal Bond	608,000	-	608,000	-	0.05%
Reading Pennsylvania Municipal Bond	4,147,324	-	4,147,324	-	0.32%
San Bernardino County Redevelopment Successor Muni Bond	2,049,840	-	2,049,840	-	0.16%
San Francisco City & County Redevelopment Municipal Bond	982,000	-	982,000	-	0.08%
Texas State Public Finance Municipal Bond	702,734	-	702,734	-	0.05%
Texas State Public Finance Municipal Bond	741,968	-	741,968	-	0.06%
Texas State University System	936,092	-	936,092	-	0.07%
University of North Texas	1,486,140	-	1,486,140	-	0.12%
Walnut Valley Unified School District Municipal Bond	2,309,307	-	2,309,307	-	0.18%
		-	-	-	
Total Investments	<u>\$ 1,277,962,305</u>	<u>\$ -</u>	<u>\$ 33,602,975</u>	<u>\$ -</u>	<u>100.0%</u>

U.S. Government Agency Securities and Commercial Paper are classified in Level 2 of the fair value hierarchy are valued using a matrix pricing technique. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices.

Interest Rate Risk. In accordance with the District's investment policy, investments are made in a manner that ensures the preservation of capital in the overall portfolio, and offsets during a twelve month period any market price losses resulting from interest-rate fluctuations by income received from the balance of the portfolio. The District's investment strategy states that no individual transaction shall be undertaken that jeopardizes the total capital position of the overall portfolio. Some investments are also purchased with longer

**Dallas Independent School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2018**

maturities to match the \$143.3 million General Fund liability for 2013 QSCB notes due in August 2033. These bear a risk that market interest rates could at some point exceed the yield of the investments purchased.

Credit Risk. State law limits investment purchases in commercial paper to not less than A1-P1 or equivalent rating by at least two nationally recognized credit rating agencies. The District's investments in Local Government Investment Pools (LGIP's) include: Texas Class, LOGIC, Lone Star, TexPool and Texas TERM Daily. These are all public funds investment pools operating in full compliance with the Public Funds Investment Act. All are rated "AAAm/AAAf" by Standard and Poor's. The District's no-load money market fund maintains weighted-average maturity of 90-days or less. This money market fund invests only in first-tier securities. Under SEC Rule 2a-7 of the 1940 Act, a first-tier security is a debt instrument that is an eligible investment for money market funds and has received a rating in the highest short-term category from a nationally recognized statistical rating organization. On August 5, 2011, Standard and Poor's, one of three nationally recognized raters of US debt and securities, downgraded the rating of long term US sovereign debt from AAA to AA+ for the first time since 1941. The two other national raters, Moody's and Fitch, continue to have the highest ratings. As of July 13, 2013 and March 21, 2014, respectively, US long term sovereign debt outlook is listed as "Stable" by Standard and Poor and by Fitch. The District utilizes Bank of America Money Market Reserves and Wells Fargo Securities for money market investments and Bank of America N.A. for the daily operating funds (July 1, 2017 through May 31, 2018) and Wells Fargo Bank, N.A. (from July 18, 2017).

Concentration of Credit Risk. The District's investment portfolio is diversified in terms of investment instruments, maturity scheduling, and financial institutions to reduce risk of loss resulting from over-concentration of assets in a specific class of investments, specific maturity or specific issuer.

Custodial Credit Risk – Deposits. This is the risk that, in the event of a bank failure, the District's deposits may not be returned to it. All deposits not covered by FDIC insurance but held in the depository bank, Bank of America, were fully collateralized.

Custodial Credit Risk – Investments. This is the risk that, in the event of failure of the counterparty, the District will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. The District also uses an Insured Cash Shelter Account that, similar to a Certificate of Deposit Account Registry Service (CDARS) program, holds investment balances of \$250,000 or less at multiple depositories to maintain full FDIC coverage for the whole account.

Foreign Currency Risk. As of June 30, 2018, there are no foreign currency investments in the District's portfolio.

NOTE C: LOCAL REVENUES AND PROPERTY TAXES

Local and intermediate sources are comprised of the following:

	General Fund	Debt Service Fund	Capital Projects Fund	Non-Major Funds	Total Governmental Funds
Property Taxes	\$ 1,095,855,141	\$ 254,549,592	\$ -	\$ -	\$ 1,350,404,734
Food Services	-	-	-	2,039,281	2,039,281
Gifts and Bequests	17,899,599	-	-	3,063,244	20,962,844
Campus Activity Funds	-	-	-	4,555,196	4,555,196
Interest Income	9,386,193	1,530,247	9,672,133	-	20,588,573
Tuition, Fees and Cocurricular	749,815	-	-	-	749,815
Rental Income	3,715,870	-	-	-	3,715,870
Other	4,368,694	-	772,511	1,618,647	6,759,852
Totals	<u>\$ 1,131,975,313</u>	<u>\$ 256,079,839</u>	<u>\$ 10,444,643</u>	<u>\$ 11,276,368</u>	<u>\$ 1,409,776,163</u>

**Dallas Independent School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2018**

Property Taxes. The appraisal of property within the District is the responsibility of the Dallas County Appraisal District. The District's ad valorem property tax is levied each October 1 on the assessed value as of the prior January 1 for all real and business personal property located in the District. Taxes are due on receipt of the tax bill and are delinquent if not paid before February 1 of the subsequent year. On January 1 of each year a tax lien attaches to the property to secure the payment of all taxes, penalties, and interest ultimately imposed. The assessed value of the roll on January 1, 2017 was \$137,970,393,480. After deductions of all exemptions and reductions provided by law and those granted by the District, 2017 tax year levy was based on property values of \$108,482,803,909.

The tax rates assessed for the year ended June 30, 2018, to finance General Fund operations and the payment of principal and interest on long term debt were \$1.04005 and \$0.242035 per \$100 valuation, respectively, for a total of \$1.282085 per \$100 valuation. The resolution levying the ad valorem taxes specifies the individual tax rates for the General Fund and Debt Service Fund. Current tax collections for the year ended June 30, 2018, were 98.6% of the adjusted tax levy.

Delinquent taxes are prorated between maintenance and debt service based on rates adopted for the year of the levy. The District has provided an allowance for estimated uncollectible property taxes and estimated adjustments within the General Fund and Debt Service Fund of \$35,881,909 and \$7,240,973 respectively, based upon historical collection experience and historical adjustment experience.

The Texas Property Tax Code directs tax collectors to cancel and remove from the tax rolls real property taxes that have been delinquent more than 20 years and personal property taxes that have been delinquent more than 10 years. Additionally, the Texas Property Tax Code provides that personal property may not be seized and a suit may not be filed to collect a tax on personal property that has been delinquent more than four years.

NOTE D: RECEIVABLES

Property tax receivable as of June 30, 2018, for the District's Major Funds and Non-Major Funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	General	Debt Service	Totals
Property Taxes	\$ 54,281,166	\$ 11,318,226	\$ 65,599,392
Less: Allowance for uncollectible	(35,881,909)	(7,240,973)	(43,122,882)
Totals	<u>\$ 18,399,257</u>	<u>\$ 4,077,253</u>	<u>\$ 22,476,510</u>

In addition, the District has recorded a state aid receivable of \$48.3 million and a receivable from other governmental entities of \$42.3 million as of June 30, 2018.

NOTE E: UNEARNED REVENUE

Governmental funds defer revenue recognition in connection with resources that have been received but not yet earned. As of June 30, 2018, the components of unearned revenue reported in the General Fund and Non-Major Governmental funds were as follows:

	General	Non-Major	Totals
Grants	\$ -	\$ 1,793,961	\$ 1,793,961
Other	2,587,566	-	2,587,566
Totals	<u>\$ 2,587,566</u>	<u>\$ 1,793,961</u>	<u>\$ 4,381,527</u>

**Dallas Independent School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2018**

NOTE F: INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

Interfund balances at June 30, 2018, consisted of the following individual fund receivables and payables:

Fund	Receivables	Payables
General Fund:		
Non-Major Governmental Funds	\$ 11,446,058	\$ -
Internal Service Funds	-	1,403,486
	11,446,058	1,403,486
Non-Major Governmental Funds:		
General Fund	-	11,446,058
Internal Service Funds	-	114,945
	-	11,561,003
Internal Service Funds:		
General Fund	1,403,486	-
Non-Major Governmental Funds	114,945	-
Internal Service Funds	145	145
	1,518,576	145
Totals	\$ 12,964,634	\$ 12,964,634

The interfund receivable and payable between General Fund and Non-Major Governmental Funds occurs when expenditures take place before the reimbursement is received from the granting agency. The interfund balances between General Fund and Capital Projects Fund, Debt Service Fund, Agency Fund, and Internal Service Fund occur due to payments made from the General Fund operating account on behalf of these funds. The interfund balances between Internal Service Fund, General Fund and Non-Major Governmental Fund occur due to recording of workers' compensation liabilities recorded but not yet funded. Transfers occur monthly, unless significantly larger payments are noted and the transfer occurs more frequently. All interfund balances are expected to be repaid within the next fiscal year.

Interfund transfers are defined as "flows of assets without equivalent flows of assets in return and without a requirement for repayment". Interfund transfers during the year ended June 30, 2018, were as follows:

Transfer Out	Transfer In	Amount
General Fund	Special Revenue Fund	74,393 *
General Fund	Debt Service	7,167,000 **
ISF	General Fund	29,824,341 ***
Debt Service	General Fund	2,647

* Interfund transfers were made to cover the underfunded Alternative Certification Fund.

**\$7.2 million transfer from the General Fund to the Debt Service Fund is for future payment of 2013 Limited Maintenance Tax Qualified School Construction Bonds and 2015 Multi-Modal Limited Maintenance Tax Notes.

***Interfund transfers were made from Internal Service Fund to General Fund.

Dallas Independent School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2018

NOTE G: OPERATING LEASES

The District leases offices, copiers, warehouse space, playground area and parking under non-cancelable operating leases. Rent expense including non-cancelable leases and other rent charges for the year ended June 30, 2018 was approximately \$15.7 million. Minimum future lease commitments on non-cancelable leases are summarized as follows:

For the Year Ending June 30	Minimum Future Lease Commitments
2019	\$13,481,122
2020	4,004,974
2021	4,027,462
2022	674,337
2023	0

NOTE H: CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2018 is as follows:

	Balance at June 30, 2017	Additions	Transfers	Deletions	Balance at June 30, 2018
Capital assets, not being depreciated:					
Land	\$ 219,651,075	\$ 25,547,077	\$ 7,539,321	\$ (2,751,485)	\$ 249,985,988
Construction in progress	81,132,064	182,353,132	(90,828,659)	-	172,656,537
Total capital assets, not being depreciated	<u>300,783,139</u>	<u>207,900,209</u>	<u>(83,289,338)</u>	<u>(2,751,485)</u>	<u>422,642,525</u>
Capital assets, being depreciated:					
Building and improvements	3,619,335,104	1,768,237	79,039,122	(66,530,980)	3,633,611,483
Furniture and equipment	229,757,441	68,939,994	4,251,983	(14,378,796)	288,570,622
Total capital assets, being depreciated	<u>3,849,092,545</u>	<u>70,708,231</u>	<u>83,291,105</u>	<u>(80,909,776)</u>	<u>3,922,182,105</u>
Less accumulated depreciation for:					
Buildings and improvements	1,375,545,608	100,185,298	-	(48,500,903)	1,427,230,003
Furniture and equipment	168,554,552	34,007,244	-	(13,938,443)	188,623,353
Total accumulated depreciation	<u>1,544,100,160</u>	<u>134,192,542</u>	<u>-</u>	<u>(62,439,346)</u>	<u>1,615,853,356</u>
Total capital assets, being depreciated, net	2,304,992,385	(63,484,311)	83,291,105	(18,470,430)	2,306,328,749
Capital assets, net	<u>\$ 2,605,775,524</u>	<u>\$ 144,415,898</u>	<u>\$ 1,767</u>	<u>\$ (21,221,915)</u>	<u>\$ 2,728,971,274</u>

Capital assets include assets recorded in Internal Service Funds, net of depreciation, of \$233,600.

**Dallas Independent School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2018**

Depreciation expense was charged to functions of government activities as follows:

Depreciation by Function

		Depreciation Expense
		<hr/>
11	Instruction	\$ 68,580,573
12	Instructional Resources and Media Services	1,663,289
13	Curriculum and Instructional Staff Development	575,447
21	Instructional Leadership	576,110
23	School Leadership	7,060,831
31	Guidance, Counseling and Evaluation Services	2,337,317
32	Social Work Services	53,780
33	Health Services	1,186,028
34	Student (Pupil) Transportation	11,279,741
35	Food Services	9,258,610
36	Cocurricular/Extracurricular Activities	4,076,077
41	General Administration	697,965
51	Facilities Maintenance and Operations	8,902,744
52	Security and Monitoring Services	1,026,681
53	Data Processing Services	15,834,944
61	Community Services	596,805
81	Facilities Acquisition and Construction	485,598
		<hr/>
	Total	<u><u>\$ 134,192,542</u></u>

Depreciation is allocated to functions of governmental activities by specific identification whenever possible. Depreciation related to campus facilities is allocated to functions based on the relative square footage of the respective functional areas. Technology equipment is allocated in total to data processing services.

The District has active construction projects. These projects include new school construction and renovation of existing facilities. The total construction commitments as of June 30, 2018 are \$275,371,609 for projects under the bond programs.

NOTE I: LONG TERM OBLIGATIONS

The District's long-term debt includes general obligation bonds, maintenance tax notes and provisions for workers' compensation liability. Bond premiums and deferred losses on refundings are amortized using the effective interest method.

**Dallas Independent School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2018**

General Obligation Bonds. These bonds are secured by ad valorem taxes levied against all taxable property and are serviced by the Debt Service Fund with an apportionment of the ad valorem tax levy. Interest rates on the bonds range from 0.00% to 8.00% and are due through 2036. At June 30, 2018, \$234,971,065 in cash, cash equivalents, investments, and accrued interest is restricted or assigned in the Debt Service Fund to service the outstanding bonds:

Series	Bond Series Name - General Obligation Bonds Maturity or Mandatory Redemption Date	Interest Rates	Original Issue Amount (in thousands)	Total Outstanding Principal Amount (in thousands)
2010	Unlimited Tax Refunding Bonds - Serially in varying amounts from February 15, 2011 to February 15, 2021	1.25% - 5.00%	156,730	76,895
2010C	Unlimited Tax School Building Bonds - Serially in varying amounts from February 15, 2018 to February 15, 2026 and Term Bonds due 2030 and 2035	4.05% - 6.00%	950,300	947,355
2011	Unlimited Tax Refunding Bonds - Serially in varying amounts from February 15, 2012 to February 15, 2028	3.50% - 5.00%	197,935	167,780
2012	Unlimited Tax Refunding Bonds - Serially in varying amounts from August 15, 2013 to August 15, 2031	2.00% - 5.00%	390,235	349,050
2012A	Unlimited Tax Refunding Bonds - Serially in varying amounts from August 15, 2013 to August 15, 2031	4.00% - 5.00%	46,825	41,735
2014A	Unlimited Tax Refunding Bonds - Serially in varying amounts from August 15, 2015 to August 15, 2034	1.00% - 5.00%	356,115	306,540
2015	Unlimited Tax Refunding Bonds - Serially in varying amounts from February 15, 2016 to February 15, 2032	2.125% - 5.00%	234,760	212,730
2016A	Unlimited Tax School Building Bonds - Serially in varying amounts from February 15, 2022 to February 15, 2036	3.00% - 5.00%	305,785	305,785
2016B	Unlimited Tax School Building Bonds - Serially in varying amounts from February 15, 2022 to February 15, 2036	3.00% - 8.00%	266,445	199,880
2017	Qualified Zone Academy Bonds, Taxable, No interest, principal due August 15, 2027	0.00% - 0.00%	4,405	4,405
Total				<u>\$ 2,612,155</u>

In February 2018, the District defeased \$35,180,000 in debt from the Series 2016B Bonds originally due in February 2036. This resulted in a defeasance cashflow savings of \$16,522,800, and the liability has been removed from the governmental activities column of the statement of net position.

On April 11, 2018, the District established a defeasance escrow to defease all or a portion of the District's outstanding bonds, Dallas Independent School District Multi-Modal Unlimited Tax School Building Bonds, Series 2016B-6, for a total of \$1,835,000, prior to their scheduled maturities. The District deposited directly with a paying agent for the Defeased Bonds available funds of the District into an escrow fund in an amount of approximately \$2,019,625, sufficient to provide the payment, redemption, or defeasance of all or a portion

**Dallas Independent School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2018**

of the Defeased Bonds and such deposit shall continue the making of firm banking and financial arrangements for the discharge and final payment or redemption of the Defeased Bonds. The Defeased Bonds are no longer regarded as being outstanding, except for the purpose of being paid from funds on deposit in the escrow fund. The escrow proceeds were recorded as debt service expenditures and not other financing uses.

Maintenance Tax Notes. On December 1, 2013, the District issued \$143,340,000 in Limited Maintenance Tax Qualified School Construction Bonds. On July 1, 2015, the District issued \$75,000,000 in Multi-Modal Limited Maintenance Tax Notes. The Maintenance Tax Notes are paid from the General Fund. The amount outstanding for Maintenance Tax Notes as of June 30, 2018 was as follows:

Series	Maintenance Tax Notes Maturity or Mandatory Redemption Date	Yield Rates	Total Outstanding Principal Amount (in thousands)
2013	Principal due at maturity - interest due each February 15 and August 15 from August 15, 2014 to August 15, 2033	5.05%	143,340
2015	Principal due at maturity - interest due each February 15 and August 15 from February 15, 2016 to February 15, 2034	1.50%	75,000
		Total	<u>\$ 218,340</u>

As of June 30, 2018, the District has transferred \$110,835,000 from the General Fund to two specially established Debt Service funds. As of this date, \$75,000,000 is reserved in the 2015 Maintenance Tax Notes Fund to pay the 2015 Multi-Modal Limited Maintenance Tax Notes due in 2034, and \$35,835,000 is reserved in the 2013 Qualified School Construction Bonds Fund to pay the 2013 Limited Maintenance Tax Qualified School Construction Bonds (QSCB) due in 2033. In addition, the District expects to annually transfer \$7,167,000 from the General Fund to the 2013 Qualified School Construction Bonds Fund to provide for the QSCB principal of \$143,340,000 due in August 2033.

Variable Rate Debt. In July 2015, the District issued \$75,000,000 in "Multi-Modal Limited Maintenance Tax Notes, Series 2015" with interest rate of 1.50% for the initial rate period which ends August 14, 2018. At the end of the initial rate period, the District may redeem or remarket the Notes. If the District fails to do so, the Notes shall bear interest at a stepped rate of 8.00% per year.

In March 2016, the District issued \$266,445,000 in "Unlimited Tax School Building Bonds, Series 2016B" with initial interest rates ranging from 3.00% to 5.00%. As of June 30, 2018, \$199,880,000 remains. There are four remaining initial rate periods, one in each year 2019 to 2022. At the end of each initial rate period, the District may redeem or remarket the Bonds. If the District fails to do so, the Bonds shall bear interest at a stepped rate of 8.00% per year.

Debt Issuance. In fiscal year 2018, the District did not issue any new debt. As of June 30, 2018, the District has \$950,595,000 remaining of approved unissued, and authorization from the \$1.6 billion 2015 Bond Authorization.

The District's underlying debt rating was last changed on June 30, 2015, an increase by Standard & Poor's from AA- to AA with outlook stable.

Dallas Independent School District
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For the Fiscal Year Ended June 30, 2018

The following is a summary of the changes in the District's long-term debt for the year ended June 30, 2018:

Description	Long-Term Liabilities Outstanding July 1, 2017 (in thousands)	Additions and Interest Accretion (in thousands)	Retired/ Refunded (in thousands)	Long-Term Liabilities Outstanding June 30, 2018 (in thousands)	Amount Due Within One Year from June 30, 2018 (in thousands)
General Obligation Bonds:					
Series 2008	\$ 7,945	\$ -	\$ 7,945	\$ -	\$ -
Series 2010	93,285	-	16,390	76,895	23,990
Series 2010B	26,315	-	26,315	-	-
Series 2010C	950,300	-	2,945	947,355	26,785
Series 2011	170,420	-	2,640	167,780	2,795
Series 2012	362,570	-	13,520	349,050	9,215
Series 2012A	43,570	-	1,835	41,735	1,165
Series 2014A	306,540	-	-	306,540	3,065
Series 2015	212,730	-	-	212,730	5,995
Series 2016A	305,785	-	-	305,785	-
Series 2016B	236,895	-	37,015	199,880	-
Series 2017 QZAB	4,405	-	-	4,405	-
Total General Obligation Bonds	\$ 2,720,760	\$ -	\$ 108,605	\$ 2,612,155	\$ 73,010
Maintenance Tax Notes Payable:					
Series 2013-QSCB	\$ 143,340	\$ -	\$ -	\$ 143,340	\$ -
Series 2015 MTN-QSCB	75,000	-	-	75,000	-
Total Maintenance Tax Notes	\$ 218,340	\$ -	\$ -	\$ 218,340	\$ -
Total Bonds and Notes Payable	\$ 2,939,100	\$ -	\$ 108,605	\$ 2,830,495	\$ 73,010
Other Long-Term Obligations:					
Workers Compensation	\$ 9,285	\$ 3,562	\$ 4,018	\$ 8,829	\$ 2,989
Premium on Bonds	192,208	-	27,852	164,356	-
	\$ 201,493	\$ 3,562	\$ 31,870	\$ 173,185	\$ 2,989
Totals	\$ 3,140,593	\$ 3,562	\$ 140,475	\$ 3,003,680	\$ 75,999

Debt Service Requirements. The annual requirements to pay principal and interest on the bond obligations and notes payable outstanding as of June 30, 2018, are as follows:

General Obligation Bonds

Year Ended June 30,	Principal (in thousands)	Interest (in thousands)	Total Requirements (in thousands)
2019	\$ 73,010	\$ 132,042	\$ 205,052
2020	77,315	128,256	205,571
2021	81,215	124,338	205,553
2022	93,525	120,364	213,889
2023	104,385	114,551	218,936
2024-2028	692,560	479,859	1,172,419
2029-2033	968,100	291,256	1,259,356
2034-2038	522,045	45,703	567,748
Totals	\$ 2,612,155	\$ 1,436,369	\$ 4,048,524

**Dallas Independent School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2018**

Maintenance Tax Notes

Year Ended June 30,	Principal (in thousands)	Interest (in thousands)	Total Requirements (in thousands)
2019	\$ -	\$ 9,675	\$ 9,675
2020	-	10,987	10,987
2021	-	10,987	10,987
2022	-	10,987	10,987
2023	-	10,987	10,987
2024-2028	-	54,936	54,936
2029-2033	-	54,936	54,936
2034-2038	218,340	7,369	225,709
Totals	<u>\$ 218,340</u>	<u>\$ 170,864</u>	<u>\$ 389,204</u>

The District legally defeased certain bonds by placing the proceeds of the new bonds in an irrevocable trust to provide for all future debt service payments on the refunded bonds. Accordingly, the trust account assets and the liability for these defeased bonds are not included in the District's basic financial statements. There are currently no defeased bonds that remain in escrow at June 30, 2018 that have not met their redemption date.

Arbitrage. The Federal Tax Reform Act of 1986 requires issuers of tax exempt debt to make payments to the United States Treasury of investment income received at yields that exceed the issuer's tax-exempt borrowing rates. The U.S. Treasury requires payment for each issue every five years. The estimated liability is updated annually for any tax-exempt issuances or changes in yields until such time payment of the calculated liability is due. At June 30, 2018, the District had no liability for arbitrage.

NOTE J: DEFERRED INFLOWS OF RESOURCES

Governmental funds report an amount that represents an acquisition of net position for a future period that will not be recognized as revenue until that time. As of June 30, 2018, the District had the following Deferred Inflows of Resources reported in the General Fund and Debt Service Fund:

	General	Debt Service	Total
Property Taxes	\$ 15,969,154	\$ 3,548,048	\$ 19,517,202
Property Value Audit	10,686,951	-	10,686,951
Medicaid/SHARS	64,891,127	-	64,891,127
Totals	<u>\$ 91,547,232</u>	<u>\$ 3,548,048</u>	<u>\$ 95,095,280</u>

NOTE K: GENERAL FUND FEDERAL SOURCE REVENUE

Federal revenues recorded in the General Fund consist of the following:

Build America Bonds Subsidy	\$ 18,990,714
E-Rate	3,238,603
Medicaid/School Health and Related Services	39,614,911
Qualified School Construction Bonds Subsidy	6,756,865
Indirect Cost Reimbursement	3,608,952
Junior Reserve Officer Training Corps	2,062,450
Total	<u>\$ 74,272,495</u>

**Dallas Independent School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2018**

NOTE L: DEFINED BENEFIT PENSION PLAN

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

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

Pension Plan Fiduciary Net Position. Detailed information about the Teacher Retirement System's fiduciary net position is available in a separately-issued Comprehensive Annual Financial Report that includes financial statements and required supplementary information. That report may be obtained on the Internet at <http://www.trs.state.tx.us/about/documents/cafr.pdf#CAFR>; by writing to TRS at 1000 Red River Street, Austin, TX, 78707-2698; or by calling (512) 542-6592.

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

Contributions. Contribution requirements are established or amended pursuant to Article 16, Section 67 of the Texas Constitution which requires the Texas Legislature to establish a member contribution rate of not less than 6% of the member's annual compensation and a state contribution rate of not less than 6% and not more than 10% of the aggregate annual compensation paid to members of the system during the fiscal year. Texas Government Code Section 821.006 prohibits benefit improvements, if as a result of the particular action, the time required to amortize TRS'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.

Employee contribution rates are set in state statute, Texas Government Code 825.402. Senate Bill 1458 of the 83rd Texas Legislature amended Texas Government Code 825.402 for member contributions and established employee contribution rates for fiscal years 2014 through 2017. The 84th Texas Legislature, General Applications Act (GAA) established the employer contribution rates for fiscal years 2016 and 2017. Contribution Rates can be found in the TRS 2017 CAFR, Note 12, on page 88.

**Dallas Independent School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2018**

Contribution Rates

	<u>2017</u>	<u>2018</u>
Member	7.7%	7.7%
Non-Employer Contributing Entity (State)	6.8%	6.8%
Employers	6.8%	6.8%
Dallas ISD 2018 Employer Contributions	\$ 37,597,460	
Dallas ISD 2018 Member Contributions	\$ 79,302,238	
Dallas ISD 2018 NECE On-Behalf Contributions	\$ 33,998,143	

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

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

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

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

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

Actuarial Assumptions. The total pension liability in the TRS August 31, 2017 actuarial valuation was determined using the following actuarial assumptions. Actuarial Assumptions can be found in the 2017 TRS CAFR, Note 12, page 90.

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

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

Discount Rate. The discount rate used to measure the total pension liability was 8.0%. The Discount Rate can be found in the 2017 TRS CAFR on page 90. There was no change in the discount rate since the previous year. The projection of cash flows used to determine the discount rate assumed that contributions

Dallas Independent School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2018

from plan members and those of the contributing employers and the non-employer contributing entity are made at the statutorily required rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, the long term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The long-term rate of return on pension plan investments is 8%. The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimates ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

Best estimates of geometric real rates of return for each major asset class included in the Systems target asset allocation as of August 31, 2017 are summarized below:

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

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

Discount Rate Sensitivity Analysis. The following schedule shows the impact of the Net Pension Liability if the discount rate used was 1% less than and 1% greater than the discount rate that was used (8%) in measuring the Net Pension Liability. The discount rate can be found in the 2017 TRS CAFR, Note 12, page 91.

	1% Decrease in Discount Rate (7.0%)	Discount Rate (8.0%)	1% Increase in Discount Rate (9.0%)
DISD's proportionate share of the net pension liability	\$ 625,833,208	\$ 371,237,578	\$ 159,245,395

**Dallas Independent School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2018**

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions. At June 30, 2018, Dallas Independent School District reported a liability of \$371,237,578 for its proportionate share of TRS's net pension liability. This liability reflects a reduction for state pension support provided to Dallas Independent School District. The amount recognized by the District as its proportionate share of the net pension liability, the related state support, and the total portion of the net pension liability that was associated with the District were as follows:

District's proportionate share of the collective net pension liability	\$ 371,237,578
State's proportionate share that is associated with the District	445,725,181
Total	<u>\$ 816,962,759</u>

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

At August 31, 2017, the employer's proportion of the collective net pension liability was 1.16%, which was a decrease of 0.06% from its proportion measured as of August 31, 2016.

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

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

For the year ended June 30, 2018, Dallas Independent School District recognized pension expense of \$33,998,143, and revenue of \$33,998,143 for support provided by the state in the Government-wide Statement of Activities.

At June 30, 2018, Dallas Independent School District's proportionate share of TRS's deferred outflows of resources and deferred inflows of resources related to pensions were from the following sources. (The amounts shown below will be the cumulative layers from the current and prior years combined.)

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 5,431,373	\$ 20,020,355
Changes in actuarial assumptions	16,910,461	9,680,844
Difference between projected and actual investment earnings	-	27,054,984
Changes in proportion and difference between the employer's contributions and the proportionate share of contributions	52,470,805	16,876,466
Contributions paid to TRS subsequent to the measurement date	30,771,094	-
Total	<u>\$ 105,583,733</u>	<u>\$ 73,632,649</u>

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

Year Ended June 30:	Pension Expense Amount
2019	\$ (2,125,786)
2020	21,571,270
2021	(3,946,418)
2022	(10,610,965)
2023	(1,165,274)
Thereafter	(2,542,837)
Total	<u>\$ 1,179,990</u>

**Dallas Independent School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2018**

NOTE M: OTHER POST- EMPLOYMENT BENEFITS

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

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

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

<u>Net OPEB Liability</u>	<u>Total</u>
Total OPEB Liability	\$ 43,885,784,621
Less: Plan Fiduciary Net Position	399,535,986
Net OPEB Liability	<u>\$ 43,486,248,635</u>
Net Position as percentage of Total OPEB Liability	0.91%

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

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

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

**TRS-Care Plan Premium Rates
Effective Sept. 1, 2016 - Dec. 31, 2017**

	TRS-Care 1 Basic Plan	TRS-Care 2 Optional Plan	TRS-Care 3 Optional Plan
Retiree*	\$ -	\$ 70	\$ 100
Retiree and Spouse	20	175	255
Retiree* and Children	41	132	182
Retiree and Family	61	237	337
Surviving Children Only	28	62	82
*or surviving spouse			

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

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

Contribution Rates

	<u>2017</u>	<u>2018</u>
Active Employee	0.65%	0.65%
Non-Employer Contributing Entity (State)	1.00%	1.25%
Employers	0.55%	0.75%
Federal/Private Funding Remitted by Employers	1.00%	1.25%
Dallas ISD 2018 Employer Contributions	\$ 9,642,810	
Dallas ISD 2018 Member Contributions	\$ 6,689,303	
Dallas ISD 2018 NECE On-Behalf Contributions	\$ (256,658,565)	

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

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

The District's proportionate share of the \$159,000,000 received during the district's 2018 fiscal year is reported in the fund level financial statements as an on-behalf contribution as required by GASB 85 and GASB 24.

Actuarial Assumptions. The total OPEB liability in the August 31, 2017 actuarial valuation was determined using the following actuarial assumptions: [Actuarial Assumptions can be found in the 2017 TRS CAFR, Note 10, page 82].

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

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

The following assumptions and other inputs used for members of TRS-Care are identical to the assumptions used in the August 31, 2017 TRS pension actuarial valuation:

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

**Dallas Independent School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2018**

Additional Actuarial Methods and Assumptions:

Valuation Date	August 31, 2017
Actuarial Cost Method	Individual Entry Age Normal
Inflation	2.50%
Discount Rate	3.42%
Aging Factors	Based on Plan Specific Experience
Expenses	Third-party administrative expenses related to the delivery of healthcare benefits are included in the age-adjusted claims costs.
Payroll Growth Rate	2.50%
Projected Salary Increases	3.50% to 9.50%
Healthcare Trend Rates	4.50% to 12.00%
Election Rates	Normal Retirement: 70% participation prior to age 65 and 75% participation after age 65
Ad Hoc Post Employment Benefit Changes	None

**Source: Fixed Income municipal bonds with 20 years to maturity that include only federal tax-exempt municipal bonds as reported in Fidelity Index's "20-Year Municipal GO AA Index" as of August 31, 2017.*

***Includes inflation at 2.50%.*

****Initial trend rates are 7.00% for non-Medicare retirees; 10.00% for Medicare retirees and 12.00% for prescriptions for all retirees. Initial trend rates decrease to an ultimate trend rate of 4.50% over a period of 10 years.*

Discount Rate. A single discount rate of 3.42% was used to measure the total OPEB liability. There was a change of 0.44% in the discount rate since the previous year. The Discount Rate can be found in the 2017 TRS CAFR on page 83. Because the plan is essentially a "pay-as-you-go" plan, the single discount rate is equal to the prevailing municipal bond rate. The projection of cash flows used to determine the discount rate assumed that contributions from active members and those of the contributing employers and the non-employer contributing entity are made at the statutorily required rates. Based on those assumptions, the OPEB plan's fiduciary net position was projected to not be able to make all future benefit payments of current plan members. Therefore, the municipal bond rate was applied to all periods of projected benefit payments to determine the total OPEB liability. The source of the municipal bond rate was Fixed-income municipal bonds with 20 years to maturity that include only federally tax-exempt municipal bonds as reported in Fidelity Index's "20-year Municipal GO AA Index" as of August 31, 2017.

Sensitivity of the Net OPEB Liability

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

	1% Decrease in Discount Rate (2.42%)	Discount Rate (3.42%)	1% Increase in Discount Rate (4.42%)
DISD's proportionate share of the net OPEB liability	\$ 742,774,990	\$ 629,337,928	\$ 538,160,107

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

	1% Decrease	Current Healthcare Cost Trend Rate	1% Increase
DISD's proportionate share of the net OPEB liability	\$ 523,986,699	\$ 629,337,928	\$ 767,572,019

**Dallas Independent School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2018**

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB. At June 30, 2018, Dallas Independent School District reported a liability of \$629,337,928 for its proportionate share of TRS's net OPEB liability. This liability reflects a reduction for state OPEB support provided to Dallas Independent School District. The amount recognized by the District as its proportionate share of the net OPEB liability, the related state support, and the total portion of the net OPEB liability that was associated with the District were as follows:

District's proportionate share of the collective net OPEB liability	\$ 629,337,928
State's proportionate share that is associated with the District	<u>766,999,910</u>
Total	<u>\$ 1,396,337,838</u>

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

At August 31, 2017 the employer's proportion of the collective net OPEB liability was 1.45% which was the same proportion measured as of August 31, 2016.

Changes Since the Prior Actuarial Valuation. The following were changes to the actuarial assumptions or other inputs that affected measurement of the total OPEB liability since the prior measurement period. [These can be found in the TRS CAFR on page 83].

1. Significant plan changes were adopted during fiscal year ending June 30, 2018. Effective January 1, 2018, only one health plan option will exist (instead of three), and all retirees will be required to contribute monthly premiums for coverage. The health plan changes triggered changes to several of the assumptions, including participation rates, retirement rates, and spousal participation rates.
2. The August 31, 2016 valuation had assumed that the savings related to the Medicare Part D reimbursements would phase out by 2022. This assumption was removed for the August 31, 2017 valuation. Although there is uncertainty regarding these federal subsidies, the new assumption better reflects the current substantive plan. This change was unrelated to the plan amendment, and its impact was included as an assumption change in the reconciliation of the total OPEB liability. This change significantly lowered the OPEB liability.
3. The discount rate changed from 2.98% as of August 31, 2016 to 3.42% as of August 31, 2017. This change lowered the total OPEB liability.

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

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

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

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

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

**Dallas Independent School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2018**

For the year ended June 30, 2018, Dallas Independent School District recognized OPEB expense of \$256,658,565 and revenue of \$256,658,565 for support provided by the state.

At June 30, 2018, Dallas Independent School District reported its proportionate share of the TRS's deferred outflows of resources and deferred inflows of resources related to other post-employment benefits from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ -	\$ 13,137,907
Changes in actuarial assumptions	-	250,115,337
Net difference between projected and actual investment earnings	95,598	-
Changes in proportion and difference between the employer's contributions and the proportionate share of contributions	2,910	-
Contributions paid to TRS subsequent to the measurement date (to be calculated by employer)	8,335,750	-
Total	<u>\$ 8,434,258</u>	<u>\$ 263,253,244</u>

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

Year Ended June 30:	OPEB Expense Amount
2019	\$ (34,723,573)
2020	(34,723,573)
2021	(34,723,573)
2022	(34,723,573)
2023	(34,747,473)
Thereafter	(89,512,971)
Total	<u>\$ (263,154,736)</u>

NOTE 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. There were no significant reductions in insurance coverage from the prior year. The District purchases commercial insurance to cover property losses. There have been no claim settlements in excess of insurance coverage in the last three years.

Workers' Compensation. Beginning in 1989, the District moved from a self-insured workers' compensation program administered by a third party to a self-insured program administered by the District. The District currently reports all of its risk management activities in its Internal Service Fund. Claims expenditures and liabilities are reported when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated. These losses include an estimate of claims that have been incurred but not reported. The provision for reported claims and for claims incurred but not yet reported is determined by an actuary for the District management. The District has an agreement with a third party administrator to contract directly with medical providers for their workers' compensation program and their injured employees. At June 30, 2018, the accrued liability for workers' compensation self-insurance of \$8.8 million includes incurred but not reported claims.

This liability is based on the requirements of Governmental Accounting Standards Board Statement No. 10, which requires that a liability for claims be reported if information prior to the issuance of the financial

**Dallas Independent School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2018**

statements indicates that it is probable that a liability has been incurred as of the date of the financial statements, and the amount of loss can be reasonably estimated. Because actual claim liabilities depend on such complex factors as inflation, changes in legal doctrines, and damage awards, the process used in computing the liability does not necessarily result in an exact amount. This liability is the District's best estimate based on available information and management's estimate of administration costs necessary to provide future claims management.

Changes in the reported liability resulted from the following:

Fiscal Year	Balance at Beginning of Year	Current Year Claims and Changes in Estimates	Claims Payments	Balance at End of Year
2017 - 2018	\$ 9,284,842	\$ 3,562,291	\$ (4,018,042)	\$ 8,829,091
2016 - 2017	\$ 9,574,668	\$ 3,089,120	\$ (3,378,946)	\$ 9,284,842

Health Insurance. The Board of Trustees approved the District's participation in the Teacher Retirement System (TRS) Active Care Health Insurance Program as sponsored by the Teacher Retirement System of Texas and administered by Blue Cross Blue Shield of Texas and Medco Health (pharmacy) effective January 1, 2004. This is a premium-based plan; payments are made on a monthly basis for all covered employees. Effective September 1, 2014, the TRS Active Care Health Insurance Program is administered by Aetna and Caremark (pharmacy). As of September 1, 2015, Dallas ISD employees may also participate in the Scott & White HMO plan, which is a TRS Active Care option in addition to the Aetna – administered options.

Medicare Part D. 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 Part 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. For the years ended June 30, 2018 and 2017, these on-behalf payments were \$4,843,617 and \$4,803,958, respectively, and were recorded as equal revenues and expenditures in the General Fund.

NOTE O: LITIGATION, CONTINGENCIES AND COMMITMENTS

The District participates in a number of federal and state financial assistance programs. These programs are governed by various statutory rules and regulations, and amounts received and receivable under the funding programs are subject to periodic audit and adjustment by the funding agencies. The District is also subject to audit by the Texas Education Agency of the attendance data upon which payments from the agency are based. Any non-compliance could result in questioned costs or refunds to be paid back to the granting agencies. The District has established appropriate liabilities for these items.

There are other claims and lawsuits arising principally in the normal course of operations. In the opinion of the District's management, the potential losses, after insurance coverage, on all allegations, claims, and lawsuits will not have a material effect on the District's financial position, results of operations or liquidity.

NOTE P: CHANGE IN ACCOUNTING PRINCIPLE

During fiscal year 2018, the District adopted GASB Statement No. 75 for Accounting and Reporting for Post Employment Benefits Other than Pensions (OPEB). Adoption of GASB 75 required a prior period adjustment to report the effect of GASB 75 retroactively. The District recorded the net OPEB liability at the beginning of the measurement year as a cumulative effect of a change in accounting principle for \$1,111,064,324. The contributions made during the measurement period were recorded as a decrease in the prior period adjustment for \$7,524,068 and contributions recorded in the measurement period made by the District in the current reporting period were recorded for \$1,307,060. The net effect of these adjustments was \$1,104,847,316.

**Dallas Independent School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2018**

NOTE Q: NEW ACCOUNTING PRONOUNCEMENTS

GASB Statement No. 75: *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. Statement 75 was issued in June 2015. This Statement replaces the requirements of Statements No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, as amended, and No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*, for OPEB. Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, establishes new accounting and financial reporting requirements for OPEB plans. This standard became effective for the District in fiscal year 2018 and the prior year has been restated for the effect of this change in accounting principle.

GASB Statement No. 81: *Irrevocable Split-Interest Agreements*. Statement 81 was issued in March 2016. This Statement requires that a government that receives resources pursuant to an irrevocable split-interest agreement recognize assets, liabilities, and deferred inflows of resources at the inception of the agreement. Furthermore, this Statement requires that a government recognize assets representing its beneficial interests in irrevocable split-interest agreements that are administered by a third party, if the government controls the present service capacity of the beneficial interests. This Statement requires that a government recognize revenue when the resources become applicable to the reporting period. This standard became effective for the District in fiscal year 2018. The implementation had no significant effect on the District's financial statements.

GASB Statement No. 83: *Certain Asset Retirement Obligations*. Statement 83 was issued in November 2016. This Statement addresses accounting and financial reporting for certain asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. This Statement establishes criteria for determining the timing and pattern of recognition of a liability and a corresponding deferred outflow of resources for AROs. This Statement requires that recognition occur when the liability is both incurred and reasonably estimable. This Statement requires the measurement of an ARO to be based on the best estimate of the current value of outlays expected to be incurred. This Statement requires the current value of a government's AROs to be adjusted for the effects of general inflation or deflation at least annually. This Statement also requires disclosure of information about the nature of a government's AROs, the methods and assumptions used for the estimates of the liabilities, and the estimated remaining useful life of the associated tangible capital assets. This standard becomes effective for the District in fiscal year 2019. The District has not yet determined the impact of this statement.

GASB Statement No. 84: *Fiduciary Activities*. Statement 84 was issued in January 2017. The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity, and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. This standard becomes effective for the District in fiscal year 2019. The District has not yet determined the impact of this statement.

GASB Statement No. 85: *Omnibus 2017*. Statement 85 was issued in March 2017. The objective of this Statement is to address practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics, including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (pensions and other postemployment benefits [OPEB]). Specifically, this Statement addresses the following topics:

- Blending a component unit in circumstances in which the primary government is a business-type activity that reports in a single column for financial statement presentation
- Reporting amounts previously reported as goodwill and "negative" goodwill
- Classifying real estate held by insurance entities
- Measuring certain money market investments and participating interest-earning investment contracts at amortized cost
- Timing of the measurement of pension or OPEB liabilities and expenditures recognized in financial statements prepared using the current financial resources measurement focus
- Recognizing on-behalf payments for pensions or OPEB in employer financial statements
- Presenting payroll-related measures in required supplementary information for purposes of reporting by OPEB plans and employers that provide OPEB

**Dallas Independent School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2018**

- Classifying employer-paid member contributions for OPEB
- Simplifying certain aspects of the alternative measurement method for OPEB
- Accounting and financial reporting for OPEB provided through certain multiple-employer defined benefit OPEB plans.

This standard became effective for the District in fiscal year 2018. The implementation had no significant effect on the District's financial statements.

GASB Statement No. 86: *Certain Debt Extinguishment Issues*. Statement 86 was issued in May 2017. This Statement was issued to improve consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources—resources other than the proceeds of refunding debt—are placed in an irrevocable trust for the sole purpose of extinguishing debt. This Statement also improves accounting and financial reporting for prepaid insurance on debt that is extinguished, and notes to financial statements for debt that is defeased in substance. This standard became effective for the District in fiscal year 2018. The implementation had no significant effect on the District's financial statements.

GASB Statement No. 87: *Leases*. Statement 87 was issued in June 2017. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that were previously classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. This standard becomes effective for the District in fiscal year 2020. The District has not yet determined the impact of this statement.

GASB Statement No. 88: *Certain Disclosures Related to Debt, Including Direct Borrowing and Direct Placements*. Statement 88 was issued in April 2018. This Statement defines debt for purposes of disclosure in notes to financial statements as a liability that arises from a contractual obligation to pay cash in one or more payments to settle an amount that is fixed at the date the contractual obligation is established. The Statement requires that the additional essential information related to debt be disclosed in the notes to financial statements:

- Unused lines of credit
- Assets pledged as collateral for the debt
- Terms specified in debt agreements related to significant events (such as default, termination, accelerated clauses)

This statement becomes effective for the District in fiscal year 2019. The district has not yet determined the impact of this statement.

GASB Statement No. 89: *Accounting for Interest Cost Incurred Before the End of a Construction Period*. Statement 89 was issued in June 2018. This Statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund. This statement becomes effective for the District in fiscal year 2020. The District has not yet determined the impact of this statement.

GASB Statement No. 90: *Majority Equity Interests – an Amendment to GASB Statements No. 14 and No. 61*. Statement 90 was issued in August 2018. The primary objectives of this Statement is to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statements information for certain component units. The Statement also requires that a component unit in which a government has a 100 percent equity interest account for its assets, deferred outflows of resources, liabilities, and deferred inflows of resources at acquisition value at the date the government acquired a 100 percent equity interest in the component unit. This statement becomes effective for the District in fiscal year 2019. The District has not yet determined the impact of this statement.

**Dallas Independent School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2018**

NOTE R: SUBSEQUENT EVENTS

On August 16, 2018, the District called a Board meeting to approve several resolutions that would be on the November 6th ballot for voter approval. The Board adopted a Maintenance and Operations tax rate of \$1.17 that exceeded the previous tax rate of \$1.04005 which requires voter approval. The Board also approved an authorization of the issuance of unlimited tax bonds, not to exceed \$75 million, for the purchase of school buses and construction of bus maintenance and operation facility. The Board also approved the issuance of unlimited tax refunding bonds, not to exceed \$75 million, to refund outstanding obligations of the District payable from the District's limited maintenance tax. In addition, another item that was approved at the called Board meeting, but will not be on the ballot, was the creation of a commercial paper program under which will be issued short term obligations not to exceed \$300 million. The District issued \$800,000 on October 4, to pay the cost of issuance for establishing the program.

On October 18, 2018, the Board approved to set aside \$126 million in the assigned fund balance in fiscal year 2019 for annual employee salary increases and to support the administration's efforts to implement the 4-year forecast for annual salary increases, contingent upon approval and passage of the tax rate increase in the November 2018 tax ratification election.

NOTE S: SPECIAL ITEM

Special items include the transfer and addition of buses and vehicles from Dallas County Schools at Fair Market Value as of June 30, 2018 for \$41,512,474 as part of Dallas County Schools dissolution per Senate Bill 2065.

NOTE T: NEGATIVE OPERATING GRANTS AND CONTRIBUTIONS – STATEMENT OF ACTIVITIES

Expense activity is required to be recorded by districts who are participants in cost-sharing pension and OPEB benefit plans with a special funding situation where non-employer contributing entities (NECE) also participate in contributions to the plans. TRS-Retirement and TRS-Care benefit plans are both cost-sharing plans with special funding situations. Therefore, on-behalf expense activity of the NECE must be recorded at the government-wide level of reporting on the District's financial statements.

During the year under audit, the NECE expense was negative due to changes in benefits within the TRS-Care plan. The accrual for the proportionate share of that expense was a negative on-behalf revenue and negative on-behalf expense. This resulted in negative revenue for operating grants and contributions on the Statement of Activities. According to guidance provided directly from GASB, this is the correct reporting.

Following are the effects on the Statement of Activities as a result of the negative on-behalf accruals recorded:

Function	Operating Grants and Contributions	Negative On-Behalf Accruals	Operating Grants and Contributions (Excluding On-Behalf Accruals)
11 Instruction	\$ (70,821,807)	\$ (167,433,220)	\$ 96,611,413
12 Instructional Resources and Media Services	(3,593,014)	(4,256,915)	663,901
13 Curriculum and Staff Development	36,543,830	(1,760,129)	38,303,959
21 Instructional Leadership	1,868,541	(5,886,658)	7,755,199
23 School Leadership	(17,868,949)	(22,094,694)	4,225,745
31 Guidance, Counseling and Evaluation Services	4,537,124	(11,048,838)	15,585,962
32 Social Work Services	144,704	(601,176)	745,880
33 Health Services	(3,170,162)	(4,194,941)	1,024,779
34 Student (Pupil) Transportation	12,032,977	(88,071)	12,121,048
35 Food Services	110,127,092	-	110,127,092
36 Cocurricular/Extracurricular Activities	(3,512,932)	(4,452,894)	939,962
41 General Administration	(2,067,617)	(6,315,291)	4,247,674
51 Facilities Maintenance and Operations	(14,714,045)	(19,600,113)	4,886,068
52 Security and Monitoring Services	(4,076,134)	(4,862,546)	786,412
53 Data Processing Services	(2,401,466)	(3,412,101)	1,010,635
61 Community Services	6,966,374	(650,978)	7,617,352
Totals	<u>\$ 49,994,516</u>	<u>\$ (256,658,565)</u>	<u>\$ 306,653,081</u>

REQUIRED SUPPLEMENTARY INFORMATION

Dallas Independent School District
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual - General Fund
For the Year Ended June 30, 2018

		Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance with Final Budget
		Original	Final		
REVENUES					
5700	Local and Intermediate Sources	\$ 1,121,817,388	\$ 1,119,259,381	\$ 1,131,975,313	\$ 12,715,932
5800	State Program Revenues	229,815,493	232,257,822	242,950,461	10,692,639
5900	Federal Program Revenues	67,551,372	64,523,806	74,272,495	9,748,689
5020	Total Revenues	1,419,184,253	1,416,041,009	1,449,198,269	33,157,260
EXPENDITURES					
Current					
11	Instruction	826,174,380	828,415,834	805,690,756	22,725,078
12	Instructional Resources and Media Services	19,313,622	19,568,088	19,106,615	461,473
13	Curriculum and Instructional Staff Development	14,033,198	14,001,880	12,480,419	1,521,461
21	Instructional Leadership	37,041,226	36,028,474	31,689,179	4,339,295
23	School Leadership	91,388,052	92,938,901	91,637,442	1,301,459
31	Guidance, Counseling and Evaluation Services	53,488,688	56,070,193	53,140,909	2,929,284
32	Social Work Services	2,125,962	2,308,204	2,023,824	284,380
33	Health Services	19,758,332	19,854,251	18,446,377	1,407,874
34	Student (Pupil) Transportation	53,779,842	54,140,604	39,012,203	15,128,401
36	Cocurricular/Extracurricular Activities	29,813,256	35,482,802	33,076,584	2,406,218
41	General Administration	53,283,998	49,995,252	43,596,790	6,398,462
51	Facilities Maintenance and Operations	142,053,832	151,253,675	140,864,581	10,389,094
52	Security and Monitoring Services	22,901,859	22,818,914	20,002,401	2,816,513
53	Data Processing Services	31,656,476	31,865,614	29,573,843	2,291,771
61	Community Services	3,267,836	4,112,992	3,370,162	742,830
Debt Service					
72	Interest on Long Term Debt	8,362,237	8,362,237	8,362,237	-
73	Bond Fees and Charges	15,000	15,000	5,990	9,010
Capital Outlay					
81	Facilities Acquisition and Construction	5,500,000	23,861,009	23,266,814	594,195
Intergovernmental					
95	Payments to Juvenile Justice Alternative Ed. Prg.	86,300	96,300	7,332	88,968
97	Payments to Tax Increment Fund	65,373	65,673	65,673	-
99	Other Intergovernmental Charges	5,074,784	5,077,536	5,069,208	8,328
6030	Total Expenditures	1,419,184,253	1,456,333,433	1,380,489,339	75,844,094
1100	Excess (Deficiency) of Revenues Over Expenditures	-	(40,292,424)	68,708,930	109,001,354
OTHER FINANCING SOURCES (USES)					
7912	Sale of Real and Personal Property	-	20,974,862	21,084,897	110,035
7915	Transfers In	-	19,824,341	29,826,988	10,002,647
8911	Transfers Out (Use)	-	(7,167,000)	(7,241,393)	(74,393)
7080	Total Other Financing Sources (Uses)	-	33,632,203	43,670,492	10,038,289
1200	Net Change in Fund Balances	-	(6,660,221)	112,379,422	119,039,643
0100	Fund Balance - Beginning	260,153,460	260,153,460	260,153,460	-
3000	Fund Balance - Ending	\$ 260,153,460	\$ 253,493,239	\$ 372,532,882	\$ 119,039,643

See Notes of Required Supplementary Information.

**Dallas Independent School District
Notes to the Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual - General Fund
Required Supplementary Information
For the Year Ended June 30, 2018**

The District uses Generally Accepted Accounting Principles (GAAP) as the budget basis.

1. Before June 30 of the preceding fiscal year, the District prepares a budget for the next succeeding fiscal year beginning July 1. The operating budget includes proposed expenditures and the means of financing them.
2. A meeting of the Board is then called for the purpose of adopting the proposed budget after ten days' public notice of the meeting has been given.
3. Before July 1, the Board legally adopts the budget through passage of a resolution.

After budget approval, amendments (transfers between functions within a campus or organization) will be subject to approval by the Budget Services Department. The Board must approve budget amendments affecting the District's overall functional alignment. All budget amendments are reported to the Board on a monthly basis by the Chief Financial Officer. Additionally, fund level amendments which impact the fund balance require approval of majority of the members of the Board. Fund balance transactions are executed following the approval by the Board of Trustees, and reflected in the official minutes.

The budget manager at the expenditure function/object level controls each budget. For budgetary purposes, appropriations lapse at fiscal year-end, and outstanding encumbrances at year-end are re-appropriated in the next year.

TEA requires the budgets for the governmental fund types to be filed with the TEA. The expenditure should not exceed the budget in any functional category under TEA requirements. For the year ended June 30, 2018, expenditures did not exceed the budget in any functional category.

Dallas Independent School District
Schedule of the District's Proportionate Share of the Net Pension Liability
Teacher Retirement System
For the Year Ended June 30, 2018

	2018	2017	2016	2015
District's Proportionate Share of Net Pension Liability (Asset)	\$ 371,237,578	\$ 459,885,905	\$ 427,149,463	\$ 248,867,951
State's Proportionate Share of the Net Pension Liability (Asset) associated with the District	445,725,181	536,455,724	521,628,830	418,542,854
Total	<u>\$ 816,962,759</u>	<u>\$ 996,341,629</u>	<u>\$ 948,778,293</u>	<u>\$ 667,410,805</u>
District's Proportion of the Net Pension Liability (Asset)	1.1610385%	1.2169992%	1.2083891%	0.9316925%
District's Covered-Employee Payroll	\$ 1,034,387,378	\$ 1,024,643,933	\$ 980,349,284	\$ 913,475,811
District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll	35.89%	44.88%	43.57%	27.24%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	82.17%	78.00%	78.43%	83.25%

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

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

**Dallas Independent School District
Schedule of District Contributions
Teacher Retirement System
For the Year Ended June 30, 2018**

	2018	2017	2016	2015
Contractually Required Contribution (Current Fiscal Year)	\$ 37,597,460	\$ 36,836,790	\$ 36,370,962	\$ 33,027,288
Contribution in Relation to the Contractually Required Contribution	(37,597,460)	(36,836,790)	(36,370,962)	(33,027,288)
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's Covered-Employee Payroll	\$ 1,028,852,109	\$ 1,037,266,640	\$ 1,020,185,302	\$ 969,551,901
Contributions as a Percentage of Covered-Employee Payroll	3.65%	3.55%	3.57%	3.41%

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

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

Dallas Independent School District
Schedule of the District's Proportionate Share of the Net OPEB Liability
Teacher Retirement System
For the Year Ended June 30, 2018

	FY 2018 Plan Year 2017
District's Proportionate Share of Net Post Employment Benefit Liability (Asset)	\$ 629,337,928
State's Proportionate Share of the Net Post Employment Benefit Liability (Asset) associated with the District	766,999,910
Total	<u>\$ 1,396,337,838</u>
District's Proportion of the Net Liability (Asset) for Other Post Employment Benefits	1.4472114%
District's Covered-Employee Payroll	\$ 1,034,387,378
District's Proportionate Share of the Net OPEB Liability (Asset) as a Percentage of its Covered-Employee Payroll	60.84%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	0.91%

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

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

Dallas Independent School District
Schedule of District Contributions for Other Post Employment Benefits (OPEB)
Teacher Retirement System
For the Year Ended June 30, 2018

	2018
Contractually Required Contribution (Current Fiscal Year)	\$ 9,642,810
Contribution in Relation to the Contractually Required Contribution	9,642,810
Contribution Deficiency (Excess)	\$ -
District's Covered-Employee Payroll	\$ 1,028,852,109
Contributions as a Percentage of Covered-Employee Payroll	0.94%

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

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

**Dallas Independent School District
Notes to Teacher Retirement System and Post Employment Benefits Schedules
Required Supplementary Information
For the Year Ended June 30, 2018**

Pension Changes of Benefit Terms

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

Pension Changes of Assumptions

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

Other Post Employment Benefits Changes of Benefit Terms

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

Other Post Employment Benefits Changes of Assumptions

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

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

COMBINING AND OTHER STATEMENTS

Non-Major Governmental Funds

The Non-Major Governmental Funds, which are made up of Special Revenue Funds, are used to account for funds that are legally restricted for specified purposes excluding capital projects.

PreK Partnership Planning Grant (Fund 203) – These funds are to be used to account, on a project basis, for funds granted to local educational agencies to develop partnerships with Texas Rising Star (TRS) 4-Star private child care providers to expand access and service delivery models for provision of 3 and 4 year old prekindergarten.

ESEA Title X, Part C Homeless (Fund 206) – These funds are to be used to account, on a project basis, for funds allocated to local educational agencies to enable schools to provide a variety of staff development and supplemental services, including in-service training, counseling, psychological services and tutoring. This program is authorized under P.L. 107-110, McKinney-Vento Homeless Education Assistance Improvement of 2001 as amended by NCLB Act of 2001, Title X, Part C.

ESEA Title I, Part A, D and SIP (Fund 211) – These funds are to be used to account, on a project basis, for funds allocated to local educational agencies to enable schools to provide opportunities for children served to acquire the knowledge and skills contained in the challenging State content standards and to meet the challenging State performance standards developed for all children. This program is authorized under P.L. 107-110.

Temporary Assistance for Needy Families (TANF) Foster Youth Dropout (Fund 223) – Foster Youth Dropout grant is a planning grant to deliver dropout prevention and recovery services to current and former foster care youth for high school completion and to provide them with pathways to post-secondary education and work. The purpose of this project is to greatly enhance and supplement these valuable efforts and is a vital step in assuring that students currently or formerly in foster care know that they are part of the state's new higher education plan and the state's aspirations.

IDEA – Part B, Formula (Fund 224) – These funds are to be used to account, on a project basis, for funds granted to operate educational programs for children with disabilities. This funding also includes capacity building and improvement (silver) sub-grants. This program is authorized under P.L. 108-446.

IDEA – Part B, Preschool (Fund 225) – These funds are to be used to account, on a project basis, for funds granted for preschool children with disabilities. This program is authorized under P.L. 105-17.

IDEA – Part B, High Cost EDI (Fund 226) – High Cost Funds (HCF) help offset the financial impact on districts that provide educational services to high-need children with disabilities. High-need children with disabilities receive educational services which exceed three times the average per pupil expenditure (APPE). HCF cover only costs identified in the child's Individualized Education Program (IEP) and associated with providing direct special education and related services.

IDEA – Part B, Visually Impaired (Fund 227) – This fund classification is used to account, on a project basis for funds granted to operate educational programs for children with disabilities. This fund classification includes capacity building and improvement (silver) deaf sub-grants. (84.027) (U.S. Department of Education).

Food Services Program (Fund 240) – This fund is used to account for allowable expenditures, as determined under the National School Lunch Program, for the operation and improvement of the National Breakfast and Lunch Programs.

Career and Technical – Basic Grant (Fund 244) – These funds are to be used to account, on a project basis, for funds granted to provide career and technology education to develop new and/or improve career and technology education programs for paid and unpaid employment. Full participation in the basic grant is from individuals who are members of special populations. This program is authorized by P.L. 109-270.

ESEA Title II, Part A – Improving Teacher Quality (Fund 255) – These funds are used to provide financial assistance to LEAs to increase student academic achievement through improving teacher and principal quality and increasing the number highly qualified teachers in classrooms and highly qualified principals in schools, and hold LEAs accountable for improving student academic achievement. This program is authorized under P.L. 107-110.

Title III, Part A – English Language Acquisition (Fund 263) – These funds are used to account, on a project basis, for funds granted to improve the education of limited English proficient children, by assisting the children to learn English and meet State academic content and student academic achievement standards. This program is authorized under P.L. 107-110.

Medicaid Administrative Claiming Program – MAC (Fund 272) – These funds are used to account, on a project basis, for funds allocated to local education agencies for reimbursement of eligible administrative costs for activities attributed to the implementation of the Medicaid state plan.

Title II, B Math/Science Partnership (Fund 273) – The purpose of this grant is to implement programs that improve the computational thinking and academic achievement in computer science students through partnerships among institutions of higher education, local education agencies, elementary schools, and secondary schools.

Other Federal Special Revenue Funds (Fund 289) – These funds are to be used to account, on a project basis, for federally funded special revenue funds that have not been previously mentioned. This fund includes the Indian Education; Refugee School Impact; Project M-NET; Farm to School; Home Instruction for Parents of Preschool Youngsters (HIPPY); Industry Cluster; Hurricane Emergency Impact Aid Grant. These programs are designed to address the unique and culturally related needs of students.

SSA IDEA, Part B – Discretionary Deaf (Fund 315) – These funds are used to account, on a project basis, for funds used to support an Education Service Center (“ESC”) special education component, priority projects in secondary special education, and adaptive/assertive devices component through ESCs, private residential placements, state school student support, support of student in care and treatment or hospital facilities, enhanced Braille production, and other emerging needs.

SSA IDEA, Part C – Deaf - Early Intervention (Fund 340) – These funds are used to account, on a project basis, for funds granted to assist local Regional Day School for the Deaf programs and the Texas School for the Deaf in providing direct services to hearing impaired infants to toddlers, age’s birth through two years of age. This program provides supplemental and appropriate series to eligible students that are provided by a certified and trained teacher. This program is authorized under P.L. 101-119.

Visually Impaired SSVI (Fund 385) – Supplemental State Visually Impaired grant supports the purchasing of needed devices, software and tools needed for students with visual impairments.

Texas Successful Schools Program (Fund 393) – This fund classification is used to account, on a project basis, for grant monies applied for by school districts after being notified by TEA of their eligibility based on Academic Excellence Indicator System (AEIS) criteria. (TEC 39.091)

Advanced Placement Incentives (Fund 397) – This fund classification is used to account, on a project basis, for funds awarded to school districts under the Texas Advanced Placement Award Incentive Program, Chapter 28, Subchapter C, TEC.

State Instructional Materials (Fund 410) – This fund classification is used to account, on a project basis, for funds awarded to school districts under the textbook allotment (see 411 Technology Allotment). (TEC Chapter 31, Subchapter B).

Expanding 3E's Grant Program (Fund 427) – This fund classification is used to account, on a project basis, for funds awarded to school districts under Section 12.0027 of the Texas Agriculture Code and Section 30.026 of the Texas Education Code, for the purpose of incorporating nutrition education components into the programs currently provided to children in order to promote better health and prevent obesity among children in the state.

Other State Special Revenue Funds (Fund 429) – These are state funded special revenue funds not otherwise listed. This fund includes the Educator Excellence Innovation Program. The goal of the Educator Excellence Innovation Program grant is to improve educator effectiveness in Texas public schools through the funding of innovative practices that target the entire timeline of a teacher's career. The program funded with the grant will improve student performance by fostering open, supportive and collaborative campus cultures that allow teachers to seek and attain growth within their field.

SSA Regional Day School - Deaf (Fund 435) – These funds are used by the fiscal agent of a shared services arrangement to account, on a project basis, for funds allocated for staff and activities of the Regional Day School Program for the Deaf.

Campus Activity Funds (Fund 461) – This fund classification is used to account for transactions related to a principal's activity fund if the monies generated are not subject to recall by the school district's board of trustees into the General Fund. Gross revenues from sales are recorded in revenue object code 5755. The cost of goods sold is recorded in Function 36, using the appropriate expenditure object code.

Other Local Special Revenue Funds (Fund 499) – These are locally funded special revenue funds not otherwise listed. This fund includes More Time for Learning Initiative/Summer Camp; CRIS-Bill & Melinda Gates; NextGen-Personalized Learning. These programs are designed to address expanded learning time programs for poor city children, enhance college readiness through development of performance metrics, and the pursuance of personalized, rigorous, and relevant learning experiences.

**Dallas Independent School District
Combining Balance Sheet
Non-Major Governmental Funds
June 30, 2018**

Data Control Codes	203 PreK Partnership Planning	206 ESEA Title X, Pt. C Homeless	211 ESEA Title I Part A, D and SIP	223 TANF Foster Youth Dropout
ASSETS				
1110 Cash and Cash Equivalents	\$ 1,000	\$ -	\$ -	\$ -
1120 Investments - Current	-	-	-	-
1240 Receivables from Other Governments	32,732	93,920	14,047,562	75,042
1290 Other Receivables, Net	-	-	-	-
1300 Inventories	-	-	-	-
1000 Total Assets	<u>33,732</u>	<u>93,920</u>	<u>14,047,562</u>	<u>75,042</u>
LIABILITIES				
2110 Accounts Payable	396	71	1,231,054	20,601
2150 Payroll Deductions and Withholdings Payable	-	1	944,768	1,601
2160 Accrued Wages and Benefits Payable	-	5	5,564,891	8,386
2170 Due to Other Funds	33,336	91,443	5,757,222	44,454
2180 Due to Other Governments	-	-	679	-
2200 Accrued Expenditures	-	2,400	548,948	-
2300 Unearned Revenues	-	-	-	-
2000 Total Liabilities	<u>33,732</u>	<u>93,920</u>	<u>14,047,562</u>	<u>75,042</u>
FUND BALANCES				
Nonspendable Fund Balance				
3410 Inventories	-	-	-	-
Restricted Fund Balance				
3450 Federal or State Funds Grant Restriction	-	-	-	-
3490 Other Restricted Fund Balance	-	-	-	-
Assigned Fund Balance				
3590 Other Assigned Fund Balance	-	-	-	-
3000 Total Fund Balances	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
4000 Total Liabilities and Fund Balances	<u>\$ 33,732</u>	<u>\$ 93,920</u>	<u>\$ 14,047,562</u>	<u>\$ 75,042</u>

224	225	226	227	240	244
IDEA - Part B Formula	IDEA - Part B Preschool	IDEA - Part B High Cost EDI	IDEA - Part B Visually Impaired	Food Services Program	Career and Technical - Basic Grant
\$ -	\$ -	\$ -	\$ -	\$ 17,289,085	\$ -
-	-	-	-	-	-
4,955,170	42,067	464,604	-	1,147,745	183,536
-	-	-	-	314	-
-	-	-	-	5,398,933	-
4,955,170	42,067	464,604	-	23,836,077	183,536
78,405	-	-	-	1,011,529	5,714
478,669	2,589	-	-	255,618	310
2,963,394	16,802	-	-	1,438,678	2,640
1,319,650	21,040	464,604	-	14,559	69,493
-	-	-	-	-	25,933
115,052	1,636	-	-	-	79,446
-	-	-	-	79,757	-
4,955,170	42,067	464,604	-	2,800,141	183,536
-	-	-	-	5,398,933	-
-	-	-	-	15,637,003	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	21,035,936	-
\$ 4,955,170	\$ 42,067	\$ 464,604	\$ -	\$ 23,836,077	\$ 183,536

**Dallas Independent School District
Combining Balance Sheet
Non-Major Governmental Funds
June 30, 2018**

Data Control Codes	255 ESEA Title II, Part A Improving Teacher Quality	263 Title III, A English Lang. Acquisition	272 Medicaid Admin. Claim MAC
ASSETS			
1110 Cash and Cash Equivalents	\$ -	\$ -	\$ 2,143,434
1120 Investments - Current	-	-	-
1240 Receivables from Other Governments	811,017	1,196,435	-
1290 Other Receivables, Net	-	-	237,549
1300 Inventories	-	-	-
1000 Total Assets	<u>811,017</u>	<u>1,196,435</u>	<u>2,380,983</u>
LIABILITIES			
2110 Accounts Payable	56,245	82,209	923
2150 Payroll Deductions and Withholdings Payable	16,419	48,582	-
2160 Accrued Wages and Benefits Payable	135,066	365,134	-
2170 Due to Other Funds	588,196	621,267	-
2180 Due to Other Governments	-	-	-
2200 Accrued Expenditures	15,091	79,243	-
2300 Unearned Revenues	-	-	-
2000 Total Liabilities	<u>811,017</u>	<u>1,196,435</u>	<u>923</u>
FUND BALANCES			
Nonspendable Fund Balance			
3410 Inventories	-	-	-
Restricted Fund Balance			
3450 Federal or State Funds Grant Restriction	-	-	2,380,060
3490 Other Restricted Fund Balance	-	-	-
Assigned Fund Balance			
3590 Other Assigned Fund Balance	-	-	-
3000 Total Fund Balances	<u>-</u>	<u>-</u>	<u>2,380,060</u>
4000 Total Liabilities and Fund Balances	<u>\$ 811,017</u>	<u>\$ 1,196,435</u>	<u>\$ 2,380,983</u>

EXHIBIT H-1 (Cont'd)

273 Title II, B Math/Science Partnership	289 Other Federal Special Revenue Funds	315 SSA IDEA, Part B Discretionary Deaf	340 SSA - IDEA C Deaf - Early Intervention	385 Visually Impaired SSVI
\$ -	\$ 1,060	\$ -	\$ -	\$ -
-	-	-	-	-
-	1,527,070	330,633	-	-
-	-	-	-	-
-	-	-	-	-
-	1,528,130	330,633	-	-
-	248,860	178,088	-	-
-	10,405	8,098	-	-
-	77,927	48,592	-	-
-	1,155,553	95,855	-	-
-	-	-	-	-
-	33,695	-	-	-
-	1,690	-	-	-
-	1,528,130	330,633	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
\$ -	\$ 1,528,130	\$ 330,633	\$ -	\$ -

Dallas Independent School District
Combining Balance Sheet
Non-Major Governmental Funds
June 30, 2018

Data Control Codes	393 Texas Successful Schools Prog.	397 Advanced Placement Incentives	410 State Instructional Materials	427 Expanding 3 E's Grant Program
ASSETS				
1110 Cash and Cash Equivalents	\$ 26,682	\$ 138,398	\$ 510,164	\$ -
1120 Investments - Current	-	-	-	-
1240 Receivables from Other Governments	-	-	876,513	-
1290 Other Receivables, Net	-	-	-	-
1300 Inventories	-	-	-	-
1000 Total Assets	<u>26,682</u>	<u>138,398</u>	<u>1,386,677</u>	<u>-</u>
LIABILITIES				
2110 Accounts Payable	-	4,366	792,447	-
2150 Payroll Deductions and Withholdings Payable	-	-	-	-
2160 Accrued Wages and Benefits Payable	-	-	-	-
2170 Due to Other Funds	-	-	-	-
2180 Due to Other Governments	-	-	-	-
2200 Accrued Expenditures	-	1,470	594,230	-
2300 Unearned Revenues	-	-	-	-
2000 Total Liabilities	<u>-</u>	<u>5,836</u>	<u>1,386,677</u>	<u>-</u>
FUND BALANCES				
Nonspendable Fund Balance				
3410 Inventories	-	-	-	-
Restricted Fund Balance				
3450 Federal or State Funds Grant Restriction	26,682	132,562	-	-
3490 Other Restricted Fund Balance	-	-	-	-
Assigned Fund Balance				
3590 Other Assigned Fund Balance	-	-	-	-
3000 Total Fund Balances	<u>26,682</u>	<u>132,562</u>	<u>-</u>	<u>-</u>
4000 Total Liabilities and Fund Balances	<u>\$ 26,682</u>	<u>\$ 138,398</u>	<u>\$ 1,386,677</u>	<u>\$ -</u>

EXHIBIT H-1 (Cont'd)

429 Other State Special Revenue Funds	435 SSA Regional Day School - Deaf	461 Campus Activity Funds	499 Other Local Special Revenue Funds	Total Non-Major Governmental Funds
\$ 26,099	\$ -	\$ 5,854,217	\$ 5,420,362	\$ 31,410,501
-	-	5,000	-	5,000
76,725	1,084,611	-	16,068	26,961,450
-	3,500	-	129,111	370,474
-	-	-	-	5,398,933
102,824	1,088,111	5,859,217	5,565,541	64,146,358
541	-	51,921	331,070	4,094,440
-	62,028	-	728	1,829,816
-	370,796	-	8,056	11,000,367
75,517	630,272	437,836	140,706	11,561,003
-	-	-	-	26,612
667	25,015	101,458	42,246	1,640,597
9,800	-	-	1,702,714	1,793,961
86,525	1,088,111	591,215	2,225,520	31,946,796
-	-	-	-	5,398,933
1,513	-	-	-	18,177,820
-	-	-	3,340,021	3,340,021
14,786	-	5,268,002	-	5,282,788
16,299	-	5,268,002	3,340,021	32,199,562
\$ 102,824	\$ 1,088,111	\$ 5,859,217	\$ 5,565,541	\$ 64,146,358

Dallas Independent School District
Combining Statement of Revenues, Expenditures, and Changes
in Fund Balances
Non-Major Governmental Funds
For the Year Ended June 30, 2018

Data Control Codes	203 PreK Partnership Planning	206 ESEA Title X, Pt. C Homeless	211 ESEA Title I Part A, D and SIP	223 TANF Foster Youth Dropout
REVENUES				
5700 Local and Intermediate Sources	\$ -	\$ -	\$ -	\$ -
5800 State Program Revenues	-	-	-	-
5900 Federal Program Revenues	148,482	191,496	70,897,635	88,693
5020 Total Revenues	148,482	191,496	70,897,635	88,693
EXPENDITURES				
Current				
11 Instruction	110,198	2,651	26,595,704	54,717
12 Instructional Resources and Media Services	-	-	98,146	-
13 Curriculum and Instructional Staff Development	-	-	29,498,306	-
21 Instructional Leadership	38,284	-	1,393,541	33,345
23 School Leadership	-	-	1,226,067	-
31 Guidance, Counseling and Evaluation Services	-	-	4,179,014	631
32 Social Work Services	-	-	365,880	-
33 Health Services	-	-	48	-
34 Student (Pupil) Transportation	-	-	-	-
35 Food Services	-	-	-	-
36 Cocurricular/Extracurricular Activities	-	-	-	-
41 General Administration	-	-	1,236,142	-
51 Facilities Maintenance and Operations	-	-	-	-
52 Security and Monitoring Services	-	-	126,627	-
53 Data Processing Services	-	-	-	-
61 Community Services	-	188,845	6,178,160	-
6030 Total Expenditures	148,482	191,496	70,897,635	88,693
1100 Excess (Deficiency) of Revenues Over Expenditures	-	-	-	-
OTHER FINANCING SOURCES (USES)				
7915 Transfers In	-	-	-	-
8949 Other Uses	-	-	-	-
7080 Total Other Financing Sources (Uses)	-	-	-	-
1200 Net Change in Fund Balance	-	-	-	-
0100 Fund Balance - Beginning	-	-	-	-
3000 Fund Balance - Ending	\$ -	\$ -	\$ -	\$ -

EXHIBIT H-2

224	225	226	227	240	244
IDEA - Part B Formula	IDEA - Part B Preschool	IDEA - Part B High Cost EDI	IDEA - Part B Visually Impaired	Food Services Program	Career and Technical - Basic Grant
\$ -	\$ -	\$ -	\$ -	\$ 2,039,281	\$ -
-	-	-	-	544,115	-
27,052,026	348,368	464,604	1,631	111,830,469	1,940,871
27,052,026	348,368	464,604	1,631	114,413,865	1,940,871
13,451,214	217,306	464,604	1,631	-	1,229,626
-	-	-	-	-	-
464,565	3,760	-	-	-	99,711
2,503,743	127,302	-	-	-	611,534
8,014	-	-	-	-	-
9,869,496	-	-	-	-	-
300,185	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	111,415,975	-
-	-	-	-	-	-
8,661	-	-	-	-	-
-	-	-	-	1,805,010	-
-	-	-	-	-	-
442,093	-	-	-	-	-
4,055	-	-	-	-	-
27,052,026	348,368	464,604	1,631	113,220,985	1,940,871
-	-	-	-	1,192,880	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	1,192,880	-
-	-	-	-	19,843,056	-
\$ -	\$ -	\$ -	\$ -	\$ 21,035,936	\$ -

Dallas Independent School District
Combining Statement of Revenues, Expenditures, and Changes
in Fund Balances
Non-Major Governmental Funds
For the Year Ended June 30, 2018

Data Control Codes	255 ESEA Title II, Part A Improving Teacher Quality	263 Title III, A English Lang. Acquisition	272 Medicaid Admin. Claim MAC
REVENUES			
5700 Local and Intermediate Sources	\$ -	\$ -	\$ -
5800 State Program Revenues	-	-	-
5900 Federal Program Revenues	6,185,716	7,452,563	467,786
5020 Total Revenues	6,185,716	7,452,563	467,786
EXPENDITURES			
Current			
11 Instruction	-	2,993,094	-
12 Instructional Resources and Media Services	-	-	-
13 Curriculum and Instructional Staff Development	3,303,717	3,770,885	-
21 Instructional Leadership	1,200,631	2,905	-
23 School Leadership	14,044	3,132	-
31 Guidance, Counseling and Evaluation Services	27,849	-	-
32 Social Work Services	-	-	-
33 Health Services	-	-	391,601
34 Student (Pupil) Transportation	-	-	-
35 Food Services	-	-	-
36 Cocurricular/Extracurricular Activities	-	-	-
41 General Administration	1,612,600	26,931	-
51 Facilities Maintenance and Operations	23,171	12,273	-
52 Security and Monitoring Services	3,704	2,662	-
53 Data Processing Services	-	-	-
61 Community Services	-	640,681	-
6030 Total Expenditures	6,185,716	7,452,563	391,601
1100 Excess (Deficiency) of Revenues Over Expenditures	-	-	76,185
OTHER FINANCING SOURCES (USES)			
7915 Transfers In	-	-	-
8949 Other Uses	-	-	-
7080 Total Other Financing Sources (Uses)	-	-	-
1200 Net Change in Fund Balance	-	-	76,185
0100 Fund Balance - Beginning	-	-	2,303,875
3000 Fund Balance - Ending	\$ -	\$ -	\$ 2,380,060

EXHIBIT H-2 (Cont'd)

273 Title II, B Math/Science Partnership	289 Other Federal Special Revenue Funds	315 SSA IDEA, Part B Discretionary Deaf	340 SSA - IDEA C Deaf - Early Intervention	385 Visually Impaired SSVI
\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	17,763
42,361	3,201,162	737,142	2,646	-
42,361	3,201,162	737,142	2,646	17,763
19,515	2,217,867	690,887	2,646	17,763
-	-	-	-	-
22,846	374,751	-	-	-
-	76,655	46,180	-	-
-	1,044	-	-	-
-	5,410	75	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	58,601	-	-	-
-	909	-	-	-
-	-	-	-	-
-	96	-	-	-
-	465,829	-	-	-
42,361	3,201,162	737,142	2,646	17,763
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
\$ -	\$ -	\$ -	\$ -	\$ -

Dallas Independent School District
Combining Statement of Revenues, Expenditures, and Changes
in Fund Balances
Non-Major Governmental Funds
For the Year Ended June 30, 2018

Data Control Codes	393 Texas Successful Schools Prog.	397 Advanced Placement Incentives	410 State Instructional Materials	427 Expanding 3 E's Grant Program
REVENUES				
5700 Local and Intermediate Sources	\$ -	\$ -	\$ -	\$ -
5800 State Program Revenues	-	8,530	19,872,785	2,759
5900 Federal Program Revenues	-	-	-	-
5020 Total Revenues	-	8,530	19,872,785	2,759
EXPENDITURES				
Current				
11 Instruction	-	-	19,872,785	2,759
12 Instructional Resources and Media Services	-	-	-	-
13 Curriculum and Instructional Staff Development	-	15,754	-	-
21 Instructional Leadership	-	-	-	-
23 School Leadership	-	-	-	-
31 Guidance, Counseling and Evaluation Services	-	-	-	-
32 Social Work Services	-	-	-	-
33 Health Services	-	-	-	-
34 Student (Pupil) Transportation	-	-	-	-
35 Food Services	-	-	-	-
36 Cocurricular/Extracurricular Activities	-	-	-	-
41 General Administration	-	-	-	-
51 Facilities Maintenance and Operations	-	-	-	-
52 Security and Monitoring Services	-	-	-	-
53 Data Processing Services	-	-	-	-
61 Community Services	-	-	-	-
6030 Total Expenditures	-	15,754	19,872,785	2,759
1100 Excess (Deficiency) of Revenues Over Expenditures	-	(7,224)	-	-
OTHER FINANCING SOURCES (USES)				
7915 Transfers In	-	-	-	-
8949 Other Uses	-	-	-	-
7080 Total Other Financing Sources (Uses)	-	-	-	-
1200 Net Change in Fund Balance	-	(7,224)	-	-
0100 Fund Balance - Beginning	26,682	139,786	-	-
3000 Fund Balance - Ending	\$ 26,682	\$ 132,562	\$ -	\$ -

EXHIBIT H-2 (Cont'd)

429 Other State Special Revenue Funds	435 SSA Regional Day School - Deaf	461 Campus Activity Funds	499 Other Local Special Revenue Funds	Total Non-Major Governmental Funds
\$ -	\$ -	\$ 4,555,196	\$ 4,681,891	\$ 11,276,368
1,678,551	4,344,805	-	-	26,469,308
-	-	-	-	231,053,651
1,678,551	4,344,805	4,555,196	4,681,891	268,799,327
641,388	4,307,424	1,193,948	1,580,826	75,668,553
-	-	348,036	46,981	493,163
353,982	801	50,909	727,761	38,687,748
93,038	-	1,021	846,495	6,974,674
-	-	1,093,854	40,027	2,386,182
-	36,580	8,357	11,565	14,138,977
-	-	-	-	666,065
-	-	3,243	-	394,892
-	-	37,756	4,500	42,256
-	-	-	-	111,415,975
-	-	264,013	642,351	906,364
466,285	-	-	64,328	3,473,548
-	-	27,727	80,563	1,949,653
4,650	-	2,900	18,378	158,921
115,436	-	-	-	557,625
-	-	4,975	234,861	7,717,406
1,674,779	4,344,805	3,036,739	4,298,636	265,632,002
3,772	-	1,518,457	383,255	3,167,325
-	-	-	-	-
-	-	-	74,393	74,393
-	-	-	(133)	(133)
-	-	-	74,260	74,260
3,772	-	1,518,457	457,515	3,241,585
12,527	-	3,749,545	2,882,506	28,957,977
\$ 16,299	\$ -	\$ 5,268,002	\$ 3,340,021	\$ 32,199,562

Dallas Independent School District

Internal Service Funds

The Internal Service Funds are used to account for the financing of goods or services provided by one department to other departments on a cost reimbursement basis. These funds are as follows:

Graphics Shop – This fund is used to account for printing services.

Risk Management – This fund is used to account for the costs associated with the worker's compensation self-funded program.

Deferred Maintenance – This fund is used to account for maintenance products rendered throughout the District by the Operations Division.

Technology Services – This fund is used to account for technology products furnished throughout the District by the Technology Services Division.

**Dallas Independent School District
Combining Statement of Net Position
Internal Service Funds
June 30, 2018**

Data Control Codes		752 Graphics Shop	753 Risk Management
ASSETS			
	Current Assets		
1110	Cash and Cash Equivalents	\$ 138,217	\$ 21,455,777
1260	Due from Other Funds	-	1,518,576
1290	Other Receivables, Net	-	30,000
	Total Current Assets	138,217	23,004,353
	Noncurrent Assets		
	Capital Assets		
1530	Furniture and Equipment, Net	225,285	8,315
	Total Noncurrent Assets	225,285	8,315
	Total Assets	363,502	23,012,668
LIABILITIES			
	Current Liabilities		
2110	Accounts Payable	75,241	242,226
2120	Accrued Liabilities - Short Term	-	2,989,170
2150	Payroll Deductions and Withholdings Payable	512	2
2160	Accrued Wages and Benefits Payable	28,775	11,696
2170	Due to Other Funds	145	-
2200	Accrued Expenses	138	24,112
	Total Current Liabilities	104,811	3,267,206
	Noncurrent Liabilities		
2590	Accrued Liabilities - Long Term	-	5,839,921
	Total Noncurrent Liabilities	-	5,839,921
	Total Liabilities	104,811	9,107,127
NET POSITION			
3200	Net Investment in Capital Assets	225,285	8,315
3900	Unrestricted Net Position	33,406	13,897,226
	Total Net Position	\$ 258,691	\$ 13,905,541

774 Deferred Maintenance	775 Technology Services	Total Internal Service Funds
\$ -	\$ -	\$ 21,593,994
-	-	1,518,576
-	-	30,000
-	-	23,142,570
-	-	233,600
-	-	233,600
-	-	23,376,170
-	-	317,467
-	-	2,989,170
-	-	514
-	-	40,471
-	-	145
-	-	24,250
-	-	3,372,017
-	-	5,839,921
-	-	5,839,921
-	-	9,211,938
-	-	233,600
-	-	13,930,632
\$ -	\$ -	\$ 14,164,232

**Dallas Independent School District
Combining Statement of Revenues, Expenses, and
Changes in Fund Net Position
Internal Service Funds
For the Year Ended June 30, 2018**

	752 Graphics Shop	753 Risk Management
OPERATING REVENUES		
Charges for Services	\$ 2,717,208	\$ 11,200,419
Total Operating Revenues	<u>2,717,208</u>	<u>11,200,419</u>
OPERATING EXPENSES		
Personnel Services	1,196,019	5,698,609
Contractual Services	913,916	661,305
Supplies	520,958	422,622
Other Operating Expenses	22,293	67,528
Depreciation Expense	35,978	3,326
Total Operating Expenses	<u>2,689,164</u>	<u>6,853,390</u>
Operating Income (Loss)	<u>28,044</u>	<u>4,347,029</u>
NON-OPERATING REVENUES		
Transfers Out	-	(10,000,000)
Total Non-Operating Revenues	<u>-</u>	<u>(10,000,000)</u>
Change in Net Position	28,044	(5,652,971)
Total Net Position - Beginning	<u>230,647</u>	<u>19,558,512</u>
Total Net Position - Ending	<u><u>\$ 258,691</u></u>	<u><u>\$ 13,905,541</u></u>

774 Deferred Maintenance	775 Technology Services	Total Internal Service Funds
\$ -	\$ -	\$ 13,917,627
-	-	13,917,627
-	-	6,894,628
-	-	1,575,221
-	-	943,580
-	-	89,821
-	-	39,304
-	-	9,542,554
-	-	4,375,073
(13,352,472)	(6,471,869)	(29,824,341)
(13,352,472)	(6,471,869)	(29,824,341)
(13,352,472)	(6,471,869)	(25,449,268)
13,352,472	6,471,869	39,613,500
\$ -	\$ -	\$ 14,164,232

**Dallas Independent School District
Combining Statement of Cash Flows
Internal Service Funds
For the Year Ended June 30, 2018**

	752 Graphics Shop	753 Risk Management
Cash Flows from Operating Activities		
Cash Received from User Charges	\$ 2,717,208	\$ 11,230,883
Cash Payments to Employees for Services	(1,193,539)	(2,126,587)
Cash Payments for Insurance Claims	-	(4,027,006)
Cash Payments for Suppliers	(1,527,166)	(1,229,280)
Net Cash Provided by (Used for) Operating Activities	(3,497)	3,848,010
Cash Flows from Non-Capital Financing Activities		
Transfers Out	-	(10,000,000)
Cash Flows from Capital & Related Financing Activities		
Acquisition of Capital Assets	(33,581)	-
Net Increase in Cash and Cash Equivalents	(37,078)	(6,151,990)
Cash and Cash Equivalents at Beginning of Year	175,295	27,607,767
Cash on Balance Sheet	<u>\$ 138,217</u>	<u>\$ 21,455,777</u>
Reconciliation of Operating Income to Net Cash Used for Operating Activities		
Operating Income	28,044	4,347,029
Adjustments to Reconcile Operating Income to Net Cash Used for Operating Activities		
Depreciation	35,978	3,326
Effect of Increases and Decreases in Current Assets and Liabilities		
Decrease (increase) in Due from Other Funds	-	30,464
Increase (decrease) in Accounts Payable	(24,843)	(59,696)
Increase (decrease) in Payroll Deductions	44	2
Increase (decrease) in Accrued Wages Payable	2,431	765
Increase (decrease) in Due to Other Funds	5	-
Increase (decrease) in Accrued Liabilities Short-Term	-	91,815
Increase (decrease) in Accrued Liabilities Long Term	-	(565,695)
Increase (decrease) in Accrued Expenses	(45,156)	-
Net Cash Provided by (Used for) Operating Activities	<u>\$ (3,497)</u>	<u>\$ 3,848,010</u>

774 Deferred Maintenance	775 Technology Services	Total Internal Service Funds
\$ -	\$ -	\$ 13,948,091
-	-	(3,320,126)
-	-	(4,027,006)
-	-	(2,756,446)
-	-	3,844,513
(13,352,472)	(6,471,869)	(29,824,341)
-	-	(33,581)
(13,352,472)	(6,471,869)	(26,013,409)
13,352,472	6,471,869	47,607,403
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 21,593,994</u>
-	-	4,375,073
-	-	39,304
-	-	30,464
-	-	(84,539)
-	-	46
-	-	3,196
-	-	5
-	-	91,815
-	-	(565,695)
-	-	(45,156)
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,844,513</u>

Agency Funds

Agency Funds are established to account for assets received and held by the District in the capacity of trustee, agent, or custodian. Expenditures are made only in accordance with the purpose for which assets are received.

Student Activity Fund - This fund accounts for the receipt and disbursement of monies from student activity organizations.

Dallas Independent School District
Statement of Changes in Assets and Liabilities
Agency Fund
For the Year Ended June 30, 2018

	BALANCE JULY 1 2017	ADDITIONS	DEDUCTIONS	BALANCE JUNE 30 2018
STUDENT ACTIVITY FUND				
ASSETS				
Cash and Cash Equivalents	\$ 4,965,094	\$ 26,762,583	\$ 28,954,701	\$ 2,772,976
LIABILITIES				
Accounts Payable	242,231	6,570,236	6,699,258	113,209
Due to Other Funds	851,144	-	851,144	-
Due to Other Governments	2,410	9,565	11,975	-
Due to Student Groups	3,661,676	9,666,366	10,939,722	2,388,320
Accrued Expenses	207,633	2,975,320	2,911,506	271,447
Total Liabilities	\$ 4,965,094	\$ 19,221,487	\$ 21,413,605	\$ 2,772,976

**TEXAS EDUCATION AGENCY
REQUIRED SCHEDULES**

**DALLAS INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF DELINQUENT TAXES RECEIVABLE
FOR THE YEAR ENDED JUNE 30, 2018**

Exhibit J-1

	1	2	3	10	20	31	32	40	50
	Tax Rates								
Fiscal year (1)	Maintenance	Debt Service	Net Assessed/ Appraised Value for School Tax Purposes	Beginning Balance	Current Year's Total Levy	Maintenance Collections	Debt Service Collections	Entire Year's Adjustments	Ending Balance
2009	(2) 1.04000 - 1.50000	0.109500 - 0.188360	406,120,958,441	13,623,183	-	1,125,861	120,622	(1,159,590)	11,217,110
2010	1.040050	0.231293	79,628,192,590	2,590,920	-	202,515	45,036	(88,738)	2,254,631
2011	1.040050	0.197761	75,985,949,045	2,746,098	-	231,685	44,054	(72,596)	2,397,763
2012	1.040050	0.250297	74,661,069,947	3,067,520	-	271,531	65,346	(64,242)	2,666,401
2013	1.040050	0.250297	76,274,060,956	4,330,039	-	442,821	106,568	(817,208)	2,963,442
2014	1.040050	0.242035	80,040,860,095	5,385,548	-	649,409	151,127	(257,417)	4,327,595
2015	1.040050	0.242035	85,633,556,319	6,352,927	-	863,529	200,955	(377,724)	4,910,719
2016	1.040050	0.242035	91,173,609,390	8,458,700	-	1,426,314	331,924	(563,578)	6,136,884
2017	1.040050	0.242035	100,935,505,829	19,225,937		(194,365)	(45,234)	(10,448,522)	9,017,014
2018	1.040050	0.242035	108,482,803,909		1,353,804,329	1,080,722,260	251,500,032	(2,411,057)	19,170,980
Wilmer Hutchins (1)				648,947	-	38,000		(74,094)	536,853
1000 Totals				<u>\$ 66,429,819</u>	<u>\$ 1,353,804,329</u>	<u>\$ 1,085,779,560</u>	<u>\$ 252,520,430</u>	<u>\$ (16,334,766)</u>	<u>\$ 65,599,392</u>

(1) Wilmer Hutchins ISD was annexed by the District effective July 1, 2007.

(2) Highest and lowest level for 10 years (1997-2007)

Dallas Independent School District
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual - Food Services Program
For the Year Ended June 30, 2018

Data Control Codes		Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance with Final Budget
		Original	Final		
REVENUES					
5700	Local and Intermediate Sources	\$ 1,996,471	\$ 2,075,789	\$ 2,039,281	\$ (36,508)
5800	State Program Revenues	640,554	640,554	544,115	(96,439)
5900	Federal Program Revenues	118,105,145	118,025,827	111,830,469	(6,195,358)
5020	Total Revenues	120,742,170	120,742,170	114,413,865	(6,328,305)
EXPENDITURES					
Current					
6035	Food Services	118,572,170	118,572,170	111,415,975	7,156,195
6041	General Administration	15,000	15,000	-	15,000
6051	Facilities Maintenance and Operations	2,155,000	2,155,000	1,805,010	349,990
6030	Total Expenditures	120,742,170	120,742,170	113,220,985	7,521,185
1200	Net Change in Fund Balances	-	-	1,192,880	1,192,880
0100	Fund Balance - Beginning	-	19,843,056	19,843,056	-
3000	Fund Balance - Ending	\$ -	\$ 19,843,056	\$ 21,035,936	\$ 1,192,880

Dallas Independent School District
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual - Debt Service Fund
For the Year Ended June 30, 2018

Data Control Codes		Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance with Final Budget
		Original	Final		
REVENUES					
5700	Local and Intermediate Sources	\$ 243,966,585	\$ 252,590,558	\$ 256,079,839	\$ 3,489,281
5800	State Program Revenues	-	-	2,502,747	2,502,747
5020	Total Revenues	243,966,585	252,590,558	258,582,586	5,992,028
EXPENDITURES					
Debt Service					
71	Principal on Long Term Debt	106,770,000	106,770,000	108,605,000	(1,835,000)
72	Interest on Long Term Debt	137,146,585	137,146,585	137,331,210	(184,625)
73	Bond Fees and Charges	50,000	50,000	43,031	6,969
6030	Total Expenditures	243,966,585	243,966,585	245,979,241	(2,012,656)
1100	Excess (Deficiency) of Revenues Over Expenditures	-	8,623,973	12,603,345	3,979,372
OTHER FINANCING SOURCES (USES)					
7915	Transfers In	-	7,167,000	7,167,000	-
8911	Transfers Out (Uses)	-	-	(2,647)	(2,647)
7080	Total Other Financing Sources (Uses)	-	7,167,000	7,164,353	(2,647)
1200	Net Change in Fund Balances	-	15,790,973	19,767,698	3,976,725
0100	Fund Balance - Beginning	215,991,141	215,991,141	215,991,141	-
3000	Fund Balance - Ending	\$ 215,991,141	\$ 231,782,114	\$ 235,758,839	\$ 3,976,725

Dallas Independent School District

Dallas Independent School District

Index for Statistical Section

This section presents detailed information as a context for understanding what the information in the financial statements, note disclosures, required supplementary information, and supplementary information says about the Dallas Independent School District's overall financial health.

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Dallas Independent School District

Dallas Independent School District

Dallas Independent School District

Government-wide Changes in Net Position Last Ten Fiscal Years (Unaudited)

Fiscal Year Ended June 30:	2018	2017	2016	2015
Expenses				
Governmental Activities:				
Instruction	\$ 650,662,754	\$ 956,576,387	\$ 998,278,934	\$ 918,378,917
Instructional Resources and Media Services	14,203,567	24,430,222	25,176,186	24,268,027
Curriculum and Staff Development	35,993,922	51,704,106	58,250,759	50,396,457
Instructional Leadership	26,067,193	37,602,700	36,526,926	31,039,518
School Leadership	64,548,864	106,125,020	107,487,393	94,868,296
Guidance, Counseling and Evaluation Services	45,798,249	72,535,828	73,248,880	66,733,501
Social Work Services	1,609,764	2,997,092	3,313,751	2,965,574
Health Services	12,806,971	21,451,753	21,511,094	20,099,689
Student (Pupil) Transportation	49,670,287	55,779,292	53,830,113	46,322,785
Food Services	103,681,948	123,592,132	118,626,758	107,517,917
Cocurricular/Extracurricular Activities	29,291,340	38,266,030	36,421,282	30,184,490
General Administration	34,962,724	51,693,840	53,243,020	48,175,732
Facilities Maintenance and Operation	119,466,649	157,815,314	166,498,335	145,367,996
Security and Monitoring Services	13,495,855	23,036,834	21,386,056	23,283,265
Data Processing Services	38,018,316	45,348,246	46,293,855	44,278,942
Community Services	8,209,966	12,992,401	13,166,512	12,067,736
Debt Service - Interest and Fees on Long-Term Debt	124,140,537	126,555,232	199,431,914	27,515,111
Debt Service - Bond Issuance Cost and Fees	49,021	85,007	4,410,076	4,427,183
Facilities Acquisition and Construction	2,831,109	1,078,436	1,336,580	33,668
Chapter 41 payments	-	-	-	-
Payments to Juvenile Justice Alternative Ed. Prg.	7,332	8,814	5,622	6,762
Payments to Tax Increment Fund	65,673	7,476	-	-
Other Intergovernmental Charges	5,069,208	4,919,416	4,791,696	4,578,190
Total Primary Government Program Expenses	1,380,651,249	1,914,601,578	2,043,235,742	1,702,509,756
Program Revenues				
Governmental Activities:				
Charges for Service:				
Instruction	2,592	-	309,722	172,766
Curriculum and Staff Development	382,990	446,980	629,792	1,611,367
Instructional Leadership	42,554	49,664	69,977	179,041
Food Services	1,587,248	1,464,642	1,600,005	2,821,535
Cocurricular/Extracurricular Activities	1,135,602	909,673	946,391	1,152,755
Facilities Maintenance and Operations	3,748,263	4,672,484	2,026,208	1,917,887
Operating Grants and Contributions	49,994,516	334,916,110	361,222,410	356,499,886
Total Primary Government Program Revenues	56,893,765	342,459,553	366,804,505	364,355,237
Net (Expense)/Revenue				
Total Primary Government Expenses	(1,323,757,484)	(1,572,142,025)	(1,676,431,237)	(1,338,154,519)
General Revenues				
Governmental Activities				
Taxes				
Property Taxes Levied for General Purposes	1,086,494,144	1,003,755,255	910,501,189	854,963,342
Property Taxes Levied for Debt Services	253,771,120	233,607,228	211,887,005	198,979,050
State Aid not Restricted to Specific Purpose	150,206,649	257,588,928	345,639,301	346,230,033
Grants, Contributions and Other Revenue not Restricted	109,392,657	70,160,602	81,703,893	87,298,011
Investment Earnings	20,599,310	10,901,449	8,457,518	3,084,819
Gain (loss) on Sale of Equipment	-	-	-	-
Miscellaneous	49,183,203	34,387,827	36,477,865	25,615,604
Special Item	41,512,474	-	-	-
Total Primary Government	1,711,159,557	1,610,401,289	1,594,666,771	1,516,170,859
Change in Net Position				
Total primary government	\$ 387,402,073	\$ 38,259,264	\$ (81,764,466)	\$ 178,016,340

Source: Statement of Activities for the Dallas Independent School District

Dallas Independent School District

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2014	2013	2012	2011	2010	2009
\$ 838,734,964	\$ 837,619,961	\$ 842,891,794	\$ 918,670,306	\$ 914,472,120	\$ 929,388,824
23,293,647	23,618,126	22,736,721	24,732,131	23,935,081	24,826,612
48,023,182	36,333,128	38,062,123	45,017,015	44,632,038	37,138,971
26,485,116	21,583,374	21,705,813	28,885,789	24,822,153	23,795,617
86,999,537	82,180,544	79,358,915	84,065,159	79,490,680	84,301,765
58,852,078	59,251,653	54,901,981	63,488,723	59,630,524	60,939,150
2,775,531	2,485,963	2,745,665	2,844,122	2,299,973	1,926,948
17,948,403	18,162,354	17,813,557	18,252,622	17,363,982	16,722,030
35,812,881	25,497,358	22,738,339	24,350,694	22,027,097	27,209,587
101,484,589	93,529,323	90,910,150	84,684,667	75,750,540	72,934,030
28,452,778	23,425,259	21,786,201	20,002,925	16,439,635	11,895,625
39,655,687	34,292,907	40,363,776	53,147,300	52,742,750	42,583,250
142,000,753	147,466,378	148,301,564	155,963,647	154,143,299	152,910,877
19,989,832	19,098,721	18,912,935	21,348,002	20,346,170	16,825,756
38,590,780	41,618,908	41,579,518	40,833,190	29,336,406	20,235,055
9,614,304	8,371,779	7,341,491	8,833,215	13,559,717	16,882,388
124,428,173	128,536,048	136,081,451	112,597,583	85,075,051	80,960,896
1,259,936	-	-	-	-	-
2,145,951	5,047,018	2,242,121	231,271	1,057,517	220,411
-	-	-	-	-	13,675,440
2,736	10,488	302,328	709,194	700,744	730,787
69,898	3,749,780	3,327,159	3,610,740	4,029,110	5,337,315
4,410,880	3,835,557	3,738,645	3,916,117	3,760,526	4,036,656
<u>1,651,031,636</u>	<u>1,615,714,627</u>	<u>1,617,842,247</u>	<u>1,716,184,412</u>	<u>1,645,615,113</u>	<u>1,645,477,990</u>
233,006	261,509	2,870	272,629	277,928	268,842
1,817,454	1,278,066	-	-	-	-
201,939	127,807	-	-	-	-
3,801,181	5,558,516	6,391,706	6,321,941	7,150,852	7,957,319
1,160,349	1,167,991	727,573	676,784	674,914	719,035
1,413,139	6,482,941	1,297,529	1,279,344	1,168,255	1,164,667
<u>293,878,890</u>	<u>286,311,657</u>	<u>256,242,350</u>	<u>364,591,060</u>	<u>351,454,735</u>	<u>280,834,205</u>
<u>302,505,958</u>	<u>301,188,487</u>	<u>264,662,028</u>	<u>373,141,758</u>	<u>360,726,684</u>	<u>290,944,068</u>
<u>(1,348,525,678)</u>	<u>(1,314,526,140)</u>	<u>(1,353,180,219)</u>	<u>(1,343,042,654)</u>	<u>(1,284,888,429)</u>	<u>(1,354,533,922)</u>
801,098,678	767,724,171	752,839,796	753,628,541	779,573,697	815,695,229
186,427,489	184,313,028	180,706,403	143,306,604	174,821,183	111,843,729
334,227,912	337,558,928	416,548,421	417,317,962	391,146,276	392,602,696
53,752,263	41,041,051	56,229,252	35,162,278	40,952,513	20,359,723
2,478,190	2,439,424	3,995,586	3,125,832	3,079,368	8,844,949
-	-	549,733	-	(276,118)	(8,731,415)
19,352,649	10,052,203	3,845,898	636,479	(124,796)	(1,313,479)
-	-	-	-	-	-
<u>1,397,337,181</u>	<u>1,343,128,805</u>	<u>1,414,715,089</u>	<u>1,353,177,696</u>	<u>1,389,172,123</u>	<u>1,339,301,432</u>
<u>\$ 48,811,503</u>	<u>\$ 28,602,665</u>	<u>\$ 61,534,870</u>	<u>\$ 10,135,042</u>	<u>\$ 104,283,694</u>	<u>\$ (15,232,490)</u>

Dallas Independent School District

Government-wide Net Position by Component Last Ten Fiscal Years (Unaudited)

Fiscal Year Ended June 30:	2018	2017	2016	2015
Governmental Activities:				
Net Investment in Capital Assets	\$ 322,930,292	\$ 268,379,771	\$ 19,321,452	\$ 222,450,356
Restricted	102,613,514	79,484,886	254,277,208	154,385,740
Unrestricted	(629,317,521)	165,806,871	201,813,604	180,340,634
Total Governmental Activities Net Position	<u>\$ (203,773,715)</u>	<u>\$ 513,671,528</u>	<u>\$ 475,412,264</u>	<u>\$ 557,176,730</u>

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

Dallas Independent School District

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2014	2013	2012	2011	2010	2009
\$ 169,438,211	\$ 226,638,835	\$ 285,655,589	\$ 301,973,476	\$ 309,032,133	\$ 270,352,975
76,265,991	84,729,743	75,926,853	66,518,906	66,830,947	57,251,335
419,545,825	326,193,821	247,377,292	178,932,482	161,426,742	105,401,818
<u>\$ 665,250,027</u>	<u>\$ 637,562,399</u>	<u>\$ 608,959,734</u>	<u>\$ 547,424,864</u>	<u>\$ 537,289,822</u>	<u>\$ 433,006,128</u>

Dallas Independent School District

All Governmental Funds Changes in Fund Balances Last Ten Fiscal Years (Unaudited)

Fiscal Year Ended June 30:	2018	2017	2016	2015
Revenues				
Local Sources:				
Property Taxes	\$ 1,350,404,734	\$ 1,250,216,214	\$ 1,131,070,782	\$ 1,063,513,416
Interest	20,588,573	10,901,450	8,457,520	3,084,819
Other	38,782,856	26,561,577	35,340,417	27,919,560
State Sources	271,922,516	349,845,527	442,535,971	451,066,685
Federal Sources	305,326,146	288,871,749	295,517,788	314,513,874
Total Revenue	<u>1,987,024,824</u>	<u>1,926,396,516</u>	<u>1,912,922,478</u>	<u>1,860,098,354</u>
Expenditures				
Instruction	881,359,309	865,829,893	893,271,045	853,166,619
Instructional Resources and Media Services	19,599,778	22,121,284	22,795,374	22,882,147
Curriculum and Staff Development	51,168,167	50,470,310	55,812,949	50,784,870
Instructional Leadership	38,663,853	36,084,991	34,576,624	30,866,857
School Leadership	94,023,624	96,313,120	96,774,330	88,767,725
Guidance, Counseling, and Evaluation Services	67,279,886	67,754,706	67,753,209	64,816,543
Social Work Services	2,689,889	2,936,775	3,263,195	2,924,614
Health Services	18,841,269	19,656,153	19,639,366	19,164,696
Student Transportation	39,054,459	55,743,237	53,924,053	46,315,857
Food Services	111,415,975	113,862,535	111,672,916	101,308,709
Co-Curricular/Extra-Curricular Activities	33,982,948	34,406,552	32,731,001	27,157,237
General Administration	47,070,338	51,678,899	52,691,371	50,648,623
Plant Maintenance and Operations	142,814,234	151,122,084	161,679,314	143,121,525
Security and Monitoring Services	20,161,322	21,502,684	22,256,194	23,542,452
Data Processing Services	30,131,468	34,409,262	33,838,248	36,450,445
Community Services	11,087,568	12,274,936	12,364,415	11,643,071
Debt Service				
Principal	108,605,000	122,795,000	103,990,000	50,515,000
Interest	145,742,468	148,002,335	133,348,140	142,354,189
Facilities Acquisition & Construction	230,582,630	174,827,546	153,844,110	95,996,507
Intergovernmental Charges	5,142,213	4,935,706	4,797,318	4,584,952
Total Expenditures	<u>2,099,416,398</u>	<u>2,086,728,008</u>	<u>2,071,023,172</u>	<u>1,867,012,638</u>
Other Financing Sources (uses)				
Proceeds from Bonds and Notes	-	4,405,000	647,230,000	590,875,000
Proceeds from Refunding Bonds	-	-	-	-
Transfers In /Out	29,824,208	(822,930)	(926,624)	(351,439)
Premium on Bonds	-	-	76,488,994	85,253,985
Sale of Real & Personal Property	21,084,897	5,843,740	484,990	1,402,794
Loan Proceeds	-	-	-	-
Legal Settlements	-	-	-	-
Payments to Refunded Bond Escrow Agent	-	-	-	(671,684,268)
Other Resources	-	-	-	-
Total Other Financing Sources (uses)	<u>50,909,105</u>	<u>9,425,810</u>	<u>723,277,360</u>	<u>5,496,072</u>
Prior Period Adjustment	-	-	-	-
Net Changes in Fund Balances	<u>\$ (61,482,469)</u>	<u>\$ (150,905,682)</u>	<u>\$ 565,176,666</u>	<u>\$ (1,418,212)</u>
Debt service as a percentage of noncapital expenditures (1)	13.36%	14.18%	11.46%	10.33%

Source: Statement of Revenues, Expenditures, and Changes in Fund Balances for Governmental Funds for the Dallas Independent School District

(1) In calculating the ratio of total debt service expenditures to noncapital expenditures, governmental fund expenditures for the facilities acquisition and construction of assets that are classified as capital assets for reporting in the government-wide financial statements are subtracted from the total governmental fund expenditures (Exhibit C-2).

Dallas Independent School District

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2014	2013	2012	2011	2010	2009
\$ 993,116,637	\$ 953,024,424	\$ 935,396,723	\$ 909,373,008	\$ 970,051,877	\$ 916,363,076
2,490,870	2,439,424	3,995,586	3,125,832	3,079,367	8,844,951
23,424,643	26,212,625	23,244,360	24,982,675	43,114,429	25,144,485
393,745,055	395,145,649	448,804,079	446,899,911	423,877,886	437,511,002
287,146,679	260,503,088	256,263,965	358,718,768	325,196,043	233,286,410
1,699,923,884	1,637,325,210	1,667,704,713	1,743,100,194	1,765,319,602	1,621,149,924
767,476,755	763,008,812	790,166,496	881,493,362	881,629,395	896,214,975
21,771,417	22,064,026	21,611,547	23,922,133	23,268,657	23,108,097
47,505,300	35,686,203	37,498,502	45,312,833	44,614,128	37,374,301
26,110,168	21,138,257	21,278,216	28,781,240	24,692,621	24,061,737
80,506,607	75,202,435	74,572,714	80,601,956	76,645,839	83,140,482
56,672,484	56,862,691	53,261,191	62,515,390	58,624,587	59,918,862
2,731,254	2,442,091	2,694,685	2,833,886	2,287,349	1,948,498
16,943,543	17,033,913	17,042,684	17,716,810	16,934,542	16,776,445
35,805,953	25,528,534	22,718,745	24,352,369	22,023,914	27,504,105
95,659,982	89,271,199	86,553,720	82,325,328	72,319,312	70,265,117
25,677,557	20,414,477	19,355,947	18,268,645	15,277,626	10,061,404
40,191,375	33,884,965	39,910,323	52,663,314	52,392,310	41,665,642
136,554,325	141,159,026	144,858,033	151,471,848	149,763,876	152,655,240
19,823,365	18,871,512	18,551,089	21,161,663	20,246,825	16,581,630
31,179,276	30,837,025	32,175,475	39,253,756	27,522,856	26,898,652
9,135,120	7,813,628	6,936,427	8,553,002	13,323,523	17,095,424
62,595,000	54,095,000	54,351,003	39,936,273	86,692,253	46,323,865
133,689,215	134,757,695	153,717,458	98,944,160	94,701,833	75,235,694
80,870,347	278,132,001	374,511,644	420,924,235	138,711,972	25,670,160
4,483,514	7,595,825	7,368,132	8,236,051	8,490,380	23,780,198
1,695,382,557	1,835,799,315	1,979,134,031	2,109,268,254	1,830,163,798	1,676,280,528
143,340,000	-	-	950,300,000	-	413,325,000
-	437,060,000	197,935,000	226,810,000	100,760,000	-
(25,719,847)	(234,982)	(509,141)	(126,134)	(862,881)	-
-	64,753,841	29,856,060	46,505,823	5,397,999	10,827,157
413,206	31,942	619,397	636,479	28,704	622,649
-	-	-	-	-	3,611,421
-	-	-	-	(153,500)	(1,936,127)
-	(498,445,267)	(226,330,345)	(259,446,830)	(107,896,372)	-
-	-	-	-	-	-
118,033,359	3,165,534	1,570,971	964,679,338	(2,726,050)	426,450,100
-	-	-	-	-	-
\$ 122,574,686	\$ (195,308,571)	\$ (309,858,347)	\$ 598,511,278	\$ (67,570,246)	\$ 371,319,496
12.22%	12.21%	13.04%	8.31%	10.80%	7.44%

Dallas Independent School District

All Governmental Funds Revenues as a Percentage of Total Revenue and Expenditures as a Percentage of Total Expenditures Last Ten Fiscal Years (Unaudited)

Fiscal Year Ended June 30:	2018	2017	2016	2015
Revenues				
Local Sources:				
Property Taxes	68.0%	64.9%	59.1%	57.2%
Interest	1.0%	0.6%	0.4%	0.2%
Other	2.0%	1.4%	1.8%	1.5%
State Sources	13.7%	18.2%	23.1%	24.2%
Federal Sources	15.4%	15.0%	15.4%	16.9%
Total Revenue	100%	100%	100%	100%
Expenditures				
Instruction	42.0%	41.5%	43.1%	45.7%
Instructional Resources and Media Services	0.9%	1.1%	1.1%	1.2%
Curriculum and Staff Development	2.4%	2.4%	2.7%	2.7%
Instructional Leadership	1.8%	1.7%	1.7%	1.7%
School leadership	4.5%	4.6%	4.7%	4.8%
Guidance, Counseling, and Evaluation Services	3.2%	3.2%	3.3%	3.5%
Social Work Services	0.1%	0.1%	0.2%	0.2%
Health Services	0.9%	0.9%	0.9%	1.0%
Student Transportation	1.9%	2.7%	2.6%	2.5%
Food Services	5.3%	5.5%	5.4%	5.4%
Co-Curricular/Extra-Curricular Activities	1.6%	1.6%	1.6%	1.5%
General Administration	2.2%	2.5%	2.5%	2.7%
Plant Maintenance and Operations	6.8%	7.2%	7.8%	7.7%
Security and Monitoring Services	1.0%	1.0%	1.1%	1.3%
Data Processing Services	1.4%	1.6%	1.6%	2.0%
Community Services	0.5%	0.6%	0.6%	0.6%
Debt Service				
Principal	5.2%	5.9%	5.0%	2.7%
Interest	6.9%	7.1%	6.4%	7.6%
Facilities Acquisition & Construction	11.0%	8.4%	7.4%	5.1%
Intergovernmental Charges	0.2%	0.2%	0.2%	0.2%
Total expenditures	100%	100%	100%	100%

Source: Statement of Revenues, Expenditures, and Changes in Fund Balances for Governmental Funds for the Dallas Independent School District

Dallas Independent School District

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2014	2013	2012	2011	2010	2009
58.4%	58.2%	56.1%	52.2%	55.0%	56.5%
0.1%	0.1%	0.2%	0.2%	0.2%	0.5%
1.4%	1.6%	1.4%	1.4%	2.4%	1.6%
23.2%	24.1%	26.9%	25.6%	24.0%	27.0%
16.9%	15.9%	15.4%	20.6%	18.4%	14.4%
100%	100%	100%	100%	100%	100%
45.3%	41.6%	39.9%	41.8%	48.2%	53.5%
1.3%	1.2%	1.1%	1.1%	1.3%	1.4%
2.8%	1.9%	1.9%	2.1%	2.4%	2.2%
1.5%	1.2%	1.1%	1.4%	1.3%	1.4%
4.7%	4.1%	3.8%	3.8%	4.2%	5.0%
3.3%	3.1%	2.7%	3.0%	3.2%	3.6%
0.2%	0.1%	0.1%	0.1%	0.1%	0.1%
1.0%	0.9%	0.9%	0.8%	0.9%	1.0%
2.1%	1.4%	1.1%	1.2%	1.2%	1.6%
5.6%	4.9%	4.4%	3.9%	4.0%	4.2%
1.5%	1.1%	1.0%	0.9%	0.8%	0.6%
2.4%	1.8%	2.0%	2.5%	2.9%	2.5%
8.1%	7.7%	7.3%	7.2%	8.2%	9.1%
1.2%	1.0%	0.9%	1.0%	1.1%	1.0%
1.8%	1.7%	1.6%	1.9%	1.5%	1.6%
0.5%	0.4%	0.4%	0.4%	0.7%	1.0%
3.7%	2.9%	2.7%	1.9%	4.7%	2.8%
7.9%	7.3%	7.8%	4.7%	5.2%	4.5%
4.8%	15.2%	18.9%	20.0%	7.6%	1.5%
0.3%	0.4%	0.4%	0.4%	0.5%	1.4%
100%	100%	100%	100%	100%	100%

Dallas Independent School District

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All Governmental Funds Fund Balances Last Ten Fiscal Years (Unaudited)

Fiscal Year Ended June 30:	2018	2017	2016	2015	2014
General Fund:					
Non-Spendable	\$ 8,905,030	\$ 8,797,676	\$ 8,394,857	\$ 7,699,359	\$ 8,230,314
Assigned	112,386,017	117,970,598	275,845,332	186,647,485	175,667,574
Unassigned	251,241,835	133,385,186	98,359,896	163,184,173	158,942,100
Total General Fund	372,532,882	260,153,460	382,600,085	357,531,017	342,839,988
Non-spendable:					
Non-major	5,398,933	6,803,027	6,770,618	4,061,426	4,970,382
Restricted:					
Debt Service	124,926,486	112,323,141	134,439,298	135,296,606	112,388,437
Capital Projects	497,016,453	693,887,626	803,033,746	258,889,822	305,824,929
Federal or State Funds (1)	18,177,820	15,511,302	16,703,404	21,809,316	13,329,755
Local Special Revenue Funds	3,340,021	2,815,603	2,254,115	2,635,520	2,843,937
Assigned - Debt Service	110,832,353	103,668,000			
Assigned - Other	5,282,788	3,828,045	4,094,620	4,495,513	3,940,004
Total All Governmental Funds	\$ 1,137,507,736	\$ 1,198,990,204	\$ 1,349,895,886	\$ 784,719,220	\$ 786,137,432
Fiscal Year Ended June 30:	2013	2012	2011		
General Fund:					
Non-Spendable	\$ 11,499,868	\$ 6,219,819	\$ 6,757,739		
Assigned	6,009,210	7,197,978	6,633,164		
Unassigned	263,644,498	187,702,582	121,707,356		
Total General Fund	281,153,576	201,120,379	135,098,259		
Non-spendable:					
Capital Projects	-	-	34,056		
Non-major	3,592,519	3,743,344	2,146,651		
Restricted:					
Debt Service	117,974,957	112,510,850	100,210,068		
Capital Projects	244,003,261	519,356,980	889,997,668		
Food Service	13,862,032	11,945,805	18,044,165		
Grants and Donations	2,626,439	5,014,837	6,219,675		
Assigned - Other	349,962	-	11,800,000		
Total All Governmental Funds	\$ 663,562,746	\$ 853,692,195	\$ 1,163,550,542		
Fiscal Year Ended June 30:	2010	2009			
General Fund:					
Reserved	\$ 17,987,491	\$ 8,392,093			
Unreserved	82,111,760	29,275,989			
Total General Fund	100,099,251	37,668,082			
All Other Governmental Funds:					
Reserved:					
Debt Service	\$ 74,280,273	\$ 76,288,266			
Capital Projects	356,643,856	491,011,154			
Food Service	23,439,317	17,287,051			
Other	1,670,892	2,479,394			
Unreserved, reported in:					
Non-major funds	8,905,675	7,875,563			
Total All Governmental Funds	\$ 565,039,264	\$ 632,609,510			

(1) As of June 30, 2013, the District has included Food Services within this category.

Beginning with 2011, Fund Balance Categories are reported as required by GASB Statement No. 54

Source: Balance Sheet of Governmental Funds for the Dallas Independent School District

Dallas Independent School District

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Property Tax Levies and Collections Last Ten Fiscal Years (Unaudited)

Tax Levy Year	Collected within the Fiscal Year of the Levy				Total Collections and Adjustments to Date			
	Original Levy	Current Year's Adjustments	Adjusted Levy (1)	Amount (2)	Percentage of Original Levy	Collections and Adjustments in Subsequent years (3)	Amount	Percentage of Adjusted Levy
2017	1,353,804,329	(2,411,057)	1,351,393,272	1,332,222,292	98.4%	-	1,332,222,292	98.6%
2016	1,261,569,031	(11,545,712)	1,250,023,319	1,230,797,382	97.6%	10,208,923	1,241,006,305	99.3%
2015	1,141,622,891	(7,680,046)	1,133,942,845	1,114,744,687	97.6%	10,739,458	1,125,484,145	99.3%
2014	1,073,042,354	(7,988,994)	1,065,053,360	1,047,228,110	97.6%	8,531,377	1,055,759,487	99.1%
2013	1,005,329,915	(9,160,548)	996,169,367	978,736,529	97.4%	8,990,875	987,727,404	99.2%
2012	959,655,168	(4,362,562)	955,292,606	936,816,774	97.6%	9,335,129	946,151,903	99.0%
2011	936,131,014	(1,620,377)	934,510,637	915,380,068	97.8%	9,853,035	925,233,103	99.0%
2010	912,283,518	(5,679,828)	906,603,690	884,253,126	96.9%	12,019,256	896,272,382	98.9%
2009	979,714,539	(6,257,658)	973,456,881	944,623,970	96.4%	16,497,971	961,121,941	98.7%
2008	943,732,752	(6,910,340)	936,822,412	902,680,977	95.7%	21,613,374	924,294,351	98.7%

(1) Current year total levy plus current year adjustments.

(2) Current year maintenance and debt service collections.

(3) Prior year collections and adjustments.

Source: Schedule of Delinquent Taxes Receivable (Exhibit J-1)

Dallas Independent School District

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Schedule of Tax Rate Distribution Per \$100 Valuation Last Ten Fiscal Years (Unaudited)

Fiscal Year Ended June 30:	Tax Rates			Tax Levies		
	Maintenance	Debt Service	Total	General Fund	Debt Service Fund	Total
2018	1.040050	0.242035	1.282085	1,098,229,987	255,574,342	1,353,804,329
2017	1.040050	0.242035	1.282085	1,023,407,506	238,161,525	1,261,569,031
2016	1.040050	0.242035	1.282085	926,105,038	215,517,853	1,141,622,891
2015	1.040050	0.242035	1.282085	870,471,272	202,571,082	1,073,042,354
2014	1.040050	0.242035	1.282085	815,541,387	189,788,528	1,005,329,915
2013	1.040050	0.250297	1.290347	773,504,617	186,150,551	959,655,168
2012	1.040050	0.250297	1.290347	754,543,597	181,587,418	936,131,015
2011	1.040050	0.197760	1.237810	766,530,717	145,752,801	912,283,518
2010	1.040050	0.231293	1.271343	801,477,032	178,237,507	979,714,539
2009	1.040050	0.143352	1.183402	829,408,399	114,324,352	943,732,751

Source: Schedule of Delinquent Taxes Receivable (Exhibit J-1)

Dallas Independent School District

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Assessed and Actual Value of Taxable Property Last Ten Fiscal Years (Unaudited)

Fiscal Year Ended June 30:	Real Property			Net Taxable Assessed Value	Total Direct Tax Rate
	Residential	Commercial Property	Personal Property		
2018	44,939,988,730	49,306,233,826	14,236,581,353	108,482,803,909	1.282085
2017	41,787,366,404	45,427,477,998	13,720,661,427	100,935,505,829	1.282085
2016	38,743,465,578	40,529,662,355	13,166,711,763	92,439,839,696	1.282085
2015	36,107,563,490	36,598,495,511	12,927,497,318	85,633,556,319	1.282085
2014	33,952,512,664	33,210,609,987	12,877,737,444	80,040,860,095	1.282085
2013	33,327,472,247	30,636,514,329	12,310,074,380	76,274,060,956	1.290347
2012	33,665,394,542	28,337,566,510	11,838,691,761	73,841,652,813	1.290347
2011	34,456,380,302	29,760,504,666	11,769,064,077	75,985,949,045	1.237810
2010	35,188,256,719	32,048,564,901	12,391,370,970	79,628,192,590	1.271343
2009	35,258,395,611	34,604,451,630	12,313,722,551	82,176,569,792	1.183402

Source: Dallas Central Appraisal District and Dallas ISD records

Dallas Independent School District

Property Tax Rates - Direct and Overlapping Governments Last Ten Fiscal Years (Unaudited)

Fiscal Year Ended June 30:	Town of Addison	City of Balch Springs	City of Carrollton	City of Cockrell Hill	City of Dallas	City of DeSoto	City of Duncanville	City of Farmers Branch	City of Garland
2018	0.55000	0.80300	0.59970	1.05883	0.78040	0.73990	0.75845	0.60227	0.70460
2017	0.56047	0.80300	0.60370	1.11941	0.78250	0.74490	0.75845	0.60227	0.70460
2016	0.57915	0.80300	0.61288	1.13244	0.79700	0.74990	0.75845	0.60227	0.70460
2015	0.56180	0.80300	0.61538	0.81166	0.79700	0.75740	0.75845	0.60227	0.70460
2014	0.57180	0.77000	0.61788	0.81191	0.79700	0.75740	0.75845	0.55310	0.70460
2013	0.58000	0.80300	0.61788	0.82315	0.79700	0.75740	0.73769	0.52950	0.70460
2012	0.58000	0.78000	0.61788	0.81109	0.79700	0.75740	0.73769	0.52950	0.70460
2011	0.53000	0.76000	0.61788	0.81109	0.79700	0.73512	0.73769	0.52950	0.70460
2010	0.49600	0.76000	0.61788	0.78811	0.74790	0.69973	0.69600	0.51950	0.70460
2009	0.45350	0.62000	0.61788	0.78811	0.74790	0.69973	0.69600	0.49450	0.69960

Source: Dallas Central Appraisal District and Dallas ISD records

Dallas Independent School District

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City of Glenn Heights	City of Hutchins	City of Lancaster	City of Mesquite	City of Seagoville	Dallas County and School Equalization	Dallas County Hospital	Dallas County Community College	Dallas Independent School District
0.88543	0.68246	0.86750	0.68700	0.74380	0.25310	0.27940	0.12424	1.28209
0.93553	0.68246	0.86750	0.68700	0.74380	0.25237	0.27940	0.12293	1.28209
0.79340	0.68246	0.86750	0.64000	0.71380	0.25310	0.28600	0.12365	1.28209
0.79500	0.71091	0.86750	0.64000	0.71380	0.25310	0.28600	0.12478	1.28209
0.79500	0.69091	0.86750	0.64000	0.71379	0.25310	0.27600	0.12470	1.28209
0.79500	0.66091	0.86750	0.64000	0.69085	0.25304	0.27100	0.11938	1.29035
0.79500	0.60672	0.86750	0.64000	0.69085	0.25310	0.27100	0.09967	1.29035
0.79500	0.58100	0.86750	0.64000	0.66500	0.25310	0.27100	0.09923	1.23781
0.73932	0.56300	0.77750	0.64000	0.65000	0.23331	0.27400	0.09490	1.27134
0.69436	0.52810	0.77750	0.64000	0.63500	0.23303	0.25400	0.08940	1.18340

Dallas Independent School District

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Principal Property Tax Payers Current Year and Nine Years Ago (Unaudited)

Principal Taxpayers	2018			2009		
	Taxable Assessed Valuation	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Valuation	Rank	Percentage of Total Taxable Assessed Value
Oncor Electric Delivery	\$ 775,509,590	1	0.71%			
Northpark Partners LP	675,069,510	2	0.62%	590,681,890	3	0.72%
AT&T Corp	527,978,010	3	0.49%	1,007,145,720	1	1.23%
Southwest Airlines Co	526,050,950	4	0.48%	491,100,926	5	0.60%
FM Village Fixed Rate LLC	495,502,000	5	0.46%			
Post Properties Inc	472,298,620	6	0.44%			
Galleria Mall Investors LP	377,042,540	7	0.35%	418,988,460	6	0.51%
Walmart Stores Inc	341,183,250	8	0.31%			
Behringer Harvard	289,474,300	9	0.27%			
Teachers Insurance	286,083,180	10	0.26%	384,446,640	7	0.47%
Texas Utilities Electric Company				597,237,440	2	0.73%
Crescent Real Estate Group				566,961,430	4	0.69%
PC Village Apts Dallas LP				317,964,730	8	0.39%
YOI Thanksgiving Tower				305,318,540	9	0.37%
Hines REIT 2200 Ross LP				303,926,260	10	0.37%
Total Ten Principal Taxpayers	\$ 4,766,191,950		4.39%	\$ 4,983,772,036		6.06%
Total Taxable Assessed Value	\$ 108,482,803,909			\$ 82,176,569,792		

Source: Dallas Central Appraisal District and Dallas ISD records

Dallas Independent School District

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Computation of Direct and Overlapping Debt (Unaudited)

Taxing Jurisdiction	Net Bonded Debt	Overlapping	
		Percent (1)	Amount
Addison, Town of	\$ 84,840,000	91.18%	\$ 77,357,112
Balch Springs, City of	5,069,544	26.86%	1,361,680
Carrollton, City of	165,210,804	9.15%	15,116,789
Cockrell Hill, City of	4,815,000	98.22%	4,729,293
Dallas County	187,435,000	45.54%	85,357,899
Dallas County CCD	228,350,000	45.54%	103,990,590
Dallas Co Hosp Dist	664,441,526	45.54%	302,586,671
Dallas County Schools	36,600,000	45.54%	16,667,640
Dallas, City of	1,764,367,437	79.58%	1,404,083,606
DeSoto, City of	53,391,270	17.59%	9,391,524
Duncanville, City of	5,280,000	0.26%	13,728
Farmers Branch, City of	32,805,000	38.97%	12,784,109
Garland, City of	209,689,239	1.38%	2,893,712
Grand Prairie, City of	218,531,957	**	-
Hutchins, City of	3,781,527	87.83%	3,321,315
Irving, City of	195,608,823	100.00%	195,608,823
Lancaster, City of	73,830,000	2.59%	1,912,197
Mesquite, City of	138,640,000	2.00%	2,772,800
Seagoville, City of	3,871,904	84.80%	3,283,375
Wilmer, City of	3,257,000	100.00%	3,257,000
Total Estimated Overlapping Debt			<u>2,246,489,861</u>
 Dallas ISD			 <u>2,830,495,000</u>
Total Direct and Overlapping Bonded Debt			<u><u>\$ 5,076,984,861</u></u>

**Less than 0.01%

Source: Texas Municipal Reports (TMR)

(1) Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the District. The overlapping percentage represents an estimate of the overlapping geographic area between the District and the respective governments listed above. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses within the boundaries of the District. This process recognizes that, when considering the District'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.

Dallas Independent School District

Ratio of Net Bonded Debt to Taxable Assessed Valuation and Net Bonded Debt Per Capita Last Ten Fiscal Years (Unaudited)

Fiscal Year Ended June 30:	Estimated Population*	Taxable Assessed Value	Gross Bonded Debt Outstanding at Year End	Bond Premium Amortization	Amounts Available for Retirement of Bonds
2018	1,281,031	108,482,803,909	2,830,495,000	164,355,890	124,926,486
2017	1,283,763	100,935,505,829	2,939,100,000	192,207,755	112,323,141
2016	1,281,031	92,439,839,696	3,057,490,000	221,917,322	134,439,298
2015	1,257,676	85,633,556,319	2,604,313,196	90,063,196	135,296,606
2014	1,241,162	80,040,860,095	2,573,747,354	115,233,953	112,388,437
2013	1,223,378	76,274,060,956	2,492,731,000	130,915,785	117,974,957
2012	1,207,420	73,841,652,813	2,567,329,111	90,909,530	112,510,850
2011	1,200,530	75,985,949,045	2,626,924,745	77,385,786	112,010,068
2010	1,316,350	79,628,192,590	1,727,296,756	43,121,110	74,280,273
2009	1,306,350	82,176,569,792	1,816,824,454	43,783,242	76,288,266

Sources: Dallas ISD Records

*Dallas Economic Development Profile 2018

Dallas Independent School District

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Net Bonded Debt Outstanding at Year End	Ratio Net Bonded Debt to Taxable Assessed Valuation	Net Bonded Debt Per Capita	Taxable Assessed Valuation Per Capita	Per Capita Personal Income	Net Bonded Debt To Personal Income
2,705,568,514	2.49%	2,112	\$ 84,684	28,771	7.34%
2,826,776,859	2.80%	2,202	\$ 78,625	28,584	7.70%
2,923,050,702	3.16%	2,282	\$ 72,161	28,771	7.93%
2,469,016,590	2.88%	1,963	\$ 68,089	28,522	6.88%
2,461,358,917	3.08%	1,983	\$ 64,489	26,032	7.62%
2,374,756,043	3.11%	1,941	\$ 62,347	25,757	7.54%
2,454,818,261	3.32%	2,033	\$ 61,157	25,449	7.99%
2,514,914,677	3.31%	2,095	\$ 63,294	25,024	8.37%
1,653,016,483	2.08%	1,256	\$ 60,492	26,189	4.79%
1,740,536,188	2.12%	1,332	\$ 62,905	25,298	5.27%

Dallas Independent School District

Legal Debt Margin Information Last Ten Fiscal Years (Unaudited)

Fiscal Year Ended June 30:	2018	2017	2016	2015
Debt Limit - 10% of Assessed Valuation	\$ 10,848,280,391	\$ 10,093,550,583	\$ 9,243,983,970	\$ 8,563,355,632
Amount of Debt Applicable to Debt Limit:				
Gross Bonded Debt	2,830,495,000	2,939,100,000	3,057,490,000	2,604,313,196
Less - Fund Balance of Debt Service Fund	124,926,486	112,323,141	134,439,298	135,296,606
Total Net Debt Applicable to Debt Limit	<u>2,705,568,514</u>	<u>2,826,776,859</u>	<u>2,923,050,702</u>	<u>2,469,016,590</u>
Legal Debt Margin:	<u>\$ 8,142,711,877</u>	<u>\$ 7,266,773,724</u>	<u>\$ 6,320,933,268</u>	<u>\$ 6,094,339,042</u>
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	24.94%	28.01%	31.62%	28.83%

Source: Dallas ISD Records

Dallas Independent School District

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2014	2013	2012	2011	2010	2009
\$ 8,004,086,010	\$ 7,627,406,096	\$ 7,466,106,995	\$ 7,598,594,905	\$ 7,962,819,259	\$ 8,217,656,979
2,573,747,354	2,492,731,000	2,567,329,111	2,626,924,745	1,727,296,756	1,816,824,454
115,233,953	130,915,785	112,510,850	112,010,068	74,280,273	76,288,266
<u>2,458,513,401</u>	<u>2,361,815,215</u>	<u>2,454,818,261</u>	<u>2,514,914,677</u>	<u>1,653,016,483</u>	<u>1,740,536,188</u>
<u>\$ 5,545,572,609</u>	<u>\$ 5,265,590,881</u>	<u>\$ 5,011,288,734</u>	<u>\$ 5,083,680,228</u>	<u>\$ 6,309,802,776</u>	<u>\$ 6,477,120,791</u>
30.72%	30.96%	32.88%	33.10%	20.76%	21.18%

Dallas Independent School District

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Ratio of Annual Debt Service Expenditures For General Bonded Debt to Total Expenditures Last Ten Fiscal Years (Unaudited)

Fiscal Year Ended June 30:	Principal	Interest and Other Charges	Total Bonded Debt Expenditures	Total Expenditures	Ratio of Total Bonded Debt Expenditures To Total Expenditures
2018	108,605,000	137,374,241	245,979,241	2,099,416,398	11.72%
2017	121,675,000	139,573,729	261,248,729	2,086,728,008	12.52%
2016	97,110,000	121,108,202	218,218,202	2,071,023,172	10.54%
2015	48,430,000	129,690,635	178,120,635	1,867,012,638	9.54%
2014	60,610,000	132,223,879	192,833,879	1,695,382,557	11.37%
2013	50,625,000	134,326,218	184,951,218	1,835,799,315	10.07%
2012	49,515,000	152,570,482	202,085,482	1,979,134,031	10.21%
2011	35,445,000	85,720,357	121,165,357	2,109,268,254	5.74%
2010	82,385,000	93,302,153	175,687,153	1,830,163,798	9.60%
2009	41,634,515	70,236,331	111,870,846	1,676,280,528	6.67%

Source: Dallas ISD Records

Dallas Independent School District

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Per Student Calculations (General Fund Only) Based on Revenues and Expenditures Last Five Fiscal Years (Unaudited)

	Fiscal Year Ended June 30				
	2018	2017	2016	2015	2014
Beginning Fund Equity	\$ 260,153,460	\$ 382,600,085	\$ 357,531,017	\$ 342,839,988	\$ 281,153,576
Revenues:					
From Ad Valorem Taxes	1,095,855,141	1,014,472,938	917,799,922	862,993,627	805,979,174
% of Total Revenue	75.62%	71.45%	64.45%	63.61%	64.01%
From State and Federal Funds	317,222,956	385,082,839	475,016,940	476,929,073	441,735,901
% of Total Revenue	21.89%	27.12%	33.35%	35.15%	35.08%
From Other Local Sources	36,120,172	20,202,846	31,323,388	16,833,635	11,468,136
% of Total Revenue	2.49%	1.42%	2.20%	1.24%	0.91%
Total Revenues	<u>1,449,198,269</u>	<u>1,419,758,623</u>	<u>1,424,140,250</u>	<u>1,356,756,335</u>	<u>1,259,183,211</u>
Total Expenditures	1,380,489,339	1,443,558,058	1,443,363,207	1,300,116,661	1,170,463,117
Total Other Financing Sources	43,670,492	(98,647,190)	44,292,025	(41,948,645)	(27,033,682)
Ending Fund Equity	<u><u>\$ 372,532,882</u></u>	<u><u>\$ 260,153,460</u></u>	<u><u>\$ 382,600,085</u></u>	<u><u>\$ 357,531,017</u></u>	<u><u>\$ 342,839,988</u></u>

Per Student Calculations:

Assessed Value Per Student	\$ 752,543	\$ 634,366	\$ 587,763	\$ 579,937	\$ 544,585
Ad Valorem Tax Revenue Per Student	\$ 7,602	\$ 6,962	\$ 6,300	\$ 5,844	\$ 5,484
State and Federal Funds Per Student	2,201	2,643	3,260	3,230	3,005
Other Local Sources Per Student	251	139	215	114	78
Total Revenue Per Student	<u>\$ 10,054</u>	<u>\$ 9,744</u>	<u>\$ 9,775</u>	<u>\$ 9,188</u>	<u>\$ 8,567</u>
Total Expenditures Per Student	\$ 9,576	\$ 9,906	\$ 9,907	\$ 8,805	\$ 7,964
Average Daily Attendance	144,155	145,720	145,694	147,660	146,976

Source: Dallas ISD Records

Dallas Independent School District

Demographic Data and Economic Statistics Last Ten Fiscal Years (Unaudited)

Fiscal Year Ended			
June 30:	Estimated		Average
Year	Population (1)	Enrollment (2)	Daily Attendance (2)
2018	1,281,031	156,832	144,155
2017	1,283,763	157,886	145,720
2016	1,281,031	158,604	145,694
2015	1,257,676	160,253	147,660
2014	1,241,162	159,713	146,976
2013	1,223,378	158,932	146,205
2012	1,207,420	157,575	144,935
2011	1,200,530	157,162	141,900
2010	1,316,350	157,111	143,704
2009	1,306,350	157,352	144,347

(1) Information was obtained from the City of Dallas Economic Development Profile.

(2) Information was obtained from Dallas ISD records.

District Employees (2)	Median Household Income (1)	Per Capita Personal Income (1)	Unemployment Rate (1)
21,262	43,003	28,771	3.3%
20,757	44,016	28,584	3.7%
21,714	43,003	28,771	3.8%
21,715	41,978	28,522	4.0%
20,793	58,190	26,032	5.0%
19,838	40,585	25,757	7.3%
18,470	43,640	25,449	7.9%
20,194	42,911	25,024	8.7%
20,076	39,813	26,189	8.7%
20,387	40,473	25,298	7.4%

Dallas Independent School District

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North Texas Principal Employers Current Year and Nine Years Ago (Unaudited)

Principal Employers	2018			2009		
	Employees	Rank	Percentage of Total Employment	Employees	Rank	Percentage of Total Employment
Wal-mart Stores, Inc.	34,000	1	2.72%	41,400	1	1.68%
American Airlines Group, Inc.	27,000	2	2.16%	24,781	2	1.00%
Texas Health Resources	22,296	3	1.79%	17,485	6	0.71%
Dallas Independent School District	19,740	4	1.58%	20,000	3	0.81%
AT&T Inc.	17,000	5	1.36%	14,400	8	0.60%
Baylor Scott & White Health	16,500	6	1.32%	18,000	5	0.73%
The Kroger Co.	15,397	7	1.23%			
Lockheed Martin Aeronautics Co.	14,350	8	1.15%	14,000	9	0.57%
Medical City Healthcare	14,000	9	1.12%			
Bank of America	13,500	10	1.08%	19,000	4	0.57%
City of Dallas			0.00%	14,848	7	0.60%
Verizon Communications				14,000	9	0.57%
HCA North Texas Division				12,000	10	0.49%
Total	193,783		15.52%	209,914		8.33%

Estimated Total Employed Workforce in 2018 1.25 million

Source: Dallas Business Journal Book of Lists, Dallas Economic Development Profile, Dallas County Financial Records, Dallas City Hall, North Texas Commission, Dallas ISD Records as of April 25, 2018

Dallas Independent School District

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Expenditures, Enrollment and Per Student Costs Last Ten Fiscal Years (Unaudited)

Fiscal Year Ended June 30:	Expenditures (1)	Enrollment (2)	Per Student Costs	General Fund Expenditures	General Fund Per Student Costs	Student to Teacher Ratio	Percentage of Students in Free/Reduced Lunch Program
2018	\$ 1,646,121,341	156,832	10,496	\$ 1,380,489,339	8,802	14.87	87%
2017	1,704,969,209	157,886	10,799	1,443,558,058	9,143	15.01	88%
2016	1,714,566,319	158,604	10,810	1,443,363,207	9,100	14.29	88%
2015	1,593,910,048	160,253	9,946	1,300,116,661	8,113	14.43	86%
2014	1,421,678,331	159,713	8,901	1,170,463,469	7,329	15.40	89%
2013	1,372,716,096	158,932	8,637	1,121,631,784	7,057	15.72	89%
2012	1,402,536,905	157,575	8,901	1,134,703,136	7,201	15.68	88%
2011	1,553,446,290	157,162	9,884	1,177,896,503	7,495	14.47	87%
2010	1,558,413,699	157,111	9,919	1,160,098,821	7,384	14.45	87%
2009	1,520,028,100	157,352	9,660	1,236,434,518	7,858	14.15	85%

(1) General fund and non-major governmental funds expenditures

(2) Data obtained from PEIMS

Source: Dallas ISD Records

**Teacher Salary
Last Ten Fiscal Years
(Unaudited)**

Fiscal Year	Beginning Teacher Salary	Average Teacher Salary	Number of Teachers
2018	51,000	56,072	10,549
2017	50,000	56,072	10,518
2016	47,382	54,903	11,099
2015	47,382	53,135	11,103
2014	46,002	52,254	10,372
2013	45,100	51,485	10,112
2012	45,100	52,028	9,494
2011	45,350	53,940	10,864
2010	45,350	53,880	10,872
2009	44,350	53,457	11,122

Source: Dallas ISD Records

Dallas Independent School District

Dallas Independent School District

Full Time Equivalents by Function Last Ten Fiscal Years (Unaudited)

Fiscal Year Ended June 30:	2018	2017	2016	2015
FTE				
Instruction	12,771.3	12,976.1	13,129.0	13,168.7
Instructional Resources and Media Services	263.0	322.0	320.0	320.5
Curriculum and Staff Development	569.2	543.0	608.4	624.2
Instructional Leadership	407.6	369.5	339.2	321.3
School leadership	1,417.5	1,436.0	1,460.0	1,428.0
Guidance, Counseling, and Evaluation Services	741.3	752.3	774.1	757.0
Social Work Services	39.0	43.0	45.0	48.0
Health Services	306.1	328.3	315.6	314.0
Student Transportation	17.0	3.0	3.0	3.0
Food Services	1,790.0	1,785.0	1,783.0	1,771.0
Co-Curricular/Extra-Curricular Activities	71.1	72.1	72.0	73.0
General Administration	414.9	447.4	457.9	457.2
Plant Maintenance and Operations	1,577.3	1,538.1	1,541.7	1,545.5
Security and Monitoring Services	422.2	408.0	407.0	400.0
Data Processing Services	217.5	237.6	226.5	210.5
Community Services	190.9	184.6	186.8	189.1
Facilities Acquisition & Construction	43.5	41.5	26.0	21.0
Total FTE	21,259	21,487	21,695	21,652

Source: Dallas ISD Records as of June 30, 2018

Dallas Independent School District

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2014	2013	2012	2011	2010	2009
12,688.1	12,476.3	11,035.8	12,174.2	12,098.8	12,361.2
316.0	316.0	315.5	336.0	336.0	353.0
567.8	362.1	343.0	352.6	408.3	315.5
291.7	245.9	232.0	322.9	290.4	288.9
1,368.0	1,329.5	1,314.9	1,361.4	1,319.3	1,402.2
666.6	656.9	669.9	745.9	751.5	803.4
43.0	38.0	39.0	44.5	34.5	27.5
304.0	294.9	302.9	299.7	306.3	299.5
3.0	3.0	9.0	9.0	9.0	9.0
1,770.0	1,461.0	1,461.0	1,439.0	1,438.0	1,458.0
71.4	45.4	39.0	39.0	39.0	41.0
373.6	300.3	302.3	400.7	390.0	344.5
1,547.1	1,535.0	1,656.6	1,815.5	1,830.0	1,819.8
391.0	403.0	392.0	432.0	427.0	428.0
223.6	221.6	219.1	261.7	176.2	181.2
147.6	128.6	117.2	141.4	203.7	237.2
20.5	20.5	20.9	18.6	18.0	17.0
20,793	19,838	18,470	20,194	20,076	20,387

Dallas Independent School District

General Operating Expenditures by Program Intent Code (PIC) Last Ten Fiscal Years (Unaudited)

Fiscal Year Ended June 30:	2018	2017	2016	2015
PIC				
11 Basic Education Services	\$ 557,820,129	\$ 558,146,624	\$ 552,343,411	\$ 507,152,802
21 Gifted and Talented	6,620,726	7,245,967	10,503,846	9,668,344
22 Career and Technology	27,073,688	29,909,327	28,955,755	25,098,566
23 Special Education	108,453,937	116,644,342	115,118,770	100,677,065
24 Accelerated Education	11,708,860	10,318,273	10,145,059	5,275,144
25 Bilingual Education	19,996,800	19,762,792	30,904,073	28,095,535
26 AEP Services	1,955,490	3,364,526	3,374,453	2,674,268
28 DAEP Basic	3,571,120	3,688,059	3,428,375	3,395,527
29 DAEP Supplemental	13,141	80	13,095	1,059
30 Title I Part A	40,263,182	40,906,044	49,123,522	53,237,260
31 High School Allotment	14,361,020	13,620,305	18,347,667	18,076,718
32 Pre-Kindergarten Regular Education	7,781,747	6,716,867	6,446,065	5,130,282
33 PK Special Education	-	-	-	-
34 PK Comp Education	32,521,092	29,162,908	27,750,176	25,638,961
35 PK Bilingual Education	12,440,902	10,637,638	9,590,777	8,223,025
91 Athletics and Related	18,971,028	20,276,170	17,322,180	15,625,414
99 Undistributed	516,936,476	573,158,136	559,995,982	492,146,690
Total	\$ 1,380,489,339	\$ 1,443,558,058	\$ 1,443,363,207	\$ 1,300,116,661

Source: Dallas ISD Records

Dallas Independent School District

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2014	2013	2012	2011	2010	2009
\$ 474,927,651	\$ 466,713,547	\$ 475,117,717	\$ 474,813,369	\$ 498,873,951	\$ 661,308,819
8,940,356	9,534,610	10,236,525	13,835,271	14,656,086	17,242,122
24,693,065	23,442,817	24,939,809	23,478,532	23,687,421	22,522,845
89,554,017	76,488,103	77,907,703	77,874,757	77,272,008	78,661,218
4,044,321	3,903,140	7,335,276	6,118,923	6,747,043	5,714,022
23,388,823	15,464,944	16,192,928	21,058,126	30,990,858	33,701,959
2,488,846	2,243,646	2,628,247	5,410,241	5,099,839	5,689,375
3,249,212	2,796,025	4,685,662	6,019,248	5,413,632	6,719,006
9,247	9,570	2,379	-	1,300	-
49,324,415	45,442,486	48,641,916	63,955,875	64,476,116	82,504,816
14,770,151	9,633,184	10,046,397	9,404,846	9,401,812	-
7,369,459	31,822,829	25,785,069	-	-	-
2	-	-	-	-	-
21,236,766	-	-	-	-	-
6,301,771	-	-	-	-	-
14,768,601	12,796,532	12,252,095	11,301,633	11,342,665	7,964,742
425,396,766	421,340,351	418,931,413	464,625,682	412,136,090	314,405,594
<u>\$ 1,170,463,469</u>	<u>\$ 1,121,631,784</u>	<u>\$ 1,134,703,136</u>	<u>\$ 1,177,896,503</u>	<u>\$ 1,160,098,821</u>	<u>\$ 1,236,434,518</u>

Dallas Independent School District

Dallas ISD Student/Teacher Ratio Ten Year Comparison (Unaudited)

Campus Level	2017-2018			2016-2017			2015-2016			2014-2015			2013-2014		
	Enrollment	FTE's	Ratio	Enrollment	FTE's	Ratio	Enrollment	FTE's	Ratio	Enrollment	FTE's	Ratio	Enrollment	FTE's	Ratio
High	40,132	2,354.5	17.0	39,597	2,335.5	17.0	39,386	2,366.3	16.6	38,791	2,151.7	18.0	37,914	2,003.3	18.9
Middle	31,681	2,018.1	15.7	31,427	1,903.1	16.5	31,535	1,874.0	16.8	32,374	1,846.0	17.5	32,595	1,641.9	19.9
Elementary	85,019	5,084.3	16.7	86,862	5,438.7	16.0	87,683	5,674.1	15.5	89,088	5,511.1	16.2	89,204	5,087.1	17.5
District	156,832	9,456.9	16.6	157,886	9,677.3	16.3	158,604	9,914.4	16.0	160,253	9,508.8	16.9	159,713	8,732.3	18.3

Note: Does not include Special Education Teachers

*Data includes all Funds.

Dallas Independent School District

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2012-2013			2011-2012			2010-2011			2009-2010			2008-2009		
Enrollment	FTE's	Ratio	Enrollment	FTE's	Ratio	Enrollment	FTE's	Ratio	Enrollment	FTE's	Ratio	Enrollment	FTE's	Ratio
38,372	2,041.6	18.8	38,018	2,102.7	18.1	37,972	2,341.3	16.2	38,117	2,342.2	16.3	37,911	2,374.5	16.0
32,067	1,722.8	18.6	31,479	1,616.1	19.5	31,136	1,802.2	17.3	31,059	1,868.1	16.6	31,283	1,939.1	16.1
88,493	5,108.8	17.3	88,078	5,492.6	16.0	88,054	5,431.8	16.2	87,935	5,285.8	16.6	88,158	5,399.1	16.3
158,932	8,873.2	17.9	157,575	9,211.3	17.1	157,162	9,575.2	16.4	157,111	9,496.2	16.5	157,352	9,712.6	16.2

Dallas Independent School District

S-23**Dallas ISD Enrollment Trend
Last Ten Fiscal Years
(Unaudited)**

	Total Enrollment	Change	% Change		FTE's	Change	% Change
2017-2018	156,832	(1,054)	-0.67%		9,457	(220)	-2.28%
2016-2017	157,886	(718)	-0.45%		9,677	(237)	-2.39%
2015-2016	158,604	(1,649)	-1.03%		9,914	406	4.27%
2014-2015	160,253	540	0.34%		9,509	777	8.89%
2013-2014	159,713	781	0.49%		8,732	(141)	-1.59%
2012-2013	158,932	1,357	0.86%		8,873	(338)	-3.67%
2011-2012	157,575	413	0.26%		9,211	(364)	-3.80%
2010-2011	157,162	51	0.03%		9,575	79	0.83%
2009-2010	157,111	(241)	-0.15%		9,496	(217)	-2.23%
2008-2009	157,352	(452)	-0.29%		9,713	(429)	-4.23%

Source: PEIMS Data

Dallas Independent School District

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School Building Information (Unaudited)

Form of Government: Independent School District

Geographic Area: 384 square miles

<u>Instruction Sites:</u>	<u>Number</u>	<u>Capacity/Sq. Ft.</u>	<u>Acreage</u>
High Schools	41	6,668,247	682.68
Middle Schools	43	5,342,784	626.62
Elementary Schools	153	10,980,605	1,342.38
Elementary Schools - in Progress	2	135,996	11.40
Administration Facilities	25	1,979,048	159.42
Athletics & Pool Facilities	<u>12</u>	<u>573,989</u>	<u>233.33</u>
Totals	<u><u>276</u></u>	<u><u>25,680,669</u></u>	<u><u>3,055.83</u></u>

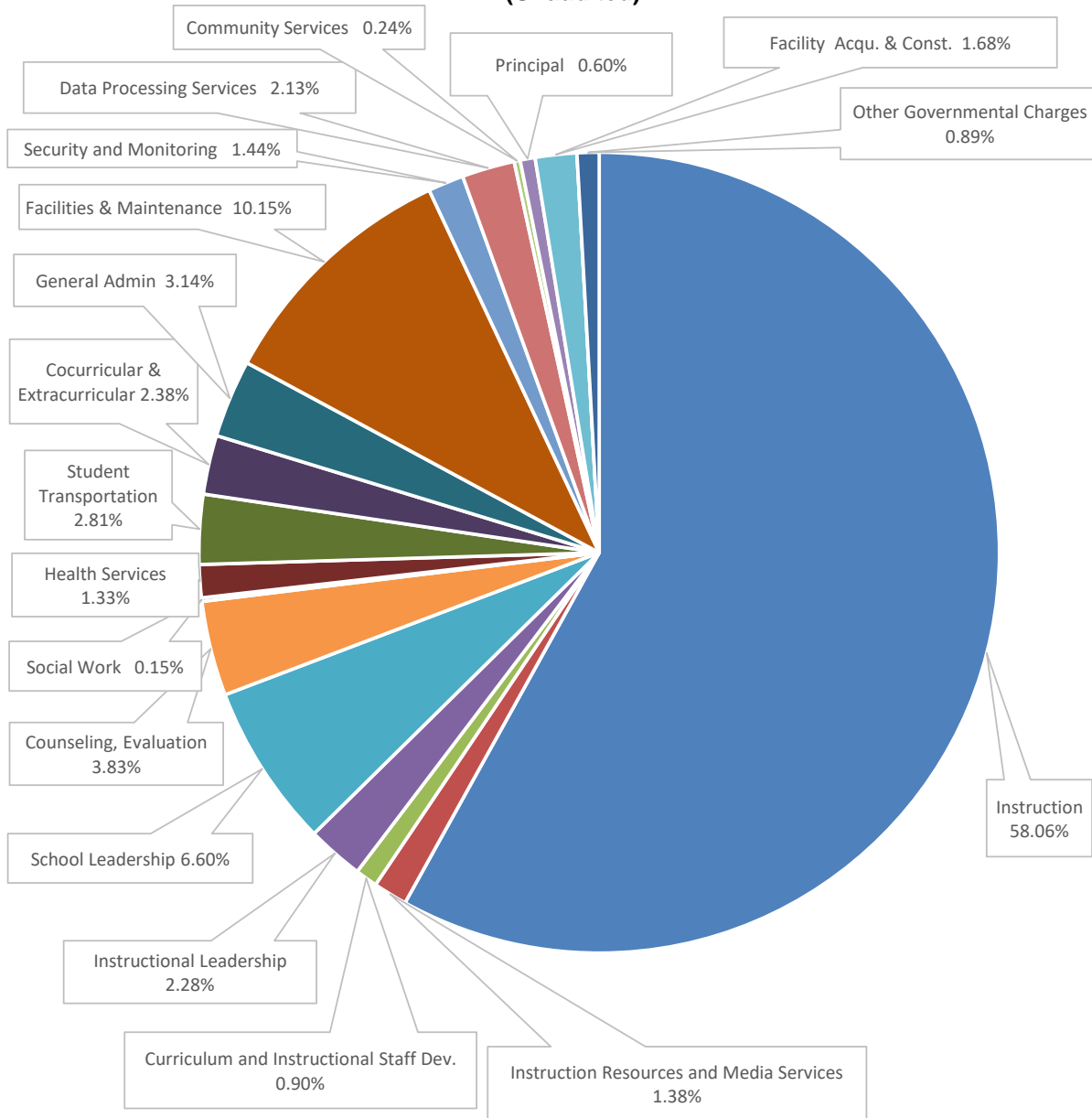
Source: Dallas ISD Records

Dallas Independent School District

General Operating Expenditures (Unaudited)

Function	Name	Amount by Group	Amount by Group	Function Percent of Total	Group Percent of Total
11	Instruction	\$ 805,690,756		58.06%	
12	Instructional Resources and Media Services	19,106,615		1.38%	
13	Curriculum and Instructional Staff Development	12,480,419		0.90%	
	Instruction and Instructional Related		\$ 837,277,790		60.33%
21	Instructional Leadership	31,689,179		2.28%	
23	School Leadership	91,637,442		6.60%	
	Instructional and School Leadership		123,326,621		8.89%
31	Guidance, Counseling and Evaluation Services	53,140,909		3.83%	
32	Social Work Services	2,023,824		0.15%	
33	Health Services	18,446,377		1.33%	
34	Student (Pupil) Transportation	39,012,203		2.81%	
36	Cocurricular/Extracurricular Activities	33,076,584		2.38%	
	Student Support Services		145,699,897		10.50%
41	General Administration	43,596,790		3.14%	
	Administrative Support Services		43,596,790		3.14%
51	Facilities Maintenance and Operations	140,864,581		10.15%	
52	Security and Monitoring Services	20,002,401		1.44%	
53	Data Processing Services	29,573,843		2.13%	
	Support Services		190,440,825		13.72%
61	Community Services	3,370,162		0.24%	
	Ancillary Services		3,370,162		0.24%
71	Principal on Long Term Debt	8,368,227		0.60%	
72	Interest on Long Term Debt	-		0.00%	
73	Bond Fees and Charges	-		0.00%	
	Debt		8,368,227		0.60%
81	Facilities Acquisition and Construction	23,266,814		1.68%	
	Capital Outlay		23,266,814		1.68%
91	WADA Purchase	-		0.00%	
95	Payments to Juvenile Justice Alternative Ed. Prg.	7,332		0.00%	
97	Payment to Tax Increment Fund	65,673		0.00%	
99	Other Governmental Charges	5,069,208		0.37%	
00	Non-Operating Expense	7,241,393		0.52%	
	Intergovernmental Charges		12,383,606		0.89%
		\$ 1,387,730,732	\$ 1,387,730,732	100.00%	100.00%

**General Operating Expenditures by Function
(Unaudited)**



Instruction - 11

Instructional Resources and Media Services - 12

Curriculum and Instructional Staff Development - 13

Instructional Leadership - 21

School Leadership - 23

Guidance, Counseling and Evaluation Services - 31

Social Work Services - 32

Health Services - 33

Student (Pupil) Transportation - 34

Cocurricular/Extracurricular Activities - 36

General Administration - 41

Facilities Maintenance and Operations - 51

Security and Monitoring Services - 52

Data Processing Services - 53

Community Services - 61

Principal on Long Term Debt - 71

Facilities Acquisition and Construction - 81

Other Governmental Charges - 99

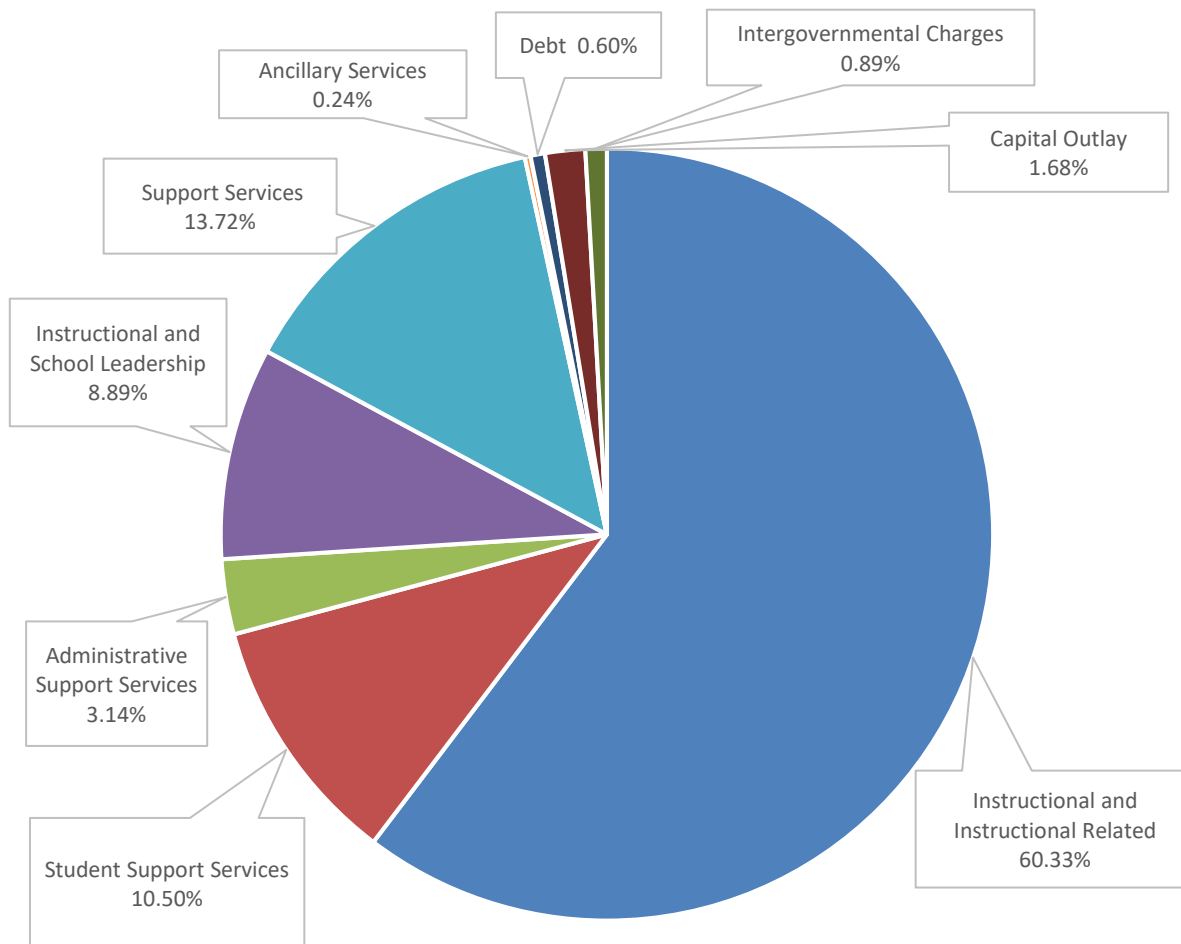
Dallas Independent School District

S-25 (cont'd)

General Operating Expenditures by Group (Unaudited)

Functional Analysis

Instruction and Instructional Related	60.33%
Student Support Services	10.50%
Administrative Support Services	3.14%
Instructional and School Leadership	8.89%
Support Services	13.72%
Ancillary Services	0.24%
Debt	0.60%
Capital Outlay	1.68%
Intergovernmental Charges	0.89%
	<u>100.00%</u>



Dallas Independent School District

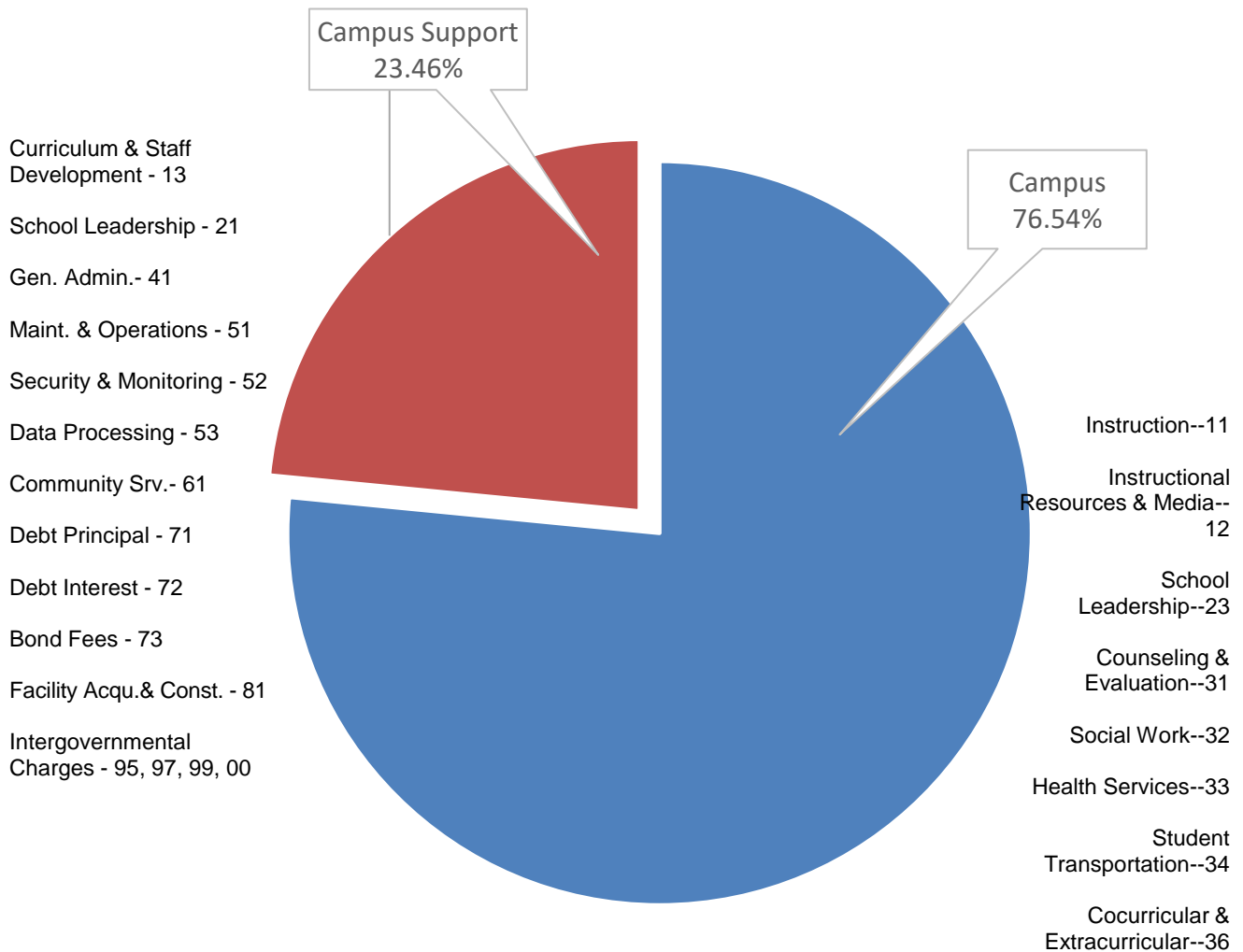
S-25 (cont'd)

General Operating Expenditures Campus and Non-Campus (Unaudited)

Function 11	58.06%
Function 12	1.38%
Function 23	6.60%
Function 31	3.83%
Function 32	0.15%
Function 33	1.33%
Function 34	2.81%
Function 36	2.38%
	<u>76.54%</u>

Function 13	0.90%
Function 21	2.28%
Function 41	3.14%
Function 51	10.15%
Function 52	1.44%
Function 53	2.13%
Function 61	0.24%
Function 71	0.60%
Function 72	0.00%
Function 81	1.68%
Function 99/Other	0.89%
	<u>23.46%</u>

Campus	76.54%
Campus Support	23.46%
	<u>100.00%</u>



Dallas Independent School District

Independent Auditor's Report on Internal Control over Financial
Reporting and on Compliance and Other Matters Based on an Audit
of Financial Statements Performed in Accordance
with Government Auditing Standards

Board of Trustees
Dallas Independent School District
Dallas, Texas

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Dallas Independent School District (the District), as of and for the year ended June 30, 2018, and the related **notes to the financial statements, which collectively comprise the District's basic financial statements**, and have issued our report thereon dated October 30, 2018, which included an emphasis paragraph on the restatement of beginning net position due to the implementation of new accounting guidance, GASB Statement No. 75, "Accounting and Financial Reporting for Postemployment Benefits Other than Pensions".

Internal Control Over Financial Reporting

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

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

Our consideration of internal control 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 material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify a deficiency in internal control, described in the accompanying schedule of findings and questioned costs that we consider to be a significant deficiency [Finding 2018-001].

Dallas Independent School District's Response to Findings

The District's response to findings identified in our audit are described in the Accompanying schedule of findings and questioned costs . The District's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly , we express no opinion on it.

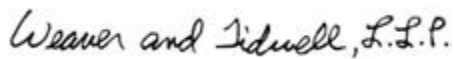
Board of Trustees
Dallas Independent School District

Compliance and Other Matters

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

Purpose of this Report

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



WEAVER AND TIDWELL, L.L.P.

Dallas, Texas
October 30, 2018

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

Board of Trustees
Dallas Independent School District
Dallas, Texas

Report on Compliance for Each Major Federal Program

We have audited Dallas Independent School District's (the District) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2018. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2018.

Report on Internal Control over Compliance

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

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

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

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

Weaver and Tidwell, L.L.P.

WEAVER AND TIDWELL, L.L.P.

Dallas, Texas
October 30, 2018

Dallas Independent School District

**Dallas Independent School District
Schedule of Expenditures of Federal Awards
For The Year Ended June 30, 2018**

Federal Grantor/ Pass-Through Grantor Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
CORPORATION FOR NATIONAL AND COMMUNITY SERVICE			
Passed Through University of North Texas			
Texas HIPPY - AmeriCorps	94.006	GF40025-3	30,985
Texas HIPPY - AmeriCorps	94.006	GF40065-3	52,173
TOTAL CORPORATION FOR NATIONAL AND COMMUNITY SERVICE			\$ 83,158
U.S. DEPARTMENT OF DEFENSE			
Direct Program			
JROTC	12.357	N/A	2,062,450
TOTAL U.S. DEPARTMENT OF DEFENSE			\$ 2,062,450
U.S. DEPARTMENT OF LABOR			
Passed Through Texas Education Agency			
Industry Cluster TWC Adult	17.258	173918017110007,8,9	27,232
Industry Cluster TWC Dislocated	17.278	173920017110007,8,9	623,179
TOTAL CORPORATION FOR NATIONAL AND COMMUNITY SERVICE			\$ 650,411
U.S. DEPARTMENT OF EDUCATION			
Direct Programs			
Title VII - Indian Educational Formula Grant	84.060A	S060A170194	126,340
Total Direct Programs			\$ 126,340
Passed Through Ohio State University			
Project M-Net: Mobilizing National Educator Talent	84.350C	60031733	2,000
Total Passed through Ohio State University			\$ 2,000
Passed Through Region 10 ESC			
McKinney-Vento/TEXSHEP	84.196A	17-019	16,978
McKinney-Vento/TEXSHEP	84.196A	18-063	175,727
Total Passed through Region 10 ESC			\$ 192,705
Passed Through The University of Texas at Austin			
2016-2017 Texas Mathematics and Science Partnership Professional Development Network	84.366B	166944047110001	44,893
Total Passed through The University of Texas at Austin			\$ 44,893
Passed Through Spurwink Services, Inc.			
Building Assets - Reducing Risks	84.411B	U411A160001,84.411B	93,754
Total Passed through Spurwink Services, Inc.			\$ 93,754
Passed Through Texas Education Agency			
ESEA, Title I, Part A, Part D and SIP	84.010A	17610101057905	1,822,183
ESEA, Title I, Part A, Part D and SIP	84.010A	18610101057905	72,135,340
Total Title I, Part A, Part D and SIP Cluster			\$ 73,957,523
IDEA - Part B Formula	84.027A	176600010579056600	734,966
IDEA - Part B Formula	84.027A	186600010579056000	26,317,060
SSA - IDEA - Part B Discretionary - Deaf	84.027A	17660011057905	12,584
SSA - IDEA - Part B Discretionary - Deaf	84.027A	186600110579056673	724,557
SSA - IDEA - Part B Discretionary - Deaf	84.027A	66001715	464,604
IDEA - Part B Visually Impaired - Through ESC 10	84.027A	176002271110	(300)
IDEA - Part B Visually Impaired - Through ESC 10	84.027A	18660022	1,931
Total CFDA Number 84.027A			\$ 28,255,402
IDEA - Part B Preschool	84.173A	176610010579056610	(28)
IDEA - Part B Preschool	84.173A	186610010579056610	348,420
Total CFDA Number 84.173A			\$ 348,392
SSA - IDEA - Part C - Early Intervention (Deaf)	84.181A	173911010579053911	(67)
SSA - IDEA - Part C - Early Intervention (Deaf)	84.181A	183911010579053911	2,713
Total CFDA Number 84.181A			\$ 2,646
Total Special Education Cluster (IDEA)			\$ 28,606,440

Industry Cluster Perkins	84.048	173922017110007,8,9	27,235
Career and Technical - Basic Grant (Perkins IV)	84.048A	17420006057905	135,713
Career and Technical - Basic Grant (Perkins IV)	84.048A	18420006057905	1,834,174
Total CFDA Number 84.048A			<u>\$ 1,997,122</u>
Title III, Part A - English Language Acquisition	84.365A	17671001057905	258,603
Title III, Part A - English Language Acquisition	84.365A	18671001057905	6,711,646
Title III, Part A - Immigrant	84.365A	17671003057905	2,428
Title III, Part A - Immigrant	84.365A	18671003057905	738,211
Total CFDA Number 84.365A			<u>\$ 7,710,888</u>
ESEA, Title II, Part A, Improving Teacher Quality	84.367A	17694501057905	23,027
ESEA, Title II, Part A, Improving Teacher Quality	84.367A	18694501057905	6,379,439
Total CFDA Number 84.367A			<u>\$ 6,402,466</u>
Title IV, Part A - Subpart 1	84.424A	18680101057905	885,676
Total CFDA Number 84.424A			<u>\$ 885,676</u>
Summer School LEP	84.369A	69551602	(630)
Summer School LEP	84.369A	69551702	11,033
Total CFDA Number 84.369A			<u>\$ 10,403</u>
Hurricane Emergency Impact Aid	84.938C	N/A	<u>\$ 878,423</u>
Total Passed through Texas Education Agency			<u>\$ 120,448,941</u>
TOTAL U.S. DEPARTMENT OF EDUCATION			<u>\$ 120,908,633</u>
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			
Passed Through Health and Human Services Commission			
Medicaid Administrative Claiming Program - MAC	93.778	529-07-0157-00269	582,554
HIPPY - Texas Home Visiting	93.505	529-12-0029-0004F	44,272
HIPPY - Texas Home Visiting	93.505	529-12-0029-0004G	279,757
Total Passed through Health and Human Services Commission			<u>\$ 906,583</u>
Passed Through United States Conference of Catholic Bishops/Migration and Refugee Services			
Refugee School Impact Program	93.566	1702TXRSOC	83,905
Refugee School Impact Program	93.566	1702TXRSOC	64,948
Total Passed through United States Conference of Catholic Bishops/Migration and Refugee Services			<u>\$ 148,853</u>
Passed Through Texas Workforce Commission			
Foster Youth Dropout Prevention and Recovery High School Completion Program	93.558	0617TAN004	89,222
Total Passed through Texas Workforce Commission			<u>\$ 89,222</u>
Passed Through Texas Education Agency			
Pre-K Partnership Planning Grants	93.575	173921017110010	151,451
Total Passed through Texas Education Agency			<u>\$ 151,451</u>
TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			<u>\$ 1,296,109</u>
U.S. DEPARTMENT OF AGRICULTURE			
Direct Programs			
National School Lunch Program - Equipment	10.574	TA04-2010	80,000
Total Direct Programs			<u>\$ 80,000</u>
Passed Through Texas Department of Agriculture			
School Breakfast Program	10.553	71401801	33,099,836
National School Lunch Program - Cash Assistance	10.555	71301801	64,674,298
National School Lunch Program - Non-Cash Assistance	10.555	71301801	6,945,936
Total CFDA Number 10.555			<u>\$ 71,620,234</u>
Summer Feeding Program - Cash Assistance	10.559	00276	1,100,607
Total Child Nutrition Cluster			<u>\$ 105,820,677</u>
Child and Adult Care Food Program - Cash Assistance	10.558	00276	4,000,578
Fresh Fruit and Vegetable Program	10.582	00276	1,929,215
Total Passed through Texas Department of Agriculture			<u>\$ 111,750,470</u>
TOTAL U.S. DEPARTMENT OF AGRICULTURE			<u>\$ 111,830,470</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u>\$ 236,831,231</u>

All amounts include indirect cost allocation.

DALLAS INDEPENDENT SCHOOL DISTRICT

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS YEAR ENDED June 30, 2018

1. The District utilizes the fund types specified in the Texas Education Agency Resource Guide.

Special Revenue Funds are used to account for resources restricted to, or designated for, specific purposes by a grantor. Federal and state awards generally are accounted for in a special revenue fund. Generally, unused balances are returned to the grantor at the close of specified grant periods.

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. The governmental funds are accounted for using a current financial resources measurement focus. All federal grant funds were accounted for in the special revenue funds, which are governmental funds. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

The modified accrual basis of accounting is used for the governmental 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. Accordingly, when such funds are received, they are recorded as deferred revenues until earned. The accompanying Schedule of Expenditures of Federal Awards is presented on the modified accrual basis of accounting.

2. The period of availability for federal grant funds for the purpose of liquidation of outstanding obligations made on or before the ending date of the federal project period extends 30 days beyond the federal project period ending date, in accordance with provisions in Section H: Period of Availability of Federal Funds, Part 3, *OMB Circular A-133 Compliance Supplement*.
3. 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 adjustments by the grantor agencies; therefore, to the extent that the District has not complied with rules and regulations governing the grants, refund of any money received may be required and the collectability of any related receivable at June 30, 2018, may be impaired. The District has not elected to use the 10% de minimis indirect cost rate of the Uniform Guidance.
4. The Schedule of Federal Awards includes funds received for Medicaid and ROTC recorded in general fund for \$2,177,218. The Schedule of Federal Awards also includes indirect costs in the amount of \$3,600,362.

The following table reconciles total expenditures per The Schedule of Expenditures of Federal Awards to the non-major governmental funds federal program revenues per Exhibit C-2:

Total federal programs revenue per Exhibit C-2	\$ 231,053,651
Indirect cost reimbursement	3,600,362
JROTC	2,062,450
Medicaid (Fund 180)	114,768
Total expenditures of federal awards	<u>\$ 236,831,231</u>

Dallas Independent School District

Schedule of Findings and Questioned Costs

Year Ended June 30, 2018

I. Summary of the Auditor's Results:

Financial Statements

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

Federal Awards

- d. Internal control over major federal programs:
- Material weakness(es) identified? _____ Yes X No
 - Significant deficiency(ies) identified that are not considered a material weakness? _____ Yes X None reported
- e. An unmodified opinion was issued on compliance for major federal programs.
- f. Any audit findings disclosed that were required to be reported in accordance with 2 CFR 200.516(a). _____ Yes X No
- g. Identification of major programs:
- | | |
|-----------------------------------|------------------------|
| Child Nutrition Cluster | 10.553, 10.555, 10.559 |
| Child and Adult Care Food Program | 10.558 |
- h. The dollar threshold used to distinguish between Type A and Type B programs. \$3,000,000
- i. Auditee qualified as a low-risk auditee. _____ X Yes _____ No

Dallas Independent School District
Schedule of Findings and Questioned Costs
Year Ended June 30, 2018

II. Findings Relating to the Financial Statements Which Are Required To Be Reported in Accordance with *Generally Accepted Government Auditing Standards*.

FINDING 2018-001

Significant Deficiency in Internal Controls – Payment Authorization for Utility Expenditures Prior to Review

Criteria- The review and reconciliation of expenditures should be performed prior to payment to vendors.

Condition- During the fiscal year, there were 18 vendors authorized by the District for auto draft payments, the breakdown of the 18 vendors is as follows: 10 utility (water, gas, and electricity) vendors, 7 payroll/benefits vendors, and one credit card processing company. For the utility vendors, the review of charges incurred for reasonableness takes place after payment.

Context- During our review of cash disbursements, we noted 5 of 5 instances of payments tested for utility expenditures where the reconciliation/review of the expenditures did not take place prior to payment.

Effect or Potential Effect- Under the process in place during the fiscal year, authorized vendors had the opportunity to draft payments prior to a timely reconciliation/review of expenditures. The risk significantly increases that errors or fraud related to utility payments could occur and not be detected in a timely manner. **The District's Internal Audit Department has been performing analytical procedures over utility expenditures to identify utility billings for further investigation by the Energy Management Department. The Internal Audit Department should not be a part of the internal control process.**

Cause- **Some vendors' ability to provide the required information timely and/or electronically to the District and the District's staffing resources have made it difficult to reconcile/review payments prior to payment.**

Recommendation- Implement a formal written process outlining the process for reviewing and reconciling utility expenditures including a specified timeframe in which the review and reconciliation process will take place.

View of Responsible Officials- See corrective action plan

III. Findings and Questioned Costs for Federal Awards Including Audit Findings as Described in 1.f Above

NONE

Dallas Independent School District
Schedule of Findings and Questioned Costs
Year Ended June 30, 2018

IV. Corrective Action Plan

FINDING 2018-001- Significant Deficiency in Internal Controls – Payment Authorization for Utility Expenditures Prior to Review

Management Response — Management acknowledges the deficiency

Background —Approximately ten years ago the district implemented an automated process to alleviate numerous late fees and utilities disconnection notices related to utilities. The process includes review of utility invoices by Energy Management prior to ACH-debit by the utility vendors. Energy Management is to then follow up with the utility vendors on any discrepancies found in their review of the utility billings and to secure billing corrections and payment refunds for the district, if appropriate, within a reasonable amount of time either prior to or subsequent to the ACH-debit of the utility payments.

Corrective Action —In response to the identified deficiencies, Maintenance and Facility Services has implemented an invoice validation process. Two of the three utility invoice formats are electronic (electric and gas) while the third is received as hard copy via U.S. Mail (water). Upon receipt, the invoice data is uploaded - either manually or electronically depending on utility type - into the energy software platform. A validation report is generated for each utility type in an effort to identify outliers. The intent is to address billing concerns as close to the ACH-debit date(s) as possible.

In the case of invoice or billing dispute, the Energy and Sustainability department will review within 30 days of receipt, subsequent correspondence (and resolution) with the necessary utility provider within 90 days upon review completion.

Responsible Party — Christopher Gray

Expected Completion Date — June 30, 2019

Dallas Independent School District
Summary of Prior Year Audit Findings
Year Ended June 30, 2018

V. Findings Relating to the Financial Statements Which Are Required To Be Reported in Accordance with *Generally Accepted Government Auditing Standards*.

2017-001 Special Tests and Provisions- Annual Report Card, High School Graduation Rate

Responsible Party — Michelle Thompson

Corrective Action — During training at the beginning of the year, Campus Data Support staff reviewed leaver codes, supporting documentation, and expectations for verification with each small group of Registrars. The district internal link for PEIMS leaver coding and supporting documentation checklist were provided in the campus Beginning of Year manual. Specific focus was given to the information and links.

During the September Leaver and supporting documentation training, the PEIMS Coordinator provided detailed information on the use of Leaver Codes and use of the supporting documentation checklist. Examples of potential coding errors were shared, such as a student moving to XYZ school and the implications of a failure to identify the school as private and mark the appropriate code. Handouts were provided listing the PEIMS Leaver Codes to be used and expected verification procedures.

Status — Corrected