

Dallas Independent School District

Comprehensive Annual Financial Report

For Fiscal Year Ended
June 30, 2015

Prepared by the
Finance and Accounting Services Division



Dallas
Independent
School
District



3700 Ross Avenue • Dallas, Texas 75204
www.dallasisd.org

Dallas Independent School District

**Dallas Independent School District
For the Fiscal Year Ended June 30, 2015**

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November 19, 2015

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” or “DISD”) for the fiscal year ended June 30, 2015.

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.

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, 2015 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, 2015 are fairly presented in conformity with GAAP. The independent auditor’s 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 (“the 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 pre-kindergarten through twelve. The District sits in the heart of a large, diverse and dynamic region with a metropolitan population of more than 6.5 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 is the second-largest public school district in the state, and the 14th-largest district in the nation.

In the 2014-2015 school year, the District served an ethnically and culturally diverse enrollment of 160,253 students and is projected to serve 159,876 students in the 2015-2016 school year. Our students come from homes where approximately 70 different languages are spoken. The ethnic composition is approximately 70.2 percent Hispanic, 22.9 percent African-American, 4.7 percent Anglo-American, 1.3 percent Asian-American, and .9 percent other races. DISD had 21,715 full-time employees in 2014-2015, including 11,103 teachers, 924 campus administrators, 377 counselors, 228 librarians, and 222 nurses. Districtwide, the professional staff totaled 2,024 with 6,838 campus and central support staff. The District’s staff is projected to increase by 40 full-time employees with professional staff and teachers accounting for a majority of the increase.

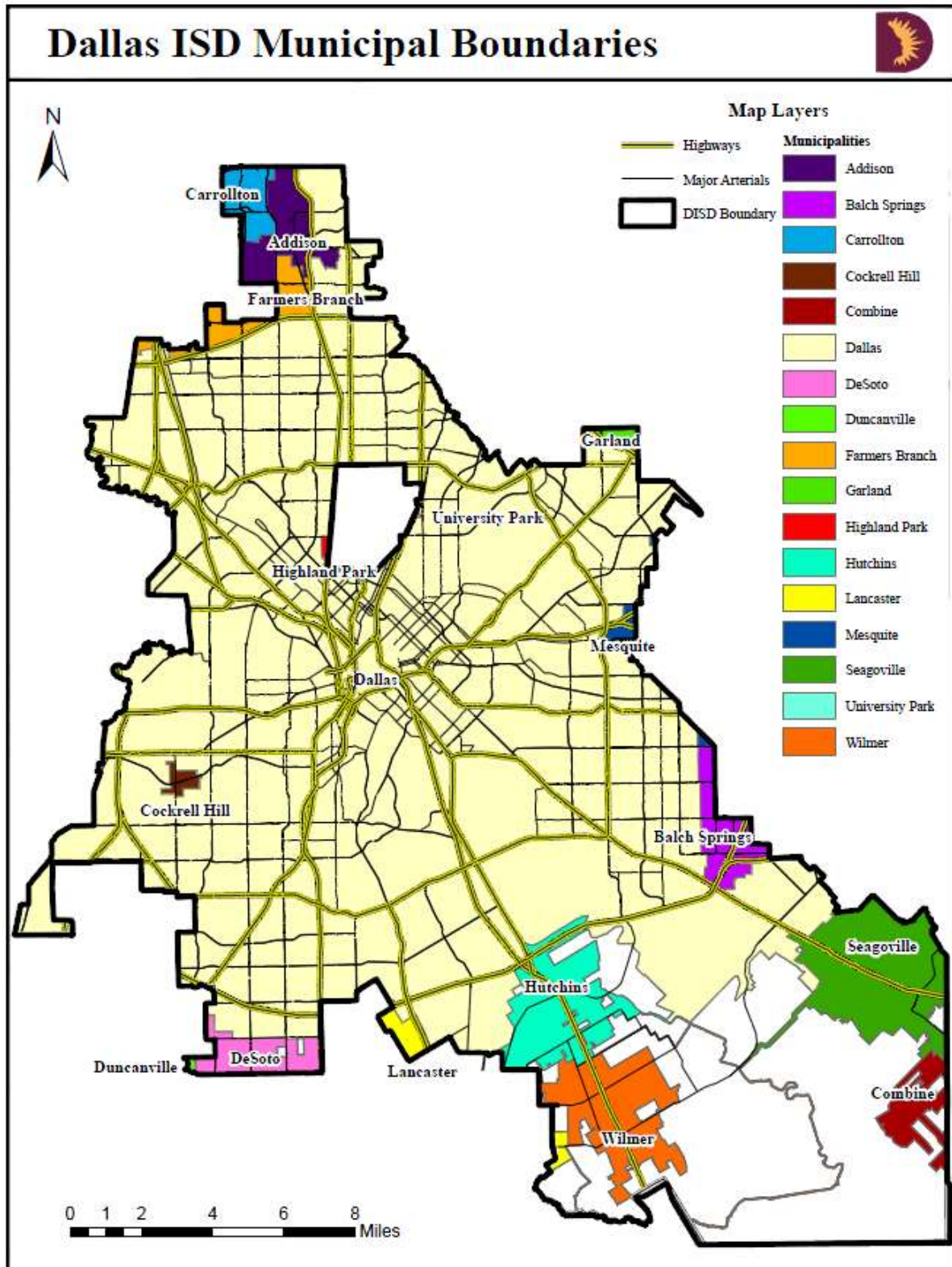
Dedication runs strong throughout the Dallas Independent School District with all of our employees working toward realizing our vision of becoming the best urban district in the United States. To truly impact the lives of students and govern our day-to-day actions, our Board of Trustees adopted core beliefs and Principles of Public Service for the district to follow. These principles and beliefs serve as guideposts to everything we do.

Vision: Dallas ISD seeks to be a premier urban school district.

Mission: Educating all students for success

Destination: By Fall 2020, 90 percent of our students will graduate on time, 80 percent will be ready to enter college, the military, or a "career-ready" job.

Core Beliefs: Our main purpose is to improve student academic achievement.
Effective instruction makes the most difference in student academic performance.
There is no excuse for poor quality instruction.
With our help, at-risk students will achieve at the same rate as non-at-risk students.
Staff members must have a commitment to children and a commitment to the pursuit of excellence.



INSTRUCTIONAL PROGRAMS

DISD serves a culturally- and ethnically-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. DISD 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.

Elementary School Programs. DISD had an enrollment of 89,088 students in its 151 elementary schools in 2014-2015. Most of the schools are pre-kindergarten through fifth grade, although some offer only primary or intermediary grade levels. The instructional program includes a foundation curriculum of reading, writing, spelling, oral language, listening, mathematics, science, and social studies, while the enrichment curriculum offers health, physical education, and fine arts. Elementary students also have co-curricular opportunities in the greater Dallas community through district-sponsored activities at museums, science and arts organizations, and DISD's Environmental Education Center. The district emphasizes for each child a consistent, challenging curriculum that surpasses state standards. Other educational programs are available to meet specific needs, including advanced academics, bilingual education, English as a second language, and special education.

Middle School Programs. DISD operated 33 middle schools with a 2014-2015 enrollment of 32,374 students in grades six through eight. The middle school foundation and enrichment courses help develop concepts and skills first introduced in elementary school. Career and Technology Education courses are available to expose students to a variety of career possibilities. The Junior ROTC program is available at several middle schools.

High School Programs. There were 38,791 students enrolled in grades 9 through 12 at DISD's 40 high schools in 2014-2015; including comprehensive, magnet, alternative, and evening school enrollments. Students are offered advanced education in English language arts, science, mathematics, and social studies. All students must also take courses in health and physical education and at least one year of a language other than English. A wide variety of elective courses, including additional foreign language study and fine arts such as band, orchestra, choral music, art, dance, and theater, are also offered. Career and Technology Education offers courses to prepare students for careers in high-demand fields. Magnet high schools provide specialized programs for students who want to focus on a particular area of interest.

THE ECONOMIC ENVIRONMENT AND ITS IMPACT ON THE GENERAL FUND

School districts in the State of Texas have three main sources of General Fund revenues: local property taxes, state revenue, and miscellaneous federal funds. Local funding is derived from taxes on district property value. State funding is based on state legislative appropriations determined through a finance system defined in statute. Federal funds are appropriated by the U.S. Congress, usually for specific purposes.

Local Revenue. Like other school districts, Dallas ISD is largely funded through property taxes. Revenue from local sources represented approximately 64.8 percent of Dallas ISD's General Fund total revenue in fiscal 2015. The taxable value base is diversified among commercial, residential, and business personal property. The District's top ten taxpayers comprise 5.6 percent of the District's total 2015 taxable value so no one taxpayer can have a significant impact on the District's property tax income. 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. The U.S. Bureau of Labor Statistics reported an unemployment rate of 3.9 percent for Dallas in September 2015 compared to a national unemployment rate of 5.2 percent. Major industries in the city include professional and business services, transportation, manufacturing, utilities, education, health services, and leisure and hospitality.

The District's 2014 certified taxable property value of \$85.5 billion represented a 6.87 percent increase over the district's fiscal year 2013 certified taxable property value of \$80.0 billion. Certified taxable property values for 2015 increased by 6.47 percent after the passage of Senate Bill 1. The increase in taxable property values is attributed to a strong Dallas-Fort Worth economy. Taxable property values are conservatively projected to grow 3 percent annually through the 2018 levy. It is assumed that an M&O tax rate of \$1.040050 per \$100 valuation will be levied through the fiscal year 2017-18, and the estimated tax collection rate will remain at 98 percent through the forecast period.

State Revenue. In May 2015, the 84th Legislature put \$1.2 billion back into public education for the 2015-2016 biennium related to the Basic Allotment—\$860 million related to the Austin Yield and \$1.2 billion for an increase in the state mandated homestead exemption—for a total of \$3.26 billion in these areas. The legislature returned these funds through several changes to the funding formula. First, the basic allotment was increased from \$5,040 to \$5,140 for 2015-2016 and 2016-2017. This is the base amount generated by every student in DISD. Second, the Equalized Wealth Level was changed from \$504,000 to \$514,000 for 2015-2016 and 2016-2017. This is the level at which a district becomes Chapter 41 ("Robin Hood") and must send a portion of local property taxes to the state. Dallas ISD is subject to Chapter 41 recapture. Third, the Tier II (Austin Yield) changed to \$74.28 in 2015-16 and \$77.53 in 2016-17. This funding is generated by four pennies of the district's tax rate approved in 2006-2007. Fourth, the state-mandated local homestead exemption was increased from \$15,000 to \$25,000 by Senate Bill 1. This item was approved on the November 3, 2015 ballot.

Student enrollment heavily influences Average Daily Attendance, which is an important driver of state revenue. Student enrollment has grown slightly each year since 2010-11, rising to 160,253 in fiscal year 2014-15. Enrollment for fiscal year 2015-16 is 159,876 which represents a .24% decrease over fiscal year 2014-15. Enrollment is expected to continue to decrease at an average rate of .24% each year through fiscal year 2017-18.

Federal Revenue. The District is projected to add the Build America Bonds (BABs) rebate to the General Operating Fund revenues for fiscal year 2015-16 through fiscal year 2017-18. BABs 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.

DISTRICT TRANSFORMATION: DESTINATION 2020

The District continues to transform itself through its Destination 2020 strategic plan, which is designed to significantly increase the number of students who will be college and career ready by the year 2020. The picture of success involves high school graduates who are entering college straight from high school or entering the workforce prepared for a year 2020 workplace. Specifically, by September 2020, the District expects:

- 90% of our students to graduate on time.
- 40% of our students to attain a 21 or higher composite score on the ACT exam or SAT of 900 on Reading/Math.
- 75% of our students to be proficient on the “Year 2020 workplace readiness assessments.”
- 80% of our students to enter college, the military, or a “career ready job” straight from high school.

Key elements of the plan include placing an effective teacher in front of every child, making principals the key to reform, hiring the most efficient and competent central office staff in the nation, expanding leadership density, and engaging parents and the community to work in reinforcing ways to graduate college- and career-ready students. The District prioritized the key actions it would take under four core domains: investing in people, focusing on the classroom, strengthening our systems, and engaging parents and community.



Investing in People. In January 2013, the Board of Trustees approved a new principal evaluation system that ties principal evaluations to student achievement results. Rigorous evaluations of principals resulted in a sizeable turnover of principals at the end of the 2012-2013 school year. In August 2013, sixty-two new principals (out of 223) started in the District. The development of principals under the new system continued in the 2013-2014 school year. Starting with the 2014-2015 school year, the District tied principal compensation to the evaluations, and the system of compensation continues for 2015-2016.

While the Destination 2020 plan envisioned a new teacher evaluation system early on, the implementation of such a system was delayed until the District could develop school leaders into instructional leaders. After two years of rigorous and extensive development of principals, the District was ready to effectively implement a fair, accurate and rigorous teacher evaluation system. The District started the Teacher Excellence Initiative (TEI) in August 2014. This initiative ties teacher evaluations to student achievement and performance results. It differentiates compensation and awards higher salaries to teachers who get strong results. The first month of payments to teachers under the TEI system began in October 2015, retroactive to September 2015.

Focusing on the Classroom. For the last three years, the District has focused on improving the quality of instruction. Efforts have focused on developing principals and assistant principals into instructional leaders, investing in building-level instructional coaches and division-level academic facilitators, training teachers on instructional priorities, aligning the curriculum to the new, more rigorous Texas standards, shifting the focus from seat time to demonstrations of learning, and improving the quality of instruction by creating a culture of instructional feedback through spot observations conducted by campus administrators.

Early childhood initiatives caused a growth in Pre-K registrations and support for hundreds of teachers through the addition of new Pre-K specialists and coaches. The expansion of school choice options took a leap forward with the roll-out of a new campus application process, support of eight schools through a program development phase and the selection of five schools that began enrolling students in 2015-2016.

Strengthening our Systems. While the capacity of the staff, the quality of instruction, and school climate are all drivers of organizational change, central office systems also figure prominently in any transformation. Central office processes and procedures can either enhance or impede the ability of the District to change.

In October 2012, the District identified 32 key areas in need of improvement. Many of these areas involved systemic problems that had plagued the District for decades. Over the course of the 2013-2014 and 2014-2015 school years, the District prioritized the actions required to significantly improve in each of the 32 areas and created a Project Management Office to coordinate and support the execution of the prioritized actions. The collaboration among schools and central office departments led to a number of firsts in Dallas ISD. For example, as a result of fundamental changes in hiring and recruitment processes, the number of classroom teacher vacancies at the beginning of the 2014-2015 and 2015-2016 school years dramatically decreased to the lowest level in recent history. While beneficial to classroom instruction, this development also has the potential of increasing actual payroll costs relative to budgeted payroll costs.

Engaging Parents and the Community. In order to significantly improve academic outcomes for at-risk students, communities need to support the efforts of parents and educators. The District will continue to be purposeful in helping community volunteers and partners work in reinforcing ways. A great number of legislators, foundations, non-profits, and other stakeholders have expressed a commitment to help the District move forward and expect us to do what it takes to improve. The District created a Volunteer and Community Partnerships Department to help coordinate volunteer activities and help schools take advantage of the support parents and other stakeholders are eager to provide.

FACILITIES NEEDS AND CAPITAL PROJECTS

Facilities Needs. In 2013 the District contracted the production of a report on the condition, maintenance needs, and life-cycle status of all of its existing 227 schools, dozen sports arenas, administrative offices, warehouses, and other facilities. The report detailed the physical condition, repair options, maintenance and capital renewal needs, and the remaining expected life for each facility. The assessment incorporated evaluations and interviews with Dallas ISD facility administrators and maintenance personnel. Titled the “2013 Facilities Condition Assessment,” the final report included recommendations regarding the appropriate allocation of funds for the assessed building, prioritization of improvement needs for the next five years, as well as a plan to address needs through 2025. The report is a planning tool to assist trustees in making decisions to achieve short and long-term facility goals to provide students with high-quality schools that maximize their learning potential and prepare them for higher education.

At the time of the 2013 Facilities Condition Assessment, DISD facilities dated from 1909 to 2013, with the median age of all facilities being 47 years and a median year built of 1966. According to the National Center for Educational Statistics (NCES), the Dallas ISD average coincided with the national average of 42 years for all educational facilities nationwide. The 269 school and non-school facilities used as administrative, special purpose, transportation, maintenance, support, or warehouses, and their associated buildings and grounds, were in overall “Fair” condition with a combined facility condition index (FCI) of 22.10%. General or ordinary maintenance of facilities was deemed to be good. However, deferred maintenance in the form of expired building systems and unfunded capital repairs represented 2013 budgeted deficiency needs of about \$1.8 billion.

2008 Dallas ISD Bond Program. The District’s 2008 Bond Program began after the first sale of bonds in December 2008. Under the leadership and supervision of the Construction Services Department, the \$1.35 billion is improving and building District facilities. This includes \$96 million for technology improvements to campuses. As of June 30, 2015, the Program scope consisted of 249 projects, including 14 new facilities, 15 addition/renovations, 17 expansion/renovations and 203 straight renovation projects. The completion of construction is targeted for 2016. As of June 30, 2015, 243 of the 249 projects had reached substantial completion, including all phase one, two, and three projects and four of the 10 phase four projects. The remaining six phase four projects were moving forward in the construction phase. Overall, the entire 2008 bond program is within budget.

2013 Dallas ISD Qualified School Construction Bond Program. Approved by Dallas ISD Board of Trustees for \$143.3 million on August 22, 2013, this program is to provide improvements to 47 existing District facilities. The program includes renovating and converting science labs at middle schools and converting steam heating systems to hydronic heating systems. Consisting of 47 projects, the program is being executed with overall construction completion targeted in 2016.

2015 Dallas ISD Interim Bridge Plan. Approved by the Dallas ISD Board of Trustees for \$134.7 Million on March 26, 2015, the Interim Bridge Plan includes re-opening or repurposing 4 campuses; renovating and or making additions to address critical needs at nine campuses; renovating three future innovation schools; launching new transformation schools; and expanding pre-kindergarten space at seven campuses. The total approved \$148.0 million in funds were from the following sources: 2008 Bond Program Funds (\$30.0 million), Maintenance Tax Notes (\$75.0 million) and Dallas ISD General Operating Funds (\$43.0 million).

2015 Bond Referendum. On August 21, 2015, the Board of Trustees voted to place a new bond proposal on the November 3, 2015 ballot for voters’ consideration. The \$1.590 billion proposal calls for nine new campuses (\$464.8 million); 326 new classrooms and expanded facilities (\$195.3 million); educational adequacy improvements, including new technology, science labs, libraries, and gym/locker room enhancements (\$233.3 million); new educational programs including prekindergarten expansion, and career and technical programs (\$92.6 million); capital improvements such as new roofs, HVAC, windows and doors, plumbing, and site improvements (\$500.0 million); and land acquisition, demolition and early priority projects (\$105.1 million). On November 3, 2015, voters approved the \$1.590 billion bond.

AWARDS

At June 30, 2015, the total fund balance in the General Fund was \$357.5 million, representing a \$14.7 million increase compared to the prior year. The District's administration continues to manage the district's finances with the goal of growing the General Fund balance to ensure that needed resources are available to provide for future needs. The administration continues to earn recognition for prudent fiscal management, and to receive awards for financial reporting and budget presentation.

The District received the 2015 Texas Comptroller Leadership Circle Award for local government financial transparency at the Platinum Level, which is the highest possible level. The award recognizes local governments for achieving high standards of financial transparency with the public, which is achieved by presenting financial information on the government's website in ways that are easily accessible, including clear and consistent pictures of spending and presentation formats that let taxpayers drill down for additional detail. Major criteria for receiving the award include posting three years of adopted budgets, annual financial reports, and searchable, descriptive check registers to the local government's financial transparency website.

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. The primary goals of FIRST are to rate the quality of Texas school districts' financial management practices and to encourage districts to provide the maximum possible allocation of those resources for direct instructional purposes. The District earned a perfect score and was awarded the Superior Achievement rating under FIRST for its fiscal year ended June 30, 2014. The Superior Achievement rating is the state's highest financial 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, 2014. 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 our current 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, 2014. 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 our current 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 GFOA also presented a Distinguished Budget Presentation Award to the District for the fiscal year beginning July 1, 2014. In order to receive this award, a governmental unit must publish a budget document that meets program criteria as a policy document, as an operations guide, as a financial plan, and as a communications device. This award is valid for a period of one year. We believe our current budget continues to conform to program requirements, and we are submitting it to GFOA to determine its eligibility for another award.

The District received the ASBO Meritorious Budget Award for the 2014-2015 fiscal year. This award certifies that the budget adheres to the principles and standards of the ASBO criteria. A Meritorious Budget Award is valid for a period of one year. We believe our current budget continues to conform to the program requirements, and we are submitting it to ASBO to determine its eligibility for another certificate.

ACKNOWLEDGEMENTS

The preparation of this report on a timely basis could not be accomplished without the efficient and dedicated service 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.

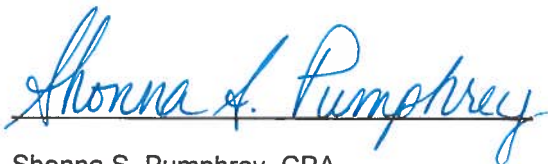
Respectfully,



Michael Hinojosa, Ed.D.
Superintendent of Schools

James Terry, Ph.D., CPA
Chief Financial Officer

Edward Sorola
Executive Director of Finance and Accounting Services



Shonna S. Pumphrey, CPA
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, 2014

A handwritten signature in black ink, reading "Jeffrey R. Emer". The signature is written in a cursive, flowing style.

Executive Director/CEO

Association of School Business Officials International



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

Dallas Independent School District

*For Its Comprehensive Annual Financial Report (CAFR)
For the Fiscal Year Ended June 30, 2014*

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



A handwritten signature in black ink, appearing to read "M. Pepera", is written over a horizontal line.

Mark C. Pepera, MBA, RSBO, SFO
President

A handwritten signature in black ink, appearing to read "John D. Musso", is written over a horizontal line.

John D. Musso, CAE, RSBA
Executive Director



GOVERNMENT FINANCE OFFICERS ASSOCIATION

*Distinguished
Budget Presentation
Award*

PRESENTED TO

**Dallas Independent School District
Texas**

For the Fiscal Year Beginning

July 1, 2014

Jeffrey R. Egan

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 school entity's budget
for the Fiscal Year 2014-2015.

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



Terrie S. Simmons, RSBA, CSBO
President

John D. Musso, CAE, RSBA
Executive Director

Board of Trustees



Eric Cowan

President

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



Miguel Solis

First Vice President

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



Lew Blackburn, Ph.D.

Second Vice President

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



Nancy Bingham

Secretary

District 4: Southeast
Dallas, Seagoville, Balch
Springs



Edwin Flores

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



Mike Morath

District 2: North and Near
East Dallas



Dan Micciche

District 3: Northeast
Dallas



Joyce Foreman

District 6: Southwest
Dallas



Bernadette Nutall

District 9: South Dallas
and portions of Downtown
Dallas, Pleasant Grove,
Deep Ellum, Uptown, and
East Dallas



Certificate of the Board

Dallas Independent School District
Name of School District

Dallas
County

057-905-10
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, 2015, at a meeting of the Board of School Trustees of such school district on the 19th day of November, 2015.



Signature of Board Secretary



Signature of Board President

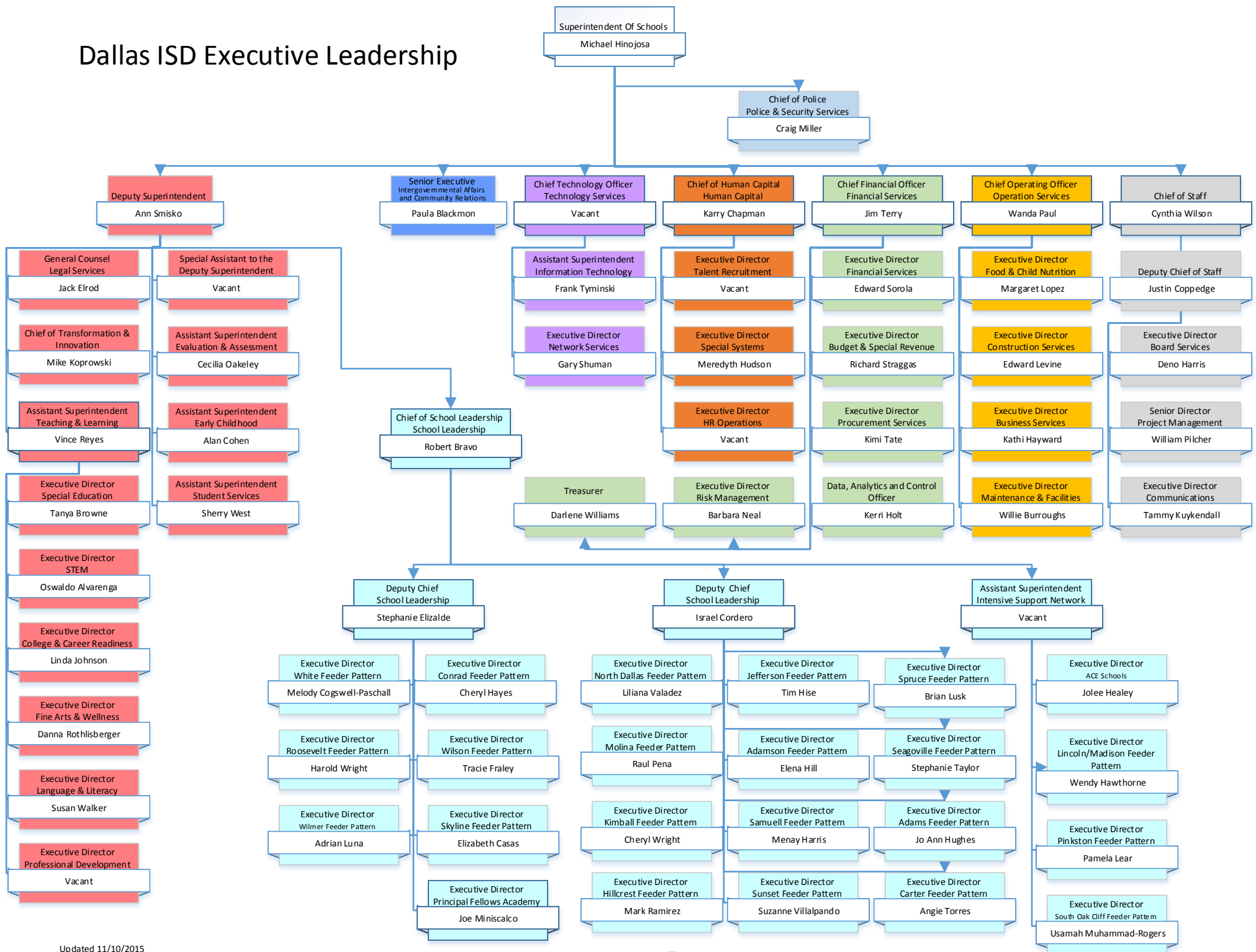
Dallas Independent School District
Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2015

ADMINISTRATIVE OFFICIALS

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

Dr. Ann Smisko.....	Deputy Superintendent
Karry Chapman.....	Chief of Human Capital Management
Mike Koprowski.....	Chief of Transformation and Innovation
Craig Miller.....	Chief of Police
Wanda Paul.....	Chief Operating Officer
Bob Moore.....	Interim Chief Technology Officer
Mike Singleton, CPA.....	Chief Internal Auditor
Dr. James Terry, CPA	Chief Financial Officer
Dr. Cynthia Wilson.....	Chief of Staff
Dr. Robert Bravo	Chief of School Leadership

Dallas ISD 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, 2015, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit 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, 2015, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note O to the financial statements, in 2015 the District adopted new accounting guidance, GASB Statement No. 68, "Accounting and Financial Reporting for Pensions—an Amendment of GASB Statement No. 27" and GASB Statement No. 71, "Pension Transition for Contributions Made Subsequent to the Measurement Date". Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and TRS pension schedules on pages 5 through 15, 65 and 66, and 67 through 69, 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 financial statements.

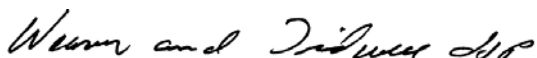
The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the financial statements.

The combining and 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 relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and 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.

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 November 18, 2015, 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.

Dallas, Texas
November 18, 2015

Dallas Independent School District

**Dallas Independent School District
Management's Discussion and Analysis (Unaudited)
For the Fiscal Year Ended June 30, 2015**

This section of the District's CAFR discusses and analyzes the District's financial performance for the fiscal year ended June 30, 2015. 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 financials 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 \$557.2 million. For the year ended June 30, 2015, the net position of the District decreased by \$108.1 million which includes an increase of \$178 million during the year offset by a \$286.1 million restatement of beginning net position for the implementation of a new statement from the Governmental Accounting Standards Board. The decrease of \$108.1 million was a loss due to the GASB 68 restatement.

The District's governmental funds financial statements reported a combined ending fund balance of \$784.7 million. This balance consists of \$357.5 million in the General Fund of which \$186.6 million is assigned, \$7.7 million is non-spendable, and \$163.2 million is unassigned and available for spending at the District's discretion. Restricted fund balance totals \$418.6 million and is used by the Debt Service Fund, Capital Projects Fund and Non-major Funds. Fund balance in the Non-major Funds also consists of \$4.1 million in non-spendable and \$4.5 million in assigned.

For the year ended June 30, 2015, total revenue from all sources was \$1.9 billion. Program revenues accounted for \$364.4 million of total revenues. General revenues and special items accounted for \$1.5 billion.

The General Fund had \$1.4 billion in revenues, which primarily consisted of state aid and property taxes and \$1.3 billion in expenditures in addition to a \$43 million transfer out to the Capital Projects Fund to initiate the Interim Bridge Plan to renovate, reopen and repurpose various facilities within the District. This resulted in an increase to the fund balance of \$14.7 million.

The District issued a total of \$590.9 million in Unlimited Tax Refunding Bonds, Series 2014A and Series 2015. The total proceeds from these two issuances were used to refund certain outstanding obligations of the District in advance of their maturity and pay the costs and expenses associated with the issuance of the bonds. The savings from reduction in total debt service payments is \$117.3 million, resulting in an economic gain of \$80.7 million.

On June 30, 2015, Standard and Poors ("S&P") raised its underlying credit rating on the District's unlimited and limited tax debt from "AA-" to "AA".

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 the long-term and short-term information about the District's overall financial status. The District's basic services are majorly 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

**Dallas Independent School District
Management's Discussion and Analysis (Unaudited)
For the Fiscal Year Ended June 30, 2015**

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 revenue and expenses regardless of when revenue is received or expenses paid. Thus, some revenue 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 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 custodian 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, 2015**

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 Balances 	<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 Fiduciary Net Position
<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, 2015**

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 2015 and 2014 decreased by \$108.1 million, net of a \$286.1 million reduction in beginning net position for the implementation of GASB Statement No. 68, as seen in the following table. The District's net investment in capital assets is \$222.5 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.

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.

Of the remaining net position, \$154.4 million are restricted resources subject to external restrictions on how they are used and \$180.3 million are unrestricted resources available to meet the District's ongoing obligations.

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, 2015 and 2014, respectively.

**Exhibit 2
Net Position
Governmental Activities**

	<u>June 30, 2015</u>	<u>June 30, 2014</u>	<u>\$ Change Increase/ (Decrease)</u>	<u>% Change Increase/ (Decrease)</u>
Current and Other Assets	\$ 1,114,617,478	\$ 1,073,316,235	\$ 41,301,243	3.8%
Capital Assets	2,493,727,226	2,503,321,714	(9,594,488)	(0.4%)
Total Assets	<u>3,608,344,704</u>	<u>3,576,637,949</u>	<u>31,706,755</u>	<u>0.9%</u>
Deferred Outflows of Resources	<u>166,078,106</u>	<u>49,272,875</u>	<u>116,805,231</u>	<u>237.0%</u>
Current Liabilities	278,009,958	260,874,089	17,135,869	6.6%
Long Term Liabilities	2,863,106,678	2,699,786,708	163,319,970	6.0%
Total Liabilities	<u>3,141,116,636</u>	<u>2,960,660,797</u>	<u>180,455,839</u>	<u>6.1%</u>
Deferred Inflows of Resources	<u>76,129,444</u>	<u>-</u>	<u>76,129,444</u>	<u>100.0%</u>
Net Position:				
Net Investment in				
Capital Assets	222,450,356	169,438,211	53,012,145	31.3%
Restricted	154,385,740	76,265,991	78,119,749	102.4%
Unrestricted	180,340,634	419,545,825	(239,205,191)	(57.0%)
Total Net Position	<u>\$ 557,176,730</u>	<u>\$ 665,250,027</u>	<u>\$ (108,073,297)</u>	<u>(16.2%)</u>

**Dallas Independent School District
Management's Discussion and Analysis (Unaudited)
For the Fiscal Year Ended June 30, 2015**

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

	<u>June 30, 2015</u>	<u>June 30, 2014</u>	<u>\$ Change Increase/ (Decrease)</u>	<u>% Change Increase/ (Decrease)</u>
Revenues				
Program Revenues:				
Operating Grants and Contributions	\$ 356,499,886	\$ 293,878,890	\$ 62,620,996	21.3%
Charges for Services	7,855,351	8,627,068	(771,717)	(8.9%)
General Revenues:				
Investment Earnings	3,084,819	2,478,190	606,629	24.5%
Property Taxes	1,053,942,392	987,526,167	66,416,225	6.7%
State Aid	346,230,033	334,227,912	12,002,121	3.6%
Grants and Contributions, Unrestricted	87,298,011	53,752,263	33,545,748	62.4%
Other	25,615,604	19,352,649	6,262,955	32.4%
Total Revenues	<u>1,880,526,096</u>	<u>1,699,843,139</u>	<u>180,682,957</u>	<u>10.6%</u>
Expenses				
Instruction	918,378,917	838,734,964	79,643,953	9.5%
Instructional Resources and Media Services	24,268,027	23,293,647	974,380	4.2%
Curriculum and Staff Development	50,396,457	48,023,182	2,373,275	4.9%
Instructional Leadership	31,039,518	26,485,116	4,554,402	17.2%
School Leadership	94,868,296	86,999,537	7,868,759	9.0%
Guidance, Counseling and Evaluation Services	66,733,501	58,852,078	7,881,423	13.4%
Social Work Services	2,965,574	2,775,531	190,043	6.8%
Health Services	20,099,689	17,948,403	2,151,286	12.0%
Student (Pupil) Transportation	46,322,785	35,812,881	10,509,904	29.3%
National Breakfast and Lunch	107,517,917	101,484,589	6,033,328	5.9%
Cocurricular/Extracurricular Activities	30,184,490	28,452,778	1,731,712	6.1%
General Administration	48,175,732	39,655,687	8,520,045	21.5%
Facilities Maintenance and Operations	145,367,996	142,000,753	3,367,243	2.4%
Security and Monitoring Services	23,283,265	19,989,832	3,293,433	16.5%
Data Processing Services	44,278,942	38,590,780	5,688,162	14.7%
Community Services	12,067,736	9,614,304	2,453,432	25.5%
Debt Service - Interest on Long Term Debt	27,515,111	124,428,173	(96,913,062)	(77.9%)
Debt Service - Bond Related Fees	4,427,183	1,259,936	3,167,247	251.4%
Facilities Acquisition and Construction	33,668	2,145,951	(2,112,283)	(98.4%)
Payments to Juvenile Justice Alt. Ed. Prg.	6,762	2,736	4,026	147.1%
Payments to Tax Increment Fund	-	69,898	(69,898)	(100.0%)
Other Intergovernmental Charges	4,578,190	4,410,880	167,310	3.8%
Total Expenses	<u>1,702,509,756</u>	<u>1,651,031,636</u>	<u>51,478,120</u>	<u>3.1%</u>
Increase (decrease) in Net Position	<u>178,016,340</u>	<u>48,811,503</u>	<u>129,204,837</u>	<u>264.7%</u>
Net Position - Beginning	665,250,027	637,562,399	27,687,628	4.3%
Restatement of Beginning Net Position	(286,089,637)	(21,123,875)	(264,965,762)	(100.0%)
Net Position - Beginning, as restated	<u>379,160,390</u>	<u>616,438,524</u>	<u>(237,278,134)</u>	<u>(38.5%)</u>
Net Position - Ending	<u>\$ 557,176,730</u>	<u>\$ 665,250,027</u>	<u>\$ (108,073,297)</u>	<u>(16.2%)</u>

**Dallas Independent School District
Management's Discussion and Analysis (Unaudited)
For the Fiscal Year Ended June 30, 2015**

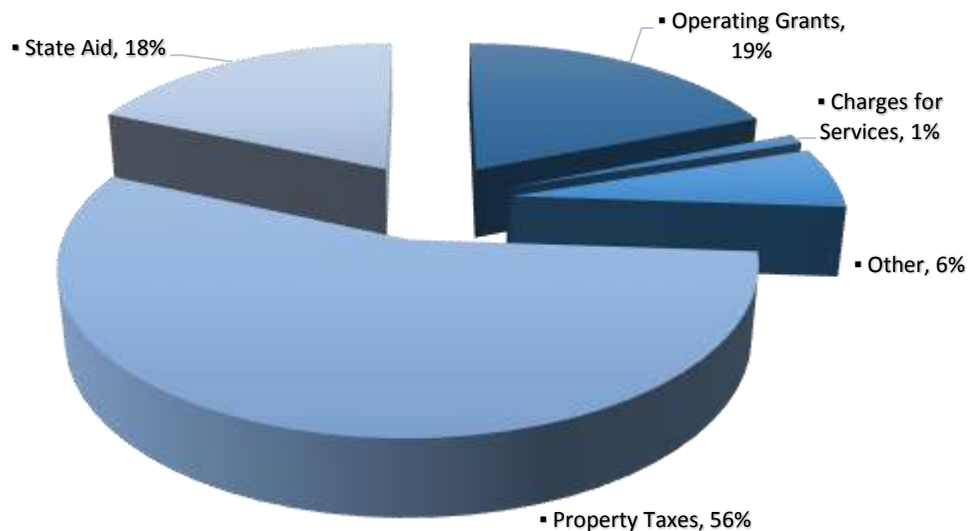
The District's total revenues increased \$180.7 million, or 10.6%, over the prior year and the significant changes are as follows:

- An increase of \$62.6 million or 19%, in operating grants and contributions due to an increase of \$32.7 million in the State Instructional Materials biennium allocation to support spending in state instructional materials; an increase of \$12 million in the Food Services Fund due to a change in the Community Eligibility Provision this year that resulted in a \$5 million increase in breakfast, a \$4 million increase in lunch, and \$3 million increase in supper programs; and an increase of \$12 million in ESEA Title I programs to support reevaluated spending practices that were true to the campus action plans.
- An increase of \$66.4 million, or 6.7%, in property taxes due to an increase of \$5.6 billion in the current year property values.
- Receipt of \$20 million from the Schools and Libraries Program of the Universal Service Fund, commonly referred to as 'E-Rate'.
- An increase of \$3.7 million in federal bond subsidy from the issuance of the \$143.3 million in Limited Maintenance Tax Qualified School Construction Notes. The subsidy is in addition to the federal subsidy received from the 2010 Build America Bonds.

The District's total expenses increased by \$51.5 million, or 3.1%, over the prior year. The biggest drivers of the increase were increases in instructional and transportation expenses of \$79.6 and \$10.5 million respectively, which were offset by a \$93.7 million decrease in debt related expenses and interest, due to the refunding of a portion of Unlimited Tax School Building Bonds Series 2006 and 2008 through the issuance of Unlimited Tax Refunding Bonds Series 2014A and 2015. The increase in instructional expenses was due to (1) a 3% increase in teachers' salaries, (2) a 1.5% increase in employee contributions to TRS, (3) the creation of permanent substitute positions to ensure substitute teachers are available when needed, and (4) newly opened programs, such as teacher academies and summer learning labs, to support the District's 2020 Destination goals. The transportation increase was the result of a pricing increase from Dallas County Schools.

Other Financial Highlights. For the year ended June 30, 2015, the District's total revenues were \$1.9 billion. Approximately 56% of the District's revenue was generated from property taxes, 18% was state aid grants, 19% from other operating grants and the remaining 7% was generated from miscellaneous revenue sources (See Exhibit 4).

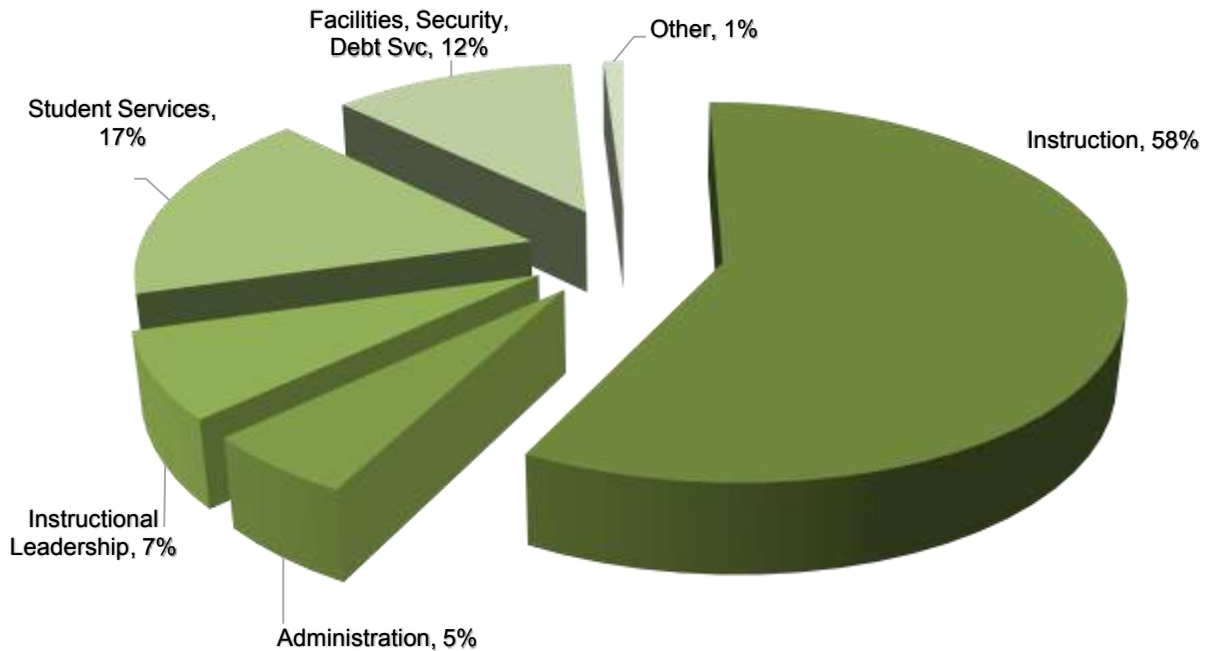
**Exhibit 4
Sources of Revenue
Governmental Activities**



**Dallas Independent School District
Management's Discussion and Analysis (Unaudited)
For the Fiscal Year Ended June 30, 2015**

For the year ended June 30, 2015, the District's total cost of all programs and services was \$1.7 billion. Approximately 58% of the District's governmental activities were dedicated to instructional areas. Direct student services, such as counseling, nursing, and transportation services, comprised 17% of governmental expenses. The costs to operate facilities, including utilities, security services and debt payments comprised 12% of the cost of all programs (See Exhibit 5).

**Exhibit 5
Expenditure Allocations
Governmental Activities**



FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

For the fiscal year ended June 30, 2015, the District's governmental funds reported ending fund balances of \$784.7 million. Of this amount, \$163.2 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 12.6% of the total General Fund expenditures, while total fund balance represents 27.5% of that same amount.

The Debt Service Fund has a total fund balance of \$135.3 million which is restricted for the payment of debt service requirements. The Capital Projects Fund balance decreased by \$46.9 million to \$258.9 million. This is due to current year expenditures for the construction and renovation of district facilities. Non-major Governmental Funds have a total fund balance of \$33.0 million representing an increase for the current year of \$7.9 million.

**Dallas Independent School District
Management's Discussion and Analysis (Unaudited)
For the Fiscal Year Ended June 30, 2015**

Capital Assets. At June 30, 2015, the District had \$2.5 billion of capital assets, net of depreciation and loss on disposition of assets, including land, equipment, buildings, and vehicles. This amount represents a net decrease of \$9.6 million or 0.4% over last year (See Exhibit 6.)

**Exhibit 6
District's Capital Assets**

	June 30, 2015	June 30, 2014	Change Increase/ (Decrease)	% Change Increase/ (Decrease)
Land	\$ 206,440,314	\$ 204,604,724	\$ 1,835,590	0.9%
Building and Improvements	3,337,079,993	3,320,393,447	16,686,546	0.5%
Furniture and Equipment	244,952,115	261,259,387	(16,307,272)	(6.2%)
Total	<u>3,788,472,422</u>	<u>3,786,257,558</u>	<u>2,214,864</u>	<u>0.1%</u>
Accumulated Depreciation	(1,379,539,416)	(1,302,164,272)	(77,375,144)	5.9%
Net Book Value, net of CIP	<u>2,408,933,006</u>	<u>2,484,093,286</u>	<u>(75,160,280)</u>	<u>(3.0%)</u>
Construction in Progress	84,794,220	19,228,428	65,565,792	341.0%
Net Book Value	<u>\$ 2,493,727,226</u>	<u>\$ 2,503,321,714</u>	<u>\$ (9,594,488)</u>	<u>(0.4%)</u>

For the year ended June 30, 2015, the District's capital spending totaled \$108.9 million in land, construction in progress, buildings and improvements and capital equipment. These expenditures were primarily resulting from the projects committed to the 2008 Dallas ISD Bond Program and the 2013 Dallas ISD Qualified School Construction Bond Program. For more information on the District's capital assets, see Note H in the financial statements.

Debt Administration. For the year ended June 30, 2015, the District had \$2.7 billion in long-term debt outstanding. This represents a net decrease of \$190.6 million or 6.5%, over last year. (See Exhibit 7).

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

	June 30, 2015	June 30, 2014	Change Increase/ (Decrease)	% Change Increase/ (Decrease)
Bonds and notes payable	\$ 2,514,250,000	\$ 2,573,747,354	\$ (59,497,354)	(2.3%)
Workers compensation liability	9,925,530	10,805,401	(879,871)	(8.1%)
Premium on bonds	90,063,196	115,233,953	(25,170,757)	(21.8%)
Net Pension Liability (District's Share)	248,867,951	286,089,637	(37,221,686)	(13.0%)
Total Liability	<u>\$ 2,863,106,677</u>	<u>\$ 2,985,876,345</u>	<u>\$ (122,769,668)</u>	<u>(4.1%)</u>
Deferred loss on refunding	(117,146,505)	(49,272,875)	(67,873,630)	(137.8%)
Net Long Term Debt	<u>\$ 2,745,960,172</u>	<u>\$ 2,936,603,470</u>	<u>\$ (190,643,298)</u>	<u>(6.5%)</u>

**Dallas Independent School District
Management's Discussion and Analysis (Unaudited)
For the Fiscal Year Ended June 30, 2015**

The District's bonds presently carry ratings as follows: Moody's Investor Series "Aaa", Standard & Poors "AAA" and Fitch "AAA" as guaranteed by the Permanent School Fund (PSF). The District's underlying debt rating was increased by Moody's from Aa2 to Aa1 on November 26, 2013, and Standard & Poor's upgraded the District's underlying rating from AA- to AA on June 30, 2015. 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, 2015, the Board amended the General Fund operating budget on a monthly basis. These amendments fall into the following categories:

- Anticipated increase in revenue of taxable property values of \$0.60 million offset by \$0.06 increase in attorney fees related to audit.
- Amendments approved to increase projected state and local revenues by \$6.0 million based on the latest student attendance information and tax collections.
- Amendment approved to increase E-rate reimbursement revenue by \$23.9 million with a corresponding \$6.0 million increase in E-rate related expenditures.
- Amendment approved to increase Dallas County Schools revenue by \$16.0 million with a corresponding \$16.0 million increase in Dallas County Schools transportation related expenditures
- Amendment approved for increase of TRS On-Behalf revenue of \$2.5 million with a corresponding \$2.5 million offset in TRS On-Behalf expenditures.
- Amendment approved for \$25 million increase in revenue from other sources offset with a corresponding \$25 million increase in Internal Service Fund expenditures.
- Amendments approved to increase expenditures by \$17.0 million to fund additional campus positions due to staffing ratios and program needs.
- Amendment approved to increase expenditures by \$0.8 million to establish a Risk Management Inventory Control team and purchase inventory control software.
- Amendment approved to increase expenditures by \$0.3 to establish Home Rule School District Charter.
- Amendment approved to increase expenditures by \$0.42 million for purchase of Naviance, a College and Career Readiness Platform.
- Amendments approved to increase revenue for insurance proceeds received for Police and Security vehicle replacement by \$0.02 with a corresponding offset in expenditures of \$0.72 million for the purchase of police and security system upgrades, and uniform sidearms and holsters for District police officers.
- Amendment approved to increase expenditures by \$4.9 million for repairs of hail and freeze damage to Dallas ISD facilities and vehicles.
- Amendment approved after the beginning of the new fiscal year to increase expenditures by amounts assigned in the prior year totaling \$7.3 million.
- Amendment approved to increase expenditures by \$0.17 million for Samuel Early College.
- Amendment approved to increase expenditures by \$0.82 million to fund Adult and Community Education program through December 2014.
- Amendment approved to increase expenditures by \$.57 million to provide 43 schools with centralized literacy libraries.
- Amendment approved to increase expenditures by \$0.20 million to conduct parent and community surveys for Office of Family and Community Engagement and Intergovernmental Affairs and Community Relations.

**Dallas Independent School District
Management's Discussion and Analysis (Unaudited)
For the Fiscal Year Ended June 30, 2015**

- Amendment approved to increase expenditures by \$0.38 million for purchase of Health Services electronic health records system.
- Amendment approved to increase expenditures by \$0.60 million to purchase portable classrooms, furniture, technical equipment and instructional and library supplies for the addition of 6th grade at Sanger Elementary.
- Amendment approved to increase operating transfers out by \$43.0 million for interim bridge plan to address short term facility needs.
- Amendment approved to increase expenditures by \$0.06 million to fund Specialist II position in Volunteer and Partnership Services.
- Amendment approved to increase expenditures by \$0.10 million for student recognition supplies.
- Amendment approved to increase expenditures by \$1 million for construction of teacher's parking lot at Hillcrest High School.
- Amendment approved to increase expenditures by \$1.5 million to install carbon monoxide monitors in schools.
- Amendment approved to increase expenditures by \$0.13 million for technology related start-up costs at Hulcy Middle School.
- Amendment approved to increase expenditures by \$5.0 million to provide bus monitors for Special Education student bus routes.
- Amendment approved to increase expenditures by \$1.0 million for purchase of new employee evaluation process.
- Amendment approved to increase expenditures by \$6.3 million for purchase of laptops for DISD teachers and computers for DISD students.
- Amendment approved to increase expenditures by \$3.4 million for Barbara Mann school expansion.
- Amendment approved to reduce overall expenditures by \$5.0 million.
- Amendment approved to properly align expenditure functions

After these adjustments, budgeted revenues exceeded budgeted expenditures by \$4.9 million in the final amended budget. Actual revenues exceeded actual expenditures by \$56.6 million.

The Debt Service Fund budget was amended in January 2015 and April 2015 by the following:

- Underwriter discount and cost of issuance of refunding bonds totaling \$2,693,509, and
- Recognition of issuance of Series 2014A refunding fees totaling \$2,607,844.

The Food Services budget was not amended in the fiscal year 2015.

**Dallas Independent School District
Management's Discussion and Analysis (Unaudited)
For the Fiscal Year Ended June 30, 2015**

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

Budgetary resource allocations are distributed to campuses and central organizations supporting the programs of the District. The District's budget process begins with the development of enrollment projections by the District's Geographic Information System and Demographic Studies Department. Enrollment projections are then used to determine initial campus allocations through the use of board approved staffing formulas. The District uses line-item and site-based budgetary approaches to provide campuses with a standard allocation based on student enrollment.

Enrollment projections also drive general operating staffing levels and non-position allocations. Staffing ratios adhere to the Texas Education Agency guidelines. Non-position formulas are also applied to each campus to support instructional programs. The Board approves campus staffing formulas, non-campus staffing guidelines and non-position formulas.

Central organizations use the District's Action Plan ("DAP") for approaching their budgetary needs.

Student enrollment heavily influences Average Daily Attendance, which is an important driver of state revenue. Student enrollment has grown slightly each year since 2010-11, rising to 160,253 in fiscal year 2014-15. Enrollment for fiscal year 2015-16 is 159,876 which represents a .24% decrease over fiscal year 2014-15. Enrollment is expected to continue to decrease at an average rate of .24% each year to fiscal year 2017-18.

The District continues to be classified as a property wealthy district subject to the provision of Chapter 41 of the Texas Education Code for the 2015-16 fiscal year and the District's equalized wealth level continues to be within the range not requiring a recapture payment.

The appraised property values used for the 2015-16 budget were projected at an increase of 7%. The Maintenance and Operations tax rate remained at \$1.04005 per \$100 valuation for the 2015-16 year and the Interest and Sinking ("I&S") tax rate remained at \$0.242035 per \$100 valuation for the 2015-16 year.

In December 2010, the District issued \$950 million in taxable bonds, created by the American Recovery and Reinvestment Act of 2009 ("Build America Bonds"). The Build America Bonds carry a federal rebate on interest costs. The District continues to budget the federal subsidy from these bonds in the General Fund. Additionally, in December 2013 the District issued \$143.3 million in Limited Maintenance Tax Qualified School Construction Notes. The Notes also carry a federal subsidy budgeted in the General Fund.

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 Accounting Services Department.

Dallas Independent School District

BASIC FINANCIAL STATEMENTS

**Dallas Independent School District
Statement of Net Position
June 30, 2015**

Data Control Codes		Primary Government
		Governmental Activities
ASSETS		
1110	Cash and Cash Equivalents	\$ 490,309,874
1120	Investments	405,040,940
1220	Property Taxes Receivables (delinquent)	68,345,184
1230	Allowance for Uncollectible Taxes (credit)	(46,432,815)
1240	Due from Other Governments	145,728,041
1250	Accrued Interest	392,530
1267	Due from Fiduciary Funds	566,146
1290	Other Receivables, Net	38,814,849
1300	Inventories	10,734,681
1410	Prepaid Items	1,118,048
Capital Assets		
1510	Land	206,440,314
1520	Buildings and Improvements, Net	2,151,465,522
1530	Furniture and Equipment, Net	51,027,170
1580	Construction in Progress	84,794,220
1000	Total Assets	3,608,344,704
DEFERRED OUTFLOWS OF RESOURCES		
1701	Deferred Loss on Refunding	117,146,505
1705	Related to the TRS Pension	48,931,601
1700	Total Deferred Outflows of Resources	166,078,106
LIABILITIES		
2110	Accounts Payable	72,635,312
2120	Other Liabilities	14,737
2140	Interest Payable	48,355,700
2150	Payroll Deductions & Withholdings Payable	13,668,491
2160	Accrued Wages and Benefits Payable	136,374,401
2180	Due to Other Governments	46,046
2200	Accrued Expenses	4,660,352
2300	Unearned Revenue	2,254,919
Noncurrent Liabilities		
2501	Due Within One Year	100,051,862
2502	Due in More Than One Year	2,514,186,865
2540	Net Pension Liability (District's Share)	248,867,951
2000	Total Liabilities	3,141,116,636
DEFERRED INFLOWS OF RESOURCES		
2605	Related to the TRS Pension	76,129,444
2600	Total Deferred Inflows of Resources	76,129,444
NET POSITION		
3200	Net Investment in Capital Assets	222,450,356
3820	Restricted for Federal and State Programs	21,809,316
3850	Restricted for Debt Service	86,940,904
3860	Restricted for Capital Projects	43,000,000
3890	Restricted for Other Purposes	2,635,520
3900	Unrestricted	180,340,634
3000	Total Net Position	\$ 557,176,730

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, 2015**

Data Control Codes	1	Program Revenues		Net (Expense) Revenue and Changes in Net Position
		3	4	
	Expenses	Charges for Services	Operating Grants and Contributions	Governmental Activities
Primary Government				
GOVERNMENTAL ACTIVITIES				
11 Instruction	\$ 918,378,917	\$ 172,766	\$ 143,757,553	\$ (774,448,598)
12 Instructional Resources and Media Services	24,268,027	-	1,116,245	(23,151,782)
13 Curriculum and Staff Development	50,396,457	1,611,367	41,945,031	(6,840,059)
21 Instructional Leadership	31,039,518	179,041	6,835,450	(24,025,027)
23 School Leadership	94,868,296	-	5,249,591	(89,618,705)
31 Guidance, Counseling and Evaluation Services	66,733,501	-	14,859,567	(51,873,934)
32 Social Work Services	2,965,574	-	595,216	(2,370,358)
33 Health Services	20,099,689	-	1,323,046	(18,776,643)
34 Student (Pupil) Transportation	46,322,785	-	11,718,954	(34,603,831)
35 Food Services	107,517,917	2,821,535	105,919,584	1,223,202
36 Cocurricular/Extracurricular Activities	30,184,490	1,152,755	639,577	(28,392,158)
41 General Administration	48,175,732	-	6,619,405	(41,556,327)
51 Facilities Maintenance and Operations	145,367,996	1,917,887	6,290,527	(137,159,582)
52 Security and Monitoring Services	23,283,265	-	1,132,897	(22,150,368)
53 Data Processing Services	44,278,942	-	821,767	(43,457,175)
61 Community Services	12,067,736	-	7,675,476	(4,392,260)
72 Debt Service - Interest on Long Term Debt	27,515,111	-	-	(27,515,111)
73 Debt Service - Bond Related Fees	4,427,183	-	-	(4,427,183)
81 Facilities Acquisition and Construction	33,668	-	-	(33,668)
95 Payments to Juvenile Justice Alternative Ed. Prg.	6,762	-	-	(6,762)
99 Other Intergovernmental Charges	4,578,190	-	-	(4,578,190)
TOTAL PRIMARY GOVERNMENT	\$ 1,702,509,756	\$ 7,855,351	\$ 356,499,886	\$ (1,338,154,519)
Data Control Codes				
General Revenues				
Taxes				
MT	Property Taxes, Levied for General Purposes			854,963,342
DT	Property Taxes, Levied for Debt Service			198,979,050
SF	State Aid not Restricted to Specific Purpose			346,230,033
GC	Grants, Contributions and Other Revenue not Restricted			87,298,011
IE	Investment Earnings			3,084,819
MI	Miscellaneous Local and Intermediate Revenue			25,615,604
TR	Total General Revenues			1,516,170,859
CN	Change in Net Position			178,016,340
NB	Net Position - Beginning			665,250,027
PA	Cumulative Effect of Change in Accounting Principle			(286,089,637)
	Beginning Net Position, as restated			379,160,390
NE	Net Position - Ending			\$ 557,176,730

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

**Dallas Independent School District
Balance Sheet
Governmental Funds
June 30, 2015**

Data Control Codes	10 General Fund	50 Debt Service Fund
ASSETS		
1110 Cash and Cash Equivalents	\$ 202,897,195	\$ 46,902,900
1120 Investments	200,214,420	87,689,183
1220 Property Taxes Receivables (delinquent)	57,488,055	10,857,129
1230 Allowance for Uncollectible Taxes (credit)	(39,144,101)	(7,288,714)
1240 Receivables from Other Governments	90,832,178	395,221
1250 Accrued Interest	297,062	13,500
1260 Due from Other Funds	13,263,242	-
1290 Other Receivables, Net	38,637,187	-
1300 Inventories	6,673,255	-
1410 Prepaid Items	1,026,104	-
1000 Total Assets	572,184,597	138,569,219
LIABILITIES		
2110 Accounts Payable	24,610,563	-
2120 Other Liabilities	14,539	-
2150 Payroll Deductions and Withholdings Payable	11,309,947	-
2160 Accrued Wages and Benefits Payable	120,448,515	-
2170 Due to Other Funds	1,242,205	-
2180 Due to Other Governments	9,057	-
2200 Accrued Expenditures	3,582,400	-
2300 Unearned Revenues	273,476	-
2000 Total Liabilities	161,490,702	-
DEFERRED INFLOWS OF RESOURCES		
2601 Unavailable Revenue - Property Taxes	17,002,139	3,272,613
2602 Other Deferred Resource Inflows (See Note J)	36,160,739	-
2600 Total Deferred Inflows of Resources	53,162,878	3,272,613
FUND BALANCES		
Nonspendable Fund Balance		
3410 Inventories	6,673,255	-
3430 Prepaid Items	1,026,104	-
Restricted Fund Balance		
3450 Federal or State Funds Grant Restriction	-	-
3470 Capital Acquisition and Contractual Obligation	-	-
3480 Retirement of Long Term Debt	-	135,296,606
3490 Other Restricted Fund Balance	-	-
Assigned Fund Balance		
3590 Other Assigned Fund Balance	186,647,485	-
3600 Unassigned Fund Balance	163,184,173	-
3000 Total Fund Balances	357,531,017	135,296,606
4000 Total Liabilities, Deferred Inflows & Fund Balances	\$ 572,184,597	\$ 138,569,219

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

60 Capital Projects	Non-Major Governmental Funds	Total Governmental Funds
\$ 173,670,897	\$ 21,472,224	\$ 444,943,216
117,137,337	-	405,040,940
-	-	68,345,184
-	-	(46,432,815)
-	54,500,642	145,728,041
81,968	-	392,530
-	-	13,263,242
26,450	121,212	38,784,849
-	4,061,426	10,734,681
-	91,944	1,118,048
290,916,652	80,247,448	1,081,917,916
32,026,632	13,305,257	69,942,452
198	-	14,737
-	2,357,457	13,667,404
-	15,845,193	136,293,708
-	12,859,603	14,101,808
-	36,989	46,046
-	859,731	4,442,131
-	1,981,443	2,254,919
32,026,830	47,245,673	240,763,205
-	-	20,274,752
-	-	36,160,739
-	-	56,435,491
-	4,061,426	10,734,681
-	-	1,026,104
-	21,809,316	21,809,316
258,889,822	-	258,889,822
-	-	135,296,606
-	2,635,520	2,635,520
-	4,495,513	191,142,998
-	-	163,184,173
258,889,822	33,001,775	784,719,220
\$ 290,916,652	\$ 80,247,448	\$ 1,081,917,916

Dallas Independent School District

**Dallas Independent School District
Reconciliation of the Governmental Funds Balance Sheet to the
Statement of Net Position
June 30, 2015**

Total Fund Balances - Governmental Funds (from C-1)	\$	784,719,220
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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.		2,493,480,473
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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	(2,514,250,000)	
Deferred Losses on Refundings	117,146,505	
Premium on Bonds	<u>(90,063,196)</u>	(2,487,166,691)

Accrued interest is not due and payable in the current period and therefore is not reported as a liability in the governmental funds.		(48,355,700)
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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	20,274,752	
Medicaid/SHARS	<u>36,160,739</u>	56,435,491

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).		34,129,731
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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	(248,867,951)	
Deferred Outflows of Resources - TRS Pension	48,931,601	
Deferred Inflows of Resources - TRS Pension	<u>(76,129,444)</u>	<u>(276,065,794)</u>

Total Net Position of Governmental Activities (see A-1)	\$	<u>557,176,730</u>
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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, 2015

Data Control Codes	10 General Fund	50 Debt Service Fund
REVENUES		
5700 Local and Intermediate Sources	\$ 879,827,262	\$ 200,758,283
5800 State Program Revenues	411,821,524	-
5900 Federal Program Revenues	65,107,549	-
5020 Total Revenues	<u>1,356,756,335</u>	<u>200,758,283</u>
EXPENDITURES		
Current		
11 Instruction	741,114,943	-
12 Instructional Resources and Media Services	22,498,113	-
13 Curriculum and Instructional Staff Development	8,168,984	-
21 Instructional Leadership	24,948,292	-
23 School Leadership	87,475,332	-
31 Guidance, Counseling and Evaluation Services	52,264,609	-
32 Social Work Services	2,445,454	-
33 Health Services	18,477,897	-
34 Student (Pupil) Transportation	46,088,028	-
35 Food Services	-	-
36 Cocurricular/Extracurricular Activities	26,855,885	-
41 General Administration	45,209,763	-
51 Facilities Maintenance and Operations	140,834,513	-
52 Security and Monitoring Services	23,390,228	-
53 Data Processing Services	36,311,192	-
61 Community Services	3,685,370	-
Debt Service		
71 Principal on Long Term Debt	2,085,000	48,430,000
72 Interest on Long Term Debt	8,478,479	112,285,974
73 Bond Fees and Charges	10,879	21,578,857
Capital Outlay		
81 Facilities Acquisition and Construction	5,188,748	-
Intergovernmental		
95 Payments to Juvenile Justice Alternative Ed. Prg.	6,762	-
99 Other Intergovernmental Charges	4,578,190	-
6030 Total Expenditures	<u>1,300,116,661</u>	<u>182,294,831</u>
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>56,639,674</u>	<u>18,463,452</u>
OTHER FINANCING SOURCES (USES)		
7901 Refunding Bonds Issued	-	590,875,000
7912 Sale of Real and Personal Property	1,402,794	-
7915 Transfers In	-	-
7916 Premium or Discount on Issuance of Bonds	-	85,253,985
8911 Transfers Out (Use)	(43,351,439)	-
8940 Payment to Bond Refunding Escrow Agent (Use)	-	(671,684,268)
7080 Total Other Financing Sources (Uses)	<u>(41,948,645)</u>	<u>4,444,717</u>
1200 Net Change in Fund Balance	14,691,029	22,908,169
0100 Fund Balance - Beginning	342,839,988	112,388,437
3000 Fund Balance - Ending	<u>\$ 357,531,017</u>	<u>\$ 135,296,606</u>

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

60 Capital Projects	Non-Major Governmental Funds	Total Governmental Funds
\$ 872,652	\$ 13,059,598	\$ 1,094,517,795
-	39,245,161	451,066,685
-	249,406,325	314,513,874
872,652	301,711,084	1,860,098,354
-	112,051,676	853,166,619
-	384,034	22,882,147
-	42,615,886	50,784,870
-	5,918,565	30,866,857
-	1,292,393	88,767,725
-	12,551,934	64,816,543
-	479,160	2,924,614
-	686,799	19,164,696
-	227,829	46,315,857
-	101,308,709	101,308,709
-	301,352	27,157,237
-	5,438,860	50,648,623
-	2,287,012	143,121,525
-	152,224	23,542,452
-	139,253	36,450,445
-	7,957,701	11,643,071
-	-	50,515,000
-	-	120,764,453
-	-	21,589,736
90,807,759	-	95,996,507
-	-	6,762
-	-	4,578,190
90,807,759	293,793,387	1,867,012,638
(89,935,107)	7,917,697	(6,914,284)
-	-	590,875,000
-	-	1,402,794
43,000,000	-	43,000,000
-	-	85,253,985
-	-	(43,351,439)
-	-	(671,684,268)
43,000,000	-	5,496,072
(46,935,107)	7,917,697	(1,418,212)
305,824,929	25,084,078	786,137,432
\$ 258,889,822	\$ 33,001,775	\$ 784,719,220

Dallas Independent School District

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, 2015

Total Net Change in Fund Balances - Governmental Funds (see C-2)		\$ (1,418,212)
<p>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. This is the amount by which depreciation of \$116,936,418 exceeded capital outlays of \$108,951,165 in the current period, net of disposition of assets of \$1,579,243. (Certain expenditures are reported in the Facilities Acquisition and Construction category which are under the capitalization threshold of \$5,000 and therefore are not considered capital outlay.)</p>		(9,564,496)
<p>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 assets and is not expensed in the current period.</p>		
Principal Payment	50,515,000	
Advanced Bond Refunding	600,310,000	
Deferred Refunding Amount	75,342,685	
Amortization of Premium	110,424,741	
Amortization of Loss on Bond Refunding	(7,469,055)	
Increase in Accreted Interest	<u>(452,646)</u>	828,670,725
<p>Some property taxes will not be collected for several months after the fiscal year ends, therefore they are not considered available revenues and are deferred in the governmental funds. Unearned tax revenues, net of bad debt, increased (decreased) by this amount.</p>		19,229,685
<p>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.</p>		3,940,438
<p>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 net position.</p>		3,263,342
<p>Proceeds of bonds (including premium) issued during the year are recognized as Other Financing Sources in the governmental funds but increase non-current liabilities in the Statement of Net Position.</p>		(676,128,985)
<p>The implementation of GASB 68 required that certain expenditures be de-expended and recorded as deferred resource inflows. These contributions made after the measurement date of 08/31/14 caused the change in the ending net position to increase in the amount of \$28,906,084. Contributions made before the measurement date but during the 2015 FY were also de-expended and recorded as a reduction in the net pension liability for the District. This also caused an increase in the change in net position totaling \$4,121,204. The pension expense in the amount of as of \$23,003,445 also had to be expensed. The net effect of this is to increase net position.</p>		<u>10,023,843</u>
Total Change in Net Position of Governmental Activities (see B-1)		<u><u>\$ 178,016,340</u></u>

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, 2015

	Governmental Activities
	Total Internal Service Funds
ASSETS	
Current Assets	
Cash and Cash Equivalents	\$ 45,366,658
Due from Other Funds	1,405,038
Other Receivables, Net	30,000
Total Current Assets	46,801,696
Noncurrent Assets	
Capital Assets	
Furniture and Equipment, Net	246,752
Total Noncurrent Assets	246,752
Total Assets	47,048,448
LIABILITIES	
Current Liabilities	
Accounts Payable	2,692,860
Accrued Liabilities - Short Term	2,786,862
Payroll Deductions and Withholdings Payable	1,087
Accrued Wages and Benefits Payable	80,693
Due to Other Funds	326
Accrued Expenses	218,221
Total Current Liabilities	5,780,049
Noncurrent Liabilities	
Accrued Liabilities - Long Term	7,138,668
Total Noncurrent Liabilities	7,138,668
Total Liabilities	12,918,717
NET POSITION	
Net Investment in Capital Assets	246,752
Unrestricted Net Position	33,882,979
Total Net Position	\$ 34,129,731

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, 2015

	Governmental Activities
	Total Internal Service Funds
OPERATING REVENUES	
Charges for Services	\$ 28,344,708
Total Operating Revenues	<u>28,344,708</u>
OPERATING EXPENSES	
Personnel Services	8,010,515
Contractual Services	7,845,772
Supplies	9,370,617
Other Operating Expenses	175,909
Depreciation Expense	29,992
Total Operating Expenses	<u>25,432,805</u>
Operating Income	<u>2,911,903</u>
NON-OPERATING REVENUES	
Transfers In	351,439
Total Non-Operating Revenues	<u>351,439</u>
Change in Net Position	3,263,342
 Total Net Position - Beginning	 <u>30,866,389</u>
 Total Net Position - Ending	 <u><u>\$ 34,129,731</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, 2015**

	Governmental Activities
	Total Internal Service Funds
Cash Flows from Operating Activities	
Cash Received from User Charges	\$ 43,852,106
Cash Payments to Employees for Services	(4,625,356)
Cash Payments for Insurance Claims	(4,252,147)
Cash Payments for Suppliers	(14,959,384)
Net Cash Provided by Operating Activities	<u>20,015,219</u>
Cash Flows from Non-Capital Financing Activities	
Transfer In	<u>351,439</u>
Cash Flows from Capital & Related Financing Activities	
Acquisition of Capital Assets	<u>-</u>
Net Increase in Cash and Cash Equivalents	20,366,658
Cash and Cash Equivalents at Beginning of Year	<u>25,000,000</u>
Cash and Cash Equivalents at End of Year	<u><u>45,366,658</u></u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities	
Operating Income	2,911,903
Adjustments to Reconcile Operating Income to Net Cash Used for Operating Activities	
Depreciation	29,992
Effect of Increases and Decreases in Current Assets and Liabilities	
Decrease (increase) in Due from Other Funds	15,507,398
Increase (decrease) in Accounts Payable	2,247,909
Increase (decrease) in Payroll Deductions	613
Increase (decrease) in Accrued Wages Payable	12,195
Increase (decrease) in Due to Other Funds	75
Increase (decrease) in Accrued Liabilities	(1,361,072)
Increase (decrease) in Accrued Expenses	194,173
Increase (decrease) in Accrued Liabilities - Long Term	472,033
Net Cash Provided by Operating Activities	<u><u>\$ 20,015,219</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, 2015

	Agency Fund
<hr/>	
ASSETS	
Cash and Cash Equivalents	\$ 4,159,607
Total Assets	<u>4,159,607</u>
LIABILITIES	
Accounts Payable	49,190
Other Liabilities	566,146
Due to Student Groups	3,481,424
Accrued Expenses	<u>62,847</u>
Total Liabilities	<u>\$ 4,159,607</u>

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

Dallas Independent School District

**Dallas Independent School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2015**

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**Dallas Independent School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2015**

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 it complies with the requirements of the appropriate version of the Texas Education Agency's Financial Accountability System Resource Guide (FASRG) and the requirements of contracts and grants of agencies from which it 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 2015, the District adopted GASB Statement No. 68, Accounting and Financial Reporting for Pensions and GASB Statement No. 71, Pension Transition for Contributions Made Subsequent to the Measurement Date. The implementation of GASB Statement No. 68 and Statement No. 71 required the District to record the restatement of beginning net position in the Statement of Activities of \$286,089,637 to record the District's proportionate share of pension liabilities of the Teacher Retirement System of Texas (TRS) as of the measurement date.

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

**Dallas Independent School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2015**

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 \$2,328,619 and \$504,751 for the General Fund and Debt Service Fund, respectively.

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 \$79,365,694 which is included in receivables from other governments in the governmental funds balance sheet, to reflect cash that will be received in fiscal year 2016, which was generated by attendance and the type of instructional services provided in fiscal year 2015.

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 where unused balances are returned to the grantor at the close of specified project periods. The budget for the Food Services Fund is adopted by the Board each fiscal year.

**Dallas Independent School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2015**

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 Program Evaluation and Accountability Fund is used to account for the costs of program evaluation services and reports for district programs and internal and external grants, as well as reports and analyses of major assessments and educational indicators for the District.
- 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 Texas and other 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

**Dallas Independent School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2015**

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.

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 recorded at estimated fair value at the date of donation. 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
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, 2015**

Deferred Outflows and Inflows of Resources. In addition to assets, the Statement of Net Position will sometimes 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 two items that qualify for reporting in this category. They are deferred loss on refunding and TRS pension costs, both of which are reported in the Government-wide Statement of Net Position.

In addition to liabilities, the Statement of Net Position will sometimes 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 three items that qualify for reporting in this category. They are TRS pension investment earnings, 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 \$2,193,499 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. 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. Premiums and discounts are amortized over the life of the related debt using the effective 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, 2015**

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, 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 expenses.

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, 2015, 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, 2015**

As of the end of the current fiscal year, the District's Governmental Fund Balance was \$784,719,220 reported as follows:

	General Fund	Debt Service Fund	Capital Projects Fund	Non-Major Governmental Funds	Total Governmental Funds
Fund Balances					
Nonspendable					
Inventories	\$ 6,673,255	\$ -	\$ -	\$ 4,061,426	\$ 10,734,681
Prepaid	1,026,104	-	-	-	1,026,104
Restricted					
Federal or State Grants	-	-	-	21,809,316	21,809,316
Debt Services	-	135,296,606	-	-	135,296,606
Capital Acquisition	-	-	258,889,822	-	258,889,822
Other	-	-	-	2,635,520	2,635,520
Assigned					
Qualified School Construction Notes	143,340,000	-	-	-	143,340,000
Dallas Education Center	25,000,000	-	-	-	25,000,000
Encumbrances	18,307,485	-	-	-	18,307,485
Campus Activity Fund	-	-	-	3,082,526	3,082,526
Local Funds	-	-	-	1,412,987	1,412,987
Unassigned	163,184,173	-	-	-	163,184,173
Total Fund Balances	<u>\$ 357,531,017</u>	<u>\$ 135,296,606</u>	<u>\$ 258,889,822</u>	<u>\$ 33,001,775</u>	<u>\$ 784,719,220</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, 2015, that were subsequently provided for in the 2015-2016 budget totaled \$18,307,485 for the General Fund and are broken down by functions as follows:

Function 11 - Instruction	\$ 6,522,427
Function 31 - Guidance Counseling&Evaluation Services	48,000
Function 33 - Health Services	42,719
Function 34 - Student Transportation	3,535,608
Function 36 - Extracurricular Activities	870,973
Function 41 - General Administration	528,379
Function 51 - Facilities Maintenance/Operations	3,144,776
Function 52 - Security & Monitoring Services	1,677,584
Function 53 - Data Processing Services	14,096
Function 81 - Facilities Acquisition and Construction	1,922,923
	<u>\$ 18,307,485</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, 2015**

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. 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, 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, 2015, the net carrying amount of the District's cash deposits, excluding student activity fund deposits of \$4,159,607, was \$18,327,653. The bank balance of \$25,482,678 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 \$29,666,115 at June 30, 2015, 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. Secondary 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 in the name of the schools, and as such, have full FDIC coverage of \$250,000 per bank account. At June 30, 2015, cash on hand in Agency Funds totaled \$4,159,607 and was on deposit with the contracted depository and separate bank accounts. The District's Agency Fund bank balance on June 30, 2015, 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.
- b. The date of highest deposit was January 30, 2015, with combined cash and certificates of deposit balance of \$80,150,987.
- c. On January 30, 2015, the amount of bonds, securities pledged, and FDIC coverage was \$92,313,382.
- d. The FDIC coverage portion of the collateral listed above was \$251,550.
- 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,
- 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,

**Dallas Independent School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2015**

- 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, 2015, 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	\$ 22,487,260	2.5%	\$ 22,487,260	2.5%	\$ 22,487,260	\$ -	\$ -	N/A
Money markets and FDIC insured investment accounts	163,620,444	18.2%	163,620,444	18.2%	163,620,444	-	-	N/A
Investment pools:								
Texas Class	75,482,243	8.4%	75,482,243	8.4%	75,482,243	-	-	AAAm
LOGIC	9,812,020	1.1%	9,812,020	1.1%	9,812,020	-	-	AAAm
Lone Star	107,995,898	12.0%	107,995,898	12.0%	107,995,898	-	-	AAAm
TexasTERM Daily	20,025,169	2.2%	20,025,169	2.2%	20,025,169	-	-	AAAm
TexasTERM fixed term	95,062,988	10.6%	95,062,988	10.6%	95,062,988	-	-	AAAf
Total Investment pools	308,378,317	34.3%	308,378,317	34.3%	308,378,317	-	-	
*Total cash and cash equivalents	494,486,021	54.9%	494,486,021	54.9%	494,486,021	-	-	
Commercial Paper	216,824,482	24.1%	216,824,482	24.1%	216,824,482	-	-	A1
Federal Farm Credit Bank	62,741,733	7.0%	62,741,733	7.0%	62,741,733	-	-	AA+
Federal Home Loan Bank	46,897,685	5.2%	46,897,685	5.2%	26,878,405	20,019,280	-	AA+
Federal Home Loan Mortgage Corporation	60,016,160	6.7%	60,016,160	6.7%	-	60,016,160	-	AA+
Cleveland School Muni Bond	4,261,446	0.5%	4,261,446	0.5%	4,261,446	-	-	AA
San Antonio GO Muni Bond	1,027,240	0.1%	1,027,240	0.1%	1,027,240	-	-	AAA
Pennsylvania Economic Development Muni Bond	2,005,997	0.2%	2,005,997	0.2%	-	-	2,005,997	A1
Green Bay Wisconsin Muni Bond	542,764	0.1%	542,764	0.1%	-	-	542,764	A1
Fontana Unified School District Muni Bond	521,664	0.1%	521,664	0.1%	-	-	521,664	Aa3
San Francisco City & County Redevelopment Muni Bond	842,880	0.1%	842,880	0.1%	-	-	842,880	A3
Reading Pennsylvania Muni Bond	4,017,359	0.4%	4,017,359	0.4%	-	-	4,017,359	AA
Cincinnati Ohio City School District QSCB Muni Bond	2,782,998	0.3%	2,782,998	0.3%	-	-	2,782,998	Aa2
Will County Illinois Community High School Capital Appreciation	963,048	0.1%	963,048	0.1%	-	-	963,048	Aa2
Reno Nevada Capital Improvement Revenue Bonds	253,950	0.0%	253,950	0.0%	-	-	253,950	A3
Walnut Valley Unified School District Muni Bond	1,717,523	0.2%	1,717,523	0.2%	-	-	1,717,523	Aa2
*Total Investments	405,416,928	45.1%	405,416,928	45.1%	311,733,306	80,035,440	13,648,183	
Total cash, cash equivalents and investments	\$ 899,902,950	100.0%	\$ 899,902,950	100.0%	\$ 806,219,327	\$ 80,035,440	\$ 13,648,183	

*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, 2015**

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, 2015 with increase or decrease in fair value being recorded as a component of earnings on investments.

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 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" 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 for money market investments and Bank of America N.A. for the daily operating funds.

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, 2015, there are no foreign currency investments in the District's portfolio.

**Dallas Independent School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2015**

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	\$ 862,993,627	\$ 200,519,789	\$ -	\$ -	\$ 1,063,513,416
Food Services	-	-	-	3,462,942	3,462,942
Gifts and Bequests	5,219,493	-	-	3,224,176	8,443,669
Campus Activity Funds	-	-	-	3,627,399	3,627,399
Interest Income	2,237,326	238,494	608,999	-	3,084,819
Tuition, Fees and Cocurricular	653,362	-	-	172,765	826,127
Rental Income	1,917,887	-	-	-	1,917,887
Transportation	3,898,932	-	-	-	3,898,932
Other	2,906,635	-	263,653	2,572,316	5,742,604
Totals	<u>\$ 879,827,262</u>	<u>\$ 200,758,283</u>	<u>\$ 872,652</u>	<u>\$ 13,059,598</u>	<u>\$ 1,094,517,795</u>

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, 2014 was \$108,611,640,310. After deductions of all exemptions and reductions provided by law and those granted by the District, 2014 tax year levy was based on property values of \$85,633,556,319.

The tax rates assessed for the year ended June 30, 2015, 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, 2015, were 98.3% 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 \$39,144,101 and \$7,288,714 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.

**Dallas Independent School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2015**

NOTE D: RECEIVABLES

Property tax receivable as of June 30, 2015, for the District's Major Funds and Non-major Funds in the aggregate including the applicable allowances for uncollectible accounts are as follows:

	<u>General</u>	<u>Debt Service</u>	<u>Totals</u>
Property Taxes	\$ 57,488,055	\$ 10,857,129	\$ 68,345,184
Less: Allowance for uncollectible	<u>(39,144,101)</u>	<u>(7,288,714)</u>	<u>(46,432,815)</u>
Totals	<u>\$ 18,343,954</u>	<u>\$ 3,568,415</u>	<u>\$ 21,912,369</u>

In addition, the District has recorded a state aid receivable of \$79.4 million and a receivable from other governmental entities of \$66.3 million as of June 30, 2015.

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, 2015, the components of unearned revenue reported in the General Fund and Non-major Governmental funds were as follows:

	<u>General</u>	<u>Non-Major</u>	<u>Total</u>
Grants	\$ -	\$ 1,981,443	\$ 1,981,443
Other	\$ 273,476	\$ -	\$ 273,476

**Dallas Independent School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2015**

NOTE F: INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

Interfund balances at June 30, 2015, consisted of the following individual fund receivables and payables:

Fund	Receivables	Payables
General Fund:		
Non-Major Governmental Funds	\$ 12,697,096	\$ -
Internal Service Funds	-	1,242,205
Agency Fund	566,146	-
	<u>13,263,242</u>	<u>1,242,205</u>
Non-Major Governmental Funds:		
General Fund	-	12,697,096
Internal Service Funds	-	162,507
	<u>-</u>	<u>12,859,603</u>
Internal Service Funds:		
General Fund	1,242,205	-
Non-Major Governmental Funds	162,507	-
Internal Service Funds	326	326
	<u>1,405,038</u>	<u>326</u>
Agency Fund:		
General Fund	-	566,146
	<u>-</u>	<u>566,146</u>
Totals	<u>\$ 14,668,280</u>	<u>\$ 14,668,280</u>

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, 2015, were as follows:

Transfer Out	Transfer In	Amount
General Fund	Capital Projects	\$ 43,000,000 *
General Fund	ISF - Program Evaluation	351,439

** A \$43 million transfer from the General Fund to the Capital Projects Fund was approved by the Board of Trustees in March 2015 as part of the Interim Bridge Plan to reopen, repurpose, renovate and/or make additions to address critical facilities needs at various Dallas ISD locations.*

Dallas Independent School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2015

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, 2015 was approximately \$13.8 million. Minimum future lease commitments on non-cancelable leases are summarized as follows:

For the Year Ending June 30	Minimum Future Lease Commitments
2016	\$ 3,505,349
2017	2,782,648
2018	2,575,756
2019	6,964
2020	125

NOTE H: CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2015 is as follows:

	Balance at June 30, 2014	Additions	Transfers	Deletions	Balance at June 30, 2015
Capital assets, not being depreciated:					
Land	\$ 204,604,724	\$ 2,057,433	\$ -	\$ (221,843)	\$ 206,440,314
Construction in progress	19,228,428	88,750,329	(23,159,436)	(25,101)	84,794,220
Total capital assets, not being depreciated	223,833,152	90,807,762	(23,159,436)	(246,944)	291,234,534
Capital assets, being depreciated:					
Building and improvements	3,320,393,447	(17,163)	18,861,791	(2,158,082)	3,337,079,993
Furniture and equipment	261,259,387	18,160,566	4,297,645	(38,765,483)	244,952,115
Total capital assets, being depreciated	3,581,652,834	18,143,403	23,159,436	(40,923,565)	3,582,032,108
Less accumulated depreciation for:					
Buildings and improvements	1,095,999,503	90,654,158	-	(1,039,190)	1,185,614,471
Furniture and equipment	206,164,769	26,312,252	-	(38,552,076)	193,924,945
Total accumulated depreciation	1,302,164,272	116,966,410		(39,591,266)	1,379,539,416
Total capital assets, being being depreciated, net	2,279,488,562	(98,823,007)	23,159,436	(1,332,299)	2,202,492,692
Capital assets, net	\$ 2,503,321,714	\$ (8,015,245)	\$ -	\$ (1,579,243)	\$ 2,493,727,226

Capital assets include assets recorded in Internal Service Funds, net of accumulated depreciation of \$246,752.

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

**Dallas Independent School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2015**

		Depreciation Expense
		<hr/>
11	Instruction	\$ 71,481,158
12	Instructional Resources and Media Services	1,633,960
13	Curriculum and Instructional Staff Development	508,830
21	Instructional Leadership	529,546
23	School Leadership	6,870,994
31	Guidance, Counseling and Evaluation Services	2,255,743
32	Social Work Services	47,336
33	Health Services	1,076,524
34	Student (Pupil) Transportation	6,928
35	Food Services	8,704,729
36	Cocurricular/Extracurricular Activities	3,557,609
41	General Administration	507,357
51	Facilities Maintenance and Operations	7,387,581
52	Security and Monitoring Services	442,379
53	Data Processing Services	11,381,549
61	Community Services	540,517
81	Facilities Acquisition and Construction	33,670
		<hr/>
	Total	\$ 116,966,410
		<hr/>

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, 2015 are \$107,641,098 for projects under the bond programs.

Dallas Independent School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2015

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.

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 1.25% to 6.25% and are due through 2035. At June 30, 2015, \$134,605,583 in cash, cash equivalents, investments, and accrued interest is restricted 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)
2006	Unlimited Tax School Building Bonds - Serially in varying amounts from August 15, 2007 to August 15, 2032	4.00% - 5.00%	\$ 290,205	\$ 15,655
2008	Unlimited Tax School Building Bonds - Serially in varying amounts from February 15, 2010 to February 15, 2034	5.00% - 6.25%	393,325	20,880
2010	Unlimited Tax Refunding Bonds - Serially in varying amounts from February 15, 2011 to February 15, 2021	1.25% - 5.00%	156,730	107,650
2010B	Unlimited Tax Refunding Bonds - Serially in varying amounts from February 15, 2013 to February 15, 2018	3.00% - 5.50%	70,080	60,050
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	950,300
2011	Unlimited Tax Refunding Bonds - Serially in varying amounts from February 15, 2012 to February 15, 2028	3.50%- 5.00%	197,935	190,755
2012	Unlimited Tax Refunding Bonds - Serially in varying amounts from August 15, 2013 to August 15, 2031	2.00%- 5.00%	390,235	380,910
2012A	Unlimited Tax Refunding Bonds - Serially in varying amounts from August 15, 2013 to August 15, 2031	4.00%- 5.00%	46,825	45,835
2014A	Unlimited Tax Refunding Bonds - Serially in varying amounts from August 15, 2015 to August 15, 2034	1.00% 5.00%	356,115	356,115
2015	Unlimited Tax Refunding Bonds - Serially in varying amounts from February 15, 2016 to February 15, 2032	2.13% 5.00%	234,760	234,760
Total				<u>\$ 2,362,910</u>

**Dallas Independent School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2015**

Maintenance Tax Notes. On October 1, 2001, the District issued \$6,880,000 of Qualified Zone Academy Maintenance Tax Notes, Series 2001. An additional \$1,120,000 of Qualified Zone Academy Maintenance Tax Notes, Series 2002, was issued on September 1, 2002. On December 1, 2013 the District issued \$143,340,000 in Limited Maintenance Tax Qualified School Construction Notes. The Maintenance Tax Notes are paid from the General Fund. The amount outstanding for Maintenance Tax Notes as of June 30, 2015 was as follows:

Series	Maintenance Tax Notes Maturity or Mandatory Redemption Date	Yield Rates	Total Outstanding Principal Amount (in thousands)
2001	Principal due at maturity - deposits made to escrow annually at May 1, 2002 to May 2015	6.82%	\$ 6,880
2002	Principal due at maturity - interest due each February 15 and August 15 from February 15, 2003 to September 15, 2016	6.14%	1,120
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
Total			<u>\$ 151,340</u>

Debt Issuance. On July 15, 2014, the District issued \$356,115,000 in "Unlimited Tax Refunding Bonds, Series 2014A" with interest rates ranging from 1.0% - 5.0%. The District received a net premium of \$55,712,399 on the issuance of the Series 2014A bonds. The total proceeds, less the issuance costs and underwriter's discount of \$910,938 and \$1,696,905, respectively, were used to refund \$136,995,000 of the Dallas Independent School District Unlimited Tax School Building Bonds, Series 2006, and \$222,570,000 of the Dallas Independent School District Unlimited Tax School Building Bonds, Series 2008. Principal and interest payments are due each February 15 and August 15, beginning February 15, 2015 and ending August 15, 2034. The total interest requirements of these bonds, with interest rates ranging from 1.0% to 5.0% aggregate \$210,620,892 with \$201,482,300 remaining as of June 30, 2015. The bond proceeds were used to partially advance refund the Series 2006 and 2008 Bonds, and the refunded amounts were placed in escrow with an escrow agent for the purpose of paying all future debt service payments of the Bonds when due. As a result, the refunded bonds are considered to be defeased and the liability had been removed from the governmental activities column of the Statement of Net Position. The reacquisition price exceeded the net carry amount of the old debt by \$51,446,887. The amount is reported as a deferred outflow of resources, deferred loss of refunding, and amortized over the remaining life of the refunded debt issued. This advance refunding was undertaken to reduce total debt service payments over the next nineteen years by \$76,135,505 and resulted in an economic gain of \$51,575,858. The debt is subject to federal arbitrage regulations and is serviced by the Debt Service Fund.

On February 1, 2015, the District issued \$234,760,000 in "Unlimited Tax Refunding Bonds, Series 2015" with interest rates ranging from 2.125% to 5.0%. The District received a net premium of \$29,541,585 on the issuance of the Series 2015 bonds. The total proceeds, less the issuance costs and underwriter's discount of \$716,383 and \$1,120,490 respectively, were used to refund \$114,100,000 of the Dallas Independent School District Unlimited Tax School Building Bonds, Series 2006, and \$126,645,000 of the Dallas Independent School District Unlimited Tax School Building Bonds, Series 2008. Principal and interest payments are due each February 15 and August 15, beginning August 15, 2015 and ending February 15, 2032. The total interest requirements of these bonds, with interest rates ranging from 2.125% to 5.0%, aggregate \$124,450,589 as of June 30, 2015. The bond proceeds were used to partially advance

Dallas Independent School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2015

refund the Series 2006 and 2008 Bonds, and the refunded amounts were placed in escrow with an escrow agent for the purpose of paying all future debt service payments of the bonds when due. As a result, the refunded bonds are considered to be defeased and the liability had been removed from the governmental activities column of the Statement of Net Position. The reacquisition price exceeded the net carrying amount of the old debt by \$23,895,797. The amount is reported as a deferred outflow of resources, deferred loss of refunding, and amortized over the remaining life of the refunded debt issued. This advance refunding was undertaken to reduce total debt service payments over the next nineteen years by \$41,137,086 and resulted in an economic gain of \$29,141,525. The debt is subject to federal arbitrage regulations and is serviced by the Debt Service Fund.

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

The following is a summary of the changes in the District's long term debt for the year ended June 30, 2015:

Description	Long-Term Liabilities Outstanding July 1, 2014 (in thousands)	Additions and Interest Accretion (in thousands)	Retired/ Refunded (in thousands)	Long-Term Liabilities Outstanding June 30, 2015 (in thousands)	Amount Due Within One Year from June 30, 2015 (in thousands)
General Obligation Bonds:					
Series 2004A	\$ 4,625	\$ -	\$ 4,625	\$ -	\$ -
Series 2005	1,950	-	1,950	-	-
Series 2006	272,985	-	257,330	15,655	7,265
Series 2008	374,995	-	354,115	20,880	5,750
Series 2010	126,200	-	18,550	107,650	12,035
Series 2010B	65,040	-	4,990	60,050	6,940
Series 2010C	950,300	-	-	950,300	-
Series 2011	197,935	-	7,180	190,755	16,400
Series 2012	380,910	-	-	380,910	7,975
Series 2012A	45,835	-	-	45,835	920
Series 2014A	-	356,115	-	356,115	20,100
Series 2015	-	234,760	-	234,760	13,000
Total General Obligation Bonds	\$ 2,420,775	\$ 590,875	\$ 648,740	\$ 2,362,910	\$ 90,385
Maintenance Tax Notes Payable:					
Series 2001-QZAB	\$ 6,427	\$ 453	\$ -	\$ 6,880	\$ 6,880
Series 2002-QZAB	1,120	-	-	1,120	-
Series 2008-SSYS/Vehicles	2,085	-	2,085	-	-
Series 2013-QSCB	143,340	-	-	143,340	-
Total Maintenance Tax Notes	\$ 152,972	\$ 453	\$ 2,085	\$ 151,340	\$ 6,880
Total Bonds and Notes Payable	\$ 2,573,747	\$ 591,328	\$ 650,825	\$ 2,514,250	\$ 97,265
Other Long-Term Obligations:					
Workers Compensation	\$ 10,805	\$ 3,367	\$ 4,247	\$ 9,926	\$ 2,787
Premium on Bonds	115,234	85,254	110,425	90,063	-
	\$ 126,039	\$ 88,621	\$ 114,672	\$ 99,989	\$ 2,787
Totals	\$ 2,699,786	\$ 679,949	\$ 765,497	\$ 2,614,239	\$ 100,052

Dallas Independent School District
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Debt Service Requirements. The annual requirements to pay principal and interest on the bond obligations and notes payable outstanding as of June 30, 2015, are as follows:

Year Ended June 30,	Principal (in thousands)	Interest (in thousands)	Total Requirements (in thousands)
2016	97,265	128,448	225,713
2017	93,245	124,548	217,793
2018	71,590	120,713	192,303
2019	73,010	117,108	190,118
2020	77,315	113,697	191,012
2021-2025	446,685	510,310	956,995
2026-2030	610,320	382,221	992,541
2031-2035	1,044,820	189,711	1,234,531
Totals	<u>\$ 2,514,250</u>	<u>\$ 1,686,755</u>	<u>\$ 4,201,005</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 old bonds. Accordingly, the trust account assets and the liability for these defeased bonds are not included in the District's basic financial statements. The total amount of defeased bonds that remain outstanding at June 30, 2015 is \$1,464,460,000.

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, 2015, 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, 2015, the District had the following Deferred Inflows of Resources reported in the General Fund and Debt Service Fund:

	General	Debt Service	Total
Property Taxes	\$ 17,002,139	\$ 3,272,613	\$ 20,274,752
Medicaid/SHARS	36,160,739	-	36,160,739
Totals	<u>\$ 53,162,878</u>	<u>\$ 3,272,613</u>	<u>\$ 56,435,491</u>

NOTE K: GENERAL FUND FEDERAL SOURCE REVENUE

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

Build America Bonds Subsidy	\$ 18,873,018
E-Rate	20,068,069
Medicaid/School Health and Related Services	15,819,470
Qualified School Construction Notes Subsidy	6,971,007
Indirect Cost Reimbursement	1,439,509
Junior Reserve Officer Training Corps	1,907,706
Summer School LEP	28,770
Totals	<u>\$ 65,107,549</u>

**Dallas Independent School District
Notes to the Basic Financial Statements
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NOTE L: DEFINED BENEFIT PENSION PLAN

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

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

Pension Plan Fiduciary Net Position. Detailed information about the Teacher Retirement System's fiduciary net position is available in a separately-issued Comprehensive Annual Financial Report that includes financial statements and required supplementary information. That report may be obtained on the Internet at <http://www.trs.state.tx.us/about/documents/cafr.pdf#CAFR>; by writing to TRS at 1000 Red River Street, Austin, TX, 78707-2698; or by calling (512) 542-6592. The information provided in the Notes to the Financial Statements in the 2014 Comprehensive Annual Financial Report for TRS provides the following information regarding the Pension Plan fiduciary net position as of August 31, 2014.

<u>Net Pension Liability</u>	<u>Total</u>
Total Pension Liability	\$ 159,496,075,886
Less: Plan Fiduciary Net Position	(132,779,243,085)
Net Pension Liability	<u>\$ 26,716,832,801</u>
 Net Position as percentage of Total Pension Liability	 83.25%

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

Contributions. Contribution requirements are established or amended pursuant to Article 16, Section 67 of the Texas Constitution which requires the Texas Legislature to establish a member contribution rate of not less than 6% 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.

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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. It also added a 1.5% contribution for employers not paying Old Age Survivor and Disability Insurance (OASDI) on certain employees effective for fiscal year 2015 as discussed in Note 1 of the TRS 2014 CAFR. The 83rd Texas Legislature, General Appropriations Act (GAA) established the employer contribution rates for fiscal years 2014 and 2015.

Contribution Rates

	<u>2014</u>	<u>2015</u>
Member	6.4%	6.7%
Non-Employer Contributing Entity (State)	6.8%	6.8%
Employers	6.8%	6.8%

Dallas ISD 2014 Employer Contributions	\$ 23,620,992
Dallas ISD 2014 Member Contributions	\$ 21,509,755
Dallas ISD 2014 NECE On-Behalf Contributions	\$ 39,640,917

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, 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.

Actuarial Assumptions. The total pension liability in the TRS August 31, 2014 actuarial valuation was determined using the following actuarial assumptions:

Valuation Date	August 31, 2014
Actuarial Cost Method	Individual Entry Age Normal
Amortization Method	Level Percentage of Payroll, Open
Remaining Amortization Period	30 years
Asset Valuation Method	5 year Market Value
Discount Rate	8.00%
Long Term Expected Investment Rate of Return*	8.00%
Salary Increases*	4.25% to 7.25%
Weighted-Average at Valuation Date	5.55%
Payroll Growth Rate	3.50%

**Includes Inflation of 3%*

Dallas Independent School District
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The actuarial methods and assumptions are primarily based on a study of actual experience for the four-year period ending August 31, 2010, and adopted on April 8, 2011. With the exception of the post-retirement mortality rates for healthy lives and a minor change to the expected retirement age for inactive vested members stemming from the actuarial audit performed in the summer of 2014, the assumptions and methods are the same as those used in the prior valuation. When the mortality assumptions were adopted in 2011, they contained a significant margin for possible future mortality improvement. As of the date of the valuation, there has been a significant erosion of this margin to the point that the margin has been eliminated. Therefore, the post-retirement mortality rates for current and future retirees were decreased to add additional margin for future improvement in mortality in accordance with the Actuarial Standards of Practice No. 35.

Discount Rate. The discount rate used to measure the total pension liability was 8.0%. There was no change in the discount rate since the previous year. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers and the non-employer contributing entity are made at the statutorily required rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, the long term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The long term expected 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 system's target asset allocation as of August 31, 2014, are summarized below:

Asset Class	Target Allocation	Real Return Geometric Basis	Long Term Expected Portfolio Real Rate of Return*
Global Equity			
U.S.	18.0%	7.0%	1.4%
Non-U.S. Developed	13.0%	7.3%	1.1%
Emerging Markets	9.0%	8.1%	0.9%
Directional Hedge Funds	4.0%	5.4%	0.2%
Private Equity	13.0%	9.2%	1.4%
Stable Value			
U.S. Treasuries	11.0%	2.9%	0.3%
Absolute Return	0.0%	4.0%	0.0%
Stable Value Hedge Funds	4.0%	5.2%	0.2%
Cash	1.0%	2.0%	0.0%
Real Return			
Global Inflation Linked Bonds	3.0%	3.1%	0.0%
Real Assets	16.0%	7.3%	1.5%
Energy and Natural Resources	3.0%	8.8%	0.3%
Commodities	0.0%	3.4%	0.0%
Risk Parity			
Risk Parity	5.0%	8.9%	0.4%
Alpha			1.0%
Total	<u>100.0%</u>		<u>8.7%</u>

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

**Dallas Independent School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2015**

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 2014 Net Pension Liability.

	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	\$ 444,711,941	\$ 248,867,951	\$ 102,413,123

At June 30, 2015, the District reported a liability of \$248,867,951 for its proportionate share of TRS's net pension liability. This liability reflects a reduction for state pension support provided to the 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	\$ 248,867,951
State's proportionate share that is associated with the District	418,542,854
Total	<u>\$ 667,410,805</u>

The net pension liability was measured as of August 31, 2014, 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, 2013 through August 31, 2014.

At August 31, 2014, the employer's proportion of the collective net pension liability was 0.9316925%. Since this is the first year of implementation, the District does not have the proportion measured as of August 31, 2013. The Notes to the Financial Statements for August 31, 2014 for TRS stated that the change in proportion was immaterial and therefore, disregarded this year.

There were no changes of assumptions or other inputs that affected measurement of the total pension liability during the measurement period.

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

There was a change in employer contribution requirements that occurred after the measurement date of the net pension liability and the employer's reporting date. A 1.5% contribution for employers not paying Old Age Survivor and Disability Insurance (OASDI) on certain employees went into law effective September 1, 2014. The amount of the expected resultant change in the employer's proportion cannot be determined at this time.

For the year ended August 31, 2014, the District recognized pension expense of \$38,693,508 and revenue of \$38,693,508 for support provided by the state.

Dallas Independent School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2015

At August 31, 2014, 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:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 3,848,823	\$ -
Changes in actuarial assumptions	16,176,694	-
Difference between projected and actual investment earnings	-	76,064,209
Changes in proportion and difference between the employer's contributions and the proportionate share of contributions	-	65,235
Contributions paid to TRS subsequent to the measurement date (to be calculated by employer)	28,906,084	-
Total	<u>\$ 48,931,601</u>	<u>\$ 76,129,444</u>

The net amounts of the employer's balances of deferred outflows and inflows of resources related to pensions will be recognized by TRS in pension expense as follows:

Year Ended August 31:	Pension Expense Amount
2015	(\$15,648,759)
2016	(\$15,648,759)
2017	(\$15,648,759)
2018	(\$15,648,759)
2019	\$3,367,293
Thereafter	\$3,123,816

At June 30, 2015, the District reported Deferred Resource Outflows and Deferred Resource Inflows for the TRS pension plan as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Total net amounts as of August 31, 2014 Measurement Date	\$ 20,025,517	\$ 76,129,144
Contributions made subsequent to the Measurement Date	28,906,084	-
Reported by District as of June 30, 2015	<u>\$ 48,931,601</u>	<u>\$ 76,129,144</u>

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Staff and Teacher Attendance Reward Plan. The District contributes to the Staff and Teacher Attendance Reward Plan ("STAR" or "Plan"). The Plan is a retirement savings plan available under Section 401(a) of the Internal Revenue Code, established by the Education Service Center Region 10. The District's Board has the authority for amending plan provisions including establishing and amending contribution requirements. The Board appoints an employee as the Plan Administrator. The Plan's annual financial report and other required disclosure information are available by writing The STAR Plan Record Keeper JEM Resource Partners, 900 S. Capital of Texas Highway, Suite 350, Austin, TX 78746. Under plan provisions, employees are automatically enrolled in STAR if he or she is an employee who is an active and contributing member of the Teacher Retirement System of Texas, contributes to the District's 457(b) plan or the 403(b) Tax Sheltered Annuity plan maintained by the District and has missed five days or less from work during the period September 1 to August 31 for each year.

The District contributes for teacher positions as follows:

Days Missed	District Contribution
3 - 5 days	50% of employee deferrals up to \$500 annually
2 days	75% of employee deferrals up to \$700 annually
0 - 1 day	100% of employee deferrals up to \$1,000 annually

The District contributes for non-teacher positions as follows:

Days Missed	District Contribution
3 - 5 days	50% of employee deferrals up to \$200 annually
2 days	75% of employee deferrals up to \$300 annually
0 - 1 day	100% of employee deferrals up to \$400 annually

A participant is 25% vested in his or her account after attaining two credited years of service, 50% vested after three years, and 100% vested after attaining four credited years of service in the Plan. A participant shall receive a Year of Service under the Plan for each Plan Year in accordance to the Service Requirements under the Teacher Retirement System of Texas (TRS). Upon meeting the requirements of "qualification of unreduced retirement" in accordance with the TRS, obtaining normal retirement age or upon death or permanent disability, a participant shall be 100% vested regardless of years of service. On May 26, 2011, the Board of Trustees voted to temporarily cease contributions to the plan for the plan year beginning September 1, 2011. For the year ended June 30, 2015, the District made no contribution to the Plan.

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

**Dallas Independent School District
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Texas Public School Retired Employees Group Insurance Program Funding Policy. Contribution requirements are not actuarially determined but are legally established each biennium by the Texas Legislature. Texas Insurance Code, Sections 1575.202, 203, and 204 establish state, active employee, and public school contributions, respectively. Funding for free basic coverage is provided by the program based upon public school district payroll. Per Texas Insurance code, Chapter 1575, the public school contribution may not be less than 0.25% or greater than 0.75% of the salary of each active employee of the public school. Funding for optional coverage is provided by those participants selecting the optional coverage. Contribution rates and amounts are shown in the table below for fiscal years 2013-2015:

Year	Covered Payroll	Contribution Rates					
		Active Member		State		District	
		Rate	Amount	Rate	Amount	Rate	Amount
2015	\$ 969,551,901	0.65%	\$ 6,302,087	1.0%	\$ 9,695,519	0.55%	\$ 5,332,535
2014	903,503,189	0.65%	5,872,771	1.0%	9,035,032	0.55%	4,969,268
2013	874,914,115	0.65%	5,686,942	0.5%	4,374,571	0.55%	4,812,028

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 general liabilities. 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 to contract directly with medical providers for their workers' compensation program and their injured employees. At June 30, 2015, the accrued liability for workers' compensation self-insurance of \$9.9 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 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
2014 - 2015	\$ 10,805,401	\$ 3,366,855	\$ (4,246,726)	\$ 9,925,530
2013 - 2014	\$ 11,230,004	\$ 4,308,537	\$ (4,733,140)	\$ 10,805,401

**Dallas Independent School District
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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).

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, 2015 and 2014, these on-behalf payments were \$2,840,080 and \$2,435,098, respectively, and were recorded as equal revenues and expenditures in the General Fund.

NOTE O: RESTATEMENT OF BEGINNING NET POSITION

During fiscal year 2015, the District adopted GASB Statements No. 68 and 71 for Accounting and Reporting for Pensions. With GASB 68, the District must assume their proportionate share of the Net Pension Liability of the Teacher Retirement System of Texas. Adoption of GASB 68 required a prior period adjustment to report the effect of GASB 68 retroactively. The effect of this change on the beginning net position balance of the Government-wide Statement of Activities is as follows:

	Statement of Activities
Net Position at July 1, 2014	\$ 665,250,027
Prior Period Adjustment for GASB 68	(286,089,637)
Net Position at July 1, 2014 as restated	<u>\$ 379,160,390</u>

NOTE P: 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 Q: NEW ACCOUNTING PRONOUNCEMENTS

GASB Statement No. 68: *Accounting and Financial Reporting for Pensions*. Statement 68 was issued in June 2012. This Statement establishes accounting and financial reporting requirements related to pensions for governments whose employees are provided with pensions through pension plans, as well as for non-employer governments that have a legal obligation to contribute to those plans. This Statement requires the recognition of the entire net pension liability and a more comprehensive measure of pension expense, along with additional required footnote disclosures. This standard became effective for the District in fiscal year 2015. The impact of this implementation is discussed in Note O.

GASB Statement No. 69: *Government Combinations and Disposals of Government Operations*. Statement 69 was issued in January 2013 and establishes accounting and financial reporting standards for government combinations and disposals of government operations. This Statement distinguishes between

**Dallas Independent School District
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government mergers and acquisitions and provides guidance on the appropriate accounting treatment of each. This Statement also provides guidance for transfers of operations that do not constitute entire legally separate entities and in which no significant consideration is exchanged. This standard became effective for the District in fiscal year 2015. The implementation had no significant effect on the District's financial statements.

GASB Statement No. 71: *Pension Transition for Contributions Made Subsequent to the Measurement Date—An Amendment of GASB Statement No. 68 Accounting and Financial Reporting for Nonexchange Financial Guarantees.* Statement 71 was issued in November 2013 and amends paragraph 137 of Statement 68 to require that, at transition, a government recognizes a beginning deferred outflow of resources for its pension contributions, if any, made subsequent to the measurement date of the beginning net pension liability. Statement 68, as amended, continues to require that beginning balances for other deferred outflows of resources and deferred inflows of resources related to pensions be reported at transition only if it is practical to determine all such amounts. The provisions of this Statement are required to be applied simultaneously with the provisions of Statement 68. This standard became effective for the District in fiscal year 2015. The impact of this implementation is discussed in Note O.

GASB Statement No. 72: *Fair Value Measurement and Application.* Statement 72 was issued in February 2015. This Statement addresses accounting and financial reporting issues related to fair value measurements. The definition of fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. This Statement provides guidance for determining a fair value measurement for financial reporting purposes. This Statement also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements. This standard becomes effective for the District in fiscal year 2016. The District has not yet determined the impact of this statement.

GASB Statement No. 73: *Accounting and Financial Reporting for Pensions and Related Assets That Are Not Within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68.* Statement 73 was issued in June 2015. This Statement establishes requirements for defined benefit pensions that are not within the scope of Statement No. 68, Accounting and Financial Reporting for Pensions, as well as for the assets accumulated for purposes of providing those pensions. In addition, it establishes requirements for defined contribution pensions that are not within the scope of Statement 68. It also amends certain provisions of Statement No. 67, Financial Reporting for Pension Plans, and Statement 68 for pension plans and pensions that are within their respective scopes. This standard becomes effective for the District in fiscal year 2017. The District has not yet determined the impact of this statement.

GASB Statement No. 74: *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans.* Statement 74 was issued in June 2015. This Statement replaces Statements No. 43, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans, as amended, and No. 57, OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans. It also includes requirements for defined contribution OPEB plans that replace the requirements for those OPEB plans in Statement No. 25, Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans, as amended, Statement 43, and Statement No. 50, Pension Disclosures. This standard becomes effective for the District in fiscal year 2017. The District has not yet determined the impact of this statement.

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 becomes effective for the District in fiscal year 2018. The District has not yet determined the impact of this statement.

GASB Statement No. 76: *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments.* Statement 76 was issued in June 2015. This Statement supersedes Statement No. 55, The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments. The objective of this Statement is to identify—in the context of the current governmental financial reporting

**Dallas Independent School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2015**

environment—the hierarchy of generally accepted accounting principles (GAAP). The “GAAP Hierarchy” consists of the sources of accounting principles used to prepare financial statements of state and local governmental entities in conformity with GAAP and the framework for selecting those principles. This Statement reduces the GAAP hierarchy to two categories of authoritative GAAP and addresses the use of authoritative and non-authoritative literature in the event that the accounting treatment for a transaction or other event is not specified within a source of authoritative GAAP. This standard becomes effective for the District in fiscal year 2016. The District has not yet determined the impact of this statement.

GASB Statement No. 77: *Tax Abatement Disclosures*. Statement 77 was issued in August 2015. This Statement requires governments that enter into tax abatement agreements to disclose the following information about the agreements:

1. Brief descriptive information, such as the tax being abated, the authority under which tax abatements are provided, eligibility criteria, the mechanism by which taxes are abated, provisions for recapturing abated taxes, and the types of commitments made by tax abatement recipients
2. The gross dollar amount of taxes abated during the period
3. Commitments made by a government, other than to abate taxes, as part of a tax abatement agreement

This standard becomes effective for the District in fiscal year 2017. The District has not yet determined the impact of this statement.

NOTE R: SUBSEQUENT EVENTS

On March 26, 2015, the Board of Trustees approved the issuance of the "Dallas Independent School District Multi-Modal Limited Maintenance Tax Notes, Series 2015", in an aggregate principal amount not to exceed \$75,000,000.

The proceeds from the issuance shall be for the purpose of paying lawful maintenance expenses of the District, including repair, rehabilitation, renovation, equipping and replacing of existing school facilities, including heating and air conditioning system improvements, and renovation of instructional and instructional-support facilities, purchase of portable, temporary buildings, and paying the costs of issuing the Notes pursuant to the authority confirmed by and in conformity with the constitution and laws of the State of Texas, including Section 45.108, as amended, Texas Education Code (“Section 45.108”) and Chapter 1371, as amended, Texas Government Code (“Chapter 1371”).

The Board of Trustees on August 21 approved sending the \$1.6 billion bond package to the district's registered voters. The proposal is based on recommendations compiled by the Future Facilities Task Force (FFTF) with input from numerous sources including FFTF members, Dallas ISD staff, school administrators, community members and facility assessment reports commissioned by the District.

On November 3, 2015, voters approved a \$1.590 million bond. The proceeds from the bond package are anticipated to create nine new schools, 326 new classrooms, a variety of new educational programs, and facility improvements. All bond projects, project amounts, and program allocations are estimates, and could change in the future.

REQUIRED SUPPLEMENTARY INFORMATION

Dallas Independent School District

Dallas Independent School District
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual - General Fund
For the Year Ended June 30, 2015

Data Control Codes		Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance with Final Budget Positive or (Negative)
		Original	Final		
REVENUES					
5700	Local and Intermediate Sources	\$ 871,259,566	\$ 885,046,382	\$ 879,827,262	\$ (5,219,120)
5800	State Program Revenues	380,763,675	398,376,239	411,821,524	13,445,285
5900	Federal Program Revenues	47,988,150	65,888,150	65,107,549	(780,601)
5020	Total Revenues	1,300,011,391	1,349,310,771	1,356,756,335	7,445,564
EXPENDITURES					
Current					
11	Instruction	754,074,507	766,419,387	741,114,943	25,304,444
12	Instructional Resources and Media Services	21,991,230	22,541,710	22,498,113	43,597
13	Curriculum and Instructional Staff Development	7,700,096	8,495,573	8,168,984	326,589
21	Instructional Leadership	29,845,434	25,264,051	24,948,292	315,759
23	School Leadership	83,643,920	89,181,599	87,475,332	1,706,267
31	Guidance, Counseling and Evaluation Services	49,799,795	52,457,647	52,264,609	193,038
32	Social Work Services	2,497,089	2,365,561	2,445,454	(79,893)
33	Health Services	18,216,895	18,235,973	18,477,897	(241,924)
34	Student (Pupil) Transportation	33,066,973	58,357,894	46,088,028	12,269,866
36	Cocurricular/Extracurricular Activities	28,592,665	28,064,802	26,855,885	1,208,917
41	General Administration	46,207,893	44,410,442	45,209,763	(799,321)
51	Facilities Maintenance and Operations	147,611,285	142,198,728	140,834,513	1,364,215
52	Security and Monitoring Services	22,199,467	23,661,356	23,390,228	271,128
53	Data Processing Services	34,096,137	34,884,116	36,311,192	(1,427,076)
61	Community Services	5,803,442	3,262,291	3,685,370	(423,079)
Debt Service					
71	Principal on Long Term Debt	2,085,000	2,085,000	2,085,000	-
72	Interest on Long Term Debt	7,876,341	8,478,479	8,478,479	-
73	Bond Fees and Charges	24,000	10,880	10,879	1
Capital Outlay					
81	Facilities Acquisition and Construction	-	9,404,260	5,188,748	4,215,512
Intergovernmental					
95	Payments to Juvenile Justice Alternative Ed. Prg.	100,000	100,000	6,762	93,238
99	Other Intergovernmental Charges	4,579,222	4,579,222	4,578,190	1,032
6030	Total Expenditures	1,300,011,391	1,344,458,971	1,300,116,661	44,342,310
1100	Excess of Revenues Over Expenditures	-	4,851,800	56,639,674	51,787,874
OTHER FINANCING SOURCES (USES)					
7912	Sale of Real and Personal Property	-	-	1,402,794	1,402,794
7915	Transfers In	-	25,000,000	-	(25,000,000)
8911	Transfers Out (Use)	-	(43,000,000)	(43,351,439)	(351,439)
7080	Total Other Financing Sources (Uses)	-	(18,000,000)	(41,948,645)	(23,948,645)
1200	Net Change in Fund Balances	-	(13,148,200)	14,691,029	27,839,229
0100	Fund Balance - Beginning	-	342,839,988	342,839,988	-
3000	Fund Balance - Ending	\$ -	\$ 329,691,788	\$ 357,531,017	27,839,229

See Notes of Required Supplementary Information.

Dallas Independent School District
Notes to Required Supplementary Information
For the Year Ended June 30, 2015

The official budget was prepared for adoption for the General Fund. The budget is prepared on a basis consistent with generally accepted accounting principles. Project accounting is employed to maintain the integrity of the various sources of funds. There is no difference between GAAP and the budgetary basis of accounting. The following procedures are followed in establishing the budgetary data reflected in the financial statements:

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.

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, 2015

	2015
District's Proportionate Share of Net Pension Liability (Asset)	\$ 248,867,951
State's Proportionate Share of the Net Pension Liability (Asset) associated with the District	418,542,854
Total	<u>\$ 667,410,805</u>
District's Proportion of the Net Pension Liability (Asset)	0.9316925%
District's Covered-Employee Payroll	\$ 913,475,811
District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll	27.24%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	83.25%

Note: GASB 68, Paragraph 81.2.a requires that the information on this schedule be data from the period corresponding with the period covered as of the measurement date of August 31, 2014 - the period from September 1, 2013 through August 31, 2014.

Note: Only one year of data is presented in accordance with GASB 68, Paragraph 138. "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, 2015**

	<u>2015</u>
Contractually Required Contribution (Current Fiscal Year)	\$ 33,027,288
Contribution in Relation to the Contractually Required Contributi	(33,027,288)
Contribution Deficiency (Excess)	\$ -
Total	<u>\$ (33,027,288)</u>
District's Covered-Employee Payroll	\$ 969,551,901
Contributions as a Percentage of Covered-Employee Payroll	3.41%

Note: GASB 68, Paragraph 81.2.b requires that the data in this schedule be presented as of the District's current fiscal year as opposed to the time period covered by the measurement date of September 1, 2013 through August 31, 2014.

Note: Only one year of data is presented in accordance with GASB 68, Paragraph 138. "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
Notes to Required Supplementary Information
For the Year Ended June 30, 2015**

Changes of Benefit Terms.

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

Changes of Assumptions.

There were no changes of assumptions or other inputs that affected measurement of the total pension liability during the measurement period.

Dallas Independent School District

COMBINING AND OTHER STATEMENTS

Dallas Independent School District

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.

Head Start (Fund 205) – This fund classification is used to account, on a project basis, for funds granted for the Head Start Program by the United States Department of Health and Human Services. (93.600) (U.S. Department of Health and Human Services)

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.

Adult Education (Fund 220) – These funds are to be used to account, on a project basis, for funds granted to provide or support programs for adult education and literacy services to adults who are beyond compulsory school age attendance, and do not have a high school diploma, or lack sufficient mastery of basic educational skills to function effectively in society, or are unable to speak, read or write the English language; and are not enrolled in school. Education services include basic educational skills (reading, writing, speaking and mathematics), English as a Second Language and secondary level competencies for acquisition of a high school diploma or equivalent. This includes sections 322, 326, and 353 under P.L. 91.230 as amended by P.L. 102.73, The National Literacy Act.

TANF Family Assistance (Fund 223) – These funds are to be used to account, on a project basis, for funds granted to provide educational services to undereducated adults who receive cash assistance under Temporary Assistance for Needy Families. Recipients of benefits are required to participate in adult basic education or job training program as a condition of eligibility. Educational services include basic educational skills, English as a second language, instruction, and secondary level competencies for acquisition of a high school diploma or its equivalent. This program is authorized under P.L. 104-193.

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, 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)

National Breakfast and Lunch 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 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 I – Texas Priority Schools Grant (Fund 276) – The Texas Title I Priority Schools (TTIPS) Grant Program is funded by the federal NCLB Section 1003(g) and the American Recovery and Reinvestment Act Section 1003(g) School Improvement Grant appropriations. Campus eligibility for the program is defined in the U.S. Department of Education Final Regulations released Dec. 3, 2009, and amended by the 2010 Appropriations Act.

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; HRSA-Affordable Care Act; Home Instruction for Parents of Preschool Youngsters (HIPPY); Texas Grow Eat. 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 B – Deaf (Fund 316) – IDEA-B Formula (Deaf) funds are used to provide all student with a free, appropriate public education that includes special education and related services to meet students' unique needs. These funds are used to fund payroll for teachers and diagnosticians, as well as other contracted services as needed. These funds are also used to purchase all necessary materials used in deaf ed classrooms to provide a high quality education for students.

SSA IDEA, Part B – Preschool Deaf (Fund 317) – The purpose of IDEA-B is to provide special education and related services to children with disabilities ages 3–21. In addition to the purpose of IDEA-B Formula funds, the regulations implementing the IDEA-B Preschool funds as a part of this act define the purpose of the act as a means to supplement and increase services beyond the level of State and local funds expended for preschool students ages 3–5 with disabilities.

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.

Adult Basic Education - State (Fund 381) – The Adult Education Federal grant is designed to provide free literacy, numeracy, language acquisition, and civic educational opportunities to adults in Dallas and Rockwall Counties in partnership with all the school districts in both counties.

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).

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, 2015**

Data Control Codes	205 Head Start	206 ESEA Title X, Pt. C Homeless	211 ESEA Title I Part A, D and SIP	220 Adult Education
ASSETS				
1110 Cash and Cash Equivalents	\$ -	\$ -	\$ 4,970	\$ 844
1240 Receivables from Other Governments	140,128	112,373	19,539,264	-
1290 Other Receivables, Net	-	-	-	-
1300 Inventories	-	-	-	-
1410 Prepaid Items	-	-	54,200	-
1000 Total Assets	140,128	112,373	19,598,434	844
LIABILITIES				
2110 Accounts Payable	430	15,096	1,563,293	844
2150 Payroll Deductions and Withholdings Payable	-	626	1,475,993	-
2160 Accrued Wages and Benefits Payable	7,577	5,536	9,900,344	-
2170 Due to Other Funds	130,747	82,228	6,394,355	-
2180 Due to Other Governments	-	-	-	-
2200 Accrued Expenditures	1,374	8,887	264,449	-
2300 Unearned Revenues	-	-	-	-
2000 Total Liabilities	140,128	112,373	19,598,434	844
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	-	-	-	-
4000 Total Liabilities and Fund Balances	\$ 140,128	\$ 112,373	\$ 19,598,434	\$ 844

EXHIBIT H-1

223 TANF Family Assistance	224 IDEA - Part B Formula	225 IDEA - Part B Preschool	227 IDEA - Part B Visually Impaired	240 Food Services Program	244 Career and Technical - Basic Grant	255 ESEA II, A Improving Teacher Qual.
\$ -	\$ -	\$ 11,408	\$ -	\$ 11,891,335	\$ 118	\$ -
-	6,452,259	14,763	-	13,740,672	275,645	1,782,923
-	-	-	-	15,660	-	-
-	-	-	-	4,061,426	-	-
-	-	-	-	-	-	21,737
-	6,452,259	26,171	-	29,709,093	275,763	1,804,660
-	863,900	-	-	2,147,953	55,721	394,859
-	474,164	1,810	-	234,364	-	70,234
-	3,138,362	12,818	-	1,382,998	-	514,455
-	1,865,705	135	-	13,610	213,261	528,013
-	-	11,408	-	-	6,602	-
-	110,128	-	-	-	179	297,099
-	-	-	-	1,626,395	-	-
-	6,452,259	26,171	-	5,405,320	275,763	1,804,660
-	-	-	-	4,061,426	-	-
-	-	-	-	20,242,347	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	24,303,773	-	-
\$ -	\$ 6,452,259	\$ 26,171	\$ -	\$ 29,709,093	\$ 275,763	\$ 1,804,660

**Dallas Independent School District
Combining Balance Sheet
Non-Major Governmental Funds
June 30, 2015**

Data Control Codes	263 Title III, A English Lang. Acquisition	272 Medicaid Admin. Claim MAC	276 Title I - Tex Priority School Grant
ASSETS			
1110 Cash and Cash Equivalents	\$ -	\$ 1,059,351	\$ -
1240 Receivables from Other Governments	1,071,952	-	67,954
1290 Other Receivables, Net	-	-	-
1300 Inventories	-	-	-
1410 Prepaid Items	1,070	-	10,652
1000 Total Assets	<u>1,073,022</u>	<u>1,059,351</u>	<u>78,606</u>
LIABILITIES			
2110 Accounts Payable	645,293	44,196	34,758
2150 Payroll Deductions and Withholdings Payable	27,480	2,792	3,233
2160 Accrued Wages and Benefits Payable	234,013	18,652	23,480
2170 Due to Other Funds	151,562	196	12,859
2180 Due to Other Governments	-	-	-
2200 Accrued Expenditures	14,674	11,200	4,276
2300 Unearned Revenues	-	-	-
2000 Total Liabilities	<u>1,073,022</u>	<u>77,036</u>	<u>78,606</u>
FUND BALANCES			
Nonspendable Fund Balance			
3410 Inventories	-	-	-
Restricted Fund Balance			
3450 Federal or State Funds Grant Restriction	-	982,315	-
3490 Other Restricted Fund Balance	-	-	-
Assigned Fund Balance			
3590 Other Assigned Fund Balance	-	-	-
3000 Total Fund Balances	<u>-</u>	<u>982,315</u>	<u>-</u>
4000 Total Liabilities and Fund Balances	<u>\$ 1,073,022</u>	<u>\$ 1,059,351</u>	<u>\$ 78,606</u>

EXHIBIT H-1 (Cont'd)

289 Other Federal Special Revenue Funds	315 SSA IDEA, Part B Discretionary Deaf	316 SSA IDEA, Part B Deaf	317 SSA - IDEA, B Preschool Deaf	340 SSA - IDEA C Deaf - Early Intervention	381 Adult Basic Education State	385 Visually Impaired SSVI
\$ -	\$ -	\$ 25,266	\$ -	\$ -	\$ -	\$ -
341,323	294,946	-	-	1,021	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
341,323	294,946	25,266	-	1,021	-	-
11,177	661	-	-	-	-	-
7,278	8,662	1,182	-	-	-	-
59,013	40,642	5,052	-	-	-	-
263,855	244,942	53	-	1,021	-	-
-	-	18,979	-	-	-	-
-	39	-	-	-	-	-
-	-	-	-	-	-	-
341,323	294,946	25,266	-	1,021	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
341,323	294,946	25,266	-	1,021	-	-

**Dallas Independent School District
Combining Balance Sheet
Non-Major Governmental Funds
June 30, 2015**

Data Control Codes	393 Texas Successful Schools Prog.	397 Advanced Placement Incentives	410 State Instructional Materials
ASSETS			
1110 Cash and Cash Equivalents	\$ 28,251	\$ 194,240	\$ -
1240 Receivables from Other Governments	-	-	9,414,034
1290 Other Receivables, Net	-	-	-
1300 Inventories	-	-	-
1410 Prepaid Items	-	-	-
1000 Total Assets	<u>28,251</u>	<u>194,240</u>	<u>9,414,034</u>
LIABILITIES			
2110 Accounts Payable	-	451	7,368,146
2150 Payroll Deductions and Withholdings Payable	-	-	-
2160 Accrued Wages and Benefits Payable	-	-	-
2170 Due to Other Funds	-	-	1,965,982
2180 Due to Other Governments	-	-	-
2200 Accrued Expenditures	1,569	466	79,906
2300 Unearned Revenues	-	-	-
2000 Total Liabilities	<u>1,569</u>	<u>917</u>	<u>9,414,034</u>
FUND BALANCES			
Nonspendable Fund Balance			
3410 Inventories	-	-	-
Restricted Fund Balance			
3450 Federal or State Funds Grant Restriction	26,682	193,323	-
3490 Other Restricted Fund Balance	-	-	-
Assigned Fund Balance			
3590 Other Assigned Fund Balance	-	-	-
3000 Total Fund Balances	<u>26,682</u>	<u>193,323</u>	<u>-</u>
4000 Total Liabilities and Fund Balances	<u>\$ 28,251</u>	<u>\$ 194,240</u>	<u>\$ 9,414,034</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
\$ 2,518	\$ 393,355	\$ 3,292,187	\$ 4,568,381	\$ 21,472,224
322,350	929,035	-	-	54,500,642
-	-	-	105,552	121,212
-	-	-	-	4,061,426
-	-	1,035	3,250	91,944
324,868	1,322,390	3,293,222	4,677,183	80,247,448
-	22,076	23,938	112,465	13,305,257
-	39,593	-	10,046	2,357,457
-	396,354	-	105,897	15,845,193
322,350	493,302	149,056	26,371	12,859,603
-	-	-	-	36,989
-	8,934	37,702	18,849	859,731
-	-	-	355,048	1,981,443
322,350	960,259	210,696	628,676	47,245,673
-	-	-	-	4,061,426
2,518	362,131	-	-	21,809,316
-	-	-	2,635,520	2,635,520
-	-	3,082,526	1,412,987	4,495,513
2,518	362,131	3,082,526	4,048,507	33,001,775
\$ 324,868	\$ 1,322,390	\$ 3,293,222	\$ 4,677,183	\$ 80,247,448

Dallas Independent School District
Combining Statement of Revenues, Expenditures, and Changes
in Fund Balances
Non-major Governmental Funds
For the Year Ended June 30, 2015

Data Control Codes	205 Head Start	206 ESEA Title X, Pt. C Homeless	211 ESEA Title I Part A, D and SIP
REVENUES			
5700 Local and Intermediate Sources	\$ -	\$ -	\$ -
5800 State Program Revenues	-	-	-
5900 Federal Program Revenues	615,500	235,463	90,526,769
5020 Total Revenues	615,500	235,463	90,526,769
EXPENDITURES			
Current			
11 Instruction	599,925	146,653	40,607,800
12 Instructional Resources and Media Services	-	-	108,641
13 Curriculum and Instructional Staff Development	-	-	34,365,835
21 Instructional Leadership	-	-	788,770
23 School Leadership	-	-	264,105
31 Guidance, Counseling and Evaluation Services	-	1,000	5,621,147
32 Social Work Services	-	-	229,375
33 Health Services	-	-	34,015
34 Student (Pupil) Transportation	-	-	227,422
35 Food Services	-	-	-
36 Cocurricular/Extracurricular Activities	-	-	-
41 General Administration	-	-	1,965,643
51 Facilities Maintenance and Operations	15,575	-	969
52 Security and Monitoring Services	-	-	128,829
53 Data Processing Services	-	-	-
61 Community Services	-	87,810	6,184,218
6030 Total Expenditures	615,500	235,463	90,526,769
1100 Excess of Revenues Over Expenditures	-	-	-
OTHER FINANCING SOURCES (USES)			
1200 Net Change in Fund Balance	-	-	-
0100 Fund Balance - Beginning	-	-	-
3000 Fund Balance - Ending	\$ -	\$ -	\$ -

EXHIBIT H-2

220 Adult Education	223 TANF Family Assistance	224 IDEA - Part B Formula	225 IDEA - Part B Preschool	227 IDEA - Part B Visually Impaired	240 Food Services Program	244 Career and Technical - Basic Grant
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,462,942	\$ -
-	-	-	-	-	555,112	-
1,366,237	25,097	29,371,990	325,720	12,438	107,505,428	2,406,981
1,366,237	25,097	29,371,990	325,720	12,438	111,523,482	2,406,981
837,359	(2,328)	19,446,936	134,342	12,438	-	1,624,600
-	-	-	-	-	-	-
21,353	-	600,893	24,237	-	-	127,056
388,534	24,856	2,276,456	167,141	-	-	613,280
-	-	1,641	-	-	-	-
-	-	6,553,311	-	-	-	40,594
-	-	250,026	-	-	-	-
-	-	19	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	101,288,454	-
-	-	-	-	-	-	-
3,558	-	135,094	-	-	-	1,451
52,923	-	-	-	-	2,111,530	-
2,668	-	-	-	-	-	-
30,761	2,569	103,144	-	-	-	-
29,081	-	4,470	-	-	-	-
1,366,237	25,097	29,371,990	325,720	12,438	103,399,984	2,406,981
-	-	-	-	-	8,123,498	-
-	-	-	-	-	-	-
-	-	-	-	-	8,123,498	-
-	-	-	-	-	16,180,275	-
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 24,303,773	\$ -

Dallas Independent School District
Combining Statement of Revenues, Expenditures, and Changes
in Fund Balances
Non-major Governmental Funds
For the Year Ended June 30, 2015

Data Control Codes	255 ESEA II, A Improving Teacher Qual.	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	8,640,297	5,172,754	411,285
5020 Total Revenues	8,640,297	5,172,754	411,285
EXPENDITURES			
Current			
11 Instruction	2,234,003	1,691,077	-
12 Instructional Resources and Media Services	-	-	-
13 Curriculum and Instructional Staff Development	3,088,375	2,697,459	-
21 Instructional Leadership	391,331	716	-
23 School Leadership	435,112	10,619	-
31 Guidance, Counseling and Evaluation Services	72,176	-	-
32 Social Work Services	-	-	-
33 Health Services	-	-	640,563
34 Student (Pupil) Transportation	-	-	-
35 Food Services	-	-	-
36 Cocurricular/Extracurricular Activities	-	-	-
41 General Administration	2,417,857	33,532	-
51 Facilities Maintenance and Operations	1,443	14,599	-
52 Security and Monitoring Services	-	2,231	-
53 Data Processing Services	-	-	-
61 Community Services	-	722,521	-
6030 Total Expenditures	8,640,297	5,172,754	640,563
1100 Excess of Revenues Over Expenditures	-	-	(229,278)
OTHER FINANCING SOURCES (USES)			
1200 Net Change in Fund Balance	-	-	(229,278)
0100 Fund Balance - Beginning	-	-	1,211,593
3000 Fund Balance - Ending	\$ -	\$ -	\$ 982,315

EXHIBIT H-2 (Cont'd)

276 Title I - Tex Priority School Grant	289 Other Federal Special Revenue Funds	315 SSA IDEA, Part B Discretionary Deaf	316 SSA IDEA, Part B Deaf	317 SSA - IDEA, B Preschool Deaf	340 SSA - IDEA C Deaf - Early Intervention	381 Adult Basic Education State
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	39,408
1,259,744	889,869	527,041	85,823	26,868	1,021	-
1,259,744	889,869	527,041	85,823	26,868	1,021	39,408
943,860	34,429	526,640	85,823	26,868	1,021	17,445
898	-	-	-	-	-	-
221,926	44,237	-	-	-	-	13
15,015	195,774	-	-	-	-	21,950
14,054	-	-	-	-	-	-
64,122	44,852	401	-	-	-	-
(241)	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	20,255	-	-	-	-	-
-	-	-	-	-	-	-
-	315	-	-	-	-	-
-	28,000	-	-	-	-	-
94	-	-	-	-	-	-
-	2,779	-	-	-	-	-
16	519,228	-	-	-	-	-
1,259,744	889,869	527,041	85,823	26,868	1,021	39,408
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

Dallas Independent School District
Combining Statement of Revenues, Expenditures, and Changes
in Fund Balances
Non-major Governmental Funds
For the Year Ended June 30, 2015

Data Control Codes	385 Visually Impaired SSVI	393 Texas Successful Schools Prog.	397 Advanced Placement Incentives
REVENUES			
5700 Local and Intermediate Sources	\$ -	\$ -	\$ -
5800 State Program Revenues	19,677	-	22,475
5900 Federal Program Revenues	-	-	-
5020 Total Revenues	19,677	-	22,475
EXPENDITURES			
Current			
11 Instruction	19,677	-	-
12 Instructional Resources and Media Services	-	-	-
13 Curriculum and Instructional Staff Development	-	-	10,681
21 Instructional Leadership	-	-	-
23 School Leadership	-	-	-
31 Guidance, Counseling and Evaluation Services	-	-	4,343
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	19,677	-	15,024
1100 Excess of Revenues Over Expenditures	-	-	7,451
OTHER FINANCING SOURCES (USES)			
1200 Net Change in Fund Balance	-	-	7,451
0100 Fund Balance - Beginning	-	26,682	185,872
3000 Fund Balance - Ending	\$ -	\$ 26,682	\$ 193,323

EXHIBIT H-2 (Cont'd)

410 State Instructional Materials	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
\$ -	\$ -	\$ -	\$ 3,627,399	\$ 5,969,257	\$ 13,059,598
33,590,699	953,181	4,064,609	-	-	39,245,161
-	-	-	-	-	249,406,325
33,590,699	953,181	4,064,609	3,627,399	5,969,257	301,711,084
33,590,699	-	4,297,254	2,889,663	2,285,492	112,051,676
-	-	-	79,506	194,989	384,034
-	253,109	-	35,874	1,124,838	42,615,886
-	6,623	99,108	6,169	922,842	5,918,565
-	-	-	556,892	9,970	1,292,393
-	-	-	1,626	148,362	12,551,934
-	-	-	-	-	479,160
-	-	-	-	12,202	686,799
-	-	-	407	-	227,829
-	-	-	-	-	101,308,709
-	-	-	49,940	251,412	301,352
-	692,762	-	-	188,648	5,438,860
-	-	-	296	61,677	2,287,012
-	-	-	2,426	15,976	152,224
-	-	-	-	-	139,253
-	-	-	2,383	407,974	7,957,701
33,590,699	952,494	4,396,362	3,625,182	5,624,382	293,793,387
-	687	(331,753)	2,217	344,875	7,917,697
-	-	-	-	-	-
-	687	(331,753)	2,217	344,875	7,917,697
-	1,831	693,884	3,080,309	3,703,632	25,084,078
\$ -	\$ 2,518	\$ 362,131	\$ 3,082,526	\$ 4,048,507	\$ 33,001,775

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 workers' compensation self-funded program.

Program Evaluation - This fund is used to account for the costs of program evaluations as required by grant awards.

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, 2015**

Data Control Codes	752 Graphics Shop	753 Risk Management
ASSETS		
Current Assets		
1110 Cash and Cash Equivalents	\$ 266,956	\$ 18,536,791
1260 Due from Other Funds	-	1,405,038
1290 Other Receivables, Net	-	30,000
Total Current Assets	266,956	19,971,829
Noncurrent Assets		
Capital Assets		
1530 Furniture and Equipment, Net	246,752	-
Total Noncurrent Assets	246,752	-
Total Assets	513,708	19,971,829
LIABILITIES		
Current Liabilities		
2110 Accounts Payable	43,529	307,764
2120 Accrued Liabilities - Short Term	-	2,786,862
2150 Payroll Deductions and Withholdings Payable	1,087	-
2160 Accrued Wages and Benefits Payable	45,327	16,740
2170 Due to Other Funds	326	-
2200 Accrued Expenses	19,170	2,973
Total Current Liabilities	109,439	3,114,339
Noncurrent Liabilities		
2590 Accrued Liabilities - Long Term	-	7,138,668
Total Noncurrent Liabilities	-	7,138,668
Total Liabilities	109,439	10,253,007
NET POSITION		
3200 Net Investment in Capital Assets	246,752	-
3900 Unrestricted Net Position	157,517	9,718,822
Total Net Position	\$ 404,269	\$ 9,718,822

773 Program Evaluation	774 Deferred Maintenance	775 Technology Services	Total Internal Service Funds
\$ 18,184	\$ 16,826,560	\$ 9,718,167	\$ 45,366,658
-	-	-	1,405,038
-	-	-	30,000
18,184	16,826,560	9,718,167	46,801,696
-	-	-	246,752
-	-	-	246,752
18,184	16,826,560	9,718,167	47,048,448
-	2,323,542	18,025	2,692,860
-	-	-	2,786,862
-	-	-	1,087
17,853	773	-	80,693
-	-	-	326
331	195,747	-	218,221
18,184	2,520,062	18,025	5,780,049
-	-	-	7,138,668
-	-	-	7,138,668
18,184	2,520,062	18,025	12,918,717
-	-	-	246,752
-	14,306,498	9,700,142	33,882,979
\$ -	\$ 14,306,498	\$ 9,700,142	\$ 34,129,731

Dallas Independent School District
Combining Statement of Revenues, Expenses, and
Changes in Fund Net Position
Internal Service Funds
For the Year Ended June 30, 2015

	752 Graphics Shop	753 Risk Management
OPERATING REVENUES		
Charges for Services	\$ 2,593,090	\$ 10,654,266
Total Operating Revenues	<u>2,593,090</u>	<u>10,654,266</u>
OPERATING EXPENSES		
Personnel Services	1,114,921	5,380,919
Contractual Services	495,234	1,034,801
Supplies	722,942	36,257
Other Operating Expenses	102,476	73,112
Depreciation Expense	29,992	-
Total Operating Expenses	<u>2,465,565</u>	<u>6,525,089</u>
Operating Income (Loss)	<u>127,525</u>	<u>4,129,177</u>
NON-OPERATING REVENUES		
Transfers In	-	-
Total Non-Operating Revenues	<u>-</u>	<u>-</u>
Change in Net Position	127,525	4,129,177
Total Net Position - Beginning	276,744	5,589,645
Total Net Position - Ending	<u>\$ 404,269</u>	<u>\$ 9,718,822</u>

773 Program Evaluation	774 Deferred Maintenance	775 Technology Services	Total Internal Service Funds
\$ 1,045,230	\$ 7,584,420	\$ 6,467,702	\$ 28,344,708
1,045,230	7,584,420	6,467,702	28,344,708
1,389,002	104,364	21,309	8,010,515
-	3,467,530	2,848,207	7,845,772
7,346	4,706,028	3,898,044	9,370,617
321	-	-	175,909
-	-	-	29,992
1,396,669	8,277,922	6,767,560	25,432,805
(351,439)	(693,502)	(299,858)	2,911,903
351,439	-	-	351,439
351,439	-	-	351,439
-	(693,502)	(299,858)	3,263,342
-	15,000,000	10,000,000	30,866,389
\$ -	\$ 14,306,498	\$ 9,700,142	\$ 34,129,731

Dallas Independent School District
Combining Statement of Cash Flows
Internal Service Funds
For the Year Ended June 30, 2015

	752 Graphics Shop	753 Risk Management
Cash Flows from Operating Activities		
Cash Received from User Charges	\$ 2,711,012	\$ 26,023,831
Cash Payments to Employees for Services	(1,106,618)	(2,003,138)
Cash Payments for Insurance Claims	-	(4,252,147)
Cash Payments for Suppliers	(1,337,438)	(1,231,755)
Net Cash Used for Operating Activities	<u>266,956</u>	<u>18,536,791</u>
Cash Flows from Non-Capital Financing Activities		
Transfers In	-	-
Net Increase in Cash and Cash Equivalents	266,956	18,536,791
Cash and Cash Equivalents at Beginning of Year	-	-
Cash on Balance Sheet	<u>\$ 266,956</u>	<u>\$ 18,536,791</u>
Reconciliation of Operating Income (Loss) to Net Cash Used for Operating Activities		
Operating Income (Loss)	<u>127,525</u>	<u>4,129,177</u>
Adjustments to Reconcile Operating Income to Net Cash Used for Operating Activities		
Depreciation	29,992	-
Effect of Increases and Decreases in Current Assets and Liabilities		
Decrease (increase) in Due from Other Funds	117,922	15,369,565
Increase (decrease) in Accounts Payable	(15,212)	(78,417)
Increase (decrease) in Payroll Deductions	606	13
Increase (decrease) in Accrued Wages Payable	7,622	5,492
Increase (decrease) in Due to Other Funds	75	-
Increase (decrease) in Accrued Liabilities Short-Term	-	(1,361,072)
Increase (decrease) in Accrued Liabilities Long Term	-	472,033
Increase (decrease) in Accrued Expenses	(1,574)	-
Net Cash Used for Operating Activities	<u>\$ 266,956</u>	<u>\$ 18,536,791</u>

773 Program Evaluation	774 Deferred Maintenance	775 Technology Services	Total Internal Service Funds
\$ 1,065,141	\$ 7,584,420	\$ 6,467,702	\$ 43,852,106
(1,390,700)	(103,591)	(21,309)	(4,625,356)
-	-	-	(4,252,147)
(7,696)	(5,654,269)	(6,728,226)	(14,959,384)
(333,255)	1,826,560	(281,833)	20,015,219
351,439	-	-	351,439
18,184	1,826,560	(281,833)	20,366,658
-	15,000,000	10,000,000	25,000,000
\$ 18,184	\$ 16,826,560	\$ 9,718,167	\$ 45,366,658
(351,439)	(693,502)	(299,858)	2,911,903
-	-	-	29,992
19,911	-	-	15,507,398
(29)	2,323,542	18,025	2,247,909
(6)	-	-	613
(1,692)	773	-	12,195
-	-	-	75
-	-	-	(1,361,072)
-	-	-	472,033
-	195,747	-	194,173
\$ (333,255)	\$ 1,826,560	\$ (281,833)	\$ 20,015,219

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, 2015

	BALANCE JULY 1 2014	ADDITIONS	DEDUCTIONS	BALANCE JUNE 30 2015
STUDENT ACTIVITY FUND				
ASSETS				
Cash and Cash Equivalents	\$ 3,910,600	\$ 15,855,366	\$ 15,606,359	\$ 4,159,607
LIABILITIES				
Accounts Payable	70,580	4,931,495	4,952,885	49,190
Accrued Wages Payable	-	320	320	-
Due to Other Funds	559,935	4,316,008	4,309,796	566,147
Due to Other Governments	-	14,496	14,496	-
Due to Student Groups	3,276,385	8,031,047	7,826,009	3,481,423
Accrued Expenses	3,700	445,971	386,824	62,847
Total Liabilities	3,910,600	17,739,337	17,490,330	4,159,607

Dallas Independent School District

**TEXAS EDUCATION AGENCY
REQUIRED SCHEDULES**

**DALLAS INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF DELINQUENT TAXES RECEIVABLE (UNAUDITED)
FOR THE YEAR ENDED JUNE 30, 2015**

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
2006	Various	Various	178,546,452,756	15,002,587	-	507,109	45,336	(2,690,373)	11,759,769
2007	1.330050	0.172590	68,640,586,165	2,801,179	-	161,968	21,017	(87,127)	2,531,067
2008	1.040050	0.159593	76,757,349,728	2,720,915	-	211,710	32,486	(87,412)	2,389,307
2009	1.040050	0.143352	82,176,569,792	3,604,390	-	352,481	48,583	(92,950)	3,110,376
2010	1.040050	0.231293	79,628,192,590	6,327,315	-	639,599	142,238	(1,822,041)	3,723,437
2011	1.040050	0.197761	75,985,949,045	6,273,780	-	857,261	163,005	62,211	5,315,725
2012	1.040050	0.250297	74,661,069,947	7,145,992	-	1,147,657	276,194	35,283	5,757,424
2013	1.040050	0.250297	76,274,060,956	9,140,703	-	1,424,344	342,782	(997,498)	6,376,079
2014	1.040050	0.242035	80,040,860,095	17,432,838	-	1,121,726	261,040	(7,608,109)	8,441,963
2015	1.040050	0.242035	85,633,556,319	-	1,073,042,354	849,529,948	197,698,162	(7,988,994)	17,825,250
Wilmer Hutchins (1)				1,200,787	-	28,111	-	(57,889)	1,114,787
1000 Totals				<u>\$ 71,650,486</u>	<u>\$ 1,073,042,354</u>	<u>\$ 855,981,914</u>	<u>\$ 199,030,843</u>	<u>\$ (21,334,899)</u>	<u>\$ 68,345,184</u>

(1) Wilmer Hutchins ISD was annexed by the District effective July 1, 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, 2015

Data Control Codes		Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance with Final Budget Positive or (Negative)
		Original	Final		
REVENUES					
5700	Local and Intermediate Sources	\$ 5,278,541	\$ 5,353,541	\$ 3,462,942	\$ (1,890,599)
5800	State Program Revenues	581,000	581,000	555,112	(25,888)
5900	Federal Program Revenues	111,882,629	111,807,629	107,505,428	(4,302,201)
5020	Total Revenues	117,742,170	117,742,170	111,523,482	(6,218,688)
EXPENDITURES					
Current					
6035	Food Services	114,427,170	114,427,170	101,288,454	13,138,716
6041	General Administration	65,000	65,000	-	65,000
6051	Facilities Maintenance and Operations	3,250,000	3,250,000	2,111,530	1,138,470
6030	Total Expenditures	117,742,170	117,742,170	103,399,984	14,342,186
1200	Net Change in Fund Balances	-	-	8,123,498	8,123,498
0100	Fund Balance - Beginning	-	16,180,275	16,180,275	-
3000	Fund Balance - Ending	\$ -	\$ 16,180,275	\$ 24,303,773	\$ 8,123,498

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, 2015

Data Control Codes		Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance with Final Budget Positive or (Negative)
		Original	Final		
REVENUES					
5700	Local and Intermediate Sources	\$ 200,608,952	\$ 200,608,952	\$ 200,758,283	\$ 149,331
5020	Total Revenues	200,608,952	200,608,952	200,758,283	149,331
EXPENDITURES					
	Debt Service				
71	Principal on Long Term Debt	48,430,000	48,430,000	48,430,000	-
72	Interest on Long Term Debt	129,676,035	129,448,528	112,285,974	17,162,554
73	Bond Fees and Charges	25,000	4,439,899	21,578,857	(17,138,958)
6030	Total Expenditures	178,131,035	182,318,427	182,294,831	23,596
1100	Excess of Revenues Over Expenditures	22,477,917	18,290,525	18,463,452	172,927
OTHER FINANCING SOURCES (USES)					
7901	Refunding Bonds Issued	-	-	590,875,000	590,875,000
7916	Premium or Discount on Issuance of Bonds	-	-	85,253,985	85,253,985
8940	Payment to Bond Refunding Escrow Agent (Use)	-	-	(671,684,268)	(671,684,268)
7080	Total Other Financing Sources (Uses)	-	-	4,444,717	4,444,717
1200	Net Change in Fund Balances	22,477,917	18,290,525	22,908,169	4,617,644
0100	Fund Balance - Beginning	-	112,388,437	112,388,437	-
3000	Fund Balance - Ending	\$ 22,477,917	\$ 130,678,962	\$ 135,296,606	\$ 4,617,644

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.

Contents	Table	Page
Financial Trends Information These schedules contain trend information intended to help the reader understand how the District's financial position has changed over time.	S1 - S5	106-114
Revenue Capacity Information These schedules contain information intended to help the reader assess the District's most significant revenue source, tax collections.	S6 - S10	115-120
Debt Capacity Information These schedules contain information intended to assist users in understanding and assessing the District's current levels of outstanding debt and the ability to issue additional debt.	S11 - S14	121-126
Demographic and Economic Information These schedules provide demographic and economic indicators intended to help the reader understand the socioeconomic environment within which the District's financial activities take place.	S15 - S17	127-130
Operating Information These schedules provide contextual information about the District's operations and resources intended to assist readers in using financial statement information to understand and assess the District's economic condition.	S18 - S23	131-140

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:	2015	2014	2013	2012
Expenses				
Governmental activities:				
Instruction	\$ 918,378,917	\$ 838,734,964	\$ 837,619,961	\$ 842,891,794
Instructional Resources and Media Services	24,268,027	23,293,647	23,618,126	22,736,721
Curriculum and Staff Development	50,396,457	48,023,182	36,333,128	38,062,123
Instructional Leadership	31,039,518	26,485,116	21,583,374	21,705,813
School Leadership	94,868,296	86,999,537	82,180,544	79,358,915
Guidance, Counseling and Evaluation Services	66,733,501	58,852,078	59,251,653	54,901,981
Social Work Services	2,965,574	2,775,531	2,485,963	2,745,665
Health Services	20,099,689	17,948,403	18,162,354	17,813,557
Student (Pupil) Transportation	46,322,785	35,812,881	25,497,358	22,738,339
Food Services	107,517,917	101,484,589	93,529,323	90,910,150
Cocurricular/Extracurricular Activities	30,184,490	28,452,778	23,425,259	21,786,201
General Administration	48,175,732	39,655,687	34,292,907	40,363,776
Facilities Maintenance and Operation	145,367,996	142,000,753	147,466,378	148,301,564
Security and Monitoring Services	23,283,265	19,989,832	19,098,721	18,912,935
Data Processing Services	44,278,942	38,590,780	41,618,908	41,579,518
Community Services	12,067,736	9,614,304	8,371,779	7,341,491
Debt Service- Interest and fees on long-term debt	27,515,111	124,428,173	128,536,048	136,081,451
Debt Service-Bond Issuance Cost and Fees	4,427,183	1,259,936		
Facilities Acquisition and Construction	33,668	2,145,951	5,047,018	2,242,121
Chapter 41 payments	-	-	-	-
Payments to Juvenile Justice Alternative Ed. Prg.	6,762	2,736	10,488	302,328
Payments to Tax Increment Fund	-	69,898	3,749,780	3,327,159
Other Intergovernmental Charges	4,578,190	4,410,880	3,835,557	3,738,645
Total primary government program expenses	1,702,509,756	1,651,031,636	1,615,714,627	1,617,842,247
Program Revenues				
Governmental activities:				
Charges for Service:				
Instruction	172,766	233,006	261,509	2,870
Curriculum and Staff Development	1,611,367	1,817,454	1,278,066	
Instructional Leadership	179,041	201,939	127,807	
Food Services	2,821,535	3,801,181	5,558,516	6,391,706
Cocurricular/Extracurricular Activities	1,152,755	1,160,349	1,167,991	727,573
Facilities Maintenance and Operations	1,917,887	1,413,139	6,482,941	1,297,529
Operating Grants and Contributions	356,499,886	293,878,890	286,311,657	256,242,350
Total Primary Government Program Revenues	364,355,237	302,505,958	301,188,487	264,662,028
Net (Expense)/Revenue				
Total primary government expenses	(1,338,154,519)	(1,348,525,678)	(1,314,526,140)	(1,353,180,219)
General Revenues				
Governmental Activities				
Taxes				
Property taxes levied for general purposes	854,963,342	801,098,678	767,724,171	752,839,796
Property taxes levied for debt services	198,979,050	186,427,489	184,313,028	180,706,403
State Aid Formula Grants	346,230,033	334,227,912	337,558,928	416,548,421
Grants and Contributions	87,298,011	53,752,263	41,041,051	56,229,252
Investment earnings	3,084,819	2,478,190	2,439,424	3,995,586
Gain (loss) on Sale of Equipment	-	-	-	549,733
Miscellaneous	25,615,604	19,352,649	10,052,203	3,845,898
Total primary government	1,516,170,859	1,397,337,181	1,343,128,805	1,414,715,089
Change in Net Position				
Total primary government	\$ 178,016,340	\$ 48,811,503	\$ 28,602,665	\$ 61,534,870

Source: Statement of Activities for the Dallas Independent School District

Dallas Independent School District

S-1

2011	2010	2009	2008	2007	2006
\$ 918,670,306	\$ 914,472,120	\$ 929,388,824	\$ 947,516,694	\$ 842,211,888	\$ 769,680,052
24,732,131	23,935,081	24,826,612	25,681,473	28,009,317	21,370,429
45,017,015	44,632,038	37,138,971	44,295,242	43,644,222	41,281,393
28,885,789	24,822,153	23,795,617	24,228,778	23,917,179	21,056,447
84,065,159	79,490,680	84,301,765	86,231,024	81,421,654	77,479,246
63,488,723	59,630,524	60,939,150	59,463,862	54,186,061	53,820,287
2,844,122	2,299,973	1,926,948	1,479,906	2,254,864	2,411,111
18,252,622	17,363,982	16,722,030	19,176,368	15,916,986	14,294,361
24,350,694	22,027,097	27,209,587	19,367,604	18,480,368	18,362,393
84,684,667	75,750,540	72,934,030	73,587,637	69,187,401	58,421,135
20,002,925	16,439,635	11,895,625	12,614,693	11,723,203	11,310,793
53,147,300	52,742,750	42,583,250	44,792,325	36,497,765	30,353,806
155,963,647	154,143,299	152,910,877	168,887,599	161,001,052	157,373,172
21,348,002	20,346,170	16,825,756	17,843,175	17,472,481	17,926,967
40,833,190	29,336,406	20,235,055	23,343,511	22,551,939	16,618,677
8,833,215	13,559,717	16,882,388	18,747,992	23,868,348	25,886,918
112,597,583	85,075,051	80,960,896	68,332,722	76,165,858	61,607,998
231,271	1,057,517	220,411	4,859,998	10,159,043	33,271,944
-	-	13,675,440	-	-	-
709,194	700,744	730,787	634,959	629,987	647,509
3,610,740	4,029,110	5,337,315	4,355,716	2,954,107	1,873,098
3,916,117	3,760,526	4,036,656	-	-	-
1,716,184,412	1,645,615,113	1,645,477,990	1,665,441,278	1,542,253,723	1,435,047,736
272,629	277,928	268,842	271,726	231,002	803,448
6,321,941	7,150,852	7,957,319	7,737,771	7,676,736	7,130,046
676,784	674,914	719,035	765,089	787,321	812,253
1,279,344	1,168,255	1,164,667	1,046,092	792,687	638,379
364,591,060	351,454,735	280,834,205	266,954,979	258,011,697	258,295,530
373,141,758	360,726,684	290,944,068	276,775,657	267,499,443	267,679,656
(1,343,042,654)	(1,284,888,429)	(1,354,533,922)	(1,388,665,621)	(1,274,754,280)	(1,167,368,080)
753,628,541	779,573,697	815,695,229	769,724,223	884,553,125	901,474,792
143,306,604	174,821,183	111,843,729	117,985,197	114,419,519	112,846,459
417,317,962	391,146,276	392,602,696	424,377,425	264,854,432	167,540,662
35,162,278	40,952,513	20,359,723	11,738,655	5,457,848	4,621,359
3,125,832	3,079,368	8,844,949	16,470,476	25,200,633	24,658,069
-	(276,118)	(8,731,415)	-	-	-
636,479	(124,796)	(1,313,479)	-	9,482,500	54,259,092
1,353,177,696	1,389,172,123	1,339,301,432	1,340,295,976	1,303,968,057	1,265,400,433
\$ 10,135,042	\$ 104,283,694	\$ (15,232,490)	\$ (48,369,645)	\$ 29,213,777	\$ 98,032,353

Dallas Independent School District

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

Fiscal Year Ended June 30:	2015	2014	2013	2012
Governmental activities:				
Net Investment in Capital Assets	\$ 222,450,356	\$ 169,438,211	\$ 226,638,835	\$ 285,655,589
Restricted	154,385,740	76,265,991	84,729,743	75,926,853
Unrestricted	180,340,634	419,545,825	326,193,821	247,377,292
Total Governmental Activities Net Position	<u><u>\$ 557,176,730</u></u>	<u><u>\$ 665,250,027</u></u>	<u><u>\$ 637,562,399</u></u>	<u><u>\$ 608,959,734</u></u>

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

Dallas Independent School District

S-2

2011	2010	2009	2008	2007	2006
\$ 301,973,476	\$ 309,032,133	\$ 270,352,975	\$ 278,483,300	\$ 255,968,628	\$ 231,121,354
66,518,906	66,830,947	57,251,335	68,587,086	81,405,397	82,149,491
178,932,482	161,426,742	105,401,818	101,168,232	159,234,239	62,083,028
<u>\$ 547,424,864</u>	<u>\$ 537,289,822</u>	<u>\$ 433,006,128</u>	<u>\$ 448,238,618</u>	<u>\$ 496,608,264</u>	<u>\$ 375,353,873</u>

Dallas Independent School District

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

Fiscal Year Ended June 30:	2015	2014	2013	2012
Revenues				
Local Sources:				
Property Taxes	\$ 1,063,513,416	\$ 993,116,637	\$ 953,024,424	\$ 935,396,723
Interest	3,084,819	2,490,870	2,439,424	3,995,586
Other	27,919,560	23,424,643	26,212,625	23,244,360
State Sources	451,066,685	393,745,055	395,145,649	448,804,079
Federal Sources	314,513,874	287,146,679	260,503,088	256,263,965
Total Revenue	<u>1,860,098,354</u>	<u>1,699,923,884</u>	<u>1,637,325,210</u>	<u>1,667,704,713</u>
Expenditures				
Instruction	853,166,619	767,476,755	763,008,812	790,166,496
Instructional Resources and Media Services	22,882,147	21,771,417	22,064,026	21,611,547
Curriculum and Staff Development	50,784,870	47,505,300	35,686,203	37,498,502
Instructional Leadership	30,866,857	26,110,168	21,138,257	21,278,216
School leadership	88,767,725	80,506,607	75,202,435	74,572,714
Guidance, Counseling, and Evaluation Services	64,816,543	56,672,484	56,862,691	53,261,191
Social Work Services	2,924,614	2,731,254	2,442,091	2,694,685
Health Services	19,164,696	16,943,543	17,033,913	17,042,684
Student Transportation	46,315,857	35,805,953	25,528,534	22,718,745
Food Services	101,308,709	95,659,982	89,271,199	86,553,720
Co-Curricular/Extra-Curricular Activities	27,157,237	25,677,557	20,414,477	19,355,947
General Administration	50,648,623	40,191,375	33,884,965	39,910,323
Plant Maintenance and Operations	143,121,525	136,554,325	141,159,026	144,858,033
Security and Monitoring Services	23,542,452	19,823,365	18,871,512	18,551,089
Data Processing Services	36,450,445	31,179,276	30,837,025	32,175,475
Community Services	11,643,071	9,135,120	7,813,628	6,936,427
Debt Service				
Principal	50,515,000	62,595,000	54,095,000	54,351,003
Interest	142,354,189	133,689,215	134,757,695	153,717,458
Facilities Acquisition & Construction	95,996,507	80,870,347	278,132,001	374,511,644
Intergovernmental Charges	4,584,952	4,483,514	7,595,825	7,368,132
Total expenditures	<u>1,867,012,638</u>	<u>1,695,382,557</u>	<u>1,835,799,315</u>	<u>1,979,134,031</u>
Other Financing Sources (uses)				
Proceeds from Bonds and Notes	590,875,000	143,340,000	-	-
Proceeds from Refunding Bonds	-	-	437,060,000	197,935,000
Transfers In /Out	(351,439)	(25,719,847)	(234,982)	(509,141)
Premium on Bonds	85,253,985	-	64,753,841	29,856,060
Sale of Real & Personal Property	1,402,794	413,206	31,942	619,397
Loan Proceeds	-	-	-	-
Legal Settlements	-	-	-	-
Payments to Refunded Bond Escrow Agent	(671,684,268)	-	(498,445,267)	(226,330,345)
Other Resources	-	-	-	-
Total other financing sources (uses)	<u>5,496,072</u>	<u>118,033,359</u>	<u>3,165,534</u>	<u>1,570,971</u>
Prior Period Adjustment	-	-	-	-
Net changes in fund balances	<u>\$ (1,418,212)</u>	<u>\$ 122,574,686</u>	<u>\$ (195,308,571)</u>	<u>\$ (309,858,347)</u>
Debt service as a percentage of noncapital expenditures (1)	10.33%	12.22%	12.21%	13.04%

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

S-3

2011	2010	2009	2008	2007	2006
\$ 909,373,008	\$ 970,051,877	\$ 916,363,076	\$ 887,709,420	\$ 998,972,644	\$ 1,014,321,251
3,125,832	3,079,367	8,844,951	17,035,873	25,753,425	24,658,070
24,982,675	43,114,429	25,144,485	23,490,585	36,729,979	83,146,373
446,899,911	423,877,886	437,511,002	467,141,793	302,445,507	198,907,111
358,718,768	325,196,043	233,286,410	219,830,921	217,970,674	215,068,567
1,743,100,194	1,765,319,602	1,621,149,924	1,615,208,592	1,581,872,229	1,536,101,372
881,493,362	881,629,395	896,214,975	908,920,219	809,718,706	745,816,430
23,922,133	23,268,657	23,108,097	23,656,319	26,264,447	20,775,981
45,312,833	44,614,128	37,374,301	44,316,564	43,525,537	40,663,324
28,781,240	24,692,621	24,061,737	24,258,649	23,915,760	20,484,892
80,601,956	76,645,839	83,140,482	84,824,718	80,169,922	74,888,612
62,515,390	58,624,587	59,918,862	59,382,793	54,183,245	52,218,032
2,833,886	2,287,349	1,948,498	1,481,390	2,254,260	2,331,507
17,716,810	16,934,542	16,776,445	19,027,335	15,763,565	13,818,045
24,352,369	22,023,914	27,504,105	18,941,778	18,430,883	17,927,519
82,325,328	72,319,312	70,265,117	69,550,687	64,984,662	59,763,264
18,268,645	15,277,626	10,061,404	11,045,708	10,319,123	11,305,025
52,663,314	52,392,310	41,665,642	45,425,492	36,440,097	29,990,990
151,471,848	149,763,876	152,655,240	164,580,285	158,817,740	154,572,830
21,161,663	20,246,825	16,581,630	18,830,513	18,857,708	17,985,927
39,253,756	27,522,856	26,898,652	26,231,463	20,337,416	17,671,353
8,553,002	13,323,523	17,095,424	18,821,066	23,882,683	25,219,969
39,936,273	86,692,253	46,323,865	52,798,930	47,995,933	56,310,700
98,944,160	94,701,833	75,235,694	72,344,574	72,978,302	62,872,249
420,924,235	138,711,972	25,670,160	105,248,542	179,348,546	446,549,523
8,236,051	8,490,380	23,780,198	4,990,675	3,584,094	2,520,607
2,109,268,254	1,830,163,798	1,676,280,528	1,774,677,700	1,711,772,629	1,873,686,779
950,300,000	-	413,325,000	-	-	290,205,000
226,810,000	100,760,000	-	-	-	44,135,000
(126,134)	(862,881)	-	-	-	-
46,505,823	5,397,999	10,827,157	-	-	13,738,511
636,479	28,704	622,649	-	-	-
-	-	3,611,421	-	-	-
-	(153,500)	(1,936,127)	-	-	-
(259,446,830)	(107,896,372)	-	-	-	(47,949,020)
964,679,338	(2,726,050)	426,450,100	-	-	300,129,491
-	-	-	-	(31,293,214)	-
\$ 598,511,278	\$ (67,570,246)	\$ 371,319,496	\$ (159,469,108)	\$ (161,193,614)	\$ (37,455,916)
8.31%	10.80%	7.44%	7.55%	7.89%	8.19%

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:	2015	2014	2013	2012
Revenues				
Local Sources:				
Property Taxes	57.2%	58.4%	58.2%	56.1%
Interest	0.2%	0.1%	0.1%	0.2%
Other	1.5%	1.4%	1.6%	1.4%
State Sources	24.2%	23.2%	24.1%	26.9%
Federal Sources	16.9%	16.9%	15.9%	15.4%
Total Revenue	100%	100%	100%	100%
Expenditures				
Instruction	45.7%	45.3%	41.6%	39.9%
Instructional Resources and Media Services	1.2%	1.3%	1.2%	1.1%
Curriculum and Staff Development	2.7%	2.8%	1.9%	1.9%
Instructional Leadership	1.7%	1.5%	1.2%	1.1%
School leadership	4.8%	4.7%	4.1%	3.8%
Guidance, Counseling, and Evaluation Services	3.5%	3.3%	3.1%	2.7%
Social Work Services	0.2%	0.2%	0.1%	0.1%
Health Services	1.0%	1.0%	0.9%	0.9%
Student Transportation	2.5%	2.1%	1.4%	1.1%
Food Services	5.4%	5.6%	4.9%	4.4%
Co-Curricular/Extra-Curricular Activities	1.5%	1.5%	1.1%	1.0%
General Administration	2.7%	2.4%	1.8%	2.0%
Plant Maintenance and Operations	7.7%	8.1%	7.7%	7.3%
Security and Monitoring Services	1.3%	1.2%	1.0%	0.9%
Data Processing Services	2.0%	1.8%	1.7%	1.6%
Community Services	0.6%	0.5%	0.4%	0.4%
Debt Service				
Principal	2.7%	3.7%	2.9%	2.7%
Interest	7.6%	7.9%	7.3%	7.8%
Facilities Acquisition & Construction	5.1%	4.8%	15.2%	18.9%
Intergovernmental Charges	0.2%	0.3%	0.4%	0.4%
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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2011	2010	2009	2008	2007	2006
52.2%	55.0%	56.5%	55.0%	63.2%	66.0%
0.2%	0.2%	0.5%	1.1%	1.6%	1.6%
1.4%	2.4%	1.6%	1.5%	2.3%	5.4%
25.6%	24.0%	27.0%	28.9%	19.1%	12.9%
20.6%	18.4%	14.4%	13.6%	13.8%	14.0%
100%	100%	100%	100%	100%	100%
41.8%	48.2%	53.5%	51.2%	47.3%	39.8%
1.1%	1.3%	1.4%	1.3%	1.5%	1.1%
2.1%	2.4%	2.2%	2.5%	2.5%	2.2%
1.4%	1.3%	1.4%	1.4%	1.4%	1.1%
3.8%	4.2%	5.0%	4.8%	4.7%	4.0%
3.0%	3.2%	3.6%	3.3%	3.2%	2.8%
0.1%	0.1%	0.1%	0.1%	0.1%	0.1%
0.8%	0.9%	1.0%	1.1%	0.9%	0.7%
1.2%	1.2%	1.6%	1.1%	1.1%	1.0%
3.9%	4.0%	4.2%	3.9%	3.8%	3.2%
0.9%	0.8%	0.6%	0.6%	0.6%	0.6%
2.5%	2.9%	2.5%	2.6%	2.1%	1.6%
7.2%	8.2%	9.1%	9.3%	9.3%	8.2%
1.0%	1.1%	1.0%	1.1%	1.1%	1.0%
1.9%	1.5%	1.6%	1.5%	1.2%	0.9%
0.4%	0.7%	1.0%	1.1%	1.4%	1.3%
1.9%	4.7%	2.8%	3.0%	2.8%	3.0%
4.7%	5.2%	4.5%	4.1%	4.3%	3.4%
20.0%	7.6%	1.5%	5.9%	10.5%	23.8%
0.4%	0.5%	1.4%	0.3%	0.2%	0.1%
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:	2015	2014	2013		
General Fund:					
Non-Spendable	\$ 7,699,359	\$ 8,230,314	\$ 11,499,868		
Assigned	186,647,485	175,667,574	6,009,210		
Unassigned	163,184,173	158,942,100	263,644,498		
Total General Fund	357,531,017	342,839,988	281,153,576		
Non-spendable:					
Non-major	4,061,426	4,970,382	3,592,519		
Restricted:					
Debt Service	135,296,606	112,388,437	117,974,957		
Capital Projects	258,889,822	305,824,929	244,003,261		
Federal or State Funds (1)	21,809,316	13,329,755	13,862,032		
Local Special Revenue Funds	2,635,520	2,843,937	2,626,439		
Assigned - Other	4,495,513	3,940,004	349,962		
Total All Governmental Funds	\$ 784,719,220	\$ 786,137,432	\$ 663,562,746		
Fiscal Year Ended June 30:	2012	2011			
General Fund:					
Non-Spendable	\$ 6,219,819	\$ 6,757,739			
Assigned	7,197,978	6,633,164			
Unassigned	187,702,582	121,707,356			
Total General Fund	201,120,379	135,098,259			
Non-spendable:					
Capital Projects	-	34,056			
Non-major	3,743,344	2,146,651			
Restricted:					
Debt Service	112,510,850	100,210,068			
Capital Projects	519,356,980	889,997,668			
Food Service	11,945,805	18,044,165			
Grants and Donations	5,014,837	6,219,675			
Assigned - Other	-	11,800,000			
Total All Governmental Funds	\$ 853,692,195	\$ 1,163,550,542			
Fiscal Year Ended June 30:	2010	2009	2008	2007	2006
General Fund:					
Reserved	\$ 17,987,491	\$ 8,392,093	\$ 16,588,957	\$ 14,373,736	\$ 19,618,139
Unreserved	82,111,760	29,275,989	43,623,687	105,750,898	116,226,031
Total General Fund	100,099,251	37,668,082	60,212,644	120,124,634	135,844,170
All Other Governmental Funds:					
Reserved:					
Debt Service	\$ 74,280,273	\$ 76,288,266	\$ 76,896,518	\$ 78,991,204	\$ 79,152,730
Capital Projects	356,643,856	491,011,154	101,736,405	199,888,096	347,460,454
Food Service	23,439,317	17,287,051	13,394,122	12,244,325	11,305,616
Other	1,670,892	2,479,394	2,291,299	3,785,498	2,912,145
Unreserved, reported in:	-	-	-	-	-
Non-major funds	8,905,675	7,875,563	6,759,026	5,725,365	5,277,621
Total All Governmental Funds	\$ 565,039,264	\$ 632,609,510	\$ 261,290,014	\$ 420,759,122	\$ 581,952,736

(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	Taxes Levied for the Fiscal Year (1)	Collected within the Fiscal Year of the Levy		Collections and Adjustments in Subsequent years (3)	Total Collections and Adjustments to Date	
		Amount (2)	Percentage of Levy		Amount	Percentage of Levy
2014	1,065,053,360	1,047,228,110	98.3%	-	1,047,228,110	98.3%
2013	996,169,367	978,736,529	98.3%	-	978,736,529	98.3%
2012	955,292,606	936,816,774	98.1%	9,335,129	946,151,903	99.0%
2011	934,510,637	915,380,068	98.0%	9,853,035	925,233,103	99.0%
2010	906,603,690	884,253,126	97.5%	14,861,463	899,114,589	99.2%
2009	973,456,881	944,623,970	97.0%	21,698,511	966,322,481	99.3%
2008	936,822,412	902,680,977	96.4%	29,498,539	932,179,516	99.5%
2007	883,009,750	857,460,126	97.1%	22,421,752	879,881,878	99.6%
2006	997,819,375	967,686,598	97.0%	26,926,344	994,612,942	99.7%
2005	1,016,398,514	981,765,629	96.6%	31,988,071	1,013,753,700	99.7%

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

(2) Current year maintenance and debt service collections.

(3) Delinquent collections plus delinquent 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
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	936,131,014
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	943,732,750
2008	1.040050	0.159593	1.199643	773,689,887	118,720,988	892,410,875
2007	1.330050	0.172590	1.502640	886,021,154	114,974,343	1,000,995,496
2006	1.500000	0.188360	1.688360	896,180,736	112,531,992	1,008,712,728

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		
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	29,156,983,644	11,838,691,761	74,661,069,947	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
2008	32,790,675,633	32,307,944,667	11,658,729,428	76,757,349,728	1.199643
2007	29,853,971,879	27,557,816,999	11,228,797,287	68,640,586,165	1.502640
2006	27,054,587,102	24,137,546,380	10,670,619,474	61,862,752,956	1.688360

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
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
2008	0.43370	0.62098	0.61788	0.78811	0.74790	0.70973	0.69600	0.49450	0.68860
2007	0.46400	0.57728	0.63288	0.76853	0.72920	0.69835	0.69600	0.49450	0.67860
2006	0.47600	0.55571	0.63288	0.76159	0.74170	0.68499	0.71800	0.49450	0.66610

Source: Dallas Central Appraisal District and Dallas ISD records

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
0.79500	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
0.68404	0.53755	0.73750	0.64000	0.63500	0.23281	0.25400	0.08040	1.19964
0.69617	0.54109	0.67170	0.62000	0.63500	0.21893	0.25400	0.08100	1.50264
0.65310	0.54000	0.67170	0.60148	0.63500	0.21920	0.25400	0.08160	1.68836

Dallas Independent School District

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

Principal Taxpayers	2015			2006		
	Taxable Assessed Valuation	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Valuation	Rank	Percentage of Total Taxable Assessed Value
AT&T	\$ 908,437,640	1	1.06%			
Crescent Real Estate Group	745,928,310	2	0.87%	\$ 663,690,000	2	1.06%
Oncor Electric Delivery	682,312,200	3	0.80%			
Northpark Partners LP	624,382,460	4	0.73%	217,078,000	9	0.35%
Southwest Airlines	604,968,370	5	0.71%	535,959,000	4	0.86%
Post Properties Inc	496,307,760	6	0.58%			
PC Village Apartments Dallas	422,520,490	7	0.49%	220,238,000	8	0.35%
Galleria Mall Investors LP	365,891,210	8	0.43%	225,151,000	7	0.36%
Walmart	329,762,260	9	0.39%			
Teachers Insurance & Annuity	211,385,120	10	0.25%			
Southwestern Bell/Cingular				1,045,967,000	1	1.67%
Texas Utilities Electric Company				573,552,000	3	0.92%
Trammel Crow				291,422,000	5	0.46%
Post Apartment Homes				276,921,000	6	0.44%
Metropolitan Life Insurance				213,045,000	10	0.34%
Total Ten Principal Taxpayers	\$ 5,391,895,820		6.31%	\$ 4,263,023,000		6.81%
Total Taxable Assessed Value	\$ 85,633,556,319			\$ 61,862,752,956		

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	\$ 86,909,806	91.63%	\$ 79,635,455
Balch Springs, City of	6,345,000	28.80%	1,827,360
Carrollton, City of	161,780,000	10.29%	16,647,162
Cockrell Hill, City of	1,685,000	97.99%	1,651,132
Dallas County	100,650,000	48.91%	49,227,915
Dallas County CCD	321,510,000	46.84%	150,595,284
Dallas Co Hosp Dist	715,358,493	48.86%	349,524,160
Dallas County Schools	63,875,000	48.91%	31,241,263
Dallas, City of	1,705,236,063	79.03%	1,347,648,061
DeSoto, City of	57,811,291	21.47%	12,412,084
Duncanville, City of	3,670,635	0.29%	10,645
Farmers Branch, City of	36,518,524	39.79%	14,530,721
Garland, City of	237,812,902	1.77%	4,209,288
Hutchins, City of	6,783,000	88.54%	6,005,668
Lancaster, City of	77,930,000	2.21%	1,722,253
Mesquite, City of	114,575,000	1.86%	2,131,095
Seagoville, City of	1,915,389	88.42%	1,693,587
Wilmer, City of	346,000	91.12%	315,275
Total Estimated Overlapping Debt			<u>2,071,028,407</u>
 Dallas ISD			 <u>2,604,313,196</u>
Total Direct and Overlapping Bonded Debt			<u><u>\$ 4,675,341,603</u></u>

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	Amounts Available for Retirement of Bonds
2015	1,257,676	85,633,556,319	2,604,313,196	135,296,606
2014	1,241,162	80,040,860,095	2,573,747,354	112,388,437
2013	1,223,378	76,274,060,956	2,492,731,000	117,974,957
2012	1,207,420	74,661,069,947	2,567,329,111	112,510,850
2011	1,200,530	75,985,949,045	2,626,924,745	112,010,068
2010	1,316,350	79,628,192,590	1,727,296,756	74,280,273
2009	1,306,350	82,176,569,792	1,816,824,454	76,288,266
2008	1,279,910	76,757,349,728	1,442,755,001	76,896,518
2007	1,280,500	68,640,586,165	1,495,314,569	78,991,204
2006	1,260,950	61,862,752,956	1,539,963,889	79,152,730

Fiscal year 2015 Gross Bonded Debt Outstanding at Year End amount includes bonds premium.

Source: North Central Texas Council of Governments (NCTCOG), Dallas Economic Development Profile 2015,
and Dallas ISD Records

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
2,469,016,590	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	3.29%	2,033	\$ 61,835	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%
1,365,858,483	1.78%	1,067	\$ 59,971	25,904	4.12%
1,416,323,365	2.06%	1,106	\$ 53,605	24,691	4.48%
1,460,811,159	2.36%	1,159	\$ 49,060	23,136	5.01%

Dallas Independent School District

Legal Debt Margin Information Last Ten Fiscal Years (Unaudited)

Fiscal Year Ended June 30:	2015	2014	2013	2012
Debt Limit - 10% of Assessed Valuation	\$ 8,563,355,632	\$ 8,004,086,010	\$ 7,627,406,096	\$ 7,466,106,995
Amount of Debt Applicable to Debt Limit:				
Gross Bonded Debt	2,604,313,196	2,573,747,354	2,492,731,000	2,567,329,111
Less - Fund Balance of Debt Service Fund	135,296,606	112,388,437	117,974,957	112,510,850
Total Net Debt Applicable to Debt Limit	<u>2,469,016,590</u>	<u>2,461,358,917</u>	<u>2,374,756,043</u>	<u>2,454,818,261</u>
Legal Debt Margin:	<u>\$ 6,094,339,042</u>	<u>\$ 5,542,727,093</u>	<u>\$ 5,252,650,053</u>	<u>\$ 5,011,288,734</u>
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	28.83%	30.75%	31.13%	32.88%

Source: Dallas ISD Records

Dallas Independent School District

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2011	2010	2009	2008	2007	2006
\$ 7,598,594,905	\$ 7,962,819,259	\$ 8,217,656,979	\$ 7,675,734,973	\$ 6,864,058,617	\$ 6,186,275,296
2,626,924,745	1,727,296,756	1,816,824,454	1,442,755,001	1,495,314,569	1,539,963,889
112,010,068	74,280,273	76,288,266	76,896,518	78,991,204	79,152,730
<u>2,514,914,677</u>	<u>1,653,016,483</u>	<u>1,740,536,188</u>	<u>1,365,858,483</u>	<u>1,416,323,365</u>	<u>1,460,811,159</u>
<u>\$ 5,083,680,228</u>	<u>\$ 6,309,802,776</u>	<u>\$ 6,477,120,791</u>	<u>\$ 6,309,876,490</u>	<u>\$ 5,447,735,252</u>	<u>\$ 4,725,464,137</u>
33.10%	20.76%	21.18%	17.79%	20.63%	23.61%

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
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%
2008	49,819,100	72,226,330	122,045,430	1,774,677,700	6.88%
2007	44,317,894	72,637,458	116,955,352	1,711,772,629	6.83%
2006	49,605,025	61,424,673	111,029,698	1,873,686,778	5.93%

Source: Dallas ISD Records

Dallas Independent School District

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

	Fiscal Year Ended June 30,		
	2015	2014	2013
Beginning Fund Equity	\$ 342,839,988	\$ 281,153,576	\$ 201,120,379
Revenues:			
From Ad Valorem Taxes	862,993,627	805,979,174	768,615,460
% of Total Revenue	63.61%	64.01%	64.23%
From State and Federal Funds	476,929,073	441,735,901	412,443,512
% of Total Revenue	35.15%	35.08%	34.47%
From Other Local Sources	16,833,635	11,468,136	15,629,494
% of Total Revenue	1.24%	0.91%	1.31%
Total Revenues	<u>1,356,756,335</u>	<u>1,259,183,211</u>	<u>1,196,688,466</u>
Total Expenditures	1,300,116,661	1,170,463,117	1,121,631,351
Total Other Financing Sources	(41,948,645)	(27,033,682)	4,976,082
Ending Fund Equity	<u><u>\$ 357,531,017</u></u>	<u><u>\$ 342,839,988</u></u>	<u><u>\$ 281,153,576</u></u>

Per Student Calculations:

Assessed Value Per Student	\$ 579,937	\$ 544,585	\$ 521,693
Ad Valorem Tax Revenue Per Student	\$ 5,844	\$ 5,484	\$ 5,257
State and Federal Funds Per Student	3,230	3,005	2,821
Other Local Sources Per Student	114	78	107
Total Revenue Per Student	<u>\$ 9,188</u>	<u>\$ 8,567</u>	<u>\$ 8,185</u>
Total Expenditures Per Student	\$ 8,805	\$ 7,964	\$ 7,672
Average Daily Attendance	147,660	146,976	146,205

Source: Dallas ISD Records

Dallas Independent School District

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

Fiscal Year Ended June 30: Year	Estimated Population (1)	Enrollment (2)	Average Daily Attendance (2)	District Employees (2)
2015	1,257,676	160,253	147,660	21,715
2014	1,241,162	159,713	146,976	20,793
2013	1,223,378	158,932	146,205	19,838
2012	1,207,420	157,421	144,935	18,470
2011	1,200,530	157,162	141,900	20,194
2010	1,316,350	156,728	143,704	20,076
2009	1,306,350	157,174	144,347	20,387
2008	1,279,910	157,605	144,833	21,289
2007	1,280,500	158,814	145,749	20,077
2006	1,260,950	160,969	149,544	19,535

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

(2) Information was obtained from Dallas ISD records.

Median Household Income (1)	Per Capita Personal Income (1)	Unemployment Rate (1)
41,978	28,522	4.0%
58,190	26,032	5.0%
40,585	25,757	7.3%
43,640	25,449	7.9%
42,911	25,024	8.7%
39,813	26,189	8.7%
40,473	25,298	7.4%
42,670	25,904	4.9%
38,276	24,691	4.7%
37,264	23,136	5.4%

Dallas Independent School District

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

Principal Employers	2015			2006		
	Employees	Rank	Percentage of Total Employment	Employees	Rank	Percentage of Total Employment
Wal-mart Stores, Inc. (1)	52,700	1	4.19%	21,133	2	1.79%
American Airlines Group, Inc.	23,700	2	1.88%	22,077	1	1.87%
Baylor Health Care System	22,000	3	1.75%	15,200	6	1.28%
Dallas Independent School District	21,715	4	1.73%	20,077	3	1.70%
Texas Health Resources	16,205	5	1.29%	16,289	4	1.38%
Bank of America	15,400	6	1.22%	7,000		0.59%
City of Dallas	13,000	7	1.03%	13,203	8	1.12%
JPMorgan Chase Bank N.A.	13,000	8	1.03%	8,800		0.74%
Texas Instruments, Inc.	13,000	9	1.03%	10,600	10	0.90%
Lockheed Martin Aeronautics Co.	12,600	10	1.00%	15,900	5	1.34%
SBC Southwestern Bell				13,729	7	1.16%
Verizon Communications, Inc.				12,500	9	1.06%
Total	203,320		16.17%	176,508		14.91%
Estimated Total Employed Workforce in 2015	1,257,676					
Estimated Total Employed Workforce in 2006	1,183,702					

Source: Dallas Business Journal Book of Lists

Dallas Independent School District

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Expenditures, Average Daily Attendance and Per Student Costs Last Ten Fiscal Years (Unaudited)

Fiscal Year Ended June 30:	Expenditures (1)	Average Daily Attendance	Per Student Costs	Student to Teacher Ratio	Percentage of Students in Free/Reduced Lunch Program
2015	\$ 1,593,910,048	147,660	10,794	14.43	86%
2014	1,421,678,331	146,976	9,673	15.40	89%
2013	1,372,716,096	146,205	9,389	15.72	89%
2012	1,402,536,905	144,935	9,677	15.67	88%
2011	1,553,446,290	141,900	10,947	14.47	87%
2010	1,558,413,699	143,704	10,845	14.42	87%
2009	1,520,028,100	144,347	10,530	14.13	85%
2008	1,560,292,156	144,833	10,773	13.64	84%
2007	1,422,075,733	145,749	9,757	14.83	83%
2006	1,368,440,595	149,544	9,151	15.35	82%

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

Source: Dallas ISD Records

Dallas Independent School District

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Teacher Salary Last Ten Fiscal Years (Unaudited)

Fiscal Year	Beginning Teacher Salary	Average Teacher Salary	Number of Teachers
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
2008	43,500	51,746	11,551
2007	42,000	50,121	10,712
2006	39,150	46,882	10,484

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:	2015	2014	2013	2012
FTE				
Instruction	13,168.7	12,688.1	12,476.3	11,035.8
Instructional Resources and Media Services	320.5	316.0	316.0	315.5
Curriculum and Staff Development	624.2	567.8	362.1	343.0
Instructional Leadership	321.3	291.7	245.9	232.0
School leadership	1,428.0	1,368.0	1,329.5	1,314.9
Guidance, Counseling, and Evaluation Services	757.0	666.6	656.9	669.9
Social Work Services	48.0	43.0	38.0	39.0
Health Services	314.0	304.0	294.9	302.9
Student Transportation	3.0	3.0	3.0	9.0
Food Services	1,771.0	1,770.0	1,461.0	1,461.0
Co-Curricular/Extra-Curricular Activities	73.0	71.4	45.4	39.0
General Administration	457.2	373.6	300.3	302.3
Plant Maintenance and Operations	1,545.5	1,547.1	1,535.0	1,656.6
Security and Monitoring Services	400.0	391.0	403.0	392.0
Data Processing Services	210.5	223.6	221.6	219.1
Community Services	189.1	147.6	128.6	117.2
Facilities Acquisition & Construction	21.0	20.5	20.5	20.9
Total FTE	21,652	20,793	19,838	18,470

Source: Dallas ISD Records

Dallas Independent School District

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2011	2010	2009	2008	2007	2006
12,174.2	12,098.8	12,361.2	12,524.1	11,336.1	11,169.4
336.0	336.0	353.0	358.4	372.4	356.9
352.6	408.3	315.5	371.6	450.2	356.2
322.9	290.4	288.9	421.5	296.0	299.7
1,361.4	1,319.3	1,402.2	1,512.1	1,549.0	1,499.4
745.9	751.5	803.4	897.5	821.2	775.1
44.5	34.5	27.5	27.0	40.0	43.0
299.7	306.3	299.5	337.1	312.0	301.0
9.0	9.0	9.0	9.0	7.0	7.0
1,439.0	1,438.0	1,458.0	1,425.1	1,521.4	1,435.1
39.0	39.0	41.0	17.0	18.0	17.0
400.7	390.0	344.5	443.7	335.6	310.5
1,815.5	1,830.0	1,819.8	2,007.5	2,068.8	1,962.3
432.0	427.0	428.0	433.0	419.0	500.5
261.7	176.2	181.2	190.3	181.3	173.5
141.4	203.7	237.2	297.8	329.5	309.0
18.6	18.0	17.0	16.5	19.5	19.5
20,194	20,076	20,387	21,289	20,077	19,535

Dallas Independent School District

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

Fiscal Year Ended June 30:	2015	2014	2013	2012
PIC				
11 Basic Education Services	\$ 507,152,802	\$ 474,927,651	\$ 466,713,547	\$ 475,117,717
21 Gifted and Talented	9,668,344	8,940,356	9,534,610	10,236,525
22 Career and Technology	25,098,566	24,693,065	23,442,817	24,939,809
23 Special Education	100,677,065	89,554,017	76,488,103	77,907,703
24 Accelerated Education	5,275,144	4,044,321	3,903,140	7,335,276
25 Bilingual Education	28,095,535	23,388,823	15,464,944	16,192,928
26 AEP Services	2,674,268	2,488,846	2,243,646	2,628,247
28 DAEP Basic	3,395,527	3,249,212	2,796,025	4,685,662
29 DAEP Supplemental	1,059	9,247	9,570	2,379
30 Title I Part A	53,237,260	49,324,415	45,442,486	48,641,916
31 High School Allotment	18,076,718	14,770,151	9,633,184	10,046,397
32 Pre-Kindergarten Regular Education	5,130,282	7,369,459	31,822,829	25,785,069
33 PK Special Education	-	2	-	-
34 PK Comp Education	25,638,961	21,236,766	-	-
35 PK Bilingual Education	8,223,025	6,301,771	-	-
91 Athletics and Related	15,625,414	14,768,601	12,796,532	12,252,095
99 Undistributed	492,146,690	425,396,766	421,340,351	418,931,413
Total	\$ 1,300,116,661	\$ 1,170,463,469	\$ 1,121,631,784	\$ 1,134,703,136

Source: Dallas ISD Records

Dallas Independent School District

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2011	2010	2009	2008	2007	2006
\$ 474,813,369	\$ 498,873,951	\$ 661,308,819	\$ 722,500,711	\$ 637,321,100	\$ 562,449,355
13,835,271	14,656,086	17,242,122	18,022,100	16,604,194	16,184,233
23,478,532	23,687,421	22,522,845	24,794,231	23,258,995	24,599,661
77,874,757	77,272,008	78,661,218	79,217,609	74,596,688	70,022,859
6,118,923	6,747,043	5,714,022	9,171,168	10,572,004	10,974,712
21,058,126	30,990,858	33,701,959	33,920,465	32,219,524	28,975,860
5,410,241	5,099,839	5,689,375	6,156,237	5,959,070	5,791,320
6,019,248	5,413,632	6,719,006	6,842,471	6,188,658	6,077,688
-	1,300	-	36	1,582	957
63,955,875	64,476,116	82,504,816	44,790,063	43,099,689	44,338,746
9,404,846	9,401,812	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
11,301,633	11,342,665	7,964,742	8,837,589	8,210,751	8,669,461
464,625,682	412,136,090	314,405,594	319,018,364	297,995,721	336,681,841
<u>\$ 1,177,896,503</u>	<u>\$ 1,160,098,821</u>	<u>\$ 1,236,434,518</u>	<u>\$ 1,273,271,044</u>	<u>\$ 1,156,027,976</u>	<u>\$ 1,114,766,693</u>

Dallas Independent School District

Dallas ISD Student/Teacher Ratio Ten Year Comparison

Campus Level	2014-2015			2013-2014			2012-2013			2011-2012			2010-2011		
	Enrollment	FTE's	Ratio	Enrollment	FTE's	Ratio	Enrollment	FTE's	Ratio	Enrollment	FTE's	Ratio	Enrollment	FTE's	Ratio
High	38,791	2,151.7	18.0	37,914	2,003.3	18.9	38,372	2,041.6	18.8	38,018	2,102.7	18.1	37,972	2,341.3	16.2
Middle	32,374	1,846.0	17.5	32,595	1,641.9	19.9	32,067	1,722.8	18.6	31,479	1,616.1	19.5	31,136	1,802.2	17.3
Elementary	89,088	5,511.1	16.2	89,204	5,087.1	17.5	88,493	5,108.8	17.3	88,078	5,492.6	16.0	88,054	5,431.8	16.2
District	160,253	9,508.8	16.9	159,713	8,732.3	18.3	158,932	8,873.2	17.9	157,575	9,211.3	17.1	157,162	9,575.2	16.4

Note: Does not include Special Education Teachers

*Data includes all Funds.

Dallas Independent School District

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2009-2010			2008-2009			2007-2008			2006-2007			2005-2006		
Enrollment	FTE's	Ratio	Enrollment	FTE's	Ratio	Enrollment	FTE's	Ratio	Enrollment	FTE's	Ratio	Enrollment	FTE's	Ratio
38,117	2,342.2	16.3	37,911	2,374.5	16.0	38,432	2,426.0	15.8	38,692	2,199.5	17.6	39,803	2,172.0	18.3
31,059	1,868.1	16.6	31,283	1,939.1	16.1	31,304	2,077.0	15.1	32,300	1,674.4	19.3	22,176	1,316.5	16.8
87,935	5,285.8	16.6	88,158	5,399.1	16.3	88,068	5,638.9	15.6	88,152	5,564.2	15.8	99,265	5,642.8	17.6
157,111	9,496.2	16.5	157,352	9,712.6	16.2	157,804	10,141.9	15.6	159,144	9,438.2	16.9	161,244	9,131.3	17.7

Dallas Independent School District

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Dallas ISD Enrollment Trend Last Ten Fiscal Years

	Total Enrollment	Change	% Change	FTE's	Change	% Change
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	(216)	-2.23%
2008-2009	157,352	(452)	-0.29%	9,713	(429)	-4.23%
2007-2008	157,804	(1,340)	-0.84%	10,142	704	7.46%
2006-2007	159,144	(2,100)	-1.30%	9,438	307	3.36%
2005-2006	161,244	-	-	9,131	-	-

Source: PEIMS Data

**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, 2015, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated November 18, 2015.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion.

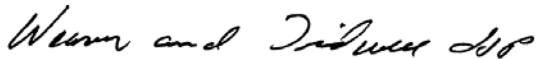
Dallas Independent School District

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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

This 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.

A handwritten signature in cursive script that reads "Weaver and Tidwell LLP".

WEAVER AND TIDWELL, L.L.P.

Dallas, Texas
November 18, 2015

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR
PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE
IN ACCORDANCE WITH OMB CIRCULAR A-133**

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 *U.S. Office of Management and Budget (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, 2015. 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 the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of 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 OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion 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 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, 2015.

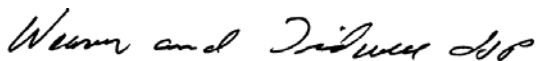
Report on Internal Control Over Compliance

Management of the 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, we considered the District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. 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. We did identify a deficiency in internal control over compliance, described in the accompanying schedule of findings and questioned costs that we consider to be a significant deficiency [15-01].

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.



WEAVER AND TIDWELL, L.L.P.

Dallas, Texas
November 18, 2015

**Dallas Independent School District
Schedule of Expenditures of Federal Awards
For The Year Ended June 30, 2015**

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	GF4190-3	26,062
Texas HIPPY - AmeriCorps	94.006	GF4236-2	57,144
TOTAL CORPORATION FOR NATIONAL AND COMMUNITY SERVICE			\$ 83,206
U.S. DEPARTMENT OF DEFENSE			
Direct Program			
JROTC	12.357	N/A	\$ 1,907,706
TOTAL U.S. DEPARTMENT OF DEFENSE			\$ 1,907,706
U.S. DEPARTMENT OF EDUCATION			
Direct Programs			
Title VII - Indian Educational Formula Grant	84.060A	S060A130194	(518)
Title VII - Indian Educational Formula Grant	84.060A	S060A140194	117,426
Total Direct Programs			\$ 116,908
Passed Through Texas Workforce Commission			
Adult Education and Family Literacy	84.002A	0614ABE000	1,378,956
Adult Education and Family Literacy	84.002	0614ELC000	15,463
Total Passed through Texas Workforce Commission			\$ 1,394,419
Passed Through Ohio State University			
Project M-Net: Mobilizing National Educator Talent	84.350C	60031733	20,156
Project M-Net: Mobilizing National Educator Talent	84.350C	60031733	114,340
Total Passed through Ohio State University			\$ 134,496
Passed Through IDRA			
Teachers For Today and Tomorrow	84.350B	U350B110002	39,500
Total Passed through IDRA			\$ 39,500
Passed Through Region 10 ESC			
ESEA, Title X, Part C - Homeless Children	84.196A	13-044	45,884
ESEA, Title X, Part C - Homeless Children	84.196A	15-011	192,890
Total Passed through Region 10 ESC			\$ 238,774
Passed Through Texas Education Agency			
ESEA, Title I, Part A, Part D and SIP	84.010A	14610101057905	2,714,307
ESEA, Title I, Part A, Part D and SIP	84.010A	15610101057905	89,054,053
Total Title I, Part A, Part D and SIP Cluster			\$ 91,768,360
IDEA - Part B Formula	84.027A	146600010579056600	82,372
IDEA - Part B Formula	84.027A	156600010579056000	29,289,984
SSA - IDEA - Part B Discretionary - Deaf	84.027A	146600010579056673	(731)
SSA - IDEA - Part B Discretionary - Deaf	84.027A	156600010579056673	527,773
SSA - IDEA - Part B Deaf	84.027A	146600010579056601	(377)
SSA - IDEA - Part B Deaf	84.027A	156600010579056601	85,866
IDEA - Part B Visually Impaired - Through ESC 10	84.027A	1510190271210	12,438
Total CFDA Number 84.027A			\$ 29,997,325
IDEA - Part B Preschool	84.173A	146610010579056610	(5,454)
IDEA - Part B Preschool	84.173A	156610010579056610	331,077
SSA - IDEA - Part B Preschool (Deaf)	84.173A	156610010579056611	26,868
Total CFDA Number 84.173A			\$ 352,491
Total Special Education Cluster (IDEA)			\$ 30,349,815
SSA - IDEA - Part C - Early Intervention (Deaf)	84.181A	153911010579053911	1,021
Career and Technical - Basic Grant (Perkins IV)	84.048A	14420006057905	(13,701)
Career and Technical - Basic Grant (Perkins IV)	84.048A	15420006057905	2,460,750
Total CFDA Number 84.048A			\$ 2,447,049
Title III, Part A - English Language Acquisition	84.365A	14671001057905	245,653
Title III, Part A - English Language Acquisition	84.365A	15671001057905	4,943,245
Total CFDA Number 84.365A			\$ 5,188,898

ESEA, Title II, Part A, Improving Teacher Quality	84.367A	14694501057905	(17,581)
ESEA, Title II, Part A, Improving Teacher Quality	84.367A	15694501057905	8,740,774
Total CFDA Number 84.367A			<u>\$ 8,723,193</u>
Texas Title I Priority School Grant (ARRA)	84.388A	1055200X71100XX	826,337
Texas Title I Priority School Grant	84.377A	116107117110006	455,623
Summer School LEP	84.369A	N/A	28,770
Total Passed through Texas Education Agency			<u>\$ 139,789,065</u>
TOTAL U.S. DEPARTMENT OF EDUCATION			<u>\$ 141,713,162</u>

U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES

Passed Through Health and Human Services Commission

Medicaid Administrative Claiming Program - MAC	93.778	N/A	1,570,013
HIPPY - Texas Home Visiting	93.505	529-12-0029-00004A	70,238
HIPPY - Texas Home Visiting	93.505	529-12-0029-00004	227,209
Total Passed through Health and Human Services Commission			<u>\$ 1,867,460</u>

Passed Through Health Resources and Services Administration

Affordable Care Act	93.501	C12CS25544	28,000
Total Passed through Health & Human Services Commission			<u>\$ 28,000</u>

Passed Through Head Start of Greater Dallas, Inc.

Head Start	93.600	N/A	(600)
Head Start	93.600	N/A	(19,016)
Head Start	93.600	N/A	635,115
Head Start	93.600	N/A	57,903
Total Passed through Head Start of Greater Dallas, Inc.			<u>\$ 673,403</u>

Passed Through Texas Department Of Health

Refugee School Impact Program	93.576	529-13-0049-00008A	19,298
Refugee School Impact Program	93.576	529-15-0073-00001	135,309
Total Passed through Texas Department Of Health			<u>\$ 154,607</u>

Passed Through Texas Workforce Commission

Temporary Assistance for Needy Families (TANF)	93.558	0614ABE000	26,961
Total Passed through Texas Workforce Commission			<u>\$ 26,961</u>

TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES

\$ 2,750,431

U.S. DEPARTMENT OF AGRICULTURE

Direct Programs

Farm to School	10.575	01153	40,018
Healthier U.S. School Challenge	10.574	TA04-2010	584
Total Direct Programs			<u>\$ 40,602</u>

Passed Through Texas Department of Agriculture

School Breakfast Program	10.553	01153	30,491,849
National School Lunch Program - Cash Assistance	10.555	01153	62,074,963
National School Lunch Program - Non - Cash Assistance	10.555	01153	6,264,983
Total CFDA Number 10.555			<u>\$ 68,339,947</u>
Summer Feeding Program-Cash Assistance	10.559	01153	1,555,428
Total Child Nutrition Cluster			<u>\$ 100,387,223</u>
Child and Adult Care Food Program - Cash Assistance	10.558	01153	4,474,312
Fresh Fruit and Vegetable Program	10.582	01153	2,585,405
Total Passed through Texas Department of Agriculture			<u>\$ 107,446,941</u>

TOTAL U.S. DEPARTMENT OF AGRICULTURE

\$ 107,487,543

TOTAL EXPENDITURES OF FEDERAL AWARDS

\$ 253,942,048

All amounts include indirect cost allocation.

DALLAS INDEPENDENT SCHOOL DISTRICT

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS YEAR ENDED JUNE 30, 2015

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, and 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, 2015, may be impaired.
4. The Schedule of Federal Awards includes funds received for Medicaid, Summer School LEP, and ROTC recorded in general fund for \$3,095,205. The Schedule of Federal Awards also includes indirect costs in the amount of \$1,440,516.

**DALLAS INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2015**

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? _____Yes X None reported
- c. Noncompliance material to financial statements noted. _____Yes X No

Major Programs

- d. Internal control over major programs:
- Material weakness(es) identified? _____Yes X No
 - Significant deficiency(ies) identified that are not considered a material weakness? X Yes _____None reported
- e. An unmodified opinion was issued on compliance for major programs.
- f. Any audit findings disclosed that were required to be reported under Section 510(a) or OMB Circular A-133. _____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 |
| Title I, Part A | 84.010A |
| Special Education Cluster | 84.027A, 84.173A |
| Title III, Part A | 84.365A |
| Title II, Part A | 84.367A |
- 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. _____Yes X No

**DALLAS INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2015**

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

NONE

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

Finding 15-01

84.010A — Title I, Part A Department of Education, passed through the Texas Department of Agriculture

Allowable Costs and Cost Principles — Significant Deficiency in Controls over Compliance

Criteria — According to the June 2015 OMB Compliance Supplement, entities receiving federal funds are required to maintain internal control over federal programs in order to provide reasonable assurance that the District is managing federal awards in compliance with laws, regulations, and the provisions of contracts or agreements that could have a material effect on its federal programs. Additionally, 2 CFR 225 requires that governments assume responsibility for administering Federal funds in a manner consistent with underlying agreements, program objectives, and the terms and conditions of the federal award and that, among other things for costs to be allowable under federal guidelines, they must be adequately documented.

Condition — As a result of weaknesses that were identified in prior year audits related to the discontinued Title I Supplemental Education Services (“SES”) program which was replaced by the Title I In-School Tutoring program, the District has revised their internal controls to require that management perform a series of procedures on all in-school tutoring vendor billings, including the matching of vendor invoices to campus liaison sign-in sheets to confirm that tutoring occurred in the event of inconsistencies in vendor invoicing packages. However, it appears that these internal controls are not being consistently followed.

Cause — Department management responsible for reviewing and approving vendor invoices revised the review and approval procedures for Title I SES invoices in prior years and these controls were carried forward to the Title I In-School Tutoring program. Significant efforts were made to review every invoice prior to payment and contact students to ensure that services were received. However, instances of no student and/or teacher sign-in sheets to support billed services were detected during the audit.

Perspective — During our review of 40 invoices and the corresponding campus liaison sign-in sheets, we noted 1,269 instances of missing student/teacher daily initials and/or weekly signatures on the weekly campus liaison sign-in sheets provided.

**DALLAS INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2015**

Questioned Costs — None

Effect — Failure to properly provide the appropriate documentation to support the tutoring services can lead to the potential for the District being billed for services that were not provided.

Recommendation — Ensure that District personnel are adequately trained and understand the importance of the weekly sign-in sheets to support the amounts billed by vendors related to in-school tutoring services.

View of Responsible Officials — See corrective action plan

IV. Correction Action Plan

Finding 15-01 Allowable Costs and Cost Principles

Responsible Party — Sequetta Marks

Management Response — The District acknowledges the finding.

Corrective Action — The Special Revenue Funds Management will provide adequate training to the vendors, campus and central personnel on maintaining appropriate documentation related to in-school tutoring services. Continuous support will be provided to vendors and campuses on detailed compliance instructions. Special Revenue Funds Management will also work with School Leadership to ensure that all compliance requirements are consistently followed and recommend any necessary personnel action if the need arises.

Expected Completion Date — June 3, 2016

**DALLAS INDEPENDENT SCHOOL DISTRICT
SUMMARY OF PRIOR YEAR AUDIT FINDINGS
YEAR ENDED JUNE 30, 2015**

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

2014-001 Allowable Costs and Cost Principles — Time and Effort

Responsible Party — Sequetta Marks

Corrective Action — Special Revenue Funds Management (SRF) has begun to develop a comprehensive training module that covers Time and Effort for all federally funded positions. The target audience will be for any campus administrator, central program manager, and federally funded personnel who is paid from or responsible for the District's federally funded resources. This training module will be interactive to provide instant feedback to the user for understanding of concepts. It will also allow SRF Management to review the participation rate. Development is currently in the early stages of review.

Status — Corrected.

2014-002 Procurement

Responsible Party — Sequetta Marks

Corrective Action — Procurement services will continue to require training and professional development for procurement staff to correct and protect against future findings.

Status — Corrected.

2014-003 Allowable Costs and Cost Principles

Responsible Party — Sequetta Marks

Corrective Action — Due to Texas receiving a waiver to the requirement of SES, this program was not offered for school year 2013–2014. As a result of the waiver, SES program close out activities for 2012–2013 school year were completed early September 2013. In September 2014, Texas was granted an extension to waive the requirement of SES for the 2014–2015 school year.

Status — Completed.