



Comprehensive Annual Financial Report
for the Fiscal Year Ended
June 30, 2019

Report Issued by the
Finance and Accounting
Services Division

Dallas Independent School District

**Dallas Independent School District
For the Fiscal Year Ended June 30, 2019**

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November 21, 2019

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 (CAFR) for Dallas Independent School District (the “District” or “Dallas ISD”) for the fiscal year ended June 30, 2019.

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

The financial statements of the District have been audited by Weaver and Tidwell LLP, a firm of certified public accountants licensed in Texas. The goal of the independent audit is to provide reasonable assurance that the financial statements of the District for the fiscal year ended June 30, 2019 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, 2019, are fairly presented in conformity with GAAP. The independent auditors’ report is presented as the first component of the financial section of this report.

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

GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management Discussion and Analysis (MD&A). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. The District’s MD&A can be found immediately following the report of the independent auditors.

DISTRICT PROFILE

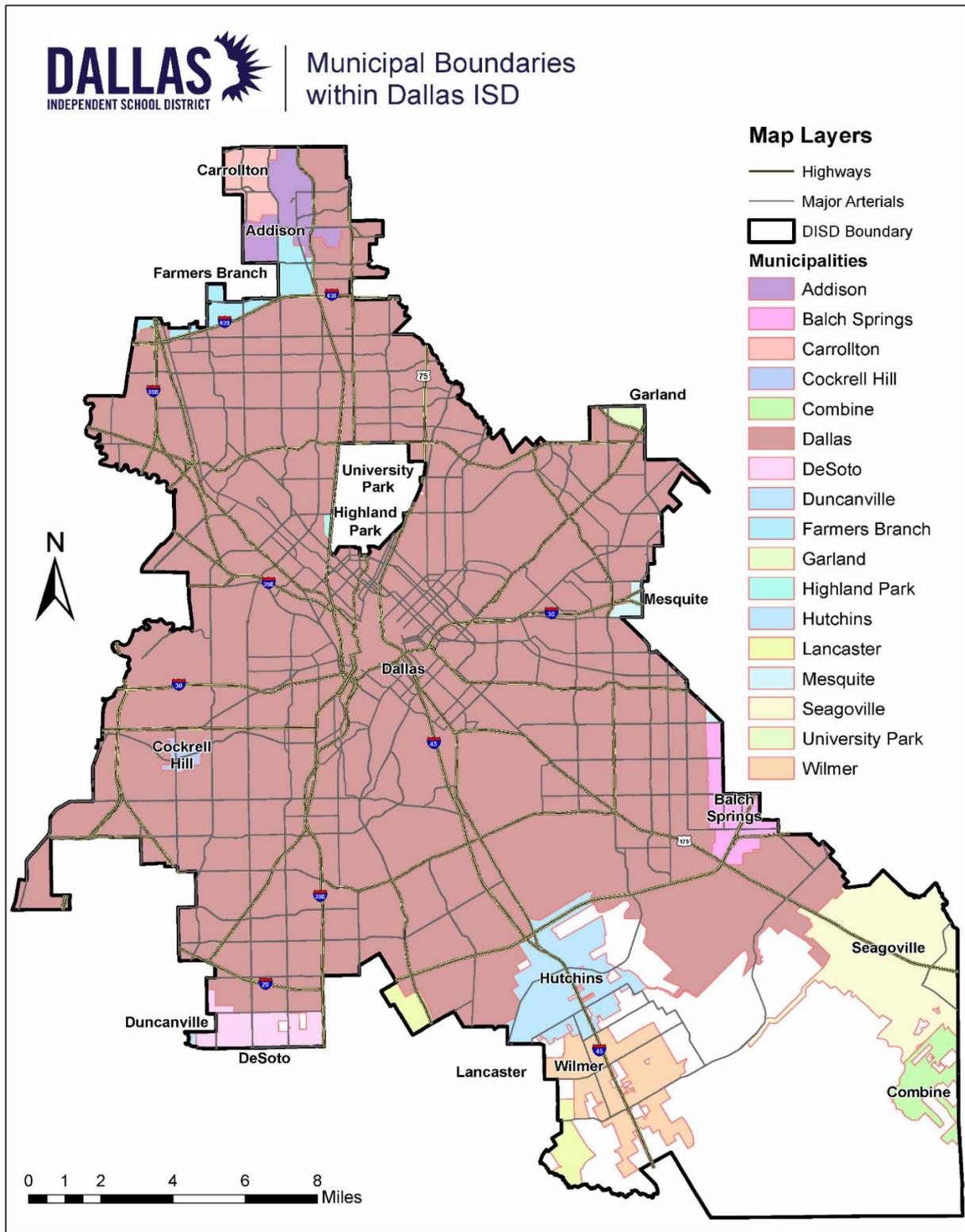
THE DISTRICT

The Dallas Independent School District is an independent public school district operating under applicable laws and regulations of the State of Texas, providing a full range of educational services appropriate to grade levels prekindergarten through twelve. The District is the second-largest public school district in Texas, and one of the largest districts in the nation in terms of enrollment. The District sits in the heart of the large, diverse and dynamic Dallas-Fort Worth metropolitan area, which has a population of approximately 7.4 million people in the DFW Metroplex. 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. In the 2018-2019 school year, the District served an ethnically and culturally diverse enrollment of 155,119 students in 230 schools. The ethnic composition was approximately 70.1 percent Hispanic, 21.8 percent African-American, 5.1 percent White, 1.4 percent Asian, and 1.7 percent other ethnicities. Dallas ISD had 22,222 total staff in 2018-2019.

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

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

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



GOVERNMENTAL STRUCTURE, BUDGET PROCESS, AND BUDGETARY CONTROL

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

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

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

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

THE ECONOMIC CONDITION OF THE DISTRICT

THE LOCAL ECONOMY

The local economy continues to be strong through June 2019, supported by strong job growth and low unemployment. During calendar year 2018, Dallas-Fort Worth area employment rose 2.5%, an annual rate of growth above the area's long-term average. In the first half of 2019, payrolls in DFW expanded at their fastest rate in the past several years. In the first half of 2019, Dallas added 57,440 jobs, which translated to a 4.4% annualized increase. Dallas unemployment stood at 3.1% as of June 30, 2019.

The strong local economy has led to strong population growth in the Dallas-Fort Worth area in recent years. Based on a recent U.S. Census Bureau Estimate, the population of the Dallas-Fort Worth area reached approximately 7.5 million as of July 1, 2018, and has grown by 1.1 million residents since 2010.

The economy of the Dallas-Fort Worth metropolitan area is among the most diverse in the nation. Industry sectors and their share of overall employment falls in the following breakdown: 20.7 percent trade, transportation and utilities, 18.8 percent professional and business services, 10.4 percent health services, 13.5 percent public administration (including education), 8.8 percent leisure and hospitality, 6.1 percent financial activities, 7.3 percent manufacturing, 7.1 percent mining, logging, and construction, 2.2 percent information, and 5.0 percent other services. The Dallas metropolitan area is home to several Fortune 500 Companies, and the city's diversified economy shields the area from large swings in unemployment.

LONG-TERM FINANCIAL PLANNING

Strength in the local economy has helped to sustain growth in local property values in recent years. The District's certified net taxable property value grew from \$80.0 billion in 2014 to \$119.3 billion in 2019, a 49.1 percent increase over the five-year period. The District's certified taxable value base is diverse. In 2019, the taxable value base was diversified among commercial, residential, and business personal property. The District's top ten taxpayers comprised only 4.2 percent of the District's total taxable value and no one taxpayer had a significant impact on the District's property tax income.

The District's certified net taxable property value for 2019 increased by 10.0 percent versus 2018. On November 6, 2018, voters approved a Tax Ratification Election (TRE) permitting the District to raise its Maintenance & Operations (M&O) tax rate to \$1.1700, effectively a 13-cent increase in the District's M&O tax rate. The combined impact of the property value increase and TRE drove a substantial increase in General Operating Fund local revenues. In Fiscal Year 2018-2019, revenue from local sources represented approximately 80.5 percent of Dallas ISD's General Fund total revenue, with revenue from property taxes driving local revenues.

Net taxable property values are projected to grow 9.0 percent for the 2019 tax year and are projected to grow 5.0 percent annually through the 2022 tax year. The estimated tax collection rate will remain at 98 percent through the forecast period. However, because newly adopted House Bill 3 (HB 3) requires compression of local property tax rates, an M&O tax rate of \$1.06835 will be levied for 2019-2020. HB 3 requires automatic M&O tax rate reductions starting in 2020-2021 if the District grows by more than 2.5% per year. The 5% property value increase includes the 2.5% cap plus new construction values, which are not capped. Effective 2018-2019, the District became subject to Chapter 41 recapture. Consistent with the State's predictions about the impact of HB 3, the District expects its 2019-2020 state recapture will be reduced, in comparison to prior law.

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

Student enrollment heavily influences Average Daily Attendance, which is one of the key drivers of the District's state revenue. Enrollment fell from 2017-2018 to 2018-2019 by 1.09% percent, to 155,119. Enrollment is projected to fall to 153,333 in 2019-2020. Based on a demographic study conducted in early 2017, student enrollment is projected to decrease to 151,921 by 2026 under the moderate growth projection. The District is responding by strategically investing in initiatives that are expected to drive increased student enrollment and improved student performance. Those strategic initiative investments are detailed in the 2019-2020 Annual Budget posted on the District website at <https://www.dallasisd.org/budget>. Some of those key investments include employee excellence/compensation, early learning, career institutes, middle school achievement, transformation and innovation schools/programs, and accelerated performance. Other notable investment initiatives for 2019-2020 include racial equity efforts, increased dyslexia services, the District principal pipeline, increased bilingual support, the districtwide enrollment system, student enrollment and retention, specialized programs, high school tech labs, and special education. The District continues to pursue its vision to be a premier urban district and achieve its mission to educate all students for success.

The District also continues to invest in the improvement and construction of facilities. For context, the average age of all school buildings in 2018-2019 was 51.2 years old. The average age of buildings by level was 52.1 years for elementary, 47.1 years for middle, and 51.5 for high schools. Voters approved a \$1.6 billion bond referendum on November 3, 2015. The District's 2015 Bond Program began after the first sale of bonds in February 2016 and includes \$100 million for technology improvements to campuses. The 2015 Program includes plans to construct five new schools, including one high school and four elementary schools. In addition, the program will construct twelve additions to existing schools, including six high schools, one middle school, and five elementary schools. The program includes renovations and improvements to 113 existing District facilities including roofs, HVAC, building envelope, interior improvements, site improvements, exterior façade improvements, plumbing, technology, gyms, locker rooms, libraries, science labs, cafeterias, auditoriums, performing arts, fine arts, athletic facilities, and administration areas in schools. The completion of all construction is targeted for 2022.

On November 6, 2018, voters approved a \$150 million bond referendum that includes \$60 million for the purchase of new school buses, \$15 million for the construction and equipping of bus operations facilities, and \$75 million for the refunding of maintenance tax notes. The first two items pertain to the need for future bus replacements since the District assumed operation and management of the student transportation function from Dallas County Schools effective August 2018. The third item is to refund the District's outstanding Limited Maintenance Tax Notes, Series 2015.

The District is in early planning for a possible November 3, 2020 bond referendum. Under consideration is whether to ask voters to approve the issuance of additional bonds for the renovation of existing campuses and construction of new schools. The District calculates it can issue \$2.5 billion of bonds without exceeding its current I&S tax rate of \$0.24. If approved by voters, the first bond sale could occur in August 2022.

RELEVANT FINANCIAL POLICIES

The Board has adopted a local fund balance policy that the District shall strive to maintain a fund balance in which the year-end unassigned fund balance finances two months of operating expenditures. As of June 30, 2019, the General Fund unassigned fund balance was \$590,780,454. This met the fund balance policy goal, as the 2019-2020 Adopted Budget includes \$1,579,769,828 of operating expenditures, and two-twelfths of this total is \$263,294,971. As of June 30, 2019, the General Fund ending unassigned fund balance was sufficient to finance approximately 4.5 months of operating expenditures. The District forecasts that the ending unassigned fund balance will be \$641.4 million by the end of fiscal year 2021, and will decline to \$575.3 million by the end of fiscal year 2024.

AWARDS AND ACKNOWLEDGMENTS

AWARDS

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

The FIRST (Financial Integrity Rating System of Texas) program is a financial accountability system for Texas school districts that was developed by the Texas Education Agency in response to Senate Bill 875 of the 76th Texas Legislature in 1999. FIRST measures and rates districts' financial performance, toward the dual goals of improving the quality of Texas school districts' financial management practices, and encouraging districts to provide the maximum possible allocation of district resources toward direct instructional purposes. Dallas ISD was rated "Superior" for 2018-2019. The rating of Superior is the highest possible rating and demonstrates the soundness of Dallas ISD's financial management practices.

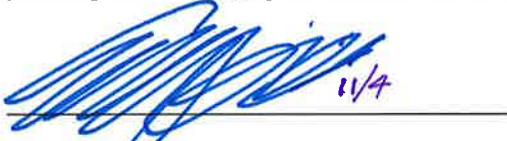
The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the District for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 2018. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports. In order to be awarded a Certificate of Achievement, the District published a Comprehensive Annual Financial Report (CAFR) in which contents conformed to program standards. This report satisfied both generally accepted accounting principles and applicable legal requirements. A Certificate of Achievement is valid for a period of only one year. We believe this fiscal 2019 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, 2018. This award certifies that the CAFR substantially conforms to the principles and standards of financial reporting as recommended and adopted by the ASBO. A Certificate of Excellence is valid for a period of one year. We believe this fiscal 2019 CAFR continues to meet the Certificate of Excellence program requirements, and we are submitting it to the ASBO to determine its eligibility for another certificate.

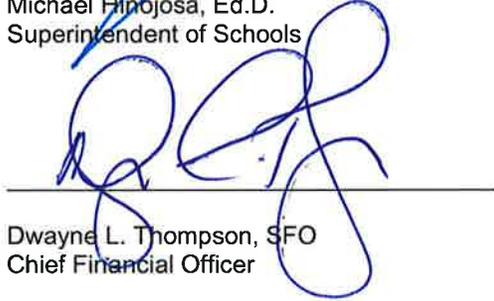
The District received the ASBO Meritorious Budget Award for its 2018-19 fiscal year budget. This award certifies that the budget adheres to the principles and standards of ASBO International's Meritorious Budget Award criteria. A Meritorious Budget Award is valid for a period of one year. We believe the 2018-2019 fiscal year budget continues to conform to the program requirements, and we are submitting it to ASBO to determine its eligibility for another award.

ACKNOWLEDGMENTS

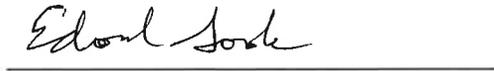
The preparation of this report on a timely basis could not be accomplished without the efficient and dedicated services of the entire staff of the Finance and Accounting Services Division and the Graphics Department. Our thanks go to all members of these departments who assisted and contributed to its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



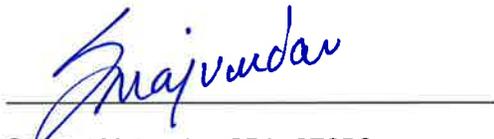
Michael Hinojosa, Ed.D.
Superintendent of Schools



Dwayne L. Thompson, SFO
Chief Financial Officer



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



Sarbani Majumdar, CPA, CTSBS
Director of Accounting Services



Government Finance Officers Association

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

Presented to

**Dallas Independent School District
Texas**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2018

Christopher P. Morill

Executive Director/CEO



**ASSOCIATION OF
SCHOOL BUSINESS OFFICIALS
INTERNATIONAL**

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

Dallas Independent School District

**for its Comprehensive Annual Financial Report (CAFR)
for the Fiscal Year Ended June 30, 2018.**

The CAFR meets the criteria established for
ASBO International's Certificate of Excellence.



A handwritten signature in black ink, reading 'Tom Wohlleber'.

Tom Wohlleber, CSR
President

A handwritten signature in black ink, reading 'Siobhán McMahon'.

Siobhán McMahon, CAE
Chief Operating Officer



ASSOCIATION OF
SCHOOL BUSINESS OFFICIALS
INTERNATIONAL

This Meritorious Budget Award is presented to

DALLAS INDEPENDENT SCHOOL DISTRICT

for excellence in the preparation and issuance of its budget
for the Fiscal Year 2018–2019.

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



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

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

A handwritten signature in black ink that reads 'Siobhán McMahon'.

Siobhán McMahon, CAE
Chief Operating Officer

Board of Trustees



Justin Henry

President

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



Dan Micciche

First Vice President

District 3: Northeast Dallas



Edwin Flores

Second Vice President

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



Karla Garcia

Board Secretary

District 4: Southeast Dallas, Seagoville, Balch Springs



Dustin Marshall

District 2: North and Near East Dallas



Maxie Johnson

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



Joyce Foreman

District 6: Southwest Dallas



Ben Mackey

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



Miguel Solis

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

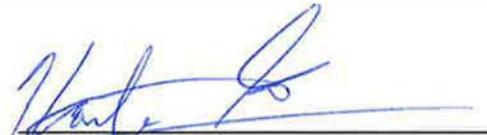
Certificate of the Board

Dallas Independent School District
Name of School District

Dallas
County

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, 2019, at a meeting of the Board of School Trustees of such school district on the 21st day of November, 2019.



Signature of Board Secretary



Signature of Board President

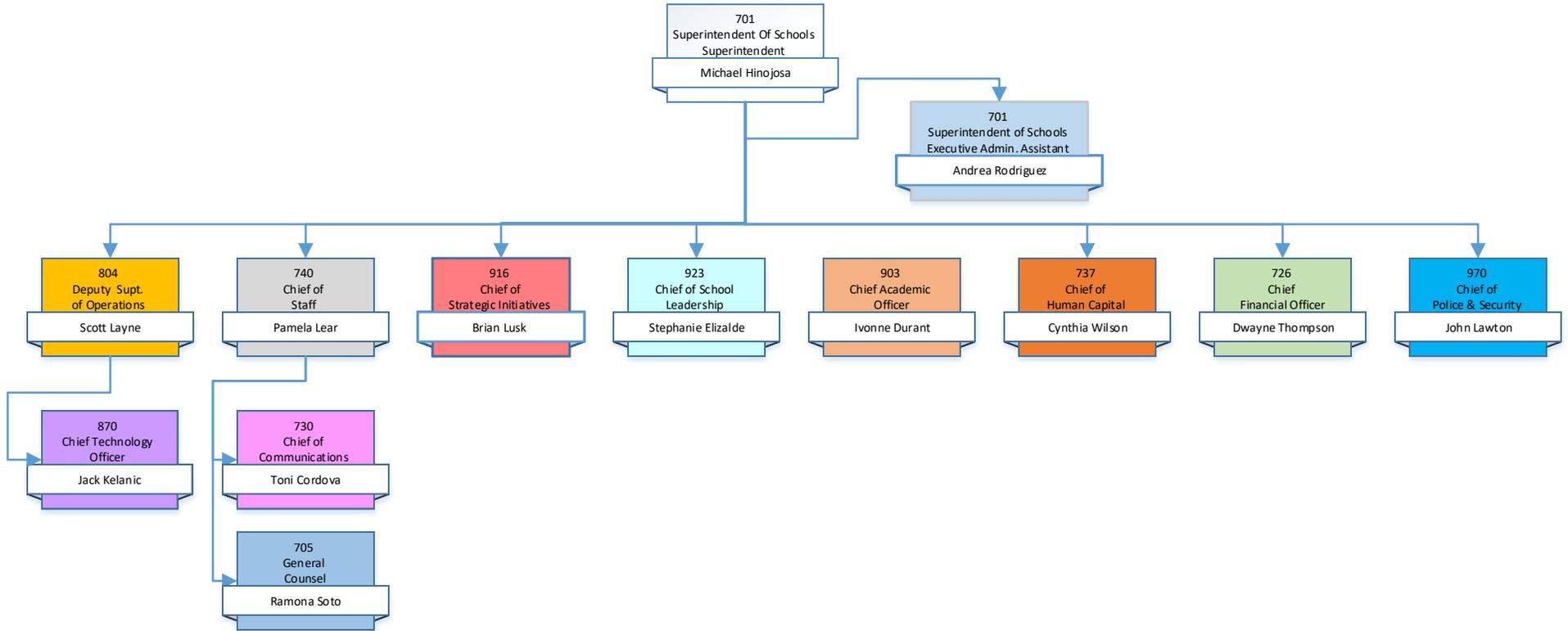
Dallas Independent School District
Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2019

ADMINISTRATIVE OFFICIALS

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

- Cynthia Wilson.....Chief of Human Capital Management
- Stephanie Elizalde.....Chief of School Leadership
- Scott Layne.....Deputy Superintendent of Operations
- Pamela Lear.....Chief of Staff
- John Lawton.....Chief of Police and Security
- Dwayne Thompson.....Chief Financial Officer
- Toni Cordova.....Chief of Communications
- Ivonne Durant.....Chief Academic Officer
- Jack Kelanic.....Chief Technology Officer
- Brian Lusk..... Chief of Strategic Initiatives
- Otis Martin..... Chief Internal Auditor

Executive Leadership



Dallas Independent School District

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, 2019, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the District, as of June 30, 2019, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information and notes to the budgetary comparison, and TRS pension and other post employment benefits schedules and notes to the TRS pension and other post employment benefits schedules on pages 4 through 13, 67 and 68, and 69 through 73, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

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

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.

Board of Trustees
Dallas Independent School District

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 6, 2019 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 the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Weaver and Tidwell, L.L.P.

WEAVER AND TIDWELL, L.L.P.

Dallas, Texas
November 6, 2019

**Dallas Independent School District
Management's Discussion and Analysis (Unaudited)
For the Fiscal Year Ended June 30, 2019**

This section of the District's CAFR discusses and analyzes the District's financial performance for the fiscal year ended June 30, 2019. The intent of this management discussion and analysis is to look at financial performance as a whole. Therefore, readers should also review the transmittal letter, financial statements, and the notes to the basic financial statements to further enhance their understanding of the District's financial performance.

FINANCIAL HIGHLIGHTS

The District's total combined net position as presented on the Government-wide Statement of Net Position was \$18.9 million for the year ended June 30, 2019. The net position increased by \$222.6 million.

The District's governmental funds financial statements reported a combined ending fund balance of \$1,120.0 million. This balance consists of \$713.0 million in the General Fund of which \$107.9 million is assigned, \$14.3 million is non-spendable, and \$590.8 million is unassigned and available for spending at the District's discretion. Restricted fund balance totals \$354.3 million and is used by the Debt Service Fund, Capital Projects Fund and Non-Major Funds. Fund balance in the Debt Service Fund also consists of \$43.0 million of assigned fund balance. The Non-Major Fund consists of \$5.5 million of assigned fund balance.

For the year ended June 30, 2019, total revenue from all sources was \$2.2 billion. Program revenues accounted for \$350.8 million of total revenues. General revenues accounted for \$1.9 billion.

The General Fund had \$1.7 billion in revenues, which primarily consisted of property taxes and state aid, in addition to a \$75.0 million transfer in from the Debt Service Fund pertaining to a maintenance tax note refunding, and \$1.4 billion in expenditures, in addition to a \$7.2 million transfer out to the Debt Service Fund. Property tax revenues increased due to the 10% increase in the District's certified net taxable property value and approval of the Tax Ratification Election (TRE), which led to a \$0.13 increase in the District's M&O tax rate. This resulted in an increase to the fund balance of \$340.5 million.

In 2017, the District transferred \$75 million from the General Fund to the Debt Service Fund for the future payment of the 2015 Multi-Modal Limited Maintenance Tax Notes. In 2019, these tax notes were refunded with general obligation bonds. At this time, the District released the assigned funds in the Debt Service Fund and transferred the \$75 million to the General Fund.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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

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

**Dallas Independent School District
Management's Discussion and Analysis (Unaudited)
For the Fiscal Year Ended June 30, 2019**

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 three 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, and insurance for auto liability expenses. The proprietary fund statements offer short and long-term financial information about the activities the District operates like a business.
- **Fiduciary Funds**—Fiduciary funds are used to account for resources held by the District in a custodial capacity. The District is responsible for ensuring that the assets reported in these funds are used for their intended purposes. All of the District's fiduciary activities are reported in a separate statement of fiduciary assets and liabilities. Fiduciary funds are excluded from the District's government-wide financial statements because the District cannot use these assets to finance its operations. The fiduciary fund statement provides information about the financial relationships in which the District acts solely as a custodian or agent for funds that belong to others.

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

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

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

**Dallas Independent School District
Management's Discussion and Analysis (Unaudited)
For the Fiscal Year Ended June 30, 2019**

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**

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

**Dallas Independent School District
Management's Discussion and Analysis (Unaudited)
For the Fiscal Year Ended June 30, 2019**

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 2019 and 2018 increased by \$222.6 million. The District's net investment in capital assets is \$353.4 million and includes investments in capital assets (e.g. land, building, equipment, improvements, and construction in progress) less any debt used to acquire those assets that is still outstanding. Of the remaining net position, \$110.0 million are restricted resources subject to external restrictions on how they are used, and (\$444.5) million are unrestricted resources, of which (\$891.0) million is related to GASB Statement 75 adjustments.

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

Exhibit 2 provides a summary of the Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position for governmental activities for years ended June 30, 2019 and 2018, respectively.

**Exhibit 2
Net Position
Governmental Activities**

	<u>June 30, 2019</u>	<u>June 30, 2018</u>	<u>\$ Change Increase/ (Decrease)</u>	<u>% Change Increase/ (Decrease)</u>
Current and Other Assets	\$ 1,459,926,038	\$ 1,487,297,480	\$ (27,371,442)	(1.8%)
Capital Assets	2,907,375,941	2,728,971,274	178,404,667	6.5%
Total Assets	<u>4,367,301,979</u>	<u>4,216,268,754</u>	<u>151,033,225</u>	<u>3.6%</u>
Deferred Outflows of Resources	<u>444,536,490</u>	<u>205,811,446</u>	<u>238,725,044</u>	<u>116.0%</u>
Current Liabilities	315,841,811	284,712,535	31,129,276	10.9%
Long Term Liabilities	4,189,149,352	4,004,255,487	184,893,865	4.6%
Total Liabilities	<u>4,504,991,163</u>	<u>4,288,968,022</u>	<u>216,023,141</u>	<u>5.0%</u>
Deferred Inflows of Resources	<u>287,986,298</u>	<u>336,885,893</u>	<u>(48,899,595)</u>	<u>(14.5%)</u>
Net Position:				
Net Investment in				
Capital Assets	353,356,942	322,930,292	30,426,650	9.4%
Restricted	110,047,571	102,613,514	7,434,057	7.2%
Unrestricted	(444,543,505)	(629,317,521)	184,774,016	(29.4%)
Total Net Position	<u>\$ 18,861,008</u>	<u>\$ (203,773,715)</u>	<u>\$ 222,634,723</u>	<u>(109.3%)</u>

Other Financial Highlights. For the year ended June 30, 2019, the District's total revenues were \$2.2 billion. Exhibit 3 shows the year-over-year change in revenues and expenses. The District's total revenues increased \$464.4 million, or 26.3%, over the prior year and the total expenses increased \$629.2 million or 45.6% over the prior year primarily due to reporting of on-behalf revenues and expenses accrual per GASB Statement No. 75 for (\$257.0) million in fiscal year 2018. In fiscal year 2019, the on-behalf revenues and expenses accrual is \$30.3 million. (See Note S.) Revenues also increased due to an increase in property taxes.

**Dallas Independent School District
Management's Discussion and Analysis (Unaudited)
For the Fiscal Year Ended June 30, 2019**

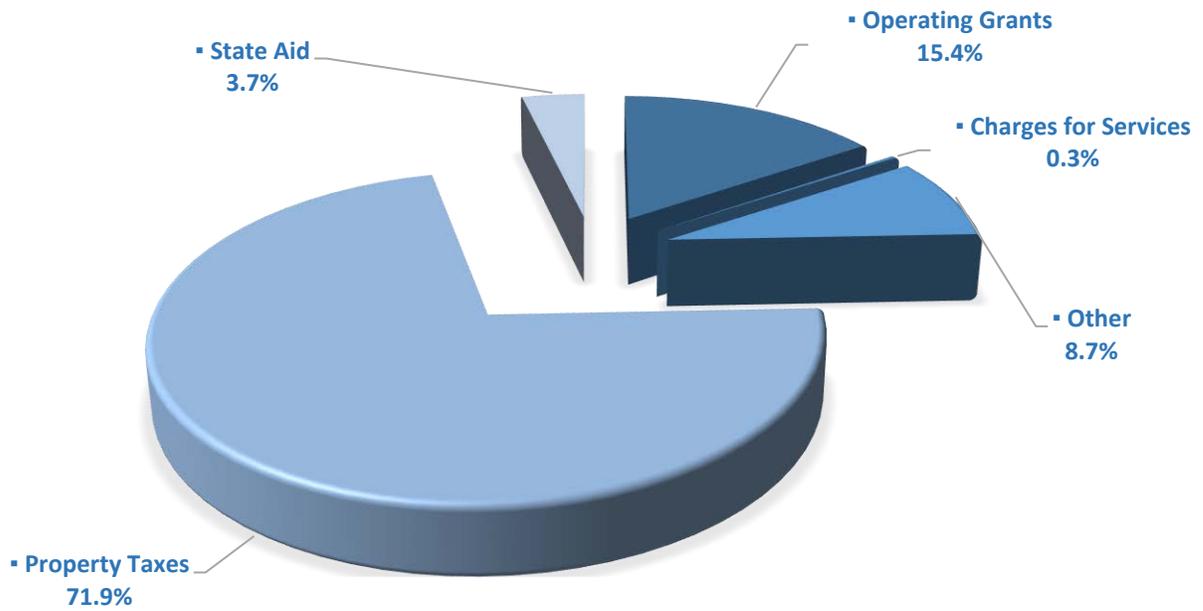
**Exhibit 3
Changes in Net Position
Governmental Activities**

	<u>June 30, 2019</u>	<u>June 30, 2018</u>	<u>\$ Change Increase/ (Decrease)</u>	<u>% Change Increase/ (Decrease)</u>
Revenues				
Program Revenues:				
Operating Grants and Contributions	\$ 345,125,422	\$ 49,994,516	\$ 295,130,906	590.3%
Charges for Services	5,716,033	6,899,249	(1,183,216)	(17.1%)
General Revenues:				
Investment Earnings	33,470,753	20,599,310	12,871,443	62.5%
Property Taxes	1,605,944,847	1,340,265,264	265,679,583	19.8%
State Aid	82,073,509	150,206,649	(68,133,140)	(45.4%)
Grants and Contributions, Unrestricted	151,059,331	109,392,657	41,666,674	38.1%
Other	9,079,224	49,183,203	(40,103,979)	(81.5%)
Special Item	-	41,512,474	(41,512,474)	100.0%
Total Revenues and Special Items	<u>2,232,469,119</u>	<u>1,768,053,322</u>	<u>464,415,797</u>	<u>26.3%</u>
Expenses				
Instruction	972,334,416	650,662,754	321,671,662	49.4%
Instructional Resources and Media Services	21,169,253	14,203,567	6,965,686	49.0%
Curriculum and Staff Development	63,888,041	35,993,922	27,894,119	77.5%
Instructional Leadership	42,121,680	26,067,193	16,054,487	61.6%
School Leadership	110,067,219	64,548,864	45,518,355	70.5%
Guidance, Counseling and Evaluation Services	74,521,153	45,798,249	28,722,904	62.7%
Social Work Services	2,931,749	1,609,764	1,321,985	82.1%
Health Services	21,876,353	12,806,971	9,069,382	70.8%
Student (Pupil) Transportation	66,868,011	49,670,287	17,197,724	34.6%
National Breakfast and Lunch	124,943,934	103,681,948	21,261,986	20.5%
Cocurricular/Extracurricular Activities	37,551,758	29,291,340	8,260,418	28.2%
General Administration	48,798,452	34,962,724	13,835,728	39.6%
Facilities Maintenance and Operations	141,865,719	119,466,649	22,399,070	18.7%
Security and Monitoring Services	21,494,308	13,495,855	7,998,453	59.3%
Data Processing Services	48,959,455	38,018,316	10,941,139	28.8%
Community Services	12,029,540	8,209,966	3,819,574	46.5%
Debt Service - Interest on Long Term Debt	121,968,174	124,140,537	(2,172,363)	(1.7%)
Debt Service - Bond Related Fees	1,944,555	49,021	1,895,534	3866.8%
Facilities Acquisition and Construction	1,613,647	2,831,109	(1,217,462)	(43.0%)
Contracted Instructional Services Between Schools	67,373,116	-	67,373,116	-
Payments to Juvenile Justice Alt. Ed. Prg.	3,000	7,332	(4,332)	(59.1%)
Payments to Tax Increment Fund	64,955	65,673	(718)	(1.1%)
Other Intergovernmental Charges	5,445,908	5,069,208	376,700	7.4%
Total Expenses	<u>2,009,834,396</u>	<u>1,380,651,249</u>	<u>629,183,147</u>	<u>45.6%</u>
Increase (decrease) in Net Position	222,634,723	387,402,073	(164,767,350)	(42.5%)
Net Position - Beginning	(203,773,715)	513,671,528	(717,445,243)	(139.7%)
Cumulative Effects of Change in Accounting Principle	-	(1,104,847,316)	1,104,847,316	(100.0%)
Net Position - After Adjustments	<u>(203,773,715)</u>	<u>(591,175,788)</u>	<u>387,402,073</u>	<u>(65.5%)</u>
Net Position - Ending	<u>\$ 18,861,008</u>	<u>\$ (203,773,715)</u>	<u>\$ 222,634,723</u>	<u>(109.3%)</u>

**Dallas Independent School District
Management's Discussion and Analysis (Unaudited)
For the Fiscal Year Ended June 30, 2019**

Approximately 72% of the District's revenue was generated from property taxes, 4% was state aid, 16% from operating grants and the remaining 9% was generated from miscellaneous revenue sources (See Exhibit 4).

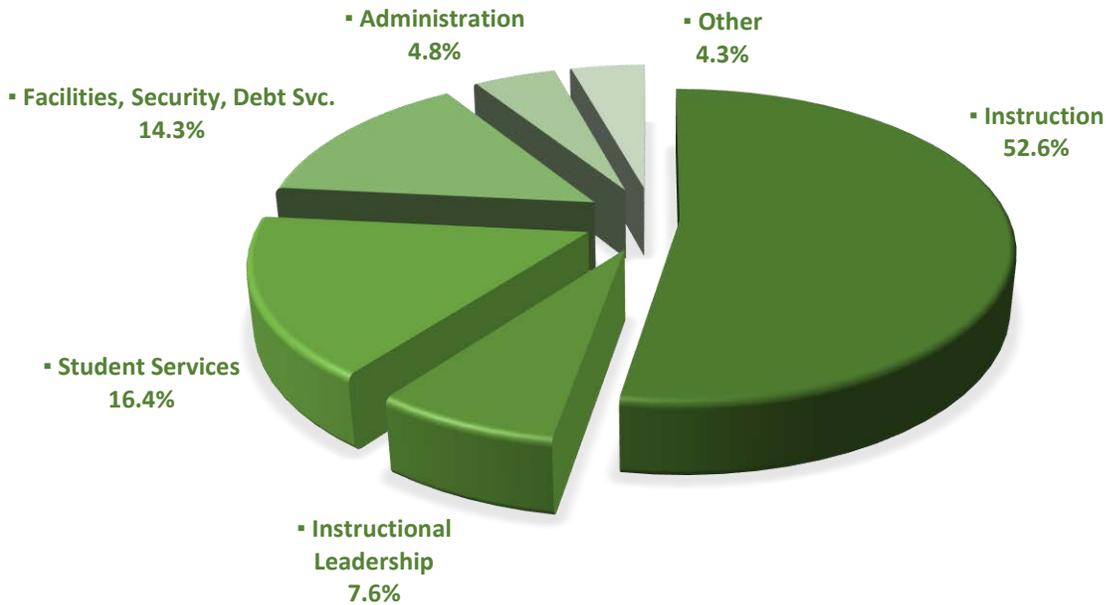
**Exhibit 4
Sources of Revenue
Governmental Activities**



**Dallas Independent School District
Management's Discussion and Analysis (Unaudited)
For the Fiscal Year Ended June 30, 2019**

For the year ended June 30, 2019, the District's total cost of all programs and services was \$2.0 billion. Approximately 53% of the District's governmental activities were dedicated to instructional areas. Direct student services, such as counseling, nursing, and transportation services, comprised approximately 16% of governmental expenses. The costs to operate facilities, including utilities, security services and debt payments comprised 14% of the cost of all programs (See Exhibit 5).

**Exhibit 5
Expense Allocations
Governmental Activities**



FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

For the fiscal year ended June 30, 2019, the District's governmental funds reported ending fund balances of \$1.1 billion. Of this amount, \$590.8 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 41.4% of the total 2019 General Fund expenditures, while total fund balance represents 50.0% of that same amount.

The Debt Service Fund has a total fund balance of \$181.8 million, of which \$138.8 million is restricted for the payment of debt service requirements. The Capital Projects Fund balance decreased by \$299.7 million to \$197.4 million. This is due to expenditures on capital projects. Non-Major Governmental Funds have a total fund balance of \$27.9 million representing a decrease for the current year of \$4.3 million.

**Dallas Independent School District
Management's Discussion and Analysis (Unaudited)
For the Fiscal Year Ended June 30, 2019**

Capital Assets. At June 30, 2019, the District had \$2.9 billion of capital assets, net of depreciation and loss on disposition of assets, including land, equipment, buildings, and vehicles. This amount represents a net increase of \$178.4 million or 6.54% over last year (See Exhibit 6.)

**Exhibit 6
District's Capital Assets**

	June 30, 2019	June 30, 2018	\$ Change	% Change
Land	\$ 257,390,003	\$ 249,985,988	\$ 7,404,015	2.96%
Building and Improvements	3,745,735,481	3,633,611,483	112,123,998	3.09%
Furniture and Equipment	292,367,184	288,570,622	3,796,562	1.32%
Total	<u>4,295,492,668</u>	<u>4,172,168,093</u>	<u>123,324,575</u>	<u>2.96%</u>
Accumulated Depreciation	(1,751,742,871)	(1,615,853,356)	(135,889,515)	8.41%
Net Book Value, net of CIP	<u>2,543,749,797</u>	<u>2,556,314,737</u>	<u>(12,564,940)</u>	<u>(0.49%)</u>
Construction in Progress	363,626,144	172,656,537	190,969,607	110.61%
Net Book Value	<u>\$ 2,907,375,941</u>	<u>\$ 2,728,971,274</u>	<u>\$ 178,404,667</u>	<u>6.54%</u>

Voters approved a \$1.6 billion bond referendum on November 3, 2015. The District's 2015 Bond Program began after the first sale of bonds in February 2016 and includes \$100 million for technology improvements to campuses. Under the leadership and supervision of the Construction Services Department, the \$1.6 billion is being used to improve and build District facilities. The 2015 Program includes plans to construct five new schools, including one high school and four elementary schools. In addition, the program will construct twelve additions to existing schools, including six high schools, one middle school, and five elementary schools. The program includes renovations and improvements to 113 existing District facilities including roofs, HVAC, building envelope, interior improvements, site improvements, exterior façade improvements, plumbing, technology, gyms, locker rooms, libraries, science labs, cafeterias, auditoriums, performing arts, fine arts, athletic facilities, and administration areas in schools. The completion of all construction is targeted for 2022. In addition, \$5.5 million in land, building and capital equipment were retired during the year. For more information on the District's capital assets, see Note H in the financial statements.

Debt Administration. For the year ended June 30, 2019, the District had \$4.2 billion in long-term debt outstanding. This represents a net increase of \$184.1 million, or 4.6%, over last year. (See Exhibit 7).

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

	June 30, 2019	June 30, 2018	\$ Change Increase/ (Decrease)	% Change Increase/ (Decrease)
Bonds and notes payable	\$ 2,690,275,000	\$ 2,830,495,000	\$ (140,220,000)	(5.0%)
Workers compensation liability	9,389,172	8,829,091	560,081	6.3%
Premium on bonds	144,419,510	164,355,890	(19,936,380)	(12.1%)
Net Pension Liability (District's Share)	628,056,748	371,237,578	256,819,170	69.2%
Net OPEB Liability (District's Share)	716,208,922	629,337,928	86,870,994	13.8%
Long Term Debt Outstanding	<u>\$ 4,188,349,352</u>	<u>\$ 4,004,255,487</u>	<u>\$ 184,093,865</u>	<u>4.6%</u>

**Dallas Independent School District
Management's Discussion and Analysis (Unaudited)
For the Fiscal Year Ended June 30, 2019**

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

BUDGETARY HIGHLIGHTS

- Amendment approved to increase revenue by \$0.5 million for PreK tuition for non-eligible students.
- Amendment approved to recognize additional revenue by \$10.7 million from 2015 Property Taxable Value Audit.
- Amendment approved to recognize additional revenue estimate of \$9.8 million from General Fund revised Interest Earnings estimate.
- Amendment approved to recognize additional revenue estimate of \$25.2 million from increase in Current Year Property Tax Value from 7% to 10%.
- Amendment approved to decrease revenue estimate by \$0.9 million for decrease in ADA (1,278).
- Amendment approved to increase revenue estimate by \$2.4 million as a result of Special Program Populations.
- Amendment approved to recognize additional revenue for TRS On-Behalf of \$6.0 million.
- Amendment approved to increase revenue by \$3.1 million from e-Rate revenue reimbursement.
- Amendment approved to increase expenditures by \$1.9 million to fund additional campus positions due to leveling changes.
- Amendment approved to increase expenditures by \$3.0 million to fund FARE (Funds for Achievement and Racial Equity) Strategic Initiative.
- Amendment approved to increase expenditures by \$1.0 million to Racial Equity Office to fund targeted programs to increase student achievement.
- Amendment approved to increase Fiscal Year 2018-2019 expenditure budget by amount of unspent purchase order balances from Fiscal Year 2017-2018 totaling \$4.9 million.
- Amendment approved to increase expenditures by \$1.5 million to fund additional campus positions due to non-enrollment based additions.
- Amendment approved to decrease expenditures by \$1.1 million from decrease in recapture due to Special Education student increase.
- Amendment approved to increase expenditures by \$1.2 million to fund Special Education additional positions.
- Amendment approved to increase expenditures by \$10.1 million from increase in recapture due to decrease in ADA (1,278).
- Amendment approved to decrease expenditures by \$8.4 million from decrease in recapture due to Special Program Populations student increase.
- Amendment approved to increase expenditures by \$0.5 million due to cost of issuance associated with the remarketing of the Tax Maintenance Notes.
- Amendment approved to increase expenditures by \$1.0 million to fund ACA (Affordable Care Act) penalty.
- Amendment approved to increase expenditures by \$6.0 million to properly align expenditure functions based upon projected financial results.

**Dallas Independent School District
Management's Discussion and Analysis (Unaudited)
For the Fiscal Year Ended June 30, 2019**

- Amendment approved to for \$75.0 million increase in Other Uses and Non-Operating Expenses due to remarketing on Tax Maintenance Notes.
- Amendment approved to increase expenditures by \$24.3 million to fund the escrow deposit for future defeasance of 2016B-6 due in 2022.
- Amendment approved to increase expenditures by \$0.7 million to fund the Sales of Bonds – 2019 refunding service fee.
- Amendment approved to increase expenditures by \$0.6 million to fund the Commercial Paper line of credit fee (\$600,000) and Commercial interest expense (\$14,100).
- Amendment approved for \$136.1 million increase Sales of Bonds – 2019 Refunding and \$9.0 million increase Premium/Discount on Issuance of Bonds in Other Resources and Non-Operating Revenue.
- Amendment approved for \$75.0 million increase in Other Uses and Non-Operating Expenses due to approval of refunding Tax Maintenance Notes.
- Amendment approved for \$144.4 million increase in Other Uses and Non-Operating Expenses due to Sale of Bonds – 2019 Refunding.
- Amendments approved to increase expenditures by \$1.4 million to fund 3% salary/benefit increase for eligible employees.
- Amendment approved to increase expenditures by \$0.5 million to fund the increase of the minimum entry pay to \$12.00/hour for Food Service employees.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

In June 2019, the Board of Trustees adopted the 2019-20 budget, which supports the District's goals.

The primary factors considered in preparing the District's budget for the 2019-20 fiscal year include a 7.0% increase in local property values and a 97.9% property tax collection rate. The Maintenance and Operations tax rate was lowered to \$1.068350 per \$100 valuation for the 2019-20 year. The Interest and Sinking ("I&S") tax rate remained at \$0.242035 per \$100 valuation for the 2019-20 year.

Student enrollment is projected to be 153,333 in 2019-20.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

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

Dallas Independent School District

BASIC FINANCIAL STATEMENTS

**Dallas Independent School District
Statement of Net Position
June 30, 2019**

Data Control Codes	Primary Government Governmental Activities
ASSETS	
1110 Cash and Cash Equivalents	\$ 1,282,448,732
1120 Investments	36,607,172
1220 Property Taxes Receivables (delinquent)	71,315,457
1230 Allowance for Uncollectible Taxes (credit)	(46,523,974)
1240 Due from Other Governments	67,247,930
1250 Accrued Interest	293,618
1290 Other Receivables, Net	29,912,724
1300 Inventories	11,735,957
1410 Prepaid Items	6,888,422
Capital Assets	
1510 Land	257,390,003
1520 Buildings and Improvements, Net	2,217,555,491
1530 Furniture and Equipment, Net	68,804,303
1580 Construction in Progress	363,626,144
1000 Total Assets	4,367,301,979
DEFERRED OUTFLOWS OF RESOURCES	
1701 Deferred Loss on Refunding	84,112,769
1705 Related to the TRS Pension	301,668,328
1706 Related to the TRS OPEB	58,755,393
1700 Total Deferred Outflows of Resources	444,536,490
LIABILITIES	
2110 Accounts Payable	69,154,118
2120 Other Liabilities	154,124
2140 Interest Payable	51,162,048
2150 Payroll Deductions & Withholdings Payable	15,182,922
2160 Accrued Wages and Benefits Payable	146,863,624
2180 Due to Other Governments	20,732,501
2200 Accrued Expenses	10,454,755
2300 Unearned Revenue	2,137,719
Noncurrent Liabilities	
2501 Due Within One Year	84,719,208
2502 Due in More Than One Year	2,760,164,474
2540 Net Pension Liability (District's Share)	628,056,748
2545 Net OPEB Liability (District's Share)	716,208,922
2000 Total Liabilities	4,504,991,163
DEFERRED INFLOWS OF RESOURCES	
2605 Related to the TRS Pension	54,453,636
2606 Related to the TRS OPEB	233,532,662
2600 Total Deferred Inflows of Resources	287,986,298
NET POSITION	
3200 Net Investment in Capital Assets	353,356,942
3820 Restricted for Federal and State Programs	19,440,796
3850 Restricted for Debt Service	87,602,841
3890 Restricted for Other Programs	3,003,934
3900 Unrestricted	(444,543,505)
3000 Total Net Position	\$ 18,861,008

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

**Dallas Independent School District
Statement of Activities
For the Fiscal Year Ended June 30, 2019**

	Program Revenues			Net (Expense) Revenue and Changes in Net Position
	1 Expenses	3 Charges for Services	4 Operating Grants and Contributions	6 Governmental Activities
Primary Government				
GOVERNMENTAL ACTIVITIES				
11 Instruction	\$ 972,334,416	\$ 541,675	\$ 124,337,232	\$ (847,455,509)
12 Instructional Resources and Media Services	21,169,253	-	1,522,054	(19,647,199)
13 Curriculum and Staff Development	63,888,041	-	41,913,179	(21,974,862)
21 Instructional Leadership	42,121,680	-	8,739,937	(33,381,743)
23 School Leadership	110,067,219	-	9,130,186	(100,937,033)
31 Guidance, Counseling and Evaluation Services	74,521,153	-	18,068,249	(56,452,904)
32 Social Work Services	2,931,749	-	990,430	(1,941,319)
33 Health Services	21,876,353	-	2,803,501	(19,072,852)
34 Student (Pupil) Transportation	66,868,011	-	4,005,794	(62,862,217)
35 Food Services	124,943,934	1,646,080	104,472,154	(18,825,700)
36 Cocurricular/Extracurricular Activities	37,551,758	973,006	1,547,762	(35,030,990)
41 General Administration	48,798,452	-	7,100,520	(41,697,932)
51 Facilities Maintenance and Operations	141,865,719	2,555,272	9,722,822	(129,587,625)
52 Security and Monitoring Services	21,494,308	-	2,016,650	(19,477,658)
53 Data Processing Services	48,959,455	-	1,670,839	(47,288,616)
61 Community Services	12,029,540	-	7,083,911	(4,945,629)
72 Debt Service - Interest on Long Term Debt	121,968,174	-	-	(121,968,174)
73 Debt Service - Bond Related Fees	1,944,555	-	-	(1,944,555)
81 Facilities Acquisition and Construction	1,613,647	-	202	(1,613,445)
91 Contracted Instructional Services Between Schools	67,373,116	-	-	(67,373,116)
95 Payments to Juvenile Justice Alternative Ed. Prg.	3,000	-	-	(3,000)
97 Payments to Tax Increment Fund	64,955	-	-	(64,955)
99 Other Intergovernmental Charges	5,445,908	-	-	(5,445,908)
TOTAL PRIMARY GOVERNMENT	\$ 2,009,834,396	\$ 5,716,033	\$ 345,125,422	\$ (1,658,992,941)

Data	General Revenues	
Control	Taxes	
Codes		
MT	Property Taxes, Levied for General Purposes	1,330,674,650
DT	Property Taxes, Levied for Debt Service	275,270,197
SF	State Aid not Restricted to Specific Purpose	82,073,509
GC	Grants, Contributions and Other Revenue not Restrict	151,059,331
IE	Investment Earnings	33,470,753
MI	Miscellaneous Local and Intermediate Revenue	9,079,224
TR	Total General Revenues	1,881,627,664
CN	Change in Net Position	222,634,723
NB	Net Position - Beginning	(203,773,715)
NE	Net Position - Ending	\$ 18,861,008

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

**Dallas Independent School District
Balance Sheet
Governmental Funds
June 30, 2019**

	10 General Fund	50 Debt Service Fund
ASSETS		
1110 Cash and Cash Equivalents	\$ 845,118,148	\$ 144,267,489
1120 Investments	-	36,607,172
1220 Property Taxes Receivables (delinquent)	59,165,375	12,150,082
1230 Allowance for Uncollectible Taxes (credit)	(38,397,741)	(8,126,233)
1240 Due from Other Governments	30,374,720	228,871
1250 Accrued Interest	240,696	-
1260 Due from Other Funds	10,086,078	-
1290 Other Receivables, Net	29,548,806	-
1300 Inventories	7,442,247	-
1410 Prepaid Items	6,888,422	-
1000 Total Assets	<u>950,466,751</u>	<u>185,127,381</u>
LIABILITIES		
2110 Accounts Payable	13,724,110	-
2120 Other Liabilities	153,724	-
2140 Interest Payable - Current	-	1,666
2150 Payroll Deductions and Withholdings Payable	13,282,036	-
2160 Accrued Wages and Benefits Payable	135,111,129	-
2170 Due to Other Funds	1,388,125	-
2180 Due to Other Governments	20,591,308	78,649
2200 Accrued Expenditures	9,539,583	-
2300 Unearned Revenues	214,095	-
2000 Total Liabilities	<u>194,004,110</u>	<u>80,315</u>
DEFERRED INFLOWS OF RESOURCES		
2601 Unavailable Revenue - Property Taxes	17,208,841	3,284,490
2602 Other Deferred Resource Inflows (See Note J)	26,260,584	-
2600 Total Deferred Inflows of Resources	<u>43,469,425</u>	<u>3,284,490</u>
FUND BALANCES		
Nonspendable Fund Balance		
3410 Inventories	7,442,247	-
3430 Prepaid Items	6,888,422	-
Restricted Fund Balance		
3450 Federal or State Funds Grant Restriction	-	-
3470 Capital Acquisition and Contractual Obligation	-	-
3480 Retirement of Long Term Debt	-	138,763,223
3490 Other Restricted Fund Balance	-	-
Assigned Fund Balance		
3565 Retirement of Loans or Notes Payable	-	42,999,353
3590 Other Assigned Fund Balance	107,882,093	-
3600 Unassigned Fund Balance	590,780,454	-
3000 Total Fund Balances	<u>712,993,216</u>	<u>181,762,576</u>
4000 Total Liabilities, Deferred Inflows & Fund Balances	<u>\$ 950,466,751</u>	<u>\$ 185,127,381</u>

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

60 Capital Projects Fund	Non-Major Governmental Funds	Total Governmental Funds
\$ 247,812,474	\$ 17,871,743	\$ 1,255,069,854
-	-	36,607,172
-	-	71,315,457
-	-	(46,523,974)
-	36,644,339	67,247,930
52,922	-	293,618
-	-	10,086,078
-	322,988	29,871,794
-	4,293,710	11,735,957
-	-	6,888,422
<u>247,865,396</u>	<u>59,132,780</u>	<u>1,442,592,308</u>
50,502,254	4,519,215	68,745,579
400	-	154,124
-	-	1,666
-	1,900,251	15,182,287
-	11,725,105	146,836,234
-	10,208,672	11,596,797
-	62,544	20,732,501
-	887,313	10,426,896
-	1,923,624	2,137,719
<u>50,502,654</u>	<u>31,226,724</u>	<u>275,813,803</u>
-	-	20,493,331
-	-	26,260,584
-	-	46,753,915
-	4,293,710	11,735,957
-	-	6,888,422
-	15,147,086	15,147,086
197,362,742	-	197,362,742
-	-	138,763,223
-	3,003,934	3,003,934
-	-	42,999,353
-	5,461,326	113,343,419
-	-	590,780,454
<u>197,362,742</u>	<u>27,906,056</u>	<u>1,120,024,590</u>
<u>\$ 247,865,396</u>	<u>\$ 59,132,780</u>	<u>\$ 1,442,592,308</u>

Dallas Independent School District

**Dallas Independent School District
Reconciliation of the Governmental Funds Balance Sheet to the
Statement of Net Position
June 30, 2019**

Total Fund Balances - Governmental Funds (from C-1)	\$ 1,120,024,590
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Amounts reported for governmental activities in the statement of net position are different because:

Capital assets net of accumulated depreciation, less assets held in internal service funds, are not financial resources and therefore are not reported as assets in governmental funds. The total amount is \$2,907,178,442, which results in an increase in Net Position.	2,907,178,442
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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	(2,691,075,000)	
Deferred Losses on Refundings	84,112,769	
Premium on Bonds	(144,419,510)	(2,751,381,741)

Accrued interest is not due and payable in the current period and therefore is not reported as a liability in the governmental funds. The accrued interest on long term debt is \$51,160,382.	(51,160,382)
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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	20,493,331	
Medicaid/SHARS	26,260,584	46,753,915

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).	19,274,431
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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	(628,056,748)	
Deferred Outflows of Resources - TRS Pension	301,668,328	
Deferred Inflows of Resources - TRS Pension	(54,453,636)	(380,842,056)

The District participates in the TRS OPEB plan TRS-Care. The impact on the ending net position related to the TRS OPEB plan came from the following:

Ending Net OPEB Liability	(716,208,922)	
Deferred Outflows of Resources - TRS OPEB	58,755,393	
Deferred Inflows of Resources - TRS OPEB	(233,532,662)	(890,986,191)

Total Net Position of Governmental Activities (see A-1)	<u>\$ 18,861,008</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 Fiscal Year Ended June 30, 2019

Data Control Codes	10 General Fund	50 Debt Service Fund
REVENUES		
5700 Local and Intermediate Sources	\$ 1,366,250,835	\$ 279,196,441
5800 State Program Revenues	226,489,671	2,270,236
5900 Federal Program Revenues	105,061,609	-
5020 Total Revenues	<u>1,697,802,115</u>	<u>281,466,677</u>
EXPENDITURES		
Current		
11 Instruction	792,368,226	-
12 Instructional Resources and Media Services	18,209,778	-
13 Curriculum and Instructional Staff Development	16,262,365	-
21 Instructional Leadership	32,347,553	-
23 School Leadership	95,814,190	-
31 Guidance, Counseling and Evaluation Services	53,691,707	-
32 Social Work Services	1,863,366	-
33 Health Services	19,193,588	-
34 Student (Pupil) Transportation	50,587,137	-
35 Food Services	23,219	-
36 Cocurricular/Extracurricular Activities	31,627,785	-
41 General Administration	42,048,320	-
51 Facilities Maintenance and Operations	131,183,938	-
52 Security and Monitoring Services	19,894,343	-
53 Data Processing Services	32,252,840	-
61 Community Services	3,445,202	-
Debt Service		
71 Principal on Long Term Debt	-	133,245,000
72 Interest on Long Term Debt	9,149,737	134,327,049
73 Bond Fees and Charges	474,312	718,395
Capital Outlay		
81 Facilities Acquisition and Construction	2,676,197	-
Intergovernmental		
91 Contracted Instructional Services Between Schools	67,373,116	-
95 Payments to Juvenile Justice Alternative Ed. Prg.	3,000	-
97 Payments to Tax Increment Fund	64,955	-
99 Other Intergovernmental Charges	5,445,908	-
6030 Total Expenditures	<u>1,426,000,782</u>	<u>268,290,444</u>
1100 Excess (Deficiency) of Revenues Over Expenditures	<u>271,801,333</u>	<u>13,176,233</u>
OTHER FINANCING SOURCES (USES)		
7901 Refunding Bonds Issued	-	68,025,000
7911 Capital Related Debt Issued (Regular Bonds)	-	-
7912 Sale of Real and Personal Property	325,751	-
7915 Transfers In	75,000,000	7,167,000
7916 Premium or Discount on Issuance of Bonds	500,250	7,635,505
8911 Transfers Out (Use)	(7,167,000)	(75,000,000)
8940 Payment to Bond Refunding Escrow Agent (Use)	-	(75,000,000)
7080 Total Other Financing Sources (Uses)	<u>68,659,001</u>	<u>(67,172,495)</u>
1200 Net Change in Fund Balance	340,460,334	(53,996,262)
0100 Fund Balance - Beginning	<u>372,532,882</u>	<u>235,758,838</u>
3000 Fund Balance - Ending	<u>\$ 712,993,216</u>	<u>\$ 181,762,576</u>

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

60 Capital Projects Fund	Non-Major Governmental Funds	Total Governmental Funds
\$ 9,964,168	\$ 10,406,291	\$ 1,665,817,735
-	5,929,433	234,689,340
-	236,197,157	341,258,766
<u>9,964,168</u>	<u>252,532,881</u>	<u>2,241,765,841</u>
-	63,107,979	855,476,205
-	437,775	18,647,553
-	41,368,610	57,630,975
-	6,575,929	38,923,482
-	2,035,090	97,849,280
-	13,910,372	67,602,079
-	815,050	2,678,416
-	388,358	19,581,946
-	-	50,587,137
-	111,677,087	111,700,306
-	1,282,924	32,910,709
-	4,846,065	46,894,385
-	2,826,267	134,010,205
-	148,362	20,042,705
-	376,799	32,629,639
-	7,029,720	10,474,922
-	-	133,245,000
-	-	143,476,786
751,848	-	1,944,555
309,666,031	-	312,342,228
-	-	67,373,116
-	-	3,000
-	-	64,955
-	-	5,445,908
<u>310,417,879</u>	<u>256,826,387</u>	<u>2,261,535,492</u>
<u>(300,453,711)</u>	<u>(4,293,506)</u>	<u>(19,769,651)</u>
-	-	68,025,000
800,000	-	800,000
-	-	325,751
-	-	82,167,000
-	-	8,135,755
-	-	(82,167,000)
-	-	(75,000,000)
<u>800,000</u>	<u>-</u>	<u>2,286,506</u>
(299,653,711)	(4,293,506)	(17,483,145)
<u>497,016,453</u>	<u>32,199,562</u>	<u>1,137,507,735</u>
<u>\$ 197,362,742</u>	<u>\$ 27,906,056</u>	<u>\$ 1,120,024,590</u>

**Dallas Independent School District
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures,
and Changes in Fund Balances to the Statement of Activities
For the Fiscal Year Ended June 30, 2019**

Total Net Change in Fund Balances - Governmental Funds (from C-2) \$ (17,483,145)

Governmental funds report capital outlays as expenditures. In the statement of activities, the cost of those assets is allocated over the estimated useful lives as depreciation expense. Capital outlays and donated assets this current period were \$319,877,332 and dispositions were \$5,568,916. The current year depreciation, excluding internal service funds (also adjusted for dispositions), was \$135,867,648. Capital outlays exceeded the current year depreciation by \$178,440,768. This causes an increase in the change in net position. 178,440,768

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

Principal Payments, Net of Issuances	131,784,495	
Amortization of Premium	27,571,885	
Amortization of Loss on Bond Refunding	(7,680,686)	151,675,694

In the fund level statements, revenues are reported when they are available. In the Statement of Activities, revenues are reported when they are earned. Thus revenues reported as a deferred resource inflow in the fund level statements must be reclassified showing the portion of these earned in the current reporting period as revenues and the portion of these earned in prior periods as part of the beginning net position. Similarly, any revenues received and available in the current year which were earned in prior years must be reclassified from revenues and reported as part of the beginning net position. This includes revenues from property taxes and revenues earned in prior periods for the Medicaid/SHARS program. The change in ending net position increased from the adjustment on taxes by \$3,633,965, and the change due to the SHARS adjustment was a decrease in net position by \$51,975,332. The net effect of all of these adjustments was a decrease in the change in net position in the amount of of \$48,341,367. (48,341,367)

Interest on long term debt in the Statement of Activities differs from the amount reported in the governmental funds because interest is recognized as an expenditure in the funds when it is due and thus requires the use of current financial resources. In the Statement of Activities, interest expense is recognized as the interest accrues, regardless of when it is due. The decrease in accrued interest is \$1,617,413. The change in ending net position will increase by that amount. 1,617,413

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, 2019

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 increase the change in net position.

5,110,199

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

Deferred Outflows	196,084,595	
Deferred Inflows	19,179,013	
Ending Net Pension Liability	(256,819,170)	(41,555,562)

Adjustments were required for GASB 75 for the current fiscal year. The necessary changes in the District's Ending Net OPEB Liability, the deferred resource outflow related to the TRS OPEB, and the deferred resource inflow related to the TRS OPEB resulted in a decrease in the change in net position. This resulted from the following changes:

Deferred Resource Outflow	50,321,135	
Deferred Resource Inflow	29,720,582	
Ending Net OPEB Liability	(86,870,994)	(6,829,277)

Total Change in Net Position of Governmental Activities (see B-1)

\$ 222,634,723

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, 2019**

	Governmental Activities
	Total Internal Service Funds
ASSETS	
Current Assets	
Cash and Cash Equivalents	\$ 27,378,878
Due from Other Funds	1,510,719
Other Receivables, Net	40,930
Total Current Assets	<u>28,930,527</u>
Noncurrent Assets	
Capital Assets	
Furniture and Equipment, Net	197,499
Total Noncurrent Assets	<u>197,499</u>
Total Assets	<u>29,128,026</u>
LIABILITIES	
Current Liabilities	
Accounts Payable	408,539
Accrued Liabilities - Short Term	3,454,208
Payroll Deductions and Withholdings Payable	635
Accrued Wages and Benefits Payable	27,390
Accrued Expenses	27,859
Total Current Liabilities	<u>3,918,631</u>
Noncurrent Liabilities	
Accrued Liabilities - Long Term	5,934,964
Total Noncurrent Liabilities	<u>5,934,964</u>
Total Liabilities	<u>9,853,595</u>
NET POSITION	
Net Investment in Capital Assets	197,499
Unrestricted Net Position	19,076,932
Total Net Position	<u>\$ 19,274,431</u>

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

Dallas Independent School District
Statement of Revenues, Expenses, and Changes in Fund Net Position
Proprietary Funds
For the Fiscal Year Ended June 30, 2019

	Governmental Activities
	Total Internal Service Funds
OPERATING REVENUES	
Charges for Services	\$ 15,598,063
Total Operating Revenues	<u>15,598,063</u>
OPERATING EXPENSES	
Personnel Services	7,402,844
Contractual Services	1,738,912
Supplies	762,989
Other Operating Expenses	540,803
Depreciation Expense	40,271
Total Operating Expenses	<u>10,485,819</u>
Operating Income	5,112,244
NON-OPERATING REVENUES	
Loss on Sale of Property	<u>(2,045)</u>
Total Non-Operating Revenues	<u>(2,045)</u>
Change in Net Position	5,110,199
Total Net Position - Beginning	<u>14,164,232</u>
Total Net Position - Ending	<u><u>\$ 19,274,431</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 Fiscal Year Ended June 30, 2019**

	Governmental Activities
	Total Internal Service Funds
Cash Flows from Operating Activities	
Cash Received from User Charges	\$ 15,594,990
Cash Payments to Employees for Services	(3,328,381)
Cash Payments for Insurance Claims	(3,527,487)
Cash Payments for Suppliers	(2,927,774)
Cash Payments for Accrued Expenses	(20,246)
Net Cash Provided by Operating Activities	<u>5,791,102</u>
Cash Flows from Capital & Related Financing Activities	
Acquisition of Capital Assets	<u>(6,217)</u>
Net Increase in Cash and Cash Equivalents	5,784,885
Cash and Cash Equivalents at Beginning of Year	<u>21,593,993</u>
Cash and Cash Equivalents at End of Year	<u><u>27,378,878</u></u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities	
Operating Income	5,112,244
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities	
Depreciation	40,271
Effect of Increases and Decreases in Current Assets and Liabilities	
Decrease (increase) in Due from Other Funds	(3,073)
Increase (decrease) in Accounts Payable	91,075
Increase (decrease) in Payroll Deductions	121
Increase (decrease) in Accrued Wages Payable	(13,081)
Increase (decrease) in Due to Other Funds	(145)
Increase (decrease) in Accrued Expenses	468,647
Increase (decrease) in Accrued Liabilities - Long Term	95,043
Net Cash Provided by Operating Activities	<u><u>\$ 5,791,102</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, 2019**

	Agency Fund
ASSETS	
Cash and Cash Equivalents	\$ 2,592,216
Other Receivables	214
Total Assets	<u>2,592,430</u>
LIABILITIES	
Accounts Payable	47,291
Due to Student Groups	2,360,635
Accrued Expenses	184,504
Total Liabilities	<u>\$ 2,592,430</u>

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

**Dallas Independent School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2019**

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**Dallas Independent School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2019**

NOTE A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Reporting Entity. The Board of Trustees (the "Board") consists of nine members and has governance responsibilities over all activities related to public elementary and secondary school education within the jurisdiction of the Dallas Independent School District (the "District"). Board members are elected by the public and have decision-making authority, the power to designate management, the responsibility to significantly influence operations, and primary accountability for fiscal matters.

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

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

The Statement of Activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. All capital asset depreciation is reported as a direct expense of the functional program that benefits from the use of the capital assets. Program revenues include: 1) charges for services and tuition charged by a given function and 2) grants and contributions that are restricted to meeting operational requirements of a particular function. Taxes, state aid, grants and contributions not restricted to specific programs are properly excluded from program revenues and reported instead as general revenues.

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

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred. However, debt service expenditures, and claims and judgments, are recorded only when matured and payment is due. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long term debt and acquisitions under notes payable are reported as other financing sources. Property tax revenues and revenues received from the State of Texas and investment earnings are considered to be susceptible to accrual and so have been recognized as revenues in the current period. Property taxes collected within 60 days of year-end and included in revenue were \$4,743,912 and \$968,231 for the General Fund and Debt Service Fund, respectively.

Dallas Independent School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2019

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 M 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 \$19,637,166 which is included in receivables from other governments in the governmental funds balance sheet, to reflect cash that will be received in fiscal year 2020, which was generated by attendance and the type of instructional services provided in fiscal year 2019. The District has also accrued an offsetting liability of \$20,251,075 which is included in due to other governments, to reflect an anticipated Texas Education Agency final fiscal year 2019 settle-up adjustment that will occur in 2020.

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

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

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

The District reports the following Non-Major funds:

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

**Dallas Independent School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2019**

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 Auto Liability Insurance Fund was established on July 1, 2018, to accumulate and allocate all externally incurred liability expenses relating to student transportation and white fleet vehicle accidents such as physical damage, third party medical claims, and third party administrator costs, as well as contracted services and parts to repair district buses damaged in such incidents..

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

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

Assets, Liabilities, and Deferred Outflows and Inflows of Resources

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

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

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

**Dallas Independent School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2019**

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

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

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

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

**Dallas Independent School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2019**

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

In addition to liabilities, the Statement of Net Position will report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and therefore, will not be recognized as an inflow of resources (revenue) until then. The District has four items that qualify for reporting in this category. They are related to TRS pension, TRS OPEB, unavailable revenue, and other deferred resource inflows. Unavailable revenue is reported only in the Governmental Funds Balance Sheet, and TRS pension investment earnings are reported only on the Government-wide Statement of Net Position. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available. See Note K 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 \$2,931,576 represents the recorded liability for employees vested in accumulated vacation and compensatory pay. The General Fund is used to liquidate compensated absences.

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

In the fund financial statements, bond premiums and discounts, as well as bond issuance costs are recognized in the governmental funds during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

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

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

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

**Dallas Independent School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2019**

Government-wide Net Position

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

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

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

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

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

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

Governmental Fund Balances

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

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

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

- **Restricted Fund Balance.** The portion of fund balance that reflects resources that are subject to externally enforceable legal restrictions imposed by parties outside the District. Restricted fund balances include funds for the Food Services, funds restricted for capital acquisitions, funds used to retire long term debts or resources from granting agencies.
- **Committed Fund Balance.** The portion of fund balance that reflects resources whose use is limited based upon resolutions by the District's Board of Trustees. At June 30, 2019, 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, 2019**

As of the end of the current fiscal year, the District's Governmental Fund Balance was \$1,120,024,590 reported as follows:

Fund Balances	General Fund	Debt Service Fund	Capital Projects Fund	Non-Major Governmental Funds	Total Governmental Funds
Nonspendable					
Inventories	\$ 7,442,247	\$ -	\$ -	\$ 4,293,710	\$ 11,735,957
Prepaid Items	6,888,422	-	-	-	6,888,422
Restricted					
Federal or State Grants	-	-	-	15,147,086	15,147,086
Capital Acquisition	-	-	197,362,742	-	197,362,742
Debt Services	-	138,763,223	-	-	138,763,223
Local	-	-	-	3,003,934	3,003,934
Assigned					
Retirement of Loans/Notes Payable	-	42,999,353	-	-	42,999,353
Other Assigned Fund Balance	107,882,093	-	-	5,461,326	113,343,419
Unassigned					
	590,780,454	-	-	-	590,780,454
Total Fund Balances	<u>\$712,993,216</u>	<u>\$181,762,576</u>	<u>\$ 197,362,742</u>	<u>\$ 27,906,056</u>	<u>\$ 1,120,024,590</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, 2019, that were subsequently provided for in the 2019-2020 budget totaled \$7,544,093 for the General Fund, which is included in Other Assigned Fund Balance, and were broken down by functions as follows:

Function 11 - Instruction	\$ 290,217
Function 21 - Instructional Leadership	40,000
Function 31 - Guidance, Counseling and Evaluation Services	35,729
Function 34 - Student Transportation	2,588,633
Function 36 - Extracurricular Activities	627,636
Function 41 - General Administration	123,532
Function 51 - Plant Maintenance and Operations	1,877,656
Function 52 - Security and Monitoring Services	550,925
Function 53 - Data Processing Services	1,053,454
Function 81 - Facility Acquisition & Construction	356,311
Total	<u>\$ 7,544,093</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, 2019**

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. The Bank of New York Mellon deposits approved pledged securities, as authorized by Chapter 2257, Collateral for Public Funds of the Government Code, in an amount sufficient to protect the District's funds on a day-to-day basis during the period of the contract. The pledge of approved securities is waived only to the extent of the depository bank's dollar amount of Federal Deposit Insurance Corporation ("FDIC") coverage. In order to maximize return on cash balances, the District uses consolidated bank accounts from which all disbursements are made, with cash in excess of the District's total daily requirement being invested for future needs.

At June 30, 2019, the net carrying amount of the District's cash deposits, excluding student activity fund deposits of \$2,592,216, was \$10,870,620. The bank balance of \$26,981,230 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 \$33,391,129 at June 30, 2019, held by The Bank of New York Mellon. Because The Bank of New York Mellon holds the pledged securities in trust on behalf of the District, the deposits were deemed collateralized under Texas law. All campus activity funds were centralized and were on deposit with the contracted depository. Agency and activity funds were in separate non-interest-bearing bank accounts at the depository bank, and as such, have full FDIC coverage of \$250,000 per bank account. At June 30, 2019, cash on hand in Agency Funds totaled \$2,592,216 and was on deposit with the contracted depository and separate bank accounts. The District's Agency Fund bank balance on June 30, 2019, 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: Wells Fargo Bank, N.A.
- b. The date of highest deposit was February 7, 2019, with combined cash and certificates of deposit balance of \$51,299,389.
- c. On February 8, 2019, the amount of bonds, securities pledged, and FDIC coverage was \$58,789,426.
- d. The FDIC coverage portion of the collateral listed above was \$250,000/\$250,000.
- e. The District had no occasions during the year of not being sufficiently collateralized, in which the pledged collateral requirement was less than the collateral requirement.

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

- Obligations of the United States or its agencies and instrumentalities,
- Obligations of the State of Texas or its agencies, and instrumentalities,
- Other obligations guaranteed by the United States or the State of Texas or their agencies and instrumentalities,
- Public funds investment pools,
- No load money market funds with a weighted average maturity of 90 days or less,
- Fully collateralized repurchase agreements,
- Obligations of states, agencies, counties, cities, and other political subdivisions of any state having been rated as to investment quality not less than an "A", or its equivalent, by a nationally recognized investment rating firm,
- Commercial paper having a stated maturity of 270 days or fewer from the date of issuance and is not rated less than A-1 or P-1 by two nationally recognized credit rating agencies or one nationally recognized credit agency and is fully secured by an irrevocable letter of credit,
- Guaranteed investment contracts for bond proceeds investment only, with a defined termination date and secured by U.S. Government direct or agency obligations approved by the Texas Public Funds Investment Act in an amount equal to the bond proceeds,

**Dallas Independent School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2019**

- 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, 2019, 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	\$ 13,462,836	1.0%	\$ 13,462,836	1.0%	\$ 13,462,836	\$ -	\$ -	N/A
Money markets and FDIC insured investment accounts	9,379,482	0.7%	9,379,482	0.7%	9,379,482	-	-	N/A
Investment pools:								
LOGIC	234,225,285	17.7%	234,225,285	17.7%	234,225,285	-	-	AAAm
Lone Star	241,623,158	18.3%	241,623,158	18.3%	241,623,158	-	-	AAAm
Texas CLASS	266,532,998	20.2%	266,532,998	20.2%	266,532,998	-	-	AAAm
TexasTERM Daily	22,260,219		22,260,219		22,260,219			AAAm
TexasTERM Fixed Term	337,615,985	25.5%	337,615,985	25.5%	337,615,985			AAAf
TexPool	159,940,984	1.0%	159,940,984	1.0%	159,940,984			AAAm
Total Investment pools	1,262,198,630	95.5%	1,262,198,630	95.5%	1,262,198,630	-	-	
*Total cash and cash equivalents	1,285,040,948	97.2%	1,285,040,948	97.2%	1,285,040,948	-	-	
American Municipal Power Authority - Ohio	947,016	0.1%	947,016	0.1%		947,016		A2
Boone County Kentucky Municipal Bond	1,343,815	0.1%	1,343,815	0.1%		1,343,815		A+
Boone County Kentucky Municipal Bond	1,404,076	0.1%	1,404,076	0.1%			1,404,076	A+
Carbon County Pennsylvania Hospital Authority	2,326,289	0.2%	2,326,289	0.2%			2,326,289	AA
Cincinnati Ohio City School District QSCB Municipal Bond	3,134,322	0.2%	3,134,322	0.2%			3,134,322	Aa3
City of Alice, Texas GO LTD Bond	1,022,460	0.1%	1,022,460	0.1%			1,022,460	AA
City of West Palm Beach, Florida Bond	1,205,122	0.1%	1,205,122	0.1%			1,205,122	Aa3
Corpus Christi GO Municipal Bond	462,997	0.0%	462,997	0.0%			462,997	Aa2
Fontana Unified School District Municipal Bond	769,402	0.1%	769,402	0.1%			769,402	Aa3
Gainesville Florida Pension Municipal Bond	1,514,060	0.1%	1,514,060	0.1%		1,514,060		Aa3
Green Bay Wisconsin Municipal Bond	553,520	0.0%	553,520	0.0%			553,520	A1
Indiana State Finance Authority	739,957	0.1%	739,957	0.1%			739,957	A+
North Hudson Sewerage Authority, NJ (A)	1,128,137	0.1%	1,128,137	0.1%			1,128,137	A+
Oregon State School Board Assoc GO Pension Municipal Bond	602,780	0.0%	602,780	0.0%		602,780		Aa2
Oregon State School Board Assoc Pension Municipal Bond	1,830,780	0.1%	1,830,780	0.1%		1,830,780		Aa2
Pennsylvania Economic Development Municipal Bond	2,717,315	0.2%	2,717,315	0.2%			2,717,315	A1
Port Douglas County Washington Municipal Bond	647,186	0.0%	647,186	0.0%			647,186	A+
Reading Pennsylvania Municipal Bond	4,213,687	0.3%	4,213,687	0.3%			4,213,687	A2
San Bernardino County Redevelopment Successor Muni Bond	2,115,660	0.2%	2,115,660	0.2%			2,115,660	AA
San Francisco City & County Redevelopment Municipal Bond	1,284,840	0.1%	1,284,840	0.1%			1,284,840	A2
Texas State Public Finance Municipal Bond	762,417	0.1%	762,417	0.1%			762,417	A1
Texas State Public Finance Municipal Bond	811,720	0.1%	811,720	0.1%			811,720	A1
Texas State University System	985,763	0.1%	985,763	0.1%			985,763	Aa2
University of North Texas	1,593,495	0.1%	1,593,495	0.1%		1,593,495		Aa2
Walnut Valley Unified School District Municipal Bond	2,684,002	0.2%	2,684,002	0.2%			2,684,002	Aa2
*Total Investments	36,800,817	2.8%	36,800,817	2.8%	-	7,831,946	28,968,871	
Total cash, cash equivalents and investments	\$1,321,841,766	100.0%	\$1,321,841,766	100.0%	\$1,285,040,948	\$ 7,831,946	\$28,968,871	

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

Dallas Independent School District
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For the Fiscal Year Ended June 30, 2019

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, 2019 with increase or decrease in fair value being recorded as a component of earnings on investments. Investment Pools are measured at amortized cost or net asset value, i.e. fair value. As such, these investments are not required to be reported in the fair value hierarchy.

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

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

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

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

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

**Dallas Independent School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2019**

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

	Fair Value Measurements Using				Percent of Total Investments
	June 30, 2019	Quoted Prices in	Significant Other	Significant	
		Active Markets for Identical Assets (Level 1)	Observable Inputs (Level 2)	Unobservable Inputs (Level 3)	
<i>Investments not Subject to Fair Value:</i>					
Money markets and FDIC insured investment accounts	\$ 9,379,482	\$ -	\$ -	\$ -	0.72%
Investment Pools:					
LOGIC	\$ 234,225,285	\$ -	\$ -	\$ -	17.90%
Lone Star	241,623,158	-	-	-	18.47%
Texas Class	266,532,998	-	-	-	20.37%
Texas TERM Daily	22,260,219	-	-	-	1.70%
Texas TERM Fixed Term	337,615,985	-	-	-	25.80%
TexPool	159,940,984	-	-	-	12.22%
<i>Investments by Fair Value Level:</i>					
Municipal Bonds:					
American Municipal Power Authority - Ohio	\$ 947,016	\$ -	\$ 947,016	\$ -	0.07%
Boone County Kentucky Municipal Bond	1,343,815	-	1,343,815	-	0.10%
Boone County Kentucky Municipal Bond	1,404,076	-	1,404,076	-	0.11%
Carbon County Pennsylvania Hospital Authority	2,326,289	-	2,326,289	-	0.18%
Cincinnati Ohio City School District QSCB Municipal Bond	3,134,322	-	3,134,322	-	0.24%
City of Alice, Texas GO LTD Bond	1,022,460	-	1,022,460	-	0.08%
City of West Palm Beach, Florida Bond	1,205,122	-	1,205,122	-	0.09%
Corpus Christi GO Municipal Bond	462,997	-	462,997	-	0.04%
Fontana Unified School District Municipal Bond	769,402	-	769,402	-	0.06%
Gainesville Florida Pension Municipal Bond	1,514,060	-	1,514,060	-	0.12%
Green Bay Wisconsin Municipal Bond	553,520	-	553,520	-	0.04%
Indiana State Finance Authority	739,957	-	739,957	-	0.06%
North Hudson Sewerage Authority, NJ (A)	1,128,137	-	1,128,137	-	0.09%
Oregon State School Board Assoc GO Pension Municipal Bond	602,780	-	602,780	-	0.05%
Oregon State School Board Assoc Pension Municipal Bond	1,830,780	-	1,830,780	-	0.14%
Pennsylvania Economic Development Municipal Bond	2,717,315	-	2,717,315	-	0.21%
Port Douglas County Washington Municipal Bond	647,186	-	647,186	-	0.05%
Reading Pennsylvania Municipal Bond	4,213,687	-	4,213,687	-	0.32%
San Bernardino County Redevelopment Successor Muni Bond	2,115,660	-	2,115,660	-	0.16%
San Francisco City & County Redevelopment Municipal Bond	1,284,840	-	1,284,840	-	0.10%
Texas State Public Finance Municipal Bond	762,417	-	762,417	-	0.06%
Texas State Public Finance Municipal Bond	811,720	-	811,720	-	0.06%
Texas State University System	985,763	-	985,763	-	0.08%
University of North Texas	1,593,495	-	1,593,495	-	0.12%
Walnut Valley Unified School District Municipal Bond	2,684,002	-	2,684,002	-	0.21%
		-	-	-	
Total Investments	<u>\$ 1,308,378,930</u>	<u>\$ -</u>	<u>\$ 36,800,817</u>	<u>\$ -</u>	<u>100.0%</u>

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

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

**Dallas Independent School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2019**

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

Credit Risk. State law limits investment purchases in commercial paper to not less than A1-P1 or equivalent rating by at least two nationally recognized credit rating agencies. The District's investments in Local Government Investment Pools (LGIP's) include: Texas Class, LOGIC, Lone Star, TexPool and Texas TERM Daily. These are all public funds investment pools operating in full compliance with the Public Funds Investment Act. All are rated "AAAm/AAAf" by Standard and Poor's. The District's no-load money market fund maintains weighted-average maturity of 90-days or less. This money market fund invests only in first-tier securities. Under SEC Rule 2a-7 of the 1940 Act, a first-tier security is a debt instrument that is an eligible investment for money market funds and has received a rating in the highest short-term category from a nationally recognized statistical rating organization. On August 5, 2011, Standard and Poor's, one of three nationally recognized raters of US debt and securities, downgraded the rating of long term US sovereign debt from AAA to AA+ for the first time since 1941. The two other national raters, Moody's and Fitch, continue to have the highest ratings. As of July 13, 2013 and March 21, 2014, respectively, US long term sovereign debt outlook is listed as "Stable" by Standard and Poor and by Fitch. The District utilizes Wells Fargo Securities for money market investments and Wells Fargo Bank, 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, 2019, there are no foreign currency investments in the District's portfolio.

NOTE C: LOCAL REVENUES AND PROPERTY TAXES

Local and intermediate sources are comprised of the following:

	General Fund	Debt Service Fund	Capital Projects Fund	Non-Major Funds	Total Governmental Funds
Property Taxes	\$ 1,337,246,266	\$ 276,389,720	\$ -	\$ -	\$ 1,613,635,986
Food Services	-	-	-	2,051,974	2,051,974
Gifts and Bequests	22,991	-	-	2,763,826	2,786,817
Campus Activity Funds	-	-	-	4,475,030	4,475,030
Interest Income	20,814,173	2,806,720	9,849,859	-	33,470,753
Tuition, Fees and Cocurricular	1,149,988	-	-	-	1,149,988
Rental Income	2,521,679	-	-	-	2,521,679
Other	4,495,738	-	114,309	1,115,460	5,725,507
Totals	\$ 1,366,250,835	\$ 279,196,441	\$ 9,964,168	\$ 10,406,291	\$ 1,665,817,735

**Dallas Independent School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2019**

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, 2018 was \$151,859,045,880. After deductions of all exemptions and reductions provided by law and those granted by the District, the 2018 tax year levy was based on property values of \$119,329,737,566.

The tax rates assessed for the year ended June 30, 2019, to finance General Fund operations and the payment of principal and interest on long term debt were \$1.170000 and \$0.242035 per \$100 valuation, respectively, for a total of \$1.412035 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, 2019, 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 \$38,397,741 and \$8,126,233 respectively, based upon historical collection experience and historical adjustment experience.

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

NOTE D: RECEIVABLES

Property tax receivable as of June 30, 2019, 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	\$ 59,165,375	\$ 12,150,082	\$ 71,315,457
Less: Allowance for uncollectible	<u>(38,397,741)</u>	<u>(8,126,233)</u>	<u>(46,523,974)</u>
Totals	<u>\$ 20,767,634</u>	<u>\$ 4,023,849</u>	<u>\$ 24,791,483</u>

In addition, the District has recorded a state aid receivable of \$19.6 million and a receivable from other governmental entities of \$47.6 million as of June 30, 2019.

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, 2019, 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>Totals</u>
Grants	\$ -	\$ 1,923,624	\$ 1,923,624
Other	<u>214,095</u>	<u>-</u>	<u>214,095</u>
Totals	<u>\$ 214,095</u>	<u>\$ 1,923,624</u>	<u>\$ 2,137,719</u>

**Dallas Independent School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2019**

NOTE F: INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

Interfund balances at June 30, 2019, consisted of the following individual fund receivables and payables:

Fund	Receivables	Payables
General Fund:		
Non-Major Governmental Funds	\$ 10,086,078	\$ -
Internal Service Funds	-	1,388,125
	<u>10,086,078</u>	<u>1,388,125</u>
Non-Major Governmental Funds:		
General Fund	-	10,086,078
Internal Service Funds	-	122,594
	<u>-</u>	<u>10,208,672</u>
Internal Service Funds:		
General Fund	1,388,125	-
Non-Major Governmental Funds	122,594	-
	<u>1,510,719</u>	<u>-</u>
Totals	<u>\$ 11,596,797</u>	<u>\$ 11,596,797</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 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, 2019, were as follows:

Transfer Out	Transfer In	Amount
General Fund	Debt Service	7,167,000 *
Debt Service	General Fund	75,000,000 **

*\$7.2 million transferred from the General Fund to the 2013 Qualified School Construction Bonds Fund to provide for the QSCB principal of \$143.3 million due in August 2033.

**In 2017, the District transferred \$75 million from the General Fund to the Debt Service Fund for the future payment of the 2015 Multi-Modal Limited Maintenance Tax Notes. In 2019, these tax notes were refunded with general obligation bonds. At this time, the District released the assigned funds in the Debt Service Fund and transferred the \$75 million to the General Fund.

**Dallas Independent School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2019**

NOTE G: OPERATING LEASES

The District leases offices, copiers, warehouse space, playground area and parking under non-cancelable operating leases. Rent expenditures including non-cancelable leases and other rent charges for the year ended June 30, 2019 was approximately \$10.6 million. Minimum future lease commitments on non-cancelable leases are summarized as follows:

	For the Year Ending June 30	Minimum Future Lease Commitments
2020	\$5,174,301	
2021	4,374,837	
2022	786,033	
2023	61,977	

NOTE H: CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2019 is as follows:

	Balance at June 30, 2018	Additions	Transfers	Deletions	Balance at June 30, 2019
Capital assets, not being depreciated:					
Land	\$ 249,985,988	\$ 4,439,309	\$ 3,010,224	\$ (45,518)	\$ 257,390,003
Construction in progress	172,656,537	305,756,951	(114,787,344)	-	363,626,144
Total capital assets, not being depreciated	422,642,525	310,196,260	(111,777,120)	(45,518)	621,016,147
Capital assets, being depreciated:					
Building and improvements	3,633,611,483	2,100,371	111,601,387	(1,577,760)	3,745,735,481
Furniture and equipment	288,570,622	7,586,916	175,733	(3,966,087)	292,367,184
Total capital assets, being depreciated	3,922,182,105	9,687,287	111,777,120	(5,543,847)	4,038,102,665
Less accumulated depreciation for:					
Buildings and improvements	1,427,230,003	102,527,746	-	(1,577,759)	1,528,179,990
Furniture and equipment	188,623,353	38,770,479	-	(3,830,951)	223,562,881
Total accumulated depreciation	1,615,853,356	141,298,225	-	(5,408,710)	1,751,742,871
Total capital assets, being depreciated, net	2,306,328,749	(131,610,938)	111,777,120	(135,137)	2,286,359,794
Capital assets, net	\$ 2,728,971,274	\$ 178,585,322	\$ -	\$ (180,655)	\$ 2,907,375,941

Capital assets include assets recorded in Internal Service Funds, net of depreciation, of \$197,499.

**Dallas Independent School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2019**

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

Depreciation by Function	Depreciation Expense
11 Instruction	\$ 70,475,426
12 Instructional Resources and Media Services	1,699,146
13 Curriculum and Instructional Staff Development	563,319
21 Instructional Leadership	572,574
23 School Leadership	7,322,121
31 Guidance, Counseling and Evaluation Services	2,470,307
32 Social Work Services	52,496
33 Health Services	1,205,662
34 Student (Pupil) Transportation	15,902,652
35 Food Services	9,027,082
36 Cocurricular/Extracurricular Activities	4,237,885
41 General Administration	565,634
51 Facilities Maintenance and Operations	8,516,888
52 Security and Monitoring Services	1,272,423
53 Data Processing Services	16,162,376
61 Community Services	602,876
81 Facilities Acquisition and Construction	649,357
Total	\$ 141,298,225

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, 2019 are \$356,024,723 for projects under the bond programs.

NOTE I: LONG TERM OBLIGATIONS

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

**Dallas Independent School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2019**

General Obligation Bonds. These bonds are secured by ad valorem taxes levied against all taxable property and are serviced by the Debt Service Fund with an apportionment of the ad valorem tax levy. Interest rates on the bonds range from 0.00% to 8.00% and are due through 2036. At June 30, 2019, \$180,874,661 in cash, cash equivalents, investments, and accrued interest is restricted or assigned in the Debt Service Fund to service the outstanding bonds:

Series	Bond Series Name - General Obligation Bonds Maturity or Mandatory Redemption Date	Interest Rates	Original Issue Amount (in thousands)	Outstanding Principal Amount (in thousands)
2010	Unlimited Tax Refunding Bonds - Serially in varying amounts from February 15, 2011 to February 15, 2021	1.25% - 5.00%	156,730	52,905
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	920,570
2011	Unlimited Tax Refunding Bonds - Serially in varying amounts from February 15, 2012 to February 15, 2028	3.50% - 5.00%	197,935	164,985
2012	Unlimited Tax Refunding Bonds - Serially in varying amounts from August 15, 2013 to August 15, 2031	2.00% - 5.00%	390,235	339,835
2012A	Unlimited Tax Refunding Bonds - Serially in varying amounts from August 15, 2013 to August 15, 2031	4.00% - 5.00%	46,825	40,570
2014A	Unlimited Tax Refunding Bonds - Serially in varying amounts from August 15, 2015 to August 15, 2034	1.00% - 5.00%	356,115	303,475
2015	Unlimited Tax Refunding Bonds - Serially in varying amounts from February 15, 2016 to February 15, 2032	2.125% - 5.00%	234,760	206,735
2016A	Unlimited Tax School Building Bonds - Serially in varying amounts from February 15, 2022 to February 15, 2036	3.00% - 5.00%	305,785	305,785
2016B	Unlimited Tax School Building Bonds - Serially in varying amounts from February 15, 2022 to February 15, 2036	3.00% - 8.00%	266,445	139,645
2017	Qualified Zone Academy Bonds, Taxable, No interest, principal due August 15, 2027	0.00% - 0.00%	4,405	4,405
2019	Unlimited Tax Refunding Bonds - Serially in varying amounts from February 15, 2020 to February 15, 2034	3.00% - 5.00%	68,025	68,025
Total				<u>\$ 2,546,935</u>

On April 11, 2018, the District established a defeasance escrow to defease all or a portion of the District's outstanding bonds, Dallas Independent School District Multi-Modal Unlimited Tax School Building Bonds, Series 2016B-6, in the current year for a total of \$22,635,000, prior to their scheduled maturities. The District deposited directly with a paying agent for the Defeased Bonds available funds of the District into an escrow fund in an amount of approximately \$24,300,995, sufficient to provide the payment, redemption, or defeasance of all or a portion of the Defeased Bonds and such deposit shall continue the making of firm banking and financial arrangements for the discharge and final payment or redemption of the Defeased Bonds. The Defeased Bonds are no longer regarded as being outstanding, except for the purpose of being

**Dallas Independent School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2019**

paid from funds on deposit in the escrow fund. The escrow proceeds were recorded as debt service expenditures and not other financing uses.

Maintenance Tax Notes. On December 1, 2013, the District issued \$143,340,000 in Limited Maintenance Tax Qualified School Construction Bonds. The Maintenance Tax Notes are paid from the General Fund. The amount outstanding for Maintenance Tax Notes as of June 30, 2019 was as follows:

Series	Maintenance Tax Notes Maturity or Mandatory Redemption Date	Yield Rates	Total Outstanding Principal Amount (in thousands)
2013	Principal due at maturity - interest due each February 15 and August 15 from August 15, 2014 to August 15, 2033	5.05%	143,340
		Total	\$ 143,340

As of June 30, 2019, the District has transferred \$43,002,000 from the General Fund to a specially established Debt Service fund for the 2013 Qualified School Construction Bonds Fund to pay the 2013 Limited Maintenance Tax Qualified School Construction Bonds (QSCB) due in 2033. In addition, the District expects to annually transfer \$7,167,000 from the General Fund to the 2013 Qualified School Construction Bonds Fund to provide for the QSCB principal of \$143,340,000 due in August 2033.

Variable Rate Debt. In July 2015, the District issued \$75,000,000 in “Multi-Modal Limited Maintenance Tax Notes, Series 2015” with interest rate of 1.50% for the initial rate period ending August 14, 2018. At the end of the initial rate period, the District could redeem or remarket the Notes. If the District failed to do so, the Notes would bear interest at a stepped rate of 8.00% per year. The notes were refunded during the current year.

In March 2016, the District issued \$266,445,000 in “Unlimited Tax School Building Bonds, Series 2016B” with initial interest rates ranging from 3.00% to 5.00%. As of June 30, 2019, \$139,645,000 remains. There are three remaining initial rate periods, one in each year 2020 to 2022. At the end of each initial rate period, the District may redeem or remarket the Bonds. If the District fails to do so, the Bonds shall bear interest at a stepped rate of 8.00% per year.

Debt Issuance. As of June 30, 2019, the District has \$949,795,000 remaining of approved and unissued authorizations from the \$1.6 billion 2015 Bond Authorization.

In August 2018, the District remarketed \$75,000,000 in Multi Modal Limited Maintenance Tax Notes as “Series 2015 Remarketing” with interest rate of 3.6% and a maturity of February 15, 2034. The District received a net premium of \$500,250. The cost of issuance was \$472,222. The District called this debt in February 2019.

In February 2019, the District issued \$68,025,000 in “Unlimited Tax Refunding Bonds, Series 2019” with interest rates ranging from 3.00% to 5.00%. The District received a net premium of \$7,635,505. The total proceeds, less issuance costs and underwriter’s discount of \$371,892 and \$282,731, respectively, were used to refund \$75,000,000 in Multi-Modal Limited Maintenance Tax Notes. Principal and interest payments are due every February 15 and August 15, beginning in August 15, 2019 until February 15, 2034. An amount of \$76,350,000 was placed in an irrevocable trust to provide for future debt service payments relating to the defeased bonds. Accordingly, the trust assets and liabilities for the defeased bonds are not included in the District’s financial statements. The aggregate difference in debt service between the refunding debt and the refunded debt is a savings of \$47,318,316 which is a net present value economic gain of \$47,321,919. The net carrying amount reacquisition price equaled the old debt. The debt is subject to federal arbitrage regulations and is serviced by the Debt Service Fund.

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

**Dallas Independent School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2019**

The following is a summary of the changes in the District's long-term debt for the year ended June 30, 2019:

Description	Long-Term Liabilities Outstanding July 1, 2018 (in thousands)	Additions and Interest Accretion (in thousands)	Retired/ Refunded (in thousands)	Long-Term Liabilities Outstanding June 30, 2019 (in thousands)	Amount Due Within One Year from June 30, 2019 (in thousands)
General Obligation Bonds:					
Series 2010	\$ 76,895	\$ -	\$ 23,990	\$ 52,905	\$ 24,345
Series 2010C	947,355	-	26,785	920,570	29,630
Series 2011	167,780	-	2,795	164,985	2,910
Series 2012	349,050	-	9,215	339,835	10,065
Series 2012A	41,735	-	1,165	40,570	1,155
Series 2014A	306,540	-	3,065	303,475	2,670
Series 2015	212,730	-	5,995	206,735	6,540
Series 2016A	305,785	-	-	305,785	-
Series 2016B	199,880	-	60,235	139,645	-
Series 2017 QZAB	4,405	-	-	4,405	-
Series 2019	-	68,025	-	68,025	3,150
Total General Obligation Bonds	\$ 2,612,155	\$ 68,025	\$ 133,245	\$ 2,546,935	\$ 80,465
Maintenance Tax Notes Payable:					
Series 2013-QSCB	\$ 143,340	\$ -	\$ -	\$ 143,340	\$ -
Series 2015 MTN-QSCB	75,000	-	75,000	-	-
Total Maintenance Tax Notes	\$ 218,340	\$ -	\$ 75,000	\$ 143,340	\$ -
Total Bonds and Notes Payable	\$ 2,830,495	\$ 68,025	\$ 208,245	\$ 2,690,275	\$ 80,465
Commercial Paper	\$ -	\$ 800	\$ -	\$ 800	\$ 800
Other Long-Term Obligations:					
Workers Compensation	\$ 8,829	\$ 4,086	\$ 3,526	\$ 9,389	\$ 3,454
Premium on Bonds	164,356	7,636	27,572	144,420	-
Net Pension Liability	371,238	300,869	44,050	628,057	-
Net OPEB Liability	629,338	107,196	20,325	716,209	-
	\$ 1,173,761	\$ 419,787	\$ 95,473	\$ 1,498,074	\$ 3,454
Totals	\$ 4,004,256	\$ 488,612	\$ 303,718	\$ 4,189,149	\$ 84,719

For fiscal year ending June 30, 2019, the legal debt margin of the District is \$9,380,661,980.

Debt Service Requirements. The annual requirements to pay principal and interest on the bond obligations and notes payable outstanding as of June 30, 2019, are as follows:

General Obligation Bonds

Year Ended June 30,	Principal (in thousands)	Interest (in thousands)	Total Requirements (in thousands)
2020	\$ 80,465	\$ 128,775	\$ 209,240
2021	84,525	124,631	209,156
2022	95,140	120,491	215,631
2023	106,100	114,805	220,905
2024	122,105	109,140	231,245
2025-2029	739,850	444,851	1,184,701
2030-2034	1,039,025	240,082	1,279,107
2035-2039	279,725	15,949	295,674
Totals	\$ 2,546,935	\$ 1,298,724	\$ 3,845,659

**Dallas Independent School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2019**

Maintenance Tax Notes

Year Ended June 30,	Principal (in thousands)	Interest (in thousands)	Total Requirements (in thousands)
2020	\$ -	\$ 7,237	\$ 7,237
2021	-	7,237	7,237
2022	-	7,237	7,237
2023	-	7,237	7,237
2024	-	7,237	7,237
2025-2029	-	36,187	36,187
2030-2034	143,340	32,568	175,908
Totals	<u>\$ 143,340</u>	<u>\$ 104,940</u>	<u>\$ 248,280</u>

The District legally defeased certain bonds by placing the proceeds of the new bonds in an irrevocable trust to provide for all future debt service payments on the refunded bonds. Accordingly, the trust account assets and the liability for these defeased bonds are not included in the District's basic financial statements. There are currently no defeased bonds that remain in escrow at June 30, 2019 that have not met their redemption date.

Arbitrage. The Federal Tax Reform Act of 1986 requires issuers of tax exempt debt to make payments to the United States Treasury of investment income received at yields that exceed the issuer's tax-exempt borrowing rates. The U.S. Treasury requires payment for each issue every five years. The estimated liability is updated annually for any tax-exempt issuances or changes in yields until such time payment of the calculated liability is due. At June 30, 2019, the District had no liability for arbitrage.

NOTE J: SHORT TERM OBLIGATIONS

Short Term Debt. In August 2018, the Board approved the issuance of Dallas Independent School District Commercial Paper Notes, Series A (Commercial Paper) in an aggregate principal amount not to exceed \$300,000,000 for the purpose of constructing, improving, renovating and equipping school buildings of the District and acquiring real property as authorized in the 2015 Bond Election, and the purchase of school buses and the construction and equipping of bus maintenance and operating facilities for the District as authorized in the 2018 Bond Election, and refinancing, renewing or refunding Notes and Loans from time to time outstanding. The Commercial Paper Notes mature in not more than 270 days from issuance and are supported by a standby letter of credit with JPMorgan Chase Bank, National Association. Series B (Commercial Paper) was issued in the amount of \$800,000 to pay \$800,000 in issuance costs of the Series A (Commercial Paper).

The Commercial Paper is secured by a pledge of the proceeds of future general obligation bonds or loans issued by the District to pay the principal of the Commercial Paper or proceeds from ad valorem property taxes. As of June 30, 2019, the District had \$800,000 outstanding balance of Commercial Paper.

Changes in the Commercial Paper are as follows:

Description	June 30, 2019	June 30, 2018
Beginning of the Period Liability	\$ -	\$ -
Bonds Issued	-	-
Commercial Paper Issuances	800,000	-
End of the Period Liability	<u>\$ 800,000</u>	<u>\$ -</u>

**Dallas Independent School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2019**

NOTE K: 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, 2019, the District had the following Deferred Inflows of Resources reported in the General Fund and Debt Service Fund:

	General	Debt Service	Total
Property Taxes	\$ 17,208,841	\$ 3,284,490	\$ 20,493,331
Medicaid/SHARS	26,260,584	-	26,260,584
Totals	\$ 43,469,425	\$ 3,284,490	\$ 46,753,915

NOTE L: GENERAL FUND FEDERAL SOURCE REVENUE

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

Build America Bonds Subsidy	\$ 18,904,934
E-Rate	3,067,740
Medicaid/School Health and Related Services	69,603,961
Qualified School Construction Bonds Subsidy	6,784,909
Indirect Cost Reimbursement	4,525,477
Junior Reserve Officer Training Corps	2,174,588
Total	\$ 105,061,609

NOTE M: DEFINED BENEFIT PENSION PLAN

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

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

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

Benefits Provided. TRS provides service and disability retirement, as well as death and survivor benefits, to eligible employees (and their beneficiaries) of public and higher education in Texas. The pension formula is calculated using 2.3 % (multiplier) times the average of the five highest annual creditable salaries times years of credited service to arrive at the annual standard annuity except for members who are grandfathered, the three highest annual salaries are used. The normal service retirement is at age 65 with 5 years of credited service or when the sum of the member's age and years of credited service equals 80 or more years. Early retirement is at age 55 with 5 years of service credit or earlier than 55 with 30 years of service credit. There

**Dallas Independent School District
Notes to the Basic Financial Statements
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are additional provisions for early retirement if the sum of the member's age and years of service credit total at least 80, but the member is less than age 60 or 62 depending on date of employment, or if the member was grandfathered in under a previous rule. There are no automatic post-employment benefit changes; including automatic cost-of-living adjustments (COLAs). Ad hoc post-employment benefit changes, including ad hoc COLAs, can be granted by the Texas Legislature as noted in the Plan Description above.

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

Employee contribution rates are set in state statute, Texas Government Code 825.402. Senate Bill 1458 of the 83rd Texas Legislature amended Texas Government Code 825.402 for member contributions and established employee contribution rates for fiscal years 2014 through 2017. The 85th Texas Legislature, General Applications Act (GAA) affirmed that the employer contribution rates for fiscal years 2018 and 2019 would remain the same. Contribution Rates can be found in the TRS 2018 CAFR, Note 11, on page 76.

Contribution Rates

	<u>2018</u>	<u>2019</u>
Member	7.7%	7.7%
Non-Employer Contributing Entity (State)	6.8%	6.8%
Employers	6.8%	6.8%
Dallas ISD 2019 Employer Contributions	\$ 38,563,940	
Dallas ISD 2019 Member Contributions	\$ 81,937,293	
Dallas ISD 2019 NECE On-Behalf Contributions	\$ 70,432,155	

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

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

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

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

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

**Dallas Independent School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2019**

Actuarial Assumptions. Roll Forward. A change was made in the measurement date of the total pension liability for the 2018 measurement year. The actuarial valuation was performed as of August 31, 2017. Update procedures were used to roll forward the total pension liability to August 31, 2018. This is the first year using the roll forward procedures.

The following table discloses the assumptions that were applied to this measurement period:

Valuation Date	August 31, 2017 rolled forward to August 31, 2018
Actuarial Cost Method	Individual Entry Age Normal
Asset Valuation Method	Market Value
Single Discount Rate	6.907%
Long-Term Expected Rate	7.25%
Municipal Bond Rate as of August 2018	3.69% - Source for the rate is the Fixed Income Market Data/Yield Curve/Data Municipal Bonds with 20 years to maturity that include only federally tax-exempt municipal bonds as reported in Fidelity index's "20-Year Municipal GO A A Index."
Last year ending August 31 in Projection Period (100 years)	2116
Inflation	2.30%
Salary Increases	3.05% to 9.05% Including Inflation
Ad Hoc Post Employment Benefit Changes	None

The actuarial methods and assumptions were based primarily on a study of actual experience for the three-year period ending August 31, 2017, and were adopted in July 2018.

Discount Rate. The discount rate used to measure the total pension liability was 6.907%. The single discount rate was based on the expected rate of return on pension plan investments of 7.25% and a municipal bond rate of 3.69%. 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 sufficient to finance the benefit payments until the year 2069. As a result, the long term expected rate of return on pension plan investments was applied to projected benefit payments through the year 2069, and the municipal bond rate was applied to all benefit payments after that date. 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.

**Dallas Independent School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2019**

Best estimates of arithmetic real rates of return for each major asset class included in the Systems target asset allocation as of August 31, 2018 (see page 52 of the TRS CAFR) are summarized below:

Asset Class	Target Allocation*	Long-Term Expected Arithmetic Real Rate of Return**	Expected Contribution to Long-Term Portfolio Returns
Global Equity			
U.S.	18.0%	5.7%	1.0%
Non-U.S. Developed	13.0%	6.9%	0.9%
Emerging Markets	9.0%	9.0%	0.8%
Directional Hedge Funds	4.0%	3.5%	0.1%
Private Equity	13.0%	10.2%	1.3%
Stable Value			
U.S. Treasuries	11.0%	1.1%	0.1%
Absolute Return	0.0%	0.0%	0.0%
Stable Value Hedge Funds	4.0%	3.1%	0.1%
Cash	1.0%	-0.3%	0.0%
Real Return			
Global Inflation Linked Bonds	3.0%	0.7%	0.0%
Real Assets	14.0%	5.2%	0.7%
Energy and Natural Resources	5.0%	7.5%	0.4%
Commodities	0.0%	0.0%	0.0%
Risk Parity			
Risk Parity	5.0%	3.7%	0.2%
Inflation Expectation			2.3%
Volatility Drag***			-0.8%
Total	100.0%		7.25%

* Target Allocations are based on the FY 2016 policy model.

* Capital Market Assumptions from Aon Hewitt (2017 Q4).

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

Discount Rate Sensitivity Analysis. The following schedule shows the impact of the Net Pension Liability if the discount rate used was 1% less than and 1% greater than the discount rate that was used (6.907%) in measuring the Net Pension Liability. The discount rate can be found in the 2018 TRS CAFR, Note 11, page 78.

	1% Decrease in Discount Rate (5.907%)	Discount Rate (6.907%)	1% Increase in Discount Rate (7.907%)
DISD's proportionate share of the net pension liability	\$ 947,888,235	\$ 628,056,748	\$ 369,134,191

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions. At June 30, 2019, Dallas Independent School District reported a liability of \$628,056,748 for its proportionate share of TRS's net pension liability. This liability reflects a reduction for state pension support provided to Dallas Independent School District. The amount recognized by the District as its proportionate share of the net pension liability, the related state support, and the total portion of the net pension liability that was associated with the District were as follows:

District's proportionate share of the collective net pension liability	\$ 628,056,748
State's proportionate share that is associated with the District	711,627,494
Total	\$ 1,339,684,242

**Dallas Independent School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2019**

The net pension liability was measured as of August 31, 2017, and rolled forward to August 31, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of August 31, 2017 rolled forward to August 31, 2018. 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, 2017 through August 31, 2018.

At August 31, 2018, the employer's proportion of the collective net pension liability was 1.141041162%, which was a decrease of 0.019997384% from its proportion measured as of August 31, 2017.

Changes Since the Prior Actuarial Valuation. Assumptions, methods, and plan changes, which are specific to the Pension Trust Fund, were updated from the prior year's report. The Net Pension Liability increased significantly since the prior measurement date due to a change in the following actuarial assumptions:

- The total pension liability as of August 31, 2018, was developed using a roll-forward method from the August 31, 2017 valuation.
- Demographic assumptions, including post-retirement mortality, termination rates, and rates of retirement were updated based on the experience study performed for TRS for the period ending August 31, 2017.
- Economic assumptions, including rates of salary increase for individual participants, were updated based on the same experience study.
- The discount rate changed from 8.0 percent as of August 31, 2017, to 6.907 percent as of August 31, 2018.
- The long-term assumed rate of return changed from 8.0 percent to 7.25 percent.
- The change in the long-term assumed rate of return combined with the change in the single discount rate was the primary reason for the increase in the net pension liability.

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

For the year ended June 30, 2019, Dallas Independent School District recognized pension expense of \$111,987,717, and revenue of \$70,432,155 for support provided by the state in the Government-wide Statement of Activities.

At June 30, 2019, Dallas Independent School District's proportionate share of TRS's deferred outflows of resources and deferred inflows of resources related to pensions were from the following sources. (The amounts shown below will be the cumulative layers from the current and prior years combined.)

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 3,914,790	\$ 15,410,032
Changes in actuarial assumptions	226,444,709	7,076,403
Net difference between projected and actual investment earnings	-	11,916,928
Changes in proportion and difference between the employer's contributions and the proportionate share of contributions	39,526,364	20,050,273
Contributions paid to TRS subsequent to the measurement date (to be calculated by employer)	31,782,465	-
Total	\$ 301,668,328	\$ 54,453,636

**Dallas Independent School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2019**

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

Year Ended June 30:	Pension Expense Amount
2020	\$ 59,069,803
2021	33,991,636
2022	27,424,157
2023	36,531,940
2024	34,282,971
Thereafter	24,131,720
Total	\$ 215,432,227

NOTE N: OTHER POST- EMPLOYMENT BENEFITS

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

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

Components of the net OPEB liability of the TRS-Care plan as of August 31, 2018 are as follows:

<u>Net OPEB Liability</u>	<u>Total</u>
Total OPEB Liability	\$ 50,729,490,103
Less: Plan Fiduciary Net Position	798,574,633
Net OPEB Liability	\$ 49,930,915,470
Net Position as percentage of Total OPEB Liability	1.57%

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

Eligible non-Medicare retirees and their dependents may pay premiums to participate in the high-deductible health plans. Eligible Medicare retirees and their dependents may pay premiums to participate in the Medicare Advantage health plans. To qualify for TRS-Care coverage, a retiree must have at least 10 years of service credit in the TRS pension system. The Board of Trustees is granted the authority to establish basic and optional group insurance coverage for participants as well as to amend benefit terms as needed under Chapter 1575.052. There are no automatic post-employment benefit changes; including automatic COLAs.

The 85th Legislature, Regular Session, passed the following statutory changed in HB 3976, which became effective on September 1, 2017. These are described below under the section "Changes in Benefit Terms".

**Dallas Independent School District
Notes to the Basic Financial Statements
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The premium rates for the optional health insurance are based on years of service of the member. The schedule below shows the monthly rates for a retiree with and without Medicare coverage. These new premium rates for retirees with Medicare Part A and Part B became effective January 1, 2018. (See the TRS CAFR, page 70, for plan rates effective from September 1, 2016 – December 31, 2017.)

**TRS-Care Plan Premium Rates
Effective January 1, 2018 - December 31, 2018**

	Medicare	Non-Medicare
Retiree or Surviving Spouse	\$ 135	\$ 200
Retiree and Spouse	529	689
Retiree or Surviving Spouse and Children	468	408
Retiree and Family	1,020	999

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

Texas Insurance Code, section 1575.202 establishes the state's contribution rate which is 1.25% of the employee's salary. Section 1575.203 establishes the active employee's rate which is 0.65% of pay. Section 1575.204 establishes an employer contribution rate of not less than 0.25% or not more than 0.75% of the salary of each active employee of the public. The actual employer contribution rate, which is 0.75% of each active employee's pay for fiscal year 2018, is prescribed by the Legislature in the General Appropriations Act. The following table shows contributions to the TRS-Care plan by type of contributor.

Contribution Rates

	<u>2018</u>	<u>2019</u>
Active Employee	0.65%	0.65%
Non-Employer Contributing Entity (State)	1.25%	1.25%
Employers	0.75%	0.75%
Federal/Private Funding Remitted by Employers	1.25%	1.25%
Dallas ISD 2019 Employer Contributions	\$ 10,269,166	
Dallas ISD 2019 Member Contributions	\$ 6,914,843	
Dallas ISD 2019 NECE On-Behalf Contributions	\$ 30,269,921	

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

With Senate Bill 1, 85th Legislature, Regular Session, TRS-Care received supplemental appropriations from the State of Texas as the Non-Employer Contributing Entity in the amount of \$182.6 million in fiscal year 2018. House Bill 30 of the 85th Legislature provided an additional \$212 million in a one-time supplemental funding for the fiscal year 2018-2019 biennium. One-time supplemental contributions during fiscal year 2018 totaled \$394.6 million.

**Dallas Independent School District
Notes to the Basic Financial Statements
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Actuarial Assumptions. The total OPEB liability in the August 31, 2017 actuarial valuation was rolled forward to August 31, 2018. The actuarial valuation was determined by actuarial assumptions. The following assumptions and other inputs used for members of TRS-Care are identical to the assumptions used in the August 31, 2017 TRS pension actuarial valuation that was rolled forward to August 31, 2018:

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

Additional Actuarial Methods and Assumptions:

Valuation Date	August 31, 2017 rolled forward to August 31, 2018
Actuarial Cost Method	Individual Entry Age Normal
Inflation	2.30%
Single Discount Rate	3.69% Sourced from fixed income municipal bonds with 20 years to maturity that include only federal tax-exempt municipal bonds as reported in Fidelity Index's "20-Year Municipal GO A A Index" as of August 31, 2018.
Aging Factors	Based on Plan Specific Experience
Expenses	Third-party administrative expenses related to the delivery of healthcare benefits are included in the age-adjusted claims costs.
Projected Salary Increases	3.05% to 9.05%
Election Rates	Normal Retirement: 70% participation prior to age 65 and 75% participation after age 65
Ad Hoc Post Employment Benefit Changes	None

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

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

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

Discount Rate. A single discount rate of 3.69% was used to measure the total OPEB liability. There was an increase of 0.27% in the discount rate since the previous year. The Discount Rate can be found in the 2018 TRS CAFR on page 71. Because the plan is essentially a "pay-as-you-go" plan, the single discount rate is equal to the prevailing municipal bond rate. The projection of cash flows used to determine the discount rate assumed that contributions from active members and those of the contributing employers and the non-employer contributing entity are made at the statutorily required rates. Based on those assumptions, the OPEB plan's fiduciary net position was projected to not be able to make all future benefit payments of current plan members. Therefore, the municipal bond rate was applied to all periods of projected benefit payments to determine the total OPEB liability.

**Dallas Independent School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2019**

Sensitivity of the Net OPEB Liability

Discount Rate Sensitivity Analysis. The following schedule shows the impact of the Net OPEB Liability if the discount rate used was 1% less than and 1% greater than the discount rate that was used (3.69%) in measuring the Net OPEB Liability.

	1% Decrease in Discount Rate (2.69%)	Discount Rate (3.69%)	1% Increase in Discount Rate (4.69%)
DISD's proportionate share of the net OPEB liability	\$ 852,534,690	\$ 716,208,922	\$ 608,366,453

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

	1% Decrease	Current Healthcare Cost Trend Rate	1% Increase
DISD's proportionate share of the net OPEB liability	\$ 594,823,174	\$ 716,208,922	\$ 876,076,577

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB. At June 30, 2019, Dallas Independent School District reported a liability of \$716,208,922 for its proportionate share of TRS's net OPEB liability. This liability reflects a reduction for state OPEB support provided to Dallas Independent School District. The amount recognized by the District as its proportionate share of the net OPEB liability, the related state support, and the total portion of the net OPEB liability that was associated with the District were as follows:

District's proportionate share of the collective net OPEB liability	\$ 716,208,922
State's proportionate share that is associated with the District	832,185,726
Total	\$ 1,548,394,648

The Net OPEB Liability was measured as of August 31, 2018 and the Total OPEB Liability used to calculate the Net OPEB Liability was determined by an actuarial valuation as of that date. The employer's proportion of the Net OPEB Liability was based on the employer's contributions to the OPEB plan relative to the contributions of all employers to the plan for the period September 1, 2017 thru August 31, 2018.

At August 31, 2018, the employer's proportion of the collective Net OPEB Liability was 1.434399742% compared to the 1.447211355% as of August 31, 2017. This is a decrease of 0.012811613%.

Changes Since the Prior Actuarial Valuation. The following were changes to the actuarial assumptions or other inputs that affected measurement of the Total OPEB Liability since the prior measurement period:

- Adjustments were made for retirees that were known to have discontinued their healthcare coverage in fiscal year 2018. This change increased the Total OPEB Liability.
- The healthcare trend rate assumption was updated to reflect the anticipated return of the Health Insurer Fee (HIF) in 2020. This change increased the Total OPEB Liability.
- Demographic and economic assumptions were updated based on the experience study performed for TRS for the period ending August 31, 2017. This change increased the Total OPEB Liability.
- The discount rate changed from 3.42 percent as of August 31, 2017, to 3.69 percent as of August 31, 2018. This change lowered the Total OPEB Liability \$2.3 billion.

**Dallas Independent School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2019**

Changes in Benefit Terms. The 85th Legislature, Regular Session, passed the following statutory changes, which became effective on September 1, 2017:

- Created a high-deductible health plan that provides a zero cost for generic prescriptions for certain preventive drugs and provides a zero premium for disability retirees who retired as a disability retiree on or before January 1, 2017, and are not eligible to enroll in Medicare.
- Created a single Medicare Advantage plan and Medicare prescription drug plan for all Medicare-eligible participants.
- Allowed the System to provide other, appropriate health benefit plans to address the needs of enrollees eligible for Medicare.
- Allowed eligible retirees and their eligible dependents to enroll in TRS-Care when the retiree reaches 65 years of age, rather than waiting for the next enrollment period.
- Eliminated free coverage under TRS-Care, except for certain disability retirees enrolled during Plan Years 2018 through 2021, requiring members to contribute \$200 per month toward their health insurance premiums.

For the year ended June 30, 2019, Dallas Independent School District recognized OPEB expense of \$30,269,921 for support provided by the state.

At June 30, 2019, Dallas Independent School District reported its proportionate share of the TRS's deferred outflows of resources and deferred inflows of resources related to other post-employment benefits from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 38,006,545	\$ 11,302,828
Changes in actuarial assumptions	11,951,587	215,179,686
Difference between projected and actual investment earnings	125,256	-
Changes in proportion and difference between the employer's contributions and the proportionate share of contributions	2,525	7,050,148
Contributions paid to TRS subsequent to the measurement date	8,669,480	-
Total	<u>\$ 58,755,393</u>	<u>\$ 233,532,662</u>

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

Year Ended June 30:	OPEB Expense Amount
2020	\$ (29,064,951)
2021	(29,064,951)
2022	(29,064,951)
2023	(29,088,639)
2024	(29,102,187)
Thereafter	(38,061,070)
Total	<u>\$ (183,446,749)</u>

**Dallas Independent School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2019**

NOTE O: RISK MANAGEMENT

The District is exposed to various risks of loss related to torts, theft of, damage to and destruction of assets, errors and omissions, injuries to employees, and natural disasters. The District purchases commercial insurance to cover property losses. There were no significant reductions in insurance coverage from the prior year. There have been no claim settlements in excess of insurance coverage in the last three years.

Workers' Compensation. Beginning in 1989, the District moved from a self-insured workers' compensation program administered by a third party to a self-insured program administered by the District. The District currently reports all of its risk management activities in its Internal Service Fund. Claims expenditures and liabilities are reported when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated. These losses include an estimate of claims that have been incurred but not reported. The provision for reported claims and for claims incurred but not yet reported is determined by an actuary for the District management. The District has an agreement with a third party administrator to contract directly with medical providers for their workers' compensation program and their injured employees. At June 30, 2019, the accrued liability for workers' compensation self-insurance of \$5.5 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.

Auto Liability. On July 1, 2018, the District established an internal service fund to accumulate and allocate all externally incurred liability expenses relating to student transportation and white fleet vehicle accidents such as physical damage, third party medical claims, and third party administrator costs, as well as contracted services and parts to repair district buses damaged in such incidents.

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
2018 - 2019	\$ 8,829,091	\$ 4,086,224	\$ (3,526,143)	\$ 9,389,172
2017 - 2018	\$ 9,284,842	\$ 3,562,291	\$ (4,018,042)	\$ 8,829,091

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. Effective September 1, 2014, the TRS Active Care Health Insurance Program is administered by Aetna and CVS/Caremark Pharmacy. This is a premium based plan. Employees pay for the insurance on a monthly basis.

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, 2019 and 2018, these on-behalf payments were \$3,984,319 and \$4,843,617, respectively, and were recorded as equal revenues and expenditures in the General Fund.

**Dallas Independent School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2019**

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. 83: *Certain Asset Retirement Obligations*. Statement 83 was issued in November 2016. This Statement addresses accounting and financial reporting for certain asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. This Statement establishes criteria for determining the timing and pattern of recognition of a liability and a corresponding deferred outflow of resources for AROs. This Statement requires that recognition occur when the liability is both incurred and reasonably estimable. This Statement requires the measurement of an ARO to be based on the best estimate of the current value of outlays expected to be incurred. This Statement requires the current value of a government's AROs to be adjusted for the effects of general inflation or deflation at least annually. This Statement also requires disclosure of information about the nature of a government's AROs, the methods and assumptions used for the estimates of the liabilities, and the estimated remaining useful life of the associated tangible capital assets. This standard becomes effective for the District in fiscal year 2019. The implementation had no significant effect on the District's financial statements.

GASB Statement No. 84: *Fiduciary Activities*. Statement 84 was issued in January 2017. The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity, and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. This standard becomes effective for the District in fiscal year 2020. The District has not yet determined the impact of this statement.

GASB Statement No. 87: *Leases*. Statement 87 was issued in June 2017. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that were previously classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. This standard becomes effective for the District in fiscal year 2021. The District has not yet determined the impact of this statement.

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

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

**Dallas Independent School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2019**

This standard became effective for the District in fiscal year 2019. The implementation had no significant effect on the District's financial statements.

GASB Statement No. 89: Accounting for Interest Cost Incurred Before the End of a Construction Period. Statement 89 was issued in June 2018. This Statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund. This statement becomes effective for the District in fiscal year 2021. The District has not yet determined the impact of this statement.

GASB Statement No. 90: Majority Equity Interests – an Amendment to GASB Statements No. 14 and No. 61. Statement 90 was issued in August 2018. The primary objectives of this Statement is to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statements information for certain component units. The Statement also requires that a component unit in which a government has a 100 percent equity interest account for its assets, deferred outflows of resources, liabilities, and deferred inflows of resources at acquisition value at the date the government acquired a 100 percent equity interest in the component unit. This standard became effective for the District in fiscal year 2020. The District has not yet determined the impact of this statement.

GASB Statement No. 91: Conduit Debt Obligations. Statement 91 was issued in May 2019. The primary objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This Statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures. This standard becomes effective for the District in fiscal year 2021. The District has not yet determined the impact of this statement.

NOTE R: SUBSEQUENT EVENTS

On July 1, 2019, the District repaid the 2018 Unlimited Tax Commercial Paper Notes, Series B, in the amount of \$800,000.

On September 26, 2019, the Board of Trustees approved two orders authorizing the issuance of \$300,000,000 of variable rate unlimited tax school (ULT) building bonds and \$350,000,000 of fixed rate ULT bonds.

On October 20, 2019, several Dallas ISD campuses were impacted by storms. Three campuses suffered significant damage. The District has commercial property insurance to cover losses. Insurance adjustors are anticipated to provide a cost analysis to the District by late November.

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

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

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

**Dallas Independent School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2019**

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

Function	Operating Grants and Contributions	Negative On-Behalf Accruals	Operating Grants and Contributions (Excluding On-Behalf Accruals)
11 Instruction	\$ 124,337,232	\$ 18,927,725	\$ 105,409,507
12 Instructional Resources and Media Services	1,522,054	431,610	1,090,444
13 Curriculum and Staff Development	41,913,179	240,145	41,673,034
21 Instructional Leadership	8,739,937	657,166	8,082,771
23 School Leadership	9,130,186	2,531,358	6,598,828
31 Guidance, Counseling and Evaluation Services	18,068,249	1,254,793	16,813,456
32 Social Work Services	990,430	52,717	937,713
33 Health Services	2,803,501	475,706	2,327,795
34 Student (Pupil) Transportation	4,005,794	1,204,097	2,801,697
35 Food Services	104,472,154	-	104,472,154
36 Cocurricular/Extracurricular Activities	1,547,762	465,240	1,082,522
41 General Administration	7,100,520	746,864	6,353,656
51 Facilities Maintenance and Operations	9,722,822	2,266,486	7,456,336
52 Security and Monitoring Services	2,016,650	564,385	1,452,265
53 Data Processing Services	1,670,839	389,203	1,281,636
61 Community Services	7,083,911	62,365	7,021,546
81 Facilities Acquisition and Construction	202	61	141
Totals	<u>\$ 345,125,422</u>	<u>\$ 30,269,921</u>	<u>\$ 314,855,501</u>

Dallas Independent School District

**REQUIRED SUPPLEMENTARY
INFORMATION**

Dallas Independent School District
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual - General Fund
For the Fiscal Year Ended June 30, 2019

	Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance with Final Budget
	Original	Final		
REVENUES				
5700 Local and Intermediate Sources	\$1,320,206,050	\$1,356,156,467	\$1,366,250,835	\$ 10,094,368
5800 State Program Revenues	204,733,317	223,361,229	226,489,671	3,128,442
5900 Federal Program Revenues	66,034,153	69,101,893	105,061,609	35,959,716
5020 Total Revenues	<u>1,590,973,520</u>	<u>1,648,619,589</u>	<u>1,697,802,115</u>	<u>49,182,526</u>
EXPENDITURES				
Current				
11 Instruction	828,032,183	832,991,802	792,368,226	40,623,576
12 Instructional Resources and Media Services	19,644,046	19,848,310	18,209,778	1,638,532
13 Curriculum and Instructional Staff Development	16,962,159	17,870,015	16,262,365	1,607,650
21 Instructional Leadership	38,763,837	39,078,660	32,347,553	6,731,107
23 School Leadership	97,582,108	98,702,458	95,814,190	2,888,268
31 Guidance, Counseling and Evaluation Services	57,232,035	58,120,865	53,691,707	4,429,158
32 Social Work Services	2,038,222	2,274,881	1,863,366	411,515
33 Health Services	20,977,331	21,307,759	19,193,588	2,114,171
34 Student (Pupil) Transportation	49,632,467	54,267,774	50,587,137	3,680,637
35 Food Services	-	72,754	23,219	49,535
36 Cocurricular/Extracurricular Activities	31,287,168	33,103,273	31,627,785	1,475,488
41 General Administration	49,455,910	50,828,291	42,048,320	8,779,971
51 Facilities Maintenance and Operations	137,082,224	140,189,146	131,183,938	9,005,208
52 Security and Monitoring Services	23,085	23,786,668	19,894,343	3,892,325
53 Data Processing Services	31,341,680	35,080,618	32,252,840	2,827,778
61 Community Services	3,600,344	3,772,631	3,445,202	327,429
Debt Service				
72 Interest on Long Term Debt	1,674,737	9,674,737	9,149,737	525,000
73 Bond Fees and Charges	15,000	487,223	474,312	12,911
Capital Outlay				
81 Facilities Acquisition and Construction	5,500,000	6,239,780	2,676,197	3,563,583
Intergovernmental				
91 Contracted Instructional Services Between Schools	63,948,055	64,537,044	67,373,116	(2,836,072)
95 Payments to Juvenile Justice Alternative Ed. Prg.	86,300	86,300	3,000	83,300
97 Payments to Tax Increment Fund	65,502	65,502	64,955	547
99 Other Intergovernmental Charges	5,446,972	5,446,972	5,445,908	1,064
6030 Total Expenditures	<u>1,460,391,365</u>	<u>1,517,833,463</u>	<u>1,426,000,782</u>	<u>91,832,681</u>
1100 Excess (Deficiency) of Revenues Over Expenditures	130,582,155	130,786,126	271,801,333	141,015,207
OTHER FINANCING SOURCES (USES)				
7901 Refunding Bonds Issued	-	75,500,250	-	(75,500,250)
7912 Sale of Real and Personal Property	-	-	325,751	325,751
7915 Transfers In	-	75,000,000	75,000,000	-
7916 Premium or Discount on Issuance of Bonds	-	-	500,250	500,250
8911 Transfers Out (Use)	(7,167,000)	(7,167,000)	(7,167,000)	-
8940 Payment to Bond Refunding Escrow Agent (Use)	-	(75,000,000)	-	75,000,000
7080 Total Other Financing Sources (Uses)	<u>(7,167,000)</u>	<u>68,333,250</u>	<u>68,659,001</u>	<u>325,751</u>
1200 Net Change in Fund Balances	123,415,155	199,119,376	340,460,334	141,340,958
0100 Fund Balance - Beginning	372,532,882	372,532,882	372,532,882	-
3000 Fund Balance - Ending	<u>\$ 495,948,037</u>	<u>\$ 571,652,258</u>	<u>\$ 712,993,216</u>	<u>\$ 141,340,958</u>

See Notes of Required Supplementary Information.

Dallas Independent School District
Notes to the Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual - General Fund
Required Supplementary Information
For the Fiscal Year Ended June 30, 2019

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

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

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

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

TEA requires the budgets for the governmental fund types to be filed with the TEA. The expenditure should not exceed the budget in any functional category under TEA requirements. For the year ended June 30, 2019, expenditures did not exceed the budget in any functional category. Function 91 exceeded budget due to increased Chapter 41 recapture cost.

Dallas Independent School District
Schedule of the District's Proportionate Share of the Net Pension Liability
Teacher Retirement System
For the Fiscal Year Ended June 30, 2019

	2019	2018	2017	2016	2015
District's Proportionate Share of Net Pension Liability (Asset)	\$ 628,056,748	\$ 371,237,578	\$ 459,885,905	\$ 427,149,463	\$ 248,867,951
State's Proportionate Share of the Net Pension Liability (Asset) associated with the District	711,627,494	445,725,181	536,455,724	521,628,830	418,542,854
Total	\$ 1,339,684,242	\$ 816,962,759	\$ 996,341,629	\$ 948,778,293	\$ 667,410,805
District's Proportion of the Net Pension Liability (Asset)	1.1410412%	1.1610385%	1.2169992%	1.2083891%	0.9316925%
District's Covered Payroll	\$ 1,029,193,387	\$ 1,034,387,378	\$ 1,024,643,933	\$ 980,349,284	\$ 913,475,811
District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	61.02%	35.89%	44.88%	43.57%	27.24%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	73.74%	82.17%	78.00%	78.43%	83.25%

Note: GASB 68, Paragraph 81 requires that the information on this schedule be data from the period corresponding with the periods covered as of the measurement dates of August 31, 2018 for Year 2019, August 31, 2017 for Year 2018, August 31, 2016 for Year 2017, August 31, 2015 for Year 2016, and August 31, 2014 for Year 2015.

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

**Dallas Independent School District
Schedule of District Contributions
Teacher Retirement System
For the Fiscal Year Ended June 30, 2019**

	2019	2018	2017	2016	2015
Contractually Required Contribution (Current Fiscal Year)	\$ 38,563,940	\$ 37,597,460	\$ 36,836,790	\$ 36,370,962	\$ 33,027,288
Contribution in Relation to the Contractually Required Contribution	(38,563,940)	(37,597,460)	(36,836,790)	(36,370,962)	(33,027,288)
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's Covered Payroll	\$ 1,063,626,066	\$ 1,028,852,109	\$ 1,037,266,640	\$ 1,020,185,302	\$ 969,551,901
Contributions as a Percentage of Covered Payroll	3.63%	3.65%	3.55%	3.57%	3.41%

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

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

Dallas Independent School District
Schedule of the District's Proportionate Share of the Net OPEB Liability
Teacher Retirement System
For the Fiscal Year Ended June 30, 2019

	FY 2019 Plan Year 2018	FY 2018 Plan Year 2017
District's Proportionate Share of Net Post Employment Benefit Liability (Asset)	\$ 716,208,922	\$ 629,337,928
State's Proportionate Share of the Net Post Employment Benefit Liability (Asset) associated with the District	832,185,726	766,999,910
Total	<u>\$ 1,548,394,648</u>	<u>\$ 1,396,337,838</u>
District's Proportion of the Net Liability (Asset) for Other Post Employment Benefits	1.4343997%	1.4472114%
District's Covered Payroll	\$ 1,029,193,387	\$ 1,034,387,378
District's Proportionate Share of the Net OPEB Liability (Asset) as a Percentage of its Covered Payroll	69.59%	60.84%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	1.57%	0.91%

Note: GASB Codification, Vol. 2, P50.238 states that the information on this schedule should be determined as of the measurement date. Therefore, the amounts reported for FY 2019 are for the measurement date August 31, 2018. The amounts reported for FY 2018 are based on the August 31, 2017 measurement date.

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

Dallas Independent School District
Schedule of District Contributions for Other Post Employment Benefits (OPEB)
Teacher Retirement System
For the Fiscal Year Ended June 30, 2019

	<u>2019</u>	<u>2018</u>
Contractually Required Contribution (Current Fiscal Year)	\$ 10,269,166	\$ 9,642,810
Contribution in Relation to the Contractually Required Contribution	10,269,166	9,642,810
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>
District's Covered Payroll	\$ 1,063,626,066	\$ 1,028,852,109
Contributions as a Percentage of Covered Payroll	0.97%	0.94%

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

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

Dallas Independent School District
Notes to Teacher Retirement System and Post Employment Benefits Schedules
Required Supplementary Information
For the Fiscal Year Ended June 30, 2019

Pension Changes of Benefit Terms

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

Pension Changes of Assumptions

Assumptions, methods, and plan changes, which are specific to the Pension Trust Fund, were updated from the prior year's report. The Net Pension Liability increased significantly since the prior measurement date due to a change in the following actuarial assumptions:

- The total pension liability as of August 31, 2018, was developed using a roll-forward method from the August 31, 2017 valuation.
- Demographic assumptions, including post-retirement mortality, termination rates, and rates of retirement were updated based on the experience study performed for TRS for the period ending August 31, 2017.
- Economic assumptions, including rates of salary increase for individual participants, were updated based on the same experience study.
- The discount rate changed from 8.0 percent as of August 31, 2017, to 6.907 percent as of August 31, 2018.
- The long-term assumed rate of return changed from 8.0 percent to 7.25 percent.
- The change in the long-term assumed rate of return combined with the change in the single discount rate was the primary reason for the increase in the net pension liability.

Other Post Employment Benefits Changes of Benefit Terms

The 85th Legislature, Regular Session, passed the following statutory changes, which became effective on September 1, 2017:

- Created a high-deductible health plan that provides a zero cost for generic prescriptions for certain preventive drugs and provides a zero premium for disability retirees who retired as a disability retiree on or before January 1, 2017, and are not eligible to enroll in Medicare.
- Created a single Medicare Advantage plan and Medicare prescription drug plan for all Medicare-eligible participants.
- Allowed the System to provide other, appropriate health benefit plans to address the needs of enrollees eligible for Medicare.
- Allowed eligible retirees and their eligible dependents to enroll in TRS-Care when the retiree reaches 65 years of age, rather than waiting for the next enrollment period.
- Eliminated free coverage under TRS-Care, except for certain disability retirees enrolled during Plan Years 2018 through 2021, requiring members to contribute \$200 per month toward their health insurance premiums.

Other Post Employment Benefits Changes of Assumptions

The following were changes to the actuarial assumptions or other inputs that affected measurement of the Total OPEB Liability since the prior measurement period:

- Adjustments were made for retirees that were known to have discontinued their healthcare coverage in fiscal year 2018. This change increased the Total OPEB Liability.
- The healthcare trend rate assumption was updated to reflect the anticipated return of the Health Insurer Fee (HIF) in 2020. This change increased the Total OPEB Liability.
- Demographic and economic assumptions were updated based on the experience study performed for TRS for the period ending August 31, 2017. This change increased the Total OPEB Liability.
- The discount rate changed from 3.42 percent as of August 31, 2017, to 3.69 percent as of August 31, 2018. This change lowered the Total OPEB Liability \$2.3 billion.

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

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

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

COMBINING AND OTHER STATEMENTS

Non-Major Governmental Funds

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

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

ESEA Title X, Part C Homeless (Fund 206) – These funds are to be used to account, on a project basis, for funds allocated to local educational agencies to enable schools to provide a variety of staff development and supplemental services, including in-service training, counseling, psychological services and tutoring. They also facilitate the identification, enrollment, attendance, and academic success of homeless children and youth by removing barriers and promoting school stability for students experiencing homelessness. This program is authorized under P.L. 107-110, McKinney-Vento Homeless Education Assistance Improvement as amended by ESSA of 2015, Title X, Part C and Subtitle VII-B, reauthorized by Title IX, Part A, of ESSA (42 U.S.C. 11431 et seq.).

ESSA Title I, Part A, D, SIP, School Redesign and Transformation Fund Planning/Implementation (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 to meet the challenging State performance standards developed for all children. The funds also implement the redesign model that supports the aggressive improvement of learning environments that can substantially increase student achievement. This program is authorized under P.L. 107-110 and 107-11, ESEA of 1965.

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

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

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

IDEA – Part B, High Cost EDI and Evaluation Capacity Award (Fund 226) – High Cost Funds (HCF) are used to account for, on a project basis, the financial impact on districts that provide educational services to high-need children with disabilities. High-need children with disabilities receive educational services which exceed three times the average per pupil expenditure (APPE). HCF cover only costs identified in the child's Individualized Education Program (IEP) and associated with providing direct special education and related services. Evaluation Capacity Funds are used to secure appropriately certified and/or licensed staff for the purpose of completing evaluations for eligibility for special education services.

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

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

ESSA Title II, Part A – Improving Teacher Quality and Principal Preparation Grant, Cycle II (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. They also afford the opportunity to build strong campus leaders and help support internal leadership pipelines through full-time, year-long principal residencies. 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.

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; Home Instruction for Parents of Preschool Youngsters (HIPPO); Industry Cluster/P-TECH; Title IV, Part A, Subpart I; Summer School LEP; and i3 Spurwink BARR Grant. These programs are designed to address the unique and culturally related needs of students.

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

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

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, Math and Literacy Achievement Academies, SSI Community Partnership Planning, P-TECH, and Math Innovative Zones. The

goal of these programs is to improve educator effectiveness in Texas public schools and to create a transformative school model to equip students with STEM based knowledge and skills needed to qualify for 21st Century careers. The programs funded with the grant will improve student performance by fostering open, supportive and collaborative campus cultures that allow teachers and students 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. These funds include Advanced Placement Incentive Program; Dallas Education Foundation: HIPP; Autism: A+; Head Start; More Time for Learning Initiative/Summer Camp; CRIS-Bill & Melinda Gates; NextGen-Personalized Learning; King Foundation; Baron & Blue; Texas Instruments; Korean Education; PLTW; and New School Venture. 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, 2019**

Data Control Codes	203 PreK Partnership Planning	206 ESEA Title X, Pt. C Homeless	211 ESSA Title I Part A, D, SIP, School Redesign/ Transformation
ASSETS			
1110 Cash and Cash Equivalents	\$ -	\$ -	\$ -
1240 Receivables from Other Governments	-	12,997	13,739,928
1290 Other Receivables, Net	-	-	-
1300 Inventories	-	-	-
1000 Total Assets	<u>-</u>	<u>12,997</u>	<u>13,739,928</u>
LIABILITIES			
2110 Accounts Payable	-	122	1,547,256
2150 Payroll Deductions and Withholdings Payable	-	-	975,628
2160 Accrued Wages and Benefits Payable	-	-	6,058,492
2170 Due to Other Funds	-	12,875	4,960,474
2180 Due to Other Governments	-	-	9,728
2200 Accrued Expenditures	-	-	188,350
2300 Unearned Revenues	-	-	-
2000 Total Liabilities	<u>-</u>	<u>12,997</u>	<u>13,739,928</u>
FUND BALANCES			
Nonspendable Fund Balance			
3410 Inventories	-	-	-
Restricted Fund Balance			
3450 Federal or State Funds Grant Restriction	-	-	-
3490 Other Restricted Fund Balance	-	-	-
Assigned Fund Balance			
3590 Other Assigned Fund Balance	-	-	-
3000 Total Fund Balances	<u>-</u>	<u>-</u>	<u>-</u>
4000 Total Liabilities and Fund Balances	<u>\$ -</u>	<u>\$ 12,997</u>	<u>\$ 13,739,928</u>

EXHIBIT H-1

223	224	225	226	240
TANF Foster Youth Dropout	IDEA - Part B Formula	IDEA - Part B Preschool	IDEA - Part B High Cost EDI Evaluation Capacity	Food Services Program
\$ -	\$ -	\$ -	\$ -	\$ 2,983,401
107,135	6,313,345	71,476	336,946	11,262,310
-	-	-	-	610
-	-	-	-	4,293,710
107,135	6,313,345	71,476	336,946	18,540,031
7,263	721,645	1,042	-	549,297
-	486,205	3,112	21	269,391
-	3,052,726	21,356	180	1,555,764
19,550	2,001,006	44,404	336,745	15,817
-	-	-	-	-
80,322	51,763	1,562	-	-
-	-	-	-	83,816
107,135	6,313,345	71,476	336,946	2,474,085
-	-	-	-	4,293,710
-	-	-	-	11,772,236
-	-	-	-	-
-	-	-	-	-
-	-	-	-	16,065,946
\$ 107,135	\$ 6,313,345	\$ 71,476	\$ 336,946	\$ 18,540,031

**Dallas Independent School District
Combining Balance Sheet
Non-Major Governmental Funds
June 30, 2019**

Data Control Codes	244	255	263
	Career and Technical - Basic Grant	ESSA Title II, Part A Improving Teacher Quality and Principal Preparation	Title III, Part A English Lang. Acquisition
ASSETS			
1110 Cash and Cash Equivalents	\$ -	\$ -	\$ -
1240 Receivables from Other Governments	382,954	1,032,093	1,041,134
1290 Other Receivables, Net	-	-	-
1300 Inventories	-	-	-
1000 Total Assets	<u>382,954</u>	<u>1,032,093</u>	<u>1,041,134</u>
LIABILITIES			
2110 Accounts Payable	114,977	428,577	116,145
2150 Payroll Deductions and Withholdings Payable	-	12,525	57,780
2160 Accrued Wages and Benefits Payable	-	86,953	420,809
2170 Due to Other Funds	240,781	470,500	439,979
2180 Due to Other Governments	-	-	-
2200 Accrued Expenditures	27,196	33,538	6,421
2300 Unearned Revenues	-	-	-
2000 Total Liabilities	<u>382,954</u>	<u>1,032,093</u>	<u>1,041,134</u>
FUND BALANCES			
Nonspendable Fund Balance			
3410 Inventories	-	-	-
Restricted Fund Balance			
3450 Federal or State Funds Grant Restriction	-	-	-
3490 Other Restricted Fund Balance	-	-	-
Assigned Fund Balance			
3590 Other Assigned Fund Balance	-	-	-
3000 Total Fund Balances	<u>-</u>	<u>-</u>	<u>-</u>
4000 Total Liabilities and Fund Balances	<u>\$ 382,954</u>	<u>\$ 1,032,093</u>	<u>\$ 1,041,134</u>

EXHIBIT H-1 (Cont'd)

272	289	315	340
Medicaid Admin. Claim MAC	Other Federal Special Revenue Funds	SSA IDEA, Part B Discretionary Deaf	SSA - IDEA Part C Deaf - Early Intervention
\$ 3,023,854	\$ 2,180	\$ -	\$ -
-	1,021,535	205,319	-
197,044	-	-	-
-	-	-	-
<u>3,220,898</u>	<u>1,023,715</u>	<u>205,319</u>	<u>-</u>
4,205	527,043	46,712	-
-	8,576	9,742	-
-	62,534	62,949	-
-	415,935	85,896	-
-	-	-	-
-	9,280	20	-
-	347	-	-
<u>4,205</u>	<u>1,023,715</u>	<u>205,319</u>	<u>-</u>
-	-	-	-
3,216,693	-	-	-
-	-	-	-
-	-	-	-
<u>3,216,693</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ 3,220,898</u>	<u>\$ 1,023,715</u>	<u>\$ 205,319</u>	<u>\$ -</u>

**Dallas Independent School District
Combining Balance Sheet
Non-Major Governmental Funds
June 30, 2019**

Data Control Codes	393	397	410
	Texas Successful Schools Prog.	Advanced Placement Incentives	State Instructional Materials
ASSETS			
1110 Cash and Cash Equivalents	\$ 26,682	\$ 129,655	\$ 538,688
1240 Receivables from Other Governments	-	-	-
1290 Other Receivables, Net	-	-	-
1300 Inventories	-	-	-
1000 Total Assets	<u>26,682</u>	<u>129,655</u>	<u>538,688</u>
LIABILITIES			
2110 Accounts Payable	-	-	-
2150 Payroll Deductions and Withholdings Payable	-	-	-
2160 Accrued Wages and Benefits Payable	-	-	-
2170 Due to Other Funds	-	-	-
2180 Due to Other Governments	-	-	-
2200 Accrued Expenditures	-	-	362,769
2300 Unearned Revenues	-	-	175,919
2000 Total Liabilities	<u>-</u>	<u>-</u>	<u>538,688</u>
FUND BALANCES			
Nonspendable Fund Balance			
3410 Inventories	-	-	-
Restricted Fund Balance			
3450 Federal or State Funds Grant Restriction	26,682	129,655	-
3490 Other Restricted Fund Balance	-	-	-
Assigned Fund Balance			
3590 Other Assigned Fund Balance	-	-	-
3000 Total Fund Balances	<u>26,682</u>	<u>129,655</u>	<u>-</u>
4000 Total Liabilities and Fund Balances	<u>\$ 26,682</u>	<u>\$ 129,655</u>	<u>\$ 538,688</u>

EXHIBIT H-1 (Cont'd)

429	435	461	499	
Other State Special Revenue Funds	SSA Regional Day School - Deaf	Campus Activity Funds	Other Local Special Revenue Funds	Total Non-Major Governmental Funds
\$ 39,995	\$ -	\$ 6,117,199	\$ 5,010,089	\$ 17,871,743
214,778	902,389	-	-	36,644,339
-	-	180	125,154	322,988
-	-	-	-	4,293,710
254,773	902,389	6,117,379	5,135,243	59,132,780
158,148	2,126	70,043	224,614	4,519,215
2,532	64,918	9,817	4	1,900,251
10,665	391,286	1,349	42	11,725,105
43,433	442,258	568,015	111,004	10,208,672
-	-	-	52,816	62,544
-	1,801	121,192	3,099	887,313
15,050	-	-	1,648,492	1,923,624
229,828	902,389	770,416	2,040,071	31,226,724
-	-	-	-	4,293,710
1,820	-	-	-	15,147,086
-	-	-	3,003,934	3,003,934
23,125	-	5,346,963	91,238	5,461,326
24,945	-	5,346,963	3,095,172	27,906,056
\$ 254,773	\$ 902,389	\$ 6,117,379	\$ 5,135,243	\$ 59,132,780

Dallas Independent School District
Combining Statement of Revenues, Expenditures, and Changes
in Fund Balances
Non-Major Governmental Funds
For the Fiscal Year Ended June 30, 2019

Data Control Codes	203	206	211
	PreK Partnership Planning	ESEA Title X, Pt. C Homeless	ESSA Title I Part A, D, SIP, School Redesign/ Transformation
REVENUES			
5700 Local and Intermediate Sources	\$ -	\$ -	\$ -
5800 State Program Revenues	-	-	-
5900 Federal Program Revenues	224,364	184,652	75,986,044
5020 Total Revenues	<u>224,364</u>	<u>184,652</u>	<u>75,986,044</u>
EXPENDITURES			
Current			
11 Instruction	206,832	866	30,669,080
12 Instructional Resources and Media Services	-	-	82,350
13 Curriculum and Instructional Staff Development	17,532	-	30,553,050
21 Instructional Leadership	-	-	1,898,501
23 School Leadership	-	-	602,752
31 Guidance, Counseling and Evaluation Services	-	-	4,345,773
32 Social Work Services	-	-	374,267
33 Health Services	-	-	-
35 Food Services	-	-	-
36 Cocurricular/Extracurricular Activities	-	-	-
41 General Administration	-	-	1,831,162
51 Facilities Maintenance and Operations	-	-	3,020
52 Security and Monitoring Services	-	-	130,891
53 Data Processing Services	-	-	-
61 Community Services	-	183,786	5,495,198
6030 Total Expenditures	<u>224,364</u>	<u>184,652</u>	<u>75,986,044</u>
1200 Net Change in Fund Balance	-	-	-
0100 Fund Balance - Beginning	-	-	-
3000 Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

223	224	225	226	240
TANF Foster Youth Dropout	IDEA - Part B Formula	IDEA - Part B Preschool	IDEA - Part B High Cost EDI Evaluation Capacity	Food Services Program
\$ -	\$ -	\$ -	\$ -	\$ 2,051,974
-	-	-	-	520,838
<u>277,238</u>	<u>29,289,609</u>	<u>505,761</u>	<u>425,328</u>	<u>106,083,401</u>
277,238	29,289,609	505,761	425,328	108,656,213
168,245	17,460,436	318,322	345,339	-
-	-	-	-	-
-	632,932	4,982	203	-
106,126	1,039,039	144,765	-	-
-	-	-	-	-
2,867	9,378,216	37,692	79,786	-
-	440,783	-	-	-
-	1,664	-	-	-
-	-	-	-	111,677,087
-	-	-	-	-
-	-	-	-	1,949,116
-	-	-	-	-
-	333,705	-	-	-
-	2,834	-	-	-
<u>277,238</u>	<u>29,289,609</u>	<u>505,761</u>	<u>425,328</u>	<u>113,626,203</u>
-	-	-	-	(4,969,990)
-	-	-	-	21,035,936
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 16,065,946</u>

Dallas Independent School District
Combining Statement of Revenues, Expenditures, and Changes
in Fund Balances
Non-Major Governmental Funds
For the Year Ended June 30, 2019

Data Control Codes	244	255	263
	Career and Technical - Basic Grant	ESSA Title II, Part A Improving Teacher Quality and Principal Preparation	Title III, Part A English Lang. Acquisition
REVENUES			
5700 Local and Intermediate Sources	\$ -	\$ -	\$ -
5800 State Program Revenues	-	-	-
5900 Federal Program Revenues	2,135,859	8,360,674	7,678,456
5020 Total Revenues	<u>2,135,859</u>	<u>8,360,674</u>	<u>7,678,456</u>
EXPENDITURES			
Current			
11 Instruction	1,307,855	-	3,621,423
12 Instructional Resources and Media Services	-	-	-
13 Curriculum and Instructional Staff Development	215,654	5,056,022	3,262,577
21 Instructional Leadership	612,350	916,965	5,920
23 School Leadership	-	41,757	2,073
31 Guidance, Counseling and Evaluation Services	-	12,420	-
32 Social Work Services	-	-	-
33 Health Services	-	-	-
35 Food Services	-	-	-
36 Cocurricular/Extracurricular Activities	-	-	-
41 General Administration	-	2,292,668	41,240
51 Facilities Maintenance and Operations	-	36,276	11,288
52 Security and Monitoring Services	-	4,566	3,596
53 Data Processing Services	-	-	-
61 Community Services	-	-	730,339
6030 Total Expenditures	<u>2,135,859</u>	<u>8,360,674</u>	<u>7,678,456</u>
1200 Net Change in Fund Balance	-	-	-
0100 Fund Balance - Beginning	-	-	-
3000 Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

272	289	315	340
Medicaid Admin. Claim MAC	Other Federal Special Revenue Funds	SSA IDEA, Part B Discretionary Deaf	SSA - IDEA Part C Deaf - Early Intervention
\$ -	\$ -	\$ -	\$ -
-	-	-	-
1,219,256	3,277,199	543,952	5,364
1,219,256	3,277,199	543,952	5,364
-	1,346,572	489,110	5,364
-	3,823	-	-
-	593,844	-	-
-	547,780	54,842	-
-	8,968	-	-
-	22,509	-	-
-	-	-	-
382,623	-	-	-
-	-	-	-
-	347,121	-	-
-	-	-	-
-	454	-	-
-	406,128	-	-
382,623	3,277,199	543,952	5,364
836,633	-	-	-
2,380,060	-	-	-
\$ 3,216,693	\$ -	\$ -	\$ -

Dallas Independent School District
Combining Statement of Revenues, Expenditures, and Changes
in Fund Balances
Non-Major Governmental Funds
For the Year Ended June 30, 2019

Data Control Codes	393	397	410
	Texas Successful Schools Prog.	Advanced Placement Incentives	State Instructional Materials
REVENUES			
5700 Local and Intermediate Sources	\$ -	\$ -	\$ -
5800 State Program Revenues	-	2,160	706,991
5900 Federal Program Revenues	-	-	-
5020 Total Revenues	<u>-</u>	<u>2,160</u>	<u>706,991</u>
EXPENDITURES			
Current			
11 Instruction	-	-	703,134
12 Instructional Resources and Media Services	-	-	-
13 Curriculum and Instructional Staff Development	-	5,067	-
21 Instructional Leadership	-	-	-
23 School Leadership	-	-	-
31 Guidance, Counseling and Evaluation Services	-	-	-
32 Social Work Services	-	-	-
33 Health Services	-	-	-
35 Food Services	-	-	-
36 Cocurricular/Extracurricular Activities	-	-	-
41 General Administration	-	-	3,857
51 Facilities Maintenance and Operations	-	-	-
52 Security and Monitoring Services	-	-	-
53 Data Processing Services	-	-	-
61 Community Services	-	-	-
6030 Total Expenditures	<u>-</u>	<u>5,067</u>	<u>706,991</u>
1200 Net Change in Fund Balance	-	(2,907)	-
0100 Fund Balance - Beginning	<u>26,682</u>	<u>132,562</u>	<u>-</u>
3000 Fund Balance - Ending	<u>\$ 26,682</u>	<u>\$ 129,655</u>	<u>\$ -</u>

429		435		461		499			
Other State Special Revenue Funds		SSA Regional Day School - Deaf		Campus Activity Funds		Other Local Special Revenue Funds		Total Non-Major Governmental Funds	
\$	-	\$	-	\$	4,475,030	\$	3,879,287	\$	10,406,291
	1,065,923		3,633,521		-		-		5,929,433
	-		-		-		-		236,197,157
	1,065,923		3,633,521		4,475,030		3,879,287		252,532,881
	195,657		3,626,486		1,601,646		1,041,612		63,107,979
	-		-		325,973		25,629		437,775
	101,602		100		63,405		861,640		41,368,610
	613,194		6,935		18,254		611,258		6,575,929
	7,995		-		1,326,234		45,311		2,035,090
	450		-		6,623		24,036		13,910,372
	-		-		-		-		815,050
	-		-		4,071		-		388,358
	-		-		-		-		111,677,087
	-		-		1,033,212		249,712		1,282,924
	96,501		-		-		233,516		4,846,065
	-		-		4,229		822,338		2,826,267
	-		-		8,028		1,281		148,362
	41,878		-		762		-		376,799
	-		-		3,632		207,803		7,029,720
	1,057,277		3,633,521		4,396,069		4,124,136		256,826,387
	8,646		-		78,961		(244,849)		(4,293,506)
	16,299		-		5,268,002		3,340,021		32,199,562
\$	24,945	\$	-	\$	5,346,963	\$	3,095,172	\$	27,906,056

Dallas Independent School District

Internal Service Funds

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

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

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

Auto Liability Insurance – This fund is used to account for all externally incurred liability expenses relating to student transportation and white fleet vehicle accidents, as well as contracted services and parts to repair vehicles damaged in such incidents.

**Dallas Independent School District
Combining Statement of Net Position
Internal Service Funds
June 30, 2019**

Data Control Codes	752 Graphics Shop	753 Risk Management	771 Auto Liability Insurance	Total Internal Service Funds	
ASSETS					
Current Assets					
1110	Cash and Cash Equivalents	\$ 280,172	\$ 26,274,265	\$ 824,441	\$ 27,378,878
1260	Due from Other Funds	-	1,510,719	-	1,510,719
1290	Other Receivables, Net	-	40,930	-	40,930
	Total Current Assets	<u>280,172</u>	<u>27,825,914</u>	<u>824,441</u>	<u>28,930,527</u>
Noncurrent Assets					
Capital Assets					
1530	Furniture and Equipment, Net	192,510	4,989	-	197,499
	Total Noncurrent Assets	<u>192,510</u>	<u>4,989</u>	<u>-</u>	<u>197,499</u>
	Total Assets	<u>472,682</u>	<u>27,830,903</u>	<u>824,441</u>	<u>29,128,026</u>
LIABILITIES					
Current Liabilities					
2110	Accounts Payable	123,681	257,648	27,210	408,539
2120	Accrued Liabilities - Short Term	-	3,454,208	-	3,454,208
2150	Payroll Deductions and Withholdings Payable	635	-	-	635
2160	Accrued Wages and Benefits Payable	26,789	601	-	27,390
2200	Accrued Expenses	22,925	3,866	1,068	27,859
	Total Current Liabilities	<u>174,030</u>	<u>3,716,323</u>	<u>28,278</u>	<u>3,918,631</u>
Noncurrent Liabilities					
2590	Accrued Liabilities - Long Term	-	5,934,964	-	5,934,964
	Total Noncurrent Liabilities	<u>-</u>	<u>5,934,964</u>	<u>-</u>	<u>5,934,964</u>
	Total Liabilities	<u>174,030</u>	<u>9,651,287</u>	<u>28,278</u>	<u>9,853,595</u>
NET POSITION					
3200	Net Investment in Capital Assets	192,510	4,989	-	197,499
3900	Unrestricted Net Position	106,142	18,174,627	796,163	19,076,932
	Total Net Position	<u>\$ 298,652</u>	<u>\$ 18,179,616</u>	<u>\$ 796,163</u>	<u>\$ 19,274,431</u>

Dallas Independent School District
Combining Statement of Revenues, Expenses, and
Changes in Fund Net Position
Internal Service Funds
For the Year Ended June 30, 2019

	752 Graphics Shop	753 Risk Management	771 Auto Liability Insurance	Total Internal Service Funds
OPERATING REVENUES				
Charges for Services	\$ 2,484,680	\$ 11,600,691	\$ 1,512,692	\$ 15,598,063
Total Operating Revenues	<u>2,484,680</u>	<u>11,600,691</u>	<u>1,512,692</u>	<u>15,598,063</u>
OPERATING EXPENSES				
Personnel Services	1,214,568	6,188,276	-	7,402,844
Contractual Services	775,418	701,857	261,637	1,738,912
Supplies	366,707	396,282	-	762,989
Other Operating Expenses	49,036	36,875	454,892	540,803
Depreciation Expense	36,945	3,326	-	40,271
Total Operating Expenses	<u>2,442,674</u>	<u>7,326,616</u>	<u>716,529</u>	<u>10,485,819</u>
Operating Income	<u>42,006</u>	<u>4,274,075</u>	<u>796,163</u>	<u>5,112,244</u>
NON-OPERATING REVENUES				
Loss on Sale of Property	(2,045)	-	-	(2,045)
Total Non-Operating Revenues	<u>(2,045)</u>	<u>-</u>	<u>-</u>	<u>(2,045)</u>
Change in Net Position	39,961	4,274,075	796,163	5,110,199
Total Net Position - Beginning	258,691	13,905,541	-	14,164,232
Total Net Position - Ending	<u>\$ 298,652</u>	<u>\$ 18,179,616</u>	<u>\$ 796,163</u>	<u>\$ 19,274,431</u>

**Dallas Independent School District
Combining Statement of Cash Flows
Internal Service Funds
For the Year Ended June 30, 2019**

	752	753	771	Total Internal Service Funds
	Graphics Shop	Risk Management	Auto Liability Insurance	
Cash Flows from Operating Activities				
Cash Received from User Charges	\$ 2,484,680	\$ 11,597,618	\$ 1,512,692	\$ 15,594,990
Cash Payments to Employees for Services	(1,216,576)	(2,111,805)	-	(3,328,381)
Cash Payments for Insurance Claims	-	(3,527,487)	-	(3,527,487)
Cash Payments for Suppliers	(1,119,932)	(1,119,591)	(688,251)	(2,927,774)
Cash Payments for Accrued Expenses	-	(20,246)	-	(20,246)
Net Cash Provided by Operating Activities	<u>148,172</u>	<u>4,818,489</u>	<u>824,441</u>	<u>5,791,102</u>
Cash Flows from Capital & Related Financing Activities				
Acquisition of Capital Assets	(6,217)	-	-	(6,217)
Net Increase in Cash and Cash Equivalents	141,955	4,818,489	824,441	5,784,885
Cash and Cash Equivalents at Beginning of Year	138,217	21,455,776	-	21,593,993
Cash on Balance Sheet	<u>\$ 280,172</u>	<u>\$ 26,274,265</u>	<u>\$ 824,441</u>	<u>\$ 27,378,878</u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities				
Operating Income	42,006	4,274,075	796,163	5,112,244
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities				
Depreciation	36,945	3,326	-	40,271
Effect of Increases and Decreases in Current Assets and Liabilities				
Decrease (increase) in Due from Other Funds	-	(3,073)	-	(3,073)
Increase (decrease) in Accounts Payable	48,442	15,423	27,210	91,075
Increase (decrease) in Payroll Deductions	123	(2)	-	121
Increase (decrease) in Accrued Wages Payable	(1,986)	(11,095)	-	(13,081)
Increase (decrease) in Due to Other Funds	(145)	-	-	(145)
Increase (decrease) in Accrued Liabilities Long Term	-	95,043	-	95,043
Increase (decrease) in Accrued Expenses	22,787	444,792	1,068	468,647
Net Cash Provided by Operating Activities	<u>\$ 148,172</u>	<u>\$ 4,818,489</u>	<u>\$ 824,441</u>	<u>\$ 5,791,102</u>

Dallas Independent School District

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 Fiscal Year Ended June 30, 2019

	BALANCE JULY 1 2018	ADDITIONS	DEDUCTIONS	BALANCE JUNE 30 2019
STUDENT ACTIVITY FUND				
ASSETS				
Cash and Cash Equivalents	2,772,976	16,838,802	17,019,562	2,592,216
Other Receivables	-	214	-	214
Total Assets	\$ 2,772,976	\$ 16,839,016	\$ 17,019,562	\$ 2,592,430
LIABILITIES				
Accounts Payable	113,209	4,399,955	4,465,873	47,291
Due to Student Groups	2,388,320	6,924,942	6,952,627	2,360,635
Accrued Expenses	271,447	2,283,376	2,370,319	184,504
Total Liabilities	\$ 2,772,976	\$ 13,608,273	\$ 13,788,819	\$ 2,592,430

**TEXAS EDUCATION AGENCY
REQUIRED SCHEDULES**

**DALLAS INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF DELINQUENT TAXES RECEIVABLE
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

Exhibit J-1

Fiscal year (1)	Tax Rates		Net Assessed/ Appraised Value for School Tax Purposes	Beginning Balance	20	31	32	40	50
	Maintenance	Debt Service							
2010	(2) 1.04000-1.50000	0.109500-0.231293	485,749,151,031	13,471,741	-	1,230,816	151,201	(1,366,603)	10,723,121
2011	1.040050	0.197761	75,985,949,045	2,397,763	-	201,127	38,244	(410,205)	1,748,187
2012	1.040050	0.250297	74,661,069,947	2,666,401	-	255,573	61,506	(484,290)	1,865,032
2013	1.040050	0.250297	76,274,060,956	2,963,442	-	293,275	70,580	(395,415)	2,204,172
2014	1.040050	0.242035	80,040,860,095	4,327,595	-	150,307	34,978	(1,469,124)	2,673,186
2015	1.040050	0.242035	85,633,556,319	4,910,719	-	294,823	68,609	(351,402)	4,195,885
2016	1.040050	0.242035	91,173,609,390	6,136,884	-	121,340	28,237	(1,047,162)	4,940,145
2017	1.040050	0.242035	100,935,505,829	9,017,014	-	129,913	30,234	(2,680,067)	6,176,800
2018	1.040050	0.242035	108,482,803,909	19,170,980	-	(864,391)	(201,159)	(10,904,139)	9,332,391
2019	1.170000	0.242035	119,329,737,566		1,629,922,730	1,325,896,232	274,284,865	(2,756,087)	26,985,546
Wilmer Hutchins (1)				536,853	-	34,572		(31,289)	470,992
1000 Totals				<u>\$ 65,599,392</u>	<u>\$ 1,629,922,730</u>	<u>\$ 1,327,743,587</u>	<u>\$ 274,567,295</u>	<u>\$ (21,895,783)</u>	<u>\$ 71,315,457</u>

9000 - Portion of Row 1000 for taxes paid into Tax
Increment Zone Under Chapter 311, Tax Code

\$ 64,955

(1) Wilmer Hutchins ISD was annexed by the District effective July 1, 2007.
(2) Highest and lowest level for 10 years (1999-2009)

Dallas Independent School District
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual - Food Services Program
For the Fiscal Year Ended June 30, 2019

Data Control Codes	Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance with Final Budget	
	Original	Final			
REVENUES					
5700	Local and Intermediate Sources	\$ 3,406,934	\$ 2,406,934	\$ 2,051,974	\$ (354,960)
5800	State Program Revenues	704,609	704,609	520,838	(183,771)
5900	Federal Program Revenues	117,630,627	117,630,627	106,083,401	(11,547,226)
5020	Total Revenues	<u>121,742,170</u>	<u>120,742,170</u>	<u>108,656,213</u>	<u>(12,085,957)</u>
EXPENDITURES					
Current					
6035	Food Services	119,212,292	121,104,577	111,677,087	9,427,490
6041	General Administration	15,000	15,000	-	15,000
6051	Facilities Maintenance and Operations	2,155,000	2,155,000	1,949,116	205,884
6030	Total Expenditures	<u>121,382,292</u>	<u>123,274,577</u>	<u>113,626,203</u>	<u>9,648,374</u>
1200	Net Change in Fund Balances	359,878	(2,532,407)	(4,969,990)	(2,437,583)
0100	Fund Balance - Beginning	21,035,936	21,035,936	21,035,936	-
3000	Fund Balance - Ending	<u>\$ 21,395,814</u>	<u>\$ 18,503,529</u>	<u>\$ 16,065,946</u>	<u>\$ (2,437,583)</u>

Dallas Independent School District
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual - Debt Service Fund
For the Fiscal Year Ended June 30, 2019

Data Control Codes	Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance with Final Budget	
	Original	Final			
REVENUES					
5700	Local and Intermediate Sources	\$ 271,988,154	\$ 272,588,164	\$ 279,196,441	\$ 6,608,277
5800	State Program Revenues	-	-	2,270,236	2,270,236
5020	Total Revenues	<u>271,988,154</u>	<u>272,588,164</u>	<u>281,466,677</u>	<u>8,878,513</u>
EXPENDITURES					
Debt Service					
71	Principal on Long Term Debt	110,610,000	133,245,000	133,245,000	-
72	Interest on Long Term Debt	132,134,175	134,414,271	134,327,049	87,222
73	Bond Fees and Charges	50,000	746,233	718,395	27,838
6030	Total Expenditures	<u>242,794,175</u>	<u>268,405,504</u>	<u>268,290,444</u>	<u>115,060</u>
1100	Excess (Deficiency) of Revenues Over Expenditures	29,193,979	4,182,660	13,176,233	8,993,573
OTHER FINANCING SOURCES (USES)					
7901	Refunding Bonds Issued	-	136,050,000	68,025,000	(68,025,000)
7915	Transfers In	7,167,000	7,167,000	7,167,000	-
7916	Premium or Discount on Issuance of Bonds	-	8,985,506	7,635,505	(1,350,001)
8911	Transfers Out (Uses)	-	(75,000,000)	(75,000,000)	-
8940	Payment to Bond Refunding Escrow Agent (Use)	-	(144,375,000)	(75,000,000)	69,375,000
7080	Total Other Financing Sources (Uses)	<u>7,167,000</u>	<u>(67,172,494)</u>	<u>(67,172,495)</u>	<u>(1)</u>
1200	Net Change in Fund Balances	36,360,979	(62,989,834)	(53,996,262)	8,993,572
0100	Fund Balance - Beginning	235,758,838	235,758,838	235,758,838	-
3000	Fund Balance - Ending	<u>\$ 272,119,817</u>	<u>\$ 172,769,004</u>	<u>\$ 181,762,576</u>	<u>\$ 8,993,572</u>

Dallas Independent School District

Dallas Independent School District

Index for Statistical Section

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

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Dallas Independent School District

Dallas Independent School District

Dallas Independent School District

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

Fiscal Year Ended June 30:	2019	2018	2017	2016
Expenses				
Governmental Activities:				
Instruction	\$ 972,334,416	\$ 650,662,754	\$ 956,576,387	\$ 998,278,934
Instructional Resources and Media Services	21,169,253	14,203,567	24,430,222	25,176,186
Curriculum and Staff Development	63,888,041	35,993,922	51,704,106	58,250,759
Instructional Leadership	42,121,680	26,067,193	37,602,700	36,526,926
School Leadership	110,067,219	64,548,864	106,125,020	107,487,393
Guidance, Counseling and Evaluation Services	74,521,153	45,798,249	72,535,828	73,248,880
Social Work Services	2,931,749	1,609,764	2,997,092	3,313,751
Health Services	21,876,353	12,806,971	21,451,753	21,511,094
Student (Pupil) Transportation	66,868,011	49,670,287	55,779,292	53,830,113
Food Services	124,943,934	103,681,948	123,592,132	118,626,758
Cocurricular/Extracurricular Activities	37,551,758	29,291,340	38,266,030	36,421,282
General Administration	48,798,452	34,962,724	51,693,840	53,243,020
Facilities Maintenance and Operation	141,865,719	119,466,649	157,815,314	166,498,335
Security and Monitoring Services	21,494,308	13,495,855	23,036,834	21,386,056
Data Processing Services	48,959,455	38,018,316	45,348,246	46,293,855
Community Services	12,029,540	8,209,966	12,992,401	13,166,512
Debt Service - Interest and Fees on Long-Term Debt	121,968,174	124,140,537	126,555,232	199,431,914
Debt Service - Bond Issuance Cost and Fees	1,944,555	49,021	85,007	4,410,076
Facilities Acquisition and Construction	1,613,647	2,831,109	1,078,436	1,336,580
Contracted Instructional Services Between Schools	67,373,116	-	-	-
Payments to Juvenile Justice Alternative Ed. Prg.	3,000	7,332	8,814	5,622
Payments to Tax Increment Fund	64,955	65,673	7,476	-
Other Intergovernmental Charges	5,445,908	5,069,208	4,919,416	4,791,696
Total Primary Government Program Expenses	2,009,834,396	1,380,651,249	1,914,601,578	2,043,235,742
Program Revenues				
Governmental Activities:				
Charges for Service:				
Instruction	541,675	2,592	-	309,722
Curriculum and Staff Development	-	382,990	446,980	629,792
Instructional Leadership	-	42,554	49,664	69,977
Food Services	1,646,080	1,587,248	1,464,642	1,600,005
Cocurricular/Extracurricular Activities	973,006	1,135,602	909,673	946,391
Facilities Maintenance and Operations	2,555,272	3,748,263	4,672,484	2,026,208
Operating Grants and Contributions	345,125,422	49,994,516	334,916,110	361,222,410
Total Primary Government Program Revenues	350,841,455	56,893,765	342,459,553	366,804,505
Net (Expense)/Revenue				
Total Primary Government Expenses	(1,658,992,941)	(1,323,757,484)	(1,572,142,025)	(1,676,431,237)
General Revenues				
Governmental Activities				
Taxes				
Property Taxes Levied for General Purposes	1,330,674,650	1,086,494,144	1,003,755,255	910,501,189
Property Taxes Levied for Debt Services	275,270,197	253,771,120	233,607,228	211,887,005
State Aid not Restricted to Specific Purpose	82,073,509	150,206,649	257,588,928	345,639,301
Grants, Contributions and Other Revenue not Restricted	151,059,331	109,392,657	70,160,602	81,703,893
Investment Earnings	33,470,753	20,599,310	10,901,449	8,457,518
Gain (loss) on Sale of Equipment	-	-	-	-
Miscellaneous	9,079,224	49,183,203	34,387,827	36,477,865
Special Item	-	41,512,474	-	-
Total Primary Government	1,881,627,664	1,711,159,557	1,610,401,289	1,594,666,771
Change in Net Position				
Total primary government	\$ 222,634,723	\$ 387,402,073	\$ 38,259,264	\$ (81,764,466)

Source: Statement of Activities for the Dallas Independent School District

Dallas Independent School District

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2015	2014	2013	2012	2011	2010
\$ 918,378,917	\$ 838,734,964	\$ 837,619,961	\$ 842,891,794	\$ 918,670,306	\$ 914,472,120
24,268,027	23,293,647	23,618,126	22,736,721	24,732,131	23,935,081
50,396,457	48,023,182	36,333,128	38,062,123	45,017,015	44,632,038
31,039,518	26,485,116	21,583,374	21,705,813	28,885,789	24,822,153
94,868,296	86,999,537	82,180,544	79,358,915	84,065,159	79,490,680
66,733,501	58,852,078	59,251,653	54,901,981	63,488,723	59,630,524
2,965,574	2,775,531	2,485,963	2,745,665	2,844,122	2,299,973
20,099,689	17,948,403	18,162,354	17,813,557	18,252,622	17,363,982
46,322,785	35,812,881	25,497,358	22,738,339	24,350,694	22,027,097
107,517,917	101,484,589	93,529,323	90,910,150	84,684,667	75,750,540
30,184,490	28,452,778	23,425,259	21,786,201	20,002,925	16,439,635
48,175,732	39,655,687	34,292,907	40,363,776	53,147,300	52,742,750
145,367,996	142,000,753	147,466,378	148,301,564	155,963,647	154,143,299
23,283,265	19,989,832	19,098,721	18,912,935	21,348,002	20,346,170
44,278,942	38,590,780	41,618,908	41,579,518	40,833,190	29,336,406
12,067,736	9,614,304	8,371,779	7,341,491	8,833,215	13,559,717
27,515,111	124,428,173	128,536,048	136,081,451	112,597,583	85,075,051
4,427,183	1,259,936	-	-	-	-
33,668	2,145,951	5,047,018	2,242,121	231,271	1,057,517
-	-	-	-	-	-
6,762	2,736	10,488	302,328	709,194	700,744
-	69,898	3,749,780	3,327,159	3,610,740	4,029,110
4,578,190	4,410,880	3,835,557	3,738,645	3,916,117	3,760,526
<u>1,702,509,756</u>	<u>1,651,031,636</u>	<u>1,615,714,627</u>	<u>1,617,842,247</u>	<u>1,716,184,412</u>	<u>1,645,615,113</u>
172,766	233,006	261,509	2,870	272,629	277,928
1,611,367	1,817,454	1,278,066	-	-	-
179,041	201,939	127,807	-	-	-
2,821,535	3,801,181	5,558,516	6,391,706	6,321,941	7,150,852
1,152,755	1,160,349	1,167,991	727,573	676,784	674,914
1,917,887	1,413,139	6,482,941	1,297,529	1,279,344	1,168,255
356,499,886	293,878,890	286,311,657	256,242,350	364,591,060	351,454,735
<u>364,355,237</u>	<u>302,505,958</u>	<u>301,188,487</u>	<u>264,662,028</u>	<u>373,141,758</u>	<u>360,726,684</u>
<u>(1,338,154,519)</u>	<u>(1,348,525,678)</u>	<u>(1,314,526,140)</u>	<u>(1,353,180,219)</u>	<u>(1,343,042,654)</u>	<u>(1,284,888,429)</u>
854,963,342	801,098,678	767,724,171	752,839,796	753,628,541	779,573,697
198,979,050	186,427,489	184,313,028	180,706,403	143,306,604	174,821,183
346,230,033	334,227,912	337,558,928	416,548,421	417,317,962	391,146,276
87,298,011	53,752,263	41,041,051	56,229,252	35,162,278	40,952,513
3,084,819	2,478,190	2,439,424	3,995,586	3,125,832	3,079,368
-	-	-	549,733	-	(276,118)
25,615,604	19,352,649	10,052,203	3,845,898	636,479	(124,796)
-	-	-	-	-	-
<u>1,516,170,859</u>	<u>1,397,337,181</u>	<u>1,343,128,805</u>	<u>1,414,715,089</u>	<u>1,353,177,696</u>	<u>1,389,172,123</u>
<u>\$ 178,016,340</u>	<u>\$ 48,811,503</u>	<u>\$ 28,602,665</u>	<u>\$ 61,534,870</u>	<u>\$ 10,135,042</u>	<u>\$ 104,283,694</u>

Dallas Independent School District

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

Fiscal Year Ended June 30:	2019	2018	2017	2016
Governmental Activities:				
Net Investment in Capital Assets	\$ 353,356,942	\$ 322,930,292	\$ 268,379,771	\$ 19,321,452
Restricted	110,047,571	102,613,514	79,484,886	254,277,208
Unrestricted	<u>(444,543,505)</u>	<u>(629,317,521)</u>	<u>165,806,871</u>	<u>201,813,604</u>
Total Governmental Activities Net Position	<u>\$ 18,861,008</u>	<u>\$ (203,773,715)</u>	<u>\$ 513,671,528</u>	<u>\$ 475,412,264</u>

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

Dallas Independent School District

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2015	2014	2013	2012	2011	2010
\$ 222,450,356	\$ 169,438,211	\$ 226,638,835	\$ 285,655,589	\$ 301,973,476	\$ 309,032,133
154,385,740	76,265,991	84,729,743	75,926,853	66,518,906	66,830,947
180,340,634	419,545,825	326,193,821	247,377,292	178,932,482	161,426,742
<u>\$ 557,176,730</u>	<u>\$ 665,250,027</u>	<u>\$ 637,562,399</u>	<u>\$ 608,959,734</u>	<u>\$ 547,424,864</u>	<u>\$ 537,289,822</u>

Dallas Independent School District

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

Fiscal Year Ended June 30:	2019	2018	2017	2016
Revenues				
Local Sources:				
Property Taxes	\$ 1,613,635,986	\$ 1,350,404,734	\$ 1,250,216,214	\$ 1,131,070,782
Interest	33,470,753	20,588,573	10,901,450	8,457,520
Other	18,710,996	38,782,856	26,561,577	35,340,417
State Sources	234,689,340	271,922,516	349,845,527	442,535,971
Federal Sources	341,258,766	305,326,146	288,871,749	295,517,788
Total Revenue	<u>2,241,765,841</u>	<u>1,987,024,825</u>	<u>1,926,396,517</u>	<u>1,912,922,478</u>
Expenditures				
Instruction	855,476,205	881,359,309	865,829,893	893,271,045
Instructional Resources and Media Services	18,647,553	19,599,778	22,121,284	22,795,374
Curriculum and Staff Development	57,630,975	51,168,167	50,470,310	55,812,949
Instructional Leadership	38,923,482	38,663,853	36,084,991	34,576,624
School Leadership	97,849,280	94,023,624	96,313,120	96,774,330
Guidance, Counseling, and Evaluation Services	67,602,079	67,279,886	67,754,706	67,753,209
Social Work Services	2,678,416	2,689,889	2,936,775	3,263,195
Health Services	19,581,946	18,841,269	19,656,153	19,639,366
Student Transportation	50,587,137	39,054,459	55,743,237	53,924,053
Food Services	111,700,306	111,415,975	113,862,535	111,672,916
Co-Curricular/Extra-Curricular Activities	32,910,709	33,982,948	34,406,552	32,731,001
General Administration	46,894,385	47,070,338	51,678,899	52,691,371
Plant Maintenance and Operations	134,010,205	142,814,234	151,122,084	161,679,314
Security and Monitoring Services	20,042,705	20,161,322	21,502,684	22,256,194
Data Processing Services	32,629,639	30,131,468	34,409,262	33,838,248
Community Services	10,474,922	11,087,568	12,274,936	12,364,415
Debt Service				
Principal	133,245,000	108,605,000	122,795,000	103,990,000
Interest	145,421,341	145,742,468	148,002,335	133,348,140
Facilities Acquisition & Construction	312,342,228	230,582,630	174,827,546	153,844,110
Intergovernmental Charges	72,886,979	5,142,213	4,935,706	4,797,318
Total Expenditures	<u>2,261,535,492</u>	<u>2,099,416,398</u>	<u>2,086,728,008</u>	<u>2,071,023,172</u>
Other Financing Sources (uses)				
Proceeds from Bonds and Notes	800,000	-	4,405,000	647,230,000
Proceeds from Refunding Bonds	68,025,000	-	-	-
Transfers In /Out	-	29,824,208	(822,930)	(926,624)
Premium on Bonds	8,135,755	-	-	76,488,994
Sale of Real & Personal Property	325,751	21,084,897	5,843,740	484,990
Loan Proceeds	-	-	-	-
Legal Settlements	-	-	-	-
Payments to Refunded Bond Escrow Agent	(75,000,000)	-	-	-
Other Resources	-	-	-	-
Total Other Financing Sources (uses)	<u>2,286,506</u>	<u>50,909,105</u>	<u>9,425,810</u>	<u>723,277,360</u>
Prior Period Adjustment	-	-	-	-
Net Changes in Fund Balances	<u>\$ (17,483,145)</u>	<u>\$ (61,482,468)</u>	<u>\$ (150,905,681)</u>	<u>\$ 565,176,666</u>
Debt service as a percentage of noncapital expenditures (1)	14.31%	13.36%	14.18%	11.46%

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

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

Dallas Independent School District

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2015	2014	2013	2012	2011	2010
\$ 1,063,513,416	\$ 993,116,637	\$ 953,024,424	\$ 935,396,723	\$ 909,373,008	\$ 970,051,877
3,084,819	2,490,870	2,439,424	3,995,586	3,125,832	3,079,367
27,919,560	23,424,643	26,212,625	23,244,360	24,982,675	43,114,429
451,066,685	393,745,055	395,145,649	448,804,079	446,899,911	423,877,886
314,513,874	287,146,679	260,503,088	256,263,965	358,718,768	325,196,043
<u>1,860,098,354</u>	<u>1,699,923,884</u>	<u>1,637,325,210</u>	<u>1,667,704,713</u>	<u>1,743,100,194</u>	<u>1,765,319,602</u>
853,166,619	767,476,755	763,008,812	790,166,496	881,493,362	881,629,395
22,882,147	21,771,417	22,064,026	21,611,547	23,922,133	23,268,657
50,784,870	47,505,300	35,686,203	37,498,502	45,312,833	44,614,128
30,866,857	26,110,168	21,138,257	21,278,216	28,781,240	24,692,621
88,767,725	80,506,607	75,202,435	74,572,714	80,601,956	76,645,839
64,816,543	56,672,484	56,862,691	53,261,191	62,515,390	58,624,587
2,924,614	2,731,254	2,442,091	2,694,685	2,833,886	2,287,349
19,164,696	16,943,543	17,033,913	17,042,684	17,716,810	16,934,542
46,315,857	35,805,953	25,528,534	22,718,745	24,352,369	22,023,914
101,308,709	95,659,982	89,271,199	86,553,720	82,325,328	72,319,312
27,157,237	25,677,557	20,414,477	19,355,947	18,268,645	15,277,626
50,648,623	40,191,375	33,884,965	39,910,323	52,663,314	52,392,310
143,121,525	136,554,325	141,159,026	144,858,033	151,471,848	149,763,876
23,542,452	19,823,365	18,871,512	18,551,089	21,161,663	20,246,825
36,450,445	31,179,276	30,837,025	32,175,475	39,253,756	27,522,856
11,643,071	9,135,120	7,813,628	6,936,427	8,553,002	13,323,523
50,515,000	62,595,000	54,095,000	54,351,003	39,936,273	86,692,253
142,354,189	133,689,215	134,757,695	153,717,458	98,944,160	94,701,833
95,996,507	80,870,347	278,132,001	374,511,644	420,924,235	138,711,972
4,584,952	4,483,514	7,595,825	7,368,132	8,236,051	8,490,380
<u>1,867,012,638</u>	<u>1,695,382,557</u>	<u>1,835,799,315</u>	<u>1,979,134,031</u>	<u>2,109,268,254</u>	<u>1,830,163,798</u>
590,875,000	143,340,000	-	-	950,300,000	-
-	-	437,060,000	197,935,000	226,810,000	100,760,000
(351,439)	(25,719,847)	(234,982)	(509,141)	(126,134)	(862,881)
85,253,985	-	64,753,841	29,856,060	46,505,823	5,397,999
1,402,794	413,206	31,942	619,397	636,479	28,704
-	-	-	-	-	-
-	-	-	-	-	(153,500)
(671,684,268)	-	(498,445,267)	(226,330,345)	(259,446,830)	(107,896,372)
-	-	-	-	-	-
<u>5,496,072</u>	<u>118,033,359</u>	<u>3,165,534</u>	<u>1,570,971</u>	<u>964,679,338</u>	<u>(2,726,050)</u>
-	-	-	-	-	-
<u>\$ (1,418,212)</u>	<u>\$ 122,574,686</u>	<u>\$ (195,308,571)</u>	<u>\$ (309,858,347)</u>	<u>\$ 598,511,278</u>	<u>\$ (67,570,246)</u>
10.33%	12.22%	12.21%	13.04%	8.31%	10.80%

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:	2019	2018	2017	2016
Revenues				
Local Sources:				
Property Taxes	72.0%	68.0%	64.9%	59.1%
Interest	1.5%	1.0%	0.6%	0.5%
Other	0.8%	2.0%	1.4%	1.9%
State Sources	10.5%	13.7%	18.1%	23.1%
Federal Sources	15.2%	15.3%	15.0%	15.4%
Total Revenue	100%	100%	100%	100%
Expenditures				
Instruction	37.8%	42.0%	41.5%	43.1%
Instructional Resources and Media Services	0.8%	0.9%	1.1%	1.1%
Curriculum and Staff Development	2.5%	2.4%	2.4%	2.7%
Instructional Leadership	1.8%	1.9%	1.8%	1.8%
School leadership	4.3%	4.5%	4.6%	4.7%
Guidance, Counseling, and Evaluation Services	3.1%	3.2%	3.2%	3.3%
Social Work Services	0.1%	0.1%	0.1%	0.2%
Health Services	0.9%	0.9%	0.9%	0.9%
Student Transportation	2.2%	1.9%	2.7%	2.6%
Food Services	4.9%	5.3%	5.5%	5.4%
Co-Curricular/Extra-Curricular Activities	1.5%	1.6%	1.6%	1.6%
General Administration	2.1%	2.3%	2.5%	2.5%
Plant Maintenance and Operations	5.9%	6.8%	7.2%	7.8%
Security and Monitoring Services	0.9%	1.0%	1.1%	1.1%
Data Processing Services	1.4%	1.4%	1.6%	1.6%
Community Services	0.5%	0.5%	0.6%	0.6%
Debt Service				
Principal	5.9%	5.2%	5.9%	5.0%
Interest	6.4%	6.9%	7.1%	6.4%
Facilities Acquisition & Construction	13.8%	11.0%	8.4%	7.4%
Intergovernmental Charges	3.2%	0.2%	0.2%	0.2%
Total expenditures	100%	100%	100%	100%

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

Dallas Independent School District

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2015	2014	2013	2012	2011	2010
57.2%	58.4%	58.2%	56.1%	52.2%	55.0%
0.2%	0.1%	0.1%	0.2%	0.2%	0.2%
1.5%	1.4%	1.7%	1.4%	1.4%	2.4%
24.2%	23.2%	24.1%	26.9%	25.6%	24.0%
16.9%	16.9%	15.9%	15.4%	20.6%	18.4%
100%	100%	100%	100%	100%	100%
45.7%	45.3%	41.6%	39.9%	41.8%	48.2%
1.2%	1.3%	1.2%	1.1%	1.1%	1.3%
2.7%	2.8%	1.9%	1.9%	2.1%	2.4%
1.7%	1.5%	1.2%	1.1%	1.4%	1.3%
4.8%	4.7%	4.1%	3.8%	3.8%	4.2%
3.5%	3.3%	3.1%	2.7%	3.0%	3.2%
0.2%	0.2%	0.2%	0.1%	0.1%	0.1%
1.0%	1.0%	0.9%	0.9%	0.8%	0.9%
2.5%	2.1%	1.4%	1.1%	1.2%	1.2%
5.4%	5.6%	4.9%	4.4%	3.9%	4.0%
1.5%	1.5%	1.1%	1.0%	0.8%	0.8%
2.7%	2.4%	1.8%	2.0%	2.5%	2.9%
7.7%	8.1%	7.7%	7.3%	7.2%	8.2%
1.2%	1.2%	1.0%	0.9%	1.0%	1.1%
2.0%	1.8%	1.7%	1.6%	1.9%	1.5%
0.6%	0.5%	0.4%	0.4%	0.4%	0.7%
2.7%	3.7%	2.9%	2.7%	1.9%	4.7%
7.6%	7.9%	7.3%	7.8%	4.7%	5.2%
5.1%	4.8%	15.2%	18.9%	20.0%	7.6%
0.2%	0.3%	0.4%	0.4%	0.4%	0.5%
100%	100%	100%	100%	100%	100%

Dallas Independent School District

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

Fiscal Year Ended June 30:	2019	2018	2017	2016	2015	2014
General Fund:						
Non-Spendable	\$ 14,330,669	\$ 8,905,030	\$ 8,797,676	\$ 8,394,857	\$ 7,699,359	\$ 8,230,314
Assigned	107,882,093	112,386,017	117,970,598	275,845,332	186,647,485	175,667,574
Unassigned	590,780,454	251,241,835	133,385,186	98,359,896	163,184,173	158,942,100
Total General Fund	712,993,216	372,532,882	260,153,460	382,600,085	357,531,017	342,839,988
Non-spendable:						
Non-major	4,293,710	5,398,933	6,803,027	6,770,618	4,061,426	4,970,382
Restricted:						
Debt Service	138,763,223	124,926,486	112,323,141	134,439,298	135,296,606	112,388,437
Capital Projects	197,362,742	497,016,453	693,887,626	803,033,746	258,889,822	305,824,929
Federal or State Funds (1)	15,147,086	18,177,820	15,511,302	16,703,404	21,809,316	13,329,755
Local Special Revenue Funds	3,003,934	3,340,021	2,815,603	2,254,115	2,635,520	2,843,937
Assigned - Debt Service	42,999,353	110,832,353	103,668,000			
Assigned - Other	5,461,326	5,282,788	3,828,045	4,094,620	4,495,513	3,940,004
Total All Governmental Funds	\$ 1,120,024,590	\$ 1,137,507,736	\$ 1,198,990,204	\$ 1,349,895,886	\$ 784,719,220	\$ 786,137,432

Fiscal Year Ended June 30:	2013	2012	2011
General Fund:			
Non-Spendable	\$ 11,499,868	\$ 6,219,819	\$ 6,757,739
Assigned	6,009,210	7,197,978	6,633,164
Unassigned	263,644,498	187,702,582	121,707,356
Total General Fund	281,153,576	201,120,379	135,098,259
Non-spendable:			
Capital Projects	-	-	34,056
Non-major	3,592,519	3,743,344	2,146,651
Restricted:			
Debt Service	117,974,957	112,510,850	100,210,068
Capital Projects	244,003,261	519,356,980	889,997,668
Food Service	13,862,032	11,945,805	18,044,165
Grants and Donations	2,626,439	5,014,837	6,219,675
Assigned - Other	349,962	-	11,800,000
Total All Governmental Funds	\$ 663,562,746	\$ 853,692,195	\$ 1,163,550,542

Fiscal Year Ended June 30:	2010
General Fund:	
Reserved	\$ 17,987,491
Unreserved	82,111,760
Total General Fund	100,099,251

All Other Governmental Funds:	
Reserved:	
Debt Service	\$ 74,280,273
Capital Projects	356,643,856
Food Service	23,439,317
Other	1,670,892
Unreserved, reported in:	
Non-major funds	8,905,675
Total All Governmental Funds	\$ 565,039,264

(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	Original Levy	Current Year's Adjustments	Adjusted Levy (1)	Collected within the Fiscal Year of the Levy		Total Collections and Adjustments to Date	
				Amount (2)	Percentage of Original Levy	Amount	Percentage of Adjusted Levy
2018	1,629,922,730	(2,756,087)	1,627,166,643	1,600,181,097	98.2%	-	98.3%
2017	1,353,804,329	(2,411,057)	1,351,393,272	1,332,222,292	98.4%	9,838,589	99.3%
2016	1,261,569,031	(11,545,712)	1,250,023,319	1,230,797,382	97.6%	10,208,923	99.3%
2015	1,141,622,891	(7,680,046)	1,133,942,845	1,114,744,687	97.6%	10,739,458	99.3%
2014	1,073,042,354	(7,988,994)	1,065,053,360	1,047,228,110	97.6%	8,531,377	99.1%
2013	1,005,329,915	(9,160,548)	996,169,367	978,736,529	97.4%	8,990,875	99.2%
2012	959,655,168	(4,362,562)	955,292,606	936,816,774	97.6%	9,335,129	99.0%
2011	936,131,014	(1,620,377)	934,510,637	915,380,068	97.8%	9,853,035	99.0%
2010	912,283,518	(5,679,828)	906,603,690	884,253,126	96.9%	12,019,256	98.9%
2009	979,714,539	(6,257,658)	973,456,881	944,623,970	96.4%	16,497,971	98.7%

- (1) Current year total levy plus current year adjustments.
- (2) Current year maintenance and debt service collections.
- (3) Prior year collections and adjustments.

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

Dallas Independent School District

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

Fiscal Year Ended June 30:	Tax Rates			Tax Levies		
	Maintenance	Debt Service	Total	General Fund	Debt Service Fund	Total
2019	1.170000	0.242035	1.412035	1,350,537,675	279,385,055	1,629,922,730
2018	1.040050	0.242035	1.282085	1,098,229,987	255,574,342	1,353,804,329
2017	1.040050	0.242035	1.282085	1,023,407,506	238,161,525	1,261,569,031
2016	1.040050	0.242035	1.282085	926,105,038	215,517,853	1,141,622,891
2015	1.040050	0.242035	1.282085	870,471,272	202,571,082	1,073,042,354
2014	1.040050	0.242035	1.282085	815,541,387	189,788,528	1,005,329,915
2013	1.040050	0.250297	1.290347	773,504,617	186,150,551	959,655,168
2012	1.040050	0.250297	1.290347	754,543,597	181,587,418	936,131,015
2011	1.040050	0.197760	1.237810	766,530,717	145,752,801	912,283,518
2010	1.040050	0.231293	1.271343	801,477,032	178,237,507	979,714,539

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		
2019	50,114,377,285	54,876,366,945	14,338,993,336	119,329,737,566	1.412035
2018	44,939,988,730	49,306,233,826	14,236,581,353	108,482,803,909	1.282085
2017	41,787,366,404	45,427,477,998	13,720,661,427	100,935,505,829	1.282085
2016	38,743,465,578	40,529,662,355	13,166,711,763	92,439,839,696	1.282085
2015	36,107,563,490	36,598,495,511	12,927,497,318	85,633,556,319	1.282085
2014	33,952,512,664	33,210,609,987	12,877,737,444	80,040,860,095	1.282085
2013	33,327,472,247	30,636,514,329	12,310,074,380	76,274,060,956	1.290347
2012	33,665,394,542	28,337,566,510	11,838,691,761	73,841,652,813	1.290347
2011	34,456,380,302	29,760,504,666	11,769,064,077	75,985,949,045	1.237810
2010	35,188,256,719	32,048,564,901	12,391,370,970	79,628,192,590	1.271343

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
2019	0.55000	0.80300	0.59497	0.98895	0.77670	0.72139	0.74845	0.59951	0.70460
2018	0.55000	0.80300	0.59970	1.05883	0.78040	0.73990	0.75845	0.60227	0.70460
2017	0.56047	0.80300	0.60370	1.11941	0.78250	0.74490	0.75845	0.60227	0.70460
2016	0.57915	0.80300	0.61288	1.13244	0.79700	0.74990	0.75845	0.60227	0.70460
2015	0.56180	0.80300	0.61538	0.81166	0.79700	0.75740	0.75845	0.60227	0.70460
2014	0.57180	0.77000	0.61788	0.81191	0.79700	0.75740	0.75845	0.55310	0.70460
2013	0.58000	0.80300	0.61788	0.82315	0.79700	0.75740	0.73769	0.52950	0.70460
2012	0.58000	0.78000	0.61788	0.81109	0.79700	0.75740	0.73769	0.52950	0.70460
2011	0.53000	0.76000	0.61788	0.81109	0.79700	0.73512	0.73769	0.52950	0.70460
2010	0.49600	0.76000	0.61788	0.78811	0.74790	0.69973	0.69600	0.51950	0.70460

Source: Dallas Central Appraisal District and Dallas ISD records

Dallas Independent School District

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City of Glenn Heights	City of Hutchins	City of Lancaster	City of Mesquite	City of Seagoville	Dallas County and School Equalization	Dallas County Hospital	Dallas County Community College	Dallas Independent School District
0.87918	0.68246	0.86750	0.73400	0.74380	0.25310	0.27940	0.12400	1.41204
0.88543	0.68246	0.86750	0.68700	0.74380	0.25310	0.27940	0.12424	1.28209
0.93553	0.68246	0.86750	0.68700	0.74380	0.25237	0.27940	0.12293	1.28209
0.79340	0.68246	0.86750	0.64000	0.71380	0.25310	0.28600	0.12365	1.28209
0.79500	0.71091	0.86750	0.64000	0.71380	0.25310	0.28600	0.12478	1.28209
0.79500	0.69091	0.86750	0.64000	0.71379	0.25310	0.27600	0.12470	1.28209
0.79500	0.66091	0.86750	0.64000	0.69085	0.25304	0.27100	0.11938	1.29035
0.79500	0.60672	0.86750	0.64000	0.69085	0.25310	0.27100	0.09967	1.29035
0.79500	0.58100	0.86750	0.64000	0.66500	0.25310	0.27100	0.09923	1.23781
0.73932	0.56300	0.77750	0.64000	0.65000	0.23331	0.27400	0.09490	1.27134

Dallas Independent School District

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

Principal Taxpayers	2019			2010		
	Taxable Assessed Valuation	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Valuation	Rank	Percentage of Total Taxable Assessed Value
Oncor Electric Delivery	\$ 720,462,990	1	0.60%	551,443,431	3	0.69%
Northpark Partners LP	700,212,690	2	0.59%	545,521,520	4	0.69%
Southwest Airlines Co	578,256,390	3	0.48%	494,736,897	5	0.62%
AT&T Corp	521,786,660	4	0.44%	787,587,003	1	0.99%
DCI Tech Infomart LP	508,214,600	5	0.43%			
FM Village Fixed Rate LLC	494,726,600	6	0.41%			
Post Apartment Homes LP	485,656,330	7	0.41%			
Galleria Mall Investors LP	379,671,880	8	0.32%	364,050,750	6	0.46%
Gaedeke Holdings II LTD	309,392,580	9	0.26%			
SPUS7 Galleria LP	306,931,530	10	0.26%			
Crescent Real Estate Group				702,635,394	2	0.88%
PC Village Apts Dallas LP				303,852,860	7	0.38%
Teachers Insurance				281,440,950	8	0.35%
YOI Thanksgiving Tower				247,696,780	9	0.31%
GT Dallas Properties LLC				207,494,000	10	0.26%
Total Ten Principal Taxpayers	\$ 5,005,312,250		4.20%	\$ 4,486,459,585		5.63%
Total Taxable Assessed Value	\$ 119,329,737,566			\$ 79,628,192,590		

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	\$ 92,305,000	90.84%	\$ 83,849,862
Balch Springs, City of	11,200,000	26.78%	2,999,360
Carrollton, City of	189,780,000	9.15%	17,364,870
Cockrell Hill, City of	5,160,000	97.86%	5,049,576
Combine, City of	754,000	11.97%	90,254
Dallas County	166,685,000	45.60%	76,008,360
Dallas County CCD	182,800,000	45.60%	83,356,800
Dallas Co Hosp Dist	687,775,000	45.60%	313,625,400
Dallas County Schools	22,595,000	45.60%	10,303,320
Dallas, City of	2,061,027,115	79.33%	1,635,012,810
DeSoto, City of	74,290,000	17.94%	13,327,626
Duncanville, City of	24,755,000	0.23%	56,937
Farmers Branch, City of	52,780,000	37.25%	19,660,550
Garland, City of	423,735,000	1.38%	5,847,543
Grand Prairie, City of	265,335,000	**	-
Hutchins, City of	12,311,000	83.85%	10,322,774
Irving, City of	423,280,000	100.00%	423,280,000
Lancaster, City of	79,360,000	2.56%	2,031,616
Mesquite, City of	181,125,000	2.27%	4,111,538
Seagoville, City of	13,040,000	83.44%	10,880,576
Wilmer, City of	4,303,000	100.00%	4,303,000
Total Estimated Overlapping Debt			2,721,482,772
Dallas ISD Premium on Bonds			144,419,510
Dallas ISD Direct Debt			2,690,275,000
Total Direct and Overlapping Bonded Debt			\$ 5,556,177,282

**Less than 0.01%

Source: Texas Municipal Reports (TMR)

(1) Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the District. The overlapping percentage represents an estimate of the overlapping geographic area between the District and the respective governments listed above. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses within the boundaries of the District. This process recognizes that, when considering the District's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt of each overlapping government.

Dallas Independent School District

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

Fiscal Year Ended June 30:	Estimated Population*	Taxable Assessed Value	Gross Bonded Debt Outstanding at Year End	Bond Premium Amortization	Amounts Available for Retirement of Bonds
2019	1,356,896	119,329,737,566	2,690,275,000	144,419,510	138,763,223
2018	1,281,031	108,482,803,909	2,830,495,000	164,355,890	124,926,486
2017	1,283,763	100,935,505,829	2,939,100,000	192,207,755	112,323,141
2016	1,281,031	92,439,839,696	3,057,490,000	221,917,322	134,439,298
2015	1,257,676	85,633,556,319	2,604,313,196	90,063,196	135,296,606
2014	1,241,162	80,040,860,095	2,573,747,354	115,233,953	112,388,437
2013	1,223,378	76,274,060,956	2,492,731,000	130,915,785	117,974,957
2012	1,207,420	73,841,652,813	2,567,329,111	90,909,530	112,510,850
2011	1,200,530	75,985,949,045	2,626,924,745	77,385,786	112,010,068
2010	1,316,350	79,628,192,590	1,727,296,756	43,121,110	74,280,273

Sources: Dallas ISD Records

*Dallas Economic Development Profile 2019

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
2,551,511,777	2.14%	1,880	87,943	31,007	6.06%
2,705,568,514	2.49%	2,112	84,684	28,771	7.34%
2,826,776,859	2.80%	2,202	78,625	28,584	7.70%
2,923,050,702	3.16%	2,282	72,161	28,771	7.93%
2,469,016,590	2.88%	1,963	68,089	28,522	6.88%
2,461,358,917	3.08%	1,983	64,489	26,032	7.62%
2,374,756,043	3.11%	1,941	62,347	25,757	7.54%
2,454,818,261	3.32%	2,033	61,157	25,449	7.99%
2,514,914,677	3.31%	2,095	63,294	25,024	8.37%
1,653,016,483	2.08%	1,256	60,492	26,189	4.79%

Dallas Independent School District

Legal Debt Margin Information Last Ten Fiscal Years (Unaudited)

Fiscal Year Ended June 30:	2019	2018	2017	2016
Debt Limit - 10% of Assessed Valuation	\$ 11,932,973,757	\$ 10,848,280,391	\$ 10,093,550,583	\$ 9,243,983,970
Amount of Debt Applicable to Debt Limit:				
Gross Bonded Debt	2,690,275,000	2,830,495,000	2,939,100,000	3,057,490,000
Less - Fund Balance of Debt Service Fund	138,763,223	124,926,486	112,323,141	134,439,298
Total Net Debt Applicable to Debt Limit	<u>2,551,511,777</u>	<u>2,705,568,514</u>	<u>2,826,776,859</u>	<u>2,923,050,702</u>
Legal Debt Margin:	<u>\$ 9,381,461,980</u>	<u>\$ 8,142,711,877</u>	<u>\$ 7,266,773,724</u>	<u>\$ 6,320,933,268</u>
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	21.38%	24.94%	28.01%	31.62%

Source: Dallas ISD Records

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2015	2014	2013	2012	2011	2010
\$ 8,563,355,632	\$ 8,004,086,010	\$ 7,627,406,096	\$ 7,466,106,995	\$ 7,598,594,905	\$ 7,962,819,259
2,604,313,196	2,573,747,354	2,492,731,000	2,567,329,111	2,626,924,745	1,727,296,756
135,296,606	115,233,953	130,915,785	112,510,850	112,010,068	74,280,273
<u>2,469,016,590</u>	<u>2,458,513,401</u>	<u>2,361,815,215</u>	<u>2,454,818,261</u>	<u>2,514,914,677</u>	<u>1,653,016,483</u>
<u>\$ 6,094,339,042</u>	<u>\$ 5,545,572,609</u>	<u>\$ 5,265,590,881</u>	<u>\$ 5,011,288,734</u>	<u>\$ 5,083,680,228</u>	<u>\$ 6,309,802,776</u>
28.83%	30.72%	30.96%	32.88%	33.10%	20.76%

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
2019	133,245,000	135,045,444	268,290,444	2,261,535,492	11.86%
2018	108,605,000	137,374,241	245,979,241	2,099,416,398	11.72%
2017	121,675,000	139,573,729	261,248,729	2,086,728,008	12.52%
2016	97,110,000	121,108,202	218,218,202	2,071,023,172	10.54%
2015	48,430,000	129,690,635	178,120,635	1,867,012,638	9.54%
2014	60,610,000	132,223,879	192,833,879	1,695,382,557	11.37%
2013	50,625,000	134,326,218	184,951,218	1,835,799,315	10.07%
2012	49,515,000	152,570,482	202,085,482	1,979,134,031	10.21%
2011	35,445,000	85,720,357	121,165,357	2,109,268,254	5.74%
2010	82,385,000	93,302,153	175,687,153	1,830,163,798	9.60%

Source: Dallas ISD Records

Dallas Independent School District

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

	Fiscal Year Ended June 30				
	2019	2018	2017	2016	2015
Beginning Fund Equity	\$ 372,532,882	\$ 260,153,460	\$ 382,600,085	\$ 357,531,017	\$ 342,839,988
Revenues:					
From Ad Valorem Taxes	1,337,246,266	1,095,855,141	1,014,472,938	917,799,922	862,993,627
% of Total Revenue	78.76%	75.62%	71.45%	64.45%	63.61%
From State and Federal Funds	331,551,280	317,222,956	385,082,839	475,016,940	476,929,073
% of Total Revenue	19.53%	21.89%	27.12%	33.35%	35.15%
From Other Local Sources	29,004,569	36,120,172	20,202,846	31,323,388	16,833,635
% of Total Revenue	1.71%	2.49%	1.42%	2.20%	1.24%
Total Revenues	<u>1,697,802,115</u>	<u>1,449,198,269</u>	<u>1,419,758,623</u>	<u>1,424,140,250</u>	<u>1,356,756,335</u>
Total Expenditures	1,426,000,782	1,380,489,339	1,443,558,058	1,443,363,207	1,300,116,661
Total Other Financing Sources	68,659,001	43,670,492	(98,647,190)	44,292,025	(41,948,645)
Ending Fund Equity	<u>\$ 712,993,216</u>	<u>\$ 372,532,882</u>	<u>\$ 260,153,460</u>	<u>\$ 382,600,085</u>	<u>\$ 357,531,017</u>

Per Student Calculations:

Assessed Value Per Student	\$ 850,557	\$ 752,543	\$ 634,366	\$ 587,763	\$ 579,937
Ad Valorem Tax Revenue Per Student	\$ 9,532	\$ 7,602	\$ 6,962	\$ 6,300	\$ 5,844
State and Federal Funds Per Student	2,363	2,201	2,643	3,260	3,230
Other Local Sources Per Student	207	251	139	215	114
Total Revenue Per Student	<u>\$ 12,102</u>	<u>\$ 10,054</u>	<u>\$ 9,744</u>	<u>\$ 9,775</u>	<u>\$ 9,188</u>
Total Expenditures Per Student	\$ 10,164	\$ 9,576	\$ 9,906	\$ 9,907	\$ 8,805
Average Daily Attendance	140,296	144,155	145,720	145,694	147,660

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)
2019	1,356,896	155,119	140,296
2018	1,281,031	156,832	144,155
2017	1,283,763	157,886	145,720
2016	1,281,031	158,604	145,694
2015	1,257,676	160,253	147,660
2014	1,241,162	159,713	146,976
2013	1,223,378	158,932	146,205
2012	1,207,420	157,575	144,935
2011	1,200,530	157,162	141,900
2010	1,316,350	157,111	143,704

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

(2) Information was obtained from Dallas ISD records.

District Employees (2)	Median Household Income (1)	Per Capita Personal Income (1)	Unemployment Rate (1)
22,222	48,628	31,007	3.3%
21,262	43,003	28,771	3.3%
20,757	44,016	28,584	3.7%
21,714	43,003	28,771	3.8%
21,715	41,978	28,522	4.0%
20,793	58,190	26,032	5.0%
19,838	40,585	25,757	7.3%
18,470	43,640	25,449	7.9%
20,194	42,911	25,024	8.7%
20,076	39,813	26,189	8.7%

Dallas Independent School District

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

Principal Employers	2019			2010		
	Employees	Rank	Percentage of Total Employment	Employees	Rank	Percentage of Total Employment
Wal-mart Stores, Inc.	34,000	1	0.87%	37,100	1	1.49%
American Airlines Group, Inc.	27,000	2	0.69%	31,935	2	0.88%
Baylor Scott & White Health	24,088	3	0.57%	18,000	4	0.72%
Texas Health Resources	22,296	4	0.57%	17,485	5	0.70%
Dallas Independent School District	22,222	5	0.38%	20,076	3	0.81%
Lockheed Martin Aeronautics Co.	20,500	6	0.62%	14,100	7	0.57%
University of Texas Southwestern Medical Center	18,666	7	0.39%			
Medical City Healthcare	17,000	8	0.53%			
The Kroger Co.	15,397	9	0.44%			
AT&T Inc.	15,000	10	0.39%	14,400	6	0.58%
City of Dallas				12,592	9	0.51%
Verizon Communications				14,000	8	0.56%
HCA North Texas Division				12,300	10	0.49%
Total	216,169		5.45%	191,988		7.31%

Estimated Total Employed Workforce in 2019 3.9 million

Source: Dallas Business Journal Book of Lists, Dallas Economic Development Profile,
Dallas County Financial Records, Dallas City Hall, North Texas Commission,
Dallas ISD Records as of February 26, 2019

Dallas Independent School District

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

Fiscal Year Ended June 30:	Expenditures (1)	Enrollment (2)	Per Student Costs	General Fund Expenditures	General Fund Per Student Costs	Student to Teacher Ratio	Percentage of Students in Free/Reduced Lunch Program
2019	\$ 1,682,827,169	155,119	10,849	\$ 1,426,000,782	9,193	14.98	86%
2018	1,646,121,341	156,832	10,496	1,380,489,339	8,802	14.87	87%
2017	1,704,969,209	157,886	10,799	1,443,558,058	9,143	15.01	88%
2016	1,714,566,319	158,604	10,810	1,443,363,207	9,100	14.29	88%
2015	1,593,910,048	160,253	9,946	1,300,116,661	8,113	14.43	86%
2014	1,421,678,331	159,713	8,901	1,170,463,469	7,329	15.40	89%
2013	1,372,716,096	158,932	8,637	1,121,631,784	7,057	15.72	89%
2012	1,402,536,905	157,575	8,901	1,134,703,136	7,201	15.68	88%
2011	1,553,446,290	157,162	9,884	1,177,896,503	7,495	14.47	87%
2010	1,558,413,699	157,111	9,919	1,160,098,821	7,384	14.45	87%

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

(2) Data obtained from PEIMS

Source: Dallas ISD Records

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

Fiscal Year	Beginning Teacher Salary	Average Teacher Salary	Number of Teachers
2019	52,000	57,630	10,353
2018	51,000	56,072	10,549
2017	50,000	56,072	10,518
2016	47,382	54,903	11,099
2015	47,382	53,135	11,103
2014	46,002	52,254	10,372
2013	45,100	51,485	10,112
2012	45,100	52,028	9,494
2011	45,350	53,940	10,864
2010	45,350	53,880	10,872

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:	2019	2018	2017	2016
FTE				
Instruction	12,598.0	12,771.3	12,976.1	13,129.0
Instructional Resources and Media Services	251.5	263.0	322.0	320.0
Curriculum and Staff Development	586.6	569.2	543.0	608.4
Instructional Leadership	419.2	407.6	369.5	339.2
School leadership	1,419.5	1,417.5	1,436.0	1,460.0
Guidance, Counseling, and Evaluation Services	479.1	741.3	752.3	774.1
Social Work Services	4.1	39.0	43.0	45.0
Health Services	308.1	306.1	328.3	315.6
Student Transportation	1,225.5	17.0	3.0	3.0
Food Services	1,843.0	1,790.0	1,785.0	1,783.0
Co-Curricular/Extra-Curricular Activities	70.1	71.1	72.1	72.0
General Administration	424.2	414.9	447.4	457.9
Plant Maintenance and Operations	1,526.5	1,577.3	1,538.1	1,541.7
Security and Monitoring Services	390.0	422.2	408.0	407.0
Data Processing Services	212.0	217.5	237.6	226.5
Community Services	174.8	190.9	184.6	186.8
Facilities Acquisition & Construction	48.5	43.5	41.5	26.0
Total FTE	21,981	21,259	21,487	21,695

Source: Dallas ISD Records as of June 30, 2019

Dallas Independent School District

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2015	2014	2013	2012	2011	2010
13,168.7	12,688.1	12,476.3	11,035.8	12,174.2	12,098.8
320.5	316.0	316.0	315.5	336.0	336.0
624.2	567.8	362.1	343.0	352.6	408.3
321.3	291.7	245.9	232.0	322.9	290.4
1,428.0	1,368.0	1,329.5	1,314.9	1,361.4	1,319.3
757.0	666.6	656.9	669.9	745.9	751.5
48.0	43.0	38.0	39.0	44.5	34.5
314.0	304.0	294.9	302.9	299.7	306.3
3.0	3.0	3.0	9.0	9.0	9.0
1,771.0	1,770.0	1,461.0	1,461.0	1,439.0	1,438.0
73.0	71.4	45.4	39.0	39.0	39.0
457.2	373.6	300.3	302.3	400.7	390.0
1,545.5	1,547.1	1,535.0	1,656.6	1,815.5	1,830.0
400.0	391.0	403.0	392.0	432.0	427.0
210.5	223.6	221.6	219.1	261.7	176.2
189.1	147.6	128.6	117.2	141.4	203.7
21.0	20.5	20.5	20.9	18.6	18.0
21,652	20,793	19,838	18,470	20,194	20,076

Dallas Independent School District

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

Fiscal Year Ended June 30:	2019	2018	2017	2016
PIC				
11 Basic Education Services	\$ 548,113,538	\$ 557,820,129	\$ 558,146,624	\$ 552,343,411
21 Gifted and Talented	9,249,264	6,620,726	7,245,967	10,503,846
22 Career and Technology	25,248,122	27,073,688	29,909,327	28,955,755
23 Special Education	109,861,721	108,453,937	116,644,342	115,118,770
24 Accelerated Education	11,668,228	11,708,860	10,318,273	10,145,059
25 Bilingual Education	18,880,836	19,996,800	19,762,792	30,904,073
26 AEP Services	1,585,799	1,955,490	3,364,526	3,374,453
28 DAEP Basic	2,799,797	3,571,120	3,688,059	3,428,375
29 DAEP Supplemental	17,465	13,141	80	13,095
30 Title I Part A	35,649,092	40,263,182	40,906,044	49,123,522
31 High School Allotment	13,791,872	14,361,020	13,620,305	18,347,667
32 Pre-Kindergarten Regular Education	9,398,130	7,781,747	6,716,867	6,446,065
33 PK Special Education	-	-	-	-
34 PK Comp Education	34,552,720	32,521,092	29,162,908	27,750,176
35 PK Bilingual Education	13,242,772	12,440,902	10,637,638	9,590,777
91 Athletics and Related	18,699,047	18,971,028	20,276,170	17,322,180
99 Undistributed	573,242,379	516,936,476	573,158,136	559,995,982
Total	\$ 1,426,000,782	\$ 1,380,489,338	\$ 1,443,558,058	\$ 1,443,363,206

Source: Dallas ISD Records

Dallas Independent School District

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2015	2014	2013	2012	2011	2010
\$ 507,152,802	\$ 474,927,651	\$ 466,713,547	\$ 475,117,717	\$ 474,813,369	\$ 498,873,951
9,668,344	8,940,356	9,534,610	10,236,525	13,835,271	14,656,086
25,098,566	24,693,065	23,442,817	24,939,809	23,478,532	23,687,421
100,677,065	89,554,017	76,488,103	77,907,703	77,874,757	77,272,008
5,275,144	4,044,321	3,903,140	7,335,276	6,118,923	6,747,043
28,095,535	23,388,823	15,464,944	16,192,928	21,058,126	30,990,858
2,674,268	2,488,846	2,243,646	2,628,247	5,410,241	5,099,839
3,395,527	3,249,212	2,796,025	4,685,662	6,019,248	5,413,632
1,059	9,247	9,570	2,379	-	1,300
53,237,260	49,324,415	45,442,486	48,641,916	63,955,875	64,476,116
18,076,718	14,770,151	9,633,184	10,046,397	9,404,846	9,401,812
5,130,282	7,369,459	31,822,829	25,785,069	-	-
-	2	-	-	-	-
25,638,961	21,236,766	-	-	-	-
8,223,025	6,301,771	-	-	-	-
15,625,414	14,768,601	12,796,532	12,252,095	11,301,633	11,342,665
492,146,690	425,396,766	421,340,351	418,931,413	464,625,682	412,136,090
<u>\$ 1,300,116,660</u>	<u>\$ 1,170,463,469</u>	<u>\$ 1,121,631,784</u>	<u>\$ 1,134,703,136</u>	<u>\$ 1,177,896,503</u>	<u>\$ 1,160,098,821</u>

Dallas Independent School District

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

Campus Level	2018-2019			2017-2018			2016-2017			2015-2016			2014-2015		
	Enrollment	FTE's	Ratio												
High	41,632	2,367.5	17.6	40,132	2,354.5	17.0	39,597	2,335.5	17.0	39,386	2,366.3	16.6	38,791	2,151.7	18.0
Middle	29,136	1,705.7	17.1	31,681	2,018.1	15.7	31,427	1,903.1	16.5	31,535	1,874.0	16.8	32,374	1,846.0	17.5
Elementary	84,351	5,080.7	16.6	85,019	5,084.3	16.7	86,862	5,438.7	16.0	87,683	5,674.1	15.5	89,088	5,511.1	16.2
District	155,119	9,153.9	16.9	156,832	9,456.9	16.6	157,886	9,677.3	16.3	158,604	9,914.4	16.0	160,253	9,508.8	16.9

Note: Does not include Special Education Teachers

*Data includes all Funds.

Dallas Independent School District

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2013-2014			2012-2013			2011-2012			2010-2011			2009-2010		
Enrollment	FTE's	Ratio												
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	38,117	2,342.2	16.3
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	31,059	1,868.1	16.6
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	87,935	5,285.8	16.6
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	157,111	9,496.2	16.5

Dallas Independent School District

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Dallas ISD Enrollment Trend Last Ten Fiscal Years (Unaudited)

	Total Enrollment	Change	% Change	FTE's	Change	% Change
2018-2019	155,119	(1,713)	-1.09%	9,154	(303)	-3.20%
2017-2018	156,832	(1,054)	-0.67%	9,457	(220)	-2.28%
2016-2017	157,886	(718)	-0.45%	9,677	(237)	-2.39%
2015-2016	158,604	(1,649)	-1.03%	9,914	406	4.27%
2014-2015	160,253	540	0.34%	9,509	777	8.89%
2013-2014	159,713	781	0.49%	8,732	(141)	-1.59%
2012-2013	158,932	1,357	0.86%	8,873	(338)	-3.67%
2011-2012	157,575	413	0.26%	9,211	(364)	-3.80%
2010-2011	157,162	51	0.03%	9,575	79	0.83%
2009-2010	157,111	(241)	-0.15%	9,496	(216)	-2.23%

Source: PEIMS Data

Dallas Independent School District

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School Building Information (Unaudited)

Form of Government: Independent School District

Geographic Area: 384 square miles

<u>Instruction Sites:</u>	<u>Number</u>	<u>Capacity/Sq. Ft.</u>	<u>Acreage</u>
High Schools	40	6,424,023	592.51
Middle Schools	37	5,245,713	655.08
Elementary Schools	154	11,047,529	1,341.75
Administration Facilities	25	1,858,368	227.46
Athletics & Pool Facilities	12	573,989	233.41
Totals	<u>268</u>	<u>25,149,622</u>	<u>3,050.21</u>

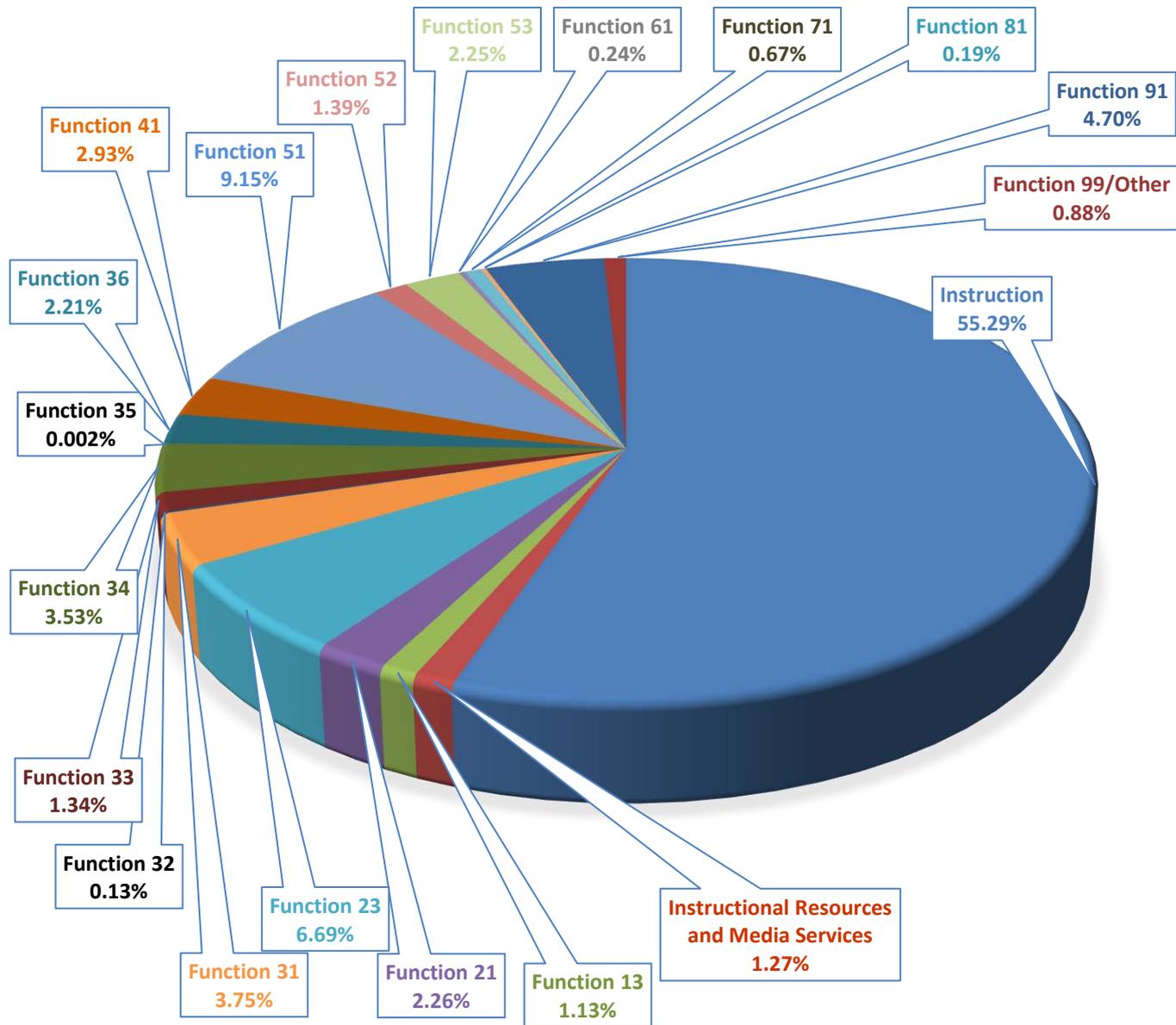
Source: Dallas ISD Records

Dallas Independent School District

General Operating Expenditures (Unaudited)

Function	Name	Amount by Group	Amount by Group	Function Percent of Total	Group Percent of Total
11	Instruction	\$ 792,368,225		55.29%	
12	Instructional Resources and Media Services	18,209,778		1.27%	
13	Curriculum and Instructional Staff Development	16,262,365		1.13%	
	Instruction and Instructional Related		\$ 826,840,367		57.71%
21	Instructional Leadership	32,347,553		2.26%	
23	School Leadership	95,814,190		6.69%	
	Instructional and School Leadership		128,161,743		8.94%
31	Guidance, Counseling and Evaluation Services	53,691,707		3.75%	
32	Social Work Services	1,863,366		0.13%	
33	Health Services	19,193,588		1.34%	
34	Student (Pupil) Transportation	50,587,137		3.53%	
35	Food Services	23,219		-	
36	Cocurricular/Extracurricular Activities	31,627,785		2.21%	
	Student Support Services		156,986,803		10.95%
41	General Administration	42,048,320		2.93%	
	Administrative Support Services		42,048,320		2.93%
51	Facilities Maintenance and Operations	131,183,938		9.15%	
52	Security and Monitoring Services	19,894,343		1.39%	
53	Data Processing Services	32,252,840		2.25%	
	Support Services		183,331,121		12.79%
61	Community Services	3,445,202		0.24%	
	Ancillary Services		3,445,202		0.24%
71	Principal on Long Term Debt	9,624,049		0.67%	
72	Interest on Long Term Debt	-		-	
73	Bond Fees and Charges	-		-	
	Debt		9,624,049		0.67%
81	Facilities Acquisition and Construction	2,676,197		0.19%	
	Capital Outlay		2,676,197		0.19%
91	WADA Purchase	67,373,116		4.70%	
95	Payments to Juvenile Justice Alternative Ed. Prg.	3,000		-	
97	Payment to Tax Increment Fund	64,955		-	
99	Other Governmental Charges	5,445,908		0.38%	
00	Non-Operating Expense	7,167,000		0.50%	
	Intergovernmental Charges		80,053,980		5.58%
		\$ 1,433,167,782	\$ 1,433,167,782	100.00%	100.00%

General Operating Expenditures by Function
(Unaudited)



- Instruction - 11
- Instructional Resources and Media Services - 12
- Curriculum and Instructional Staff Development - 13
- Instructional Leadership - 21
- School Leadership - 23
- Guidance, Counseling and Evaluation Services - 31
- Social Work Services - 32
- Health Services - 33
- Student (Pupil) Transportation - 34

- Cocurricular/Extracurricular Activities - 36
- General Administration - 41
- Facilities Maintenance and Operations - 51
- Security and Monitoring Services - 52
- Data Processing Services - 53
- Community Services - 61
- Principal on Long Term Debt - 71
- Facilities Acquisition and Construction - 81
- Other Governmental Charges - 99

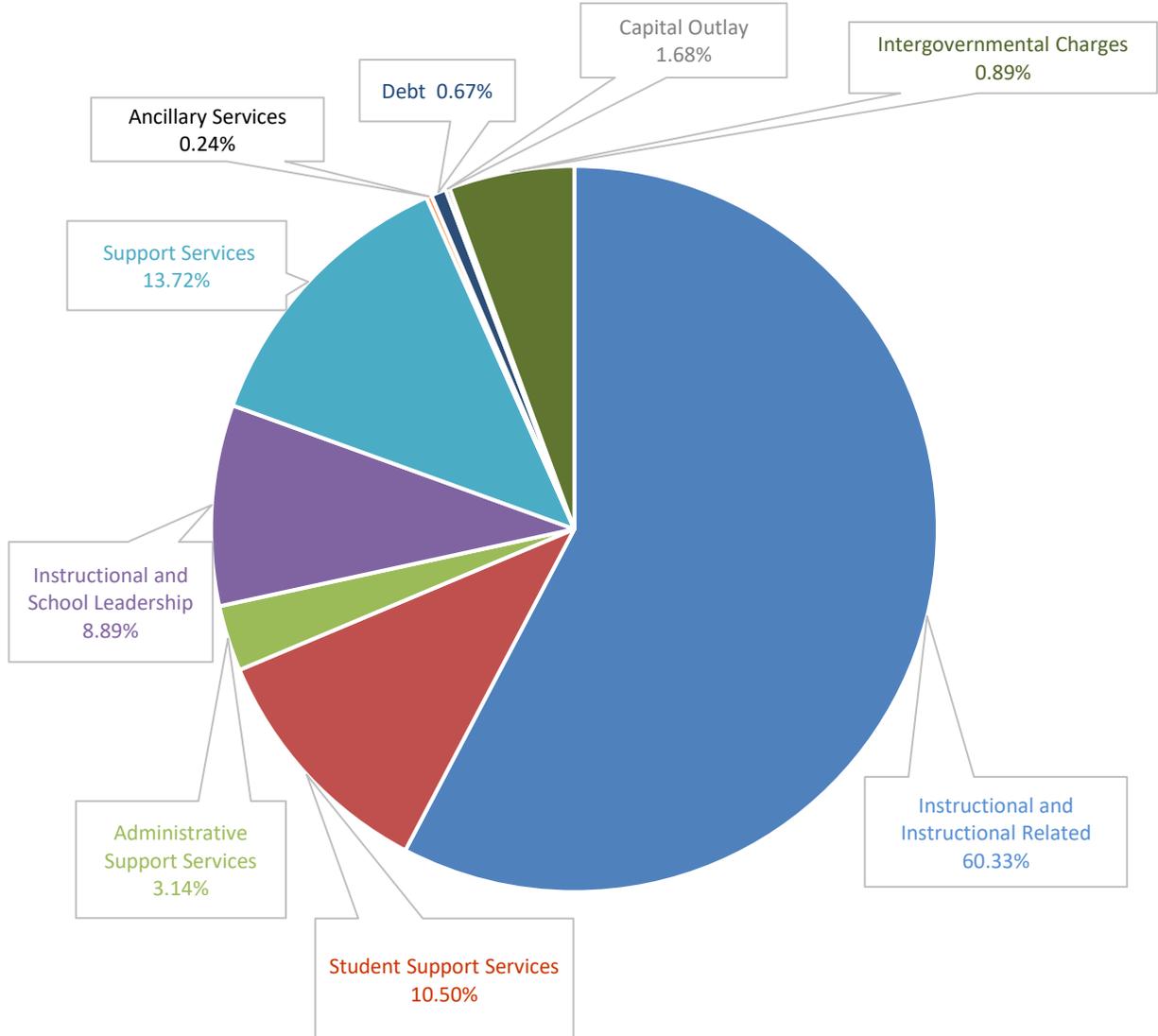
Dallas Independent School District

S-25 (cont'd)

General Operating Expenditures by Group (Unaudited)

Functional Analysis

Instruction and Instructional Related	57.71%
Student Support Services	10.95%
Administrative Support Services	2.93%
Instructional and School Leadership	8.94%
Support Services	12.79%
Ancillary Services	0.24%
Debt	0.67%
Capital Outlay	0.19%
Intergovernmental Charges	5.58%
	<u>100.00%</u>

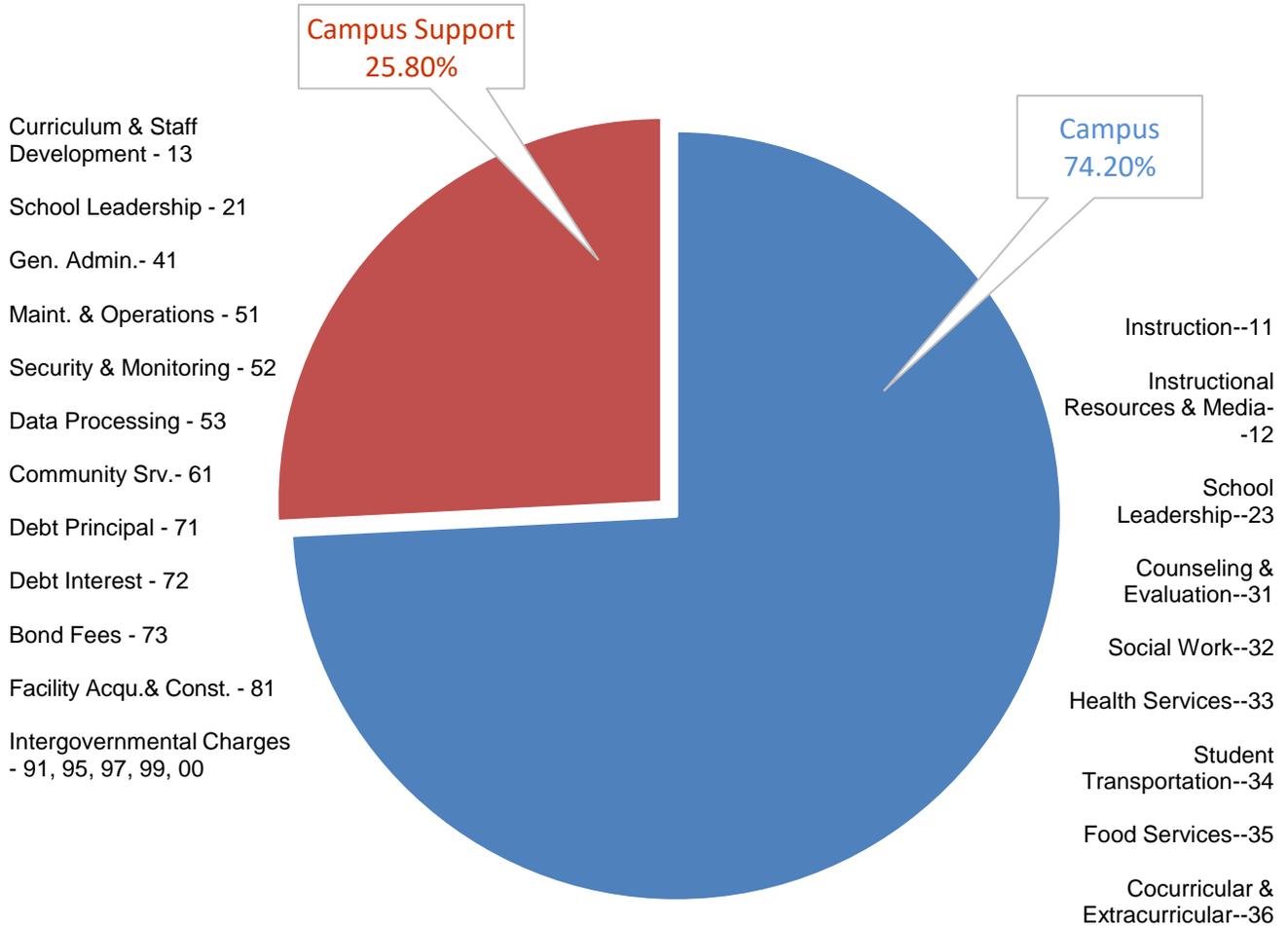


Dallas Independent School District

S-25 (cont'd)

General Operating Expenditures Campus and Non-Campus (Unaudited)

Function 11	55.29%	Function 13	1.13%		Campus	74.20%
Function 12	1.27%	Function 21	2.26%		Campus Support	25.80%
Function 23	6.69%	Function 41	2.93%			100.00%
Function 31	3.75%	Function 51	9.15%			100.00%
Function 32	0.13%	Function 52	1.39%			
Function 33	1.34%	Function 53	2.25%			
Function 34	3.53%	Function 61	0.24%			
Function 35	-	Function 71	0.67%			
Function 36	2.21%	Function 72	-			
	74.20%	Function 81	0.19%			
		Function 99/Other	5.58%			
			25.80%			



Dallas Independent School District

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

Board of Trustees
Dallas Independent School District
Dallas, Texas

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Dallas Independent School District (the District), as of and for the year ended June 30, 2019, 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 6, 2019.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control 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. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as items [2019-001 and 2019-002] that we consider to be significant deficiencies.

Dallas Independent School District's Response to Findings

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

Board of Trustees
Dallas Independent School District

Compliance and Other Matters

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

Purpose of this Report

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

Weaver and Tidwell, L.L.P.

WEAVER AND TIDWELL, L.L.P.

Dallas, Texas
November 6, 2019

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

Board of Trustees
Dallas Independent School District
Dallas, Texas

Report on Compliance for Each Major Federal Program

We have audited Dallas Independent School District's (the District) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2019. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2019.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as item 2019-003. Our opinion on each major federal program is not modified with respect to these matters.

Report on Internal Control over Compliance

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

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies, and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we identified certain deficiencies in internal control over compliance, described in the accompanying schedule of findings and questioned costs as item 2019-003, that we consider to be a significant deficiency.

Dallas Independent School District's Response to Findings

The District's response to the internal control over compliance findings identified in our audit is described in the accompanying corrective action plan. The District's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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

Weaver and Tidwell, L.L.P.

WEAVER AND TIDWELL, L.L.P.

Dallas, Texas
November 6, 2019

Dallas Independent School District

**Dallas Independent School District
Schedule of Expenditures of Federal Awards
For The Year Ended June 30, 2019**

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 HIPPIY - AmeriCorps	94.006	GF40098-2	35,252
TOTAL CORPORATION FOR NATIONAL AND COMMUNITY SERVICE			35,252
U.S. DEPARTMENT OF DEFENSE			
Direct Program			
JROTC	12.357	N/A	2,174,588
TOTAL U.S. DEPARTMENT OF DEFENSE			2,174,588
U.S. DEPARTMENT OF LABOR			
Passed Through Texas Education Agency			
P-TECH and ICIA Success Grant	17.258	183925027110002,3,4,5	231,391
Industry Cluster TWC Dislocated	17.278	173920017110009	(5,430)
TOTAL U.S. DEPARTMENT OF LABOR			225,961
U.S. DEPARTMENT OF EDUCATION			
Direct Programs			
Title VII - Indian Educational Formula Grant	84.060A	S060A170194	404
Title VII - Indian Educational Formula Grant	84.060A	S060A180194	139,343
Total Direct Programs			139,747
Passed Through Region 10 ESC			
McKinney-Vento/TEXSHEP	84.196A	18-063	22,744
Total Passed through Region 10 ESC			22,744
Passed Through Region 20 ESC			
Evaluation Capacity Award	84.027A	226-543-19-10-026	79,989
Total Passed through Region 20 ESC			79,989
Passed Through Spurwink Services, Inc.			
Building Assets - Reducing Risks	84.411B	U411B130021	6,263
i3-Spurwick BARR Grant	84.411B	U411A160001	4,349
Total Passed through Spurwink Services, Inc.			10,612
Passed Through Texas Education Agency			
ESSA, Title I, Part A, Part D, SIP and School Redesign	84.010A	18610101057905	2,863,310
ESSA, Title I, Part A, Part D, SIP and School Transformation Fund Planning Cluster	84.010A	19610101057905	76,687,895
Total Title I, Part A, Part D, SIP School Redesign and Transformation Fund Planning Cluster			79,551,205
IDEA - Part B Formula	84.027A	186600010579056600	6,651,193
IDEA - Part B Formula	84.027A	196600010579056600	22,638,416
SSA - IDEA - Part B Discretionary - Deaf	84.027A	186600110579056673	26,778
SSA - IDEA - Part B Discretionary - Deaf	84.027A	196600110579056673	517,173
IDEA - Part B High Cost EDI	84.027A	66001715	49,270
IDEA - Part B High Cost	84.027A	66001906	296,070
Total CFDA Number 84.027A			30,178,900
IDEA - Part B Preschool	84.173A	186610010579056610	287,923
IDEA - Part B Preschool	84.173A	196610010579056610	217,838
Total CFDA Number 84.173A			505,761
SSA - IDEA - Part C - Early Intervention (Deaf)	84.181A	193911010579053911	5,364
Total CFDA Number 84.181A			5,364
Total Special Education Cluster (IDEA)			30,690,025

Industry Cluster Perkins			
Career and Technical - Basic Grant (Perkins IV)	84.048A	18420006057905	173,219
Career and Technical - Basic Grant (Perkins IV)	84.048A	19420006057905	2,011,997
Total CFDA Number 84.048A			<u>2,185,216</u>
Title III, Part A - English Language Acquisition	84.365A	18671001057905	100,873
Title III, Part A - English Language Acquisition	84.365A	19671001057905	7,060,071
Title III, Part A - Immigrant	84.365A	18671003057905	77,016
Title III, Part A - Immigrant	84.365A	19671003057905	857,200
Total CFDA Number 84.365A			<u>8,095,160</u>
ESSA, Title II, Part A, Improving Teacher Quality	84.367A	18694501057905	463,101
ESSA, Title II, Part A, Improving Teacher Quality	84.367A	19694501057905	8,329,047
Principal Preparation Grant, Cycle II	84.367A	196945677110003	4,701
Total CFDA Number 84.367A			<u>8,796,849</u>
Title IV, Part A - Subpart 1	84.424A	18680101057905	99,269
Title IV, Part A - Subpart 1	84.424A	19680101057905	2,389,054
Total CFDA Number 84.424A			<u>2,488,323</u>
Texas Education for Homeless Children and Youth	84.196A	194600057110020	162,866
Summer School LEP	84.369A	69551802	16,363
School Transformation Fund-Implementation	84.377A	176107337110006	21,000
Total CFDA Number 84.369A			<u>200,229</u>
Total Passed through Texas Education Agency			<u>132,007,007</u>
TOTAL U.S. DEPARTMENT OF EDUCATION			<u>132,260,099</u>
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			
Passed Through Health and Human Services Commission			
Medicaid Administrative Claiming Program - MAC	93.778	529-07-0157-00269	1,485,220
HIPPY - Texas Home Visiting	93.505	529-12-0029-0004G	61,227
HIPPY - Texas Home Visiting	93.870	24486013	258,454
Total Passed through Health and Human Services Commission			<u>1,804,901</u>
Passed Through United States Conference of Catholic Bishops/Migration and Refugee Services			
Refugee School Impact Program	93.566	1702TXRSOC	4,145
Refugee School Impact Program	93.566	1702TXRSOC	63,867
Total Passed through United States Conference of Catholic Bishops/Migration and Refugee Services			<u>68,012</u>
Passed Through Texas Workforce Commission			
Foster Youth Dropout Prevention and Recovery High School Completion Program	93.558	0617TAN004	282,121
Total Passed through Texas Workforce Commission			<u>282,121</u>
Passed Through Texas Education Agency			
Pre-K Partnership Planning Grants	93.575	173921017110010	228,851
Total Passed through Texas Education Agency			<u>228,851</u>
TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			<u>2,383,885</u>
U.S. DEPARTMENT OF AGRICULTURE			
Passed Through Texas Department of Agriculture			
School Breakfast Program	10.553	71401801	29,503,437
National School Lunch Program - Cash Assistance	10.555	71301801	64,039,827
National School Lunch Program - Non-Cash Assistance	10.555	71301801	6,347,763
Total CFDA Number 10.555			<u>70,387,590</u>
Summer Feeding Program - Cash Assistance	10.559	00276	839,584
Total Child Nutrition Cluster			<u>100,730,611</u>
Child and Adult Care Food Program - Cash Assistance	10.558	00276	3,890,102
Fresh Fruit and Vegetable Program	10.582	00276	1,462,687
Total Passed through Texas Department of Agriculture			<u>106,083,400</u>
TOTAL U.S. DEPARTMENT OF AGRICULTURE			<u>106,083,400</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u>243,163,185</u>

All amounts include indirect cost allocation.

DALLAS INDEPENDENT SCHOOL DISTRICT

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS YEAR ENDED June 30, 2019

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

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

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

The modified accrual basis of accounting is used for the governmental funds. This basis of accounting recognizes revenues in the accounting period in which they become susceptible to accrual, i.e., both measurable and available, and expenditures in the accounting period in which the fund liability is incurred, if measurable, except for unmatured interest on long term debt, which is recognized when due, and certain compensated absences and claims and judgments, which are recognized when the obligations are expected to be liquidated with expendable available financial resources.

Federal grant funds are considered to be earned to the extent of expenditures made under the provisions of the grant. Accordingly, when such funds are received, they are recorded as deferred revenues until earned. The accompanying Schedule of Expenditures of Federal Awards is presented on the modified accrual basis of accounting.

2. The period of availability for federal grant funds for the purpose of liquidation of outstanding obligations made on or before the ending date of the federal project period extends 30 days beyond the federal project period ending date, in accordance with provisions in Section H: Period of Availability of Federal Funds, Part 3, *OMB Circular A-133 Compliance Supplement*.
3. The District participates in numerous state and federal grant programs, which are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustments by the grantor agencies; therefore, to the extent that the District has not complied with rules and regulations governing the grants, refund of any money received may be required and the collectability of any related receivable at June 30, 2019, may be impaired. The District has not elected to use the 10% de minimis indirect cost rate of the Uniform Guidance.
4. The Schedule of Federal Awards includes funds received for Medicaid and JROTC recorded in general fund for \$2,440,551. The Schedule of Federal Awards also includes indirect costs in the amount of \$4,525,477.

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

Total federal programs revenue per Exhibit C-2	\$ 236,197,157
Indirect cost reimbursement	4,525,477
JROTC	2,174,588
Medicaid (Fund 180)	265,963
Total expenditures of federal awards	<u>\$ 243,163,185</u>

Dallas Independent School District
Schedule of Findings and Questioned Costs
Year Ended June 30, 2019

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

FINDING 2019-001

Significant Deficiency in Internal Controls – Recording Bond-Related Accounts Payables

Criteria – Services provided and goods received prior to year end, should be recorded as a liability at year end.

Condition – During the year end close process, the District’s Construction Services/Bond Office identifies those items that should be accrued for as of year end. Once the close process occurs, the District still can receive invoices for services performed or goods received prior to year end and these items must be manually recorded as liabilities by journal entry.

Context – During our search for unrecorded liabilities, we identified bond-related invoices with service dates related to the fiscal year under audit that were not properly included in accounts payable as of fiscal year end and invoices with service dates subsequent to the fiscal year under audit improperly included in accounts payable as of fiscal year end.

Effect or Potential Effect – Accounts payable and expenditures would be understated at year end.

Cause – We identified the Construction Services/Bond Office did not have a control in place ensure invoices received after the close process with services provided and goods received prior to year end were recorded as accounts payables.

Repeat finding – no

Recommendation – The District’s Construction Services/Bond Office should enhance procedures to ensure that any invoices received after the general ledger close process are reviewed to determine proper inclusion/exclusion in accounts payable as of fiscal year end.

View of Responsible Officials – See corrective action plan

Dallas Independent School District
Schedule of Findings and Questioned Costs
Year Ended June 30, 2019

FINDING 2019-002

Significant Deficiency in Internal Controls – Reconciling Benefits Related Liabilities

Criteria – The review and reconciliation of benefits paid/owed should be performed on a monthly basis.

Condition – Each month, the District pays for employee benefits to the Teacher Retirement System (TRS). When payroll is run, the liability account is credited for amounts owed, and when payments are made, the liability account is debited.

Context – During our review of liability balances, we identified a liability account with a debit balance due to the overpayment of TRS medical plan benefits payments. Upon further review it was noted a portion of the balance needed to be reclassified to accounts receivable and the remaining portion needed to be written off by the District.

Effect or Potential Effect – The liability account had a debit balance at the end of the year, related to amounts owed from TRS and portions needing to be written off.

Cause – We identified the District’s Human Capital Management department did not have a control in place to reconcile the liability account during the year.

Repeat finding – no

Recommendation – The District’s Human Capital Management department should enhance its procedures to monitor and reconcile this account monthly to ensure overpayments are properly accounted for.

View of Responsible Officials – See corrective action plan

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

FINDING 2019-003

84.010A – Title 1, Part A Department of Education, passed through the State Department of Education

Activities Allowed or Unallowed – Significant Deficiency in Controls over Compliance and Compliance

Dallas Independent School District

Schedule of Findings and Questioned Costs

Year Ended June 30, 2019

Criteria – According to 2 CFR §200.303, non-federal entities receiving federal funds are required to establish and maintain internal control over federal programs in order to provide reasonable assurance that the entity is managing federal awards in compliance with federal statutes, regulations, and the terms and conditions of the federal awards that could have a material effect on its federal programs.

Condition – The control activities for District personnel that are 100% federally funded by a single program differs from the control activities for District personnel with supplemental or secondary pay that is federally funded. At the beginning of the year or upon being hired, all district employees are assigned to a position based on the instructions of the department/campus hiring the individual. This information is taken in by Human Capital Management and documented as their Notice of Assignment which includes the fund in which the employee will be charged. During the fiscal year, the Special Revenue Funds Department personnel run a report of all employees with salary coded to federal funds, and thus who should receive a semi-annual certification based on the control activities set by the District. At this time, Special Revenue Funds Department personnel perform a reconciliation between the report of those with salary coded to federal funds and those receiving semi-annual certifications. Employees with salary coded to a federal fund without a semi-annual certification are investigated and any changes required are given to the Grants Accounting Department to perform the necessary journal entry to remove the unallowable personnel costs. For supplemental and secondary pay, the District employee codes their time within the timekeeping system and the timekeeper/supervisor approves the employee's supplemental or secondary pay.

Questioned Costs – None

Context – During our review of a sample of 60 Title I payroll disbursements, we noted one instance (instance number 1) of a non-federally funded employee's benefits charged to the Title I program and one instance (instance number 2) of an employee's supplemental pay coded to the Title I program when the activity did not support being coded to the program.

Effect or Potential Effect – For instance number 1, the failure during the reconciliation control process to remove all associated costs including benefits resulted in the benefits of a non-federally funded employee charged to the Title I program. For instance number 2, the failure during the timekeeper approval control process resulted in improper supplemental pay charged to the Title I program.

Cause – For instance number 1, after the change to the Notice of Assignment, which moved the District employee's assignment to the general fund, the District failed to move the employee's benefits therefore the benefits were charged to the Title I program. For instance number 2, the supplemental pay was approved by the timekeeper but improperly keyed into the wrong fund, subsequently being incorrectly charged to the Title I program.

Repeat finding – No

Recommendation – Strengthen the communication process during the reassignment of employees and expand upon the controls that exist to include reviewing for additional personnel costs that may have not been moved during the reassignment process. Ensure that District timekeeper personnel are adequately trained and understand the importance of proper coding and review over supplemental pay.

View of Responsible Officials – See corrective action plan

Dallas Independent School District
Schedule of Findings and Questioned Costs
Year Ended June 30, 2019

IV. Corrective Action Plan

FINDING 2019-001 - Significant Deficiency in Internal Controls – Recording Bond-Related Accounts Payables

Management Response — Management acknowledges the deficiency

Corrective Action — Training will be provided for all staff involved in the payment of invoices with emphasis on the matching of service dates on invoices to the period the invoice is being recorded. This training should take place before December 31st, 2019 and another refresher before year-end. Effective immediately, an additional layer of review has been implemented whereby the Accounting Manager performs an additional review and approval of invoices before processing the invoices. Effective immediately, look-ahead emails will be sent, and/or meetings will be held with all departments (e.g. Technology, Transportation, etc.) that use Bond funds so as to identify invoices received outside the fiscal period in advance. This allows the Bond Office to have advance knowledge of these invoices and to put measures in place to address them. For FY20, reconciliations will be performed between the Accounts Payable module to ensure the invoices and period recorded by the Bond Office matches the General Ledger module.

Responsible Party — Tim Strucely, Construction Services

Expected Completion Date — August 31, 2020

FINDING 2019-002 - Significant Deficiency in Internal Controls – Reconciling Benefits-Related Liabilities

Management Response — Management acknowledges the deficiency

Corrective Action — Human Capital Management (HCM) has hired an employee to reconcile the benefits accounts. HCM will request refunds for any benefits overpayments. HCM will meet with Financial Services to adjust the benefits liability accounts monthly.

Responsible Party — Robert Abel, Human Capital Management

Expected Completion Date — August 31, 2020

FINDING 2019-003 - 84.010A – Title 1, Part A Department of Education, passed through the State Department of Education – Significant Deficiency in Controls over Compliance and Compliance

Management Response – Management acknowledges the deficiency

Corrective Action – Related to instance number 1, an Oracle report that identifies employees whose salary and benefits have not both been charged to the federal fund will be created and then run monthly. It will determine whether the employee's salary and benefits should be charged to the federal fund, then the District's books will be adjusted to reflect that determination. Related to instance number 2, Finance will ensure timekeeper training includes the verification of supplemental pay that uses an activity code created by an office manager and approved by Principals, and Finance will track timekeepers' completion of any training directly provided by a Finance trainer.

Responsible Parties – Ed Sorola, Maria Perez-Gatell, Richard Straggas, Finance

Expected Completion Date – August 31, 2020

Dallas Independent School District

Summary of Prior Year Audit Findings

Year Ended June 30, 2019

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

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

Responsible Party — Christopher Gray

Corrective Action — In response to Finding 2018-001, Maintenance and Facility Services has implemented an invoice validation process. Two of the three utility invoice formats are electronic (electric and gas) while the third is received as hard copy via U.S. Mail (water). Upon receipt, the invoice data is uploaded - either manually or electronically depending on utility type - into the energy software platform. A validation report is generated for each utility type in an effort to identify outliers. The intent is to address billing concerns as close to the ACH-debit date(s) as possible.

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

Status — Corrected