

Dallas Independent School District



Comprehensive Annual Financial Report

For Fiscal Year Ended June 30, 2013



3700 Ross Avenue
Dallas, TX 75204
www.dallasisd.org



Dallas Independent School District

Comprehensive Annual Financial Report For the Fiscal Year Ended June 30, 2013

**Prepared By:
Accounting Services**



Dallas Independent School District
"Educating all students for success"

**Dallas Independent School District
For the Fiscal Year Ended June 30, 2013**

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INTRODUCTORY SECTION



November 21, 2013

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 the generally accepted accounting principles ("GAAP") and audited by a firm of licensed certified public accountants in accordance with generally accepted auditing standards. Pursuant to this requirement, we hereby issue the Comprehensive Annual Financial Report for Dallas Independent School District (the "District" or "Dallas ISD") for the fiscal year ended June 30, 2013.

This report consists of managements' representations concerning the finances of the District. Consequently, management assumes full responsibility for the completeness and reliability of all the information presented in this report. To the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The financial statements of the District have been audited by Deloitte & Touche LLP., a firm of licensed certified public accountants. The goal of the independent audit is to provide reasonable assurance that the financials statements of the District for the fiscal year ended June 30, 2013 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, 2013, 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 part of a broader, 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 the 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.

PROFILE OF THE DISTRICT

The Dallas Independent School District is an independent public educational school district operating under applicable laws and regulations of the State of Texas providing a full range of educational services appropriate to grade levels ranging from pre-kindergarten through grade twelve. The District sits in the heart of a large, diverse and dynamic region with a metropolitan population of 6.5 million people in the 12 counties in North Central Texas. Dallas ISD comprises 384 square miles and encompasses the cities of Dallas, Cockrell Hill, Seagoville, Addison, Wilmer and parts of Carrollton, Cedar Hill, DeSoto, Duncanville, Farmers Branch, Garland, Grand Prairie, Highland Park, Hutchins, Lancaster and Mesquite. The District is the second-largest public school district in the state, and the 14th-largest District in the nation. The District is composed of 32 high schools, 34 middle schools, 149 elementary schools, and 8 alternative schools and serves an enrollment of over 158,900 students. Dallas ISD is home to the top two public high schools in the country (Yvonne A. Ewell Townview Center's School of Science and Engineering and School for the Talented and Gifted) as reported by *The Washington Post* and *Newsweek*. In addition to the regular educational programs, the District offers programs in vocational education, special education, talented and gifted, bilingual, compensatory and adult education. Of the more than 158,900 students enrolled for the 2012-13 school year, 69.5 percent were Hispanic, 23.8 percent African American, 4.6 percent Anglo and 2.1 percent other.

The nine members of the Board of Trustees ("Board") serve, without compensation, a three-year term in office. On a rotating basis, two or three places are filled during annual elections held the first Saturday in May. Vacancies may be filled by appointment until the next election. The Board has final control over local school matters limited only by state legislature, by the courts, and by the will of the people as expressed in school Board elections. Board decisions are based on a 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 and its schools. Besides general Board business, 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, setting salary schedules, and acting as board of appeals in personnel and student matters, confirming recommendations for textbook adoptions, and adopting and amending the annual budget.

EDUCATION

Dallas ISD is a public school system whose mission is "Educating All Students for Success." The District is dedicated to education and committed to meeting the needs of all students.

The District continues to raise test scores and graduation rates. The number of students graduating from Dallas ISD is at its highest since the mid-1980s. Additionally, the District has seen increases in the number of students taking and passing Advanced Placement exams.

During fiscal year 2013, the District rolled out "Destination 2020," the District improvement plan designed to help Dallas ISD achieve the highest college- and career-ready percentage of graduates of any large, urban District in the nation by the year 2020. Key elements of the plan include placing an effective teacher in front of every child, making principals the key to reform, hiring the most efficient and competent central office staff in the nation, expanding leadership density and engaging parents and the community to work in reinforcing ways to graduate college and career-ready students.

FINANCIAL POLICIES

Internal Controls The management of the District 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.

Budgetary Controls In addition, the District maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual budget approved by the Board of Trustees. Every school district in Texas is required, by law, to prepare and file a budget with TEA. Activities of the General Fund, Food Service Fund, and Debt Service Fund are included in the District’s formally adopted budget. 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 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 staff.

The District also maintains an encumbrance accounting system as one technique of accomplishing budgetary control. Outstanding encumbrances at the end of a fiscal year are rolled forward into the subsequent fiscal period with the budget amended accordingly. As demonstrated by the statements and schedules included in the financial section of this report, the District continues to meet its responsibility for sound financial management.

MAJOR INITIATIVES

Capital Projects - In 2008, the District began implementation of the \$1.35 billion, 2008 Bond Program, as approved by taxpayers and the Board of Trustees. This bond program has focused on secondary schools. In contrast to the 2002 bond program, which built many elementary schools, the current focus on secondary schools will complete the cycle. The new schools will serve areas of Dallas ISD with growing populations of school-aged children. In the fall of 2012, the District opened two elementary schools and 4 middle schools.

The 2008 Bond Program also has committed funds for renovation, expansion and improvements to existing facilities and \$96 million for technology improvements to campuses.

Long-term Financial Planning – The District continues to grow the fund balance to ensure that the needed resources are available to provide for unexpected situations. At June 30, 2013, the fund balance in the General Fund was \$281 million.

Projections assumed in budgeting for the 2013-14 fiscal year include:

- Maintenance and Operations tax rate will remain at \$1.04 per \$100 valuation.
- State funding will increase as a result of the 83rd Legislative Session.
- 2% raise for staff, excluding Executive Directors and above.
- Increase in health insurance contribution
- Enrollment for budgeting purposes is projected at 159,242.

ECONOMIC CONDITION AND OUTLOOK

The main sources of revenue for education funding in Texas are local property taxes and State aid, both of which are based on the number and type of students in the District, the types of instructional services provided and property wealth. Dallas' property values have begun to increase. Since 2010, the Dallas housing market has exhibited a stronger recovery than the nation as a whole. The District's top ten taxpayers comprise 5.4 percent of the District's total 2013 taxable value so no one taxpayer can have a significant impact on the District's property tax income. Additionally Dallas, Texas is the 3rd most populous city in Texas and the 9th largest in the United States according to the U.S. Census Bureau. The Dallas Metropolitan area is home to several Fortune 500 Companies, and the city's diversified economy shields the area from large swings in unemployment. The Texas Workforce Commission reports the unemployment rate for Dallas in August 2013 at 6.4% compared to a national unemployment rate of 7.3%. Major industries in the city include professional and business services, transportation, manufacturing, utilities, education, health services, and leisure and hospitality.

AWARDS

The FIRST (Financial Integrity Rating System of Texas) program, a financial accountability system for Texas school Districts was developed by the TEA in response to Senate Bill 875 of the 76th Texas Legislature in 1999. The primary goal of FIRST is to achieve quality performance in the management of school Districts' financial resources, a goal made more significant due to the complexity of accounting associated with the Texas school finance system. The District has been awarded the "Superior Achievement" rating under Texas' Schools First financial rating system for the fiscal year ended 2012. The "Superior Achievement" rating is the state's highest financial rating, demonstrating the quality of Dallas ISD's sound fiscal management and appropriate reporting system.

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, 2012. 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 in which contents conformed to program standards. This report satisfied both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of only one year. We believe our current Comprehensive Annual Financial Report 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 GFOA also presented a Distinguished Budget Presentation Award to the District for the fiscal year beginning July 1, 2012. In order to receive this award, a governmental unit must publish a budget document that meets program criteria as a policy document, as an operations guide, as a financial plan, and as a communications device. This award is valid for a period of one year only. We believe our current budget continues to conform to program requirements, and we are submitting it to GFOA to determine its eligibility for another award.

ACKNOWLEDGEMENTS

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. Thanks goes 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.

Mike Miles
Superintendent

Dr. James Terry, CPA
Chief Financial Officer

Shonna S. Pumphrey, CPA
Director of Accounting Services

**Dallas Independent School District
Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2013**



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, 2012



Executive Director/CEO

Dallas Independent School District
Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2013



GOVERNMENT FINANCE OFFICERS ASSOCIATION

*Distinguished
Budget Presentation
Award*

PRESENTED TO

Dallas Independent School District

Texas

For the Fiscal Year Beginning

July 1, 2012

Christopher P. Howell

President

Jeffrey R. Egan

Executive Director

**Dallas Independent School District
Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2013**

Board of Trustees

President



[Eric Cowan](#)
[District 7](#)
Term Expires 2016

North Central Oak Cliff
and parts of West Dallas

1st Vice President



[Lew Blackburn](#)
[District 5](#)
Term Expires 2016

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

2nd Vice President



[Carla Ranger](#)
[District 6](#)
Term Expires 2014

Southwest Dallas

Board Secretary



[Dan Micciche](#)
[District 3](#)
Term Expires 2015

Northeast Dallas



[Elizabeth Jones](#)
[District 1](#)
Term Expires 2015

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

[Mike Morath](#)
[District 2](#)
Term Expires 2014

North and Near East
Dallas

[Nancy Bingham](#)
[District 4](#)
Term Expires 2016

Southeast Dallas,
Seagoville, Balch
Springs

[Vacant](#)
[District 8](#)

Love Field,
Northwest Dallas,
and Central Dallas



[Bernadette Nutall](#)
[District 9](#)
Term Expires 2015

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

Dallas Independent School District
Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2013

ADMINISTRATIVE OFFICIALS

Mike Miles
Superintendent of Schools

Wanda Paul.....Chief Operating Officer
Dr. Ann Smisko.....Chief Academic Officer
Carmen Darville.....Chief of Human Capital Management
Dr. Sylvia Reyna.....Chief of School Leadership
Gray Salada.....Chief Technology Officer
Dr. James Terry, CPAChief Financial Officer

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, 2013, at a meeting of the Board of School Trustees of such school district on the 21st day of November, 2013.



Signature of Board Secretary



Signature of Board President


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graph TD
    Superintendent[Superintendent  
Mike Miles] --> SpecialAssistant[Special Assistant  
Justin Corpadge]
    Superintendent --> GeneralCounsel[General Counsel  
Jack Elrod]
    Superintendent --> ChiefPolice[Chief of Police  
Craig Miller]
    Superintendent --> SeniorExec[Senior Exec. for Intergov. Affairs  
Paula Blackmon]
    Superintendent --> ChiefTech[Chief of Technology  
Gray Salada]
    Superintendent --> ChiefCompliance[Chief of Compliance  
Dan Smith]
    Superintendent --> ChiefOps[Chief of Operations  
Wanda Paul]
    Superintendent --> ChiefFinancial[Chief Financial Officer  
Jim Terry]
    Superintendent --> ChiefHuman[Chief of Human Capital Mngmt.  
Carmen Derville]
    Superintendent --> ChiefAcademic[Chief of Academic Improvement and Accountability  
Ann Smisko]
    Superintendent --> ChiefSchool[Chief of School Leadership  
Sylvia Rayna]
    Superintendent --> ExecDirMedia[Exec. Dir. of Media Relations  
Jon Dahlander]
    Superintendent --> ExecDirComm[Communications Exec. Director  
Loretta Simon]

    ChiefTech --> AsstSuperTech[Asst. Super. for Info Technology  
Frank Tyminski]
    ChiefTech --> ExecDirNetwork[Exec. Dir. of Network systems]

    ChiefOps --> ExecDirMaint[Exec. Dir. of Maint. and Facilities  
Willie Burroughs]

    ChiefFinancial --> ExecDirFinancial[Exec. Dir. of Financial Analytics & Control  
Vacant]
    ChiefFinancial --> ExecDirProcurement[Exec. Dir. of Procurement  
Kirti Tate]
    ChiefFinancial --> ExecDirFinance[Exec. Dir. of Finance  
Ed Sorola]
    ChiefFinancial --> DirBudget[Dir. of Budget  
Gilbert Prado]

    ChiefHuman --> TalentExec[Talent Exec. Director  
Tony Munoz]
    ChiefHuman --> HRExecutive[HR Executive Director]
    ChiefHuman --> DirEmployeeRelations[Director of Employee Relations  
DI Bell-Hunter]

    ChiefAcademic --> AsstSuperEval[Asst. Super. Eval. and Account.  
Cecilia Oakeley]
    ChiefAcademic --> DirPlanning[Dir. of Planning and Spec. Projects  
Ashley Bryan]
    ChiefAcademic --> ExecDirProjectMgmt[Exec. Dir. Project Management]
    ChiefAcademic --> ExecDirAdminServices[Exec. Dir. of Admin. Services  
Deno Harris]

    ChiefSchool --> Division1[Division 1 Asst. Superintendent  
Marcelino Dominguez]
    ChiefSchool --> Division2[Division 2 Asst. Superintendent  
Marian Sorok]
    ChiefSchool --> Division3[Division 3 Asst. Superintendent  
Aurea Lora]
    ChiefSchool --> Division4[Division 4 Asst. Superintendent  
Karin Colwell (Retired)]
    ChiefSchool --> Division5[Division 5 Asst. Superintendent]
    ChiefSchool --> StudentServices[Student Services Exec. Director  
Sherry West]
    ChiefSchool --> AthleticDirector[Athletic Director  
Jeff Johnson]
    ChiefSchool --> DirectorCommunityEngagement[Director of Community Engagement  
Elsa Pennell]

    Division1 --> SchoolLeadership[School Leadership Exec. Director  
Leslie Stephens]
    Division1 --> SchoolLeadershipAcademy[Exec. Director of School Leaders Academy  
Karon Colfield]
  
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Dallas Independent School District
"Educating all students for success"

FINANCIAL SECTION

INDEPENDENT AUDITORS' REPORT

Members of the 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 the Dallas Independent School District, Dallas, Texas, (the "District") as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing 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 Dallas Independent School District, as of June 30, 2013, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note A to the basic financial statements, the District implemented GASB Statement 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position* during the year ended June 30, 2013, which changed the residual of all other elements in the statement of net position from “net assets” to “net position.” Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that management’s discussion and analysis and budgetary comparison information 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 accompanying combining fund statements and Schedule of Expenditures of Federal Awards, as required by Office of Management and Budget Circular A-133, *Audits of States, Local*

Governments, and Non-Profit Organizations and the introductory section, 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 accompanying combining fund statements and 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 accompanying combining statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 21, 2013 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering District's internal control over financial reporting and compliance.

Deloitte & Touche LLP

November 21, 2013



Dallas Independent School District
"Educating all students for success"

**Dallas Independent School District
Management's Discussion and Analysis (Unaudited)
For the Fiscal Year Ended June 30, 2013**

This section of Dallas Independent School District's (the "District") annual financial report reflects management's discussion and analysis of the District's financial performance for the fiscal year ended June 30, 2013. Please read it in conjunction with the District's financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

- The District's total combined net position as presented on the government-wide Statement of Net Position exceeded liabilities by \$637.6 million. The net position of the District increased by \$28.6 million during the year ended June 30, 2013.
- The District's governmental funds financial statements reported combined ending fund balance of \$663.6 million. This balance consists of \$281.2 million in the General Fund of which \$6.0 million is assigned and \$263.6 million is unassigned and available for spending at the District's discretion. Restricted fund balance totals \$378.5 million and is used by the Debt Service Fund, Capital Projects Funds and Non-major Funds. Non-spendable fund balance is \$15.1 million.
- For the year ended June 30, 2013, total revenue from all sources was \$1.6 billion. Program revenues accounted for \$301 million of total revenues. General revenues and special items accounted for \$1.3 billion.
- The General Fund had \$1.2 billion in revenues, which primarily consisted of state aid and property taxes and \$1.1 billion in expenditures which resulted in an increase to the fund balance of \$80.0 million.
- During the fiscal year 2013, the District completed the construction of three new campuses, continued to upgrade the technology at all campuses and renovated 38 campuses.

OVERVIEW OF THE FINANCIAL STATEMENTS

This comprehensive annual financial report consists of three parts—*management's discussion and analysis* (this section), the *basic financial statements*, and *required supplementary information*. The basic financial statements include two kinds of statements that present different views of the District:

- The first two statements are *government-wide financial statements* that provide both *long-term* and *short-term* information about the District's overall financial status.
- 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 *governmental fund* statements reflect how *general government* services were financed in the *short term* as well as what remains for future spending. The *proprietary fund* statements offer short and long-term financial information about the activities the District operates like businesses. The *fiduciary fund* statements provide information about the financial relationships in which the District acts solely as a *trustee or agent* for the benefit of others, to whom the resources in question belong.

The financial statements also include *notes* that provide more detailed information regarding the financial statements. The statements are followed by a section of *required supplementary information* that further explains and supports the information in the financial statements.

**Dallas Independent School District
Management's Discussion and Analysis (Unaudited)
For the Fiscal Year Ended June 30, 2013**

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

**Dallas Independent School District
Management's Discussion and Analysis (Unaudited)
For the Fiscal Year Ended June 30, 2013**

Government-Wide Statements

The government-wide statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes *all* of the District's non-fiduciary assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities on the accrual basis regardless of when cash is received or paid.

The two government-wide statements report the District's *net position* and how they have changed. Net position is the District's assets plus deferred outflows of resources minus liabilities and deferred inflows of resources, and is one way to measure the District's financial health or *position*.

- Over time, increases or decreases in the District's net position are an indicator of whether its financial health is improving or deteriorating.
- To assess the overall health of the District, you need to consider additional nonfinancial factors such as changes in the District's tax base.

The government-wide financial statements of the District are comprised of the *governmental activities*. The District's basic services are included here, such as instruction, extracurricular activities, curriculum and staff development, health services, general administration, and plant maintenance and operations. Property taxes and grants finance most of these activities.

Fund Financial 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 and capital projects.
- *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 program evaluation and accountability programs.
- *Fiduciary funds*—The District is the *fiduciary* for certain funds. It is also responsible for other assets that, because of a trust arrangement, can be used only for the trust beneficiaries. 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. We excluded these activities from the District's government-wide financial statements because the District cannot use these assets to finance its operations.

**Dallas Independent School District
Management's Discussion and Analysis (Unaudited)
For the Fiscal Year Ended June 30, 2013**

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net Position

As noted earlier, net position may serve over time as a useful indicator of a District's financial position. The District's combined net position between fiscal years 2013 and 2012, increased by \$28.6 million, as can be seen on the following table. The District's net investment in capital assets is \$226.6 million and includes its investments in capital assets (e.g. land, building, equipment, improvements, and construction in progress) less any debt used to acquire those assets that is still outstanding.

The District uses these capital assets to provide service to citizens; 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, Liabilities, and Net Position for governmental activities for years ended June 30, 2013 and 2012, respectively.

**Exhibit 2
Net Position
Governmental Activities**

	<u>June 30, 2013</u>	<u>June 30, 2012</u>	<u>Change Increase/ (Decrease)</u>	<u>% Change Increase/ (Decrease)</u>
Current and Other Assets	\$ 952,013,653	\$ 1,161,707,271	\$ (209,693,618)	(18.0%)
Capital Assets	2,530,698,859	2,369,110,643	161,588,216	6.8%
Total Assets	<u>3,482,712,512</u>	<u>3,530,817,914</u>	<u>(48,105,402)</u>	
Current Liabilities	330,757,171	343,440,651	(12,683,480)	(3.7%)
Long Term Liabilities	2,514,392,942	2,578,417,529	(64,024,587)	(2.5%)
Total Liabilities	<u>2,845,150,113</u>	<u>2,921,858,180</u>	<u>(76,708,067)</u>	<u>(0.4%)</u>
Net Position:				
Net Investment in				
Capital Assets	226,638,835	285,655,589	(59,016,754)	(20.7%)
Restricted	84,729,743	75,926,853	8,802,890	11.6%
Unrestricted	326,193,821	247,377,292	78,816,529	31.9%
Total Net Position	<u>\$ 637,562,399</u>	<u>\$ 608,959,734</u>	<u>\$ 28,602,665</u>	

Of the remaining net position, \$84.7 million is restricted resources subject to external restrictions on how they are used and \$326.2 million is unrestricted resources available to meet the District's ongoing obligations.

**Dallas Independent School District
Management's Discussion and Analysis (Unaudited)
For the Fiscal Year Ended June 30, 2013**

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

	June 30, 2013	June 30, 2012	Change Increase/ (Decrease)	% Change Increase/ (Decrease)
Revenues:				
Program Revenues:				
Operating Grants and Contributions	\$ 286,311,657	\$ 256,242,350	\$ 30,069,307	11.7%
Charges for Services	14,876,830	8,419,678	6,457,152	76.7%
General Revenues:				
Investment Earnings	2,439,424	3,995,586	(1,556,162)	(38.9%)
Property Taxes	952,037,199	933,546,199	18,491,000	2.0%
State Aid	337,558,928	416,548,421	(78,989,493)	(19.0%)
Grants and Contributions, Unrestricted	41,041,051	56,229,252	(15,188,201)	(27.0%)
Other	10,052,203	4,395,631	5,656,572	128.7%
Total Revenues	1,644,317,292	1,679,377,117	(35,059,825)	
Expenses				
Instruction	837,619,961	842,891,794	(5,271,833)	(0.6%)
Instructional Resources and Media Services	23,618,126	22,736,721	881,405	3.9%
Curriculum and Staff Development	36,333,128	38,062,123	(1,728,995)	(4.5%)
Instructional Leadership	21,583,374	21,705,813	(122,439)	(0.6%)
School Leadership	82,180,544	79,358,915	2,821,629	3.6%
Guidance, Counseling and Evaluation				
Services	59,251,653	54,901,981	4,349,672	7.9%
Social Work Services	2,485,963	2,745,665	(259,702)	(9.5%)
Health Services	18,162,354	17,813,557	348,797	2.0%
Student (Pupil) Transportation	25,497,358	22,738,339	2,759,019	12.1%
Food Services	93,529,323	90,910,150	2,619,173	2.9%
Extracurricular Activities	23,425,259	21,786,201	1,639,058	7.5%
General Administration	34,292,907	40,363,776	(6,070,869)	(15.0%)
Facilities Maintenance and Operations	147,466,378	148,301,564	(835,186)	(0.6%)
Security and Monitoring services	19,098,721	18,912,935	185,786	1.0%
Data Processing Services	41,618,908	41,579,518	39,390	0.1%
Community Services	8,371,779	7,341,491	1,030,288	14.0%
Debt Service-Interest on Long Term Debt	127,168,499	134,642,671	(7,474,172)	(5.6%)
Debt Service-Bond Issuance Cost and Fees	1,367,549	1,438,780	(71,231)	5.0%
Capital Outlay	5,047,018	2,242,121	2,804,897	125.1%
Payments to Juvenile Justice A.E.P.	10,488	302,328	(291,840)	(96.5%)
Payments to Tax Increment Fund	3,749,780	3,327,159	422,621	12.7%
Other	3,835,557	3,738,645	96,912	2.6%
Total Expenses	1,615,714,627	1,617,842,247	(2,127,620)	
 Increase (decrease) in net position	 28,602,665	 61,534,870	 (32,932,205)	 (53.5%)
Net position-beginning	608,959,734	547,424,864	61,534,870	11.2%
Net position-ending	<u>\$ 637,562,399</u>	<u>\$ 608,959,734</u>	<u>\$ 28,602,665</u>	

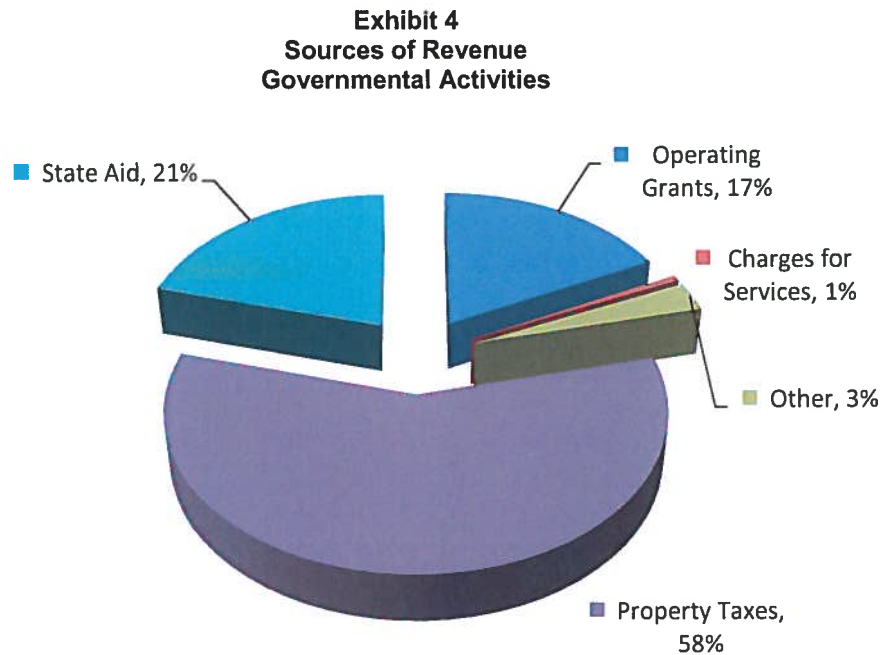
**Dallas Independent School District
Management's Discussion and Analysis (Unaudited)
For the Fiscal Year Ended June 30, 2013**

The District's total revenues decreased \$35.1 million, or 2.1%, over the prior year mainly driven by a decrease in State Aid as a result of the 82nd Legislative Sessions \$4 billion reduction in funding to public education.

The District's total expenses decreased by \$2.1 million, or 0.1%, over the prior year.

Other Financial Highlights

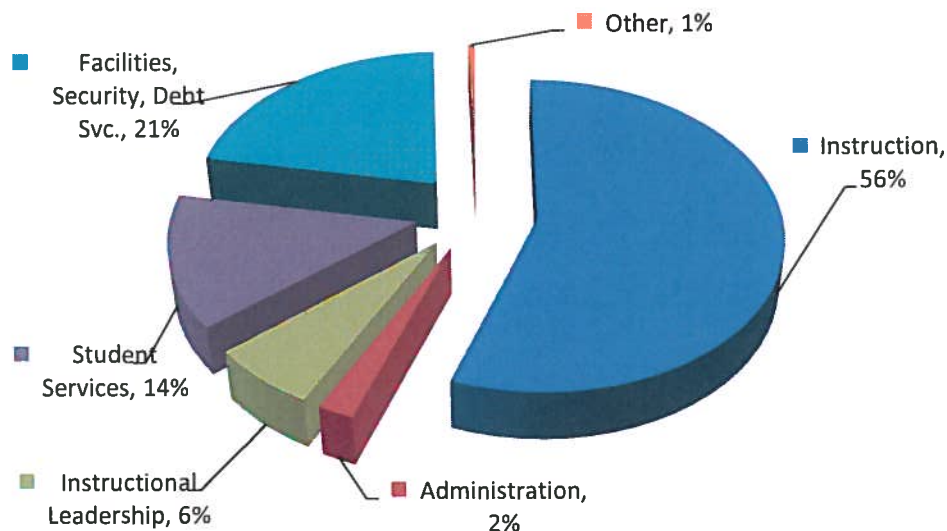
For the year ended June 30, 2013, the District's total revenues were \$1.6 billion. Approximately 58% of the District's revenue was generated from property taxes, 21% was generated from state aid grants, 17% was generated from other operating grants and the remaining 4% was generated from miscellaneous revenue sources (See Exhibit 4).



**Dallas Independent School District
Management's Discussion and Analysis (Unaudited)
For the Fiscal Year Ended June 30, 2013**

For year ended June 30, 2013, the District's total cost of all programs and services was \$1.6 billion. Approximately 56% of the District's governmental activities were dedicated to instructional areas. Direct student services, such as counseling, nursing, and transportation services, comprised 14% of governmental expenses. The costs to operate facilities, including utilities, security services and debt payments comprised 21% of the cost of all programs (See Exhibit 5).

**Exhibit 5
Expenditure Allocations
Governmental Activities**



FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

For the fiscal year ended June 30, 2013, the District's governmental funds reported ending fund balances of \$663.6 million. Of this amount, \$263.6 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 committed to bond projects, debt service and other obligations of the District.

The General Fund is the chief operating fund of the District. At the end of the current fiscal year the unassigned fund balance of the General Fund was \$263.6 million. 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 23.5% of the total General Fund expenditures, while total fund balance represents 25.1% of that same amount.

The District's General Fund balance increased \$80.0 million primarily due to staff vacancies.

The Debt Service Fund has a total fund balance of \$118.0 million all of which is restricted for the payment of debt service requirements. The Capital Projects Fund balance decreased to \$244.0 million, primarily due to facilities acquisition and construction costs expended during the year. Non-Major Governmental Fund has a total fund balance of \$20.4 million representing a decrease for the current year of \$0.3 million.

**Dallas Independent School District
Management's Discussion and Analysis (Unaudited)
For the Fiscal Year Ended June 30, 2013**

GENERAL FUND BUDGETARY HIGHLIGHTS

During the fiscal year ended June 30, 2013, the Board amended the general fund operating budget on a monthly basis. These amendments fall into the following categories:

- Amendments approved shortly after the beginning of the new fiscal year for amounts assigned in the prior year totaling \$8.25 million.
- Amendments to increase revenue \$17.8 million for Build America Bond subsidy.
- Amendments approved for Early Resignation Incentive and onetime payment for permanent employees below Executive Director Level totaling increase in expenditures of \$11.7 million.
- Amendments approved for increased expenditures for upgrade of ERP system totaling \$1.9 million.
- Amendments approved for \$29.9 million decrease in expenditures due to vacancies.
- Amendments to increase estimates for local revenue with a corresponding increase in expenditures due to insurance proceeds received from storm damage totaling \$2.1 million.
- Balance neutral amendments during the year to properly align the budget with the expenditures.
- A final budget amendment to increase revenue by \$7.2 million to more closely align the budget with projected revenue and projected expenditures.

After these adjustments, budgeted revenues exceeded budgeted expenditures by \$31.1 million in the final amended budget. Actual revenues exceeded actual expenditures by \$75.1 million.

The food service fund budget was amended for the following reasons:

- Amendments approved for construction of new food service line at \$4.6 million.
- Amendments approved for onetime payment to permanent employees below Executive Director Level totaling \$0.7 million.

The debt service fund budget was amended for the following reasons:

- Amendments to transfer Build America Bond subsidy revenue to the General Fund totaling \$17.8 million.

**Dallas Independent School District
Management's Discussion and Analysis (Unaudited)
For the Fiscal Year Ended June 30, 2013**

CAPITAL ASSETS

At June 30, 2013, the District had \$2.5 billion of capital assets, net of depreciation including land, equipment, buildings, and vehicles. This amount represents a net increase of \$162 million or 6.8% over last year (See Exhibit 6.)

**Exhibit 6
District's Capital Assets**

	<u>June 30, 2013</u>	<u>June 30, 2012</u>	<u>Change Increase/ (Decrease)</u>	<u>% Change Increase/ (Decrease)</u>
Land	\$ 196,718,731	\$ 193,957,974	\$ 2,760,757	1.4%
Buildings and improvements	3,092,563,710	2,846,510,799	246,052,911	8.6%
Furniture and equipment	258,326,576	218,489,085	39,837,491	18.2%
Construction in progress	188,839,990	218,429,254	(29,589,264)	(13.5%)
Total	<u>3,736,449,007</u>	<u>3,477,387,112</u>	<u>259,061,895</u>	<u>7.4%</u>
Accumulated depreciation	(1,205,750,148)	(1,108,276,469)	(97,473,679)	8.8%
Net Book Value	<u>\$ 2,530,698,859</u>	<u>\$ 2,369,110,643</u>	<u>\$ 161,588,216</u>	<u>6.8%</u>

For the year ended June 30, 2013, the District's capital spending totaled \$289.7 million in land, construction in progress, buildings and improvements and capital equipment. These expenditures were primarily resulting from the projects committed to in the 2008 bond program. The District committed to constructing 15 new campuses, making additions to 12 existing campuses, and conducting renovations at more than 200 locations. In addition, \$30.6 million in building and capital equipment were retired during the year. For more information on the District's capital assets see Note G in the financial statements.

DEBT ADMINISTRATION

For the year ended June 30, 2013, the District had \$2.6 billion in long-term debt outstanding. This represents a net decrease of \$55.5 million or 2.1%, over last year. (See Exhibit 7).

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

	<u>June 30, 2013</u>	<u>June 30, 2012</u>	<u>Change Increase/ (Decrease)</u>	<u>% Change Increase/ (Decrease)</u>
Bonds and notes payable	\$ 2,492,731,192	\$ 2,567,329,416	\$ (74,598,224)	(2.9%)
Workers compensation liability	11,230,004	11,548,781	(318,777)	-2.8%
Deferred loss on refunding	(54,119,986)	(33,556,896)	(20,563,090)	(61.3%)
Premium on bonds	130,915,785	90,909,530	40,006,255	44.0%
Total	<u>\$ 2,580,756,995</u>	<u>\$ 2,636,230,831</u>	<u>\$ (55,473,836)</u>	<u>(2.1%)</u>

Long-term debt decreased primarily from scheduled debt payments.

**Dallas Independent School District
Management's Discussion and Analysis (Unaudited)
For the Fiscal Year Ended June 30, 2013**

The District's bonds presently carry ratings as follows: Moody's Investor Series "Aaa", Standard & Poors "AAA" and Fitch "AAA" as guaranteed by the Permanent School Fund (PSF). The District's underlying bond ratings are Moody's "Aa2", Standards & Poors "AA-" and Fitch "AA".

For more information on the District's long term debt; see Note I in the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

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

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

Central organizations use a zero-based budgetary approach for allocation based on historical expenditures and services provided.

Enrollment projections for the year ended June 30, 2013, show enrollment numbers to remain relatively stable with no significant increases or decreases.

The District continues to be classified as a property wealthy district subject to the provision of Chapter 41 of the Texas Education Code for the 2013-14 fiscal year and the District's equalized wealth level continues to be within the range not requiring a recapture payment.

The appraised property values to be used for the 2013-14 budget is projected to increase by 3%. The Maintenance and Operations tax rate remained at \$1.04 per \$100 valuation for the 2013-14 year and the Interest and Sinking ("I&S") tax rate decreased to \$0.2420 per \$100 valuation for the 2013-14 year.

In December 2010, the District issued \$950 million in taxable bonds, created by the American Recovery and Reinvestment Act of 2009 ("Build America Bonds"). These Build America Bonds carry a federal rebate on interest costs. While the Build America Bonds carry no restrictions on the use of the rebate, in fiscal year ended June 30, 2012 the District recorded the rebate in the Debt Service Fund and used this rebate to offset the debt service costs. In fiscal year 2013, the District recorded the rebate of \$17.8 million in the General Fund to offset expenditures.

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 money 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 Financial Services Department.

BASIC FINANCIAL STATEMENTS

DALLAS INDEPENDENT SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2013

Data Control Codes		Governmental Activities
ASSETS		
1110	Cash and Cash Equivalents	\$ 664,234,579
1120	Investments	79,418,576
1220	Property Taxes Receivable (Delinquent)	72,075,595
1230	Allowance for Uncollectible Taxes	(47,727,705)
1240	Due from Other Governments	130,848,669
1267	Due from Fiduciary Funds	1,433,933
1290	Other Receivables, Net	15,513,744
1300	Inventories	9,595,601
1410	Prepayments	5,496,786
1420	Debt Issuance Costs, Net	21,123,875
	Capital Assets:	
1510	Land	196,718,731
1520	Buildings and Improvements, Net	2,076,679,741
1530	Furniture and Equipment, Net	68,460,397
1580	Construction in Progress	188,839,990
1000	Total Assets	<u>3,482,712,512</u>
LIABILITIES		
2110	Accounts Payable	62,632,222
2120	Other Liabilities	6,918
2140	Interest Payable	49,733,685
2150	Payroll Deductions and Withholdings Payable	11,138,511
2160	Accrued Wages and Benefits Payable	129,565,000
2180	Due to Other Governments	548
2200	Accrued Expenses	9,102,202
2300	Unearned Revenue	2,214,032
	Noncurrent Liabilities	
2501	Due Within One Year	66,364,053
2502	Due in More Than One Year	2,514,392,942
2000	Total Liabilities	<u>2,845,150,113</u>
NET POSITION		
3200	Net Investment in Capital Assets	226,638,835
3820	Restricted for Federal and State Programs	13,862,032
3850	Restricted for Debt Service	68,241,272
3890	Restricted for Other Purposes	2,626,439
3900	Unrestricted	326,193,821
3000	Total Net Position	<u>\$ 637,562,399</u>

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

DALLAS INDEPENDENT SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2013

EXHIBIT B-1

Data Control Codes	1	Program Revenues		Net (Expense) Revenue and Changes in Net Position
		3	4	
	Expenses	Charges for Services	Operating Grants and Contributions	Governmental Activities
Primary Government:				
GOVERNMENTAL ACTIVITIES:				
11 Instruction	\$ 837,619,961	\$ 261,509	\$ 126,587,916	\$ (710,770,536)
12 Instructional Resources and Media Services	23,618,126	-	935,896	(22,682,230)
13 Curriculum and Staff Development	36,333,128	1,278,066	26,549,642	(8,505,420)
21 Instructional Leadership	21,583,374	127,807	6,115,350	(15,340,217)
23 School Leadership	82,180,544	-	4,787,097	(77,393,447)
31 Guidance, Counseling and Evaluation Services	59,251,653	-	16,509,223	(42,742,430)
32 Social Work Services	2,485,963	-	581,328	(1,904,635)
33 Health Services	18,162,354	-	943,760	(17,218,594)
34 Student (Pupil) Transportation	25,497,358	-	1,791,409	(23,705,949)
35 Food Services	93,529,323	5,558,516	82,601,192	(5,369,615)
36 Cocurricular/Extracurricular Activities	23,425,259	1,167,991	551,001	(21,706,267)
41 General Administration	34,292,907	-	1,173,247	(33,119,660)
51 Facilities Maintenance and Operations	147,466,378	6,482,941	5,798,152	(135,185,285)
52 Security and Monitoring Services	19,098,721	-	3,711,968	(15,386,753)
53 Data Processing Services	41,618,908	-	1,079,720	(40,539,188)
61 Community Services	8,371,779	-	6,594,756	(1,777,023)
72 Debt Service - Interest on Long Term Debt	127,168,499	-	-	(127,168,499)
73 Debt Service - Bond Related Fees	1,367,549	-	-	(1,367,549)
81 Facilities Acquisition and Construction	5,047,018	-	-	(5,047,018)
95 Payments to Juvenile Justice Alternative Ed. Prg.	10,488	-	-	(10,488)
97 Payments to Tax Increment Fund	3,749,780	-	-	(3,749,780)
99 Other Intergovernmental Charges	3,835,557	-	-	(3,835,557)
TOTAL PRIMARY GOVERNMENT:	\$ 1,615,714,627	\$ 14,876,830	\$ 286,311,657	(1,314,526,140)

Data Control Codes	General Revenues:	
	Taxes:	
MT	Property Taxes, Levied for General Purposes	767,724,171
DT	Property Taxes, Levied for Debt Service	184,313,028
SF	State Aid not Restricted to Specific Purpose	337,558,928
GC	Grants, Contributions and Other Rev not Restricted	41,041,051
IE	Investment Earnings	2,439,424
MI	Miscellaneous Local and Intermediate Revenue	10,052,203
TR	Total General Revenues	1,343,128,805
CN	Change in Net Position	28,602,665
NB	Net Position - Beginning	608,959,734
NE	Net Position--Ending	\$ 637,562,399

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

DALLAS INDEPENDENT SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2013

Data Control Codes	10 General Fund	50 Debt Service Fund	60 Capital Projects
ASSETS			
1110 Cash and Cash Equivalents	\$ 335,779,701	\$ 117,322,450	\$ 211,132,428
1120 Investments	5,468,056	-	73,950,520
1220 Property Taxes - Delinquent	61,402,243	10,673,352	-
1230 Allowance for Uncollectible Taxes (Credit)	(40,877,694)	(6,850,011)	-
1240 Receivables from Other Governments	130,715,927	132,742	-
1260 Due from Other Funds	10,377,391	-	-
1290 Other Receivables, Net	15,318,379	-	64,795
1300 Inventories	6,003,082	-	-
1410 Prepaid Items	5,496,786	-	-
1000 Total Assets	<u>\$ 529,683,871</u>	<u>\$ 121,278,533</u>	<u>\$ 285,147,743</u>
LIABILITIES			
2110 Accounts Payable	\$ 19,142,919	\$ 10,701	\$ 32,211,675
2120 Other Liabilities	1,680	-	5,238
2150 Payroll Deductions and Withholdings Payable	9,378,446	-	-
2160 Accrued Wages and Benefits Payable	115,035,501	-	10,489
2170 Due to Other Funds	62,067,739	26,378	8,917,080
2180 Due to Other Governments	83	-	-
2200 Accrued Expenditures	8,380,910	-	-
2300 Unearned and Unavailable Revenues	34,523,017	3,266,497	-
2000 Total Liabilities	<u>248,530,295</u>	<u>3,303,576</u>	<u>41,144,482</u>
FUND BALANCE			
Nonspendable Fund Balance:			
3410 Inventories	6,003,082	-	-
3430 Prepaid Items	5,496,786	-	-
Restricted Fund Balance:			
3450 Federal or State Funds	-	-	-
3470 Capital Projects	-	-	244,003,261
3480 Debt Service	-	117,974,957	-
3490 Local Special Revenue Funds	-	-	-
Assigned Fund Balance:			
3590 Assigned Fund Balance	6,009,210	-	-
3600 Unassigned Fund Balance	263,644,498	-	-
3000 Total Fund Balances	<u>281,153,576</u>	<u>117,974,957</u>	<u>244,003,261</u>
4000 Total Liabilities and Fund Balance	<u>\$ 529,683,871</u>	<u>\$ 121,278,533</u>	<u>\$ 285,147,743</u>

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

Non-Major Governmental Funds	Total Governmental Funds
\$ -	\$ 664,234,579
-	79,418,576
-	72,075,595
-	(47,727,705)
-	130,848,669
46,660,385	57,037,776
83,570	15,466,744
3,592,519	9,595,601
-	5,496,786
<u>\$ 50,336,474</u>	<u>\$ 986,446,621</u>
\$ 10,598,182	\$ 61,963,477
-	6,918
1,759,389	11,137,835
14,465,928	129,511,918
149,769	71,160,966
465	548
717,758	9,098,668
2,214,031	40,003,545
<u>29,905,522</u>	<u>322,883,875</u>
3,592,519	9,595,601
-	5,496,786
13,862,032	13,862,032
-	244,003,261
-	117,974,957
2,626,439	2,626,439
349,962	6,359,172
-	263,644,498
<u>20,430,952</u>	<u>663,562,746</u>
<u>\$ 50,336,474</u>	<u>\$ 986,446,621</u>



Dallas Independent School District
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DALLAS INDEPENDENT SCHOOL DISTRICT
 RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE
 GOVERNMENT-WIDE STATEMENT OF NET POSITION
 JUNE 30, 2013

Total Fund Balances - Governmental Funds (from C-1)	\$ 663,562,746
Amounts reported for governmental activities in the statement of net position are different because:	-
Capital assets net of accumulated depreciation, less assets held in internal service funds are not financial resources and therefore are not reported as assets in governmental funds.	2,530,685,567
Some liabilities including bonds payables, and claims and judgements are not due and payable in the current period and therefore are not reported in the funds:	(2,569,526,991)
Bonds and notes payable	(2,492,731,192)
Deferred losses on refundings	54,119,986
Premium on bonds	(130,915,785)
Accrued interest is not due and payable in the current period and therefore is not reported as a liability in the governmental funds.	(49,733,685)
Certain assets are not available to pay for current period expenditures and therefore are deferred in the funds.	37,789,513
Bond issue costs are recognized currently at the fund level, but are deferred costs under the full accrual method of accounting.	21,123,875
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).	3,661,374
Total Net Position of Governmental Activities (see A-1)	\$ 637,562,399

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

DALLAS INDEPENDENT SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2013

Data Control Codes		10 General Fund	50 Debt Service Fund	60 Capital Projects
REVENUES:				
5700	Local and Intermediate Sources	\$ 784,244,954	\$ 184,502,189	\$ 2,778,282
5800	State Program Revenues	381,384,879	-	-
5900	Federal Program Revenues	31,058,633	2,544,562	-
5020	Total Revenues	1,196,688,466	187,046,751	2,778,282
EXPENDITURES:				
Current:				
0011	Instruction	665,480,581	-	-
0012	Instructional Resources and Media Services	21,656,990	-	-
0013	Curriculum and Staff Development	9,270,120	-	-
0021	Instructional Leadership	15,740,976	-	-
0023	School Leadership	73,542,421	-	-
0031	Guidance, Counseling and Evaluation Services	42,526,776	-	-
0032	Social Work Services	1,975,474	-	-
0033	Health Services	16,424,590	-	-
0034	Student (Pupil) Transportation	23,763,233	-	-
0035	Food Services	-	-	-
0036	Cocurricular/Extracurricular Activities	20,260,036	-	-
0041	General Administration	33,618,107	-	-
0051	Facilities Maintenance and Operations	138,311,550	-	-
0052	Security and Monitoring Services	15,792,114	-	-
0053	Data Processing Services	30,515,157	-	-
0061	Community Services	1,255,924	-	-
Debt Service:				
0071	Principal on Long Term Debt	3,470,000	50,625,000	-
0072	Interest on Long Term Debt	388,200	130,961,055	-
0073	Bond Fees and Charges	43,277	3,365,163	-
Capital Outlay:				
0081	Facilities Acquisition and Construction	-	-	278,132,001
Intergovernmental:				
0095	Payments to Juvenile Justice Alternative Ed. Prg.	10,488	-	-
0097	Payments to Tax Increment Fund	3,749,780	-	-
0099	Other Intergovernmental Charges	3,835,557	-	-
6030	Total Expenditures	1,121,631,351	184,951,218	278,132,001
1100	Excess (Deficiency) of Revenues Over (Under) Expenditures	75,057,115	2,095,533	(275,353,719)
OTHER FINANCING SOURCES (USES):				
7901	Proceeds from Issuance of Refunding Bonds	-	437,060,000	-
7912	Sale of Real and Personal Property	31,942	-	-
7916	Premium (Discount) on Issuance of Bonds	-	64,753,841	-
7949	Insurance Recovery	5,179,122	-	-
8911	Transfers In (Out)	(234,982)	-	-
8940	Payment to Bond Refunding Escrow Agent	-	(498,445,267)	-
7080	Total Other Financing Sources (Uses)	4,976,082	3,368,574	-
1200	Net Change in Fund Balances	80,033,197	5,464,107	(275,353,719)
0100	Fund Balance - July 1 (Beginning)	201,120,379	112,510,850	519,356,980
3000	Fund Balance - June 30 (Ending)	\$ 281,153,576	\$ 117,974,957	\$ 244,003,261

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

Non-Major Governmental Funds		Total Governmental Funds	
\$	10,151,048	\$	981,676,473
	13,760,770		395,145,649
	226,899,893		260,503,088
	250,811,711		1,637,325,210
	97,528,231		763,008,812
	407,036		22,064,026
	26,416,083		35,686,203
	5,397,281		21,138,257
	1,660,014		75,202,435
	14,335,915		56,862,691
	466,617		2,442,091
	609,323		17,033,913
	1,765,301		25,528,534
	89,271,199		89,271,199
	154,441		20,414,477
	266,858		33,884,965
	2,847,476		141,159,026
	3,079,398		18,871,512
	321,868		30,837,025
	6,557,704		7,813,628
	-		54,095,000
	-		131,349,255
	-		3,408,440
	-		278,132,001
	-		10,488
	-		3,749,780
	-		3,835,557
	251,084,745		1,835,799,315
	(273,034)		(198,474,105)
	-		437,060,000
	-		31,942
	-		64,753,841
	-		5,179,122
	-		(234,982)
	-		(498,445,267)
	-		8,344,656
	(273,034)		(190,129,449)
	20,703,986		853,692,195
\$	20,430,952	\$	663,562,746



Dallas Independent School District
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DALLAS INDEPENDENT SCHOOL DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2013

Total Net Change in Fund Balances - Governmental Funds (from C-2)	\$ (190,129,449)
The District uses internal service funds to charge the costs of certain activities, such as self-insurance and printing, to appropriate functions in other funds. The net income (loss) of internal service funds are reported with governmental activities. The net effect of this consolidation is to decrease the change in net position.	(205,922)
Current year capital outlays are expenditures in the fund financial statements, but they should be shown as increases in capital assets in the government-wide financial statements. The net effect of removing the 2013 capital outlays caused the change in net position to increase by \$288,337,019.	288,337,019
The net effect of various miscellaneous transactions involving capital assets (i.e. donations) increased net position.	1,270,097
The District adjusted their net investment in buildings when three buildings were judged to be impaired. The net value of these buildings was \$11,666,420. This loss was expensed to the functions previously served by the buildings causing the change in net position to decrease.	(11,666,420)
Depreciation is not recognized as an expense in governmental funds since it does not require the use of current financial resources. The 2013 annual depreciation on the District's general fixed assets must be expensed. The net effect of the current year's depreciation on capital assets which are NOT included in the internal service fund is to decrease the change in net position.	(116,350,435)
Repayment of bonds \$50,625,000, loans \$3,470,000 and refunded bonds \$457,805,000 are an expenditure in the governmental funds, but the repayment and refunded bonds reduce long-term liabilities in the statement of net position.	511,900,000
Installment obligations provide current financial resources to governmental funds, but issuing bonds (\$437,060,000) and the related premium (\$64,753,841) and loans (\$242,082) increases long-term liabilities in the statement of net position.	(502,055,923)
Bond issue costs, premium on bonds, deferred losses on refunding, and accrued interest payable are expensed at the fund level but caused the change in net position to increase.	47,103,996
Various other reclassifications and eliminations are necessary to convert from the modified accrual basis of accounting to accrual basis of accounting. Any of these which affect net revenues, other resources, other uses, or net expenditures will cause a increase or decrease in the change in net position. These include recognizing unavailable revenue from property taxes from the current year levy as revenue, and adjusting revenues collected this year to show amounts reported as revenue this period which were earned by prior year levies as beginning net position. The change in net position due to the adjustments for property taxes was a decrease in the change in net position by \$828,937. Some non-property tax revenues were earned during the current year but not available. In the fund statements these are reported as unavailable revenue. In the government wide statements they must be reported as revenues earned during the period. The effect of these adjustments on the change in net position is an increase of \$1,228,639. The combined impact of these adjustments is an increase in the change in net position by \$399,702.	399,702
Change in Net Position of Governmental Activities	\$ 28,602,665

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

DALLAS INDEPENDENT SCHOOL DISTRICT
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2013

	Governmental Activities
	Total Internal Service Funds
ASSETS	
Current Assets:	
Due from Other Funds	\$ 15,557,121
Other Receivables, Net	47,000
Total Current Assets	15,604,121
Noncurrent Assets:	
Capital Assets:	
Furniture and Equipment - Net	13,292
Total Noncurrent Assets	13,292
Total Assets	15,617,413
LIABILITIES	
Current Liabilities:	
Accounts Payable	668,743
Accrued Liabilities - Short Term	3,769,053
Payroll Deductions and Withholdings Payable	676
Accrued Wages and Benefits Payable	53,082
Accrued Expenses	3,534
Total Current Liabilities	4,495,088
Noncurrent Liabilities:	
Accrued Liabilities	7,460,951
Total Noncurrent Liabilities	7,460,951
Total Liabilities	11,956,039
NET POSITION	
Net Investment in Capital Assets	13,292
Unrestricted Net Position	3,648,082
Total Net Position	\$ 3,661,374

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

DALLAS INDEPENDENT SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2013

	Governmental Activities
	Total Internal Service Funds
<hr/>	
OPERATING REVENUES:	
Charges for Services	\$ 12,686,472
Total Operating Revenues	<u>12,686,472</u>
OPERATING EXPENSES:	
Personnel Services	11,236,255
Contractual Services	1,257,576
Supplies	529,938
Other Operating Expenses	101,562
Depreciation Expense	2,045
Total Operating Expenses	<u>13,127,376</u>
Operating Income (Loss)	<u>(440,904)</u>
NONOPERATING REVENUES (EXPENSES):	
Transfer In	<u>234,982</u>
Total Nonoperating Revenues (Expenses)	<u>234,982</u>
Change in Net Position	(205,922)
Total Net Position - July 1 (Beginning)	<u>3,867,296</u>
Total Net Position - June 30 (Ending)	<u><u>\$ 3,661,374</u></u>

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

DALLAS INDEPENDENT SCHOOL DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2013

	Governmental Activities
	Total Internal Service Funds
<u>Cash Flows from Operating Activities:</u>	
Cash Received from User Charges	\$ 13,095,875
Cash Payments to Employees for Services	(2,870,201)
Cash Payments for Insurance Claims	(8,728,312)
Cash Payments to Suppliers	(1,732,344)
Net Cash Used for Operating Activities	(234,982)
<u>Cash Flows from Non-Capital Financing Activities:</u>	
Transfer In	234,982
Net Increase in Cash and Cash Equivalents	-
Cash and Cash Equivalents at Beginning of Year	-
Cash and Cash Equivalents at End of Year	\$ -
<u>Reconciliation of Operating Income (Loss) to Net Cash</u>	
<u>Used for Operating Activities:</u>	
Operating Income (Loss):	\$ (440,904)
Adjustments to Reconcile Operating Income to Net Cash Used for Operating Activities:	
Depreciation	2,045
Decrease (increase) in Due from Other Funds	409,401
Increase (decrease) in Accounts Payable	131,159
Increase (decrease) in Accrued Liabilities	22,406
Increase (decrease) in Accrued Liab. Long Term	(369,528)
Increase (decrease) in Payroll Deductions	603
Increase (decrease) in Accrued Wages Payable	6,666
Increase (decrease) in Accrued Expenses	3,170
Net Cash Used for Operating Activities	\$ (234,982)

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

DALLAS INDEPENDENT SCHOOL DISTRICT
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
AGENCY FUNDS
JUNE 30, 2013

	Agency Fund
<hr/>	
ASSETS	
Cash and Cash Equivalents	\$ 5,044,949
Total Assets	<u>\$ 5,044,949</u>
LIABILITIES	
Accounts Payable	\$ 102,993
Due to Other Funds	1,433,933
Due to Student Groups	3,219,982
Accrued Expenses	324
Unearned Revenues	287,717
Total Liabilities	<u>\$ 5,044,949</u>

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



Dallas Independent School District
"Educating all students for success"

**Dallas Independent School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2013**

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**Dallas Independent School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2013**

NOTE A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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"). The District receives funding from local, state, and federal government sources and must comply with the requirements of these funding sources. The District is not included in any other governmental reporting entity as defined in Section 2100, Codification of Governmental Accounting and Financial Reporting Standards, issued by Governmental Accounting Standards Board ("GASB"), since Board members are elected by the public and have decision-making authority, the power to designate management, the responsibility to significantly influence operations, and primary accountability for fiscal matters.

For financial reporting purposes, in conformance with governmental accounting standards, certain organizations warrant inclusion as part of the financial reporting entity because of the nature and significance of the financial benefit or burden to the primary government. The GASB issued Statement No. 61, *The Financial Reporting Entity: Omnibus – an amendment of GASB Statements No. 14 and No.34*, which was effective for the District beginning in fiscal year 2013. This Statement improves financial reporting for a governmental financial reporting entity by improving guidance for including, presenting, and disclosing information about component units and equity interest transactions of the entity. By applying the criteria set forth in *GASB Statement 61*, the District has determined that no organizations require inclusion in its reporting entity. The Dallas Education Foundation ("the Foundation") was organized exclusively for charitable and educational purposes to benefit the District. However, this organization is not reported as a component unit because the funds held by the organization are not significant to the District's financial statements. In prior years, the Foundation was included as a component unit, but upon reassessment with the implementation of GASB Statement No. 61 it has now been excluded.

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. The GASB issued Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, to standardize the presentation of deferred outflows of resources and deferred inflows of resources and their effects on a government's net position, rather than net position. The District implemented GASB 63 for the fiscal year ended June 30, 2013. The implementation of GASB No. 63 required the District to change the format of the financial statements.

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.

**Dallas Independent School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2013**

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. The fiduciary fund financial statement does not have a measurement focus.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized, when they are susceptible to accrual, 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 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 \$2,612,872 and \$556,844 for the General Fund and Debt Service Funds, respectively.

Grant revenues and contributions are recognized when all eligibility requirements have been met. Grant funds received in advance are recorded as unearned revenue until earned. Contributions received with purpose restrictions are recorded as revenue and the related fund balance is designated until restrictions are satisfied. Amounts reported as program revenues include operating grants and contributions, food services user charges, rentals and tuition. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes. The Texas Education Agency, 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. These revenues are included within program revenues in the government-wide statement of activities. See Note K 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.

**Dallas Independent School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2013**

The District has accrued state aid revenues of \$76,349,174 which is included in receivables from other governments in the Balance Sheet-Governmental Funds, to reflect cash that will be received in fiscal year 2014, which was generated by attendance and related expenditures in fiscal year 2013.

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.
- The Debt Service Fund, a budgeted 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 Debt Service Fund does not meet the quantitative criteria of a major fund, however, due to the qualitative significance of the fund, management has decided to present it as a major fund.
- 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 proprietary funds:

- 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. Internal Service Funds' principal ongoing operations are to provide services by one department to other departments of the District on a cost-reimbursement basis. For the District, these funds are used to provide workers' compensation insurance, unemployment insurance, printing services and program evaluation. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

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.

Additionally, the District reports the following non-major funds:

- Special Revenue Funds are used to account for food services activities, federal and state financed programs and other local programs where unused balances are returned to the grantor at the close of specified project periods. The budget for the Food Services Fund is adopted by the Board each fiscal year.

The Agency Fund is a fiduciary fund that is custodial in nature (assets equal liabilities) and it is used to account for the activities of student groups and the awards from the Sulentic Scholarship Fund. The Agency Funds exist with the explicit approval of, and are subject to revocation, by the Board.

Assets, Liabilities and Net Position

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 or 6 months or less from the date of acquisition. All investments in pools are considered cash equivalents.

**Dallas Independent School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2013**

Investments with maturities at the time of acquisition of over 12 months are recorded at fair value and 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 investments in local government public fund investment pools. 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.

Interfund Transaction and 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.

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. 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.

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. In the governmental funds, inventories and prepaid items are reported as non-spendable fund balance.

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.

**Dallas Independent School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2013**

Government-Wide Net Position

Net investment in capital assets – the component of net position that represents capital assets less capital debt plus unspent bond proceeds of \$226,638,835.

Restricted for Federal and State Programs – the component of net position that reports the difference between assets and liabilities of the Federal and State special revenue programs that consists of assets with constraints placed on their use by the Department of Education, Agriculture or Texas Education Agency ("TEA") of \$13,862,032.

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 of \$68,241,272.

Restricted for other purposes – the component of net position that reports the difference between assets and liabilities of the Restricted for Other Purposes Funds net of accrued interest at June 30, that consists of assets with constraints placed on their use by external parties of \$2,626,439.

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, and net position restricted for other purposes of \$326,193,821.

Governmental Fund Balances

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

Non-spendable fund balance – assets that will never convert to cash, such as inventory and prepaid items.

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 at June 30, 2013.

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, 2013, the District had no committed fund balance.

Assigned fund balance – the portion of fund balance that reflects resources whose use is limited by its intended use. At June 30, 2013, the Superintendent of Schools and Chief Financial Officer, with authority delegated by the Board of Trustees, assigned fund balance as follows:

	<u>Governmental Funds</u>
Campus activity funds	\$ 2,980,645
Encumbrances	<u>3,028,565</u>
Total	<u>\$ 6,009,210</u>

**Dallas Independent School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2013**

Unassigned fund balance – the portion of fund balance in excess of non-spendable, restricted, committed and assigned.

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.

Capital Assets

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

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

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 \$1,951,934 (wages and benefits) 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 in the applicable governmental activities. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt. Cost of issuance, as well as gains or losses on refunding, 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

**Dallas Independent School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2013**

method. Premiums and discounts are amortized over the life of the related debt using the effective interest method.

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

Use of Estimates

The preparation of financial statements in conformity with Generally Accepted Accounting Principles ("GAAP") requires management to make estimates and assumptions that effect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

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.

NOTE B: CASH, CASH EQUIVALENTS AND INVESTMENTS

The District's funds are required to be deposited and invested under the terms of a depository contract pursuant to the School Depository Act. The depository bank deposits for safekeeping and trust with The Bank of New York Mellon, under a tri-party collateral agreement between the District, the depository bank and The Bank of New York Mellon, approved pledged securities, as authorized by Chapter 2257, Collateral for Public Funds of the Government Code, in an amount sufficient to protect the District's funds on a day-to-day basis during the period of the contract. The pledge of approved securities is waived only to the extent of the depository bank's dollar amount of Federal Deposit Insurance Corporation ("FDIC"). 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, 2013, the net carrying amount of the District's cash deposits, excluding student activity fund deposits of \$4,747,531, and Sulentic Scholarship fund of \$297,418, was \$9,379,937. The bank balance of \$23,032,060 was on deposit with the contracted depository bank. District funds in non-interest-bearing accounts are protected pursuant to the Dodd-Frank Wall Street Reform and Consumer Protection Act ("the Act"). The Act provides that through December 31, 2012, the FDIC will insure in full the non-interest-bearing transaction accounts of all government/public sector depositors. 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 interest-bearing Demand Deposit Accounts (DDA's). Interest-bearing accounts were collateralized by pledged United States government securities with a fair value of \$24,704,566 at June 30, 2013, held by The Bank of New York Mellon. Because The Bank of New York Mellon holds the pledged securities in trust on behalf of the District, the deposits were deemed collateralized under Texas law. Secondary campuses activity funds were centralized and were on deposit with the contracted depository. Non-centralized agency and activity funds were in separate non-interest-bearing bank accounts at the depository bank in the name of the schools, and as such, have full FDIC coverage of \$250,000 per bank account. At June 30, 2013, cash on hand in Agency Funds totaled \$5,044,949 and was on deposit with the contracted depository and separate bank accounts. The District's Agency Fund bank balance on June 30, 2013, was covered by federal depository insurance or by collateral held in the District's name.

**Dallas Independent School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2013**

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

- a. Depository bank: Bank of America, N.A.
- b. The date of highest deposit was August 14, 2012, with combined cash and certificates of deposit balance of \$56,808,504.
- c. On August 14, 2012, the amount of bonds, securities pledged, and FDIC coverage was \$64,182,993.
- d. The FDIC coverage portion of the collateral listed above was \$7,643,179.
- 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,
- 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, and
- Bonds issued, assumed or guaranteed by the State of Israel.
- Corporate bonds rated not lower than "AA-" or the equipment.

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.

In January 2011, the District invested \$500 million from the \$950.3 million proceeds of the "Dallas Independent School District Unlimited Tax School Building Bonds, Taxable Series 2010C" (the "Bonds") in a fully collateralized flexible repurchase agreement ("flex-repo") with Bayerische Landesbank ("BayernLB" or "BLB"). BayernLB is a publicly regulated bank based in Munich, Germany, which is one of the eight "Landesbanken" ("State Banks"), and the seventh-largest financial institution in Germany. BLB deposits the District's investment earnings into the flex-repo account at the end of each month at a fixed investment rate of .64% per annum, calculated on a 360-day year basis. Additionally, BLB deposits for safekeeping and trust with Wells Fargo Bank direct obligations of the United States of America and direct obligations of any agency or instrumentality of the United States of America at a security ratio of 107%. On November 17, 2011, BayernLB was downgraded by Moody's to Baa1. On March 8, 2012, BayernLB was downgraded by Fitch to BBB+. Accordingly, as per the District's flex-repo agreement, BLB was requested by the District to increase their collateral rate from 102% to 107%, and BLB concurred and has adhered.

**Dallas Independent School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2013**

On April 2, 2013, Moody's affirmed a rating of Baa1 (Outlook Stable), and on June 19, 2013 Fitch affirmed a rating of A+ (Outlook Stable) for Bayern LB long-term debt. As of June 30, 2013, the balance in the flex-repo account was collateralized by a combination of cash and Government Sponsored Enterprise mortgage/asset securities (FHLMC, FNMA, and SBA). Withdrawals of cash (draws) are allowed from the BLB flex-repo account twice per month, with a two day advance notice to BLB. Draws are timed to coincide with the cash flow needs of the district's bond program, and all funds are expected to be withdrawn from the BLB flex-repo by September 2014, the final repurchase date stated in the flex-repo agreement, with the last draw currently anticipated to occur in December 2013. The flex-repo agreement ends on the termination date which, per the agreement, means the earlier of: (a) the date on which BLB repurchases all purchased securities with the invested money's at the applicable repurchase price; (b) the date on which no Bonds remain outstanding; (c) the date on which BLB elects to optionally terminate the agreement due to (i) a payment default with respect to the Bonds, or (ii) a complete or partial purchase in lieu of redemption of the Bonds; or, (d) the final purchase date stated in the agreement of September 30, 2014.

Cash withdrawn from the BLB flex-repo account that is not used immediately for bond expenditures, or to reimburse the District's general fund for bond expenditures, will be immediately reinvested in another investment account designated for the bond proceeds of the "Dallas Independent School District Unlimited Tax School Building Bonds, Taxable Series 2010C."

**Dallas Independent School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2013**

As of June 30, 2013, 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 Amount	Maturity in 0-6 Months	Credit Rating S&P
Cash	\$ 14,424,886	1.9%	\$ 14,424,886	1.9%	\$ 14,424,886	\$ 14,424,886	N/A
Money markets and mutual funds	1,390,976	0.2%	1,390,976	0.2%	1,390,976	1,390,976	AAAm
Investment pools:							
Texas Class	322,504,493	43.1%	322,504,493	43.1%	322,504,493	322,504,493	AAAm
LOGIC	16,787,355	2.2%	16,787,355	2.2%	16,787,355	16,787,355	AAAm
Lone Star	283,241,876	37.8%	283,241,876	37.8%	283,241,876	283,241,876	AAAm
TexPool	14,094,446	1.9%	14,094,446	1.9%	14,094,446	14,094,446	AAAm
TexasDAILY	16,835,496	2.3%	16,835,496	2.3%	16,835,496	16,835,496	AAAm
Total Investment pools	653,463,666	87.3%	653,463,666	87.3%	653,463,666	653,463,666	
Total cash and cash equivalents	669,279,528	89.4%	669,279,528	89.4%	669,279,528	669,279,528	
Repurchase Agreements:							
BLB Flex-Repo - final repo date 9-30-2014	73,950,520	9.9%	73,950,520	9.9%	73,950,520	-	(1) N/A
Securities:							
Federal National Mortgage Association	5,468,056	0.7%	5,600,654	0.7%	5,468,056	5,468,056	AA+
Total Investments	79,418,576	10.6%	79,551,174	10.6%	79,418,576	5,468,056	
Total cash, cash equivalents and investments	\$ 748,698,104	100.0%	\$ 748,830,702	100.0%	\$ 748,698,104	\$ 674,747,584	

(1) See maturity information below.

As required by GASB Statement No. 31, the District recognizes the unrealized gain/loss on investments with a maturity date greater than one year from the acquisition date and investments that are callable. As of June 30, 2013, the remaining cash equivalents and securities in the District's portfolio all had maturity dates of less than one year from their acquisition date, except for the flex-repo of \$500 million that has a final repurchase date stated in the agreement of September 30, 2014.

**Dallas Independent School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2013**

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 has an investment of bond proceeds in a flexible repurchase agreement with BayernLB at a fixed investment rate of .64% per annum for a period stated in the agreement not to exceed September 30, 2014. This investment incurs a minimal risk that the Federal Reserve interest rate may increase above .64% per annum between now and September 2014 (from 0.0-0.25% at June 30, 2013). The District's investment strategy states that no individual transaction shall be undertaken that jeopardizes the total capital position of the overall portfolio.

Credit Risk: State law limits investments 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 Public Fund Investment Pools ("LGIP's") include: Texas Class, LOGIC, Lone Star, TexPool and TexasDAILY. These are all public funds investment pools and money markets operating in full compliance with the Public Funds Investment Act. All are rated "AAA" money market funds by Standard and Poor's. The Bank of America Money Market Reserves is a no-load money market fund that 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 Poors, 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 June 10, 2013 and July 18, 2013, respectively, US long-term sovereign debt outlook is listed as "Stable" by Standard and Poor and by Fitch. The District utilizes Bank of America Money Market Reserves for money market investments and Bank of America N.A. for the daily operating funds.

Concentration of Credit Risk: The District's investment portfolio is diversified in terms of investment instruments, maturity scheduling, and financial institutions to reduce risk of loss resulting from over-concentration of assets in a specific class of investments, specific maturity or specific issuer. The \$74.0 million remaining balance of the BLB flex-repo is at one bank; however, it is fully collateralized.

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, held in the depository bank, Bank of America, were fully collateralized. Additionally, all funds in the District's flexible repurchase agreement for the investment of bond proceeds with BayernLB were fully collateralized with securities held by the collateral custodian, Wells Fargo Bank, in the name of the District.

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. All funds in the District's flexible repurchase agreement for the investment of bond proceeds with BLB were fully collateralized with securities held by the collateral custodian, Wells Fargo Bank, in the name of the District.

Foreign Currency Risk: As of June 30, 2013, there are no foreign currency investments in the District's portfolio.

**Dallas Independent School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2013**

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	\$ 768,615,460	\$ 184,408,964	\$ -	\$ -	\$ 953,024,424
Food services	-	-	-	6,091,313	6,091,313
Gifts and bequests	5,753	-	-	2,379,553	2,385,306
Campus activity funds	4,915,888	-	-	-	4,915,888
Interest income	796,138	93,225	1,550,061	-	2,439,424
Tuition, fees and cocurricular	792,379	-	-	1,680,182	2,472,561
Rental Income	1,289,618	-	-	-	1,289,618
Sale of Rental Rights	5,331,742	-	-	-	5,331,742
Other	2,497,976	-	1,228,221	-	3,726,197
Totals	\$ 784,244,954	\$ 184,502,189	\$ 2,778,282	\$ 10,151,048	\$ 981,676,473

Property Taxes

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, 2012 was \$96,606,860,190. After deductions of all exemptions and reductions provided by law and those granted by the District, the levy for the 2012 calendar year was based on property values of \$76,274,060,956.

The tax rates assessed for the year ended June 30, 2013, to finance General Fund operations and the payment of principal and interest on long-term debt were \$1.04005 and \$0.25030 per \$100 valuation, respectively, for a total of \$1.29035 per \$100 valuation. The resolution levying the ad valorem taxes specifies the individual tax rates for the General Fund and Debt Service Funds. Current tax collections for the year ended June 30, 2013, were 97.62% of the 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 Funds of \$40,877,694 and \$6,850,011 respectively, based upon historical collection experience and historical experience of adjustments to tax receivables.

**Dallas Independent School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2013**

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.

The City of Dallas has established 17 Tax Increment Financing Zones as authorized under Chapter 311 of the Texas Property Tax Code in which the District has authority to levy taxes on real property. The City of Farmers Branch has established one Tax Increment Finance Zone as authorized under Chapter 311 of the Texas Property Tax Code in which the District has authority to levy taxes on real property. The District participated financially in three of the City of Dallas Tax Increment Financing Zones and the City of Farmers Branch Tax Increment Financing Zone. The three tax increment financing zones for the City of Dallas completed during this fiscal year, and no subsequent payment of current tax collections from the district to the City of Dallas will be made. There is a negative increment in the City of Farmers Branch Tax Increment Financing Zone and therefore no taxes were paid.

The captured property values and property taxes payable to the Tax Increment Financing Zones are summarized as follows

	<u>Captured Values</u>	<u>Taxes Collected/ Paid</u>
City of Dallas:		
Oak Cliff Gateway Tax		
Incremental Financing District	\$ 99,836,299	\$ 940,227
Cedars Tax Incremental Financing		
District	40,849,897	249,859
Sports Arena Tax Incremental		
Financing District	393,923,271	2,559,694
Totals	<u>\$ 534,609,467</u>	<u>\$ 3,749,780</u>

**Dallas Independent School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2013**

NOTE D: RECEIVABLES

Property tax receivable as of June 30, 2013, for the District's major funds and non-major funds in the aggregate including the applicable allowances for uncollectible accounts are as follows:

	General	Debt Service	Totals
Property taxes	\$ 61,402,243	\$ 10,673,352	\$ 72,075,595
Less: Allowance for uncollectible	(40,877,694)	(6,850,011)	(47,727,705)
Totals	<u>\$ 20,524,549</u>	<u>\$ 3,823,341</u>	<u>\$ 24,347,890</u>

In addition, the District has a state aid receivable of \$76.3 million and a receivable from other governmental entities of \$54.5 million as of June 30, 2013.

NOTE E: UNAVAILABLE/UNEARNED REVENUE

Governmental funds report unavailable revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received but not yet earned.

At the end of fiscal year 2013, the various components of unavailable and unearned revenue reported in the General Fund, Debt Service Funds, and non-major governmental funds were as follows:

	General	Debt Service	Non-Major	Totals
Unavailable:				
Property taxes	\$ 17,911,678	\$ 3,266,497	\$ -	\$ 21,178,175
Medicaid/SHARS	14,238,002	-	-	14,238,002
Federal Bond Subsidy	2,323,185	-	-	2,323,185
Gifts and bequests	50,152	-	-	50,152
Unearned	-	-	2,214,031	2,214,031
Totals	<u>\$ 34,523,017</u>	<u>\$ 3,266,497</u>	<u>\$ 2,214,031</u>	<u>\$ 40,003,545</u>

Dallas Independent School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2013

NOTE F: INTERFUND RECEIVABLES AND TRANSFERS

Interfund balances at June 30, 2013, consisted of the following individual fund receivables and payables:

Fund	Receivables	Payables
General Fund:		
Non-Major Governmental Funds	\$ -	\$ 46,660,385
Debt Service Fund	26,378	-
Capital Projects Fund	8,917,080	-
Internal Service Fund	-	15,407,352
Agency Fund	1,433,933	-
	<u>10,377,391</u>	<u>62,067,737</u>
Debt Service Fund:		
General Fund	-	26,378
Capital Projects Fund:		
General Fund	-	8,917,080
Non-Major Governmental Funds:		
General Fund	46,660,385	-
Internal Service Fund	-	149,769
	<u>46,660,385</u>	<u>149,769</u>
Internal Service Fund:		
General Fund	15,407,352	-
Non-Major Governmental Fund	149,769	-
	<u>15,557,121</u>	<u>-</u>
Agency Fund:		
General Fund	-	1,433,933
Totals	<u>\$ 72,594,897</u>	<u>\$ 72,594,897</u>

**Dallas Independent School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2013**

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

Interfund transfers are comprised of the following:

	<u>Transfers In</u>	
	<u>Internal Service Fund</u>	<u>Transfers Out</u>
Transfers Out - General Fund	<u>\$ 234,982</u>	<u>\$ 234,982</u>

Interfund transfers were made to offset operating losses in internal service funds.

Dallas Independent School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2013

NOTE G: CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2013 is as follows:

	Balance at July 1, 2012	Additions	Transfers	Deletions	Balance at June 30, 2013
Capital assets, not being depreciated:					
Land	\$ 193,957,974	\$ 2,760,757	\$ -	\$ -	\$ 196,718,731
Construction in progress	218,429,254	271,667,473	(301,256,737)	-	188,839,990
Total capital assets, not being depreciated	<u>412,387,228</u>	<u>274,428,230</u>	<u>(301,256,737)</u>	<u>-</u>	<u>385,558,721</u>
Capital assets, being depreciated:					
Building and improvements	2,846,510,799	10	269,284,766	(23,231,865)	3,092,563,710
Furniture and equipment	218,489,085	15,268,503	31,971,971	(7,402,983)	258,326,576
Total capital assets, being depreciated	<u>3,064,999,884</u>	<u>15,268,513</u>	<u>301,256,737</u>	<u>(30,634,848)</u>	<u>3,350,890,286</u>
Less accumulated depreciation for:					
Buildings and improvements	947,779,520	79,646,704	-	(11,542,255)	1,015,883,969
Furniture and equipment	160,496,949	36,705,776	-	(7,336,546)	189,866,179
Total accumulated depreciation	<u>1,108,276,469</u>	<u>116,352,480</u>	<u>-</u>	<u>(18,878,801)</u>	<u>1,205,750,148</u>
Total capital assets, being depreciated, net	1,956,723,415	(101,083,967)	301,256,737	(11,756,047)	2,145,140,138
Capital assets, net	<u>\$ 2,369,110,643</u>	<u>\$ 173,344,263</u>	<u>\$ -</u>	<u>\$ (11,756,047)</u>	<u>\$ 2,530,698,859</u>

Capital assets include assets recorded in Internal Service Funds, net of depreciation, of \$13,292. Three vacant schools were considered severely impaired due to vandalism. Their book value in the amount of \$11,666,420 was removed from fixed assets at June 30, 2013.

**Dallas Independent School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2013**

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

		Depreciation Expense
11	Instruction	\$ 71,962,256
12	Instructional resources and media services	1,435,257
13	Curriculum and staff development	657,719
21	Instructional leadership	475,228
23	School leadership	6,110,137
31	Guidance, counseling and evaluation services	1,993,319
32	Social work services	42,803
33	Health services	980,529
34	Student Transportation	3,464
35	Food services	7,549,902
36	Curriculum/extracurricular activities	3,276,598
41	General administration	379,162
51	Plant maintenance and operations	6,637,048
52	Security and monitoring services	473,500
53	Data processing services	13,858,799
61	Community services	485,243
81	Facilities acquisition and construction	31,516
	Total	<u><u>\$ 116,352,480</u></u>

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

The District has active construction projects. These projects include new school construction and renovation of existing facilities. The total construction commitments as of June 30, 2013 are \$64,418,197 for projects under the bond programs.

**Dallas Independent School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2013**

NOTE H: OPERATING LEASES

The District leases offices, copiers, warehouse space and parking under non-cancelable operating leases. Rent expense including non-cancelable leases and other rent charges for the year ended June 30, 2013 was approximately \$8.6 million. Minimum future lease commitments on non-cancelable leases are summarized as follows:

For the Year Ending June 30	Minimum Future Lease Commitments
2014	5,412,039
2015	4,031,949
2016	1,095,432
2017	6,090
Thereafter	-

NOTE I: LONG-TERM OBLIGATIONS

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

General Obligation Bonds

These bonds are secured by ad valorem taxes levied against all taxable property and are serviced, with the exception of the contractual obligation bonds, by Debt Service Funds with an apportionment of the ad valorem tax levy. Interest rates on the bonds range from 1.25% to 6.25% and are due through 2035.

At June 30, 2013, \$117,322,450 in cash equivalents is restricted in the Debt Service Fund to service the outstanding bonds.

**Dallas Independent School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2013**

Series	Bond Series Name - General Obligation Bonds Maturity or Mandatory Redemption Date	Interest Rates	Original Issue Amount (in thousands)	Total Outstanding Principal Amount (in thousands)
2003	Unlimited Tax School Building and Refunding Bonds - Serially in varying amounts from February 15, 2004 to February 15, 2027	1.75% - 5.00%	\$ 156,665	\$ 50
2004	Unlimited Tax School Building Bonds - Serially in varying amounts from August 15, 2004 to August 15, 2030	3.00% - 5.00%	300,000	6,635
2004A	Unlimited Tax School Building and Refunding Bonds - Serially in varying amounts from August 15, 2005 to August 15, 2031	3.00% - 5.00%	400,000	5,785
2005	Unlimited Tax Refunding Bonds - Serially in varying amounts from August 15, 2008 to August 15, 2014	5.25%	44,135	10,115
2006	Unlimited Tax School Building Bonds - Serially in varying amounts from August 15, 2007 to August 15, 2032	4.00% - 5.00%	290,205	276,030
2008	Unlimited Tax School Building Bonds- Serially in varying amounts from February 15, 2010 to February 15, 2034	5.00% - 6.25%	393,325	374,995
2009	Unlimited Tax Refunding Bonds- Serially in varying amounts from August 15, 2009 to August 15, 2014	2.00% - 5.00%	100,760	5,590
2010	Unlimited Tax Refunding Bonds- Serially in varying amounts from February 15, 2011 to February 15, 2021	1.25% - 5.00%	156,730	146,995
2010B	Unlimited Tax Refunding Bonds- Serially in varying amounts from February 15, 2013 to February 15, 2018	3.00% - 5.50%	70,080	69,895
2010C	Unlimited Tax School Building Bonds- Serially in varying amounts from February 15, 2018 to February 15, 2026 and Term Bonds due 2030 and 2035	4.05% - 6.00%	950,300	950,300
2011	Unlimited Tax Refunding Bonds- Serially in varying amounts from February 15, 2012 to February 15, 2028	3.50%- 5.00%	197,935	197,935
2012	Unlimited Tax Refunding Bonds- Serially in varying amounts from August 15, 2013 to August 15, 2031	2.00%- 5.00%	390,235	390,235
2012A	Unlimited Tax Refunding Bonds- Serially in varying amounts from August 15, 2013 to August 15, 2031	4.00%- 5.00%	46,825	46,825
Total				<u><u>\$ 2,481,385</u></u>

**Dallas Independent School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2013**

Maintenance Tax Notes

On October 1, 2001, the District issued \$6,880,000 of Qualified Zone Academy Maintenance Tax Notes, Series 2001. An additional \$1,120,000 of Qualified Zone Academy Maintenance Tax Notes, Series 2002, was issued on September 1, 2002. On September 20, 2008 the District issued \$20,000,000 of Dallas Independent School District Maintenance Tax Notes, Series 2008. The amount outstanding for Maintenance Tax Notes as of June 30, 2013 was as follows:

Series	Maintenance Tax Notes Maturity or Mandatory Redemption Date	Yield Rates	Total Outstanding Principal Amount (in thousands)
2001	Principal due at maturity - deposits made to escrow annually at May 1, 2002 to May 2015	6.82%	\$ 6,156
2002	Principal due at maturity - interest due each February 15 and August 15 from February 15, 2003 to September 15, 2016	6.14%	1,120
2008	Principal due at maturity - interest due each February 15 and August 15 from February 15, 2009 to February 15, 2015	3.16%	4,070
Total			<u>\$ 11,346</u>

The Maintenance Tax Notes are paid from the General Fund.

Dallas Independent School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2013

The following is a summary of the changes in the District's long-term debt for the year ended June 30, 2013:

Description	Long-Term Liabilities Outstanding July 1, 2012 (in thousands)	Additions and Interest Accretion (in thousands)	Retired/ Refunded (in thousands)	Long-Term Liabilities Outstanding June 30, 2013 (in thousands)	Amount Due Within One Year From June 30, 2013 (in thousands)
General obligation bonds:					
Series 2003	20,770	-	20,720	50	50
Series 2004	57,160	-	50,525	6,635	6,635
Series 2004A	398,205	-	392,420	5,785	1,160
Series 2005	17,800	-	7,685	10,115	8,165
Series 2006	280,090	-	4,060	276,030	3,045
Series 2008	374,995	-	-	374,995	-
Series 2009	30,975	-	25,385	5,590	5,590
Series 2010	154,445	-	7,450	146,995	20,795
Series 2010B	70,080	-	185	69,895	4,855
Series 2010C	950,300	-	-	950,300	-
Series 2011	197,935	-	-	197,935	-
Series 2012	-	390,235	-	390,235	9,325
Series 2012A	-	46,825	-	46,825	990
Total General Obligation Bonds	2,552,755	437,060	508,430	2,481,385	60,610
Maintenance Tax Notes Payable:					
Series 2001-QZAB	5,914	242	-	6,156	-
Series 2002-QZAB	1,120	-	-	1,120	-
Series 2008-SSYS/Vehicles	7,540	-	3,470	4,070	1,985
Total Maintenance Tax Notes	14,574	242	3,470	11,346	1,985
Total Bonds and Notes Payable	2,567,329	437,302	511,900	2,492,731	62,595
Other long-term obligations:					
Workers compensation	11,549	5,075	5,394	11,230	3,769
Deferred losses on refunding	(33,557)	(27,513)	(6,950)	(54,120)	-
Premium on bonds	90,910	64,754	24,748	130,916	-
	68,902	45,414	23,343	88,026	3,769
Totals	\$ 2,636,231	\$ 482,716	\$ 535,243	\$ 2,580,757	\$ 66,364

**Dallas Independent School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2013**

For governmental activities, claims and judgments are generally liquidated by General Fund resources.

Debt Service Requirements

The annual requirements to pay principal and interest on the bond obligations and notes payable outstanding as of June 30, 2013, are as follows:

Year Ended June 30,	Principal (in thousands)	Interest (in thousands)	Total Requirements (in thousands)
2014	62,595	132,429	195,024
2015	50,515	129,792	180,307
2016	64,165	127,432	191,597
2017	61,465	124,821	186,286
2018	81,680	121,641	203,321
2019-2023	409,660	550,943	960,603
2024-2028	567,855	432,422	1,000,277
2029-2033	818,600	266,477	1,085,077
2034-2035	376,920	36,740	413,660
	<u>2,493,455</u>	<u>\$ 1,922,697</u>	<u>\$ 4,416,152</u>
Accreted interest to maturity (see note below)	(724)		
Totals	<u>\$ 2,492,731</u>		

Note: The \$723,808 of accreted interest to maturity represents the difference between the accreted value at June 30, 2013 of the invested escrow account at U.S. Bank and Trust of \$6,156,192 and the debt due at maturity of \$6,880,000 for the 2001 Qualified Zone Academy Bonds. The District deposits \$344,321 payments into the escrow account annually at May 1, and these annual deposits plus the interest earned on the escrow account will pay the \$6,880,000 debt at maturity on May 1, 2015, with pay off due on October 16, 2015.

The District legally defeased certain bonds by placing the proceeds of the new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for these defeased bonds are not included in the District's basic financial statements. The total amount of defeased bonds that remain outstanding at June 30, 2013 is \$919,055,000.

**Dallas Independent School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2013**

Debt Issuance

In December 2012, the District issued \$390,235,000 in "Unlimited Tax Refunding Bonds, Series 2012" with interest rates ranging from 2.0% to 5.0%. The District received a net premium of \$59,373,181 on the issuance of the Series 2012 bonds. The total proceeds, less the issuance costs and underwriter's discount of \$883,418 and \$2,018,127, respectively, were used to refund \$19,555,000 of the Dallas Independent School District Unlimited Tax School Building and Refunding Bonds, Series 2003, and \$47,395,000 of the Dallas Independent School District Unlimited Tax School Building Bonds, Series 2004, and \$343,590,000 of the Dallas Independent School District Unlimited Tax School Building Bonds, Series 2004A. Principal and interest payments are due each February 15 and August 15, beginning February 15, 2013 and ending August 15, 2031. The total interest requirements of these bonds, with interest rates ranging from 2.0% to 5.0%, aggregate \$203,500,525 as of June 30, 2013. The bond proceeds were used to fully and partially advance refund the series 2003, 2004 and 2004 Bonds, and the refunded amounts were placed in escrow with an escrow agent for the purpose of paying all future debt service payments of the Bonds when due. As a result, the refunded bonds are considered to be defeased and the liability had been removed from the government activities column of the statement of net position. The reacquisition price exceeded the net carrying amount of the old debt by \$24,978,547. The amount is being netted against the new debt and amortized over the remaining life of the refunded debt issued. This advance refunding was undertaken to reduce total debt service payments over the next nineteen years by \$88,228,136 and resulted in an economic gain of \$68,650,078. The debt is subject to federal arbitrage regulations and is serviced by the Debt Service Fund.

In December 2012, the District issued \$46,825,000 in "Unlimited Tax Refunding Bonds, Taxable Series 2012A" with interest rates ranging from 4.0% to 5.0%. The District received a net premium of \$5,380,661 on the issuance of the Series 2012A bonds. The total proceeds, less the issuance costs and underwriter's discount of \$179,531 and \$259,237, respectively, were used to refund \$47,265,000 of the Dallas Independent School District Unlimited Tax School Building and Refunding Bonds, Series 2004A. Principal and interest payments are due each February 15 and August 15, beginning February 15, 2013 and ending August 15, 2031. The total interest requirements of these bonds, with interest rates ranging from 4.0% to 5.0%, aggregate \$24,629,775 as of June 30, 2013. The bond proceeds were used to partially advance refund the Series 2004A Bonds, and the refunded amounts were placed in escrow with an escrow agent for the purpose of paying all future debt service payments of the Series 2004A Bonds when due. As a result, the refunded bonds are considered to be defeased and the liability had been removed from the government activities column of the statement of net position. The reacquisition price exceeded the net carrying amount of the old debt by \$2,534,385. The amount is being netted against the new debt and amortized over the remaining life of the refunded debt issued. This advance refunding was undertaken to reduce total debt service payments over the next nineteen years by \$7,101,419 and resulted in an economic gain of \$5,278,744. The debt is subject to federal arbitrage regulations and is serviced by the Debt Service Fund.

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, 2013, the District had no liability for arbitrage.

**Dallas Independent School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2013**

NOTE J: GENERAL FUND FEDERAL SOURCE REVENUE

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

Junior Reserve Officer Training Corps	\$ 1,965,171
Medicaid/School Health and Related Services	9,568,735
Indirect cost reimbursement	2,372,461
Bond Subsidy	17,147,805
Other federal	4,461
Total	<u>\$31,058,633</u>

**Dallas Independent School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2013**

NOTE K: PENSION PLAN OBLIGATIONS

Teacher Retirement System of Texas

Plan Description - All employees of the District employed for one-half or more of the standard workload and who are not exempted from membership under the Texas Government Code, Title 8, Subtitle C, Section 822.002, participate in the Teacher Retirement System of Texas (the "System"), a multiple-employer Public Employee Retirement System ("PERS"). It is a cost-sharing PERS with one exception: all risks and costs are not shared by the District, but are the liability of the State of Texas. The System provides service retirement and disability retirement benefits, and death benefits to plan members and beneficiaries. The System's annual financial report and other required disclosure information are available by writing to the Teacher Retirement System of Texas Communications Department, 1000 Red River, Austin, Texas 78701-2698 or by calling (800) 223-8778, or by downloading the report from the TRS Internet website, www.trs.state.tx.us, under the TRS Publications heading.

The System operates primarily under the provisions of Texas Constitution, Article XVI Section 67 and Texas Government Code, Title 8, Subtitle C. The System also administers proportional retirement benefits and service credit transfer under Texas Government Code, Title 8, Chapter 803 and Chapter 805, respectively. Service requirements are as follows:

Normal – Age 65 with 5 years of service or when the sum of member's age and years of credit equals or exceeds 80.

Reduced – Age 55 with at least 5 years of credited service or any age below 50 with 30 or more years of credit service.

Funding Policy

By statute, plan members must contribute 6.4% of their annual covered salary and the State of Texas contributes an amount equal to 6.0% of the District's covered payroll. For members of the retirement system entitled to the minimum salary for certain personnel under Section 16.056, Texas Education Code, the District will pay the state's contribution on the portion of the member's salary that exceeds the statutory minimum.

The following contributions were made by employees, which equaled the required contribution for the year:

2013	\$55,996,209
2012	58,389,896
2011	63,826,382

The following other contributions were made from federal and private grants and from the District for salaries above the statutory minimum, which equaled the required contributions for the year:

2013	\$18,432,514
2012	18,297,930
2011	23,237,719

In addition, the District has recorded in the General Fund, the following revenue and expenditures for pension contributions paid on behalf of the District by the state:

2013	\$37,091,153
2012	36,369,790
2011	41,716,240

**Dallas Independent School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2013**

Staff and Teacher Attendance Reward Plan

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

The District contributes for teacher positions as follows:

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

The District contributes for non-teacher positions as follows:

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

A participant is 25% vested in his or her account after attaining two credited years of service, 50% vested after three years, and 100% vested after attaining four credited years of service in the Plan. A participant shall receive a Year of Service under the Plan for each Plan Year in accordance to the Service Requirements under the Teacher Retirement System of Texas (TRS). Upon meeting the requirements of "qualification of unreduced retirement" in accordance with the TRS, obtaining normal retirement age or upon death or permanent disability, a participant shall be 100% vested regardless of years of service. On May 26, 2011, the Board of Trustees voted to temporarily cease contributions to the plan for the plan year beginning September 1, 2011. For the year ended June 30, 2013, the District made no contribution to the Plan.

NOTE L: RISK MANAGEMENT

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

**Dallas Independent School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2013**

Workers' Compensation

Beginning in 1989, the District moved from a self-insured workers' compensation program administered by a third party to a self-insured program administered by the District. The District currently reports all of its risk management activities in its Internal Service Fund. Claims expenditures and liabilities are reported when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated. These losses include an estimate of claims that have been incurred but not reported. The provision for reported claims and for claims incurred but not yet reported is determined by an actuary for the District management. The District has an agreement with a third party to contract directly with medical providers for their worker's compensation program and their injured employees. At June 30, 2013, the accrued liability for workers' compensation self-insurance of \$11.2 million includes incurred but not reported claims.

This liability is based on the requirements of Governmental Accounting Standards Board Statement No. 10, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred as of the date of the financial statements, and the amount of loss can be reasonably estimated. Because actual claim liabilities depend on such complex factors as inflation, changes in legal doctrines, and damage awards, the process used in computing the liability does not necessarily result in an exact amount. This liability is the District's best estimate based on available information and management's estimate of administration costs necessary to provide future claims management.

Changes in the reported liability resulted from the following:

<u>Fiscal Year</u>	<u>Balance at Beginning of Year</u>	<u>Current Year Claims and Changes in Estimates</u>	<u>Claims Payments</u>	<u>Balance at End of Year</u>
2012 - 2013	11,548,781	5,075,004	(5,393,781)	11,230,004
2011 - 2012	8,921,450	8,172,497	(5,545,166)	11,548,781

Health Insurance

The Board of Trustees approved the District's participation in the Texas Retirement System ("TRS") Active Care Health Insurance Program as sponsored by the Teacher Retirement System of Texas and administered by Blue Cross Blue Shield of Texas and Medco Health (pharmacy) effective January 1, 2004. This is a premium-based plan; payments are made on a monthly basis for all covered employees.

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, 2013 and 2012, these on-behalf payments were \$2,360,228 and \$2,218,085, 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, 2013**

NOTE M: OTHER POST- EMPLOYMENT BENEFITS

Plan Description

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

Funding Policy

Contribution requirements are not actuarially determined but are legally established each biennium by the Texas Legislature. Texas Insurance Code, Sections 1575.202, 203, and 204 establish state, active employee, and public school contributions, respectively. Funding for free basic coverage is provided by the program based upon public school district payroll. Per Texas Insurance code, Chapter 1575, the public school contribution may not be less than 0.25% or greater than 0.75% of the salary of each active employee of the public school. Funding for optional coverage is provided by those participants selecting the optional coverage. Contribution rates and amounts are shown in the table below for fiscal years 2011-2013:

Contribution Rates

Year	Active Member		State		District	
	Rate	Amount	Rate	Amount	Rate	Amount
2013	0.65%	\$5,686,942	0.5%	\$4,374,571	0.55%	\$4,812,028
2012	0.65%	5,929,189	1.0%	9,121,830	0.55%	5,017,006
2011	0.65%	6,482,650	1.0%	9,973,308	0.55%	5,485,319

**Dallas Independent School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2013**

NOTE N: NEW ACCOUNTING PRONOUNCEMENTS

GASB Statement No. 65: *Items Previously Reported as Assets and Liabilities* – GASB 65 was issued in March 2012 and establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. This standard becomes effective for the District in fiscal year 2014.

GASB Statement No. 66: *Technical Corrections - 2012 - an Amendment of GASB Statements No. 10 and No. 62* – GASB 66 was issued in March 2012; and amends Statement No. 10, Accounting and Financial Report for Risk Financing and Related Insurance Issues, by removing the provision that limits fund-based reporting of a state and local government's risk financing activities to the general fund and the internal service fund type. The implementation had no significant effect on the District's financial statements.

GASB 66 also modifies the specific guidance on accounting for (1) operating lease payments that vary from a straight-line basis, (2) the difference between the initial investment (purchase price) and the principal amount of a purchased loan or group of loans, and (3) servicing fees related to mortgage loans that are sold when the stated service fee rate differs significantly from a current (normal) servicing fee rate. This standard becomes effective for the District in fiscal year 2014.

GASB Statement 67: *Financial Reporting for Pension Plans*, was issued in June 2012. This Statement replaces the requirements of Statements No. 25, Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans, and No. 50, Pension Disclosures, as they relate to pension plans that are administered through trusts or equivalent arrangements that meet certain criteria. Most significantly, this statement requires the net pension liability to be measured as the total pension liability, less the amount of the pension plan's fiduciary net position. Actuarial valuations of the total pension liability are required to be performed at least every two years, with more frequent valuations encouraged. This standard becomes effective for the District in fiscal year 2014.

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

GASB Statement No. 69: *Government Combinations and Disposals of Government Operations* GASB 69 was issued in January 2013 and establishes accounting and financial reporting standards for government combinations and disposals of government operations. This statement distinguishes between government mergers and acquisitions and provides guidance on the appropriate accounting treatment of each. This Statement also provides guidance for transfers of operations that do not constitute entire legally separate entities and in which no significant consideration is exchanged. GASB 69 becomes for the District in fiscal year 2015, and should be applied on a prospective basis.

**Dallas Independent School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2013**

GASB Statement No. 70: *Accounting and Financial Reporting for Nonexchange Financial Guarantees* was issued in April 2013 and requires a government that has issued an obligation guaranteed in a nonexchange transaction to recognize revenue to the extent of the reduction in its guaranteed liabilities. This statement also requires the government assuming the obligation or paying the obligor to continue recognizing a liability until legally released by the obligor. When a government is released as an obligor, the government should recognize revenue as a result of being relieved of the obligation. Additional disclosures are also required related to nonexchange financial guarantees and nonfinancial guarantees. This statement also provided additional guidance for intra-entity nonexchange financial guarantees involving blended component units. GASB 70 is effective for the District beginning in fiscal 2014.

The District has not evaluated the impact of these statements.

NOTE O: LITIGATION, CONTINGENCIES AND COMMITMENTS

The District is a defendant in various 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. The District identified certain contracts that did not comply with state procurement laws and immediately initiated procedures to mitigate future violations of law.

The District participates in a number of federal and state financial assistance programs. Although the District's grant programs have been audited in accordance with the provisions of the Single Audit Act through June 30, 2013, these programs are subject to financial and compliance audits by the grantor agencies. Additionally, the District participates in a federally funded tutoring program for which an internal investigation was conducted and found instances of noncompliance related to expenditures incurred during fiscal years 2010 and 2011. The District is also subject to audit by the TEA of the attendance data upon which payments from the agency are based. These audits could result in questioned costs or refunds to be paid back to the granting agencies.

The District has established appropriate liabilities for the above mentioned amounts expected to be repaid to the granting agencies, and TEA.

**Dallas Independent School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2013**

NOTE P: SUBSEQUENT EVENTS

On August 22, 2013, the Board of Trustees approved the issuance of the "Dallas Independent School District Limited Maintenance Tax Qualified School Construction Notes, Series 2013 (Direct Pay Subsidy Notes)," (the "Notes"), in an aggregate principal amount not to exceed \$143.4 million.

The proceeds from the issuance of these Notes will be used for the purpose of paying lawful maintenance expenses of the District, including the repair, rehabilitation, renovation, equipping and replacement of existing school facilities, including heating and air conditioning system improvement, and renovation of instructional and instructional-support facilities, and paying costs and expenses of issuance of the Notes. The Notes shall be issued within the following parameters: (1) The total principal amount of the Notes shall not exceed \$143,340,000; (2) The maximum maturity of the Notes will be August 1, 2033; and (3) The maximum interest rate of the Notes shall not exceed the maximum rate authorized by Chapter 1204, as amended, of the Texas Government Code.



Dallas Independent School District
"Educating all students for success"

REQUIRED SUPPLEMENTARY INFORMATION



Dallas Independent School District
"Educating all students for success"

DALLAS INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (UNAUDITED)- GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2013

EXHIBIT G-1

Data Control Codes	Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)
	Original	Final		
REVENUES:				
5700 Local and Intermediate Sources	\$ 761,767,227	\$ 783,787,692	\$ 784,244,954	\$ 457,262
5800 State Program Revenues	380,056,315	367,256,316	381,384,879	14,128,563
5900 Federal Program Revenues	13,814,092	31,631,028	31,058,633	(572,395)
5020 Total Revenues	1,155,637,634	1,182,675,036	1,196,688,466	14,013,430
EXPENDITURES:				
Current:				
0011 Instruction	676,338,718	675,644,672	665,480,581	10,164,091
0012 Instructional Resources and Media Services	21,931,003	22,042,382	21,656,990	385,392
0013 Curriculum and Staff Development	12,687,659	10,281,205	9,270,120	1,011,085
0021 Instructional Leadership	18,966,692	17,610,607	15,740,976	1,869,631
0023 School Leadership	73,183,406	73,765,122	73,542,421	222,701
0031 Guidance, Counseling and Evaluation Services	42,694,620	42,456,313	42,526,776	(70,463)
0032 Social Work Services	2,301,978	2,326,364	1,975,474	350,890
0033 Health Services	17,110,510	16,656,763	16,424,590	232,173
0034 Student (Pupil) Transportation	24,430,998	24,195,857	23,763,233	432,624
0036 Cocurricular/Extracurricular Activities	19,721,374	20,408,841	20,260,036	148,805
0041 General Administration	37,267,927	38,394,459	33,618,107	4,776,352
0051 Facilities Maintenance and Operations	146,285,379	145,595,936	138,311,550	7,284,386
0052 Security and Monitoring Services	17,822,906	16,993,669	15,792,114	1,201,555
0053 Data Processing Services	30,506,086	30,571,403	30,515,157	56,246
0061 Community Services	1,670,119	1,852,648	1,255,924	596,724
Debt Service:				
0071 Principal on Long Term Debt	4,213,256	3,841,476	3,470,000	371,476
0072 Interest on Long Term Debt	735,446	735,446	388,200	347,246
0073 Bond Fees and Charges	156,000	156,000	43,277	112,723
Capital Outlay:				
0081 Facilities Acquisition and Construction	-	40,000	-	40,000
Intergovernmental:				
0095 Payments to Juvenile Justice Alternative Ed. Prg.	400,000	400,000	10,488	389,512
0097 Payments to Tax Increment Fund	3,378,000	3,749,780	3,749,780	-
0099 Other Intergovernmental Charges	3,835,557	3,835,557	3,835,557	-
6030 Total Expenditures	1,155,637,634	1,151,554,500	1,121,631,351	29,923,149
1100 Excess of Revenues Over Expenditures	-	31,120,536	75,057,115	43,936,579
OTHER FINANCING SOURCES (USES):				
7912 Sale of Real and Personal Property	-	-	31,942	31,942
7949 Insurance Recovery	-	-	5,179,122	5,179,122
8911 Transfers In (Out)	-	-	(234,982)	(234,982)
7080 Total Other Financing Sources (Uses)	-	-	4,976,082	4,976,082
1200 Net Change in Fund Balances	-	31,120,536	80,033,197	48,912,661
0100 Fund Balance - July 1 (Beginning)	-	201,120,379	201,120,379	-
3000 Fund Balance - June 30 (Ending)	\$ -	\$ 232,240,915	\$ 281,153,576	\$ 48,912,661

See Notes to Required Supplementary Information

**Dallas Independent School District
Notes to Required Supplementary Information (Unaudited)
For the Fiscal Year Ended June 30, 2013**

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

1. Before June 20 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 enacts 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 requires approval of the 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.

COMBINING AND OTHER STATEMENTS



Dallas Independent School District
"Educating all students for success"

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.

Food Service Fund – This fund is used to account for allowable expenditures, as determined under the National School Lunch Program, for the operation and improvement of the Child Nutrition Programs.

Federal Funds – These funds are used to account for federally funded grants and programs.

State Funds – These funds are used to account for state funded grants and programs.

Local Funds – These funds are used to account for local grants, programs and donations from corporations, foundations and other local sources.

DALLAS INDEPENDENT SCHOOL DISTRICT
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2013

Data Control Codes		240	289	429
		Food Service Fund	Federal Funds	State Funds
ASSETS				
1260	Due from Other Funds	\$ 16,899,942	\$ 22,565,097	\$ 2,484,523
1290	Other Receivables, Net	22,530	-	61,040
1300	Inventories	3,592,519	-	-
1000	Total Assets	<u>\$ 20,514,991</u>	<u>\$ 22,565,097</u>	<u>\$ 2,545,563</u>
LIABILITIES				
2110	Accounts Payable	\$ 2,531,025	\$ 7,324,367	\$ 591,278
2150	Payroll Deductions and Withholdings Payable	159,717	1,491,887	52,873
2160	Accrued Wages and Benefits Payable	1,187,321	11,917,061	688,344
2170	Due to Other Funds	11,789	123,437	7,245
2180	Due to Other Governments	-	465	-
2200	Accrued Expenditures	-	693,428	22,494
2300	Unearned and Unavailable Revenues	1,259,663	45,443	63,263
2000	Total Liabilities	<u>5,149,515</u>	<u>21,596,088</u>	<u>1,425,497</u>
FUND BALANCE				
Nonspendable Fund Balance:				
3410	Inventories	3,592,519	-	-
Restricted Fund Balance:				
3450	Federal or State Funds	11,772,957	969,009	1,120,066
3490	Local Special Revenue Funds	-	-	-
Assigned Fund Balance:				
3590	Assigned Fund Balance	-	-	-
3000	Total Fund Balances	<u>15,365,476</u>	<u>969,009</u>	<u>1,120,066</u>
4000	Total Liabilities and Fund Balance	<u>\$ 20,514,991</u>	<u>\$ 22,565,097</u>	<u>\$ 2,545,563</u>

499 Local Funds	Total Nonmajor Governmental Funds
\$ 4,710,823	\$ 46,660,385
-	83,570
-	3,592,519
<u>\$ 4,710,823</u>	<u>\$ 50,336,474</u>
\$ 151,512	\$ 10,598,182
54,912	1,759,389
673,202	14,465,928
7,298	149,769
-	465
1,836	717,758
845,662	2,214,031
<u>1,734,422</u>	<u>29,905,522</u>
-	3,592,519
-	13,862,032
2,626,439	2,626,439
349,962	349,962
<u>2,976,401</u>	<u>20,430,952</u>
<u>\$ 4,710,823</u>	<u>\$ 50,336,474</u>

DALLAS INDEPENDENT SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2013

Data Control Codes		240 Food Service Fund	289 Federal Funds	429 State Funds
REVENUES:				
5700	Local and Intermediate Sources	\$ 6,091,313	\$ -	\$ -
5800	State Program Revenues	501,899	-	13,258,871
5900	Federal Program Revenues	84,828,122	142,071,771	-
5020	Total Revenues	<u>91,421,334</u>	<u>142,071,771</u>	<u>13,258,871</u>
EXPENDITURES:				
Current:				
0011	Instruction	-	83,827,109	12,649,536
0012	Instructional Resources and Media Services	-	54,024	-
0013	Curriculum and Staff Development	-	24,607,194	546,556
0021	Instructional Leadership	-	4,874,326	260,467
0023	School Leadership	-	1,624,267	-
0031	Guidance, Counseling and Evaluation Services	-	14,296,403	-
0032	Social Work Services	-	466,617	-
0033	Health Services	-	606,814	-
0034	Student (Pupil) Transportation	-	1,765,301	-
0035	Food Services	89,258,636	12,563	-
0036	Cocurricular/Extracurricular Activities	-	-	-
0041	General Administration	-	79,342	28,717
0051	Facilities Maintenance and Operations	2,486,371	296,434	206
0052	Security and Monitoring Services	-	2,952,758	84,833
0053	Data Processing Services	-	181,118	11,800
0061	Community Services	-	6,007,977	17,447
6030	Total Expenditures	<u>91,745,007</u>	<u>141,652,247</u>	<u>13,599,562</u>
1200	Net Change in Fund Balance	(323,673)	419,524	(340,691)
0100	Fund Balance - July 1 (Beginning)	<u>15,689,149</u>	<u>549,485</u>	<u>1,460,757</u>
3000	Fund Balance - June 30 (Ending)	<u>\$ 15,365,476</u>	<u>\$ 969,009</u>	<u>\$ 1,120,066</u>

499 Local Funds	Total Nonmajor Governmental Funds
\$ 4,059,735	\$ 10,151,048
-	13,760,770
-	226,899,893
4,059,735	250,811,711
1,051,586	97,528,231
353,012	407,036
1,262,333	26,416,083
262,488	5,397,281
35,747	1,660,014
39,512	14,335,915
-	466,617
2,509	609,323
-	1,765,301
-	89,271,199
154,441	154,441
158,799	266,858
64,465	2,847,476
41,807	3,079,398
128,950	321,868
532,280	6,557,704
4,087,929	251,084,745
(28,194)	(273,034)
3,004,595	20,703,986
\$ 2,976,401	\$ 20,430,952

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. The departments included within these funds are as follows:

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

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

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

DALLAS INDEPENDENT SCHOOL DISTRICT
COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS
JUNE 30, 2013

	752	753	773	Total Internal Service Funds
	Graphics Shop	Risk Management	Program Evaluation	
ASSETS				
Current Assets:				
Due from Other Funds	\$ 59,428	\$ 15,475,602	\$ 22,091	\$ 15,557,121
Other Receivables, Net	-	47,000	-	47,000
Total Current Assets	59,428	15,522,602	22,091	15,604,121
Noncurrent Assets:				
Capital Assets:				
Furniture and Equipment - Net	13,292	-	-	13,292
Total Noncurrent Assets	13,292	-	-	13,292
Total Assets	72,720	15,522,602	22,091	15,617,413
LIABILITIES				
Current Liabilities:				
Accounts Payable	32,936	632,625	3,182	668,743
Accrued Liabilities - Short Term	-	3,769,053	-	3,769,053
Payroll Deductions and Withholdings Payable	652	22	2	676
Accrued Wages and Benefits Payable	31,410	2,765	18,907	53,082
Accrued Expenses	3,170	364	-	3,534
Total Current Liabilities	68,168	4,404,829	22,091	4,495,088
NonCurrent Liabilities:				
Accrued Liabilities	-	7,460,951	-	7,460,951
Total Noncurrent Liabilities	-	7,460,951	-	7,460,951
Total Liabilities	68,168	11,865,780	22,091	11,956,039
NET POSITION				
Net Investment in Capital Assets	13,292	-	-	13,292
Unrestricted Net Position	(8,740)	3,656,822	-	3,648,082
Total Net Position	\$ 4,552	\$ 3,656,822	\$ -	\$ 3,661,374

DALLAS INDEPENDENT SCHOOL DISTRICT
 COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
 INTERNAL SERVICE FUNDS
 FOR THE YEAR ENDED JUNE 30, 2013

	752	753	773	Total Internal Service Funds
	Graphics Shop	Risk Management	Program Evaluation	
OPERATING REVENUES:				
Charges for Services	\$ 1,960,160	\$ 9,684,017	\$ 1,042,295	\$12,686,472
Total Operating Revenues	1,960,160	9,684,017	1,042,295	12,686,472
OPERATING EXPENSES:				
Personnel Services	1,028,257	8,937,338	1,270,660	11,236,255
Contractual Services	479,574	777,942	60	1,257,576
Supplies	485,698	39,204	5,036	529,938
Other Operating Expenses	223	99,818	1,521	101,562
Depreciation Expense	2,045	-	-	2,045
Total Operating Expenses	1,995,797	9,854,302	1,277,277	13,127,376
Operating Income (Loss)	(35,637)	(170,285)	(234,982)	(440,904)
NONOPERATING REVENUES (EXPENSES):				
Transfer In	-	-	234,982	234,982
Total Nonoperating Revenues (Expenses)	-	-	234,982	234,982
Change in Net Position	(35,637)	(170,285)	-	(205,922)
Total Net Position - July 1 (Beginning)	40,189	3,827,107	-	3,867,296
Total Net Position June 30 (Ending)	\$ 4,552	\$ 3,656,822	\$ -	\$ 3,661,374

DALLAS INDEPENDENT SCHOOL DISTRICT
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED JUNE 30, 2013

	752	753	773	Total Internal Service Funds
	Graphics Shop	Risk Management	Program Evaluation	
<u>Cash Flows from Operating Activities:</u>				
Cash Received from User Charges	\$ 1,978,499	\$ 10,083,570	\$ 1,033,806	\$ 13,095,875
Cash Payments to Employees for Services	(1,026,614)	(578,234)	(1,265,353)	(2,870,201)
Cash Payments for Insurance Claims	-	(8,728,312)	-	(8,728,312)
Cash Payments to Suppliers	(951,885)	(777,024)	(3,435)	(1,732,344)
Net Cash Used For Operating Activities	-	-	(234,982)	(234,982)
<u>Cash Flows from Non-Capital Financing Activities:</u>				
Transfer In	-	-	234,982	234,982
Net Increase in Cash and Cash Equivalents	-	-	-	-
Cash and Cash Equivalents at Beginning of Year	-	-	-	-
Cash and Cash Equivalents at End of Year	\$ -	\$ -	\$ -	\$ -
<u>Reconciliation of Operating Income (Loss) to Net Cash Used for Operating Activities:</u>				
Operating Income (Loss):	\$ (35,637)	\$ (170,285)	\$ (234,982)	\$ (440,904)
Adjustments to Reconcile Operating Income to Net Cash Used for Operating Activities:				
Depreciation	2,045	-	-	2,045
Effect of Increases and Decreases in Current Assets and Liabilities:				
Decrease (increase) in Due from Other Funds	18,339	399,551	(8,489)	409,401
Increase (decrease) in Accounts Payable	12,702	115,275	3,182	131,159
Increase (decrease) in Accrued Liabilities	(2,262)	24,668	-	22,406
Increase (decrease) in Accrued Liab. Long Term	-	(369,528)	-	(369,528)
Increase (decrease) in Payroll Deductions	581	20	2	603
Increase (decrease) in Accrued Wages Payable	1,062	299	5,305	6,666
Increase (decrease) in Accrued Expenses	3,170	-	-	3,170
Net Cash Used for Operating Activities	\$ -	\$ -	\$ (234,982)	\$ (234,982)

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.

Sulentic Scholarship Fund – This fund accounts for the distribution of scholarship awards to selected District graduates enrolled in higher education.

DALLAS INDEPENDENT SCHOOL DISTRICT
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUNDS
FOR THE YEAR ENDED JUNE 30, 2013

	BALANCE JULY 1 2012	ADDITIONS	DEDUCTIONS	BALANCE JUNE 30 2013
SULENTIC SCHOLARSHIP FUND				
Assets:				
Cash and Cash Equivalents	\$ 451,893	\$ 185,353	\$ 339,828	\$ 297,418
Liabilities:				
Accounts Payable	\$ 5,193	\$ 212,716	\$ 208,208	\$ 9,701
Deferred Revenue	446,700	450	159,433	287,717
Total Liabilities	\$ 451,893	\$ 213,166	\$ 367,641	\$ 297,418
STUDENT ACTIVITY FUND				
Assets:				
Cash and Cash Equivalents	\$ 3,689,436	\$ 12,557,667	\$ 11,499,572	\$ 4,747,531
Liabilities:				
Accounts Payable	\$ 8,978	\$ 4,919,199	\$ 4,834,885	\$ 93,292
Due to Other Funds	517,756	5,063,714	4,147,537	1,433,933
Due to Student Groups	3,160,358	7,501,298	7,441,674	3,219,982
Accrued Expenses	2,344	56,489	58,509	324
Total Liabilities	\$ 3,689,436	\$ 17,540,700	\$ 16,482,605	\$ 4,747,531
TOTAL AGENCY FUNDS				
Assets:				
Cash and Cash Equivalents	\$ 4,141,329	\$ 12,743,020	\$ 11,839,400	\$ 5,044,949
Liabilities:				
Accounts Payable	\$ 14,171	\$ 5,131,915	\$ 5,043,093	\$ 102,993
Due to Other Funds	517,756	5,063,714	4,147,537	1,433,933
Due to Student Groups	3,160,358	7,501,298	7,441,674	3,219,982
Accrued Expenses	2,344	56,489	58,509	324
Deferred Revenue	446,700	450	159,433	287,717
Total Liabilities	\$ 4,141,329	\$ 17,753,866	\$ 16,850,246	\$ 5,044,949



Dallas Independent School District
"Educating all students for success"

T.E.A. REQUIRED SCHEDULES

DALLAS INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF DELINQUENT TAXES RECEIVABLE
FOR THE YEAR ENDED JUNE 30, 2013 (UNAUDITED)

Last 10 Years	(1)	(2)	(3)
	Tax Rates		Assessed/Appraised Value for School Tax Purposes
	Maintenance	Debt Service	
2004 and prior years	Various	Various	\$ 57,782,665,261
2005	1.500000	0.166940	58,901,034,539
2006	1.500000	0.188360	61,862,752,956
2007	1.330050	0.172690	68,640,586,165
2008	1.040050	0.159590	76,757,349,728
2009	1.040050	0.143350	82,176,569,792
2010	1.040050	0.231290	79,628,192,590
2011	1.040050	0.197760	75,985,949,045
2012	1.040050	0.250300	74,661,069,947
2013 (Fiscal year under audit)	1.040050	0.250300	76,274,060,956
Wilmer Hutchins (1)			
1000 TOTALS			
9000 Portion of Row 1000 for Taxes Paid into Tax Increment Zone (See Footnote)			

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

(10) Beginning Balance 7/1/2012	(20) Current Year's Total Levy	(31) Maintenance Collections	(32) Debt Service Collections	(40) Entire Year's Adjustments	(50) Ending Balance 6/30/2013
\$ 14,872,963	\$ -	\$ 394,501	\$ 27,372	\$ (2,157,051)	\$ 12,294,039
2,770,639	-	113,699	12,840	(196,305)	2,447,795
3,049,451	-	185,864	23,340	(195,433)	2,644,814
3,786,694	-	276,503	35,879	(267,879)	3,206,433
3,864,568	-	376,590	57,787	(302,319)	3,127,872
6,949,828	-	691,954	95,373	(1,519,605)	4,642,896
8,875,756	-	1,337,883	297,527	(105,946)	7,134,400
10,331,308	-	1,530,205	290,962	(1,021,040)	7,489,101
19,130,569	-	2,593,754	624,211	(6,635,070)	9,277,534
-	959,655,168	755,096,326	181,720,448	(4,362,562)	18,475,832
1,538,802	-	47,482	-	(156,441)	1,334,879
<u>\$ 75,170,578</u>	<u>\$ 959,655,168</u>	<u>\$ 762,644,761</u>	<u>\$ 183,185,739</u>	<u>\$ (16,919,651)</u>	<u>\$ 72,075,595</u>
		<u>\$ 3,749,780</u>			

DALLAS INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES FOR COMPUTATIONS OF INDIRECT COST (UNAUDITED)
FOR THE YEAR ENDED JUNE 30, 2013

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

Account Number	Account Name	1 (702) School Board	2 (703) Tax Collections	3 (701) Supt's Office	4 (750) Indirect Cost	5 (720) Direct Cost	6 (other) Miscellaneous	7 Total
611X-6146	PAYROLL COSTS	\$ 468,711	\$ -	\$ 589,680	\$ 14,576,678	\$ 946,803	\$ 1,539,896	\$ 18,121,768
6149	Leave for Separating Employees in Fn 41 & 53	-	-	-	-	-	-	-
6149	Leave - Separating Employees not in 41 & 53	-	-	-	-	-	-	-
6211	Legal Services	2,931,085	-	-	-	-	-	2,931,085
6212	Audit Services	-	-	-	933,993	-	-	933,993
6213	Tax Appraisal/Collection - Appraisal in Fn 99	-	4,295,676	-	-	-	-	4,295,676
6214	Lobbying	-	-	-	-	-	-	-
621X	Other Professional Services	-	-	-	28,838	-	-	28,838
6220	Tuition and Transfer Payments	-	-	-	-	-	2,604	2,604
6230	Education Service Centers	-	-	-	-	-	-	-
6240	Contr. Maint. and Repair	-	-	-	-	435,012	-	435,012
6250	Utilities	-	-	-	-	3,429	-	3,429
6260	Rentals	5,833	-	10,962	187,248	-	50,114	254,157
6290	Miscellaneous Contr.	52,507	-	53,193	7,845,796	-	651,310	8,602,806
6320	Textbooks and Reading	3,913	-	-	42,102	-	120	46,135
6330	Testing Materials	-	-	-	-	-	-	-
63XX	Other Supplies Materials	20,025	-	6,667	687,125	57,499	436,621	1,207,937
6410	Travel, Subsistence, Stipends	33,714	-	4,794	116,001	-	13,622	168,131
6420	Ins. and Bonding Costs	-	-	-	21,637	-	-	21,637
6430	Election Costs	107,945	-	-	-	-	-	107,945
6490	Miscellaneous Operating	109,924	-	2,783	424,654	-	22,008	559,369
6500	Debt Service	-	-	-	-	-	-	-
6600	Capital Outlay	-	-	-	-	-	-	-
6000	TOTAL	\$ 3,733,657	\$ 4,295,676	\$ 668,079	\$ 24,864,072	\$ 1,442,743	\$ 2,716,295	\$ 37,720,522

Total expenditures/expenses for General and Special Revenue Funds: (9) \$ 1,372,716,096

LESS: Deductions of Unallowable Costs

FISCAL YEAR

Total Capital Outlay (6600)	(10) \$ 15,204,081
Total Debt & Lease(6500)	(11) 3,901,477
Plant Maintenance (Function 51, 6100-6400)	(12) 140,118,380
Food (Function 35, 6341 and 6499)	(13) 34,618,841
Stipends (6413)	(14) -
Column 4 (above) - Total Indirect Cost	24,864,072

SubTotal: 218,706,851

Net Allowed Direct Cost \$ 1,154,009,245

CUMULATIVE

Total Cost of Buildings before Depreciation (1520)	(15) \$ 3,092,563,710
Historical Cost of Building over 50 years old	(16) \$ 312,849,974
Amount of Federal Money in Building Cost (Net of #16)	(17) \$ 36,386
Total Cost of Furniture & Equipment before Depreciation (1530 & 1540)	(18) \$ 258,326,576
Historical Cost of Furniture & Equipment over 16 years old	(19) \$ 7,848,049
Amount of Federal Money in Furniture & Equipment (Net of #19)	(20) \$ 13,929,177

(8) NOTE A: No Function 53 expenditures are included in this report on administrative costs.
\$3,835,557 in Function 99 expenditures for appraisal district costs are included in this report on administrative costs.

DALLAS INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - FOOD SERVICE FUND (UNAUDITED)
FOR THE YEAR ENDED JUNE 30, 2013

Data Control Codes		Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)
		Original	Final		
REVENUES:					
5700	Local and Intermediate Sources	\$ 7,646,588	\$ 5,711,588	\$ 6,091,313	\$ 379,725
5800	State Program Revenues	565,000	500,000	501,899	1,899
5900	Federal Program Revenues	77,589,710	84,089,710	84,828,122	738,412
5020	Total Revenues	85,801,298	90,301,298	91,421,334	1,120,036
EXPENDITURES:					
0035	Food Services	85,801,298	92,311,693	89,258,636	3,053,057
0041	General Administration	-	65,000	-	65,000
0051	Facilities Maintenance and Operations	-	3,242,820	2,486,371	756,449
6030	Total Expenditures	85,801,298	95,619,513	91,745,007	3,874,506
1200	Net Change in Fund Balances	-	(5,318,215)	(323,673)	4,994,542
0100	Fund Balance - July 1 (Beginning)	-	15,689,149	15,689,149	-
3000	Fund Balance - June 30 (Ending)	\$ -	\$ 10,370,934	\$ 15,365,476	\$ 4,994,542

DALLAS INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - DEBT SERVICE FUND (UNAUDITED)
FOR THE YEAR ENDED JUNE 30, 2013

Data Control Codes	Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)
	Original	Final		
REVENUES:				
5700 Local and Intermediate Sources	\$ 169,380,196	\$ 184,979,629	\$ 184,502,189	\$ (477,440)
5900 Federal Program Revenues	20,356,498	2,544,562	2,544,562	-
5020 Total Revenues	189,736,694	187,524,191	187,046,751	(477,440)
EXPENDITURES:				
Debt Service:				
0071 Principal on Long Term Debt	50,625,000	50,625,000	50,625,000	-
0072 Interest on Long Term Debt	139,086,694	130,961,055	130,961,055	-
0073 Bond Fees and Charges	25,000	3,393,575	3,365,163	28,412
6030 Total Expenditures	189,736,694	184,979,630	184,951,218	28,412
1100 Excess of Revenues Over Expenditures	-	2,544,561	2,095,533	(449,028)
OTHER FINANCING SOURCES (USES):				
7901 Proceeds from Issuance of Refunding Bonds	-	-	437,060,000	437,060,000
7911 Proceeds from Issuance of Capital-Related	-	4,757,063	-	(4,757,063)
7916 Premium (Discount) on Issuance of Bonds	-	-	64,753,841	64,753,841
8940 Payment to Bond Refunding Escrow Agent	-	-	(498,445,267)	(498,445,267)
7080 Total Other Financing Sources (Uses)	-	4,757,063	3,368,574	(1,388,489)
1200 Net Change in Fund Balances	-	7,301,624	5,464,107	(1,837,517)
0100 Fund Balance - July 1 (Beginning)	-	112,510,850	112,510,850	-
3000 Fund Balance - June 30 (Ending)	\$ -	\$ 119,812,474	\$ 117,974,957	\$ (1,837,517)



Dallas Independent School District
"Educating all students for success"

STATISTICAL SECTION

DALLAS INDEPENDENT SCHOOL DISTRICT INDEX FOR STATISTICAL SECTION

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

Contents	Table	Page
Financial Trends Information		
These schedules contain trend information intended to help the reader understand how the District's financial position has changed over time.	S1 - S4	90-96
Revenue Capacity Information		
These schedules contain information intended to help the reader assess the District's most significant revenue source, tax collections.	S5 - S9	97-102
Debt Capacity Information		
These schedules contain information intended to assist users in understanding and assessing the District's current levels of outstanding debt and the ability to issue additional debt.	S10 - S13	103-108
Demographic and Economic Information		
These schedules provide demographic and economic indicators intended to help the reader understand the socioeconomic environment within which the District's financial activities take place.	S14 - S16	109-112
Operating Information		
These schedules provide contextual information about the District's operations and resources intended to assist readers in using financial statement information to understand and assess the District's economic condition.	S17 - S19	113-115

Dallas Independent School District

GOVERNMENT-WIDE CHANGES IN NET POSITION LAST TEN FISCAL YEARS (UNAUDITED)

Fiscal Year Ended June 30:	2004	2005	2006	2007
Expenses				
Governmental activities:				
Instruction	\$ 734,514,593	\$ 747,224,509	\$ 769,680,052	\$ 842,211,888
Instructional Resources and Media Services	19,981,062	21,061,655	21,370,429	28,009,317
Curriculum and Staff Development	34,086,359	35,649,248	41,281,393	43,644,222
Instructional Leadership	23,691,584	24,202,091	21,056,447	23,917,179
School Leadership	71,056,165	75,549,944	77,479,246	81,421,654
Guidance, Counseling and Evaluation Services	47,597,254	50,925,260	53,820,287	54,186,061
Social Work Services	2,645,235	2,608,185	2,411,111	2,254,864
Health Services	12,878,668	14,258,749	14,294,361	15,916,986
Student (Pupil) Transportation	14,622,840	11,487,837	18,362,393	18,480,368
Food Services	59,503,710	57,362,310	58,421,135	69,187,401
Cocurricular/Extracurricular Activities	11,067,978	10,256,766	11,310,793	11,723,203
General Administration	33,374,643	30,848,032	30,353,806	36,497,765
Facilities Maintenance and Operation	128,973,176	142,252,813	157,373,172	161,001,052
Security and Monitoring Services	13,768,123	16,268,821	17,926,967	17,472,481
Data Processing Services	20,910,929	20,460,843	16,618,677	22,551,939
Community Services	24,132,230	26,647,200	25,886,918	23,868,348
Interest and fees on long-term debt	39,848,218	43,497,537	61,607,998	76,165,858
Facilities Acquisition and Construction	24,349,526	45,684,074	33,271,944	10,159,043
Chapter 41 payments	-	-	-	-
Payments to Juvenile Justice Alternative Ed. Prg.	624,298	765,000	647,509	629,987
Payments to Tax Increment Fund	4,621,391	2,185,650	1,873,098	2,954,107
Other Intergovernmental Charges	-	-	-	-
Total primary government program expenses	1,322,247,982	1,379,196,524	1,435,047,736	1,542,253,723
Program Revenues				
Governmental activities:				
Charges for Service:				
Instruction	1,352,081	1,070,947	803,448	231,002
Curriculum and Staff Development				
Instructional Leadership				
Food Services	5,715,748	6,851,514	7,130,046	7,676,736
Cocurricular/Extracurricular Activities	712,225	796,511	812,253	787,321
Facilities Maintenance and Operations	387,242	565,853	638,379	792,687
Operating Grants and Contributions	235,315,383	235,461,335	258,295,530	258,011,697
Total Primary Government Program Revenues	243,482,679	244,746,160	267,679,656	267,499,443
Net (Expense)/Revenue				
Total primary government expenses	(1,078,765,303)	(1,134,450,364)	(1,167,368,080)	(1,274,754,280)
General Revenues				
Governmental Activities				
Taxes				
Property taxes levied for general purposes	829,003,189	855,833,262	901,474,792	884,553,125
Property taxes levied for debt services	77,173,360	95,881,230	112,846,459	114,419,519
State Aid Formula Grants	162,295,685	168,588,692	167,540,662	264,854,432
Grants and Contributions	3,220,045	1,189,564	4,621,359	5,457,848
Investment earnings	15,389,491	18,709,381	24,658,069	25,200,633
Gain (loss) on Sale of Equipment	(671,773)	-	-	-
Miscellaneous	4,156,673	24,995,782	54,259,092	9,482,500
Total primary government	1,090,566,670	1,165,197,911	1,265,400,433	1,303,968,057
Change in Net Position				
Total primary government	\$ 11,801,367	\$ 30,747,547	\$ 98,032,353	\$ 29,213,777

Source: Statement of Activities for the Dallas Independent School District

Dallas Independent School District

S-1

2008	2009	2010	2011	2012	2013
\$ 947,516,694	\$ 929,388,824	\$ 914,472,120	\$ 918,670,306	\$ 842,891,794	\$ 837,619,961
25,681,473	24,826,612	23,935,081	24,732,131	22,736,721	23,618,126
44,295,242	37,138,971	44,632,038	45,017,015	38,062,123	36,333,128
24,228,778	23,795,617	24,822,153	28,885,789	21,705,813	21,583,374
86,231,024	84,301,765	79,490,680	84,065,159	79,358,915	82,180,544
59,463,862	60,939,150	59,630,524	63,488,723	54,901,981	59,251,653
1,479,906	1,926,948	2,299,973	2,844,122	2,745,665	2,485,963
19,176,368	16,722,030	17,363,982	18,252,622	17,813,557	18,162,354
19,367,604	27,209,587	22,027,097	24,350,694	22,738,339	25,497,358
73,587,637	72,934,030	75,750,540	84,684,667	90,910,150	93,529,323
12,614,693	11,895,625	16,439,635	20,002,925	21,786,201	23,425,259
44,792,325	42,583,250	52,742,750	53,147,300	40,363,776	34,292,907
168,887,599	152,910,877	154,143,299	155,963,647	148,301,564	147,466,378
17,843,175	16,825,756	20,346,170	21,348,002	18,912,935	19,098,721
23,343,511	20,235,055	29,336,406	40,833,190	41,579,518	41,618,908
18,747,992	16,882,388	13,559,717	8,833,215	7,341,491	8,371,779
68,332,722	80,960,896	85,075,051	112,597,583	136,081,451	128,536,048
4,859,998	220,411	1,057,517	231,271	2,242,121	5,047,018
-	13,675,440	-	-	-	-
634,959	730,787	700,744	709,194	302,328	10,488
4,355,716	5,337,315	4,029,110	3,610,740	3,327,159	3,749,780
-	4,036,656	3,760,526	3,916,117	3,738,645	3,835,557
<u>1,665,441,278</u>	<u>1,645,477,990</u>	<u>1,645,615,113</u>	<u>1,716,184,412</u>	<u>1,617,842,247</u>	<u>1,615,714,627</u>
271,726	268,842	277,928	272,629	2,870	261,509
					1,278,066
					127,807
7,737,771	7,957,319	7,150,852	6,321,941	6,391,706	5,558,516
765,089	719,035	674,914	676,784	727,573	1,167,991
1,046,092	1,164,667	1,168,255	1,279,344	1,297,529	6,482,941
<u>266,954,979</u>	<u>280,834,205</u>	<u>351,454,735</u>	<u>364,591,060</u>	<u>256,242,350</u>	<u>286,311,657</u>
<u>276,775,657</u>	<u>290,944,068</u>	<u>360,726,684</u>	<u>373,141,758</u>	<u>264,662,028</u>	<u>301,188,487</u>
<u>(1,388,665,621)</u>	<u>(1,354,533,922)</u>	<u>(1,284,888,429)</u>	<u>(1,343,042,654)</u>	<u>(1,353,180,219)</u>	<u>(1,314,526,140)</u>
769,724,223	815,695,229	779,573,697	753,628,541	752,839,796	767,724,171
117,985,197	111,843,729	174,821,183	143,306,604	180,706,403	184,313,028
424,377,425	392,602,696	391,146,276	417,317,962	416,548,421	337,558,928
11,738,655	20,359,723	40,952,513	35,162,278	56,229,252	41,041,051
16,470,476	8,844,949	3,079,368	3,125,832	3,995,586	2,439,424
-	(8,731,415)	(276,118)	-	549,733	-
-	(1,313,479)	(124,796)	636,479	3,845,898	10,052,203
<u>1,340,295,976</u>	<u>1,339,301,432</u>	<u>1,389,172,123</u>	<u>1,353,177,696</u>	<u>1,414,715,089</u>	<u>1,343,128,805</u>
<u>\$ (48,369,645)</u>	<u>\$ (15,232,490)</u>	<u>\$ 104,283,694</u>	<u>\$ 10,135,042</u>	<u>\$ 61,534,870</u>	<u>\$ 28,602,665</u>

Dallas Independent School District

GOVERNMENT-WIDE NET POSITION BY COMPONENT LAST TEN FISCAL YEARS (UNAUDITED)

Fiscal Year Ended June 30:	2004	2005	2006	2007
Governmental activities:				
Net Investment in Capital Assets	\$ 31,083,362	\$ 198,781,406	\$ 231,121,354	\$ 255,968,628
Restricted	49,847,046	55,051,251	82,149,491	81,405,397
Unrestricted	165,643,564	23,488,862	62,083,028	159,234,239
Total Governmental Activities Net Assets	<u>\$ 246,573,972</u>	<u>\$ 277,321,519</u>	<u>\$ 375,353,873</u>	<u>\$ 496,608,264</u>

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

Dallas Independent School District

S-2

2008	2009	2010	2011	2012	2013
\$ 278,483,300	\$ 270,352,975	\$ 309,032,133	\$ 301,973,476	\$ 285,655,589	\$ 226,638,835
68,587,086	57,251,335	66,830,947	66,518,906	75,926,853	84,729,743
101,168,232	105,401,818	161,426,742	178,932,482	247,377,292	326,193,821
<u>\$ 448,238,618</u>	<u>\$ 433,006,128</u>	<u>\$ 537,289,822</u>	<u>\$ 547,424,864</u>	<u>\$ 608,959,734</u>	<u>\$ 637,562,399</u>

Dallas Independent School District

ALL GOVERNMENTAL FUNDS CHANGES IN FUND BALANCES LAST TEN FISCAL YEARS (UNAUDITED)

Fiscal Year Ended June 30:	2004	2005	2006	2007
Revenues				
Local Sources:				
Property Taxes	\$ 909,763,717	\$ 949,972,625	\$ 1,014,321,251	\$ 998,972,644
Interest	15,389,491	18,709,381	24,658,070	25,753,425
Other	24,629,683	67,285,140	83,146,373	36,729,979
State Sources	199,905,500	199,940,245	198,907,111	302,445,507
Federal Sources	188,619,899	188,838,330	215,068,567	217,970,674
Total Revenue	<u>1,338,308,290</u>	<u>1,424,745,721</u>	<u>1,536,101,372</u>	<u>1,581,872,229</u>
Expenditures				
Instruction	728,518,271	732,858,728	745,816,430	809,718,706
Instructional Resources and Media Services	19,842,246	20,784,328	20,775,981	26,264,447
Curriculum and Staff Development	33,845,064	35,305,725	40,663,324	43,525,537
Instructional Leadership	23,501,712	23,795,075	20,484,892	23,915,760
School leadership	70,447,035	73,981,938	74,888,612	80,169,922
Guidance, Counseling, and Evaluation Services	47,218,784	49,995,687	52,218,032	54,183,245
Social Work Services	2,622,549	2,555,637	2,331,507	2,254,260
Health Services	12,768,289	13,973,821	13,818,045	15,763,565
Student Transportation	14,585,426	11,080,741	17,927,519	18,430,883
Food Services	61,650,740	58,091,038	59,763,264	64,984,662
Co-Curricular/Extra-Curricular Activities	10,973,098	10,305,213	11,305,025	10,319,123
General Administration	33,157,778	30,649,941	29,990,990	36,440,097
Plant Maintenance and Operations	127,717,344	140,891,459	154,572,830	158,817,740
Security and Monitoring Services	14,169,748	16,048,009	17,985,927	18,857,708
Data Processing Services	22,719,642	22,624,639	17,671,353	20,337,416
Community Services	23,929,987	26,232,113	25,219,969	23,882,683
Debt Service				
Principal	51,385,339	44,762,845	56,310,700	47,995,933
Interest	35,744,687	53,928,852	62,872,249	72,978,302
Facilities Acquisition & Construction	195,484,571	513,844,636	446,549,523	179,348,546
Intergovernmental Charges	5,245,689	2,950,650	2,520,607	3,584,094
Total expenditures	<u>1,535,527,999</u>	<u>1,884,661,075</u>	<u>1,873,686,779</u>	<u>1,711,772,629</u>
Other Financing Sources (uses)				
Proceeds from Bonds and Notes	300,000,000	387,300,000	290,205,000	-
Proceeds from Refunding Bonds	-	12,700,000	44,135,000	-
Transfers In /Out	-	-	-	-
Premium on Bonds	12,332,273	18,425,526	13,738,511	-
Sale of Real & Personal Property	-	-	-	-
Loan Proceeds	-	-	-	-
Legal Settlements	-	-	-	-
Payments to Refunded Bond Escrow Agent	-	(12,965,041)	(47,949,020)	-
Total other financing sources (uses)	<u>312,332,273</u>	<u>405,460,485</u>	<u>300,129,491</u>	<u>-</u>
Prior Period Adjustment	-	-	-	(31,293,214)
Net changes in fund balances	<u>\$ 115,112,564</u>	<u>\$ (54,454,869)</u>	<u>\$ (37,455,916)</u>	<u>\$ (161,193,614)</u>
Debt service as a percentage of noncapital expenditures (1)	6.42%	6.99%	8.19%	7.89%

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

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

Dallas Independent School District

S-3

2008	2009	2010	2011	2012	2013
\$ 887,709,420	\$ 916,363,076	\$ 970,051,877	\$ 909,373,008	\$ 935,396,723	\$ 953,024,424
17,035,873	8,844,951	3,079,367	3,125,832	3,995,586	2,439,424
23,490,585	25,144,485	43,114,429	24,982,675	23,244,360	26,212,625
467,141,793	437,511,002	423,877,886	446,899,911	448,804,079	395,145,649
219,830,921	233,286,410	325,196,043	358,718,768	256,263,965	260,503,088
<u>1,615,208,592</u>	<u>1,621,149,924</u>	<u>1,765,319,602</u>	<u>1,743,100,194</u>	<u>1,667,704,713</u>	<u>1,637,325,210</u>
908,920,219	896,214,975	881,629,395	881,493,362	790,166,496	763,008,812
23,656,319	23,108,097	23,268,657	23,922,133	21,611,547	22,064,026
44,316,564	37,374,301	44,614,128	45,312,833	37,498,502	35,686,203
24,258,649	24,061,737	24,692,621	28,781,240	21,278,216	21,138,257
84,824,718	83,140,482	76,645,839	80,601,956	74,572,714	75,202,435
59,382,793	59,918,862	58,624,587	62,515,390	53,261,191	56,862,691
1,481,390	1,948,498	2,287,349	2,833,886	2,694,685	2,442,091
19,027,335	16,776,445	16,934,542	17,716,810	17,042,684	17,033,913
18,941,778	27,504,105	22,023,914	24,352,369	22,718,745	25,528,534
69,550,687	70,265,117	72,319,312	82,325,328	86,553,720	89,271,199
11,045,708	10,061,404	15,277,626	18,268,645	19,355,947	20,414,477
45,425,492	41,665,642	52,392,310	52,663,314	39,910,323	33,884,965
164,580,285	152,655,240	149,763,876	151,471,848	144,858,033	141,159,026
18,830,513	16,581,630	20,246,825	21,161,663	18,551,089	18,871,512
26,231,463	26,898,652	27,522,856	39,253,756	32,175,475	30,837,025
18,821,066	17,095,424	13,323,523	8,553,002	6,936,427	7,813,628
52,798,930	46,323,865	86,692,253	39,936,273	54,351,003	54,095,000
72,344,574	75,235,694	94,701,833	98,944,160	153,717,458	134,757,695
105,248,542	25,670,160	138,711,972	420,924,235	374,511,644	278,132,001
4,990,675	23,780,198	8,490,380	8,236,051	7,368,132	7,595,825
<u>1,774,677,700</u>	<u>1,676,280,528</u>	<u>1,830,163,798</u>	<u>2,109,268,254</u>	<u>1,979,134,031</u>	<u>1,835,799,315</u>
-	413,325,000	-	950,300,000	-	-
-	-	100,760,000	226,810,000	197,935,000	437,060,000
-	-	(862,881)	(126,134)	(509,141)	(234,982)
-	10,827,157	5,397,999	46,505,823	29,856,060	64,753,841
-	622,649	28,704	636,479	619,397	31,942
-	3,611,421	-	-	-	-
-	(1,936,127)	(153,500)	-	-	-
-	-	(107,896,372)	(259,446,830)	(226,330,345)	(498,445,267)
-	<u>426,450,100</u>	<u>(2,726,050)</u>	<u>964,679,338</u>	<u>1,570,971</u>	<u>3,165,534</u>
-	-	-	-	-	-
<u>\$ (159,469,108)</u>	<u>\$ 371,319,496</u>	<u>\$ (67,570,246)</u>	<u>\$ 598,511,278</u>	<u>\$ (309,858,347)</u>	<u>\$ (195,308,571)</u>
7.55%	7.44%	10.80%	8.31%	13.04%	12.21%

Dallas Independent School District

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ALL GOVERNMENTAL FUNDS FUND BALANCES LAST TEN FISCAL YEARS (UNAUDITED)

Fiscal Year Ended June 30:	2004	2005	2006	2007	2008	2009	2010
General Fund:							
Reserved	\$ 13,870,965	\$ 17,909,710	\$ 19,618,139	\$ 14,373,736	\$ 16,588,957	\$ 8,392,093	\$ 17,987,491
Unreserved	101,916,681	84,151,575	116,226,031	105,750,898	43,623,687	29,275,989	82,111,760
Total General Fund	<u>115,787,646</u>	<u>102,061,285</u>	<u>135,844,170</u>	<u>120,124,634</u>	<u>60,212,644</u>	<u>37,668,082</u>	<u>100,099,251</u>
All Other Governmental Funds:							
Reserved:							
Debt Service	\$ 62,081,501	\$ 72,294,545	\$ 79,152,730	\$ 78,991,204	\$ 76,896,518	\$ 76,288,266	\$ 74,280,273
Capital Projects	482,158,017	430,026,901	347,460,454	199,888,096	101,736,405	491,011,154	356,643,856
Food Service	5,072,924	6,688,940	11,305,616	12,244,325	13,394,122	17,287,051	23,439,317
Other	3,167,301	2,711,805	2,912,145	3,785,498	2,291,299	2,479,394	1,670,892
Unreserved, reported in:	-	-	-	-	-	-	-
Non-major funds	5,596,131	5,625,175	5,277,621	5,725,365	6,759,026	7,875,563	8,905,675
Capital projects funds	-	-	-	-	-	-	-
Debt service fund	-	-	-	-	-	-	-
Total All Governmental Funds	<u>\$ 673,863,520</u>	<u>\$ 619,408,651</u>	<u>\$ 581,952,736</u>	<u>\$ 420,759,122</u>	<u>\$ 261,290,014</u>	<u>\$ 632,609,510</u>	<u>\$ 565,039,264</u>

Fund Balance Categories as Required by GASB Statement No. 54

	2011	2012
General Fund:		
Non-Spendable	\$ 6,757,739	\$ 6,219,819
Assigned	6,633,164	7,197,978
Unassigned	121,707,356	187,702,582
Total General Fund	<u>135,098,259</u>	<u>201,120,379</u>
Non-spendable:		
Capital Projects	34,056	-
Non-major	2,146,651	3,743,344
Restricted:		
Debt Service	100,210,068	112,510,850
Capital Projects	889,997,668	519,356,980
Food Service	18,044,165	11,945,805
Grants and Donations	6,219,675	5,014,837
Assigned - Other	11,800,000	-
Total All Governmental Funds	<u>\$ 1,163,550,542</u>	<u>\$ 853,692,195</u>

	2013
General Fund:	
Non-Spendable	\$ 11,499,868
Assigned	6,009,210
Unassigned	263,644,498
Total General Fund	<u>281,153,576</u>
Non-spendable:	
Non-major	3,592,519
Restricted:	
Debt Service	117,974,957
Capital Projects	244,003,261
Federal or State Funds (1)	13,862,032
Local Special Revenue Funds	2,626,439
Assigned - Other	349,962
Total All Governmental Funds	<u>\$ 663,562,746</u>

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

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

Dallas Independent School District

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PROPERTY TAX LEVIES AND COLLECTIONS LAST TEN FISCAL YEARS (UNAUDITED)

Tax Levy Year	Taxes Levied for the Fiscal Year (1)	Collected within the Fiscal Year of the Levy		Collections and Adjustments in Subsequent years (3)	Total Collections and Adjustments to Date	
		Amount (2)	Percentage of Levy		Amount	Percentage of Levy
2003	913,002,082	881,424,143	96.5%	29,391,353	910,815,496	99.8%
2004	947,689,831	915,013,479	96.6%	30,228,557	945,242,036	99.7%
2005	1,016,398,514	981,765,629	96.6%	31,988,071	1,013,753,700	99.7%
2006	997,819,375	967,686,598	97.0%	26,926,344	994,612,942	99.7%
2007	883,009,750	857,460,126	97.1%	22,421,752	879,881,878	99.6%
2008	936,822,412	902,680,977	96.4%	29,498,539	932,179,516	99.5%
2009	973,456,881	944,623,970	97.0%	21,698,511	966,322,481	99.3%
2010	906,603,690	884,253,126	97.5%	14,861,463	899,114,589	99.2%
2011	934,510,637	915,380,068	98.0%	9,853,035	925,233,103	99.0%
2012	955,292,606	936,816,774	98.1%	-	936,816,774	98.1%

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

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

Dallas Independent School District

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SCHEDULE OF TAX RATE DISTRIBUTION PER \$100 VALUATION LAST TEN FISCAL YEARS (UNAUDITED)

Fiscal Year Ended June 30:	Maintenance	Debt Service	Total
2004	1.50000	0.13950	1.63950
2005	1.50000	0.16694	1.66694
2006	1.50000	0.18836	1.68836
2007	1.33005	0.17259	1.50264
2008	1.04005	0.15959	1.19964
2009	1.04005	0.14335	1.18340
2010	1.04005	0.23129	1.27134
2011	1.04005	0.19776	1.23781
2012	1.04005	0.25030	1.29035
2013	1.04005	0.25030	1.29035

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		Personal Property	Total Taxable Assessed Value	Total Direct Tax Rate
	Residential	Commercial Property			
2004	22,946,647,615	23,428,849,171	11,407,168,475	57,782,665,261	1.63950
2005	24,952,604,886	23,158,791,676	10,789,637,977	58,901,034,539	1.66694
2006	27,054,587,102	24,137,546,380	10,670,619,474	61,862,752,956	1.68836
2007	29,853,971,879	27,557,816,999	11,228,797,287	68,640,586,165	1.50264
2008	32,790,675,633	32,307,944,667	11,658,729,428	76,757,349,728	1.19964
2009	35,258,395,611	34,604,451,630	12,313,722,551	82,176,569,792	1.18340
2010	35,188,256,719	32,048,564,901	12,391,370,970	79,628,192,590	1.27134
2011	34,456,380,302	29,760,504,666	11,769,064,077	75,985,949,045	1.23781
2012	33,665,394,542	29,156,983,644	11,838,691,761	74,661,069,947	1.29035
2013	33,327,472,247	30,636,514,329	12,310,074,380	76,274,060,956	1.29035

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
2004	0.42280	0.54000	0.59930	0.77349	0.69980	0.65879	0.71800	0.46000	0.64110
2005	0.47600	0.52547	0.59930	0.73379	0.71970	0.66689	0.71800	0.49450	0.64110
2006	0.47600	0.55571	0.63288	0.76159	0.74170	0.68499	0.71800	0.49450	0.66610
2007	0.46400	0.57728	0.63288	0.76853	0.72920	0.69835	0.69600	0.49450	0.67860
2008	0.43370	0.62098	0.61788	0.78811	0.74790	0.70973	0.69600	0.49450	0.68860
2009	0.45350	0.62000	0.61788	0.78811	0.74790	0.69973	0.69600	0.49450	0.69960
2010	0.49600	0.76000	0.61788	0.78811	0.74790	0.69973	0.69600	0.51950	0.70460
2011	0.53000	0.76000	0.61788	0.81109	0.79700	0.73512	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
2013	0.58000	0.80300	0.61788	0.82315	0.79700	0.75740	0.73769	0.52950	0.70460

Source: Dallas Central Appraisal District and Dallas ISD records

City of Glenn Heights	City of Hutchins	City of Lancaster	City of Mesquite	City of Seagoville	Dallas County and School Equalization	Dallas County Hospital	Dallas County Community College	Dallas Independent School District
0.69576	0.52917	0.67170	0.54148	0.65000	0.20936	0.25400	0.07780	1.63950
0.65310	0.53300	0.67170	0.58148	0.63500	0.20936	0.25400	0.08030	1.66940
0.65310	0.54000	0.67170	0.60148	0.63500	0.21920	0.25400	0.08160	1.68836
0.69617	0.54109	0.67170	0.62000	0.63500	0.21893	0.25400	0.08100	1.50264
0.68404	0.53755	0.73750	0.64000	0.63500	0.23281	0.25400	0.08040	1.19964
0.69436	0.52810	0.77750	0.64000	0.63500	0.23303	0.25400	0.08940	1.18340
0.73932	0.56300	0.77750	0.64000	0.65000	0.23331	0.27400	0.09490	1.27134
0.79500	0.58100	0.86750	0.64000	0.66500	0.25310	0.27100	0.09923	1.23781
0.79500	0.60672	0.86750	0.64000	0.69085	0.25310	0.27100	0.09967	1.29035
0.79500	0.66091	0.86750	0.64000	0.69085	0.25304	0.27100	0.11938	1.29035

Dallas Independent School District

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PRINCIPAL PROPERTY TAX PAYERS CURRENT YEAR AND NINE YEARS AGO (UNAUDITED)

Principal Taxpayers	2013			2004		
	Taxable Assessed Valuation	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Valuation	Rank	Percentage of Total Taxable Assessed Value
Crescent Real Estate Group	\$ 686,264,748	1	0.90%	\$ -	-	-
Oncor Electric Delivery	590,291,940	2	0.77%	707,216,350	2	1.22%
AT&T	582,957,946	3	0.76%	-	-	-
Northpark Partners LP	578,774,660	4	0.76%	-	-	-
Southwest Airlines	465,747,029	5	0.61%	507,837,981	4	0.88%
PC Village Apartments Dallas	299,138,450	6	0.39%	246,798,540	7	0.43%
Galleria Mall Investors LP	288,350,920	7	0.38%	247,194,300	6	0.43%
Walmart	270,772,540	8	0.35%	-	-	-
Post Properties Inc	208,687,570	9	0.27%	-	-	-
Teachers Insurance & Annuity	189,505,900	10	0.25%	-	-	-
Southwestern Bell/Cingular	-	-	-	1,053,635,540	1	1.82%
Texas Utilities Electric Company	-	-	-	575,625,830	3	1.00%
Trammel Crow	-	-	-	323,649,933	5	0.56%
Metropolitan Life Insurance Company	-	-	-	198,440,000	8	0.34%
Dallas Main LP	-	-	-	191,553,190	9	0.33%
Park Lane Land Partnership LTD	-	-	-	187,223,740	10	0.32%
Total Ten Principal Taxpayers	\$ 4,160,491,703		5.44%	\$ 4,239,175,404		7.33%
Total Taxable Assessed Value	\$ 76,274,060,956			\$ 57,782,665,261		

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	Amount
Addison, Town of	\$ 83,035,000	93.52%	\$ 77,654,332
Balch Springs, City of	7,200,000	29.54%	2,126,880
Carrollton, City of	158,850,000	10.13%	16,091,505
Cockrell Hill, City of	1,750,000	97.73%	1,710,275
Dallas County	151,035,000	48.42%	73,131,147
Dallas County CCD	355,880,000	46.30%	164,772,440
Dallas Co Hosp Dist	705,000,000	47.74%	336,567,000
Dallas County Schools	67,675,000	48.25%	32,653,188
Dallas, City of	1,513,354,734	78.62%	1,189,799,492
DeSoto, City of	82,695,000	19.27%	15,935,327
Duncanville, City of	14,148,608	0.27%	38,201
Farmers Branch, City of	29,045,000	38.29%	11,121,331
Garland, City of	471,989,352	1.68%	7,929,421
Glenn Heights, City of	5,115,000	0.01%	512
Hutchins, City of	8,039,000	81.88%	6,582,333
Lancaster, City of	84,595,000	2.06%	1,742,657
Mesquite, City of	118,840,000	1.74%	2,067,816
Seagoville, City of	5,462,691	89.86%	4,908,774
Total Estimated Overlapping Debt			<u>1,944,832,631</u>
 Dallas ISD			 <u>2,492,731,000</u>
 Total Direct and Overlapping Bonded Debt			 <u><u>\$ 4,437,563,631</u></u>

Source: Texas Municipal Reports

Dallas Independent School District

RATIO OF NET BONDED DEBT TO TAXABLE ASSESSED VALUATION AND NET BONDED DEBT PER CAPITA LAST TEN FISCAL YEARS (UNAUDITED)

Fiscal Year Ended June 30:	Estimated Population	Taxable Assessed Value	Gross Bonded Debt Outstanding at Year End	Amounts Available for Retirement of Bonds
2004	1,214,800	57,782,665,261	949,764,644	62,081,501
2005	1,232,100	58,901,034,539	1,298,905,821	72,294,545
2006	1,260,950	61,862,752,956	1,539,963,889	79,152,730
2007	1,280,500	68,640,586,165	1,495,314,569	78,991,204
2008	1,279,910	76,757,349,728	1,442,755,001	76,896,518
2009	1,306,350	82,176,569,792	1,816,824,454	76,288,266
2010	1,316,350	79,628,192,590	1,727,296,756	74,280,273
2011	1,200,530	75,985,949,045	2,626,924,745	112,010,068
2012	1,207,420	74,661,069,947	2,567,329,111	112,510,850
2013	1,223,378	76,274,060,956	2,492,731,000	117,974,957

Source: North Central Texas Council of Governments (NCTCOG), US Census, and Dallas ISD Records

Dallas Independent School District

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Net Bonded Debt Outstanding at Year End	Ratio Net Bonded Debt to Taxable Assessed Valuation	Net Bonded Debt Per Capita	Taxable Assessed Valuation Per Capita	Net Bonded Debt To Personal Income
887,683,143	1.54%	731	\$ 47,566	3.15%
1,226,611,276	2.08%	996	\$ 47,805	4.07%
1,460,811,159	2.36%	1,159	\$ 49,060	5.01%
1,416,323,365	2.06%	1,106	\$ 53,605	4.48%
1,365,858,483	1.78%	1,067	\$ 59,971	4.12%
1,740,536,188	2.12%	1,332	\$ 62,905	5.27%
1,653,016,483	2.08%	1,256	\$ 60,492	4.79%
2,514,914,677	3.31%	2,095	\$ 63,294	8.37%
2,454,818,261	3.29%	2,033	\$ 61,835	7.99%
2,374,756,043	3.11%	1,941	\$ 62,347	7.54%

Dallas Independent School District

LEGAL DEBT MARGIN INFORMATION LAST TEN FISCAL YEARS (UNAUDITED)

Fiscal Year Ended June 30:	2004	2005	2006	2007
Debt Limit	\$ 5,778,266,526	\$ 5,890,103,454	\$ 6,186,275,296	\$ 6,864,058,617
Amount of Debt Applicable to Debt Limit:				
Gross Bonded Debt	949,764,644	1,298,905,821	1,539,963,889	1,495,314,569
Less - Fund Balance of Debt Service Fund	62,081,501	72,294,545	79,152,730	78,991,204
Total Net Debt Applicable to Debt Limit	<u>887,683,143</u>	<u>1,226,611,276</u>	<u>1,460,811,159</u>	<u>1,416,323,365</u>
Legal Debt Margin:	<u>\$ 4,890,583,383</u>	<u>\$ 4,663,492,178</u>	<u>\$ 4,725,464,137</u>	<u>\$ 5,447,735,252</u>
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	15.36%	20.82%	23.61%	20.63%

Source: Dallas ISD Records

Dallas Independent School District

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2008	2009	2010	2011	2012	2013
\$ 7,675,734,973	\$ 8,217,656,979	\$ 7,962,819,259	\$ 7,598,594,905	\$ 7,466,106,995	\$ 7,627,406,096
1,442,755,001	1,816,824,454	1,727,296,756	2,626,924,745	2,567,329,111	2,492,731,000
76,896,518	76,288,266	74,280,273	112,010,068	112,510,850	117,974,957
1,365,858,483	1,740,536,188	1,653,016,483	2,514,914,677	2,454,818,261	2,374,756,043
<u>\$ 6,309,876,490</u>	<u>\$ 6,477,120,791</u>	<u>\$ 6,309,802,776</u>	<u>\$ 5,083,680,228</u>	<u>\$ 5,011,288,734</u>	<u>\$ 5,252,650,053</u>
17.79%	21.18%	20.76%	33.10%	32.88%	31.13%

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
2004	44,465,000	34,026,169	78,491,169	1,535,527,999	5.11%
2005	37,551,692	52,380,486	89,932,178	1,884,661,075	4.77%
2006	49,605,025	61,424,673	111,029,698	1,873,686,778	5.93%
2007	44,317,894	72,637,458	116,955,352	1,711,772,629	6.83%
2008	49,819,100	72,226,330	122,045,430	1,774,677,700	6.88%
2009	41,634,515	70,236,331	111,870,846	1,676,280,528	6.67%
2010	82,385,000	93,302,153	175,687,153	1,830,163,798	9.60%
2011	35,445,000	85,720,357	121,165,357	2,109,268,254	5.74%
2012	49,515,000	152,570,482	202,085,482	1,979,134,031	10.21%
2013	50,625,000	134,326,218	184,951,218	1,835,799,315	10.07%

Source: Dallas ISD Records

Dallas Independent School District

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PER STUDENT CALCULATIONS (GENERAL FUND ONLY) BASED ON REVENUES AND EXPENDITURES LAST THREE FISCAL YEARS (UNAUDITED)

	Fiscal Year Ended June 30,		
	2013	2012	2011
Beginning Fund Equity (7/1)	\$ 201,120,379	\$ 135,098,259	\$ 100,099,251
Revenues:			
From Ad Valorem Taxes	768,615,460	754,675,022	764,344,921
% of Total Revenue	64.23%	62.86%	63.19%
From State and Federal Funds	412,443,512	431,237,558	431,843,254
% of Total Revenue	34.47%	35.92%	35.70%
From Other Local Sources	15,629,494	14,702,113	13,315,273
% of Total Revenue	1.31%	1.22%	1.10%
Total Revenues	1,196,688,466	1,200,614,693	1,209,503,448
Total Expenditures	1,121,631,351	1,134,702,829	1,177,896,277
Change in accounting principle	-	-	2,968,381
Total Other Financing Sources	4,976,082	110,256	423,456
Ending Fund Equity (06/30)	\$ 281,153,576	\$ 201,120,379	\$ 135,098,259

Per Student Calculations:

Assessed Value Per Student	\$ 521,693	\$ 515,135	\$ 535,489
Ad Valorem Tax Revenue Per Student	\$ 5,257	\$ 5,207	\$ 5,387
State and Federal Funds Per Student	2,821	2,975	3,043
Other Local Sources Per Student	107	101	94
Total Revenue Per Student	\$ 8,185	\$ 8,283	\$ 8,524
Total Expenditures Per Student	\$ 7,672	\$ 7,829	\$ 8,301
Average Daily Attendance	146,205	144,935	141,900

Source: Dallas ISD Records

Dallas Independent School District

DEMOGRAPHIC DATA AND ECONOMIC STATISTICS LAST TEN FISCAL YEARS (UNAUDITED)

Fiscal Year Ended June 30: Year	Estimated Population (1)	Enrollment (2)	Average Daily Attendance (2)	District Employees (2)
2004	1,214,800	160,319	148,131	19,813
2005	1,232,100	157,743	146,216	19,671
2006	1,260,950	160,969	149,544	19,535
2007	1,280,500	158,814	145,749	20,077
2008	1,279,910	157,605	144,833	21,289
2009	1,306,350	157,174	144,347	20,387
2010	1,316,350	156,728	143,704	20,076
2011	1,200,530	157,162	141,900	20,194
2012	1,207,420	157,421	144,935	18,470
2013	1,223,378	158,932	146,205	19,838

(1) Information was obtained from City of Dallas records

(2) Information was obtained from Dallas ISD records.

Median Household Income (1)	Per Capita Personal Income (1)	Unemployment Rate (1)
38,125	23,205	8.0%
36,403	24,477	6.0%
37,264	23,136	5.4%
38,276	24,691	4.7%
42,670	25,904	4.9%
40,473	25,298	7.4%
39,813	26,189	8.7%
42,911	25,024	8.7%
43,640	25,449	7.9%
40,585	25,757	7.3%

Dallas Independent School District

S-16

NORTH TEXAS PRINCIPAL EMPLOYERS CURRENT YEAR AND NINE YEARS AGO (UNAUDITED)

Principal Employers	2013			2004		
	Employees	Rank	Percentage of Total Employment	Employees	Rank	Percentage of Total Employment
Texas Health Resources	21,100	1	1.87%	17,000	4	1.58%
Bank of America	20,000	2	1.77%			
Dallas Independent School District	19,838	3	1.76%	19,691	3	1.83%
American Airlines	19,219	4	1.70%	28,000	1	2.60%
Baylor Health Care System	16,850	5	1.49%	15,000	6	1.39%
Lockhead Martin Aeronautics Co.	16,000	6	1.42%	16,442	5	1.53%
JP Morgan Chase	14,500	7	1.28%			
Texas Instruments Inc.	14,000	8	1.24%	10,600	10	0.98%
City of Dallas	13,000	9	1.15%			
UT Southwestern Medical Center at Dallas	12,100	10	1.07%			
Wal-mart Stores, Inc. (1)				23,000	2	2.13%
AT&T, Inc.				14,000	7	1.30%
Verizon Communications, Inc.				12,500	8	1.16%
Albertson's Inc.				11,200	9	1.04%
Total	166,607		14.76%	167,433		15.54%
Estimated Total Employed Workforce in 2013	1,128,833					
Estimated Total Employed Workforce in 2004	1,077,373					

(1) Wal-mart declined to submit a survey response for 2013

Source: Dallas Business Journal Book of Lists

EXPENDITURES, AVERAGE DAILY ATTENDANCE,
AND PER PUPIL COSTS
LAST TEN FISCAL YEARS
(UNAUDITED)

Fiscal Year Ended June 30:	Expenditures (1)	Average Daily Attendance	Per Pupil Costs	Student to Teacher Ratio	Percentage of Students in Free/Reduced Lunch Program
2004	\$ 1,263,442,915	148,131	8,529	15.30	74%
2005	1,327,180,451	146,216	9,077	15.12	78%
2006	1,368,440,595	149,544	9,151	15.35	82%
2007	1,422,075,733	145,749	9,757	14.83	83%
2008	1,560,292,156	144,833	10,773	13.64	84%
2009	1,520,028,100	144,347	10,530	14.13	85%
2010	1,558,413,699	143,704	10,845	14.42	87%
2011	1,553,446,290	141,900	10,947	14.47	87%
2012	1,402,536,905	144,935	9,677	15.67	88%
2013	1,372,716,096	146,205	9,389	15.72	89%

(1) General fund and special revenue fund expenditures

Source: Dallas ISD Records

Dallas Independent School District

S-18**TEACHER SALARY
LAST TEN FISCAL YEARS
(UNAUDITED)**

Fiscal Year	Beginning Teacher Salary	Average Teacher Salary	Number of Teachers
2004	37,000	46,408	10,475
2005	38,500	46,754	10,435
2006	39,150	46,882	10,484
2007	42,000	50,121	10,712
2008	43,500	51,746	11,551
2009	44,350	53,457	11,122
2010	45,350	53,880	10,872
2011	45,350	53,940	10,864
2012	45,100	52,028	9,494
2013	45,100	51,485	10,112

Source: Dallas ISD Records

Dallas Independent School District

S-19

SCHOOL BUILDING INFORMATION (UNAUDITED)

Form of Government: Independent School District

Geographic Area: 384 square miles

Instruction Sites:	Number	Capacity/Sq. Ft.	Acreage
High Schools	40	6,571,325	816.7
Middle Schools	42	5,085,035	603.6
Elementary Schools	151	10,686,612	1,312.0
Elementary Schools - In Progress	1	98,218	7.0
Administration Facilities	39	1,995,526	160.1
Athletics & Pool Facilities	23	566,110	251.7
Totals	296	25,002,826	3,151.1

Source: Dallas ISD Records

COMPLIANCE SECTION

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Members of the 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 the Dallas Independent School District (the "District"), as of and for the year ended June 30, 2013, 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 21, 2013.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

Deloitte & Touche LLP

November 21, 2013

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM; REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS REQUIRED BY OMB CIRCULAR A-133

Member of the 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 Circular A-133 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, 2013. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the District's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Basis for Qualified Opinion on Title II, Part A

As described in the accompanying schedule of findings and questioned costs, the District did not comply with requirements regarding allowable costs for CFDA 84.365, Title II Part A as described in finding

number 2013-07. Compliance with such requirements is necessary, in our opinion, for the District to comply with the requirements applicable to that program.

Qualified Opinion on Title II Part A

In our opinion, except for the noncompliance described in the Basis for Qualified Opinion paragraph, 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 Title II, Part A for the year ended June 30, 2013.

Unmodified Opinion on Each of the Other Major Federal Programs

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 other major federal programs identified in the summary of auditors' results section of the schedule of findings and questioned costs for the year ended June 30, 2013.

Other Matters

The results of our auditing procedures disclosed other instances of noncompliance, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings and questioned costs as items 2013-01, 2013-03, 2013-06, and 2013-07. Our opinion on each major federal program is not modified with respect to these matters.

The District's response to the noncompliance findings identified in our audit are described in the accompanying schedule of findings and questioned costs and 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.

Report on Internal Control Over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph 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 were not identified. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be material weaknesses and significant deficiencies.

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 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. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2013-07 to be a material weakness.

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. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2013-01 to 2013-06 to be significant deficiencies.

The District's response to the internal control over compliance findings identified in our audit are described in the accompanying schedule of findings and questioned costs and 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 OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by OMB Circular A-133

We have audited the financial statements of the District as of and for the year ended June 30, 2013, and have issued our report thereon dated November 21, 2013, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditure of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.

Deloitte & Touche LLP

November 21, 2013

**Dallas Independent School District
Schedule of Expenditures of Federal Awards
For The Year Ended June 30, 2013**

Pass-Through Grantor's Number	Federal/State Grantor-Pass Through Grantor/Program Title	Federal CFDA Number	Audit Period Expenditures
	U.S. DEPARTMENT OF EDUCATION		
	TEACHER INCENTIVE FUND CLUSTER		
	Direct		
	SPECIAL EDUCATION (IDEA) CLUSTER		
	Passed Through Texas Education Agency		
126600010579056600	IDEA-B Formula	84.027A	\$ 223,181
136600010579056600	IDEA-B Formula	84.027A	29,731,960
126600020579056673	IDEA-B Discretionary (Deaf)	84.027A	(78)
136600020579056673	IDEA-B Discretionary (Deaf)	84.027A	340,893
126600010579056601	IDEA-B Formula (Deaf)	84.027A	761
136600010579056601	IDEA-B Formula (Deaf)	84.027A	238,950
126610010579056610	IDEA-B Preschool	84.173A	1,857
136610010579056610	IDEA-B Preschool	84.173A	640,264
136610010579056611	IDEA-B Preschool (Deaf)	84.173A	41,449
	Total Passed through Texas Education Agency		31,219,237
	Passed through Region 10 Education Service Center		
136602271110	IDEA-B Visually Impaired	84.027	11,783
	Total Passed through Region 10 Education Service Center		11,783
	Total Special Education (IDEA) Cluster		31,231,020
	TITLE I, PART A CLUSTER		
12610101057905	Title I, Part A-Improving Basic Programs	84.010A	2,564,922
13610101057905	Title I, Part A-Improving Basic Programs	84.010A	71,540,126
12610103057905	Title I, Part D, Subpart 2-Delinquent Program	84.010A	2,375
13610103057905	Title I, Part D, Subpart 2-Delinquent Program	84.010A	61,315
12610110057905	Title I School Improvement Program	84.010A	543,833
13610110057905	Title I School Improvement Program	84.010A	5,771,203
	Total Passed through Texas Education Agency		80,483,774
	TOTAL TITLE I, PART A CLUSTER		80,483,774
	OTHER		
	Direct		
U350B070012-00	Project MASS	84.350B	9,250
U350B070012	Project MASS	84.350B	24,750
S060A120194	Indian Education	84.060A	128,951
U215X090194	Teaching American History	84.215X	204,607
U350A060002-10	Bridges To Teaching	84.350A	17,277
60031733	Project M-Net	84.350C	88,008
U350B110002	Teachers for Today and Tomorrow	84.350B	75,000
N/A	Reading Recovery	84.396A	5,570
U350B09910	Camino's Project	84.350B	19,500
U350B09910	Camino's Project	84.350B	72,000
U350C070001	Project KNOTT	84.350C	37,832
	Total Direct		682,745
			(continued)

Dallas Independent School District
Schedule of Expenditures of Federal Awards
For The Year Ended June 30, 2013

<u>Pass-Through Grantor's Number</u>	<u>Federal/State Grantor-Pass Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Audit Period Expenditures</u>
	Passed Through Texas Education Agency		
124100017110439	Adult Education & Family Literacy Continuation	84.002A	\$ 771,087
134100017110494	Adult Education & Family Literacy Continuation	84.002A	2,780,910
134100087110492	Adult Ed Engl Lit & Civics Awareness Cont.	84.002A	85,392
123911010579053911	IDEA-C ECI	84.181A	154
133911010579053911	IDEA-C ECI	84.181A	6,300
13420006057905	Carl D. Perkins, Title I, Part C	84.048A	2,685,911
12671001057905	Title III, Part A- LEP	84.365A	211,170
13671001057905	Title III, Part A- LEP	84.365A	6,355,167
12694501057905	Title II, Part A-Teacher and Principal Training & Recruiting	84.367A	26,354
13694501057905	Title II, Part A-Teacher and Principal Training & Recruiting	84.367A	9,329,520
1055200X71100XX	Texas Title I Priority School Grant	84.388A	6,429,701
N/A	Summer School LEP	84.369A	4,461
	Total Passed Through Texas Education Agency		28,686,127
00-001	McKinney-Vento Homeless Education	84.196A	17,392
13-044	McKinney-Vento Homeless Education	84.196A	174,187
	Total Region 10 Education Service Center		191,579
	TOTAL U.S. DEPARTMENT OF EDUCATION		141,275,245
	U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES		
	Passed Through State Department Of Health		
529-11-0029-00008R1	Refugee School Impact	93.576	6,686
529-11-0029-00008R1	Refugee School Impact	93.576	95,779
5U87DP001254-03	Improving Health and Educational Outcomes of Young People	93.938	16,181
	Total Passed Through State Department Of Health		118,646
	Passed Through Texas Education Agency		
123625017110413	Federal-TANF	93.558	76,197
133625017110467	Federal-TANF	93.558	567,903
	Total Passed Through Texas Education Agency		644,100

(continued)

**Dallas Independent School District
Schedule of Expenditures of Federal Awards
For The Year Ended June 30, 2013**

Pass-Through Grantor's Number	Federal/State Grantor-Pass Through Grantor/Program Title	Federal CFDA Number	Audit Period Expenditures
057905-1	Passed Through Head Start of Greater Dallas Head Start of Greater Dallas Total Head Start of Greater Dallas	93.600	\$ 1,255,005 <u>1,255,005</u>
057905-2	Passed Through Health and Human Services Commission Medicaid and School Health Related Services	93.778	1,514,515
057905	Texas Home Visiting Total Health and Human Services Commission	93.505	236,912 <u>1,751,427</u>
TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			<u>3,769,178</u>
U.S. DEPARTMENT OF AGRICULTURE CHILD NUTRITION PROGRAM CLUSTER			
057-905	Passed Through Texas Education Agency National School Breakfast	10.553	17,474,108
057-905	National School Lunch Total Passed Through Texas Education Agency	10.555	58,813,454 <u>76,287,562</u>
057-1034	Passed Through Texas Department of Agriculture Summer Food Services Program	10.559	<u>1,118,737</u>
75-057005A200	Direct Schools/Child Nutrition Commodity Program (Noncash)	10.555	<u>4,952,149</u>
TOTAL CHILD NUTRITION PROGRAM CLUSTER			<u>82,358,448</u>
057-1034	Passed Through Texas Department of Agriculture Fresh Fruit and Vegetable Program	10.582	2,271,469
057-905	Child and Adult Care Food Program Total Passed Through Texas Department of Agriculture	10.558	198,204 <u>2,469,673</u>
N/A	Direct Farm to School	10.575	<u>12,563</u>
TOTAL U.S. DEPARTMENT OF AGRICULTURE			<u>84,840,684</u>
U.S. DEPARTMENT OF DEFENSE			
057905-3	JROTC TOTAL U.S. DEPARTMENT OF DEFENSE	12.000	1,965,171 <u>1,965,171</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u>\$ 231,850,278</u> (concluded)

See notes to the Schedule of Expenditures of Federal Awards.

DALLAS INDEPENDENT SCHOOL DISTRICT
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2013

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.

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

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

Federal grant funds are considered to be earned to the extent of expenditures made under the provisions of the grant, and accordingly, when such funds are received, they are recorded as deferred revenues until earned. The accompanying schedule of expenditures of federal awards is presented on the modified accrual basis of accounting.

3. 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*.
4. 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, 2013, may be impaired.

**DALLAS INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2013**

Section I—Summary of Auditors' Results

Financial Statements

1. Type of auditor's report issued: Unqualified

Internal control over financial reporting:

2. Material weaknesses identified? _____ yes X no
3. Significant deficiencies identified that are not considered to be material weaknesses? _____ yes X none reported
4. Noncompliance material to financial statements noted? _____ yes X no

Federal Awards

Internal control over major programs:

5. Material weaknesses identified? X yes _____ no
6. Significant deficiencies identified that are not considered to be material weaknesses? X yes _____ none reported
7. Type of auditor's report issued on compliance for major programs: Unqualified, except for Title II, Part A, which is qualified for allowable costs and cost principles
8. Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of OMB Circular A-133? X yes _____ no
9. Identification of major programs:
 84.010 – Title I, Part A
 84.367 – Title II, Part A
 84.365 – Title III, Part A
 84.027, and 84.173 – Special Education Cluster
 84.388 (ARRA) – School Improvement Grants
 84.002A – Adult Basic Education
 10.553, 10.555, and 10.559 – Child Nutrition Cluster
10. Dollar threshold used to distinguish between Type A and Type B programs: \$3,000,000
11. Auditee qualified as low-risk auditee? _____ yes X no

Section II—Federal Award Findings and Questioned Costs

2013-01 CFDA 84.388 Texas Title I Priority School (“TTIPS”) Grant –ARRA Department of Education, Passed Through Texas Education Agency

Allowable Costs and Cost Principles – Significant Deficiency in Controls and Noncompliance with Grant Requirements

Criteria – OMB Circular A-133 requires entities receiving federal funds to maintain internal control over federal programs in order to provide reasonable assurance that the District is managing federal awards in compliance with laws, regulations, and the provisions of contracts or agreements that could have a material effect on its federal programs. Additionally, OMB Circular A-87 requires that governments assume responsibility for administering Federal funds in a manner consistent with underlying agreements, program objectives, and the terms and conditions of the Federal award.

Condition – An internally conducted investigation identified \$221,029 in unallowable charges that were paid from grant funds during fiscal year 2013. These charges were comprised of an invoice for celebration incentives for program participants (\$51,500) and wages for pay charged to the program that was duplicative of stipends paid for the same services (\$169,529). Additionally, during our test of allowable costs, we noted that biometric clock information was not available to support approval for three instances of supplemental pay.

Cause – Sufficiently detailed information was not obtained or properly reviewed by employees responsible for monitoring the use of grant funds prior to approving payments.

Questioned Costs – \$221,029, calculated by the District as the amount to be refunded to the Texas Education Agency.

Perspective – In addition to expenditures related to unallowed costs related to the amounts refunded to Texas Education Agency, three of 61 allowable cost selections noted during our testing did not contain complete documentation for approvals of supplemental pay.

Asserted Effect – Absence of proper monitoring could result in funds being paid for unallowable goods/services.

Recommendation – Enforce monitoring controls to ensure that invoices are closely reviewed prior to approval and when questions arise or insufficient information is available, approval is denied. Additionally, procedures should be evaluated and reviewed related to the review and approval of supplemental pay and stipends and related support.

View of Responsible Officials – See corrective action plan.

**2013-02 CFDA 10.555 National School Lunch Program/Afterschool Care Program
("NSLP/ASCP") Grant – U.S. Department of Agriculture, Passed Through Texas
Education Agency**

Reporting – Significant Deficiency in Controls

Criteria – The NSLP Administrator’s Reference Manual Section 10.Afterschool Meal Programs (ARM.10) states, for the ASCP, a Contracting Entity (“CE”) must complete the onsite monitoring review two times per year. Additionally, ARM.10 requires that the onsite monitoring review record be retained and made available for USDA and/or TDA review. Per the ARM.10 guidance, the first monitoring or review must occur during the first four weeks of snack service. The onsite monitoring review records must confirm that the District is only claiming reimbursement for one snack, per student, per day. ARM.10 also requires that each student participating in ASCP be served minimum or larger portion sizes. Lastly, ARM.10 emphasizes that, each afterschool meal program site provide children with regularly scheduled activities in an organized, structured, and supervised environment as well as provide educational or enrichment activities.

Condition – The onsite specialists conducting the reviews did not complete all of the first inspections within the four week timeline. In addition, specialist-completed forms were inconsistently completed, indicated that minimum portions were not served, or were not entirely answered.

Cause – Onsite specialists who conducted the after school snack program inspections lacked complete and sufficient training prior to performing the inspections and did not always understand the questions on the inspection forms.

Questioned Costs – None

Perspective – Checklists from 4 of the 13 campuses selected for testing had one or more questions that were unanswered by inspectors. Checklists from 5 of the 13 campuses selected for testing had questions on the checklists that were answered “No” which, upon discussion with management, appeared to be the result of a misunderstanding of the question when responding.

Asserted Effect – Inspections are conducted to ensure that snack service is appropriately occurring and that the District is claiming the appropriate amounts in the monthly claim report. If inspectors misunderstand their assigned tasks/checklist questions, inaccurate service or claiming and or reporting may occur.

Recommendation – Ensure that inspections are conducted to conform to federal requirements and that specialists who are performing such inspections fully understand their duties prior to beginning their assignments.

View of Responsible Officials – See corrective action plan.

2013-03 CFDA 84.367 Title II Grant – Department of Education, Passed Through Texas Education Agency

Allowable Costs and Cost Principles – Significant Deficiency in Controls and Noncompliance with Grant Requirements

Criteria – The 2013 OMB Circular A-133 requires entities receiving federal funds to maintain internal control over federal programs in order to provide reasonable assurance that the District is managing federal awards in compliance with laws, regulations, and the provisions of contracts or agreements that could have a material effect on its federal programs. In accordance with the A-133 Compliance Supplement, to be allowable under Federal awards, costs must: be necessary and reasonable for the performance and administration of Federal awards.

Condition – At the start of the 2012-2013 school year, an employee changed positions from an allowable Title II-funded position to a position that is not funded under the program. The funding source was not corrected in the District's general ledger and the Title II grant was charged from September through February for all related payroll costs.

Cause – Insufficient detailed review of periodic time and effort certifications resulted in an overcharge of payroll to Title II as of year-end.

Questioned Costs – \$35,864 (calculated as actual payroll costs for individual noted above)

Perspective – One of 60 allowable costs selections was not an allowable cost in accordance with grant requirements.

Asserted Effect – Payments for unallowable costs (individuals not working for the grant, etc.) result in reduced efforts toward improving teacher quality in accordance with the grant purpose per the grant agreement.

Recommendation – Carefully review periodic time and effort certifications and related exceptions and make any necessary adjustments to the general ledger. Ensure that responsible employees fully understand the importance of performing a detailed comparison of time and effort reviews and resolve any exceptions in a timely manner.

View of Responsible Officials – See corrective action plan.

2013-04 CFDA 84.010 Title I, Part A – Department of Education, Passed Through Texas Education Agency

Cash Management – Significant Deficiency in Controls

Criteria – OMB Circular A-133 requires entities receiving federal funds to maintain internal control over federal programs in order to provide reasonable assurance that the District is managing federal awards in compliance with laws, regulations, and the provisions of contracts or agreements that could have a material effect on its federal programs. Additionally, the 2013 Compliance Supplement states that where a funding period is specified, a non-Federal entity may charge to the award only costs resulting from obligations incurred during the funding period and any pre-award costs authorized by the Federal awarding agency. Non-Federal entities shall liquidate all obligations incurred under the award not later than 90 days after the end of the funding period (or as specified in a program regulation). Related financial reports [should be] complete, accurate, and prepared in accordance with the required accounting basis.

Condition – One of the District's reimbursement requests for the Title I grant inappropriately included accrued expenditure amounts that were not paid as of the date claimed in the amount of \$183,059. Subsequent to requesting the funds, accrued amounts were reassigned to another Title I fund. This resulted in a refund paid to the Texas Education Agency in November 2012.

Cause – Amounts obligated and not paid were not removed from the reimbursement request in the preparation of the drawdown request and were additionally not identified in the review process.

Questioned Costs – None (all amounts have been refunded to the Texas Education Agency as of June 30, 2013)

Perspective – One in 63 reimbursement requests and refunds selected for testing was inappropriately prepared to include expenditure accruals.

Asserted Effect – Expenditures that may otherwise be made from grant funds may be required to be made from local funds if close out reports are not properly prepared. Refunds to the grantors may be required in certain instances at the end of grant award terms.

Recommendation – Implement procedures to ensure that final drawdowns for each grant are thoroughly reviewed and approved and do not include accrued expenditure amounts in close-out reports when funds are not allowed to be rolled forward to a future period.

View of Responsible Officials – See corrective action plan.

2013-05 CFDA 84.002A - Adult Basic Education; 84.027, 84.173 – Special Education Cluster; 84.010 – Title I, Part A; 84.388 - Texas Title I Priority Schools; Department of Education, passed through the Texas Education Agency

CFDA 10.553, 10.555, 10.559 – Child Nutrition Cluster, Department of Agriculture, passed through the Texas Education Agency

Procurement - Significant deficiency in controls

Criteria – Texas Education Code Section 44.031, 30 CFR 80, and 34 CFR 85 specify requirements related to competitive bidding. Such requirements include maintaining documentation related to the evaluation, selection and award bids, consideration of suspension/debarred status of potential vendors, and possible conflicts of interest. Additionally, District control policies and procedures require a series of reviews and approvals related to all significant procurements.

Condition – During our procurement testing, we noted two instances in which there was no documentation that the vendor was checked for suspension and debarment (1 Special Education Cluster and 1 Adult Basic Education); one instance in which the vendor conflict of interest questionnaire was missing or had not been completed (Child Nutrition Cluster); and six instances in which the bid control checklist was not completed or not on file (1 Title I, Part A, 1 Adult Basic Education Cluster, 1 Texas Title I Priority Schools, and 3 other non-grant files).

Cause of Condition – A review of the completed checklist for the procurements was not appropriately performed. We also noted that District policies and procedures are not consistently followed and adhered to by procurement personnel throughout the purchasing process.

Questioned Costs – None

Perspective – 9 of 90 items selected for testing had exceptions as follows:

- 2 files were missing EPLS (verification of suspended/debarred parties)
- 1 file was missing the vendor conflict of interest verification
- 3 grant related files and 3 non-grant related files were missing the bid control checklist (6 total files, only 1 of which was procured during FY13)

Asserted Effect – The District is at risk of improper expenditures when the documentation policies and procedures are not properly followed.

Recommendation – Review internal controls, policies and checklists related to procurement to ensure that they are updated, complete and sufficient to comply with state law. Ensure that department personnel and managers are adequately trained and understand the policies and procedures to be followed and acknowledge their responsibility for compliance with laws and regulations. Consider the need for routine or annual refresher trainings of personnel and/or obtaining periodic certifications from management as to their compliance with laws and regulations.

View of Responsible Officials – See corrective action plan.

2013-06 CFDA 84.010 – Title I Part A Supplemental Educational Services (“SES”) Grant Program, Department of Education, Passed Through Texas Education Agency

Allowable Costs and Cost Principles – Significant Deficiency in Controls and Noncompliance with Grant Requirements

Criteria – OMB Circular A-133 requires entities receiving federal funds to maintain internal control over federal programs in order to provide reasonable assurance that the District is managing federal awards in compliance with laws, regulations, and the provisions of contracts or agreements that could have a material effect on its federal programs. Additionally, OMB Circular A-87 requires that governments assume responsibility for administering Federal funds in a manner consistent with underlying agreements, program objectives, and the terms and conditions of the Federal award and that, among other things for costs to be allowable under federal guidelines, they must be adequately documented.

Condition – As a result of weaknesses that were identified in prior year audits related to the SES portion of Title I, the District has continued to revise their internal controls to require that management perform a series of procedures on all SES vendor billings, including the matching of vendor invoices to campus liaison sign-in sheets and follow-up with individual students to confirm that tutoring occurred in the event of inconsistencies in vendor invoicing packages. However, in some instances, no follow up was performed with the students in question. In certain other instances, documentation of the resolution of the inconsistency was not maintained with the invoice package.

Cause – Department management responsible for reviewing and approving vendor invoices revised the review and approval procedures for Title I SES invoices in prior years. Significant efforts were made to review every invoice prior to payment and contact students to ensure that services were received. However, documentation of such efforts and the results thereof were not always consistently maintained in District records as a part of the invoice approval process.

Questioned Costs – \$771 (calculated as rate paid multiplied by hours for unsupported selections)

Perspective – 12 of 65 invoices selected for testing had an inconsistency (tutor not on the DISD pre-screened list, student not contacted by management, sign-in date does not match, original support not available, etc.) in supporting documentation maintained in the file or with the invoice package. 5 of the 12 exceptions noted previously included charges for hours that were not sufficiently supported.

Asserted Effect – Controls over allowable cost requirements for the SES program of the Title I grant appear to be adequately designed but are not consistently implemented, documented, and operating effectively. Tutoring services provided under the grant may be provided for a different amount of time than billed or billed and not provided at all in certain instances. *Note that this program has been discontinued state-wide in fiscal 2014.*

Recommendation – Implement and document controls, as designed, to evidence the communication between grants personnel and students that evidences that services were received and payment of the invoices is appropriate. Ensure that documentation is maintained with invoice and payment support in accordance with federal requirements.

View of Responsible Officials – See corrective action plan.

2013-07 CFDA 84.010 – Title I, Part A , 84.367 – Title II, Part A, 84.365 – Title III, Part A, 84.027, 84.173 – Special Education Cluster

Department of Education, Passed Through Texas Education Agency

Allowable Costs and Cost Principles –

Material Weakness in Controls – Title I, Title II, Title III, Special Education Cluster

Material Noncompliance with Grant Requirements – Title II

Noncompliance with Grant Requirements – Title I, Title III, Special Education Cluster

Criteria – The Cost Principles for State and Local Governments 2CFR Part 225, (formerly OMB Circular A-87) defines criteria for allowable costs which includes, among other things, allocability and recording to the proper cost objective. The District records and reports expenditures at the functional expenditure level in accordance with the account code structure set forth in the Texas Education Agency Financial Accountability Resource Guide.

Cause – The District recorded journal entries in the amounts noted below to reclassify expenditures between General Administration (Function 41) and Counseling (Function 31) for transactions that do not qualify as Counseling expenditures. Journal entry transaction detail was not properly reviewed to determine whether supporting detail met the cost object criteria as Counseling expenditures.

Title I: \$1,518,914

Title II: \$692,030

Title III: \$27,036

Special Education Cluster: \$116,880

Questioned Costs – None. The amounts were coded in error, but were properly spent on grant activities.

Perspective – Two closing journal entries were recorded that affected multiple grant funds in the amounts noted above.

Asserted Effect – Failure to properly review the detailed transactions affected by reclassification journal entries can lead to mis-recording and errors in reporting of grant expenditures and, ultimately, noncompliance, that may be material.

Recommendation – Perform detailed reviews of all journal entries and the detailed transactions that support them to ensure that they are appropriate and accurate and that grant compliance requirements are evaluated and documented in relation to any adjustments affecting grant funds.

View of Responsible Officials – See Corrective Action Plan.

CORRECTIVE ACTION PLAN

2013-01 ALLOWABLE COSTS AND COST PRINCIPLES

Responsible Party – Jordan Roberts

Corrective Action - The District has established two new procedures to correct this deficiency. Employees who receive a stipend from a federal grant may not receive extra duty pay from the same federal grant. Additionally, when utilizing federal funds for supplemental pay, the Biometric clock must be used to account for time spent on the program. Compliance staff have begun reviewing all contracts that have listed special revenue as the source of funding for allowable activities. Unallowable charges related to the TTIPS grant have been removed from the grant.

Expected Completion Date: June 2014

2013-02 REPORTING

Responsible Party – Dora Rivas

Corrective Action: The After School Care Program Monitoring Checklist has been revised for clarity. Specialists responsible for conducting the monitoring review were trained on September 17, 2013 on the proper procedures for completing the Monitoring Checklist. A mid-year review of documentation will be completed by the supervisor in February 2014.

Expected Completion Date: February 2014

2013-03 ALLOWABLE COSTS AND COST PRINCIPLES

Responsible Party – Jordan Roberts

Corrective Action: A notification system will be established to notify the Grants staff when employees are moved from/to federal grant programs. Grant accounting staff will make adjusting entries to account for all changes in funding assignments to ensure they are in line with signed time and efforts.

Expected Completion Date: January 2014

2013-04 CASH MANAGEMENT

Responsible Party – Jordan Roberts

Corrective Action: Grants Staff will receive additional training on proper reimbursement request preparation. Unpaid expenditures will not be included in reimbursement requests. Final reports require two levels of review to ensure remaining liabilities are not included.

Expected Completion Date: November 2013

2013-05 PROCUREMENT

Responsible Party – Kimi Tate

Corrective Action: Procurement services will perform a departmental review on formal procurements prior to FY12-13 to update procurement files to conform to the Internal Bid/Proposal Checklist implemented October 2012.

Expected Completion Date: June 2014

2013-06 ALLOWABLE COSTS AND COST PRINCIPLES

Responsible Party – Jordan Roberts

Corrective Action: Due to Texas receiving a waiver to the requirement of SES, this program will no longer be offered for school year 2013-2014. The District had approximately 16,000 students assigned to providers during the 2012-2013 school year and over 7,000 took advantage of the SES services. On average each student attends nine sessions with their selected provider. The SES office has 5 staff members to conduct interviews and process invoices.

Expected Completion Date: October 2013

2013-07 ALLOWABLE COSTS AND COST PRINCIPLES

Responsible Party – Jordan Roberts

Corrective Action: All journal entries will be reviewed and approved by senior staff. Senior staff will ensure journal entries include proper supporting documentation.

Expected Completion Date: November 2013

STATUS OF PRIOR YEAR FINDINGS

2012-01 PROCUREMENT

Responsible Party – Richard Coulter

Corrective Action – The District changed leadership in the Purchasing Department in August 2012 and created a new Assistant Director position to provide additional oversight and expertise. The departmental procurement file and bid process checklists have been enhanced. Additional training

Status – Corrected. In December 2012, the Purchasing Department implemented advertising procedures and an additional level of review of the bid checklist by a third buyer or the Assistant Director of Purchasing.

2012-02 USER ACCESS MANAGEMENT AND SECURITY

Responsible Party – Dora Rivas

Corrective Action – Policies and procedures have been developed to adequately control system access and to review access rights for users periodically for appropriateness but will be enhanced to further include validation of all users access as they relate to separation of duties. An access management system has been developed to formally document access requests but will be further enhanced to incorporate a documented Supervisor approval process. Periodic access reviews were being performed by Technology on a random sample of Active Directory users but will be further enhanced to include all active users and Supervisor reviews of their staff with access to applications. Administrator access to OneSource SQL server and Windows servers will be setup to provide appropriate adequate security controls.

Status – Corrected. OneSoure has been decommissioned. Food Service now utilizes an Access Management System (AMS) to document any requests, updates and changes to user system access. Additionally, management has implemented periodic review of their respective teams user access.

2012-03 TITLE I SUPPLEMENTAL EDUCATION SERVICES (“SES”) GRANT PROGRAM

Responsible Party – Jordan Roberts

Corrective Action – The District has reorganized the responsibilities of SES staff in order to ensure proper documentation is maintained and reviewed for all invoices. This will allow a more efficient turnaround when inconsistencies are identified.

Status – Finding was partially corrected through the implementation of additional review procedures. Due to Texas receiving a waiver to the requirement of SES, this program will no longer be offered for school year 2013-2014.

2012-04 LACK OF SUPPORTING DOCUMENTATION FOR MEALS CLAIMED

Responsible Party – Dora Rivas

Corrective Action – F&CNS claims meals at the point of service based on student's eligibility and meal components selected. However, in some cases, (POS failure, power failure and acts of nature) student names and/or eligibility codes were not maintained on file for audit purposes. We have implemented a new alternative procedure in conjunction with our current Point of Sales (POS) system to capture the information in questioned. All reports will be maintained on file for audit purposes.

Status – FS has implemented an alternative procedure in conjunction with POS system to capture required information. All reports will be maintained on file.

2012-05 INSUFFICIENT SUPPORTING DOCUMENTATION FOR INVOICES

Responsible Party – Angela Pittman

Corrective Action – Prior to approval for payment, departmental staff will verify all professional services being invoiced to ensure that services have been provided by reviewing receipts and supporting documentation. Departmental staff will compare and verify the roster of students for which the vendor is billing the district with the district's roster of students scheduled to attend the vendor's center on a monthly basis.

Status – Corrected. Prior to approval for payment, Special Education budget supervisor & Grants management verify services have been provided for each item in which district is being billed. Additionally, vendor roster of students being billed is verified with district roster of students eligible.

2012-06 INEFFECTIVE TIME AND EFFORT REPORTING BY COACHES

Responsible Party – Jordan Roberts

Corrective Action – The District has developed procedures to monitor assignments of all federally funded staff on campuses using the student management system on a monthly basis. Additionally, resource guides by job will be posted on the District's intranet of allowable activities by fund.

Status – Corrected. The District implemented additional monitoring procedures.
