

**Dallas Independent School District**  
**Comprehensive Annual Financial Report**  
**For Fiscal Year Ended June 30, 2014**





# **Dallas Independent School District**

## **Comprehensive Annual Financial Report For the Fiscal Year Ended June 30, 2014**

Report Issued by the  
Finance and Accounting  
Services Division



# **Dallas Independent School District**

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**Dallas Independent School District  
For the Fiscal Year Ended June 30, 2014**

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# Introductory Section

Dallas  
Independent  
School  
District



November 20, 2014

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, 2014.

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

The financial statements of the District have been audited by Deloitte & Touche LLP., a firm of licensed certified public accountants. The goal of the independent audit is to provide reasonable assurance that the financial statements of the District for the fiscal year ended June 30, 2014 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, 2014, 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.





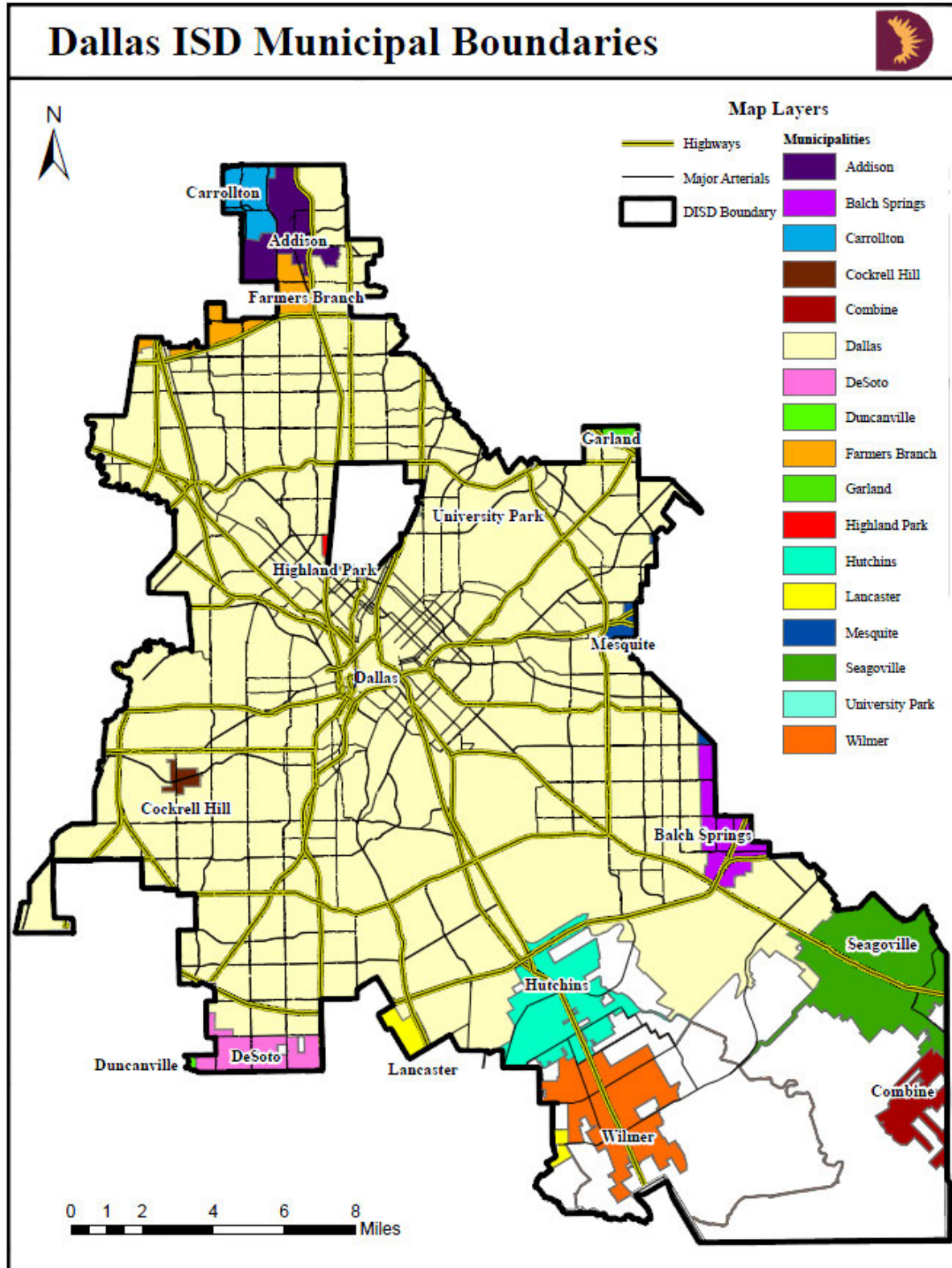
## **PROFILE OF THE DISTRICT**

The Dallas Independent School District (“the District”) is an independent public school district operating under applicable laws and regulations of the State of Texas providing a full range of educational services appropriate to grade levels 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. The District comprises 384 square miles and encompasses all or portions of the municipalities of Dallas, Addison, Balch Springs, Carrollton, Cockrell Hill, Combine, DeSoto, Duncanville, Farmers Branch, Garland, Highland Park, Hutchins, Lancaster, Mesquite, Seagoville, University Park, and Wilmer. The District is the second-largest public school district in the state, and the 14th-largest district in the nation. The District serves an enrollment of 159,713 students in 151 elementary schools, 33 middle schools, and 40 high schools, including comprehensive, magnet, alternative and evening schools.

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 U.S. News & World Report. Four Dallas ISD schools, Kathlyn Joy Gilliam Collegiate Academy, Dr. Wright L. Lassiter Jr. Early College High School, Henry W. Longfellow Career Exploration Academy, and Yvonne A. Ewell Townview Center’s School of Business and Management, have been named 2014 National Blue Ribbon Schools. Additionally, the District has four schools, Rosie Sorrells School of Education and Social Services, the School of Science and Engineering, the School of Business and Management, and the Trinidad Garza Early College High School, that were recognized in the list of “Top 25 Most Transformational Change-Making Schools in the Nation.” In addition to the regular educational programs, the District offers programs in career and technology, special education, gifted and talented, bilingual, compensatory and adult education. Of the more than 159,713 students enrolled for the 2013-14 school year, 69.8 percent are Hispanic, 23.4 percent African American, 4.7 percent white and 2.1 percent other races.

The nine members of the Board of Trustees (“Board”) are elected under a single-member district plan. After each census is taken, the Board of Trustees apportions the school district into nine areas of similar population. Trustees are elected to represent their districts for three-year terms. On a rotating basis, three places are filled during annual elections held the first Saturday in May. Vacancies must be filled by a special election. Serving without compensation, board members establish the policies by which the District operates. 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 majority vote of those present. In general, the Board adopts policies, sets direction for curriculum, employs the Superintendent, and oversees the operations of the District. Trustees are charged with numerous statutory regulations including calling trustee and other school elections and canvassing the results, organizing the Board, and electing its officers. The Board is also responsible for setting the tax rate, 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

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

**Elementary School Programs.** The District has an enrollment of 89,204 students in its 151 elementary schools. The majority of the elementary schools serve pre-kindergarten through fifth grade, although some serve only primary or intermediary grade levels. The instructional program includes a foundation curriculum of reading, writing, spelling, oral language, listening, mathematics, science, and social studies, while the enrichment curriculum offers health, physical education, and fine arts. The District also offers co-curricular opportunities in the greater Dallas community through partnerships with museums and arts organizations and at the District’s Environmental Education Center. The District is committed to offering each child a consistent, challenging curriculum that surpasses state standards. Other educational programs are available to meet specific needs, including advanced academics, bilingual education, English as a second language, and special education.

**Middle School Programs.** The District has an enrollment of 32,595 in its 33 middle schools. The majority of middle schools serve sixth- through eighth-grade students. The middle school foundation and enrichment courses help develop concepts and skills initially introduced in elementary school. Career and Technology Education courses are available to expose students to a variety of career possibilities. The Junior ROTC program is available at several middle schools.

**High School Programs.** The District has an enrollment of 37,914 students in its 40 high schools, including comprehensive, magnet, alternative, and evening school enrollments. Students are offered advanced education in English language arts, science, mathematics, and social studies. All students must take courses in health and physical education and at least one year of a language other than English. A wide variety of elective courses, including additional foreign language study and fine arts such as band, orchestra, choral music, art, dance, and theater, are also offered. Career and Technology Education offers courses to prepare students for high demand careers. Magnet high schools provide specialized programs for students who want to focus on a particular area of interest.

**Destination 2020.** During the 2012-13 school year, the District implemented “Destination 2020” the District’s improvement plan. Destination 2020 is designed to help the District achieve the highest percentage of college- and career-ready 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. (More details are provided under Major Initiatives.)

## 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.** The District maintains budgetary controls to ensure compliance with legal provisions embodied in the annual budget approved by the Board. Every school district in Texas is required, by law, to prepare and file a budget with TEA (“Texas Education Agency”). 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 within each fund. These functional categories are defined by TEA and identify the purpose of transactions. Oversight control of all expenditures is maintained at this level by the Finance and Accounting staff.

**Encumbrance Accounting.** One method the District uses to maintain budgetary controls is to utilize an encumbrance accounting system. 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

**Destination 2020.** Following goals set forth by the Board in July 2012, the District created Destination 2020, the plan to transform the Dallas Independent School District. The plan was designed to significantly increase the number of students who will be college and career ready by the year 2020. The picture of success involves high school graduates who are entering college straight from high school or entering the workforce prepared for a year 2020 workplace.



Specifically, by September 2020, the District expects:

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

The District prioritized the key actions it would take under four core domains: investing in people, focusing on the classroom, strengthening our systems and engaging parents and community.

**Investing in People.** School districts are only as good as their school leaders and teachers. No matter what reform initiative is undertaken, if the teachers in a school are not effective, the school will continue to struggle. A similar statement could be made about school principals. Leaders matter, and principals are the key to reform. Indeed, one would be hard-pressed to point to a large-scale education transformation that has taken place without the development of principals into effective instructional leaders.

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

While the Destination 2020 plan envisioned a new teacher evaluation system, the implementation of such a system was delayed until the District could develop school leaders into instructional leaders. After two years of rigorous and extensive development of principals, the District is ready to effectively implement a fair, accurate and rigorous teacher evaluation system. The District will start the Teacher Excellence Initiative (TEI) in August 2014. This initiative will tie teacher evaluations to student achievement and performance results. It will also differentiate compensation, awarding higher salaries to teachers who get strong results.

**Focusing on the Classroom.** Over the last two years, the District has focused on improving the quality of instruction. The District not only developed principals and assistant principals into instructional leaders, but also invested in building-level instructional coaches and division-level academic facilitators to support and provide teachers with direct, job-embedded professional development. The District identified and trained teachers on instructional priorities, aligned the curriculum to the new, more rigorous Texas standards, and began to shift the focus from seat time to demonstrations of learning.

Central to all of the efforts in improving the quality of instruction was creating a culture of instructional feedback. “What gets feedback, gets done better,” and teachers came to expect effective feedback after spot observations from administrators. Campus administration conducted six spot observations per teacher per semester. Mid-year reviews and systems reviews in the spring provided feedback to principals that supplemented the twice-a-month coaching sessions executive directors held with principals.

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

In October 2012, the District identified 32 key areas in need of improvement. Many of these areas involved systemic problems that had plagued the District for decades. Over the course of the 2013-2014 school year, the District prioritized the actions required to significantly improve each of the 32 areas and created a Project Management Office to coordinate and support the execution of the prioritized actions.

A large part of our systemic reform revolves around technology. In the summer of 2013, the District was able to complete the project to lay fiber-optic cables to every school, greatly enhancing each school’s connectivity to the Internet. The District also provided wireless access to every school. With the favorable probability of receiving additional E-Rate money that has been withheld for the last seven years, the District is in an optimal position to expand its use of technology to improve instruction and personalized learning.

**Engaging Parents and the Community.** One of the key educational reform lessons over the last decade is that it truly takes a village to raise a child. In order to significantly improve academic outcomes for at-risk students, communities need to support the efforts of parents and educators. The District will continue to be purposeful in helping community volunteers and partners work in reinforcing ways. Dallas continues to have a great number of legislators, foundations, non-profits, and other stakeholders expressing a commitment to help the District move forward and expecting the District to do what it takes to improve. The District created a Volunteer and Community Partnerships Department to help coordinate volunteer activities and help schools take advantage of the support parents and other stakeholders are eager to provide.

In the 2013-2014 school year, the District started *Imagine 2020*, a reform initiative that channeled district and community resources to the schools in three feeder patterns. The District continued this collective impact project in the 2014-2015 school year, and added another feeder pattern to the original group of three feeder patterns.

**Capital Projects.** The District's 2008 Bond Program began after the first sale of bonds in December 2008. Under the leadership and supervision of the Construction Services Division, the \$1.35 billion program is improving and building District facilities. This includes \$96 million for technology improvements to campuses. As of June 30, 2014, the Program scope consisted of 241 projects, including 14 new facilities, 15 addition/renovations, 17 expansion/renovations and 195 straight renovation projects. The completion of construction is targeted for 2016. The District defines new projects based on equity among schools, and uses funds resulting from unused contingencies and operational efficiencies during the first six years of the bond program. It is expected that additional improvements will continue to be funded through 2015, as the Board of Trustees approves the use of remaining contingencies. All new projects, when procured via competitive sealed proposals (CSP), will be tracked as Additional-Phase 4-Projects.

Consisting of four phases, the Program is being executed with overall construction completion targeted in 2016. As of June 30, 2014, all program phases are proceeding concurrently: Phase 1, which started in February 2009 is completed and closed. Phase 2, which began in November 2009 is substantially completed. Phase 3, which began in January 2011 has 3 projects in construction and 47 substantially complete. Phase 4, which began in May 2013 has construction projects ongoing.

In the fall of 2013, the District opened two elementary schools, Thelma Elizabeth Page Richardson and Oran M. Roberts and one middle school, Billy Earl Dade.

**Long-term Financial Planning.** The District continues to grow the fund balance to ensure that resources are available to provide for future needs. At June 30, 2014, the total fund balance in the General Fund was \$342.8 million.

Projections and key factors affecting 2014-2015 fiscal year include:

- Maintenance and Operations tax rate of \$1.04005 per \$100 valuation will be levied.
- Increase in state funding as a result of the 83rd Legislative Session in 2013.
- A 3 percent salary increase for all staff except principals, principal fellows and permanent substitutes.
- Enrollment for budgeting purposes is projected at 161,521.
- A 1.5 percent Increase in Teacher Retirement System contribution for all participants.
- Implementation of a teacher evaluation system tied to student achievement data that compensates teachers based on effectiveness.
- Principal compensation based on effectiveness.
- Stipends for campus-based Teacher Excellence Initiative.
- Creation of teacher academies to provide training for 400 teachers.
- Creation of summer learning labs.
- Development of training modules and videos for personalized instruction.
- Expanding services and programs for Early Childhood Initiative and providing parent education classes.
- Maintaining special education services.
- Continued expansion of *Imagine 2020* (a component of *Destination 2020*), focusing on improving academic performance for selected high school strategic school feeder patterns.
- Preparation and development of school choice programs.



## **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. Since 2010, the Dallas housing market has exhibited a stronger recovery than the nation as a whole and property values have begun to increase. The District's top ten taxpayers comprise 5.78 percent of the District's total 2014 taxable value so no one taxpayer can have a significant impact on the District's property tax income. Additionally, Dallas is the third most populous city in Texas and the ninth 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 U.S. Bureau of Labor Statistics reported the unemployment rate for Dallas in August 2014 at 5.8 percent compared to a national unemployment rate of 6.3 percent. 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 76<sup>th</sup> 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 FIRST for the fiscal year ended 2013. 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 (CAFR) for the fiscal year ended June 30, 2013. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized CAFR. This report must satisfy both generally accepted accounting principles and applicable legal requirements. A Certificate of Achievement is valid for a period of only one year. We believe that our current CAFR continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

The District received the Association of School Business Officials (ASBO) Certificate of Excellence in Financial Reporting Award for the fiscal year June 30, 2013. This award certifies that the CAFR substantially conforms to the principles and standards of financial reporting as recommended and adopted by the ASBO. A Certificate of Excellence is valid for a period of only one year. We believe our current CAFR continues to meet the Certificate of Excellence program requirements, and we are submitting it to the ASBO to determine its eligibility for another certificate.

The GFOA also presented a Distinguished Budget Presentation Award to the District for the fiscal year beginning July 1, 2013. In order to receive this award, a governmental unit must publish a budget document that meets program criteria as a policy document, an operations guide, a financial plan, and 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.

The District received the ASBO Meritorious Budget Award for the 2013-2014 fiscal year. This award certifies that the budget meets the principles and standards of the ASBO criteria. A Meritorious Budget Award is valid for a period of only one year. We believe our current budget continues to conform to program requirements, and we are submitting it to ASBO to determine its eligibility for another certificate.

### ACKNOWLEDGEMENTS

The preparation of this report on a timely basis could not be accomplished without the efficient and dedicated services of the entire staff of the Finance and Accounting Services Division and the Graphics Department. Our 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.

IMB/MQ 11/20/2014

Mike Miles  
Superintendent

James Terry  
Dr. James Terry, CPA  
Chief Financial Officer

Edward Sorola  
Edward Sorola  
Executive Director of Finance and Accounting Services

Shonna S. Pumphrey  
Shonna S. Pumphrey, CPA  
Director of Accounting Services



Government Finance Officers Association

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

Presented to

**Dallas Independent School District  
Texas**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**June 30, 2013**



Executive Director/CEO

# Association of School Business Officials International



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

## **Dallas Independent School District**

*For Its Comprehensive Annual Financial Report (CAFR)  
For the Fiscal Year Ended June 30, 2013*

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



Terrie S. Simmons, RSBA, CSBO  
President

John D. Musso, CAE, RSBA  
Executive Director



GOVERNMENT FINANCE OFFICERS ASSOCIATION

*Distinguished  
Budget Presentation  
Award*

PRESENTED TO

**Dallas Independent School District  
Texas**

For the Fiscal Year Beginning

**July 1, 2013**

Executive Director

# Association of School Business Officials International



*This Meritorious Budget Award is presented to*

## **DALLAS INDEPENDENT SCHOOL DISTRICT**

*For excellence in the preparation and issuance of its school entity's budget  
for the Fiscal Year 2013-2014.*

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



A handwritten signature in dark ink, reading "Ron McCulley".

Ron McCulley, CPPB, RSBO  
President

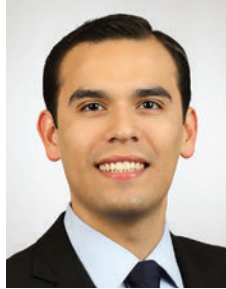
A handwritten signature in dark ink, reading "John D. Musso".

John D. Musso, CAE, RSBA  
Executive Director



# Board of Trustees

Dallas  
Independent  
School  
District



**Miguel Solis**  
*President*  
District 8: Love Field,  
Northwest Dallas, and  
Central Dallas



**Lew Blackburn, Ph.D.**  
*First Vice President*  
District 5: Oak Lawn,  
West Dallas, Wilmer,  
Hutchins, and portions  
of East Oak Cliff



**Elizabeth Jones**  
*Second Vice President*  
District 1: Northwest  
Dallas, including North  
Dallas, Addison, and  
portions of Carrollton  
and Farmers Branch



**Dan Micciche**  
*Secretary*  
District 3: Northeast Dallas



**Mike Morath**  
District 2: North and  
Near East Dallas



**Nancy Bingham**  
District 4: Southeast Dallas,  
Seagoville, Balch Springs



**Joyce Foreman**  
District 6: Southwest Dallas



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



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



**Mike Miles**  
*Superintendent of Schools*

The Dallas Independent School District, as an equal opportunity educational provider and employer, does not discriminate on the basis of race, color, religion, sex, national origin, age, disability, sexual orientation, gender identity, gender expression, genetic information, or any other basis prohibited by law in educational programs or activities that it operates or in employment decisions. The district is required by Title VI and Title VII of the Civil Rights Act of 1964, Title IX of the Education Amendments of 1972, Section 504 of the Rehabilitation Act of 1973, the Americans with Disabilities Act, and the Age Discrimination Act of 1975, as amended, as well as board policy not to discriminate in such a manner. (Not all prohibited bases apply to all programs.)

If you suspect discrimination please contact: Mary McCants, Title VII or Title IX, at (972) 925-3250; Daphne LaMontagne, Section 504, at (972) 581-4238; Diedrae Bell-Hunter, Americans with Disabilities Act, at (972) 925-4287; or Employee Relations at (972) 925-4200. General questions about the district should be directed to Customer Service at (972) 925-5555.

3700 Ross Avenue • Dallas, TX 75204-5491 • (972) 925-3700 • [www.dallasisd.org](http://www.dallasisd.org)

## 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) X approved \_\_\_\_ disapproved for the year ended June 30, 2014, at a meeting of the Board of School Trustees of such school district on the 20<sup>th</sup> day of November, 2014.

  
Signature of Board Secretary

  
Signature of Board President

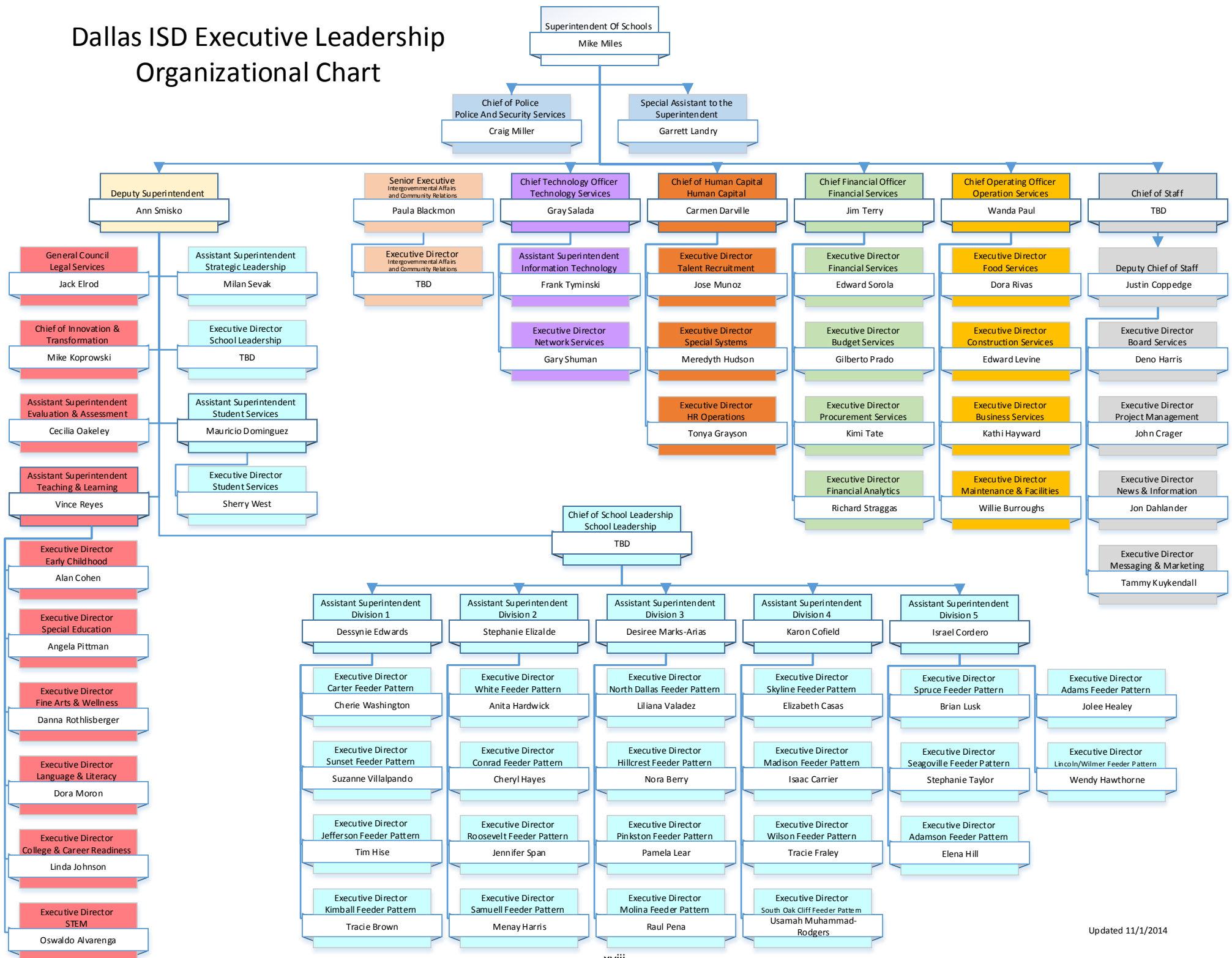
Dallas Independent School District  
Comprehensive Annual Financial Report  
For the Fiscal Year Ended June 30, 2014

**ADMINISTRATIVE OFFICIALS**

**Mike Miles**  
**Superintendent of Schools**

Dr. Ann Smisko.....	Deputy Superintendent
Carmen Darville.....	Chief of Human Capital Management
Mike Koprowski.....	Chief of Transformation and Innovation
Craig Miller.....	Chief of Police
Wanda Paul.....	Chief Operating Officer
Gray Salada.....	Chief Technology Officer
Mike Singleton.....	Chief Internal Auditor
Dr. James Terry, CPA .....	Chief Financial Officer

# Dallas ISD Executive Leadership Organizational Chart





# 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, (the "District") as of and for the year ended June 30, 2014, 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, 2014, 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 Governmental Accounting Standards Board Statement 65, *Items Previously Reported as Assets and Liabilities* during the year ended June 30, 2014, which established accounting and financial reporting standards that reclassified, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognized, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. 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 and Other Statements, Other Information, 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 and Other Statements, Other Information, 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 20, 2014 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 20, 2014



**Dallas Independent School District**

**Dallas Independent School District  
Management's Discussion and Analysis (Unaudited)  
For the Fiscal Year Ended June 30, 2014**

This section of the District's CAFR discusses and analyzes the District's financial performance for the fiscal year ended June 30, 2014. Please read this section in conjunction with the transmittal letter at the front of the report and the District's basic 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 \$665.3 million. For the year ended June 30, 2014, the net position of the District increased by \$27.7 million which includes an increase of \$48.8 million during the year offset by a \$21.1 million restatement of beginning net position for the implementation of a new statement from the Governmental Accounting Standards Board.

The District's governmental funds' financial statements reported a combined ending fund balance of \$786.1 million. This balance consists of \$342.8 million in the General Fund of which \$175.7 million is assigned, \$8.2 million is non-spendable, and \$158.9 million is unassigned and available for spending at the District's discretion. Restricted fund balance totals \$434.4 million and is used by the Debt Service Fund, Capital Projects Funds and Non-major Funds. Fund balance in the Non-major Funds also consists of \$5.0 million in non-spendable and \$3.9 million in assigned.

For the year ended June 30, 2014, total revenue from all sources was \$1.7 billion. Program revenues accounted for \$302.5 million of total revenues. General revenues and special items accounted for \$1.4 billion.

The General Fund had \$1.3 billion in revenues, which primarily consisted of state aid and property taxes and \$1.2 billion in expenditures in addition to a \$27.0 million transfer out which primarily resulted from the establishment of two new internal service funds for Technology Services and Deferred Maintenance. This resulted in an increase to the fund balance of \$61.7 million.

The District issued \$143.3 million in Limited Maintenance Tax Qualified School Construction Notes ("QSCB"). The total proceeds, less the issuance costs and underwriter's discount, are used to pay maintenance expenses of the District for existing school facilities, including heating and air conditioning system improvements and science lab renovations.

The District's underlying debt rating was increased by Moody's from Aa2 to Aa1 on November 26, 2013, and Standard & Poor's revised its Financial Management Assessment (FMA) for the District from "standard" to "good" on June 27, 2014.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

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

**Government-wide Financial Statements.** The government-wide financial statements include the Statement of Net Position and the Statement of Activities. These statements provide information about the activities of the District as a whole and present both the long-term and short-term information about the District's overall financial status. The government-wide statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. 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 finance most of these activities.

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

**Dallas Independent School District  
Management's Discussion and Analysis (Unaudited)  
For the Fiscal Year Ended June 30, 2014**

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

**Fund Financial Statements.** The remaining statements are fund financial statements that focus on individual parts of the government, reporting the District's operations in more detail than the government-wide statements. The fund financial statements provide more detailed information about the District's most significant funds rather than the District as a whole. Funds are a governmental accounting tool that the District uses to track specific sources of funding and spending for particular purposes. Some funds are required by State law and by bond covenants. The Board of Trustees establishes other funds to control and manage resources for specific purposes or to delineate the use of certain taxes and grants.

The District has three kinds of funds:

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

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

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

**Combining and Other Statements.** Immediately following the required supplementary information, combining statements are included for the non-major funds, internal service funds and agency funds.

**Dallas Independent School District  
Management's Discussion and Analysis (Unaudited)  
For the Fiscal Year Ended June 30, 2014**

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**

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



**Dallas Independent School District  
Management's Discussion and Analysis (Unaudited)  
For the Fiscal Year Ended June 30, 2014**

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

**Net Position.** As noted earlier, net position may serve over time as a useful indicator of the District's financial position. The District's combined net position between fiscal years 2014 and 2013, increased by \$27.7 million, net of a \$21.1 million reduction in beginning net position for the implementation of GASB Statement No. 65, as seen in the following table. The District's net investment in capital assets is \$169.4 million and includes investments in capital assets (e.g. land, building, equipment, improvements, and construction in progress) less any debt used to acquire those assets that is still outstanding.

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

Of the remaining net position, \$76.3 million are restricted resources subject to external restrictions on how they are used and \$419.5 million are unrestricted resources available to meet the District's ongoing obligations.

Exhibit 2 provides a summary of the Assets, Deferred Outflows of Resources, Liabilities, and Net Position for governmental activities for years ended June 30, 2014 and 2013, respectively.

**Exhibit 2  
Net Position  
Governmental Activities**

	<b>June 30, 2014</b>	<b>June 30, 2013</b>	<b>\$ Change Increase/ (Decrease)</b>	<b>% Change Increase/ (Decrease)</b>
Current and Other Assets	\$ 1,073,316,235	\$ 952,013,653	\$ 121,302,582	12.7%
Capital Assets	2,503,321,714	2,530,698,859	(27,377,145)	(1.1%)
<b>Total Assets</b>	<b>3,576,637,949</b>	<b>3,482,712,512</b>	<b>93,925,437</b>	<b>2.7%</b>
<b>Deferred Outflows of Resources</b>	<b>49,272,875</b>	<b>-</b>	<b>49,272,875</b>	<b>100.0%</b>
Current Liabilities	260,874,089	330,757,171	(69,883,082)	(21.1%)
Long Term Liabilities	2,699,786,708	2,514,392,942	185,393,766	7.4%
<b>Total Liabilities</b>	<b>2,960,660,797</b>	<b>2,845,150,113</b>	<b>115,510,684</b>	<b>4.1%</b>
Net Position:				
Net Investment in				
Capital Assets	169,438,211	226,638,835	(57,200,624)	(25.2%)
Restricted	76,265,991	84,729,743	(8,463,752)	(10.0%)
Unrestricted	419,545,825	326,193,821	93,352,004	28.6%
<b>Total Net Position</b>	<b>\$ 665,250,027</b>	<b>\$ 637,562,399</b>	<b>\$ 27,687,628</b>	<b>4.3%</b>

**Dallas Independent School District  
Management's Discussion and Analysis (Unaudited)  
For the Fiscal Year Ended June 30, 2014**

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

	<u>June 30, 2014</u>	<u>June 30, 2013</u>	<u>\$ Change Increase/ (Decrease)</u>	<u>% Change Increase/ (Decrease)</u>
<b>Revenues</b>				
Program Revenues:				
Operating Grants and Contributions	\$ 293,878,890	\$ 286,311,657	\$ 7,567,233	2.6%
Charges for Services	8,627,068	14,876,830	(6,249,762)	(42.0%)
General Revenues:				
Investment Earnings	2,478,190	2,439,424	38,766	1.6%
Property Taxes	987,526,167	952,037,199	35,488,968	3.7%
State Aid	334,227,912	337,558,928	(3,331,016)	(1.0%)
Grants and Contributions, Unrestricted	53,752,263	41,041,051	12,711,212	31.0%
Other	19,352,649	10,052,203	9,300,446	92.5%
Total Revenues	<u>1,699,843,139</u>	<u>1,644,317,292</u>	<u>55,525,847</u>	<u>3.4%</u>
<b>Expenses</b>				
Instruction	838,734,964	837,619,961	1,115,003	0.1%
Instructional Resources and Media Services	23,293,647	23,618,126	(324,479)	(1.4%)
Curriculum and Staff Development	48,023,182	36,333,128	11,690,054	32.2%
Instructional Leadership	26,485,116	21,583,374	4,901,742	22.7%
School Leadership	86,999,537	82,180,544	4,818,993	5.9%
Guidance, Counseling and Evaluation				
Services	58,852,078	59,251,653	(399,575)	(0.7%)
Social Work Services	2,775,531	2,485,963	289,568	11.6%
Health Services	17,948,403	18,162,354	(213,951)	(1.2%)
Student (Pupil) Transportation	35,812,881	25,497,358	10,315,523	40.5%
Food Services	101,484,589	93,529,323	7,955,266	8.5%
Cocurricular/Extracurricular Activities	28,452,778	23,425,259	5,027,519	21.5%
General Administration	39,655,687	34,292,907	5,362,780	15.6%
Facilities Maintenance and Operations	142,000,753	147,466,378	(5,465,625)	(3.7%)
Security and Monitoring Services	19,989,832	19,098,721	891,111	4.7%
Data Processing Services	38,590,780	41,618,908	(3,028,128)	(7.3%)
Community Services	9,614,304	8,371,779	1,242,525	14.8%
Debt Service - Interest on Long Term Debt	124,428,173	127,168,499	(2,740,326)	(2.2%)
Debt Service - Bond Related Fees	1,259,936	1,367,549	(107,613)	(7.9%)
Facilities Acquisition and Construction	2,145,951	5,047,018	(2,901,067)	(57.5%)
Payments to Juvenile Justice Alt. Ed. Prg.	2,736	10,488	(7,752)	(73.9%)
Payments to Tax Increment Fund	69,898	3,749,780	(3,679,882)	(98.1%)
Other Intergovernmental Charges	4,410,880	3,835,557	575,323	15.0%
Total Expenses	<u>1,651,031,636</u>	<u>1,615,714,627</u>	<u>35,317,009</u>	<u>2.2%</u>
Increase (decrease) in Net Position	<u>48,811,503</u>	<u>28,602,665</u>	<u>20,208,838</u>	<u>70.7%</u>
Net Position - Beginning	637,562,399	608,959,734	28,602,665	4.7%
Restatement of Beginning Net Position	<u>(21,123,875)</u>	<u>-</u>	<u>(21,123,875)</u>	<u>(100.0%)</u>
Net Position - Beginning, as restated	<u>616,438,524</u>	<u>608,959,734</u>	<u>7,478,790</u>	<u>1.2%</u>
Net Position - Ending	<u>\$ 665,250,027</u>	<u>\$ 637,562,399</u>	<u>\$ 27,687,628</u>	<u>3.4%</u>

**Dallas Independent School District  
Management's Discussion and Analysis (Unaudited)  
For the Fiscal Year Ended June 30, 2014**

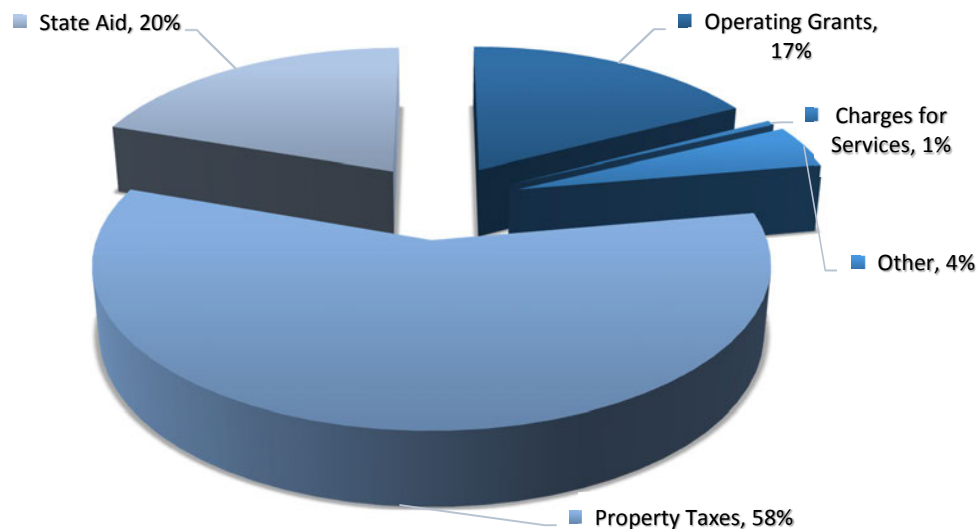
The District's total revenues increased \$55.5 million, or 3.4%, over the prior year and the significant changes are as follows:

- An increase of \$35.5 million, or 3.7%, in property taxes due to an increase of \$3.8 billion in the current year property values.
- Receipt of \$18.4 million from the Schools and Libraries Program of the Universal Service Fund, commonly referred to as 'E-Rate'.
- An increase of \$5.0 million in federal bond subsidy from the issuance of the \$143.3 million in Limited Maintenance Tax Qualified School Construction Notes. The subsidy is in addition to the federal subsidy received from the 2010 Build America Bonds.

The District's total expenses increased by \$35.3 million, or 2.2%, over the prior year. The biggest drivers of the increase are due to the increases in transportation of \$10.3 million and curriculum and staff development of \$11.7 million. The transportation increase was due to a transportation contract increase from Dallas County Schools. The increase in curriculum and staff development was due to the implementation of the Coaching Model, which focuses on instructional strategies and classroom instruction through the use of campus instructional coaches.

**Other Financial Highlights.** For the year ended June 30, 2014, the District's total revenues were \$1.7 billion. Approximately 58% of the District's revenue was generated from property taxes, 20% was state aid grants, 17% from other operating grants and the remaining 4% was generated from miscellaneous revenue sources (See Exhibit 4).

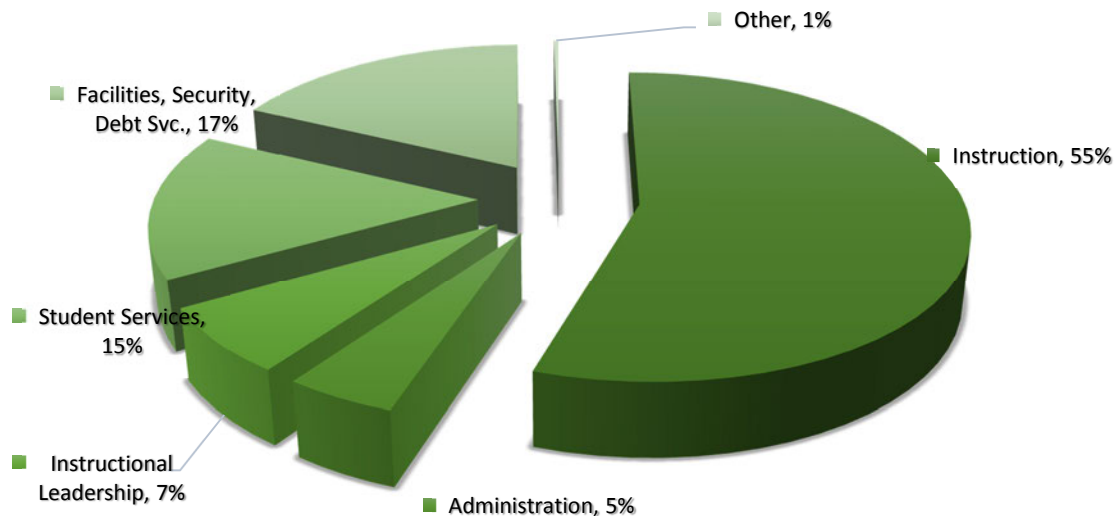
**Exhibit 4  
Sources of Revenue  
Governmental Activities**



**Dallas Independent School District  
Management's Discussion and Analysis (Unaudited)  
For the Fiscal Year Ended June 30, 2014**

For year ended June 30, 2014, the District's total cost of all programs and services was \$1.7 billion. Approximately 55% of the District's governmental activities were dedicated to instructional areas. Direct student services, such as counseling, nursing, and transportation services, comprised 15% of governmental expenses. The costs to operate facilities, including utilities, security services and debt payments comprised 18% 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, 2014, the District's governmental funds reported ending fund balances of \$786.1 million. Of this amount, \$158.9 million constitutes unassigned fund balance available for use in activities at the District's discretion. The remainder of the fund balance is designated as non-spendable, restricted or assigned, to indicate that it is not available for new spending because it has already been purposed for bond projects, debt service and other obligations of the District.

The General Fund is the chief operating fund of the District. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned and total fund balance to the total fund expenditures. Unassigned fund balance represents 13.6% of the total General Fund expenditures, while total fund balance represents 29.3% of that same amount.

The Debt Service Fund has a total fund balance of \$112.4 million which is restricted for the payment of debt service requirements. The Capital Projects Fund balance increased to \$305.8 million, primarily due to the proceeds from the issuance of the Limited Maintenance Tax Qualified School Construction Notes. Non-major Governmental Funds have a total fund balance of \$25.1 million representing an increase for the current year of \$4.7 million.

**Dallas Independent School District  
Management's Discussion and Analysis (Unaudited)  
For the Fiscal Year Ended June 30, 2014**

**Capital Assets.** At June 30, 2014, the District had \$2.5 billion of capital assets, net of depreciation and loss on disposition of assets, including land, equipment, buildings, and vehicles. This amount represents a net decrease of \$27.4 million or 1.1% over last year (See Exhibit 6.)

**Exhibit 6  
District's Capital Assets**

	<u>June 30, 2014</u>	<u>June 30, 2013</u>	<u>Change Increase/ (Decrease)</u>	<u>% Change Increase/ (Decrease)</u>
Land	\$ 204,604,724	\$ 196,718,731	\$ 7,885,993	4.0%
Buildings and improvements	3,320,393,447	3,092,563,710	227,829,737	7.4%
Furniture and equipment	261,259,387	258,326,576	2,932,811	1.1%
Total	<u>3,786,257,558</u>	<u>3,547,609,017</u>	<u>238,648,541</u>	<u>6.7%</u>
Accumulated depreciation	(1,302,164,272)	(1,205,750,148)	(96,414,124)	8.0%
Net Book Value, net of CIP	<u>2,484,093,286</u>	<u>2,341,858,869</u>	<u>142,234,417</u>	<u>6.1%</u>
Construction in progress	19,228,428	188,839,990	(169,611,562)	(89.8%)
Net Book Value	<u>\$ 2,503,321,714</u>	<u>\$ 2,530,698,859</u>	<u>\$ (27,377,145)</u>	<u>(1.1%)</u>

For the year ended June 30, 2014, the District's capital spending totaled \$89.4 million in land, construction in progress, buildings and improvements and capital equipment. These expenditures were primarily resulting from the projects committed to the 2008 Bond Program. The District committed to constructing 14 new facilities, 15 addition/renovations, 17 expansion/renovations and 195 straight renovation projects through the 2008 Bond Program. The completion of construction is targeted for 2016. In addition, \$20.3 million in building and capital equipment were retired during the year. For more information on the District's capital assets, see Note H in the financial statements.

**Debt Administration.** For the year ended June 30, 2014, the District had \$2.7 billion in long-term debt outstanding. This represents a net increase of \$69.8 million or 2.7%, over last year. (See Exhibit 7).

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

	<u>June 30, 2014</u>	<u>June 30, 2013</u>	<u>Change Increase/ (Decrease)</u>	<u>% Change Increase/ (Decrease)</u>
Bonds and notes payable	\$ 2,573,747,354	\$ 2,492,731,192	\$ 81,016,162	3.3%
Workers compensation liability	10,805,401	11,230,004	(424,603)	(3.8%)
Premium on bonds	115,233,953	130,915,785	(15,681,832)	(12.0%)
Total Liability	<u>\$ 2,699,786,708</u>	<u>\$ 2,634,876,981</u>	<u>\$ 64,909,727</u>	<u>2.5%</u>
Deferred loss on refunding	(49,272,875)	(54,119,986)	4,847,111	9.0%
Net Long Term Debt	<u>\$ 2,650,513,833</u>	<u>\$ 2,580,756,995</u>	<u>\$ 69,756,838</u>	<u>2.7%</u>

**Dallas Independent School District  
Management's Discussion and Analysis (Unaudited)  
For the Fiscal Year Ended June 30, 2014**

The District's bonds presently carry ratings as follows: Moody's Investor Series "Aaa", Standard & Poors "AAA" and Fitch "AAA" as guaranteed by the Permanent School Fund (PSF). The District's underlying debt rating was increased by Moody's from Aa2 to Aa1 on November 26, 2013, and Standard & Poor's revised its Financial Management Assessment (FMA) for the District from "standard" to "good" on June 27, 2014. For more information on the District's long-term debt; see Note I in the financial statements.

**BUDGETARY HIGHLIGHTS**

During the fiscal year ended June 30, 2014, the Board amended the General Fund operating budget on a monthly basis. These amendments fall into the following categories:

- Anticipated increase in revenue of taxable property values and local state funding of \$25.6 million.
- Amendments approved for E-Rate-Reimbursement for technology infrastructure increasing revenue by \$18.2 million.
- Amendments approved for increase of hail damage revenue of \$0.4 million with a corresponding offset in expenditure of \$5.9 million, which accounts for hail damage proceeds received in FY13.
- Amendments approved for \$17.2 million decrease in expenditures due to vacancies.
- Amendment approved for the interest payment associated with the Limited Maintenance Tax Qualified School Construction Notes.
- Amendments approved after the beginning of the new fiscal year to increase expenditures by amounts assigned in the prior year totaling \$3.0 million.
- Amendments to increase expenditures for transportation contract with Dallas County Schools and purchasing multiple passenger vehicles of \$9.8 million.
- Amendments to transfer funds to new internal service funds for Deferred Maintenance Fund and Technology Special Project Fund of \$25.0 million.
- Expenditures approved for Instruction program of \$16.1 million.
- Expenditures for establishing security for closed buildings of \$0.1 million.

After these adjustments, budgeted revenues exceeded budgeted expenditures by \$10.1 million in the final amended budget. Actual revenues exceeded actual expenditures by \$88.7 million.

The Food Service Fund budget was amended for the following reasons:

- Amendments approved after the beginning of the new fiscal year to increase expenditures by amounts assigned in the prior year totaling \$0.3 million.

The Debt Service Fund budget was not amended in fiscal year 2014.

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

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

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

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

Enrollment projections for the year ended June 30, 2014, show enrollment numbers to remain relatively stable with slight increases.

**Dallas Independent School District  
Management's Discussion and Analysis (Unaudited)  
For the Fiscal Year Ended June 30, 2014**

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 2014-15 fiscal year and the District's equalized wealth level continues to be within the range not requiring a recapture payment.

The appraised property values used for the 2014-15 budget were projected at an increase of 6%. The Maintenance and Operations tax rate remained at \$1.04005 per \$100 valuation for the 2014-15 year and the Interest and Sinking ("I&S") tax rate remained at \$0.242035 per \$100 valuation for the 2014-15 year.

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

**CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT**

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

## **BASIC FINANCIAL STATEMENTS**



**Dallas Independent School District  
Statement of Net Position  
June 30, 2014**

Data Control Codes		Primary Government
		Governmental Activities
<b>ASSETS</b>		
1110	Cash and Cash Equivalents	\$ 515,445,798
1120	Investments	376,305,246
1220	Property Taxes Receivable (Delinquent)	71,650,486
1230	Allowance for Uncollectible Taxes	(47,967,903)
1240	Due from Other Governments	128,882,690
1267	Due from Fiduciary Funds	559,935
1290	Other Receivables, Net	15,239,287
1300	Inventories	11,663,595
1410	Prepaid Items	1,537,101
Capital Assets		
1510	Land	204,604,724
1520	Buildings and Improvements, Net	2,224,393,944
1530	Furniture and Equipment, Net	55,094,618
1580	Construction in Progress	19,228,428
1000	<b>Total Assets</b>	<b>3,576,637,949</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
1701	Deferred Loss on Refunding	49,272,875
1700	<b>Total Deferred Outflows of Resources</b>	<b>49,272,875</b>
<b>LIABILITIES</b>		
2110	Accounts Payable	36,679,698
2120	Other Liabilities	2,428
2140	Interest Payable	52,296,138
2150	Payroll Deductions & Withholdings Payable	12,260,513
2160	Accrued Wages and Benefits Payable	134,913,909
2180	Due to Other Governments	4,208,043
2200	Accrued Expenses	4,693,719
2300	Unearned Revenue	15,819,641
Noncurrent Liabilities		
2501	Due Within One Year	54,653,766
2502	Due in More Than One Year	2,645,132,942
2000	<b>Total Liabilities</b>	<b>2,960,660,797</b>
<b>NET POSITION</b>		
3200	Net Investment in Capital Assets	169,438,211
3820	Restricted for Federal and State Programs	13,329,755
3850	Restricted for Debt Service	60,092,299
3890	Restricted for Other Purposes	2,843,937
3900	Unrestricted	419,545,825
3000	<b>Total Net Position</b>	<b>\$ 665,250,027</b>

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

**Dallas Independent School District  
Statement of Activities  
For the Year Ended June 30, 2014**

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				
<b>GOVERNMENTAL ACTIVITIES</b>				
11 Instruction	\$ 838,734,964	\$ 233,006	\$ 109,538,555	\$ (728,963,403)
12 Instructional Resources and Media Services	23,293,647	-	1,207,210	(22,086,437)
13 Curriculum and Staff Development	48,023,182	1,817,454	40,225,657	(5,980,071)
21 Instructional Leadership	26,485,116	201,939	6,856,436	(19,426,741)
23 School Leadership	86,999,537	-	4,070,490	(82,929,047)
31 Guidance, Counseling and Evaluation Services	58,852,078	-	13,771,626	(45,080,452)
32 Social Work Services	2,775,531	-	523,871	(2,251,660)
33 Health Services	17,948,403	-	1,545,654	(16,402,749)
34 Student (Pupil) Transportation	35,812,881	-	766,953	(35,045,928)
35 Food Services	101,484,589	3,801,181	92,149,914	(5,533,494)
36 Cocurricular/Extracurricular Activities	28,452,778	1,160,349	867,545	(26,424,884)
41 General Administration	39,655,687	-	5,989,019	(33,666,668)
51 Facilities Maintenance and Operations	142,000,753	1,413,139	5,389,569	(135,198,045)
52 Security and Monitoring Services	19,989,832	-	3,269,769	(16,720,063)
53 Data Processing Services	38,590,780	-	710,757	(37,880,023)
61 Community Services	9,614,304	-	6,995,865	(2,618,439)
72 Debt Service - Interest on Long Term Debt	124,428,173	-	-	(124,428,173)
73 Debt Service - Bond Related Fees	1,259,936	-	-	(1,259,936)
81 Facilities Acquisition and Construction	2,145,951	-	-	(2,145,951)
95 Payments to Juvenile Justice Alternative Ed. Prg.	2,736	-	-	(2,736)
97 Payments to Tax Increment Fund	69,898	-	-	(69,898)
99 Other Intergovernmental Charges	4,410,880	-	-	(4,410,880)
<b>TOTAL PRIMARY GOVERNMENT</b>	<b>\$ 1,651,031,636</b>	<b>\$ 8,627,068</b>	<b>\$ 293,878,890</b>	<b>\$ (1,348,525,678)</b>
Data Control Codes	General Revenues			
	Taxes			
MT	Property Taxes, Levied for General Purposes			801,098,678
DT	Property Taxes, Levied for Debt Service			186,427,489
SF	State Aid not Restricted to Specific Purpose			334,227,912
GC	Grants, Contributions and Other Revenue not Restrict			53,752,263
IE	Investment Earnings			2,478,190
MI	Miscellaneous Local and Intermediate Revenue			19,352,649
TR	Total General Revenues			1,397,337,181
CN	Change in Net Position			48,811,503
NB	Net Position - Beginning			637,562,399
PA	Restatement due to GASB 65 Implementation			(21,123,875)
	Beginning Net Position, as restated			616,438,524
NE	Net Position - Ending			\$ 665,250,027

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

**Dallas Independent School District  
Balance Sheet  
Governmental Funds  
June 30, 2014**

Data Control Codes	10 General Fund	50 Debt Service Fund
<b>ASSETS</b>		
1110 Cash and Cash Equivalents	\$ 197,914,429	\$ 59,171,339
1120 Investments	208,711,298	52,699,715
1220 Property Taxes - Delinquent	60,664,149	10,986,337
1230 Allowance for Uncollectible Taxes (Credit)	(40,695,509)	(7,272,394)
1240 Receivables from Other Governments	114,381,931	373,780
1260 Due from Other Funds	14,700,601	-
1290 Other Receivables, Net	15,040,446	-
1300 Inventories	6,693,213	-
1410 Prepaid Items	1,537,101	-
1000 <b>Total Assets</b>	<u>578,947,659</u>	<u>115,958,777</u>
<b>LIABILITIES</b>		
2110 Accounts Payable	19,519,654	-
2120 Other Liabilities	1,680	-
2150 Payroll Deductions and Withholdings Payable	10,164,875	-
2160 Accrued Wages and Benefits Payable	119,870,757	-
2170 Due to Other Funds	44,922,813	46,378
2180 Due to Other Governments	4,175,924	-
2200 Accrued Expenditures	3,742,921	-
2300 Unearned Revenues	27,203	-
2000 <b>Total Liabilities</b>	<u>202,425,827</u>	<u>46,378</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
2601 Unavailable Revenue - Property Taxes	19,012,723	3,523,962
2602 Other Deferred Resource Inflows (See Note J)	14,669,121	-
2600 <b>Total Deferred Inflows of Resources</b>	<u>33,681,844</u>	<u>3,523,962</u>
<b>Nonspendable Fund Balance</b>		
3410 Inventories	6,693,213	-
3430 Prepaid Items	1,537,101	-
<b>Restricted Fund Balance</b>		
3450 Federal or State Funds Grant Restriction	-	-
3470 Capital Acquisition and Contractual Obligation	-	-
3480 Retirement of Long-Term Debt	-	112,388,437
3490 Other Restricted Fund Balance	-	-
<b>Assigned Fund Balance</b>		
3590 Other Assigned Fund Balance	175,667,574	-
3600 Unassigned Fund Balance	158,942,100	-
3000 <b>Total Fund Balances</b>	<u>342,839,988</u>	<u>112,388,437</u>
4000 <b>Total Liabilities, Deferred Inflows &amp; Fund Balances</b>	<u>\$ 578,947,659</u>	<u>\$ 115,958,777</u>

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

60 Capital Projects	Non-Major Governmental Funds	Total Governmental Funds
\$ 206,745,543	\$ 26,614,487	\$ 490,445,798
114,894,233	-	376,305,246
-	-	71,650,486
-	-	(47,967,903)
-	14,126,979	128,882,690
-	28,166,988	42,867,589
-	168,841	15,209,287
-	4,970,382	11,663,595
-	-	1,537,101
321,639,776	74,047,677	1,090,593,889
12,346,899	4,368,194	36,234,747
748	-	2,428
-	2,095,164	12,260,039
-	14,974,654	134,845,411
3,467,200	10,783,448	59,219,839
-	32,119	4,208,043
-	917,582	4,660,503
-	15,792,438	15,819,641
15,814,847	48,963,599	267,250,651
-	-	22,536,685
-	-	14,669,121
-	-	37,205,806
-	4,970,382	11,663,595
-	-	1,537,101
-	13,329,755	13,329,755
305,824,929	-	305,824,929
-	-	112,388,437
-	2,843,937	2,843,937
-	3,940,004	179,607,578
-	-	158,942,100
305,824,929	25,084,078	786,137,432
\$ 321,639,776	\$ 74,047,677	\$ 1,090,593,889



**Dallas Independent School District**

**Dallas Independent School District**  
**Reconciliation of the Governmental Funds Balance Sheet to the**  
**Statement of Net Position**  
**June 30, 2014**

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<b>Total Fund Balances - Governmental Funds (from C-1)</b>	<b>\$ 786,137,432</b>
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Amounts reported for governmental activities in the statement of net position are different because:

Capital assets net of accumulated depreciation, less assets held in internal service funds are not financial resources and therefore are not reported as assets in governmental funds.	2,503,044,970
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Some liabilities including bonds payables are not due and payable in the current period and therefore are not reported in the funds:	(2,639,708,432)
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Bonds and Notes Payable	(2,573,747,354)	
Deferred Losses on Refundings	49,272,875	
Premium on Bonds	(115,233,953)	

Accrued interest is not due and payable in the current period and therefore is not reported as a liability in the governmental funds.	(52,296,138)
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Certain assets are not available to pay for current period expenditures and therefore are deferred in the funds. These are:	37,205,806
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Deferred Resource Inflow for Property Taxes	22,536,685	
Medicaid/SHARS	14,669,121	

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).	30,866,389
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<b>Total Net Position of Governmental Activities (see A-1)</b>	<b><u>\$ 665,250,027</u></b>
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The notes to the basic financial statements are an integral part of this statement.

**Dallas Independent School District**  
**Statement of Revenues, Expenditures, and Changes in Fund Balance**  
**Governmental Funds**  
**For the Year Ended June 30, 2014**

Data Control Codes	10 General Fund	50 Debt Service Fund
<b>REVENUES</b>		
5700 Local and Intermediate Sources	\$ 817,447,310	\$ 187,247,359
5800 State Program Revenues	386,826,504	-
5900 Federal Program Revenues	54,909,397	-
5020 <b>Total Revenues</b>	<u>1,259,183,211</u>	<u>187,247,359</u>
<b>EXPENDITURES</b>		
Current		
11 Instruction	688,177,661	-
12 Instructional Resources and Media Services	21,501,579	-
13 Curriculum and Instructional Staff Development	7,881,523	-
21 Instructional Leadership	20,146,648	-
23 School Leadership	80,112,090	-
31 Guidance, Counseling and Evaluation Services	45,338,165	-
32 Social Work Services	2,339,980	-
33 Health Services	16,478,648	-
34 Student (Pupil) Transportation	35,050,710	-
35 Food Services	-	-
36 Cocurricular/Extracurricular Activities	25,552,277	-
41 General Administration	35,359,590	-
51 Facilities Maintenance and Operations	134,028,209	-
52 Security and Monitoring Services	17,286,179	-
53 Data Processing Services	30,996,365	-
61 Community Services	2,279,643	-
Debt Service		
71 Principal on Long-Term Debt	1,985,000	60,610,000
72 Interest on Long-Term Debt	214,700	132,214,579
73 Bond Fees and Charges	1,250,636	9,300
Capital Outlay		
81 Facilities Acquisition and Construction	-	-
Intergovernmental		
95 Payments to Juvenile Justice Alternative Ed. Prg.	2,736	-
97 Payments to Tax Increment Fund	69,898	-
99 Other Intergovernmental Charges	4,410,880	-
6030 <b>Total Expenditures</b>	<u>1,170,463,117</u>	<u>192,833,879</u>
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>88,720,094</u>	<u>(5,586,520)</u>
<b>OTHER FINANCING SOURCES (USES)</b>		
7911 Capital Related Debt Issued (QSCB Notes)	143,340,000	-
7912 Sale of Real and Personal Property	413,206	-
7915 Transfers In	3,245	-
8911 Transfers Out (Use)	(170,790,133)	-
7080 <b>Total Other Financing Sources (Uses)</b>	<u>(27,033,682)</u>	<u>-</u>
1200 Net Change in Fund Balance	61,686,412	(5,586,520)
0100 Fund Balance - Beginning	<u>281,153,576</u>	<u>117,974,957</u>
3000 Fund Balance - Ending	<u>\$ 342,839,988</u>	<u>\$ 112,388,437</u>

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

60 Capital Projects	Non-Major Governmental Funds	Total Governmental Funds
\$ 611,742	\$ 13,725,739	\$ 1,019,032,150
-	6,918,551	393,745,055
-	232,237,282	287,146,679
611,742	252,881,572	1,699,923,884
-	79,299,094	767,476,755
-	269,838	21,771,417
-	39,623,777	47,505,300
-	5,963,520	26,110,168
-	394,517	80,506,607
-	11,334,319	56,672,484
-	391,274	2,731,254
-	464,895	16,943,543
-	755,243	35,805,953
-	95,659,982	95,659,982
-	125,280	25,677,557
-	4,831,785	40,191,375
-	2,526,116	136,554,325
-	2,537,186	19,823,365
-	182,911	31,179,276
-	6,855,477	9,135,120
-	-	62,595,000
-	-	132,429,279
-	-	1,259,936
80,870,347	-	80,870,347
-	-	2,736
-	-	69,898
-	-	4,410,880
80,870,347	251,215,214	1,695,382,557
(80,258,605)	1,666,358	4,541,327
-	-	143,340,000
-	-	413,206
142,080,273	2,990,013	145,073,531
-	(3,245)	(170,793,378)
142,080,273	2,986,768	118,033,359
61,821,668	4,653,126	122,574,686
244,003,261	20,430,952	663,562,746
\$ 305,824,929	\$ 25,084,078	\$ 786,137,432





**Dallas Independent School District**

**Dallas Independent School District**  
**Reconciliation of the Governmental Funds Statement of Revenues, Expenditures,**  
**and Changes in Fund Balances to the Statement of Activities**  
**June 30, 2014**

<b>Total Net Change in Fund Balances - Governmental Funds (from C-2)</b>	<b>\$ 122,574,686</b>
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 of internal service funds are reported with governmental activities. The net effect of this consolidation is to increase the change in net position.	27,205,015
Current year capital outlays are expenditures in the fund financial statements, but are shown as increases in capital assets in the government-wide financial statements. The net effect of removing the 2014 capital outlays caused the change in net position to increase by \$88,987,624.	88,987,624
The net effect of various miscellaneous transactions involving capital assets (i.e. donations) decrease in net position.	(2,387,264)
Depreciation is not recognized as an expense in governmental funds since it does not require the use of current financial resources. The 2014 annual depreciation on the District's capital assets must be expensed. The 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.	(114,240,957)
Repayment of bonds \$60,610,000, loans \$1,985,000 and the issuance of new bonds in the amount of \$143,340,000 result in a decrease in the change in net position.	(80,745,000)
Premiums on bonds, deferred losses on refundings, prior period bond issuance costs, and accrued and accreted interest payable are expensed at the fund level but caused the change in net position to increase.	8,001,106
Various other reclassifications and eliminations are necessary to convert from the modified accrual basis of accounting to accrual basis of accounting. 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.	(583,707)
<b>Total Change in Net Position of Governmental Activities (see A-1)</b>	<b>\$ 48,811,503</b>

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

**Dallas Independent School District**  
**Statement of Net Position**  
**Proprietary Funds**  
**June 30, 2014**

		Governmental Activities
Data Control Codes		Total Internal Service Funds
<b>ASSETS</b>		
Current Assets		
1110	Cash and Cash Equivalents	\$ 25,000,000
1260	Due from Other Funds	16,912,436
1290	Other Receivables, Net	30,000
<b>Total Current Assets</b>		<b>41,942,436</b>
Noncurrent Assets		
Capital Assets		
1530	Furniture and Equipment, Net	276,744
<b>Total Noncurrent Assets</b>		<b>276,744</b>
<b>Total Assets</b>		<b>42,219,180</b>
<b>LIABILITIES</b>		
Current Liabilities		
2110	Accounts Payable	444,951
2120	Accrued Liabilities - Short Term	4,138,766
2150	Payroll Deductions and Withholdings Payable	474
2160	Accrued Wages and Benefits Payable	68,498
2170	Due to Other Funds	251
2200	Accrued Expenses	33,216
<b>Total Current Liabilities</b>		<b>4,686,156</b>
Noncurrent Liabilities		
2590	Accrued Liabilities - Long Term	6,666,635
<b>Total Noncurrent Liabilities</b>		<b>6,666,635</b>
<b>Total Liabilities</b>		<b>11,352,791</b>
<b>NET POSITION</b>		
3200	Net Investment in Capital Assets	276,744
3900	Unrestricted Net Position	30,589,645
<b>Total Net Position</b>		<b>\$ 30,866,389</b>

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

**Dallas Independent School District**  
**Statement of Revenues, Expenses, and Changes in Fund Net Position**  
**Proprietary Funds**  
**For the Year Ended June 30, 2014**

Data Control Codes		Governmental Activities
		Total Internal Service Funds
<b>OPERATING REVENUES</b>		
5700	Charges for Services	\$ 13,151,303
	<b>Total Operating Revenues</b>	<u>13,151,303</u>
<b>OPERATING EXPENSES</b>		
6100	Personnel Services	9,220,537
6200	Contractual Services	1,533,133
6300	Supplies	761,709
6400	Other Operating Expenses	134,738
6449	Depreciation Expense	16,018
	<b>Total Operating Expenses</b>	<u>11,666,135</u>
	<b>Operating Income</b>	<u>1,485,168</u>
<b>NON-OPERATING REVENUES</b>		
7955	Transfers In	25,719,847
	<b>Total Non-Operating Revenues</b>	<u>25,719,847</u>
	<b>Change in Net Position</b>	27,205,015
3000	Total Net Position - Beginning	<u>3,661,374</u>
3000	Total Net Position - Ending	<u><u>\$ 30,866,389</u></u>

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

**Dallas Independent School District**  
**Statement of Cash Flows**  
**Proprietary Funds**  
**For the Year Ended June 30, 2014**

	Governmental Activities
	Total Internal Service Funds
<b>Cash Flows from Operating Activities</b>	
Cash Received from User Charges	\$ 11,812,988
Cash Payments to Employees for Services	(2,947,377)
Cash Payments for Insurance Claims	(7,052,011)
Cash Payments for Suppliers	(2,253,977)
<b>Net Cash Used for Operating Activities</b>	<u>(440,377)</u>
<b>Cash Flows from Non-Capital Financing Activities</b>	
Transfer In	<u>25,719,847</u>
<b>Cash Flows from Capital &amp; Related Financing Activities</b>	
Acquisition of Capital Assets	<u>(279,470)</u>
Net Increase in Cash and Cash Equivalents	25,000,000
Cash and Cash Equivalents at Beginning of Year	<u>-</u>
Cash and Cash Equivalents at End of Year	<u><u>25,000,000</u></u>
<b>Reconciliation of Operating Income to Net Cash Used for Operating Activities</b>	
Operating Income	1,485,168
Adjustments to Reconcile Operating Income to Net Cash Used for Operating Activities	
Depreciation	16,018
Effect of Increases and Decreases in Current Assets and Liabilities	
Decrease (increase) in Due from Other Funds	(1,338,315)
Decrease (increase) in Prepaid Expenses	251
Increase (decrease) in Accounts Payable	(223,792)
Increase (decrease) in Payroll Deductions	(202)
Increase (decrease) in Accrued Wages Payable	15,416
Increase (decrease) in Accrued Liabilities	381,490
Increase (decrease) in Accrued Expenses	17,905
Increase (decrease) in Accrued Liabilities - Long Term	(794,316)
<b>Net Cash Used for Operating Activities</b>	<u><u>\$ (440,377)</u></u>

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

**Dallas Independent School District  
Statement of Fiduciary Net Position  
Fiduciary Funds  
June 30, 2014**

Data Control Codes		Agency Fund
<b>ASSETS</b>		
1110	Cash and Cash Equivalents	\$ 4,124,215
	<b>Total Assets</b>	<u>4,124,215</u>
<b>LIABILITIES</b>		
2110	Accounts Payable	70,580
2170	Due to Other Funds	559,935
2190	Due to Student Groups	3,276,385
2200	Accrued Expenses	3,700
2300	Unearned Revenues	213,615
	<b>Total Liabilities</b>	<u>\$ 4,124,215</u>

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



**Dallas Independent School District**

**Dallas Independent School District  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2014**

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**Dallas Independent School District  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2014**

**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 No. 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.

**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. 65, *Items Previously Reported as Assets and Liabilities*, to establish 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. The District implemented GASB Statement No. 65 for the fiscal year ended June 30, 2014. The implementation of GASB Statement No. 65 required the District to record the restatement of beginning net position in the Statement of Activities of \$21.1 million due to the bond issuance costs that were previously amortized.

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

**Basis of Accounting/Measurement Focus.** The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements are met. The fiduciary fund financial statement does not have a measurement focus.

**Dallas Independent School District  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2014**

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 \$1,908,719 and \$375,373 for the General Fund and Debt Service Fund, respectively.

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

The District has accrued state aid revenues of \$74,023,485 which is included in receivables from other governments in the governmental funds balance sheet, to reflect cash that will be received in fiscal year 2015, which was generated by attendance and the type of instructional services provided in fiscal year 2014.

The District, by law, is required 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 non-major 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 and Accounting staff. TEA requires school districts to present exhibits with budget comparison for Food Service Fund (Exhibit I-1) and the Debt Service Fund (Exhibit I-2). These exhibits are in the financial section of the CAFR.

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

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

**Dallas Independent School District  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2014**

The District reports the following Non-major funds:

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

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

- The Graphics Shop Fund is used to account for printing services.
- The Risk Management Fund is used to account for the costs associated with the workers' compensation self-funded program. Accrued liabilities include provisions for claims reported and claims incurred but not reported for workers' compensation insurance. The provision for reported claims is determined by estimating the amount that will ultimately be paid to each claimant. The provision for claims incurred but not yet reported is estimated based on the District's experience since the inception of the program.
- The Program Evaluation and Accountability fund is used to account for the costs of program evaluation services and reports for district programs and internal and external grants, as well as reports and analyses of major assessments and educational indicators for the District.
- The Deferred Maintenance Fund is used to account for materials furnished by the Operations Department based on the assessed needs of the District's facilities.
- The Technology Services fund is used to account for materials and projects furnished by the Technology Services Department.

The District accounts for resources held for others in a custodial capacity in agency funds. The agency funds are fiduciary funds that are custodial in nature (assets equal liabilities). The agency funds exist with the explicit approval of, and are subject to revocation by, the Board. The District reports the following agency funds:

- The Sulentic family foundation scholarship fund accounts for the distribution of scholarship awards to selected District graduates enrolled in higher education.
- The Student Activity Fund accounts for the receipt and disbursement of monies from student activity organizations.

**Assets, Liabilities, and Deferred Outflows and Inflows of Resources**

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

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

**Property Taxes.** Property taxes are levied each October 1 on the assessed value as of the prior January 1 for all real and business personal property located in the District. Taxes are due on receipt of the tax bill and are delinquent if not paid before February 1 of the subsequent year. On January 1 of each year a lien attaches to the property to secure the payment of all taxes, penalties, and interest ultimately imposed. Property tax revenues are considered available when they become due or past due and receivable within the current period. Allowances

**Dallas Independent School District  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2014**

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.

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

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

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

<b>Asset Classification</b>	<b>Useful Life in Years</b>
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
<b>Equipment:</b>	
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

**Deferred Outflows and Inflows of Resources.** In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement

**Dallas Independent School District  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2014**

element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expenditures) until then. The District has only one item that qualifies for reporting in this category. It is the deferred loss on refunding reported in the Government-wide Statement of Net Position. A deferred loss on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. The amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and therefore, will not be recognized as an outflow of resources (revenue) until then. The District has only one item that qualifies for reporting in this category. Accordingly, the item, unavailable revenue, is reported only in the government funds balance sheet. The governmental funds reports unavailable revenue from property taxes of \$22,536,685 and unavailable revenue from Medicaid of \$14,669,121. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available.

**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 \$1,994,665 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 are amortized over the life of the bonds. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are expensed as incurred. Gains or losses on refundings are capitalized and amortized over the shorter of the life of the new issuance or the life of the existing debt using the straight-line interest method, which approximates the interest method. Premiums and discounts are amortized over the life of the related debt using the effective interest method.

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

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

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

**Dallas Independent School District  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2014**

**Government-wide Net Position**

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

**Net Investment in Capital Assets.** The component of net position that represents capital assets less capital debt of \$169,438,211.

**Restricted for Federal and State Programs.** The component of net position that reports the difference between assets and liabilities of the Federal and State special revenue programs that consists of assets with constraints placed on their use by the Department of Education, Agriculture or TEA of \$13,329,755.

**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 and unspent bond proceeds of \$60,092,299.

**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 \$2,843,937.

**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 \$419,545,825.

**Governmental Fund Balances**

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

**Nonspendable Fund Balance.** The portion of fund balance that represents assets that will never convert to cash, such as inventory of \$11,663,595 and prepaid items of \$1,537,101.

**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, 2014.

	Governmental Funds
Federal or State Grant	\$ 13,329,755
Capital Acquisition and Contractual Obligation	305,824,929
Retirement of Long-Term Debt	112,388,437
Other	2,843,937
Total	<u>\$ 434,387,058</u>

**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, 2014, 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, 2014, the Superintendent of Schools and Chief Financial Officer, with authority delegated by the Board of Trustees, assigned fund balance as follows:

Qualified School Construction Notes	\$ 143,340,000
Dallas Education Center	25,000,000
Encumbrances	7,327,574
Total - General Fund	<u>\$ 175,667,574</u>
Non-Major Governmental	<u>\$ 3,940,004</u>

**Dallas Independent School District  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2014**

**Unassigned Fund Balance.** In the General Fund, this is the balance in excess of nonspendable, restricted, committed and assigned fund balances. In all other governmental funds, this is the amount by which nonspendable fund balance plus restricted fund balance exceeds total fund balance. The unassigned fund balance as of June 30, 2014, is \$158,942,100.

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.

**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, 2014, the net carrying amount of the District's cash deposits, excluding student activity fund deposits of \$3,910,600, and student scholarship fund of \$213,615, was \$47,157,398. The bank balance of \$56,774,857 was on deposit with the contracted depository bank. District funds are insured up to \$250,000 for the combined amount of all time and savings accounts, and up to an additional \$250,000 for the combined total of all Demand Deposit Accounts (DDA's). Interest-bearing accounts were collateralized by pledged United States government securities with a fair value of \$67,611,419 at June 30, 2014, held by The Bank of New York Mellon. Because The Bank of New York Mellon holds the pledged securities in trust on behalf of the District, the deposits were deemed collateralized under Texas law. Secondary campus activity funds were centralized and were on deposit with the contracted depository. 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, 2014, cash on hand in agency funds totaled \$4,124,215 and was on deposit with the contracted depository and separate bank accounts. The District's agency fund bank balance on June 30, 2014, 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, 2014**

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 April 15, 2014, with combined cash and certificates of deposit balance of \$67,360,632.
- c. On April 15, 2014, the amount of bonds, securities pledged, and FDIC coverage was \$77,426,995.
- d. The FDIC coverage portion of the collateral listed above was \$251,550.
- e. The District had no occasions during the year of not being sufficiently collateralized, in which the pledged collateral requirement was less than the collateral requirement.

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

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

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



**Dallas Independent School District**  
**Notes to the Basic Financial Statements**  
**For the Fiscal Year Ended June 30, 2014**

As of June 30, 2014, the following are the District's cash equivalents and investments, with respective maturities and credit rating:

Type of Investment	Book Value	Percent	Fair Value	Percent	Maturity in Less Than 1 Year	Maturity in 1-10 Years	Maturity in Over 10 Years	S&P Rating
Cash	\$ 51,281,613	5.7%	\$ 51,281,613	5.7%	\$ 51,281,613	\$ -	\$ -	N/A
Money markets and mutual funds	93,237,815	10.4%	93,237,815	10.4%	93,237,815	-	-	N/A
Investment pools								
Texas Class	91,664,544	10.2%	91,664,544	10.2%	91,664,544	-	-	AAAm
LOGIC	19,802,995	2.2%	19,802,995	2.2%	19,802,995	-	-	AAAm
Lone Star	263,583,047	29.4%	263,583,047	29.4%	263,583,047	-	-	AAAm
Total investment pools	375,050,585	41.9%	375,050,585	41.9%	375,050,585	-	-	
Total cash and cash equivalents	519,570,013	58.0%	519,570,013	58.0%	519,570,013	-	-	
Commercial Paper	289,014,739	32.3%	289,017,095	32.3%	289,017,095	-	-	A1
Federal Farm Credit Bank	42,741,382	4.8%	42,747,838	4.8%	10,006,850	32,740,988	-	AA+
Federal Home Loan Bank	18,261,487	2.0%	18,246,714	2.0%	10,255,250	7,991,464	-	AA+
Federal National Mortgage Association	6,131,042	0.7%	6,230,130	0.7%	6,230,130	-	-	AA+
New Jersey Economic Development Municipal Bond	6,518,141	0.7%	6,504,875	0.7%	6,504,875	-	-	A
Cleveland School Municipal Bond	4,423,440	0.5%	4,423,440	0.5%	-	4,423,440	-	AAA
San Antonio GO Municipal Bond	1,075,240	0.1%	1,075,240	0.1%	-	1,075,240	-	AA
Pennsylvania Economic Development Municipal Bond	1,814,413	0.2%	1,814,413	0.2%	-	-	1,814,413	AA
Green Bay Wisconsin Municipal Bond	537,901	0.1%	537,901	0.1%	-	-	537,901	A1
Fontana Unified School District Municipal Bond	478,327	0.1%	478,327	0.1%	-	-	478,327	AA
Cincinnati Ohio City School District QSCB Municipal Bond	2,787,858	0.3%	2,787,858	0.3%	-	-	2,787,858	A+
Will County Illinois Community High School Capital Appreciation Bond	927,524	0.1%	927,524	0.1%	-	-	927,524	A
Walnut Valley Unified School District Municipal Bond	1,593,753	0.2%	1,593,753	0.2%	-	-	1,593,753	AA-
Total Investments	376,305,246	42.0%	376,385,108	42.0%	322,014,201	46,231,132	8,139,775	
Total cash, cash equivalents and investments	\$895,875,259	100.0%	\$895,955,121	100.0%	\$ 841,584,214	\$46,231,132	\$ 8,139,775	

In accordance with the provisions of GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, the District's investments with a maturity date of greater than one year have been recorded at fair value based upon quoted market prices as of June 30, 2014 with increase or decrease in fair value being recorded as a component of earnings on investments.

**Dallas Independent School District  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2014**

**Interest Rate Risk.** In accordance with the District's investment policy, investments are made in a manner that ensures the preservation of capital in the overall portfolio, and offsets during a twelve month period any market price losses resulting from interest-rate fluctuations by income received from the balance of the portfolio. The District's investment strategy states that no individual transaction shall be undertaken that jeopardizes the total capital position of the overall portfolio. Some investments are also purchased with longer maturities to match the \$143.3 million General Fund liability for 2013 QSCB notes due in August 2033. These bear a risk that market interest rates could at some point exceed the yield of the investments purchased.

**Credit Risk.** State law limits investment purchases in commercial paper to not less than A1-P1 or equivalent rating by at least two nationally recognized credit rating agencies. The District's investments in Local Government Investment Pools ("LGIP's") include: Texas Class, LOGIC, Lone Star, TexPool and TexasDAILY. These are all public funds investment pools operating in full compliance with the Public Funds Investment Act. All are rated "AAAm" by Standard and Poor's. The District's no-load money market fund 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 Poor's, one of three nationally recognized raters of US debt and securities, downgraded the rating of long-term US sovereign debt from AAA to AA+ for the first time since 1941. The two other national raters, Moody's and Fitch, continue to have the highest ratings. As of July 13, 2013 and March 21, 2014, respectively, US long-term sovereign debt outlook is listed as "Stable" by Standard and Poor and by Fitch. The District utilizes Bank of America Money Market Reserves for money market investments and Bank of America N.A. for the daily operating funds.

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

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

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

**Foreign Currency Risk.** As of June 30, 2014, 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, 2014**

**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	\$ 805,979,174	\$ 187,137,463	\$ -	\$ -	\$ 993,116,637
Food services	-	-	-	4,404,106	4,404,106
Gifts and bequests	250,000	-	-	2,859,398	3,109,398
Campus activity funds	-	-	-	4,209,837	4,209,837
Interest income	1,828,219	109,896	552,755	-	2,490,870
Tuition, fees and cocurricular	791,743	-	-	2,252,398	3,044,141
Rental Income	1,413,139	-	-	-	1,413,139
Other	7,185,035	-	58,987	-	7,244,022
Totals	\$ 817,447,310	\$ 187,247,359	\$ 611,742	\$ 13,725,739	\$ 1,019,032,150

**Property Taxes.** The appraisal of property within the District is the responsibility of the Dallas County Appraisal District. The District's ad valorem property tax is levied each October 1 on the assessed value as of the prior January 1 for all real and business personal property located in the District. Taxes are due on receipt of the tax bill and are delinquent if not paid before February 1 of the subsequent year. On January 1 of each year a tax lien attaches to the property to secure the payment of all taxes, penalties, and interest ultimately imposed. The assessed value of the roll on January 1, 2013 was \$101,678,682,090. After deductions of all exemptions and reductions provided by law and those granted by the District, the levy for the 2013 calendar year was based on property values of \$80,040,860,095.

The tax rates assessed for the year ended June 30, 2014, to finance General Fund operations and the payment of principal and interest on long-term debt were \$1.04005 and \$0.242035 per \$100 valuation, respectively, for a total of \$1.282085 per \$100 valuation. The resolution levying the ad valorem taxes specifies the individual tax rates for the General Fund and Debt Service Fund. Current tax collections for the year ended June 30, 2014, were 97.4% 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 Fund of \$40,695,509 and \$7,272,394 respectively, based upon historical collection experience and historical adjustment experience.

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

**Dallas Independent School District  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2014**

**NOTE D: RECEIVABLES**

Property tax receivable as of June 30, 2014, 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	\$ 60,664,149	\$ 10,986,337	\$ 71,650,486
Less: Allowance for uncollectible	(40,695,509)	(7,272,394)	(47,967,903)
Totals	<u>\$ 19,968,640</u>	<u>\$ 3,713,943</u>	<u>\$ 23,682,583</u>

In addition, the District has recorded a state aid receivable of \$74.0 million and a receivable from other governmental entities of \$54.9 million as of June 30, 2014.

**NOTE E: UNEARNED REVENUE**

Governmental funds defer revenue recognition in connection with resources that have been received but not yet earned. As of June 30, 2014, the components of unearned revenue reported in the General Fund and non-major governmental funds were as follows:

	General	Non-Major	Total
Grants	-	\$ 15,792,438	\$ 15,792,438
Other	\$ 27,203	-	\$ 27,203

**Dallas Independent School District  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2014**

**NOTE F: INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS**

Interfund balances at June 30, 2014, consisted of the following individual fund receivables and payables:

Fund	Receivables	Payables
General Fund:		
Non-Major Governmental Funds	\$ 10,627,088	\$ 28,166,988
Debt Service Fund	46,378	-
Capital Projects Fund	3,467,200	-
Internal Service Funds	-	16,755,825
Agency Fund	559,935	-
	<u>14,700,601</u>	<u>44,922,813</u>
Debt Service Fund:		
General Fund	-	46,378
	<u>-</u>	<u>46,378</u>
Capital Projects Fund:		
General Fund	-	3,467,200
	<u>-</u>	<u>3,467,200</u>
Non-Major Governmental Funds:		
General Fund	28,166,988	10,627,088
Internal Service Funds	-	156,360
	<u>28,166,988</u>	<u>10,783,448</u>
Internal Service Funds:		
General Fund	16,755,825	-
Non-Major Governmental Funds	156,360	-
Internal Service Funds	251	251
	<u>16,912,436</u>	<u>251</u>
Agency Fund:		
General Fund	-	559,935
	<u>-</u>	<u>559,935</u>
Totals	<u>\$ 59,780,025</u>	<u>\$ 59,780,025</u>

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

**Dallas Independent School District  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2014**

Interfund transfers are defined as “flows of assets without equivalent flows of assets in return and without a requirement for repayment”. Interfund transfers during the year ended June 30, 2014, were as follows:

<u>Transfer Out</u>	<u>Transfer In</u>	<u>Amount</u>
General Fund	Capital Projects	\$ 142,080,273
General Fund	ISF - Deferred Maintenance	15,000,000
General Fund	ISF - Technology Services	10,000,000
General Fund	Non-Major Governmental	2,990,013
General Fund	ISF - Program Evaluation	389,021
General Fund	ISF - Graphics	330,826
Non-Major Governmental	General Fund	3,245

For fiscal years 2011, 2012 and 2013, Campus Activity Funds (CAF) were reported as part of the General Fund. As of July 1, 2013, the District transferred CAF to a separate Non-major Governmental Fund. The assigned fund balance as of June 30, 2013, of \$2,980,645 was transferred out of the General Fund and transferred into the Non-Major Governmental fund for the year ended June 30, 2014.

The QSCB notes were issued from the General Fund on December 1, 2013. The proceeds from these notes were transferred to the Capital Projects Fund to pay maintenance expenses of the District for existing school facilities, including heating and air conditioning system improvements and science lab renovations.

**NOTE G: OPERATING LEASES**

The District leases offices, copiers, warehouse space, playground area and parking under non-cancelable operating leases. Rent expense including non-cancelable leases and other rent charges for the year ended June 30, 2014 was approximately \$9.1 million. Minimum future lease commitments on non-cancelable leases are summarized as follows:

<u>For the Year Ending June 30</u>	<u>Minimum Future Lease Commitments</u>
2015	\$ 5,274,442
2016	1,380,147
2017	657,446
2018	450,554
2019	7,090

**Dallas Independent School District  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2014**

**NOTE H: CAPITAL ASSETS**

Capital asset activity for the year ended June 30, 2014 is as follows:

	Balance at June 30, 2013	Additions	Transfers	Deletions	Balance at June 30, 2014
Capital assets, not being depreciated:					
Land	\$ 196,718,731	\$ 7,885,993	\$ -	\$ -	\$ 204,604,724
Construction in progress	188,839,990	72,935,276	(242,546,838)	-	19,228,428
Total capital assets, not being depreciated	<u>385,558,721</u>	<u>80,821,269</u>	<u>(242,546,838)</u>	<u>-</u>	<u>223,833,152</u>
Capital assets, being depreciated:					
Building and improvements	3,092,563,710	-	232,819,471	(4,989,734)	3,320,393,447
Furniture and equipment	258,326,576	8,535,582	9,727,367	(15,330,138)	261,259,387
Total capital assets, being depreciated	<u>3,350,890,286</u>	<u>8,535,582</u>	<u>242,546,838</u>	<u>(20,319,872)</u>	<u>3,581,652,834</u>
Less accumulated depreciation for:					
Buildings and improvements	1,015,883,969	82,797,604	-	(2,682,070)	1,095,999,503
Furniture and equipment	189,866,179	31,459,372	-	(15,160,782)	206,164,769
Total accumulated depreciation	<u>1,205,750,148</u>	<u>114,256,976</u>	<u>-</u>	<u>(17,842,852)</u>	<u>1,302,164,272</u>
Total capital assets, being depreciated, net	2,145,140,138	(105,721,394)	242,546,838	(2,477,020)	2,279,488,562
Capital assets, net	<u>\$ 2,530,698,859</u>	<u>\$ (24,900,125)</u>	<u>\$ -</u>	<u>\$ (2,477,020)</u>	<u>\$ 2,503,321,714</u>

Capital assets include assets recorded in Internal Service Funds, net of accumulated depreciation of \$276,744.

**Dallas Independent School District  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2014**

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

	Depreciation Expense
	<hr/>
11 Instruction	\$ 72,170,923
12 Instructional resources and media services	1,540,972
13 Curriculum and staff development	580,180
21 Instructional leadership	484,817
23 School leadership	6,569,071
31 Guidance, counseling and evaluation services	2,108,254
32 Social work services	42,517
33 Health services	1,024,188
34 Student Transportation	6,928
35 Food services	8,172,558
36 Curriculum/extracurricular activities	3,269,637
41 General administration	300,965
51 Plant maintenance and operations	6,973,594
52 Security and monitoring services	424,960
53 Data processing services	10,047,853
61 Community services	508,015
81 Facilities acquisition and construction	31,545
	<hr/>
Total	\$ 114,256,976
	<hr/>

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

The District has active construction projects. These projects include new school construction and renovation of existing facilities. The total construction commitments as of June 30, 2014 are \$23,308,103 for projects under the bond programs.



**Dallas Independent School District**  
**Notes to the Basic Financial Statements**  
**For the Fiscal Year Ended June 30, 2014**

**NOTE I: LONG-TERM OBLIGATIONS**

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

**General Obligation Bonds.** These bonds are secured by ad valorem taxes levied against all taxable property and are serviced by the Debt Service Fund with an apportionment of the ad valorem tax levy. Interest rates on the bonds range from 1.25% to 6.25% and are due through 2035. At June 30, 2014, \$111,871,054 in cash, cash equivalents and investments is restricted in the Debt Service Fund to service the outstanding bonds:

Series	Bond Series Name - General Obligation Bonds Maturity or Mandatory Redemption Date	Interest Rates	Original Issue Amount (in thousands)	Total Outstanding Principal Amount (in thousands)
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	\$ 4,625
2005	Unlimited Tax Refunding Bonds - Serially in varying amounts from August 15, 2008 to August 15, 2032	5.25%	44,135	1,950
2006	Unlimited Tax School Building Bonds - Serially in varying amounts from August 15, 2007 to August 15, 2032	4.00%- 5.00%	290,205	272,985
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
2010	Unlimited Tax Refunding Bonds - Serially in varying amounts from February 15, 2011 to February 15, 2021	1.25%- 5.00%	156,730	126,200
2010B	Unlimited Tax Refunding Bonds - Serially in varying amounts from February 15, 2013 to February 15, 2018	3.00%- 5.50%	70,080	65,040
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	380,910
2012A	Unlimited Tax Refunding Bonds- Serially in varying amounts from August 15, 2013 to August 15, 2031	4.00%- 5.00%	46,825	45,835
			Total	<u>\$ 2,420,775</u>

**Dallas Independent School District  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2014**

**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. On December 1, 2013 the District issued \$143,340,000 in Limited Maintenance Tax Qualified School Construction Notes (details provided under 'Debt Issuance'). The Maintenance Tax Notes are paid from the General Fund. The amount outstanding for Maintenance Tax Notes as of June 30, 2014 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%	\$ 6,427
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%	2,085
2013	Principal due at maturity - interest due each February 15 and August 15 from August 15, 2014 to August 15, 2033	5.05%	143,340
		Total	<u>\$ 152,972</u>

**Debt Issuance.** On December 1, 2013, the District issued \$143,340,000 in "Limited Maintenance Tax Qualified School Construction Notes, taxable Series 2013" (2013 QSCB notes) with interest rate of 5.049%. These taxable bonds, created by the American Recovery and Reinvestment Act of 2009, carry a 100% federal tax subsidy on interest costs, subject to sequestration. The total proceeds, less the issuance costs and underwriter's discount of \$428,808 and \$809,728, respectively, are used to pay lawful maintenance expenses of the District for existing school facilities, including heating and air conditioning system improvements. Principal and interest payments are due each February 15 and August 15, beginning February 15, 2014 and ending August 15, 2033. The \$143,340,000 in principal will be due in full on August 15, 2033. The total interest requirements of these bonds, with interest rate of 5.049%, aggregate \$142,251,906 as of June 30, 2014. No interest and sinking fund is required or will be established.

The District's underlying debt rating was increased by Moody's from Aa2 to Aa1 on November 26, 2013, and Standard & Poor's revised its Financial Management Assessment (FMA) for the district from "standard" to "good" on June 27, 2014.

**Dallas Independent School District**  
**Notes to the Basic Financial Statements**  
**For the Fiscal Year Ended June 30, 2014**

The following is a summary of the changes in the District's long-term debt for the year ended June 30, 2014:

Description	Long-Term Liabilities Outstanding July 1, 2013 (in thousands)	Additions and Interest Accretion (in thousands)	Retired/ Refunded (in thousands)	Long-Term Liabilities Outstanding June 30, 2014 (in thousands)	Amount Due Within One Year From June 30, 2014 (in thousands)
General Obligation Bonds:					
Series 2003	\$ 50	\$ -	\$ 50	\$ -	\$ -
Series 2004	6,635	-	6,635	-	-
Series 2004A	5,785	-	1,160	4,625	4,625
Series 2005	10,115	-	8,165	1,950	1,950
Series 2006	276,030	-	3,045	272,985	6,235
Series 2008	374,995	-	-	374,995	4,900
Series 2009	5,590	-	5,590	-	-
Series 2010	146,995	-	20,795	126,200	18,550
Series 2010B	69,895	-	4,855	65,040	4,990
Series 2010C	950,300	-	-	950,300	-
Series 2011	197,935	-	-	197,935	7,180
Series 2012	390,235	-	9,325	380,910	-
Series 2012A	46,825	-	990	45,835	-
Total General Obligation Bonds	\$ 2,481,385	\$ -	\$ 60,610	\$ 2,420,775	\$ 48,430
Maintenance Tax Notes Payable:					
Series 2001-QZAB	\$ 6,156	\$ 271	\$ -	\$ 6,427	\$ -
Series 2002-QZAB	1,120	-	-	1,120	-
Series 2008-SSYS/Vehicles	4,070	-	1,985	2,085	2,085
Series 2013-QSCB	-	143,340	-	143,340	-
Total Maintenance Tax Notes	\$ 11,346	\$ 143,611	\$ 1,985	\$ 152,972	\$ 2,085
Total Bonds and Notes Payable	\$ 2,492,731	\$ 143,611	\$ 62,595	\$ 2,573,747	\$ 50,515
Other long-term obligations:					
Workers compensation	\$ 11,230	\$ 4,309	\$ 4,733	\$ 10,805	\$ 4,139
Premium on bonds	130,916	-	15,682	115,234	-
	\$ 142,146	\$ 4,309	\$ 20,415	\$ 126,039	\$ 4,139
Deferred Outflows of Resources					
Deferred loss on refunding	(54,120)	-	(4,847)	(49,273)	-
Total	\$ 2,580,757	\$ 147,920	\$ 78,163	\$ 2,650,513	\$ 54,654

**Dallas Independent School District**  
**Notes to the Basic Financial Statements**  
**For the Fiscal Year Ended June 30, 2014**

**Debt Service Requirements.** The annual requirements to pay principal and interest on the bond obligations and notes payable outstanding as of June 30, 2014, are as follows:

Year Ended June 30	Principal (in thousands)	Interest (in thousands)	Total Requirements (in thousands)
2015	\$ 50,515	\$ 138,155	\$ 188,670
2016	64,165	134,669	198,834
2017	61,465	132,059	193,524
2018	81,680	128,878	210,558
2019	75,765	124,987	200,752
2020-2024	432,555	566,799	999,354
2025-2029	580,140	439,122	1,019,262
2030-2034	1,034,750	255,392	1,290,142
2035	193,165	12,458	205,623
Accreted interest to maturity (see note below)	(453)		
Total	<u>\$ 2,573,747</u>	<u>\$ 1,932,519</u>	<u>\$ 4,506,719</u>

Note: The \$452,646 of accreted interest to maturity represents the difference between the accreted value at June 30, 2014 of the invested escrow account at U.S. Bank and Trust of \$6,427,354 and the debt due at maturity of \$6,880,000 for the 2001 Qualified Zone Academy Bonds. The District deposits \$344,321 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, 2014 is \$897,260,000.

**Arbitrage.** The Federal Tax Reform Act of 1986 requires issuers of tax exempt debt to make payments to the United States Treasury of investment income received at yields that exceed the issuer's tax-exempt borrowing rates. The U.S. Treasury requires payment for each issue every five years. The estimated liability is updated annually for any tax-exempt issuances or changes in yields until such time payment of the calculated liability is due. At June 30, 2014, the District had no liability for arbitrage.

**Dallas Independent School District  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2014**

**NOTE J: DEFERRED INFLOWS OF RESOURCES**

Governmental funds report an amount that represents an acquisition of net position for a future period that will not be recognized as revenue until that time. As of June 30, 2014, the District had the following Deferred Inflows of Resources reported in the General Fund and Debt Service Fund:

	General	Debt Service	Total
Property taxes	\$ 19,012,723	\$ 3,523,962	\$ 22,536,685
Medicaid/SHARS	14,669,121	-	14,669,121
Totals	<u>\$ 33,681,844</u>	<u>3,523,962</u>	<u>\$ 37,205,806</u>

**NOTE K: GENERAL FUND FEDERAL SOURCE REVENUE**

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

Build America Bonds Subsidy	\$ 18,852,661
E-Rate	18,365,938
Medicaid/School Health and Related Services	10,350,248
Qualified School Construction Notes Subsidy	3,302,110
Indirect cost reimbursement	2,129,432
Junior Reserve Officer Training Corps	1,909,008
Total	<u>\$ 54,909,397</u>

**Dallas Independent School District  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2014**

**NOTE L: 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](http://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:

2014	\$ 57,829,725
2013	55,996,209
2012	58,389,896

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:

2014	\$ 19,655,042
2013	18,432,514
2012	18,297,930

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:

2014	\$ 40,387,007
2013	37,091,153
2012	36,369,790

**Dallas Independent School District  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2014**

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

The District contributes for teacher positions as follows:

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

The District contributes for non-teacher positions as follows:

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

A participant is 25% vested in his or her account after attaining two credited years of service, 50% vested after three years, and 100% vested after attaining four credited years of service in the Plan. A participant shall receive a Year of Service under the Plan for each Plan Year in accordance to the Service Requirements under the Teacher Retirement System of Texas (TRS). Upon meeting the requirements of "qualification of unreduced retirement" in accordance with the TRS, obtaining normal retirement age or upon death or permanent disability, a participant shall be 100% vested regardless of years of service. On May 26, 2011, the Board of Trustees voted to temporarily cease contributions to the plan for the plan year beginning September 1, 2011. For the year ended June 30, 2014, the District made no contribution to the Plan.

**Dallas Independent School District  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2014**

**NOTE M: OTHER POST- EMPLOYMENT BENEFITS**

**Texas Public School Retired Employees Group Insurance Program Plan Description.** The District contributes to the Texas Public School Retired Employees Group Insurance Program, a cost-sharing multiple-employer defined benefit 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](http://www.trs.state.tx.us), by writing to the Communications Department of the Teacher Retirement System of Texas at 1000 Red River Street, Austin, Texas 78701, or calling 1-800-223-8778.

**Texas Public School Retired Employees Group Insurance Program Funding Policy.** Contribution requirements are not actuarially determined but are legally established each biennium by the Texas Legislature. Texas Insurance Code, Sections 1575.202, 203, and 204 establish state, active employee, and public school contributions, respectively. Funding for free basic coverage is provided by the program based upon public school district payroll. Per Texas Insurance code, Chapter 1575, the public school contribution may not be less than 0.25% or greater than 0.75% of the salary of each active employee of the public school. Funding for optional coverage is provided by those participants selecting the optional coverage. Contribution rates and amounts are shown in the table below for fiscal years 2012-2014:

Year	Covered Payroll	Contribution Rates					
		Active Member		State		District	
		Rate	Amount	Rate	Amount	Rate	Amount
2014	\$ 903,503,189	0.65%	\$ 5,872,771	1.0%	\$ 9,035,032	0.55%	\$ 4,969,268
2013	874,914,115	0.65%	5,686,942	0.5%	4,374,571	0.55%	4,812,028
2012	912,182,976	0.65%	5,929,189	1.0%	9,121,830	0.55%	5,017,006



**Dallas Independent School District  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2014**

**NOTE N: RISK MANAGEMENT**

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

**Workers' Compensation.** Beginning in 1989, the District moved from a self-insured workers' compensation program administered by a third party to a self-insured program administered by the District. The District currently reports all of its risk management activities in its Internal Service Fund. Claims expenditures and liabilities are reported when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated. These losses include an estimate of claims that have been incurred but not reported. The provision for reported claims and for claims incurred but not yet reported is determined by an actuary for the District management. The District has an agreement with a third party to contract directly with medical providers for their workers' compensation program and their injured employees. At June 30, 2014, the accrued liability for workers' compensation self-insurance of \$10.8 million includes incurred but not reported claims.

This liability is based on the requirements of Governmental Accounting Standards Board Statement No. 10, which requires that a liability for claims be reported if information prior to the issuance of the financial 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>
2013 - 2014	\$ 11,230,004	\$ 4,308,537	\$ (4,733,140)	\$ 10,805,401
2012 - 2013	11,548,781	5,075,004	(5,393,781)	11,230,004

**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. Effective September 1, 2014, the TRS Active Care Health Insurance Program is administered by Aetna and Caremark (pharmacy).

**Medicare Part D.** The Medicare Prescription Drug, Improvement, and Modernization Act of 2003, which was effective January 1, 2006, established prescription drug coverage for Medicare beneficiaries known as Medicare Part D. One of the provisions of Medicare Part D allows for the Texas Public School Retired Employee Group Insurance Program (TRS-Care) to receive retiree drug subsidy payments from the federal government to offset certain prescription drug expenditures for eligible TRS-Care participants. For the years ended June 30, 2014 and 2013, these on-behalf payments were \$2,441,623 and \$2,360,228, 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, 2014**

**NOTE O: RESTATEMENT OF BEGINNING NET POSITION**

The District eliminated the remaining unamortized cost of bond issuance for the outstanding bonds in accordance with the implementation of GASB Statement No. 65. The effect of this change on the beginning net position balance of the Government-wide Statement of Activities is as follows:

	<u>Statement of Activities</u>
Net Position at July 1, 2013	\$637,562,399
Elimination of unamortized debt issuance costs in accordance with GASB 65	<u>(21,123,875)</u>
Net Position at July 1, 2013 as restated	\$616,438,524

**NOTE P: LITIGATION, CONTINGENCIES AND COMMITMENTS**

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

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

**NOTE Q: NEW ACCOUNTING PRONOUNCEMENTS**

**GASB Statement No. 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 became effective for the District in fiscal year 2014. This impact of this implementation is discussed in Note O.

**GASB Statement 67: *Financial Reporting for Pension Plans*.** Statement 67 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 became effective for the District in fiscal year 2014. The implementation had no significant effect on the District's financial statements.

**GASB Statement No. 68: *Accounting and Financial Reporting for Pensions*.** Statement 68 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. The District has not yet determined the impact of this statement.

**Dallas Independent School District  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2014**

**GASB Statement No. 69: *Government Combinations and Disposals of Government Operations.*** Statement 69 was issued in January 2013 and establishes accounting and financial reporting standards for government combinations and disposals of government operations. This statement distinguishes between 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 effective for the District in fiscal year 2015, and should be applied on a prospective basis.

**GASB Statement No. 70: *Accounting and Financial Reporting for Nonexchange Financial Guarantees.*** Statement 70 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. This standard became effective for the District in fiscal year 2014. The implementation had no significant effect on the District's financial statements.

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

**NOTE R: SUBSEQUENT EVENTS**

On May 22, 2014, the Board of Trustees approved the issuance of the "Dallas Independent School District Unlimited Tax Refunding Bonds, Series 2014A" (the "Bonds"), in an aggregate principal amount not to exceed \$356,115,000, which were issued and dated July 15, 2014.

The proceeds from the issuance of these Notes will be used for the purpose of refunding certain outstanding obligations of the District in advance of their maturity, and paying costs and expenses of issuance of the Bonds. The Bonds shall be issued within the following parameters: (1) The total principal amount of the Notes shall not exceed \$356,115,000; (2) The maximum maturity of the Notes will be August 15, 2034; 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.

## **REQUIRED SUPPLEMENTARY INFORMATION**



**Dallas Independent School District**

**Dallas Independent School District**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance**  
**Budget and Actual - General Fund (Unaudited)**  
**For the Year Ended June 30, 2014**

Data Control Codes		Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance with Final Budget Positive or (Negative)
		Original	Final		
REVENUES					
5700	Local and Intermediate Sources	\$ 797,042,159	\$ 815,693,573	\$ 817,447,310	\$ 1,753,737
5800	State Program Revenues	375,021,934	382,563,924	386,826,504	4,262,580
5900	Federal Program Revenues	30,721,912	48,867,426	54,909,397	6,041,971
5020	Total Revenues	1,202,786,005	1,247,124,923	1,259,183,211	12,058,288
EXPENDITURES					
	Current				
11	Instruction	706,911,250	704,886,434	688,177,661	16,708,773
12	Instructional Resources and Media Services	22,518,555	22,845,843	21,501,579	1,344,264
13	Curriculum and Instructional Staff Development	10,351,292	8,474,580	7,881,523	593,057
21	Instructional Leadership	20,695,179	21,337,287	20,146,648	1,190,639
23	School Leadership	79,198,289	80,501,525	80,112,090	389,435
31	Guidance, Counseling and Evaluation Services	46,216,166	47,249,772	45,338,165	1,911,607
32	Social Work Services	2,187,263	2,569,336	2,339,980	229,356
33	Health Services	17,451,658	17,658,454	16,478,648	1,179,806
34	Student (Pupil) Transportation	26,188,411	40,026,849	35,050,710	4,976,139
36	Cocurricular/Extracurricular Activities	29,306,331	28,550,036	25,552,277	2,997,759
41	General Administration	37,582,017	36,876,160	35,359,590	1,516,570
51	Facilities Maintenance and Operations	144,456,197	141,139,243	134,028,209	7,111,034
52	Security and Monitoring Services	17,690,618	17,529,794	17,286,179	243,615
53	Data Processing Services	33,085,243	32,478,066	30,996,365	1,481,701
61	Community Services	2,694,300	2,315,198	2,279,643	35,555
	Debt Service				
71	Principal on Long-Term Debt	1,985,000	2,215,000	1,985,000	230,000
72	Interest on Long-Term Debt	214,700	514,700	214,700	300,000
73	Bond Fees and Charges	4,000	1,263,728	1,250,636	13,092
	Capital Outlay				
81	Facilities Acquisition and Construction	-	28,483	-	28,483
	Intergovernmental				
95	Payments to Juvenile Justice Alternative Ed. Prg.	100,000	289,512	2,736	286,776
97	Payments to Tax Increment Fund	-	70,000	69,898	102
99	Other Intergovernmental Charges	3,949,536	4,410,880	4,410,880	-
6030	Total Expenditures	1,202,786,005	1,213,230,880	1,170,463,117	42,767,763
1100	Excess of Revenues Over Expenditures	-	33,894,043	88,720,094	54,826,051
OTHER FINANCING SOURCES (USES)					
7911	Capital Related Debt Issued (QSCB Notes)	-	143,340,000	143,340,000	-
7912	Sale of Real and Personal Property	-	-	413,206	413,206
7915	Transfers In	-	-	3,245	3,245
8911	Transfers Out (Use)	-	(167,096,622)	(170,790,133)	(3,693,511)
7080	Total Other Financing Sources (Uses)	-	(23,756,622)	(27,033,682)	(3,277,060)
1200	Net Change in Fund Balances	-	10,137,421	61,686,412	51,548,991
0100	Fund Balance - Beginning	-	281,153,576	281,153,576	-
3000	Fund Balance - Ending	\$ -	\$ 291,290,997	\$ 342,839,988	\$ 51,548,991

See Notes of Required Supplementary Information.

**Dallas Independent School District**  
**Notes to Required Supplementary Information (Unaudited)**  
**For the Fiscal Year Ended June 30, 2014**

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

## Non-major Governmental Funds

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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  
Non-major Governmental Funds  
June 30, 2014**

Data Control Codes	240 Food Service Fund	289 Federal Funds
<b>ASSETS</b>		
1110 Cash and Cash Equivalents	\$ 3,154,884	\$ 1,234,317
1240 Receivables from Other Governments	12,822,814	-
1260 Due from Other Funds	-	28,166,988
1290 Other Receivables, Net	13,943	154,898
1300 Inventories	4,970,382	-
1000 <b>Total Assets</b>	20,962,023	29,556,203
<b>LIABILITIES</b>		
2110 Accounts Payable	1,369,156	2,801,456
2150 Payroll Deductions and Withholdings Payable	201,272	1,813,024
2160 Accrued Wages and Benefits Payable	1,355,468	12,641,507
2170 Due to Other Funds	13,469	10,220,381
2180 Due to Other Governments	-	26,524
2200 Accrued Expenditures	-	837,940
2300 Unearned Revenues	1,842,383	3,778
2000 <b>Total Liabilities</b>	4,781,748	28,344,610
<b>FUND BALANCES</b>		
Nonspendable Fund Balance		
3410 Inventories	4,970,382	-
Restricted Fund Balance		
3450 Federal or State Funds Grant Restriction	11,209,893	1,211,593
3490 Other Restricted Fund Balance	-	-
Assigned Fund Balance		
3590 Other Assigned Fund Balance	-	-
3000 <b>Total Fund Balances</b>	16,180,275	1,211,593
4000 <b>Total Liabilities and Fund Balances</b>	\$ 20,962,023	\$ 29,556,203

429 State Funds	499 Local Funds	Total Non-Major Governmental Funds
\$ 13,863,166	\$ 8,362,120	\$ 26,614,487
962,535	341,630	14,126,979
-	-	28,166,988
-	-	168,841
-	-	4,970,382
14,825,701	8,703,750	74,047,677
156,016	41,566	4,368,194
34,409	46,459	2,095,164
429,106	548,573	14,974,654
392,955	156,643	10,783,448
-	5,595	32,119
73,748	5,894	917,582
12,831,198	1,115,079	15,792,438
13,917,432	1,919,809	48,963,599
-	-	4,970,382
908,269	-	13,329,755
-	2,843,937	2,843,937
-	3,940,004	3,940,004
908,269	6,783,941	25,084,078
\$ 14,825,701	\$ 8,703,750	\$ 74,047,677

**Dallas Independent School District**  
**Combining Statement of Revenues, Expenditures, and Changes**  
**in Fund Balances**  
**Non-major Governmental Funds**  
**For the Year Ended June 30, 2014**

Data Control Codes	240 Food Service Fund	289 Federal Funds
<b>REVENUES</b>		
5700 Local and Intermediate Sources	\$ 4,404,106	\$ -
5800 State Program Revenues	541,953	-
5900 Federal Program Revenues	93,688,212	138,549,070
5020 <b>Total Revenues</b>	98,634,271	138,549,070
<b>EXPENDITURES</b>		
Current		
11 Instruction	-	67,717,690
12 Instructional Resources and Media Services	-	31,166
13 Curriculum and Instructional Staff Development	-	38,091,624
21 Instructional Leadership	-	5,280,972
23 School Leadership	-	286,544
31 Guidance, Counseling and Evaluation Services	-	11,310,362
32 Social Work Services	-	391,274
33 Health Services	-	460,724
34 Student (Pupil) Transportation	-	755,243
35 Food Services	95,659,982	-
36 Cocurricular/Extracurricular Activities	-	-
41 General Administration	-	4,620,778
51 Facilities Maintenance and Operations	2,159,490	315,688
52 Security and Monitoring Services	-	2,442,671
53 Data Processing Services	-	184,192
61 Community Services	-	6,417,558
6030 <b>Total Expenditures</b>	97,819,472	138,306,486
1100 Excess of Revenues Over Expenditures	814,799	242,584
<b>OTHER FINANCING SOURCES (USES)</b>		
7915 Transfers In	-	-
8911 Transfers Out (Use)	-	(675)
7080 <b>Total Other Financing Sources (Uses)</b>	-	(675)
1200 Net Change in Fund Balance	814,799	241,909
0100 Fund Balance - Beginning	15,365,476	969,684
3000 Fund Balance - Ending	\$ 16,180,275	\$ 1,211,593

429 State Funds	499 Local Funds	Total Non-Major Governmental Funds
\$ -	\$ 9,321,633	\$ 13,725,739
6,376,598	-	6,918,551
-	-	232,237,282
6,376,598	9,321,633	252,881,572
6,085,740	5,495,664	79,299,094
-	238,672	269,838
33,818	1,498,335	39,623,777
357,084	325,464	5,963,520
-	107,973	394,517
-	23,957	11,334,319
-	-	391,274
-	4,171	464,895
-	-	755,243
-	-	95,659,982
-	125,280	125,280
30,310	180,697	4,831,785
-	50,938	2,526,116
81,443	13,072	2,537,186
-	(1,281)	182,911
-	437,919	6,855,477
6,588,395	8,500,861	251,215,214
(211,797)	820,772	1,666,358
-	2,990,013	2,990,013
-	(2,570)	(3,245)
-	2,987,443	2,986,768
(211,797)	3,808,215	4,653,126
1,120,066	2,975,726	20,430,952
\$ 908,269	\$ 6,783,941	\$ 25,084,078



**Dallas Independent School District**

## Internal Service Funds

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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.

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

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



**Dallas Independent School District  
Combining Statement of Net Position  
Internal Service Funds  
June 30, 2014**

Data Control Codes	752 Graphics Shop	753 Risk Management
<b>ASSETS</b>		
Current Assets		
1110    Cash and Cash Equivalents	\$ -	\$ -
1260    Due from Other Funds	117,922	16,774,603
1290    Other Receivables, Net	-	30,000
<b>Total Current Assets</b>	<u>117,922</u>	<u>16,804,603</u>
Noncurrent Assets		
Capital Assets		
1530    Furniture and Equipment, Net	276,744	-
<b>Total Noncurrent Assets</b>	<u>276,744</u>	<u>-</u>
<b>Total Assets</b>	<u>394,666</u>	<u>16,804,603</u>
<b>LIABILITIES</b>		
Current Liabilities		
2110    Accounts Payable	58,741	386,181
2120    Other Liabilities	-	4,138,766
2150    Payroll Deductions and Withholdings Payable	481	(13)
2160    Accrued Wages and Benefits Payable	37,705	11,248
2170    Due to Other Funds	251	-
2200    Accrued Expenses	20,744	12,141
<b>Total Current Liabilities</b>	<u>117,922</u>	<u>4,548,323</u>
Noncurrent Liabilities		
2590    Accrued Liabilities - Long Term	-	6,666,635
<b>Total Noncurrent Liabilities</b>	<u>-</u>	<u>6,666,635</u>
<b>Total Liabilities</b>	<u>117,922</u>	<u>11,214,958</u>
<b>NET POSITION</b>		
3200    Net Investment in Capital Assets	276,744	-
3900    Unrestricted Net Position	-	5,589,645
<b>Total Net Position</b>	<u>\$ 276,744</u>	<u>\$ 5,589,645</u>

773 Program Evaluation	774 Deferred Maintenance	775 Technology Services	Total Internal Service Funds
\$ -	\$ 15,000,000	\$ 10,000,000	\$ 25,000,000
19,911	-	-	16,912,436
-	-	-	30,000
19,911	15,000,000	10,000,000	41,942,436
-	-	-	276,744
-	-	-	276,744
19,911	15,000,000	10,000,000	42,219,180
29	-	-	444,951
-	-	-	4,138,766
6	-	-	474
19,545	-	-	68,498
-	-	-	251
331	-	-	33,216
19,911	-	-	4,686,156
-	-	-	6,666,635
-	-	-	6,666,635
19,911	-	-	11,352,791
-	-	-	276,744
-	15,000,000	10,000,000	30,589,645
\$ -	\$ 15,000,000	\$ 10,000,000	\$ 30,866,389

**Dallas Independent School District  
Combining Statement of Revenues, Expenses, and  
Changes in Fund Net Position  
Internal Service Funds  
For the Year Ended June 30, 2014**

Data Control Codes		752 Graphics Shop	753 Risk Management
<b>OPERATING REVENUES</b>			
5700	Charges for Services	\$ 2,302,759	\$ 9,979,781
	<b>Total Operating Revenues</b>	<u>2,302,759</u>	<u>9,979,781</u>
<b>OPERATING EXPENSES</b>			
6100	Personnel Services	1,083,278	6,886,481
6200	Contractual Services	543,725	989,408
6300	Supplies	662,118	93,937
6400	Other Operating Expenses	56,254	77,132
6449	Depreciation Expense	16,018	-
	<b>Total Operating Expenses</b>	<u>2,361,393</u>	<u>8,046,958</u>
	<b>Operating Income (Loss)</b>	<u>(58,634)</u>	<u>1,932,823</u>
<b>NON-OPERATING REVENUES</b>			
7955	Transfers In	330,826	-
	<b>Total Non-Operating Revenues</b>	<u>330,826</u>	<u>-</u>
	<b>Change in Net Position</b>	<u>272,192</u>	<u>1,932,823</u>
3000	Total Net Position - Beginning	<u>4,552</u>	<u>3,656,822</u>
3000	Total Net Position - Ending	<u>\$ 276,744</u>	<u>\$ 5,589,645</u>

773 Program Evaluation	774 Deferred Maintenance	775 Technology Services	Total Internal Service Funds
\$ 868,763	\$ -	\$ -	\$ 13,151,303
868,763	-	-	13,151,303
1,250,778	-	-	9,220,537
-	-	-	1,533,133
5,654	-	-	761,709
1,352	-	-	134,738
-	-	-	16,018
1,257,784	-	-	11,666,135
(389,021)	-	-	1,485,168
389,021	15,000,000	10,000,000	25,719,847
389,021	15,000,000	10,000,000	25,719,847
-	15,000,000	10,000,000	27,205,015
-	-	-	3,661,374
\$ -	\$ 15,000,000	\$ 10,000,000	\$ 30,866,389

**Dallas Independent School District  
Combining Statement of Cash Flows  
Internal Service Funds  
For the Year Ended June 30, 2014**

Data Control Codes	752 Graphics Shop	753 Risk Management
<b>Cash Flows from Operating Activities</b>		
Cash Received from User Charges	\$ 2,244,265	\$ 8,697,780
Cash Payments to Employees for Services	(1,076,903)	(620,338)
Cash Payments for Insurance Claims	-	(7,052,011)
Cash Payments for Suppliers	(1,218,718)	(1,025,431)
<b>Net Cash Used for Operating Activities</b>	<u>(51,356)</u>	<u>-</u>
<b>Cash Flows from Non-Capital Financing Activities</b>		
Transfer In	330,826	-
<b>Cash Flows from Capital &amp; Related Financing Activities</b>		
Acquisition of Capital Assets	(279,470)	-
Net Increase in Cash and Cash Equivalents	-	-
Cash on Balance Sheet	-	-
<b>Reconciliation of Operating Income (Loss) to Net Cash Used for Operating Activities</b>		
Operating Income (Loss)	(58,634)	1,932,823
Adjustments to Reconcile Operating Income to Net Cash Used for Operating Activities		
Depreciation	16,018	-
Effect of Increases and Decreases in Current Assets and Liabilities		
Decrease (increase) in Due from Other Funds	(58,494)	(1,282,001)
Decrease (increase) in Prepaid Expenses	251	-
Increase (decrease) in Accounts Payable	25,805	(246,444)
Increase (decrease) in Payroll Deductions	(171)	(35)
Increase (decrease) in Accrued Wages Payable	6,295	8,483
Increase (decrease) in Accrued Liabilities	-	381,490
Increase (decrease) in Accrued Expenses	17,574	-
Increase (decrease) in Accrued Liab. Long Term	-	(794,316)
<b>Net Cash Used for Operating Activities</b>	<u>\$ (51,356)</u>	<u>\$ -</u>

773 Program Evaluation	774 Deferred Maintenance	775 Technology Services	Total Internal Service Funds
\$ 870,943	\$ -	\$ -	\$ 11,812,988
(1,250,136)	-	-	(2,947,377)
-	-	-	(7,052,011)
(9,828)	-	-	(2,253,977)
(389,021)	-	-	(440,377)
389,021	15,000,000	10,000,000	25,719,847
-	-	-	(279,470)
-	15,000,000	10,000,000	25,000,000
-	15,000,000	10,000,000	25,000,000
(389,021)	-	-	1,485,168
-	-	-	16,018
2,180	-	-	(1,338,315)
-	-	-	251
(3,153)	-	-	(223,792)
4	-	-	(202)
638	-	-	15,416
-	-	-	381,490
331	-	-	17,905
-	-	-	(794,316)
\$ (389,021)	\$ -	\$ -	\$ (440,377)

## Agency Funds

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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, 2014**

Data Control Codes	BALANCE JULY 1 2013	ADDITIONS	DEDUCTIONS	BALANCE JUNE 30 2014
<b>SULENTIC FAMILY FOUNDATION SCHOLARSHIP</b>				
<b>ASSETS</b>				
1110 Cash and Cash Equivalents	\$ 297,418	\$ 545,246	\$ 629,049	\$ 213,615
<b>LIABILITIES</b>				
2110 Accounts Payable	9,701	101,062	110,763	-
2300 Unearned Revenues	287,717	94,058	168,160	213,615
<b>Total Liabilities</b>	<b>297,418</b>	<b>195,120</b>	<b>278,923</b>	<b>213,615</b>
<b>STUDENT ACTIVITY FUND</b>				
<b>ASSETS</b>				
1110 Cash and Cash Equivalents	4,747,531	12,041,024	12,877,955	3,910,600
<b>LIABILITIES</b>				
2110 Accounts Payable	93,292	4,979,873	5,002,585	70,580
2170 Due to Other Funds	1,433,933	4,759,519	5,633,517	559,935
2190 Due to Student Groups	3,219,982	7,281,317	7,224,914	3,276,385
2200 Accrued Expenses	324	31,361	27,985	3,700
<b>Total Liabilities</b>	<b>4,747,531</b>	<b>17,052,070</b>	<b>17,889,001</b>	<b>3,910,600</b>
<b>TOTAL AGENCY FUNDS</b>				
<b>ASSETS</b>				
1110 Cash and Cash Equivalents	5,044,949	12,586,270	13,507,004	4,124,215
<b>LIABILITIES</b>				
2110 Accounts Payable	102,993	5,080,935	5,113,348	70,580
2170 Due to Other Funds	1,433,933	4,759,519	5,633,517	559,935
2190 Due to Student Groups	3,219,982	7,281,317	7,224,914	3,276,385
2200 Accrued Expenses	324	31,361	27,985	3,700
2300 Unearned Revenues	287,717	94,058	168,160	213,615
<b>Total Liabilities</b>	<b>\$ 5,044,949</b>	<b>\$ 17,247,190</b>	<b>\$ 18,167,924</b>	<b>\$ 4,124,215</b>





**Dallas Independent School District**

## **OTHER INFORMATION**

**Dallas Independent School District**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance**  
**Budget and Actual - Food Service Fund**  
**For the Year Ended June 30, 2014**

Data Control Codes		Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance with Final Budget Positive or (Negative)
		Original	Final		
REVENUES					
5700	Local and Intermediate Sources	\$ 3,490,500	\$ 3,430,500	\$ 4,404,106	\$ 973,606
5800	State Program Revenues	565,000	565,000	541,953	(23,047)
5900	Federal Program Revenues	113,686,670	113,746,670	93,688,212	(20,058,458)
5020	Total Revenues	117,742,170	117,742,170	98,634,271	(19,107,899)
EXPENDITURES					
Current					
6035	Food Services	114,427,170	114,669,219	95,659,982	19,009,237
6041	General Administration	65,000	65,000	-	65,000
6051	Facilities Maintenance and Operations	3,250,000	3,290,000	2,159,490	1,130,510
6030	Total Expenditures	117,742,170	118,024,219	97,819,472	20,204,747
1200	Net Change in Fund Balances	-	(282,049)	814,799	1,096,848
0100	Fund Balance - Beginning	-	15,365,476	15,365,476	-
3000	Fund Balance - Ending	\$ -	\$ 15,083,427	\$ 16,180,275	\$ 1,096,848

**Dallas Independent School District**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance**  
**Budget and Actual - Debt Service Fund**  
**For the Year Ended June 30, 2014**

Data Control Codes		Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance with Final Budget Positive or (Negative)
		Original	Final		
REVENUES					
5700	Local and Intermediate Sources	\$ 192,849,579	\$ 192,849,579	\$ 187,247,359	\$ (5,602,220)
5020	Total Revenues	192,849,579	192,849,579	187,247,359	(5,602,220)
EXPENDITURES					
	Debt Service				
71	Principal on Long Term Debt	192,849,579	60,610,000	60,610,000	-
72	Interest on Long Term Debt	-	132,214,579	132,214,579	-
73	Bond Fees and Charges	-	25,000	9,300	15,700
6030	Total Expenditures	192,849,579	192,849,579	192,833,879	15,700
1200	Net Change in Fund Balances	-	-	(5,586,520)	(5,586,520)
0100	Fund Balance - Beginning	-	117,974,957	117,974,957	-
3000	Fund Balance - Ending	\$ -	\$ 117,974,957	\$ 112,388,437	\$ (5,586,520)

**TEXAS EDUCATION AGENCY  
REQUIRED SCHEDULES**

**Dallas Independent School District  
Schedule of Delinquent Taxes Receivable (Unaudited)  
For the Year Ended JUNE 30, 2014**

Exhibit J-1

	1	2	3	10	20	31	32	40	50
	Tax Rates								
Fiscal year (1)	Maintenance	Debt Service	Net Assessed/ Appraised Value for School Tax Purposes	Beginning Balance	Current Year's Total Levy	Maintenance Collections	Debt Service Collections	Entire Year's Adjustments	Ending Balance
2005	Various	Various	58,901,034,539	14,741,834		486,653	38,948	(1,512,098)	12,704,135
2006	1.500000	0.188360	61,862,752,956	2,644,814		148,119	18,599	(179,644)	2,298,452
2007	1.330050	0.172590	68,640,586,165	3,206,433		187,408	24,319	(193,527)	2,801,179
2008	1.040050	0.159593	76,757,349,728	3,127,872		231,048	35,453	(140,456)	2,720,915
2009	1.040050	0.143352	82,176,569,792	4,642,896		458,303	63,169	(517,034)	3,604,390
2010	1.040050	0.231293	79,628,192,590	7,134,400		661,105	147,021	1,041	6,327,315
2011	1.040050	0.197760	75,985,949,045	7,489,101		1,019,963	193,942	(1,416)	6,273,780
2012	1.040050	0.250297	74,661,069,947	9,277,534		1,549,316	372,857	(209,369)	7,145,992
2013	1.040050	0.250297	76,274,060,956	18,475,832		1,643,651	395,559	(7,295,919)	9,140,703
2014	1.040050	0.242035	80,040,860,095		1,005,329,915	793,968,369	184,768,160	(9,160,548)	17,432,838
Wilmer Hutchins (1)				1,334,879		28,735		(105,357)	1,200,787
1000 Totals				<u>\$ 72,075,595</u>	<u>\$ 1,005,329,915</u>	<u>\$ 800,382,670</u>	<u>\$ 186,058,027</u>	<u>\$ (19,314,327)</u>	<u>\$ 71,650,486</u>

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

\$ 69,898

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



**Dallas Independent School District**



# Statistical Section





# Dallas Independent School District

## Index for Statistical Section

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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
<b>Financial Trends Information</b>		
These schedules contain trend information intended to help the reader understand how the District's financial position has changed over time.	S1 - S5	88-96
<b>Revenue Capacity Information</b>		
These schedules contain information intended to help the reader assess the District's most significant revenue source, tax collections.	S6 - S10	97-102
<b>Debt Capacity Information</b>		
These schedules contain information intended to assist users in understanding and assessing the District's current levels of outstanding debt and the ability to issue additional debt.	S11 - S14	103-108
<b>Demographic and Economic Information</b>		
These schedules provide demographic and economic indicators intended to help the reader understand the socioeconomic environment within which the District's financial activities take place.	S15 - S17	109-112
<b>Operating Information</b>		
These schedules provide contextual information about the District's operations and resources intended to assist readers in using financial statement information to understand and assess the District's economic condition.	S18-S20	113-117

# Dallas Independent School District

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

Fiscal Year Ended June 30:	2014	2013	2012	2011
<b>Expenses</b>				
Governmental activities:				
Instruction	\$ 838,734,964	\$ 837,619,961	\$ 842,891,794	\$ 918,670,306
Instructional Resources and Media Services	23,293,647	23,618,126	22,736,721	24,732,131
Curriculum and Staff Development	48,023,182	36,333,128	38,062,123	45,017,015
Instructional Leadership	26,485,116	21,583,374	21,705,813	28,885,789
School Leadership	86,999,537	82,180,544	79,358,915	84,065,159
Guidance, Counseling and Evaluation Services	58,852,078	59,251,653	54,901,981	63,488,723
Social Work Services	2,775,531	2,485,963	2,745,665	2,844,122
Health Services	17,948,403	18,162,354	17,813,557	18,252,622
Student (Pupil) Transportation	35,812,881	25,497,358	22,738,339	24,350,694
Food Services	101,484,589	93,529,323	90,910,150	84,684,667
Cocurricular/Extracurricular Activities	28,452,778	23,425,259	21,786,201	20,002,925
General Administration	39,655,687	34,292,907	40,363,776	53,147,300
Facilities Maintenance and Operation	142,000,753	147,466,378	148,301,564	155,963,647
Security and Monitoring Services	19,989,832	19,098,721	18,912,935	21,348,002
Data Processing Services	38,590,780	41,618,908	41,579,518	40,833,190
Community Services	9,614,304	8,371,779	7,341,491	8,833,215
Debt Service- Interest and fees on long-term debt	124,428,173	128,536,048	136,081,451	112,597,583
Debt Service-Bond Issuance Cost and Fees	1,259,936			
Facilities Acquisition and Construction	2,145,951	5,047,018	2,242,121	231,271
Chapter 41 payments	-	-	-	-
Payments to Juvenile Justice Alternative Ed. Prg.	2,736	10,488	302,328	709,194
Payments to Tax Increment Fund	69,898	3,749,780	3,327,159	3,610,740
Other Intergovernmental Charges	4,410,880	3,835,557	3,738,645	3,916,117
<b>Total primary government program expenses</b>	<b>1,651,031,636</b>	<b>1,615,714,627</b>	<b>1,617,842,247</b>	<b>1,716,184,412</b>
<b>Program Revenues</b>				
Governmental activities:				
Charges for Service:				
Instruction	233,006	261,509	2,870	272,629
Curriculum and Staff Development	1,817,454	1,278,066		
Instructional Leadership	201,939	127,807		
Food Services	3,801,181	5,558,516	6,391,706	6,321,941
Cocurricular/Extracurricular Activities	1,160,349	1,167,991	727,573	676,784
Facilities Maintenance and Operations	1,413,139	6,482,941	1,297,529	1,279,344
Operating Grants and Contributions	293,878,890	286,311,657	256,242,350	364,591,060
<b>Total Primary Government Program Revenues</b>	<b>302,505,958</b>	<b>301,188,487</b>	<b>264,662,028</b>	<b>373,141,758</b>
<b>Net (Expense)/Revenue</b>				
<b>Total primary government expenses</b>	<b>(1,348,525,678)</b>	<b>(1,314,526,140)</b>	<b>(1,353,180,219)</b>	<b>(1,343,042,654)</b>
<b>General Revenues</b>				
Governmental Activities				
Taxes				
Property taxes levied for general purposes	801,098,678	767,724,171	752,839,796	753,628,541
Property taxes levied for debt services	186,427,489	184,313,028	180,706,403	143,306,604
State Aid Formula Grants	334,227,912	337,558,928	416,548,421	417,317,962
Grants and Contributions	53,752,263	41,041,051	56,229,252	35,162,278
Investment earnings	2,478,190	2,439,424	3,995,586	3,125,832
Gain (loss) on Sale of Equipment	-	-	549,733	-
Miscellaneous	19,352,649	10,052,203	3,845,898	636,479
<b>Total primary government</b>	<b>1,397,337,181</b>	<b>1,343,128,805</b>	<b>1,414,715,089</b>	<b>1,353,177,696</b>
<b>Change in Net Position</b>				
<b>Total primary government</b>	<b>\$ 48,811,503</b>	<b>\$ 28,602,665</b>	<b>\$ 61,534,870</b>	<b>\$ 10,135,042</b>

Source: Statement of Activities for the Dallas Independent School District

# Dallas Independent School District

S-1

2010	2009	2008	2007	2006	2005
\$ 914,472,120	\$ 929,388,824	\$ 947,516,694	\$ 842,211,888	\$ 769,680,052	\$ 747,224,509
23,935,081	24,826,612	25,681,473	28,009,317	21,370,429	21,061,655
44,632,038	37,138,971	44,295,242	43,644,222	41,281,393	35,649,248
24,822,153	23,795,617	24,228,778	23,917,179	21,056,447	24,202,091
79,490,680	84,301,765	86,231,024	81,421,654	77,479,246	75,549,944
59,630,524	60,939,150	59,463,862	54,186,061	53,820,287	50,925,260
2,299,973	1,926,948	1,479,906	2,254,864	2,411,111	2,608,185
17,363,982	16,722,030	19,176,368	15,916,986	14,294,361	14,258,749
22,027,097	27,209,587	19,367,604	18,480,368	18,362,393	11,487,837
75,750,540	72,934,030	73,587,637	69,187,401	58,421,135	57,362,310
16,439,635	11,895,625	12,614,693	11,723,203	11,310,793	10,256,766
52,742,750	42,583,250	44,792,325	36,497,765	30,353,806	30,848,032
154,143,299	152,910,877	168,887,599	161,001,052	157,373,172	142,252,813
20,346,170	16,825,756	17,843,175	17,472,481	17,926,967	16,268,821
29,336,406	20,235,055	23,343,511	22,551,939	16,618,677	20,460,843
13,559,717	16,882,388	18,747,992	23,868,348	25,886,918	26,647,200
85,075,051	80,960,896	68,332,722	76,165,858	61,607,998	43,497,537
1,057,517	220,411	4,859,998	10,159,043	33,271,944	45,684,074
-	13,675,440	-	-	-	-
700,744	730,787	634,959	629,987	647,509	765,000
4,029,110	5,337,315	4,355,716	2,954,107	1,873,098	2,185,650
3,760,526	4,036,656	-	-	-	-
<u>1,645,615,113</u>	<u>1,645,477,990</u>	<u>1,665,441,278</u>	<u>1,542,253,723</u>	<u>1,435,047,736</u>	<u>1,379,196,524</u>
277,928	268,842	271,726	231,002	803,448	1,070,947
7,150,852	7,957,319	7,737,771	7,676,736	7,130,046	6,851,514
674,914	719,035	765,089	787,321	812,253	796,511
1,168,255	1,164,667	1,046,092	792,687	638,379	565,853
<u>351,454,735</u>	<u>280,834,205</u>	<u>266,954,979</u>	<u>258,011,697</u>	<u>258,295,530</u>	<u>235,461,335</u>
<u>360,726,684</u>	<u>290,944,068</u>	<u>276,775,657</u>	<u>267,499,443</u>	<u>267,679,656</u>	<u>244,746,160</u>
<u>(1,284,888,429)</u>	<u>(1,354,533,922)</u>	<u>(1,388,665,621)</u>	<u>(1,274,754,280)</u>	<u>(1,167,368,080)</u>	<u>(1,134,450,364)</u>
779,573,697	815,695,229	769,724,223	884,553,125	901,474,792	855,833,262
174,821,183	111,843,729	117,985,197	114,419,519	112,846,459	95,881,230
391,146,276	392,602,696	424,377,425	264,854,432	167,540,662	168,588,692
40,952,513	20,359,723	11,738,655	5,457,848	4,621,359	1,189,564
3,079,368	8,844,949	16,470,476	25,200,633	24,658,069	18,709,381
(276,118)	(8,731,415)	-	-	-	-
(124,796)	(1,313,479)	-	9,482,500	54,259,092	24,995,782
<u>1,389,172,123</u>	<u>1,339,301,432</u>	<u>1,340,295,976</u>	<u>1,303,968,057</u>	<u>1,265,400,433</u>	<u>1,165,197,911</u>
<u>\$ 104,283,694</u>	<u>\$ (15,232,490)</u>	<u>\$ (48,369,645)</u>	<u>\$ 29,213,777</u>	<u>\$ 98,032,353</u>	<u>\$ 30,747,547</u>

## Dallas Independent School District

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

Fiscal Year Ended June 30:	2014	2013	2012	2011
<b>Governmental activities:</b>				
Net Investment in Capital Assets	\$ 169,438,211	\$ 226,638,835	\$ 285,655,589	\$ 301,973,476
Restricted	76,265,991	84,729,743	75,926,853	66,518,906
Unrestricted	419,545,825	326,193,821	247,377,292	178,932,482
<b>Total Governmental Activities Net Assets</b>	<u><u>\$ 665,250,027</u></u>	<u><u>\$ 637,562,399</u></u>	<u><u>\$ 608,959,734</u></u>	<u><u>\$ 547,424,864</u></u>

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

# Dallas Independent School District

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2010	2009	2008	2007	2006	2005
\$ 309,032,133	\$ 270,352,975	\$ 278,483,300	\$ 255,968,628	\$ 231,121,354	\$ 198,781,406
66,830,947	57,251,335	68,587,086	81,405,397	82,149,491	55,051,251
161,426,742	105,401,818	101,168,232	159,234,239	62,083,028	23,488,862
<u>\$ 537,289,822</u>	<u>\$ 433,006,128</u>	<u>\$ 448,238,618</u>	<u>\$ 496,608,264</u>	<u>\$ 375,353,873</u>	<u>\$ 277,321,519</u>

# Dallas Independent School District

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

<b>Fiscal Year Ended June 30:</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>	<b>2011</b>
<b>Revenues</b>				
Local Sources:				
Property Taxes	\$ 993,116,637	\$ 953,024,424	\$ 935,396,723	\$ 909,373,008
Interest	2,490,870	2,439,424	3,995,586	3,125,832
Other	23,424,643	26,212,625	23,244,360	24,982,675
State Sources	393,745,055	395,145,649	448,804,079	446,899,911
Federal Sources	287,146,679	260,503,088	256,263,965	358,718,768
<b>Total Revenue</b>	<b>1,699,923,884</b>	<b>1,637,325,210</b>	<b>1,667,704,713</b>	<b>1,743,100,194</b>
<b>Expenditures</b>				
Instruction	767,476,755	763,008,812	790,166,496	881,493,362
Instructional Resources and Media Services	21,771,417	22,064,026	21,611,547	23,922,133
Curriculum and Staff Development	47,505,300	35,686,203	37,498,502	45,312,833
Instructional Leadership	26,110,168	21,138,257	21,278,216	28,781,240
School leadership	80,506,607	75,202,435	74,572,714	80,601,956
Guidance, Counseling, and Evaluation Services	56,672,484	56,862,691	53,261,191	62,515,390
Social Work Services	2,731,254	2,442,091	2,694,685	2,833,886
Health Services	16,943,543	17,033,913	17,042,684	17,716,810
Student Transportation	35,805,953	25,528,534	22,718,745	24,352,369
Food Services	95,659,982	89,271,199	86,553,720	82,325,328
Co-Curricular/Extra-Curricular Activities	25,677,557	20,414,477	19,355,947	18,268,645
General Administration	40,191,375	33,884,965	39,910,323	52,663,314
Plant Maintenance and Operations	136,554,325	141,159,026	144,858,033	151,471,848
Security and Monitoring Services	19,823,365	18,871,512	18,551,089	21,161,663
Data Processing Services	31,179,276	30,837,025	32,175,475	39,253,756
Community Services	9,135,120	7,813,628	6,936,427	8,553,002
Debt Service	-	-	-	-
Principal	62,595,000	54,095,000	54,351,003	39,936,273
Interest	133,689,215	134,757,695	153,717,458	98,944,160
Facilities Acquisition & Construction	80,870,347	278,132,001	374,511,644	420,924,235
Intergovernmental Charges	4,483,514	7,595,825	7,368,132	8,236,051
<b>Total expenditures</b>	<b>1,695,382,557</b>	<b>1,835,799,315</b>	<b>1,979,134,031</b>	<b>2,109,268,254</b>
<b>Other Financing Sources (uses)</b>				
Proceeds from Bonds and Notes	143,340,000	-	-	950,300,000
Proceeds from Refunding Bonds	-	437,060,000	197,935,000	226,810,000
Transfers In /Out	(25,719,847)	(234,982)	(509,141)	(126,134)
Premium on Bonds	-	64,753,841	29,856,060	46,505,823
Sale of Real & Personal Property	413,206	31,942	619,397	636,479
Loan Proceeds	-	-	-	-
Legal Settlements	-	-	-	-
Payments to Refunded Bond Escrow Agent	-	(498,445,267)	(226,330,345)	(259,446,830)
<b>Total other financing sources (uses)</b>	<b>118,033,359</b>	<b>3,165,534</b>	<b>1,570,971</b>	<b>964,679,338</b>
Prior Period Adjustment	-	-	-	-
<b>Net changes in fund balances</b>	<b>\$ 122,574,686</b>	<b>\$ (195,308,571)</b>	<b>\$ (309,858,347)</b>	<b>\$ 598,511,278</b>
Debt service as a percentage of noncapital expenditures (1)	12.22%	12.21%	13.04%	8.31%

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

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

# Dallas Independent School District

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2010	2009	2008	2007	2006	2005
\$ 970,051,877	\$ 916,363,076	\$ 887,709,420	\$ 998,972,644	\$ 1,014,321,251	\$ 949,972,625
3,079,367	8,844,951	17,035,873	25,753,425	24,658,070	18,709,381
43,114,429	25,144,485	23,490,585	36,729,979	83,146,373	67,285,140
423,877,886	437,511,002	467,141,793	302,445,507	198,907,111	199,940,245
325,196,043	233,286,410	219,830,921	217,970,674	215,068,567	188,838,330
<u>1,765,319,602</u>	<u>1,621,149,924</u>	<u>1,615,208,592</u>	<u>1,581,872,229</u>	<u>1,536,101,372</u>	<u>1,424,745,721</u>
881,629,395	896,214,975	908,920,219	809,718,706	745,816,430	732,858,728
23,268,657	23,108,097	23,656,319	26,264,447	20,775,981	20,784,328
44,614,128	37,374,301	44,316,564	43,525,537	40,663,324	35,305,725
24,692,621	24,061,737	24,258,649	23,915,760	20,484,892	23,795,075
76,645,839	83,140,482	84,824,718	80,169,922	74,888,612	73,981,938
58,624,587	59,918,862	59,382,793	54,183,245	52,218,032	49,995,687
2,287,349	1,948,498	1,481,390	2,254,260	2,331,507	2,555,637
16,934,542	16,776,445	19,027,335	15,763,565	13,818,045	13,973,821
22,023,914	27,504,105	18,941,778	18,430,883	17,927,519	11,080,741
72,319,312	70,265,117	69,550,687	64,984,662	59,763,264	58,091,038
15,277,626	10,061,404	11,045,708	10,319,123	11,305,025	10,305,213
52,392,310	41,665,642	45,425,492	36,440,097	29,990,990	30,649,941
149,763,876	152,655,240	164,580,285	158,817,740	154,572,830	140,891,459
20,246,825	16,581,630	18,830,513	18,857,708	17,985,927	16,048,009
27,522,856	26,898,652	26,231,463	20,337,416	17,671,353	22,624,639
13,323,523	17,095,424	18,821,066	23,882,683	25,219,969	26,232,113
-	-	-	-	-	-
86,692,253	46,323,865	52,798,930	47,995,933	56,310,700	44,762,845
94,701,833	75,235,694	72,344,574	72,978,302	62,872,249	53,928,852
138,711,972	25,670,160	105,248,542	179,348,546	446,549,523	513,844,636
8,490,380	23,780,198	4,990,675	3,584,094	2,520,607	2,950,650
<u>1,830,163,798</u>	<u>1,676,280,528</u>	<u>1,774,677,700</u>	<u>1,711,772,629</u>	<u>1,873,686,779</u>	<u>1,884,661,075</u>
-	413,325,000	-	-	290,205,000	387,300,000
100,760,000	-	-	-	44,135,000	12,700,000
(862,881)	-	-	-	-	-
5,397,999	10,827,157	-	-	13,738,511	18,425,526
28,704	622,649	-	-	-	-
-	3,611,421	-	-	-	-
(153,500)	(1,936,127)	-	-	-	-
(107,896,372)	-	-	-	(47,949,020)	(12,965,041)
<u>(2,726,050)</u>	<u>426,450,100</u>	<u>-</u>	<u>-</u>	<u>300,129,491</u>	<u>405,460,485</u>
-	-	-	(31,293,214)	-	-
<u>\$ (67,570,246)</u>	<u>\$ 371,319,496</u>	<u>\$ (159,469,108)</u>	<u>\$ (161,193,614)</u>	<u>\$ (37,455,916)</u>	<u>\$ (54,454,869)</u>
10.80%	7.44%	7.55%	7.89%	8.19%	6.99%

## Dallas Independent School District

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

Fiscal Year Ended June 30:	2014	2013	2012	2011
<b>Revenues</b>				
Local Sources:				
Property Taxes	58.4%	58.2%	56.1%	52.2%
Interest	0.1%	0.1%	0.2%	0.2%
Other	1.4%	1.6%	1.4%	1.4%
State Sources	23.2%	24.1%	26.9%	25.6%
Federal Sources	16.9%	15.9%	15.4%	20.6%
<b>Total Revenue</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>
<b>Expenditures</b>				
Instruction	45.3%	41.6%	39.9%	41.8%
Instructional Resources and Media Services	1.3%	1.2%	1.1%	1.1%
Curriculum and Staff Development	2.8%	1.9%	1.9%	2.1%
Instructional Leadership	1.5%	1.2%	1.1%	1.4%
School leadership	4.7%	4.1%	3.8%	3.8%
Guidance, Counseling, and Evaluation Services	3.3%	3.1%	2.7%	3.0%
Social Work Services	0.2%	0.1%	0.1%	0.1%
Health Services	1.0%	0.9%	0.9%	0.8%
Student Transportation	2.1%	1.4%	1.1%	1.2%
Food Services	5.6%	4.9%	4.4%	3.9%
Co-Curricular/Extra-Curricular Activities	1.5%	1.1%	1.0%	0.9%
General Administration	2.4%	1.8%	2.0%	2.5%
Plant Maintenance and Operations	8.1%	7.7%	7.3%	7.2%
Security and Monitoring Services	1.2%	1.0%	0.9%	1.0%
Data Processing Services	1.8%	1.7%	1.6%	1.9%
Community Services	0.5%	0.4%	0.4%	0.4%
Debt Service				
Principal	3.7%	2.9%	2.7%	1.9%
Interest	7.9%	7.3%	7.8%	4.7%
Facilities Acquisition & Construction	4.8%	15.2%	18.9%	20.0%
Intergovernmental Charges	0.3%	0.4%	0.4%	0.4%
<b>Total expenditures</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>

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



# Dallas Independent School District

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2010	2009	2008	2007	2006	2005
55.0%	56.5%	55.0%	63.2%	66.0%	66.7%
0.2%	0.5%	1.1%	1.6%	1.6%	1.3%
2.4%	1.6%	1.5%	2.3%	5.4%	4.7%
24.0%	27.0%	28.9%	19.1%	12.9%	14.0%
18.4%	14.4%	13.6%	13.8%	14.0%	13.3%
100%	100%	100%	100%	100%	100%
48.2%	53.5%	51.2%	47.3%	39.8%	38.9%
1.3%	1.4%	1.3%	1.5%	1.1%	1.1%
2.4%	2.2%	2.5%	2.5%	2.2%	1.9%
1.3%	1.4%	1.4%	1.4%	1.1%	1.3%
4.2%	5.0%	4.8%	4.7%	4.0%	3.9%
3.2%	3.6%	3.3%	3.2%	2.8%	2.7%
0.1%	0.1%	0.1%	0.1%	0.1%	0.1%
0.9%	1.0%	1.1%	0.9%	0.7%	0.7%
1.2%	1.6%	1.1%	1.1%	1.0%	0.6%
4.0%	4.2%	3.9%	3.8%	3.2%	3.1%
0.8%	0.6%	0.6%	0.6%	0.6%	0.5%
2.9%	2.5%	2.6%	2.1%	1.6%	1.6%
8.2%	9.1%	9.3%	9.3%	8.2%	7.5%
1.1%	1.0%	1.1%	1.1%	1.0%	0.9%
1.5%	1.6%	1.5%	1.2%	0.9%	1.2%
0.7%	1.0%	1.1%	1.4%	1.3%	1.4%
4.7%	2.8%	3.0%	2.8%	3.0%	2.4%
5.2%	4.5%	4.1%	4.3%	3.4%	2.9%
7.6%	1.5%	5.9%	10.5%	23.8%	27.3%
0.5%	1.4%	0.3%	0.2%	0.1%	0.2%
100%	100%	100%	100%	100%	100%

# Dallas Independent School District

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

Fiscal Year Ended June 30:	2014	2013
<b>General Fund:</b>		
Non-Spendable	\$ 8,230,314	\$ 11,499,868
Assigned	175,667,574	6,009,210
Unassigned	158,942,100	263,644,498
<b>Total General Fund</b>	<b>342,839,988</b>	<b>281,153,576</b>
Non-spendable:		
Non-major	4,970,382	3,592,519
Restricted:		
Debt Service	112,388,437	117,974,957
Capital Projects	305,824,929	244,003,261
Federal or State Funds (1)	13,329,755	13,862,032
Local Special Revenue Funds	2,843,937	2,626,439
Assigned - Other	3,940,004	349,962
<b>Total All Governmental Funds</b>	<b>\$ 786,137,432</b>	<b>\$ 663,562,746</b>

Fund Balance Categories as Required by GASB Statement No. 54

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

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

(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
2013	996,169,367	978,736,529	98.3%	-	978,736,529	98.3%
2012	955,292,606	936,816,774	98.1%	9,335,129	946,151,903	99.0%
2011	934,510,637	915,380,068	98.0%	9,853,035	925,233,103	99.0%
2010	906,603,690	884,253,126	97.5%	14,861,463	899,114,589	99.2%
2009	973,456,881	944,623,970	97.0%	21,698,511	966,322,481	99.3%
2008	936,822,412	902,680,977	96.4%	29,498,539	932,179,516	99.5%
2007	883,009,750	857,460,126	97.1%	22,421,752	879,881,878	99.6%
2006	997,819,375	967,686,598	97.0%	26,926,344	994,612,942	99.7%
2005	1,016,398,514	981,765,629	96.6%	31,988,071	1,013,753,700	99.7%
2004	947,689,831	915,013,479	96.6%	30,228,557	945,242,036	99.7%

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

(2) Current year maintenance and debt service collections.

(3) Delinquent collections plus delinquent adjustments.

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

# Dallas Independent School District

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

Fiscal Year Ended June 30:	Tax Rates			Tax Levies		
	Maintenance	Debt Service	Total	General Fund	Debt Service Fund	Total
2014	1.040050	0.242035	1.282085	815,541,387	189,788,528	1,005,329,915
2013	1.040050	0.250297	1.290347	773,504,617	186,150,551	959,655,168
2012	1.040050	0.250297	1.290347	754,543,597	181,587,418	936,131,014
2011	1.040050	0.197760	1.237810	766,530,717	145,752,801	912,283,518
2010	1.040050	0.231293	1.271343	801,477,032	178,237,507	979,714,539
2009	1.040050	0.143352	1.183402	829,408,399	114,324,352	943,732,750
2008	1.040050	0.159593	1.199643	773,689,887	118,720,988	892,410,875
2007	1.330050	0.172590	1.502640	886,021,154	114,974,343	1,000,995,496
2006	1.500000	0.188360	1.688360	896,180,736	112,531,992	1,008,712,728
2005	1.500000	0.166940	1.666940	852,471,170	96,268,627	948,739,797

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	Net Taxable Assessed Value	Total Direct Tax Rate
	Residential	Commercial Property			
2014	33,952,512,664	33,210,609,987	12,877,737,444	80,040,860,095	1.282085
2013	33,327,472,247	30,636,514,329	12,310,074,380	76,274,060,956	1.290347
2012	33,665,394,542	29,156,983,644	11,838,691,761	74,661,069,947	1.290347
2011	34,456,380,302	29,760,504,666	11,769,064,077	75,985,949,045	1.237810
2010	35,188,256,719	32,048,564,901	12,391,370,970	79,628,192,590	1.271343
2009	35,258,395,611	34,604,451,630	12,313,722,551	82,176,569,792	1.183402
2008	32,790,675,633	32,307,944,667	11,658,729,428	76,757,349,728	1.199643
2007	29,853,971,879	27,557,816,999	11,228,797,287	68,640,586,165	1.502640
2006	27,054,587,102	24,137,546,380	10,670,619,474	61,862,752,956	1.688360
2005	24,952,604,886	23,158,791,676	10,789,637,977	58,901,034,539	1.666940

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
2014	0.57180	0.77000	0.61788	0.81191	0.79700	0.75740	0.75845	0.55310	0.70460
2013	0.58000	0.80300	0.61788	0.82315	0.79700	0.75740	0.73769	0.52950	0.70460
2012	0.58000	0.78000	0.61788	0.81109	0.79700	0.75740	0.73769	0.52950	0.70460
2011	0.53000	0.76000	0.61788	0.81109	0.79700	0.73512	0.73769	0.52950	0.70460
2010	0.49600	0.76000	0.61788	0.78811	0.74790	0.69973	0.69600	0.51950	0.70460
2009	0.45350	0.62000	0.61788	0.78811	0.74790	0.69973	0.69600	0.49450	0.69960
2008	0.43370	0.62098	0.61788	0.78811	0.74790	0.70973	0.69600	0.49450	0.68860
2007	0.46400	0.57728	0.63288	0.76853	0.72920	0.69835	0.69600	0.49450	0.67860
2006	0.47600	0.55571	0.63288	0.76159	0.74170	0.68499	0.71800	0.49450	0.66610
2005	0.47600	0.52547	0.59930	0.73379	0.71970	0.66689	0.71800	0.49450	0.64110

Source: Dallas Central Appraisal District and Dallas ISD records

City of Glenn Heights	City of Hutchins	City of Lancaster	City of Mesquite	City of Seagoville	Dallas County and School Equalization	Dallas County Hospital	Dallas County Community College	Dallas Independent School District
0.79500	0.69091	0.86750	0.64000	0.71379	0.25310	0.27600	0.12470	1.28209
0.79500	0.66091	0.86750	0.64000	0.69085	0.25304	0.27100	0.11938	1.29035
0.79500	0.60672	0.86750	0.64000	0.69085	0.25310	0.27100	0.09967	1.29035
0.79500	0.58100	0.86750	0.64000	0.66500	0.25310	0.27100	0.09923	1.23781
0.73932	0.56300	0.77750	0.64000	0.65000	0.23331	0.27400	0.09490	1.27134
0.69436	0.52810	0.77750	0.64000	0.63500	0.23303	0.25400	0.08940	1.18340
0.68404	0.53755	0.73750	0.64000	0.63500	0.23281	0.25400	0.08040	1.19964
0.69617	0.54109	0.67170	0.62000	0.63500	0.21893	0.25400	0.08100	1.50264
0.65310	0.54000	0.67170	0.60148	0.63500	0.21920	0.25400	0.08160	1.68836
0.65310	0.53300	0.67170	0.58148	0.63500	0.20936	0.25400	0.08030	1.66940

# Dallas Independent School District

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

Principal Taxpayers	2014			2005		
	Taxable Assessed Valuation	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Valuation	Rank	Percentage of Total Taxable Assessed Value
Crescent Real Estate Group	\$ 653,878,580	1	0.82%	\$ 667,969,000	2	1.13%
Oncor Electric Delivery	642,145,580	2	0.80%			
AT&T	627,677,530	3	0.78%	190,549,000	9	0.32%
Northpark Partners LP	602,355,420	4	0.75%			
Southwest Airlines	591,365,381	5	0.74%	474,533,000	4	0.81%
Post Properties Inc	358,575,810	6	0.45%	202,324,000	7	0.34%
Galleria Mall Investors LP	344,401,530	7	0.43%	197,474,000	8	0.34%
PC Village Apartments Dallas	338,091,930	8	0.42%	226,733,000	6	0.38%
Walmart	279,751,790	9	0.35%			
Teachers Insurance & Annuity	187,104,470	10	0.23%			
Southwestern Bell/Cingular				1,040,684,000	1	1.77%
Texas Utilities Electric Company				599,091,000	3	1.02%
Trammel Crow				296,712,000	5	0.50%
Trizec/Trizechahn Properties				182,612,000	10	0.31%
<b>Total Ten Principal Taxpayers</b>	<b>\$ 4,625,348,021</b>		<b>5.78%</b>	<b>\$ 4,078,681,000</b>		<b>6.92%</b>
<b>Total Taxable Assessed Value</b>	<b>\$ 80,040,860,095</b>			<b>\$ 58,901,034,539</b>		

Source: Dallas Central Appraisal District and Dallas ISD records



# Dallas Independent School District

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## Computation of Direct and Overlapping Debt (Unaudited)

Taxing Jurisdiction	Net Bonded Debt	Overlapping	
		Percent (1)	Amount
Addison, Town of	\$ 86,909,806	91.63%	\$ 79,635,455
Balch Springs, City of	6,765,000	28.80%	1,948,320
Carrollton, City of	174,800,000	10.29%	17,986,920
Cockrell Hill, City of	1,685,000	97.99%	1,651,132
Dallas County	132,960,000	48.76%	64,831,296
Dallas County CCD	339,035,000	46.61%	158,024,214
Dallas Co Hosp Dist	743,250,000	48.25%	358,618,125
Dallas County Schools	67,265,000	48.76%	32,798,414
Dallas, City of	1,556,832,904	78.82%	1,227,095,695
DeSoto, City of	57,811,291	21.47%	12,412,084
Duncanville, City of	3,670,635	0.29%	10,645
Farmers Branch, City of	22,772,919	39.73%	9,047,681
Garland, City of	186,791,705	1.75%	3,268,855
Hutchins, City of	1,119,131	88.54%	990,879
Lancaster, City of	60,126,026	2.21%	1,328,785
Mesquite, City of	118,343,707	1.86%	2,201,193
Seagoville, City of	3,305,433	89.55%	2,960,015
Wilmer, City of	110,000	91.12%	100,232
<b>Total Estimated Overlapping Debt</b>			<u>1,974,909,940</u>
 Dallas ISD			 <u>2,573,747,354</u>
<b>Total Direct and Overlapping Bonded Debt</b>			<u><u>\$ 4,548,657,294</u></u>

Source: Texas Municipal Reports (TMR)

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

## Dallas Independent School District

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

<b>Fiscal Year Ended June 30:</b>	<b>Estimated Population</b>	<b>Taxable Assessed Value</b>	<b>Gross Bonded Debt Outstanding at Year End</b>	<b>Amounts Available for Retirement of Bonds</b>
2014	1,241,162	80,040,860,095	2,573,747,354	112,388,437
2013	1,223,378	76,274,060,956	2,492,731,000	117,974,957
2012	1,207,420	74,661,069,947	2,567,329,111	112,510,850
2011	1,200,530	75,985,949,045	2,626,924,745	112,010,068
2010	1,316,350	79,628,192,590	1,727,296,756	74,280,273
2009	1,306,350	82,176,569,792	1,816,824,454	76,288,266
2008	1,279,910	76,757,349,728	1,442,755,001	76,896,518
2007	1,280,500	68,640,586,165	1,495,314,569	78,991,204
2006	1,260,950	61,862,752,956	1,539,963,889	79,152,730
2005	1,232,100	58,901,034,539	1,298,905,821	72,294,545

Source: North Central Texas Council of Governments (NCTCOG), Dallas Economic Development Profile 2014,  
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
2,461,358,917	3.08%	1,983	\$ 64,489	7.62%
2,374,756,043	3.11%	1,941	\$ 62,347	7.54%
2,454,818,261	3.29%	2,033	\$ 61,835	7.99%
2,514,914,677	3.31%	2,095	\$ 63,294	8.37%
1,653,016,483	2.08%	1,256	\$ 60,492	4.79%
1,740,536,188	2.12%	1,332	\$ 62,905	5.27%
1,365,858,483	1.78%	1,067	\$ 59,971	4.12%
1,416,323,365	2.06%	1,106	\$ 53,605	4.48%
1,460,811,159	2.36%	1,159	\$ 49,060	5.01%
1,226,611,276	2.08%	996	\$ 47,805	4.07%

## Dallas Independent School District

### Legal Debt Margin Information Last Ten Fiscal Years (Unaudited)

<b>Fiscal Year Ended June 30:</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>	<b>2011</b>
Debt Limit - 10% of Assessed Valuation	\$ 8,004,086,010	\$ 7,627,406,096	\$ 7,466,106,995	\$ 7,598,594,905
Amount of Debt Applicable to Debt Limit:				
Gross Bonded Debt	2,573,747,354	2,492,731,000	2,567,329,111	2,626,924,745
Less - Fund Balance of Debt Service Fund	112,388,437	117,974,957	112,510,850	112,010,068
<b>Total Net Debt Applicable to Debt Limit</b>	<u>2,461,358,917</u>	<u>2,374,756,043</u>	<u>2,454,818,261</u>	<u>2,514,914,677</u>
<b>Legal Debt Margin:</b>	<u>\$ 5,542,727,093</u>	<u>\$ 5,252,650,053</u>	<u>\$ 5,011,288,734</u>	<u>\$ 5,083,680,228</u>
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	30.75%	31.13%	32.88%	33.10%

Source: Dallas ISD Records

# Dallas Independent School District

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2010	2009	2008	2007	2006	2005
\$ 7,962,819,259	\$ 8,217,656,979	\$ 7,675,734,973	\$ 6,864,058,617	\$ 6,186,275,296	\$ 5,890,103,454
1,727,296,756	1,816,824,454	1,442,755,001	1,495,314,569	1,539,963,889	1,298,905,821
74,280,273	76,288,266	76,896,518	78,991,204	79,152,730	72,294,545
1,653,016,483	1,740,536,188	1,365,858,483	1,416,323,365	1,460,811,159	1,226,611,276
<u>\$ 6,309,802,776</u>	<u>\$ 6,477,120,791</u>	<u>\$ 6,309,876,490</u>	<u>\$ 5,447,735,252</u>	<u>\$ 4,725,464,137</u>	<u>\$ 4,663,492,178</u>
20.76%	21.18%	17.79%	20.63%	23.61%	20.82%

# 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)

<b>Fiscal Year Ended June 30:</b>	<b>Principal</b>	<b>Interest and Other Charges</b>	<b>Total Bonded Debt Expenditures</b>	<b>Total Expenditures</b>	<b>Ratio of Total Bonded Debt Expenditures To Total Expenditures</b>
2014	60,610,000	132,223,879	192,833,879	1,695,382,557	11.37%
2013	50,625,000	134,326,218	184,951,218	1,835,799,315	10.07%
2012	49,515,000	152,570,482	202,085,482	1,979,134,031	10.21%
2011	35,445,000	85,720,357	121,165,357	2,109,268,254	5.74%
2010	82,385,000	93,302,153	175,687,153	1,830,163,798	9.60%
2009	41,634,515	70,236,331	111,870,846	1,676,280,528	6.67%
2008	49,819,100	72,226,330	122,045,430	1,774,677,700	6.88%
2007	44,317,894	72,637,458	116,955,352	1,711,772,629	6.83%
2006	49,605,025	61,424,673	111,029,698	1,873,686,778	5.93%
2005	37,551,692	52,380,486	89,932,178	1,884,661,075	4.77%

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,		
	2014	2013	2012
Beginning Fund Equity	281,153,576	\$ 201,120,379	\$ 135,098,259
<b>Revenues:</b>			
From Ad Valorem Taxes	805,979,174	768,615,460	754,675,022
% of Total Revenue	64.01%	64.23%	62.86%
From State and Federal Funds	441,735,901	412,443,512	431,237,558
% of Total Revenue	35.08%	34.47%	35.92%
From Other Local Sources	11,468,136	15,629,494	14,702,113
% of Total Revenue	0.91%	1.31%	1.22%
Total Revenues	1,259,183,211	1,196,688,466	1,200,614,693
Total Expenditures	1,170,463,117	1,121,631,351	1,134,702,829
Total Other Financing Sources	(27,033,682)	4,976,082	110,256
<b>Ending Fund Equity</b>	<b>\$ 342,839,988</b>	<b>\$ 281,153,576</b>	<b>\$ 201,120,379</b>

### Per Student Calculations:

Assessed Value Per Student	\$ 544,585	\$ 521,693	\$ 515,135
Ad Valorem Tax Revenue Per Student	\$ 5,484	\$ 5,257	\$ 5,207
State and Federal Funds Per Student	3,005	2,821	2,975
Other Local Sources Per Student	78	107	101
Total Revenue Per Student	\$ 8,567	\$ 8,185	\$ 8,283
<b>Total Expenditures Per Student</b>	<b>\$ 7,964</b>	<b>\$ 7,672</b>	<b>\$ 7,829</b>
Average Daily Attendance	146,976	146,205	144,935

Source: Dallas ISD Records

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## Dallas Independent School District

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

<b>Fiscal Year Ended</b>				
<b>June 30:</b>	<b>Estimated</b>		<b>Average</b>	<b>District</b>
<b>Year</b>	<b>Population (1)</b>	<b>Enrollment (2)</b>	<b>Daily Attendance (2)</b>	<b>Employees (2)</b>
2014	1,241,162	159,713	146,976	20,793
2013	1,223,378	158,932	146,205	19,838
2012	1,207,420	157,421	144,935	18,470
2011	1,200,530	157,162	141,900	20,194
2010	1,316,350	156,728	143,704	20,076
2009	1,306,350	157,174	144,347	20,387
2008	1,279,910	157,605	144,833	21,289
2007	1,280,500	158,814	145,749	20,077
2006	1,260,950	160,969	149,544	19,535
2005	1,232,100	157,743	146,216	19,671

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

(2) Information was obtained from Dallas ISD records.



Median Household Income (1)	Per Capita Personal Income (1)	Unemployment Rate (1)
58,190	26,032	5.0%
40,585	25,757	7.3%
43,640	25,449	7.9%
42,911	25,024	8.7%
39,813	26,189	8.7%
40,473	25,298	7.4%
42,670	25,904	4.9%
38,276	24,691	4.7%
37,264	23,136	5.4%
36,403	24,477	6.0%

# Dallas Independent School District

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

Principal Employers	2014			2005		
	Employees	Rank	Percentage of Total Employment	Employees	Rank	Percentage of Total Employment
Texas Health Resources	21,100	1	1.72%	12,304	8	1.03%
Dallas Independent School District	20,793	2	1.70%	19,671	3	
Bank of America	20,000	3	1.63%			
American Airlines	19,219	4	1.57%	22,000	1	1.85%
Baylor Health Care System	16,850	5	1.38%	15,000	5	1.26%
Lockhead Martin Aeronautics Co.	16,000	6	1.31%	16,700	4	1.40%
JP Morgan Chase	14,500	7	1.19%			
Texas Instruments Inc.	14,000	8	1.14%			
City of Dallas	13,000	9	1.06%			
UT Southwestern Medical Center at Dallas	12,100	10	0.99%			
Wal-mart Stores, Inc. (1)				21,300	2	1.79%
SBC Southwestern Bell				14,000	6	1.18%
Verizon Communications, Inc.				12,500	7	1.05%
Brinker International				10,400	9	0.87%
Albertson's Inc.				10,400	10	0.87%
<b>Total</b>	<b>167,562</b>		<b>13.70%</b>	<b>154,275</b>		<b>11.31%</b>
Estimated Total Employed Workforce in 2014	1,223,378					
Estimated Total Employed Workforce in 2005	1,190,541					

(1) Wal-mart declined to submit a survey response for 2014

Source: Dallas Business Journal Book of Lists

# Dallas Independent School District

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

Fiscal Year Ended June 30:	Expenditures (1)	Average Daily Attendance	Per Student Costs	Student to Teacher Ratio	Percentage of Students in Free/Reduced Lunch Program
2014	\$ 1,421,678,331	146,976	9,673	15.40	89%
2013	1,372,716,096	146,205	9,389	15.72	89%
2012	1,402,536,905	144,935	9,677	15.67	88%
2011	1,553,446,290	141,900	10,947	14.47	87%
2010	1,558,413,699	143,704	10,845	14.42	87%
2009	1,520,028,100	144,347	10,530	14.13	85%
2008	1,560,292,156	144,833	10,773	13.64	84%
2007	1,422,075,733	145,749	9,757	14.83	83%
2006	1,368,440,595	149,544	9,151	15.35	82%
2005	1,327,180,451	146,216	9,077	15.12	78%

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

Source: Dallas ISD Records

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

<b>Fiscal Year</b>	<b>Beginning Teacher Salary</b>	<b>Average Teacher Salary</b>	<b>Number of Teachers</b>
2014	46,002	52,254	10,372
2013	45,100	51,485	10,112
2012	45,100	52,028	9,494
2011	45,350	53,940	10,864
2010	45,350	53,880	10,872
2009	44,350	53,457	11,122
2008	43,500	51,746	11,551
2007	42,000	50,121	10,712
2006	39,150	46,882	10,484
2005	38,500	46,754	10,435

Source: Dallas ISD Records



**Dallas Independent School District**

## Dallas Independent School District

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

Fiscal Year Ended June 30:	2014	2013	2012	2011
<b>FTE</b>				
Instruction	12,688.1	12,476.3	11,035.8	12,174.2
Instructional Resources and Media Services	316.0	316.0	315.5	336.0
Curriculum and Staff Development	567.8	362.1	343.0	352.6
Instructional Leadership	291.7	245.9	232.0	322.9
School leadership	1,368.0	1,329.5	1,314.9	1,361.4
Guidance, Counseling, and Evaluation Services	666.6	656.9	669.9	745.9
Social Work Services	43.0	38.0	39.0	44.5
Health Services	304.0	294.9	302.9	299.7
Student Transportation	3.0	3.0	9.0	9.0
Food Services	1,770.0	1,461.0	1,461.0	1,439.0
Co-Curricular/Extra-Curricular Activities	71.4	45.4	39.0	39.0
General Administration	373.6	300.3	302.3	400.7
Plant Maintenance and Operations	1,547.1	1,535.0	1,656.6	1,815.5
Security and Monitoring Services	391.0	403.0	392.0	432.0
Data Processing Services	223.6	221.6	219.1	261.7
Community Services	147.6	128.6	117.2	141.4
Facilities Acquisition & Construction	20.5	20.5	20.9	18.6
<b>Total FTE</b>	<b>20,793</b>	<b>19,838</b>	<b>18,470</b>	<b>20,194</b>

Source: Dallas ISD Records

# Dallas Independent School District

S-20

2010	2009	2008	2007	2006	2005
12,098.8	12,361.2	12,524.1	11,336.1	11,169.4	10,944.7
336.00	353.00	358.40	372.40	356.90	358.40
408.26	315.50	371.56	450.22	356.20	306.98
290.42	288.91	421.46	295.97	299.65	299.83
1,319.27	1,402.16	1,512.10	1,549.04	1,499.38	1,480.24
751.51	803.42	897.46	821.22	775.08	755.10
34.48	27.48	27.00	40.00	43.00	44.00
306.30	299.52	337.12	311.98	300.98	307.00
9.00	9.00	9.00	7.00	7.00	9.00
1,438.00	1,458.00	1,425.06	1,521.39	1,435.06	1,752.05
39.00	41.00	17.00	18.00	17.00	19.00
390.02	344.54	443.72	335.64	310.52	308.60
1,830.00	1,819.83	2,007.52	2,068.77	1,962.27	2,082.11
427.00	428.00	433.00	419.00	500.54	479.67
176.20	181.19	190.28	181.28	173.53	189.84
203.73	237.22	297.75	329.52	308.98	320.97
18.00	17.00	16.50	19.50	19.50	13.50
20,076	20,387	21,289	20,077	19,535	19,671



**Dallas Independent School District**





# Compliance Section

Dallas  
Independent  
School  
District



3700 Ross Avenue • Dallas, Texas 75204 • [www.dallasisd.org](http://www.dallasisd.org)

## **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, 2014, 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 20, 2014, which included an emphasis paragraph on the implementation of new accounting standards.

### **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 20, 2014

## **INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE**

Members of the Board of Trustees  
Dallas Independent School District  
Dallas, Texas

### **Report on Compliance for Each Major Federal Program**

We have audited the 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, 2014. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

### ***Management's Responsibility***

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

### ***Auditor's Responsibility***

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

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

### ***Opinion on Each Major Federal Program***

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2014.

### ***Other Matters***

The results of our auditing procedures disclosed an instance of noncompliance, which is required to be reported in accordance with OMB Circular A-133 and which is described in the accompanying schedule

of findings and questioned costs as item 2014-003. Our opinion on each major federal program is not modified with respect to this matter.

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

## **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.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we identified certain deficiencies in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as items 2014-001, 2014-002, and 2014-003 that we consider to be significant deficiencies.

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

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

*Deloitte & Touche LLP*

November 20, 2014

**Dallas Independent School District  
Schedule of Expenditures of Federal Awards  
For The Year Ended June 30, 2014**

<b>Federal Grantor/ Pass-Through Grantor Program or Cluster Title</b>	<b>Federal CFDA Number</b>	<b>Pass-Through Entity Identifying Number</b>	<b>Federal Expenditures</b>
<b>U.S. DEPARTMENT OF DEFENSE</b>			
<b>Direct Program</b>			
JROTC	12.000	N/A	1,909,008
<b>TOTAL U.S. DEPARTMENT OF DEFENSE</b>			<b>\$ 1,909,008</b>
<b>U.S. DEPARTMENT OF EDUCATION</b>			
<b>Direct Programs</b>			
Native American Education	84.060A	S060A130194	123,527
Teaching American History	84.215X	U215X090194	59,093
Bridges To Teaching	84.350A	N/A	(5,020)
Total Direct Programs			<b>\$ 177,600</b>
<b>Passed Through Texas Workforce Commission</b>			
Adult Education (ABE) - Federal	84.002A	0614ELC000	287,629
Adult Education (ABE) - Federal	84.002	0614ABE000	2,749,928
Total Passed through Texas Workforce Commission			<b>\$ 3,037,557</b>
<b>Passed Through Ohio State University</b>			
Project Mass	84.350B	U3508070012-00	8,250
Transition to Teaching- Kansas-NV-Ohio-TX	84.350C	U350C070001	43,998
Project M-Net: Mobilizing National Educator Talent	84.350C	60031733	29,376
Project M-Net: Mobilizing National Educator Talent	84.350C	60031733	77,349
Total Passed through Ohio State University			<b>\$ 158,973</b>
<b>Passed Through IDRA</b>			
Teachers For Today and Tomorrow	84.350B	U350B110002	113,500
Caminos Project	84.350B	U350B09910	81,000
Total Passed through IDRA			<b>\$ 194,500</b>
<b>Passed Through Region 10 ESC</b>			
ESEA, Title X, Part C- Homeless Children	84.196A	13-044	28,313
ESEA, Title X, Part C- Homeless Children	84.196A	00-001	213,420
Total Passed through Region 10 ESC			<b>\$ 241,733</b>
<b>Passed Through Texas Education Agency</b>			
ESEA, Title I, Part A, Part D and SIP	84.010A	12610110057905	319
ESEA, Title I, Part A, Part D and SIP	84.010A	13610110057905	2,832,324
ESEA, Title I, Part A, Part D and SIP	84.010A	14610101057905	76,057,360
Total Title I, Part A Cluster			<b>\$ 78,890,003</b>
IDEA- Part B Formula	84.027A	136600010579056600	159,467
IDEA- Part B Formula	84.027A	146600010579056600	32,396,593
SSA - IDEA- Part B Discretionary	84.027A	136600020579056673	(2,319)
SSA - IDEA- Part B Discretionary	84.027A	146600110579056673	360,673
SSA- IDEA- Part B Deaf	84.027A	136600010579056601	(117)
SSA- IDEA- Part B Deaf	84.027A	146600010579056601	208,194
IDEA- Part B Visually Impaired- Through ESC 10	84.027A	14660022711110	12,499
Total CFDA Number 84.027A			<b>\$ 33,134,990</b>
IDEA- Part B Preschool	84.173A	146610010579056610	378,973
IDEA- Part B Preschool	84.173A	136610010579056610	954
SSA- IDEA- Part B Preschool (Deaf)	84.173A	146610010579056611	29,970
Total CFDA Number 84.173A			<b>\$ 409,897</b>
Total Special Education Cluster (IDEA)			<b>\$ 33,544,887</b>
SSA- IDEA-Part C - Early Intervention (Deaf)	84.181A	143911010579053911	3,817
Career and Technical- Basic Grant	84.048A	13420006057905	(5,705)
Career and Technical- Basic Grant	84.048A	14420006057905	2,061,590
Total CFDA Number 84.048A			<b>\$ 2,055,885</b>

**Dallas Independent School District  
Schedule of Expenditures of Federal Awards  
For The Year Ended June 30, 2014**

<b>Federal Grantor/ Pass-Through Grantor Program or Cluster Title</b>	<b>Federal CFDA Number</b>	<b>Pass-Through Entity Identifying Number</b>	<b>Federal Expenditures</b>
Title III, Part A- English Language Acquisition	84.365A	13671001057905	323,587
Title III, Part A- English Language Acquisition	84.365A	14671001057905	6,283,857
Total CFDA Number 84.365A			<u>\$ 6,607,444</u>
ESEA, Title II, Part A-Teacher/Principal Training & Recruiting	84.367A	13694501057905	23,390
ESEA, Title II, Part A-Teacher/Principal Training & Recruiting	84.367A	14694501057905	8,407,494
Total CFDA Number 84.367A			<u>\$ 8,430,884</u>
Texas Title I Priority School Grant (ARRA)	84.388A	1055200X71100XX	4,868,581
Total Passed through Texas Education Agency			<u>\$ 134,401,501</u>
<b>TOTAL U.S. DEPARTMENT OF EDUCATION</b>			<u><b>\$ 138,211,864</b></u>
<b>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>			
<b>Passed Through Health and Human Services Commission</b>			
Medicaid Administrative Claiming Program- MAC	93.778	057905-2	1,828,705
Texas Home Visiting	93.505	057905	54,517
Texas Home Visiting	93.505	057905	246,094
Total Passed through Health and Human Services Commission			<u>\$ 2,129,316</u>
<b>Passed Through Head Start of Greater Dallas</b>			
Head Start of Greater Dallas	93.600	057905-1	2,930
Head Start of Greater Dallas	93.600	057905-1	746,864
Head Start of Greater Dallas	93.600	057905-1	53,989
Total Passed through Head Start of Greater Dallas			<u>\$ 803,783</u>
<b>Passed Through Texas Department Of Health</b>			
Refugee Social Services	93.576	529-11-0029-00008R1	30,596
Refugee Social Services	93.576	529-11-0029-00008R1	101,223
Total Passed through Texas Department Of Health			<u>\$ 131,819</u>
<b>Passed Through Texas Workforce Commission</b>			
Temporary Assistance for Needy Families (TANF)	93.558	133625017110467	32,609
Temporary Assistance for Needy Families (TANF)	93.558	0614ABE000	638,825
Total Passed through Texas Workforce Commission			<u>\$ 671,434</u>
<b>TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>			<u><b>\$ 3,736,352</b></u>
<b>U.S. DEPARTMENT OF AGRICULTURE</b>			
<b>Direct Programs</b>			
Farm to School	10.575	N/A	28,856
Healthier US School Challenge	10.574	TA04-2010	70,000
Total Direct Programs			<u>\$ 98,856</u>
<b>Passed Through Texas Education Agency</b>			
School Breakfast Program	10.553	057-905	25,063,614
School Lunch Program- Cash Assistance	10.555	057-905	58,064,497
Total Passed through Texas Education Agency			<u>\$ 83,128,111</u>
<b>Passed Through Texas Department of Agriculture</b>			
School Lunch Program- Non- Cash Assistance	10.555	75-057005A200	5,184,015
Summer Feeding Program-Cash Assistance	10.559	057-1034	1,737,395
Total Passed through Texas Department of Agriculture			<u>\$ 6,921,410</u>
Total Child Nutrition Cluster			<u>\$ 90,049,521</u>
Child and Adult Care Food Program- Cash Assistance	10.558	057-905	842,730
Fresh Fruit and Vegetable Program	10.582	057-1034	2,671,972
Total Passed through Texas Department of Agriculture			<u>\$ 10,436,112</u>
<b>TOTAL U.S. DEPARTMENT OF AGRICULTURE</b>			<u><b>\$ 93,663,079</b></u>
<b>TOTAL EXPENDITURES OF FEDERAL AWARDS</b>			<u><b>\$ 237,520,303</b></u>

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, 2014

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

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

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

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

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

2. The period of availability for federal grant funds for the purpose of liquidation of outstanding obligations made on or before the ending date of the federal project period extends 30 days beyond the federal project period ending date, in accordance with provisions in Section H: Period of Availability of Federal Funds, Part 3, *OMB Circular A-133 Compliance Supplement*.
3. The District participates in numerous state and federal grant programs, which are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustments by the grantor agencies; therefore, to the extent that the District has not complied with rules and regulations governing the grants, refund of any money received may be required and the collectability of any related receivable at June 30, 2014, may be impaired.



# DALLAS INDEPENDENT SCHOOL DISTRICT

## SCHEDULE OF FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED JUNE 30, 2014

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### 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? \_\_\_\_\_ yes X 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
- Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of OMB Circular A-133? X yes \_\_\_\_\_ no

8. Identification of major programs:

84.010A — Title I, Part A  
84.367A — Title II, Part A  
84.365A — Title III, Part A  
84.027A, and 84.173A — Special Education Cluster  
84.388A (ARRA) — Texas Title I Priority School Grants  
84.002A, 84.002 — Adult Basic Education  
10.553, 10.555, and 10.559 — Child Nutrition Cluster

9. Dollar threshold used to distinguish between Type A and Type B programs: \$3,000,000
10. Auditee qualified as low-risk auditee? \_\_\_\_\_ yes X no

## **Section II — Federal Award Findings and Questioned Cost**

**2014-001 CFDA 84.027A, 84.173A — Special Education Cluster; 84.010A — Title I, Part A; 84.388A — Texas Title I Priority Schools, passed through the Texas Education Agency**

### ***Allowable Costs and Cost Principles — Time and Effort — Significant Deficiency in Controls***

**Criteria** — According to the March 2014 OMB A-133 Compliance Supplement, an employee who works solely on a single cost objective (e.g., a single Federal program whose funds have not been consolidated or Federal programs whose funds have been consolidated but not with State and local funds) must furnish a semi-annual certification that he has been engaged solely in activities that support the single cost objective. The certification must be signed by the employee or a supervisory official having first-hand knowledge of the work performed by the employee in accordance with OMB Circular A-87, Attachment B, paragraph 8.h.(3).

An employee who works on multiple activities or cost objectives (e.g., in part on a Federal program whose funds have not been consolidated in a consolidated school-wide pool and in part on Federal programs supported with funds consolidated in a school-wide pool or on activities that are not part of the same cost objective) must maintain time and effort distribution records in accordance with OMB Circular A-87, Attachment B, paragraph 8.h.(4), (5), and (6). The employee must document the portion of time and effort dedicated to:

- (i) The Federal program or cost objective; and
- (ii) Each other program or cost objective supported by consolidated Federal funds or other revenue sources.

**Condition** — During our review of the fiscal year 2014 reports issued by the District's Internal Audit Department, we noted an instance identified by Internal Audit where the required time and effort forms did not accurately reflect time related to grant activities. The time and effort form, which was completed by the employee and approved by the supervisor, indicated the employee spent 100% of their time on IDEA B grant related activities. The District's Internal Audit report found that a portion of the employee's time was spent on recruiting (non IDEA B) activities. Upon identification of the issue, the amount of this person's salary (all in a prior year only) was subsequently refunded to the grantor.

During our testing of allowable costs (payroll testing), we identified additional time and effort forms that were not reviewed by an appropriate level of campus authority. The District requires that all employees' time and effort forms are completed by the employee and then submitted to the Principal, Assistant Principal, or the employee's direct supervisor for approval. This ensures that all salaries, benefits, and supplemental pay amounts that are grant funded are allowable and necessary.

An additional fiscal year 2014 report by the District's Internal Audit Department identified an instance where one Teacher Assistant assigned to perform administrative tasks was inappropriately charged to Title I. The Teacher Assistant's duties, as noted in the report, were determined as costs not allowable per Title I and were subsequently reversed by grants personnel prior to being requested for reimbursement.

**Cause of Condition** — A proper and thorough review of completed time and effort forms was not appropriately performed. The employee's supervisor did not have first-hand knowledge of what job responsibilities that the employee was fulfilling on a daily basis, nor did he meet with the employee to verify that the employee had accurately completed the time and effort forms. As a result, the District's time and effort policies and procedures are not consistently followed and adhered to ensure that all federally funded employees are charged to the correct federal funds.

**Questioned Costs** — Undeterminable

**Perspective** — 3 of 246 time and effort forms selected for testing were missing the supervisor's signature, 1 other employee identified by Internal Audit was erroneously charged to the grant.

**Asserted Effect** — Failure to properly review the grant time and effort forms can lead to employees charging time to federal funds when they are engaged in roles that do not support the overall purpose of the federal program. These charges can ultimately result in noncompliance that may be material.

**Recommendation** — Hold periodic trainings for all federally funded employees and their supervisors on the purpose of the different grants and the time and effort forms. The training can be incorporated into one that is already mandatory and led by district and grant management. In addition to the training, grant management also needs to ensure there are periodic distributions of all federal grant policies to the campuses, so that employees do not have to wait for training and have information readily available. If any grant policies change or are updated, management should disseminate the new policy in a timely manner. The District should also implement a time and effort review policy that is district-wide, easy to follow, provides an audit trail, and is consistent regardless of campus. District and grant management should also clearly communicate any disciplinary actions that could be taken as a result of not following policy. These above recommendations will allow the district to verify that all federally funded employees have an understanding of what job responsibilities/duties that they can charge to the grant.

Lastly, for all grant funded Teacher Assistants, the district should implement accuracy logs or sign-in/sign-out sheets to track what responsibilities the assistants are fulfilling on a daily basis, and that they are in line with the federal program from which they are paid from. This will also reinforce the importance of the time and effort forms, and the fact that the supervisor and employees need to confirm that all time allocated or charged to a federally funded source is in compliance with the purpose of the federal program, to which any time is charged.

**View of Responsible Officials** — See corrective action plan.

**2014-002 CFDA 84.002A, 84.002 - Adult Basic Education; 84.027A, 84.173A — Special Education Cluster; 84.010A — Title I, Part A; 84.365A — Title III, Part A 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 identified several instances in which the Request for Proposal (RFP) committee conflict of interest questionnaire was either missing or had discrepancies and several instances for which the purchasing checklist was not completed or missing. The RFP committee conflict of interest questionnaires are required to ensure that there are no conflicts of interest between the selecting committee and vendors to avoid favoritism. The discrepancies noted were a result of the committee members selecting they did and did not have conflicts of interest with the vendors or stating that they did not receive a listing of the vendors being bid out. With no list of the vendors, the committee members were not able to determine whether or not they held any conflicts of interest with the vendors involved in the bidding process.

All instances that were identified related to bid files that were procured prior to the 2013-2014 school year. However, because the bids were still active during 2013-2014 and had related expenditures they were still subjected to testing in accordance with the audit requirements stated in Section 4.6.5 of the Texas Education Agency Financial Accountability System Resource Guide.

**Cause of Condition** — A review of the completed checklist for procurement was not appropriately performed. District policies and procedures are not consistently followed and adhered to by procurement personnel throughout the purchasing process.

**Questioned Costs** — None

**Perspective** — 8 of 104 bid files (9 total instances within 8 bid files) selected for testing had exceptions as follows:

- 4 instances selected for testing had inadequate or missing RFP/RFQ committee conflict of interest forms
- 5 instances selected for testing were missing or had incomplete purchasing checklists

**Asserted Effect** — Failure to properly procure goods and services or circumvent the requirements of a procured contract can result in the purchase of goods and services for more than necessary and reasonable or market prices.

**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.

## **2014-003 CFDA 84.010A Title I 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, 2 CFR 225 (formerly 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** — \$280 (calculated as rate paid multiplied by hours in excess of maximum allowable)

**Perspective** — 12 of 60 invoices selected for testing had an inconsistency (tutor not on the DISD pre-screened list) in supporting documentation maintained in the file or with the invoice package. 1 of the 12 exceptions noted previously included charges for hours that were in excess of the allowable weekly tutoring hours.

**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 as of September 2013.*

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

**View of Responsible Officials** — See corrective action plan.

## **CORRECTIVE ACTION PLAN**

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

*Responsible Party* — Sequetta Marks

*Management Response* — The District acknowledges the finding.

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

*Expected Completion Date* — February 2015

### **2014-002 Procurement**

*Responsible Party* — The Directors are responsible for the review of all future formal procurement files. The Executive Director and Directors are responsible for continuous training and staff development for internal processes and procedures with staff within the department.

*Management Response* — The District acknowledges the finding, however management makes the following comments:

The random selections for testing this year included some of the same selections from the prior year's random selections for testing for audit (FY2013). Those same procurement files were noted in last year's audit management letter as a "Significant deficiency in controls" for procurement.

#### **1) Evaluation Committee Conflict of Interest Questionnaire**

In the condition statement it was noted "one instance where the questionnaire was missing and one instance where the questionnaire had discrepancies." (Deloitte & Touche)

These two procurements (RFPs) — TH203996 and MS203995 were pulled for review last year. It was noted then that the Conflict of Interest Questionnaires were an issue.

To refresh last year's review — the lists of proposers were provided to evaluators. For Bid TH203996 and MS203995 — Educational Service Providers/Instructional Materials, these two RFPs were evaluated at the same time by most of the same evaluators. There were 52 responses to the Educational Contracted Services, and 255 responses to the Instructional Materials with over 125 evaluators. The evaluations occurred over the course of three days. Most of the Conflict of Interest Questionnaires that had two boxes marked (conflict and no conflict) were corrected and initialed by the evaluator. However, there were several that were not corrected due to the absence of those evaluators.

In the management response we were to audit all files prior to June 30, 2014. The internal audit was performed and completed prior to June 30, 2014. These document deficiencies were noted. These specific documents were not obtained. In our opinion and position it is not appropriate after the fact to request a Conflict of Interest Questionnaire from committee members' months or years after the evaluation has occurred.

## 2) Internal Bid/Proposal File Checklist

In the condition statement it was noted "three instances in which the bid control checklist was not completed or on file." (Deloitte & Touche) Last year's audit it was noted "eight instances in which the bid control checklist was not completed or on file." Again these were the same procurements files that were selected for testing as the previous year's audit random selection (FY2013).

In those instances, the procurements were in years prior to FY12–13 as to which there is no written documentation within the Department to determine if the internal department checklists were required in the bid/proposal file.

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

*Expected Completion Date* — June 30, 2015

## **2014-003 Allowable Costs and Cost Principles**

*Management Response* — The District acknowledges the finding.

*Responsible Party* — Sequetta Marks

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

*Expected Completion Date* — September 2014



## **STATUS OF PRIOR YEAR FINDINGS**

### **2013-01 Allowable Costs and Cost Principles**

*Responsible Party — Sequetta Marks*

*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 for performing the same duties. 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.

*Status* — Corrected. Finding was corrected through the implementation of additional review procedures and biometric clock requirements that force supplemental employees to track their time spent on the program. Lastly, the District reviewed all TTIPS charges to confirm that no unallowable costs had been charged to the grant.

### **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.

*Status* — Corrected. The After School Care Program Monitoring Checklist was revised in September 2013, which included editing several of the questions to provide further clarity. Training was also conducted during the 2013- 2014 school year to ensure that specialists understood the After School Care Program monitoring review process.

### **2013-03 ALLOWABLE COSTS AND COST PRINCIPLES**

*Responsible Party — Sequetta Marks*

*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.

*Status* — Partially corrected. As of the 2013–2014 audit, the notification system has not been completed and the District is still working on improving their controls and processes around grant charged employees. Grant accounting did record adjusting entries to account for all changes in funding assignments to ensure they are in line with signed time and efforts. See Finding 2014-001.

## **2013-04 CASH MANAGEMENT**

*Responsible Party — Sequetta Marks*

*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.

*Status* — Corrected. The District revised the grant expenditure drawdown template to segregate and deduct accrued liabilities from the grant expenditure totals to be drawn down so that only actual expenditures are included in each monthly and final request for reimbursement. Also, all monthly and final expenditure drawdowns are required to be approved and reviewed for reasonableness and proper supporting documentation by both a Senior Grants Accountant and either the Director of Accounting Services or the Assistant Director of General Ledger or Financial Reporting. Grant accounting procedures were updated and staff was notified that journal entries and Drawdowns now require a Director or Assistant Director of Accounting Services approval.

## **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.

*Status* — Completed. The Purchasing Department reviewed all open bid files during FY14. The review was overseen by Kimi Tate. The review was to verify that all files included purchasing checklists and all items referenced on the checklists were included in the file.

## **2013-06 ALLOWABLE COSTS AND COST PRINCIPLES**

*Responsible Party — Sequetta Marks*

*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.

*Status* — Finding was partially corrected through the implementation of additional review procedures. Due to Texas receiving a waiver to the requirement of SES, as of September 30, 2013 this program was no longer offered. See Finding, 2014-003.

## **2013-07 ALLOWABLE COSTS AND COST PRINCIPLES**

*Responsible Party — Sequetta Marks*

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

*Status* — Corrected. The district improved its controls around the review of journal entries, which are now reviewed for reasonableness and supporting documentation by both a Senior Grants Accountant and either the Director of Accounting Services or the Assistant Director of General Ledger or Financial Reporting.

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